



March 23, 2016

Senator Mark Leno, Chair
Senate Budget Committee
State Capitol Room 5019

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

RE: Proposed 2016-17 California Community College Budget

Dear Senator Leno and Assemblymember Ting:

On behalf of the Community College League of California (the League), I write to share our position on the Governor's 2016-17 Budget Proposal, including an analysis of its impact on community college districts. We are grateful for a budget that recognizes the indispensable role community colleges play in closing achievement gaps and in developing and strengthening California's workforce. While this is a positive budget proposal, there are areas where further attention is needed to support the long-term quality of community colleges and service to our students and communities.

Community Colleges Priority – Base Funding Augmentation:

The League is particularly concerned with the exclusion of a base funding augmentation to support general operations and to ensure that our colleges can continue to offer a quality education. **Due to its impact on academic quality and student success, a base augmentation is the League's highest budget priority.** Community colleges continue to be the state's best workforce development strategy, supporting California's most underserved populations. Yet, even though we serve students with the greatest needs, California Community Colleges continue to be the lowest funded higher education system in the state. We respectfully ask that the legislature consider a base augmentation in order to effectively support the 2.3 million students we serve, and to avoid pushing students toward for-profit colleges with poor track records.

We are all concerned with the ability to address the many liabilities imposed on colleges in recent years such as increases to PERS/STRS contribution rates, as well as increases to employer health insurance rates and growing energy costs. These ongoing cost pressures are estimated to be as high as \$400 million annually. An increased base allocation will safeguard our core student programs.. General operating funds help stabilize and better prepare colleges for the "roller coaster" revenues that are likely to occur in future years. We respectfully urge you to consider a base augmentation for California's Community Colleges.

Enrollment Growth:

Based on enrollment analysis, the proposed 2% augmentation for access is a reasonable growth target for our colleges. Our colleges continue extensive outreach throughout their respective communities to ensure that all individuals who can benefit from a college education or training are afforded the opportunity. This investment will also help fulfill the campaign promises that were made implicitly when the voters approved temporary taxes for schools through Proposition 30.

Strong Workforce Program Proposal:

The Governor's Budget recognizes the return on investment that the California Community College Strong Workforce Program will provide. According to the UC Davis Center for Poverty Research, Career Technical Education (CTE) programs increase income earnings by an average of 13-22 percent. Investing needed resources in our CTE programs yields the skilled and educated workforce California requires to compete successfully in the 21st Century global economy. We believe the most important goal of the Strong Workforce proposal is the focus on expanded or new quality programs.

Yet, the proposal as currently proposed will not fully meet its laudable goal of expanding or establishing new quality CTE and workforce programs. The proposal does not establish a predictable funding structure for colleges to meet the growing costs of existing in-demand CTE programs. Our concern is not the level of investment proposed, but rather the allocation method. We ask for consideration of a set of amendments to the Strong Workforce Program that can help meet this important goal:

Direct Finding to Colleges and Regional Planning:

- Colleges value the regional focus. It supports growing efforts to coordinate and analyze employer needs and service gaps. However, the role of regions should not be that of a fiscal authority. Instead, a smaller portion of funding should flow through regions for collaboration, forecasting, and start-up programs.
- Provide colleges with a base level of funding to address the ongoing costs of existing CTE programs in order to maximize access to students and retraining adults. An effective model would allocate a majority of the resources directly to districts. By funding districts directly, we can avoid an added layer of administrative processes between the funding and programs to students. This approach maintains regional collaboration while recognizing that colleges must have the ability to plan ahead in order to grow or launch innovative and sustainable programs.

Review of Outcomes:

- The Strong Workforce Program transitions towards a performance-funding model in the 2017-18 fiscal year. We are concerned with tying a narrow set of performance metrics to funding, particularly in workforce programs, which are often a vehicle to skill-building and professional growth. The proposed metrics are not accurate measures of the value to students that workforce programs provide. We instead encourage a process of “outcomes review” to improve program design and the continued focus on data transparency.
- We ask that you revisit the performance accountability metrics and implementation timeline. Several of the proposed accountability metrics are not readily available for community college analysis and review. We propose utilizing the existing data infrastructure available through Launch Board and the Student Success Scorecard for outcomes review. Additionally, the accountability timeline identified is too short for effective implementation since extensive analysis is needed to identify workforce priorities and to formalize regional structures. The League would propose extending the timeline three years out.

Student Success for Basic Skills Program Proposal:

We concur with and appreciate the renewed focus on closing achievement gaps through a long-term investment in basic skills. The hold harmless provisions will ensure services to students are unaffected. However, we have concerns with the Student Success for Basic Skills program as presently proposed as it is unclear if the funding structure would penalize districts already struggling to improve basic skills outcomes.

Performance Funding and Possible Inequities:

- The unintended consequences to equity of adding a performance factor to ESL programs - which already serve vulnerable student populations - will have serious detrimental consequences to our basic skills programs. The proposal fails to account for learning needs of adults that have been out of formal education for many years or immigrant populations with more extensive learning needs.

Proposed Alternative:

- Rather than allocating funding based on performance, we recommend that the legislature incentivize proven practices that can fundamentally reform basic skills by establishing the following condition for new basic skills funding:
 1. Submit a new basic skills plan;
 2. Implement multiple measures; and
 3. Commit to adopting at least one proven effective basic skills practice, including contextualized learning, acceleration, or integrated student supports and instruction.

One-Time Funding:

The League is also grateful for the proposal to invest \$289 million for deferred maintenance and instructional equipment, and the flexibility to use those funds for either purpose. Colleges require the flexibility to address their most pressing diverse local priorities.

Student Affordability:

Zero-Textbook-Cost Degrees: To enhance college affordability, the League supports efforts to address the escalating costs of textbooks through the use of open educational resources (OER). The Zero-Textbook-Costs initiative is a worthy investment that complements the Governor and Legislature's focus on growing expenses beyond tuition.

Financial Aid: Lastly, despite California's strong commitment to the Board of Governors Fee Waiver, our students confront a significant affordability challenge. Access grants for qualifying students are insufficient to cover non-tuition college costs - such as textbooks, transportation, food, and housing – affecting low-income students more severely. **Despite comprising two-thirds of the California higher education population, community college students receive only six percent of the Cal Grant resources.** This lack of adequate financial aid leads to students taking fewer classes, extending their time to graduation, and ultimately finding college unaffordable and a degree unattainable. We ask that you consider augmentations to the Cal Grant B award and a restructuring of the Cal Grant C to better serve community college students. These investments will increase access, persistence, and completion.

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 me if you have any questions.

Sincerely,



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