

Date of Hearing: April 9, 2019

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 720 (Muratsuchi) – As Amended March 19, 2019

SUBJECT: Community colleges: funding: instructional service agreements with public safety agencies

SUMMARY: Stipulates that, commencing in 2019-20, funding for courses offered pursuant to an instructional service agreement (ISA) between a California Community College (CCC) and a public safety agency shall be based on a general apportionment rate per full-time-equivalent student (FTES) for enrollment in those courses rather than according to the new Student Success Funding Formula, which has a lower base apportionment rate, but provides supplemental funding for each community college district's enrollment of low-income students and for a district's students achieving specified measures of student success.

EXISTING LAW:

- 1) Adopts a Community College Student Success Funding Formula for CCC general purpose apportionments for credit instruction (starting in 2018-19 and described in COMMENTS section below) intended to encourage access for underrepresented students, provide additional funding in recognition of the need to provide additional support for low-income students, reward colleges' progress on improving student success metrics, and improve overall equity and predictability so that community college districts may more readily plan and implement instruction and programs. (Education Code (EC) Section 84750.4.)
- 2) Prior to adoption of (1), general purpose apportionments for credit instruction were funded based on an annual allocation based on the number of colleges and off-campus centers in a community college district and, principally, on a rate per FTES for enrollment in credit courses. The rate, which was adjusted annually for changes in the cost of living, was \$5,151 per FTES in 2017-18. (EC Section. 84750.5(d)(2).)
- 3) Provides that career development and college preparation courses shall be funded at the same level as the credit rate, as established pursuant to (2). (EC Sect. 84750(d)(4)(A)(ii).)
- 4) Stipulates that the following career development and college preparation 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 articulating with 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 Board of Governors, shall be eligible for funding at the credit rate as established in (3): (EC Sect. 84760.5.)
 - 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 and vocational English as a second language.

Districts offering courses described above, but not eligible for funding at the credit rate are eligible for funding at the noncredit rate.

- 5) Funds noncredit instruction at an established rate per-FTE student (currently \$3,347) and adjusts the rate annually for the change in the cost of living. (EC Section. 84750.5(d)(3).)
- 6) Stipulates that the following noncredit courses and classes are eligible for funding per (5): (EC Sect. 84757.)
 - a) Parenting, including parent cooperative preschools, classes in child growth and development and parent-child relationships;
 - b) Elementary and secondary basic skills and other courses and classes such as remedial academic courses or classes in reading, mathematics, and language arts.
 - c) English as a second language;
 - d) Classes and courses for immigrants eligible for educational services in citizenship, English as a second language, and work force preparation classes in the basic skills of speaking, listening, reading, writing, mathematics, decision making and problem solving skills, and other classes required for preparation to participate in job-specific technical training;
 - e) Education programs for persons with substantial disabilities;
 - f) Short-term vocational programs with high employment potential;
 - g) Education programs for older adults;
 - h) Education programs for home economics; and
 - i) Health and safety education.
- 7) Establishes the Community College Student Success Funding Formula Oversight Committee for the purpose of continuously evaluating and reviewing the implementation of the student success funding formula established pursuant to (1). A priority of the committee shall be to review and make recommendations to the Legislature and the Department of Finance, by June 30, 2021 as to whether noncredit instruction and ISAs should be incorporated into the base and supplemental allocations of the formula. (EC Sect. 84750.41.)

- 8) Stipulates that, for purposes of computing a community college district's FTES, attendance shall also include student attendance and participation in in-service training courses in the areas of police, fire, corrections, and other criminal justice system occupations that conform to all apportionment attendance and course of study requirements otherwise imposed by law, if the courses are fully open to the enrollment and participation of the public. Prerequisites for such courses shall not be established or construed so as to prevent academically qualified persons who are not employed by agencies in the criminal justice system from enrolling in and attending the courses. (Title 5 California Code of Regulations (CCR) 58051(c).)
- 9) Stipulates that, in the event in-service training courses are restricted to employees of police, fire, corrections, and other criminal justice agencies, attendance for the restricted courses shall not be reported for purposes of state apportionments. A community college district which restricts enrollment in in-service training courses may contract with any public agency to provide compensation for the cost of conducting such courses. (Title 5 CCR 58051(f).)

FISCAL EFFECT: Unknown

COMMENTS: *Background.* Around 30 community college districts offer public safety classes through Instructional Service Agreements (ISAs). These courses include the basic police and fire academy curriculum for new recruits to sheriff, police, and fire departments, as well as specialized, ongoing and enhanced public safety training, some of which is mandated. The community colleges partner with their local police and fire departments to offer this training through ISAs, which have been funded through the CCC's enrollment-based state apportionments. These state revenues are typically shared by the colleges with their partnering agencies in order to help cover all parties' respective costs related to the training.

For 2018-19, the state adopted and began phasing in a new funding formula for the CCC. Once this new formula, as detailed at the end of this analysis, is fully phased in for 2020-21, only 60% of CCC apportionments will be based on enrollment. The remaining 40% will be apportioned based on districts serving students of need (20%) and for various measures of student success (20%), such as attainment of degrees or certificates, transferring to four-year institutions, or for obtaining gainful employment.

The supporters of this bill note that instruction provided under public safety ISAs does not fit into the new formula. First, the students in these ISAs are, by and large, already employed by a public safety agency, and thus are not financially needy. Second, the ISA courses do not lead to degrees or certificates. As a result, supporters maintain that, when the funding formula is fully phased in, the apportionment revenue generated by the ISA courses will have declined by 40% (the current year decline is 30%).

Purpose. AB 720 would bring public safety ISA courses outside the new funding formula, and instead fund these courses using the previous apportionment model for credit courses, which simply provides an annual cost of living adjustment to the per-FTES rate from the prior year. In support, the College of the Canyons indicates that, under the new formula, it is projected to incur a \$4 million reduction in apportionment revenue this year from its ISA courses, and an additional \$600,000 next year (based on its current enrollment in these classes). The college also notes that the public safety ISAs tend to have above average instructional costs, related to expensive equipment, oversight by multiple public agencies, instructors with specialized skills, and generally below average student/faculty ratios.

Oversight Committee to Examine This Issue. Concurrent with enacting the new formula, legislation established the Community College Student Success Funding Formula Oversight Committee to evaluate and review implementation of the formula. The committee is, in part, charged to review and make recommendations regarding whether or not ISA courses should be included within the funding formula, and present these recommendations by June 30, 2021.

Staff Comment. This bill asks the Legislature to revisit its decision of last year, namely to have the oversight committee weigh in on the issue of ISA courses and the new funding formula. Those recommendations might not be forthcoming for two more years, however, and the proponents of this bill are raising what seems to be a legitimate and immediate issue – that the unique nature of these courses and their students does not readily lend itself to the funding model recently constructed and applicable to most community college classes. Reducing the funding for high cost courses would seem like a disincentive to offering those courses. Moreover, the courses in question just so happen to involve public safety training.

New CCC Funding Formula. As part of the higher education trailer bill to the 2018-19 Budget Act (AB 1809, Chapter 33), the Legislature adopted a new funding formula for credit courses at the CCC, as described below by the Legislative Analyst’s Office (LAO) in its analysis of the 2019-20 Governor’s Budget.

Prior to this year, the state based general purpose apportionment funding for both credit and noncredit instruction almost entirely on FTE enrollment. AB 1809, changed the credit-based apportionment formula to include three main components, as described below. For each of the three components, the state set new per-student funding rates. In future years, these underlying rates are to receive a cost-of-living adjustment (COLA). The new formula does not apply to noncredit enrollment. Apportionments for students in noncredit courses remains based entirely on enrollment.

Base Allocation. As with the prior apportionment formula, the base allocation gives each district certain amounts for each of its colleges and state-approved centers. It also gives each district funding for each credit FTE student (\$3,727 in 2018-19). Calculating a district’s FTE student count involves several somewhat complicated steps, but basically a district is funded based on a three-year rolling average of its FTE student count. The rolling average takes into account a district’s current-year FTE count and counts for the prior two years.

Supplemental Allocation. The formula provides an additional \$919 for every student who receives a Pell Grant, receives a need-based fee waiver, or is undocumented and qualifies for resident tuition. Student counts are “duplicated,” such that districts receive twice as much supplemental funding (\$1,838) for a student who is included in two of these categories (for example, receiving both a Pell Grant and a need-based fee waiver). The allocation is based on student counts from the prior year.

Student Success Allocation. The formula also provides additional funding for each student achieving specified outcomes—obtaining various degrees and certificates, completing transfer-level math and English within the student’s first year, and obtaining a regional living wage within a year of completing community college. Districts receive higher funding rates for the outcomes of students who receive a Pell Grant or need-based fee waiver, with

somewhat greater rates for the outcomes of Pell Grant recipients. As with the supplemental allocation, funding is based on outcome data from the prior year.

Formula Adjustments. In 2018-19, roughly 70 percent of the cost of the formula stems from the base allocation, 20 percent from the supplemental allocation, and 10 percent from the student success allocation. The share for the base allocation is scheduled to decrease to roughly 65 percent in 2019-20 and 60 percent in 2020-21, whereas the share for the student success allocation is set to increase to 15 percent in 2019-20 and 20 percent in 2020-21. To achieve these changes in shares, statute specifies changes to the base and student success rates for each of the next two years. Whereas the base rate is set to decrease from \$3,727 to \$3,046 over the period, the student success rates are set to double.

Hold Harmless Provisions. The new formula includes several hold harmless provisions for community college districts that would have received more funding under the former apportionment formula than the new formula. For 2018-19, 2019-20, and 2020-21, these community college districts are to receive their total apportionment in 2017-18, adjusted for COLA each year of the period. Beginning in 2020-21, districts are to receive no less than the per-student rate they generated in 2017-18 under the former apportionment formula multiplied by their current FTE student count. To help districts with declining enrollment, the state also retained its longstanding one-year hold harmless provision that allows districts to receive the greater of their calculated current- or prior-year allotments.

Governor Proposes Modifications. The administration proposes to postpone for one year the scheduled changes in the share of apportionment funding linked with the base allocation and the student success allocation. Under the Governor's proposal, the 2019-20 funding formula rates would be the same as in 2018-19, adjusted for COLA. The administration indicates the proposal is intended to provide additional time for the Chancellor's Office to assess the reliability and quality of the student outcome data used in determining districts' funding allocations. In 2020-21, rates would change as currently scheduled, with base rates decreasing and student success rates doubling.

REGISTERED SUPPORT / OPPOSITION:

Support

California Fire Chiefs Association
 Chabot College Accredited Regional Fire Training Program
 City of Torrance
 Clovis Fire Department
 College of the Canyons
 Costa Mesa Fire and Rescue Department
 Dunnigan Fire Protection District
 East Los Angeles College
 El Camino Community College District
 Fire Districts Association of California
 Fresno Fire Department
 Kathryn Barger, Supervisor, Los Angeles County Board of Supervisors
 Kern Community College District

Lake Tahoe Community College
Mid-Coast Fire Brigade
Monterey Peninsula College
Monterey Police Department
OC Lifeguards
Ohlone College
Orange City Fire Department
Orange County Fire Authority
Orange County Fire Chiefs Association
Sacramento Fire Department
San Bernardino Community College District
Santa Clarita Community College District - College of the Canyons
Santa Rosa Jr. College Public Safety Training Center
Seaside Fire Department
Sierra College
UC Davis Fire Department
Victor Valley Community College District
West Valley Regional Fire Training Consortium
Woodland Fire Department

Opposition

None on file.

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