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:
Senate Budget and Fiscal Review Subcommittee No. 1
  On Education
Hon. Anthony Portantino, Chair

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.

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) for Chancellor's Office operations.

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

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**

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**

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

- No basis for specific amount.

- Proposal is missing many details.

- Not all colleges likely are ready for major reform.

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**

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.

CCC Funding by Source

(Dollars in Millions)

	2015-16 Revised	2016-17 Revised	2017-18 Proposed	Change From 2016-17	
				Amount	Percent
Proposition 98 Funds					
General Fund[a]	$5,304	$5,443	$5,465	$22	0.4%
Local property tax	2,630	2,803	2,959	156	5.6
Subtotals	($7,933)	($8,246)	($8,424)	($179)	(2.2%)
Other Funds					
Non-Proposition 98 General Fund[b]	$435	$522	$472	-$50	-9.5%
Enrollment fees	432	436	440	4	0.01
Lottery	232	227	227	—	—
Special funds and reimbursements	76	104	94	-10	-9.4
Subtotals	($1,176)	($1,289)	($1,234)	(-$55)	(-4.3%)
Totals[c]	**$9,109**	**$9,535**	**$9,658**	**$123**	**1.3%**
Full-Time Equivalent (FTE) Students	1,145,637	1,156,810	1,168,379	11,569	1.0%
Proposition 98 Funding Per FTE Student	$6,925	$7,128	$7,210	$82	1.2%
Total Funding Per FTE Student	7,951	8,242	8,266	24	0.3

[a] Includes $500 million each year (and an additional $5 million in 2016-17) for the Adult Education Block Grant, of which more than $400 million goes to school districts for their adult education services.

[b] Includes funding for state general obligation bond debt service, state contributions to the California State Teachers' Retirement System (CalSTRS), and Chancellor's Office operations. 2017-18 amount includes a $64 million decline in debt service and a $23 million increase in CalSTRS contributions.

[c] This display excludes federal funds and local revenues other than enrollment fees.

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**

LAO
LEGISLATIVE ANALYST'S OFFICE

Facilities

☑ **State Primarily Funds CCC Facilities Through General Obligation Bonds**

- Voter-approved Proposition 51 (2016) provides $2 billion for community college facility projects.

☑ **CCC Facility Projects Recommended by Chancellor and Approved in Annual Budget Act**

- Chancellor recommended 29 projects totaling $71 million in planning for 2017-18 ($692 million in total costs) based on Board of Governors priority criteria:

  1. Life-safety, seismic, and failing infrastructure projects (3 projects).

  2. Projects to increase instructional capacity (11 projects).

  3. Projects to modernize instructional space (11 projects).

  4. Projects to complete campus build-outs (4 projects).

  5. Projects that house institutional support services (no projects).

Facilities *(Continued)*

☑ **Governor Proposes Five CCC Projects for 2017-18**

- Three are life-safety projects and two others have significant life-safety components.

Governor's Proposed CCC Capital Outlay Projects

Reflects State Costs (In Thousands)

College	Project	2017-18 Cost	Total Cost
City College of San Francisco, Ocean Campus	Utility Infrastructure Replacement	$2,978	$76,855
Pasadena City College	Armen Sarafain Building Seismic Replacement	2,199	58,287
El Camino College, Compton Center	Instructional Building 2 Replacement	765	16,591
Fullerton College	Business 300 and Humanities 500 Building Modernization	711	15,270
City College of San Francisco, Alemany Center	Seismic and Code Upgrades	715	15,148
Totals		**$7,368**	**$182,151**

☑ **Governor's Proposal Too Small Relative to Voter-Approved Bond Funding**

☑ **Administration Likely to Propose Additional Projects in April or May.**

☑ **Recommend Legislature Develop Multiyear Expenditure Plan**

- Consider funding more projects in 2017-18 and developing a plan for rolling out remainder of funding over next four years.

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**