

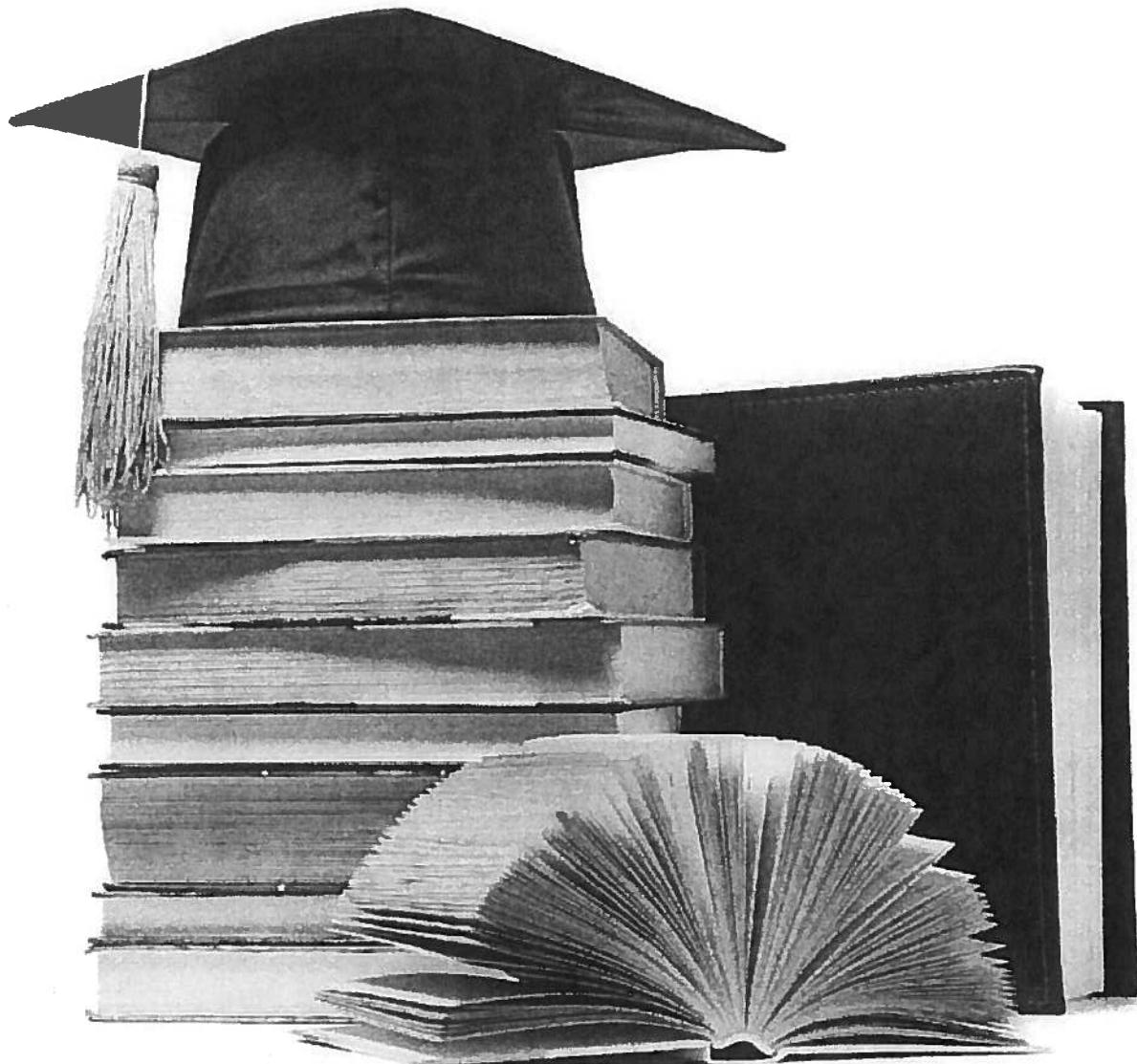
LAO

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The 2010-11 Budget:

Higher Education



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and providing outreach to financially needy students (including perhaps combining elements of the program with other categorical programs that provide services to low-income CCC students).

Fund Pathways Initiative Through QEIA Only. As we discussed in our *2007-08 Analysis of the Budget Bill*, the CTE Pathways Initiative recognizes an important need—better alignment and coordination of vocational programs among K-12 schools, community colleges, local employer communities, and other entities. However, this need must be balanced against many other educational needs in the budget year. In particular, the CCC system is faced with extraordinary demand for classes and various student services. It is for this reason that community colleges need enhanced flexibility over how they allocate their funding. Yet, the administration's proposal works at cross purposes by cutting base support for two programs in the flex item, while increasing funding for the Pathways Initiative. In order to give districts more discretion in how they use their limited resources, we recommend that the Legislature reject the Governor's proposal to provide \$20 million in additional Proposition 98 support for the program, and instead fund the program entirely with \$48 million in non-Proposition 98 QEIA funds.

Opportunities for Pathway Efficiencies. Although the administration seeks to fund the initiative at a higher level than our recommended amount, we believe that there are opportunities to achieve similar levels of programmatic activity through efficiencies. For instance, we find significant overlap among the initiative's numerous grant categories—for example, grants for career exploration and other outreach-related activities aimed at K-12 students are included in two different grant categories. There are also two *additional* grant categories related to career

development just in health-care fields. There are also numerous grant categories related to professional development.

In addition, we note that the *Career Technical Education Pathways Initiative's 2008-09 Annual Report* (submitted by the CCC Chancellor's Office and CDE to the Legislature in November 2009) has identified cases where grantees have failed to provide the state with complete and accurate information about their funded activities (such as the number of students served). The Legislature may wish to restrict grants to only those recipients which fully comply with program requirements.

OTHER FLEXIBILITY MEASURES

Full-Time Faculty Targets

Governor Proposes to Suspend Full-Time Faculty Requirements.

Instruction at the community colleges is provided by a combination of full-time (permanent) and part-time (adjunct) faculty. State statute expresses legislative intent that 75 percent of credit instructional hours be taught by full-time faculty, with no more than 25 percent taught by part-time faculty. Implementing regulations developed by BOG (which oversees the statewide system) generally require districts move closer to the 75 percent target by hiring more full-time faculty in years in which they receive additional enrollment funding. While the 75/25 statutory ratio is merely a guideline for districts, the CCC regulation (common known as the full-time Faculty Obligation Number, or "FON") imposes financial penalties on districts that fail to meet their employment target for full-time faculty members. The Governor proposes to suspend the 75/25 law (and with it, the FON regulation) until 2012-13 in order to provide added flexibility to districts.

No Analytical Basis for Specific Full-Time Faculty Ratio or Number.

Faculty Ratio or Number. There are several benefits to colleges employing full-time faculty. For example, full-time faculty members are more likely to provide direction and leadership for program planning and curriculum development. However, it is widely acknowledged that part-time faculty can provide many benefits, as well. For example, they can bring unique and practical experience to the classroom. The use of part-time faculty can also allow colleges to respond quickly to changing student demands and labor market needs. While the state has an interest in ensuring that districts employ faculty to maximize educational outcomes, we have not seen any evidence that prescribing a specific ratio or number for full- and part-time faculty will do this.

Recommend Suspending Requirement. If the community colleges received additional enrollment growth funds (as proposed by the Governor) and the FON requirement continued to remain in effect, districts could be required to hire new full-time faculty *regardless of their own local spending preferences or priorities*. For instance, certain districts might prefer to delay making a commitment to employ additional permanent faculty (and instead hire part-time faculty) given the uncertainty of the state's—and, by extension, CCC's—current fiscal condition. Other districts may prefer to first hire back valued noninstructional staff that were recently let go, such as counselors and tutors. In order to increase districts' ability to make their own resource-allocation decisions, we thus recommend the Legislature adopt the Governor's proposal.

Modifying 50 Percent Law to Enhance Support Services***Statute Restricts How Districts Allocate***

Their "General Purpose" Funds. The Governor's

budget does *not* address another arbitrary budget constraint facing community colleges. Current law requires districts to spend at least 50 percent of their general operating budget on salaries and benefits of faculty and instructional aids engaged in direct classroom instruction. As Figure 21 shows, spending on other faculty such as academic counselors and librarians is not counted as instructional costs. Costs for staff that provide services such as campus safety, facilities maintenance, and information technology services also are excluded (as well as operating costs such as insurance and utilities). Districts that fall below the 50 percent mark can be subject to financial penalties by the statewide BOG.

Law Has Effect of Shifting District Spending From Vital Support Services. The law, which dates back to 1959, was created presumably to ensure that noninstructional functions (such as administrators' salaries) do not squeeze out course section offerings. Yet, districts already have a strong fiscal incentive to provide classes to students, as the CCC's funding model is based primarily on the number of students they enroll and instruct in classes. (Moreover, districts can increase their instructional costs simply by raising faculty salaries rather than hiring more faculty.)

Furthermore, as we discussed in *Back to Basics: Improving College Readiness of Community College Students*, most districts hover near the 50 percent threshold (the statewide average in 2008-09 was about 52 percent). This law can force core student-support services such as counseling and library services to be funded at a lower level than what a campus would otherwise desire. This is problematic because research in recent years consistently has concluded that support services outside the classroom are essential to student success. This is particularly true given

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that the vast majority of CCC students arrive unprepared for college-level work and often need extra one-on-one help and advising.

The law is arbitrary in many ways, as well. For example, the prorated costs of a counselor who teaches a class on choosing a major and related subject matter “counts” toward the 50 percent law, but the portion of personnel costs for the same counselor who later that day advises a student in her office on the same issue does not.

Recommend Amending Law to Include Counselors and Librarians. As with the full-time faculty requirements discussed above, we find no

evidence that this policy, which sets arbitrary restrictions on how colleges can allocate resources, improves student outcomes. Indeed, by limiting districts flexibility to respond to local needs, they can impede the ability of community colleges to provide adequate support services that improve student performance. In order to provide colleges with the flexibility they need to provide the best mix of services for their students, we recommend amending statute to include expenditures on counselors and librarians as part of instructional costs. Alternatively, the Legislature could take the same approach as we recommend for the 75/25 law and suspend it until 2012-13.

Figure 21

The 50 Percent Law Limits How Much Districts Can Spend on Non-Instructional Costs

Counts Toward 50 Percent Target	Does Not Count	Outside the 50 Percent Calculation
Salary and Benefit Costs of:	Salary and Benefit Costs of:	Costs funded by categorical programs
Classroom faculty	Counselors (faculty)	Building and equipment leases
Instructional aides	Librarians (faculty)	New equipment
	Faculty coordinators (such as nursing)	Community education
	Faculty directors (such as EOPS ^a)	
	Release time for department chairs	
	Non-faculty in departments	
	Deans and other administrators	
	Board of Trustees	
	Admissions and records staff	
	Business services staff	
	Campus safety staff	
	Facilities and maintenance staff	
	Human resources staff	
	Computer technical support staff	
	Operating Costs:	
	Utilities	
	Insurance	
	Legal	
	Audit fees	
	Travel and conference expenses	
	Materials and supplies	
	Replacement equipment	

^a Extended Opportunity Programs and Services.