# AGENDA ASSEMBLY BUDGET SUBCOMMITTEE NO. 2 ON EDUCATION FINANCE

# ASSEMBLYMEMBER SARAH REYES, CHAIR

WEDNESDAY, APRIL 7, 1999 STATE CAPITOL, ROOM 126 4:00 P.M.

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# **CONSENT CALENDAR**

Item Number	Description	Amount
6870-001-0001	AmeriCorps Grant Increase	\$122,000
6870-111-0001	AmeriCorps Grant Increase \$475,000	
6870-001	Economic Development Allocation	Reallocation of existing funds
6870-491	Extended Facility Related Projects	Language only
6870-001-0909	Fund for Instructional Improvement	\$10,000

### 6870 CALIFORNIA COMMUNITY COLLEGES

The California Community Colleges (CCC) provides a general education program at 107 Community Colleges through 71 local districts, which serve approximately 1.48 million students. By law, Community Colleges **must** admit any Californian seeking admission who has graduated from high school and **may** admit those who have not graduated but who are 18 years of age or older and can benefit from instruction. This policy of "open access" establishes the Community College mission to provide all Californians with the opportunity for advanced education and training.

The *Master Plan* envisioned this goal could be achieved through a tripartite mission: lower-division instruction for students preparing to transfer to the University of California or the California State University; occupational training for those seeking entry or reentry to the labor force; and basic skills instruction in language and computation for adults functioning below the collegiate level.

The Governor's budget proposes approximately \$4.18 billion for the California Community Colleges (CCC) from selected funds, or a 4.7 percent increase over the \$3.99 billion provided in 1998-99. With these funding increases, the CCC will receive approximately 10.4 percent of Proposition 98 funds for the 1999-00 budget – this would represent the largest share of Proposition 98 funds since the 1991-92 budget. Table 1 below illustrates funding for the Community Colleges, which includes a General Fund increase of \$119.3 million, or 5.4 percent, over revised current year funds.

Table 1

	В	MMUNITY COLLE UDGET SUMMAR' (Dollars in thousands)		
	1998-99	1999-00	Change	Percent Change
General Fund	\$2,174,830	\$2,294,206	\$119,376	5.4
Lottery	121,682	126,269	4,584	3.7
Local Property Taxes	1,448,744	1,523,959	75,215	5.1
Student Fees	158,328	162,282	3,954	2.4
Reimbursements	88,757	76,975	-11,782	-13.2
Total	\$3,992,341	\$4,183,691	\$191,347	4.7

<sup>\*</sup>This table includes only a few selected public program funds.

#### ISSUE 1: GROWTH

The Governor's budget provides \$84.9 million, for a 2.5 percent growth in enrollment and categorical programs.

The Community Colleges are requesting additional funds for enrollment growth. The initial budget request by the Board of Governor's requested a four percent enrollment growth, which would require an additional \$57.7 million. However, the system is now proposing a smaller growth amount and will outline this proposal at the hearing.

#### BACKGROUND:

This 2.5 level is above the estimated 1.96 percent change in adult population, the current statutory index for system growth. The statute further states that the amount may be assisted through the budget process by evaluating such factors as statewide priorities, the unemployment rate, and the number of high schools graduating seniors. The percentage in the budget is smaller than that requested by the community colleges (four percent), however, it will allow for additional 23,740 full-time equivalent (FTE) students to attend the community colleges. These funds will allow community colleges to enroll 973,300 FTE students.

The Community Colleges claim however, that they still have not recouped from the enrollment cutbacks in the early 1990's and our still below those enrollment levels. They attest that additional growth funds are needed in order to fulfill their plan of increasing participation rates over the next six years from 61 percent to 73 percent – that is serving 73 students out of 1,000 adults. They also show that 20 years ago, the state was serving students at an 88 percent participation rate.

The LAO has proposed in their analysis that the growth amount should be adjusted to reflect the Department of Finance annual enrollment projection rather than the current formulas. Under this scenario, the system would receive a growth amount of 2.7 percent – requiring an additional \$6.5 million.

# COMMENTS:

The subcommittee should also note that some urban Community College districts would like some growth funds dedicated to urban districts, which they claim have a greater need to expand enrollment. Assemblymember Romero has introduced legislation, AB 734, to address this issue.

#### ISSUE 2: COLA

The budget provides \$62.8 million to fund the COLA at 1.83 percent for general apportionment and categorical programs. This amount was chosen to provide consistency between the statute adjustment factors used by both K-12 and community colleges, however, it is less than the Board of Governor's budget request for a three percent COLA.

The Community Colleges have since revised their request and are now not requesting a higher COLA amount, but requesting that the state provide a COLA for five other non-categorical programs.

The COLA is designed to provide a cost of living adjustment for certain programs based on a price adjuster index. With this proposal, the Community Colleges are essentially requesting a COLA for certain high priority non-categorical programs. They claim they these high priority programs have never received a cost of living adjustment. The Community Colleges are requesting that the following programs receive a COLA: 1) Foster Care, 2) Academic Senate, 3) Faculty Diversity and Development, 4) Telecommunications and Technology Infrastructure Programs (TTIP), and 5) Instructional and Library Materials.

The LAO did not discuss this issue in their analysis.

#### ISSUE 3: PARTNERSHIP FOR EXCELLENCE

The budget proposes \$10 million to expand the Partnership for Excellence Program (PFE). The program, established in 1998-99 with \$100 million, now would have \$110 million for this program.

The Community Colleges are requesting an additional \$90 million for this program.

PFE was designed to provide incentives to meet student outcome goals and enhance student success. In exchange for receiving a commitment of new state funds, local community college districts agree to make progress toward specific system outcome measures and to report to the state the data to demonstrate such progress. The new program requires the Board of Governors to develop, through the consultation process, specific goals and outcome measures to improve student success and assess district performance including, but not limited to, the areas of transfer, degrees and certificates, successful course completion, workforce development, and basic skills improvement. Funding for this program is given out on a per FTES basis.

The LAO provides two recommendations regarding PFE in their Analysis. They recommend: 1) the deletion of \$8.2 million of the \$10 million increase proposed for the Partnership for Excellence Program, because the program needs only \$1.8 million to keep pace with inflation and 2) approval of the Governor's budget bill language that asks the Chancellor to consider recommendations to enhance measures and goals of the program.

The Community Colleges characterize their request as a way to provide additional funding for their system, which is \$2,000 below the national average, and provide accountability measures for the additional funding.

#### **ISSUE 4: PRIORITIES**

In addition to the requests outlined in agenda items 1-3, the Community Colleges are requesting additional funds for the programs described below. They will outline these requests and the amount requested at the hearing.

Board of Governors/California Community Colleges 1999-00 Budget Change Proposals		
	Governor's Proposed Budget	May Revise Request
NON-PROP 98 FUNDS	-	
Student Senate		TBA
ON-GOING LOCAL ASSISTANCE		
* Growth	\$84,183,000 (2.5%)	TBA
* COLA	62,574,000	TBA
* Partnership for Excellence	10,000,000	TBA
Equalization		TBA
Full-time Faculty 75/25 Obligation		TBA
Academic Senate		TBA
Outreach and Disabled Student Programs		TBA
Noncredit Instruction		TBA
* Transfer Centers	2,400,000	
* Middle Colleges	1,800,000	
* Teacher & Reading Development	10,000,000	
* High School Report Cards	10,600,000	

<sup>\*</sup> Discussed in another agenda item

Following are brief descriptions of the programs not discussed in other sections of the agenda.

**Equalization**: The budget contains no new funding for equalization. Equalization is used to bring districts, which are funded below the statewide average up to or close to the statewide average. The Legislature's 1998-99 budget contained \$8.9 million for this purpose; however, this appropriation was vetoed by Governor Wilson. The Community Colleges have requested funding of \$9.1 million for the budget year. The Community Colleges will specify their current amount requested at the hearing.

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Full Time Faculty: Although the budget does not contain specified funding to provide for more full-time faculty as required by statute, it appears that some districts may be using Partnership for Excellence funds for this purpose. The 1998-99 budget adopted by the Legislature contained \$15 million to increase the portion of full-time faculty; however, the Governor vetoed these funds. The community college system has requested \$40 million for these purposes for 1999-00. The Community Colleges will specify their current amount requested at the hearing.

**Outreach and Disabled Students Programs and Services:** The budget does not contain new funding for Disabled Student Programs and Services and Outreach programs. The system had requested \$10.1 million for these disabled programs and \$4.7 million for the MESA and Puente outreach programs. The Community Colleges will specify their current amount requested at the hearing.

**Academic Senate:** The budget does not contain funds to expand resources for the academic Senate even though the system requested \$45,000 for this purpose. These funds would be used to augment these faculty leadership programs which have not received a funding increase in ten years. The Community Colleges will specify their current amount requested at the hearing.

**Noncredit Instruction:** The Community Colleges will outline this request at the hearing. They have indicated that they will request a "straight-up" augmentation for non-credit programs.

#### ISSUE 6: GOVERNOR'S INITIATIVES

The Governor's budget provides \$22.4 million for three new initiatives at the Community Colleges system:

- > \$10.6 million for a High School Report Card,
- > \$10 million for a Teacher and Reading Development Proposal, and
- > \$1.8 million to expand the Middle College Program.

High School Report Card. The budget contains \$10.6 million for the development of a California high school report card. These monies would provide each 106 community college, on average of \$100,000 per campus, to create a universal report card tracking progress of high schools graduates. Specifically, this initiative is proposed to 1) improve data collection and feedback to all high schools on the readiness of first time college students from those schools and 2) provide information on incoming students to facilitate early college success. The budget specifies that the Secretary for Education is to approve of the implementation plan for this program.

The LAO recommends deleting these funds for this program because the likely benefits do not justify its cost.

**Teacher and Reading Development Proposal.** The budget contains \$10 million for a Teacher and Reading Development Program. The Governor's budget requests the Community Colleges to develop this program. According to the actual budget language, the program is designed to 1) encourage promising community college students to pursue a career in teaching through development of an articulated internship program with local school districts and California State University institutions and 2) assist elementary students to develop improved reading skills.

The LAO recommends deletion of this program because the proposal has not been adequately developed and there are existing state reading programs that could be better utilized.

Middle College Program. The budget contains \$1.8 million to expand the existing Middle College Program. The 1998-99 Budget contains \$660,000 for this program. The Middle College is modeled after a New York City program at LaGuardia Community College, which placed a high school on a community college campus to serve at-risk students. The goal of these programs is to give at-risk high school students the opportunity to receive a quality education on a college campus. The \$1.8 million allocated is designed to give community colleges "seed money" to help establish more sites. After three years, these sites would be asked to provide full support.

The LAO recommends deleting the \$1.8 million augmentation for this program stating that there is not enough information and date illustrated its effectiveness.

COMMENTS:
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The subcommittee should ask the Secretary for Education and the Department of Finance to outline the merits of these initiatives at the hearing and allow the Analyst to go over their objections.

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#### **ISSUE 7: TRANSFER CENTERS**

The budget contains \$2.4 million for Community Colleges to enhance transfer activities between four-year segments and their colleges.

Of these funds, \$550,000 is for Faculty Articulation Workshops and \$1.9 million is for Clarification of General Education Requirements and the Certification Process. The Faculty Articulation Workshops are designed to bring community college faculty members together to complete articulation of courses in academic major disciplines affecting a majority of students over a five-year period. The Clarification of General Education Requirements and the Certification Process is designed to help smooth the transfer process by providing greater consistency in identifying the classes that satisfy general education requirements at four-year institutions.

The LAO objects to this proposal and recommends that the Legislature delete the request for \$2.5 million to improve the transferability of community college courses to four-year colleges, because the community colleges should do this within the Partnership for Excellence Program.

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## ISSUE 8: YEAR-ROUND SCHOOLS (INFORMATIONAL ITEM)

In a recent report to the Legislature, the LAO recommended that all higher education in California move toward operating year-round universities. Over the past month, the Subcommittee has heard from UC and CSU on their efforts to move toward year-round operations.

This agenda item is designed to allow the Community College to report on their current efforts on providing year round operations.

The LAO, through their report "Year Round Operations in Higher Education", recommended that the Legislature adopt policies to better utilize existing higher education campuses in California as a tool to further accommodate enrollment growth. Essentially, the LAO claims that California's higher education system can accommodate roughly 500,000 new students by providing full instruction at their campuses in the summer months – in addition to the fall and spring.

Specifically, the LAO recommended that the legislature:

- 1. Provide funding for additional instructional space in each segment on the basis of using existing facilities on a year-round basis.
- 2. Provide funding for enrollment growth, regardless of the season in which it occurs.
- 3. Direct the segments to charge students no more to attend classes in the summer than they charge them to attend in the fall, winter and spring. They further recommend that the legislature consider giving the segments flexibility to temporarily charge lower "off-peak" fees in the summer.

COMMENTS:	
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The Community Colleges attest that they already provide instruction on a year-round basis. On average, the system illustrates that they provide 300 days of instruction per year. This is done through offering courses during the summer and winter sessions and providing instruction on weekends.

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