ITEM 9 DRAFT

California Postsecondary Education Commission

March 2006

Prospectus for Examining the Challenges Community College Districts Face in Serving Rural and Remote Communities

Introduction

This paper provides background information for a Commission discussion regarding the challenges that community college districts confront when trying to serve rural and remote communities. The paper describes the dynamics of statewide and regional population growth occurring in California and an overview of *program-based funding*—the budgetary tool used by the state to fund community college districts. The Commission will address several policy questions to guide this discussion. They include:

1. What are some of the most difficult challenges confronting local districts in serving rural and remote areas? How might the Commission, as the State's higher education planning and coordinating body, be of assistance at the statewide and regional level?
2. What specific types of strategies and institutional arrangements do community college districts use to enhance educational services in rural and remote areas? What has been the relative success of those strategies and arrangements?
3. What proposals are currently under consideration by lawmakers and educators to address community college access issues in rural and remote areas?
4. Should certain aspects of program-based funding and the Commission's facility review guidelines be changed or modified to better reflect the service-delivery and enrollment constraints faced by districts in serving rural and remote areas?

Following the meeting, a statewide advisory committee will be established to consider in greater detail the recommendations and potential solutions that emerge from the present discussion. The advisory committee will also consider solutions that are being proposed by various lawmakers, such as a bill by Senator Scott, SB 362, which would increase funding to local districts that serve large geographic territories that are sparsely populated. It is anticipated that the Commission will consider for adoption at its September 2006 meeting a set of recommendations proposed by the advisory committee.

The Dynamics of California's Statewide and Regional Growth

The enrollment demands placed on local districts are associated with population growth, industrial and labor market training needs, and the academic aspirations of residents. If the past is any indication of the future, California will continue to be among the most affluent and fastest-growing states in the nation. The California Department of Finance estimates, based on recent birth and migration trends, that the state's population will jump from 36.8 million in year 2005 to 43.8 million in year 2020, with the state passing the 40 million mark in year 2012. Although rural areas of the state are expected to grow at

DISPLAY 1 Regional Geographic Designations

a slower pace than the general population, the Commission's 2005 regional enrollment study found that all regions of the state will face significant capacity pressures over the next 15 years. Regions that are anticipated to post above average annual growth rates include the Sacramento Area, the North Central Valley, the Riverside County Region, and the Imperial County Region.

The reasons individuals choose to reside and work in one region of the state as opposed to another is as varied and dynamic as are the regions themselves. Many choose to reside in large metropolitan coastal and inland areas, despite the potential of such negatives as mortgage payments, overcrowded schools, neighborhood crime, air polution, and traffic congestion. Others opt for a more suburban lifestyle that has all of the positive attributes of urban centers without most of the negative consequences. Still, others are attracted to rural and remote areas because they seek a less populated area that offers a more rustic, traditional social environment. Part of the Commission's responsibility is to ensure that all geographic areas of the state are served adequately, as capital outlay funds are used to expand the state's higher education enterprise.

Defining Rural and Remote Communities

Providing a precise definition of the term *rural* is not as straightforward as one might think. For planning purposes, the U.S. Census Bureau defines a rural community as consisting of all territory, population, and housing units that are located outside of urbanized areas and urban clusters. Urbanized areas are those that: (a) have a population density of a least 1,000 people per square mile; (b) have an overall density of at least 500 people per square mile in surrounding census blocks; and (c) contain 50,000 or more people. An urban cluster has at least 2,500 people, but generally fewer than 50,000. It should be noted that geographic entities such as metropolitan areas and counties, and minor civil divisions, often contain both urban and rural territory, population, and housing units.

Some rural areas are made up of high, rugged mountains or stretches of rolling farmland, while other areas consist of barren desert. According to a report by the 1998 *Legislative Select Committee on Rural Economic Development*, the common thread that binds all rural areas uniformly is their reliance on a resource-based economy. However, changing regulations and fluctuating markets have made dependence on a resource-based economy a thing of the past. It is generally believed now that rural economies must diversify in order to be viable. With respect to state and county services, many rural Californians tend to struggle with inadequate roads and limited public transportation, high medical insurance costs, fewer educational and health care providers, unreliable telephone service, and limited access to high-speed Internet networks. Display 2, on the next page, lists the California counties that are considered to have significant rural territories.

For statewide and regional planning purposes, it is helpful to distinguish between the term 'rural', as just described, and what is practically meant by the term 'remote'. As most often understood, the latter term simply refers to something that is located at an extreme distance, or far removed. When considering access and equity issues, a *remote* area can be defined as a sparsely populated area within a community college district where the nearest California community college is more than 60 miles away. By this definition, the community of Needles, for example, would be considered a remote area because the nearest California community college is approximately 100 miles away. Display 3, on the next page, shows by higher education system, and by age-group, the percentage of California's population that resides within a 10-mile radius of a college or university campus.

DISPLAY 2 California Counties with Significant Rural Communities

County	Estimated Population January 1, 2005
Alpine	1,262
Amador	37,574
Butte	214,119
Calaveras	44,796
Colusa	20,880
Del Norte	28,895
Glenn	28,197
Humboldt	131,334
Imperial	161,880
Inyo	18,592
Kings	144,732
Lake	63,250
Lassen	35,455
Mariposa	17,991
Mendocino	88,974
Modoc	9,700
Mono	13,563
Nevada	98,955
Plumas	21,231
San Benito	57,602
Shasta	178,197
Sierra	3,538
Siskiyou	45,819
Sutter	88,945
Tehama	60,019
Trinity	13,749
Tuolumne County	58,504
Yuba	66,734

DISPLAY 3 Percentage of California's Population Residing within a Ten-Mile Radius of Public Colleges and Universities, by Higher Education System

Population	University of California		California State University		California Community Colleges		State Population 2000 Census
All Ages	7,248,982	21.4%	18,675,513	55.1%	29,362,293	86.7%	33,871,648
18-24	791,167	23.5%	1,934,038	57.5%	2,930,614	87.1%	3,366030
25-34	1,316,423	25.2%	3,051,777	58.4%	4,650,424	88.9%	5,229,062
35-44	1,187,930	21.7%	2,978,601	54.3%	4,757,056	86.7%	5,485,341
45-64	1,486,042	21.4%	3,669,499	52.8%	5,966,848	85.9%	6,945,728

Source: California State Department of Finance, Demographic Research Unit.

Across all age-groups, nearly 87 percent of the state's population resided within a ten-mile radius of a public California community college in year 2000. Applying a statewide mean community college participation rate of 7.0 percent to the proportion of adults who reside outside a ten-mile radius (13%) yields an enrollment demand estimate of 191,338 prospective community college students. The numerical challenge to the state of serving students in remote areas, i.e., those residing more than 60 miles from a community college campus or center, is likely to be only a small fraction of this latter figure. Even so, instructional, support service, and capital outlay costs could be substantial.

Program-Based Funding at a Glance

Program-Base Funding is the primary budget tool used by the state to fund community college districts. Funds apportioned to districts through this budget framework account for about two-thirds of total community college revenue, with the remaining one-third awarded by the California Legislature to fund categorical programs, such as the *Disabled Students Program and Services* (DSP), which totaled $72.3 million in year 2000-01, and *the Extended Opportunity Program and Services*, which provided local districts with $62.8 million during the same year (Public Policy Institute of California, 2004).

Display 4 shows that the work of the community colleges is divided into six program categories: (1) instruction, (2) instructional services, (3) student services, (4) maintenance and operations, (5) noncredit instruction, and (6) institutional support. Each program area has workload measures to denote relative need. The measures are related to certain standards detailed in Title 5 of the California Education Code. For example, the standard for credit instruction is intended to allow for a student-faculty ratio of 25 to 1, as well as ensuring that statewide average salaries for community college faculty will equal the average salary for faculty at the California State University.

DISPLAY 4 Program-based Funding Categories, Workload Measures and Standards

Program Category	Workload Measure	2001-02 Standard Rates
Credit Instruction	Credit FTES	$4,472 per FTES
Instructional Services	Less than 1,003 1,003 – 3,304 More than 3,304	$85 per FTES $255 per FTES $285 per FTES
Student Service	Credit Headcount	$307 per New Student $246 per Continuing Student
Maintenance & Operations	Square Footage Own and FTES Assigned to Leased Space	$10 per Square Footage and $442 per FTES in Leased Space
Noncredit Instruction	Noncredit FTES	$1,574 per Noncredit FTES
Institutional Support	Percentage of Total Standard Allocation	16.55% added to Sum of Program Allocation

Prior year base revenues serve as the starting point to calculate a district's resource needs for the upcoming year. Target allocations are adjusted for local property revenue and student fee revenue to arrive at the amount the state will provide to each district. Program-based funding makes an adjustment for what is often referred to as *economies of scale.* The adjustments are deemed necessary because costs associ-

ated with running a small college or district per FTES are usually higher than corresponding costs associated with running a large college or district. Small districts are defined as those serving fewer than 10,000 FTES, and small colleges are defined as those serving fewer than 5,000 FTES.

One concern expressed by many educators is that the state has never funded the community colleges at the level implied by the standards. This calls into question the usefulness of program-based funding. The Public Policy Institute of California notes that since the inception of program-based funding, apportionments have been slightly more than 50 percent of the amount deemed necessary according to the stated standard rates.

A second major concern is that districts receive funding for credit instruction at the same rate regardless of the actual costs of particular programs. Naturally, some courses such as nursing, are more costly to deliver than others. Another key issue concerning program-based funding relates to the manner in which enrollment growth is funded. Growth funding represents the additional number of students the state is willing to fund. Districts that enroll students in excess of the growth cap receive no additional compensation. However, if a district does not reach its growth target, funds are subtracted in the final year-end allocation. Districts report that they served about 17,000 more FTES in year 2000-01 than were allocated by state formula.

Finally, although a primary intent of program-based funding is to negate the disparate effect of local wealth on available revenues by subtracting-out local property tax revenue from each district's target allotment, the end result could very well be that some rural communities that send the state millions of dollars in property taxes might not receive a comparable level of educational services, even though such services are badly needed.