

Date of Hearing: June 23, 2026

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Mike Fong, Chair

SB 1154 (Reyes) – As Introduced February 18, 2026

SENATE VOTE: 29-9

SUBJECT: Public contracts: best value procurement: community college districts.

SUMMARY: Authorizes California Community College (CCC) districts (CCD), through December 31, 2030, to use a best value procurement method for public works projects exceeding \$1 million. Specifically, **this bill:**

- 1) Authorizes CCDs, through December 31, 2030, to use a best value procurement method for public works projects exceeding \$1 million.
- 2) Defines “best value” as a procurement process using objective criteria that considers both price and qualifications rather than selecting solely the lowest responsible bidder.
- 3) Requires CCDs using this method to establish and publish procedures and guidelines ensuring a fair and impartial evaluation process.
- 4) Requires CCDs to evaluate contractor qualifications using criteria that include:
 - a) Relevant experience;
 - b) Demonstrated management competency;
 - c) Financial condition;
 - d) Labor compliance history;
 - e) Safety records; and,
 - f) Subcontractor qualifications where applicable.
- 5) Requires contractors and subcontractors to use a skilled and trained workforce unless certain project labor agreement (PLA) provisions apply.
- 6) Requires bid evaluations to prevent disclosure of bidder identities and pricing information until qualification scoring has been completed.
- 7) Requires CCDs using best value procurement to submit an independent report to legislative policy and fiscal committees by January 1, 2030, evaluating implementation outcomes.
 - a) Stipulates that the report must include, but is not limited to, all of the following:
 - i) A description of the projects awarded using the best value procedures;
 - ii) The contract award amounts;

- iii) The names of the best value contractors awarded the projects;
 - iv) A description of any written protests concerning any aspect of the solicitation, bid, or award of the best value contracts, including the resolution of the protests;
 - v) A description of the prequalification process;
 - vi) The criteria used to evaluate the bids, including the weighting of the criteria and an assessment of the effectiveness of the methodology; and,
 - vii) If a project awarded under this article has been completed, an assessment of the project performance, including a summary of any delays or cost increases.
- 8) Repeals these provisions on January 1, 2031.

EXISTING LAW:

- 1) Requires school districts and CCDs to award contracts involving expenditures exceeding \$50,000 to the lowest responsible bidder or reject all bids (Public Contract Code (PCC) Sections 20111 and 20651).
- 2) Authorizes school districts, until December 31, 2030, to use best value procurement methods for public projects exceeding \$1 million (PCC Section 20119.1, et seq.).
- 3) Requires specified public works projects to utilize skilled and trained workforces (PCC Section 2600, et seq.).
- 4) Defines "skilled and trained workforce", in part, as, all the workers performing work in an apprenticeable occupation in the building and construction trades are either skilled journeymen or apprentices registered in an apprenticeship program approved by the Chief of the Division of Apprenticeship Standards of the Department of Industrial Relations (PCC Section 2601).
- 5) Stipulates that the above skilled and trained workforce requirements do not apply if any of the following requirements are met:
 - a) The public entity has entered into a PLA, as specified;
 - b) The design-build project is being performed under the extension or renewal of a PLA entered into prior to January 1, 2017; and,
 - c) The design-build entity has entered into a PLA binding the entity and all its subcontractors to use a skilled and trained workforce (Education Code Section 17250.25(c)(2); PCC Sections 10191(c)(2) and 22164(c)(2).)
- 6) Provides subcontractor protections through California's Subletting and Subcontracting Fair Practices Act (PCC Section 4100, et seq.).

FISCAL EFFECT: Unknown. This measure is keyed nonfiscal by the Legislative Counsel.

COMMENTS: *Need for the measure.* According to the author, “California’s Community College Districts play a critical role in preparing our workforce, supporting economic mobility, and serving millions of students across the state. The quality, safety, and functionality of campus facilities directly impact student learning, program access, and overall student success. Unfortunately, when it comes to delivering major construction projects, community colleges are held to a procurement standard that limits their ability to select contractors based on overall quality and long-term value.”

The author contends that, “SB 1154 addresses this issue by allowing community college districts to use a best value procurement method for public works projects exceeding one million dollars, allowing contracts to be awarded based on a combination of price and objective qualitative criteria, not simply the lowest bid. This grants them with the same flexibility already provided to K–12 school districts, the University of California, and the California State University.”

Further, the author states that, “best value procurement helps ensure that projects are completed on time, built to high standards, and designed to support long-term functionality. By allowing districts to evaluate contractor experience, safety records, technical expertise, and life-cycle costs, SB 1154 promotes durable, high-quality facilities that enhance learning environments and support innovative instruction. These projects are essential to preparing students for transfer, career pathways, and participation in California’s evolving workforce and will ensure we are setting up our infrastructure for their long-term success.”

This measure appears to close the policy gap within California’s public education procurement framework.

Background. California public contracting traditionally follows a “lowest responsible bidder” model intended to promote fairness, competition, and protection of taxpayer resources. Under this approach, public agencies generally award contracts to the lowest bidder that satisfies required qualifications.

Over time, policymakers have recognized that lowest-price procurement may not always produce the best overall project outcomes, particularly for large or complex construction projects where contractor experience, workforce quality, safety history, and project management capabilities may substantially affect final costs and project delivery. As a result, California has authorized limited use of “best value” procurement in several contexts, including state agencies and K–12 school districts.

Lowest bidder model. The lowest responsible bidder model prioritizes initial project cost as the principal determinant of contract award. This framework has historically been viewed as a safeguard against favoritism and arbitrary decision-making because selection criteria rely heavily on price.

Supporters of best value procurement argue that focusing exclusively on low bids may create incentives for contractors to underbid projects and potentially generate downstream costs through delays, change orders, disputes, or construction deficiencies. Opponents of expanding best value procurement sometimes raise concerns regarding subjectivity in evaluating non-price factors and the possibility that broader discretion could reduce transparency or increase procurement disputes.

This measure appears to balance these concerns by requiring objective scoring methodologies, published evaluation criteria, prequalification requirements, and independent reporting regarding outcomes.

Best value procurement method. As defined in the PCC Section 20155.1, “best value” means a procurement process whereby the selected bidder may be selected on the basis of objective criteria for evaluating the qualifications of bidders with the resulting selection representing the best combination of price and qualifications. Further, according to the San Bernardino CCD report titled, *AB 361 and the Case for Inclusion of California Community College Districts*, best value contractors must commit to using a skilled and trained workforce. This requirement may be satisfied through a PLA or other qualifying statutory mechanisms. These provisions seek to align procurement decisions with workforce development, apprenticeship, and labor compliance goals.

Best value pilot programs. This measure appears to be related to SB 667 (Migden), Chapter 367, Statutes of 2006, which established a five-year best value pilot program for the University of California (UC). SB 835 (Wolk), Chapter 636, Statutes of 2011, extended the sunset in SB 667 until January 1, 2017, and expanded the best value pilot to encompass all UC campuses and medical centers. Under this program, UC prequalifies bidders, then evaluates the bid and assigns a qualification score based upon five factors, which include the bidder's financial condition, relevant experience, demonstrated management competency, labor compliance, and safety record. The UC then divides each bidder's price by its qualification score, and the lowest resulting cost per quality point represents the best value bid. AB 1424 (Levine), Chapter 850, Statutes of 2017, removed the sunset on UC's program while also amending law to conform UC's best value contracting provisions to similar statutes for other government entities with respect to requirements for use of a skilled and trained workforce.

The Los Angeles Unified School District (LAUSD) implemented a pilot program in AB 1185 (Ridley-Thomas), Chapter 786, Statutes of 2015, that is substantively similar to the pilot proposed in this legislation. That legislation called for an interim report, which was published in June of 2018. The report found that since January 1, 2016, LAUSD awarded nine construction contracts totaling more than \$185 million dollars—or 19 percent of LAUSD construction contracts awarded—following the best value procurement method.

The types of contracts awarded using this method range from the removal and replacement of heating, ventilation, and air conditioning systems to the modernization of existing buildings or ancillary structures to the complete design and construction of new buildings and facilities. The report found that change orders affecting budgets and schedule delays were minimized as compared to formal traditional bids. Additional benefits of the best value process were cited as including more qualified proposers, an open dialogue resulting in better project approach, and increased quality of subcontractors.

How does this work for K–12 school districts versus CCDs? Current law authorizes K–12 school districts to use a best value procurement method for projects exceeding \$1 million through December 31, 2030. The CCDs currently generally remain subject to traditional lowest responsible bidder requirements.

Under current law, K–12 school districts may use best value procurement for projects over \$1

million and must provide objective criteria and reporting on its usage. This authority sunsets on December 31, 2030.

Under this proposal, CCDs would receive similar authority through December 31, 2030. Additionally, this measure requires CCDs use of skilled and trained workforces. The measure requires independent implementation reports.

Essentially, this measure aligns CCDs procurement authority with that of K–12 school districts and other higher education segments.

Arguments in support. The Contra Costa, Foothill – De Anza, San Diego, San Bernardino, State Center, and Southwestern Community College Districts, jointly submitted a letter stating that, “SB 1154 would modernize community college public construction procurement by authorizing the use of best value procurement. Community colleges routinely deliver complex, bond-funded capital projects, including: Healthcare and nursing facilities, STEM and applied technology labs, Workforce training centers, and Infrastructure and sustainability projects. The projects are often as complex, if not more complex than K-12 construction projects, yet community colleges do not have all of the necessary options available for adequate delivery. Additionally, these complex facilities require a skilled workforce in order to complete them safely and on time.”

The aforementioned CCDs further state that, “extending best value procurement authority to community college districts would improve project delivery and construction risk management, support skilled workforce and apprenticeship pipelines through project labor agreements or equivalent requirements, align procurement policy across public education systems, preserve local control by making the authority optional, and create no new fiscal impact on the state.”

Arguments in opposition. According to the Associated General Contractors (AGC), California Chapters, “SB 1154 provides community colleges with a new delivery option, but it does so while requiring all bidders and subcontractors at every tier to use a skilled and trained workforce as a condition of prequalification. This mandate imposes rigid apprenticeship-graduation thresholds that many qualified contractors—particularly small, emerging, and specialty firms—cannot meet. Skilled and trained workforce requirements do not reflect the structure of many trades, the availability of apprenticeship programs in certain regions, or the staffing realities of small businesses.”

The AGC, California Chapters, further state that, “as result, SB 1154 would exclude a substantial portion of California’s construction industry from even being eligible to bid on community college projects, regardless of their experience, safety record, or past performance. California’s community colleges benefit when procurement remains open, competitive, and accessible to the full breadth of the state’s construction industry.”

Prior legislation. AB 361 (Schultz), Chapter 144, Statutes of 2025, permanently authorized the LAUSD to use the best value procurement method and established a pilot program authorizing all other school districts and county offices of education to use best value procurement for construction projects over \$1 million until December 31, 2030.

AB 1981 (Nazarian), Chapter 46, Statutes of 2020, extended the authority for the LAUSD to use the best value procurement method by five years, from January 1, 2021, to January 1, 2026.

AB 356 (Santiago), Chapter 173, Statutes of 2019, authorized the Los Angeles Community College District to utilize a best value procurement process as a pilot project until January 1, 2025, for construction projects over \$1 million.

AB 1424 (Levine), Chapter 850, Statutes of 2017, made permanent the authority for UC to use best value contracting for construction projects; and, when using best value contracting, requires contractors and all subcontractors to conform with the skilled and trained workforce requirements applicable to alternative construction delivery methods authorized in statute for use by other state or local government entities.

SB 1214 (Allen), Chapter 788, Statutes of 2016, extended the sunset for UC's Best Value Construction Contracting Pilot Program by one year, until January 2018.

AB 1185 (Ridley-Thomas), Chapter 786, Statutes of 2015, authorized LAUSD to utilize a best value procurement process as a pilot project until January 1, 2021, for construction projects over \$1 million.

SB 693 (Hueso), Chapter 774, Statutes of 2016, consolidated the skilled and trained workforce requirements of various provisions of law related to alternative construction delivery methods, defined the terms of these requirements, and made other conforming changes.

SB 835 (Wolk), Chapter 636, Statutes of 2011, extended the sunset of UC's Best Value Construction Contracting Pilot Program until January 2017, and expanded the pilot to all UC campuses and medical centers.

SB 667 (Migden), Chapter 367, Statutes of 2006, established the five-year Best Value Construction Contracting Pilot Program at UC San Francisco.

REGISTERED SUPPORT / OPPOSITION:

Support

Citrus College
Contra Costa Community College District
Foothill-De Anza Community College District
San Bernardino Community College District
San Diego Community College District
Southwestern Community College District
Southwestern Community College District Governing Board
State Building and Construction Trades Council
State Center Community College District

Opposition

Associated General Contractors, California Chapters
Western Electrical Contractors Association

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