

Date of Hearing: June 19, 2012

ASSEMBLY COMMITTEE ON HIGHER EDUCATION
Marty Block, Chair
SB 1550 (Wright) – As Amended: June 11, 2012

SENATE VOTE: 34-1

SUBJECT: Community colleges: extension course pilot.

SUMMARY: Requires the California Community Colleges (CCC) Chancellor's office to establish a voluntary pilot program involving up to five CCC districts (CCDs) for the purposes of authorizing a CCD to establish and maintain an extension program offering career and workforce training credit courses, as defined, at fee levels that cover the actual cost of maintaining those courses, and requires the Legislative Analyst's Office (LAO) to report to the Legislature on this pilot program by June 30, 2016. Specifically, this bill:

- 1) Establishes the pilot participant selection process as follows:
 - a) Authorizes the governing board of any CCD to apply to be selected by the Chancellor's office.
 - b) Limits participation to five campuses from five separate CCDs.
 - c) Requires the Chancellor, in selecting the campuses, to consider all of the following:
 - i) Geographic, socio-economic, and demographic diversity,
 - ii) Labor-market demand,
 - iii) The CCD's program and planning capacity, and,
 - iv) Potential support from funding partners in industry, labor, or other private funding sources to reduce cost of attendance for participating students.
- 2) Defines "career and workforce training credit courses" to include courses identified as vocational in the CCC Taxonomy of Programs.
- 3) Establishes pilot participation eligibility requirements as follows:
 - a) Requires a selected campus meet the following criteria in order to be eligible to participate in the pilot program:
 - i) Serve a number of students equal to or beyond its funding cap for the two immediately prior academic years, to be determined as specified;
 - ii) Have not received a stability adjustment to state appropriations;

- iii) Meet transfer, basic skills, or career technical education objectives for all courses in the state-funded programs offered for credit;
 - iv) Prioritize enrollment of students in state-supported courses, as defined, by promoting policies that prioritize students who are fully matriculated, as defined, and making satisfactory progress toward a basic skills, transfer or workforce development goal;
 - v) Prioritize enrollment of students who are eligible for resident tuition; and,
 - vi) Limit state-supported enrollments in "activity" courses, as defined, and do not claim apportionment for students who repeat either credit courses or noncredit physical education or visual or performing arts courses, as specified, unless these courses meet the student's or another CCD's degree requirements, as specified, excluding disabled students, athletes, and students with educational plans in these disciplines.
- b) Authorizes the Chancellor to review pilot programs, monitor compliance with the provisions of the bill, and grant the Chancellor's office the authority to rescind authority to participate in the pilot if the Chancellor determines that a campus or its district is out of compliance with these provisions.
- 4) Requires a selected CCD to comply with the following requirements in order to participate in the extension program:
- a) Requires CCDs to minimize the costs of administration of the pilot program to the greatest extent possible;
 - b) Prohibits the pilot program enrollment from being reported for state appropriation but requires that enrollment be open to the public;
 - c) Prohibits a governing board from expending any general fund moneys to establish and maintain these courses, and specifies that these fees do not apply to fees generated in the extension program;
 - d) Prohibits extension courses from being offered at times or in locations that supplant or limit offerings of state-supported programs nor in conjunction with courses funded with state apportionments;
 - e) Requires each participating CCD to ensure that 1) state and federal financial aid is available to eligible students and 2) financial aid students receive same priority for enrollment as all other students, and specifies that students who participate in the pilot are not eligible for a BOG fee waiver;
 - f) Requires that credit courses offered be developed in accordance with relevant provisions of the Education Code and Title 5 of the California Code of Regulations governing CCC courses;
 - g) Applies the following statutes relative to faculty and expenditures:

- i) Requires a goal of 75:25 ratio of full-time to part-time faculty in extension program credit classes;
 - ii) Requires the inclusion of pilot program revenues and expenditures (that conform to the “current expense” of education) in the calculation/determination of the CCD's compliance with the 50% law governing program revenues and expenditures (50% of current expense of education must be for payment of salaries of classroom instructors); and,
 - iii) Subjects the extension program to collective bargaining agreements.
- h) Prohibits supplanting of courses funded with state apportionments and further prohibits a CCD from reducing courses funded with state apportionments that are necessary for students to achieve basic skills, workforce training, or transfer goals, or to expand those courses as part of the pilot program.
 - i) Adopts enrollment priority and student support policies that ensure that students who are eligible for state financial aid are not disproportionately shifted from courses that receive state apportionment funding to courses offered under the pilot program.
- 5) Authorizes a CCD governing board to establish fees that do not exceed the actual cost of maintaining the pilot program and defines actual costs, for this purpose, to include all of the following:
- a) Cost of instruction,
 - b) Cost of necessary equipment and supplies, student services and institutional support costs, and,
 - c) Administrative costs incurred by the Chancellor's office for providing oversight of the pilot program.
- 6) Encourages participating CCDs to offer as part of the program one or more courses that lead to a certificate or diploma that is recognized by potential employers as satisfying skill requirements necessary for employment, similar to the Skills Certification System endorsed by the National Association of Manufacturers.
- 7) Requires each participating CCD to comply with the following reporting requirements:
- a) Collect student information, as specified, and conduct an analysis of the program effects on district workload and financial status, and to submit this information to the Chancellor's office by August 1 annually.
 - b) Submit a schedule of established course fees to the Chancellor by August 1 annually.
- 8) Requires the Chancellor to forward the data and information submitted to the LAO.

- 9) Requires the LAO, on or before June 30, 2016, to provide to the Legislature a report evaluating the pilot program, drawing upon campus reports and visits, interviews with faculty, students and administrators, and any other source that LAO deems relevant.
- 10) Requires the LAO report to include:
 - a) Summary statistics on course offerings, enrollment, financing, and student utilization of financial aid, funding, and completion rates.
 - b) A determination of the extent of the pilot program's compliance with statutory requirements and the extent to which it expanded access for students.
 - c) An assessment of the program's effect on the availability of, and enrollment in state-supported courses, with particular attention to the demographic make-up and financial aid status of students enrolled in the state-supported courses.
 - d) Recommendations regarding the extension, expansion, or modification of the program and consideration of alternative approaches that could achieve expanded access without increased state funding.
- 11) Sunsets these provisions on January 1, 2018.
- 12) Prohibits a CCD from charging a per unit fee for courses the CCD or an affiliated entity or foundation offers that are in excess of applicable fee amounts specifically authorized by law, as provided by this bill.

EXISTING LAW:

- 1) Authorizes the governing board of any CCD to establish contract education programs within or outside the state by agreement with any public or private agency, corporation, association, or any other person or body to provide specific educational programs or training to meet the specific needs of these bodies. (Education Code § 78021)
- 2) Establishes the CCC as a part of public higher education with distinct goals, missions and functions within California's public higher education system. (EC § 66010)
- 3) Provides that the primary missions of CCC are to offer academic and vocational education at the lower division level for recent high school graduates and those returning to school, as well as advancing California's economic growth and global competitiveness through education, training, and services that contribute to continuous workforce improvement. In addition, current law provides that essential and important functions of CCC include: basic skills instruction, providing English as a second language, adult noncredit instruction, and providing support services that help students to succeed at the postsecondary level. CCCs are also authorized to provide community service courses and programs so long as their provision is compatible with an institution's ability to meet its obligations in its primary missions. To the extent funding is provided the CCCs are authorized to conduct institutional research concerning student learning and retention as is needed to facilitate their educational missions. (EC § 66010.4)

- 4) Requires the governing board of a CCD to admit any California resident (and authorizes them to admit any nonresident), possessing a high school diploma or the equivalent and authorizes the board to admit anyone who is capable of profiting from the instruction offered, as specified. (EC § 76000)
- 5) Requires that CCC students be charged a per unit fee and statutorily prescribes the fee level through the annual budget process. Current law exempts the student enrolled in noncredit courses and in credit contract education courses, as specified, from these fee requirements. Current law also exempts from these requirements University of California and California State University students enrolled in CCC remedial classes, as specified, and provides for the waiver of these fees for students who have financial need or meet other specified criteria. (EC §76300)

FISCAL EFFECT: The Senate Appropriations Committee determined the following costs:

- 1) Pilot program: The Chancellor's office estimates administrative expenses of \$206,000 - \$313,000 to administer the pilot program. A portion of those expenses would be incurred up front, before the pilot program begins. Those costs would only be reimbursed to the extent that there is participation, and it is not clear if they would be reimbursed in the same fiscal year in which they are incurred.
- 2) LAO report: Minor costs, absorbable within existing LAO staffing resources.

COMMENTS: Background. Ongoing budget shortfalls and the economic downturn have combined to increase CCC enrollment as the state has reduced CCC's budget, resulting in greater student demand for CCC courses than the system can accommodate. Consequently, the CCC estimates that 140,000 students were denied CCC access courses in 2011, over 95% of all classes are at capacity, and an estimated 10,000-15,000 students are on wait lists for courses. This access problem may become even more serious given the magnitude of enacted and potential budget reductions.

In the 2011-12 budget, the CCC was cut by \$400 million. In January 2012, mid-year "trigger" cuts resulted in an additional \$102 million reduction. If the Governor's tax initiative is rejected by voters, the CCC budget will face yet another mid-year reduction of \$292 million. In recent years the Legislature has directed CCC to prioritize transfer, basic skills, and career technical education courses in implementing budget reductions.

Need for this bill. According to the author's office, there are 600,00 manufacturing jobs that are going unfilled; half of the nation's employers are struggling to fill jobs for skilled trades; and California's steel industries cannot fill openings for mechanical and electrical technicians. This bill, in an effort to expand access to career technical and workforce development courses, would establish a pilot program to authorize fees sufficient to cover the actual costs of these classes at up to five CCDs. It would also establish conditions that must be met regarding the use of state general fund dollars provided to the CCDs in order to participate in the pilot program. Specifically, this bill includes various participation requirements as follows:

- 1) Requires campuses to meet specified requirements regarding cap, course offering and enrollment priority conditions.

- 2) Establishes a variety of requirements to be met by the extension programs established under the authority granted by the bill, including 1) student eligibility for state and federal financial aid (excluding BOG fee waivers) and 2) applicability of existing laws (including 75:25 full-time to part-time faculty ratio and that 50% of funds be spent on instruction) and collective bargaining.
- 3) Authorizes the Chancellor's office to monitor compliance with requirements, to rescind participation in the program for non-compliance, and to assess a fee to recover administrative costs for providing oversight.
- 4) Requires independent evaluation and reporting of the program's implementation and effects by the LAO by June 30, 2016.
- 5) Sunsets the pilot program in 2018.

Differential fee precedent and access. CCC is intended to provide open access to all Californians, offering low fees and generous aid. This bill authorizes a small scale, narrowly focused pilot program to test the benefit of a self-supporting extension program offering career and workforce training courses. Opponents note that this bill would create a precedent of providing access for those willing to pay higher fees that could lead to an expansion of a differential fee model. Students could use state and federal financial aid awards to pay for these fees, since the course offerings would be the same as those offered in the campus's state-supported program; however, the BOG fee waiver could not be used for the extension program.

Arguments in support. Supporters contend that while community colleges have long championed open access and affordability, we as a state are utterly failing our communities and hundreds of thousands of students. This bill will give community colleges more flexibility in meeting local needs, enhance student access, protect faculty jobs during this time of enrollment constraints and reductions, and enable students to complete their degrees faster, which in turn would make them able to become part of California's workforce sooner.

Arguments in opposition. Opponents express concern that the concept of extension courses at CCC is contrary to its open access mission. The Academic Senate of the California Community Colleges also argues, "Opting to permit students to pay for those courses that the state is not sufficiently funding is a first step towards further defunding higher education and, potentially, the demise of colleges with populations unable to survive in a state that effectively places more of the cost-burden of education on the student."

Prior legislation. AB 515 (Brownley), which remains in the Senate Education Committee, would establish the CCC Extension Pilot Program which, until July 1, 2016, CCCs that meet specified requirements to establish and maintain an extension program offering credit coursework to students at fee levels that cover the actual cost of maintaining these courses.

REGISTERED SUPPORT / OPPOSITION:

Support

American Legion-Department of California
AMVETS-Department of California

California Association of County Veterans Service Officers
California State Commanders Veterans Council
Cerritos Community College District
Community College League of California
Long Beach Community College District
Los Angeles Area Chamber of Commerce
Riverside Community College District
Vietnam Veterans of America-California Council

Opposition

Academic Senate for California Community Colleges
Academic Senate of Long Beach City College
Antelope Valley Community College District
California Federation of Teachers
Kern Community College District
Los Angeles College Faculty
Los Angeles Community College District
Los Rios Community College District
Peralta Community College District
San Diego Community College District
Sharon Crasnow, Academic Senate President, Norco College
Yosemite Community College District
1 Individual

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