

1 **Excerpt from the Governor’s Budget Summary 2018-2019 -- California Community Colleges**

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3 The CCCs are the largest system of higher education in the nation, serving roughly one-quarter
4 of the nation's community college students, or approximately 2.1 million students. The CCCs
5 provide basic skills, vocational, and undergraduate transfer education with 72 districts, 114
6 campuses, and 78 educational centers. In 2016-17, the community colleges awarded over
7 81,000 certificates and 139,000 degrees and transferred over 106,000 students to four-year
8 institutions.

9 **Student Success**

10 The state has made significant investments to improve and expand student success programs
11 and shorten a student’s time to complete a degree or certificate. This includes \$285 million for
12 the Student Success and Support Program, which provides education planning services for
13 matriculated students, and \$155 million to mitigate disproportionate impacts on access and
14 achievement in underrepresented groups.

15 The 2017 Budget Act also included \$150 million in one-time funding for CCCs to develop guided
16 pathway programs. A guided pathway is an integrated, institution-wide approach focused on
17 student success, including clear pathways for students to complete their degrees. The first
18 release of the funding for guided pathways is planned for April 2018. All 114 community
19 colleges participated in guided pathways workshops organized by the Chancellor’s Office
20 Institutional Effectiveness Partnership Initiative (IEPI). With ongoing resources of \$20 million,
21 IEPI provides training to community college staff to promote strategies to remove barriers to
22 student achievement.

23 The Administration has supported initiatives to improve basic skills courses and reform
24 placement policies as a way to improve student success. The 2015 Budget Act provided \$60
25 million Proposition 98 General Fund to assist community colleges in improving delivery of basic
26 skills instruction by adopting or expanding the use of evidence-based models of placement,
27 remediation, and student support. Further, Chapter 745, Statutes of 2017 (AB 705), requires all
28 colleges to use multiple measures of assessment, including a student’s high school grades or
29 grade point average, when placing students in English and math courses.

30 The Administration supports better alignment across the segments to make students’
31 transitions more efficient across institutions. Notably, the Administration has encouraged the
32 use of transfer pathways. Through the Associate Degree for Transfer, students have a clearer
33 pathway through the community colleges and are guaranteed to enter the CSU with junior
34 standing. Moreover, a key part of the Governor’s 2015 agreement with the UC was improving
35 transfer to the UC by articulating similar transfer pathways. The Budget proposes requiring,
36 beginning in 2019-20, private nonprofit institutions to admit at least 2,500 students who have
37 earned transfer degrees from the community colleges and guarantee junior standing. The state
38 also expanded dual enrollment opportunities to allow high school students to take college-level
39 courses at their high school or at a community college campus, in anticipation of improving
40 completion rates and time-to-degree. In 2015-16, approximately 24,000 students participated in
41 dual enrollment courses.

42 **Meeting Student Needs**

43 **Student-Focused Funding Formula**

44 In July of 2017, the CCC Board of Governors adopted an ambitious strategic plan, the Vision for
45 Success, to improve community college student success. The plan calls for the system to
46 significantly increase completion and transfer rates, decrease excess units taken by students,
47 increase the number of students in career technical education programs who are employed in
48 their field of study, and eliminate achievement gaps. The Administration applauds the system
49 for adopting racial, ethnic and regional goals and reinforcing a student-focused agenda. The
50 Budget’s proposed investments in the CCCs focus on advancing the system’s new strategic
51 plan goals and building upon the student-success investments of prior budgets.

52 The existing enrollment-based CCC apportionment funding model does not appropriately reflect
53 the Board of Governor's Vision for Success or the state’s priorities to better serve students and
54 eliminate equity gaps. By funding colleges based primarily on enrollment, the current funding
55 formula encourages districts to strictly prioritize student access without regard for student
56 success—such as timely completion and better serving underrepresented students.

57 The Budget proposes a new funding formula for general purpose apportionments that
58 encourages access for underrepresented students, provides additional funding in recognition of

59 the need to provide additional support for low-income students, and rewards colleges' progress
60 on improving student success metrics. Under the formula, no district would receive less
61 funding than is currently allocated. The proposed formula incorporates the following core
62 components:

63 • Base Grant—Each district would receive a base grant based on enrollment. Similar to the
64 existing funding formula, a per-Full-Time Equivalent Student (FTES) funding rate would be
65 applied across all districts.

66 • Supplemental Grant—Each district would receive a supplemental grant based on the
67 number of low-income students that the district enrolls. Specifically, the supplemental
68 grant would reflect two factors: (1) enrollment of students who receive a College Promise
69 Grant fee waiver (formerly known as the Board of Governors Waiver) and (2) enrollment of
70 students who receive a Pell grant.

71 • Student Success Incentive Grant—Each district would receive additional funding for the
72 number of students who meet the following metrics: (1) the number of degrees and
73 certificates granted and (2) the number of students who complete a degree or certificate in
74 3 years or less. The grant would also include additional funds for each Associate Degree for
75 Transfer granted by the college.

76 • Hold Harmless Provision—During the first year of implementation, each district would be
77 held harmless to the level of funding that the district received in 2017-18. Thereafter, the
78 hold harmless provision would be calculated each year using the 2017-18 per-FTES rate
79 multiplied by the district's new FTES.

80 The proposal assumes that approximately 50 percent of funding would be distributed initially as
81 the base grant, 25 percent distributed as part of the supplemental grant, and 25 percent
82 distributed as part of the student success incentive grant. Corresponding to the adoption of a
83 new funding formula, the Budget proposes requiring community colleges to incorporate the
84 goals of the Vision for Success within each college's educational master plan and aligning each
85 college's budget with their educational master plan. Further, the Administration expects the
86 Chancellor's Office to consult with stakeholders and develop a proposal for consideration within
87 the May Revision that would consolidate categorical programs. The goal is to improve the

88 incentives for districts to focus on improving student success while providing districts with local
89 flexibility to do so.

90 **Expanding Access – Online College**

91 Despite the vast number of courses offered by community colleges, there are currently
92 2.5 million Californians in the prime working ages between 25 and 34 who have only a high
93 school diploma or some college but no degree. Of these Californians, approximately 48 percent
94 are Hispanic and nearly half are women. Also, considering 35 to 65 year old adults, 8.7 million
95 Californians have only a high school diploma or some college but no degree. These adults are
96 at great risk during economic downturns and from the impact of automation in the California
97 workforce. Further, many Californians access online credentials, certificates, and associate
98 degrees at non-public, non-accredited, or out-of-state institutions, which are typically
99 much costlier than California community colleges and often have poor student outcomes.
100 Some students have accessed higher education, but did not finish their degree and are
101 burdened by student loans and other types of debt, limiting their ability to access the courses
102 needed to advance in their employment or stay relevant in their careers. According to the
103 Georgetown University Center on Education, California is in the middle of the pack when it
104 comes to the share of good jobs held by workers without bachelor’s degrees. Unless provided
105 with flexible learning options that meet working students where they are, this population is
106 likely to remain stranded in their current economic situation because they are limited by work
107 schedules, transportation barriers, or child care needs.

108 To provide underserved working students with scheduling flexibility and more accessible
109 learning options, the Budget proposes the creation of a fully online California community
110 college. This community college will create and coordinate accessible, flexible, and high-quality
111 online courses and programs. A critical part of the college’s efforts will be ensuring working
112 students have the support they need to succeed in their programs. Technology-enabled student
113 supports will be shared and scaled at campuses across the system to boost capacity and
114 improve student outcomes. The online college’s initial focus will be collating and developing
115 quality content and programs that provide vocational training, career advancement
116 opportunities, and credentialing for careers in child development, the service sector, advanced

117 manufacturing, healthcare, and in-home supportive services, among other areas. The online
118 college will provide working students with a flexible opportunity to acquire and build skills that
119 align with the needs of employers and industry, and enable them to complete their programs
120 more quickly, reducing transportation costs, and reducing the costs of textbooks. The online
121 college will also inform professional development opportunities for faculty and staff of the 114
122 colleges, including learning science, competency-based education, and other teaching and
123 learning technologies.

124 The online college will work with community-based organizations to identify and market this
125 online college to the 2.5 million adults that are not currently accessing higher education.
126 Consistent with the Student-Focused Funding Formula section, apportionment funding for the
127 fully online college would take into account student enrollment, the number of
128 underrepresented students enrolled in the college, and encourage the online college to focus
129 on student success. The college will not impact traditional community colleges' enrollment
130 because its enrollment base will be working adults that are not currently accessing higher
131 education.

132 **Aligning Financial Aid and Student Success**

133 The Budget proposes new investments and changes to financial aid programs at the
134 community colleges. The Budget proposes funding to support the implementation of the
135 California College Promise, pursuant to Chapter 735, Statutes of 2017 (AB 19). Consistent with
136 the statute, colleges could use this funding to waive some or all of the \$46 per unit fee for all
137 first-time resident students enrolled in 12 units or more per semester during their first year, or
138 use the funding for other innovative purposes to advance specific student success goals.

139 While the California College Promise currently defines full-time as 12 credit units per semester,
140 a student must complete at least 30 program-applicable units per calendar year to graduate in
141 two years. The Community College Research Center found in a review of financial aid
142 programs that students that take 15 credit units per semester persist and complete on time.
143 Consistent with those findings, the Administration expects community colleges to encourage
144 students to take 15 units per semester, or 30 units per year, including summer, to qualify for a
145 California College Promise grant once guided pathways have been implemented to further

146 encourage timely completion of their program.

147 While the Full-Time Student Success Grant and the Completion Grant each target the same
148 socioeconomic student cohort and encourage the timely completion of a degree or certificate,
149 the programs require students to take different unit loads and have significantly different award
150 amounts. Rather than fund two separate programs with differing requirements, the Budget
151 proposes to consolidate the grant programs and base the grant amounts on the number of
152 units a qualifying student takes each semester or each year. The proposed unit range would be
153 between 12 and 15 units per semester or 24 and 30 units per year. The grant levels will
154 increase based upon the number of credit units taken per semester. This approach encourages
155 students to take a full course load while recognizing that is not feasible for all students.
156 The Budget also provides additional funding to augment the grant amounts, with the greatest
157 augmentation to grants for students who take 15 units per semester or 30 units per year.

158 **Workforce Education Investments**

159 The state has made significant progress in recent years linking the efforts of many entities
160 interested in the workforce system—including K-12 schools, adult schools, community colleges,
161 universities, local workforce investment boards, libraries, social services agencies, public safety
162 agencies, and employers—to better provide education and training opportunities. The state
163 invests more than \$6 billion annually in workforce initiatives, on top of the general budget
164 support provided to many of these entities. These investments should improve educational
165 outcomes (such as basic literacy and graduation and certification rates), increase earnings, and
166 make workers more resilient in the face of changing labor market demands.

167 In 2016-17, community college vocational education programs served 318,087 FTEs, or about
168 27 percent of all community college students. The Strong Workforce Program, created in
169 2016-17 and currently funded with \$248 million Proposition 98 General Fund, builds upon the
170 federal Workforce Innovation and Opportunity Act of 2014. Additional information
171 regarding K-12 vocational education programs can be found in the K-12 Education Chapter.

172 The Adult Education Block Grant Program, which was fully implemented in 2015-16 with \$500
173 million in ongoing Proposition 98 General Fund, coordinates services provided by local
174 educational agencies, community colleges, and partners around programs leading to high

175 school diplomas, English as a Second Language courses, and pathways courses that lead to
176 additional career opportunities. Apprenticeship programs integrate classroom instruction and
177 on-the-job training leading to gainful employment. State support for apprenticeship programs
178 sponsored by local educational agencies and community colleges increased to almost
179 \$55 million in 2017-18. These apprenticeships support training for approximately 50,000
180 individuals.

181 **Aligning and Supporting Workforce Programs**

182 The Budget includes several new investments that build on the workforce reforms in K-12 and
183 higher education in recent years:

- 184 • \$212 million for K-12 local educational agencies to improve and expand their career technical
185 education programs aligned with the goals of the Strong Workforce Program. Information
186 on this K-12 student-focused career education investment can be found in the K-12
187 Education Chapter.
- 188 • \$20.5 million for a cost-of-living adjustment for the Adult Education Block Grant program,
189 with \$5 million for investments in a data collection and accountability system to ensure
190 comprehensive and shared data reporting by Adult Education Block Grant regional consortia
191 members.
- 192 • \$17.8 million ongoing for increased reimbursements to K-12 and community
193 college-sponsored apprenticeship programs for instructional hours provided in 2018-19, with
194 an additional one-time increase of \$30.6 million to backfill shortfalls in reimbursements
195 provided from 2013-14 to 2017-18.

196 **Significant Adjustments for the Community Colleges**

- 197 • CCC Apportionments—An increase of \$322.5 million Proposition 98 General Fund, which
198 includes the following:
 - 199 ◦ An increase of \$175 million to support community college districts' transition to a
200 student-focused funding formula.
 - 201 ◦ An increase of \$161.2 million for a 2.51-percent cost-of-living adjustment.
 - 202 ◦ An increase of \$60 million available for enrollment growth.
 - 203 ◦ A decrease of \$73.7 million to reflect unused growth provided in 2016-17.

204 • Deferred Maintenance and Instructional Equipment—A one-time increase of \$264.3 million
205 Proposition 98 General Fund and \$10.9 million Proposition 98 settle-up for deferred
206 maintenance, instructional equipment, and specified water conservation projects.

207 • California Online College—An increase of \$120 million Proposition 98 General Fund (\$20
208 million ongoing) to establish a fully online community college.

209 • California College Promise—An increase of \$46 million Proposition 98 General Fund to
210 support the implementation of the California College Promise, pursuant to Chapter 735,
211 Statutes of 2017 (AB 19).

212 • Student Success Completion Grant—An increase of \$32.9 million Proposition 98 General
213 Fund to support a streamlined and student-focused community college financial aid program
214 that consolidates the Full-Time Student Success Grant and the Completion Grant programs,
215 shifts to a per-unit per-semester/per-year grant and augments the underlying grant amounts.

216 • Innovation Awards—Since 2014-15, \$100 million has been allocated in support of higher
217 education innovation awards. The Budget proposes \$20 million one-time Proposition 98
218 General Fund to provide grants to support innovation in higher education, focused on
219 enhancing equity.

220 • Chancellor’s Office State Operations—An increase of \$2 million General Fund to fill
221 15 vacant positions to support initiatives and investments made in the community colleges.
222 Providing new resources to the Chancellor’s Office will help achieve the goals and priorities
223 outlined by the Chancellor and Board of Governors in the Vision for Success described
224 above and will enable the office to provide greater leadership and technical assistance to
225 community colleges and improve student outcomes.

226 • Student Enrollment Fee Adjustment—An increase of \$5.4 million Proposition 98 General
227 Fund as a result of decreased offsetting student enrollment fee revenues.

228 • Local Property Tax Adjustment—A decrease of \$230.2 million Proposition 98 General Fund
229 as a result of increased offsetting local property tax revenues.

230 • Community College Facilities—The Budget proposes \$44.9 million in general obligation
231 bond funding for 5 new and 15 continuing projects. This allocation represents the second
232 installment of the \$2 billion available for CCCs under Proposition 51, and will address critical

233 fire and life safety issues at campuses statewide. Prior to obtaining a construction
234 appropriation for their projects, the San Francisco and Pasadena Community College
235 districts are expected to produce local matching funds.

236 • Strong Workforce Program—An increase of \$212 million in grants to K-12 local educational
237 agencies to expand and align their career technical education programs with the workforce
238 training programs offered by higher education institutions, and with regional labor market
239 demand. Information on this additional support for local educational agencies vocational
240 education programs at can be found in the K-12 Education Chapter.

241 • Online Education Initiative (OEI)—The Budget proposes to accelerate the expansion of
242 courses available through the Online Course Exchange, which will expand student access to
243 enroll in fully online Associate Degree for Transfer pathways. The Chancellor's Office
244 oversees this effort. By June 2019, the Online Course Exchange is expected to deploy and
245 scale a platform that expands equitable student access to diverse online program offerings,
246 establish a minimum number of fully online transfer degree programs, and identify further
247 expansion benchmarks for future years.