

**Written Testimony Presented to  
LITTLE HOOVER COMMISSION  
State of California  
By  
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Sacramento, California  
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Thank you for the opportunity to address the Little Hoover Commission as part of their hearing on the California community college system. It is indeed an honor to be invited to present information and opinions on the important subjects of community college governance and finance.

As requested by the Commission I will limit my comments to the governance structure and complex finances of our 112 college system. The Commission Executive Director was kind enough to provide me with specific questions of interest to this body and those are included in my comments below.

**SHARED GOVERNANCE STRUCTURE**

- **In your opinion, what is the appropriate balance of power and authority between the Board of Governors and Chancellor’s Office and the local community college districts?** As I am sure the Commission realizes, California has a bilateral form of governance of the community college system more like a “confederation” than an actual system. This structure allows for local control exercised by locally elected trustees, and state-level coordination and oversight by the Board of Governors appointed by the Governor. This system has functioned with some success for many years although it is frequently criticized as inefficient and redundant. In fact local control, overseen and directed at the state level, provides the greatest opportunity for effective response to local needs as well as enabling the state to direct the work of the system. The appropriate mix of local educational programming and implementation is best determined and directed by locally elected trustees. The state level policy development and oversight is best conducted by a state-level body like the Board of Governors. With the scope, size and diversity of the system, the loss of local control and more centralization would be ineffective. Correspondingly less centralized coordination and direction

would likely lead to an inability of the state to direct its valuable community college resource.

- **Could changes in the way the community college system is organized result in greater efficiencies or add stability to the system?** Any system as complex as California's community colleges can be improved and made more efficient. One recommendation that has been frequently proposed would be to remove the system office and the Board of Governors from State government as was done to the California State University System nearly two decades ago. This change would vest more authority to oversee and direct the system in the hands of the Board of Governors, and if combined with allowing the State Chancellor and the Board to employ the top-level leaders of the system, would help the system become less bureaucratic and cumbersome to manage. As it is currently structured high-level staff appointments frequently take a great deal of time to complete and can be subject to influence from the Administration in office at the time. This can lead to those top staff positions being viewed more as political appointments than higher education leadership roles. Unfortunately in the current system it is difficult to get leaders of local colleges to aspire to service in the State Chancellors Office. In addition, the current State Chancellor's Office is drastically underfunded to accomplish what it is being asked to undertake. If it were removed from State government and funded at a reasonable level within Prop 98 it could provide adequate direction-setting and oversight of the system. Many would fear this approach because of worries about the office becoming too large and overly invasive in the administration of local districts. However, if the Office's funding level were established at a reasonable percentage of Prop 98 funding it would grow or contract along with the entire system.
- **What are some of the benefits or efficiencies of heading a multi-college district as compared to a single-college district? Does one model typically make more sense under certain circumstances than others?** Multi-college systems are not unique to community colleges – in fact both the UC and CSU are multi-unit systems of higher education. However, multi-college community college systems are somewhat unique and are typically found in urban and

metropolitan areas. As to whether one is better or worse than another, it really depends on the area or region being served. There are certainly efficiencies that are realized in a multi-unit system especially when the right functions are centralized or centrally coordinated. Those functions can include human resources, finance, IT and facilities, but generally do not include instruction. In large systems like Los Angeles, Sacramento, and San Diego there usually exists an elegant division of labor where the central office led by a Chancellor works with the local Board in setting the direction for the organization and securing resources, and local college presidents work with the faculty in the delivery of instruction. Every district is somewhat unique in how it functions, but size does seem to matter in terms of the effectiveness of the model. As single colleges morph into multi-college districts, often to serve other communities, they seem to become more efficient and effective as they grow and the efficiencies can be realized.

- **Has the size and composition of your district – in terms of geography, population, proximity to an urban core and number of educational sites – affected your ability to administer your district?** In looking at multi-college districts across America the ones that are most often cited are districts that reside in an urban area and cover a good deal or the entire region. The most often cited systems include ones found in large urban areas like Dallas, Phoenix, Houston, St Louis, Miami, Chicago, as well as the large systems in California like San Diego, Los Angeles, San Francisco, and Sacramento. In all of these examples the systems represent a large portion of an identifiable area. The number and size of the colleges and/or centers included in these systems can vary significantly, and there is no research to suggest one model works better than another. In fact multi-college system success seems to be more dependent on other factors including stability of leadership and Board, collective bargaining relationships, and financial health. Like any multi-unit organization they can be both efficient and complex, but with the right balance of centralized vs. decentralized activity they are excellent systems for delivering education to a metropolitan area. Los Rios has four colleges and will ultimately have six educational centers. Our design

calls for most of the centers and colleges to be served by light rail or major bus routes and we have negotiated a regional transit pass for our students that cost them only \$15 per semester as opposed to up to \$500 for regular monthly passes for a semester. As a result Los Rios has a regional participation rate far greater than the state average. Nearly one in every 11 adults in the Sacramento region is enrolled in a Los Rios college.

## **COMPLEX FINANCE SYSTEM**

- **What are some of the challenges associated with the state's current funding mechanisms for community colleges, such as Proposition 98 and the basic apportionment formula, and what could be done to address some of these challenges? How do these policies influence resource allocation decisions for your district and its colleges?** The most challenging aspect of the financing system for California community colleges is its complexity. Understanding the formulas, categorical programs, growth factors, and numerous laws that govern the colleges and impact finances make it extremely difficult to manage. As a result of the complexity, the funding system is always under debate within the system and outsiders are always recommending changes. This constant upheaval and frequent confusion contributes to colleges experiencing difficulty in managing their finances. When the complexity of the system is combined with often late State budgets, changing student fees (in some cases after students have enrolled), and modifications in the funding formula on a regular basis, it is no wonder that there seems to be constant financial turmoil in the system. Some clarity and more fairness was brought to the system several years ago with the passage of SB 361 which provided significant equalization to the system and more predictability in funding by institutional size. The funding system drives institutional decision making especially in a time of scarce resources. During the recent decline in funding for example, colleges have been forced to reduce their offerings in order to stay within their funded enrollment cap. In reducing the schedule leaders must be mindful of the 50% law, the 75/25 law, categorical program funding cuts, direction from the state regarding protection of CTE, basic skills and transfer. Additionally, colleges must obviously keep in mind the needs

of their community and students. At the same time these variables are being considered there are state policy makers suggesting a movement to outcomes based funding, elimination of program areas like physical education, and changing the census date. This tremendous uncertainty makes managing a college or district's finances extremely difficult.

- **How can California better leverage the resources of the community college system? What are some of the obstacles to doing so?** The current complex funding formula is the result of many public policy decisions made over decades. Starting with policy decisions favoring high access – low cost – community college education codified in the California Educational Master Plan, other policy changes have been made without subsequent adaptation of the funding system. The greatest obstacle to leveraging more from California community colleges is adequate funding. The system simply can not be expected to educate greater numbers of students, who are less prepared at higher levels of completion without a funding stream which supports that approach. California's community colleges are the most efficient system of education in California and perhaps in the nation. There are still efficiencies to be gained in the system, and recent and emerging laws like AB 1440 which is easing transfer to the CSU, and a state-wide common assessment currently under consideration, will make an efficient system even more so. However no laws or regulations will allow a financially disadvantaged system to dramatically improve student success and simultaneously maintain access. And, California and America must have both to be globally competitive.
- **What is the role of the state's mandate law in shaping policy for the community college system? Has this law served as a barrier to establishing some statewide policies that might have been helpful to you as a district administrator? How difficult is it to collect reimbursement for state-mandated activities?** The California mandate law does impact policy formation in that some policies would require additional funding which is not available, and those policies are therefore not implemented. From an institutional perspective this is probably good since added activity without added funding can make an already underfunded system in even worse condition. It is true that there are

probably statewide policies that could be implemented to improve community colleges if funding were available, and in this environment those policies are not being enacted. Collecting on mandate claims is certainly cumbersome and many colleges don't even go to the trouble. Los Rios has been persistent in filing what we believe to be justifiable mandate claims and, although the process is extremely slow and reimbursement timelines unreliable, we have received much needed resources in many instances.

- **In light of recent controversy over spending and calls for greater fiscal oversight in some districts what steps can be taken to ensure sound fiscal management and oversight practices are in place across the state's community college districts?** As hard as it is to admit, it is unreasonable to believe that a system of 72 districts, 112 colleges and more than 2.7 million students will never have any fiscal accountability-related issues. Or, that there are laws that could be passed that would ensure there would never again be a bad actor. However, passing additional laws and making an already cumbersome funding system even more so as a means of punishing everyone for the sins of a few, will most certainly have just the opposite of the intended outcome. The best way to achieve more fiscal accountability is to make the funding system far more simple, adequately fund and staff the State Chancellor's Office to oversee its implementation, and punish those institutions that purposefully break the rules. The best way to make sure the rules are followed is to make them so simple that they can not be ignored and then hold people accountable.

In this written testimony I have attempted to answer the posed questions directly, and as simple as possible. In my oral testimony on April 28, 2011 I will be happy to elaborate on any of the above narrative and answer any questions you may have.

Thank you again for an opportunity to address the State of California Little Hoover Commission.