STATE BUDGET AND FISCAL ISSUES

(*Discussion*)

2013-14 ("Current Year")

Chancellor's Office First Principal Apportionment

Districts received the 2012-13 prior year apportionment reports on February 7th and await the release of the 2013-14 First Principal Apportionment reports which should be released the last week of February.

The 2012-13 prior year apportionment reports contained important information related to the structural shortfall, the number of districts which restored workload, the number who grew above base, the number of declining districts and the number of unfunded full time equivalent students. Last February 2013, when the 2012-13 P1 was released, the system faced a $310 million dollar deficit which equated to a 6.30% deficit factor for each district. The final 2012-13 recalculation now identifies a $13.5 million dollar deficit which equates to a .25 % deficit factor. In addition, it should be noted 6 districts restored back to their base from decline in the prior year, and 49 districts increased their FTES above their base for the 2012-13 fiscal year. The recalculation also identified 17 districts who declined below their base in 2012-13 which equated to $50 million essentially unattached to specific FTES workload. Finally, the system served roughly 7,000 FTES for which districts received no remuneration.

Staff will provide an assessment of the 2013-14 First Principal Apportionment report when it is released.

Workgroup on Fiscal Affairs

Last year in the February 2013 agenda, staff reported that the League's Workgroup on Community College Finance would evolve into a more collaborative effort in conjunction with the Association of Chief Business Officials (ACBO) and the Chancellor's Office. The group was renamed the Workgroup on Fiscal Affairs with membership appointed by the ACBO board, staff provided by the Chancellor's Office, and an expectation that discussions and recommendation would continue to be shared with the League's policy boards. The reconstituted group has met three times (September & December 2013, and February 2014). Currently the Workgroup is discussing the Governor's 2014-15 Proposed Budget – specifically the language dealing with growth rates. It is expected the Workgroup will meet again in March with the goal of finalizing a proposed growth formula for the system. It is expected the proposed formula will be shared with the ACBO Board and League policy boards as soon as the Workgroup makes a recommendation.

2014-15 ("Budget Year")

Department of Finance Trailer Bill language

The Department of Finance is required to supply the Legislature with Education Trailer bill language by February 1st and supplied proposed statutory language for the following proposals: (web link: http://www.dof.ca.gov/budgeting/trailer_bill_language/education/documents/

1. $592.5 million – Eliminate the outstanding deferral
2. Revise apportionment growth formula
3. Redevelopment revenue reporting deadline
4. Statewide Performance Strategies.
5. Redevelopment revenue hold harmless 2014-15
6. Backfill of Education Protection Account 2012-13, 2013-14 and 2014-15

The Board spent a considerable amount of time discussing the overall budget proposal at their last meeting however staff would like to focus on one area not discussed – statewide performance strategies. Attached is a consultation council digest focused on statewide performance metrics and goals which was discussed at statewide consultation council on February 20th.

Legislative Analyst Office Community College Recommendations

On Tuesday, February 12th, the LAO released their "Analysis of the Governor's Higher Education Proposal" write-up. The following recommendations are specific to community colleges:

Use Better Information in Coming Months to Make Decision on Growth Funding. The Legislature will need to carefully assess P1 to evaluate the need for an additional 3 percent enrollment growth in the budget year. If it decides the entire $155 million is not justified, the Legislature could use any associated freed-up funds for other Proposition 98 priorities.

Postpone Implementation of New Formula Until 2015-16 but Request Periodic Updates on Its Development. Reject the Governor's proposal to have a new formula in place for 2014-15 and instead give the Chancellor's Office a reasonable period of time to develop a new allocation formula. In addition, the Legislature will want to ensure the formula is well aligned with the formula used to fund growth in adult education.

Release 2014-15 Enrollment Growth Funds on Across-the-Board Basis. Recommend the Legislature direct the Chancellor's Office to allocate enrollment growth funds similar to how disbursed in 2012-13 and 2013-14.

Create CCC Student Support Block Grant. Recommend the Legislature consolidate seven of CCC's eight student support programs (EOPS, Fund for Student Success, SSSP, Basic Skills, Financial Aid Administration, Cal Works, Campus child care support; EXCLUDE DSPS) into a new Student Support block grant. Colleges would be able to allocate funding in a way that best meets the needs of their students – without being bound to specific existing programmatic requirements. Recommend that block grant funds be allocated to districts primarily on a per-student basis, with some allowance potentially made for districts with high percentages of financial aid recipients. To ease the transition to the new formula, districts could retain in 2014-15 at least the same amount of categorical funding for the seven consolidated programs as they received in 2013-14.

Recommend Legislature Request DOF and Chancellor's Office to Provide for More Detail on Need for Additional Resources. Recommend additional detail at spring hearings on the need for additional positions and the $2.5 million in local assistance funds.

Recommend Legislature Consider Funding Any New Positions Using Workload Savings. Recommend consolidating a number of student support categorical programs into a block grant which should result in Chancellor's Office costs associated with the administration of these programs being reduced.

Recommend rejecting $50 million innovation award program. LAO has three main concerns related to program (1) sends the wrong message – a relatively small amount of one-time funding to address state priorities that is somehow different from how the segments should be using their existing resources; (2) fragments improvement efforts – whereas the state adopted three board higher education goals last year, the new program independently establishes program priorities without regard to those goals; (3) poor timing – expanding the use of technology to remove course bottlenecks and reduce the costs of education, while included in the CY budget, have not yet been evaluated to determine if the efforts have been successful.

<u>**Issues for Discussion**</u>

How should League staff respond:
- To the Governor's proposed education trailer bill language?
- To the budget recommendations of the Legislative Analyst's Office?

Proposed Goals for the California Community College System (System Goals)

The following are proposed system metrics and goals that the Board of Governors will be asked to consider adopting at their March 3-4, 2014, board meeting.

These metrics are conceptualized as indicators of four primary goals of the community college system:

1) Student Success
2) Equity
3) Service
4) Efficiency

Metric:
Scorecard Completion/Persistence/30-units Rates, Math and English Remedial Rates, and CTE (Career Technical Education) Completion Rate

Defined:
The metrics are identical to the Scorecard metrics published by Chancellor's Office.   First, student success is measured in terms of the rates of: 1) attaining Chancellor's Office approved certificates/awards or having transferred (or being determined transfer-prepared), 2) persisting three semesters, or 3) accumulating 30 units, among first-time students whose behaviors indicate the measured outcomes to be among their goals, tracked for six years. Remedial rate is the percentage of first-time remedial students, tracked for six years, who completed a college-level Math or English course. The remedial rate is calculated separately for Math and English. CTE success rate is the percentage of first-time CTE students, tracked for six years, who completed a certificate, degree, or transferred.

Proposed Goal:
To increase the rates in each new cohort by one percent annually.

Rationale:
These are direct measures of student success constructed separately for students with different skill levels and educational goals. The rates have been used in the Student Success Scorecard as measures of student performance, published both at the system and college levels by the Chancellor's Office every year. In 2013 an online version of these metrics were published in responses to recommendations set forth by California Community Colleges Student Success Task Force. Colleges are required to review these success metrics and to discuss at their Board of Trustees meetings, thus, are familiar with the metrics.

Comments:
The completion rate has been on decline from 52.2 percent to 48.1 percent between 2003/04 and 2007/08 cohorts. Neither persistence nor the 30-units success rate shows much change, but the overall trend appears to be downward (-0.4 percent point, from 70.9 percent to 70.5 percent) for persistence and upward for 30 units (+1.5 percent points, from 65.0 percent to 66.5 percent). Both remedial Math and English success rates show an upward trend, from 28.1 percent to 30.7 percent and from 41.2 percent to 43.6 percent, respectively. CTE success rate has been stable, at 54.1 percent for the 2003/04 cohort and 53.9 percent for the 2007/08 cohort.

Cohort Year	Completion Rate	Persistence Rate	30 Units Rate	Remedial Math Rate	Remedial English Rate	CTE Rate
2003/04	52.2	70.9	65.0	28.1	41.2	54.1
2004/05	52.2	70.6	64.9	28.2	41.8	54.2
2005/06	51.9	70.1	65.9	28.8	42.1	54.3
2006/07	50.7	70.4	66.4	30.0	43.0	55.0
2007/08	48.1	70.5	66.5	30.7	43.6	53.9

Metric:
Number of Students Earning Associate of Arts degree (AA) and Associate of Science (AS) degree for Transfer

Defined:
The number of students who earned an associate degree for transfer in each academic year

Proposed Goal:
To increase the number of students earning a transfer degree by five percent annually for five years.

Rationale:
Providing students with a pathway to transfer to a four-year institution is an important mission of the California Community College System. However, the volume of actual transfers could be severely impacted by the California State University (CSU) system's ability to accept transfer students from community colleges as a result of circumstances beyond the California Community Colleges control, such as cuts in state funding, therefore, is not appropriate as a student performance metric. With a new law instituting degrees for transfer, we can track the number completing transfer degrees without being impacted by external factors.

Comments:
The Student Transfer Achievement Reform Act (Senate Bill 1440, Padilla), signed into legislation on September 29, 2010, requires the California Community Colleges and California State University to collaborate on the creation of Associate of Arts degree (AA) and Associate of Science (AS) degree transfer programs. This legislation was intended to create transfer pathways from the California Community Colleges to the California State Universities that are smooth and efficient. Upon completion of the associate degree, the student is eligible for transfer with junior standing into the CSU system.

All 112 community colleges have received Chancellor's Office approval for at least two associate degrees for transfer and several colleges have many more. Under direction from the Board of Governors, colleges are working toward the goals of having AA-T and AS-T degrees approved by fall of 2013 in 80 percent of the majors for which model curricula have been developed and 100 percent of majors by fall of 2014. These goals were codified and expanded in Senate Bill 440 (Padilla) effective January 2014.

The first group of students is reported to have received these transfer degrees in 2012, and the number is expected to increase moving forward.

Metric:
Equity in Completion Rate among Race/Ethnicity Subgroups

Defined:
Using the Completion cohorts used for the Scorecard, the completion rates of subgroup divided by that of a reference group (grouping based on race/ethnicity) expressed as percentages, are used to identify 'underperforming' subgroups. The completion rate of the system is used as the reference, and subgroups with a low calculated percentage are considered underperforming.

Proposed Goal:
To increase underperforming subgroups' ratio in each academic year by at least one percent annually.

Rationale:
This metric responds to the charge by the California Community Colleges Student Success Task Force that "recommends that system-wide accountability efforts include the collecting and reporting of both the outcomes and the progression measures for the system…which is disaggregated by race/ethnicity to aid the system in understanding how well it is performing in educating those historically disadvantaged populations…"
This metric serves as a measure of equity, comparing how well disadvantaged population are performing compared to non-disadvantaged population.

The metric is originally based on the "80 percent Rule" methodology that compares the percentage of each disaggregated subgroup attaining an outcome to the percentage attained by a reference subgroup. For this metric, the state is used as the reference group; therefore, we use 100 percent (equal to the state level) as a cut-off, and all subgroups performing under the state level are considered as underperforming. The calculation of the metric is simple. It also offers a simple interpretation: a higher percentage indicates higher equity. It has been used by several federal agencies in assessing equality between race/ethnic groups.

Comments:
Based on data for 2003/03 through 2007/08 cohorts, Pacific Islander, American Indian/Alaska Native (AIAN), African American, and Hispanic are identified as 'underperforming' because they did not make above the state completion rate for at least one of the cohorts examined. While all subgroups show a drop in the completion rate in recent cohorts, the equity metric between Hispanics and the state slightly improved (79.4 percent to 81.3 percent between 2003/04 and 2007/08 cohorts). In contrast, African American (from 85.1 percent to 77.9 percent) shows a widening gap compared to the state. AIAN (from 78.8 percent to 78.2 percent) and Pacific Islander (from 86.9 percent to 88.8 percent) do not show a clear trend.

Cohort Year	Hispanics vs State	African American vs State	AIAN vs State	Pacific Islander vs State	Filipino vs State	Multi Race vs State	White vs State	Asian vs State
2003/04	79.4	85.1	78.8	86.9	105.2	107.8	108.9	128.8
2004/05	80.3	81.9	79.8	91.6	107.2	107.4	108.4	131.5
2005/06	80.4	79.9	82.2	89.2	105.3	107.3	109.0	132.7
2006/07	81.1	80.3	79.2	84.3	103.4	107.7	108.4	134.0
2007/08	81.3	77.9	78.2	88.8	106.3	107.3	109.1	136.4

Metric:
Percentage of Students Who Have an Education Plan

Defined:
Percentage of credit students who have an education plan, excluding those who are exempt from having one. Records of students who enrolled for in each fall term are checked for an education plan at the end of the academic year.

Proposed Goal:
To increase the percentage of students who have an education plan in each fall term by three percent annually.

Rationale:
This metric serves as a measure of the coverage of student services. This is a metric that gauges a construct (i.e. student service) that was not previously measured by the Scorecard. The California Community Colleges Student Success Task Force recommends that all incoming students to develop an education plan (Recommendation 2.2). The Student Success Act (Senate Bill 1456, Lowenthal), introduced in 2012, requires community colleges or districts receiving matriculation funds to provide effective matriculation services, including orientation, assessment and placement, counseling, and other education planning services, and academic interventions.

Comments:
Data on whether or not a student has an education plan is currently captured in the Management Information System, but a new data element will replace it, starting summer of 2014.

The Board of Governors will define categories of students who should be exempt from mandatory placement and orientation, such as students with a prior degree returning to pursue training in a different career field. Colleges would also be able to exempt students from each of these requirements on a case-by-case basis.

Metric:
Average Full-time Equivalent Students (FTES) Spent Per Student

Defined:
Average FTES spent among credit students enrolled in each fall term

Proposed Goal:
To increase the average FTES per student in each fall term

Rationale:
Larger unit credits carried by students per term predict a higher chance of achieving goals in a timely manner. The California Community Colleges Student Success Task Force recommends that students be provided the opportunity to consider attending full time, as a part of the efforts to incentivize successful student behaviors (Recommendation 3.3). While not all students are in a position to enroll full time, students may be made aware of benefits of taking more courses and complete their educational objectives sooner.

Comments:
This metric does not require students to become full-time from part-time to show an improvement even though the Task Force specifically recommended increasing full-time students. FTES, instead of units, is used for calculation because FTES better reflects the time actually spent by students. Data show that average FTES spent per student did not change much, from 0.31 in the fall of 2009 to 0.32 in the fall of 2012.

Metric:
Number of Full-time Equivalent Students (FTES) Spent Per Outcome within Six Years

Defined:
Number of FTES spent to obtain "high order outcomes" by the Completion (formerly known as the Student Progress and Achievement Rate, SPAR) cohort followed for six years. High order outcomes are defined as earning a degree, certificate, transfer to a four-year institution, or becoming "transfer-prepared" (earning 60 CSU/UC transferrable units). Calculation is based on the six-year total FTES spent by the cohort divided by total number of these outcomes. A student getting multiple outcomes is counted each time an outcome is attained, and FTES spent after the last outcomes are counted until the end of the six year period.

Proposed Goal:
To achieve 3.0 FTES per outcome within five years and maintain a stable rate or to decrease rate in each new cohort.

Rationale:
In addition to increasing the proportion of students who achieve their educational objectives, it is also important to assist students to achieve them efficiently, with the smallest investment possible.

This metric uses the Completion cohort that includes students whose behaviors indicate their goals to be obtaining certificate or degrees, or transferring to a four-year institution. The advantage of using the Completion cohort is that it is defined such that students included are homogeneous, whose relatively clear intentions/goals makes the notion of efficiency more important than for other groups whose goals may not be easily defined or measured. Due to the familiarity among colleges to the definition of this cohort, this group is also expected to be more responsive to interventions at the college level than is more heterogeneous student bodies.

Comments:
Theoretically the number of outcomes attained by students should fluctuate at a rate equal to FTES invested; therefore, this metric is expected to be stable from year to year. However, data show that the number of FTES per outcome increased from 3.04 to 3.36 between 2003/04 and 2007/08 cohorts.

Although the final rate is calculated at the end of the six-year follow-up period for each cohort this does not prevent us from comparing cohorts' progress using less than six-year worth of data.

Proposed Goals for the California Community College System (System Goals)

Board of Governors Meeting

March 4, 2014

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Main Goals of the CCC System

Six metrics conceptualized around four areas:

- Student success

- Equity

- Student Services

- Efficiency

Aligned with SSTF recommendations and subsequent legislation.

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Student Success: Scorecard Rates

Metrics: Scorecard success rates

➢ Completion Rate (Completion)

➢ Persistence Rate (Momentum/Milestone)

➢ 30-units Rate (Momentum/Milestone)

➢ Math & English Remedial Rates

➢ CTE (Career Technical Education) Completion Rate

Definition of Scorecard Success Rates

Completion Rate:

> Percentage of degree and/or transfer-seeking students tracked for six years, who completed a degree, certificate or transfer-related outcomes

Persistence Rate:

> Outcome is to be enrolled in the first three consecutive terms, completed a degree/certificate, or transferred

30-units Rate:

> Outcome is to have attained at least 30 units

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Definition of Scorecard Success Rates

Math/English Remedial Rate:

Percentage of credit students tracked for six years, who started below transfer level in English and/or mathematics, and completed a college-level course in the same discipline.

Definition of Scorecard Success Rates

CTE Completion Rate:

> Percentage of students tracked for six years who completed several courses classified as career technical education (or vocational) in a single discipline and completed a degree, certificate or transferred.

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Goal for Scorecard Success Rates

To increase the rates in each new cohort by one percent annually

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Data on Scorecard Success Rates
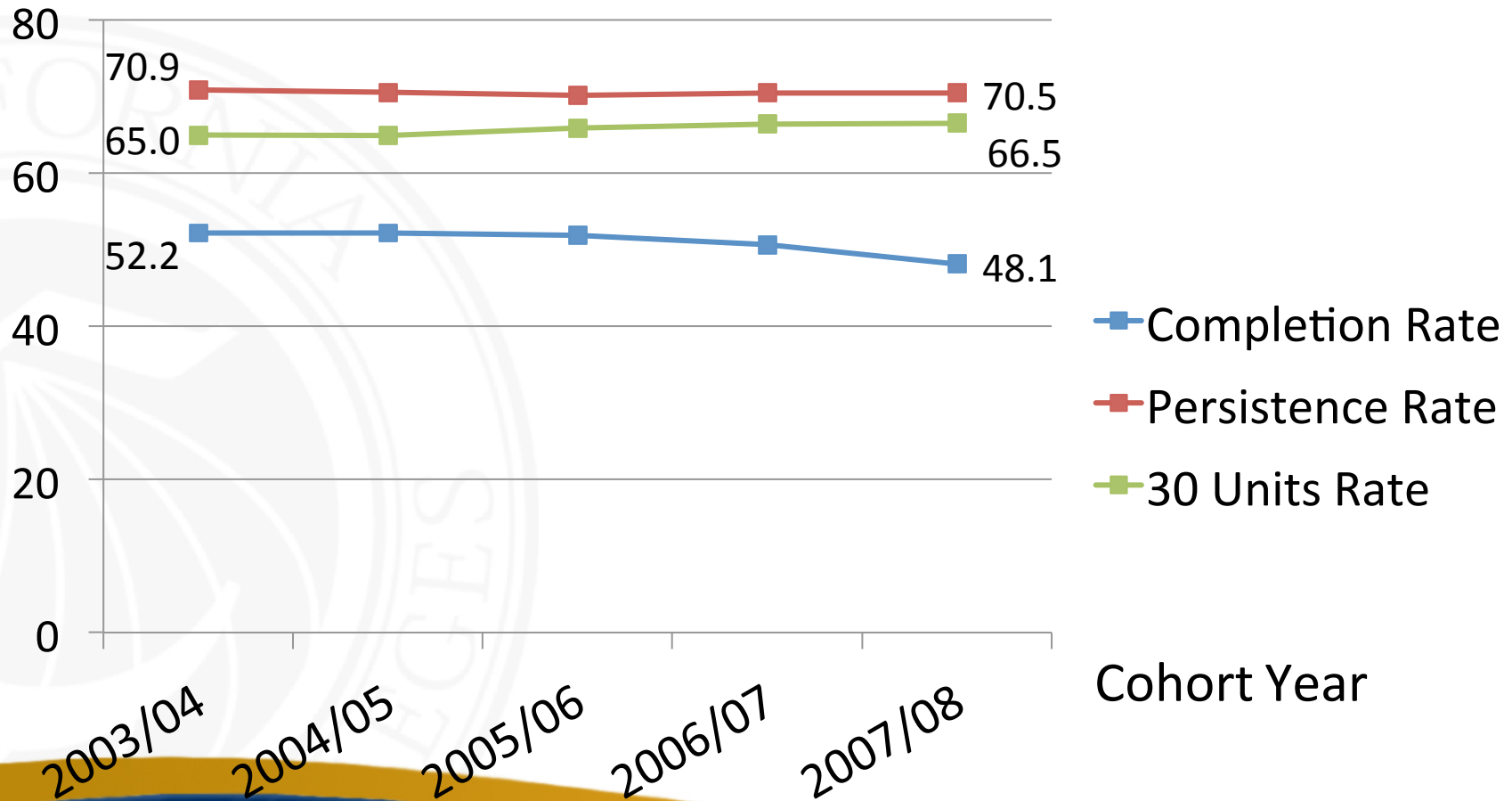
Data on Math/English Remedial Rates and CTE Success Rate
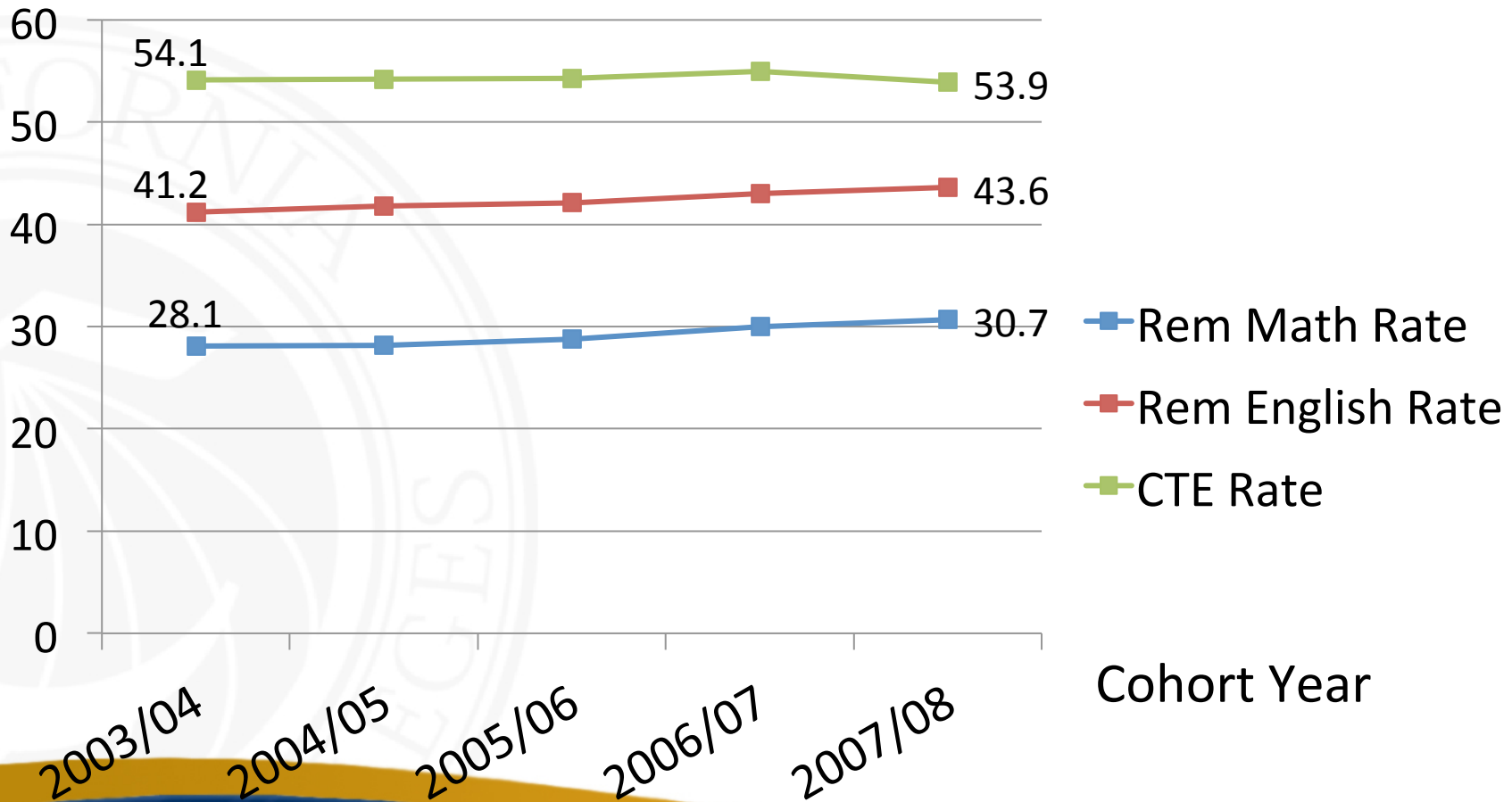
Student Success: Transfer Degrees

Metric Definition:

> The number of students who earned an Associate Degree for Transfer in each academic year

Goal for Transfer Degrees

To increase the number of students earning a transfer degree by five percent annually for five years

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Data on Annual Volume of Transfer Degree

	2011/12	2012/13
Associate in Science for Transfer (A.S.-T) Degree	72	1,740
Associate in Arts for Transfer (A.A.-T) Degree	730	3,613

Source: CCCCO Data Mart

Equity: Completion Rates among Race/ Ethnicity Subgroups

Metric Definition:

The completion rates of subgroups divided by that of the system (grouping based on race/ ethnicity) expressed as percentages.

Subgroups with a low percentage (or ratio) are identified as 'underperforming.'

Equity: Formula

$100 * \textit{Completion rate of a subgroup} / \textit{Completion rate of the system}$

- ➢ 100 means that the rate for the subgroup is identical to the system
- ➢ <100 are considered 'underperforming'

Example

For 06/07 cohort:

Hispanics' completion rate = 39.5

The system's completion rate = 49.2

$$100 * 39.5/49.2 = \textbf{80.3}$$

➢ Because it is smaller than 100, the group is considered 'underperforming' compared to the system

How to Determine Equity

Three Steps:

1. Calculate the completion rate for each race/ethnic subgroup.

2. Divide the subgroup's completion rate by the system's, then multiply it by 100.

3. If the calculated metric is under 100 then the subgroup is determined as underperforming (compared to the system), therefore, the target is applied to the subgroup.

Calculation is done for all subgroups

Example. 2007/08 cohort

Race/Ethnicity	Cohort Size	Number Attained Outcome	Completion Rate	Equity Metric
African American	14,622	5,482	37.5%	100*37.5/48.1= **78.0**
American Indian	1,672	629	37.6%	100*37.6/48.1= **78.2**
Asian	22,414	14,714	65.6%	100*65.6/48.1= **136.4**
Filipino	7,548	3,861	51.2%	100*51.2/48.1= **106.4**
Hispanic	63,820	24,957	39.1%	100*39.1/48.1= **81.3**
Pacific Islander	2,034	869	42.7%	100*42.7/48.1= **88.8**
White	64,709	33,977	52.5%	100*52.5/48.1= **109.1**
Total	193,972	93,344	**48.1%**	

Goal for Equity Measure

To increase underperforming subgroups' ratios in each academic year by at least one percent

annually

Data on Equity Metric
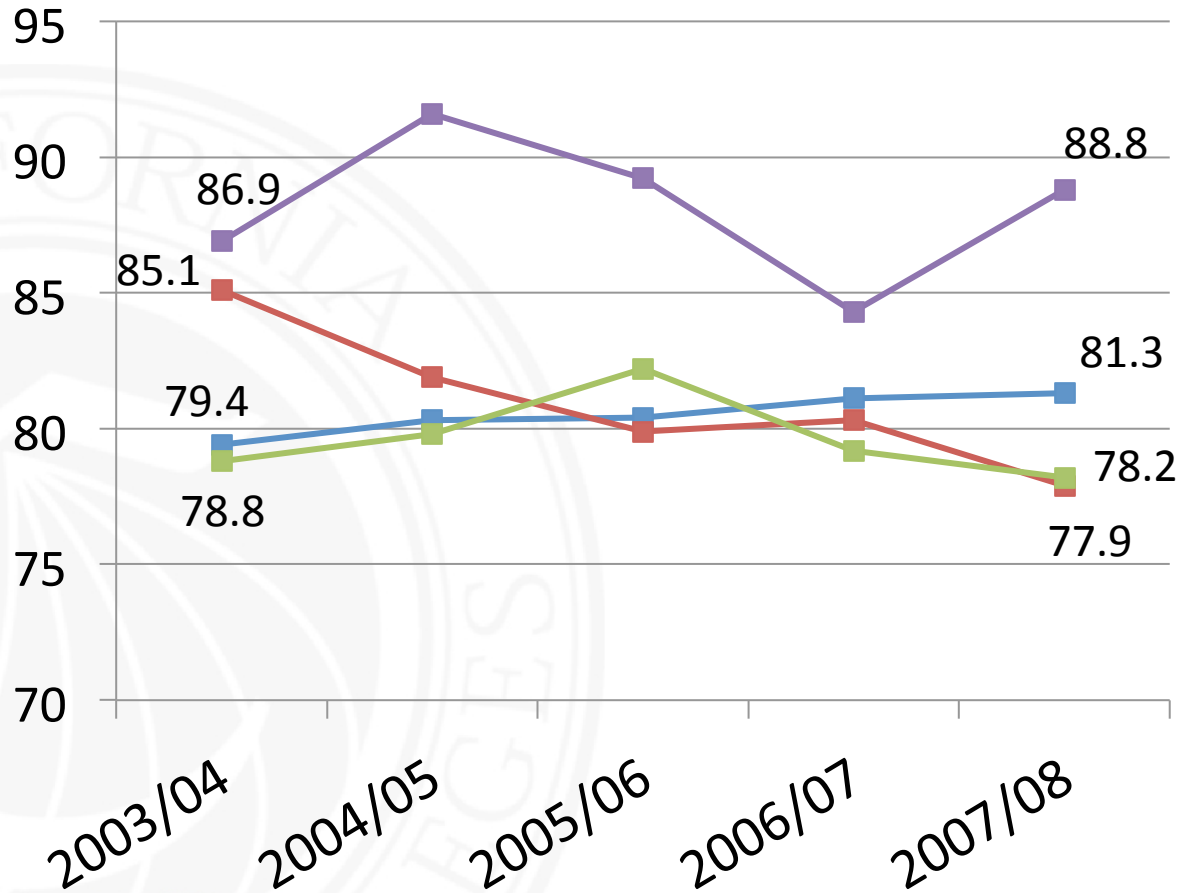
* Displaying only underperforming subgroups

Legend:
- Hispanic
- African American
- American Indian
- Pacific Islander

Cohort Year

Data labels: 86.9, 85.1, 88.8, 79.4, 81.3, 78.8, 78.2, 77.9

More about this metric…

1) If both subgroup's and the system's completion rates go up by the same percentage point, the ratio also goes up.

    Example. Hisp. (40%), System (50%) -> Metric = 80%

    Hisp. (42%), System (52%) -> Metric = 81%

2) The metric for Hispanics is likely to improve due to a larger % of Hispanics enrolled over time

3) The metric for a subgroup COULD improve even if its completion rate goes down, if the slope of the decline is smaller than that for the system rate

Student Services:
Percent of Students w/ Education Plan

Metric Definition:

- Percentage of credit students who have an education plan, excluding those who are exempt from having one

- Records of students who enrolled for in each fall term are checked for an education plan at the end of the academic year
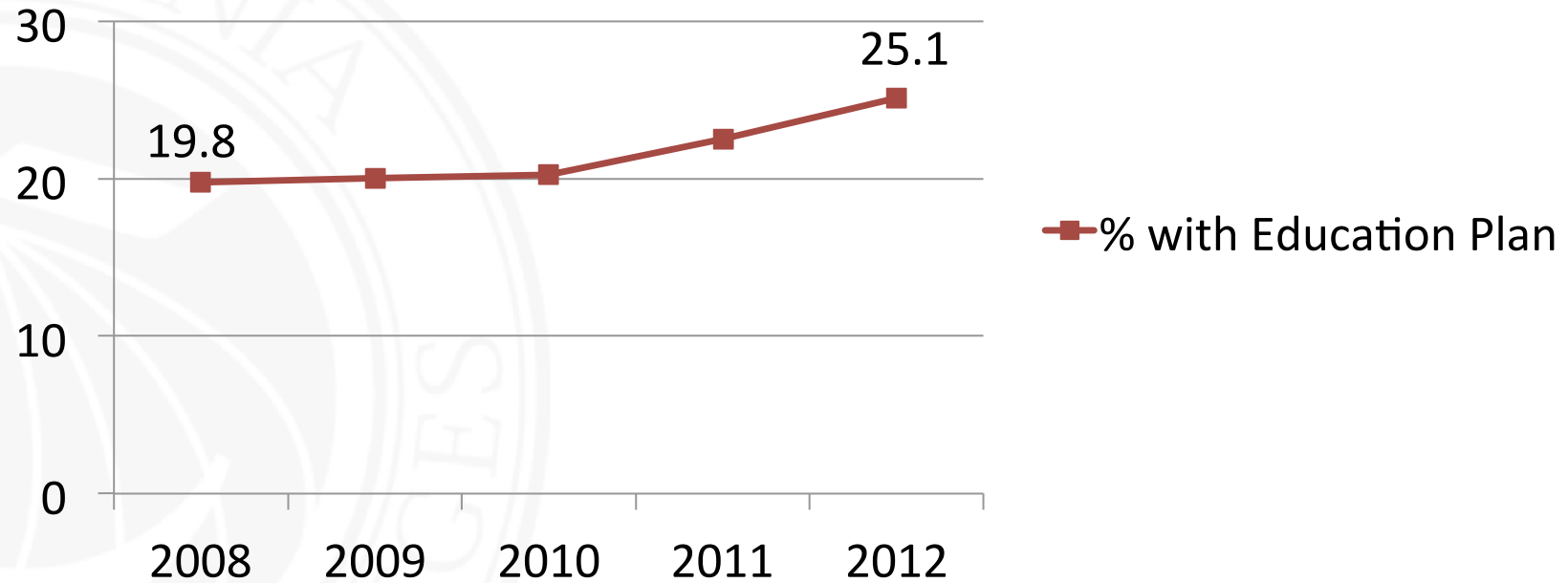
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Goal for Education Plan

To increase the percentage of students who have an education plan in each fall term by three percent annually

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Data on Education Plan

** Based on current data – New data element will replace the current, starting Summer 2014

Efficiency: Average FTES Spent
Per Student

Metric Definition:

Average FTES spent among credit students enrolled each year (Fall & Spring)
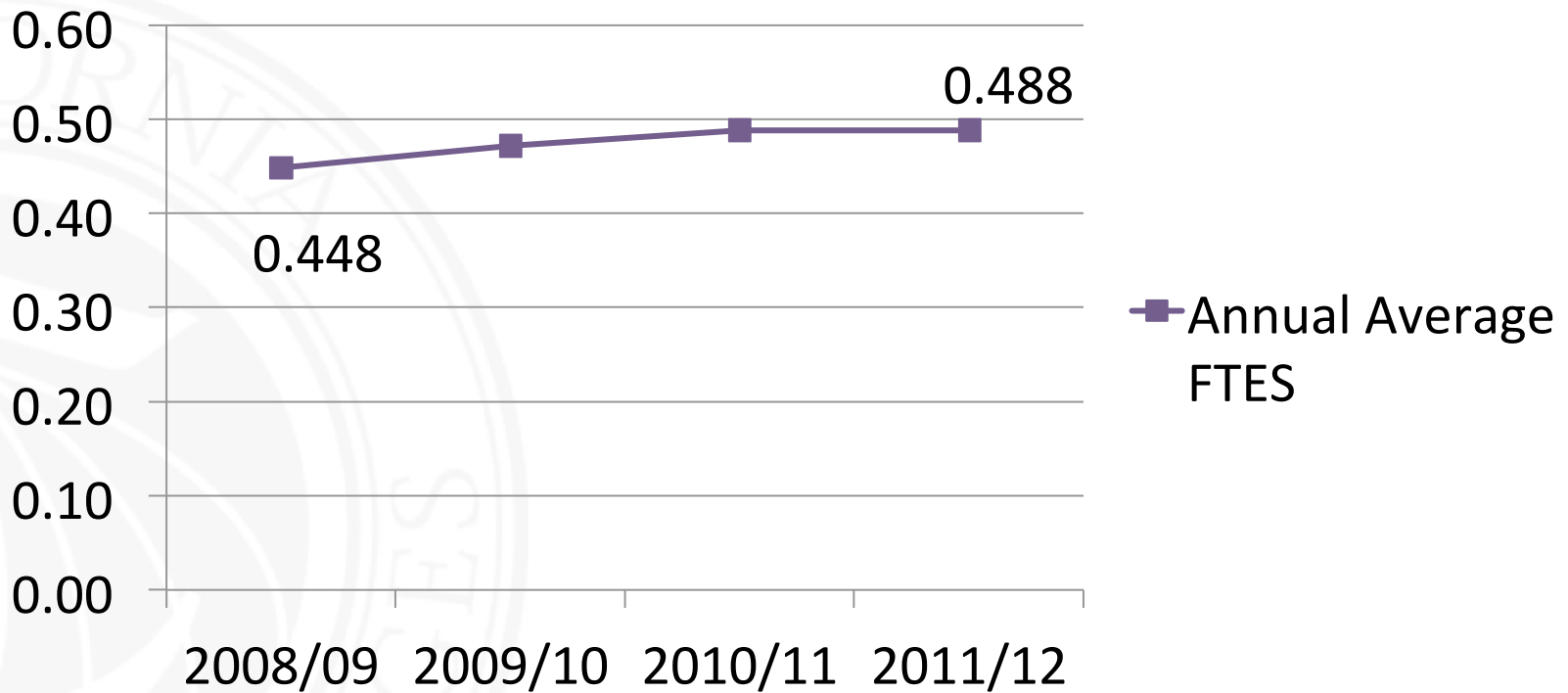
➢ 1.0 means that all students took a course load that is considered full-time

Goal for Average FTES Spent Per Student

To increase the average FTES per student in each year

Data on Average FTES Spent Per Student

Efficiency: FTES Spent Per Scorecard Success Outcome

Metric Definition:

Number of FTES spent to obtain a "high order outcome" by the cohort starting the first-time, followed for six years.

* Cohort and outcomes included in the calculation are same as for the Scorecard completion rate.
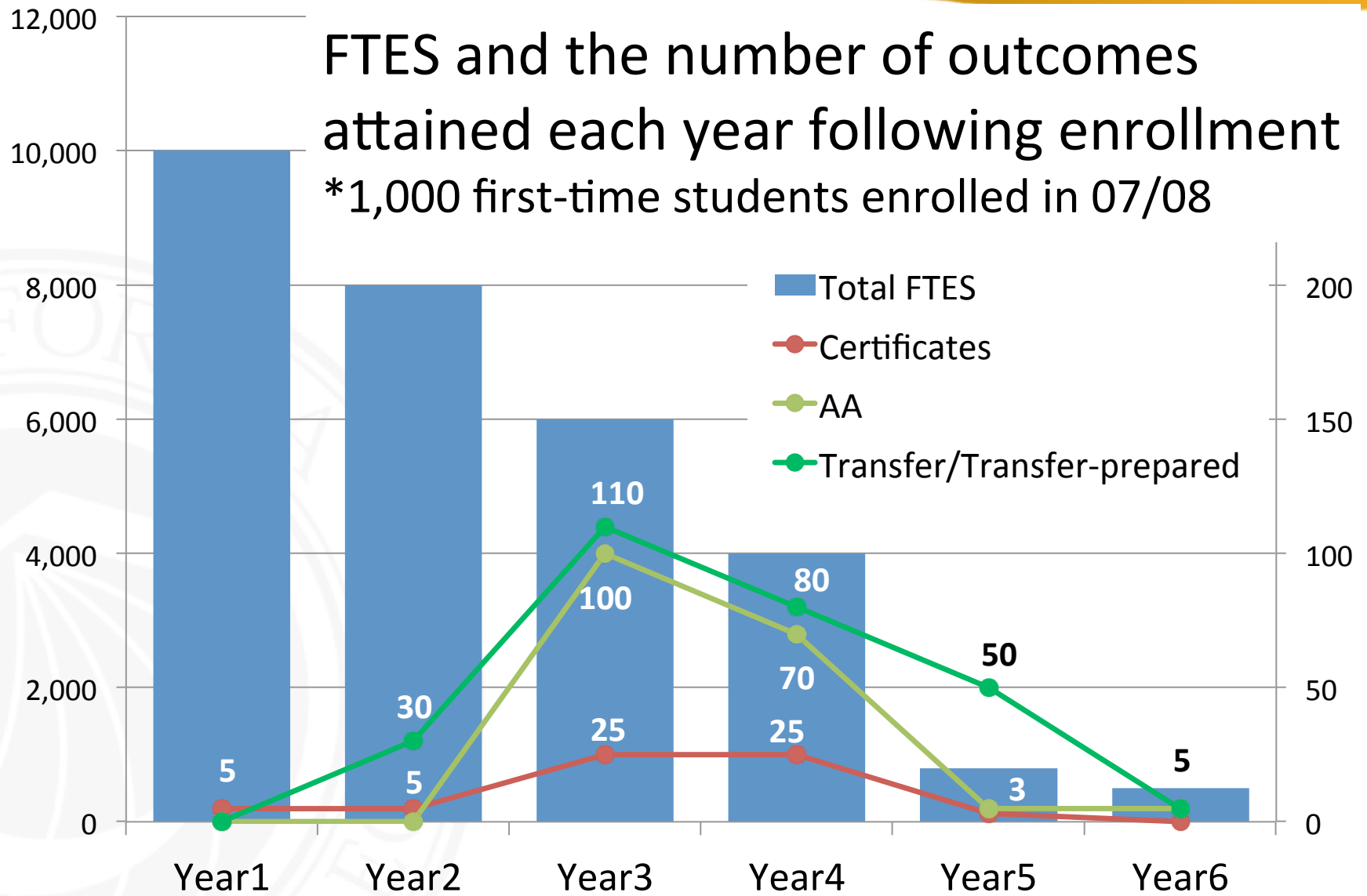
Formula

For each cohort:

Total FTES generated by the cohort during the 6-year period

_____

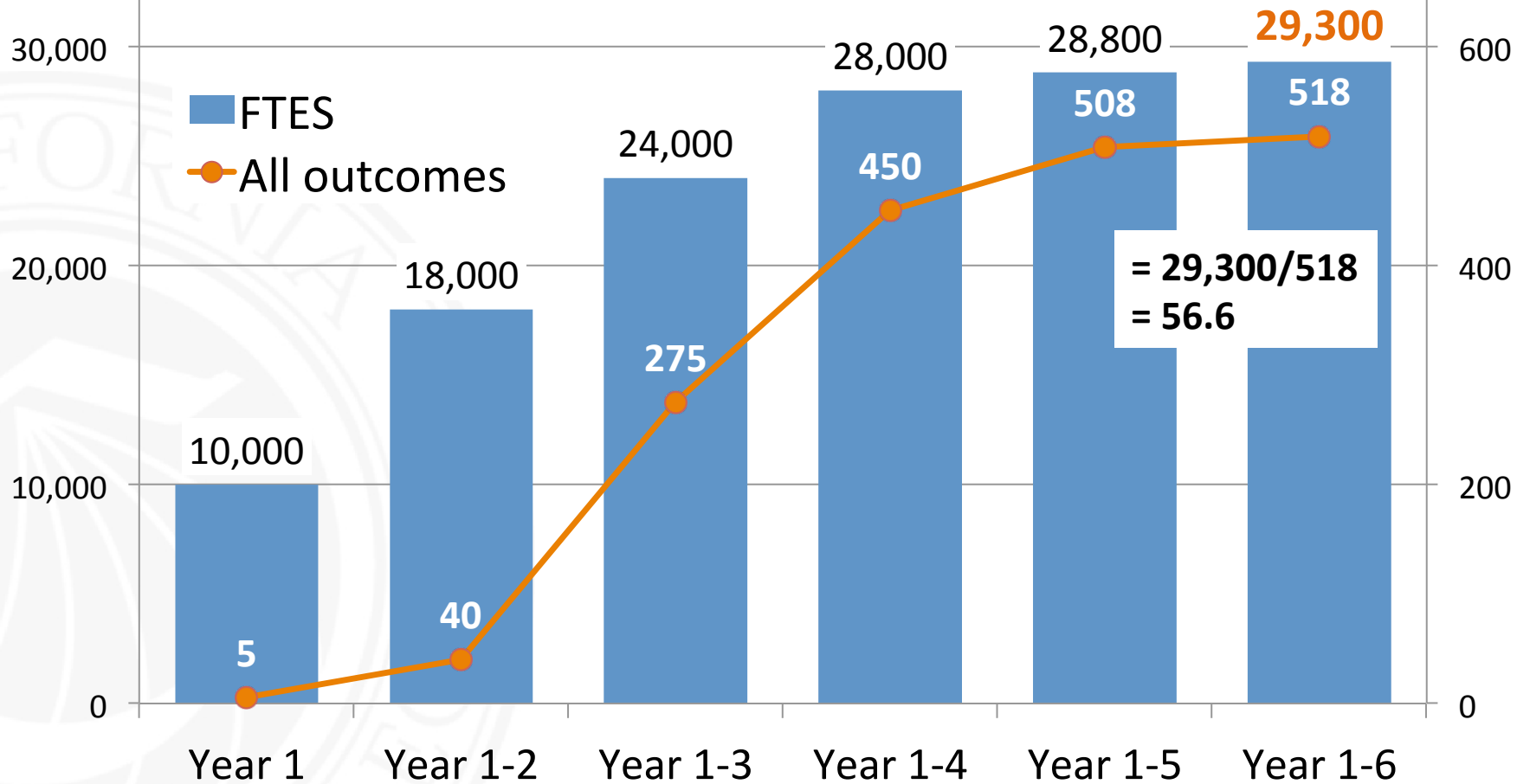Total number of outcomes attained by the cohort during the 6-year period

FTES and the number of outcomes attained each year following enrollment
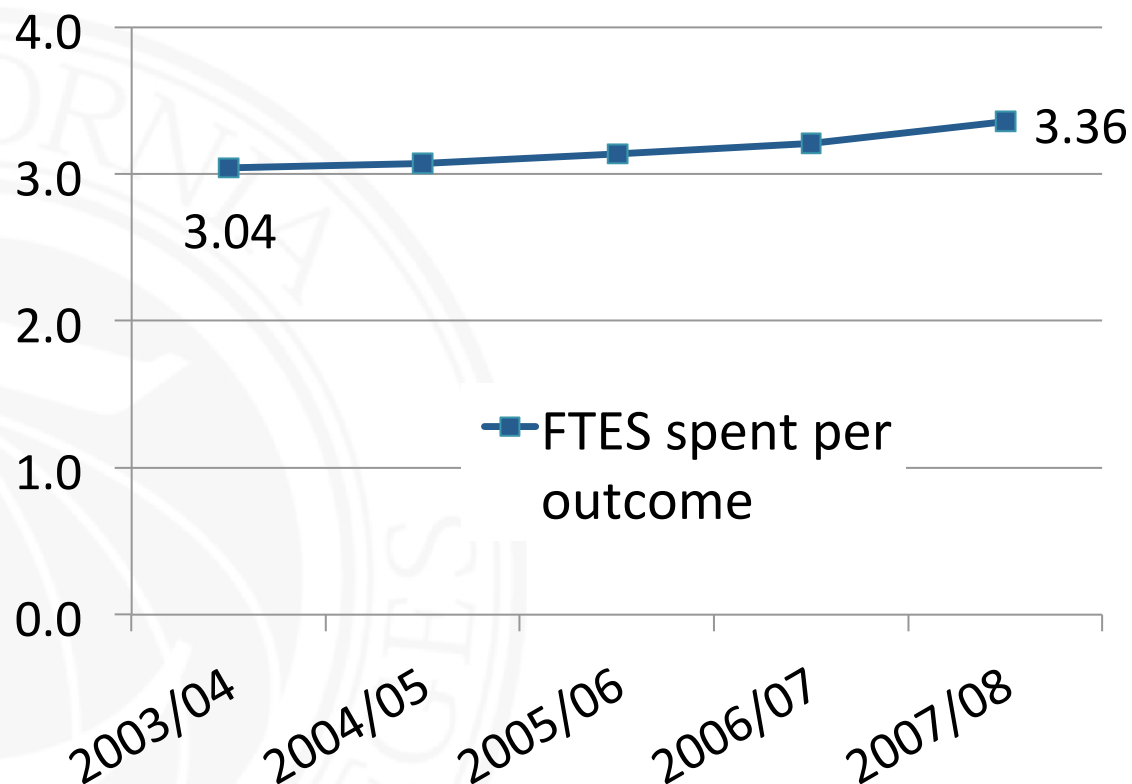*1,000 first-time students enrolled in 07/08
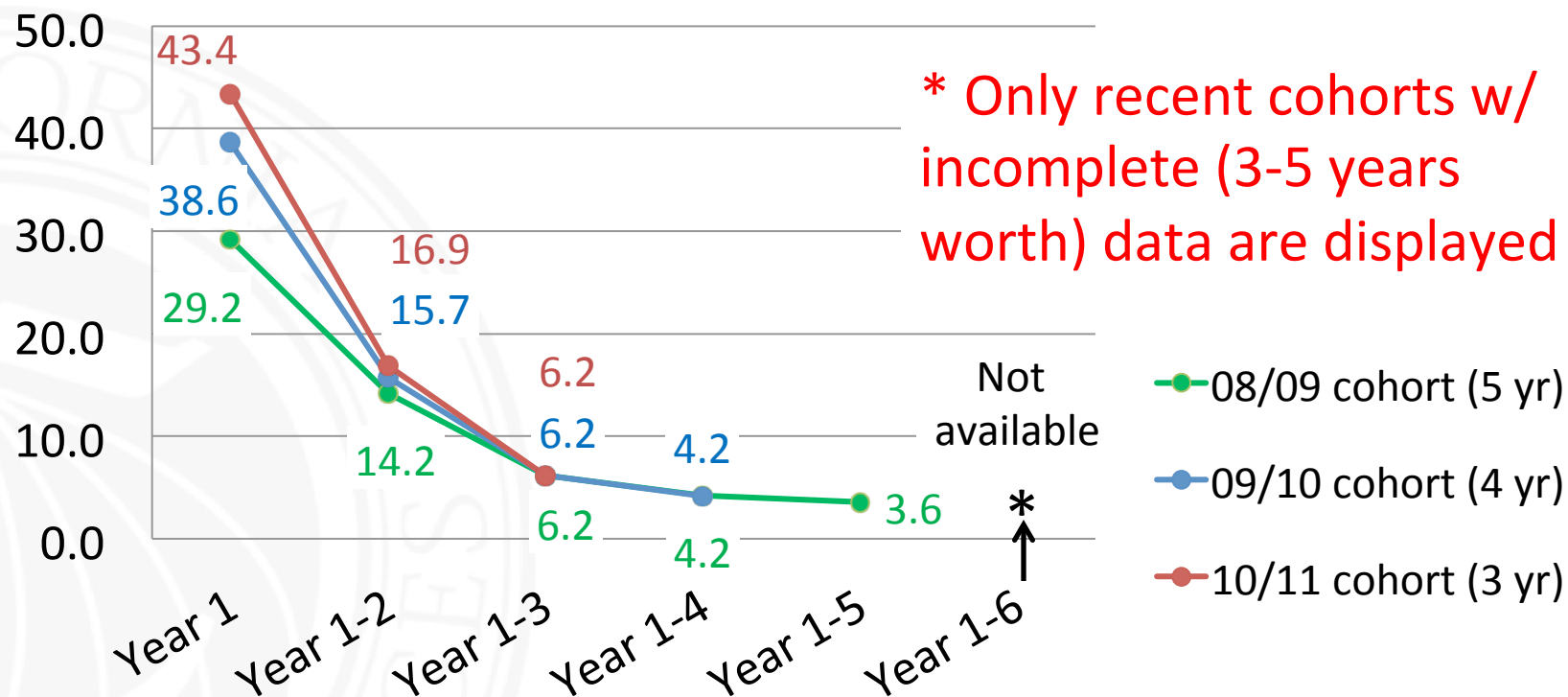
Cumulative FTES and Outcomes Over 6 Years

Data on FTES Spent Per Scorecard Success Outcome

Cohort Year

3.04

3.36

FTES spent per outcome

* Only cohorts with complete (6 years worth) data are displayed

We can monitor progress each year, comparing cohorts

* Only recent cohorts w/ incomplete (3-5 years worth) data are displayed

Goal for FTES Spent Per Scorecard Success Outcome

To achieve 3.0 FTES per outcome within five years and maintain a stable rate or to decrease rate in each new cohort

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