

# SUBCOMMITTEE NO. 1

# Agenda

Senator John Laird, Chair  
Senator Dave Min  
Senator Rosilicie Ochoa Bogh



Wednesday, February 17, 2021  
9:00 a.m.  
State Capitol - Room 4203

Consultant: Anita Lee

### Items for Discussion

<u>Item</u>	<u>Department</u>	<u>Page</u>
6870	California Community Colleges .....	2
	Issue 1: Apportionments and Deferrals.....	5
	Issue 2: Student Supports and Basic Needs .....	12
	Issue 3: Online Education .....	19
	Issue 4: Workforce Development .....	26
	Issue 5: Instructional Materials.....	30
	Issue 6: Professional Development.....	33

### Public Comment

---

*Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling (916) 651-1505. Requests should be made one week in advance whenever possible.*

## 6870 CALIFORNIA COMMUNITY COLLEGES

The Board of Governors of the California Community Colleges was established in 1967 to provide statewide leadership to California's 73 community college districts, which operate 116 community colleges. The Board has 17 voting members and 1 nonvoting member as specified in statute. Twelve members are appointed by the Governor, require Senate approval for six- year terms, and must include two current or former local board members. Five members are appointed by the Governor to two- year terms and include two students, two faculty members, and one classified member. The Lieutenant Governor also serves as a member of the Board. The objectives of the Board are to:

- Provide direction and coordination to California's community colleges.
- Apportion state funds to districts and ensure prudent use of public resources.
- Improve district and campus programs through informational and technical services on a statewide basis.

### 3-YEAR EXPENDITURES AND POSITIONS †

	Positions			Expenditures		
	2019-20	2020-21	2021-22	2019-20*	2020-21*	2021-22*
5670 Apportionments	11.6	-	-	\$8,293,801	\$8,697,558	\$8,850,669
5675 Special Services and Operations	134.2	138.9	138.9	1,756,832	1,783,336	1,911,717
5685 Mandates	-	-	-	33,894	33,442	33,678
<b>TOTALS, POSITIONS AND EXPENDITURES (All Programs)</b>	<b>145.8</b>	<b>138.9</b>	<b>138.9</b>	<b>\$10,084,527</b>	<b>\$10,514,336</b>	<b>\$10,796,064</b>
<b>FUNDING</b>				<b>2019-20*</b>	<b>2020-21*</b>	<b>2021-22*</b>
0001 General Fund				\$35,950	\$107,470	\$18,651
0001 General Fund, Proposition 98				6,061,856	6,174,312	6,413,163
0342 State School Fund				5,112	5,112	5,112
0814 California State Lottery Education Fund				246,000	233,485	233,112
0925 California Community Colleges Business Resource Assistance and Innovation Network Trust Fund				25	25	25
0942 Special Deposit Fund				155	155	155
0986 Local Property Tax Revenues				3,192,225	3,413,859	3,597,791
0992 Higher Education Fees and Income				448,422	436,262	439,165
0995 Reimbursements				86,085	85,765	86,263
3085 Mental Health Services Fund				7,104	97	106
3273 Employment Opportunity Fund				-881	1,436	-
6028 2002 Higher Education Capital Outlay Bond Fund				179	-	10
6041 2004 Higher Education Capital Outlay Bond Fund				1,417	-	-
6049 2006 California Community College Capital Outlay Bond Fund				878	2,383	274
6087 2016 California Community College Capital Outlay Bond Fund				-	-	2,237
8505 Coronavirus Relief Fund				-	53,975	-
<b>TOTALS, EXPENDITURES, ALL FUNDS</b>				<b>\$10,084,527</b>	<b>\$10,514,336</b>	<b>\$10,796,064</b>

The Legislative Analyst's Office chart below highlights the Governor's budget proposals, many of which will be discussed at today's hearing.

**Changes in California Community Colleges Proposition 98 Spending**  
Reflects Governor's Budget Proposals (In Millions)

<b>2020-21 Budget Act</b>	<b>\$8,365</b>
<b>One Time</b>	
Deferral paydown	\$901 <sup>a</sup>
Student emergency financial aid grants	250 <sup>b</sup>
Student retention and enrollment strategies	20
<b>Subtotal</b>	<b>(\$1,171)</b>
SCFF baseline adjustments	\$53
<b>Total Changes</b>	<b>\$1,223</b>
<b>2020-21 Revised Spending (Ongoing)</b>	<b>\$9,588</b>
COLA for apportionments (1.5 percent)	\$111
Student mental health and technology	30
Enrollment growth (0.5 percent)	23
California Apprenticeship Initiative	15
COLA for select categorical programs (1.5 percent) <sup>c</sup>	14
Online education and support block grant	11
CENIC broadband	8
Adult Education Program technical assistance	1
<b>Subtotal</b>	<b>(\$213)</b>
<b>2020-21 Revised Spending (One Time)</b>	
Student basic needs	\$100
Deferral paydown	81
Faculty professional development	20
Work-based learning	20
Zero-textbook-cost degrees	15
Instructional materials for dual enrollment students	3
AB 1460 implementation/anti-racism initiatives	1
<b>2020-21 Subtotal</b>	<b>(\$240)</b>
Remove 2020-21 one-time funding	(\$121)
SCFF baseline adjustments	127
Other technical adjustments	-36
<b>Total Changes</b>	<b>\$423</b>
<b>2021-22 Proposed Spending</b>	<b>\$10,011</b>

<sup>a</sup> Governor's budget also includes a deferral paydown of \$145 million attributed to 2019-20.

b Of this amount, \$100 million is proposed as part of the "early action" package.

c Applies to the Adult Education Program, apprenticeship programs, CalWORKs student services, campus child care support, Disabled Students Programs and Services, Extended Opportunity Programs and Services, and mandates block grant.

AB = Assembly Bill. COLA = cost-of-living adjustment.

CENIC = Corporation for Education Network Initiatives in California.

SCFF = Student Centered Funding Formula.

**Issue 1: Apportionments and Deferrals****Panel**

- Dan Hanower, Department of Finance
- Paul Steenhausen, Legislative Analyst's Office
- Lizette Navarette, Community College Chancellor's Office

**Background**

**Student Centered Funding Formula.** For many years, the state has allocated general purpose funding to community colleges using an apportionment formula. Prior to 2018-19, the state-based apportionment funding for credit instruction almost entirely on enrollment. In 2018-19, the state changed the credit-based apportionment formula to the Student-Centered Funding Formula (SCFF), which includes three main components—a base allocation linked to enrollment (70 percent), a supplemental allocation linked to low-income student counts (20 percent), and a student success allocation linked to specified student outcomes (10 percent). For each of the three components, the state set new per-student funding rates. The rates are to receive a cost-of-living adjustment (COLA) each year.

- **Base Allocation:** The base allocation of the SCFF gives a district certain amounts for each of its colleges and state-approved centers. On top of that allotment, it gives a district funding for each credit FTE student (about \$4,009 in 2020-21). A district's FTE student count is based on a three-year rolling average, which takes into account a district's current-year FTE count and counts for the prior two years. Enrollment growth for the budget year is funded separately.
- **Supplemental Allocation:** The supplemental allocation of the SCFF provides an additional amount (about \$948 in 2020-21) for every student who receives a Pell Grant, receives a need-based fee waiver, or is undocumented and qualifies for resident tuition. Student counts are "duplicated," such that districts receive twice as much supplemental funding for a student who is included in two of these categories (for example, receiving both a Pell Grant and a need-based fee waiver). The allocation is based on student counts from the prior year.
- **Student Success Allocation:** The SCFF also provides additional funding for each student achieving specified outcomes, including obtaining various degrees and certificates, completing transfer-level math and English within the student's first year, and obtaining a regional living wage within a year of completing community college. The success allocation is about \$559.

Districts receive higher funding rates for the outcomes of students who receive a Pell Grant or need-based fee waiver, with somewhat greater rates for the outcomes of Pell Grant recipients. In 2019-20, the student success component of the formula is based on a three-year rolling average of student outcomes data and only the highest award earned by a student is considered. In 2018-19, the formula was based on only one year of student outcome data and all degrees and certificates earned by a student were considered.

The 2019-20 budget package rescinded a previously scheduled increase in the student success share of the formula. The original 2018-19 legislation had scheduled to increase the student success share of the formula from 10 to 20 percent by 2020-21, with a corresponding reduction to the share based on enrollment.

**Due to Disruptions Resulting From Pandemic, Certain Aspects of Formula Have Been Temporarily Modified.** Statute specifies the years of data that are to be used to calculate the amount a district generates under the SCFF. State regulations, however, provide the Chancellor’s Office with authority to use alternative years of data in extraordinary cases. Known as the “emergency conditions allowance,” the Chancellor’s Office has allowed colleges to use alternative years of data for 2019-20 and 2020-21. The 2020-21 budget also explicitly provided colleges with this flexibility for the base, supplemental and student success allocation in 2020-21. The purpose of the emergency conditions allowance is to prevent districts from having their apportionment funding reduced due to enrollment drops and other disruptions resulting from the pandemic.

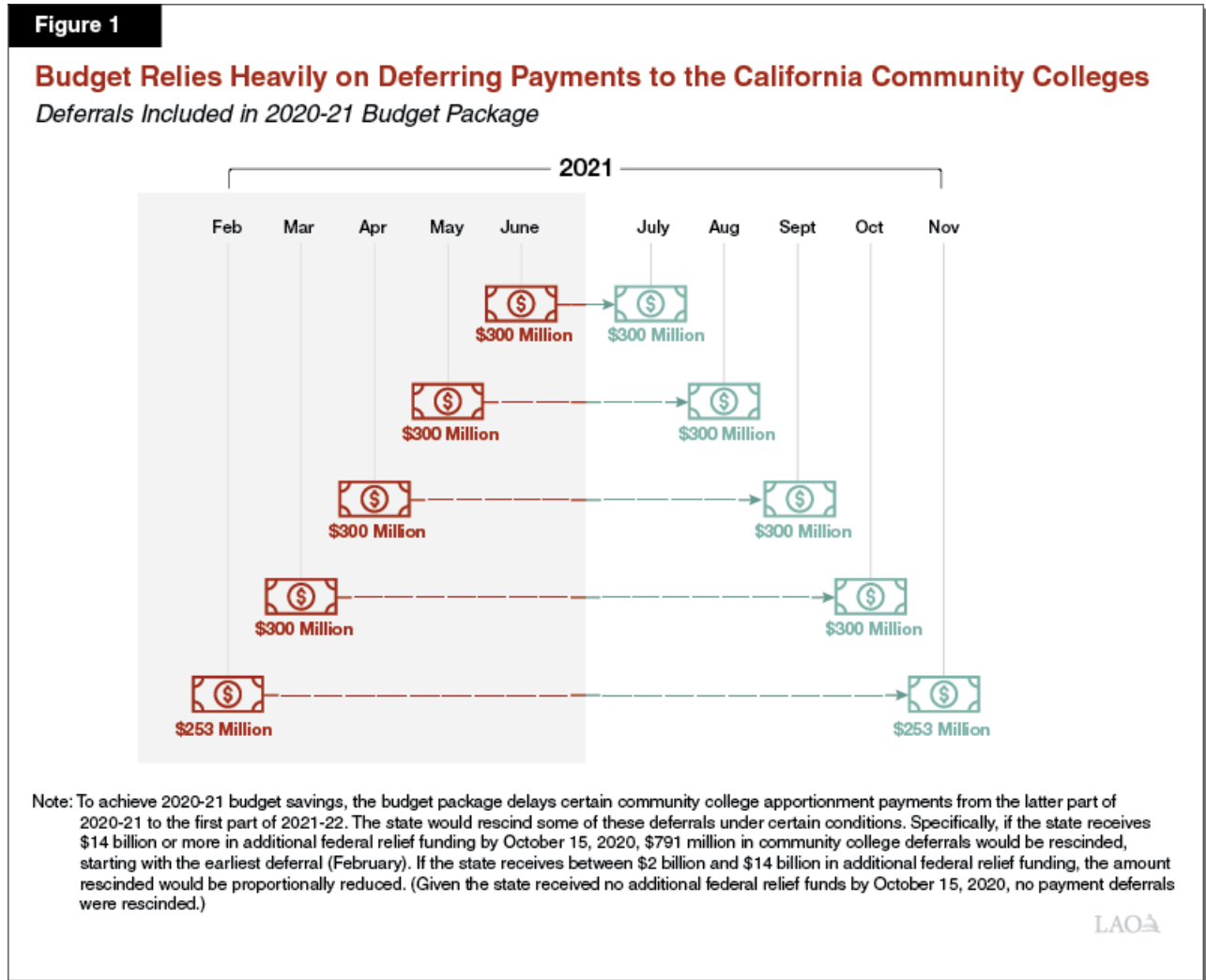
In addition to the regulatory emergency conditions allowance, statute includes “hold harmless” provisions for community college districts that would have received more funding under the apportionment formula that existed prior to 2018-19 than the new formula. The 2020-21 budget extended the hold harmless provision through 2023-24. Under hold harmless, these community college districts are to receive the total apportionment amount they received in 2017-18 adjusted for COLA each year of the period. In 2020-21, 32 districts were held harmless under these provisions, and the state provided \$170 million in total hold harmless funding (this funding is above what these districts would have generated based upon the SCFF).

The Administration notes that in the short-term, an immediate decline in enrollment is smoothed over because of the three-year rolling average in the computation of the base allocation and success allocation. Additionally, statute specifies that districts are entitled to the restoration of any reductions in their base allocation due to decreases in FTES during the three years following the initial year of decrease if there is a subsequent increase in FTES. Moreover, the Administration notes that statute provides for one year of revenue protection on any declines in total revenue.

**Enrollment.** Enrollment growth funding is provided on top of the funding derived from all the other components of the apportionment formula. Summer 2020 appeared to follow this trend, as enrollment ended up higher than the summer 2019 level by about 4,000 FTE students (3.3 percent). Enrollment was uneven throughout the state, though, with 40 districts reporting an increase and 31 districts reporting a decline. (As of this writing, one district has not yet reported summer 2020 enrollment.) The systemwide increase could be due in part to students re-enrolling in the summer to complete courses they had withdrawn from in the spring. It also could be due in part to students seeking transfer—or already enrolled at a university—deciding to take online courses to earn college credits over the summer

The Chancellor’s Office is currently compiling and analyzing final fall 2020 enrollment data. Based on incomplete preliminary enrollment data, noting that 13 colleges have not submitted their complete fall term, overall enrollment is down by 11.5 percent, and ranges across colleges from 0.5 percent to 30 percent. The preliminary data indicates disproportional impact on African Americans, Native Americans and male students. Based on the Legislative Analyst’s Office (LAO) discussions with various districts, spring 2021 enrollment is down similarly to fall 2020.

**Community College Deferrals.** The 2020-21 budget deferred \$1.45 billion Proposition 98 General Fund payments from June to July, May to August, April to September, March to October and February to November. The LAO figure on the following page displays the deferral schedule.



Deferrals are to start in February 2021. For the February deferrals, districts are scheduled to wait nine months (until November) to receive their payments. Regarding which programs to pay late, provisional language directs the Chancellor’s Office to defer districts’ apportionment payments, and, if necessary, categorical program payments. In effect, the state is set to send a large amount of cash to districts in 2021-22 for programs they will have already operated in 2020-21.

The 2020 budget permits the state to exempt a community college district from deferrals if it meets certain financial hardship criteria. The qualifying criteria for such an exemption are the same as those used to qualify a district for an emergency loan from the state—generally that a district would otherwise be unable to meet its payroll expenses. Districts seeking an exemption must submit an application to the Chancellor’s Office at least two months in advance of the scheduled deferral. The 2020 budget allows the state to provide a total of up to \$30 million per month in exemptions (up to \$60 million under certain circumstances). By August 1, 2021, the Chancellor’s Office must notify the Joint Legislative Budget Committee of the districts requesting and receiving exemptions for 2020-21. As of February 6, 2021, no colleges have applied for the hardship waiver.

**Apportionment and Some Categorical Payments Are Being Deferred.** The Chancellor’s Office notes that they helped districts address deferrals by ensuring that each district would receive at least 83 percent

of their total apportionment amount from local and state sources combined, earlier in the year to assist with local cash flow.

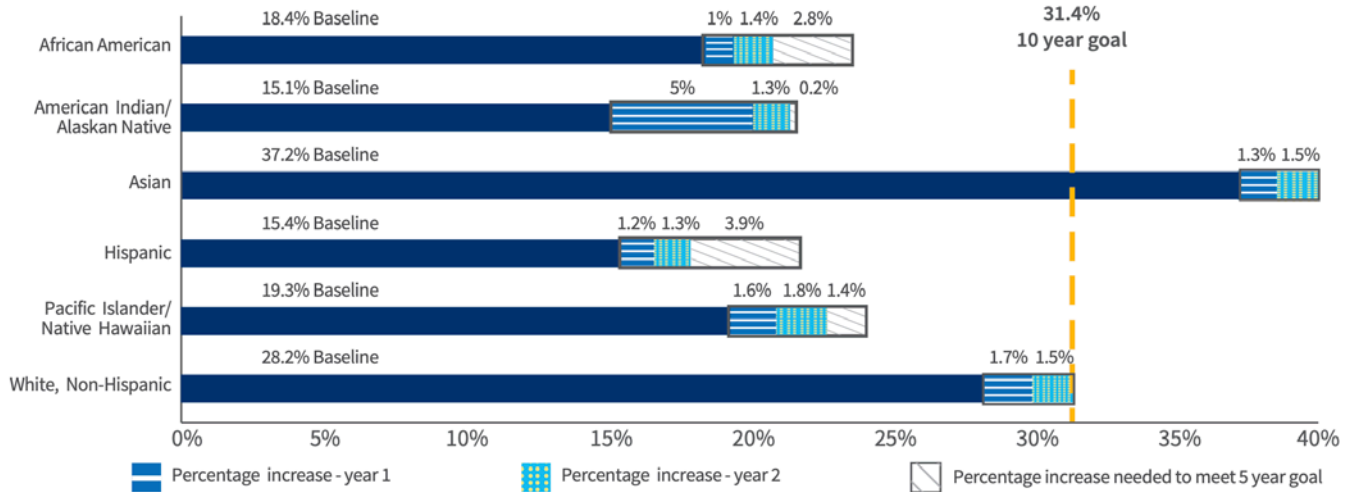
To comply with the deferral amounts and months specified in the 2020-21 budget package, the Chancellor's Office plans to make no apportionment payments from February through June 2021 (unless a district receives a deferral exemption). This action results in a total of \$1.1 billion in payment deferrals. To achieve the statutorily required \$1.5 billion in deferrals, the Chancellor's Office is also deferring to 2021-22 just over \$400 million in payments from the Student Equity and Achievement Program) The Chancellor's Office selected this program as it is the largest categorical program whose funds are allocated primarily based on enrollment. As a result, deferring associated program payments impact districts more or less proportionally.

The CCCCCO notes that two thirds of districts are handling deferrals through spending unrestricted reserves or internal borrowing from restricted funds, and about a one-third of districts have applied for tax and revenue anticipation notes (TRANS) through the State Treasurer's Office – School Finance Authority, Community College League of California, California School Boards Association, or Foundation for CCC. TRANS are a short-term cash management tool used to even out temporary cash deficits in advance of the receipt of revenues, like the State's deferred apportionment payments or local property tax payments. Investors purchase TRANS, and districts pay them back with interest, typically within 13 months of issuance. A few districts have also worked with their county treasurer for short-term loans.

**Vision for Success.** In 2017, the Community College Chancellor's Office adopted the Vision for Success, which specifies systemwide goals to be achieved by 2022. The systemwide goals are to:

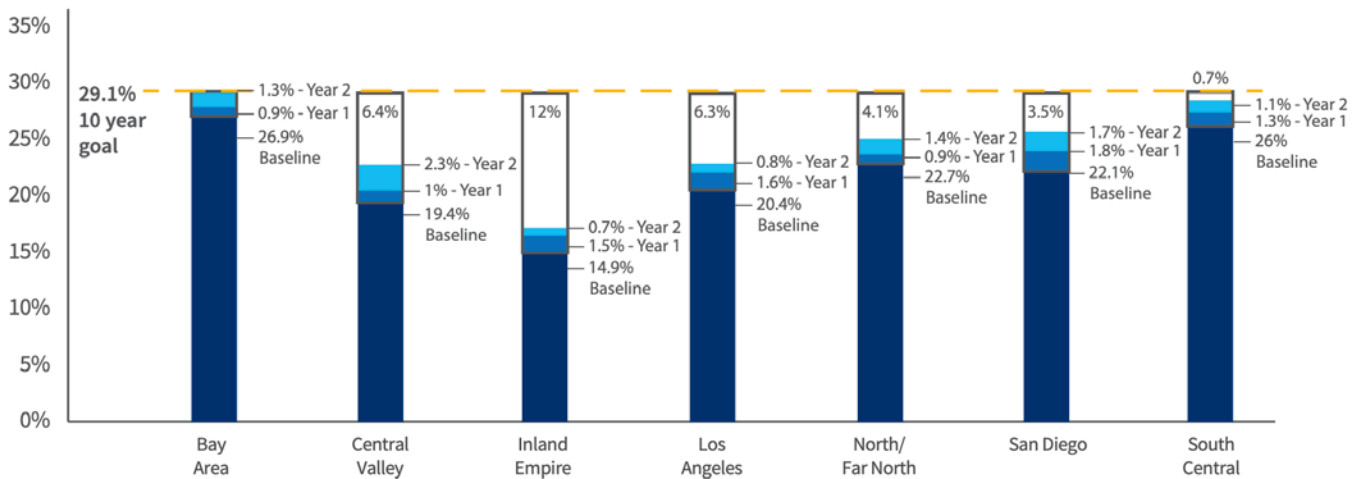
1. Increase by at least 20 percent the number of CCC students annually who acquire credentials. This measure includes associates degrees, credentials, certificates, or specific skill sets that prepare them for an in-demand job. In 2016-17, the system issued 116,991 with a 2021-22 goal of 140,389. According to the 2020 State of the System Report, as of 2018-19, the system issued 140,335 credentials.
2. Increase by 35 percent the number of CCC students transferring annually to a UC or CSU. The baseline 2016-17 was at 82,381, with a goal of 114,939 in 2021-22. As of 2018-19, there were 87,170 UC and CSU transfers.
3. Decrease the average number of units accumulated by CCC students earning associate's degrees, from approximately 96 units in 2016-17 to 79 total units—the average among the quintile of colleges showing the strongest performance on this measure.
4. Increase the percent of exiting CTE students who report being employed in their field of study, from 69 percent to 76 percent—the average among the quintile of colleges showing the strongest performance on this measure. The 2016-17, 70 percent of CTE students report being employed in their field of study.
5. Reduce equity gaps across all of the above measures through faster improvements among traditionally underrepresented student groups, with the goal of cutting achievement gaps by 40 percent within 5 years and fully closing those achievement gaps within 10 years.





**RATE OF COMPLETION BY ETHNICITY**

- Reduce regional achievement gaps across all of the above measures through faster improvements among colleges located in regions with the lowest educational attainment of adults, with the ultimate goal of fully closing regional achievement gaps within 10 years.



**RATE OF COMPLETION BY REGION**

**Governor’s Budget Proposal**

**Apportionment.** The budget proposes an increase of \$111 million Proposition 98 General Fund ongoing, which represents a 1.5 percent cost-of-living-adjustment (COLA) to apportionments. The proposed budget bill language specifies that this funding is provided on the condition that the Chancellor’s Office:

- Submit a report by June 30, 2022, detailing actionable, specific plans that each district currently implements, or will implement, to reduce equity gaps by 40 percent overall by 2023 and establishing an overall strategy for fully closing equity gaps by 2027 as established under the Vision for Success, and

2. Adopt policies by June 30, 2022 that require districts to maintain their online course and program offerings that is at least 10 percent higher than the amount offered in the 2018-19 academic year. (This will be discussed under Issue 3: online education).

**Deferrals.** The Administration proposes just over \$1.1 billion one-time Proposition 98 General Fund to pay down deferrals in the budget year, and for 2021-22, \$326 million in deferrals would remain in place. Specifically, a portion of CCC's May 2022 and June 2022 apportionment payment would be deferred to early 2022-23.

**Enrollment Growth.** The budget includes \$23 million for 0.5 percent systemwide enrollment growth (equating to about 5,500 additional FTE students). Each district, in turn, would be eligible to grow up to 0.5 percent. Provisional language for the budget year allows the Chancellor's Office to allocate any ultimately unused growth funding to backfill any shortfalls in the apportionment funding, such as ones resulting from lower-than-estimated enrollment fee or local property tax revenue. The Chancellor's Office could make any such redirection after underlying data had been finalized, which would occur after the close of the fiscal year. This is the same provisional language that has been used in recent years.

### **Legislative Analyst's Office Comments**

In December 2020, the Legislative Analyst's Office (LAO) released a report *CCCs- Managing Cash in a Time of State Payment Deferrals*. This report notes that while deferrals achieve one-time savings, as deferrals mount, being able to fill the gap between program spending and funding becomes less likely. If revenues and the Proposition 98 minimum guarantee do not grow enough the following year to fill the funding gap, program cuts or other budget solutions such as tax increases are required.

In this situation, the deferrals give only a one-year reprieve from program cuts, with cuts delayed but likely not avoided. Effectively, the state at that time is having to use available funds to support programs that districts already have provided rather than supporting new or expanded programs.

The LAO recommends the Legislature place a high priority on using these one-time funds to eliminate the K-14 deferrals. Eliminating all or part of these deferrals has several advantages: reducing districts' need for internal and external borrowing, reestablishing the link between ongoing program costs and ongoing funding, and giving the Legislature more budget tools to respond to future economic downturns.

**Requiring Districts to Develop Equity Plans Would Be Redundant.** This is because districts already develop and update every three years student equity plans. The state requires these plans as a condition of districts receiving Student Equity and Achievement Program funds. In these plans, districts are required to identify equity gaps by student race/ethnicity, age, and various other demographics. They also must identify strategies to close those gaps. These district plans already are aligned with the goals cited in the Governor's provisional language (that is, a 40 percent reduction in equity gaps by 2023, with equity-gap elimination by 2027), which originated in the CCC system's 2017 *Vision for Success* strategic plan.

### **Staff Comments**

**Cost-of-Living Adjustment.** The 2020-21 budget did not provide a COLA on apportionments due to the COVID-19 pandemic and concerns about revenue. Under the Governor's K-12 budget proposal, the Local Control Funding Formula will receive a compounded combined cost-of-living adjustment of 3.84 percent, which includes the 2020-21 COLA of 2.31 percent and the 2021-22 COLA of 1.5 percent. The Administration notes that if the SCFF were to receive a similar COLA, it be an additional \$171.5 million Proposition 98 General Fund ongoing beyond what is provided in the Governor's Budget.

Under the Administration's current proposal, the COLA would be implemented by increasing the rates of each SCFF allocations, this is approximately \$77.4 million for Base/Basic Allocation, \$21.4 million for Supplemental Allocation, and \$12.3 million for Success/Success Equity Allocation. These allocations reflect an almost even 70/20/10 split of the SCFF.

**Deferrals.** Staff agrees with the LAO's assessment that paying of the deferrals will give the state more tools to respond to a future economic downturn. The Administration notes that by not fully paying off the deferrals, additional resources are freed up to support some of the other proposals included in this budget. The Legislature may wish until the May Revision, at which time the state will have updated data on its tax collections and available cash.

**Equity Gaps.** As the LAO notes, the state budget provides \$475 million ongoing Proposition 98 General Fund for the Student Equity and Achievement Program, which seeks to increase student achievement and eliminate achievement gaps for students from traditionally underrepresented groups. The Chancellor's Office is required to annually report to the Legislature by April 1 of each year on the use funds and an assessment of the progress in advancing the goals of increasing overall student achievement and eliminating achievement gaps. The Legislature has not received a report in last four years.

The subcommittee may wish to ask:

1. DOF: Given the significant one-time resources available, why does the Administration not propose to fully pay off deferrals?
2. DOF: What is the rationale for not providing CCC with the same COLA as K-12?
3. CCCO/ LAO: What fiscal pressures do you anticipate districts facing over the coming years? What can the state do in the short term to smooth out any fiscal uncertainty?
4. CCCO: Does the Administration's proposal on equity gaps align to the goals specified in the Vision for Success? Are the Administration's goals achievable? How impactful has the SEAP funding been in reducing achievement gaps?

**Staff Recommendation. Hold Open.**

**Issue 2: Student Supports and Basic Needs****Panel**

- Dan Hanower, Department of Finance
- Paul Steenhausen, Legislative Analyst's Office
- Lizette Navarette, Community College Chancellor's Office

**Background**

Over the last several years, the Legislature has made significant investments to help address student basic needs such as hunger, mental health, homelessness, housing insecurity, and financial aid.

**Student Hunger and Food Pantries.** The 2017-18 budget appropriated \$2.5 million one-time Proposition 98 General Fund to support Hunger-Free Campus projects. The 2019-20 budget provided \$3.9 million one-time Proposition 98 General Fund to support student basic needs, and \$500,000 one-time Proposition 98 General Fund to support a study of student hunger and effective practices to reduce student hunger. The 2020-21 budget package then added a requirement that districts operate on-campus food pantries or food distributions as a condition of receiving ongoing Student Equity and Achievement Program (SEAP) funds. The SEAP funds academic counseling and various other strategies aimed at improving student completion rates and closing equity gaps.

**Mental Health.** The 2017-18 budget appropriated \$4.5 million one-time Proposition 98 General Fund to support mental health services and training CCCs. The budget required the Chancellor's Office to report to the Legislature by May 1, 2018 on the use of funds, types of activities supported, and an evaluation and recommendations for the expansion of programs. Regarding the mental health services funding, CCCCCO notes this funding was distributed to 15 community college districts, representing 27 individual colleges. In addition, the 2018-19 budget provided \$10 million one-time Proposition 98 General Fund to support mental health services and training, and authorized colleges to collaborate with community-based mental health services and county behavioral health department. The Chancellor's Office was required report to the Legislature by March 1, 2019 on use of the funds including recommendations on expansions of programs and services. This report was submitted to the Legislature on October 2020. The 2019-20 budget also provided \$7 million one-time Proposition 63 state administration fund to support student mental health services.

The October 2020 report includes information regarding the 2018-19 and 2019-20 allocations. The report notes that the investments helped support 16 community college districts representing 27 individual colleges to build or expand student mental health programs, practices and policies. These 16 community college districts began implementing their proposed projects in May 2020. The report notes that this funding was distributed to colleges based on their prior-year student population data, and provided services to 42,450 students. During the six-month project period, colleges hosted 1,886 unique training events regarding suicide prevention, early intervention, and stigma reduction, sexual assault awareness, and substance use prevention and intervention; trainings engaged nearly 2,000 faculty and staff participants and more than 37,000 students. Colleges also established or expanded National Alliance on Mental Illness (NAMI) and Active Minds chapters or implemented other peer-to-peer mental health programs under the guidance of faculty/ staff advisors. In the first six months, colleges established 151 formal memoranda of understanding partnerships and 738 informal partnerships.

**Homelessness and Housing Insecure.** The 2019-20 budget provided \$9 million ongoing Proposition 98 General Fund to support a rapid rehousing pilot program for homeless or housing insecure students. Colleges must establish ongoing partnerships with community organizations to provide wrap around services. The Chancellor's Office must annually report, starting in July 15, 2020, regarding use of funds as well as other specified outcomes. As of writing this agenda, the report has not been released. The Chancellor's Office notes that 14 CCCs received this funding and served 540 unique students.

**2020-21 Budget.** The 2020-21 budget provided \$120 million one-time (\$66.26 million Proposition 98 General Fund and \$53.74 million Federal Funds) for the CCC COVID-19 Response Block Grant. This block grant funded activities that support student learning and mitigate learning loss. Allowable expenditures included professional development, information technology, mental health services, and cleaning supplies and protective equipment. The 2020-21 budget required the Chancellor's Office to submit a report to the Legislature by January 1, 2023, on the use and effectiveness of these funds.

**Federal Assistance.** The Federal Coronavirus Aid, Relief and Economic Security (CARES) Act provided \$14 billion in higher education emergency relief funds (HEERF). This funding was allocated to institutions based on a formula that included the number of full-time equivalent (FTE) undergraduate students receiving Pell Grants, and the number of FTE undergraduate and graduate students not receiving Pell Grants. Of this funding the CCCs received approximately \$613.5 million. CCCs also received \$33.4 million for campuses designated as minority serving institutions. Institutions are required to spend at least half of these funds on student financial aid. Students, in turn, could use their financial aid grants for expenses related to campus disruptions resulting from COVID-19. The remainder was available for institutional expenses associated with changes in instructional delivery due to the pandemic. Qualifying institutional expenses ranged from paying for technology and faculty professional development to providing student refunds for housing and dining programs as campuses shifted to remote operations. Awards amounts to students differed across campuses. For example, Cabrillo Community College student awards were \$500, whereas at Irvine Valley awards ranged from \$100 to \$500, and at San Francisco City College awards ranged from \$300 to \$1,300.

The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), which was signed on December 27, 2020, provides the second round of HEERF to colleges and universities. CCCs is estimated to receive approximately \$1.3 billion from the CRRSAA, of which \$290.2 million must be spent on student aid.

CRRSAA requires institutions to use the same amount of funding for student emergency aid as they were required to under the CARES Act. CRRSAA allows student aid to be used for the regular costs of college attendance or emergency costs related to COVID-19. CRRSAA also includes a new requirement that institutions prioritize financial aid grants for students with exceptional need, such as those students qualifying for Pell Grants. Whereas the CARES Act specified that institutional relief was for expenses related to changes in instructional delivery due to COVID-19, CRRSAA allows institutions to use their funds for expenses and lost revenues associated with COVID-19, as well as certain student support activities.

**Traditional Financial Aid.** The primary way the federal government, the state, and universities support living costs during the college years is through financial aid. Many students with financial need qualify for a federal Pell Grant (worth up to \$6,345 annually) and a state Cal Grant access award (worth up to \$1,648 annually for most students). The subcommittee will cover Cal Grants in greater detail at a future hearing. Federally subsidized and unsubsidized loan programs also are available to assist students. These

grants and loans can be used for any cost of attendance, including housing, food, transportation, and books and supplies. In addition to federal and state programs, districts also have campus foundations and also various student support programs, such as Extended Opportunity Program and Services (EOPS) and NextUp, that provide additional financial supports such as meal assistance, college supplies, transportation (gas cards), and stipends for textbooks. The state also provided CCC with \$11 million non-Proposition 98 General Fund in the *2020-21 Budget Act* for emergency grants to undocumented students.

**California Student Aid Commission (CSAC) Survey.** In the Spring of 2020, CSAC conducted a COVID-19 student survey of approximately 61,000 currently enrolled college students who applied for financial aid across the higher education segments, including the private sector. Of the respondents, 42 percent were CCC students. After COVID-19, 85 percent of students worried about paying for tuition and fees, 84.4 percent worried about paying for housing and food, 90.4 percent worried about taking a full load of classes, and 92.3 percent worried a lot about their personal health or wellbeing. The survey found that over 70 percent of students lost some or all of their income as a result of the COVID-19 pandemic, and over 80 percent of students have changed some aspect of their plans for Fall of 2020 or were uncertain of their plans. The survey found that for many students, their plans changed due to reported financial hardship.

### **Governor's Budget Proposals**

**Emergency Grants.** The Governor proposes trailer bill language to provide \$250 million one-time Proposition 98 General Fund, of which \$100 million is proposed for early action for emergency student aid. The proposed trailer bill language specifies that this funding will be allocated to community college districts based on the headcount number of students in the district that are eligible to receive a Pell Grant and AB 540 students who are eligible for the California Dream Act. The grants will be available to students who self-certify that they:

1. Enrolled on a full-time basis; or the student was employed full-time, for at least a total of one year over the past two fiscal years and not enrolled as a full-time student;
2. Are able to demonstrate an emergency financial aid need and that they either currently qualify as low-income by meeting requirements to receive a Board of Governors Fee Waiver, also known as the California Promise Grant; and
3. Earned a grade point average of at least 2.0 in one of their previous three semester terms or in one of their previous four quarter terms; or
4. Was employed full-time, or the equivalent of full-time, for at least a total of one year over the past two fiscal years.

**Student Retention and Recruitment.** The Governor proposes trailer bill language for early action to provide \$20 million one-time Proposition to increase student retention. The language specifies that the funds be allocated to one or more community college districts to support a statewide community college effort, or as grants to local community college districts, to support efforts to increase student retention rates and enrollment by primarily engaging former community college students that may have withdrawn from college due to the impacts of COVID-19, as well as with current community college students that may be hesitant to remain in college due to the impacts of COVID-19 and prospective students that may be hesitant to enroll in a community college due to COVID-19.

**Mental Health and Technology.** The budget proposes to provide \$30 million ongoing Proposition 98 General Fund to provide students with technological access to electronic devices and high-speed internet connectivity, and to increase student mental health resources. The Chancellor's Office shall submit a report to the Department of Finance and relevant policy and fiscal committees of the Legislature by January 1, 2025, and every three years thereafter, regarding the use of funds specified in this paragraph. The report shall include, but not necessarily be limited to, all of the following information: (1) the amount of funds provided for each community college district, (2) a description of how the funds were used for the purposes reflected in this paragraph, (3) a description of the types of programs in which districts invested, and (4) other findings and best practices implemented by districts.

**Basic Needs.** The budget proposes \$100 million one-time Proposition 98 General Fund to address food insecurity, including meal donation programs, food pantries for students, CalFresh enrollment, or other means of directly providing nutrition assistance to students. The funds shall also be used to assist homeless and housing-insecure students in securing stable housing. This funding will be available for encumbrance until June 30, 2024. The budget bill requires the Chancellor's Office to submit a report by January 1, 2025 regarding the use of funds, including:

1. The amount of funds provided for each community college district,
2. A descriptive summary of how the funds were spent, including other funds used to supplement the amount allocated to this subdivision,
3. Description of the types of programs in which districts invested,
4. A list of districts that accept or plan to accept electronic benefit transfer,
5. A list of districts that participate or plan to participate in the CalFresh Restaurant Meals Program,
6. A list of districts that offer or plan to offer emergency housing or assistance with long-term housing arrangements,
7. A description of how districts leveraged or coordinated with other state or local resources to address housing and food insecurity, student mental health, and digital equity, and
8. A qualitative analysis describing how funds reduced food insecurity and homelessness among students, increased student mental health and digital equity, and, if feasible, how funds impacted student outcomes such as persistence or completion.

**Cost-of-Living Adjustments for Categorical Programs.** The budget proposes a \$14 million increase for various categorical programs to reflect a 1.5 percent COLA. These programs include: Adult Education Program, apprenticeship programs, CalWORKs student services, campus child care support, Disabled Students Programs and Services, Extended Opportunity Programs and Services, and mandates block grant.

### **Legislative Analyst's Office Comments**

**Consider Creating a Basic Needs Block Grant.** The LAO notes that the Governor's focus on students' basic needs is laudable, but its proposals in this area lack coordination and accountability. A more coherent approach the Legislature might consider would be to pool all or a portion of the proposed new funds and the existing rapid rehousing program into a basic needs block grant. Under such an approach, districts would have flexibility to use the funds for any combination of food, housing, mental health, and technology services, based on the needs of their students. A major component of such a block grant would be an accountability system that (1) identifies the state's expected levels of service and student outcomes and (2) includes regular reporting that tracks and measures districts' performance in meeting these objectives. For example, annual reports provided by districts could identify student enrollment in

CalFresh, the number of days students report being homeless, and average wait times to see a mental health professional, among other information.

**Evaluate Emergency Grants Proposal in Light of New Federal Relief.** The LAO recommends the Legislature direct the Chancellor's Office to report this spring on colleges' plans for the upcoming federal relief funds. These spring plans should (1) identify the amount of federal relief funds that colleges intend to use for student aid, (2) estimate the number of students likely to receive federal emergency grants, (3) describe the methods colleges are using to distribute funds among students, (4) estimate the amount of aid a student is likely to receive, and (5) identify students' remaining financial needs. After obtaining this information, the Legislature would be in a better position to make a decision on the proposed state emergency aid funds. For example, the Legislature could design state aid to supplement federal aid, such as by providing summer-term assistance to students who would receive federal aid in the spring. Alternatively, the Legislature could decide that federally funded emergency grants are sufficient in size and instead repurpose the proposed state funds for other one-time priorities.

**Expand Efforts to Increase Student Utilization of Public Assistance Programs.** In addition to increasing the number of students enrolled in CalFresh, there are likely opportunities to expand student enrollment in other public assistance programs, which could help students cover other costs, including housing, mental health, and technology costs. The Legislature could direct community colleges to partner with the relevant state and local agencies to explore strategies to increase utilization of other public assistance among college students.

### **Staff Comments**

**Basic Needs.** Pre-COVID 19, 114 community colleges either had a food pantry or offered food distribution on a regular basis. Currently 90 colleges reported providing food security resources through drive-thru food distribution or grocery gift cards. Pre-COVID-19, 55 colleges had established campus-based basic need centers. The new federal relief legislation expands student CalFresh eligibility during the COVID-19 emergency by removing the standard work requirement for certain students who are very low-income or eligible for work-study. In addition, some students may also access various other public assistance programs such as Medi-Cal, the Earned Income Tax Credit, and unemployment insurance that students may be underutilizing. The subcommittee may wish to ask the Administration and the Chancellor's Office options or strategies the state could explore to increase utilization of other public assistance among college students.

**Emergency Financial Aid.** The Governor proposes trailer bill language to provide \$250 million one-time Proposition 98 General Fund, of which \$100 million is proposed for early action. The eligibility criteria for emergency financial aid is similar to the Governor's proposal for the University of California (UC) and the California State University (CSU). While the Chancellor's Office notes that they are supportive of the additional funding for emergency financial aid, they note that the eligibility criteria may need some refining. For example, the Chancellor's Office notes that they would like to prioritize students with the greatest financial need. As currently structured, the Administration's proposal targets currently enrolled full-time students or full-time employed students, however the proposal would miss students who lost their job, had to drop below a certain unit threshold due to illness or family responsibilities, or are low-income and looking to enroll for the first time.



The Administration's proposal allocates this funding to districts based on the headcount number of students in the district that are eligible to receive a Pell Grant and AB 540 students who are eligible for the California Dream Act. The Chancellor's Office notes that they would prefer that the distribution be based on the Board of Governor's (BOG) Fee Waiver, as there are many low-income students that get the BOG, but do not receive or even apply for the Pell Grant. The Chancellor's Office believes that using the Pell Grant eligibility could underestimate of low-income students at a district.

The Administration notes that the rationale for requesting only a part of the emergency aid funding in early action is in an effort to help stabilize enrollment and provide funding for students in need for this academic year.

Staff notes that additional information on how colleges plan to distribute the upcoming federal relief funds would be helpful in evaluating student need and the impact of these funds. This information may also be helpful to ensure that funds are targeted and coordinated. The Chancellor's Office notes that they do not have official authority to indicate how colleges should use federal stimulus funds, but they did release memos requesting that colleges to allocate more than the required minimum emergency aid.

**Mental Health and Technology.** Approximately 90 colleges report having some capacity to do crisis intervention for students experiencing a mental health crisis. The scope and scale of what services are available varies widely across the system, and is dependent on whether or not a health service fee is collected and/or if they received any of the recent Prop 63 funding. Of the 90 colleges that have capacity to provide crisis intervention, the majority provide limited mental health counseling services to students, and some colleges have stand-alone psychological services. Usually, colleges provide one to three counseling sessions per semester.

Similar to the Governor's proposals at UC and CSU, the Governor's proposes a new investment to provide students with technological access to electronic devices and high-speed internet connectivity, and to increase student mental health resources. As described above, not all colleges offer mental health services, and those who do offer them on a limited basis. The Legislature may wish to ask what the rationale of combining these different of investments, or if it is more appropriate to ensure that colleges are prioritizing specific issues such as mental health.

**Cost-of-Living Adjustments for Categorical Programs.** The budget proposes a \$14 million increase for various categorical programs to reflect a 1.5 percent COLA for Adult Education Program, apprenticeship programs, CalWORKs student services, campus child care support, Disabled Students Programs and Services, Extended Opportunity Programs and Services, and mandates block grant. While these programs are important in supporting students, the Administration does not provide a COLA to other programs such as part-time faculty office hours, Fund for Student Success, which supports the Puente Program and Mathematics, Engineering, Science Achievement (MESA). The Legislature may wish to ask why some categorical programs are receiving COLAs, while others are not.

### **Suggested Questions**

1. DOF/CCCO: Unfortunately, student basic needs such as hunger has been an ongoing issue for community college students. This is a \$100 million one-time expenditure. How will this help students' long term? Does the state or the Chancellor's Office have a long-term strategy or plan to tackle student basic needs?

2. DOF/CCCO: What strategies or opportunities could state use to increase or leverage utilization of other public assistance among college students, such as CalFresh, Medi-Cal, the Earned Income Tax Credit, and mental health services offered through the counties?
3. DOF: What is the rationale for providing a COLA to some categorical programs, but not others?

**Staff Recommendation. Hold Open.**

**Issue 3: Online Education****Panel**

- Dan Hanower, Department of Finance
- Paul Steenhausen, Legislative Analyst's Office
- Lizette Navarette, Community College Chancellor's Office

**Background**

**Course Structure.** Currently, there are two types of formats that online education is delivered:

- Hybrid/ blended courses: Hybrid courses provide interaction between the instructor and students, both online and in the classroom. Hybrid courses allow instructors to use computer-based technologies selectively. The online portion of the course might include: presentation of case studies, tutorials, self-testing exercises, simulations, and other online work in place of some lecture or lab material. Although the coursework is conducted online, an in-person course orientation may be required at the beginning of the semester. In some courses, on-site exams may be held on college campuses at the discretion of the instructor and the department.
- Fully online: Under the delayed/asynchronous interaction method, the student is self-paced in accessing instructional material, such that activities take place within a specified time frame. Under the simultaneous interaction model, the session is under the supervision of an instructor, using the Internet with immediate opportunity for exchange between participants, this includes satellite, and video conferencing.

The Chancellor's Office notes that the amount of students enrolled in distance education courses vary across the state, for example 78 percent of Coastline College's FTES are enrolled in distance education, whereas one percent of San Francisco City College's FTES are enrolled distance education.

**How are online courses created?** In June 2015, the Public Policy Institute of California (PPIC) released a report, Successful Online Courses in California's Community Colleges, which states that the development of online courses grew organically at each community college based on the interest of individual faculty and the creation of new technological resources. These courses are reviewed and approved according to the community college's district's course and program approval procedure, which typically consists of approval from the local academic senate, board of trustees, curriculum committee, and other college committees. Programs and some courses are sent to the Board of Governor's (BOG) for approval.

Community college faculty members have autonomy in course development, which not only provides flexibility, but also may require faculty to take on the roles of subject matter expert, course designer, media developer, and—sometimes—programmer. In addition, faculty collective-bargaining agreements and federal- and state-legal rules may require community colleges to rely on instructors to design courses.

**Online Education Initiative.** The Online Education Initiative (OEI) consists of several projects, including a common course management system for colleges (Canvas), resources to help faculty design high-quality online courses, and the California Virtual Campus Exchange. The exchange creates a more

streamlined process for students at participating colleges to take online classes from other participating colleges. The state currently provides \$20 million ongoing Proposition 98 General Fund for OEI. The Chancellor's Office has a grant with the Foothill-De Anza Community College District to administer OEI. Currently, 65 community colleges participate in the OEI consortium.

**Common Course Management.** Faculty use a course management system to post course information (such as the syllabus), instructional content (such as readings and videos), assignments, and other material. Students use the system to submit assignments, collaborate with classmates, and communicate with instructors. Historically, each college or district had selected its own course management system from among several vendors. In 2015, a committee overseen by the Chancellor's Office selected the Canvas course management system to be the common system across colleges. Currently, all but one community college use Canvas. Calbright College, a fully online college, uses a separate system.

A suite of digital tools can be integrated into Canvas. This includes a platform that permits students and their academic counselors to meet virtually, a platform that enables students to participate in virtual science labs, a tool that gauges the accessibility of instructors' online course content, and telehealth services (which allow students to access third-party health care professionals for medical or mental health issues). Colleges can choose which of these digital tools they would like to integrate into their local Canvas configurations.

Using its state appropriation, OEI fully subsidizes Canvas subscription costs on behalf of colleges. OEI also fully subsidizes technical (help desk) support for Canvas users and subscription costs for certain digital tools. For other digital tools, OEI provides a partial subsidy for colleges (also using its state appropriation). The third type of price assistance involves negotiating a "bulk" discounted rate for certain digital tools that colleges use their own funds to purchase. To help it negotiate discounted rates, the Chancellor's Office typically partners with other agencies, including the Foundation for California Community Colleges.

**Mass Migration to Online Instruction Led to Cost Pressures on OEI.** Beginning in March 2020, OEI costs escalated primarily for two reasons. First, the Chancellor's Office decided to support colleges' transition to online courses by fully subsidizing certain online digital tools (such as the accessibility tool) that previously were the financial responsibility of colleges. In addition, colleges' largescale migration to online instruction resulted in higher usage rates of Canvas, the Canvas help desk (which OEI upgraded from limited technical support to 24/7 assistance for users), and various digital tools integrated with Canvas. Higher usage rates, in turn, resulted in higher subscription and maintenance costs.

**Chancellor's Office Has Announced Some Costs Will Have to Shift to Colleges Absent Additional State Funding.** The Chancellor's Office has responded to these higher OEI costs by redirecting unspent funds from certain other areas of CCC's budget, including funds previously set aside for in-person trainings. In addition, OEI has been scaling back some of its subsidies. For example, OEI began limiting the number of tutoring hours it will subsidize for an online tutoring service. As of January 2021, colleges that wish to exceed their initial allotment of hours must cover the costs using district funds. Recently, the Chancellor's Office notified colleges of plans to reduce the state subsidy for other online digital tools beginning in July 2021 absent additional state funding for 2021-22.

**Student Success Rates for In-person and Online Courses.** In the fall of 2019, Chancellor's Office data shows that the vast majority of online education courses are offered through asynchronous

interaction. Datamart notes that online education course that was credit, degree applicable or transferable had a success rate of approximately 67 percent, whereas a similar in person courses success rate was 72 percent. For online vocational courses, the success was is 69 percent, whereas the in-person success rate was 80.3 percent. For online basic skills courses, the success rate is 57.7 percent, whereas the in-person success rate was 65 percent. Based on this information, that students are more likely to persist and succeed in an in-person course environment than in an online course.

In addition there are also achievement gaps across student demographic groups enrolled in online courses. For example, for credit, degree applicable or transfer online education courses, African American students and Hispanic students have a success rate of approximately 52 percent and 63 percent, respectively, compared to 73 percent of white students. There are also similar achievement gaps for online vocational courses.

For in-person credit, degree applicable or transfer courses, African American students and Hispanic students have a success rate of approximately 63 percent and 68 percent, respectively, compared to 78 percent of white students. For in-person vocational courses, African American students and Hispanic Students have a success rate of approximately 71 percent and 77 percent, respectively, compared to 85 percent of white students.

**COVID-19 and Online Education.** The CSAC COVID-19 student survey found that 90.25 percent of students were concerned about having to take college classes online during Spring 2020 because of COVID-19. Moreover, 80 percent of students have changed some aspect of their plans for Fall of 2020 or were uncertain of their plans. The survey found of students who changed their plans, 22 percent stated that they did so because they did not want to take online classes.

**Calbright College.** The 2018-19 budget established Calbright College, and provided \$100 million one-time Proposition 98 General Fund and \$20 million ongoing Proposition 98 General Fund for this purpose. The 2020-21 budget reduced funding for Calbright College by \$5 million ongoing and \$40 million one-time Proposition 98 General Fund from unspent prior year funds. Calbright College is administered and overseen by the California Community Colleges Board of Governors who act as the college's Board of Trustees. The college was established to create accessible, flexible, and high-quality online content, courses and programs with labor market value and provide industry-valued credentials for Californians. These pathways must not be duplicative of programs offered at existing community colleges and to be offered under a flexible calendar with open entry and exit times.

The proposal sought to help the 2.5 million Californians between the ages of 25 and 34 year olds whose highest educational attainment is either high school or some college. These courses and programs must lead to a pathway offered at a traditional college. Calbright College is currently offering programs in medical coding for professional services, introduction to cybersecurity (Security+), and introduction to information technology support (A+). Calbright notes that they are exploring other programs in IT and healthcare.

Calbright currently enrolls approximately 500 students as a part of their beta cohort. Since its creation, the college notes that it has issued 35 certificates to 29 individuals. Calbright currently does not have data on how long it takes for students to complete their programs, however the anticipated completion time is six to nine months of IT support and cybersecurity, and nine months to a year for medical coding. Calbright does not have data on the number of students who did not complete programs, or are no longer pursuing programs, and also has not established success goals or defined completion rate.

Calbright currently employs five full-time faculty and five part-time contractor faculty. The college has three full-time counselors and four part-time contractor counselors. The college has also formed a local academic senate and are also affiliated with the California Teachers Association as their bargaining representative. Calbright notes that in 2021, its planned expenditures for academic salaries and benefits is \$3.5 million, this compares to \$10.4 million for nonacademic salaries and benefits across Proposition 98 ongoing and one-time funds.

Calbright notes of the available \$82 million in one-time Proposition 98 funds, it also receives \$2 million in local revenue. Of this one-time funding, in 2021-22, Calbright plans to spend:

- \$41.4 million on operating expenses:
  - o \$5 million for state workforce partnership,
  - o \$5 million to develop competency-based education and pathways with other colleges,
  - o \$10 million for partnerships with place-based agencies for Calbright to establish its own centers to provide facilities for in-person support of Calbright students,
  - o \$9.3 million to develop instructional, student support, workforce development, technology, external affairs, and research and development programs
  - o \$7 million to improve Calbright's existing programs and develop new pathways and student support, and
  - o \$5 million for student outreach and partnerships with labor organizations, community based organizations, and employment intermediaries.
- \$12.8 million on capital outlay:
  - o \$5 million to implement the enterprise resource planning system, and to begin development of adaptive learning, simulated experience, and student support technologies,
  - o \$7.9 million for capital outlay expenses including headquarters buildout and equipment purchases for added staff and students.
- \$616,000 on academic salaries and benefits, and
- \$2.5 million on non-academic salaries and benefits, with a balance of \$26.75 million one-time funds.

Of the \$15 million available in ongoing funds, Calbright notes that it also has unspent funds of \$2.1 million from 2020-21. Calbright's 2021-22 planned expenditure includes \$2.9 million for academic salaries and benefits, \$7.8 million for nonacademic salaries and benefits, \$550,000 for supplies, \$3.8 million for operating expenses. This leaves an ending balance of \$2 million.

The California State Auditor is currently in the process of conducting a Joint Legislative Audit Committee approved audit of Calbright. This audit is scheduled to be released in May 2021.

### **Governor's Budget Proposal**

**Online Digital Tools.** The Governor proposes an increase of \$10.6 million to OEI, which will bring total funding for OEI to \$30.6 million Proposition 98 General Fund. Although the proposal relates to OEI, the Governor's budget places the \$10.6 million in a separate categorical program that supports

various other systemwide technology projects, including electronic transcripts. The Governor's budget does not specify the specific digital tools that are to be supported with the additional funds, but provisional language states that the funds "may include, but are not limited to, access to online tutoring and counseling, ensuring available technical support, and providing mental health services and other student support services."

**Online Education Policy - Base Requirement.** As noted earlier in the agenda, the budget proposes an increase of \$111 million Proposition 98 General Fund ongoing to the SCFF, which represents a 1.5 percent cost-of-living-adjustment (COLA). This increase is contingent on the CCC adopting two policies, one of which is to adopt policies by June 30, 2022 that require campuses to maintain their online course and program offerings that is at least 10 percent higher than the amount offered in the 2018-19 academic year.

### Legislative Analyst's Office Comments

**Reject Proposed Online Education Requirement.** The LAO notes that online instruction is not suited for every student or educational program, though, and research suggests that online courses tend to have lower completion rates than in-person instruction, with greater gaps for African American and Hispanic students. In addition, all colleges, regardless of their baseline, would be expected to increase their online offerings by the same percentage point. A more refined analysis might indicate a higher or lower level of online education is desirable at any particular campus. Without a clearer rationale for setting online enrollment targets, colleges could make poor decisions that work counter to promoting student success. For example, arbitrary increases in online courses potentially could work counter to the Governor's proposed expectation to eliminate equity gaps.

The LAO recommends rejecting this proposal, and instead recommends the Legislature instead adopt budget bill language directing the Chancellor's Office to report on campuses' experiences with online education. Such a report should include: (1) analysis as to which courses are most suitable for online instruction, (2) an estimate of the fiscal impact of expanding online education, (3) a plan for improving student access and outcomes using technology, and (4) an assessment of the need for additional faculty professional development. To ensure this information is available to assist next year's budget deliberations, we recommend requiring the Chancellor's Office to submit this information by November 2021

**Reject Proposal on Online Digital Tools.** Given increasing vaccine deployments, colleges might be able to offer more in-person instruction during the 2021-22 academic year. Were this to happen, pressure on OEI would be reduced at least somewhat, if not significantly. Colleges are receiving approximately \$1.4 billion in federal campus relief funds—considerably more than the reported adverse fiscal impacts of the pandemic on colleges to date. Based on the LAO's discussions with districts, this federal relief funding remains available to cover extraordinary costs associated with the pandemic, such as higher subscription and usage costs from online tools. Colleges have until next year (2022) to use these funds. Given that the out-year costs to support OEI are unknown and federal relief funding remains available, providing an ongoing augmentation for the program at this time is premature. (Colleges may have even more federal relief funds should Congress approve the Biden Administration's recovery proposal now under consideration.) The LAO recommends the Legislature reject the Governor's proposal. Instead of providing an augmentation in 2021-22, the LAO recommends directing the Chancellor's Office to report in spring 2022 on the status of campus reopenings and what the implication is for the usage rates and costs of Canvas and the suite of associated online tools. With that

information, the Legislature could make a better determination of whether to provide additional funding for OEI for 2022-23.

### **Staff Comments**

**Online Digital Tools.** The Chancellor's Office 2021-22 System Budget requested \$23.5 million ongoing Proposition 98 General Fund for online education and supports infrastructure, as follows:

1. **Expand Canvas Daytime Support to Colleges Without Daytime Coverage:** With a significant portion of faculty moving courses to Canvas, coupled with the fact that their students in remote instruction courses have the highest need, local daytime help desk resources are being overwhelmed. Additional daytime telephone Canvas support is necessary and will address this capacity gap, which acts as a barrier to student accessing online education. (\$2.2 million)
2. **Increase Access to Online Tutoring for to All CCCs:** Many colleges do not currently have an online tutoring option available to students. Online tutoring services would provide 24x7 tutoring, including multi-lingual tutoring in core subjects such as English and math, and integrate directly into Canvas. (\$3.4 million)
3. **Extend Counseling, Student Services, and Mental Health Delivery to Online Platforms for All CCCs:** Canvas includes a fully integrated platform for counseling and general student services use that is available at 57 colleges. This platform also provides a HIPAA-compliant method for mental health or telemedicine sessions. Without downloading any software, a student can have access to virtual drop-in or scheduled services with counselors, Financial Aid staff, Admissions and Records staff, mental health services, tutors, and professors. (\$4.7 million)
4. **ADA/508 Compliant Remediation Support:** Colleges and faculty are struggling with ensuring that courses and instructional materials converted to online instruction meet the Americans with Disabilities Act and Section 508 compliance requirements. Many colleges have a single individual on campus tasked with assisting faculty with web accessibility and/or alternate media for students. A critical, yet often overlooked, way to support students and faculty is to enable an automated tool to detect non-accessible content and remediate it. This software would be available to all colleges and become integrated into Canvas to immediately index and convert uploaded content to accessible formats. (\$3.2 million)
5. **Extend Online Proctoring Platform to Unlimited Use for All CCCs:** Colleges are grappling with instructional continuity and a core consideration is academic integrity of exams and student authentication of identity. Online proctoring service use will be in higher demand than anticipated and all colleges would be provided with access.

The Administration notes that the goal of this funding is to provide CCCs with flexibility on how to use funds on an ongoing basis, but they generally expect the funds to be used to expand Canvas daytime support, increase access to online tutoring, and extend counseling, student services and mental health delivery to online platforms at all CCCs, as described in the provisional budget bill language. The Chancellor's Office notes that they are no longer pursuing the proctoring platform.

The Chancellor's Office also requested \$8 million ongoing for broadband access. This will be discussed at a future hearing.



**The subcommittee may wish to ask:**

1. CCCO: The Administration has a proposal in the UC and CSU's budget to provide funding to the segments to adopt the same learning management system as the community colleges. What has been the community colleges' and students' experience with Canvas now that almost all community colleges are using it? Are there any cost savings associated with this?
2. DOF: What is the rationale for the policy to increase online courses by 10 percent? What is this increase based on?
3. DOF/ CCCO: Given the achievement gaps between online courses and in-person classes, as well as the equity gaps for students enrolled in online courses, has there been any analysis done on which courses are more suitable for the online environment, and how we can help close the achievement gaps for online courses?

**Staff Recommendation. Hold Open.**

**Issue 4: Workforce Development****Panel**

- Dan Hanower, Department of Finance
- Paul Steenhausen, Legislative Analyst's Office
- Lizette Navarette, Community College Chancellor's Office

**Background**

**Traditional Apprenticeships.** The state has about 93,000 apprentices, mostly in the construction trades and public safety (including firefighting) sectors. Apprenticeships in these sectors are commonly referred to as “traditional apprenticeships.” Apprenticeship programs consist of two key components: (1) on-the-job training completed under the supervision of skilled workers and (2) classroom learning, known as related and supplemental instruction (RSI). Traditional apprenticeships typically are sponsored by employers and labor unions. These sponsors are largely responsible for providing on-the-job training. It is also common for sponsors to directly provide RSI, taught by their employees at stand-alone training centers.

**State Reimburses Apprenticeship Sponsors for Instruction.** Sponsors typically cover the majority of the costs of instructing and training apprentices, often maintaining a training trust fund to support those costs. However, the state has a longstanding CCC categorical program that reimburses sponsors for a portion of their instructional costs. Sponsors are reimbursed at the hourly rate set for certain CCC noncredit instruction (currently \$6.44). Sponsors must partner with a school or community college district to qualify for these funds. To receive reimbursement, the sponsor submits a record of RSI hours to the partnering district, which in turn submits those hours to the Chancellor's Office. The Chancellor's Office provides RSI funds to the district, which takes a small portion of the funds off the top and then passes the remaining funds to the sponsor.

**California Apprenticeship Initiative (CAI)**

In 2015-16, the state created California Apprenticeship Initiative (CAI) to support new apprenticeship programs in high-growth industry sectors—such as health care, information technology, and clean energy—that have not traditionally used the apprenticeship model. The state has provided \$15 million annually—a total of \$90 million to date—for CAI. To be eligible for funding, applicants must demonstrate a commitment from one or more employers to hire participating apprentices. Applicants also must submit a description of their program and a budget, among other criteria. Grant funding is intended to cover program start-up costs such as curriculum development and outreach to employer partners. As CAI funds are only available for a limited term, grantees are expected to find other fund sources to cover ongoing program costs once the grant expires.

**Grantees Are Expected to Meet Certain Program Standards and Enroll Apprentices.** CAI grantees are required to have newly created apprenticeship programs approved by the Division of Apprenticeship Standards (DAS), the entity within the California Department of Industrial Relations that oversees state-approved apprenticeship programs. In addition, they are required to enroll at least one apprentice for every \$20,000 in grant funds awarded. The Chancellor's Office reports that CAI-funded programs have enrolled 2,867 apprentices from 2015 through 2020. Of these apprentices, 973 have completed their program to date. While most CAI grants have focused on new apprenticeship programs, a few grant

rounds have supported pre-apprenticeships. Based on the most recently available data, the programs had enrolled a total of 5,101 pre-apprentices, of which 2,092 had completed.

**Initial Grantees Participated in Evaluation of Early Outcomes.** The Chancellor’s Office designated \$1 million from the initial 2015-16 CAI allocation toward technical assistance and evaluation. As part of these activities, the Chancellor’s Office partnered with the Foundation for California Community Colleges and Social Policy Research Associates on an evaluation of CAI’s implementation and early outcomes through February 2018. As of that date, the first two rounds of apprenticeship grantees had established 17 new apprenticeship programs, with the largest number of programs in manufacturing, health care, and transportation and logistics. As the grant period had only recently ended for the first round of grantees, little information was available at the time of the evaluation on whether these programs could cover ongoing costs moving forward.

### **Work-Based Learning**

Defined broadly, work-based learning refers to activities that promote career exploration and preparation. Schools choose what specific work-based learning opportunities to provide their students. Common opportunities include guest classroom speakers, job shadowing, internships, and apprenticeships. Work-based learning opportunities can be incorporated into high school and college curricula across disciplines. Several existing CCC initiatives include work-based learning components, including the Strong Workforce Program, which was created in 2016-17 and receives \$248 million ongoing Proposition 98 General Fund, the Guided Pathways Initiative, which was created in 2017-18 and received \$150 million-one. Work-based learning also is an important component of CCC’s Guided Pathways Program, which aims to develop structured, efficient academic course sequences for entering students. State law defines Guided Pathways programs to include “group projects, internships, and other applied learning experiences to enhance instruction and student success.” The Guided Pathways program funds are available through 2021-22.

**CCC System Recently Completed Work-Based Learning Pilot.** In 2017, the Chancellor’s Office partnered with the Foundation for California Community Colleges to launch an 18-month pilot to expand access to work-based learning opportunities. Six community colleges, one community college district, and two Strong Workforce regional consortia participated in the pilot. Through a series of workshops and other activities, participants identified several systemwide opportunities for enhancing and expanding work-based learning. The identified opportunities included establishing a common understanding of work-based learning among stakeholders (including colleges, employers, and students), aligning work-based learning with colleges’ broader student support efforts, and breaking down silos between general education and CTE. Participating colleges also adopted several services and technology platforms intended to facilitate career exploration, enable paid work experiences, and assess students’ employability skills. The Chancellor’s Office provided \$200,000 in Strong Workforce Program funding for this pilot. Participating colleges, districts, and regional consortia also contributed a total of \$325,000.

### **Governor’s Budget Proposal**

**Proposes COLA for Traditional Apprenticeship Programs.** The Governor’s budget provides \$1 million for a 1.5 percent COLA on the RSI rate. This would increase the hourly reimbursement rate from \$6.44 to \$6.54. The Governor’s budget would not change the number of RSI hours that are funded (a total of about 10 million hours in 2020-21).

**Apprenticeship Initiative.** The Governor proposes an increase of \$15 million ongoing Proposition 98 General Fund for the California Apprenticeship Initiative pursuant, which would bring total annual funding to \$30 million. Funds appropriated pursuant to this subdivision shall be available for encumbrance or expenditure until June 30, 2027.

**Work- Based Learning Models.** The Governor proposes \$20 million one-time Proposition 98 General Fund to “expand work-based learning models and programs at community colleges, with the goal of ensuring that students complete programs with applied work experiences.” These funds shall be allocated through a competitive grant process developed by the Chancellor’s Office to award funds to colleges. Grants shall expand the use of work-based learning instructional approaches that align with the Guided Pathways framework, including, but not limited to, internships, for both career technical education and non-career technical education disciplines. This funding is available for encumbrance or expenditure until June 30, 2026.

At this time, the Chancellor’s Office has not decided, but is considering providing \$1 million each to 20 colleges, with a focus on funding additional apprenticeships, internships, clinical practicums, and applied learning experiences within the classroom.

The Governor requested the same proposals in the 2020-21 budget, however both proposals were withdrawn in the Governor’s May Revision.

### **Legislative Analyst’s Office Comments**

**Reject CAI augmentation due to Lack of Justification.** The LAO notes that there appears to be insufficient demand among colleges, K-12 agencies, and employers to fully utilize even the *current level of funding* for CAI. Based on data from the Chancellor’s Office, it appears grant awards fell short of available

funds in both 2018-19 and 2019-20. Though the data provided by the Chancellor’s Office for this program is very limited, it suggests that only \$12.5 million of the \$14 million set aside for grants in 2018-19 was awarded due to a lack of eligible applications. It appears no grants were awarded in 2019-20.

In addition to lack of unmet demand, it is unclear the financial sustainability of CAI-funded apprenticeships. While CAI is intended to create lasting programs that will serve apprentices for many years to come, the state does not yet have data on how many past CAI grantees have continued their programs beyond the grant period. The Foundation for California Community Colleges has partnered with Social Policy Research Associates on a follow-up study on this topic. The study was originally expected to be completed by summer 2020, but the Foundation indicates its release was delayed due to disruptions caused by the pandemic. The study’s release date is anticipated for March or April 2021.

**With Several Programs Already Focused on Work-Based Learning, Another Is Not Warranted.** Work-based learning is explicitly part of the Strong Workforce Program and Guided Pathways Program. The state also supports apprenticeships—one form of work-based learning—through both a categorical program that reimburses sponsors for instructional hours and a competitive grant program that provides seed funding for new apprenticeships. The LAO recommends the Legislature reject the work-based learning proposal, and to redirect the associated one-time funds to other Proposition 98 priorities. For

example, the Legislature could consider providing more one-time funding to pay down additional deferrals and smooth out future district pension cost increases.

The subcommittee may wish to ask:

1. DOF: The LAO notes that work-based learning is explicitly a part of the Strong Workforce Program and the Guided Pathways Initiative. What is the rationale to create a new program separate from these other programs?
2. DOF/CCCO: Can the Administration respond to the LAO's questions on whether there is unmet eligible demand for CAI grant, and if these programs are sustainable beyond the term of the grant? Does the Administration or the Chancellor's Office have outcome data on people who participated in the program?

**Staff Recommendation. Hold Open.**

**Issue 5: Instructional Materials****Panel**

- Dan Hanower, Department of Finance
- Paul Steenhausen, Legislative Analyst's Office
- Lizette Navarette, Community College Chancellor's Office

**Background**

**Zero-Textbook-Cost Degrees.** The 2016-17 budget provided CCC with \$5 million one-time Proposition 98 General Fund to create full degrees and certificates that students can earn entirely through the use of open educational resources (OER) and other free instructional materials. OER are instructional materials that educators and others can freely use and repurpose. OER come in many forms—ranging from course readings, videos, and tests, to full textbooks. The use of free content in place of textbooks and other instructional materials sold by publishers has several benefits, including reducing students' costs to earn a degree and increasing access to materials.

The \$5 million was for a competitive grant program aimed at helping CCCs develop zero-textbook-cost associate degrees and certificates. Budget trailer legislation required grantees to prioritize the development of such degrees and certificates using existing OER materials before creating new content. The Chancellor's Office was permitted to provide colleges with grants of up to \$200,000 for each degree or certificate developed. It could allocate up to 10 percent of the total appropriation for program administration and technical assistance. Grantees were to "strive to implement degrees" by fall 2018.

The Chancellor's Office was required to report to the Legislature and Department of Finance by June 30, 2019 on (1) the number of degrees developed by each grantee, (2) the number of students who completed a zero-textbook-cost degree or certificate program, (3) the estimated annual savings to students, and (4) recommendations to improve or expand zero-textbook-cost degrees. As of this writing, the Chancellor's Office had not yet submitted this report.

The 2018-19 budget provided \$6 million one time for the CCC Academic Senate to lead an additional OER effort. Thus far, the Academic Senate has funded two new rounds of OER development, with additional rounds planned over the next three years. The Academic Senate's focus for every round of funding is to prioritize OER that is needed to complete a new zero-textbook-cost degree for students, with an emphasis on associate degrees for transfer. During the first grant round, colleges created new OER content for courses in 18 disciplines. For the second round, new OER is in the process of being finalized for 18 additional disciplines. After faculty review of the newly created OER, the Academic Senate provides corresponding professional development to faculty throughout the state on integrating the OER into their teaching.

**Dual Enrollment/ Concurrent Enrollment.** Dual enrollment allows high school students to take college-level courses, typically at a community college. Credit from these college-level classes may count toward both a high school diploma and an associate degree. By graduating high school having already earned college credits, students can save money and accelerate progress toward a postsecondary degree or certificate. All 72 locally governed districts have at least some dually enrolled students. In 2019-20, community colleges served about 48,000 FTE students through traditional dual enrollment. Statute permits community colleges to charge an enrollment fee for regular dual enrollment students, which colleges typically waive. Students, however, typically are required to cover textbook and other instructional material costs. Community colleges can claim apportionment funding for high school

students taking CCC classes (funded at \$5,622 per FTE student in 2020-21). Courses allowing for dual enrollment (like other CCC courses) generally must be open to the public for colleges to claim apportionment funding.

**College Access and Career Pathways (CCAP) program.** The CCAP program is another form of dual enrollment and was created in 2015. CCAP allows for partnerships between school and community college districts such that high school students dual-enroll in up to 15 community college units per term; students may enroll in no more than four courses per term. Unlike traditional dual enrollment, CCAP allows cohorts of high school students to take college-level classes on a high school campus. Community colleges may still claim apportionment funding (at the same rate of \$5,622 per FTE student) for such instruction. Unlike traditional dual enrollment, CCAP students only need to attend their high school classes for 180 minutes (three hours) for school districts to claim ADA funding. Existing law prohibits students in a CCAP program from being charged either enrollment fees or fees for textbooks and other instructional materials. To form a CCAP program, school and community college districts must agree to a memorandum of understanding (MOU). These MOUs contain information such as the courses to be offered, the number of students to be enrolled, and which partner (the school or community college district, or both) is to cover program costs, including the cost of providing instructional materials.

Existing law requires the Chancellor's Office to prepare a summary report to the Legislature by January 1, 2021. This report will include an evaluation of the CCAP partnerships, an assessment of trends in the growth of special admits systemwide and by campus, and recommendations for program improvements, including need for additional student assistance or academic resources to ensure the overall success of the CCAP partnerships. The CCC Chancellor shall ensure that the number of FTES generated by CCAP partnerships is reported. As of writing this agenda, the Legislature has not received this report.

The Chancellor's Office notes that there are 53 districts and 76 colleges that participate in CCAP, and notes that CCAP dual enrollment courses had an 86 percent successful completion rate, defined as completion with a grade of A, B, C, or P. In the fall of 2019, 6,811 FTES enrolled in credit and noncredit courses through CCAP, this equates to 28,030 unduplicated headcount. This compares to just 586.57 FTES in fall of 2017, which is approximately 3,614 unduplicated headcount.

### **Governor's Budget Proposals**

**Dual Enrollment Instructional Materials.** The budget provides \$2.5 million one-time Proposition 98 General Fund for instructional materials for high school students enrolled in a community college course through a College and Career Access Pathways partnership. The Chancellor's Office shall determine the methodology for allocating these funds to community college districts. Statute currently does not permit school or CCC districts to charge CCAP students for textbooks or other instructional materials. This Governor's 2020-21 budget proposed \$5 million for the same purpose, however this proposal was withdrawn by the Governor in the May Revision.

**Zero-Textbook-Cost Degrees.** The budget proposes \$15 million one-time Proposition 98 General Fund to develop zero-textbook-cost degrees using open education resources pursuant to existing law. As a condition of receiving funding to develop and implement zero-textbook-cost degrees, a community college district shall strive to implement degrees by the first term of the 2023–24 academic year, or sooner, as determined by the Chancellor's Office. The trailer bill language also requires the Chancellor's Office to submit a report to the Legislature by June 30, 2024 regarding the number of degrees developed

or implemented, estimated savings to students and colleges, number of students who completed a zero-textbook-cost degree programs and recommendations to increase, expand or improve program offerings. The Governor's 2020-21 budget proposed \$10 million one-time Proposition 98 General Fund for Zero-textbook-cost degrees, however, this proposal was withdrawn in the Governor's May Revision.

### **Legislative Analyst's Office Comments**

**Withhold Recommendation Pending Receipt of Additional Information on Zero-Textbook-Cost Degrees.** The LAO notes that that providing another round of funding is premature since the Legislature has not received information regarding 2016-17 initiative, such as the number of degrees and certificates were developed, the cost to develop them, the challenges were encountered in developing them, the number of students completed or are on track to complete a zero-textbook-cost degree, and how much savings to students was generated. The LAO recommends the Legislature give the Chancellor's Office until early April to submit the required report. Based on that information, the Legislature can decide whether additional funding is warranted and, if so, how best to structure another round of grant funding. Any new proposal submitted in 2022-23 or thereafter should be based on lessons learned from earlier grants and incorporate insights and recommendations made by the Chancellor's Office and Academic Senate. The LAO also notes that the Governor's proposal is silent on how the proposed initiative would build on current OER efforts by the Academic Senate. The LAO notes that any future zero-textbook-cost initiatives should be coordinated with and not duplicative of the Academic Senate's existing OER initiative.

**Reject the Proposal for Instructional Materials for CCAP.** Given the marked increase in CCAP enrollment, the LAO notes that there is no sign that instructional material costs serve as a program barrier. This trend does not appear to support the administration's argument that having to cover textbook costs has been a barrier for schools and community colleges in offering CCAP programs. CCAP funding policies can work to the benefit of schools and colleges. This is particularly the case when students take CCAP courses in place of their regular high school coursework. In such cases, schools can receive ADA funding even though they may only be providing three hours (rather than the standard six hours) of instruction per day. In addition, when courses are held at a high school site, community colleges can claim full apportionments from the state typically without incurring facility and other related costs. The LAO recommends the Legislature reject this proposal.

The subcommittee may wish to ask:

1. DOF/ CCCO: How much funding to school districts and community colleges receive for dual admissions and CCAP students? How are school districts and community colleges currently paying for instructional materials for these students, and how much does this cost?
2. DOF: Why is the proposal to provide instructional materials for dual admission students limited to CCAP students?
3. CCCO: How many zero-text-book cost degrees have been created? How many students have completed a zero-textbook-cost degree or certificate program? What is the estimated annual savings to students?
4. DOF/LAO: Can the federal relief funds be used for these purposes?

### **Staff Recommendation. Hold Open.**



**Issue 6: Professional Development****Panel**

- Dan Hanower, Department of Finance
- Paul Steenhausen, Legislative Analyst's Office
- Lizette Navarette, Community College Chancellor's Office

**Background**

**Professional Development.** Common types of faculty professional development at the colleges include workshops, conferences, and department- and campus-wide seminars. These trainings allow faculty time to work individually or in groups to develop or revise curriculum and learn new teaching methods, among various other professional activities. Campuses support faculty professional development through a mix of fund sources, most commonly using their state apportionments. Since 2014-15, the state also has funded the statewide Institutional Effectiveness Partnership Initiative (IEPI), which provides technical assistance and professional development to colleges seeking to improve student learning and overall operations. The largest program within IEPI consists of regional workshops and other trainings that are open to faculty and staff. The Chancellor's Office, which administers IEPI, has wide discretion to select workshop and training topics. The Academic Senate for CCC also conducts various institutes, workshops, and webinars throughout the year for faculty on course design, teaching methods, and various other topics.

**State Funds Various Initiatives Aimed at Improving Online Instruction at CCC.** As mentioned earlier, the state provides \$20 million ongoing Proposition 98 General Fund support for OEI. Through OEI's Online Network of Educators program (more commonly known as "@ONE"), faculty and staff can participate in courses, webinars, workshops, and other forums focused on developing and teaching online courses. In 2019-20, the state also provided the Office of Planning and Research with \$10 million ongoing for the California Education Learning Laboratory, an intersegmental program that similarly aims to expand online and hybrid course offerings.

**Federal Relief Funds Are Also Available to Support Professional Development for Online Classes.** Since the onset of the pandemic and the rapid transition to primarily online instruction, community colleges have offered online-focused professional development and other related support to faculty. Based on data collected by the Chancellor's Office, community colleges are on track to spend about \$40 million through 2020-21 in extraordinary costs for faculty trainings on how to convert courses from in person to online and how to deliver those new online courses effectively. In addition to the state funds mentioned above, federal relief funds are available to support these types of costs.

**Governor's Budget Proposal**

**Professional Development.** The Governor proposes \$20 million one-time Proposition 98 General Fund for CCC faculty professional development related to online education. The Administration indicates the proposal is intended to support faculty as they continue to adapt to teaching online during the pandemic. The provisional language specifies that the funds are to support "culturally competent professional development," which the administration suggests would mean integrating principles of equity into the training. The Chancellor's Office would have flexibility to provide the funds to one or more districts to support systemwide training or directly to districts for their own local trainings.

**Legislative Analyst's Office Comments**

**Further Needs Assessment Is Important to Obtain.** Given the professional development programs the state already funds at the colleges, the considerable flexibility CCC has to choose training topics, and the federal relief funds colleges are receiving, the need for additional professional development funding for online instruction is unclear. Moreover, the Administration has not undertaken a full assessment of the need for additional professional development in this area. Lacking such an assessment, some key information remains unknown. Most notably, it is unknown how many CCC faculty still need additional support with online instruction, what types of support they would benefit from, and the cost of providing that support.

The LAO recommends the Legislature reject the Governor's proposal to provide additional one-time funding for faculty professional development, as various state-funded programs and federal relief funds are available for this purpose in the budget year. Though we recommend not providing a state augmentation at this time, the Legislature could revisit this issue upon learning more about faculty professional development needs. More information about faculty professional development needs could allow the Legislature to determine whether existing professional development programs and their associated funding levels are sufficient or if program modifications and an augmentation (one time or ongoing) might be warranted in the future.

**Staff Recommendation. Hold Open.**