

Date of Hearing: March 21, 2023

ASSEMBLY COMMITTEE ON HIGHER EDUCATION  
Mike Fong, Chair  
AB 634 (Ward) – As Introduced February 9, 2023

**SUBJECT:** Community colleges: career development and college preparation courses.

**SUMMARY:** Requires changes to the way a California Community College (CCC) may take attendance for certain noncredit courses. Specifically, **this bill:**

- 1) Authorizes a CCC to claim state attendance funding based on census day attendance accounting rules for a student enrolled in an enhanced noncredit course, including a distance education course, at a CCC that is not an open-entry, open-exit courses.
- 2) Specifies a CCC may continue to claim state attendance funding using positive attendance accounting if a CCC chooses.
- 3) Requires the CCC Board of Governors (BOG) to adopt regulations to implement this change no later than May 31, 2024.
- 4) Makes clarifying and technical amendments to existing law.

**EXISTING LAW:**

- 1) Requires the CCC BOG develop criteria and standards for the purpose of making the annual budget request for the CCC to the Governor and the Legislature, and for the purpose of allocating the state general apportionment revenues. Stipulates the BOG shall develop the criteria and standards within the following statewide minimum requirements:
  - a) The calculations of each community college district's (CCDs) revenue level for each fiscal year shall be based on the level of general apportionment revenues, state and local, the community college district received for the prior year plus any amount attributed to a deficit from the adopted standards to be developed pursuant to this section, with revenue adjustments being made for increases or decreases in full-time equivalent students (FTES), for equalization of funding per credit FTES, for necessary alignment of funding per FTES between credit and noncredit programs, for inflation, and for other purposes authorized by law; and,
  - b) Commencing with the 2006–07 fiscal year, the funding mechanism developed shall recognize the need for CCDs to receive an annual allocation based on the number of colleges and comprehensive centers in the community college district. In addition to this basic allocation, the marginal amount of credit revenue allocated per FTES shall be funded at a rate not less than \$4,367, as adjusted for the change in the cost of living in subsequent annual budget acts (Education Code (EC) Section 84750.5).
- 2) Funds noncredit instruction, except for career development and college preparation (CDCP) courses, at an established rate per FTES and adjusts the rate annually for the change in the cost of living (EC Section 84750.5(d)(3)).

- 3) Provides that CDCP courses, which are also noncredit, shall be funded at the same level as the credit rate, as established pursuant to all of (1) above (EC Section 84750(d)(4)(A)(ii)).
- 4) Stipulates that the following courses and classes, for which no credit is given, and that are offered in a sequence of courses leading to a certificate of completion, that lead to improved employability or job placement opportunities, or to a certificate of competency in a recognized career field by providing a transition to college-level coursework, completion of an associate of arts degree, or for transfer to a four-year degree program, and that meet funding criteria established by the CCC BOG, shall be eligible for funding, as CDCP courses, at the credit rate as established in (3) above:
  - a) Classes and courses in elementary and secondary basic skills;
  - b) Classes and courses for students, eligible for educational services in workforce preparation classes, in the basic skills of speaking, listening, reading, writing, mathematics, decisionmaking, and problem-solving skills that are necessary to participate in job-specific technical training;
  - c) Short-term vocational programs with high-employment potential, as determined by the chancellor in consultation with the Employment Development Department utilizing job demand data provided by that department; and,
  - d) Classes and courses in English as a second language (ESL) and vocational English as a second language (EC Section 84760.5).

To note, CCDs offering courses described above, but not eligible for funding at the credit rate are eligible for funding at the noncredit rate per (2) above.

- 5) Encourages CCDs to expedite the development of targeted credit or noncredit short-term workforce training programs, in accordance with all of the following:
  - a) Short-term workforce training programs that focus on economic recovery and result in job placement;
  - b) Short-term workforce training programs that focus on the reskilling and upskilling of individuals; and,
  - c) Short-term workforce training programs that have at least one proven employer partner, demonstrate job vacancies, and submit verification to the chancellor's office.

Specifies that verification includes the projected number of individuals served, completion rates, and job placement rates. Further, states Legislative intent that, where possible, short-term noncredit workforce training programs should be utilized to be responsive to the workforce training needs of employers, with the ability to transition to credit or noncredit courses and programs upon successful completion of a program established. Colleges are encouraged to develop workforce training that utilizes competency-based approaches, and applies credit for prior learning where possible (EC Section 88821).

- 6) Requires districts to compute FTES units for credit courses scheduled coterminously with the term by multiplying the student contact hours of active enrollment as of Monday of the week nearest to one-fifth of the length of the term (the census date) by the term length multiplier, and dividing by 525 (Title 5, California Code of Regulations (CCR) Section 58003.1(b)).
- 7) Requires districts to compute FTES units for credit courses scheduled to meet for five or more days and scheduled regularly with respect to the number of hours during each scheduled day, but not scheduled coterminously with the college's primary term, or scheduled during the summer or other intersession, by multiplying the daily student contact hours of active enrollment as of the census days nearest to one fifth of the length of the course by the number of days the course is scheduled to meet, and dividing by 525 (Title 5, CCR Section 58003(c)).
- 8) Authorizes a district, in lieu of applying (6) or (7) above, to use positive attendance count, i.e. to compute FTES units for any credit course by dividing the actual student contact hours of attendance by 525 (Title 5, CCR Section 58003(g)).
- 9) Requires that the FTES units, for any noncredit course, except for distance education courses, or for any open-exit, open-entry course, be determined using a positive attendance count (Title 5, CCR Section 58006).

**FISCAL EFFECT:** Unknown. However, according to the Assembly Committee on Appropriations fiscal analysis of AB 421 (Ward) of 2021-2022, a measure initially identical to this measure:

- 1) Ongoing Proposition 98 General Fund (GF) costs of between \$16 million and \$20 million annually.
- 2) According to the CCC Chancellor's Office, for the 2020-21 academic year, there were 31,665 students generating funding for CCCs in enhanced noncredit courses through CCC's use of positive attendance accounting rules. The vast majority of these courses are not open-entry, open-exit courses. Assuming (a) all courses switch to use positive attendance accounting rules, (b) none are open-entry, open-exit courses and (c) a 9% absence factor, these courses would generate funding for 34,515 students using a census day attendance accounting rules. This is an increase of 2,850 students each generating funding of \$5,622 annually, or about \$16 million total. CCC enrollment dropped in the 2020-21 academic year, but typical enrollment in these courses is higher. In the 2018-19 academic year, about 39,000 students generated funding for these courses. If student enrollment rebounds in future years to this level, costs would be about \$20 million annually.
- 3) To the extent this bill adds additional duties to CCCs to report attendance differently, it could be a reimbursable state mandate.

**COMMENTS:** *Background on credit, noncredit and CDCP.* According to the Legislative Analyst's Office, community colleges in general, fulfill their mission of offering the first two years of college instruction in academic and vocational subjects through credit instruction, whereas they use noncredit instruction to address much of their precollegiate adult education mission. Regulations, however, permit colleges to offer some precollegiate instruction on a credit

basis, including some ESL, secondary English and math courses, and many vocational education courses.

Though CCC credit and noncredit instruction overlap, they differ in certain ways. For example, credit courses may be in any academic or vocational subject, whereas noncredit instruction is limited to ten categories. Additionally, noncredit courses may be open-entry, open-exit. Students are charged enrollment fees only for credit courses, and the state funds some noncredit courses at a lower rate than credit courses and calculates attendance differently.

Credit instruction, which all CCCs offer, accounts for 94% of FTES enrollment and noncredit instruction accounts for 5%. To note, the remaining 1% is tutoring. As aforementioned, state law permits CCCs to offer noncredit courses in ten instructional areas. Four of these instructional areas are eligible for the CDCP designation: elementary and secondary education, ESL, short-term vocational programs, and workforce preparation (such as communication skills). In addition to being in an eligible instructional area, a course must be offered as part of a sequence of related courses leading to a noncredit certificate (such as certificates in basic reading skills and healthcare careers preparation) to qualify as CDCP.

The state provides CCCs funding for instructing CCC students at three different rates. For the 2020-21 academic year, the rate are as follows: (a) \$3,381 for noncredit courses per-student; (b) \$5,622 for enhanced noncredit courses per student, also known as “career development and college preparation” courses; and (c) \$4,009 for credit courses per student, with additional funding of up to \$1,648 based on student demographics and student achievement. (Noncredit courses typically are pre-collegiate-level courses in basic math and English skills and English in a second language. Enhanced noncredit courses typically are pre-collegiate-level courses in short-term vocational programs and other programs leading to certificates or transfer. Credit courses are collegiate-level courses that lead to an associate’s degree or transfer to a four-year university.)

*Purpose of this measure.* According to the author, “Under current law, community college CDCP courses are funded based on positive attendance. In contrast, community college credit courses are funded based on a census date, which recognizes that there are up-front costs to offering a course regardless of whether or not all students show up daily.”

The author states, “While CDCP noncredit courses and credit courses receive the same funding per full-time student, CDCP noncredit courses generate less funding than credit courses because of attendance recording requirements.”

Further, the author contends that, “AB 634 will align funding for noncredit CDCP courses by authorizing the attendance of those courses to be taken according to a census date rather than on positive attendance. This measure will accurately compensate community colleges for courses that are essential to California's workforce and minority communities.”

*Census date versus positive attendance.* The number of FTES is a main component for determining CCC funding. The FTES represents the number of enrolled students whom attend 15 hours each week during the semester (or a group of students who, together, attend 15 hours each week). In an academic year, these hypothetical full-time students generate 525 student contact hours each. Even though not all students are full-time and not all classes are scheduled for the

same number of weeks, FTES provides a unit of measure applicable to all classes and calendar types and is used for funding calculations only.

However, the way in which FTES is calculated depends on the course section because attendance accounting procedures vary. The meeting schedule of the course section determines the procedure. Typically, attendance is determined on a weekly census basis, meaning student attendance is measured on a single census date in the term. For courses that are irregularly scheduled, including noncredit courses, a positive attendance basis is used, meaning the classroom or lab hours that students attend must be tracked and reported.

Colleges use “census day attendance accounting” rules to generate funding for all credit CCC course enrollments. For example, if ten students are enrolled in a CCC credit course but only eight students attend the course on average, the CCC still receives funding for ten students. The rationale for this approach is that there are fixed costs associated with offering a course, regardless of how many students show up for every class. Moreover, this method is easier than positive attendance to administer because faculty do not have to record and report attendance for every class period.

This bill would allow colleges to use census day attendance accounting for enhanced noncredit courses that are not open-entry, open-exit (also known as “managed enrollment” courses), if they choose.

The rationale for this change is the same as for credit courses: colleges experience fixed costs and the administrative burdens of positive attendance accounting can be high for faculty. In addition, there is some evidence this change could incentivize CCCs to offer more managed enrollment courses, which could lead to better student outcomes when compared to open-entry, open-exit courses.

*Committee comments.* Committee Staff understands that the CCC Chancellor’s Office (CCCCO) has questioned if the provisions of this measure diminish the ability of the BOG to temporarily suspend or modify regulations.

According to the CCCCCO, during the COVID-19 State of Emergency, the BOG authorized colleges to use alternative accounting procedures for noncredit courses. Additionally, the CCCCCO contends that the BOG may not have been able to authorize the alternative accounting procedures if this measure had been existing law.

*Moving forward, the author may wish to work closely with the CCCCCO in order to address the concerns raised by the CCCCCO.*

*Prior legislation.* AB 421 (Ward) of 2021-22, as heard and passed unanimously by this Committee on March 24, 2021, was virtually identical to this measure.

However, on May 2, 2022, this measure was amended to update procedures for changing gender and sex identifiers on official documents, addressing internal inconsistencies as a result of chaptering amendments taken to AB 218 (Ward), Chapter 577, Statutes 2021. AB 421 was subsequently chaptered (Chapter 40, Statutes of 2022).

AB 1727 (Weber) of 2019, which passed unanimously from this Committee on April 9, 2019, was virtually identical to this measure.

AB 1727 was vetoed by the Governor with the following message:

“This bill requires the Board of Governors of the California Community Colleges to adopt regulations that authorize the use of a census date attendance accounting method to compute full-time equivalent students for certain noncredit courses known as Career Development and College Preparation courses. This bill changes how enrollment in these courses is tracked and would likely increase costs by tens of millions of dollars. For this reason, I am unable to sign this bill.”

SB 361 (Scott), Chapter 631, Statutes of 2006, created the enhanced noncredit course category and raised the state funding rate for these courses to 71% of the credit rate, compared with 60% of the credit rate for other types of noncredit instruction.

SB 860 (Senate Committee on Budget and Fiscal Review), Chapter 34, Statutes of 2014, increased the state’s funding rate for enhanced noncredit courses to 100% of the credit rate, effective beginning in the 2015-16 academic year.

#### **REGISTERED SUPPORT / OPPOSITION:**

##### **Support**

Citrus Community College  
Faculty Association of California Community Colleges  
Kern Community College District  
Los Angeles College Faculty Guild, Local 1521  
North Orange Community College District  
Peralta Community College District  
San Diego Community College District  
Yuba Community College District

##### **Opposition**

None on file.

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