

SB 1875

Date of Hearing: June 22, 2004

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Carol Liu, Chair

SB 1875 (Alpert) - As Amended: May 3, 2004

SENATE VOTE : 37-0

SUBJECT : Community College Funding

SUMMARY : Provides for the allocation of equalization funds appropriated in the annual Budget Act for the California Community Colleges (CCC). Specifically, this bill :

- 1) Provides that equalization funds appropriated for the CCC shall not be allocated to districts until the Chancellor of the CCC develops a plan for the distribution of these funds that is approved by the Department of Finance (DOF). This plan shall be submitted to the DOF by October 1 of each year, or within 30 days of the enactment of the annual Budget Act.
- 2) Provides that the DOF shall not approve this plan prior to a 30-day review by the chairperson of each committee and subcommittee in each house of the Legislature that considers the budget, and the chairperson of the Joint Legislative Budget Committee.
- 3) Requires that the plan to be developed by the Chancellor include:
 - a) A determination of whether each district is "large" or "small", with a "small" district defined as having a total funded credit full-time equivalent student enrollment (FTES) of 4,000 FTES or less;
 - b) Computation of an equalization adjustment for each "large" district in order to increase 2003-04 base funding per credit FTES to a point that is no more than 10 percent lower than the highest funded district;
 - c) Computation of an equalization adjustment for each "small" district such that the base funding per credit FTES is at least 10 percent greater than the target amount computed for "large" districts;
 - d) The total equalization funding necessary to bring all districts up to the target funding per FTES levels noted above; and

e) Any proposed statutory and/or regulatory changes for equalization funding, restorations of workload, and cost-of-living adjustments necessary to further the objective of equalization funding.

- 1) Requires that, upon approval of the plan, the chancellor may allocate funds for these purposes and shall adopt any regulations necessary to provide for the approved equalization methodologies.
- 2) Requires that, in the event the amount appropriated for equalization in the Budget Act is less than the amount identified as necessary to bring all districts up to the target funding per FTES, the Chancellor shall prorate available equalization funding for each eligible district in proportion to the amount of funds necessary to fully fund these districts.

EXISTING LAW establishes program-based funding for the community colleges which determines how all general apportionment funds (as separate from "categoricals") will be distributed to the seventy-one districts. There are now five "categories of operation" within program-based funding: instruction, instructional services, student services, maintenance and operations, and institutional support. In each category, standards were developed and the cost of these standards determines the program-based level of necessary funding.

FISCAL EFFECT : According to the Senate Appropriations Committee analysis, minor and absorbable costs.

COMMENTS :

- 1) In December 2003, the Assembly Higher Education Committee held a hearing on "Community College Funding: What Revisions Should Be Made in Community College Finance?" The Committee concluded that the current funding approach has several major weaknesses including:
 - a) Funds are not generated with sufficient sensitivity to the real costs of providing instructional services
 - b) Extensive bureaucratic restrictions are placed on the expenditure of funds;
 - c) Unjustifiable differences exist in revenues among the districts;

- d) Local districts have limited flexibility to raise additional revenues;
 - e) While the student fee revenue is kept by each of the community college districts, this revenue serves as an offset to General Fund apportionment funding rather than as an enhancement; and
 - f) The state-level statutory mission of the community colleges is so broad that the institutions, by necessity, are under-funded.
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- 1) This bill addresses the issue of unjustifiable differences in revenues among the districts. Currently, the difference between the 15 highest funded and the 15 lowest funded districts continues to be over \$1,200 per student. Per student funding is particularly low in the following large districts: Santa Monica, Southwestern, Santa Barbara, Riverside, Glendale, and Mt. San Antonio. In contrast, some of the large districts - Los Angeles, San Francisco, Mira Costa, and Peralta - would not qualify for additional funding through the current equalization proposals.
 - 2) As the Legislature works on the 2004-05 Budget Act, there are three key funding issues for the community colleges statewide: funding for enrollment growth, funding for credit equalization, and funding for non-credit instruction. The Chancellor's Office of the CCC has worked to facilitate a collaborative, unified effort among the community colleges statewide, to develop and present to the Legislature a collective proposal on each of these three issues.
 - 3) Related legislation - AB 2825 (Firebaugh) would revise the statutory formula for determining community college enrollment growth funding. Status: Assembly Appropriations Committee.

REGISTERED SUPPORT / OPPOSITION :

Support

Cerritos Community College District
Coast Community College District
College of the Canyons
Foothill-De Anza Community College District
Glendale Community College District
Grossmont-Cuyamaca Community College District
North Orange County Community College District
Rancho Santiago Community College District
San Diego City College
San Diego Community College District
San Diego-Imperial Counties Community Colleges Association
(SDICCA)
San Diego Mesa College
San Diego Miramar College
Shasta-Tehama-Trinity Community College District
Sierra Joint Community College District Board of Trustees
South Orange County Community College District
Ventura County Community College District

Opposition

None on file

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