

**AGENDA
ASSEMBLY BUDGET SUBCOMMITTEE NO. 2
ON EDUCATION FINANCE**

Assemblymember Mervyn Dymally, Chair

**WEDNESDAY, APRIL 27, 2005
STATE CAPITOL, ROOM 126
4:00 P.M.**

ITEMS TO BE HEARD

6870	CALIFORNIA COMMUNITY COLLEGES (CCC)	2
ISSUE 1	GOVERNOR'S NURSE EDUCATION INITIATIVE	2
	ROBERT TURNAGE, VICE CHANCELLOR, FISCAL POLICY	
	SKIP DAVIES, INTERIM VICE CHANCELLOR, EDUCATIONAL SERVICES	
	MICHAEL PROSIO, ASSISTANT SECRETARY FOR LEGISLATION, LABOR AND WORKFORCE DEVELOPMENT AGENCY	
6440	UNIVERSITY OF CALIFORNIA (UC)	6
ISSUE 1	BERKELEY LONG RANGE DEVELOPMENT PLAN (INFORMATIONAL ONLY)	6

PROPOSED CONSENT CALENDAR

6440	UNIVERSITY OF CALIFORNIA (UC)
ISSUE 1	CAPITAL OUTLAY PROJECTS (ATTACHMENT 1)
ISSUE 2	APRIL 1 ST LETTER---UCLA LIFE SCIENCE REPLACEMENT BUILDING AND USE OF IDENTIFIED SAVINGS FROM THE HIGHER EDUCATION CAPITAL OUTLAY BOND FUND OF 2002 AND 2004.
6610	CALIFORNIA STATE UNIVERSITY (CSU)
ISSUE 1	CAPITAL OUTLAY PROJECTS (ATTACHMENT 2)
6870	CALIFORNIA COMMUNITY COLLEGES (CCC)
ISSUE 1	CAPITAL OUTLAY PROJECTS (ATTACHMENT 3)
ISSUE 2	APRIL 1 ST LETTER---AMENDMENTS TO COMMUNITY COLLEGES CAPITAL OUTLAY BUDGET BILL ITEMS

ITEMS TO BE HEARD

ITEM 6870 CALIFORNIA COMMUNITY COLLEGES (CCC)

ISSUE 1: SUPPORT BUDGET

The issue for the Subcommittee to consider is the Governor's Nurse Education Initiative.

BACKGROUND

On Wednesday April 13, 2005, the Governor announced his new California Nurse Education Initiative to reduce the state's nursing shortage through a combination of state, federal and private funds.

The initiative's five-point plan consists of the following:

1: \$90 million Nurse Education Initiative

- A five-year commitment with quarterly grant disbursements.
- Targets Workforce Investment Funds to support nurse education in partnership with Community Colleges and other sources.
- Encourages creative solutions to expand education capacity and retain students.

2: Public-Private Partnerships

- Encourages private schools and health facilities to partner and develop more nursing educational programs.
- Expands nursing education within the University of California and State University systems.
- Expands availability of distance learning in nursing programs.
- Eliminates any statutory impediments to the creation of public-private partnerships.

3: Recruiting Quality Instructors

- Changes current laws that limit the size of nursing faculty within the higher educational system.
- Recruits former nurses to teach on a part-time basis.
- Develops a loan forgiveness program for students who teach in nursing programs.
- Creates a program to encourage hospitals to loan nurses to teach in nursing programs, while paying their salaries.

4: New Avenues to Nursing Careers

- Creates nursing Academies at high school and college levels.
- Recruits nursing candidates with health care backgrounds.
- Creates statewide Nursing Apprenticeship and pre-apprenticeship programs.
- Encourages veterans to enter nursing.

5: Seeking More Funds

- Seeks changes in federal requirements for Workforce Investment Act funds that may limit nurse education expansion.

- Seeks additional funds for nursing education from the federal government and foundations.

The Governor has also created a task force to oversee the implementation of his new initiative. The secretaries of Labor and Workforce Development, Health and Human Services, State and Consumer Services, the Secretary of Education, the Chancellor of the California Community Colleges and representatives from the UC and the CSU will serve as members of this task force.

COMMENTS:

CCC:

In documents provided to staff, the Chancellor's Office stated the following reasons for investing in nursing programs at community colleges:

- California is experiencing a shortage of Registered Nurses (RN) that is expected to widen in the next decade (2010-46,000, 2020-116,000).
- The number of program applicants statewide is 14,112 while the number of slots available is 7,521.
- The current capacity of education and training institutions to graduate RN's and Licensed Vocational Nurses (LVN) does not meet California's need.
- In the last year, there has been a considerable rise in the number of students applying for enrollment in Associate Degree Nursing (ADN) programs across the state. This increase emphasizes the need to expand the capacity of nursing programs.
- Community colleges with nursing programs have indicated that they could increase their enrollments if they were provided sufficient funding for instruction and facilities to accommodate the additional number of students.
- In addition to expanding enrollment capacity, we must address the student retention issue. Students that leave nursing programs before graduation often give the following reasons: academic failure (inadequate skills in math, English and science); lack of means to pay for childcare; must work full-time to support family; lack of family support, stress imposed by time required for courses and clinical experience. Support services are needed to assist students to be successful.
- Expanding enrollment in nursing program also require funds to expand the infrastructure to provide additional facilities and equipment for labs and classroom space.
- It is increasingly difficult for colleges to hire faculty as they cannot compete with the health care industry salaries. A faculty recruitment project is currently underway to identify strategies to recruit and retain faculty and to identify alternative methodologies for providing instruction.

In his announcement, the Governor stated that he is committing \$6 million per year for five years from the Workforce Investment Act (WIA).

The Chancellor's Office intends to allocate the \$6 million annual amount of WIA funds to community colleges through a competitive request-for-proposal (RFA) process. Three different types of grants are planned:

1. Fostering Student Success

- Total of \$1.1 million annually for special assistance to students who are in danger of dropping out of current nursing programs.
- Award amounts would range from \$65,000 to \$220,000 annually, depending on size of proposal.
- Expected number of grants would be 5 to 8, depending on overall amount of funds requested.

2. Healthy Community Forum

- Total of \$1.6 million to expand enrollment capacity at existing programs.
- Award amounts range from \$170,000 to \$320,000; 5 to 10 projects.
- Expected to add another 200 nursing students per year.

3. Center for Nursing Expansion/Innovation

- Total of \$3.3 million to start new nursing education centers.
- Award amounts ranging from \$400,000 to \$500,000 annually, to be matched by an equal amount from the college and an equal amount from private sources.
- Expected to yield another 300 or so nursing graduates per year.

The Chair of the subcommittee has requested to hear this item specifically to find out more about how this initiative, as proposed, will be funded.

Staff suggests that the following questions be addressed by the presenters:

1. In his press release, the Governor talks about providing a total of \$18 million a year for this initiative over five years. If \$6 million are WIA funds, are \$6 million expected from the participating community colleges and \$6 million from private partnerships?
2. How are the participating community colleges funding the \$6 million over the five year period?
3. Please explain the 2:1 match to the WIA funds from the community colleges and their partners.

4. How many more nursing slots will you be adding at community colleges over the five years?
5. Please elaborate on the three different models and how the funding will be used?

ITEM 6440 UNIVERSITY OF CALIFORNIA (UC)**ISSUE 1: BERKELEY LONG RANGE DEVELOPMENT PLAN (INFORMATIONAL ONLY)**

The issue for the Subcommittee to consider is the UC Berkeley Long Range Development Plan.

BACKGROUND

The UC prepares Long Range Development Plans (LRDP) for each campus that set upper limits for broad campus parameters—such as enrollment, number of employees, and square footage of buildings—for 15 to 20 years into the future. The plans may also identify special features that might be built such as athletic stadiums, parking garages, faculty and student housing, and nature reserves. Sometimes operating systems that are planned are also identified—such as shuttle buses and exclusive bicycle and pedestrian circulation paths. An environmental impact report (EIR) is prepared on the LRDP and after required public review both the plan and EIR are approved by the UC Board of Regents. The LRDP then serves as the "outer envelope" for campus growth in the period covered by the plan.

COMMENTS:**LAO CONCERNS:**

In her analysis of the *2005-06 Budget Bill*, the Analyst raised the following issues with this plan:

Berkeley Campus New Long Range Plan Just Adopted. The Berkeley campus prepared a draft LRDP and EIR for the period 2005 through 2020. The plan (which is referred to as the "2020 LRDP") and EIR were made available for public comment in the spring of 2004, and the University's UC Board of Regents approved them in January 2005. The 2020 LRDP calls for expanding the amount of academic and support buildings on the campus by 2.2 million gross square feet (gsf). This would increase the total amount of academic and support buildings on the campus from 12.1 million to 14.3 million gsf—an 18 percent increase. (Academic and support buildings are most of what is on a college campus; housing, parking, and athletic facilities make up most of the balance.)

Few Specifics Provided to Justify Expansion. The 2020 LRDP provides little information about the buildings it plans to construct, other than to indicate up to 700,000 gsf (32 percent) would be for faculty research. No information is provided about how much of the additional space would be for student instruction, faculty and administrative offices, and other purposes such as libraries and plant maintenance buildings.

There is also little information to show that this large increase in campus facilities is needed to accommodate enrollment growth. For example, the 2020 LRDP indicates the campus plans to accommodate an additional 4,000 full-time equivalent (FTE) students by 2010 over its base year of 1998. However, in 1998 the Berkeley campus accommodated 28,443 FTE students and in 2002 it accommodated 32,469—an increase of 4,026 FTE students. This means that the Berkeley campus was able to accommodate *all* of the enrollment growth assumed in the 2020

LRDP within the *existing* facilities on the campus in 2002. Therefore, it is unclear why 2.2 million additional gsf of buildings would be needed to accommodate enrollment.

Similarly, there is nothing in the 2020 LRDP to demonstrate that the additional buildings are needed for programmatic reasons. For example, there is no information to show that a special type of teaching laboratory is needed to meet demand for certain science courses or that new rehearsal space is needed in order to offer instruction in a type of performance art not presently offered at the campus. In the absence of information that connects enrollment and programmatic needs to the proposed 2.2 million additional gsf of buildings, the planned expansion of the Berkeley campus is not justified for state funding at this time.

2020 LRDP Needs More Information. Before the Legislature can use the Berkeley campus 2020 LRDP as a basis for future capital outlay decisions, it needs to be supplemented by additional information showing that enrollment and programmatic needs require an increase in the amount of buildings on the campus.

The LAO is recommending that the following information be included:

- An analysis showing the amount of instructional space needed to accommodate projected enrollment based on year-round utilization of the facilities.
- A survey of existing academic and support space and its utilization, to determine if instructional needs can be satisfied within existing facilities, assuming appropriate renovations, and—if not—the amount of additional space actually needed.
- Information about programmatic deficiencies that may exist and an analysis to demonstrate that new space needed for programmatic reasons cannot be accommodated in existing facilities with appropriate renovations.

The LRDP is an important capital planning tool for the university and the Legislature. The LRDPs establish the infrastructure limits of the campus—in terms of physical size and capacity—within which project-specific five-year capital outlay plans are prepared. These five-year plans are the basis for capital improvement proposals the university makes for state funding. But for LRDPs to be helpful, they must provide sufficient information to show how an increase in campus facilities is actually needed to serve students. The Berkeley campus' 2020 LRDP lacks this information.

LAO Recommendation:

The LAO recommends that the Legislature not fund construction of additional new buildings at the Berkeley campus if it would increase the amount of academic and support buildings on the campus beyond the present 12.1 million gsf, unless the university provides information that demonstrates the proposed expansion is justified based on enrollment and programmatic needs.

PROPOSED CONSENT CALENDAR

ITEM 6440 UNIVERSITY OF CALIFORNIA (UC)

ISSUE 1: CAPITAL OUTLAY PROJECTS (ATTACHMENT 1)

The issue for the Subcommittee to consider is the proposed University of California (UC) Capital Outlay program for 2005-06. None of the funds proposed for expenditures are from the General Fund, but rather come from general obligation bond funding.

ISSUE 2: APRIL 1ST LETTER—UCLA LIFE SCIENCE REPLACEMENT BUILDING AND USE OF IDENTIFIED SAVINGS FROM THE HIGHER EDUCATION CAPITAL OUTLAY BOND FUNDS OF 2002 AND 2004

In an April 1st letter, Department of Finance (DOF) proposes the following amendments to the January 10th budget:

It is requested that the following items be added and/or increased by a total of \$47,302,000:

6440-302-6041, Capital Outlay, University of California

Increase item by \$32,500,000 from the Higher Education Capital Outlay Bond Fund of 2004.

6440-302-6028, Capital Outlay, University of California

Add item 6440-302-6028 in the amount of \$5,802,000 from the Higher Education Capital Outlay Bond Fund of 2002 and the attached provisional language.

Proposed Provisional Language:

1. *Notwithstanding Section 13332.11 of the Government Code or any other provision of law, the University of California may proceed with any phase of any project identified in the above schedule, including preparation of preliminary plans, working drawings, construction, or equipment purchase, without the need for any further approvals.*
2. *The University of California shall complete each project identified in the above schedule within the total funding amount specified in the schedule for that project. Notwithstanding Section 13332.11 of the Government Code or any other provision of law, the budget for any project to be funded from this item may be augmented by the University of California within the total appropriation made by this item, in an amount not to exceed 10 percent of the amount appropriated for that project. No funds appropriated by this item for equipment may be used for an augmentation under this provision, or be augmented from any other funds appropriated by this item. This condition does not limit the authority of the University of California to use non-state funds.*
3. *The University of California shall complete each project identified in the above schedule without any change to its scope. The scope of a project means, in this respect, the*

intended purpose of the project as determined by reference to the following elements of the budget request for that project submitted by the University of California to the Department of Finance: (a) the program elements related to project type, and (b) the functional description of spaces required to deliver the academic and supporting programs as approved by the Legislature.

4. *Notwithstanding Section 2.00 of this act or any other provision of law, the appropriation made by this item is available for encumbrance during the 2005-06 and 2006-07 fiscal years, except that the funds appropriated for construction only must be bid during the 2005-06 fiscal year, and are available for expenditure through 2006-07, and that the funds appropriated for equipment purposes are available for encumbrance until June 30, 2008. For the purposes of encumbrance funds appropriated for construction management and project contingencies purposes, as well as any bid savings, shall be deemed to be encumbered at the time a contract for that purpose is awarded; these funds also may be used to initiate consulting contracts necessary for management of the project during the liquidation period. Any savings identified at the completion of the project also may be used during the liquidation period to fund the purposes described in Provision 5.*
5. *Identified savings in a budget for a capital outlay project, as appropriated by this item, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, may be used without further approval: (a) to augment projects consistent with Provision 2, (b) to proceed further with the underground tank corrections program, (c) to perform engineering evaluations on buildings that have been identified as potentially in need of seismic retrofitting, (d) to proceed with the design and construction of projects to meet requirements under the federal Americans with Disabilities Act of 1990, or (e) to fund minor capital outlay projects.*
6. *No later than December 1 of each year, the University of California shall submit a report outlining the expenditure for each project of the funds appropriated by this item to the Chairperson of the Joint Legislative Budget Committee, the chairpersons of the fiscal committees of each house, the Legislative Analyst, and the Director of Finance. The report also shall include the following elements: (a) a statement of the identified savings by project, and the purpose for which the identified savings were used; (b) a certification that each project as proceeding or as completed, has remained within its scope and the amount funded for that project under this item; and (c) an evaluation of the outcome of the project measured against performance criteria.*
7. ~~*The projects identified in Schedules (4) and (5) of this item may utilize design-build construction consistent with practices, policies, and procedures of the University of California.*~~

Per DOF: Provision 7 is a technical error and should not be included.

6440-302-0574, Capital Outlay, University of California

Add Item 6440-302-0574 in the amount of \$9.0 million from the Higher Education Capital Outlay Bond Fund of 1998 and the attached provisional language (Attachment 3) to reflect a funding increase of \$47,302,000 and project re-scoping for the Los Angeles Campus: Life Sciences Replacement Building—Working drawings and construction.

Originally, the Life Sciences Replacement Building project was authorized in 2002 to provide for the construction of a 4-story replacement building for various academic programs (e.g., Department of Molecular, Cell and Developmental Biology, Department of Ecology and Evolutionary Biology, etc.) at a total state cost of \$54.2 million. Due to changes in available space and campus funding, UC's plan for renovating the vivarium (animal research facility) has been accelerated. It is now requested that the current Project scope be amended to add replacement space for a vivarium and an additional floor of laboratory space. This change is needed because the current vivarium and laboratories are deficient (i.e., lack proper air filtration, lack adequate power, cooling and temperature controls used in contemporary research standards required by federal agencies) and severely limits the kinds of research work that can be undertaken in the building. Consequently, this request would assist UC's ability to support new initiatives to maintain the academic life sciences programs. It is noted that the construction funding would be phased over two fiscal years (\$47,302,000 in 2005-06 and \$36.1 million in 2006-07), with the second Phase contingent on the passage of a new Higher Education Capital Outlay Bond.

Proposed Provisional Language:

1. *Notwithstanding Section 13332.11 of the Government Code or any other provision of law, the University of California may proceed with any phase of any project identified in the above schedule, including preparation of preliminary plans, working drawings, construction, or equipment purchase, without the need for any further approvals.*
2. *The University of California shall complete each project identified in the above schedule within the total funding amount specified in the schedule for that project. Notwithstanding Section 13332.11 of the Government Code or any other provision of law, the budget for any project to be funded from this item may be augmented by the University of California within the total appropriation made by this item, in an amount not to exceed 10 percent of the amount appropriated for that project. No funds appropriated by this item for equipment may be used for an augmentation under this provision, or be augmented from any other funds appropriated by this item. This condition does not limit the authority of the University of California to use non-state funds.*
3. *The University of California shall complete each project identified in the above schedule without any change to its scope. The scope of a project means, in this respect, the intended purpose of the project as determined by reference to the following elements of the budget request for that project submitted by the University of California to the Department of Finance: (a) the program elements related to project type, and (b) the functional description of spaces required to deliver the academic and supporting programs as approved by the Legislature.*
4. *Notwithstanding Section 2.00 of this act or any other provision of law, the appropriation made by this item is available for encumbrance during the 2005-06 and 2006-07 fiscal years, except that the funds appropriated for construction only must be bid during the 2005-06 fiscal year, and are available for expenditure through 2006-07, and that the funds appropriated for equipment purposes are available for encumbrance until June 30, 2008. For the purposes of encumbrance funds appropriated for construction management and project contingencies purposes, as well as any bid savings, shall be deemed to be encumbered at the time a contract for that purpose is awarded; these funds also may be used to initiate consulting contracts necessary for management of the project during the liquidation period. Any savings identified at the completion of the*

project also may be used during the liquidation period to fund the purposes described in Provision 5.

5. *Identified savings in a budget for a capital outlay project, as appropriated by this item, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, may be used without further approval: (a) to augment projects consistent with Provision 2, (b) to proceed further with the underground tank corrections program, (c) to perform engineering evaluations on buildings that have been identified as potentially in need of seismic retrofitting, (d) to proceed with the design and construction of projects to meet requirements under the federal Americans with Disabilities Act of 1990, or (e) to fund minor capital outlay projects.*
6. *No later than December 1 of each year, the University of California shall submit a report outlining the expenditure for each project of the funds appropriated by this item to the Chairperson of the Joint Legislative Budget Committee, the chairpersons of the fiscal committees of each house, the Legislative Analyst, and the Director of Finance. The report also shall include the following elements: (a) a statement of the identified savings by project, and the purpose for which the identified savings were used; (b) a certification that each project as proceeding or as completed, has remained within its scope and the amount funded for that project under this item; and (c) an evaluation of the outcome of the project measured against performance criteria.*
7. ~~*The projects identified in Schedules (4) and (5) of this item may utilize design-build construction consistent with practices, policies, and procedures of the University of California.*~~

Per DOF: Provision 7 is a technical error and should not be included.

ITEM 6610 CALIFORNIA STATE UNIVERSITY (CSU)

ISSUE 1: CAPITAL OUTLAY PROJECTS (ATTACHMENT 2)

The issue for the Subcommittee to consider is the California State University Capital Outlay program for 2005-06. None of the funds proposed for expenditure are from the General Fund, but rather come from general obligation bond funding.

ITEM 6870 CALIFORNIA COMMUNITY COLLEGES (CCC)

ISSUE 1: CAPITAL OUTLAY PROJECTS (ATTACHMENT 3)

The issue for the Subcommittee to consider is the California Community Colleges (CCC) Capital Outlay program for 2005-06. None of the funds proposed for expenditure are from the General Fund, but rather come from general obligation bond funding.

**ISSUE 2: APRIL 1ST LETTER—AMENDMENTS TO COMMUNITY COLLEGES
CAPITAL OUTLAY BUDGET BILL ITEMS**

In an April 1st letter, DOF proposes the following amendments to the January 10th budget:

6870-301-6028, Capital Outlay, Community Colleges

It is requested that Item 6870-301-6028 be added in the amount \$2,374,000 from the Higher Education Capital Outlay Bond Fund of 2002 for the addition of the Los Angeles Community College District Los Angeles Trade Technical College: Building F Structural Repair—Preliminary plans, working drawings, and construction. During a locally-funded asbestos abatement project, it was discovered that the beams/girders supporting the roof were stressed beyond a point acceptable to Title 24 construction standards. These structural problems threaten the usage of the building, which is also used as a major parking garage for the college that cannot be utilized until the structural repairs are completed. The project proposes strengthening impacted beams/girders by the addition of steel tube anchors and by adding steel cable strands tensioned between these anchors. The wall and ceiling components must be removed to expose the areas of work and will be replaced when the structural work is completed.

6870-301-6041, Capital Outlay, Community Colleges

It is requested that Item 6870-601-6041 from the Higher Education Capital Outlay Bond Fund of 2004 be decreased by \$28,142,000 to reflect the following:

Decrease funding by \$7,823,000 for the Chaffey Community College District Chaffey College: Health/Physical Science Building Renovation—Construction and equipment. The performance of this project is dependent on completion of the science building project (Item 6870-301-6028 (7), Budget Act of 2002) that will vacate the space to be reconstructed by the Health/Physical Science Building Renovation project. The initial bid effort for the science building project resulted in bids substantially in excess of available financing and the district staff are redesigning the project to reduce project costs to levels closer to the available financing. These engineering efforts have delayed a second bid effort in the science building project and the design of the Health/Physical Science Building Renovation project to such an extent that the renovation project likely will not be ready to go to bid until the 2007-08 fiscal year.

Decrease funding by \$20,319,000 for the Santa Barbara Community College District Santa Barbara City College: High Technology Center—Construction. Due to completion of the soil tests and the discovery of the existence of sandstone in the soil, the design of the foundation and the completion of the preliminary plans phase of the project will be delayed. The redesign may also significantly impact the cost and schedule of the construction phase. Because of this delay and possible design change, the construction phase of the project will be postponed to the 2006-07 budget year.