

Senate Budget and Fiscal Review—Holly J. Mitchell, Chair

SUBCOMMITTEE NO. 1

Agenda

Senator Richard D. Roth, Chair

Senator Connie M. Leyva

Senator Mike Morrell



Monday, May 25th, 2020
10:00 a.m., or Upon Call of the Chair
State Capitol - Room 4203

Consultant: Anita Lee

PART B: Higher Education

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6870 CALIFORNIA COMMUNITY COLLEGES**Issue 76: Student Centered Funding Formula (SCFF), Apportionments, Enrollment Growth, and Deferrals**

Request. The May Revision requests an increase of \$41.04 million Proposition 98 GF to reflect a revised estimate of hold harmless funding for districts under the SCFF. In addition, the May Revision proposes to extend the hold harmless provision of SCFF from 2021-22 to 2023-24. The 2018-19 budget created the SCFF, which allocates apportionments to districts based on a formula that accounts for student enrollment, enrollment of low-income students, and performance/ outcomes.

The May Revision proposes a trigger cut of \$592.95 million Proposition 98 GF to the SCFF. In addition, the May Revision proposes a trigger cut of \$167.16 million to reflect the withdrawn cost-of-living adjustment. The TBL specifies that apportionments are reduced, the Chancellor's office shall proportionally reduce each districts allocation by reducing the funding rates, revenue protections, or any combination. The Chancellor's Office shall not reduce the number of funded FTES by a district. For excess tax districts, the TBL specifies that their proportional reduction will be achieved by reducing the amount of funding from categorical programs.

The May Revision proposes TBL to specify that when calculating the three-year rolling average for the 2020-21 base allocation, colleges may use enrollment data for 2019-20 in place of funded credit enrollment data for 2020-21. The TBL also authorizes colleges to use data from 2018-19 in place of 2019-20 data to calculate the 2020-21 supplemental, performance and equity data.

The May Revision proposes trailer bill language to implement deferrals in 2019-20 and 2020-21. The TBL proposes a decrease of \$330.13 million Proposition 98 GF to reflect an apportionments deferral in 2019-20 to 2020-21, and a decrease of \$662.12 million Proposition 98 GF to reflect and apportionments deferral to 2021-22. The TBL does not specify a deferral payment date for the May 2021 and June 2021 deferrals.

The May Revision withdraws the January proposal to provide \$31.86 million for a 0.5 percent enrollment growth and makes this a trigger reduction.

Background. In the Great Recession, CCC enrollment was constrained by two factors: (1) reductions in course-section offerings, and (2) demand for services by adults seeking retraining and other skills. During that time, the CCC system reported that many students were not able to enroll in the classes they needed. On May 22, the US Bureau of Labor Statistics noted that the state lost 2.33 million jobs in April and has an unemployment rate of 15.5 percent. As a result, CCCs may see increased demand for services. Of the Federal CARES Act, CCCs are expected to receive \$579 million of the first allocation, half is to provide emergency grants to students and the remainder is for institutional support to defray expenses, cover lost revenue, among others. In addition, CCCs will also have the opportunity to file for Federal Emergency Management Agency reimbursements.

Staff Recommendation: Hold Open.

Issue 77: CCC Strong Workforce Program, Adult Education and Apprenticeships

Request. The May Revision proposes a trigger cut of \$135.6 million to the CCC Strong Workforce Program, this represents a 55 percent reduction to the program. Additionally, the May Revision proposes a reduction of \$79.35 million K-12 Strong Workforce Program. In addition to the trigger reduction, the May Revision also proposes trailer bill language to require community college districts to expedite the development of targeted credit or noncredit short-term workforce training programs that focus on: (1) economic recovery and result in job placement, (2) reskilling and upskilling, and (3) have at least one proven employer partner, demonstrate job vacancies and submit verification to the Chancellors Office.

The May Revision proposes a trigger cut of \$54.35 million Proposition 98 to the Adult Education program, this represents a 10 percent reduction.

The January budget proposed the following increases to apprenticeship programs: (1) \$27.8 million Proposition 98 ongoing for apprenticeship programs Related Supplemental Instructional (RSI), for a total of \$93.65 million, (2) \$20 million one-time for the 2019-20 RSI shortfall, and (3) \$15 million Proposition 98 ongoing for the Apprenticeship Initiative, for a total of \$30 million annually. The May Revision withdraws these proposals and designates them as “trigger cuts.”

The January budget proposed \$20 million one-time Proposition 98 to create a new work-based learning initiative. The May Revision also makes this a trigger cut.

Background. The 2016-17 budget created the Strong Workforce Program, which provided \$248 million Proposition 98 ongoing to support in career technical education. Statute directs the Chancellor to provide 40 percent of program funds to the seven CTE regional consortia and 60 percent directly to community college districts. Both pots of funding are for supporting regionally prioritized initiatives aligned with their CTE program plans. Strong Workforce funds are intended to support smaller class sizes for certain CTE courses, relatively expensive CTE equipment costs, and regional planning and coordination.

The 2015-16 budget created the Adult Education Block Grant program and the provided \$500 million Proposition 98 ongoing to support it. Under this program adult education providers formed regional consortia, which include school and community college districts, county offices of education and joint powers agencies to improve coordination to service adult learners within each region.

Staff Recommendation. Hold Open.

Issue 78: Student Support Services and Faculty

Request. The May Revision proposes a trigger cut of \$68.79 million to the Student Equity and Achievement Program (SEAP). In addition, the May Revision proposes TBL to specify that as a condition of receiving SEAP, colleges must have a dreamer resource liaison and operate a food pantry or food distribution.

The January budget proposed the creation of the CCC System of Support Program, which redirects \$125 million ongoing Proposition 98 from eight existing programs: Strong Workforce Program (\$12.4 million), online education initiative (\$20 million), student equity and achievement program (\$16.6 million), financial aid administration (\$5.3 million), Institutional Effectiveness (\$27.5 million), NextUp foster youth program (\$0.8 million), transfer education and articulation (\$0.7 million) into the new program. The TBL authorizes the Board of Governors allocate the \$125 million for: (1) program and administrative costs, (2) media campaigns, (3) program and administrative costs relating to fiscal health of districts, (4) institutional effectiveness, (5) technology services, (6) program and courses through technology, and (7) transfer articulation. The BOG will report to the Legislature on expenditures in the following year.

The May Revision sustains this proposal but proposed a trigger reduction of \$18.78 million to the program. The May Revision includes intent language to specify that efficiencies or savings gained from program administration be used to increase levels of service consistent with the Vision of Success and adjusted for the overall program appropriation level.

The May Revision proposes a trigger cut of \$253,000 to the CCC Academic Senate, which represents a 25 percent reduction in their state supported operations (not including funds for CCC course identification numbering system efforts). The May Revision summary noted a reduction of \$3.74 million to the Part-Time Faculty Compensation categorical and \$3.33 million to Part-Time Faculty Office hours, for a total reduction of \$7.09 million. Since the release of May Revision, the Administration clarified this reduction was actually \$4.74 million to the Part-Time Faculty Compensation and \$2.38 million to Part-Time Faculty Office Hours. These trigger reductions represent a 15 percent reduction to support for the Part-Time Faculty Compensation and Office Hours programs.

Background. The 2018-19 budget created the Student Equity and Achievement Program. This program merged funding for three initiatives: the Student Success and Support Program; the Basic Skills Initiative; and Student Equity. The 2019-20 budget provided \$475 million for this program to help eliminate achievement gaps for underrepresented students.

Staff Recommendation. Hold Open.

6440	UNIVERSITY OF CALIFORNIA
6600	HASTINGS COLLEGE OF LAW
6610	CALIFORNIA STATE UNIVERSITY

Issue 79: Operating Budget Reduction

Proposal. The May Revision proposes a trigger cut of 10 percent or \$338 million ongoing General Fund for UC compared to 2019-20. The May Revision proposes intent language to specify that the reduction in ongoing support not have a disproportionate impact on low-income students, students from underrepresented minority groups and other disadvantaged students. The BBL specifies that the UC shall not implement adjustments in a manner that disproportionately impacts the enrollment of and services to these students.

The May Revision proposes a trigger cut for UC Office of the President, UC Path and UC Division of Agriculture Natural Resources by 10 percent. Specifically, UCOP will be reduced by \$21.5 million to a total appropriation of \$193.73 million, UC Path will be reduced by \$11.24 million to a total of \$47.16 million, and UC ANR is reduced by \$7.62 million to a total of \$68.61 million.

The May Revision proposes a trigger cut of \$1.5 million ongoing General Fund or 10 percent reduction for Hastings College of Law.

The May Revision proposes a trigger cut of \$398 million ongoing General Fund or 10 percent for CSU. The May Revision proposes intent language to specify that the reduction in ongoing support not have a disproportionate impact on low-income students, students from underrepresented minority groups and other disadvantaged students. The BBL specifies that the CSU shall not implement adjustments in a manner that disproportionately impacts the enrollment of and services to these students.

These changes are in addition the May Revision proposal to withdraw the January proposal to provide a five percent increase for UC (\$169.2 million General Fund ongoing), Hastings (\$1.39 million General Fund ongoing), and CSU (\$199.04 million General Fund ongoing) which are on the vote only attachment.

Staff Recommendation. Hold Open

6980	CALIFORNIA STUDENT AID COMMISSION
6440	UNIVERSITY OF CALIFORNIA
6610	CALIFORNIA STATE UNIVERSITY

Issue 80: Financial Aid Reductions

Proposal. The May Revision proposes a trigger cut of \$4 million General Fund for UC and \$6 million for CSU for financial aid for students attending summer session. The 2019-20 budget provided this funding to UC and CSU to be suspended in December 31, 2021. The January budget proposed to extend this extension to June 30, 2023.

The May Revision also proposes a reduction of \$8.9 million for Cal Grant awards for students attending private non-profit institutions. This would reduce the Cal Grant award for these students from \$9,084 to \$8,056. The 2018-19 budget maintained the maximum Cal Grant award for students attending these institutions if the sector admits a specified number of associate degree for transfer students each year. For the 2019-20 year, the sector needed at least 2,000 community college associated degrees for transfer, however, the time the sector only admitted 409 ADT students. The Budget Act of 2019-20 provided an additional year for the sector to meet this requirement.

Background. According to the Association of Independent California Colleges and Universities (AICCU) report to the Legislature, a total of 1,435 unduplicated ADT students at 32 of its 72 participating institutions were admitted for the Fall 2019 period. The Student Transfer Achievement Reform Act established the ADT, which requires CCC districts to develop and grant a transfer associate degree that deems the student eligible for transfer into the CSU, when the student meets specified requirements. Completion of an ADT guarantees admission with junior status to a CSU campus, no additional lower-division coursework, and no more than 120-unit pathways for a bachelor's degree.

Staff Recommendation. Reject Governor's proposal. Approve \$4 million one-time for financial aid for UC students attending summer session, \$6 million one-time for financial aid for CSU students attending summer session, and \$8.9 million one-time for Cal Grant Awards for students attending non-profit private institutions.