

**California Community Colleges
Advisory Workgroup on Fiscal Affairs
February 6, 2014 Meeting Minutes**

❖ **Actions Taken**

- December 5, 2013 meeting minutes approved
- Additional Meeting scheduled to take place March 6, 2014 at the Chancellor's Office Room 4000-01 from 9:30 a.m. -5:00 p.m.

❖ **State Budget Update-- Dan Troy, Chancellors Office**

2014-15 Budget Released in January- Proposes to pay off all community college deferrals and provides over \$600 million in programmatic spending increases for the California Community Colleges.

It was discussed that the system's match requirements are of some concern to the colleges. The 2014-15 budget provides 3 percent for Access and less than 1 percent for COLA, most of the other spending increases goes toward programs that require districts to use local dollars to match state funding received. The Student Success and Support Program, as well as Scheduled Maintenance and Instructional Equipment, have match requirements in place. Some districts may not be able to qualify for Access dollars if they are not able to increase FTES quickly enough, and since the COLA proposed in the budget is relatively low, districts may be limited in the funding available to meet match requirements. The match requirements are being reviewed to ensure that they will not obstruct districts' ability to get the most out of state dollars.

❖ **New Access/Growth Formula**

Discussion Led by Chancellor's Office TRIS Division

Alice VanOmmeren and Ryan Fuller from the Technology Research and Information Systems Division (TRIS) at the Chancellor's Office joined the workgroup to discuss the growth formula proposed by the Governor in the budget trailer bill. Alice and Ryan reviewed Governor's proposed growth formula, and offered insight on data that is available (at the Chancellor's Office), possible sources that could be used to obtain data, and the components of the Governor's proposed growth formula that would be difficult to measure or obtain accurate data for. Some of the data sources identified include: CCC MIS data, data collected by the Labor Market Information Division (LMID) of EDD; and US Census data. Comments from Alice and Ryan on the components of the proposed growth formula are summarized in blue text below:

(e)(1) Commencing with the 2014-15 fiscal year, the Board of Governors shall approve a revised apportionment growth formula, to be developed and allocated by the chancellor's office to support the primary missions of the system, and based on community need for access as determined through local demographics, including the following:

(A) The need for basic skills and remedial education as measured by at least the following indicators, though others may be considered:

(i) The level of preparedness for transfer-level coursework of local high school students. This measure would be one of the most difficult to define/measure. The Chancellor's Office does not have this data on high school students. The only option for assessing students' level of preparedness would be to do a proxy of incoming students as they enter the CCC system, this would assess only those students who enter the CCC system and complete placement exams for math and English. Another option discussed was the possibility of obtaining data from high school students' STAR standardized test scores, however, this data would not determine whether they are prepared for transfer level course work, as these tests assess students at a much lower level. Additionally, the STAR standardized tests are being eliminated this year.

(ii) The number of adults without a high school diploma, or an equivalent. This could be calculated using census data. Need to determine the appropriate boundaries, i.e. districts or service areas. Service areas change from year to year whereas district boundaries remain constant.

(iii) The number of adults who are English-learners. Available through census data (variable: ability to speak English).

(B) The need for workforce development and training as measured by at least the following indicators, though other indicators may be considered:

(i) The number of unemployed adults. The unemployment rate by county is available through the Labor Market Information Division (LMID) of EDD. To estimate the district unemployment rate, the data would need to be weighted based on percentage overlap.

(ii) The current and future demand for employment. The LMID tracks both short term and long term occupational employment projections which are estimates of the expected demand for individual occupations. All industries would be aggregated into a single projection of the demand for employment.

(C) The need for preparing students to transfer to four-year universities as measured by the number of adults who have not attained a bachelor's degree, though other indicators may be considered. It was recommended that this indicator be re-thought entirely. By including an indicator that measures the number of adults who have not obtained a bachelor's degree, we are assuming that a bachelor's degree is the goal. Preparing students to transfer to a four year college is one of the missions of the CCC system; however, there may be a more effective way to measure this than by looking at the number of adults in the state who have not attained a bachelor's degree. If kept, the information is available through census data.

(D) Other indicators as determined by the Board of Governors to have a high correlation to need for access.

(E) The formula shall also consider how the age of the community's population may affect the need for access. The age of a community's population is available through census data; we would need to determine which (if any) age groups to exclude (e.g. individuals above 70).

(F) The formula shall also consider statistical abnormalities, including, but not limited to, the presence of a college campus, prison, or geriatric facility. Available through census data (variable: group quarters) designates special populations such as correctional facilities, geriatric facilities, military base, etc.

Workgroup's Broad Discussion of the Governor's Proposal

- Keep the language more general in statute, focus on the broad components that should be included (i.e. basic skills, CTE, and transfer), rather than the specific calculations. If a formula made up of specific calculations is put into statute, it makes it very difficult to make changes later. The formula could result in unintended consequences for the system, it is best to maintain some flexibility to modify the formula as needed.
- High School graduation rates is one measure that was included in past growth formula calculations and also in the workgroup's 2004 recommendation and SB 361, but is not included in the Governor's proposal. The workgroup discussed high school graduation rates and whether this measure should be included in the formula.
- It was discussed that this issue may be broader than a growth formula calculation. Participants questioned whether growth funding should be considered access or restoration; they also considered what the prioritization would be for growth funds not used (if districts were not able to increase FTES enough). The workgroup discussed whether there are other methods to increase districts funding to pre-recession levels without increasing FTES generated, options discussed include increasing the base allocation or the FTES rate.
- The Governor's proposed funding for growth is an opportunity for the community colleges to reinvest in education and address educational quality.
- Participants commented on the possibility that the 3 percent funding provided for growth in the 2014-15 budget may be a little too high, as it will be difficult for some colleges to ramp up enrollment so quickly after years of significant FTES workload reductions. However, these dollars are very much needed in the CCC system. In addition to funding access (increasing FTES revenue), colleges need funding to hire full-time faculty and for other services to ensure that as enrollment increases, the students have the resources they need to be successful.
- The workgroup discussed the Governor's growth formula and that his intention in revising the formula is to address underachievement of community college students, especially for those from disadvantaged backgrounds. The system will need to think about the best way to address basic skills. Would increasing the number of seats get at the problem? Or are there other needs? (e.g., supportive services such as tutoring, counseling, advising).

Changes that could improve the Governor's Proposal

The workgroup discussed the elements contained in the Governor's proposal one by one, below is the portion of the proposal discussed and the workgroup's comments on each of the elements.

(e)(1) Commencing with the 2014-15 fiscal year, the Board of Governors shall approve a revised apportionment growth formula, to be developed and allocated by the Chancellor's Office to support the primary missions of the system, and based on community need for access as determined through local demographics, including the following:

(A) The need for basic skills and remedial education as measured by at least the following indicators, though others may be considered: [The workgroup suggested that this measure be modified to look at the need for educational attainment rather than the need for basic skills and remedial education.]

(i) The level of preparedness for transfer-level coursework of local high school students. [The workgroup recommended that this measure be removed since we don't have access to this data. Instead, the workgroup suggested adding a measurement related to the participation rate. Looking at the number/percentage of individuals in a district attending community colleges makes it possible to estimate the need for transfer, as some of these students would be looking to continue on to a four year college.]

(ii) The number of adults without a high school diploma, or an equivalent. (The workgroup was comfortable leaving this language in.)

(iii) The number of adults who are English-learners. (The workgroup was comfortable leaving this language in.)

(B) The need for workforce development and training as measured by at least the following indicators, though other indicators may be considered:

(i) The number of unemployed adults. (The workgroup was comfortable leaving this language in.)

(ii) The current and future demand for employment. [Some members of the workgroup voiced concern that unemployment and employment demand data may not be reliable. However, there was general agreement that these measures are important and should be included in some way. There was also discussion around adding a third measure that looks at industry changes.]

(C) The need for preparing students to transfer to four-year universities as measured by the number of adults who have not attained a bachelor's degree, though other indicators may be considered.

[Members of the workgroup were apprehensive about including this as a measure, as it assumes that a bachelor's degree is the goal. Many CCC students attend community college to earn a vocational certificate or AA degree, and may not have the goal of earning a bachelor's degree. The workgroup ultimately decided to eliminate this measure since the participation rate (included under A) would capture the need to achieve the transfer goal.]

(D) Other indicators as determined by the Board of Governors to have a high correlation to need for access. [The workgroup discussed the need to keep this language flexible so that measures can be added/or removed depending on the needs and changes in the system.]

workgroup discussion ended here

(E) The formula shall also consider how the age of the community's population may affect the need for access.

(F) The formula shall also consider statistical abnormalities, including, but not limited to, the presence of a college campus, prison, or geriatric facility.

The following shows the Governor's proposal, modified based on the workgroups comments:

(A) The need for educational attainment as measured by at least the following indicators, though others may be considered:

- (i) The number (percentage?) of adults without a high school diploma, or an equivalent.
- (ii) The number (percentage?) of adults who are English-learners
- (iii) The percentage of adult population attending the community colleges- participation rate (indicator measuring the need for transfer)

(B) The need for workforce development and training as measured by at least the following indicators, though other indicators may be considered:

- (i) The percentage of unemployed adults
- (ii) The current and future demand for employment
- (iii) Industry Changes

(C) Other Factors Demonstrating Need for Access

- (i) Age of community's population, impact on the need for access
- (ii) Statistical abnormalities, including, but not limited to, the presence of a college campus, prison, or geriatric facility

❖ **Topics for Discussion on March 6, 2014**

- Access/Growth formula- Need to come up with a proposal/recommendation for Chancellor Harris
- Remaining sections of the Governor's proposal
- Ideas on how the factors should be weighted

❖ **Upcoming Meetings**

- Thursday March 6, 2014 9:30-5
- Thursday, May 9, 2014 9:30-2

❖ **Attendees at the February 6th Meeting:**

- Dr. Bonnie Ann Dowd, ACBO Board President and Fiscal Workgroup Chair, San Diego CCD
- Ann-Marie Gabel, Fiscal Workgroup Vice Chair, Long Beach CCD
- Kathy Blackwood, San Mateo County CCD
- Sharlene Coleal, Santa Clarita CCD
- Jeff DeFranco, Lake Tahoe CCD
- Yulian Ligioso, Solano CCD
- Vinh Nguyen, Los Angeles CCD
- Sue Rearic, Grossmont-Cuyamaca CCD
- Doug Roberts, Sonoma CCD
- Teresa Scott, Yosemite CCD

- Jon Sharpe, Los Rios CCD
- Tom Burke, Kern CCD
- Theresa Tena, CCLC
- Dan Troy, CCC Chancellor's Office
- Diane Brady, CCC Chancellor's Office
- Natalie Wagner, CCC Chancellor's Office
- Alice VanOmmeren, CCC Chancellor's Office, TRIS Division
- Ryan Fuller, CCC Chancellor's Office, TRIS Division