

Date of Hearing: March 27, 2012

ASSEMBLY COMMITTEE ON HIGHER EDUCATION  
Marty Block, Chair  
AB 2164 (Dickinson) – As Introduced: February 23, 2012

SUBJECT: Community college facilities.

SUMMARY: Authorizes a California Community College (CCC) district to expend funds for capital outlay working drawings and construction after receiving final project proposal approval from the CCC Chancellor's Office (CCCCO), and allows these funds to be reimbursed through a Legislative appropriation and project approval from the Department of Finance (DOF) and the State Public Works Board (SPWB).

EXISTING LAW prohibits any state agency, including the University of California, the California State University, and CCC, from expending funds for capital outlay until DOF and SPWB have approved preliminary plans for the project to be funded from a capital outlay appropriation.

FISCAL EFFECT: Unknown

COMMENTS: Purpose of this bill. According to the author, the state has not passed a statewide education bond since 2006. State funds for CCC facilities have either been spent or are otherwise committed to projects currently in process. There are currently over 80 CCC facilities that have been approved by the CCC Board of Governors (BOG), but have been put "on hold" pending a state bond. Under current law, because of the prohibition against projects started by a CCC being reimbursed after the passage of a statewide bond, a CCC district may have the ability to use local funding to start a project but is reluctant to do so. This bill would authorize CCC districts to begin projects with existing funds and still be eligible for reimbursement for costs incurred upon the passage of a statewide bond.

Similar authority. This bill would provide CCC districts with reimbursements for construction costs similar to authority currently provided to other local agencies. AB 672 (Bass), Chapter 463, Statutes of 2009, authorized agencies responsible for administering Proposition 1B programs to enter agreements with local agencies, providing an assurance that the funds expended for a Proposition 1B transportation project that had been programmed but for which funds had not yet been allocated would be eligible for future reimbursement from bond proceeds. Similarly, AB 20xxx (Bass), Chapter 21, Statutes of 2009, authorized local agencies to use federal economic stimulus funds to prevent a project from stopping without jeopardizing their eligibility to retain their commitment of bond funds from the state. Committee staff understands that similar practices through the State Allocation Board authorize K-12 districts to receive reimbursement from subsequent bond funds for costs incurred in capital outlay.

BOG approval process. This bill is intended to require projects eligible for reimbursement to have received Final Project Proposal (FPP) approval from the CCC BOG. The CCCCCO capital outlay program requires CCC districts to annually submit project proposals to the CCCCCO in two parts; the Initial Project Proposal (IPP), which requires a three-page concept paper submitted in July, and the FPP, which requires a complete proposal with justification and budget detail. After evaluating IPPs, the CCCCCO notifies CCC districts to develop and submit FPPs. Upon receipt

(in February of the following year) and subsequent review of FPPs, in addition to reviewing CCC districts five-year capital outlay plans and previously-approved projects, the CCCCO prepares a preliminary list of “new start” projects eligible for scope approval by the BOG. The BOG reviews the list at the July meeting, and once analysis is complete, the final list is placed as an action item on the September BOG agenda for project scope approval.

The BOG has adopted priority funding categories to give preference to projects that meet the following priorities:

- Expand campuses appropriately to meet enrollment demands
- Modernize aging facilities
- Meet the space utilization standards found in the California Code of Regulations, Title 5
- Leverage state funds with local funds to provide facilities at the least cost to the state

Arguments in support. Several CCC districts support this bill, arguing that this proposal will enable districts to fast track projects that are critical to the CCC educational and job training mission, will help CCC districts jump start their local economies by putting people to work on construction projects that would otherwise not move forward at this time, and save the state money by allowing CCC districts to lock in construction contracts at current costs.

Suggested Amendments. Consistent with the author's stated intent, Committee staff recommends the following amendments:

13332.11(a)(2)(D) Amounts incurred by a community college district, after the date of final project proposal approval by the California Community Colleges Board of Governors ~~Chancellor's Office, for working drawings and construction.~~ Amounts incurred pursuant to this subparagraph may be reimbursed pursuant to an appropriation by the Legislature of funds for preliminary plans, working drawings, and construction and project approval by the Department of Finance and the State Public Works Board.

#### REGISTERED SUPPORT / OPPOSITION:

##### Support

Antelope Valley Community College District  
 Chief Executive Officers of the California Community Colleges  
 Desert Community College District  
 Los Rios Community College District  
 Peralta Community College District  
 San Jose/Evergreen Community College District  
 South Orange County Community College District  
 Yosemite Community College District  
 West Kern Community College District  
 West Valley-Mission Community College District

##### Opposition

None on File

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