



CALIFORNIA BUDGET PROJECT

AT A CROSSROADS

# FINANCING BASIC SKILLS EDUCATION IN CALIFORNIA

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# California Budget Project

The CBP was founded in 1994 to provide Californians with a source of timely, objective, and accessible expertise on state fiscal and economic policy issues. The CBP engages in independent fiscal and policy analysis and public education with the goal of improving public policies affecting the economic and social well-being of low- and middle-income Californians. Support for the CBP comes from foundation grants, publications, and individual contributions. Please visit the CBP's website at [www.cbp.org](http://www.cbp.org).

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## INTRODUCTION

California is home to thousands of individuals who have low math, literacy, or English-language skills. These individuals face serious challenges to attaining economic well-being, as they are less able to move into higher-wage jobs than Californians with more advanced skills. They are also less able to fulfill employers' needs for workers with mid-level skills who can replace retiring baby-boomers, help businesses remain competitive with firms in other states and countries, and contribute to the state's economic growth. For many Californians, education in basic reading, writing, and math skills is the gateway to postsecondary education and better jobs.<sup>1</sup>

There is no solid estimate of the number of Californians who could benefit from basic skills education, but several measures suggest that there is a significant need for these courses. California's high school dropout rate is 31.7 percent.<sup>2</sup> Nearly one-quarter of California adults cannot read an English-language newspaper.<sup>3</sup> Thousands of students who are currently enrolled in postsecondary education lack the skills to succeed in college-level coursework, including more than four out of

five new community college students and more than half the students entering the California State University.<sup>4</sup>

The state has made a substantial investment in basic skills education through the Adult Education Program (AEP) and the California Community Colleges, spending \$1.0 billion in 2007-08, for example.<sup>5</sup> However, funding was significantly reduced for these programs in 2008-09 and 2009-10 as the state's ongoing budget crisis led to reductions in funding for all levels of education. As a result, the state's ability to provide training in the skills required for postsecondary education and middle-class jobs is seriously threatened.

This policy brief – the second in the California Budget Project's *At a Crossroads* series – examines how California finances basic skills education. This is a complex issue in any year. Beginning in 2008-09, describing basic skills funding became even more difficult, because the Legislature temporarily changed the way funding for the AEP is distributed and enacted a significant program change, while reducing funding for both the AEP and community college basic skills programs. This policy brief discusses the AEP system first, including recent funding and program changes, and then reviews the community colleges' basic skills funding system. This discussion is followed by a review of issues related to how basic skills education should be funded in California.<sup>6</sup>

### Key Highlights of *At a Crossroads: Basic Skills Education in California* The First Policy Brief in the *At a Crossroads* Series

Basic skills education has three core content areas: reading and writing, mathematics, and English as a Second Language (ESL).

There is no precise estimate of the number of Californians who could benefit from basic skills education, but indicators of the need for these programs include the fact that:

- Nearly one out of three California ninth-graders fails to complete high school within four years.
- More than four out of five new community college students do not have the skills to complete college-level work.
- Nearly one out of four California adults cannot read and understand an English-language newspaper.
- More than 1.5 million California adults worked to improve their basic skills in 2006-07.

Basic skills courses are offered by two separate sets of institutions: the Adult Education Program (AEP) of the California Department of Education and the California Community Colleges. Individual school districts and community colleges operate their programs independently to serve their local communities.

The AEP focuses on making incremental improvements in students' basic skills, with a general emphasis on enhancing life skills. The community colleges offer noncredit basic skills courses at roughly the same skill level as the AEP, as well as credit basic skills courses that are explicitly designed to prepare students for postsecondary education. ESL constitutes 61 percent of basic skills enrollment in the AEP, but only 36 percent of basic skills enrollment in the community colleges.

Neither the AEP nor the community colleges regularly assess students' long-term success in their basic skills programs, such as the number of students in the AEP who eventually move into postsecondary education or the number of basic skills students in the community colleges who ultimately receive a postsecondary degree or credential.

## THE ADULT EDUCATION PROGRAM

Funding for the AEP comes from two primary sources. The Legislature allocates General Fund dollars to the AEP through the state budget.<sup>7</sup> In addition, some institutions that offer basic skills courses receive federal grants through Title II of the federal Workforce Investment Act of 1998 (WIA).<sup>8</sup> WIA-funded basic skills courses are offered by the AEP through adult schools, community-based organizations, community colleges, jails, libraries, and state agencies. In 2007-08, the AEP received \$487.8 million in General Fund dollars and \$56.2 million in WIA funding for basic skills education.<sup>9</sup>

### Historically, Funds for the AEP Were Distributed Based on Attendance

Until 2008-09, the California Department of Education distributed AEP funding to school districts on a per-student-served basis. Funding was allocated based on “average daily attendance” (ADA), a measure that represents 525 hours of eligible student attendance in AEP courses. The state provided each school district with the same amount of funding for each unit of ADA. This funding level, called the “revenue limit rate,” was established by applying a cost-of-living adjustment (COLA) to the prior year’s rate.

School districts’ AEP funding did not always reflect the number of students they actually served or local demand for adult education because the Legislature imposed limits, or “caps,” on the number of students for which each school district could receive funding. Starting in 1983-84, the caps were increased by 2.5 percent annually to allow for enrollment growth, regardless of whether a district’s enrollment was growing. This led to some districts being approved for more ADA than the number of students they served, while others had more students than ADA funding. Therefore, beginning in 2006-07 the Legislature required that ADA caps be reduced when a district’s enrollment was less than its cap for two years in a row. Unused funds from these districts were distributed among districts whose ADA was higher than their cap, and those caps were increased to reflect the additional funding. Still, some districts served more students than they were funded for. For instance, 10 districts’ actual ADA was at least 50 percent higher than their cap in 2007-08.<sup>10</sup> At the same time, the Legislative Analyst’s Office (LAO) suggests that AEP programs in some districts expanded beyond the true local need, simply because available funding increased every year.<sup>11</sup>

### Recent Budget Agreements Cut Funding, Allowed Diversion of AEP Dollars

The February 2009 budget agreement reduced 2009-10 funding for the AEP by 15.8 percent relative to the 2007-08 funding level. In addition, in recognition of the deep reductions made to 2008-09 and 2009-10 K-12 budgets, the Legislature gave school districts the ability to shift AEP funding to other education programs from 2008-09 through 2012-13.<sup>12</sup> This means that, for those years, the AEP does not have a dedicated stream of funding. Given the significant cuts to school funding, some districts may choose to reduce their AEP course offerings – including basic skills courses – in order to maintain funding for core educational programs. Alternatively, some districts are adding or increasing fees for AEP courses to help make up for the budget cuts.

If basic skills courses continue to receive the same share of total state AEP funding as in 2007-08, AEP basic skills funding would fall from \$487.8 million in 2007-08 to \$425.1 million in 2008-09 and \$413.1 million 2009-10.<sup>13</sup> However, if school districts choose to reduce basic skills course offerings more than other types of courses or divert AEP funding to other programs, basic skills funding could be cut even more.

This new “flexibility” breaks the tie between funding and ADA: A school district could eliminate its AEP program but continue to receive AEP funding. Thus, while the flexibility provision is in effect, AEP funding is allocated among districts in a new way: Each district receives the same share of total AEP funding that it received in 2007-08. In other words, a district that received 5 percent of the state’s total AEP funding in 2007-08, based on ADA and revenue limits, also received 5 percent of the state’s allocation for the AEP in 2008-09, regardless of the district’s actual enrollment.

### WIA Funding Is Based on Students’ Progress

WIA funding for basic skills education is allocated to providers based on students’ progress. Each AEP provider that has been awarded a WIA Title II grant must report on specific improvements in students’ skills – for instance, completing two levels of instruction – and other outcomes, such as earning a high school diploma or entering employment. Providers earn “payment points” based on these gains. The CDE, which administers WIA Title II grants, distributes the state’s allotment based on the number of payment points each provider earned in the two prior years.

## The AEP Receives Less Funding Per Student Than School Districts Receive for K-12 Education

Per student funding is lower in the AEP than in the rest of the K-12 system. In 2007-08, the revenue limit rate for the AEP was \$2,645. In contrast, the average revenue limit rate for K-12 education was more than twice as much: \$5,883.<sup>14</sup> Analysts disagree as to whether the disparity in funding is warranted. The LAO argues that costs are lower in the AEP than in K-12 education because the AEP offers lower salaries, provides fewer educational materials and supportive services, and has a shorter average school day.<sup>15</sup> Other experts suggest that low AEP funding rates prevent the AEP from providing more counseling services and higher teacher compensation.<sup>16</sup>

## THE CALIFORNIA COMMUNITY COLLEGES

Community college districts receive “apportionment” funding based on the number of students they serve and the number of colleges and off-campus educational centers they operate. Apportionment funding comes from local property tax revenues and student fees, with additional funding provided as necessary from the state’s General Fund so that, in general, each community college district receives the same total amount of funding for each student, along with a “basic allocation” based on the district’s size.<sup>17</sup> In 2008-09, 30.8 percent of total community college funding came from property taxes, 4.6 percent from student fees, and 60.3 percent from the state’s General Fund.<sup>18</sup> In addition, some community colleges receive federal funding through the WIA to serve as an AEP basic skills provider. In 2008-09, the community colleges received \$571.8 million in local property tax revenues and General Fund support and \$10.5 million from the WIA for basic skills courses.

The Basic Skills Initiative (BSI), a separate set of activities designed to strengthen basic skills education and improve student achievement, is also supported by the General Fund. Community college districts were eligible for this funding starting in 2007-08 if they agreed to assess their basic skills programs and develop plans for improving them. Funds are distributed according to each district’s share of all California community college basic skills students and may be used for curriculum development, counseling, materials, and other activities that enhance basic skills programs.

## Funding for Community College Basic Skills Programs Is Based on Enrollment and Type of Course Credit

Community college courses are funded based on a measure of attendance, the “full-time-equivalent student” (FTES).<sup>19</sup> Most of the funding for the BSI – \$31.5 million of the \$33.1 million provided in the 2008-09 Budget – is also allocated based on enrollment.

There are two reimbursement rates for community college basic skills courses based on the type of credit each course offers. Credit basic skills courses, which cannot be applied to earning an associate’s degree or transferred to a four-year university but are eligible for financial aid, receive the highest level of funding: \$4,565 for each FTES in 2009-10.<sup>20</sup> Three-fifths of basic skills enrollment receives this type of credit. In 2006-07, a special rate category was created for certain noncredit courses if they were organized into certificate programs to help students move into postsecondary education and vocational training. The higher reimbursement rate was intended to encourage community colleges to establish these career development and college preparation (CDCP) programs. All noncredit basic skills courses are considered to be CDCP courses, which are funded at a rate of \$3,232 per FTES in 2009-10.

## Overall Community College Funding Affects Basic Skills Programs

Community colleges’ decisions about the size of their basic skills programs are affected by their total funding and other programs that a college chooses to offer. When overall funding is limited, basic skills course offerings may be reduced to make funding available for other courses. Factors that may affect a district’s overall funding include:

- **An inadequate allowance for enrollment growth.** General Fund support for the community colleges typically includes an adjustment for growth in community college enrollment. The enrollment growth factor is based on population growth and the unemployment rate and is designed to reflect changes in the demand for community college education. However, in times of high unemployment, the enrollment growth factor may not accurately match the number of students who would like to enroll in community college courses.<sup>21</sup>

- **Enrollment “caps.”** Each community college district has a “cap” on the number of FTES for which it can receive funding. Especially when demand is rising, some colleges may enroll more students than they are funded for, in part because state law requires community colleges to serve all high school graduates who want to attend.<sup>22</sup> In 2008-09, the community colleges served 48,696 FTES for which they received no direct funding.
- **Property tax shortfalls.** When the Legislature sets the community colleges’ funding level, it estimates the amount of property tax revenue each county will collect. If the property tax revenue actually collected is less than the property tax revenue that was estimated for budget purposes, the state makes up the difference only if the Legislature specifically provides additional funding for that purpose. In contrast, funding for K-12 education is automatically backfilled to replace shortfalls in local property tax revenue, unless the Legislature takes action to prevent the backfill from occurring. Community colleges have experienced property tax shortfalls in several recent years. The shortfall was \$43 million in 2008-09 and is estimated to be \$53 million in 2009-10.

## The July 2009 Budget Agreement Reduced Overall Community College Funding and Cut the Basic Skills Initiative

The July 2009 budget agreement cut community college funding for 2009-10 by 7.2 percent relative to the amount the community colleges received in 2007-08. Funding for the BSI was reduced by 32 percent in 2009-10. With higher enrollment in basic skills courses, however, community colleges received more basic skills funding in 2008-09 than in 2007-08 – \$571.8 million compared to \$536.4 million.<sup>23</sup> The July 2009 budget agreement also gave community colleges the flexibility to shift funding from some categorical programs to others. The BSI was not affected by the flexibility provision in 2009-10, but the Governor has proposed making BSI funding flexible as part of his Proposed 2010-11 Budget.

Many analysts believe that rising enrollment will put additional pressure on community college budgets. They argue that more individuals turn to community colleges to continue their education or train for a new career during economic downturns and that more students will enroll in the California community colleges because of enrollment caps in the CSU and UC systems. Community college enrollment increased by

more than 135,000 students from 2007-08 to 2008-09 – a 4.9 percent increase; in contrast, the number of college-age Californians increased by 2.0 percent from 2008 to 2009.<sup>24</sup> However, the California Community Colleges Chancellor’s Office announced in February 2010 that 2009-10 enrollment may fall by nearly 1 percent – a drop of 21,000 students – at least in part because colleges have reduced their course offerings in response to budget cuts.<sup>25</sup>

## State Funding Cuts May Be Partially Offset by Fee Increases and Federal Funds

Reductions in state funding for California’s community colleges may be partially offset by new sources of funding, including:

- **Increases in student fees.** The July 2009 budget agreement increased community college fees by 30.0 percent, from \$20 per unit for state residents to \$26 per unit, beginning with the fall 2009 term. The California Community Colleges Chancellor’s Office anticipates that the fee increase will generate \$80 million in additional fee revenue in 2009-10.<sup>26</sup>
- **Funding from the federal economic recovery package.** The American Recovery and Reinvestment Act of 2009 (ARRA) is designed to boost the economy through a package of spending and tax measures. California is expected to receive \$4.9 billion over three years through the ARRA’s State Fiscal Stabilization Fund (SFSF) to mitigate the impact of state budget reductions on K-12 and higher education programs. The community colleges anticipate receiving \$35 million in one-time ARRA funds to replace some of the funding that was cut from categorical programs, including the BSI, in 2009-10.<sup>27</sup> Although this ARRA funding is described as replacing cuts to categorical programs, the funding can be used for general purposes.<sup>28</sup>
- **A new federal community college initiative.** In July 2009, President Obama announced a new community college initiative to increase community college graduation rates. The President’s proposed American Graduation Initiative (AGI) would provide \$12 billion for programs that improve community college students’ educational and employment outcomes. Basic skills education is specifically mentioned as one avenue for meeting this goal. If the President’s proposal is fully funded and California’s share equals the state’s projected share of ARRA SFSF funds, the state could receive \$1.5 billion over 10 years to enhance a wide range of community college programs, including basic skills education.

## KEY ISSUES RELATED TO BASIC SKILLS FUNDING

Recent funding cuts and policy changes may place California's basic skills system at a critical juncture. Policy experts also raise several other concerns related to the way basic skills funding is distributed, the level of student fees, how many students continue into postsecondary education, and coordination of AEP and community college programs.

### How Should Funding Be Distributed?

There are several policy questions related to the method of distributing funds in both the AEP and the California community colleges. These include:

- **Should basic skills education receive less funding per student than other educational programs?** Community college basic skills courses are funded at much lower rates than courses offered through the CSU and UC systems and, for many courses, at lower rates than other community college courses. Similarly, the AEP receives lower per-student funding than K-12 education. Differences in the cost of the educational programs offered by these institutions may warrant some difference in funding. Yet, as one recent report observed, “under-prepared students require many more services . . . if they are to have much chance of success. These are costly services to deliver.”<sup>29</sup> Historically, many states have funded basic skills courses at the same rate, or even a higher rate, than other community college courses.<sup>30</sup> California's current funding levels may not be adequate to support the counseling, tutors, and other assistance that basic skills students need.
- **Should there be a link between performance and funding?** WIA funding for the AEP includes a performance-based funding mechanism, but state AEP funds and community college funds are distributed primarily on the basis of enrollment. Some critics have suggested that funding formulas based on enrollment alone contain perverse incentives to focus on increasing enrollment rather than improving student outcomes.<sup>31</sup>
- **Should there be a tighter link between funding levels and need?** Because funding for AEP basic skills education has historically been linked to enrollment patterns dating back many years, the distribution of funding may not be keeping up with regional demographic change.<sup>32</sup> Researchers from the Center for California Studies concluded that “the state's method for allocating adult

education funds is not responsive to the current needs in communities across the state.”<sup>33</sup>

### Are Very Low Community College Fees Critical to Serving the Lowest-Income Californians?

Policymakers disagree about whether low-income students can only afford community college if fees are kept low. The state has an explicit goal of ensuring that community college is affordable, and California's fees are by far the lowest of any state – less than one-third the average for states outside California.<sup>34</sup> The National Center for Public Policy and Higher Education has suggested that higher fees, coupled with more generous financial aid programs, could provide much-needed revenue for community colleges without significantly affecting the enrollment of low-income students.<sup>35</sup> The LAO recommends increasing fees to \$40 per unit to provide more funding for community colleges, noting that existing Board of Governors fee waivers would fully protect low-income students from higher fees.<sup>36</sup> Others, particularly within the community colleges, worry that higher fees discourage students from taking courses.<sup>37</sup> Even if financial aid would cover an increase in fees, the Academic Senate for California Community Colleges argues that having to apply for financial aid creates a barrier “for too many potential students.”<sup>38</sup> From this perspective, the fact that California serves students at lower income levels than the average for the rest of the US suggests that low fees do boost access to postsecondary education.<sup>39</sup>

One concern about low fees is that low-income students who can easily have all their fees waived may be less likely to apply for other financial aid. Federal grants can help pay students' living expenses, but only 13.6 percent of California's community college students received federal grants in 2007-08, while 21.9 percent of all community college students in the US did.<sup>40</sup> Research suggests that a significant number of California community college students could receive federal grants if they applied.<sup>41</sup> Without this financial aid, not only do some students jeopardize their chance of success by working more hours to earn money, but California receives a smaller amount of federal financial aid dollars than it otherwise might.

### Should More Emphasis Be Placed on Programs That Help Students Move Into Postsecondary Education?

One key goal of California's community colleges is to prepare students to transfer to the CSU and UC systems.<sup>42</sup> The community college credit basic skills program explicitly

focuses on moving more students into postsecondary education, but that program receives less than two-fifths of total state basic skills funding. The AEP and noncredit community college programs, which together account for more than three-fifths of the state's investment in basic skills education, emphasize students' incremental progress, not attainment of long-term educational goals.

The question is not whether California should shift the balance of its basic skills funding to credit programs, but whether the state should insist that the AEP and community college noncredit basic skills programs also put a priority on moving students into academic and vocational postsecondary education.

## Should the AEP and the California Community Colleges Better Coordinate Their Basic Skills Programs?

Even when they serve the same community, adult schools and community colleges do not necessarily plan their programs together. The two institutions serve somewhat different populations – for example, AEP students generally have lower skill levels than community college basic skills students, and the AEP enrolls more ESL students than community college noncredit programs. However, coordination of the two systems would likely better serve local communities and use funding more efficiently.

## CONCLUSION

This review of California's basic skills financing suggests that the state could benefit from a comprehensive evaluation of its investment in basic skills education, from the level and distribution of funding to the system's main objectives.

The state's ongoing budget crisis has seriously threatened the AEP and community college basic skills programs both through direct funding cuts and by allowing funding to be shifted from basic skills to other programs. Over the next several years, school districts and community colleges will make difficult decisions about reducing enrollment, courses, and support services as they respond to their new funding constraints. However, as the budget crunch forces changes across the state, it also presents an opportunity to consider reforms that could increase efficiency and improve student outcomes.

# ENDNOTES

- <sup>1</sup> Basic skills courses can also teach study skills and reasoning or prepare students for a high school degree or the GED exam.
- <sup>2</sup> That is, 31.7 percent of students who were in the ninth grade in 2004-05 had not graduated from high school by 2007-08. California Department of Education, *State Schools Chief Jack O'Connell Releases Annual Report on Dropouts and Graduates Using Individual Student Level Data* (May 12, 2009).
- <sup>3</sup> US Department of Education, Institute of Education Sciences, National Center for Education Statistics, 2003 National Assessment of Adult Literacy.
- <sup>4</sup> Craig Hayward, *Placement Level Analysis of the California Community College System* (Cabrillo College: June 2009) and California State University, CSU Freshman Proficiency Rates, *Fall 2007 Final Regularly Admitted First-Time Freshmen Proficiency Systemwide* (n.d.).
- <sup>5</sup> Comparable data are not available for 2008-09 or 2009-10 because of changes in the way the AEP program is funded.
- <sup>6</sup> For background information on basic skills education in California, see the first policy brief in this series – California Budget Project, *At a Crossroads: Basic Skills Education in California* (October 2009) – or the summary of that report on page 3 of this policy brief.
- <sup>7</sup> The AEP provides career technical education, programs for older adults and adults with disabilities, citizenship preparation, and courses in health and safety, home economics, and parenting, in addition to basic skills courses. In 2007-08, funding for basic skills courses accounted for 62.7 percent of the state's AEP funding.
- <sup>8</sup> WIA basic skills funds are distributed among the states in proportion to the number of adults who are not enrolled in and have not completed high school. WIA funds may be used for education through the high-school level and for ESL instruction. There were 262 WIA-funded basic skills providers in California in 2008-09, including 174 adult schools. See CASAS, *California Adult Education: California Annual Performance Report: Federally Funded Workforce Investment Act Title II Programs: Program Year 2009: July 1, 2008 to June 30, 2009* (prepared for the California Department of Education: n.d.), p. A-2. Through 2004-05, the grants were competitive. Since then, pending reauthorization of the WIA, only providers that have already received a WIA grant and are in good standing have been eligible to apply for grants.
- <sup>9</sup> Comparable data are not available for 2008-09 because of changes in the way the AEP is funded.
- <sup>10</sup> California Department of Education.
- <sup>11</sup> Legislative Analyst's Office, *Analysis of the 2008-09 Budget Bill* (February 20, 2008).
- <sup>12</sup> School districts are required to hold public hearings before transferring AEP funds.
- <sup>13</sup> CBP analysis of California Department of Education and CASAS data. These estimates exclude WIA funding and assume that enrollment in basic skills courses would comprise the same share of total hours of instruction in all AEP courses in 2008-09 and 2009-10 as it did in 2007-08 – 62.7 percent, according to the California Department of Education.
- <sup>14</sup> California Council for Adult Education, *Fingertip Facts: 2008-2009 Edition* (n.d.) and EdData, *Statewide Totals and Averages for School Districts: General Fund: Fiscal Year: 2007-08* (n.d.). Revenue limit rates for K-12 education vary among the state's school districts.
- <sup>15</sup> Legislative Analyst's Office, *Adult Education in California Public Schools: A Sunset Review* (August 1, 1988), p. 18.
- <sup>16</sup> See, for example, Patricia L. de Cos, *Educational Opportunities for Adults in California* (California Research Bureau: February 2004), p. 101.
- <sup>17</sup> The amount of property tax funding varies among community college districts based on each county's total property tax collections and the share of the property tax dollar that is allocated to community college districts within a county. The allocation of property taxes among cities, counties, school districts, community college districts, and other local entities is determined by state law. Proposition 1A of 2004 restricts the ability of the Legislature to divert money from local governments to schools and community colleges. The community colleges' previous funding system allowed unequal funding among districts for credit courses – courses that meet requirements for degrees and transfer to four-year universities and certain basic skills and recreation courses – and per student funding rates for 10 of the 72 districts are still higher than the standard rate. In addition, "basic aid" districts, whose revenue from local property taxes and student fees exceeds their apportionment entitlement, do not receive any General Fund apportionment support. There were three such districts in 2008-09: Marin, Mira Costa, and South Orange.
- <sup>18</sup> Department of Finance, *Governor's Budget 2010-11: Proposed Budget Detail, Higher Education* (n.d.).
- <sup>19</sup> Until 2006-07, community college funding was distributed among districts using a more complicated formula. For a description of that system, see Patrick J. Murphy, *Financing California's Community Colleges* (Public Policy Institute of California: 2004), pp. 31-53.
- <sup>20</sup> As noted above, 10 community college districts receive a slightly higher FTES rate for credit courses. "Non-degree-applicable" credit basic skills courses cannot be applied to an associate's degree.
- <sup>21</sup> The adjustment accounts for the amount by which the unemployment rate exceeds 5.0 percent, to a maximum adjustment of 2.0 percent. California's unemployment rate was 12.5 percent in January 2010.
- <sup>22</sup> Community colleges were allowed to reduce 2009-10 enrollment in proportion to the reduction in their funding.
- <sup>23</sup> CBP analysis of California Community Colleges Chancellor's Office data. These estimates exclude WIA funding.
- <sup>24</sup> Department of Finance data for Californians between the ages of 18 and 24 as of July 1.
- <sup>25</sup> California Community Colleges Chancellor's Office press release, "California Community Colleges Chancellor Jack Scott Announces 2009-10 Enrollment Decline" (February 24, 2010).
- <sup>26</sup> Memo from Erik Skinner, California Community Colleges Chancellor's Office, to chief business officers, "2009-10 Preliminary Advance Apportionment (July)" (July 22, 2009), p. 2.
- <sup>27</sup> Memo from Erik Skinner, California Community Colleges Chancellor's Office, to chief business officers, "ARRA and State Categorical Funding by District" (October 6, 2009), p. 1.
- <sup>28</sup> Memo from Erik Skinner, California Community Colleges Chancellor's Office, to chief business officers, "ARRA and State Categorical Funding by District" (October 6, 2009), p. 1.
- <sup>29</sup> Nancy Shulock and Colleen Moore, *Invest in Success: How Finance Policy Can Increase Student Success at California's Community Colleges* (California State University, Sacramento Institute for Higher Education Leadership & Policy: October 2007), p. 46.
- <sup>30</sup> Education Commission of the States, *State Funding for Community Colleges: A 50-State Survey* (November 2000), p. 38.
- <sup>31</sup> See Nancy Shulock and Colleen Moore, *Invest in Success: How Finance Policy Can Increase Student Success at California's Community Colleges* (California State University, Sacramento Institute for Higher Education Leadership & Policy: October 2007), p. 46.
- <sup>32</sup> For example, Los Angeles County has a disproportionate share of AEP enrollment as compared to its share of the state's population. Perhaps that reflects the need for basic skills courses in Los Angeles relative to the need in other parts of the state, but the funding is not based on any measure of need.
- <sup>33</sup> Colleen Moore, Nancy Shulock, and David Lang, *Funding Adult Education: Does California Put the Money Where the Needs Are?* (California State University, Sacramento Center for California Studies: January 2004), p. 45.
- <sup>34</sup> For 2009-10, California's fees for full-time in-state students average \$817 per year, and the average outside California is \$2,917. See The College Board, *Trends in College Pricing 2009* (October 2009), Tables 1a and 6c. California community college fees are equivalent to what other states call "tuition and fees."
- <sup>35</sup> William Zumeta and Deborah Frankle, *California Community Colleges: Making Them Stronger and More Affordable* (The National Center for Public Policy and Higher Education: March 2007).
- <sup>36</sup> Legislative Analyst's Office, *The 2010-11 Budget: Higher Education* (February 25, 2010).
- <sup>37</sup> California Community Colleges Chancellor's Office, *Addendum: Impacts of Student Fee Increase and Budget Changes on Enrollment in the California Community Colleges* (December 2005).

- <sup>38</sup> Academic Senate for California Community Colleges, *What's Wrong With Student Fees? Renewing the Commitment to No-Fee, Open-Access Community Colleges in California* (Fall 2004), p. 19.
- <sup>39</sup> William Zumeta and Deborah Frankle, *California Community Colleges: Making Them Stronger and More Affordable* (The National Center for Public Policy and Higher Education: March 2007).
- <sup>40</sup> National Center for Education Statistics, *Undergraduate Financial Aid Estimates for Six States: 2007-08* (October 2009), Tables 1.3 and 2.3. While California community college fees are low, living costs in California are high; thus, California community college students who receive federal grants have slightly higher awards – an average of \$2,500 – than the national average of \$2,300.
- <sup>41</sup> Lutz Berkner and Jennie Woo, *Financial Aid at California Community Colleges: Pell Grants and Fee Waivers in 2003-04* (MPR Associates: n.d.), p. 9 and The Institute for College Access and Success, *Financial Aid Facts at California Community Colleges* (March 2010), p. 1.
- <sup>42</sup> Legislative Analyst's Office, *The Master Plan at 50: Assessing California's Vision for Higher Education* (November 12, 2009), p. 3.