

ASSEMBLY BILL

No. 478

Introduced by Assembly Member Roger Hernández

February 15, 2011

An act to amend Section 84750.5 of the Education Code, relating to community colleges.

LEGISLATIVE COUNSEL'S DIGEST

AB 478, as introduced, Roger Hernández. Community colleges: funding.

Existing law establishes the California Community Colleges under the administration of the Board of Governors of the California Community Colleges. Existing law authorizes the establishment of community college districts under the administration of community college governing boards, and authorizes these districts to provide instruction at community college campuses throughout the state.

Existing law requires the board of governors to develop criteria and standards, in accordance with specified statewide minimum requirements, for the purposes of making the annual budget request for the California Community Colleges to the Governor and the Legislature and allocating state general apportionment revenues. Those statewide minimum requirements include, among other things, a requirement that the calculations of each community college district's revenue level for each fiscal year be based on specified criteria, with revenue adjustments being made for increases or decreases in full-time equivalent students (FTES) for specified purposes. These requirements also include a requirement that the statewide requested increase in budgeted workload FTES be based on the sum of specified computations, including the positive difference between the California unemployment rate and a

rate of 5%. For purposes of this computation, existing law prohibits that positive difference from exceeding 2%.

This bill would delete that prohibition.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 84750.5 of the Education Code is
2 amended to read:

3 84750.5. (a) The board of governors, in accordance with the
4 statewide requirements contained in paragraphs (1) to (11),
5 inclusive, of subdivision (d), and in consultation with institutional
6 representatives of the California Community Colleges and
7 statewide faculty and staff organizations, so as to ensure their
8 participation in the development and review of policy proposals,
9 shall develop criteria and standards for the purposes of making the
10 annual budget request for the California Community Colleges to
11 the Governor and the Legislature, and for the purpose of allocating
12 the state general apportionment revenues.

13 (b) In developing the criteria and standards, the board of
14 governors shall utilize and strongly consider the recommendations
15 and work product of the “System Office Recommendations Based
16 on the Report of the Work Group on Community College Finance”
17 that was adopted by the board at its meeting of March 7, 2005.
18 The board shall complete the development of these criteria and
19 standards, accompanied by the necessary procedures, processes,
20 and formulas for utilizing its criteria and standards, by March 1,
21 2007, and shall submit on or before that date a report on these
22 items to the Legislature and the Governor.

23 (c) (1) It is the intent of the Legislature in enacting this section
24 to improve the equity and predictability of general apportionment
25 and growth funding for community college districts in order that
26 the districts may more readily plan and implement instruction and
27 related programs, more readily serve students according to the
28 policies of the state’s master plan for higher education, and enhance
29 the quality of instruction and related services for students.

30 (2) It is the intent of the Legislature to determine the amounts
31 to be appropriated for the purposes of this section through the
32 annual Budget Act. Nothing in this section shall be construed as

1 limiting the authority either of the Governor to propose, or the
2 Legislature to approve, appropriations for California Community
3 Colleges programs or purposes.

4 (d) The board of governors shall develop the criteria and
5 standards within the following statewide minimum requirements:

6 (1) The calculations of each community college district's
7 revenue level for each fiscal year shall be based on the level of
8 general apportionment revenues (state and local) the district
9 received for the prior year plus any amount attributed to a deficit
10 from the adopted standards to be developed pursuant to this section,
11 with revenue adjustments being made for increases or decreases
12 in full time equivalent students (FTES), for equalization of funding
13 per credit FTES, for necessary alignment of funding per FTES
14 between credit and noncredit programs, for inflation, and for other
15 purposes authorized by law.

16 (2) ~~Commencing with the 2006-07 fiscal year, the~~ *The* funding
17 mechanism developed pursuant to this section shall recognize the
18 need for community college districts to receive an annual allocation
19 based on the number of colleges and comprehensive centers in the
20 district. In addition to this basic allocation, the marginal amount
21 of credit revenue allocated per FTES shall be funded at a rate not
22 less than four thousand three hundred sixty-seven dollars (\$4,367),
23 as adjusted for the change in the cost-of-living in subsequent annual
24 budget acts.

25 (A) To the extent that the Budget Act of 2006 contains an
26 appropriation of one hundred fifty-nine million four hundred
27 thirty-eight thousand dollars (\$159,438,000) for community college
28 equalization, the Legislature finds and declares that community
29 college equalization for credit FTES has been effectively
30 accomplished as of March 31, 2007.

31 (B) The chancellor shall develop criteria for the allocation of
32 one-time grants for those districts that would have qualified for
33 more equalization under prior law than pursuant to this section
34 and the Budget Act of 2006, and for those districts that would have
35 qualified for more funding under a proposed rural college access
36 grant than pursuant to this section and the Budget Act of 2006, as
37 determined by the chancellor. Appropriations for the one-time
38 grants shall be provided pursuant to paragraph (24) of subdivision
39 (a) of Section 43 of Chapter 79 of the Statutes of 2006.

1 (3) Noncredit instruction shall be funded at a uniform rate of
2 two thousand six hundred twenty-six dollars (\$2,626) per FTES,
3 as adjusted for the change in the cost-of-living provided in
4 subsequent annual budget acts.

5 (4) Funding for instruction in career development and college
6 preparation, as authorized pursuant to Section 84760.5, shall be
7 provided as follows:

8 ~~(A) Beginning in the 2006-07 fiscal year, career~~ *Career*
9 development and college preparation FTES may be funded at a
10 rate of three thousand ninety-two dollars (\$3,092) per FTES for
11 courses in programs that conform to the requirements of Section
12 84760.5. This rate shall be adjusted for the change in the
13 cost-of-living or as otherwise provided in subsequent annual budget
14 acts.

15 (B) Changes in career development and college preparation
16 FTES shall result in adjustments to revenues as follows:

17 (i) Increases in career development and college preparation
18 FTES shall result in an increase in revenues in the year of the
19 increase and at the average rate per career development and college
20 preparation FTES, including any cost-of-living adjustment
21 authorized by statute or by the annual Budget Act.

22 (ii) Decreases in career development and college preparation
23 FTES shall result in a revenue reduction in the year following the
24 decrease and at the average rate per career development and college
25 preparation FTES.

26 (5) Except as otherwise provided by statute, current categorical
27 programs providing direct services to students, including extended
28 opportunity programs and services, and disabled students programs
29 and services, shall continue to be funded separately through the
30 annual Budget Act, and shall not be assumed under the budget
31 formula otherwise specified by this section.

32 (6) For credit and noncredit instruction, changes in FTES shall
33 result in adjustments in district revenues as follows:

34 (A) Increases in FTES shall result in an increase in revenues in
35 the year of the increase and at the amount per FTES provided for
36 in paragraph (2) or (3), as appropriate, including any cost-of-living
37 adjustment authorized by statute or by the annual Budget Act.

38 (B) Decreases in FTES shall result in revenue reductions
39 beginning in the year following the initial year of decrease in FTES,
40 and at the district's marginal funding per FTES.

1 (C) Districts shall be entitled to the restoration of any reductions
2 in apportionment revenue due to decreases in FTES during the
3 three years following the initial year of decrease in FTES if there
4 is a subsequent increase in FTES.

5 (7) Revenue adjustments shall be made to reflect cost changes,
6 using the same inflation adjustment as required for school districts
7 pursuant to subdivision (b) of Section 42238.1. These revenue
8 adjustments shall be made to the college and center basic
9 allocations, credit and noncredit FTES funding rates, and career
10 development and college preparation FTES funding rates.

11 (8) The statewide requested increase in budgeted workload
12 FTES shall be based, at a minimum, on the sum of the following
13 computations:

14 (A) Determination of an equally weighted average of the rate
15 of change in the California population of persons between the ages
16 of 19 and 24 and the rate of change in the California population
17 of persons between the ages of 25 and 65, both as determined by
18 the Department of Finance's Demographic Research Unit as
19 determined for the preceding fiscal year.

20 (B) To the extent the California unemployment rate exceeds 5
21 percent for the most recently completed fiscal year, that positive
22 difference shall be added *in an amount determined by the*
23 *Chancellor of the California Community Colleges to the*
24 *Department of Finance, to the rate computed in subparagraph (A).*
25 ~~In no event shall that positive difference exceed 2 percent. The~~
26 ~~amount determined by the Chancellor shall be accompanied by a~~
27 ~~rationale for that determination and be submitted to the~~
28 ~~Department of Finance.~~

29 (C) The chancellor may also add to the amounts calculated
30 pursuant to subparagraphs (A) and (B) the number of FTES in the
31 areas of transfer, vocational education, and basic skills that were
32 unfunded in the current fiscal year. For this purpose, the following
33 computation shall be determined for each district, and a statewide
34 total shall be calculated:

35 (i) Establish the base level of FTES earned in the prior fiscal
36 year for transfer courses consisting of courses meeting the
37 California State University breadth or Intersegmental General
38 Education Transfer Curriculum requirements or major course
39 prerequisites accepted by the University of California or the
40 California State University.

- 1 (ii) Establish the base level of FTES earned in the prior fiscal
- 2 year for vocational education courses consisting of courses defined
- 3 by the chancellor’s office Student Accountability Model codes A
- 4 and B that are consistent with the courses used for measuring
- 5 success in this program area under the accountability system
- 6 established pursuant to Section 84754.5.
- 7 (iii) Establish the base level of FTES in the prior fiscal year for
- 8 basic skills courses, both credit and noncredit.
- 9 (iv) Add the sum of FTES for clauses (i) to (iii), inclusive.
- 10 (v) Multiply the result of the calculation made under clause (iv)
- 11 by one plus the district’s funded growth rate in the current fiscal
- 12 year. This figure shall represent the maintenance of effort level
- 13 for the budget year.
- 14 (vi) FTES in transfer, vocational education, and basic skills that
- 15 are in excess of the total calculated pursuant to clause (v), shall be
- 16 considered in excess of the maintenance of effort level, and shall
- 17 be eligible for overcap growth funding if the district exceeds its
- 18 overall funded FTES.
- 19 (vii) In no event shall the amount calculated pursuant to clause
- 20 (vi) exceed the total unfunded FTES for that fiscal year. To the
- 21 extent the computation specified in subdivision (c) requires the
- 22 reporting of additional data by community college districts, that
- 23 reporting shall be a condition of the receipt of apportionment for
- 24 growth pursuant to this section and those funds shall be available
- 25 to offset any and all costs of providing the data.
- 26 (9) Except as provided in subparagraph (B) of paragraph (6),
- 27 for the 2006–07 fiscal year or for the first fiscal year for which
- 28 this section is implemented by the board of governors, whichever
- 29 is later, all districts shall receive at least the amount of revenue
- 30 received for the prior fiscal year, adjusted for the cost-of-living
- 31 adjustment specified in subdivision (b) of Section 42238.1 and
- 32 adjusted for the actual increase in FTES not to exceed the district’s
- 33 funded growth cap. Thereafter, allocations shall be made pursuant
- 34 to this section, as implemented by the board of governors pursuant
- 35 to the annual Budget Act.
- 36 (10) Except as specifically provided in statute, regulations of
- 37 the board of governors for determining and allocating the state
- 38 general apportionment to the community college districts shall not
- 39 require district governing boards to expend the allocated revenues

- 1 in specified categories of operation or according to the workload
- 2 measures developed by the board of governors.
- 3 ~~(e) This section shall become operative on October 1, 2006.~~

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