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May 21, 2018

The Honorable Phil Ting  
California State Capitol  
P.O. Box 942849  
Sacramento, CA 94249-0019

**Subject: Community College Budget Proposal/May Revise/Online  
College/Funding Formula 6870-101-0001**

Dear Assemblymember Ting:

On behalf of the Academic Senate for California Community Colleges (ASCCC), I want to express our appreciation to you for your leadership in crafting the community college budget. We are also grateful to Governor Brown for his vision and commitment to stabilizing the state's finances and for his continuing support of our institutions.

The May Revise demonstrates that the Governor's long-term fiscal management of the state has resulted in a growth over time in Proposition 98. This has benefitted the community colleges and allowed for important quality improvements for our students.

The Academic Senate has taken the following positions on the specifics of the Governor's May Revise:

Establishment of a fully online community college

While some of the changes are proposed to clarify portions of the online college proposal, the underlying basis for establishing a separate fully online college remains problematic. As such, the Academic Senate remains opposed.

The Academic Senate believes that the online college does not help stranded workers but instead creates stranded students. By not being anchored at a college, the proposal would deprive students of critical social capital with classmates, opportunity to use equipment at a specific location, and potential face-to-face time with instructors and advisors.

Despite changes in the May Revise, the proposal is still rife with contradictions. While the college would be limited to courses that do not compete with existing institutions, it announces Medical Coding as one of its first programs. Many of our colleges currently provide a certificate in Health Information Technology which incorporate Medical Coding as part of their programs, often online.

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Most disturbing is the official acknowledgement that the California Community College Board of Governors (CCCBOG), the regulatory oversight body for the California Community Colleges, will serve as the online college's board of trustees. This allows the online college to unfairly compete with our existing institutions because it could write regulations that exclusively tailors to its benefit. This proposed structure presents a monumental conflict of interest that is inconsistent with the principles of bilateral governance and the underlying foundation of our colleges as community serving institutions.

Lastly, the differential fee structure set not by the legislature but by the CCCBOG is a dangerous blurring of appropriate power separation. The proposed noncredit programs to be offered by the online college would be offered for zero fees at the rest of the 114 community colleges and models, even encourages, the most egregious behaviors of for-profit institutions. It is not consistent with the California Community Colleges' mission of access and equity for all to engage in such practices.

Even if all of the above-referenced issues were addressed, the online college represents a major diversion of badly needed funds to our existing colleges. At a time where there are no additional resources to increase the ratio of full- to part-time faculty, the online college would cost \$100 million in one-time and \$20 million in ongoing funds. Our system, and the targeted students, would be better served by allocating a portion to the Online Education Initiative to expand the capability for online education. The Strong Workforce program could also be increased to develop new courses consistent with *regional* labor market needs (missing from the online college proposal) with another part of these funds.

#### Change to Funding Formula

The Academic Senate remains opposed to the change in the community college formula despite the changes in the May Revise. Performance based funding, even at 20 percent, represents a misdirected approach which is likely to harm students and magnify regional achievement gaps and equity gaps. Moreover, the point system presented by the May Revise is likely to disincentivize important Career Technical Education in favor of traditional transfer courses.

The Academic Senate is also strongly opposed to shifting authority for future changes to the funding formula from the Legislature to the California Community Colleges Board of Governors. Since this is a statutory function, the ASCCC views this transfer as inconsistent with the separation of powers upon which the state government is based. Also, as noted above, this proposed shift would provide the CCCBOG with the ability to tilt apportionment or other funds to the online college and away from our existing institutions.

The Academic Senate continues to support a formula based on the following:

- A) At least 50% based on enrollment as this is the best and most equitable barometer upon which to build a funding model;
- B) Half the remaining percentage devoted to education of lower income and underrepresented students based on a blended formula of: 1) Promise Grant and Pell Grants; 2) Enrollment of foster youth, welfare-to-work, active military and military veterans, and regional unemployment rate; 3) Participation in DSPS, EOPS/CARE/NextUp, CalWORKs and other statewide support programs.

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- C) Final percentage devoted to recognized practices that contribute to student success. This would be a blended formula of a district's progress toward: 1) 75/25 full- to part-time faculty ratio; 2) Part-time faculty equity (including office hours and health benefits); 3) Academic counselor to student ratios; 4) percentage of state funding a district uses for the professional development of its employees.

From this formula, the Chancellor's Office could measure such outcomes as attainment of degrees and certificates on a regular interval and propose research-based adjustments as needed.

Should the Legislature defer adoption of the change to the formula until the 2019-20 budget year, it calls for the formation of an *inclusive* stakeholder process, which includes faculty participation, to develop a long-term solution. In the interim, all districts should remain harmless from declining enrollment with extension of stabilization funding for those districts in a re-benching year.

The Academic Senate is once again grateful to you for your consideration of our positions and to the Governor for his support of community colleges. Please do not hesitate to contact me with any questions.

Respectfully,



Julie Bruno  
President

Cc:

Hon. Kevin McCarty, Assembly Budget Subcommittee No. 2 Chair

Hon. Jay Obernolte, Assembly Budget Committee Vice Chair

Assembly Budget Subcommittee No. 2 on Education Finance

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California State Assembly