

# SUBCOMMITTEE NO. 1

# Agenda

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Senator Marty Block, Chair  
Senator Benjamin Allen  
Senator John M. W. Moorlach



Thursday, April 7, 2016  
9:30 a.m. or upon adjournment of session  
State Capitol - Room 3191

Consultant: Anita Lee

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## 6870 BOARD OF GOVERNORS CALIFORNIA COMMUNITY COLLEGES

The California Community Colleges (CCC) is the largest system of community college education in the United States, serving approximately 2.1 million students annually, with 1.2 million full-time equivalent students. The CCC system is made up of 113 colleges operated by 72 community college districts throughout the state. California's two-year institutions provide programs of study and courses, in both credit and noncredit categories, which address its three primary areas of mission: education leading to associates degrees and university transfer; career technical education; and, basic skills. The community colleges also offer a wide range of programs and courses to support economic development and specialized populations.

As outlined in the Master Plan for Higher Education in 1960, the community colleges were designated to have an open admission policy and bear the most extensive responsibility for lower-division, undergraduate instruction. The community college mission was further revised with the passage of Assembly Bill 1725 (Vasconcellos), Chapter 973, Statutes of 1988, which called for comprehensive reforms in every aspect of community college education and organization.

The Board of Governors of the CCCs was established in 1967 to provide statewide leadership to California's community colleges. The board has 17 members appointed by the Governor, subject to Senate confirmation. Twelve members are appointed to six-year terms and two student members, two faculty members, and one classified member are appointed to two-year terms. The objectives of the board are:

- Provide direction, coordination to California's community colleges.
- Apportion state funds to districts and ensure prudent use of public resources.
- Improve district and campus programs through informational and technical services on a statewide basis.

The following table displays proposed 2016-17 expenditures and positions for the CCCs, as compared to the previous and current budget years. Of the amounts displayed in the table, \$5.0 billion in 2014-15, \$5.4 billion in 2015-16, and \$5.4 billion in 2016-17 are supported by Proposition 98 General Fund. \$11.6 million in 2014-15, \$11.9 million in 2015-16, and \$18.6 million in 2016-17 are supported by non-Proposition 98 General Fund. The remainder of funding comes from local property tax revenue, fee revenue and various special and federal fund sources.

### California Community Colleges Budgeted Expenditures and Positions

(Dollars in Millions)	2014-15	2015-16	2016-17
Personal Services	\$17	\$17	\$17
Operating Expenses and Equipment	\$5	\$7	\$8
Local Assistance	\$7,932	\$8,704	\$8,997
<b>Total Expenditures</b>	<b>\$7,954</b>	<b>\$8,728</b>	<b>\$9,022</b>
<b>Positions</b>	<b>162.7</b>	<b>142.5</b>	<b>142.5</b>

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## ITEMS FOR DISCUSSION ONLY

### Issue 1: Workforce Education

#### Panel

- Jessica Holmes, Department of Finance
- Judy Heiman, Legislative Analyst's Office
- Van Ton-Quinlivan, Vice Chancellor Workforce and Economic Development, California Community College Chancellor's Office
- Dan Troy, California Community College Chancellor's Office
- Julius Sokenu, Ed. D, Dean of Student Learning Math and Physical Sciences, Moorpark College, and President-Elect of the California Community College Association for Occupational Education
- Cathy Martin, Vice President Workforce Policy, California Hospital Association

**Summary.** The Governor's budget proposes to increase funding for career technical education (CTE) by \$200 million ongoing Proposition 98 General Fund through the creation of the Strong Workforce program, provides \$48 million ongoing Proposition 98 General Fund to make the CTE Pathways Program permanent, and increases the funding rate for the apprenticeship program.

#### Background

According to a Public Policy Institute of California report, *California's Need for Skilled Workers*, by 2025, California is likely to face a shortage of workers with some postsecondary education but less than a bachelor's degree. In fact, the future gap among associate degree holders, those with one- or two-year technical certificates, and anyone who attended college but did not receive a credential, may be as high as 1.5 million. In addition to more traditional secondary and postsecondary education, the state, through community colleges, has also historically provided career technical education (CTE) for students to gain the basic knowledge and skills necessary to actively participate as citizens and to enter the workforce.

About 27 percent of community college enrollment is in career technical education (CTE) courses. Programs range considerably, from short-term certificates in a particular field (Medical Assistant, Auto Mechanic, Early Child Development Specialist, Landscape Designer, etc.) to associate's degrees in fields such as nursing.

CTE courses typically receive the same apportionment funding as general education courses, and several categorical programs also support CTE programs. These categorical programs provide \$136 million for direct instruction, planning and coordination, and student services related to workforce education. CTE categorical programs include:

- **Apprenticeship Program.** Apprentices receive supervised, hands-on training from an employer and take classes relevant to their trade. This categorical program reimburses school districts and community colleges for classroom instruction related to approved apprenticeship programs. Most apprenticeship instruction offered by the community colleges provides college credit, and all apprenticeship instruction, whether provided by colleges or school districts, is reimbursed on an hourly basis at the same rate as CCC credit instruction. In 2015–16, the state is providing a total of \$51.9 million Proposition 98 General Fund for apprenticeship instruction (\$20.5 million for school district instruction, \$16.4 million for community college instruction,

and \$15 million for ongoing development of new apprenticeship programs regardless of provider).

- **CTE Pathways.** This grant program helps regions develop sustainable CTE pathways among schools, community colleges, and regional business and labor organizations. The grants are to help consortia meet eight specific objectives identified in the program’s authorizing legislation. These objectives include aligning secondary and postsecondary CTE programs to create seamless transitions for students, providing professional development to facilitate CTE partnerships, and increasing the number of students who engage in work–experience programs. The Legislature created the CTE Pathways Program in 2005, reauthorized it in 2012, and has provided \$48 million each year since reauthorization. The program was set to expire at the end of 2014–15, but the 2015–16 budget provided an additional \$48 million and extended the program for one more year. Of the \$48 million provided in 2015–16, \$33 million is for community college CTE programs and \$15 million for high school programs. The community college portion supports a mix of specialized programs (such as Career Advancement Academies, which provide basic skills instruction in a CTE context for students who dropped out of high school or are otherwise underprepared) and more centralized efforts (such as a network of regional industry liaisons for the colleges). The majority of the school district funding (\$9 million) goes to the California Partnership Academies, a California Department of Education (CDE) categorical program supporting small high school learning communities, each with a career theme.
- **Economic and Workforce Development (EWD).** The Chancellor’s Office uses labor market analysis to define 15 economic regions and identify 10 priority industry sectors. In 2013–14, the program funded six initiatives to improve the delivery of CTE within these economic regions and industry sectors. The 2013–14 initiatives emphasized collaboration among community colleges, employers, labor unions, civic organizations, and economic and workforce development officials in meeting workforce needs. The program also has established common performance measures designed to apply to all CCC workforce programs. The 2015–16 budget provides \$23 million Proposition 98 General Fund for this program.

**Task Force on Workforce, Job Creation, and a Strong Economy.** In late 2014, the California Community Colleges Board of Governors commissioned the Task Force on Workforce, Job Creation and a Strong Economy to consider strategies and recommend policies and practices on how the community college system can improve workforce training. The task force was comprised of 26 representatives from community college faculty, staff, administration, trustees and students, the employer community, labor, public agencies involved in workforce training and economic development, K-14 education policy representatives and community-based organizations. The group collected input on CTE issues through a series of regional community college meetings, town hall meetings, and public task force meetings spanning from November 2014 through July 2015.

Based upon information gathered at its meetings and the input it received, the task force identified a set of workforce priorities. These priorities include:

- Securing adequate funding for high–cost CTE programs, including a stream of funding to keep equipment and facilities up-to-date with industry developments;
- Speeding the development and approval of new programs in response to workforce needs;
- Increasing colleges’ flexibility to hire experienced professionals to teach certain skills courses;

- Providing learning opportunities that better align across educational levels within a region and focus on attainment of skills and competencies;
- Expanding student support services; and
- Improving the use of labor market and student success data to inform program planning.

The task force developed 76 recommendations related to these priorities. At its November 2015 meeting, the Board of Governors formally adopted the task force recommendations. The board included a \$200 million funding request in its system budget which called for a sustained, supplemental funding source to increase community colleges' capacity to create, adapt, and maintain CTE courses and programs that respond to regional labor market needs. The request called for funding to offset the high cost of CTE programs and provide a funding stream to purchase equipment and outfit facilities.

### **Governor's Budget**

The proposed budget includes \$200 million in ongoing Proposition 98 General Fund support for a new "Strong Workforce Program," and accompanying trailer bill language to establish the program. Trailer bill language calls for the following:

- **Regional Planning Approach for New Workforce Program.** Under the proposed process, CCC would coordinate its CTE programs within 14 regions identified under the state's implementation of the federal Workforce Innovation and Opportunity Act (WIOA) "to the extent possible." (Five of the WIOA regions coincide with five of CCC's 15 economic regions, as defined for the EWD program, and nine have various degrees of overlap with the remaining ten CCC regions.) Within these regions, CCC would create "collaboratives" of community college districts, local education agencies, interested CSU and UC campuses, civic representatives, workforce development boards, representatives from the organized labor community, and economic development and industry sector leaders. Collaboratives would meet at least annually to develop four-year plans to meet regional workforce education needs. These plans would include a needs assessment based on regional labor market analyses, efforts to coordinate existing programs in the region, student success goals, and work plans for meeting regional priorities.
- **Performance Measures.** The proposal calls for the chancellor to align the measures, to the extent possible, with federal WIOA performance measures. (These include measures of degree and certificate completion, employment, and earnings.) Collaboratives would set measurable goals for performance in each of these areas and provide annual updates of their progress in meeting the goals. The chancellor would post regional plans on CCC's website. Beginning January 1, 2018, the chancellor would be required to report annually to the Governor and Legislature on each region's performance outcomes (disaggregated for underserved demographic groups). As part of these reports, the chancellor would be required to provide recommendations for program improvement and for future allocations to collaboratives based on program outcomes.
- **Allocation Formula for New Workforce Program.** Under the proposal, the chancellor would recommend a funding allocation to the Department of Finance for approval prior to distributing funds. The allocation would reflect each region's share of the state's: (1) unemployment, (2) CTE enrollment, (3) projected job openings, and (4) after the first year, successful performance outcomes. Each collaborative would designate one community college district to

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serve as a fiscal agent to receive and distribute funds. The chancellor could reserve up to five percent of annual program funding for statewide coordination activities.

- **Distribution of Funds Within Region to Community College Districts.** The Governor’s proposed legislation calls for the regional collaboratives to allocate funds in accordance with their plans. The proposal also requires that any decisions relating to the distribution of funds be determined exclusively by the community college districts participating in a collaborative. The proposal requires that districts receiving an allocation use the region’s plan to inform their campus CTE planning, but it does not specify what types of activities colleges could support with the funding.
- **Additional Workforce Policy Recommendations.** The proposed trailer bill language requires the Chancellor’s Office to develop recommendations to the Board of Governors regarding workforce efforts. The recommendations would include policies, regulations, and guidance necessary to facilitate sharing of best practices and curricula across colleges, streamline course and curriculum approval, and eliminate barriers to hiring qualified instructors (including reevaluating the required minimum qualifications for CTE instructors), among other efforts. The chancellor is to present the recommendations by June 30, 2017.

**Makes CTE Pathways Program Permanent.** The budget includes \$48 million in ongoing Proposition 98 General Fund for the CTE Pathways Program, and associated trailer bill language eliminates the July 1, 2016 sunset date for this program, making the program permanent. The Governor proposes that future CTE Pathways funding “align” with the regional plans developed under the Strong Workforce Program, but the Pathways program would continue to have separate statutory requirements.

**Increases Funding Rate for Apprenticeship Instruction.** The budget proposes to increase support of apprenticeship instruction by \$1.8 million Proposition 98 General Fund to bring the reimbursement rate for apprenticeship instruction up to the funding rate for noncredit Career Development and College Preparation (CDCP) courses, which is now the same as the rate as for credit courses.

#### **Legislative Analyst’s Office (LAO) Recommendations**

- **Consolidate Planning Processes.** The LAO recommends the Legislature better integrate planning across adult education and CTE programs, regardless of funding source, within one set of regions.
- **Earmark Funding.** The LAO recommends the Legislature modify the Governor’s proposal to create a CTE categorical program focused on addressing high CTE costs, thereby reducing any disincentives to expand CTE programs. LAO recommends this new program have two components—one largely for equipment and one for CTE programs with especially high costs.

The first component for CTE equipment and other one-time costs, such as program start-up could support additional CTE development and expansion each year based on identified regional workforce needs that are aligned with regional WIOA plans. Regions or districts could use their full allocation annually or save a portion of their allocations for a year or more to support infrequent, more expensive equipment purchases. To ensure the colleges have a substantial, ongoing funding source for these costs, LAO recommends using at least half of the proposed funding for this component. In addition to an equipment earmark, LAO recommends

the state also provide ongoing, supplemental funding to address unusually high faculty costs in some CTE programs. This component could use a similar allocation model to the equipment component.

- **Fold Other CTE Categorical Programs into the New Program.** The LAO recommends rejecting the Governor's proposal to make the CTE Pathways Program ongoing. Should the Legislature wish to continue funding some of the specific projects under the current CTE Pathways Program grants, such as the California Partnership Academies, it could move the associated funding to the existing CDE categorical program for the same projects. Similarly, the LAO recommends folding in the nursing education program into the new CTE program. Any CCC activities the Legislature wished to maintain could be incorporated into the new CTE program.
- **Require Chancellor to Report on Options to Facilitate Hiring of Experienced Industry Professionals.** The Governor's proposal requires the chancellor to recommend changes to policies regarding faculty qualifications to the Board of Governors. Given the possibility that statutory changes may be needed to address this issue, LAO recommends the Legislature direct the Chancellor to present it with options that would remove statutory barriers, authorize (but not require) colleges to use an exception or newly created special hiring category, and delineate the circumstances under which using such exceptions would be appropriate. The Legislature's direction to the Chancellor could include soliciting input from CTE faculty organizations, the Academic Senate, and other stakeholders and providing the associated report by March 1, 2017.
- **Increasing Cal Grant C Award Amount.** If the Legislature wishes to increase financial aid for CTE students who do not qualify for the larger Cal Grant B entitlement awards, it could consider increasing Cal Grant C award amounts. It could accomplish this by raising the award amount for all Cal Grant C recipients through the CSAC budget. Alternatively, it could provide a targeted increase for community college students through a CCC supplemental grant, as it did last year for Cal Grant B recipients attending CCC full time.
- **Adopt Apprenticeship Rate Increase and Consider Tying to CDCP Rate.** The LAO recommends adopting the Governor's proposal to adjust the reimbursement rate for apprenticeship instruction at the same rate as CDCP instruction. If the Legislature's intent is to continue funding apprenticeship instruction at the CDCP and credit rate, it could amend statute accordingly.

### Staff Comments

The PPIC notes that over the next decade, the share of new jobs requiring some college will equal the share requiring a bachelor's degree (each is estimated to be 32 percent of the total). Roughly two-thirds of the share of new jobs for "some college" workers will require less than an associate degree. As the subcommittee evaluates the Governor's workforce proposals, it may wish to consider whether or not the proposals will help meet this workforce demand, expand or establish new or existing CTE programs, or establish a predictable funding stream for CTE.

**Various CTE Efforts.** Numerous federal, state and local programs seek to support CTE, including the federal Perkins Career and Technical Education Act, adult education funding and regional consortia, sector navigators established under the Economic Workforce Development program, Workforce Innovation Opportunity Act, among others. The Governor's proposal to create a regional planning process for CTE programs mirrors the adult education consortium planning process, discussed in a previous subcommittee hearing, and may be duplicative of existing CTE efforts. Moreover, continuing the CTE Pathways Program would maintain another similar regional planning process.

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**High Costs CTE Programs.** The task force noted that CTE courses receive the same funding rate per student as other courses, however, these programs may have higher startup and operating costs, such as equipment, specialized facilities, and increased need for professional development. The task force notes that this may create a disincentive for colleges to expand their availability. For example, the LAO notes that in 2014–15, CTE enrollment was about the same level it had been ten years earlier whereas non-CTE enrollment was 15 percent higher. Additionally, the Governor’s proposal does not require any particular programmatic activities for community colleges. It is unclear to what extent funds would directly support increased enrollment in instructional programs versus other uses, such as planning, collaboration, professional development, counseling, and equipment.

The subcommittee may wish to consider whether or not funding should be allocated based on the regions (1) unemployment rate, (2) proportion of CTE enrollment, (3) projected job openings, and (4) proportion of successful workforce outcomes as evidenced by the performance accountability measures of WIOA, or if other factors should be considered as well.

The Subcommittee may wish to ask:

- How would the Chancellor's Office work with stakeholders, including the Academic Senate, to ensure that policy changes improve and expand CTE programs?
- What are the advantages of keeping the CTE Pathways program as a separate program? What is the Administration and Chancellor's Office response to the LAO recommendation that the program be folded into the Strong Workforce program?
- Does the Governor’s proposal create a stable funding stream for CTE courses and programs?

**Staff Recommendation:** Hold open.

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**Issue 2: Basic Skills Initiative**

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**Panel**

- Keith Nazaam, Department of Finance
- Judy Heiman, Legislative Analyst's Office
- Dan Troy, California Community Colleges Chancellor's Office

**Summary.** The Governor's budget proposes an increase of \$30 million in ongoing Proposition 98 General Fund for the Basic Skills Initiative, and trailer bill language that repeals the existing program and creates a new program and implements performance-based funding.

**Background**

More than 150,000 (three-quarters of) incoming degree, certificate, and transfer-seeking students at the community colleges annually, are classified as unprepared for college-level math and/or English. Among degree, certificate, or transfer-seeking students who enter CCC prepared for college-level work, 71 percent either receive a degree, certificate or transfer within six years; compared to just 39 percent for unprepared students. Additionally, 31 percent of students who took a basic skills math course completed a college-level math course within six years, and 43 percent of students who took a basic skills English course completed a college-level English course within six years.

Basic skills courses, sometimes referred to as remedial, developmental, or foundational courses, include courses in elementary and secondary reading, writing, and math and English as a second language (ESL). Most students must take basic skills course before advancing to college-level courses needed for a certificate, degree or transfer program. In 2014–15, 28 percent of all English, reading, and writing units taken at CCC (not including ESL) were remedial, and 24 percent of all math units taken were remedial.

Under the traditional approach to basic skills instruction, colleges administer assessment tests to entering students and, based on the results, place them into a sequence of courses they must complete before enrolling in transferable college-level courses. Basic skills courses often focus on teaching specific skills through repetitive drills, with an emphasis on correct procedures and answers. These teaching methods have been criticized as ineffective because they do not necessarily promote conceptual understanding or provide interesting, relevant context to help students connect what they are learning in the classroom to their broader educational or professional goals. Moreover, traditional course sequences extend students' time in school. For example, a student beginning three levels below transferable college courses must complete three semesters of remediation.

**Apportionment Funding.** CCC's basic skills funding is mostly from apportionments, which supports direct instruction and is based on the number of full-time-equivalent students. In 2015–16, the LAO estimates the state provided \$700 million Proposition 98 General Fund for basic skills through apportionments.

**Basic Skills Initiative (BSI).** In 2007, the state established the Basic Skills Initiative to help improve the effectiveness of CCC basic skills instruction. The state has annually provided more than \$20 million in Proposition 98 General Fund for the Basic Skills Initiative, with 95 percent of this funding allocated based on the number of basic skills FTE students a college serves, and five percent for statewide professional development activities. Funding supports a variety of activities including curriculum planning and development; student assessment, advisement, and counseling services; supplemental instruction and tutoring; articulation; instructional materials and equipment; and any other purpose directly related to enhancement of basic skills, English as a second language instruction, and related student programs.

A recent basic skills information presentation to the Board Governors noted that the BSI has not significantly altered outcomes that over the past five years. Specifically, the remedial math completion rate grew by three percent, while the remedial English completion rate grew by two percent. However, the program's professional development funding, which is distributed through the California Community Colleges Success Network, or 3CSN, has allowed some faculty and campuses to develop basic skills programs with better outcomes through small scale or pilot programs.

**Basic Skills and Student Outcomes Transformation Program.** In an effort to transform how colleges deliver basic skills instruction and help improve student outcomes, Senate Bill 81 (Committee on Budget and Fiscal Review), Chapter 22, Statutes of 2015, established the Community College Basic Skills and Student Outcomes Transformation Program. The 2015-16 budget provides \$60 million in one-time Proposition 98 General Fund for the program. Districts may apply for one-time, three-year grants of up to \$1.5 million to help them adopt or expand the use of evidence-based models for basic skills assessment, placement, instruction, and student support. Statute identifies the following types of evidence-based models:

- Using multiple measures to assess and place students into English and math courses.
- Increasing placement of students directly into transferable college-level courses and providing co-requisite basic skills instruction.
- Requiring students to master only those English and math skills needed for their programs of study.
- Contextualizing remedial instruction to relate to students' programs of study.
- Integrating student support services with instruction.
- Developing shorter sequences for completion of a college-level English or math course by using technology, the above strategies, or other strategies and practices that the college can substantiate are effective.

SB 81 requires participating colleges to adopt or expand the use of at least two of the strategies described above. Applications from districts were due on March 25, 2016, and grants are to commence July 1, 2016. Districts will be selected for awards based on the quality of their improvement plans. SB 81 specifies data collection requirements for participating community colleges and directs the LAO to evaluate the program's effectiveness in interim and final reports to be issued by December 1, 2019, and December 1, 2021, respectively.

**Basic Skills Partnership Pilot Program.** SB 81 also established the Basic Skills Partnership Pilot Program to promote collaboration in basic skills instruction among high schools, community colleges, and CSU campuses. The budget provided \$10 million one-time Proposition 98 General Fund for the partnership program. The Chancellor's Office will award five grants of \$2 million each to community college districts who collaborate with nearby school districts and CSU campuses to better articulate English and math instruction across segments. The Chancellor's Office breaks the state into three regional zones for the purpose of distributing awards. Two awards will go to the Southern region, two to the Central region, and one for the Northern region. Participating CSU campuses must commit to directing their underprepared students—either currently enrolled or planning to enroll—to basic skills instruction at community colleges. Applications for the Pilot Partnership Program were due on April 4, 2016. The Board of Governors will approve the awards during their May board meeting and funding will go out once they are approved.

SB 81 requires the Chancellor's Office to report to the Legislature, the LAO and the Department of Finance by April 1, 2017 on program effectiveness, cost avoidance, and make recommendations regarding the expanded use of community colleges to deliver basic skills instruction to CSU students.

### **Governor's Proposal**

The Governor proposes to augment the existing Basic Skills Initiative by \$30 million ongoing Proposition 98 General Fund, bringing total funding for the initiative to \$50 million Proposition 98 General Fund. The Governor also proposes trailer bill language that repeals the existing BSI and creates a new program which allows spending in the following areas:

- Implementing or expanding the use of evidence-based practices and principles as described in the Basic Skills and Student Outcomes Transformation Program;
- Accelerating the adoption and use of low-cost open educational resources in basic skills English, math, or ESL courses;
- Collaborating with high schools and CSU campuses to better align remedial instruction methodologies, curricula, and course offerings among local education agencies, community colleges, and CSU campuses; and
- Implementing assessment and placement practices that increase the likelihood students will be appropriately placed in college-level rather than remedial courses.

Community colleges would be required to conduct an annual self-assessment of their basic skills efforts using an existing assessment tool, which was required under the initiative. The colleges last completed the self-assessments in 2007–08, and colleges have not done follow up assessments. Trailer bill language requires districts to report the strategies they will implement to improve the successful transition of students to college-level English and math courses. The Governor also would require colleges to provide performance targets for increasing the number of students transitioning to college-level math and English work and reducing the amount of time it takes to transition.

Trailer bill language requires the chancellor's office to prioritize applications from districts that participate in the Transformation Program or are undertaking similar evidence-based practices. Under the proposal, colleges could receive priority for Basic Skills Initiative augmentations at the same time they receive initial funding under the transformation program. Moreover, proposed trailer language requires the chancellor to use a new distribution formula for basic skills initiative grant funds based on three main factors: (1) the percentage of basic skills English, math, or ESL students completing a college-level course in the same subject within one year and two years; (2) the percentage of

incoming students (regardless of basic skills status) who complete college-level English and math courses within one year and two years of enrolling; and (3) a weighting factor of 20 percent for colleges participating in the transformation program or adopting similar reforms. Trailer bill language also permits the chancellor to include additional factors and adjustments as necessary, and requires the chancellor to receive concurrence from the Department of Finance prior to adding factors and prior to allocating funds. The proposal provides for a minimum allocation of \$100,000 per college.

The proposed legislation provides a hold harmless provision that guarantees that colleges receive as much funding under the revised Basic Skills Initiative as they received from the categorical program in 2015–16.

The proposal directs the chancellor's office to work with the Department of Finance and the LAO to develop and recommend annual accountability measures for the program.

### **Legislative Analyst's Office Recommendations**

The LAO recommends the Legislature reject the Governor's proposal to augment the Basic Skills Initiative by \$30 million. The LAO notes that it may be premature to augment the initiative given that transformation and partnership pilot programs have not been implemented and outcomes are not available. Instead, the LAO suggest other options for using the \$30 million in 2016–17, including redirecting the funds to the transformation program, deferred maintenance, or other one-time purposes.

The LAO also recommends adopting many of the Governor's modifications to the existing initiative and transition to performance funding. Specifically, the LAO recommends adopting the following: (1) expand the allowable activities under the program as proposed, and additionally require that colleges engage in at least two evidence-based strategies, including working with other education agencies and institutions to articulate instruction; (2) adopt a revised funding allocation based primarily on the proposed performance factors; (3) adopt a short-term hold harmless provision for colleges that would phase out over no more than three years; and (4) not weigh the Basic Skills Initiative allocation toward colleges that already will be receiving funding from the transformation program. The LAO suggests directing the Chancellor to develop a revised self-assessment tool for colleges.

### **Staff Comments**

As described earlier, poor outcomes in basic skills programs are a critical issue for community colleges. Though systemwide results are lackluster, performance varies widely by college. English remediation success rates range from 19 percent to 73 percent across community colleges. In math, rates range from eight percent to 54 percent.

As noted above, the Governor's proposal allocates Basic Skills Initiative funding primarily on two measures of student progress creating a form of performance-based funding. The subcommittee may wish to consider whether or not a performance-based formula would penalize districts currently struggling to improve basic skills outcomes, and benefit those that are already doing well. Additionally, the proposed trailer bill language emphasizes students transitioning from high school, which may have unintended consequences for other adults, and non-traditional students, including those who may have been out of formal education for several years or immigrant populations with more learning needs. The subcommittee may wish to consider whether it is appropriate to use performance-based funding for basic skills programs, and if so, whether these are the appropriate measures the state should use.

Similar to the LAO, staff has concerns about the Governor's proposal to prioritize funding for colleges participating in the transformation program. As few as 40 of 113 colleges might participate in the transformation program, and these colleges will not necessarily be those with the poorest basic skills outcomes. Concentrating basic skills resources on this small subset of colleges could significantly disadvantage other colleges—including some that could have less grant-writing expertise but just as much need to transform their basic skills practices.

Lastly, staff is concerned that while the Department of Finance and the LAO would have an active role in development of annual accountability measures, under the Governor's proposal it is unclear what the role the Legislature will play. The Legislature may have different ideas regarding how to evaluate and address basic skills accountability. Additionally, the proposal does not provide notification to the Legislature on the annual accountability measures that would be developed.

The subcommittee may wish to ask:

- Could performance-based funding create a disincentive for colleges to serve students with remedial education needs?
- How would poor-performing colleges fair under the Administration's proposal?

**Staff Recommendation:** Hold Open.

**Issue 3: Enrollment Growth****Panel**

- Keith Nazaam, Department of Finance
- Judy Heiman, Legislative Analyst's Office
- Dan Troy, California Community Colleges Chancellor's Office

**Summary.** The Governor's budget proposes an additional \$115 million Proposition 98 General Fund for to reflect a two percent CCC enrollment growth (an additional 23,000 FTE students).

**Background**

The CCC system is known as an "open access" system because it is available to all Californians 18 years or older, and has no admission criteria, such as grades or previous course-taking. However, it does not guarantee access to particular classes and some classes may set prerequisites.

Changes in the state's college-age population affect community college enrollment demand, as do other factors. In particular, demand for CCC's workforce and career technical education courses tends to rise during economic downturns (when more people tend to be out of work) and fall during economic recoveries (when job opportunities are better). During the Great Recession, state funding for community colleges dramatically decreased and colleges were forced to reduce class offerings. As a result, community college enrollment dropped significantly. According to the Chancellor's Office, colleges served about 500,000 fewer students in 2012-13 than they did in 2008-09.

The state decides how much funding to provide for community college enrollment by considering (1) enrollment growth, (2) declining enrollment, and (3) enrollment restoration. In setting the CCC enrollment growth level, the state typically bases its decision on an estimate of the average enrollment growth rate that districts likely can support given student demand and available funding. The state's declining enrollment adjustment allows districts to claim the higher of their current-year or prior-year enrollment levels—effectively a one-year hold harmless provision. Districts have three years to earn back funding associated with enrollment declines. The third component, accordingly, is an estimate of the amount of enrollment districts likely will earn back (or "restore") during the budget year.

The 2015–16 budget provides \$156.6 million Proposition 98 General Fund to support a three percent enrollment growth for CCC. Preliminary estimates suggest that systemwide enrollment is growing one percent in 2015–16, though some colleges' growth rates are higher, and 54 of the 72 districts estimate that their enrollment in 2015–16 will fall short of their targets.

**Governor's Budget Proposal**

The Governor proposes \$115 million for two percent CCC enrollment growth (an additional 23,000 FTE students or 50,000 students by headcount).

**Staff Comments**

By the time of the May Revision, the CCC Chancellor's Office will have received some updated 2015–16 attendance reports from districts. These data will show the extent to which districts are meeting, exceeding, or falling short of their enrollment targets in the current year. At that time, the Legislature will have better information to assess the extent to which colleges will use the 2015–16 enrollment growth funds and be able to grow in the budget year. If the Legislature decides the full amounts are not justified for one or both years, it could use any associated freed–up funds for other Proposition 98 priorities. The subcommittee may wish to wait for updated data in May regarding the appropriate 2016-17 enrollment growth amount.

The subcommittee may wish to ask:

- Are there areas of the state where it is difficult to enroll in courses to complete educational goals?
- Which areas of the state have high enrollment growth? Which areas have low or declining enrollment?

**Staff Recommendation.** Hold Open.

**Issue 4: Zero-Cost-Degree**

## Panel

- Keith Nazaam, Department of Finance
- Judy Heiman, Legislative Analyst's Office
- Dan Troy, Community College Chancellor's Office

**Summary.** The Governor proposes \$5 million one-time Proposition 98 General Fund to create zero-textbook-cost degrees at community colleges.

**Background.**

As discussed in a previous subcommittee hearing, textbook costs constitute a growing part of a students' cost of attendance in higher education institutions. In 2014-15, the National Association of College Stores recently reported the average textbook spending was \$563 across all students. A 2012 survey of 20,000 students at 33 Florida colleges and universities found that because of text book costs, 49 percent at some point took fewer courses, 45 percent did not register for a specific course, and 60 percent did not purchase a required textbook.

Zero-textbook-cost degrees are degree pathways that students can complete entirely by taking courses that use only free instructional materials, called open educational resources (OER), in place of publisher-owned textbooks. OER resources range from course readings, modules, and tests, to full textbooks and courses to videos, and software.

Over the last several years, the state has enacted legislation to encourage the use of OER, including:

- SB 1052 (Steinberg), Chapter 621, Statutes of 2012, established the California OER Council to develop or acquire high-quality, affordable, digital open source textbooks for 50 high-enrollment, lower-division courses that are common across the three segments. The council includes three faculty members each from UC, CSU, and CCC.
- SB 1053 (Steinberg), Chapter 622, Statutes of 2012, established the California Digital Open Source Library to house the resources identified by the California OER Council and make them available over the Internet for students, faculty, and staff to easily find, use, and modify.
- SB 1028, (Committee on Budget and Fiscal Review), Chapter 575, Statutes of 2012, provided \$5 million in matching state funds to private funds support these efforts.
- AB 798 (Bonilla), Chapter 633, Statutes of 2015, repurposed \$3 million of the funding provided in Chapter 575 for an incentive grant program to be administered by the California OER Council accelerate the use of OER at CSU and CCC by providing training and incentive funds to campuses.

In addition to these statewide efforts, a number of college and universities, and departments within them have begun efforts to support and promote the use of OER in courses. In particular, the College of the Canyons is developing an associate degree for transfer in sociology that has zero textbook costs. Additionally, the state of Virginia's Community College system has supported OER grant funding for colleges, and is encouraging its 23 college colleges to develop at least one OER degree pathway in the current academic year. Faculty who have led OER initiatives in Virginia emphasize the critical importance of robust support services for faculty. Grant amounts range from \$15,000 for developing

and piloting the first 12 courses for the first 12 courses of a 20 course degree program. A national pilot program coordinated by Achieving the Dream offers \$100,000 for a full associate degree program.

### **Governor's Proposal.**

The Governor proposes \$5 million in one-time Proposition 98 General Fund for zero–textbook–cost pathways. Community colleges would compete for grants of up to \$500,000 each to offer an associate degree, certificate, or credential program a student can complete entirely by taking OER courses. Priority would be given to developing a new degree from an existing transfer degree.

The chancellor could allocate up to 10 percent of the funds to a community college to administer the program and provide technical assistance to participating colleges. Colleges would convene multimember teams of faculty, instructional designers, and others from within the CCC to develop the degree pathways.

Colleges would post the resulting course and program materials online so that other community colleges can use or adapt. The chancellor would report to the Legislature and Administration by June 30, 2019 on the number of degrees offered, the number of students participating, the estimated savings to students, and recommendations related to the program.

### **Legislative Analyst's Office Recommendations.**

The LAO believes the Governor's proposal to develop entire OER degree pathways at CCC is a reasonable next step. The LAO recommends:

- Building on existing state OER efforts by directing the chancellor to coordinate the new zero–textbook–cost degree initiative with the existing efforts described earlier. For example, the chancellor could work with the California OER Council to maximize the number of zero–textbook–cost degree pathways a college could assemble from the OER courses developed under the council's grant program and those developed under the proposed new initiative;
- Providing as much as half the total funding for technical assistance and professional development. Additionally, the LAO recommends giving priority to grant proposals that involve faculty collaboration across colleges and/or statewide;
- Reducing the maximum award amount for each degree pathway from \$500,000 to no more than \$100,000. At this grant level, CCC could fund 25 degrees with technical assistance, compared to only nine degrees with very limited technical assistance under the Governor's proposal;
- Establishing a clear time-line for piloting, evaluating, and offering OER courses and degrees; and
- Prioritize using existing high-quality OER instead of creating new OER.

### **Staff Comments.**

College affordability is a long-standing priority of the Senate and, as noted above, the state has supported efforts to compile available OER and encourage their use in individual courses. However, a recent California survey found that only 12 percent of public colleges and universities had adopted all or a portion of an OER textbook; two-thirds were concerned about the effort needed to find, review, and select materials; and 72 percent said they were willing to use OER given sufficient professional development assistance to modify the materials and adjust their courses.

The LAO raises several valid concerns with the Governor's proposal. The LAO notes that other states have found that professional development and technical assistance for faculty and support service departments, such as libraries and IT offices, is vital to the success of OER initiatives. Additionally, collaboration between faculty members created improved quality and broader adoption of OER courses. The LAO also found that collaborations among faculty at different campuses to be beneficial, and that grants may not need to be as much as \$500,000.

The subcommittee may wish to ask:

- Why does the Administration believe \$500,000 is the appropriate maximum amount for grants? Could that number be lowered to allow for more grants?
- Professional development appears to be a critical component to ensuring zero- textbook- cost- degree programs are effective. Should this program have a specific set-aside for that purpose?
- Under this proposal, who would select winners? Does the Chancellor's Office envision selecting a district to administer the program?

**Staff Recommendation:** Hold Open.

**Issue 5: Awards for Innovation**

## Panel

- Brianna Bruns, Department of Finance
- Judy Heiman, Legislative Analyst's Office
- Dan Troy, California Community College Chancellor's Office

**Summary.** The Governor proposes \$25 million one-time Proposition 98 General Fund for the Awards for Innovation in Higher Education Program.

**Background.** The 2014–15 budget provided \$50 million in one-time General Fund to promote innovative models of higher education at UC, CSU, and CCC campuses. Campuses with initiatives to increase the number of bachelor's degrees awarded, improve four-year completion rates, or ease transfer across segments could apply for awards. Because awards were based on initiatives already implemented at the campuses, they functioned more like prizes or rewards than grants for specified future activities. A committee of seven members—five Governor's appointees representing DOF, the three segments, and the State Board of Education, and two legislative appointees selected by the Speaker of the Assembly and the Senate Rules Committee—make award decisions.

In March 2015, the committee selected 14 applicants, including six community colleges, out of 57 applicants to receive awards. The winners included individual institutions and teams of institutions, and each received from \$2.5 million to \$5 million in award funds. The budget scored \$23 million in awards to community colleges as Proposition 98 General Fund. The winning institutions will report on the effectiveness of their strategies by January 1, 2018 and January 1, 2020.

Last year, the Legislature rejected the Governor's proposal that would have provided \$25 million one-time General Fund for new awards using a similar application process. The proposal differed from the 2014–15 program, however, in that it would have (1) narrowed the priorities to focus only on improving four-year graduation rates and (2) provided awards only to CSU campuses.

**Governor's Proposal.** The Governor's 2016-17 budget proposes \$25 million Proposition 98 General Fund for Awards for Innovation in 2016–17. The Governor proposes to provide six innovation awards of at least \$4 million each in 2016–17. This proposal differs from the 2014–15 and 2015–16 proposals in four ways: (1) only CCC districts would be able to apply for awards, which would be funded by Proposition 98 General Fund; (2) awards would be based on proposed activities instead of initiatives applicants already have implemented; (3) awards would need to focus specifically on effective articulation and transfer pathways, successful transitions from higher education into the workforce, and innovations in technology and data; and (4) the Governor would have more discretion in selecting his appointees to the awards committee. Members no longer would have to represent any of the higher education segments or the State Board of Education.

Under the proposal, each applicant would apply to implement one of six innovations and the award committee would recommend one award in each of these areas:

- Concurrent enrollment permitting high school students to earn industry-recognized credentials or associate degrees for transfer while completing high school;
- Programs permitting college students to earn industry-recognized credentials and associate degrees for transfer concurrently;

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- Use of prior learning assessment and competency-based credit, such as prior learning or experiences, including military training, to accelerate students' completion of industry-recognized credentials;
  - Fully online courses for basic skills in English and mathematics available to all California residents;
  - Fully online courses for completion of intersegmental general education requirements, using courses that articulate across the three public higher education segments; or
  - Predominant use of OER in a college's course offerings.

**Legislative Analyst's Office Recommendations.**

The LAO recommends rejecting the Governor's proposal for the Awards for Innovation. The LAO is concerned that the state would provide relatively large sums to a handful of community colleges to implement local initiatives that would not necessarily have significant statewide value. The Administration has indicated that the award amounts are intended as incentives for innovation and may have no relation to the costs of implementing a winning initiative. The LAO also is concerned that this would add yet another program intended at improving student outcomes.

If the Legislature still wishes to use the \$25 million one-time funding in the higher education budget, the LAO notes that the state could target the funding to other priorities, like deferred maintenance, that are one-time in nature.

**Staff Comments.**

Since its inception, the Senate has noted significant concerns with this program, some of those concerns are not alleviated in this new proposal. While the proposal is an improvement over previous proposals as it focuses on new programs, it remains difficult to determine the statewide impact of funding small, localized programs. Other community college programs, such as the basic skills transformation program discussed earlier, provide targeted funding addressing a specific state-wide goal; that program could to provide improved outcomes at colleges throughout California.

Additionally, it should be noted that one of the specific areas - creating fully online courses for basic skills math and English courses - may not be a wise use of funding, as there is significant research indicating online education is not successful in remedial education settings.

The subcommittee may wish to ask:

1. What are the issues that the Administration is trying to address with this proposal?
2. What statewide impact does this proposal have on community college students?
3. What is the rationale for the award amounts?

**Staff recommendation.** Hold open.

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**Issue 6: Deferred Maintenance and Instructional Equipment****Panel**

- Keith Nazaam, Department of Finance
- Judy Heiman, Legislative Analyst's Office
- Dan Troy, California Community College Chancellor's Office

**Summary.** The Governor proposes \$290 million Proposition 98 General Fund for deferred maintenance.

**Background**

The CCC system has identified about \$6 billion in scheduled and deferred maintenance projects over the next five years. The system has narrowed down the list to identify a more feasible maintenance plan of \$1 billion in the highest-priority projects to be completed over this period.

The Scheduled Maintenance and Special Repairs Program (initially called the Deferred Maintenance Program) provides funding to districts for non-recurring repair and maintenance of facilities and to correct and avoid health and safety hazards, and improve long-term cost effectiveness of facility operations. This categorical program also funds the replacement of instructional equipment and library materials, architectural barrier removal, and water conservation projects.

Historically, budget language for this program has required a one-to-one match for any maintenance spending, but no match has been required since 2013-14. To use this categorical funding for maintenance and repairs, districts must adopt and submit to the CCC Chancellor's Office a five-year plan of maintenance projects. In addition to categorical funds, CCC districts fund scheduled maintenance from their apportionments and other general-purpose operating funds augmented by local bond funds.

The 2014-15 and 2015-16 budgets each provided \$148 million for this categorical program. Historically, this program has received large appropriations when a large amount of one-time Proposition 98 funding has been available and no appropriations in tight budget years. The Chancellor's Office notes that for the 2014-15 allocation, colleges spent \$96 million for 621 physical plant projects, and \$52 million on instructional support; for the 2015-16 allocation, colleges spent \$92 million on 570 physical plant projects, and \$56 million on instructional support.

**Governor's Proposal.** The Governor proposes \$290 million Proposition 98 General Fund for deferred maintenance. Of this funding, \$255 million is ongoing Proposition 98 General Fund, and about \$35 million is one-time Proposition 98 General Fund. The proposal continues to allow colleges to determine how they will use the funding, instead of specifying the proportion that must be spent on each category.

**Legislative Analyst's Office Recommendations.**

The LAO recommends adopting the Governor's proposal, and notes that dedicating \$255 million in 2016-17 Proposition 98 funding to one-time purposes would provide a cushion against future revenue declines and drops in the Proposition 98 minimum guarantee.

The LAO also recommends the Legislature require additional reporting to help identify and address the underlying causes of CCC's maintenance backlog. Specifically, the LAO suggests collecting

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information about the factors that have led to the accumulation of maintenance backlogs and how the institutions could address maintenance on an ongoing basis so that deferred maintenance does not continue to accumulate.

The LAO recommends the Legislature authorize districts to use up to \$1.1 million (in aggregate) of the one-time maintenance funding toward the FUSION upgrade, a web-based planning and management tool, which maintains an inventory of CCC facility conditions. Districts report that the FUSION system is becoming outdated and cumbersome. FUSION cannot be used on mobile devices, a capability that would allow staff to input information while inspecting buildings.

**Staff Comments.** The Governor's proposal provides significant ongoing Proposition 98 funds for a one-time purpose. The subcommittee may wish to consider whether this is appropriate, or if this funding should be redirected to ongoing needs. In the last few years, the Legislature has successfully increased support for programs such as the Disabled Students Programs and Services (DSPS) and the Extended Opportunity Programs and Services (EOPS), however there are many programs and services that the subcommittee may wish to fund, including supporting part-time faculty office hours, services to CalWORKs students, the MESA, Puente and Middle College High Schools programs, or increasing the ration of full-time faculty at colleges.

**The subcommittee may wish to ask:**

- How did the Administration determine that \$290 million was the appropriate amount for deferred maintenance/instructional equipment? Why use so much ongoing funding for a one-time purpose?
- Would the Chancellor's Office support using some of this funding for other ongoing purposes?

**Staff Recommendation.** Hold Open.

**Issue 7: Institutional Effectiveness Partnership Initiative**

## Panel

- Keith Nazaam, Department of Finance
- Judy Heiman, Legislative Analyst's office
- Dan Troy, California Community College Chancellor's office

**Summary.** The Governor proposes augmenting the Institutional Effectiveness Partnership Initiative (IEPI) by \$10 million Proposition 98 General Fund.

**Background.**

The Institutional Effectiveness Partnership Initiative was established in 2014 to provide technical assistance, such as operational or management advice and coaching, to community colleges. The 2014–15 budget provided ongoing funding of \$2.5 million for local assistance and \$1.1 million for state operations (nine positions) for the program. Trailer legislation required the Chancellor's Office to develop a set of effectiveness indicators related to student performance and outcomes, accreditation status, fiscal viability, programmatic compliance with state and federal guidelines, and college choice indicators. As a condition of receiving Student Success and Support Program funds, trailer legislation also required colleges to develop, adopt, and publicly post goals and performance outcomes using these indicators. Lastly, the budget directed the Chancellor's Office to provide technical assistance to districts that are not improving their performance outcomes.

The 2015–16 budget added ongoing funding of \$3 million to expand partnership resource team activities (bringing the total to \$5.5 million) and provided \$12 million for a new statewide professional development component for faculty, staff, and administrators. The Chancellor's Office awarded a specialized training contract to Chabot–Las Positas Community College District to administer the professional development component. Under this contract, the district works with the Success Center for CCC to (1) develop and coordinate workshops on practices that promote student success, improve college operations, develop leadership, and meet other statewide priorities; and (2) develop an online clearinghouse as a “one-stop shop” of effective practices, training materials, and other resources for faculty, staff, and administrators.

In 2014–15, more than 450 attendees from 104 colleges and 22 district offices attended six regional workshops on using the indicators and setting local performance goals. More than 100 subject-matter experts volunteered to participate in partnership resource teams, and the initiative deployed 46 of them in eight teams averaging six members each. Each team began working with a college or district that had requested assistance. In 2015–16, the pool of experts volunteering to serve on partnership resource teams increased to more than 230. Teams began working with 17 colleges and districts in the fall 2015 semester and another nine in the spring 2016 semester. The Chancellor's Office expects the professional development component to provide between 40 and 50 regional workshops in 2015–16, serving several thousand participants. The online clearinghouse, named the Professional Learning Network, went live in early 2016.

**Governor’s Proposal.** The Governor proposes augmenting the Institutional Effectiveness Partnership Initiative (IEPI) by \$10 million Proposition 98 General Fund. Specifically, the proposal augments the statewide professional development activities by \$8 million, and augments technical assistance funding by \$2 million.

The Chancellor’s Office reports that it will use additional professional development funds to: (1) provide between 75 and 125 regional workshops and statewide summits on effective practices; (2) continue adding content to the online Professional Learning Network, focusing especially on areas of statewide interest such as basic skills improvement; and (3) develop communities of practice to bring together faculty, staff, and administrators who are working on common issues to learn from each other.

The Chancellor’s Office also notes that it will use additional technical assistance funds to: (1) expand partnership resource teams to more than 300 experts, (2) respond to an anticipated 30 technical assistance requests from colleges and districts, (3) develop separate communities of practice for institutions that recently received team visits, and (4) develop “micro teams” of experts to provide short-term, follow-up technical assistance on specific topics. Budget language would require the Chancellor’s Office to report on the use of the professional development funds from the prior year by December 1 of each year.

**Legislative Analyst’s Office Recommendation.**

The LAO states that demand for both technical assistance and professional development among the community college system appears to be strong, and therefore this proposal is worth considering. The LAO suggests the Legislature monitor the program over the next year to ensure it does not grow beyond the demand for technical assistance and professional development. The Legislature could amend the proposed reporting requirement to include information about activities under both components of the program, including college participation in those activities, as well as colleges’ progress toward their goals for each of the institutional effectiveness indicators.

**Staff Comments.** The division plans to roughly triple the number of workshops and other professional development opportunities and launch the communities of practice. While each of these activities has merit individually, faculty, staff, and administrators have limited time they can devote to professional development. Funding for the initiative has grown very quickly in its first two years, and it is difficult to determine the appropriate funding and staffing level for the program. The Chancellor’s Office expects to initiate about the same number of technical assistance projects in 2016–17 as in 2015–16, while still completing engagements begun earlier. It is also somewhat difficult to determine yet how this program is impacting critical areas such as student and accreditation outcomes.

**Staff Recommendation:** Hold Open.

**Issue 8: Systemwide Data Security**

## Panel

- Keith Nazaam, Department of Finance
- Judy Heiman, Legislative Analyst's office
- Dan Troy, California Community College Chancellor's Office

**Summary.** The Governor proposes \$3 million Proposition 98 General Fund to improve CCC system wide data security.

**Background.**

In an October 2015 proclamation, the Governor noted that the state's information infrastructure faces an increasing threat of cyber-attack, loss of privacy from spyware and adware, and significant financial and personal privacy losses due to identity theft and fraud. The LAO notes that a 2013 CCC survey found that most colleges did not have a staff member dedicated to information security, did not have an information security awareness program, felt that their information security programs were fledgling, and lacked sufficient information about data security policies.

The 1996–97 budget created Telecommunications and Technology Infrastructure Program (TTIP) to coordinate the system's technology activities. The 2015–16 budget provided \$20 million for the technology infrastructure program; \$14 million under the Student Success and Support Program for e-transcript, e-planning, and common assessment tools; and \$10 million to expand the availability of courses through the use of technology.

This program also includes the CCC Information Security Center, which coordinates information security for the colleges' local information systems and statewide technology projects. The center offers vulnerability scanning, server monitoring, and model policies and procedures for colleges. The center also promotes information security awareness and provides up-to-date information on new threats and solutions.

**Governor's Proposal.** The Governor proposes \$3 million Proposition 98 General Fund to support a range of technical services for community colleges and statewide projects through the system's TTIP program.

The Chancellor's Office reports that the proposal would enable the system to create a comprehensive suite of security services for community colleges and statewide technology projects. Services would include providing support for colleges in the event of a data breach, offering more in-depth vulnerability scans and risk analyses, promoting the CCC information security standards and creating incentives for institutions to meet these standards, and enhancing security monitoring. The funding also would support creation of a CCC systemwide data sharing committee to ensure the security of personally identifiable information.

**Legislative Analyst's Office Recommendation.**

Given growing reliance on information technology systems at the colleges, and weaknesses identified in college data security practices, the LAO recommends providing funds to enhance data security. The amount required to adequately fund data security is unclear. The proposed uses of the \$3 million augmentation appear sensible, however, and LAO believes that the Chancellor's Office could productively use the proposed amount.

**Staff Recommendation:** Hold Open.