Community College League of California

2018 Annual Legislative Conference

GOVERNMENT RELATIONS UPDATE

Federal Priorities

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Federal Priorities: Deferred Action for Childhood Arrival

- Spending deal set a deadline of acting on a potential deal regarding immigration reform by February 8th.

- League call for action – get ready!

- DACA Principles:
  - Codify protections into federal law.
  - Path to citizenship for students.
  - Permit DACA recipients to receive federal financial aid.

Federal Priorities: PROSPER Act – House Version of HEA

Contains some positive policy reforms, but if enacted will hurt your institution's ability to increase student success, access and equity.

Concerns:

- Increased liability for unearned Title IV (federal financial aid) funds.
- Elimination of Title III-A Grants
- Reduction of financial aid resources for students.
  - Elimination of Supplemental Educational Opportunity Grants.
  - Elimination of time based and public loan systems

Support:

- Full time incentive grant of $150 per semester for Pell recipients taking at least 15 units a semester.
- Students in short-term programs eligible for prorated Pell Grants.
- Reforming distribution of federal work study funds.

Federal Priorities: Higher Education Act

The Higher Education Act governs programs that are essential to helping keep college affordable for our students. Below are key principles should be contained within any reauthorization the act.

Pell Grants: Essential to Keeping College Affordable

- ✓ Reinvest Pell Grant surplus back into programs.
- ✓ Index Pell Grant award to inflation.
- ✓ Make students in short term programs eligible for Pell Grants.
- ✓ Simplify FASFA Form
- ✓ Increase Pell Grant eligibility from 12 semesters to 14.

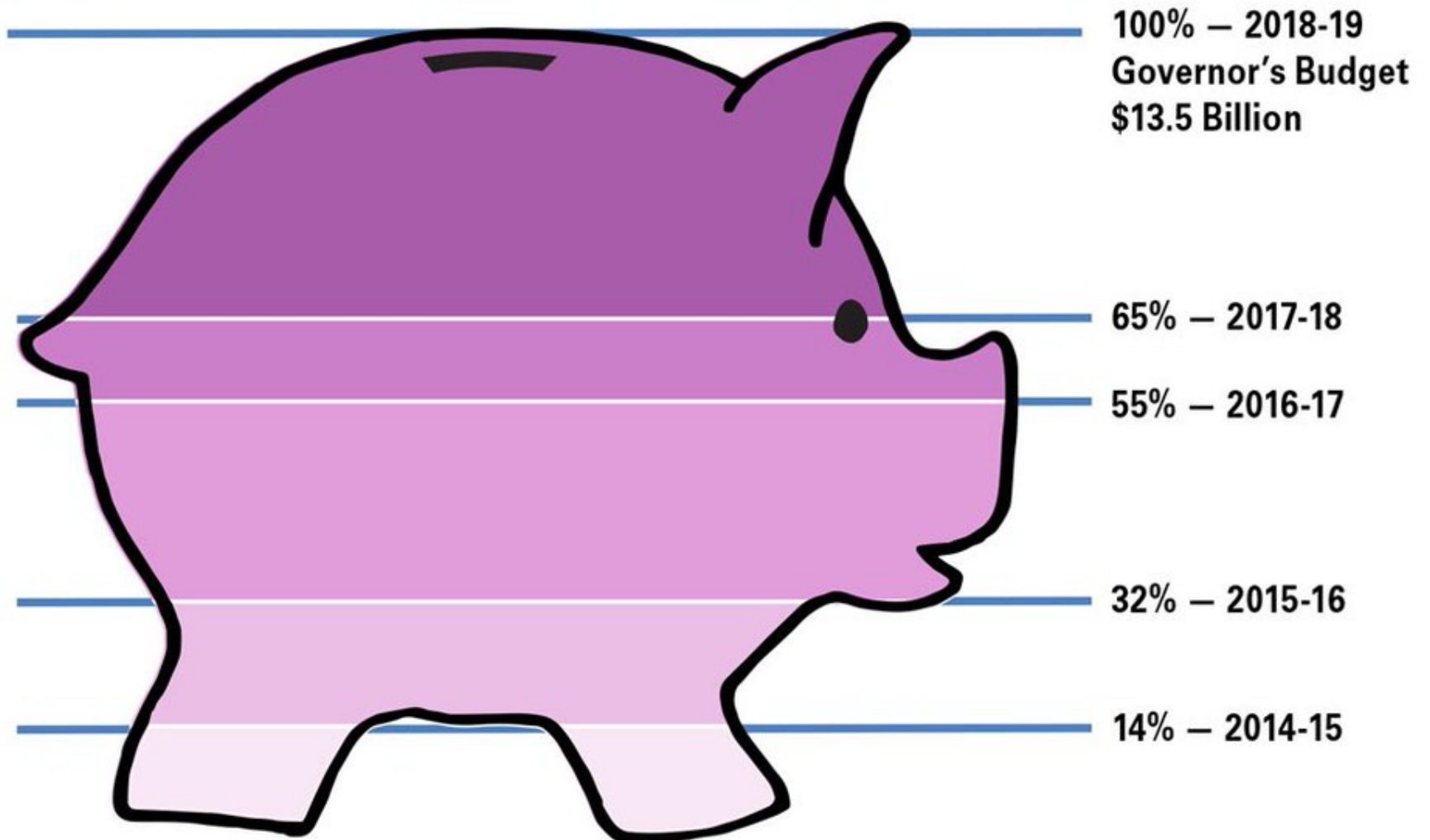## Regulatory Relief: Let Colleges Focus on Education

- ✓ Create a federal six year graduation rate for community colleges.
- ✓ Ensure that any new rules regarding loan default rate contains flexibility for institutions with low numbers of borrowers.
- ✓ Implement a federal student unit record system.
- ✓ Align various reporting and outcome standards

State Budget Update

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Filling Up the Rainy Day Fund Before the Next Recession

100% — 2018-19 Governor's Budget $13.5 Billion

65% — 2017-18

55% — 2016-17

32% — 2015-16

14% — 2014-15
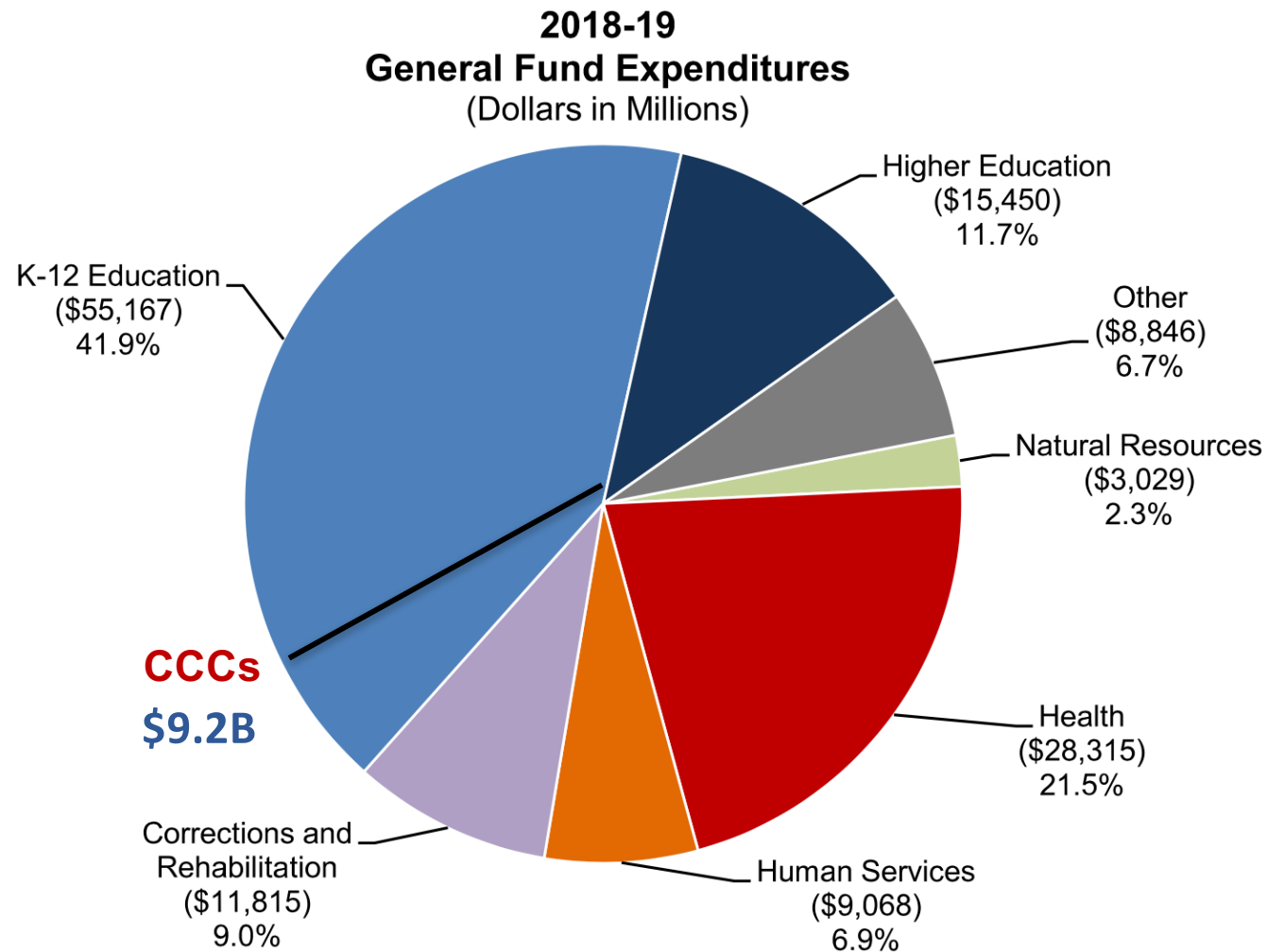
Changing Political Landscape

100% of Assembly Members are serving under the new term-limit laws and post Prop.30/55.

2018 is an election year.

Last year for Governor Brown and Senate Pro Tem Kevin de Leon.

State Budget: The Big Picture

Education makes up half of state spending.

**2018-19
General Fund Expenditures**
(Dollars in Millions)

Higher Education
($15,450)
11.7%

Other
($8,846)
6.7%

Natural Resources
($3,029)
2.3%

Health
($28,315)
21.5%

Human Services
($9,068)
6.9%

Corrections and
Rehabilitation
($11,815)
9.0%

K-12 Education
($55,167)
41.9%

CCCs
$9.2B

Revenue Framework

Revenue Volatility – It's important!

- Top 1% of income earners pay around 40% of income taxes.

- Fraction of PIT paid by 1% of returns with the most income is at an all time high.

- The volatility of capital gains and business income causes these levels to rise and fall.

This year's primary budget discussion…

How will federal decisions impact California's budget?

State Budget: Community College

Community Colleges:
Primary Budget &Policy Proposals

Among other proposals, Governor Brown proposes 3 significant changes and notable expenditures in the 2018-19 budget:

Proposes new fully online community college targeting working Californians with no degree or credential

Proposes a new outcomes-focused funding formula

Asks stakeholders to provide recommendations for the consolidation of categorical programs

Funding Formula:
Timing Is Everything

- Net systemwide growth in 2015-16 turned out to be only 0.4 percent.

- Net systemwide growth in 2016-17 was only 0.3 percent.

- 1/5 of districts met their enrollment targets last year.

- The need for a new funding formula is exacerbated by the fact that community colleges have lost nearly $80 million in enrollment growth over two years.

Formula Parameters

Hold Harmless Provision

During the first year of implementation, districts would be held harmless to 2017-18 levels.

- *50%*: **Base Grants** — District base grants based on FTES enrollment.

- *25%*: **Supplemental** — Supplemental grants based on the number of low-income students that the district enrolls reflecting two factors:
  - (1) enrollment of students who receive a College Promise Grant fee waiver (formerly known as the BOF Waiver) and
  - (2) enrollment of students that receive a Pell Grant.

- *25%*: **Student Success Incentive Grant** — Additional funding for: 1) the number of degrees and certificates granted and 2) the number of students who complete a degree or certificate in 3 years or less, 3) funds for each Associate Degree for Transfer granted by the college.

Categorical Consolidation

CCC Categorical Programs

- Funding restricted for specific purposes. Allocated to districts by program-specific formulas. Largest programs include Adult Education, SSSP, and Strong Workforce

- Supported by Proposition 98 General Fund

- Currently 27 Community College Categorical Programs

- The Governor does not propose elimination of Categoricals but rather <u>thoughtful consolidation</u>

Fully Online College

Expanding Public Online Options

- The budget includes $100 million one-time and $20 million ongoing for the creation of a new online community college.

- The college would create online programs aligned with industry needs and establish competency-based educational options.

- Target working adults who have a high school diploma but not a college degree or certificate.

California Online College

What We Know…

- BIG priority for Governor Brown
  - Included in State of State
  - Staff began advocacy
- One-Time Funds: $100 M
- Ongoing: $20 M
- 25-34 Target Population
- Governor and Legislature have been critical of limited Online Ed availability
- We need a quality public online option

What We Don't Know…

- A lot…
- Long-Term Governance Structure
- Funding Structure
- Outreach Plan for 25-34 Year Old Students
- Connection to OEI
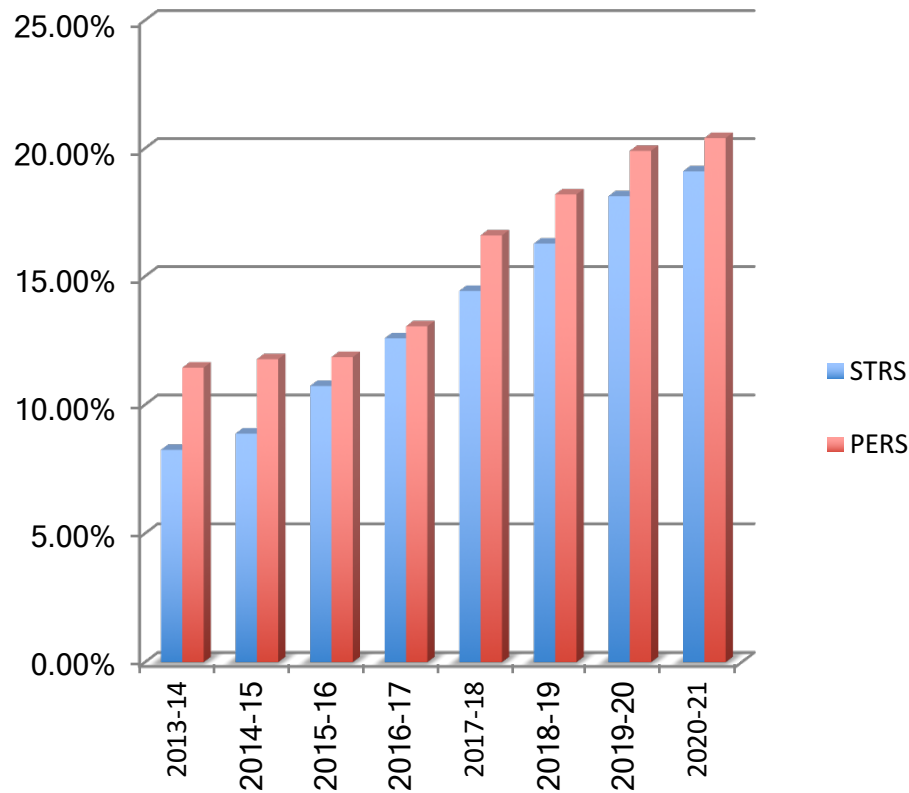- Details about integration to AA/AS and Transfer

Trailer Bill Available February 1

Funds that Enable
Success, Equity And Sustained Quality

System	Funding Amount
K-12	$12,057
CCC	**$7,624**
CSU	$14,914
UC	$26,162

- **Invest in Higher Community College Per-Student Funding.**

- **Colleges cannot maintain their QUALITY and grow innovation without a general operating resources!**

Growing Obligations to Employees and California Taxpayers

STRS
PERS

Alone, STRS and PERS contribution costs are estimated to increase to approximately $400 million annually by 2021.

- **Without sufficient resources to cover the growing cost of business, the health and safety of our students and faculty is jeopardized.**

- **Further attention is needed for the substantial fiscal challenges districts face in years ahead due to STRS, PERS, health care and teaching costs.**

State Priorities

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2018 Legislative Year: Potential Themes

- Janus vs. AFSCME
- President Trump vs. California
  - Title IX Investigations
  - Immigration
- Labor and Collective Bargaining
  - Mandated Benefits
  - Part-time Faculty Rehire Rights
- Sexual Harassment and the State Legislature
- Election Year

League Priority:
Expanding Access
to Open Educational Resources

In coordination with the Academic Senate, create a program that would:

- Implement open educational resources (OER) system wide.
- Coordinate state-level activities to increase access to OER.
- Support local OER implementation.

Goals:

- OER available for 70% of all C-ID courses.
- Reduce textbook and material costs for 50% of the most highly enrolled courses.
- Develop systems to replace high cost homework and other materials.
- Establish network of OER liaisons on local community college campuses.
- Create OER materials for selected CTE courses.

League Priority:
Fast Access To Financial Aid

Under Resourced Financial Aid Offices: Impediment to Students Success

- Current processing process is long, labor intensive and can take up to four weeks to process financial aid applications.
- New financial aid initiatives increase administrative burden for financial aid offices.
    - FASFA Completion
    - Free tuition
    - Student Success Incentive Grants

Solution:

- Financial aid software that streamlines financial aid verification process.
- Cuts processing time from four weeks to three days.
- Allows colleges to turn their financial aid administrators into financial aid counselors.
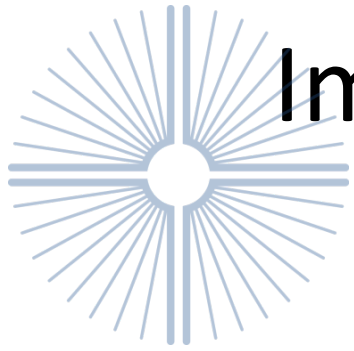
Immigration:
SB 183 (Lara) and SB 691 (Lara)

SB 183 (Lara) State Buildings: Federal Immigration Agents

- Would prohibit federal elected immigration officials from entering public and private parts of state buildings, including community colleges.
- Conflicts with AB 21 (Kalra).

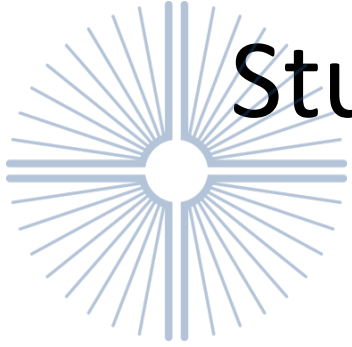**SB 691 (Lara) Educational Equity: Immigration Status**

- Prohibits all California higher education institutions from discriminating against students based on immigration status.
- Potential issues regarding programs that require employment as a condition of completing the program.

Immigration and Financial Aid: AB 1037 (Limon)

AB 1037 (Limon) Cal Grant B Service Incentive Grant Program

- Intended to be a substitute for federal work-study programs for which undocumented students are ineligible.
- Provide access to financial aid grants to undocumented students in return for community service or volunteer work.
- Individual grants of up to $1,500 depending on income and amount of hours worked.
- 2,500 total grants.
- Sponsored by the California Student Aid Commission

Student Success and Basic Skills: AB 1935 (Irwin)

AB 1935 (Irwin) Community Colleges: Tutoring

- Authorizes colleges to collect apportionment for students receiving supervised tutoring in degree and credential programs.
- Increases resources to help students complete college level coursework.
- Sponsored by the Community College Chancellor's Office