

Date of Hearing: April 19, 2023

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Chris Holden, Chair

AB 634 (Ward) – As Introduced February 9, 2023

Policy Committee: Higher Education Vote: 10 - 0

Urgency: No State Mandated Local Program: Yes Reimbursable: Yes

SUMMARY:

This bill requires changes to the way a California Community College (CCC) may take attendance for certain noncredit courses.

Specifically, this bill allows a CCC to claim state attendance funding based on census day attendance accounting rules for a student enrolled in an enhanced noncredit course, including a distance education course, at a CCC that is not an open-entry, open-exit courses. The bill specifies a CCC may continue to claim state attendance funding using positive attendance accounting if it chooses. The bill further requires the CCC Board of Governors to adopt regulations to implement this change no later than May 31, 2024.

FISCAL EFFECT:

- 1) Ongoing Proposition 98 General Fund costs in the tens of millions annually.

According to the CCC Chancellor's Office, for the 2021-22 academic year, there were 37,670 students generating funding for CCCs in enhanced noncredit courses through CCC's use of positive attendance accounting rules (explained below). Assuming (a) all courses switch to positive attendance accounting rules, (b) none are open-entry, open-exit courses and, (c) a 9% absence factor, these courses would generate funding for 41,060 students using a census day attendance accounting rules (also explained below). This is an increase of 3,390 students each generating funding of \$6,788 (the enhanced noncredit rate as of the 2022-23 academic year), or about \$23 million annually. However, using different assumptions, costs could be lower. According to a survey conducted by Mt. San Antonio College, about half of enhanced noncredit courses are open-entry, open-exit courses. If this is the case, costs would roughly half to about \$11 million annually. Lastly, many community colleges are currently under hold harmless funding provisions, meaning they will receive the same amount of state funding for a period of time, regardless of enrollment, in order to smooth a potential funding cliff. To the extent community colleges affected by this bill are currently held harmless, costs of the bill would be less.

To the extent this bill adds additional duties to CCCs to report attendance differently, it could be a reimbursable state mandate.

- 2) One-time General Fund costs to the CCC Chancellor's Office of between \$24,000 and \$62,000 to make the necessary changes to regulations, issue guidance, and provide technical assistance to CCCs.

COMMENTS:

- 1) **Background.** The state provides CCCs funding for instructing CCC students at three different rates. According to the CCC Chancellor's Office, for the 2022-23 academic year, the rate are as follows: (a) \$4,062 for noncredit courses per-student; (b) \$6,788 for enhanced noncredit courses per student, also known as "career development and college preparation" courses; and (c) \$4,840 for credit courses per student, with additional funding based on student demographics and student achievement. (Noncredit courses typically are pre-collegiate-level courses in basic math and English skills and English as a second language. Enhanced noncredit courses typically are pre-collegiate-level courses in short-term vocational programs and other programs leading to certificates or transfer. Credit courses are collegiate-level courses that lead to an associate's degree or transfer to a four-year university.)

CCCs must report attendance to the state to generate per-student funding. Current law requires CCCs to use two different methods for reporting attendance, depending on whether the course is noncredit or credit. All noncredit CCC course enrollments are calculated for funding purposes using "positive attendance accounting" rules. Positive attendance accounting provides CCCs funding based on the average daily attendance of its students. For example, if ten students are enrolled in a CCC noncredit course but only eight students attend the course on average, the CCC receives funding for only eight students. The rationale for this approach is that many districts can have open-entry, open-exit courses that easily allow noncredit students to move between courses once they have mastered certain course material.

Colleges use "census day attendance accounting" rules to generate funding for all credit CCC course enrollments. For example, if ten students are enrolled in a CCC credit course but only eight students attend the course on average, the CCC still receives funding for ten students. The rationale for this approach is that there are fixed costs associated with offering a course, regardless of how many students show up for every class. Moreover, this method is easier than positive attendance to administer because faculty do not have to record and report attendance for every class period.

This bill would allow colleges to use census day attendance accounting for enhanced noncredit courses that are not open-entry open-exit (also known as "managed enrollment" courses), if they choose. The rationale for this change is the same as for credit courses: colleges experience fixed costs and the administrative burdens of positive attendance accounting can be high for faculty. In addition, there is some evidence this change could incentivize CCCs to offer more managed enrollment courses, which could lead to better student outcomes when compared to open-entry, open-exit courses.

- 2) **Prior Legislation.** SB 860 (Senate Committee on Budget and Fiscal Review), Chapter 34, Statutes of 2014, increased the state's funding rate for enhanced noncredit courses to 100% of the credit rate, beginning in the 2015-16 academic year.

AB 421 (Ward), of the 2021-22 Legislative Session, was almost identical to this bill. AB 421 was amended to contain different contents after passing from this committee.

AB 1727 (Weber), of the 2019-20 Legislative Session, is substantially similar to this bill. AB 1727 was vetoed for cost.

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