


Santa Barbara Community College District  
**Santa Barbara City College**

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November 12, 1985

To: Cabinet Members  
R. Fairly, President, Academic Senate

From: Peter MacDougall 

Re: Commission for the Review of the Master Plan for Higher Education

The work of the Commission is beginning to peak - soon they will be determining their policy positions on the Mission of California's community colleges. I believe it is important that the Commission's deliberations be given wide visibility within the SBCC community. Also, our College's position on the options for each of the Mission components should be clear.

Using our College's Mission Statement as a guide, I am requesting that you assume responsibility as designated for accomplishing the following:

- A. Discuss the Commission's policy options, and other approaches you may deem appropriate, with your staff and College Committees with whom you work.
- B. Identify the approach, i.e., policy option that is appropriate for Santa Barbara City College.
- C. Provide a brief rationale for the decision.
- D. Turn in to me on Monday, November 25, 1985.

The timeline is short, but these are items we have discussed many times.

I will appreciate your efforts on this important project.

PRM:al

cc: Mr. Gary Ricks, President, Board of Trustees

Area

1. Transfer Education	V. P. Fairly	College & School Rel. Comm.
2. Vocational Education	V. P. Huglin/ Dean Elkins	Division Chair Council
3. Associate Degree	V. P. Huglin/ Dean Romo	Division Chair Council
4. Remedial Education	V. P. Huglin Dean Cohen	DCC/Matriculation
5. State Funded Adult Ed.	V. P. Bobgan	Adult Ed. Advisory
6. Fee Based Com. Serv. Ed.	V. P. Bobgan	Adult Ed. Advisory
7. Faculty and Administration	R. Fairly	Rep. Council
8. Finance	Dr. Hanson	CPC
9. Capital Outlay	Dr. Hanson	Facilities Comm.
10. Governance	Bd. of Trustees P. MacDougall R. Fairly	Rep. Council

ROLE AND MISSION

TRANSFER EDUCATION

Issues Statement

1. What should be the role of the Community Colleges in providing lower-division transfer education?
2. In light of California's rapidly changing demographics, what purposes should the transfer function serve in the future?
3. What academic standards should be established and how should they be maintained in transfer courses?

Background Questions:

- What are the current purposes of the transfer function and have these changed since 1960?
- What are the constraints to the transfer function, both from within the CC segment itself and from the four-year segments (UC and CSU)?
- What is the relationship of matriculation to the academic rigor of transfer courses?

What options or models are available that might strengthen the transfer function (e.g., a "core curriculum" for transfer students)?

Policy Options

The staff believes the options below represent the various alternatives under discussion throughout the state. Portions of options, or combinations of options, may also warrant consideration. (Options included in the issue papers on "Remediation", the "Associate Degree", and "Vocational Education" should be viewed for their relation to the transfer issue.)

Option 1

- The UC, CSU, and CCC would cooperatively develop a "transfer core curriculum" (perhaps in relation to the Associate degree) that would ensure transfer to the UC or CSU upon successful completion of the appropriate courses, and the requisite GPA.

- This "core curriculum" would also be articulated with the K-12 system, to assure smooth progress from one end of the transfer continuum to the other.
- All students who were not eligible for UC or CSU admission from high school would be required to complete the transfer core curriculum prior to transferring to UC and CSU. Exceptions could be made for those students with only one or two course or subject deficiencies.

Private four-year institutions may wish to cooperate in the development of this approach.

#### Option 2

- The CCC should establish "transfer institutes" (schools within a school) to identify potential transfer students, particularly those from underrepresented groups, and assist them in taking the necessary courses and programs for transfer to the four-year segments.
- Such "transfer institutes" could also be intersegmental in nature, along the lines of the current "transfer centers" pilot project idea, with close articulation of programs and courses, joint identification (from K-12 on) and counseling of potential transfer students.
- These "transfer institutes" could also, with the help of the senior segments, keep up-to-date on the shifting requirements --particularly in specific majors -- within the senior segments themselves. Such information is crucial to ensuring smooth transfer into and among the UC and CSU campuses.

#### Option 3

- The UC, CSU, and CCC would develop and pilot test the "upsidedown bachelor's degree" model, in which a CC student could complete courses in the two-year major first, and then transfer and complete two years of general education in the senior segments for the baccalaureate degree. (This option might be particularly good for those in vocational programs who might wish to consider transfer but need initial training for immediate employment. This option also appears in the "Vocational Education" issue paper.)

#### Option 4

- The CCC and other segments would continue with their current efforts to strengthen the transfer function, would jointly establish research projects to assess the results of those efforts, and would publish the results statewide in a timely fashion. (This option represents the current situation but with a more focused research emphasis.)

Option 5

- CPEC, in cooperation with the State Chancellor's Office of the CCC, would coordinate a statewide study of CC transfer students, their performance after entering UC or CSU, and those elements that distinguish successful from unsuccessful transfers.
- The statewide study would use local CC districts and their neighboring UC and CSU campuses to cooperatively provide and analyze longitudinal data on their specific groups and subgroups of transfer students.
- The State would provide funding for those local campuses that agree to participate in the statewide study, and the results of the study would be published and disseminated on a statewide basis.

COMMUNITY COLLEGE FACULTY AND ADMINISTRATORS

Issues Statement

1. What credentialing procedures, or other methods of establishing minimum qualifications should be followed?
2. What should be the level of compensation for community college faculty to accomplish the goals of the system for faculty and administrators?
3. What changes, if any, should be made in the ratio of full-time to part-time faculty?
4. What changes, if any, should be made in tenure provisions?
5. What affirmative action policies should be followed for faculty and administrators?

Policy Options

The following is a list of policy options to be considered by the Commission.

Recruitment and Employment:

Option 1: Augment state support for district affirmative action programs

The Chancellor's Office now receives a small amount of state support for its efforts to encourage and monitor district affirmative action programs. This effort might be substantially strengthened by establishing a program of state matching aid for district affirmative action recruitment activities directed to colleges with relatively high minority enrollment and relatively low minority representation on their faculties and administrative staffs.

Option 2: Further restrict the employment of part-time faculty

Community college districts now are prohibited from exceeding the average number of weekly faculty contact hours taught by part-time instructors in each district, for the three-year period 1980-81 through 1982-83, without approval of the Board of Governors. No district has requested exemption since this provision was enacted, however, largely because as enrollment has declined part-time faculty have also been reduced in number.

Nevertheless districts vary widely in their use of part-time instructors as measured by the ratio of full-time to part-time faculty in the fall of 1983.

Option 3: Remove the existing restriction on the employment of part-time faculty, allowing each district to determine what works best for it.

Option 4: Make no changes in support for affirmative action or in restrictions on the use of part-time faculty.

Credentialing:

Option 1: Eliminate the credentialing requirement for community college faculty and administrators.

The existing credential requirements for community college faculty and administrators are a vestige of the colleges' evolution from the public school system and may no longer be needed. In the place of credential requirements, the Board of Governors could be empowered to establish minimum educational and experience requirements to be followed by the districts in employing new faculty and administrators. Additionally, new faculty appointments might be made subject to peer review and recommendation.

Option 2: Maintain the existing credential requirements

Tenure:

Option 1: Increase the probationary period for new full-time faculty from two years to six years.

The current probationary period is, in the opinion of many faculty and administrators, much too brief to permit a careful evaluation of an instructor's abilities prior to the granting of tenure. The national average for college faculty is six to seven years.

Option 2: Establish a formal system of peer review for full-time faculty prior to granting tenure.

Currently, tenure is granted to all faculty members who are not dismissed by the end of two years of service. Dismissal is largely an administrative matter in which the instructors' peers have little or no role on most campuses. Adoption of a formal system of peer review could be expected to increase faculty interest in and responsibility for the quality of their departments and divisions.

Option 3: Abolish tenure for community college faculty and replace it with two- to five-year contracts and a system of peer review

The granting of tenure represents a substantial curricular and financial commitment that may not be justified for the community colleges, which must maintain flexibility to respond to changes in enrollment, student objectives, and financial support. Freedom of speech for faculty members may be adequately protected by other means. A contractual system may provide reasonable job security, and peer review will help to protect academic freedom while also increasing the faculty role in maintaining academic standards.

Option 4: Maintain existing probation and tenure provisions for community college faculty.

Compensation:

Option 1: Establish statewide salary schedules for community college faculty and administrators.

The authority to determine the salary schedules for faculty and administrators is one of the most important powers remaining in the hands of district boards.

However, this authority may no longer be justifiable, in view of the wide range of salaries offered employees from one district to another, despite the fact that those employees have very similar teaching or administrative duties. Moreover, the advent of collective bargaining may have made local salary setting obsolete. Employee bargaining units may gain sufficient representation on a local board to subvert the process.



Option 2: Maintain district authority to establish salary schedules.

Faculty Development

Op ion : Augment state support for in-service training programs for community college faculty.

It has long been acknowledged that instructors recruited directly from graduate school or from some form of employment other than teaching are seldom well prepared to deal effectively with the range of student abilities and attitudes they are likely to find in community college classrooms. As larger numbers of students enroll who have significant language or other deficiencies, the problem is likely to become more serious.

AB 3938 of 1984 appropriated \$500,000 in state aid for the first year of a two-year pilot program to support district in-service training programs for instructors and counselors in community college vocational education programs. \$735,000 was appropriated for 1985-86. The Chancellor is required to report to the Legislature on the effectiveness of the pilot program by November 30, 1986. While it might be premature to expand the program before it is evaluated, it might be desirable to establish a companion program for faculty teaching academic (non-vocational) courses.

Option 2: Do not provide additional state support or encouragement for faculty and staff development.

COMMUNITY COLLEGE FINANCE: CURRENT EXPENSE

Issues Statement

1. What are the principal objectives of the community college finance system?
2. What should be the principal elements of the system to achieve those objectives?
  - a. What should be the principal sources of support and how should their relative contributions be determined?
  - b. What methods should be used to budget state support?
  - c. What method should be used to allocate state support to the districts and colleges?

Policy Options

The system of financing the current operations of the community colleges should, in so far as possible, serve the following major objectives.

- a. It should provide a level of support from all sources that is sufficient to provide high quality-programs within each of the principal functions of the colleges.
- b. It should provide a level of support that is sufficient to enable the colleges to enroll all eligible students who wish to enroll in those programs.
- c. It should be a relatively simple system that minimizes opportunities for manipulation and protect the state from large and unexpected increases in expenditures.
- d. It should offer a high degree of predictability by being flexible enough to accommodate changing circumstances without requiring frequent changes in its principle elements.
- e. It should encourage local initiative in responding to local needs within the overall framework of the community colleges' mission.

- f. It should reward success and excellence and encourage innovation.
- g. It should maximize accountability among the different sources of support.
- h. It should provide for equalization of the tax burden at the local level.
- i. It should draw upon a balanced tax base at all levels that will continue to provide adequate revenues in the future.

The following options are presented for the Commission's consideration as methods of meeting those objectives.

#### Sources of Support

##### Option 1: Full State Support

In the current year, the state is expected to pay approximately 60 percent of community college current expense, the districts and counties 30 percent, the federal government 5 percent, and students 5 percent. If the community colleges were to be considered state institutions of postsecondary education much like the University of California and the California State University. It would be appropriate to increase state support and eliminate district and county support. The equivalent amount of local funding could be made available to the public schools, reducing their state support accordingly, so that there would be no net gain or loss of state and local revenues.

This would take one step further the shift that followed voter approval of Proposition 13 when local support for the colleges was cut sharply and state support increased. It would eliminate continuing disparities in district taxable wealth, substantially simplify the financing of the community colleges, and free local revenues for public school support. At the same time, however, it would clearly identify the community colleges as state rather than local institutions and justify appropriate action to strengthen the Board of Governors and perhaps reestablish the existing districts as purely administrative agencies.

Option 2: A greater state contribution

If a shift to full state support does not appear feasible or desirable, the Commission may still want to consider increasing state support to the level it reached immediately following approval of Proposition 13--64 percent of district income -- or beyond. The state share might be increased to, say, 65 percent of district general fund income as an expression of the degree of state interest in community college programs. If an attempt were to be made to relate state support to institutional programs --to make state support "program specific" -- such a figure might be acceptable for that purpose. The Spring 1984 survey by the Field Research Corporation reported that about 32 percent of the students were enrolled in a community college to prepare to transfer to a four-year institution and the rest had occupational and other goals. If the state determined it should support the full cost of transfer instruction and share equally with district residents the cost of occupational programs, then 65 is a reasonable figure

It is unlikely that any more precise measures can be developed. As noted in earlier sections of this report, there is no such thing as a discreet "transfer program" for which all enrollment can be ascribed solely to transfer students, and the situation with respect to occupational instruction is even more imprecise. Many occupational courses are transferable; many transfer students are enrolled in occupational courses. Nor is it clear that it would be desirable to create new incentives for district administrators in financially hard pressed districts to divert students to courses that would produce greater state revenues.

Option 3: Maintain the existing system

Since the existing system of financing community college expense was established in 1979, state support has declined and local support has increased as percentages of total district income. This has occurred because total local property tax assessments have increased as property has changed hands and been reassessed. Under the existing system (as under the system that preceded it), the state share will fall and the local share rise if local revenues rise faster than the college costs upon which financial support is based. Recently, property tax revenues have been increasing at 10-12 percent annually.

Option 4: A greater local share

Although the local share of district income is likely to continue to grow under the existing formula, the Commission may wish to increase the rate of growth or establish some target figure as the optimum local share. A figure greater than 50 percent might be chosen as appropriate to maintenance of local control (although there appears, in practice, to be no such constraint within a very broad range). When and if that figure is achieved under the existing formula, however, it will be necessary to change the existing method of determining the state and local shares, as it is not designed to achieve any specified ratio.

Option 5: Full local support

Just as the Commission should consider replacing local support with state support, it should also consider replacing state support with local support. This might be accomplished by providing the counties or districts a new tax base or, more practically, by shifting local revenues from the public school so that there would be no net gain or loss for either.

This shift would permit a strengthening of local governing boards and possibly the elimination of the Board of Governors or its restructuring. Community college districts might then be expected to operate much like other units of local government and with minimal state intervention.

Option 6: Reduce the student contribution by reducing student fees.

At present, community college students who enroll in credit courses are required to pay a fee of \$50 per semester if they take six or more units or \$5 per unit if they enroll in fewer than six units. This fee, which is expected to produce approximately \$70 million in revenue in 1985-86, will "sunset" December 31, 1987, unless the Legislature acts to extend its authorization beyond that date.

At the time of its enactment in 1984, there was substantial controversy regarding its impact on enrollment among low-income students. As a consequence, the Chancellor's Office was directed to conduct a study of its effect and report to the Legislature on January 1, 1987. It is too early to foretell the findings of that study, but it is apparent that many part-time students who were taking two courses for six units dropped back to one course of three units in order to save \$35.

The Commission may recommend that the \$50 fee be rescinded a year early or that it not be extended beyond 1987. In either case, it may wish to recommend reinstatement of the "permissive" user fees for health services, transportation, and instructional materials that were eliminated when the \$50 fee was established. Its choice in this respect will determine the extent to which the state appropriation may have to be increased to offset the loss of income from the \$50 fee.

Another fee that might be reconsidered is the "drop fee" established in 1983 as part of SB 851. According to college representatives, this fee, which is commonly collected when students register for the new term, often discourages low-income students from continuing. In any case, it is difficult to justify a fee for discontinuing a course when a partial refund of the enrollment fee might be more appropriate.

The Commission may also wish to consider reducing fees for non resident students and for students enrolled in community service courses (by authorizing state support for some or all of such courses as discussed earlier).

Option 7: Increase the student contribution by increasing student fees

Income from student fees is expected to produce approximately 5 percent of general fund income for community college districts. This share could be substantially increased by raising the mandatory student fee from \$50 a semester to, for example, \$200 a semester, approximately two-thirds the amount currently paid by students at the California State University campuses. The net gain in student fee income from such a step cannot be estimated precisely because the effect on enrollment, with or without a compensating increase in student aid, is unknown, but it might be expected to raise the student contribution to 15-20 percent of district income. This in turn might permit a reduction in the state contribution to approximately 40 percent of the total.

The argument for such a step is often stated in terms of economic efficiency - making the most efficient use of available resources. By requiring students to meet a large part (but not all) of the cost of their education, it is contended, the state and the students are more likely to spend what they should for education - according to its public and its private benefits - than if tuition were either zero or 100 percent. It is also argued that higher tuition coupled with higher aid can also be more equitable than a low tuition and low aid policy because more financial aid can be directed to low-income students (i.e., by directly taxing high income families to pay a greater share of the educational costs for low-income families) (See Breneman: 39-125). The principal argument against raising fees is that such action ignores the large public benefits of postsecondary education and inevitably restricts opportunities for low-income students despite increases in student aid.

The Commission may also want to consider "program specific" fee levels on the basis that, for example, transfer programs produce greater or fewer) public benefits than occupational programs. Such a position would have to rest on personal conviction, however as there are no solid research findings to support it.

#### Option 8: Fees for part-time students

Apart from the question of increasing or decreasing the total contribution of student fees to district income, there are two questions regarding fees for part-time students that the Commission may want to address.

As noted earlier, imposition of the \$50 per semester fee for all students enrolled in credit courses for six or more units, and a fee of \$5 per unit for students enrolled for less than six units, led many part-time students to take one course rather than two. If the \$50 fee is continued, it may be desirable, therefore, to raise the breaking point from six units to more than six units so that part-time students will not be needlessly discouraged from taking two courses. Alternatively, the per unit charge might be increased so that the cost per (three unit) course is the same whether a student enrolls in one course or two.

Another argument that has been made with respect to part-time students is that many of those enrolled in one or two courses are adults who are taking the courses in pursuit of avocational interests and who have sufficient incomes to pay the full cost of the courses. As these students are difficult to identify by other means, it has been proposed that a system of self-identification be established. Under this system, part-time students who are willing to participate in the full process of evaluation, identification of instructional and career objectives, and program counselling ("matriculation") provided for other students will pay the standard fee. Students who are not willing to do so will be required to pay the full cost of the course, that cost to be determined in the same manner as the cost of fee-supported community service courses. Some students who could pay the full cost might choose to take advantage of the system, but no student with a well thought out occupational or educational objective would be required to do so.

Such a step would be in accord with the 1960 Master Plan recommendation that in providing state support "effort be made to differentiate between those enrollees who are pursuing a stated, planned program with definite occupational or liberal education objectives and those who are enrolling in single courses for which matriculation or prerequisites are absent" (MP:145).

#### Budgeting (Generating) State Support

##### Option 1: The existing system of budgeting state support

As described above, all but a relatively small amount of state support is now budgeted according to a statutory formula that takes into account each district's enrollment, its prior year support per unit of enrollment, a cost-of-living index, and its local tax base. This formula is used to determine the total amount of state support proposed in the annual Governor's Budget, and it is not subject to negotiation or change prior to Legislative review. The enrollment and other data are prepared by the Chancellor's Office, but it has little or no latitude in doing so.

##### Option 2: Existing system with technical changes

Two largely technical but nevertheless important changes in the existing system of budgeting for the community colleges have been proposed recently.



## SECOND DRAFT OUTLINE

ADA or FTE. The first is to replace the current enrollment unit, average daily attendance (ADA) with the unit used by other postsecondary institutions, full-time equivalent (FTE) enrollment. Average daily origin as part of the public schools, in which attendance is counted daily origin as a part of the public schools, in which attendance is counted daily. It has been a long time, however, since this has been done in the colleges. Now, for the great majority of their courses, the colleges simply average the enrollment figures at two points ("census periods") during the semester, multiply this by .91 - a factor that is believed to represent the difference between enrollment and actual average attendance - and divide the product by 525, the number of class hours for one student taking five three-unit courses (that meet for three hours each week) over a 15 week semester.

The FTE enrollment unit used by UC and CSU is 15 student hours, or the credit hours carried by one student enrolled in five three-unit courses. ADA units can easily be converted to FTE units by eliminating the 911 factor and if it is desired, using a single "census period." The only important obstacle to this conversion is that "positive" attendance accounting - and actual count of attendance - is used for some community college courses. These courses are noncredit courses and less-than-semester-length courses with unusual enrollment patterns. If all colleges and districts offered approximately the same percentage of such courses, there would be no great difficulty, but that is not the case. Thus to accomplish a change from ADA to FTE as the community college enrollment unit, a change some believe would enhance the postsecondary status of the colleges, will require agreement as to how these courses are to be handled.

Differential funding. The second change has to do with the manner in which state support for each district is calculated annually. According to the existing formula, each district is to receive an amount called its "base revenue" plus two-thirds of that amount per unit of ADA multiplied by its projected ADA growth (or less two-thirds of that amount per ADA multiplied by its projected ADA loss). Thus state support is entirely "enrollment driven" except that it is assumed that marginal costs for enrollment growth (or savings from enrollment losses) are one-third less than average costs per ADA.

The proposed change, termed differential funding, is to divide community college costs into four categories: Instruction and instructional services, general services (administration); and maintenance and operations. A full-time student equivalent

(FTSE) enrollment unit would be the workload measure for instruction and instructional services. Head count enrollment would be the workload measure for student services. Assignable square feet (of building capacity) would be the workload measure for plant maintenance and operation. General services costs would be related to either a percentage of other costs or full-time faculty equivalents.

A more detailed differential funding system would subdivide instruction and instructional services either into "high (cost) range", "medium range", "low range", and apprenticeship classes or into credit programs non-credit programs, and apprenticeship instruction. It would also apply factors "to recognize the range of needs and characteristics of the diverse California Community Colleges." (Plan: 6).

A third alternative would be to adopt budget categories similar to those used by CSU and UC. The CSU current expense budget is built on seven major cost categories: instruction (which is subdivided into regular, special session, and extension instruction), public service, academic support, student services, institutional support, independent operations, and auxiliary operations.

#### Option 3: Nonstatutory budget formula

The budget formula for state support for the community colleges, unlike those for the University of California and the California State University, is written into the Education Code. As a consequence, changes of any kind must be introduced as amendments to existing law and pass through the full legislative process for approval. In the past, this often meant that little or no attention was given to the annual appropriations of state support for the community colleges despite their importance for the whole structure of postsecondary education in this state. More recently, revision of the statutory financing formula frequently has been subject to extensive debate in the Legislature as proposed amendments have made their way through the legislative process.

If "intrusion on the part of the Legislature is to be lessened and the leadership of the Board of Governors in this area strengthened, then community college support should be treated just as is support for UC and CSU. To accomplish this it would be necessary only to delete the Education Code provisions regarding state support and incorporate them (with or without change) in a set of budget instructions agreed upon by the Board of Governors and the Department of Finance. The Chancellor's Office would estimate the amount of state support

to be appropriated to the college districts for the budget year just as it does now. That amount would be included in the Governor's Budget just as it is now, but any changes in the support formula desired by the Board of Governors and approved by the Department of Finance could be made then and would not require other statutory action. This would give the Board of Governors greater responsibility for the support budget and place the board on much the same footing as the Regents and the Trustees of the California State University.

Option 4: Simplified formula with unrestricted tuition.

A method of financing postsecondary education that is being tried in Colorado couples a relatively simple enrollment-based state appropriation with institutional authority to raise additional support through a locally determined tuition charge. Within certain limits, an institution may raise tuition to maximize income according to its assessment of the demand for its programs. Increases in tuition must be offset in some part by increases in financial aid, much of which is provided by the state and the federal government, but in general institutions have a substantial role in determining the total amount of income they will receive each year. At the same time, their income is a function of their ability to compete in the academic market place.

Option 5: "Outcomes" or "performance" financing

Nearly all state-supported educational institutions, as well as other large public institutions, receive the greater part of their support according to budget formulas that include one or more important workload measures. For postsecondary educational institutions, the workload measure given greatest weight is enrollment. The primary function of the institutions is to educate students, and as the number of students enrolled increases or decreases, the institutions need more or less resources to fulfill their responsibilities.

It can be argued, however, that enrollment-based financing ignores performance. An institution that performs poorly may have the same claim on limited public funds as an institution that performs well if their enrollments are the same. Therefore, it may be said, state support should not depend so heavily upon enrollment but should be related to performance, to successful outcomes. Frequently, an analogy is made with private enterprise, in which it is expected that successful performance as measured by return on capital -- will be rewarded with a growing share of available capital.

## SECOND DRAFT OUTLINE

In many states, including California, funds have been appropriated to award excellence and to fund innovative programs as well as to support efforts to measure educational outcomes. Perhaps the most ambitious effort to allocate state support according to successful outcomes was begun in Tennessee in 1974. (Pickens). However, it now appears that this effort, like many less ambitious projects before and after it, as failed to overcome the principal obstacles to performance budgeting: absence of agreement that unsuccessful programs or institutions require less or more financial support than others.

Some form of block grant funding coupled with a plan to establish outcomes or "value added" measures might be adopted for the community colleges at a time when enrollments are stable or declining. If a financial incentive were added, however, there would have to be some measure of equality established at the outset so that all colleges could compete for the additional support. There would also have to be some formula to increase the block grants for colleges that increase in enrollment as a consequence of population growth or other changes in their service areas.

### Option 6: A voucher system<sup>1</sup>

There are two ways in which public support for postsecondary education may be provided: (1) as payments to the institutions or their governing bodies, and (2) as financial aid to students from which they make payments to the institutions in which they enroll. Private institutions receive a large percentage of their public support through student financial aid. Public institutions traditionally receive a relatively small percentage of their aid in this form.

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<sup>1</sup>The voucher system is discussed in somewhat greater detail in Financial Support for the California Community Colleges: Characteristics, Objectives, and Alternatives. California Postsecondary Education Commission, June 1977, pages 62-64.

The California Community Colleges, like other public institutions with low fees, obtain only a very small percentage of their support through state and federal student aid programs. Critics of this system argue that at best it benefits all students rather than those students from low-income families who need assistance the most. They also argue that it does not allow students the freedom of choice of institutions and programs that they should have. Some of these critics believe that institutional support for postsecondary education should be replaced by a system of vouchers or entitlements (Bolton, Lewis).

Voucher plans have taken several different forms but usually they provide that each student is to receive an entitlement to some combination of grant, loan, and work study aid depending upon his or her family income, educational objectives, and other factors. Any educational program approved by the state could enroll students and submit their entitlements for redemption. Such a system, proponents believe, would subject every institution to the forces of the open market, and require the least efficient and effective institutions to change in order to survive. Additionally, the choices available to low-income students could be expanded by giving them larger entitlements than other students.

#### Distributing the State Appropriation

##### Option 1: Distribute the state appropriation directly to the districts

At present, the greater part of the annual state support appropriation - the "apportionment" - is distributed to the districts through the Chancellor's Office. The Chancellor's Office has no authority to influence that distribution, but simply administers the flow of funds from the state to the districts. If this administrative responsibility were shifted to the Department of Finance, it would be feasible to bypass the Chancellor's Office and distribute the support directly to the colleges. Funds for the support of the Board of Governors, the Chancellor's Office, and programs administered by the Chancellor's Office would continue to be allocated to that office.

Although this change would somewhat diminish the role of the Chancellor's Office, it would not otherwise alter the existing system of finance and governance.

Option 2: Continue the existing process

The annual state apportionment is appropriated to the Board of Governors for transfer to the community college districts according to formula. The Chancellor's Office performs an administrative function that does not affect the amount each district receives.

Option 3: Increase the board of governors' support distribution role

If the Board of Governors is to have a stronger hand in the operation of the community colleges, it might be appropriate to enlarge its role in the distribution of state support for the colleges. As an alternative to the existing system, state support would be appropriated to the Board of Governors for distribution among the colleges on some basis other than that used in calculating the level of support needed. Some portion of the appropriation might be reallocated at the discretion of the board, or the whole amount might be distributed according to a budgetary system very different from that used in preparing the Governor's Budget and the Legislature's appropriation.

This would, of course, substantially increase the powers of the board, giving it financial authority more nearly comparable to that of UC and CSU.

COMMUNITY COLLEGE FINANCE: CAPITAL OUTLAY

Issues Statement

1. What are the principal objectives of the community college finance system?
2. What should be the principal elements of the system to achieve those objectives?
  - a. What should be the principal sources of support and how should their relative contributions be determined?
  - b. What methods should be used to budget state support?
  - c. What method should be used to allocate state support to the districts and colleges?

Policy Options

The system of financing capital outlay for the community colleges should serve the following objectives:

- a. It should provide a level of support that is sufficient to house all recognized programs and supporting services of the community colleges.
- b. It should provide a level of support that is sufficient to enable the colleges to enroll all students who wish to be enrolled in those programs in accordance with reasonable space utilization standards.
- c. It should minimize opportunities for manipulation and protect the state from large, unexpected increases in expenditures from year to year.
- d. It should offer a high degree of predictability by being sufficiently flexible to accommodate new circumstances without requiring frequent changes in its principal elements.

- e. It should encourage local initiative in responding to local needs within the overall framework of the community colleges' mission.
- f. It should maximize accountability to the sources of support.
- g. If local funds are involved, it should provide for equalization of the tax burden among districts.
- h. It should draw upon a balanced tax base that will continue to provide adequate revenues in the future.

To meet these objectives, the Commission should consider the following policy options:

Option 1: Full state funding

Among those capital outlay projects that have been submitted for over the past three years (1983-84 through 1985-86), the state has agreed to support an average .86 percent of project costs. Thus it is a relatively small step financially to full state funding. The implications for local governance, however, are substantial. The Chancellor now approves district capital outlay plans and has established minimum plant utilization standards. Full state funding would place community college facility planning and construction firmly in state hands and further reduce the responsibility of the district governing boards.

Option 2: Increase district contribution

If significant state and local sharing of capital outlay costs is to be restored, the district contributions to state approved projects must be increased. This cannot be accomplished under current circumstances, however, if the districts must rely only upon unencumbered general fund balances for their funds. To increase the local contribution, the state will have to release a portion of district property tax revenues now applied to current expense or provide some alternative source of local revenue. Among the alternative sources would be:

(a) restoration of property tax revenues through a constitutional amendment; (b) allocation of existing locally collected revenues to community college capital outlay; or (c) expansion of the "benefits assessment" authority now available to the public schools.



COMMUNITY COLLEGE GOVERNANCE

Issues Statement

1. What should be the principal objectives of the community college governance system?
2. What governance structure should be established to achieve those objectives?
  - (a) What agencies should be established or maintained at the local, regional, and state levels?
  - (b) What should be their responsibilities?

Policy Options

The principal objectives of the community college governance structure are to:

1. Maintain and strengthen the instructional programs of the community colleges.
2. Ensure accountability to those who pay the bills.
3. Encourage local initiative and responsiveness to local educational needs appropriate to the community colleges.
4. Promote management efficiency and effectiveness at all levels.
5. Discourage excessive political intervention at the state and local levels.

The following is a preliminary list of options for the Commission to consider. These options range from a highly decentralized system to a centralized, single board system for all public postsecondary education.

Option 1: Establish a fully decentralized structure

This option would call for the elimination of Board of Governors and the Chancellor's Office. A authority now vested in the Board of Governors could be delegated to the individual community college districts. No agency other than the California Postsecondary Education Commission would stand between the Governor and Legislature at the state level and the 70 community college districts at the local level. Each district board would be autonomous with respect to the development of its instructional program, admission and retention policies, academic standards, budgeting and financial planning, and personnel policies within statutory constraints.

Leadership and representation at the state level in all probability would be provided by organizations such as the California Community College Trustee Association, the California Association of Community Colleges, the Academic Senate for California Community Colleges, and others. It is also likely that at the request of one or more of these organizations, the Legislature would enact additional statutory provisions regarding academic standards, curriculum and facility planning, personnel, and related matters.

Option 2: Maintain the existing governance structure

The existing structure is one of shared responsibility in which there is no clear delineation of function between the Board of Governors and district governing boards. The Board of Governors has very limited powers when compared with the Regents of the University of California and the Trustees of the California State University, yet, as noted in the recent Berman, Weiler study, "It is widely agreed that there has been a growing tendency for the Board of Governors to make policy in areas that are also the province of local trustees." (BW: 2/16). On the other hand, individual districts, district associations, and other community college interest groups frequently go directly to the Legislature to support measures they believe to be in their interest and oppose measures that appear not to be.

Option 3: Maintain the existing structure but makes one or more of the following changes:

- a. Remove Chancellor's Office employees from the state civil service system. Proponents say that this would permit the office to recruit effectively persons with community college experience and to establish personnel regulations more appropriate to the office.
- b. Relocate the Chancellor's Office away from Sacramento. This might be expected to diminish the influence of legislative and administrative agencies on the operation of the office as well as opening a substantial number of positions for recruitment of new staff.
- c. Strengthen the role of faculty senates with respect to academic standards, course approval, faculty evaluation, and other functions. This might be expected to result in higher academic standards and greater participation of the faculty in academic policy making.
- d. Increase the Board of Governors' authority with respect to admission standards, program approval, budgeting and allocating state support, and faculty and staff compensation. Such action would significantly enhance the role of the board as the governing body for the colleges and as the agency to be held accountable by the Governor and Legislature for the effective management of the community college system.
- e. Add one to three local board members to the Board of Governors for terms of one year. This action has been proposed by those who believe that there is insufficient communication between the Board of Governors and the district boards.
- f. Add the Governor, president of the Senate, Speaker of the Assembly, and Superintendent of of Public Instruction as ex officio members of the Board of Governors. This might enhance communication between the board and the Governor, the Legislature, and the Superintendent of Public Instruction, and, in any case, give the board much the same stature in terms of membership as the CSU Trustees and the Regents of the University of California.

Option 4: Establish a regional system of governance with a strong central board of governors.

Under a regional system of governance, the existing districts would be abolished. The state would be divided into six to twelve geographical regions (one or more of which might be coterminous with an existing district). The Board of Governors would appoint the chief executive officer of each region, who would in turn appoint a regional advisory board of public members drawn from the communities served. The powers now vested in district governing boards would be delegated by the Board of Governors to the regional executive officers.

Alternatively, the Board of Governors might appoint the statewide Chancellor who would in turn appoint regional executive officers. These regional managers would appoint the college presidents, who would be accountable to them just as they (the regional managers) would be accountable to the Chancellor.

One or more of the alternatives listed under option 3 might also be incorporated in this option.

Option 5: Create a centralized system of governance

A centralized system would require a strong Board of Governors comparable in its powers, duties, and composition to the Regents and the Trustees. Local boards would be replaced by college or district advisory bodies appointed by college or district executives. The Board of Governors would be responsible for establishing admission standards, personnel policies, faculty and staff compensation, program and facility planning procedures, and other major operating policies of the system. The board would hire and fire the chief executive officers of the colleges or districts.

Option 6: Consolidate all three segments of public postsecondary education Under a single governing board

As an alternative to the creation of a third centralized public segment, the Commission may wish to consider a plan in which the three segments would be merged into one. Under such a plan, the University of California, California State University, and the California Community Colleges would become a single system with one governing board that would have statewide responsibility for the general governance of the system and long-range program and financial planning. Below this level, there might

## SECOND DRAFT OUTLINE

be a regional structure (regional board and executive officer) responsible for matching the various postsecondary education resources with the educational, research, and public service needs of the region. Within each region the existing institutions would function as university centers, four-year colleges, two-year colleges, and specialized centers according to their strengths and regional requirements. The primary objective would be to eliminate segmental barriers to the utilization of educational resources.