The 2017-18 Budget: California Community Colleges

L E G I S L A T I V E   A N A L Y S T ' S   O F F I C E

Presented to:
Assembly Budget Subcommittee No. 2 on Education Finance
Hon. Kevin McCarty, Chair

LAO

LEGISLATIVE ANALYST'S OFFICE

Background on
California Community Colleges (CCC)

☑ **Governed by 72 Local Governing Boards Operating a Total of 113 Colleges**

☑ **System Overseen by State Board of Governors**

☑ **Served 2.3 Million Students in 2015-16**

- 53 percent of students are female, 46 percent are male (1 percent unknown).

- 57 percent are between 18 and 24 years of age.

- 42 percent are Hispanic, 28 percent are white, 11 percent are Asian, 7 percent are African American, and 12 percent are other or unknown.

- Two-thirds of credit students are part-time (taking fewer than 12 units) and 91 percent take fewer than 15 units.

- Nearly half receive need-based financial aid.

☑ **System Has Broad Mission**

- Provide associate degree programs and preparation for transfer to a university.

- Provide occupational certificate programs and other workforce training.

- Offer English as a second language; citizenship skills; and basic reading, writing, and math courses.

- Support state's economic development.

Background on CCC Funding and Programs

☑ **CCC Apportionments**

- General purpose funding allocated to districts based mostly on the number of full-time equivalent students.

- Supported by Proposition 98 General Fund, property tax revenue, and enrollment fees.

☑ **CCC Categorical Programs**

- Funding restricted for specific purposes. Allocated to districts by program-specific formulas. Largest programs include Adult Education Block Grant, Student Success and Support Program, and Strong Workforce Program.

- Supported by Proposition 98 General Fund.

☑ **Direct State Appropriations**

- Direct payment of general obligation bond debt service for CCC facilities, state contribution to California State Teachers' Retirement System, and state support for CCC Chancellor's Office operations.

- Supported by Non-Proposition 98 General Fund.

Governor's CCC Proposals

2017-18 Proposition 98 Changes	
(In Millions)	
2016-17 Revised Proposition 98 Spending	**$8,246**
Technical Adjustments	
Remove one-time spending	-$177
Other technical adjustments	-32
Subtotal	(-$209)
Policy Adjustments	
Fund guided pathways initiative (one time)	$150
Provide 1.48 percent COLA for apportionments	94
Fund 1.34 percent enrollment growth	79
Provide unallocated base increase	24
Fund Innovation Awards (one time)	20
Augment Online Education Initiative	10
Develop integrated library system (one time)	6
Provide 1.48 percent COLA for select categorical programs[a]	4
Subtotal	($387)
Total Changes	**$179**
2017-18 Proposed Proposition 98 Spending	**$8,424**

[a] Applied to Extended Opportunity Programs and Services, Disabled Student Programs and Services, CalWORKs student services, and support for certain campus child care centers.

COLA = cost-of-living adjustment.

☑ **Budget Also Includes Other Proposals**

- $44 million for deferred maintenance (Proposition 98 settle-up payment).

- $378,000 (General Fund) augmentation for Chancellor's Office operations.

- $7.4 Million (state bond funds) for facilities.

CCC Apportionment Increases

☑ **Most Districts Falling Short of Meeting 2016-17 Enrollment Target**

- Enrollment growth from 2015-16 to 2016-17 estimated to be only 0.2 percent. The *2016-17 Budget Act* funded 2 percent growth.

- Four-fifths of districts are not meeting their targets.

☑ **Governor Proposes 1.34 Percent Enrollment Growth for 2017-18**

☑ **Recommend Using Updated Information in May to Make Final Enrollment Decisions**

- Relative to Governor's January budget, enrollment savings likely for 2016-17 and 2017-18.

- Legislature could use any associated freed-up funds for other Proposition 98 purposes.

☑ **Recommend Legislature Fund Cost-of-Living Adjustment and Additional Unallocated Base Increase**

Guided Pathways: Background

☑ **Guided Pathways Is a Comprehensive Approach to Improving Student Outcomes**

- Framework for colleges to redesign how they provide student support services, instruction, and administrative services.

☑ **Four Key Elements**

- Academic program maps detailing courses a student must complete each semester to earn a credential as efficiently as possible.

- Intake process to help students clarify college and career goals, choose a program of study, and develop an academic plan based on a program map.

- Close monitoring of student progress and proactive student support services and feedback to help students stay on track.

- Clear student learning outcomes aligned with requirements for transfer and careers.

☑ **Several Guided Pathways Initiatives Underway Nationally**

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Guided Pathways: Governor's Proposal

☑ **Governor Proposes $150 Million One Time for Colleges to Implement Guided Pathways**

- Purpose is to integrate colleges' many student support programs into a coherent system based on the guided pathways model.

☑ **Most of the Funding Goes to Colleges**

- Proposal would provide at least 90 percent of funding directly to colleges, with up to 10 percent for statewide assistance and program support.

- Chancellor would allocate 20 percent of college funds as a fixed base grant and the rest based on each college's share of low-income student enrollment and total enrollment.

- Would require each participating college to demonstrate its commitment to implementing guided pathways by:

  – Submitting a commitment letter signed by president of governing board, college, and Academic Senate.

  – Attending a guided pathways workshop.

  – Submitting an implementation plan that integrates student support programs.

☑ **Delegates Remaining Program Decisions to Chancellor**

- Requires Chancellor to submit annual progress reports for five-year period.

Guided Pathways: LAO Assessment

☑ **State Has Increased Ongoing Funding for Student Support Programs by More than $500 Million in Recent Years**

- Substantial increases for Student Success and Support Program, Student Equity Program, Basic Skills Initiative, Institutional Effectiveness Partnership Initiative (IEPI), and statewide technology projects related to student support.

- Extended Opportunity Programs and Services, Disabled Students Programs and Services, CalWORKS Student Services, and Fund for Student Success currently funded at pre-recession levels.

☑ **System Generally Making Progress Implementing Student Support Programs, but Problems Remain**

- Most notably, programs operate independently at many colleges with little coordination between them.

☑ **State Policy Changes Likely Needed to Improve Program Integration**

☑ **Guided Pathways Framework Also Could Improve Program Integration and Effectiveness**

☑ **Several Concerns With Proposal**

- Proposal lacks clear expectations for participating colleges.

- Proposed funding model does not build off best practices to date.

- No basis for specific amount.

- Not all colleges likely are ready for major reform.

- Proposal is missing many details, including mechanisms to monitor progress.

Guided Pathways: LAO Recommendations

☑ **Require Additional Information From Chancellor**

- What is the Chancellor's vision for how program should be structured, implemented, and led? How would the Chancellor ensure the proposed initiative results in meaningful improvements at colleges?

- How would existing CCC resources (such as IEPI) contribute to the effort? Given national best practices, should more of the funding be designated for centralized professional development and technical assistance?

- What outcomes could the state expect from colleges receiving funding? Would every certificate and degree program at a participating college have a program map five years from now?

- What changes might be needed to how the state currently organizes and funds CCC student support efforts?

☑ **Require Additional Information From Administration**

- What is the administration's rationale for the proposed dollar amount?

- What is the proposed timeline for the initiative, and how would the Chancellor and administration spread expenditure of the funds across the implementation period?

☑ **Use Additional Information to Weigh Guided Pathways Proposal Against Other Priorities for One-Time Funds**

- If Legislature wishes to adopt a guided pathways program, modify Governor's proposal to set clear expectations for participating colleges, ensure robust professional development and technical assistance, and link continued funding with continued progress over the implementation period.

Online Education Initiative (OEI)

☑ **Started in 2013-14 to Provide Students Statewide Access to Online Courses**

- Received $17 million in first year and $10 million annually thereafter.

- Common course management system (Canvas) is key component of initiative.

- Also includes Online Course Exchange, online tutoring and counseling platforms, and other projects.

☑ **Governor Proposes $10 Million Ongoing Augmentation**

- Proposed augmentation is primarily to fully fund ongoing Canvas costs at colleges ($8 million would supplement $5 million already in OEI base budget for this purpose).

☑ **Canvas Benefits Students, Faculty, and Campuses**

- Consistent interface for students enrolled at multiple colleges.

- Expanded access to academic support resources.

- Easier sharing of course materials and best practices among faculty.

- Savings for community colleges.

☑ **Recommend Rejecting Proposed Augmentation**

- Colleges could use savings to support ongoing subscription costs.

Integrated Library System

☑ **Integrated Library System (ILS) Is Software Libraries Use to Manage Their Collections and Activities**

- Systems are outdated at most colleges.

☑ **Governor Proposes $6 Million One Time to Develop Systemwide ILS**

☑ **New System Would Benefit Students, Faculty, and Campuses**

- Consistent interface for students and faculty at multiple colleges.

- Easier sharing of library materials across colleges.

- Lower ongoing costs for colleges.

☑ **Recommend CCC Move Forward With ILS, Leverage California State University's Recent ILS Adoption**

☑ **Recommend Legislature Consider ILS Proposal in Context of Other Priorities for One-Time Funding**

- Strong fiscal incentive for colleges to support a systemwide ILS, but requires coordination across colleges for initial investment.

Innovation Awards

☑ **State Budget Included $50 Million for 2014-15 Awards**

- Included $23 million Proposition 98 General Fund (for community colleges) and $27 million non-Proposition 98 General Fund (for universities). Selected 14 winners from 57 applications. Awards ranged from $2.5 million to $5 million.

- Winning applications focused on improving K-12 alignment to higher education standards and expectations, redesigning curriculum and teaching practices to improve outcomes, and using technology to expand access to courses.

☑ **State Budget Included $25 Million for 2016-17 Awards**

- Proposition 98 General Fund, limited to community colleges as lead applicants. Purpose is to reduce time to degree and costs of education. Forty-two applications received in February 2017.

- Award committee meets March 24, 2017 to select winners. Staff recommends granting 13 awards: $3 million each for the six highest-scoring proposals and $1 million each for the next seven highest-scoring proposals.

- Staff-recommended proposals focus on competency-based education and prior learning assessment, guided pathways, programs to improve outcomes for special populations, and technology tools for instruction and student services.

Innovation Awards   *(Continued)*

☑ **Governor Proposes $20 Million One Time**

- Unlike first two rounds, proposal provides Chancellor's Office substantial latitude to set award criteria and select winners.

- Chancellor's Office has indicated it would prioritize applicants that focus on better serving special populations, such as veterans and incarcerated adults.

☑ **Recommend Rejecting Governor's Proposal**

- Statewide benefits of awards are unclear.

- Award program further fragments efforts to improve student outcomes.

Chancellor's Office Operations

☑ **Governor Proposes Increase of Two Positions and $378,000**

- Chancellor's Office provides system leadership and oversight.

- Chancellor's Office representatives maintain they have insufficient capacity to help colleges improve their outcomes.

- Proposal is to add two vice chancellor positions, bringing the total number of authorized senior leadership positions to 15.

- Chancellor's Office has yet to identify the responsibilities for the proposed positions.

Senior Leadership Positions			
	Position	**Exempt?**	**Status**
Executive Office	Chancellor	Yes	Filled
	Executive Vice Chancellor	Yes	Vacant since 2014
	Deputy Chancellor	Yes	Filled
Divisions			
Academic Affairs	Vice Chancellor	Yes	Filled
Workforce and Economic Development	Vice Chancellor	Yes	Filled
Institutional Effectiveness	Vice Chancellor	Yes	Filled
College Finance and Facilities Planning	Vice Chancellor	Yes	Filled
Governmental Relations	Vice Chancellor	Yes	Filled
Communications and Marketing	Vice Chancellor	No	Filled
Technology, Research, and Information Systems	Vice Chancellor	No	Filled
Human Resources and Internal Operations	Director	No	Filled
Legal Affairs	General Counsel	No	Vacant
Student Services and Special Programs	Vice Chancellor	No	Vacant since 2014

☑ **Organizational Review in Process**

- Department of Finance and Chancellor's Office are undertaking a comprehensive review of the office's structure.

☑ **Recommend Waiting for Results of Review Before Acting on the Governor's Staffing Proposal**

Basic Skills Education

☑ **Basic Skills Education Encompasses Several Types of Courses**

- Foundational skills in reading, writing, math, and English as a second language (ESL), as well as learning skills and study skills.

☑ **Basic Skills Students Have Various Goals**

- Improving employability and civic participation.

- Preparing for and succeeding in college-level courses.

☑ **Basic Skills Courses May Provide College Credit**

- May be offered for credit (typically reading, writing, and math) or noncredit (primarily ESL). Most credit basic skills courses are not degree-applicable.

☑ **Terminology Has Varied Over Time**

- Historically called remedial education, now more commonly called basic skills, developmental, or foundational education.

Basic Skills Students

☑ **Three-Quarters of First-Time Students Assessed as Unprepared**

- More than 150,000 incoming degree, certificate, or transfer-seeking students identified each fall as unprepared.

- Various factors contribute to high rate, including:

  – Many students did not fully master skills during prior schooling.

  – Some students mastered skills in past but have forgotten them.

  – Some students mastered skills but did not perform well on assessments.

☑ **11 Percent of CCC Enrollment Is in Basic Skills Courses**

- In 2015-16, basic skills English and math courses accounted for 7 percent of enrollment, while ESL and other subjects accounted for 4 percent.

- 27 percent of all English units taken at CCC were in basic skills English.

- 23 percent of all math units taken were in basic skills math.

State Support for Basic Skills Education

☑ **Basic Skills Programs Funded by Proposition 98 and Student Fees**

☑ **Colleges Receive Funding Through Apportionments and Several Categorical Programs**

- ■ *Apportionments.* In 2015-16, colleges received more than $400 million in apportionment funding (general purpose monies) for precollegiate-level English and math courses.

- ■ *Basic Skills Initiative.* Since 2007-08, the state has provided at least $20 million annually for this initiative. Funding scheduled to increase to $50 million in 2017-18.

- ■ *Basic Skills and Student Outcomes Transformation Program.* The 2015-16 budget provided $60 million (one time) in incentive grants for colleges to adopt and implement evidence-based practices over a multiyear period. The 2016-17 budget included $30 million (one time) for additional incentive grants.

- ■ *Basic Skills Partnership Pilot Program.* The 2015-16 budget provided $10 million (one time) in incentive grants for colleges to provide remedial instruction to CSU students and for CCC, CSU, and local high schools to better align English and math curricula. Grants run over a two-year period (2016-17 and 2017-18).

- ■ *Components of Other Categorical Programs.* Including Student Success and Support Program, Student Equity Program, Extended Opportunity Programs and Services, Institutional Effectiveness Initiative, and Awards for Innovation.
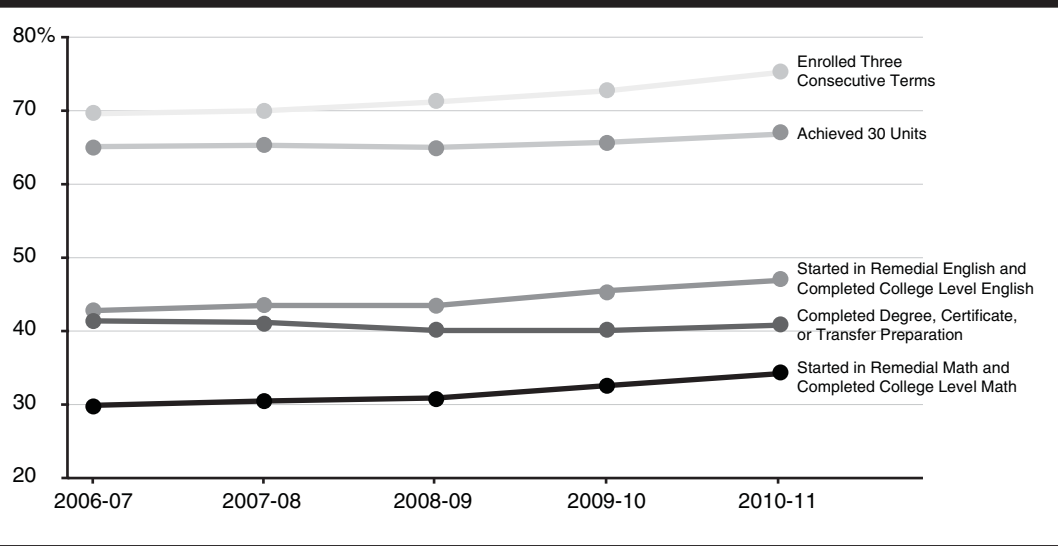
Basic Skills Outcome Measures

☑ **CCC Outcome Measures Related to Basic Skills**

- **Basic Skills Progress Tracker.** For individual colleges, tracks progress of students through English, reading, math, and ESL pipelines.

- **Student Success Scorecard.** For individual colleges and system, reports on:

  - **Remedial Measure.** The percent of credit students who first enrolled in a basic skills course and completed a college-level course in the same discipline within six years.

  - **Transfer Level Achievement (New Measure).** The percent of first-time students who completed 6 units, attempted any math or English in their first year, and completed a transfer-level course in math or English in their first or second year.

  - **Completion Metrics:** Disaggregated results for students deemed prepared and unprepared for three outcomes: (1) enrolling for three consecutive terms; (2) completing 30 units; and (3) completing a degree, certificate, or transfer outcome within six years. (Limited to degree, certificate, or transfer-seeking students.)
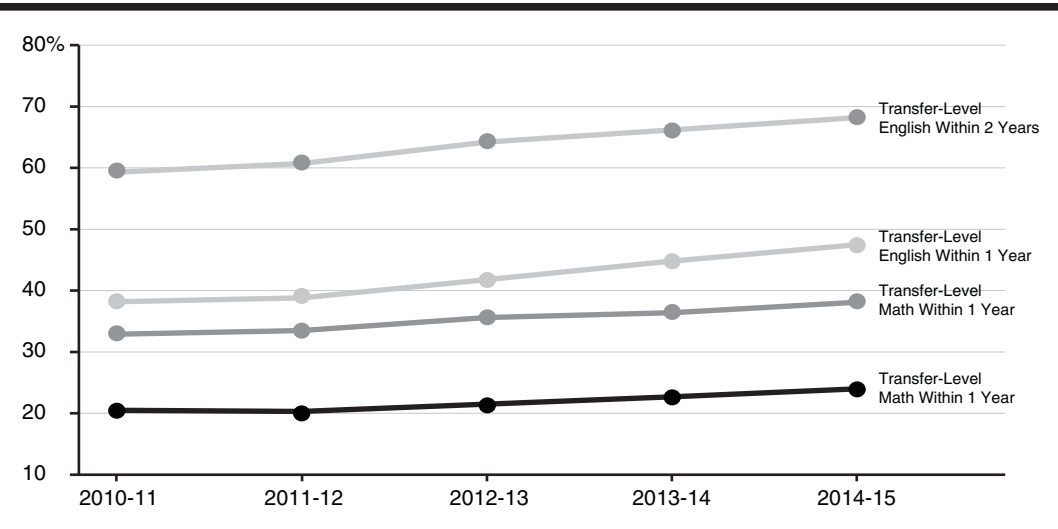
Basic Skills Outcomes

Slight Improvement in Six-Year Outcomes for Students Who First Take Remedial English or Math

Lines shown:
- Enrolled Three Consecutive Terms
- Achieved 30 Units
- Started in Remedial English and Completed College Level English
- Completed Degree, Certificate, or Transfer Preparation
- Started in Remedial Math and Completed College Level Math

Years: 2006-07, 2007-08, 2008-09, 2009-10, 2010-11

Slight Improvement in Gateway Course Completion for Broader Group of Entering Students[a]

Lines shown:
- Transfer-Level English Within 2 Years
- Transfer-Level English Within 1 Year
- Transfer-Level Math Within 1 Year
- Transfer-Level Math Within 1 Year

Years: 2010-11, 2011-12, 2012-13, 2013-14, 2014-15

a All entering students who completed six units and attempted any English or math in their first year.

Basic Skills and Student Outcomes Transformation Program

☑ **Participating Colleges Must Adopt or Expand Use of at Least Two of These Evidence-Based Strategies**

- Integrating student support services with instruction (52 of 64 participating colleges).

- Using multiple measures to assess and place students into English and math courses (45 colleges).

- Placing students directly into college-level courses with co-requisite basic skills instruction (43 colleges).

- Developing shorter sequences for completion of a college-level English or math course (41 colleges).

- Contextualizing remedial instruction to relate to students' programs of study (21 colleges).

- Requiring students to master only those skills needed for their programs of study (17 colleges).

- Other strategies shown to improve basic skills outcomes (15 colleges).