

CALIFORNIA COMMUNITY COLLEGES

CHANCELLOR'S OFFICE

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May 30, 2018

Assemblymember Phil Ting
Chair, Assembly Committee on Budget
State Capitol, Room 6026
Sacramento, CA 95814

Senator Holly J. Mitchell
Chair, Senate Committee on Budget and Fiscal Review
State Capitol, Room 5080
Sacramento, CA 95814

Dear Assemblymember Ting and Senator Mitchell:

I appreciate your thoughtful consideration of issues related to the California Community Colleges as part of the budget process. As you know, our funding requests have been driven by the *Vision for Success*—accepted by the Board of Governors last year—which sets ambitious goals for the colleges, including increasing the number of students earning credentials or successfully transferring to the University of California or the California State University, increasing the percentage of students who become employed in their field of study, decreasing the number of units students accumulate when earning degrees, and closing achievement gaps.

As you know, the Governor proposed, and the budget subcommittees reviewed, two especially important issues for the community colleges: the creation of an online college and the implementation of a new funding formula. I respectfully submit the following recommendations for consideration as part of your final budget actions:

- **Issue 6: Online College—Support the Senate version.** The Senate version approves the Governor's proposal to establish a new online community college. The action appropriates \$100 million one-time and \$20 million ongoing and enacts related trailer bill. I appreciate both houses' commitment to addressing challenges faced by California's "stranded workers": the working adults who need new skills to succeed in today's—and tomorrow's—economy and who, due to their work, family, and other commitments, are not able to access existing programs.

In general, the Senate's modifications represent reasonable efforts to support educational quality and improve alignment between the online community college and our other community colleges. I share the commitment to the establishment of an online college that is affordable; offers high-quality programs; and supports on-ramps to further education at one of the other community colleges. Further, the additional funds included in the Senate action for the Online Education Initiative would help us achieve a common goal of enhancing, and expanding access to, online education at all of our colleges.

I do have concerns about the sunset provision included in the Senate action. I understand the Legislature's interest in holding the college accountable for the commitments made this year. I commit to being accountable to you, and, in turn, I will work with the Board of Governors to hold the college and its leaders accountable. However, the online college needs to be able to commit to long-term partnerships with labor unions, employers, community-based organizations, and others. The college's employees must be confident that their future employment will not be jeopardized. Most of all, the students must know that the credentials they earn will have long-term value. I believe that the annual budget process, and the college's ongoing reports, provides the Legislature with the opportunity to oversee its implementation and—I expect—learn more about the value it is providing to students.

- **Issue 7: Community College Apportionment—Support the Governor’s May Revision proposal to create a student-centered funding formula.** I am joined by a diverse coalition of community college chancellors, presidents, and trustees; social justice, civil rights, and equity advocates; and business and community leaders in urging you to adopt the Governor’s proposal. The May Revision proposal appropriately balances the California Community Colleges’ commitment to equity and our renewed focus on student success with the need to provide college districts with both funding stability and a reasonable period of transition to a new apportionment model. I appreciate and respect the concerns, criticisms, and critiques raised by members of the budget subcommittees as this proposal was discussed. On the substance of the formula, I believe that the May Revision proposal addresses many of the issues raised. Notably, the May Revision proposal:
 - Retains the broader structure of funding for community colleges, whereby about half of state funds are allocated to districts through the general apportionment and the other half are allocated through categorical programs for purposes specified in existing statutes. This proposal affects only the funds included in the general apportionment.
 - Broadens its definition of student success to acknowledge the importance of steady progress on a pathway (such as completion of transfer-level English and mathematics courses) and to better reflect the breadth of student goals at the community colleges (by counting the number of students who complete nine or more career-technical education units and those who obtain a living wage after leaving the community colleges).
 - Further emphasizes equity by thoughtfully identifying those groups of students who face especially high barriers to success (not only low-income students, but also older adults and undocumented immigrant students) and providing additional resources to districts not only for these students’ enrollment, but also for their outcomes.

Critics of proposals like these generally argue that “performance-based funding doesn’t work” or that—when it does—it is because colleges have “cherry-picked” the students most likely to succeed. The proposal included in the May Revision responds to these critics with a new formula different from those implemented in other contexts. It is one that reflects our colleges’ clear mission of providing access to California’s top 100 percent of students. As the Local Control Funding Formula does for K-12 schools, the proposal makes a clear case that colleges need additional resources to boost students in front of whom we have placed barriers. Access, though, has never been our only mission. The old adage suggests that budgets are a reflection of our values. Looking at the components of our current formula, one might believe that we have a single value—enrolling as many students as possible. The formula includes modest incentives to encourage outcomes linked to the *Vision for Success*. Those outcomes also are inherent in Guided Pathways—our effort to redesign our colleges around the needs of students.

The Governor’s proposal provides all districts additional resources in 2018-19—with those increases at least equal to the change in the cost-of-living. Simulations of the new formula remind us that some districts will fare better than others—just as some districts do better under the existing system. That is because some colleges are already serving these high-needs students, and some of them are serving the students especially well. Their projected increases in funding reflect the beginning of a transition to a more equitable model. That transition will take place over the next two years. As the formula is implemented, all districts would be “held harmless”; they would receive total resources at least equal to the amounts they received in 2017-18. Beginning in 2020-21, all districts would receive at least the per-student amounts received in 2017-18. That time allows the Chancellor’s Office and districts to identify ways to enroll more high-needs students and support their outcomes.

As you meet this week, imagine colleges where the students who need our efforts most—low-income students, students courageous enough to return to college, and those who have immigrated here seeking better opportunities—are treated as elites, with colleges actively recruiting them, providing them with a robust set of supports, and teaching them in ways that foster their intellectual, as well as their vocational, goals. I am confident that the Governor’s proposal will help us get closer to that in the California Community Colleges.

I have attached a table that displays my recommendations on the remaining open issues in the California Community Colleges budget. These recommendations are guided by the budget request made by the Board of Governors, the goals included in the *Vision for Success*, and considerations related to program administration.

Finally, I want to add my support for the additional resources for the California State University and University of California included in both houses’ actions. In California, we have one education system, and all of the segments must work to meet the needs of all Californians. The additional funds will give more students—including students who have enrolled in community colleges with the goal of transferring—access to high-quality higher education at the universities.

Again, I appreciate your continued partnership with the California Community Colleges. Thank you for your consideration of these perspectives, and, as always, please let me know if there is anything you need as you move forward with your deliberations.

Sincerely,



Eloy Ortiz Oakley
Chancellor

cc: Assemblymember Joaquin Arambula
Assemblymember Richard Bloom
Assemblymember Rocky Chávez
Assemblymember Jay Obernolte
Senator John M.W. Moorlach
Senator Jim Nielsen
Senator Richard Roth
Senator Nancy Skinner
Michael Cohen, Director, Department of Finance
Lark Park, Senior Policy Advisor, Office of the Governor
Kimberly Rodriguez, Interim Policy Director, Office of Senate President pro Tempore Toni G. Atkins
Mónica Henestroza, Higher Education Advisor, Office of Assembly Speaker Anthony Rendon
Anita Lee, Consultant, Senate Committee on Budget and Fiscal Review
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Katie Sperla, Consultant, Assembly Republican Fiscal and Policy Office
Edgar Cabral, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office

Recommendations on Open Issues for the California Community Colleges (6870)

Issue	Description	Governor	Senate	Assembly	Recommendation
EDU 88	Innovation Awards	Includes \$20 million one-time for awards for innovations that close achievement gaps consistent with the Vision for Success.	Approves the proposal.	Rejects the proposal.	Support the Senate version. The innovation awards represent an important component of my strategy to achieve the goals included in the <i>Vision for Success</i> .
EDU 89	Fund for Student Success—Puente Augmentation	No proposal.	No proposal.	Includes \$6 million ongoing.	Support the Senate version. I appreciate the Puente program’s work. New expansions to categorical programs, though, should occur through the broader lens of student support, with authority for districts to use funds to best meet needs identified in their equity plans.
EDU 90	Part-Time Faculty	No proposal.	Includes \$25 million ongoing for part-time faculty compensation, \$510,000 for part-time faculty health insurance, and \$329,000 for part-time faculty office hours.	Includes \$13.9 million ongoing, with the funds split across the three categorical programs.	Support the Senate version. The funds included in the Senate version are consistent with the resources identified in the request made by the Board of Governors.
EDU 91	Los Angeles Valley College Family Resource Center	No proposal.	No proposal.	Includes \$750,000 one-time.	No position. While the proposal may have merit, I am not in a position to support these kinds of specific allocations to colleges in the budget bill.
EDU 92	CTE Reappropriation	No proposal.	No proposal.	Reappropriates \$8 million in funds included in the 2017-18 budget for workforce development programs.	No position. While the proposals may have merit, I am not in a position to support these kinds of specific allocations to colleges in the budget bill.

Recommendations on Open Issues for the California Community Colleges (6870)

Issue	Description	Governor	Senate	Assembly	Recommendation
EDU 93	Fund for Student Success COLA	No proposal.	Includes \$235,000 ongoing to adjust resources for the Fund for Student Success by 2.71 percent, the change in the cost-of-living.	No proposal.	Support the Senate version. It is sensible budgeting practice to adjust appropriations for changes in the cost-of-living to allow for continuation of current levels of services.
EDU 94	Glendale Community College Armenian Genocide Day of Remembrance	No proposal.	\$517,000 ongoing.	No proposal.	No position. While the proposal may have merit, I am not in a position to support these kinds of specific allocations to colleges in the budget bill.
EDU 95	Supports Efforts Addressing Student Hunger/Basic Needs	No proposal.	No proposal.	Includes \$20 million one-time.	Support the Assembly version. The action builds on work the Chancellor's Office has undertaken to help support our students' basic needs, including their food and housing security.
EDU 96	Veterans Resource Centers	No proposal.	No proposal.	Includes \$15 million one-time.	Support the Assembly version. The action builds on programs the state has supported in recent years to improve services for student veterans.
EDU 97	El Camino Community College Public Safety Training Center	No proposal.	No proposal.	Includes \$15 million one-time.	No position. While the proposal may have merit, I am not in a position to support these kinds of specific allocations to colleges in the budget bill.
EDU 98	Norco Community College Early Childhood Education Center	No proposal.	No proposal.	Includes \$5 million one-time.	No position. While the proposal may have merit, I am not in a position to support these kinds of specific allocations to colleges in the budget bill.
EDU 99	Ventura Community College Santa Paula Site	No proposal.	No proposal.	Includes \$1.2 million one-time.	No position. While the proposal may have merit, I am not in a position to support these kinds of specific allocations to colleges in the budget bill.

Recommendations on Open Issues for the California Community Colleges (6870)

Issue	Description	Governor	Senate	Assembly	Recommendation
EDU 100	P-TECH Program	No proposal.	Includes \$20 million one-time.	No proposal.	No position. The Senate action appears consistent with the <i>Vision for Success</i> and aims to allow our system to experiment with and evaluate a new model of addressing workforce needs through stronger, seamless, and more focused partnerships between high schools, community colleges, and technology employers.
EDU 101	Student Success Categorical Consolidation	Consolidates the Student Success and Support Program, the Student Success for Basic Skills Program, and the Student Equity program into the Student Equity and Achievement Program.	Approves the proposal, with the action specifying clarifying amendments.	Approves the proposal.	Thank you for these actions. This proposal is consistent with the request made by the Board of Governors to integrate support services. My team looks forward to working with you over the coming weeks to draft the associated trailer bill in a way that encourages college districts to address challenges related to equity and to make concrete their plans for progress toward the <i>Vision for Success</i> .
EDU 102	Student Success Completion Grant	Includes \$41 million ongoing for new consolidated financial aid program (replacing the Full-Time Student Success Grant and the Community College Completion Grant) for students who enroll in 12 units or more, with increases in the maximum award for each additional unit up to 15 units.	Approves the proposal with modifications to require a student to demonstrate completion of a comprehensive education plan beginning in 2020-21.	Approves funding but changes provisions around award levels.	Thank you for these actions. I appreciate that both houses supported the Governor’s proposal to increase access to financial aid for community college students. Both actions would encourage students to take 15 units, as appropriate, and make timely progress to completion. My team looks forward to working with you over the coming weeks to draft the associated trailer bill with a goal of including reasonable provisions around administration of the program.

Recommendations on Open Issues for the California Community Colleges (6870)

Issue	Description	Governor	Senate	Assembly	Recommendation
EDU 103	Chancellor’s Office Staffing	Includes \$2 million ongoing to support costs of additional positions at the Chancellor’s Office.	Approves the proposal.	Approves the funding with a modification to redirect six positions for support of the Online Education Initiative.	Support the Senate version. The Senate action supports the Chancellor’s Office’s efforts to provide state leadership in support of the <i>Vision for Success</i> .
EDU 104	Inmate Education Language	No proposal.	No proposal.	Amends budget bill language to authorize funds currently designated only for digital content (and used as part of instruction for incarcerated adults) to also be used for textbooks.	Support the Assembly version. This flexibility will allow colleges that offer educational programs for incarcerated adults to work with corrections partners to determine how best to deliver instruction.
EDU 105	Deferred Maintenance	Includes \$143.5 million one-time.	Approves the proposal.	Includes \$171.4 million one-time.	I support use of available funds for this purpose. I ask that you allocate remaining resources—after accounting for decisions on the issues above—for the deferred maintenance and instructional equipment program. These funds would help to address the significant infrastructure needs across the system.
EDU 106	Special Immigrant Visa Clean Up	No proposal.	No proposal.	Amends existing statute (enacted in AB 343, McCarty, in 2017) to correct a reference to federal law related to exemptions from nonresident tuition for students who have obtained specified immigrant visas.	Support the Assembly version. The action is consistent with legislative intent in enacting AB 343 (McCarty) and also with AB 2210 (McCarty), which the Chancellor’s Office supports.