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May 19, 2018

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

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

RE: 2018-19 May Revised Budget - 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 demonstrable support of our public community colleges. We also take this opportunity to offer recommendations as they relate to the 2018-19 May Revision and its impact 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.

After extensive discussions, the League would like to offer the following considerations on specific proposals within the Governor's May Revised Budget:

Support the Transition to a Student-Centered Funding Formula

The League believes it is the right time to move in the direction of a student-centered funding formula that aligns resources with the core mission of community colleges. 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.

The current enrollment-driven formula fails to capture the comprehensive mission of CCCs or to compensate for the counter-cyclical nature of enrollment. The need for a modification to the funding formula is exacerbated by the fact that of the 72 community college districts, 32 are declining in enrollment and 18 have not recovered past enrollment declines – indicating that many districts are expecting significant budget cuts in 2018-19 due to declining enrollments. We strongly believe that an essential component of an effective funding formula is building the institutional capacity of the 72 districts. This requires a substantial infusion of base funding for California's 114 community colleges.

We appreciate the improvements in the May Revision that further support a student-centered funding formula and the educational mission of community colleges. Additionally, we are encouraged to report that the Administration indicated it is proposing a strong investment in base funding, and will propose maintaining summer shift flexibility for districts, and include additional stability provisions that will protect colleges from revenue declines in future years. The May Revision, with roughly \$400 million in ongoing resources, coupled with these adjustments, serves as the basis for the League to support the creation of a new funding formula that promotes quality, budget stability, access, equity, and success for all students.

We will continue to advocate for additional ongoing general purpose resources for community colleges to ensure colleges have the funds needed to provide high quality educational opportunities for all students.

We support approving the proposed funding formula this year and believe these revisions build long-term capacity to advance access, equity, and success for all students.

California Community College Online Education Opportunities

We appreciate the Governor's innovative vision to further expand public online education for underserved Californians. We request the Governor also consider strengthening the existing online programs of California community colleges by empowering us to make the changes necessary to better meet the needs of these students. The time is right to explore a public option that serves students wherever they may search for education. However, further modifications are necessary to ensure that the online education programs of our 72 districts effectively compete with for-profit providers. These modifications include:

- Integration of the new online college into the existing online ecosystem to ensure all colleges simultaneously benefit from design and delivery innovations;
- Identification of a third-party entity that prevents duplication of programs offered by existing community colleges;
- Streamlining the statewide approval process allowing community college districts to offer and receive apportionment for online courses under a flexible calendar.

Additionally, we urge commitment and continued financial support for the full implementation of the Online Education Initiative so that California's 114 colleges may continue building their online infrastructure.

Financial Aid Technology & Modernization - Approve \$5 Million Ongoing, \$13.5 Million in One-Time
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 on affording college - to focus on providing students with supports like counseling and training workshops. We urge that you invest \$5 million ongoing and \$13.5 million one-time in resources for technological advances and modernization of financial aid offices. An investment in technology advancements and innovations will allow colleges to provide awards based on units taken, to more quickly verify student information, and to substantially reduce aid processing time.

Open Educational Resources – Approve \$6 Million in One-Time Funds

We support the May Revision proposal to invest \$6 million in one-time resources to address students' growing textbook costs by supporting community college open educational resource (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. These resources can support the establishment of a program to implement OER systemwide, coordinate state-level activities with OER availability, and to support local OER implementation.

Bond and Capital Outlay Projects – Approve Funding for All Projects in 2018-19 Capital Outlay Plan
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 six 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.

Cal Grants that Equitably Serve Community College Students

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.

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 time you and your staff dedicate to listening to our local perspectives. Thank you for considering our position and please do not hesitate to contact us if you have any questions.

Sincerely,



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