

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 2 ON EDUCATION FINANCE

Assembly Member Kevin McCarty, Chair

TUESDAY, FEBRUARY 23, 2021

9:00 AM, STATE CAPITOL, ROOM 437

Due to the ongoing COVID-19 safety considerations, including guidance on physical distancing, seating for this hearing will be very limited for the press and for the public. All are encouraged to watch the hearing from its live stream on the Assembly's website at <https://assembly.ca.gov/todayevents>.

*We encourage the public to provide written testimony before the hearing. Please send your written testimony to: BudgetSub2@asm.ca.gov. Please note that any written testimony submitted to the committee is considered public comment and may be read into the record or reprinted. A moderated telephone line will be available to assist with public participation. The public may provide comment by calling the following toll-free number: **877-692-8957, Access Code: 131 54 37.***

INFORMATIONAL HEARING CALIFORNIA COMMUNITY COLLEGES

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ITEMS TO BE HEARD

6870 CALIFORNIA COMMUNITY COLLEGES

The Governor's Budget proposes about \$17.1 billion in support for the California Community Colleges (CCC) in 2021-22, with about \$6.4 billion from the state General Fund, about \$3.6 billion local property taxes, and about \$1.6 billion from federal funds. The chart below was compiled by the LAO and indicates funding based on the Governor's Budget.

Figure#	California Community Colleges Rely Heavily on Proposition 98 Funding (Dollars in Millions, Except Funding Per Student)				
	2019-20 Revised	2020-21 Revised	2021-22 Proposed	Change From 2020-21	
				Amount	Percent
Proposition 98					
General Fund	\$6,062	\$6,174	\$6,413 ^a	\$239	3.9%
Local property tax	3,252	3,414	3,598	184	5.4
Subtotals	(\$9,313)	(\$9,588)	(\$10,011)	(\$423)	(4.4%)
Other State					
Other General Fund	\$658	\$654	\$663	\$9	1.4%
Lottery	246	233	233	— ^b	-0.2
Special funds	18	41	96	55	133.3
Subtotals	(\$922)	(\$929)	(\$992)	(\$63)	(6.8%)
Other Local					
Enrollment fees	\$455	\$445	\$447	\$1	0.3%
Other local revenue ^c	5,011	4,168	4,098	-71	-1.7
Subtotals	(\$5,466)	(\$4,614)	(\$4,544)	(\$69)	(-1.5%)
Federal					
Federal relief funds ^d	\$614	\$54	\$1,280	\$1,226	2,272.0%
Other federal funds	287	287	287	—	—
Subtotals	(\$900)	(\$341)	(\$1,567)	(\$1,226)	(359.9%)
Totals	\$16,602	\$15,471	\$17,114	\$1,643	10.6%
Full-time equivalent (FTE) students	1,109,723	1,100,046	1,107,695	7,649	0.7% ^e
Proposition 98 funding per FTE student	\$8,393	\$8,716	\$9,038	\$321	3.7%
Total funding per FTE student	\$14,961	\$14,064	\$15,450	\$1,386	9.9%

^a Excludes \$327 million in proposed apportionment deferrals to 2022-23.

^b Difference of less than \$500,000.

^c Primarily consists of revenue from student fees (other than enrollment fees), sales and services, and grants and contracts, as well as local debt-service payments.

^d For 2019-20, consists of \$580 million in CARES Act funds for formula allocations (at least half of which is for emergency student aid), \$33 million for community colleges designated as minority-serving institutions, and \$425,000 for districts designated as institutions with the greatest unmet need. Funds for 2020-21 are designated by the state for a COVID-19 response block grant. Funds for 2021-22 are estimates as of January 2021 per CRRSAA. Of the estimated nearly \$1.3 billion total, at least \$305 million must be designated for emergency student aid.

^e Reflects the net of the Governor's proposed 0.5 percent systemwide enrollment growth together with all other enrollment adjustments.

CARES = Coronavirus Aid, Relief, and Economic Security; COVID-19 = coronavirus disease 2019; and CRRSAA = Coronavirus Response and Relief Supplemental Appropriations Act.

ISSUE 1: BASE FUNDING/ENROLLMENT

The Subcommittee will discuss the Governor's Budget proposals regarding apportionment funding, including a 1.5% cost-of-living adjustment (COLA) of \$111 million ongoing Proposition 98 General Fund, \$23 million ongoing General Fund to support 0.5% enrollment growth (about 5,500 full-time equivalent students), and to pay back \$1.1 billion in deferrals and leave a deferral of \$326 million, to be paid back in 2022-23.

PANEL

- Daniel Hanower, Department of Finance
- Paul Steenhausen, Legislative Analyst's Office
- Lizette Navarette, California Community Colleges Chancellor's Office

BACKGROUND

New funding formula enacted in 2018. The 2018 Budget Act created the Student Centered Funding Formula, which distributes apportionment funding to colleges based on enrollment (typically about 70% of the funding), enrollment of financially-needy students (about 20%), and several outcome measures (about 10%). Most of the formula is based on three-year averages of these components.

The new formula includes "hold harmless" provisions for community college districts that would have received more funding under the former apportionment formula than the new formula. Through 2023-24, these community college districts are to receive their total apportionment in 2017-18 adjusted for COLA each year of the period. Almost half of districts – 32 - are utilizing the hold harmless provision.

In addition to the funding formula, the state typically provides additional ongoing funding to support enrollment growth. Statute does not specify how the state is to go about determining how much growth funding to provide. Historically, the state considers several factors, including changes in the adult population, the unemployment rate, the prior-year enrollment trend, and the condition of the General Fund.

COVID-19 upended college operations and students' lives and coursework. Colleges have faced significant costs and lost revenue; federal stimulus has addressed some college costs and aided students. The COVID-19 pandemic forced most college classes and programs online, and disrupted virtually all operations. Students face job loss, health issues for themselves and family, and altered living situations and technology challenges. The colleges' shift to primarily remote instruction resulted in some extraordinary costs. These costs include acquiring technology such as laptops for employees and students, providing training and support for faculty moving

their classes online and purchasing personal protective equipment for staff remaining on campus.

The Chancellor's Office estimates that these extraordinary costs total about \$350 million through 2020-21. Colleges also provided a total of an estimated \$58 million in enrollment and other fee refunds to students whose classes were abruptly cancelled in spring 2020 (such as those in performing arts and certain other classes that faculty deemed as too difficult to convert to an online format) or who were otherwise unable or unwilling to stay enrolled. In addition, colleges have experienced revenue losses from parking, food services, facility rentals, and various other noncore programs.

Community colleges have received two rounds of federal funding. The federal Coronavirus Aid, Relief, and Economic Security (CARES) Act in Spring 2020 provided about \$613.5 million to California community colleges, which had to spend at least half of this funding on student financial aid. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), created in December 2020, is providing about \$1.3 billion to California community colleges, with colleges required to provide at least as much student financial aid as they did in the first round. This funding has helped colleges cover unexpected COVID-related costs and lost revenue.

The chart on the next page created by the LAO indicates one-time federal funding, and how the funds were directed to be split between campuses and students.

Figure 3	
Community Colleges Are Receiving Federal Relief Funds	
<i>(In Millions)</i>	
Spring 2020 Relief Package	
CARES Act: Higher Education Emergency Relief Fund	
Base grants: student aid	\$290
Base grants: institutional relief	290
Supplemental grants: minority-serving institutions	33
Supplemental grants: institutions with unmet need	— ^a
Subtotal	(\$613)
Coronavirus Relief Fund	\$54
Total	\$667
Winter 2021 Relief Package	
CRRSAA: Higher Education Emergency Relief Fund^b	
Base grants: student aid	\$290
Base grants: institutional relief	1,023
Total	\$1,313
Grand Total	\$1,981
^a Certain colleges received supplemental grants totaling \$425,000.	
^b Shows CRRSAA allocations known to date.	
Note: In most cases, campuses have one year from receiving funds to spend them.	
CARES = Coronavirus Aid, Relief, and Economic Security and	
CRRSAA = Coronavirus Response and Relief Supplemental Appropriations Act.	

Enrollment drop. COVID-19 does seem to have impacted community college attendance: Based on enrollment counts and projections from January from the Chancellor's Office, community colleges may face an enrollment drop of 7% this year among students taking credit-bearing courses, and 26% among non-credit students. Note that this data is preliminary. While enrollment declines are affecting most student demographic groups, districts generally report the largest enrollment declines among African American, Hispanic, male, and older adult students.

Student Enrollment	2018-19	2019-20	2020-21 (Estimated)	% Change from Prior Year
Credit FTES	1,032,992	1,027,039	956,265	-7%
Noncredit FTES	70,300	66,834	49,752	-26%
Total	1,103,292	1,093,873	1,006,017	-8%

2020 Budget Act created significant deferrals. Faced with the COVID-19 pandemic and projected deficits, the Budget Act included a total of about \$1.4 billion in Proposition 98 General Fund deferrals for colleges. Some of these deferrals would have been restored had the state received federal stimulus in Fall 2020.

The Budget Act included several other major actions, such as reducing funding for Calbright College by \$5 million ongoing Proposition 98 General Fund — leaving \$15 million in base ongoing support – and \$40 million in unspent one-time funds; and providing \$120 million in one-time state and federal funding for the COVID-19 Response Block Grant, which supported activities and equipment such as cleaning supplies, mental health and other support services for students impacted by COVID-19, and professional development for faculty teaching online courses.

GOVERNOR'S 2020-21 BUDGET PROPOSAL

The Governor's Budget proposes repaying approximately \$1.1 billion of the \$1.45 billion in deferrals for 2020-21, carrying over a remaining deferral of \$326 million; provides \$111 million ongoing Proposition 98 General Fund to support a 1.5% COLA; and provides \$23 million ongoing Proposition 98 General Fund to support 0.5% enrollment growth. The COLA is accompanied by two requirements: that each district provide a plan to reduce equity gaps, and continue to offer at least 10% more online courses than they offered before COVID-19.

The Governor's Budget also proposes \$20 million one-time Proposition 98 General Fund to support a student recruitment and retention block grant. This is proposed as an early action item and is being discussed outside of the subcommittee process.

STAFF COMMENT

Most colleges appear to be weathering the deferrals, by using reserves and borrowing. No colleges have applied yet for a hardship waiver, which could allow some colleges to avoid deferrals. The federal stimulus also may have allowed campuses to avoid major reductions right away, and there may be a third round of funding this year.

Nonetheless, colleges still face significant cost and revenue unknowns heading into the 2021-22 academic year. Most campuses are planning to return to in-person instruction in the Fall, but local and state public health guidelines, as well as labor negotiations, will likely determine that. Given this uncertainty, enrollment is unclear, and colleges are advocating for flexible, ongoing resources to cover costs and navigate an unpredictable year. Among the issues the Subcommittee could consider in this discussion are:

- ***The Governor's Budget provides substantially different COLAs to K-12 and to the community colleges.*** The Governor's Budget provides a COLA of 3.84% to the

Local Control Funding Formula to make up for the lack of COLA in 2020-21. However, the proposed COLA for the Student Centered Funding Formula is 1.5%. Providing the same COLA for the community colleges would require \$171.5 million more in ongoing Proposition 98 General Fund.

- ***The proposed requirements tied to the community college COLA require thorough review.*** The Council of Faculty Organizations, representing more than 58,000 faculty in the California community colleges, argue in their letter to the Subcommittee that a COLA is designed to maintain districts' buying power and keep up with inflation, and should not be used as a policy lever. Additionally, the proposal to increase online education is problematic: until we understand the impacts of online education on various community college student groups and the true costs of online education, it may be premature to make more online courses a state priority. The Community College League of California notes that the online requirement should be discussed in the policy process. The LAO recommends rejecting both requirements.
- ***Community college enrollment is a major concern.*** Demand for community college courses and programs typically rises during a recession; an enrollment decline now may signal that students are struggling to access online courses, or have other family or work disruptions that are forcing them out of school or to reduce courseload. A clearer picture of Fall 2020 enrollment will be available this Spring. The system, the Legislature and the Administration should continue discussions to prioritize recruiting and retaining students. It is unclear if the Governor's Budget proposal for enrollment growth is appropriate or not at this time.

ISSUE 2: BASIC NEEDS PROPOSALS

The Subcommittee will discuss several Governor's Budget student support proposals, including emergency financial aid, and funding for student mental health, technology, food and housing needs.

PANEL

- Daniel Hanower, Department of Finance
- Paul Steenhausen, Legislative Analyst's Office
- Lizette Navarette, California Community Colleges Chancellor's Office

BACKGROUND

California community college students report significant unmet needs. A 2019 survey of nearly 40,000 students found that:

- 50% of respondents were food insecure in the prior 30 days,
- 60% of respondents were housing insecure in the previous year; and
- 19% of respondents were homeless in the previous year.

The state has begun efforts to address student basic needs during the past few budget cycles. For example, the state provided nearly \$20 million to community colleges in 2019-20 for three basic needs proposals, as the chart below indicates. Additionally, the 2020 Budget Act added a new requirement that districts operate on-campus food distribution programs as a condition of receiving Student Equity and Achievement Program (SEAP) funding. SEAP provides \$475 million annually to support academic counseling and other similar activities.

State-Funded Basic Needs Supports for Community Colleges, 2019-20	Amount (millions)	Update/Additional Information
Basic Needs (food pantries, Cal Fresh sign up, other programs/aid)	3.9	Funding distributed to districts based on low-income student enrollment
Rapid Rehousing	9	14 colleges will receive funds annually for three years to work with local partners to provide wrap-around housing services
Mental Health Services	7	27 colleges will receive funds to provide services to students or connect with local programs
Total	19.9	

Notes: Only the Rapid Rehousing funding is ongoing. The mental health services funding is from Proposition 63.

Colleges often combine state money with local and federal funds, along with philanthropy, to support various basic needs programs. The Chancellor’s Office reports that about 55 community colleges have basic needs centers, and 114 colleges have a food pantry or some regular food distribution program. About 90 colleges report having some capacity to aid students experiencing a mental health crisis.

GOVERNOR’S 2020-21 BUDGET PROPOSAL

The Governor’s Budget proposes the following student support actions:

- \$250 million one-time Proposition 98 General Fund for emergency financial aid for students. Of this funding, \$100 million is proposed for early action this Spring, and another \$150 million is proposed for the 2021-22 fiscal year. Funding would be distributed to districts based on a formula that considers low-income student enrollment.
- \$30 million ongoing Proposition 98 General Fund to support student mental health and technology needs. Colleges would be allowed to spend funds on either mental health services or technology such as laptops or Internet connectivity, or a mixture of both.
- \$100 million one-time Proposition 98 General Fund to address food insecurity, including meal donation programs, food pantries serving students, CalFresh enrollment, or other means of directly providing nutrition assistance to students, and to assist homeless and housing-insecure students in securing stable

housing. Funding would be distributed to districts based on a Chancellor's Office-derived formula that would include low-income student enrollment. The funding would be available for expenditure until June 30, 2024.

STAFF COMMENT

Recent state support for basic needs has boosted campus efforts to create programs that bring food and other services to campuses, and also connect students to local need-based programs. More data is needed to better understand the impacts these type of services have on student lives and outcomes. However, investment in basic needs infrastructure seems warranted, given the clear need among students. Key decision points for the Subcommittee this year are how much funding to send directly to students as emergency aid, how much to spend on programs that support students, and whether ongoing or one-time funding is appropriate (and available.)

Among the issues the Subcommittee could consider in this discussion are:

- ***How should basic needs spending be organized?*** The Governor's Budget proposes one program to use ongoing funding to support student mental health and technology needs, and another to use one-time funding for food and housing insecurity. The Subcommittee may wish to review both proposals and discuss how best to prioritize and organize these services, or whether to leave more of that decision-making to local districts. The LAO recommends creating a basic needs block grant that includes state objectives and reporting on meeting those objectives.
- ***What is the appropriate mix of ongoing and one-time funding?*** Emergency financial aid seems like a good use of one-time funding to help students quickly, as they struggle with the various impacts of COVID-19. But the Subcommittee may wish to discuss one-time versus ongoing need. Many campuses cobble together ongoing resources to support basic needs staff and administration; should the state support this infrastructure or continue providing more one-time grants?
- ***Non-Proposition 98 funds could be pursued.*** As noted above, the 2019 Budget Act used \$7 million from the state administration fund within Proposition 63 to support mental health services for students. (An additional \$3 million was provided to California State University for the same purpose.) While the Governor's Budget proposes using Proposition 98 General Fund to support mental health services for students, the Subcommittee may wish to pursue more Proposition 63 funding for this activity, either to replace the funding or supplement it. Staff notes that the Proposition 63 state administration fund is projected to have a \$46 million balance in 2021-22.

ISSUE 3: WORKFORCE DEVELOPMENT PROPOSALS

The Subcommittee will discuss the Governor's Budget proposals to double ongoing funding for the California Apprenticeship Initiative to \$30 million Proposition 98 General Fund and to provide \$20 million one-time Proposition 98 General Fund to support work-based learning projects.

PANEL

- Daniel Hanower, Department of Finance
- Paul Steenhausen, Legislative Analyst's Office
- Lizette Navarette, California Community Colleges Chancellor's Office

BACKGROUND

Community colleges have several major workforce development programs. California community colleges have several workforce development programs. Major programs include:

- The Strong Workforce Program, which provides \$248 million ongoing Proposition 98 General Fund to support career technical education programs through direct funding to colleges and funding to regional consortia.
- Apprenticeships, which combine on-the-job training and classroom instruction, in professions such as construction trades and public safety. Funding for this program in 2020-21 is \$43.6 million Proposition 98 General Fund, including \$15 million for the California Apprenticeship Initiative.
- The Economic and Workforce Development Program, which funds priority industry area experts at the Chancellor's Office (known as Sector Navigators) and at community college districts (known as Deputy Sector Navigators) and does other work to support statewide CTE efforts. Funding for this program in 2020-21 is \$23 million Proposition 98 General Fund.

California Apprenticeship Initiative created in 2015. The 2015 Budget Act created the California Apprenticeship Initiative (CAI), to support apprenticeships in high-growth industry sectors such as healthcare and clean energy. The state has provided \$15 million annually for this program since then. Community college districts and K-12 agencies (including school districts and county offices of education) are eligible for CAI grants, which are awarded by the Chancellor's Office based on the demonstrated need for the proposed program and how the program would respond to that need, among other components. Grants are intended to cover start-up costs and grantees are expected to find other fund sources to cover ongoing program costs once the grant

expires. The Chancellor's Office reports supporting 73 community college projects and 27 non-community college projects, involving about 2,700 apprentices.

Examples of projects include the Inland Empire LAUNCH Apprenticeship Network, which supports programs for occupations such as industrial maintenance, production technicians, and drafting and engineering technologists, and the Transit Apprenticeship for Professional Career Advancement, a partnership between Mission College and the Santa Clara Valley Transportation Authority.

Work-based learning seeks to combine classroom instruction and work-like experiences. Defined broadly, work-based learning refers to activities that promote career exploration and preparation. Schools choose what specific work-based learning opportunities to provide their students. Common opportunities include guest classroom speakers, job shadowing, internships, and apprenticeships. Several existing CCC initiatives include work-based learning components.

In 2017, the Chancellor's Office partnered with the Foundation for California Community Colleges to launch an 18-month pilot to expand access to work-based learning opportunities. Six community colleges, one community college district, and two Strong Workforce regional consortia participated in the pilot. Through a series of workshops and other activities, participants identified several systemwide opportunities for enhancing and expanding work-based learning. Participating colleges also adopted several services and technology platforms intended to facilitate career exploration, enable paid work experiences, and assess students' employability skills. The Chancellor's Office provided \$200,000 in Strong Workforce Program funding for this pilot. Participating colleges, districts, and regional consortia also contributed a total of \$325,000.

GOVERNOR'S 2020-21 BUDGET PROPOSAL

The Governor's Budget proposes to double ongoing funding for the California Apprenticeship Initiative, to \$30 million Proposition 98 General Fund. The Governor's Budget also proposes \$20 million one-time Proposition 98 General Fund to expand work-based learning models and programs at community colleges, with the goal of ensuring that students complete programs with applied work experiences. The funds would be allocated through a competitive grant process developed by the Chancellor's Office.

STAFF COMMENT

Both of these proposals should be considered in the overall context of the community college budget, and the best ways to support workforce development programs that will be essential in the state's post-pandemic economic recovery. For example, is doubling

the size of the California Apprenticeship Initiative the best use of precious ongoing funding for colleges? Is this the right year to create a new grant program? Work-based learning is already a priority mentioned within the Strong Workforce program; presumably if colleges felt strongly about supporting these activities they already would be using local or regional Strong Workforce money. The LAO recommends rejecting both of these proposals.

In addition, staff is aware of other workforce development proposals. For example, the California Professional Firefighters have requested \$4 million one-time Proposition 98 General Fund to support pre-apprenticeship programs for emergency medical technicians and paramedics that include a goal of diversifying that workforce. Other possible proposals include focusing on specific programs that support the healthcare workforce.

ISSUE 4: OTHER PROPOSALS

The Subcommittee will discuss the Governor's Budget proposals, including capital outlay, support for online courses and student support, professional development for faculty, zero-textbook-cost degrees and implementation of AB1460.

PANEL

- Daniel Hanower, Department of Finance
- Paul Steenhausen, Legislative Analyst's Office
- Lizette Navarette, California Community Colleges Chancellor's Office

GOVERNOR'S 2020-21 BUDGET PROPOSAL

The Governor's Budget includes the following community college proposals:

- \$20 million one-time Proposition 98 General Fund for a systemwide effort to provide culturally competent professional development for CCC faculty, including in leveraging technology to improve learning outcomes.
- \$10.6 million ongoing Proposition 98 General Fund to support the continuity of education and quality distance learning, including access to online tutoring, online counseling, and online student support services such as mental health services.
- \$15 million one-time Proposition 98 General Fund to develop and implement zero-textbook-cost degrees using open educational resources.
- \$2.5 million one-time Proposition 98 General Fund for community colleges to provide instructional materials for dual enrollment students.
- \$600,000 one-time Proposition 98 General Fund to support the implementation of the provisions of Chapter 32, Statutes of 2020 (AB 1460) as well as systemwide anti-racism initiatives.
- \$8 million ongoing Proposition 98 General Fund for cost increases associated with continued broadband access provided by the Corporation for Education Network Initiatives in California (CENIC).
- \$355.8 million, including \$2.2 million to start one new capital outlay project and \$353.6 million for the construction phase of 17 projects anticipated to complete design by spring 2022. This allocation represents the next installment of the \$2 billion available to CCCs under Proposition 51.

STAFF COMMENT

As in previous issues, these proposals can be considered within the overall context of the community college budget, through the frame of legislative priorities around access, affordability and success, and while considering other stakeholder or legislative proposals. Staff provides the following issues for consideration:

- While the Governor's Budget proposes funding for faculty professional development centered around cultural competence and online instruction, there are other faculty issues to consider as well. The Board of Governors is seeking funding to implement numerous recommendations from its Faculty and Staff Diversity, Equity and Inclusion Task Force, including ongoing funding for full-time faculty hiring, expansion of district Equal Employment Opportunity (EEO) implementation, and Chancellor's Office positions to provide leadership on EEO implementation, and one-time funding to establish a Statewide Pilot Fellowship program to improve faculty diversity hiring. In addition, the board is seeking additional funding for part-time faculty office hours.
- The state previously funded a zero-textbook-cost degree program in the 2016 Budget Act. Through that program, the Chancellor's Office provided grants to colleges or districts to create degree programs with open educational resources and no textbook costs. A report to the Legislature from the Chancellor's Office on that spending is more than one year overdue; the Subcommittee may wish to wait for that report before funding another round of grants.
- Many colleges are seeking one-time funding for deferred maintenance and other activities needed to prepare campuses for re-opening. According to a facilities management program for the entire system, there are more than \$1.1 billion in community college deferred maintenance needs. In addition, campuses likely face other costs to retrofit or prepare buildings and classrooms for a return to in-person instruction and services.
- The Governor's Budget provides a 1.5% COLA for some categorical programs: Disabled Students Programs and Services (DSPS), Extended Opportunity Programs and Services (EOPS), CalWORKS Student Services, and childcare programs. The Subcommittee could consider whether funding for other student support programs should be increased, particularly during a year in which vulnerable student populations may need extra support. Programs such as Umoja, MESA and Puente, in particular, have proven track records of improving outcomes for various student groups, and unmet demand.

- Significant research shows that postsecondary education reduces recidivism and increases the odds of finding employment for the formerly-incarcerated. Programs that seek to recruit and retain justice-involved students have grown through the state. This Subcommittee has sought to address this issue previously, by providing ongoing funding to the CSU to support Project Rebound and one-time funding for community college and UC efforts to support these students by providing support services to address the unique needs of this student group. Targeted support programs for justice-involved students now exist at more than 20 California community colleges, with waitlists for these programs. The Subcommittee could consider ongoing support of the Rising Scholars Network, which could fund programs at colleges and allow for the programs to develop best practices and other systemwide strategies to help these students successfully navigate community colleges.
- The chart below indicates the capital outlay projects proposed in the Governor’s Budget. Projects are supported by Proposition 51 bond funds. All but one of the proposed projects are ready for the construction phase and have previously been approved for earlier phases. Staff has no concerns with this proposal.

District	Campus	Project	Phase	2021-22 State Cost
Yuba	Woodland College	Performing Arts Facility	C	\$ 16,472,000
Los Rios	Natomas Education Center	Natomas Center Phase 2 and 3	C	\$ 27,632,000
Redwoods	College of the Redwoods	Physical Education Replacement	C	\$ 63,839,000
Santa Monica	Santa Monica College	Arts Complex Consolidation	C	\$ 9,821,000
Los Rios	American River College	Technical Building Modernization	C	\$ 28,647,000
Los Angeles	Los Angeles City College	Theater Arts Replacement	C	\$ 14,124,000
Los Rios	Folsom Lake College	Instructional Buildings Phase 2.1	C	\$ 29,494,000
Santa Barbara	Santa Barbara City College	Physical Education Replacement	C	\$ 32,521,000
Cerritos	Cerritos College	Health Sciences Building #26 Renovation	C	\$ 11,512,000
Kern	Delano Center	Learning Resource Center (LRC) Multi-Purpose Building	C	\$ 14,411,000
Chaffey	Chino Campus	Instructional Building 1	C	\$ 11,764,000
Kern	Porterville College	Allied Health Building	C	\$ 9,743,000
Long Beach	Liberal Arts Campus	Music/Theatre Complex (Building G&H)	C	\$ 20,609,000
Peralta	College of Alameda	Replacement of Buildings B and E (Auto and Diesel Technologies)	C	\$ 15,291,000
San Bernardino	San Bernardino Valley College	Technical Building Replacement	C	\$ 31,422,000
Peralta	Laney College	Modernize Theatre Building	C	\$ 7,290,000
Peralta	Merritt College	Horticulture Building Replacement	C	\$ 9,034,000
		TOTAL		\$ 353,626,000
Riverside	NorCo College	Center for Human Performance and Kinesiology	PW	\$ 2,162,000
		TOTAL		\$ 2,162,000

ISSUE 5: INSTITUTIONAL AID/CAL GRANT REFORM

The Subcommittee will discuss institutional aid programs at community colleges and receive feedback from the Chancellor's Office regarding the Cal Grant Reform proposal.

PANEL

- David O'Brien, California Community College Chancellor's Office

BACKGROUND

California Community Colleges have several institutional aid programs, although unlike the University of California (UC) and California State University (CSU), most community college institutional aid programs are dictated by statute rather than segment policy or practice, and are supported by state funds instead of tuition revenue. Among the major programs are:

- **The California College Promise Grant**, formerly known as the BOG Fee Waiver program. This is a tuition waiver program first created in 1985; it covers tuition costs for students with financial need. Proposition 98 General Fund funding is used to cover tuition costs for colleges. According to information from the Chancellor's Office, nearly 920,000 students received the grant in 2019-20, with \$722.3 million in Proposition 98 General Fund used to cover the tuition loss for colleges. The Governor's Budget assumes \$666.6 million Proposition 98 General Fund for this program in 2021-22.
- **The California College Promise**, which covers tuition for two years for first-time, full-time students. The program was created through the 2018 Budget Act and subsequent legislation, and in addition to waiving tuition for full-time students, colleges can use Promise funding for other activities such as student support, programs or to help students cover non-tuition costs like textbooks, child care or transportation. Participating colleges must conduct several activities to receive funding, including operating programs with local high school districts that support pathways to college; implementing the Guided Pathways framework; and helping students access need-based financial aid such as Pell Grants and Cal Grants. The Governor's Budget proposes \$74.7 million Proposition 98 General Fund for this program in 2021-22.
- **The Student Success Completion Grant** program, which was created in the 2018 Budget Act by combining two previous programs. The program provides community college students who receive a Cal Grant with additional funding if they enroll in 12 or more units per semester. Specifically, students receive

additional \$649 per semester or quarter equivalent for enrolling in 12-14 units, and \$2,000 if they enroll in 15 or more units. A recent report by the Chancellor's Office noted that more than 81,000 students received a grant in 2018-19. The Governor's Budget proposes \$135.5 million Proposition 98 General Fund for this program in 2021-22.

Despite these programs, community college students with financial need typically receive far less financial aid than their peers at UC or CSU, largely due to significantly less per-student Cal Grant funding for community college students. Work done by The Institute for College Access and Success (TICAS) shows that the net price for students – the difference between the total cost of attendance and available need-based aid – is often higher for community college students than UC or CSU students. This is because while tuition is much lower at community colleges, most other costs are similar for all three segments, and state and institutional aid is far less on a per-student basis.

The TICAS chart below shows average need-based aid for students at all three segments in 2017-18.

	Segment	Institutional Grants	State Grants	Pell Grants	TOTAL
Per Pell Recipient	CCC	\$1,700	\$600	\$3,500	\$5,800
	CSU	\$2,900	\$3,200	\$4,500	\$10,600
	UC	\$10,600	\$12,000	\$4,900	\$27,500
Per FTE	CCC	\$700	\$200	\$1,400	\$2,300
	CSU	\$1,900	\$2,000	\$2,800	\$6,700
	UC	\$4,200	\$4,700	\$1,900	\$10,800

Notes: Calculations based on data from the California Community Colleges Chancellor's Office's Data Mart, California Department of Finance, the California Governor's 2017-18 state budget summary, the California Student Aid Commission, the California State University Office of the Chancellor, the Federal Student Aid Data Center, and the University of California Office of the President. For community colleges, state aid includes Cal Grants, and Full-Time Student Success Grants and Community College Completion Grants (consolidated in the 2018-19 state budget into the Student Success Completion Grant); for CSU and UC, it includes Cal Grants and Middle Class Scholarships. Grant aid per student are intended to show relative aid availability for students at different colleges, not suggest average amounts of aid received by any given student. All figures are rounded to the nearest \$100. Totals may not add up to sum of individual categories due to rounding.

CSAC's Cal Grant reform proposal was presented to the Subcommittee at its Feb. 9th hearing. As a reminder, the proposal includes the following components.

- The Cal Grant 2 would serve community college students by providing non-tuition support to students with a 0 EFC. The proposal would eliminate high school GPA verification, eliminate time out of high school and age requirements, and allow students to apply until Sept. 2 for the academic year.

CSAC data indicates this program could increase the number of eligible new community college students from about 124,000 in the current Cal Grant program to nearly 280,000 students. Within current funding levels, this would provide

students with an average non-tuition award of \$1,250. More students would be served, but students would receive a lesser amount than the current program. Higher funding levels could increase per-student support: for example, providing students with \$2,500 would require an additional \$150 million annually.

- The Cal Grant 4 would serve UC and CSU students, as well as students at private institutions. Similar to Cal Grant 2, the proposal would eliminate time out of high school and age requirements, and would lower the GPA requirement from 3.0 to 2.0. The award would cover full tuition & fees at a UC or CSU and maintain existing award amounts for students at eligible private institutions. Segment-based institutional aid programs would be expected to provide 0 EFC students with a stipend to support their basic needs expenses.

CSAC data indicates this program could increase the number of new eligible students from about 132,000 to more than 174,000.

STAFF COMMENT

The Chancellor's Office has been asked to discuss its institutional aid programs with the Subcommittee and provide reaction to the CSAC Cal Grant reform proposal. A similar item will be included in budget hearings for UC and CSU.

ISSUE 6: CALBRIGHT COLLEGE UPDATE

The Subcommittee will hear an update on Calbright College.

PANEL

- Ajita Talwalker Menon, Calbright College

BACKGROUND

The 2018 Budget Act created a new online community college to be administered by the CCC Board of Governors. The online college was intended to focus on short-term programs for working adults who have no postsecondary credentials. Trailer bill language required the college to develop at least three short-term program pathways linked with industry needs, and to use existing industry certifications, competency-based learning, and prior learning assessments to reduce the amount of additional courses students need to complete their pathway. The Budget Act provided \$20 million ongoing and \$100 million Proposition 98 General Fund to launch the college, which is now called Calbright.

The 2020 Budget Act reduced support for the college by \$5 million ongoing and \$40 million one-time, leaving the college with \$15 million ongoing and \$60 million one-time. Calbright has provided the following updates regarding enrollment, faculty and staffing, budget information and partnership plans.

Enrollment/Completion. Calbright has created three programs so far: Medical Coding, IT Support, and Cybersecurity. The college has issued 35 credentials to 29 individual students. The college currently has 524 students enrolled.

Faculty/Staff. Calbright reports 44 full-time employees, including five full-time faculty, five part-time faculty, three full-time faculty counselors and four part-time faculty counselors. Faculty employees have created an academic senate, and have affiliated with the California Teachers Association as their bargaining representative.

Budget. Calbright budget documents indicate the college spent \$14.7 million in ongoing funding in 2019-20, and \$324,000 in one-time funding. The chart below indicates proposed spending for the current fiscal year and is from a November 2020 report.

	Annual Funding	One-Time	Total
Beginning balance	\$2,090,000	\$82,091,000	\$84,181,000
Revenue			
Other General Apportionments	\$15,000,000	\$0	\$15,000,000
Local Revenue (Interest and Investment Income)	\$100,000	\$2,000,000	\$2,100,000
Total Revenue	\$15,100,000	\$2,000,000	\$17,100,000
Expenses			
Academic Salaries	\$2,118,000	\$450,000	\$2,568,000
Nonacademic Salaries	\$5,748,000	\$1,824,000	\$7,572,000
Benefits	\$2,911,000	\$841,000	\$3,752,000
Supplies and Materials	\$550,000	\$0	\$550,000
Operating Expenses	\$3,780,000	\$41,375,000	\$45,155,000
Capital Outlay	\$0	\$12,850,000	\$12,850,000
Total Expenses	\$15,107,000	\$57,340,000	\$72,447,000

Calbright's projections include some of the following expenditures for ongoing and one-time funding:

- Projected ongoing staffing of approximately 62 full-time equivalent positions;
- \$7 million in one-time funding to improve Calbright's existing programs and develop new program pathways;
- \$5 million in one-time funding for student outreach, and partnerships with labor organizations, community based organizations, and employment intermediaries;
- \$5 million in one-time funding to implement the enterprise resource planning system, and to begin development of adaptive learning, simulated experience, and student support technologies;
- \$7.9 million in one-time funding for capital outlay expenses including HQ buildout and equipment purchases for added staff and students;
- \$5 million to seed a statewide workforce exchange partnership with economic development agencies, Americas Job Centers of California (AJCCs), strong workforce regional and sector partners, community colleges, and employers;
- \$5 million to further develop online competency based education and pathways with other community colleges for Calbright's students to continue their education;
- \$10 million for partnerships with place-based agencies, such as community colleges, libraries, American Job Centers, etc, and for Calbright to establish its own centers to provide facilities for in-person support of Calbright's students.

Partnerships. Calbright has sought partnerships with industry, labor and other community colleges. For example, the college has an agreement with Compton College to help adult education students transition into postsecondary programs, and recently signed a memorandum-of-understanding with four community college districts to create the Worker Learning Innovation Alliance.

STAFF COMMENT

The Subcommittee has long supported the goals of Calbright, which is to provide easily accessible certificate programs to unemployed or under-employed adult students. However, the Subcommittee has repeatedly expressed opposition to idea that a brand new college was needed to achieve these goals. The 72-district community college system already offered significant online programs, and the state provides reasonably robust support for career technical education programs that include regionally-based structures tied to industry. A cheaper option to achieve the same goal might have been to support existing colleges in expanding programs or launching new ones.

Concern about the difficulty of a start-up college appear to have been well-founded. The college has struggled to attract students, faculty and staff, and replaced its CEO last year. Many students did not advance through an orientation-type course; and course sequencing is now being redesigned. Partnerships with industry and labor to ensure that students have a job or career waiting for them at the end of a program have not yet materialized.

Meanwhile, the entire community college system, with about 2 million students, moved online during the COVID-19 pandemic, and it seems clear that many colleges will continue to provide significant online courses and programs beyond the pandemic.

The new Calbright administration appears to be working diligently to improve courses and programs, establish more relationships with employers and other colleges, and advance the use of competency-based learning, which allows students to move through a program at their own pace. But the Subcommittee will once again be faced this year with difficult decisions in the community college budget, as Proposition 98 General Fund resources are limited, and colleges serving thousands of students have significant needs. Staff notes the California Federation of Teachers has submitted a letter to the Subcommittee calling for the defunding of Calbright.

Staff notes that the Joint Legislative Budget Committee approved an audit of Calbright last year; the State Auditor will release her findings in May. The Subcommittee may wish to consider this audit and its recommendations before finalizing the 2021-22 community college budget.

Suggested Questions

- How many students is Calbright projecting to enroll in 2021-22? What is the envisioned student enrollment during the next three to five years?

- What are the demographics of currently-enrolled students? What types of populations will the college focus its outreach efforts on?
- Is Calbright able to track the outcomes of students once they complete their program? What has happened to program graduates so far?
- What will Calbright offer that other colleges do not?
- What other pathways or programs will be added in the next year?
- Why hasn't Calbright been able to sign agreements with industry, to ensure students have specific employment possibilities upon completion?
- The projected budget includes more than \$12 million for capital outlay, including improvements to the college's headquarters. What are the needed changes to headquarters?

This agenda and other publications are available on the Assembly Budget Committee's website at: <https://abgt.assembly.ca.gov/sub2hearingagendas>. You may contact the Committee at (916) 319-2099. This agenda was prepared by Mark Martin.