

SUBCOMMITTEE NO. 1

Agenda

Senator Marty Block, Chair
Senator Benjamin Allen
Senator John M. W. Moorlach



Thursday, April 30, 2015
9:30 a.m. or upon adjournment of session
Room 3191, State Capitol

Consultant: Anita Lee

Discussion Items

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ITEMS PROPOSED FOR DISCUSSION

6120 CALIFORNIA STATE LIBRARY

Overview

The California State Library is the state's information hub, preserving California's cultural heritage and connecting people, libraries, and government to the resources and tools they need to succeed and to build a strong California. Founded in 1850, the California State Library is the oldest and most continuous cultural agency in the State of California.

Decades before there was a university system or a public library system, there was the California State Library. The California State Library has responsibility to:

- Collect, preserve, and connect Californians to our history and culture.
- Support a transparent government by collecting, preserving, and ensuring access to California state government publications, federal government information, and patent and trademark resources.
- Ensure access to books and information for Californians who are visually impaired or have a disability and are unable to read standard print.
- Support the capacity of policy leaders to make informed decisions by providing specialized research to the Governor's Office and the Cabinet, the Legislature, and constitutional officers.
- Provide services that enable state government employees to have the information resources and training they need to be effective, efficient, and successful.
- Lead and promote innovative library services by providing and managing state and federal funding programs to ensure all Californians have access, via their libraries, to the information and educational resources they need to be successful.
- Develop and support programs that help Californians (from birth through adulthood) acquire the literacy skills they need to thrive in the 21st Century.

The following table displays the budgeted expenditures and positions for the State Library as proposed in the Governor's budget. Of the amounts displayed in the table, \$23 million in 2013-14, \$27.9 million in 2014-15, and \$23 million in 2015-16 are supported by the General Fund. The remainder of funding comes from federal funds and various special funds.

Dollars in Millions

Governor's Budget – State Library Budgeted Expenditures and Positions			
	2013-14	2014-15	2015-16
Personal Services	\$11	\$12.2	12.5
Operating Expenses and Equipment	\$12.2	\$11.2	\$10
Local Assistance	\$16	\$22	\$18.7
Total Expenditures	\$39.2	\$45.4	\$41.2
Positions	129.8	137.8	140.3

Issue 1 Budget Change Proposal and April Finance Letter

Description. The Governor's budget requests 2.5 positions for the State Library using redirected funds, April finance letter request for a \$321,000 General Fund increase to cover increased rent and technology costs.

Panel

- Matthew Saha, Department of Finance
- Jason Constantouros, Legislative Analyst's Office
- Gerry Maginnity, Deputy State Librarian, California State Librarian

Background. The State Library currently contracts with the Department of General Services to perform the library's accounting and some budget functions. For the 2013-14 fiscal year, DGS charged the library \$242,000 for these services, including contracts, payments, payroll, accounting, and reports.

Additionally, the library pays rent to DGS for the Library and Courts Building and the Library Annex. The rent is used by DGS to pay off lease-revenue bonds issued for the renovation of the building. The Governor's budget proposed \$2.5 million in payments in 2015-16.

The library also pays the California Department of Technology (CalTech) for services related to information technology. The Governor's budget proposes \$482,000 in payments for 2015-16.

The Governor's 2015-16 Budget and April Finance Letter.

The Governor's budget proposes to redirect the \$242,000 previously used to pay the Department of General Services (DGS) for accounting and budget services to instead fund 2.5 positions at the state library to take over these functions. The library proposes to end the contract with DGS on June 30, 2015. A budget change proposal notes that the implementation of the Financial Information System for California (FI\$Cal), which will go live for the library on July 1, 2015, necessitates that the library assume its own accounting and budget services to fully realize the efficiencies of the new system.

An April finance letter notes that the library has been notified by DGS and CalTech that rent and technology services costs are higher than budgeted. The letter proposes an additional \$278,000 General Fund in rent costs and \$43,000 General Fund in technology costs.

Staff Comments.

Staff has no concerns with the proposal and the April finance letter.

Staff Recommendation: Approve budget change proposal and April finance letter.

6870 BOARD OF GOVERNORS OF THE CALIFORNIA COMMUNITY COLLEGES**Overview**

The California Community Colleges (CCCs) is the largest system of community college education in the United States, serving approximately 2.3 million students annually. California's two-year institutions provide programs of study and courses, in both credit and noncredit categories, that address its three primary areas of mission: education for university transfer, career technical education, and basic skills. The community colleges also offer a wide range of programs and courses to support economic development, specialized populations, and leadership development.

As outlined in the Master Plan for Higher Education in 1960, the community colleges were designated to have an open admission policy and bear the most extensive responsibility for lower-division, undergraduate instruction. The community college mission was further revised with the passage of Assembly Bill 1725 (Vasconcellos), Chapter 973, Statutes of 1988, which called for comprehensive reforms in every aspect of community college education and organization. Other legislation established a support framework, including the Matriculation Program, the Disabled Students Programs & Services (DSPS), and the Equal Opportunity Programs & Services (EOPS), to provide categorical funding and special services to help meet the needs of the diverse range of students in the CCCs.

The Board of Governors of the CCCs was established in 1967 to provide statewide leadership to California's community colleges. The board has 17 members appointed by the Governor, subject to Senate confirmation. Twelve members are appointed to six-year terms and two student members, two faculty members, and one classified member are appointed to two-year terms. The objectives of the board are:

- To provide direction, coordination, planning, and leadership to California's community colleges.
- To promote quality education in community colleges.
- To improve district and campus programs through informational and technical services on a statewide basis, while recognizing the community-oriented aspect of California's network of 112 community colleges.
- To seek adequate financial support while ensuring the most prudent use of public funds.

The following table displays the budgeted expenditures and positions for the CCCs as proposed in the Governor's budget. Of the amounts displayed in the table, \$4.2 billion in 2013-14, \$4.5 billion in 2014-15, and \$5 billion in 2015-16 are supported by Proposition 98 General Fund. In addition, \$9.4 million in 2013-14, \$11.7 million in 2014-15, and \$11.2 million in 2015-16 are supported by the non-Proposition 98 General Fund. The remainder of funding comes from local property tax revenue, tuition and fee revenue and various special and federal fund sources.

Dollars in Millions

Governor's Budget - CCCs Budgeted Expenditures and Positions			
	2013-14	2014-15	2015-16
Personal Services	\$15.8	\$18	\$18
Operating Expenses and Equipment	\$3.7	\$6	\$5.6
Local Assistance	\$7,139	\$7,602	\$8,157
Total Expenditures	\$7,158.5	\$7,626	\$8,180.6
Positions	142.6	162.7	162.7

Issue 2 Community College Enrollment Growth Funding

Description. The Governor's budget proposes an additional \$107 million in Proposition 98 resources to support two percent enrollment growth in 2015-16.

Panel

- Keith Nezaam, Department of Finance
- Judy Heiman, Legislative Analyst's Office
- Dan Troy, California Community Colleges Chancellor's Office

Background

During the Great Recession, state funding for community colleges dramatically decreased and colleges were forced to reduce class offerings, and as a result, community college enrollment dropped significantly. According to the Chancellor's Office, colleges served about 500,000 fewer students in 2012-13 than they did in 2008-09. These cutbacks were devastating to enrolled and prospective students, who could not get into colleges or who found it difficult to get the classes they need to complete a certificate or degree program.

The 2014-15 budget act provided for a 2.75 percent enrollment growth (\$140 million Proposition 98 General Fund); for an increase of approximately 60,000 students, or 30,000 Full Time Equivalent Students (FTES). The budget also provided statutory direction to the Chancellor's Office to implement a new growth formula before the 2015-16 year. The formula shall direct funding to better meet local communities' needs for access to community colleges, and shall take into account local education attainment levels, unemployment and poverty rates. The Chancellor's Office reports that it has developed a new enrollment growth formula that addresses the educational needs of an area as called for in the 2014 Budget Act.

Based on preliminary data for the fall of 2014, systemwide enrollment growth is not on track to meet this enrollment growth target. College officials note that systemwide enrollment growth is about 1.9 percent; although some colleges growth is higher and one-third are not growing. The data indicates a wide range of growth among districts, with some districts reporting reduced enrollment and some districts showing double-digit growth.

Although systemwide growth is below the 2.75 percent target in the current year, some colleges still have unfunded enrollment. After covering the expected 1.9 percent enrollment growth, current-year funding will be sufficient to convert about half of unfunded enrollment into funded enrollment.

Governor's 2015-16 Budget. The Governor's budget proposes \$107 million in Proposition 98 General Fund to fund two percent enrollment growth for community colleges, which would add about 50,000 students, or 23,000 FTES, to the community college system. The proposal also folds the traditional enrollment growth schedule in the budget bill into the main apportionment schedule, and makes a change in enrollment restoration funding that reduces community college funding by \$47 million.

Legislative Analyst's Office Recommendations

The LAO states that the recent trend in enrollment suggests that colleges will likely be able to achieve growth of two percent. It also notes that projecting enrollment demand is difficult and that more information about current-year enrollment will be available in May. That information could help the Legislature determine the proper amount of enrollment growth funding to provide.

The LAO also recommends the Legislature restore the enrollment growth schedule in the budget bill to ensure transparency and accountability, and notes that the proposal to change enrollment restoration needs more consideration. The Administration has agreed to consider this further and may have an alternative proposal in May.

Staff Comments. Access to higher education is a priority of the Senate. Staff agrees with the LAO's recommendation that updated data in May should give the Legislature better information on the appropriate 2015-16 enrollment growth amount.

Staff also concurs with the LAO's concerns regarding how enrollment growth is displayed in the budget bill. Enrollment growth is an important issue that should be easily tracked; however, the Administration's proposal would make such tracking more difficult.

The subcommittee may wish to ask:

- Why does the Administration support specific enrollment funding at the community colleges, but not at the University of California or California State University? Are eligible transfer students able to be admitted into UC or CSU?

Staff Recommendation. Hold open until May to better determine the appropriate amount of enrollment funding.

Issue 3 Base Allocation Increase

Description. The Governor’s budget proposes to provide community colleges with \$125 million Proposition 98 General Fund to increase base allocation funding. This proposal will provide increased funding to each college, as well as discretion on how to spend the additional funds.

Panel

- Keith Nezaam, Department of Finance
- Judy Heiman, Legislative Analyst’s Office
- Dan Troy, California Community Colleges Chancellor’s Office

Background

Community colleges receive most of their state funding through apportionments, which provides funding for basic college needs and largely based on the number of students served. Colleges also receive a portion of their funding through categorical programs for specific purposes.

Governor’s 2015-16 Budget

The Governor’s budget provides \$2.3 billion in Proposition 98 General Fund for apportionments to colleges. They also receive \$4.6 billion from Local Property Tax for apportionments as a part of their Proposition 98 funding. Included in the Governor’s Proposition 98 General Fund proposal is a \$125 million increase, which the Governor’s budget summary states is “in recognition of the increased operating costs in the areas of facilities, retirement benefits, professional development, converting part-time faculty to full-time, and other general expenses.” Budget bill language does not specifically direct this increase to those issues, which provides colleges with wide discretion as to how they use the increase funds.

Legislative Analyst’s Office Analysis

The LAO notes that in addition to the \$125 million unallocated CCC base increase, the Governor’s budget includes \$170 million in Proposition 98 General Fund that is intended for community colleges but is currently not allocated. The Administration has stated that it will provide a proposal for the \$170 million at the May Revision.

The LAO notes that the Legislature has a considerable amount of funding available to dedicate to its priorities. The Legislature could consider increases for ongoing or one-time purposes. (One-time initiatives would help minimize the risk of cutting ongoing programs in a future fiscal year, should the economy weaken.) Regardless of whether the initiatives are ongoing or one-time, LAO recommends the Legislature use the Proposition 98 funds to help meet overarching state education goals, such as streamlining transfer pathways or funding CCC deferred maintenance.

Staff Comments

The Chancellor's Office notes that foregone Cost-of-Living-Adjustment (COLA) during the recession likely cost the community college system \$900 million. Upcoming retirement costs, split between the CalSTRS and CalPERS system, will add \$400 million annually to college costs. Thus, the Chancellor's Office argues that this proposal for an undesignated funding increase can help colleges handle retirement costs and other mandatory costs, such as utilities, health care, and information technology needs.

Staff acknowledges various local needs for increased funding, particularly for retirement and health care costs. Staff also notes that the Governor's budget proposes a 1.58 percent COLA. However, the Governor's budget leaves unaddressed many legislative priorities, including increasing funding for categorical programs that support students and increasing the number of full-time faculty.

As the LAO recommends, the subcommittee may wish to designate some or all of this funding for specific purposes, both to address legislative priorities and to provide more transparency on how state funds are spent.

Staff Recommendation: Hold open until May Revise to determine the total amount of funding available to the community colleges.

Issue 4: Student Success and Equity Programs

Description. The Governor's budget proposes to provide an additional \$100 million Proposition 98 General Fund for the Student Success and Support Program (SSSP) and an additional \$100 million Proposition 98 General Fund for Student Equity Plans.

Panel

- Keith Nezaam, Department of Finance
- Judy Heiman, Legislative Analyst's Office
- Dan Troy, California Community Colleges Chancellor's Office

Background.

Student Success Task Force. Through the mid- and late- 2000s, a number of studies highlighted the relatively low success rates of CCC students. In January 2011, the CCC's Board of Governors (BOG) embarked on a 12-month strategic planning process to improve student success. Pursuant to Senate Bill 1143 (Liu), Chapter 409, Statutes of 2010, the BOG created the Student Success Task Force. The 20-member task force was composed of a diverse group of community college leaders, faculty, students, researchers, staff, and external stakeholders. The task force worked for seven months to identify best practices for promoting student success and to develop statewide strategies to take these approaches to scale while ensuring that educational opportunity for historically underrepresented students would not just be maintained, but bolstered. The task force issued 22 recommendations, listed below.

1. Increase Student Readiness for College

- Collaborate with K-12 to jointly develop common standards for college and career readiness.

2. Strengthen Support for Entering Students

- Develop and implement common centralized diagnostic assessments.
- Require students to participate in diagnostic assessment, orientation and the development of an educational plan.
- Develop and use technology applications to better guide students in educational processes.
- Require students showing a lack of college readiness to participate in support resources.
- Require students to declare a program of study early in their academic careers.

3. Incentivize Successful Student Behaviors

- Adopt system-wide enrollment priorities reflecting the core mission of community colleges.
- Require students receiving Board of Governors Fee Waivers to meet various conditions and requirements.
- Provide students the opportunity to consider attending full-time.
- Require students to begin addressing basic skills deficiencies in their first year.

4. Align Course Offerings to Meet Student Needs

- Give highest priority for courses advancing student academic progress.

5. Improve the Education of Basic Skills Students

- Support the development of alternative basic skills curriculum.
- Develop a comprehensive strategy for addressing basic skills education in California.

6. Revitalize and Re-envision Professional Development

- Create a continuum of mandatory professional development opportunities.
- Direct professional development resources toward improving basic skills instruction and support services.

7. Enable Efficient Statewide Leadership and Increase Coordination Among Colleges

- Develop and support a strong community college system office.
- Set local student success goals consistent with statewide goals.
- Implement a student success scorecard.
- Develop and support a longitudinal student record system.

8. Align Resources With Student Success Recommendations

- Encourage categorical program streamlining and cooperation.
- Invest in the new Student Support Initiative.
- Encourage innovation and flexibility in the delivery of basic skills instruction.

9. A Review of Outcomes-Based Funding

SB 1456 (Lowenthal), Chapter 624, Statutes of 2013, also known as the Seymour-Campbell Student Success Act of 2012, contained four key statutory changes necessary for implementation of some of the recommendations of the task force: (1) required the BOG to establish policies around mandatory assessment, orientation and education planning for students; (2) permitted the BOG to set time or unit limits for students to declare a major or other specific educational goals; (3) authorized the BOG to establish minimum academic standards for financially needy students who receive enrollment fee waivers; and (4) established the SSSP.

Student Success and Support Program. The SSSP was previously known as Matriculation before SB 1456 refocused the program and changed its name. SSSP provides students with orientation, assessment, counseling and education planning services. Colleges are required to provide matching funds for state dollars. Matching requirements are determined by the Board of Governors. The chart on the following page indicates state funding levels for SSSP over the last few years. The 2014-15 budget included a \$100 million increase for community college student success efforts.

Student Equity Plans. Budget trailer bill language, SB 860 (Committee on Budget), Chapter 34, Statutes of 2014, codified the regulatory requirement that each CCC district maintain a Student Equity Plan. In 1996, the Board of Governors adopted a policy to require colleges to adopt a student equity plan to help ensure that historically underrepresented students have equal opportunity for access, success and transfer at colleges. Colleges are required to develop plans to examine specific student populations, determine if they are achieving access, success and transfer rates at the same level as other students, and develop strategies for improving these results, as needed.

These plans must include the following:

- Goals for access to, and completion of, basic skills, career technical education and workforce training, and transfer courses for the overall student population and for each population group and a determination of what activities are most likely to effectively meet those goals.
- Measures for addressing disparities, including: a means of coordinating with, at a minimum, specific student equity-related categorical programs or campus-based programs.
 - o Student Success for Basic Skills Students
 - o Student Financial Aid Administration
 - o Disabled Students
 - o Special Services for CalWORKs Recipients
 - o Extended Opportunity Programs and Services and Special Services (EOPS)
 - o Fund for Student Success
 - o Student Success and Support Program
 - o Programs for foster youth
 - o Programs for veterans

In order to implement activities and goals outlined in student equity plans, the Chancellor's Office distributes funds based, in part, on a formula that considers a district's poverty and unemployment rates and the number of low-income students. In addition, as a condition of receipt of the funds, the districts are required to include in their student equity plan how they will coordinate existing student support services in a manner that better serves their high-need student populations. The Budget Act of 2014 was the first time colleges received state funding (\$70 million in Proposition 98 General Fund) for the equity plans. The chart on below indicates state funding levels for equity plans over the last few years.

	2012-13	2013-14	2014-15	2015-16 Proposed	% Change from 2012-13 to 2015-16
SSSP	\$49 million	\$99 million	\$202 million	\$302 million	516%
Student Equity Plan	N/A	N/A	\$70 million	\$170 million	142% change from 2014-15 to 2015-16
Total	\$49 million Proposition 98 General Fund	\$99.2 million Proposition 98 General Fund	\$272 million Proposition 98 General Fund	\$472 million Proposition 98 General Fund	863%

Institutional Effectiveness Partnership Initiative. The 2014 Budget Act provided \$2.5 million Proposition 98 General Fund for technical assistance to colleges in the areas of academic affairs, student services, workforce development and finance. Under the initiative, the Chancellor's Office can contract with teams of community college experts to consult with colleges in need of help in those areas. The budget act provided \$1.1 million General Fund to add nine permanent positions at the Chancellor's Office in support of this initiative. Statutory language requires the development of performance measures for districts and colleges in areas of academic affairs, student services, workforce development, and finance.

The Board of Governors adopted systemwide targets at its July 2014 meeting. The chart below, prepared by the LAO, indicates performance metrics, recent performance and some goals that have been set.

Figure 9
CCC Systemwide Performance Measures and Targets

Metric	Recent Performance ^a	Target
Completion Rate. Completion defined as: (1) earning an associate degree or credit certificate, (2) transferring to a four-year institution, or (3) completing 60 UC/CSU transferable units with a GPA of at least 2.0 within 6 years of entry.	41% for underprepared 70% for prepared 48% overall	Increase rate by 1 percent (of rate) annually.
Remedial Progress Rate. Success in college-level English or math class for students who took remedial English, remedial math, or English as a second language.	31% in math 44% in English	To be determined.
CTE Completion Rate. CTE students who completed a degree, certificate, or 60 transferable units, or transferred.	54%	To be determined.
Associate Degrees for Transfer. Number of these degrees completed annually.	5,365	Increase number by 5 percent annually for 5 years.
Equity Rate. Index showing whether a subgroup's completion rate is low compared with overall completion rate. An index of less than 1.0 indicates underperformance.	0.78 African American 0.78 American Indian 0.81 Hispanic 0.89 Pacific Islander 1.09 White 1.29 Asian	Increase annually until all indices are 0.80 or above.
Education Plan Rate. Share of students who have an education plan.	To be determined.	To be determined.
FTE Years Per Completion. A measure of efficiency showing amount of instruction, on average, required for each completion. (A student completing 60 units, the standard length of an associate degree or preparation for transfer, would generate two FTE years.)	5.21 for underprepared 2.84 for prepared 4.33 overall	Decrease measure (increase efficiency).
Participation Rate. Number of students ages 18-24 attending a community college per 1,000 California residents in the same age group.	261	Increase participation rate each year.
Participation Among Subgroups. Index comparing a subgroup's share of enrollment with its share of the state population. An index of less than 1.0 indicates underrepresentation.	0.87 White 1.01 Hispanic 1.01 African American 1.22 Asian	Maintain index above 0.80 for all subgroups.

^a 2012-13 for annual data and 2007-08 cohort for cohort data unless otherwise specified.
 CTE = career technical education and FTE = full-time equivalent.

The Governor’s 2015-16 Budget

The Governor’s budget proposes \$200 million Proposition 98 General Fund to improve and expand student success programs and to strengthen efforts to assist underrepresented students. This includes: 1) \$100 million for SSSP to increase orientation, assessment, placement, counseling, and other education planning services for all matriculated students, and, 2) \$100 million to close gaps in access and achievement in underrepresented student groups, as identified in local student equity plans. This funding is intended to allow colleges to better coordinate delivery of existing categorical programs, and would bring total funding for SSSP and equity plans to \$472 million. The budget allows the Chancellor’s Office to use up to \$14 million of this amount for e-transcript, e-planning, and common assessment tools and up to \$2.5 million for the Institutional Effectiveness Partnership Initiative. There are no new policy changes related to the funding proposals.

Legislative Analyst's Office Recommendations

The LAO recommends the Legislature approve the \$200 million augmentation for these programs, but not limit it to the student support services offered through SSSP. Instead, LAO recommends consolidating seven student support categorical programs into a new Students Support block grant.

Under the LAO's proposal, funding would be allocated on a per-student basis, with some allowance for districts with high percentages of financial aid recipients or students with other indicators of need. The Legislature could also consider a district's performance, such as meeting goals for improving overall outcomes and reducing disparities in achievement, as a factor in allocation of student support funds.

Staff Comments

Prioritizing Investments in Student Success Services. While there is substantial merit in investing in the SSSP it is important to note that other categorical programs that target underrepresented or disadvantaged students experienced significant funding reductions during the recent economic downturn. While the CCCs have done a significant amount through the Student Success Taskforce to refocus existing resources on better serving their student population, including students with disabilities and economically-disadvantaged students, there are additional supports, beyond those identified in the SSSP, that are important to the overall success of these students.

What is the right amount of funding for SSSP? The Governor's proposal would bring total state spending for SSSP and equity plans to about \$472 million, a massive increase from just a few years ago. The Chancellor's Office reports that colleges have used funding to hire counselors and other student support staff and invested in technology to help students with orientation, assessment and planning.

As a part of the student success effort, the Board of Governors passed regulations requiring students to complete education plans, which identify a specific educational goal, such as earning an associate's degree or completing a certificate program. Beginning this fall, districts may place a hold on registration for students who have not completed an education plan after completing 15 units or before the end of their third semester, whichever comes first.

The LAO notes that the system is having difficulty spending the rapidly increased funding, and states that this may be due to the lead time necessary to hire counselors and other student support personnel. Community colleges have been unable to fully expend these funds in the years they were appropriated. A six-month extension approved by the Chancellor's Office, along with some reallocation to districts who could use the funds more quickly, permitted colleges to spend most of the 2013-14 funds. The Chancellor's Office plans to approve a similar extension for 2014-15 funds.

Student Equity Plans. While the Board of Governors established Student Equity Plans through 1996 regulations, they were not funded or required in statute until last year's budget act. Under SB 860, Colleges were required to submit a student equity plan on or before January 1, 2015. The Chancellor's Office has received the plans and have posted the executive summaries of each college's plan on the Chancellor's website.

SB 860 gave broad discretion to the colleges in terms of accountability and execution of the plans. For example, it is unclear how the funds are being used and whether or not they coordinate with SSSP and existing categorical programs. Some stakeholders have indicated that some districts believe they cannot use student equity funding to support existing categorical programs. However, this is not the case, as statute clearly states that equity planning should consider existing categorical programs as it determines measures to address inequity.

The subcommittee will continue monitoring this process to determine if it is working to narrow access and achievement gaps; more specific direction may be required.

Other categorical programs that support student success remain underfunded. There are many well-established categorical programs and campus-based programs that address specific student populations by helping students stay in school, complete programs and become employed. The table below shows some categorical programs that were cut by as much as 40 percent during the recession. These programs provide support to specific student populations or specific services that can help increase completion rates. For example, a 2012 study of EOPS students found that they had higher retention and completion rates compared to non-EOPS students of similar backgrounds. Despite proven success, many programs received significant funding cuts in recent years that have not been restored.

While the Administration's budget proposes a 1.58 percent COLA for community college apportionment funding, and a significant increase to the SSSP categorical, it provides no increase to other programs. The subcommittee may wish to consider whether increased funding to some or all of these programs could also help improve student success.

Program	Description	2007-08 Funding	2015-16 Proposed Funding	% Change
Fund for Student Success	Provides counseling and mentoring to low-income or underrepresented students seeking to transfer to a four-year college. Supports MESA and PUENTE programs.	\$6.2 Million	\$3.8 Million	-39%
Extended Opportunity Programs and Services	Provides counseling, tutoring and textbook purchase assistance for low-income students	\$106.8 Million	\$88.6 Million	-17%
CalWORKs	Provides support services for CalWORKs recipients attending college, including child care, work study programs and counseling	\$43.6 Million	\$34.5 Million	-21%
Part-Time Faculty Office Hours	Pays part-time faculty to hold office hours to meet with students. Part-time faculty comprise about 44% of community college faculty	\$7.2 Million	\$3.5 Million	-51%
Campus Child Care Support	Funds child care centers at 25 districts	\$6.8 Million	\$3.4 Million	-50%
Basic Skills	Provides counseling and tutoring for students needing remedial classes; also provides professional development for basic skills faculty	\$33.1 Million	\$20 Million	-40%
Student Financial Aid Administration	Seeks to increase student awareness of financial aid and assists students in applying for financial aid	\$51.6 Million	\$69.4 Million	35%

Other ideas for improving student outcomes. In addition to existing categorical programs, the subcommittee may wish to consider investing in other research-backed strategies that improve student outcomes.

- **Full-Time Faculty.** There is significant research indicating that increasing the number of full-time faculty at colleges leads to better results. The Legislature has long recognized that full-time faculty are critical to student outcomes, as they are easier for students to meet with and are more likely to be engaged in campus and educational improvement efforts. Since 1998, state law has established a state goal that 75 percent of credit hours at community colleges be taught by full-time faculty. Despite this goal, currently only about 56 percent of credit hours are taught by full-time faculty. In its fall budget proposal, the Board of Governors proposed that \$70 million be spent to increase full-time faculty throughout the system, whereas the Governor's budget does not provide designated funding increase for this purpose.

- Support for Foster Youth. SB 1023 (Liu), Chapter 771, Statutes of 2014, authorizes the Chancellor's Office to enter into agreements with up to 10 community college districts to improve outcomes for foster youth by creating a specific support program within the Extended Opportunity Programs and Services program. Programs similar to these have been shown to increase the retention rate of foster youth in college by as much as 300 percent. Although the Governor signed this legislation last year, he did not provide any funding for the program in his budget proposal. Costs are estimated to be between \$4 and \$7 million.

The subcommittee may wish to ask:

- Why does the Administration support increased funding for SSSP and equity plans, but not for other categorical programs that support student success?
- Why did the Administration not provide categorical programs with a COLA?
- Has the state provided enough guidance for colleges on implementing Student Equity Plans?
- What are the most common types of actions colleges are undertaking to achieve student equity?
- Is \$300 million the appropriate funding level for the SSSP? Is \$170 million the appropriate funding level for student equity plans? Will the Legislature see future proposals for large increases again?

Staff Recommendation. Hold open until the May Revision in order to determine Proposition 98 funding levels.

Issue 5: Community College Capital Outlay Proposals

Governor's Proposal. The Governor's budget and a spring finance letter propose funding for the seven community college capital outlay projects.

Panelists

- Koreen Hansen, Department of Finance
- Judy Heiman, Legislative Analyst's Office
- Dan Troy, California Community Colleges Chancellor's Office

Background

Each year, community college districts submit applications to the Chancellor's Office and Board of Governors to access capital outlay funding from voter-approved statewide general obligation bonds. While voters have not approved any new general obligations bonds for community colleges since 2006, some funding is still available from previously approved bonds. According to the Administration, after the proposed projects are taken into account, about \$13 million is left in the 2006 California Community College Capital Outlay Bond, and the 1998 Higher Education Capital Outlay Bond Fund is nearly exhausted. The board has developed the following funding priorities:

- Health and safety projects, which are ranked according to the number of people threatened or affected by the condition of a facility or site;
- Instructional space growth projects, which are ranked based on a site's need for space, projected enrollment growth, the extent to which local funds directly mitigate state costs of the project;
- Instruction space modernize projects, which are ranked based on the age and condition of a facility and the extent to which local funds mitigate state costs;
- Complete campus, which are projects such as child care centers, performing arts centers, or other facilities that enhance the campus.

Governor's 2015-16 Budget. The Governor proposes \$100 million from general obligation bonds to support the construction phase of seven community college projects. The Governor's proposed capital outlay projects uses funding from the 1998 Higher Education Capital Outlay Bond Fund and the 2006 California Community College Capital Outlay Bond Fund. The state authorized earlier phases of the projects in 2014-15. The table below describes the project, project phase, and amount requested from each fund source.

CCC Governor's Budget Capital Outlay Proposals				
College	Project	Phase	Amount	Fund Source
College of the Redwoods	Utility Infrastructure Replacement/Seismic Strengthening	Construction	\$33.1 million	2006 California Community College Capital Outlay Bond Fund
Rio Hondo College	L Tower Seismic and Code Upgrades	Construction	\$20.1 million	2006 California Community College Capital Outlay Bond Fund
Santa Barbara City College	Campus Center Seismic and Code Upgrades	Construction	\$18.8 million	2006 California Community College Capital Outlay Bond Fund
El Camino College, Compton Center	Instructional Building 1 Replacement	Construction	\$13.4 million	2006 California Community College Capital Outlay Bond Fund
Mt. San Jacinto College	Fire Alarm System	Construction	\$4 million	1998 Higher Education Capital Outlay Bond Fund
Los Rios Community College District, Davis Center	Davis Center Phase 2	Construction	\$8.4 million	2006 California Community College Capital Outlay Bond Fund
Citrus College	Hayden Hall #12 Renovation	Construction	\$1.7 million	1998 Higher Education Capital Outlay Bond Fund

Additionally, the Administration released an April finance letter which requests to re-appropriate funds for El Camino Compton College Center's working drawings from the current year to the budget year. The preliminary plans were delayed due to legal concerns with the original procurement document for an architect. Additionally, the letter also requests to extend the construction liquidation period for the Los Angeles Mission College Media Center for two additional years through June 2017. The construction phase was delayed due to problems with the original contractor.

Legislative Analyst's Office Analysis and Comments. The LAO notes that early phases of these projects have previously been approved by the Legislature, and proposed construct costs appear to be in line with previous estimates. The LAO has no concerns.

Staff Comments. These projects were included in the Administration's Five-Year Infrastructure Plan released earlier this year, and have been approved by the Board of Governor's based on the board's funding priorities. Additionally, preliminary planning and working drawings phases of these projects all have been previously approved by the Legislature. Staff has no concerns with these proposals.

Staff Recommendation. Approve \$100 million from general obligation bonds to support the construction phase of seven community college projects, and April finance letter to re-appropriate funds for El Camino Compton College Center and extend the construction liquidation period for Los Angeles Mission College Media Center.