# The 2014-15 Budget: CCC

**LEGISLATIVE ANALYST'S OFFICE**

Presented to:
Assembly Budget Subcommittee No. 2 on Education Finance
Hon. Al Muratsuchi, Chair

# Background on
# California Community Colleges (CCC)

☑ **Governed by 72 Local Boards Operating 112 Colleges**

☑ **Overseen by State Board of Governors**

☑ **Served 2.3 Million Students (Unduplicated Headcount) in 2012-13**

- 54 percent of students were female and 46 percent were male.

- 60 percent of students were between 18 and 24 years of age.

- Ethnically diverse.



Community College Students by Ethnicity
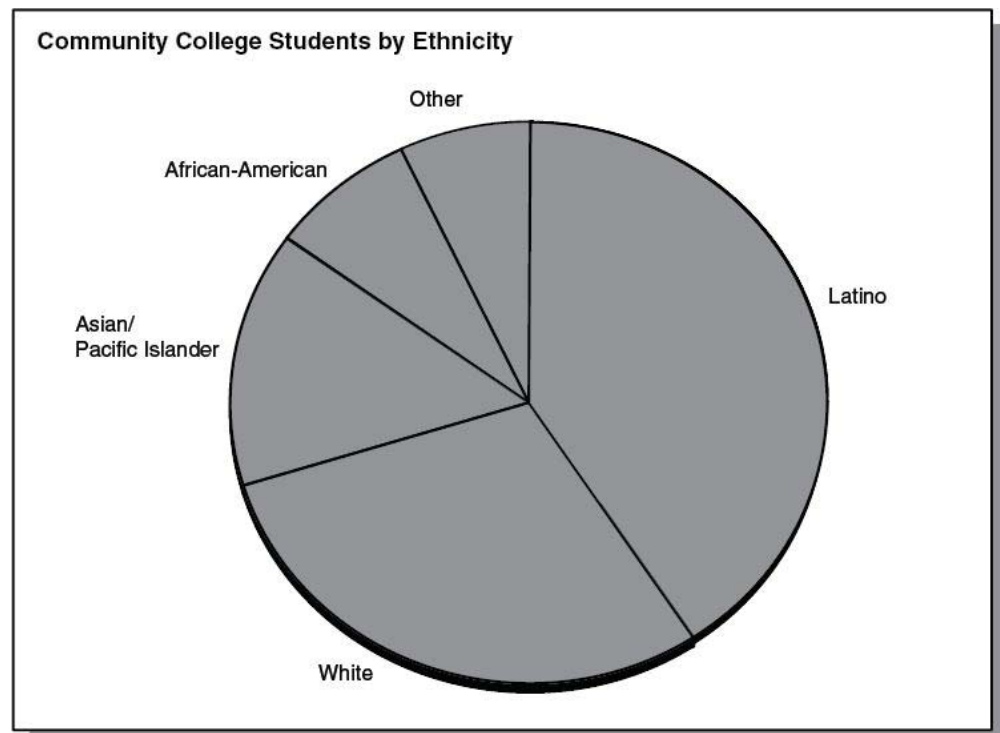
☑ **Nearly 50 Percent of CCC Students Are Financially Needy**

☑ **About 90 Percent of Incoming Students Arrive Unprepared for College-Level Work**

# Overview of Governor's CCC Budget Plan

☑ **Increases CCC Proposition 98 Funding by $489 Million (8 Percent) in 2014-15**

- From $6.2 billion in current year to $6.7 billion in 2014-15.

- The CCC system would receive 10.9 percent of total Proposition 98 funding in budget year.

☑ **Spends Increase on Ongoing and One-Time Purposes**

☑ **Increases Funding for Both Apportionments and Categorical Programs**

☑ **Allows Additional Categorical Program Flexibility**

☑ **Creates New Technical Assistance Program**

☑ **No Changes to Enrollment Fee Levels**

# List of Governor's CCC Propoals

| Proposition 98 Spending Changes for Community Colleges | |
|---|---:|
| *(In Millions)* | |
| ***2013-14 Budget Act*** | **$6,032.0** |
| Additional deferral pay down | $162.7 |
| Redevelopment agency (RDA) shift | 38.4 |
| Proposition 30 funds related to basic aid districts | 9.3 |
| Technical adjustments | -8.9 |
| Subtotal | ($201.5) |
| **2013-14 Revised Spending** | **$6,233.5** |
| **Back Out One-Time Actions** | |
| Deferral pay down | -$162.7 |
| Maintenance/instructional support | -30.0 |
| Adult education planning grants | -25.0 |
| Technology initiative adjustment | -6.9 |
| Subtotal | (-$224.7) |
| **Technical Changes** | |
| Shift of funding for QEIA to non-Proposition 98 | -48.0 |
| Proposition 39 adjustment | -11.0 |
| Adjustment to RDA shift | -2.7 |
| Adjustment to mandate block grant | -0.5 |
| Other technical changes | -40.8 |
| Subtotal | (-$103.0) |
| **Policy Changes** | |
| Deferral pay down | 235.6 |
| Enrollment growth | 155.2 |
| Cost-of-living adjustment (0.86 percent) | 48.5 |
| Student Success and Support Program | 200.0 |
| Maintenance/instructional support | 175.0 |
| New technical assistance program | 2.5 |
| Subtotal | ($816.8) |
| **2014-15 Proposed Spending** | **$6,722.6** |
| QEIA = Quality Education Investment Act. | |

# LAO
70 YEARS OF SERVICE

# CCC Programs

## (Dollars in Millions)

| | 2012-13 Revised | 2013-14 Revised | 2014-15 Proposed | Change From 2013-14 | |
| --- | --- | --- | --- | --- | --- |
| | | | | Amount | Percent |
| **Apportionments** | ($5,591.6) | ($5,453.7) | ($5,686.2) | ($232.5) | (4.3%) |
| **Categorical Programs** | | | | | |
| Adult Education planning grants | — | 25.0 | —[a] | -$25.0 | -100.0% |
| Apprenticeship (community colleges) | 7.2 | 7.2 | 7.2 | — | — |
| Apprenticeship (school districts) | — | 15.7 | 15.7 | — | — |
| CalWORKs student services | 26.7 | 34.5 | 34.5 | — | — |
| Campus child care support | 3.4 | 3.4 | 3.4 | — | — |
| CTE Pathways Initiative | 48.0 | 48.0 | —[b] | -48.0 | -100.0 |
| Disabled Students Program | 69.2 | 84.2 | 84.2 | — | — |
| Economic and Workforce Development | 22.9 | 22.9 | 22.9 | — | — |
| EOPS | 73.6 | 88.6 | 88.6 | — | — |
| Financial Aid Administration | 71.0 | 67.5 | 67.9 | 0.4 | 0.5 |
| Foster Parent Education Program | 5.3 | 5.3 | 5.3 | — | — |
| Fund for Student Success | 3.8 | 3.8 | 3.8 | — | — |
| Nursing grants | 13.4 | 13.4 | 13.4 | — | — |
| Online/Technology initiative | — | 16.9 | 10.0[c] | -6.9 | -40.9 |
| Part-time Faculty Compensation | 24.9 | 24.9 | 24.9 | — | — |
| Part-time Faculty Office Hours | 3.5 | 3.5 | 3.5 | — | — |
| Part-time Faculty Health Insurance | 0.5 | 0.5 | 0.5 | — | — |
| Physical Plant and Instructional Support | — | 30.0 | 175.0 | 145.0 | 483.3 |
| Student Success and Support Program | 49.2 | 99.2 | 299.2 | 200.0 | 201.6 |
| Student Success for Basic Skills Students | 20.0 | 20.0 | 20.0 | — | — |
| Technical assistance program | — | — | 2.5 | 2.5 | — |
| Telecommunications and Technology Services | 15.3 | 15.8 | 15.8 | — | — |
| Other[d] | 1.8 | 2.0 | 2.0 | — | — |
| Subtotals | ($459.6) | ($632.2) | ($900.2) | ($267.9) | (42.4%) |
| **Other Appropriations** | | | | | |
| District financial-crisis oversight | $0.6 | $0.6 | $0.6 | — | — |
| Lease revenue bond payments | 63.7 | 63.6 | 63.8 | $0.2 | 0.3% |
| Mandate block grant[e] | 33.3 | 33.3 | 32.8 | -0.5 | -1.5 |
| Proposition 39 (grant and loan program) | — | 50.0 | 39.0 | -11.0 | -22.0 |
| Subtotals | ($97.6) | ($147.5) | ($136.2) | (-$11.3) | (-7.7%) |
| **Totals** | **$6,148.8** | **$6,233.5** | **$6,722.6** | **$489.2** | **7.8%** |

[a] Planning grants are available for expenditure over 2013-14 and 2014-15.
[b] Funding of $48 million provided for this program by the Quality Education Investment Act (non-Proposition 98 General Fund).
[c] Funding in 2014-15 reflects ongoing costs for this initiative.
[d] Includes funding for Academic Senate, Equal Employment Opportunity, and Transfer Education and Articulation programs.
[e] In addition, a total of $17,000 is provided in each fiscal year for mandate reimbursements.

CTE = Career Technical Education; and EOPS = Extended Opportunity Programs and Services.

# Governor's Budget: CCC Enrollment

☑ **Proposes $155 Million for 3 Percent Enrollment Growth**

■ Would fund additional 34,000 full-time equivalent students.

☑ **Requires CCC Chancellor's Office to Create New Enrollment Growth Allocation Formula**

■ New formula to prioritize growth funds to districts with "greatest unmet need."

■ New formula to be used to allocate 2014-15 growth funds.

# Governor's Budget:
# CCC Student Support Programs

☑ **Increases Funding for Student Success and Support Program by $200 Million**

- ■ $100 million allocated to districts in support of all students, per current practice.

- ■ Remaining $100 million allocated to districts to serve "high need" students and reduce any student achievement gaps identified by colleges.

☑ **Allows Partial Flexibility for Three Other Categorical Programs**

- ■ Would permit districts to reallocate up to 25 percent of funds from (1) California Work Opportunity and Responsibility to Kids student services, (2) Extended Opportunity Programs and Services, and (3) Student Success for Basic Skills Students to other programs serving high-need students.

# Governor's Budget: Technical Assistance For Community Colleges

☑ **Proposes $1.1 Million for Nine Positions at Chancellor's Office**

- Four positions to (1) develop new performance measures in four operational areas and (2) identify and disseminate best practices.

- Two positions to assist colleges with improving performance in academic and student-support services.

- Three positions to (1) collect and share data in support of above positions, (2) help to develop systemwide and college-level performance targets, and (3) handle logistics of assembling local technical assistance teams (below).

☑ **Provides $2.5 Million for Local Assistance Teams**

- Technical assistance would be made available in the areas of academic affairs, student services, workforce and economic development, and finance.

- Chancellor's Office could initiate action on its own or CCCs could request assistance.

- Chancellor's Office would contract with teams of experts to provide consultation to CCCs in need of help.

# LAO Assessment and Recommendations

## Enrollment Growth

☑ **Information to Date Suggests Proposed Enrollment Growth Likely Too High**

- With improved economy, many districts are having trouble meeting their enrollment targets.

- Board of Governors has only requested 2 percent growth for 2014-15.

☑ **Withhold Recommendation Pending Receipt of Updated Information on Current-Year Trends**

☑ **Existing Growth Allocation Formula Needs Revision but Proposed Timeline Is Too Fast**

- Legislature will want to ensure new formula accurately reflects enrollment demand and aligns with the adult education consortium program currently under development.

☑ **Postpone Implementation of New Enrollment Growth Allocation Formula to 2015-16**

- Release any 2014-15 enrollment growth funds to districts on across-the-board basis.

- Request CCC Chancellor's Office and California Department of Education to report periodically throughout 2014 on development of funding allocation formula for new adult education initiative.

# LAO Assessment and Recommendations
## *(Continued)*

## Student Support Programs

☑ **Proposals for Student Support Programs Are on the Right Track but Could Go Further**

■ Student Success Task Force: "current approach results in organizational silos that are inefficient and create unnecessary barriers for students…"

| Community Colleges Have Eight Student Support Categorical Programs | |
|---|---|
| **Categorical Program** | **Description** |
| Extended Opportunity Programs and Services (EOPS) | Provides various supplemental services (such as counseling, tutoring, and textbook purchase assistance) for low-income and academically underprepared students. (A subset of EOPS serves welfare-dependent single parents.) |
| Fund for Student Success | Consists of three separate programs: two programs that provide counseling, mentoring, and other services for CCC students from low-income or historically underrepresented groups who seek to transfer to a four-year college; and one program for students who attend high school on a CCC campus. |
| Student Success and Support Program | Funds assessment, orientation, and counseling (including educational planning) services for CCC students. |
| Student Success for Basic Skills Students | Funds activities such as counseling and tutoring for academically underprepared (basic skills) students, and curriculum and professional development for basic skills faculty. |
| Financial Aid Administration | Funds staff to process federal and state financial aid forms and assist low-income students with applying for financial aid. |
| CalWORKs student services | Provides child care, career counseling, subsidized employment, and other supplemental services to CCC students receiving CalWORKs assistance. (These services are in addition to those provided to all CalWORKs recipients by county welfare departments.) |
| Campus child care support | Funds child care centers at 25 community college districts. (This child care is unique to these 25 districts and not part of the state's CalWORKs child care program.) |
| Disabled Students Program | Provides educational accommodations (such as sign language interpreters, note takers, and materials in braille) and other specialized support services for students with disabilities. |

☑ **Recommend Alternative Approach**

■ Provide CCCs with substantially more flexibility by consolidating seven student support programs (and associated funding) into block grant.

# LAO Assessment and Recommendations
### *(Continued)*

## Technical Assistance

☑ **Technical Assistance Proposal Needs More Justification.**

- Existing funds already support CCC statewide efforts.

- Assumption that new program will be fully ramped up by beginning of budget year is unrealistic.

☑ **Withhold Recommendation Pending Additional Detail on Need for Requested Positions and Local Assistance Funds**