ASSEMBLY BILL No. 720

Introduced by Assembly Member Members Muratsuchi and Smith

February 19, 2019

An act to amend Section 84752 of the Education Code, relating to community colleges. An act to amend Sections 84750.4 and 84750.5 of the Education Code, relating to community colleges.

LEGISLATIVE COUNSEL’S DIGEST


Existing law establishes the California Community Colleges, under the administration of the Board of Governors of the California Community Colleges, as one of the segments of public postsecondary education in this state. Existing law establishes community college districts throughout the state, and authorizes these districts to provide instruction at the community college campuses they operate and maintain. Existing law provides for a formula for the calculation of general purpose apportionments of state funds to community colleges. Existing law provides a separate formula for the allocation of apportionments of state funds to community colleges, which uses the numbers of full-time equivalent students as its basis, for use for apportionments for noncredit instruction and instruction in career development and college preparation.

This bill would provide that instruction by community college districts under instructional service agreements with public safety agencies, as defined, would be funded under the apportionment formula used for
instruction in career development and college preparation. The bill would also make various nonsubstantive changes.

Existing law establishes the California Community Colleges under the administration of the Board of Governors of the California Community Colleges. Existing law authorizes the establishment of community college districts under the administration of community college governing boards, and authorizes these districts to provide instruction at community college campuses throughout the state. Existing law establishes a system for the apportionment of state funding to community college districts. This system is generally based on calculations related to the number of full-time equivalent students (FTES) in attendance at each district.

This bill would make technical, nonsubstantive changes in a provision relating to the FTES-based funding, including deleting obsolete language.


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

SECTION 1. Section 84750.4 of the Education Code is amended to read:

84750.4. (a) (1) The board of governors, in accordance with this section, and in consultation with institutional representatives of the California Community Colleges and statewide faculty and staff organizations, so as to ensure their participation in the development and review of policy proposals, shall develop criteria and standards for the purpose of making the annual budget request for the California Community Colleges to the Governor and the Legislature, and for the purpose of allocating the state general apportionment revenues.

(2) It is the intent of the Legislature in enacting this section to adopt a formula for general purpose apportionments that encourages access for underrepresented students, provides additional funding in recognition of the need to provide additional support for low-income students, rewards colleges’ progress on improving student success metrics, and improves overall equity and predictability so that community college districts may more readily plan and implement instruction and programs.
(3) It is the intent of the Legislature to determine the amounts
appropriated for purposes of this section through the annual Budget
Act. Nothing in this section shall be construed as limiting the authority of either the Governor to
propose, or the Legislature to approve, appropriations for the
California Community Colleges programs or purposes.

(b) (1) Commencing with the 2018–19 fiscal year, and each
fiscal year thereafter, the chancellor’s office shall annually calculate
a base allocation, a supplemental allocation, and a student success
allocation for each community college district in the state pursuant
to this section. This calculation shall only apply to
the allocation of credit revenue. Noncredit instruction, and
instruction in career development and college preparation full-time
equivalent students (FTES) shall be funded pursuant to the
requirements of paragraphs (3) and (4), respectively, of subdivision
(d) of Section 84750.5, as that section read on January 1, 2018.

(2) Noncredit instruction, and instruction in career development
and college preparation full-time equivalent students (FTES) shall
be funded pursuant to the requirements of paragraphs (3) and (4),
respectively, of subdivision (d) of Section 84750.5, as that section
read on January 1, 2018.

(3) Instruction provided under an instructional service
agreement between a community college district and a public
safety agency shall be funded as specified in paragraph (3) of
subdivision (h) of Section 84750.5. As used in this paragraph, a
public safety agency includes, but is not necessarily limited to, a
fire department, a police department, a sheriff’s office, a public
agency employing paramedics or emergency medical technicians,
the Department of the California Highway Patrol, and the
Department of Corrections and Rehabilitation.

(c) For purposes of computing the base allocation, the marginal
funding rate for credit revenue per FTES shall be no less than the
following:

(1) Three thousand seven hundred twenty-seven dollars ($3,727)
for the 2018–19 fiscal year.

(2) Three thousand three hundred eighty-seven dollars ($3,387)
for the 2019–20 fiscal year adjusted for changes in cost-of-living
and other base adjustments.

(3) Three thousand forty-six dollars ($3,046) for the 2020–21
fiscal year adjusted for changes in cost-of-living and other base
adjustments in the prior year and the cost-of-living and other base adjustments for the 2020–21 fiscal year.

(4) Commencing with the 2021–22 fiscal year, the rate specified in paragraph (3) adjusted for changes in cost-of-living and other base adjustments in subsequent annual budget acts.

(d) (1) The base allocation shall be computed for each community college district as follows:

(A) Each community college district shall receive a basic allocation based on the number of colleges and comprehensive centers in the community college district that is consistent with the basic allocation formula established by the board of governors pursuant to paragraph (2) of subdivision (d) of Section 84750.5 as of the 2015–16 fiscal year.

(B) Unless otherwise specified in subparagraph (C), each community college district shall receive an allocation based on credit base revenues associated with funded FTES as computed pursuant to subparagraph (A) of paragraph (2) at the rate pursuant to subdivision (c).

(C) (i) Notwithstanding the rate in subdivision (c), for community college districts that had higher rates used to calculate their 2017–18 general purpose apportionments, the following rates shall be used to calculate their base allocations for the 2018–19 fiscal year:

(I) For Foothill-De Anza Community College District, the rate shall be no less than three thousand seven hundred forty-five dollars ($3,745).

(II) For Lake Tahoe Community College District, the rate shall be no less than three thousand eight hundred eighteen dollars ($3,818).

(III) For Lassen Community College District, the rate shall be no less than three thousand seven hundred ninety-four dollars ($3,794).

(IV) For Marin Community College District, the rate shall be no less than four thousand two hundred sixty-one dollars ($4,261).

(V) For MiraCosta Community College District, the rate shall be no less than three thousand seven hundred thirty-four dollars ($3,734).

(VI) For San Francisco Community College District, the rate shall be no less than three thousand seven hundred fifty-six dollars ($3,756).
(VII) For San Jose-Evergreen Community College District, the rate shall be no less than three thousand seven hundred forty-four dollars ($3,744).

(VIII) For Santa Monica Community College District, the rate shall be no less than three thousand seven hundred seventy-six dollars ($3,776).

(IX) For South Orange Community College District, the rate shall be no less than three thousand eight hundred twenty-six dollars ($3,826).

(X) For West Kern Community College District, the rate shall be no less than four thousand nine hundred thirty-four dollars ($4,934).

(ii) Notwithstanding the rate in subdivision (c), for community college districts that had higher rates used to calculate their 2017–18 general purpose apportionments, the following rates shall be used to calculate their base allocations for the 2019–20 fiscal year:

(I) For Foothill-De Anza Community College District, the rate shall be no less than three thousand four hundred three dollars ($3,403) adjusted for changes in cost-of-living and other base adjustments.

(II) For Lake Tahoe Community College District, the rate shall be no less than three thousand four hundred sixty-nine dollars ($3,469) adjusted for changes in cost-of-living and other base adjustments.

(III) For Lassen Community College District, the rate shall be no less than three thousand four hundred forty-seven dollars ($3,447) adjusted for changes in cost-of-living and other base adjustments.

(IV) For Marin Community College District, the rate shall be no less than three thousand eight hundred seventy-two dollars ($3,872) adjusted for changes in cost-of-living and other base adjustments.

(V) For MiraCosta Community College District, the rate shall be no less than three thousand three hundred ninety-two dollars ($3,392) adjusted for changes in cost-of-living and other base adjustments.

(VI) For San Francisco Community College District, the rate shall be no less than three thousand four hundred thirteen dollars
(III) Notwithstanding the rate in subdivision (c), for community college districts that had higher rates used to calculate their 2017–18 general purpose apportionments, the following rates shall be used to calculate their base allocations for the 2020–21 fiscal year:

(I) For Foothill-De Anza Community College District, the rate shall be no less than three thousand sixty dollars ($3,060) adjusted for changes in cost-of-living and other base adjustments in the prior year and the cost-of-living and other base adjustments for the 2020–21 fiscal year.

(II) For Lake Tahoe Community College District, the rate shall be no less than three thousand one hundred twenty dollars ($3,120) adjusted for changes in cost-of-living and other base adjustments in the prior year and the cost-of-living and other base adjustments for the 2020–21 fiscal year.

(III) For Lassen Community College District, the rate shall be no less than three thousand one hundred dollars ($3,100) adjusted for changes in cost-of-living and other base adjustments in the prior year and the cost-of-living and other base adjustments for the 2020–21 fiscal year.

(IV) For Marin Community College District, the rate shall be no less than three thousand four hundred eighty-two dollars
($3,482) adjusted for changes in cost-of-living and other base adjustments in the prior year and the cost-of-living and other base adjustments for the 2020–21 fiscal year.

(V) For MiraCosta Community College District, the rate shall be no less than three thousand fifty-one dollars ($3,051) adjusted for changes in cost-of-living and other base adjustments in the prior year and the cost-of-living and other base adjustments for the 2020–21 fiscal year.

(VI) For San Francisco Community College District, the rate shall be no less than three thousand sixty-nine dollars ($3,069) adjusted for changes in cost-of-living and other base adjustments in the prior year and the cost-of-living and other base adjustments for the 2020–21 fiscal year.

(VII) For San Jose-Evergreen Community College District, the rate shall be no less than three thousand fifty-nine dollars ($3,059) adjusted for changes in cost-of-living and other base adjustments in the prior year and the cost-of-living and other base adjustments for the 2020–21 fiscal year.

(VIII) For Santa Monica Community College District, the rate shall be no less than three thousand eighty-six dollars ($3,086) adjusted for changes in cost-of-living and other base adjustments in the prior year and the cost-of-living and other base adjustments for the 2020–21 fiscal year.

(IX) For South Orange Community College District, the rate shall be no less than three thousand one hundred twenty-six dollars ($3,126) adjusted for changes in cost-of-living and other base adjustments in the prior year and the cost-of-living and other base adjustments for the 2020–21 fiscal year.

(X) For West Kern Community College District, the rate shall be no less than four thousand thirty-two dollars ($4,032) adjusted for changes in cost-of-living and other base adjustments in the prior year and the cost-of-living and other base adjustments for the 2020–21 fiscal year.

(iv) Commencing with the 2021–22 fiscal year, the rates in clause (iii) shall be adjusted for changes in the cost-of-living and other base adjustments in subsequent annual budget acts.

(2) To calculate the base allocation for each community college district, the chancellor’s office shall calculate the three-year rolling average comprised of funded FTES from the current year, the prior year, and the year prior to the prior year, as follows:
Commencing with the 2018–19 fiscal year, the chancellor’s office shall compute the sum of annually funded credit FTES from the current year, the prior year, and the year prior to the prior year, and divide the sum by three.

(B) (i) In computing the three-year average pursuant to subparagraph (A), credit FTES associated with enrollment growth proposed in the annual Budget Act shall be excluded from the three-year average and shall instead be added to the computed three-year rolling average.

(ii) In computing the three-year average pursuant to subparagraph (A), credit FTES generated by students who meet the requirements of subdivision (a) of Section 84810.5 and special admit students pursuant to Sections 76002, 76003, and 76004 shall be excluded.

(C) The sum of a community college district’s computed three-year FTES rolling average and current year funded FTES growth shall be multiplied by a community college district’s applicable base allocation funding rate pursuant to subdivision (c), or subparagraph (C) of paragraph (1), as applicable, to compute a community college district’s base allocation.

(D) Community college districts shall be entitled to the restoration of any reductions in their base allocation due to decreases in FTES during the three years following the initial year of decrease if there is a subsequent increase in FTES.

(3) In addition to the amounts computed pursuant to paragraphs (1) and (2), each community college district shall receive an allocation based on credit base revenues associated with funded FTES generated by students who meet the requirements of subdivision (a) of Section 84810.5 and special admit students pursuant to Sections 76002, 76003, and 76004. FTES generated by students who meet the requirements of subdivision (a) of Section 84810.5 and special admit students pursuant to Sections 76002, 76003, and 76004 shall be multiplied by a community college district’s applicable credit revenue rate computed for the 2017–18 fiscal year pursuant to Section 84750.5, as that section read on January 1, 2018, as adjusted for 2018–19 fiscal year cost-of-living adjustment and other base adjustments, and adjusted for the changes in the cost-of-living and other base adjustments in subsequent annual budget acts.
(4) The chancellor shall allocate any funding appropriated in the Budget Act for enrollment growth to support the following:

(A) First, for the stated percentage of enrollment growth in the Budget Act and consistent with the growth formula used by the board of governors in the 2015–16 fiscal year.

(B) Second, for the amount of uncapped growth attributable to increases in the amount of a community college district’s supplemental allocation.

(C) Third, for the amount of uncapped growth attributable to increases in the amount of a community college district’s student success allocation.

(e) Commencing with the 2018–19 fiscal year, a supplemental allocation shall be computed for each community college district based on the total points calculated for each community college district in accordance with all of the following:

(1) The marginal funding rate per point for computing a supplemental allocation shall be nine hundred nineteen dollars ($919) and, commencing with the 2019–20 fiscal year, that rate shall be adjusted for changes in the cost-of-living adjustment and other base adjustments in subsequent annual budget acts.

(2) Each community college district shall be granted one point for each student who is a recipient of financial aid under the Federal Pell Grant program (20 U.S.C. Sec. 1070a) based on headcount data of students in the prior year.

(3) Each district shall be granted one point for each student who is granted an exemption from nonresident tuition pursuant to Section 68130.5, based on headcount data of students in the prior year.

(4) Each district shall be granted one point for each student who receives a fee waiver pursuant to Section 76300, based on headcount data of students in the prior year.

(5) For the purposes of calculating the supplemental allocation, the number of students shall be defined as the number of students served by the community college district.

(6) It is the intent of the Legislature that the annual Budget Act fully fund increases in the supplemental allocations computed under this section.

(f) Commencing with the 2018–19 fiscal year, a student success allocation shall be computed for each community college district
based on the total points calculated for each community college
district in accordance with all of the following:

(1) (A) The marginal funding rate per point for computing
student success allocation revenue shall be as follows:
   (i) For the 2018–19 fiscal year, four hundred forty dollars
       ($440).
   (ii) For the 2019–20 fiscal year, six hundred sixty dollars
        ($660)
        adjusted for changes in cost-of-living and other base adjustments
        specified for the 2019–20 fiscal year.
   (iii) For the 2020–21 fiscal year, eight hundred eighty dollars
        ($880) adjusted for changes in cost-of-living and other base
        adjustment in the prior year and the cost-of-living and other base
        adjustments specified for the 2020–21 fiscal year.
   (iv) Commencing with the 2021–22 fiscal year, the rate specified
        in clause (iii) adjusted for changes in cost-of-living and other base
        adjustments specified in subsequent annual budget acts.

(B) Each community college district shall be granted three points
    for each chancellor’s office approved associate degree or approved
    baccalaureate degree granted, excluding an associate degree for
    transfer granted pursuant to Article 3 (commencing with Section
    66745) of Chapter 9.2 of Part 40 of Division 5, based on prior year
    data.

(C) Each community college district shall be granted four points
    for each chancellor’s office approved associate degree for transfer
    degree granted pursuant to Article 3 (commencing with Section
    66745) of Chapter 9.2 of Part 40 of Division 5, based on prior year
    data.

(D) (i) Each community college district shall be granted two
      points for each chancellor’s office approved credit certificate
      requiring 18 or more units granted, based on prior year data.
      (ii) Chancellor’s office approved credit certificates requiring
           16 or more units granted may be used to compute these points if
           the chancellor’s office adopts regulations authorizing the approval
           and issuance of certificates requiring 16 or more units.

(E) Each community college district shall be granted two points
    for each student who successfully completes both transfer-level
    mathematics and English courses within the student’s first
    academic year of enrollment, based on prior year data.
(F) (i) Each community college district shall be granted one and a half points for each student who successfully transfers to a four-year university, based on prior year data.

(ii) The chancellor’s office may reduce a community college district’s transfer points if a community college district enters into, or expands, a transfer partnership with a private for-profit college that has not demonstrated a track record of providing its students with a baccalaureate degree that leads to a majority of the private for-profit college’s baccalaureate degree program students obtaining a regional living wage within one year of completing their degree program.

(iii) The chancellor’s office may reduce a community college district’s transfer points if a community college district enters into, or expands, a transfer partnership with a private for-profit college that does not meet the qualifications to offer its students federal financial aid.

(G) Each community college district shall be granted one point for each student who successfully completes nine or more career technical education units, based on prior year data.

(H) Each community college district shall be granted one point for each student who obtains a regional living wage within one year of community college completion, based on prior year data.

(2) (A) Each community college district shall also be granted additional points for an equity component of the student success allocation. The marginal funding per point for the equity component of the student success allocation revenue shall be as follows:

(i) For the 2018–19 fiscal year, one hundred eleven dollars ($111).

(ii) For the 2019–20 fiscal year, one hundred sixty-seven dollars ($167) adjusted for changes in cost-of-living and other base adjustments specified for the 2019–20 fiscal year.

(iii) For the 2020–21 fiscal year, two hundred twenty-two dollars ($222) adjusted for changes in cost-of-living and other base adjustments specified for the prior year and the cost-of-living and other base adjustments specified for the 2020–21 fiscal year.

(iv) Commencing with the 2021–22 fiscal year, the rate specified in clause (iii) adjusted for changes in cost-of-living and other base adjustments specified in subsequent annual budget acts.
(B) In computing this allocation, each community college district shall receive points for a student who received a fee waiver pursuant to Section 76300 and generated points for any of the metrics described in paragraph (1), based on prior year data. For each student identified pursuant to this subparagraph, the community college district shall receive the number of points equal to the number of points that the student generated for each of the metrics described in paragraph (1).

(C) In computing this allocation, each community college district shall receive points for a student who received financial aid under the Federal Pell Grant program (20 U.S.C. Sec. 1070a) and generated points for any of the metrics described in paragraph (1), based on prior year data. For each student identified pursuant to this subparagraph, the community college district shall receive the number of points equal to the following:

(i) Four and one-half points for each chancellor’s office approved associate degree or approved baccalaureate degree granted, excluding an associate degree for transfer granted pursuant to Article 3 (commencing with Section 66745) of Chapter 9.2 of Part 40 of Division 5, based on prior year data.

(ii) Six points for each chancellor’s office approved associate for transfer degree granted pursuant to Article 3 (commencing with Section 66745) of Chapter 9.2 of Part 40 of Division 5, based on prior year data.

(iii) Three points for each chancellor’s office approved credit certificate requiring 16 or more units granted, based on prior year data.

(iv) Three points for each student who successfully completes transfer-level mathematics and English courses within the student’s first academic year of enrollment, based on prior year data.

(v) Two and one-quarter points for each student who successfully transfers to a four-year university, based on prior year data.

(vi) One and one-half points for each student who successfully completes nine or more career technical education units, based on prior year data.

(vii) One and one-half points for each student who obtains a regional living wage within one year of community college completion, based on prior year data.
(3) It is the intent of the Legislature that the annual Budget Act fully fund increases in the student success allocations computed under this section.

(g) To establish a hold harmless protection for community college districts pursuant to the funding allocation established in this section, a minimum funding level for all community college districts shall be computed as follows:

(1) For the 2018–19 and 2019–20 fiscal years, a level of funding to ensure that all community college districts receive at a minimum the total computational revenue the district received in the 2017–18 fiscal year, defined as a district’s final entitlement for general purpose apportionment based on FTES and the number of colleges and comprehensive centers the district operates.

(2) Commencing with the 2020–21 fiscal year, and each year thereafter, community college districts shall receive the higher of (A) the funding level determined by the formula established in this section, or (B) the level of funding determined by multiplying the community college district’s new FTES by the associated credit, noncredit, and career development and college preparation rate received by the district in the 2017–18 fiscal year. The level of funding shall be adjusted to include a basic allocation based on the number of colleges and comprehensive centers in the district consistent with the basic allocation rates used in the 2017–18 fiscal year.

(3) (A) From the 2019–20 fiscal year to the 2023–24 fiscal year, inclusive, for the San Francisco Community College District and the Compton Community College District, the rates for computing the hold harmless provisions pursuant to paragraphs (1) and (2) shall be multiplied each year by the cost-of-living adjustment identified in the annual Budget Act and adjusted for increases to FTES. The level of funding for the San Francisco Community College District and the Compton Community College District shall be adjusted to include a basic allocation based on the number of colleges and comprehensive centers in the district consistent with the basic allocation rates used in the 2017–18 fiscal year multiplied by the 2018–19 fiscal year cost-of-living adjustment, and adjusted for changes in the cost-of-living in subsequent annual budget acts. The intent of these adjustments is to provide the San Francisco Community College District and the Compton Community College District with the greater of the
amount that would have been calculated pursuant to the requirements of Section 84750.5, as that section read on January 1, 2018, adjusted for annual changes in the cost-of-living adjustment identified in the annual Budget Act and adjusted for increases in FTES, or the amount computed pursuant to the funding formula established in this section.

(B) For purposes of computing the FTES attributable to this paragraph and subdivision (d), for five fiscal years beginning in the 2017–18 fiscal year, the San Francisco Community College District shall be entitled to restoration of any reduction in apportionment revenue due to decreases in FTES, up to the level of attendance of FTES funded in the 2012–13 fiscal year, if there is a subsequent increase in FTES.

(C) (i) For purposes of computing the FTES attributable to this paragraph and subdivision (d), for five fiscal years beginning in the fiscal year the Compton Community College District is accredited under the governing authority of the Board of Trustees of the Compton Community College District, the board of governors shall provide allocations to the Compton Community College District in an amount not less than the total amount that the district would receive if the level of attendance of FTES was the same level of attendance as in the 2017–18 fiscal year. The amount shall be adjusted to reflect cost-of-living adjustments, deficits in apportionments, or both, as appropriate for the applicable fiscal years.

(ii) For purposes of computing the FTES attributable to this paragraph and subdivision (d), for five fiscal years beginning in the fiscal year the Compton Community College District is accredited under the governing authority of the Board of Trustees of the Compton Community College District, the Compton Community College District shall be entitled to restoration of any reduction in apportionment revenue due to decreases in FTES, up to the level of attendance of FTES funded in the 2017–18 fiscal year, if there is a subsequent increase in FTES.

(iii) In computing statewide entitlements to funding based upon the attendance of FTES, the Compton Community College District shall not be credited with more FTES than were actually enrolled and in attendance.

(4) Decreases in a community college district’s total revenue computed pursuant to the sum of subdivisions (d), (e), and (f), or
computed pursuant to this subdivision shall result in the associated
reduction beginning in the year following the initial year of
decreases.

(h) For the fiscal years 2018–19 to 2020–21, inclusive, each
community college district whose increase in 2017–18 general
purpose apportionment funding computed pursuant to Section
84750.5, compared to apportionment funding computed pursuant
to this section, is less than the year-over-year cost-of-living
adjustments applicable to those fiscal years, shall receive
discretionary resources in an amount needed to ensure the
community college district receives no less than their 2017–18
general purpose apportionment funding computed pursuant to
Section 84750.5 adjusted for annual year-over-year cost-of-living
adjustments.

(i) The board of governors shall develop the criteria and
standards within the statewide minimum requirements established
pursuant to this section.

(j) (1) Except as specifically provided in statute, regulations of
the board of governors for determining and allocating the state
general apportionment to the community college districts shall not
require community college district governing boards to expend
the allocated revenues in specified categories of operation.

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

(k) It is the intent of the Legislature to allow for changes to the
criteria and standards developed pursuant to subdivisions (a) and
(h) in order to recognize increased operating costs and to improve
instruction.

(l) Notwithstanding Subchapter 1 (commencing with Section
51000) of Chapter 2 of Division 6 of Title 5 of the California Code
of Regulations and Section 84751, the chancellor shall allocate
the ongoing funds first appropriated to paragraph (1) of subdivision
(e) of provision (2) of Item 6870-101-0001 of Section 2.00 of the
Budget Act of 2015 (Chapters 10 and 11 of the Statutes of 2015)
to all community college districts, including districts that have
offsetting local revenues that exceed the funding calculated
pursuant to the district’s budget formula, on a per FTES basis by
modifying each district’s budget formula pursuant to this section.
Any revisions to the budget formula made for the purposes of this
subdivision shall be made and reported consistent with the
requirements of subdivision (i).
(m) (1) (A) The governing board of each community college
district shall certify it will do all the following, no later than
January 1, 2019:
(i) Adopt goals for the community college district that meet the
following requirements:
(I) Are aligned with the systemwide goals identified in the
Vision for Success, which were adopted by the Board of Governors
of the California Community Colleges in 2017.
(II) Are measurable numerically.
(III) Specify the specific timeline for achievement.
(ii) For the meeting when the goals are considered for adoption,
include in the written agenda an explanation of how the goals are
consistent and aligned with the systemwide goals.
(iii) Submit the written item and summary of action to the
chancellor’s office.
(B) The chancellor’s office shall make available guidance to
assist governing boards of community college districts in meeting
the requirements of this section. The funds apportioned to a
community college district pursuant to this section, and for excess
tax districts, the Student Equity and Achievement Program, shall
be available to implement the activities required pursuant to this
paragraph.
(2) Each community college district shall align its
comprehensive plan pursuant to paragraph (9) of subdivision (b)
of Section 70901 with the adopted local plan goals and align its
budget with the comprehensive plan. The funds apportioned to a
community college district pursuant to this section, and for excess
tax districts, the Student Equity and Achievement Program, shall
be available to implement the activities required pursuant to this
paragraph.
(3) If a community college district is identified as needing
further assistance to make progress towards achieving specified
goals, the chancellor’s office, with the approval from the board of
governors, may direct the community college district to use up to
1 percent of the district’s apportionments allocation on technical
assistance and professional development to support efforts to meet
the district’s efforts towards their goals.

(4) (A) The chancellor’s office shall develop processes to
monitor the approval of new awards, certificates, and degree
programs. The chancellor’s office shall also develop a process to
monitor the number of students who transfer to for-profit
postsecondary educational institutions and report on the growth
of transfer to these institutions compared to four-year public
postsecondary educational institutions.

(B) The chancellor’s office shall also develop minimum
standards, in consultation with the oversight committee established
pursuant to Section 84750.41, for the approval of certificates and
awards that would count towards the funding formula pursuant to
this section.

(C) The board of governors shall include instructions in the
audit report required by Section 84040 related to the
implementation of the funding formula pursuant to this section.
The chancellor may require a community college district to repay
any funding associated with an audit exception identified in a
community college district’s audit report pursuant to this
subparagraph.

(5) Notwithstanding Section 10231.5 of the Government Code,
on or before October 15, 2019, and each year thereafter, the
chancellor’s office shall report to the Legislature, consistent with
Section 9795 of the Government Code, on the course sections and
FTES added at each community college that received
apportionment growth funding in the prior fiscal year, including
the number of course sections and if any course sections and FTES
were added that are within the primary missions of the segment
and those that are not within the primary missions of the segment.

(6) (A) On or before July 1, 2022, the chancellor’s office shall
report to the Legislature and the Department of Finance, consistent
with Section 9795 of the Government Code, a description on how
community college districts are making progress on advancing the
goals outlined in the system’s strategic vision plan.

(B) The requirement for submitting a report imposed under
subparagraph (A) is inoperative on July 1, 2026, pursuant to
Section 10231.5 of the Government Code.

(n) For purposes of this section, the following terms have the
following meanings:
“Career development and college preparation” means courses in programs that conform to the requirements of Section 84760.5.

(2) “Chancellor’s office” means the Office of the Chancellor of the California Community Colleges.

(3) “Primary missions of the segment” means credit courses and those noncredit courses specified in paragraphs (2) to (6), inclusive, of subdivision (a) of Section 84757.

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

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

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

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

(2) It is the intent of the Legislature to determine the amounts to be appropriated for purposes of this section through the annual Budget Act. Nothing in this section shall be construed as limiting the authority either of the Governor to
propose, or the Legislature to approve, appropriations for California
Community Colleges programs or purposes.
(d) The board of governors shall develop the criteria and
standards within the following statewide minimum requirements:
(1) The calculations of each community college district’s
revenue level for each fiscal year shall be based on the level of
general apportionment revenues, state and local, the community
college district received for the prior year plus any amount
attributed to a deficit from the adopted standards to be developed
pursuant to this section, with revenue adjustments being made for
increases or decreases in full-time equivalent students (FTES), for
equalization of funding per credit FTES, for necessary alignment
of funding per FTES between credit and noncredit programs, for
inflation, and for other purposes authorized by law.
(2) Commencing with the 2006–07 fiscal year, the funding
mechanism developed pursuant to this section shall recognize the
need for community college districts to receive an annual allocation
based on the number of colleges and comprehensive centers in the
community college district. In addition to this basic allocation, the
marginal amount of credit revenue allocated per FTES shall be
funded at a rate not less than four thousand three hundred
sixty-seven dollars ($4,367), as adjusted for the change in the
cost of living in subsequent annual budget acts.
(A) To the extent that the Budget Act of 2006 contains an
appropriation of one hundred fifty-nine million four hundred
thirty-eight thousand dollars ($159,438,000) for community college
equalization, the Legislature finds and declares that community
college equalization for credit FTES has been effectively
accomplished as of March 31, 2007.
(B) The chancellor shall develop criteria for the allocation of
one-time grants for those community college districts that would
have qualified for more equalization under prior law than pursuant
to this section and the Budget Act of 2006, and for those
community college districts that would have qualified for more
funding under a proposed rural college access grant than pursuant
to this section and the Budget Act of 2006, as determined by the
chancellor. Appropriations for the one-time grants shall be provided
pursuant to paragraph (24) of subdivision (a) of Section 43 of
Chapter 79 of the Statutes of 2006.
(3) Noncredit instruction shall be funded at a uniform rate of two thousand six hundred twenty-six dollars ($2,626) per FTES, as adjusted for the change in the cost of living provided in subsequent annual budget acts.

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

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

(ii) Beginning in the 2015–16 fiscal year, career development and college preparation FTES shall be funded at the same level as the credit rate specified in paragraph (2). This rate shall be adjusted for the change in the cost of living or as otherwise provided in subsequent annual budget acts.

(iii) The Legislative Analyst shall report to the Legislature on or before March 1, 2017, regarding the change in funding specified in clause (ii), including whether community colleges offered additional classes or programs related to career development or college preparation, and whether there was any change in FTES.

(iv) (I) The requirement for submitting a report imposed under clause (iii) is inoperative on March 30, 2019, pursuant to Section 10231.5 of the Government Code.

(II) A report submitted pursuant to clause (iii) shall be submitted in compliance with Section 9795 of the Government Code.

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

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

(ii) Decreases in career development and college preparation FTES shall result in a revenue reduction in the year following the decrease at the average rate per career development and college preparation FTES.
(5) Except as otherwise provided by statute, current categorical programs providing direct services to students, including extended opportunity programs and services, and disabled students programs and services, shall continue to be funded separately through the annual Budget Act, and shall not be assumed under the budget formula otherwise specified by this section.

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

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

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

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

(7) Revenue adjustments shall be made to reflect cost changes, using the same inflation adjustment as required for school districts pursuant to paragraph (2) of subdivision (d) of Section 42238.02. These revenue adjustments shall be made to the college and center basic allocations, credit and noncredit FTES funding rates, and career development and college preparation FTES funding rates.

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

(A) Determination of an equally weighted average of the rate of change in the state’s population of persons between the ages of 19 and 24 years of age and the rate of change in the state’s population of persons between the ages of 25 and 65, 65 years of age, both as determined by the Department of Finance’s Demographic Research Unit as determined for the preceding fiscal year.

(B) To the extent the state’s unemployment rate exceeds 5 percent for the most recently completed fiscal year, that positive difference shall be added to the rate computed in subparagraph (A). In no event shall that positive difference exceed 2 percent.
(C) The chancellor may also add to the amounts calculated pursuant to subparagraphs (A) and (B) the number of FTES in the areas of transfer, vocational education, and basic skills that were unfunded in the current fiscal year. For this purpose, the following computation shall be determined for each community college district, and a statewide total shall be calculated:

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

(ii) Establish the base level of FTES earned in the prior fiscal year for vocational education courses consisting of courses defined by the chancellor’s office Student Accountability Model codes A and B that are consistent with the courses used for measuring success in this program area under the accountability system established pursuant to Section 84754.5.

(iii) Establish the base level of FTES in the prior fiscal year for basic skills courses, both credit and noncredit.

(iv) Add the sum of FTES for clauses (i) to (iii), inclusive.

(v) Multiply the result of the calculation made under clause (iv) by one plus the community college district’s funded growth rate in the current fiscal year. This figure shall represent the maintenance of effort level for the budget year.

(vi) FTES in transfer, vocational education, and basic skills that are in excess of the total calculated pursuant to clause (v), shall be considered in excess of the maintenance of effort level, and shall be eligible for overcap growth funding if the community college district exceeds its overall funded FTES.

(vii) In no event shall the amount calculated pursuant to clause (vi) exceed the total unfunded FTES for that fiscal year. To the extent the computation specified in subdivision (c) requires the reporting of additional data by community college districts, that reporting shall be a condition of the receipt of apportionment for growth pursuant to this section and those funds shall be available to offset any and all costs of providing the data.

(9) Except as specifically provided in statute, regulations of the board of governors for determining and allocating the state general apportionment to the community college districts shall not require
community college district governing boards to expend the
allocated revenues in specified categories of operation or according
to the workload measures developed by the board of governors.
(e) (1) The Chancellor of the California Community Colleges
shall develop, and the board of governors shall adopt, a revised
apportionment growth formula for use commencing with the
2015–16 fiscal year. The chancellor shall allocate apportionments
pursuant to the revised formula only after the revised formula, and
any formulas for adjustment pursuant to paragraph (2), have been
adopted by the board of governors. The revised apportionment
growth formula shall support the primary missions of the segment,
and shall be based on each community’s need for access to the
community colleges, as determined by local demographics. In
developing the revised formula, the chancellor shall consider
multiple factors in determining need; however, the primary factors
shall be:
(A) (i) The number of persons under 25 years of age without
a college degree, within a community college district’s boundaries,
and the number of persons 25 to 64 years of age, inclusive, without
a college degree, within a community college district’s boundaries.
(ii) Notwithstanding clause (i), the chancellor may use
alternative age ranges depending on the availability of data.
(B) The number of persons who are unemployed, have limited
English skills, who are in poverty, or who exhibit other signs of
being disadvantaged, as determined by the chancellor, within a
community college district’s boundaries.
(2) Beginning with the 2016–17 fiscal year, the chancellor shall
adjust upward the need determination based on each community
college’s effectiveness in serving residents of neighborhoods,
within or outside of the community college district’s boundaries,
that exhibit the highest levels of need in the state.
(3) The chancellor shall calculate each community college
district’s proportionate share of the statewide need for access to
the community colleges based on the application of this formula
described in paragraph (1), as adjusted pursuant to paragraph (2).
(4) The chancellor shall calculate the difference between each
community college district’s proportionate share of the statewide
need for access to the community colleges, as calculated pursuant
to paragraph (3), and its current proportionate share of statewide
enrollment in the community colleges.
(5) (A) Until a community college district reaches its highest level of apportionment revenues previously received, its apportionment revenues shall be eligible to increase by the lesser of 1 percent of its current apportionment base, or one-half of the statewide growth allocation on a proportionate basis, regardless of need.

(B) After a community college district reaches its highest level of apportionment revenues previously received, it is eligible to increase its apportionment revenues by the lesser of one-half of 1 percent of its current apportionment base, or one-quarter of the statewide growth allocation on a proportionate basis, regardless of its need.

(6) The remainder of the apportionment growth funding shall be allocated to allow each community college district to grow its apportionment revenues based on its relative share of the difference between the amounts calculated in paragraph (4), up to a maximum of its apportionment base for the preceding fiscal year appropriate to ensure that community college district is advancing the primary missions of the segment. The maximum established by the chancellor shall not be less than 5 percent nor greater than 10 percent of a community college district’s apportionment base for the preceding fiscal year.

(7) Unless otherwise agreed upon by the board of governors, apportionment reductions shall be allocated proportionally based on the most recent levels of apportionment revenues.

(8) (A) It is the intent of the Legislature, consistent with direction provided in the 2014–15 Budget Act, that apportionment growth funding be expended for purposes of increasing the number of FTES in courses or programs that support the primary missions of the segment.

(B) (i) Notwithstanding Section 10231.5 of the Government Code, on or before October 15, 2015, and each year thereafter, the chancellor shall report to the Legislature on the course sections and FTES added at each community college that received apportionment growth funding in the prior fiscal year, including the number of course sections and if any course sections and FTES were added that are within the primary missions of the segment and those that are not within the primary missions of the segment.
(ii) A report submitted to the Legislature pursuant to clause (i) shall be submitted in compliance with Section 9795 of the Government Code.

(C) For purposes of this section, “primary missions of the segment” means credit courses and those noncredit courses specified in paragraphs (2) to (6), inclusive, of subdivision (a) of Section 84757.

(f) (1) It is the intent of the Legislature to allow for changes to the criteria and standards developed pursuant to subdivisions (a) to (d), inclusive, in order to recognize increased operating costs and to improve instruction.

(A) If the annual budget act identifies funds appropriated specifically for the purposes of this subdivision, the chancellor shall adjust the budget request formula to allocate those funds without altering any of the adjustments described in subdivision (d). At least 30 days before allocating any state general apportionment revenues using a budget request formula revised pursuant to this subdivision, the chancellor shall submit to the Department of Finance and the Legislature a description of the specific adjustments made to the budget request formula.

(B) A report to the Legislature pursuant to subparagraph (A) shall be submitted in compliance with Section 9795 of the Government Code.

(g) Notwithstanding Subchapter 1 (commencing with Section 51000) of Chapter 2 of Division 6 of Title 5 of the California Code of Regulations and Section 84751, the chancellor shall allocate the ongoing funds first appropriated pursuant to paragraph (1) of subdivision (e) of provision (2) of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2015 (Chapters 10 and 11, Statutes of 2015) to all community college districts, including districts that have offsetting local revenues that exceed the funding calculated pursuant to the district’s budget formula, on a per FTES basis by modifying each district’s budget formula pursuant to this section. Any revisions to the budget formula made for the purposes of this subdivision shall be made and reported consistent with the requirements of subdivision (f).

(h) This section shall be used to allocate revenue only for the following purposes:
(1) Commencing with the 2018–19 fiscal year, this section shall only be used to allocate revenue pursuant to subparagraph (A) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution, to compute allocations for noncredit instruction and career development and college-FTES, and to FTES.

(2) To compute allocations to community college districts for fiscal years prior to the 2018–19 fiscal year.

(3) Commencing with the 2019–20 fiscal year, the funding rate calculated pursuant to clause (i) of subparagraph (A) of paragraph (4) of subdivision (d) shall be used to compute allocations for instruction provided under an instructional service agreement between a community college district and a public safety agency.

SECTION 1. Section 84752 of the Education Code is amended to read:

84752. No community college district shall receive full-time equivalent student (FTES) funding for activities that are fully funded through another source. The board of governors shall adopt regulations to implement this section.