

LAO
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CCC Budget and Policy Update



Presented to:

California Community College (CCC)
Financial Aid Directors

April 4, 2016

Legislative Analyst's Office

2016-17 Budget Proposals

Overview of Governor's Budget Plan

CCC Funding (In Millions)

Funds	2015-16 Revised	2016-17 Proposed	Change From 2015-16
Proposition 98 Funds			
General Fund	\$5,373	\$5,447	\$74
Local property taxes	2,624	2,812	188
Subtotals	(\$7,997)	(\$8,259)	(\$262)
Other Funds			
Non-Proposition 98			
General Fund	\$440	\$524	\$84
Enrollment fees	420	426	6
Lottery	202	202	—
Special funds and reimbursements	95	95	—
Totals	\$9,154	\$9,506	\$352

Governor's CCC Proposals

Ongoing Funding Proposals (In Millions)

Proposal	Amount
Create new career technical education (CTE) program	\$200
Fund 2 percent enrollment growth	115
Make CTE Pathways Program ongoing	48
Augment Basic Skills Initiative	30
Provide 0.47 percent cost-of-living adjustment	31
Increase funding for Institutional Effectiveness Initiative	10
Improve systemwide data security	3
Increase apprenticeship reimbursement rate	2
Total	\$438

Governor's CCC Proposals

(Continued)

One-Time Funding Proposals (In Millions)

Proposal	Amount
Fund deferred maintenance and instructional equipment	\$290
Pay down mandate backlog	76
Fund innovation awards at community colleges	25
Fund "zero-textbook-cost degree" programs	5
Total	\$396

Workforce Education

Governor's Budget: Workforce Education

- \$200 Million for New Career Technical Education (CTE) Program
 - Implements Strong Workforce Task Force recommendations to expand availability of CTE.
 - Requires collaborative regional planning.
 - **Chancellor's Office allocates funding to regions.** Districts within each region decide how to use it.

Governor's Budget: Workforce Education

(Continued)

- Makes CTE Pathways Program Ongoing
 - Program was set to expire at end of 2014-15, extended one year through 2015-16.

- Increases Funding Rate for Apprenticeship Instruction
 - Keeps rate aligned with noncredit career development and college preparation course funding rates.

LAO Assessment: Workforce Education

- A Few Task Force Recommendations Could Require Funding or Legislation
 - Supplemental funding for high-cost programs, financial aid for CTE students, removing statutory barriers to hiring CTE instructors.
- Proposal Does Not Link Funding to Root Issues
 - Equipment needs and small class sizes are main cost drivers.
- Proposal Does Not Address Other Notable Issues
 - Financial aid for CTE students.
 - Statutory barriers to hiring CTE instructors.

LAO Recommendations: Workforce Education

- Consolidate Planning Processes
- **Replace Governor's Proposal With Better**-Structured Program Linked to Cost Drivers
- Reject Continuation of CTE Pathways Program
- Remove Legal Barriers to Hiring CTE Instructors
- Consider Increasing Cal Grant C Award Amount
- Adopt Apprenticeship Rate Increase

Other Proposals

Enrollment Growth

➤ Background

- Systemwide, CCC falling short of meeting 2015-16 enrollment target (3 percent).

➤ **Governor's Proposal**

- 2 percent enrollment growth for 2016-17.

➤ Recommendation

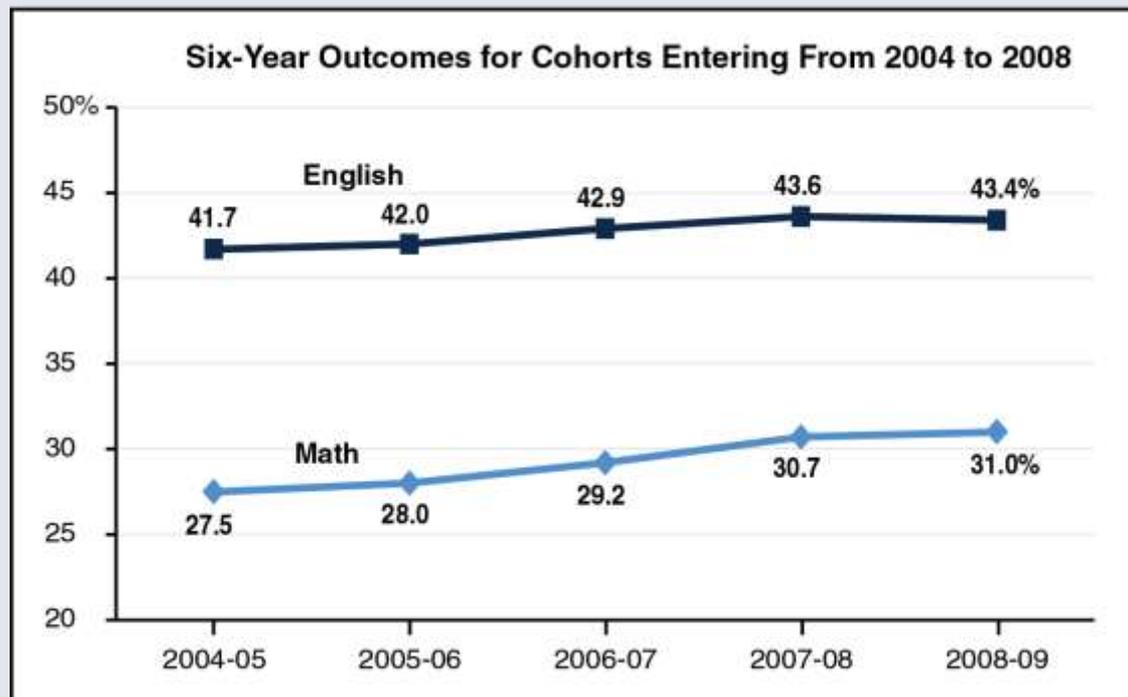
- Use updated information in May to make final enrollment decisions.

Governor's Budget: Basic Skills

- Augments Basic Skills Initiative by \$30 Million
 - Brings annual funding to \$50 million.
- Expands Purpose of Initiative
 - Adds four activities to allowable uses of funding, including boosting use of open educational resources.
- Introduces Performance Funding Into Program

LAO Assessment: Basic Skills

- Basic Skills Initiative Has Had Limited Impact on Systemwide Outcomes



LAO Assessment: Basic Skills

(Continued)

- Two New Basic Skills Grant Programs Created in 2015-16 May Improve Success
 - Community Colleges Basic Skills and Student Outcomes Transformation Program (\$60 million).
 - Basic Skills Partnership Pilot Program (\$10 million).

LAO Recommendations: Basic Skills

- **Recommend Rejecting Governor's Proposal to Augment Basic Skills Initiative**
 - Consider instead boosting transformation program.
 - Consider increasing ongoing funding in future based on results of transformation and partnership pilots.
- Recommend Modifying Basic Skills Initiative Requirements and Transitioning to Performance Funding

Other Ongoing CCC Proposals

- \$10 Million Augmentation for Institutional Effectiveness Partnership Initiative
 - Proposal worth considering, but recommend caution regarding speed of growth.
- \$3 Million to Improve Systemwide Data Security
 - Recommend adopting proposal.

One-Time CCC Funding Proposals

- \$290 Million for Deferred Maintenance and Instructional Support
 - Recommend funding maintenance backlog but requiring accompanying plan to retire backlog.
- \$25 Million for Innovation Awards
 - Recommend rejecting proposal.
- \$5 Million for Zero-Textbook-Cost Degrees
 - Recommend modifying proposal for broader impact.

State Financial Aid Budget

➤ **Governor's Budget**

- Provides \$2.3 billion for California Student Aid Commission (CSAC).
- Assumes \$50 million in Cal Grant savings in 2015-16.

➤ Assessment

- Data suggests more savings from Middle Class Scholarship Program (several tens of millions of dollars).

➤ Recommendation

- Require updated estimates at May Revision.

Legislative Proposals

Selected Bills

- AB 1449 (Lopez)
 - Makes students without high school credential eligible for transfer entitlement.
- AB 1583 (Santiago)
 - Expands eligibility for CCC fee waivers and creates new CCC aid program.
- AB 1721 (Medina)
 - Increases Cal Grant B access award to \$3,000, transfer entitlement age to 31, transfer entitlement window to three years, and competitive awards to 30,000.
- AB 1892 (Medina)
 - Raises maximum Cal Grant C award for students at all segments to \$3,000.
- SB 1314 (Block)
 - Makes CCC baccalaureate students eligible for Cal Grant A tuition awards.
- SB 1357 and 1358 (Block)
 - 1357 provides \$1,500 supplement to CCC Cal Grant B recipients;
 - 1358 extends Cal Grant A and B eligibility to six years or equivalent.

Selected Bills

(Continued)

- AB 2520 (Rodriguez)
 - Requires CSAC to report on ways to increase financial aid participation.
- SB 1450 (Glazer)
 - Caps California State University tuition and fees and provides registration priority for freshman and transfer students participating in a California Promise Program.
- AB 1741 (Rodriguez)
 - Provides \$25 million for a (different) California College Promise Innovation Grant Program.
- SB 66 (Leyva)
 - Aligns CTE outcome measures and makes occupational licensing data available to CCC.

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