

California Community Colleges

Board of Governors

2017-18 CCC System Budget Proposal

September 2016

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**CALIFORNIA COMMUNITY COLLEGES
2017-18 SYSTEM BUDGET PROPOSAL**



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INTRODUCTION

This document presents the California Community Colleges' System Budget Request for fiscal year 2017-18. The proposal describes the funding needed for the 113-college system to meet the wide variety of student educational needs that exist in this diverse state.

The California Community College (CCC) system is the largest higher education system in the country and the largest workforce provider in California. More than two million students attend California Community Colleges each year to receive educational services including general education courses toward a degree, certificate, or transfer to a 4-year institution, career training, basic skills and remedial education, and adult education. Over 50 percent of all students attaining bachelor's degrees at the California State University (CSU)—and nearly 30 percent at the University of California (UC)—start their four-year studies at a California community college. California Community Colleges train 70 percent of California's nurses and 80 percent of the state's firefighters, law enforcement personnel, and emergency medical technicians.

The California Community Colleges focus on three principal missions:

- Degree and Transfer: Courses leading to an associate's degree and/or transfer to a four-year university
- Career Technical Education: Career Technical (vocational training) courses typically leading to an industry recognized certificate
- Basic Skills and Remedial Courses: Remedial courses for students unprepared for college instruction, as well as instruction in English language and citizenship

The California Community College system is the most cost-effective system of education in California. The state revenue needed to support one community college full-time student is slightly more than \$5000 per year, that same student costs approximately \$7,500 per year in the K-12 system, \$11,000 at CSU, and \$20,000 per year at UC. Given that, funding provided by the state to the community colleges represents a smart investment.

The Great Recession Led to Reductions in College Budgets

During the years 2008-09 through 2011-12, state funding for the CCCs declined dramatically, as the state experienced significant declines in revenues due to the recession. Colleges struggled with reduced budgets, and were forced to cut course sections and lay off staff. Students were unable to get the classes they needed, and waiting lists for courses ballooned.

By the end of the 2011-12 year, the system had been cut by more than \$800 million, and the year ended with an unanticipated deficit of approximately \$90 million. During that time, the system's enrollment declined by nearly 500,000 students.

Proposition 30 and the Improving Economy Bring Reinvestment in Education

On November 6, 2012, California voters passed *The Schools and Local Public Safety Protection Act* (Proposition 30), which provided for enhanced support of education as a result of temporary

sales and income tax increases. This support has allowed colleges to engage in the process of rebuilding what had been lost over the previous four years. Passage of Proposition 30 made some additional funding available for increased access in the 2012-13 year, but it was difficult for many colleges to take advantage of the new funding after starting the fiscal year with the uncertainty of not knowing whether their budgets would be augmented or reduced mid-year. Colleges have since had an opportunity to increase course sections to better serve the needs of California's students.

Funding for the California Community College system began to significantly rebound in the 2013-14 year, and that recovery has continued strongly through the current budget. Significant new funding was provided for the Student Success & Support Program (SSSP) and Student Equity Plans (SEP) in both 2014-15 and 2015-16. Additionally, the 2015-16 budget included a base increase and funding to increase the number of full-time faculty. The 2016-17 budget funded the Strong Workforce Program to implement recommendations made by the Workforce Task Force and provided additional funding for basic skills.

Other funds have been provided to restore key categorical programs such as EOPS, CalWORKS and Part-time Faculty Office Hours and DSPS, retire deferrals, fund deferred maintenance, and reimburse districts for prior year mandate costs. The increased funding over the past three budgets is a promising step toward enabling the colleges to rebuild crucial services and take an active role in the state's recovery. The colleges are increasing the number of courses being offered and focusing on services that improve student success and the quality of education provided at the colleges.

Caution Ahead

Revenues from Proposition 30 are Temporary

While we are grateful for the revenues being generated as a result of the passage of Proposition 30, it is important to keep in mind that these revenues are not permanent. Proposition 30 established the Education Protection Account (EPA), which receives funding from increased taxes approved by the initiative. The sales tax rate increase will last through 2016, and the income tax increase will last through 2018. While Proposition 55 on November's ballot would extend the income tax portion of Proposition 30 an additional 12 years, it is still too early to determine the probability of passing. The state will begin to experience the loss of EPA revenues in the current fiscal year (2016-17), and those revenues will be completely gone as of the 2019-20 fiscal year. Community college districts need to keep in mind the short-term nature of the Proposition 30 funding and exercise appropriate caution when making budgetary commitments. While Proposition 55 of 2016 would extend the income tax portion of Proposition 30, it is still too early to determine the probability that this proposition will be passed by voters.

Lack of Funding Stability is a Continuing Problem

The downturn in the economy forced the Legislature and the Governor to identify sources of revenue other than state general fund dollars to fund K14 education. These alternate revenue sources, such as funds generated by Proposition 30 and the dissolution of Redevelopment

Agencies (RDAs), are less reliable than general fund revenues appropriated in the budget. In 2008-09, 66 percent of the California Community College system's general apportionment was made up of state general fund appropriated in the annual budget. In 2015-16, that figure has shrunk to 35 percent, meaning that 65 percent of the system's budget is based on *estimated* revenues, including student fees and property taxes, as well as EPA and RDA revenues.

Figures 1 and 2 below show the sources of community college funding in 2008-09 and 2015-16. The blue shaded area shows the portion of community college funding from state general fund dollars. This is the only stable source of funding, as the other sources rely on estimates of amounts that are expected to be realized throughout the year. If revenues do not come in at the level expected, the colleges are left with shortfalls in their budgets, which in turn requires colleges to make painful reductions to course sections or services that affect students.

The lack of a continuously appropriated general apportionment, such as is provided for K-12 districts, is becoming increasingly problematic as our system's exposure to deficits has grown substantially in recent years.

Figure 1

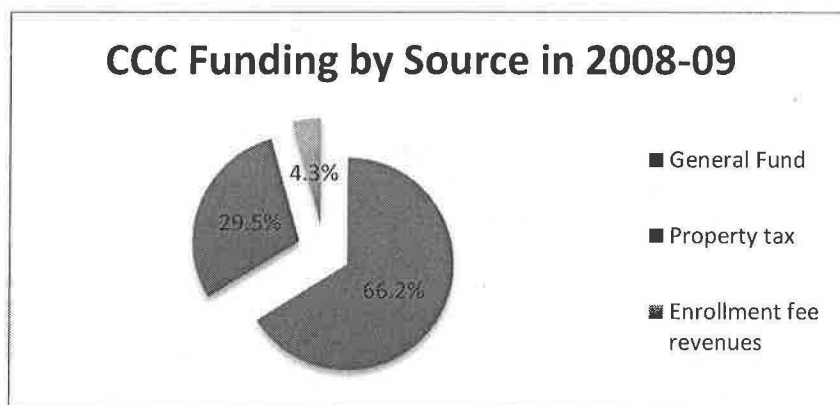
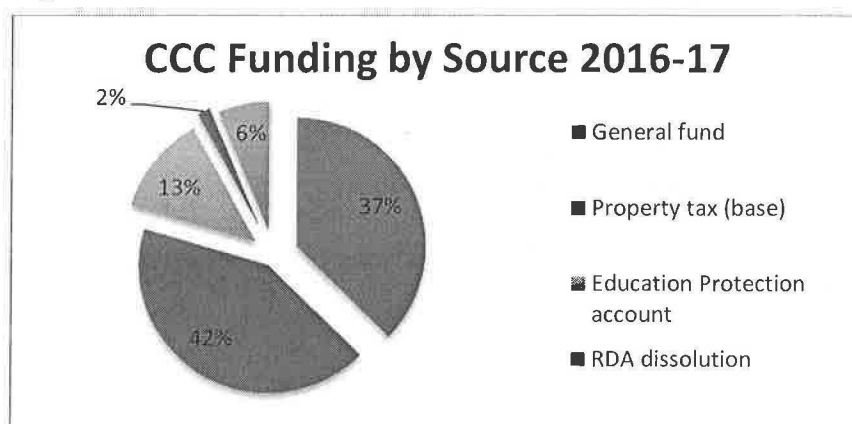


Figure 2



Increasing Employer Contribution Rates for CalSTRS and CalPERS

Recently passed legislation, AB 1469 (2014), set in place a plan to close the \$74 billion gap in unfunded CalSTRS liabilities over the next 30 years. The CalSTRS funding plan stipulates that the costs will be shared, with the state paying approximately 20 percent toward the amount unfunded, teachers paying 10 percent, and the remaining 70 percent is the responsibility of schools and community colleges.

Under AB 1469, the CalSTRS employer contribution rate has been increasing each year since 2013-14 resulting in an additional cost to districts of approximately \$45 million per year since 2015-16. From 2013-14 to 2020-21, the CalSTRS employer contribution rate will increase from 8.25% to 19.10%. Relatedly, the CalPERS fund also faces a long-term deficit. While employer rates are set by the CalPERS Board rather than in statute (as detailed in CalPERS Circulars Letters), colleges are scheduled to face significant increases in contributions in the coming years. From the 2013-14 year to the 2019-20 year, CalPERS employer rates are scheduled to increase from 11.44% to 18.6%. In 2016-17, the increased costs (in comparison to 2016-17) to districts due to the PERS and STRS contribution rates will be over \$70 million. These costs will continue to grow until 2020-21 when the increase will be over \$400 million (likely more as the employee compensation base increases by growth and COLA over the years) in annual costs for districts.

While we support addressing the actuarial shortfalls of these important retirement systems and the benefit they provide our system's employees, the rate increases are impacting district budgets significantly. We need to ensure that district budgets are structured with this increased funding obligation in mind. As the CalSTRS and CalPERS contribution rates continue to rise, districts will need sufficient flexibility in their budgets to fund this increasing cost.

Summary

The California Community College system is moving forward with cautious optimism. The last few budget cycles demonstrate a renewed commitment in California to reinvest in education after years of devastating cuts. However, given the temporary nature of the revenues generated by Proposition 30, and the increasing annual costs to districts as CalSTRS and CalPERS employer contribution rates grow over time, we must think long term about the future of the system and CCC students as we rebuild.

The *System Budget Request* for 2017-18 proposes to increase the state's investment in education to improve the colleges' ability to meet California's education and training needs. The request is built around three key principles: improving student success, supporting the student learning environment, and providing education in the 21st century. The next section, 2017-18 Budget Overview, describes the key pieces of the request in greater detail, while the last section contains the specific priorities for funding and the recommended funding increases for 2017-18.

CALIFORNIA COMMUNITY COLLEGES

2016-17 BUDGET REQUEST OVERVIEW

Each year, the Board of Governors is required to prepare and adopt an annual system budget request, using the Consultation Process established under state law. To meet this requirement, a Budget Workgroup, comprised of members and designees of the Consultation Council, other college stakeholders, and Chancellor's Office staff, first convened in June to identify the top budget priorities and begin planning for the CCC system's 2017-18 budget request. Initial discussions from the Workgroup were presented to the Consultation Council and to the Board of Governors in July. The Workgroup reconvened later in July to finalize recommendations. The proposed 2017-18 System Budget Request reflects a general consensus of the process. The request is set for Board consideration and approval in September.

Thanks to a state economy that is continuing to improve, the California Community Colleges System is growing after years of reductions. The 2016-17 Budget Act provided the Community Colleges system with additional funding for increased access, basic skills, public outreach, and restoration of categorical programs including CalWORKS and part-time faculty office hours. Additionally, the 2016-17 budget funded the Strong Workforce Program to enable the colleges to offer more high quality CTE programs that lead to successful student outcomes.

To reflect an emphasis on funding needs for access, educational quality, and student success in a modern educational setting, the 2017-18 budget request identifies the following priorities:

- Increasing access to community college
- Support for the increased general costs of providing education in the 21st century
- Increased funding to support services for veterans
- Funding to hire more full-time faculty and support part-time faculty
- Funding to improve the student learning environment

The system budget request for 2017-18 totals approximately \$793 million, the specific recommended funding increases are described in further detail in the next section, 2017-18 Budget Narrative.

2017-18 BUDGET REQUEST NARRATIVE

The California Community Colleges budget request identifies the resources necessary for colleges to provide high-quality educational services that meet the state's core priorities. The CCC system has been fortunate to receive increased funding in the past three budget cycles, and the increased revenue, combined with flexibility to address local needs, has gone a long way toward ensuring that the colleges can meet the challenges of meeting the state's workforce and educational needs for the 21st century.

This *2016-17 System Budget Proposal* has been developed by the Chancellor's Office to ensure that colleges can function at maximum effectiveness to ensure the success of all students to meet their educational goals. The proposal identifies core priorities for funding, including increasing access for community college students; supporting the increased costs of providing education in the 21st century (including technology and campus safety); funding to support services for veterans; funding to support the student learning environment; and funding to hire more full-time faculty and support part-time faculty. Details on each of these areas are provided below.

Access/Enrollment Funding

(\$125 million)

Restoring access to higher education for those who need it remains a major system priority. Both the 2015-16 and 2016-17 budgets included large increases for access (3% and 2%, respectively), which is enough funding to restore approximately 70,000 students (headcount) to the system in 2015-16 and 50,000 in 2016-17. This growth has been more heavily realized in Los Angeles, Orange County, San Diego, Inland Empire, and the southern portion of the Central Valley. Still, the need for community college access remains important as we strive to meet the state's demand for a more highly trained workforce and as we continue to penetrate communities that have been historically underserved.

For 2017-18, we are requesting \$125 million (approximately 2%) for increased access so that colleges may continue to restore course offerings that were reduced during the budget cuts of the last several years and as we reach deeper into communities. Our expectation is that colleges will focus on adding courses that align with the system's primary missions of transfer, career technical education, and basic skills. Since districts in some areas of the state are growing while other areas are having trouble increasing enrollments, it is important that the request for access funding be balanced with other funding requests to ensure that all districts gain new resources to improve educational quality and increase student success. To this end, we will continue to monitor the level of need for additional access during the year based on actual attendance accounting reports submitted by the districts and adjust our request based on a strengthening or softening demand.

COLA

(\$100 million)

Historically, the community colleges have received annual Cost-of-Living-Adjustment (COLA) increases. However, due to California's economic situation, the state did not provide COLAs to the colleges for many years beginning with the fiscal year 2008-09. The price index specified by law for the community college COLA calculation is identical to that specified for K-12 education, the state and local government price deflator published by the federal government. In 2016-17, the statutory COLA was 0%, therefore no funding was provided.

The statutory COLA for 2017-18 is currently estimated to be 1% which equates to approximately \$100 million in funding for the CCCs. The system is requesting that the state fund the statutory COLA in 2017-18 at whatever value the final factor is determined to be.

General Operating Expenses

(\$200 million)

In 2015-16 and 2016-17, the CCC system received \$267 million and \$75 million, respectively, as an augmentation to base funding, partly in recognition of increasing costs and a decline in purchasing power due to non-payment of COLAs between 2007-08 and 2012-13. We estimate the cumulative purchasing power lost over those years at nearly \$1 billion. Compounded with the lost purchasing power is the fact that over the last 10 years, the colleges have experienced raising costs due to information technology to provide modern instruction, costs of modern equipment necessary for students to gain up-to-date skills and be competitive in the job market, higher utility bills and health care costs, campus security, and other expenses. Colleges do not have enough discretionary funding to cover these increasing costs which are essential to providing higher education in the 21st century. Further, colleges face rapidly increasing contributions to the CalSTRS and CalPERS systems. Without additional resources, these rate increases would absorb district general fund resources. When funding fails to keep pace with expenditure increases, the quality of education is diminished over time.

For 2017-18 the system is requesting an increase in base funding of \$200 million to help address general operating expenses. This increase will help restore some of the purchasing power lost in years when no COLA was received, fund the increase in CalSTRS and CalPERS obligations, and provide colleges with the discretionary resources needed to address local concerns and priorities.

Full-Time Faculty Hiring

(\$100 million)

Full-time faculty benefit students and colleges by providing critical services such as academic advising during faculty office hours, ongoing curriculum development, and by participating in institutional planning and shared governance. For districts, though, hiring additional full-time faculty represents a substantial ongoing cost commitment.

The 2015-16 budget included \$62.3 million to support increased hiring of full-time faculty. The enacted budget for 2016-17 did not include any added funding for this purpose. For 2017-18, we are requesting an additional \$100 million to be used by the districts to hire full-time faculty and

make further progress toward the 75 percent goal. Funding allocated for full-time faculty hiring would be included in the general apportionment, and districts would have varying requirements for full-time faculty hiring depending on their status in relation to the current level of commitment toward employing full-time faculty. Those with a lower ratio of instruction being provided by full-time faculty would be required to hire a greater number full-time faculty than districts that already have a high percentage of instruction being provided by full time faculty.

Districts would also be required to demonstrate compliance with EEO legal requirements in order to receive full-time faculty hiring. Those legal requirements include, but are not limited to, submission of an EEO plan (Title 5); EEO Advisory Committee (Title 5); and trainings of hiring committees on bias, educational benefits of diversity, EEO laws, and best practices in eliminating EEO barriers (Title 5).

Part-Time Faculty Support

(\$25 million)

While full-time faculty are crucial to the success of our students, part-time faculty also play a very important role in the CCC system. The three part-time faculty categorical programs (parity, office hours, and health insurance) were reduced by over 40 percent during the economic recession. The 2016-17 budget included \$3.7 million to restore the part-time faculty office hours program to the pre-recession level.

For 2017-18, we are requesting \$25 million to restore funding for part-time faculty compensation and part-time faculty health insurance programs to the level they were prior to the economic recession. Currently, there is a lot of variation in how districts compensate their part-time faculty; this funding would assist districts in addressing part-time pay equity. Health insurance for part-time faculty is critical to attracting experienced individuals and reducing turnover. This funding would help to cover a greater percentage of districts part-time health insurance costs which many districts are paying for using their limited discretionary dollars.

Veterans Resource Centers

(\$25 million)

An estimated 70,000 veterans and active duty service members enrolled at a California Community College in 2014-15 with many of them returning from Iraq and Afghanistan. The role of community colleges is not limited to providing academic and career training for returning veterans, but also includes assisting with the often-difficult adjustment many face when transitioning to life after military service, and particularly after combat deployment. To meet the needs of this growing population we must expand support services in order to help them successfully integrate into civilian and college life.

Veteran Resource Centers are essential in this effort with model Centers that address the specific needs of student veterans by offering on-site support services from the VA, certification of benefits, academic counseling and support, tutoring services, computer lab, mental health services, specialized transition services, camaraderie, dedicated meeting space, and wellness programs all in one location.

Currently there are 77 Veteran Resource Centers in the system, however many provide a space with limited or no staffing or support services, and those that do offer needed services rely on general funds and donations from the business community. Thus, a student veteran's success in reintegration and ultimate academic success can depend on the college they enroll in and the existence of a Veteran Resource Center that provides comprehensive educational support services.

To ensure equitable access and achievement for all student veterans we need to provide a minimum level of funding to our colleges for Veteran Resource Centers to support a critical baseline of standards for high quality programming and services. For 2017-18 we are requesting \$25 million to establish, enhance, and expand quality Veteran Resource Centers that build upon existing capacity and provide support services necessary to meet the needs of all student veterans.

Technology

(\$50 million)

System wide there is difficulty in meeting the costs to cover the increased costs of technology. These are costs that did not exist in the past. As colleges shift to a higher reliance on technology (evident in initiatives such as education planning, online course exchange, and common assessment) they require funding to cover the costs of updated computers, software, servers, Wi-Fi hot spots, etc. Another cost the colleges face in relation to technology is the cost of paying for additional technical personnel to accommodate their technology needs. Colleges have expanded their technical staff significantly and these positions are high paying. Small colleges have less funding available to pay for these positions, which limits their technological capacity.

As the reliance on technology has increased across the system, so has the reliance on state staff for support of the projects in which there is significant technology designed, developed, and deployed. This request would include additional state technology positions to help manage these ongoing demands, and the transition of projects to infrastructure which must be maintained.

Campus Safety

(\$50 million)

The California Community Colleges system is committed to providing a safe learning and working environment; and keeping students, faculty, staff, and visitors safe and well informed about campus security. Campus safety and security is a top concern at our colleges. This concern has been elevated in recent years given the increasing occurrence of shootings, hate crimes, terrorist attacks, and other crimes on college campuses and other public settings. Colleges' building safety features and level of preparedness varies greatly across the state.

There are a variety of needs related to campus safety; basic building access is perhaps the most important. Colleges need to have electronic access to buildings so that they have the ability to lock down the campus in the event of an emergency. Few colleges in our system have electronic access, what's worse is that many don't even have doors that lock from the inside. There are

many other campus safety needs in addition to building access, most colleges have inadequate maintenance of existing security systems (e.g. video surveillance systems that fail and are not repaired, or are out of date), a lack of security system integration (e.g. cameras, alarms, and other security measures that do not work together, making it difficult to identify and respond to an emergency quickly), insufficient security measures to protect current assets (e.g. buildings are not equipped with intrusion alarms, lack of camera coverage in areas where crimes commonly occur such as parking lots), and a lack of written security measure standards and inadequate training of faculty and staff on what to do in the event of an emergency. All of these issues combined with the fact that the community colleges system is an open access system make the colleges very vulnerable in the event of an emergency.

Mental Health

(\$25 million)

There is recognition that in order for students to be academically successful and to reach their established educational goals, the status of their physical and mental health is critical. Currently colleges receive no general or categorical funds to address the mental health needs of students. In the existing fiscal framework, colleges who elect to provide mental health services do so primarily through the collection of student health service fees or by general funds if a college/district designates funds to support these efforts. The established funding structure is insufficient and lacks stability.

According to research conducted by the National Alliance on Mental Illness: One in four students have a diagnosable mental illness and 40% do not seek help. And, eight out of 10 people who experience psychosis have their first episode between 15 and 30 years of age.

Regarding general campus safety and climate concerns impacting colleges, currently no quantitative data exists to validate the correlation between disruptive students or students with behavioral issues causing disciplinary action, and those with unaddressed mental health conditions. However, qualitative feedback from many CCC faculty and staff confirm that a significant percentage of these students do have unaddressed mental health conditions. If colleges were provided resources to do early identification and intervention services for students experiencing mental health crisis, and make appropriate referrals to off campus services, there would likely be fewer catastrophic events/liabilities that are a result of students with untreated mental illness. For 2017-18, we are requesting \$25 million to increase colleges' capacity to address students experiencing significant mental health crisis, thereby creating safer college environments for all students, faculty and staff.

Online Education Initiative (OEI)

(\$10 million)

In response to the rapid adoption of the learning management system platform within the OEI initiative by colleges/districts, and to ensure ongoing infrastructure is in place to support the recent one-time infusion of state resources, an additional \$10 million of ongoing funds is needed. A majority of the \$10 million will cover the ongoing vendor subscription for the learning management system as it is anticipated by the conclusion of the 2016-17 fiscal year roughly 103

of 113 colleges will be using the same system. The system forms the infrastructure for online course delivery, deployment of online student success resources, and data collection. Resources will also support the online learning supports provided (including migration resources and faculty resources). In addition, the costs associated with connecting local tutors to online learners, and a tool that aids in the resolution of ADA accessibility issues. The benefits include a reduction in FERPA violations and Office of Civil Rights' violations. This request would also include additional state technology PYs to help manage these ongoing demands, and the transition of projects to infrastructure which must be maintained.

Integrated Library System (ILS) (\$2.5 million plus \$6 million one-time)

Currently, colleges buy their own databases which contain electronic resources such as journal articles and other published works. Having a statewide library database would reduce costs overall and increase the quality of education as all students would have equal access to a much larger database of information.

By providing access to information resources, academic libraries play a significant role in the student experience. The library is a valuable window into the college student experience and can be a key player in efforts to retain students and help them succeed. Today, academic libraries are more access and service-focused than ever before, providing opportunities for students to engage with technology, their peers, and campus faculty and staff. The California Community Colleges Student Success Task Force recognized the importance of libraries in student persistence, retention, and successfully achieving their goals

A system wide Integrated Library System (ILS) will allow each student in California's community colleges to access a cloud-based, library catalog that can be retrieved through a variety of means, including mobile devices as well as through existing Learning Management Systems. An Integrated Library System is a comprehensive strategy for managing resources and for providing cost savings to colleges. This request would also include additional state technology PYs to help manage these ongoing demands, and the transition of projects to infrastructure which must be maintained.

Open Educational Resources (OER) (\$20 million)

There is a need for funding for development and implementation of open educational resources (OER). These are resources for students that are low or no cost and in some cases are used in place of traditional textbooks. The cost of textbooks can be a significant financial burden for students; these open educational resources, once developed, could substantially reduce students cost of attendance. This request would also include additional state technology PYs to help manage these ongoing demands, and the transition of projects to infrastructure which must be maintained.

Equal Employment Opportunity

(\$10 million)

California Code of Regulations, title 5 section 53024.1 states that “[e]stablishing and maintaining a richly diverse workforce is an on-going process that requires continued institutionalized effort.” Our colleges serve a highly diverse student population, reflective of the broader population of California, with 55 to 70 percent underrepresented students. Yet, in the past ten years, only 20 to 30 percent of full-time faculty hires were from underrepresented communities. At least 75 percent of the EEO Fund must be allocated to the districts to support activities to promote equal employment opportunity, including outreach and recruitment and in service training on the EEO requirements in title 5.

As of this year, the Chancellor’s Office changed the EEO Fund allocation model from an FTES allocation model to a performance-based method, whereby districts are required to meet multiple methods of success in promoting EEO in their pre-hiring, hiring, and post-hiring processes. The multiple methods allocation model required districts to certify compliance with certain title 5 requirements and identify specific efforts to promote EEO at the local level. Additional funding allocated to the districts would help colleges prioritize their efforts, institutionalize improved processes, and maintain positive momentum for EEO programs statewide.

Additional funding for statewide EEO activities would allow the Chancellor’s Office to provide further technical assistance, service, monitoring, and compliance functions. Increased funding would enable the hiring of a full-time EEO Officer in the legal division to provide ongoing trainings, technical assistance, advice/counseling, assessment of statewide data, and monitoring of the implementation of district EEO Plans. Additional funding may also enable the procurement of software to intercept bias in hiring processes (as an example, certain programs intercept bias by redacting applicant names throughout the hiring process). Additionally, the Chancellor’s Office currently contracts out to the districts for oversight of the Registry Job Bank, a clearinghouse for advertising community college district job opportunities. Additional funding would allow for increased outreach and recruitment efforts to promote EEO on a statewide level.

Public Outreach

(\$10 million)

There is a great need in the system for funding to support public outreach. Funding provided for public outreach would be used to increase enrollment and retention by raising awareness of core student support services. Colleges offer a myriad of support services, but often students are unaware of the help available to them or unsure about how to get connected to it.

This funding would also be used to enhance awareness of Career Technical Education pathways. Last year, the California Community Colleges Strong Workforce Task Force and the Board of Governors for the California Community Colleges recommended a rebranding of the state’s CTE programs. More resources are needed to make a significant impact in raising awareness and shifting perceptions about CTE across California.

In addition to CTE branding, there is also a need for unifying system branding to create a specific identity in the minds of students, parents, and the public in a manner that generates

broader understanding of the college system and its different mission strands. While several targeted branding efforts support different programmatic areas, the system lacks a comprehensive and overarching approach. This funding would enable the system to work toward creating a more cohesive brand.

The 2016-17 budget included \$2.5 million for outreach, the language specifies this funding should be used to increase public outreach for baccalaureate pilot programs, non-English speaking households, and areas with declining enrollment. For 2017-18, we are requesting \$10 million for public outreach; this funding would go a long way in increasing awareness and understanding of the vast array of services and educational programs offered by the California community colleges.

Professional Development

(\$25 million)

Assembly Bill 2558 amended sections of the education code and established the Community College Faculty and Staff Development Program to provide funds for supporting locally developed and implemented staff development programs, however, no funding has been provided for this program since the bill passed in 2014. Recommendation #6 of the Student Success Task Force was to revitalize and reinvision professional development. Ongoing professional development is a fundamental component of supporting the systemic change that will improve student success. Without a sustained and focused approach to professional development, individual institutions, let alone an entire educational system, cannot expect to change attitudes, help faculty and staff rethink how their colleges approach the issue of student success, and implement a continuous assessment process that brings about iterative improvement.

Professional Development provides California Community College faculty and staff with the tools and skills necessary to address the multiple needs and challenges faced with a comprehensive effort to improve student success in the California Community Colleges. Professional development enables faculty to be better prepared to work with all students from multiple backgrounds and educational needs. The increased use of technology will require new skills to facilitate more effective teaching and learning methods. The expansion of distance education through the Governor's sponsored Online Education initiative will require improved instructional designs and effective engagement strategies to reduce losing state resources to students who drop distance education courses at a higher rate than face to face courses.

For 2017-18, we are requesting \$25 million for professional development. This funding will be used to provide ongoing professional development to the nearly 100,000 faculty, administrators, and staff in the system that need preparation or training to address the needs of students at the classroom, program, or institutional levels. These funds could be focused towards priorities of the governor and legislature, such as improving remedial education success rates and expanding innovative student success programs.

Pathways to Community College Teaching

(\$650,000)

The system needs an ongoing pipeline from the community college student experience through graduate school leading back to an interest in becoming a community college faculty member. This concept will require the partnership of the California Community Colleges with its four-year university partners and a commitment of the Legislature to allow for continuous hiring of full-time faculty to drive our system toward the 75% full-time faculty goal established in Education Code 87482.6.

The Chancellor's Office collaborated with various key statewide constituent groups and developed a concept paper of the AA to MA Faculty Diversity Pathway Program, later renamed the Pathways to Community College Teaching Pilot Program. One of the best ways to recruit underrepresented minority students into the teaching profession is within the California Community Colleges themselves. California Community Colleges are more racially diverse than the State of California, and have some of the best practices and programs for workforce training.

For 2017-18, we are requesting \$650,000 to support the work of the Pathways to Community College Teaching Pilot Program. The goal of this program is to create a pipeline for California Community College students to become faculty within the California Community Colleges system. Funding is needed to implement the program locally and statewide, and to encourage community college students with financial support to pursue graduate education. (A master's degree is the minimum qualification for the majority of faculty positions at community colleges, with AA or BA degree and certain years of professional experience for career technical education faculty positions pursuant Title 5 section 53410.) In 2017-18, this funding would be used to hire a faculty coordinator to conduct research and disseminate best practices, consult with districts to set up programs, create state-level parameters for districts to receive funding, and work with partners to establish pipelines. Funding would also be used to coordinate statewide and regional meetings to discuss programs, compensate faculty working with student interns in the program, provide funding for pilot colleges to support the development of pathways, and develop marketing collateral for local colleges to advertise program pathways.

One-time Funding Request

Promise Programs

(\$15 million)

AB 1741 created the California College Promise Innovation Grant Program, which funds grants to support Community College districts line in establishing or expanding regional California College Promise programs with the goals of increasing college preparation, college access, and college success. These grants will be distributed to Community College districts that meet specified requirements. Promise programs eliminate tuition for students for a certain period of time based on certain eligibility criteria. However, the free tuition is only a small part of these programs, especially in California where Community College tuition and fees are the lowest in the nation. The real success of these programs lies in the wrap around services and continuous

support students receive beginning in high school and continuing through college. This support is critical to student success and leads to better student outcomes overall.

The 2016-17 budget provided \$15 million in one-time funding for this program. For 2017-18, we are requesting \$15 million in one-time funding to be used to establish and expand regional California College Promise programs.

Innovation in Education

(\$25 million)

The 2016-17 budget includes \$25 million in one-time funds for innovation awards focusing on innovations in curriculum and instruction, assessment of prior learning and experiences, and access to financial aid. For 2017-18 we are requesting \$25 million in one-time funds to provide grants to districts that find innovative ways to improve basic skills programs and implement practices to successfully transition students with remedial needs into pathways for CTE, pathways for STEM and pathways for programs for underrepresented students. Three quarters of our students come to the community colleges unprepared for college level work and have a much lower chance of success than students who do not need remedial education. These funds would assist colleges in creating innovative policies and practices to increase these students' chances of success in completing their educational goals.

Deferred Maintenance and Instructional Equipment

The colleges have identified in their 5-year capital outlay plans submitted to the Chancellor's Office over \$200 million in deferred maintenance costs per year. The purpose of the deferred maintenance program is to keep the existing community college physical plant in operational condition and to prevent any degradation in instructional services caused by facility conditions. By properly maintaining our facilities and replacing major building components at their scheduled time - roofs, utilities, windows, etc. - we will extend the useful life of our buildings and we can focus more of our scarce capital outlay bond funds on meeting the system's growth needs.

In addition, community colleges cannot adequately fund instructional equipment, library materials, technology, or workforce development upgrades. Funds for these vital programs have become scarce since 2008-09 due to the state eliminating ongoing funding for the Instructional Equipment program. While we believe deferred maintenance and instructional equipment is worthy of ongoing funding in the budget, we estimate there is likely to be significant one-time funds available during the fiscal year and would be content to use a share of those funds for this purpose.

The 2016-17 budget included \$184 million for this purpose and allowed for these funds to be used for drought mitigation efforts. However, athletic fields have been excluded from this program, which are one of the largest consumers of water at a campus. Therefore, the request adds turf replacement on athletic fields to be part of the allowable uses of these funds.

Restore Cal Grants to Better Serve Community College Students

While Cal Grant funding is not part of the California Community Colleges' budget, it is clear that recent reductions in the amounts of Cal Grant funds available had a negative impact on our students. Two-thirds of California's higher education students are attending a California Community College, however less than ten percent of the total funding awarded by the Cal Grant program goes to community college students. This funding disparity reduces the ability of community college students to take more classes, increasing the time it takes to obtain a degree.

To help our students achieve their educational goals and ultimately increase the number of bachelor's degrees in this state, we encourage the state to accelerate the reinvestment in Cal Grant B and C awards. Cal Grant B awards help students with costs necessary to go to college other than tuition, such as transportation, books, supplies, housing costs or food. These "access" costs are becoming an increasingly larger share of a community college student's budget and the current award is inadequate to cover them. Cal Grant C awards are competitive grants that go to very low-income students who were not able to obtain an entitlement Cal Grant.

While the 2015-16 budget increased the amount of competitive awards from 22,500 to 25,750, this is just a small step. The 2016-17 budget did not include any adjustments for Cal Grants for our students. Given the importance of the state's need to support equity and access, we urge an increase in Cal Grant funding in the 2017-18 budget.

Request for Guaranteed Revenue Backfill

While not a request for a specific funding augmentation, the need for guaranteed revenue backfill is as important to the stability of funding for the California Community Colleges as any item. Our general apportionment is now predominantly based on estimated revenues at the time the annual budget is approved rather than on the general fund appropriation in the budget. In the 2008-09 fiscal year, about 2/3rds of our funds were appropriated in the annual budget act. That amount has shrunk over the years due to an increased reliance on property taxes, the Educational Protection Account revenues (Proposition 30), and funds owing to the dissolution of RDAs. To the extent estimated revenues do not materialize at the level anticipated, the colleges face a funding deficit at the end of the year with no time to adequately adjust to the shortfall, and the exposure to this risk has never been higher.

While we have gained the promise of statutory backfills for RDA and EPA revenues, colleges continue to face uncertainty from property tax and fee revenue shortfalls. Additionally, our system is not always adequately funded to meet the statutory and regulatory funding provisions that apply to our 72 districts. Projecting how many districts will make use of 3-year restoration provisions and to what extent, for example, is not perfectly predictable. With no room provided in our budget for these circumstances, we can face deficits even if there are no revenue shortfalls.

Colleges should know how much money they have to spend, and currently, this is not the case due to the factors discussed above. For this reason, we believe the state should provide colleges

with a guaranteed backfill to assure the certainty of district budgets and provide increased truth in state budgeting. If a guaranteed backfill is not palatable, reserving resources to protect against a deficit in apportionments is an idea our system has previously expressed support for.

Chancellor's Office Staffing

While the budget request generally focuses on our system's allocation of Proposition 98 resources, we believe requesting support to ensure a better resourced Chancellor's Office is also important. The Chancellor's Office had 214.7 filled positions in 2001-02 and had only 145.2 filled positions in 2014-15. This reduction of 69.5 positions, or 32 percent, has reduced our office's ability to keep pace with our growing responsibilities for leadership of the California Community Colleges. In recent years we have restored only a portion of these positions, while at the same time receiving new programs, grants, and initiatives that have added substantial new workload. Additional staffing and resources is critical to fully achieve the goals of our system and our state.

2017-18 BUDGET REQUEST SUMMARY

Access/Enrollment Growth	\$125,000,000
Cost of Living Adjustment (COLA)	\$75,000,000
General Operating Expenses	\$200,000,000
Full-Time Faculty Hiring	\$100,000,000
Part-Time Faculty Categorical Programs	\$25,000,000
Veterans Resource Centers	\$25,000,000
Technology	\$50,000,000
Campus Safety	\$50,000,000
Online Education Initiative	\$10,000,000
Integrated Library Systems	\$2,500,000
Open Educational Resources	\$20,000,000
Equal Employment Opportunity	\$10,000,000
Mental Health	\$25,000,000
Public Outreach	\$10,000,000
Professional Development	\$25,000,000
Pathways to Community College Teaching	\$650,000
Promise Programs (one-time)	\$15,000,000
Innovation in Education (one-time)	\$25,000,000
Total On-Going Funding Request	\$793,150,000

Appendix 1 – Historical Funding and Student Counts

