



March 16, 2018

Senator Holly Mitchell, Chair
Senate Budget Committee
State Capitol Room 5019

Assemblymember Phil Ting, Chair
Assembly Budget Committee
State Capitol, Room 6026

RE: Proposed 2018-19 California Community College Budget (6870-101-0001)

Dear Senator Mitchell and Assemblymember Ting:

On behalf of the Community College League of California (the League), we write to share our appreciation for your demonstrated support of our public community colleges. We also take this opportunity to offer recommendations as they relate to the 2018-19 Budget Proposal's impacts on community college districts. We are grateful for a budget that is poised to recognize and support the comprehensive mission and indispensable role of California's community colleges.

The League would like to offer the following considerations on specific proposals within the Governor's January Budget:

Transition to a New Funding Formula - \$175 Million

The League believes it is the right time for thoughtful evaluation of the community college funding formula. Properly structured and adequately funded, a new funding model has the potential to move to a more accountable and stable system, ensuring that students have access to affordable, high-quality community colleges. Consistent with recommendations included in a joint report by the CEO Funding Formula Workgroup and the Chancellor's Fiscal Affairs Workgroup, the League recommends the following concepts for the Legislature to consider in a new funding formula framework:

Maintain California's Commitment to Accessible Quality Education

California's longstanding history of access to educational opportunities for individuals of all backgrounds from across all regions of the state should be protected. The current funding formula is based on the annual number of full-time equivalent students (FTES). However, this approach fails to provide stable year-to-year funding, especially for small or rural community colleges that experience frequent enrollment swings. The League urges the Legislature to adopt an apportionment model based on the higher of: (1) the current year FTES, or (2) a three-year average based on the total funded FTES of the most recent three years. This approach supports access and promotes long-range planning.

Thoughtful and Phased-In

An effective funding formula requires ongoing research and simulations. Consistent, data-informed analysis offers policymakers and practitioners a means to better understand the consequences of the metrics and permits the necessary adjustments. We urge the Legislature to adopt a framework that includes no less than two years of program transition and a sequential multi-year phase-in commencing with no greater than five percent outcome-based. This would allow districts to plan and make data-informed adjustments that enhance student success, preserves momentum for the implementation of Guided Pathways, and enables further research of the chosen metrics in a new formula.

Accurate Socioeconomic Definition Integrated with Success Metrics

Persistent attainment gaps cannot be measured in a vacuum. We advocate for a funding formula with two primary categories in order to achieve an integrated and comprehensive focus on the enrollment and success of economically disadvantaged students. By advancing a framework integrating both the enrollment and the success of underrepresented groups, a new formula can ensure equity and inclusion are at the forefront of district planning. Further, we urge the legislature to consider the Carl D. Perkins Career and Technical Education Act definition for economically disadvantaged students as it is a more accurately defines need by considering factors such as the College Promise Grant, Pell Grant, displaced worker, and CalWORKs.

Categorical Programs

Categorical programs have also been an important consideration of the Workgroups. Within California community colleges, there are 27 categorical programs with 10 designed to serve low-income students. Acknowledging elements of the Legislative Analyst Office's analysis, the League supports a recommendation by the CEO Funding Formula Workgroup to move toward a simplified and restricted program that supports accountability and local control. Specifically, the Workgroup recommends integrating Student Success and Support Services, Basic Skills, and Student Equity into a restricted categorical known as the Student Equity and Success program. This approach maintains a commitment to serving disadvantaged populations with equity-minded, student-centered supports. More importantly, a restricted categorical enables reporting alignment and maximizes services to students.

California Community College Online Education Opportunities

We support the Governor's proposal to explore innovative approaches for a redesigned public online ecosystem for California Community Colleges. With the goal of serving more Californians with accessible quality online instruction, we recommend design principles that:

- Support working learners by establishing a vehicle for system innovation;
- Advance Credit for Prior Learning and Competency based Education;
- Ensure integration and transfer of learning milestones within the system such as translation of competencies to credits across the entire system;
- Integrate the existing online ecosystem, including the Online Education Initiative and ongoing efforts of system colleges;
- Align with existing system frameworks such as Doing What Matters -Strong Workforce, and Guided Pathways;
- Apply regulatory relief, and design and delivery innovation to all colleges simultaneously, where and whenever possible;
- Efficiently leverages existing system infrastructure investments;
- Allow for consistent input and feedback from system colleges throughout the design and implementation process and/or includes the colleges in the design process throughout;
- Adopt a prototyping model wherein significant design changes (including further regulatory and system changes/modifications) are anticipated throughout implementation based on ongoing assessment; and
- Leverage the accreditation and regional business partnerships with existing colleges.

Support A Financial Aid Streamlining System

Complicated, outdated, manual financial aid processes create barriers to student enrollment and retention. Financial aid offices can simplify their entire student aid processing lifecycle by implementing software that streamlines the workflow. This effort would allow financial aid staff and advisors - a primary source of information for students to understand how to pay for college -to focus on providing

students with supports like counseling and training workshops. As the Legislature considers several proposals that increase the scope and importance of financial aid administration, we urge that you invest \$5 million in ongoing resources for financial aid software that enables a focus on advising rather than financial aid paper processing. We respectfully request that you consider an investment consistent with the attached *Financial Aid Streamlining for Student Success* proposal.

Bond and Capital Outlay Projects

In 2016, California voters approved a facilities bond providing a \$2 billion infrastructure investment in California's community colleges. For the 2018-19 budget, the Governor proposed funding for only five new capital outlay projects; dismissing voter support for Prop 51. Our public community colleges require \$42 billion over the next 10 years with \$29.9 billion in unmet capital facility needs identified in the current Capital Outlay Plan. In recognition of this critical need, the Board of Governors approved 18 new projects as part of its 2018-19 Capital Outlay Spending Plan. Failure to fund these capital projects represents a missed opportunity to create jobs and to cultivate a skilled and educated workforce in communities throughout the state. We urge you to include funding for all projects approved by the Board of Governors in the 2018-19 budget. The community college capital outlay program has been very successful. Altering the program's proven process will be disruptive and confusing to colleges and counterproductive to the state as vital projects are unnecessarily delayed. Further, we urge the Legislature to increase the 2018-19 sale of Proposition 51 bonds to meet the backlog of projects across the state.

Cal Grants that Equitably Serve Community College Students and Open Educational Resources

Despite comprising two-thirds of the California higher education population, community college students receive only six percent of Cal Grant resources. Hundreds of thousands of otherwise eligible applicants currently go unserved, and most have family incomes below the federal poverty line. We respectfully request that you consider augmentations to the Cal Grant B award and an increase to the number of annually authorized Competitive Cal Grants. These investments will reach more low-income students and most importantly, increase persistence and completion.

We also urge the legislature to address students' growing textbook costs by supporting community college open educational resources (OER) expansion and availability. Today, textbooks comprise an estimated 40% of the total cost of attendance at community colleges. This continues to be one of the most pressing affordability issues college students face. Community colleges seek the establishment of a program to implement OER systemwide, coordinate state-level activities which OER availability, and to support local OER implementation.

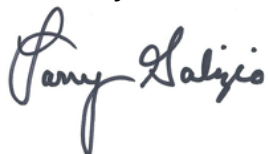
Buy Down STRS and PERS Liabilities

Community colleges continue to be the state's best economic development strategy while supporting California's most underserved populations. However, colleges remain concerned about their capacity to maintain educational quality as costs rise. Increases to PERS/STRS contribution rates, energy costs, and health insurance rates contribute to ongoing cost pressures and are estimated to be as high as \$800 million annually by 2021. General operating funds help stabilize and prepare colleges for drops in revenues so that educational services are not impacted during inevitable downturns in the economy.

Further, the League joins the many community college stakeholders in commending the Governor for supporting the 10.93 percent community college share of the Proposition 98 split in the 2018-19 proposal. Adherence to the statutory split allows both community colleges and K-12 to appropriately plan for the coming year while also removing competition for resources between the two segments.

The League is very grateful for the amount of time that both you and your staff dedicate to listening to the local perspectives we present, and we look forward to further collaboration as the budget discussions unfold. Thank you for considering our position and please do not hesitate to contact us if you have any questions.

Sincerely,



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