

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

Assemblymember Julia Brownley, Chair

**WEDNESDAY, MAY 7, 2008
STATE CAPITOL, ROOM 126
4:00 P.M.**

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PROPOSED CONSENT CALENDAR (Vote Only)

ITEM 6440 UNIVERSITY OF CALIFORNIA

Amendment of Budget Bill Item 6440-001-0001: Provisional Language for Funding Energy Conservation Projects (Issue 350)

It is requested that Provision 2 of Item 6440-001-0001 be amended as follows to allow the University of California to group energy conservation projects it will be undertaking, as part of its new Energy Partnership Program, when submitting a request to use its support funding to finance the costs of these projects, rather than submitting such requests on an individual project basis.

None of the funds appropriated in this item may be expended to initiate major capital outlay projects by contract without prior legislative approval, except for cogeneration and energy conservation projects. Funds appropriated in this item may be used for capital expenditures as well as payment of debt service for such exempted capital projects. Exempted projects shall be reported in a manner consistent with the reporting procedures in subdivision ~~(d)~~ (e) of Section 28.00.

Funds appropriated in this item may be used for capital expenditures as well as payment of debt service associated with the Energy Partnership Program, whereby the university will receive financial incentives from state investor-owned utilities to undertake energy conservation projects. The use of state operations funding for these energy savings projects may not infringe on the university's funding for its instructional support activities. The Director of Finance may authorize Program expenditures for the list of planned projects not sooner than 30 days after notification in writing is provided to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairpersons of the committees and the appropriate subcommittees, in each house of the Legislature that consider the State Budget, and the Chairperson of the Joint Legislative Budget Committee. The list of planned projects submitted for approval for a given funding cycle should be all-inclusive and may include projects that eventually may not be initiated during that funding cycle. A project not included on the list of planned projects for that funding cycle, but which the University wishes to proceed with during the budget year, may be treated as an exempted project as described above and reported in a manner consistent with the reporting procedures in subdivision (e) of Section 28.00. No later than November 15 each year, the university shall prepare a report describing the identified projects funded under the Energy Partnership Program in the prior year. The report shall include the cost of each project, how the cost is being funded, including the amount funded from support budget funds and investor-owned utility incentive awards, and the projected amount of energy savings. These reports will sunset at the end of the Program."

Garamendi Financing Authorization for UC San Diego Health Science Research Facility 2.

The UC requests authority, pursuant to Government Code Section 15820.21, to establish a funding mechanism known as "Garamendi Financing", to allow increased federal indirect costs generated from research conducted in a new UC San Diego (UCSD) research building to pay debt service and maintenance costs for the proposed new building. The ability to finance research facilities under this program will allow facilities to "pay for themselves" by permitting

the campus to use the gross indirect cost recovery attributable to the new facility to pay for debt service and maintenance. The proposed UCSD Health Sciences Biomedical Research Facility 2 will expand the biomedical research programs at this campus. This new research building is needed because the current facility has reached its operating capacity. In the 2000 Budget Act, four UC projects, including a UCSD School of Medicine Research Facility, were authorized. Over the past 17 years, UC has financed 17 capital projects totaling approximately \$390.0 million using the Garamendi Financing mechanism.

Therefore, it is requested that Item 6440-402 be added as follows:

The San Diego Campus—Health Sciences Biomedical Research Facility 2 project is authorized pursuant to Section 15820.21 of the Government Code.

ITEMS TO BE HEARD (Information Only)

ITEM 6440 UNIVERSITY OF CALIFORNIA

ISSUE 1: CAPITAL OUTLAY PROJECTS (ATTACHMENT 1)

The Governor's budget proposes \$388 million in bond funds for 28 UC capital projects in the budget year. Most of this amount – \$336 million – would come from a proposed bond on the November 2008 ballot. See attachment 1.

BACKGROUND

Implementation of Proposition 1D. Proposition 1D, the Kindergarten-University Public Education Facilities Bond Act of 2006, was passed by voters in November 2006. Among the various education segments receiving funding under the bond act, UC was allotted \$690 million to construct new buildings and related infrastructure, alter existing buildings, and purchase major equipment for use in these buildings. The bond act also provided UC an additional \$200 million for capital projects to expand capacity in the Programs in Medical Education (PRIME) and telemedicine programs. The figure below shows that the majority of these funds have already been committed to specific projects.

UC's Proposition 1D Spending				
<i>(In Millions)</i>				
	2006-07	2007-08	Total	Unspent
General capital outlay projects	\$337	\$320	\$657	\$33
PRIME ^a /Telemedicine projects	—	131	131	69
Totals	\$337	\$451	\$788	\$102

^a Programs in Medical Education.

Capital Outlay Spending. Of the \$690 million authorized for general capital outlay projects, approximately \$33 million remains uncommitted at this time. The Governor's budget proposes to commit about half of the remaining funds to specific projects in the budget year and reserve the other half for potential augmentations and state administrative costs in subsequent years.

Past appropriations from the general capital outlay portion of Proposition 1D contributed funding to 45 projects. The figure on the next page shows that only 27 of the projects funded from Proposition 1D can be completed with appropriations made to date. The remaining 18 projects will require additional appropriations. Since nearly all authorized bond funds for UC are already committed, most of the 18 remaining projects will be dependent upon new capital funding for completion. The total estimated cost to finish the UC projects begun with Proposition 1D funding is \$304 million. (The Governor proposes to cover \$202 million of this in the budget year with funds from the proposed 2008 bond.)

Summary of UC Projects Funded With Proposition 1D^a				
<i>As of 2007-08 Budget Act (Dollars in Millions)</i>				
Type of Project	Projects With Funding Complete	Projects Needing Additional Funding		
		Number	State Funds	
New buildings	10	10	\$108	
Replacement buildings	1	1	65	
Renovations/modernizations	8	2	22	
Seismic improvements	1	2	79	
Campus infrastructure	7	3	30	
Totals	27	18	\$304	

^a Excluding Programs in Medical Education/Telemedicine projects.

A review of the 45 projects funded by Proposition 1D shows that they cover a wide variety of purposes—new classrooms, teaching labs, and research space; renovation and replacement; campus infrastructure; and seismic-related improvements. As shown in the figure below, most of the new assigned space resulting from Proposition 1D projects is for faculty offices and research space. Many projects such as renovations, seismic improvements, and campus infrastructure upgrades typically do not add space to a campus.

PRIME and Telemedicine Spending. Of the \$200 million authorized to implement a systemwide telemedicine program and expand medical school enrollments, approximately \$69 million remains uncommitted. The Governor's 2008-09 proposal includes \$29 million to finish one project and UC plans to request the remaining amount in 2009-10. Including the Governor's proposal, committed funds from Proposition 1D have funded construction of new facilities at UC Davis, UC Irvine, and UC San Diego; renovation of space at UC San Francisco; and acquisition of telemedicine equipment and minor renovations at UC Los Angeles and UC Riverside.

THE GOVERNOR'S 2008-09 BOND PROPOSAL

The budget proposes to spend \$388 million from various existing and anticipated bond funds on 28 UC capital projects. The proposal relies heavily on the proposed 2008 education bond, with 24 projects receiving at least partial funding from this source. The proposed funding would support new phases of 14 projects previously funded by the state and 14 new projects.

The 2008 Bond Proposal. The Governor's proposal for the 2008 education bond would provide UC with about \$2 billion in funding for capital projects over five years. This amounts to \$395 million per year, or \$50 million more than the annual funding UC received from Proposition 1D. The UC has suggested that the additional \$50 million will be directed toward expanding capacity in the health sciences, but cautioned that specific decisions on the spending allocations of the proposed 2008 bond depend upon many factors—including enrollment trends.

Governor's Proposal Potentially Worsens Funding Shortfall. Rather than prioritize the completion of previously approved projects, the Governor's proposal allocates existing bond funds to new projects. As described above, the available balance of authorized bonds is insufficient to finish all previously funded UC projects and, regardless of budgeting choices, some will be dependent upon a new source of funding (such as a 2008 bond) for completion. However, by funding new projects with available bond balances—rather than focusing on the completion of existing projects—the Governor's budget commits the state to even more projects without a guaranteed source of funding for completion. For example, the budget proposal will commit state funds to seven new projects even if the 2008 bond is not approved. Although existing funds would start these seven new projects, the state would not have the \$254 million needed to complete them. In total, the Governor's proposal—by not prioritizing the completion of projects and relying so heavily on approval of a 2008 bond proposal—will result in 26 projects that lack a guaranteed source for completion. The total amount necessary to complete these projects from another source would be approximately \$541 million.

COMMENTS

LAO RECOMMENDATIONS. The LAO recommends that the Legislature budget higher education capital outlay in a way that minimizes the undertaking of capital projects that are dependent on future bonds. Specifically, the LAO recommends that existing bond funds be used exclusively to complete nine projects already approved by the Legislature. The LAO also recommends that the balance of continuing projects and the new projects included in the budget be funded from the proposed 2008 bond.

STAFF RECOMMENDATION: Hold Open.

ISSUE 2: APRIL 1ST FINANCE LETTERS

Statewide Telemedicine Services Expansion Project—Equipment. The University of California (UC) requests \$10,750,000 from the 2006 University Capital Outlay Bond Fund for equipment to expand telemedicine capabilities in community hospitals or clinics who want to expand telemedicine relationships with UC health care specialists. This request will include two components: (1) direct equipment investment in community clinical services (\$10.0 million) and (2) equipment to further develop a coordinated telemedicine training effort through the Telemedicine Resource Center at the Davis campus (\$750,000). The first component will place university-owned equipment (e.g., video conferencing system, computers, digital video screens, etc.) in community health facilities that lack resources necessary to support telemedicine services. The second component will provide the Davis campus, as systemwide coordinator, with additional training equipment for this effort. This funding will be consistent with the 2006 University Capital Outlay Bond which allocated \$200.0 million for capital improvements that expand and enhance medical education programs aimed at developing high-tech approaches to health care. With this request, approximately \$170.5 million of the \$200.0 million will have been allocated.

Therefore, it is requested to amend Item 6440-304-6048 to reflect the addition of a new Statewide Telemedicine Services Expansion—Equipment project and the expansion of the Davis Telemedicine Resource Center—Equipment project.

**Amendment of Budget Bill Item 6440-001-0321:
Increase Funding for the Oiled Wildlife Care Network (Issue 352)**

It is requested that Item 6440-001-0321 be increased by \$200,000, to provide additional funding for the Oiled Wildlife Care Network managed by the University of California. This ongoing augmentation would conform to the increased appropriation level reflected in Assembly Bill 1220 (Chapter 373, Statutes of 2007). The source of the funding for this program is the Oil Spill Response Trust Fund, managed by the Department of Fish and Game.

COMMENTS

STAFF RECOMMENDATION: Hold Open.

ITEM 6610 CALIFORNIA STATE UNIVERSITY

ISSUE 1: CAPITAL OUTLAY PROJECTS (ATTACHMENT 2)

The Governor's budget proposes \$358 million in bond funds for 24 CSU capital projects in the budget year. Most of this amount – \$315 million – would come from a proposed bond on the November 2008 ballot. See attachment 2.

BACKGROUND

Implementation of Proposition 1D. Proposition 1D, the Kindergarten–University Public Education Facilities Bond Act of 2006, was passed by voters in November 2006. Among the various education segments receiving funding under the bond act, CSU was allotted \$690 million to construct new buildings and related infrastructure, alter existing buildings, and purchase major equipment for use in these buildings. As the figure below shows, almost all of these funds have already been committed to specific projects, in addition to providing funds for minor capital outlay (upgrades and renovations less than \$400,000) and capital renewal (for replacement of building components and systems). Only \$26 million of CSU's Proposition 1D allocation remains uncommitted.

	2006-07	2007-08	Totals
Capital outlay projects	\$202	\$337	\$539
Capital renewal	50	50	100
Minor capital outlay	25	—	25
Totals	\$277	\$387	\$664

Past appropriations from Proposition 1D contributed funding to 36 CSU projects. The figure on the next page shows that 22 of these projects will be completed with appropriations made to date. The remaining 14 projects will require additional appropriations. Since nearly all authorized bond funds for CSU are already committed, most of the 14 remaining projects will require new capital funding for completion. The total estimated cost to finish CSU's projects begun with Proposition 1D funds is \$272 million. (The Governor proposes to cover \$246 million of this in the budget year mainly with funds from the proposed 2008 bond).

Summary of CSU Projects Funded With Proposition 1D				
As of 2007-08 Budget Act (Dollars in Millions)				
Type of Project	Projects With Funding Complete	Projects Needing Additional Funding		
		Number	State Funds	
New buildings	12	5	\$45	
Replacement buildings	—	5	133	
Renovations/modernizations	5	1	50	
Seismic improvements	2	2	20	
Campus infrastructure	2	1	24	
Land acquisition	1	—	—	
Totals	22	14	\$272	

A review of the 36 projects funded by Proposition 1D shows that they cover a wide variety of purposes—new classrooms, teaching labs, and faculty offices; renovations and replacements; campus infrastructure; seismic-related improvements; and land acquisition. As shown in the figure above, the projects funded with Proposition 1D will increase CSU's systemwide capacity by almost 13,000 full-time equivalent (FTE) students.

THE GOVERNOR'S 2008-09 BOND PROPOSAL

The budget proposes to spend \$358 million on 24 CSU capital projects including \$50 million for systemwide capital renewal and \$25 million for minor capital outlay projects. The proposed budget does not include any funding from Proposition 1D. The proposal relies heavily on the proposed 2008 bond, with 20 projects receiving at least partial funding from this source. The proposed funding would support new phases of 13 projects previously funded by the state and 11 new projects.

The 2008 Bond Proposal. The Governor's proposal for the 2008 education bond would provide CSU with about \$2 billion in funding for capital projects over five years. This amounts to \$395 million per year, or \$50 million more than the annual funding CSU received from Proposition 1D. According to CSU, the distribution of 2008 bond funds would follow CSU Board of Trustees' adopted categories and criteria, which gives highest priority to completing previous starts and addressing the capital needs outlined in CSU's Five Year Capital Improvement Plan.

Governor's Proposal Increases Risk of Funding Shortfall. Rather than prioritize the completion of previously approved projects, the Governor's proposal allocates some existing bond funds to new projects. As described above, the available balance of authorized bonds is insufficient to finish all previously funded CSU projects and, regardless of budgeting choices, some will be dependent upon a new source of funding (such as a 2008 bond) for completion. However, by funding new projects with available bond balances—rather than focusing on the completion of existing projects—the Governor's budget commits the state to even more projects without a guaranteed source of funding for completion. For example, the budget proposal will expend some of the state's current bond funds on three new projects even if the 2008 bond is not approved. Although existing funds would start these three projects, the state would lack the \$143 million to complete them. In total, the Governor's proposal—by not prioritizing the completion of projects and relying so heavily on approval of a 2008 bond proposal—will result in

18 continuing projects that lack a guaranteed source for completion. The total amount necessary to complete these projects would be approximately \$398 million.

COMMENTS

LAO RECOMMENDATIONS.

Sacramento: Science II, Phase 2. The LAO recommends the Legislature reduce \$490,000 from the preparation of preliminary plans and working drawings for a new science complex at the Sacramento campus and reduce future costs by \$6.1 million because (1) the increased capacity in laboratory space could be accommodated by improving year-round operations, and (2) the proposal includes project elements unrelated to the campus' programmatic needs and state priorities.

Chico: Taylor II Replacement Building. The LAO recommends the Legislature delete \$2.6 million for preparation of preliminary plans and working drawings for a replacement facility to accommodate the College of Humanities and Fine Arts at the Chico campus because the increase in instructional capacity is not justified due to the underutilization of facilities during the summer term. Estimated future state cost to complete the project is \$52.2 million.

STAFF RECOMMENDATION: Hold Open

ISSUE 2: APRIL 1ST FINANCE LETTERS**Addition of and Amendment to Various Budget Bill Items, Support, California State University****Amendment of Budget Bill Item 6610-002-6074 (Issue 353)**

It is requested that Item 6610-002-6074 be decreased by \$5,000,000 to shift funding for two critical capital renewal projects from the proposed higher education bond, the 2008 University Capital Outlay Bond Fund, to existing bond funds.

Addition of Budget Bill Item 6610-002-6041 (Issue 354)

It is requested that Item 6610-002-6041 be added in the amount of \$5,000,000 to conform with shifting capital renewal funding for two projects from the 2008 University Capital Outlay Bond Fund to existing bond funds, the 2004 Higher Education Capital Outlay Bond Fund.

COMMENTS

Staff Recommendation: Hold Open.

ITEM 6870 CALIFORNIA COMMUNITY COLLEGES

ISSUE 1: CAPITAL OUTLAY PROJECTS (ATTACHMENT 3)

The Governor's budget proposes \$894 million in bond funds for 99 CCC capital projects in the budget year. Most of this amount would be funded from two bond funds – Proposition 1D (authorized by voters in November 2006) and a proposed bond measure which would appear on the November 2008 ballot. The proposed projects would also be supported by approximately \$505 million in local CCC district funds in the budget year. Of the 99 projects, 44 would require additional appropriations beyond 2008-09 at an estimated cost of the state of \$544 million.

The proposed funding would support new phases of 27 projects previously funded by the state and 72 new projects. All but eight of the new projects would be funded with the proposed 2008 bond. See attachment 3.

BACKGROUND

The budget proposes \$894 million in bond funds for 99 CCC capital projects in the budget year. Most of this amount would be funded from two bond funds—Proposition 1D (authorized by voters in November 2006) and a proposed bond measure which would appear on the November 2008 ballot. The proposed projects would also be supported by approximately \$505 million in local CCC district funds in the budget year. Of the 99 projects, 44 would require additional appropriations beyond 2008-09 at an estimated cost to the state of \$544 million.

The proposed funding would support new phases of 27 projects previously funded by the state and 72 new projects. All but eight of the new projects would be funded with the proposed 2008 bond. As shown in the figure below, the 72 new projects cover a wide variety of purposes—new classrooms, teaching labs, and faculty offices; renovations and replacements; campus infrastructure; and seismic-related improvements.

New CCC Projects in 2008-09 Budget Proposal	
	Number
Seismic improvements	2
Infrastructure improvements	4
Increase instructional capacity	21
Modernize instructional space	34
Promote a complete campus concept	5
Modernize or increase capacity of support space	6
Total	72

Implementation of Proposition 1D. Proposition 1D, the Kindergarten–University Public Education Facilities Bond Act of 2006, was passed by voters in November 2006. The bond act authorized \$1.5 billion for CCC to construct new buildings and related infrastructure, alter existing buildings, and purchase major equipment for use in these buildings. As shown in the

figure below, \$860 million—or 60 percent—of these funds have been allocated as of the 2007–08 Budget Act.

Proposition 1D Spending California Community Colleges <i>(In Millions)</i>	
Total Authorized	\$1,507
Allocated:	
2006-07	\$431
2007-08	430
2008-09 (Proposed)	411
Subtotal	<u>(\$1,272)</u>
Unspent	\$235

In contrast to UC and CSU, the remaining balance in CCC's allocation of Proposition 1D (\$235 million) is sufficient to complete all previously approved projects and those proposed to be started with Proposition 1D funds in 2008-09.

THE GOVERNOR'S 2008-09 BOND PROPOSAL

The Governor's proposal for the 2008 education bond would provide CCC with \$3.8 billion for capital projects over five years. This amounts to \$750 million per year, which is equal to the annual funding Proposition 1D provided to CCC. Since previously authorized bonds will provide enough funding for CCC to finish current projects, the proposed 2008 bond would be used only for new projects in the budget year, at a cost of \$453 million. The cost to complete these projects in subsequent years would be approximately \$419 million. The CCC will select projects for the 2008 bond funds based upon CCC BOG's criteria, the same criteria used to choose projects for Proposition 1D.

OVERSIGHT OF CAPITAL OUTLAY PROJECTS

In June 2007 the Legislature expressed concerns that the CCC Chancellor's Office was not sufficiently overseeing the implementation of state-funded capital outlay projects by local districts. Central to these concerns were three CCC requests to reduce the scope of authorized projects in order to remain within budget. The Legislature raised the following concerns with the three projects:

Failure to follow the established process. For each of the three projects, the established process of legislative notification prior to making the scope change was circumvented. In each case, the required notifications came after the fact—the colleges proceeded with the scope change and completed preliminary plans without notifying DOF or the Legislature. This undermined the Legislature's authority and its ability to review and potentially propose an alternative course of action.

Significant reductions in program space without justification. In each project, the community college district reduced the program space from that originally authorized by the Legislature. In each case, the community college district did not provide any information on how the programmatic purpose of the project would be met after reducing the project scope.

Schedule delays increased costs and contributed to scope reduction. Each project experienced significant delays. This increased costs beyond budgeted amounts. Rather than request additional funding, the only remaining option was a decrease in scope. The community colleges, however, did not provide any reasons for these delays.

In response to the Legislature's concerns, the CCC Chancellor's Office sent a letter to all 72 CCC districts that reiterated reporting requirements and procedures of the State Public Works Board and the Legislature for changes in project scope. The Chancellor's Office is also implementing strategies to improve communication with DOF concerning changes in scope, cost, and project schedule. In view of these circumstances, the LAO recommends the Legislature continue to exercise careful oversight of the implementation of state-funded capital outlay projects.

COMMENTS

Staff Recommendation: Hold Open.

ISSUE 2: APRIL 1ST FINANCE LETTERS**Amendment to Budget Bill Item 6870-303-6049, Capital Outlay, California Community Colleges**

It is requested that Item 6870-303-6049 be increased by \$31,198,000 to fund the preliminary plans, working drawing, and construction phases of a new critical infrastructure project for the El Camino College Compton Center (Center). The entire campus infrastructure will be replaced in two phases. This request is to fund phase one and will replace various infrastructure systems in the south part of the campus, while the second phase will replace various infrastructure systems in the north part of the campus.

The majority of the utility infrastructure systems on this campus date back to the 1950s. The sewer, water, electrical, and other infrastructure systems on the campus have been failing with increasing frequency, jeopardizing the health and safety of students, faculty, and staff. Maintaining and repairing these systems as problems occur has become cost prohibitive and disruptive to the Center's instructional delivery. The proposed project is essential for the health and safety of faculty, staff and students and is a necessary first step for the Center to regain its status as Compton Community College.

COMMENTS

Staff Recommendation: Hold Open.

ITEM 6440 – 6610 – 6870 UNIVERSITY OF CALIFORNIA/ CALIFORNIA STATE UNIVERSITY/ CALIFORNIA COMMUNITY COLLEGES**ISSUE 1: CAMPUS PLANNING & ENVIRONMENTAL REVIEW PROCESS**

The issue for the Subcommittee to consider is the LAO's findings and recommendations on their research on this topic, followed by an update from the three segments: UC, CSU, and CCC.

LAO'S CAMPUS GROWTH HIGHLIGHTS

In the 2008-09 Budget bill analysis, the LAO highlights the importance of the Legislature's early involvement in planning for higher education enrollment growth. The LAO also outlines how the *Marina* decision obligates the campuses of the UC, CSU, and CCC to consider – and most likely pay their fair share for – the negative environmental impacts that their growth has on surrounding communities. Depending on the policy choices of the Legislature, CEQA requirements to mitigate off-campus impacts could result in significant costs to the higher education segments and the state. The LAO continues to recommend greater legislative oversight over the campus planning process at all three segments – particularly, holding hearings on draft campus plans. Specifically, the LAO recommends the Legislature consider the following issues in its review of campus plans.

- **How much growth is necessary?** Prior to expanding its enrollment ceiling, each campus should demonstrate evidence of enrollment demand and adequate year-round utilization of its facilities.
- **What are the estimated costs of off-site mitigation?** We recommend that the segments include a preliminary estimate of fair-share mitigation costs in order to provide the Legislature a better understanding of the true costs that would be associated with the implementation of the proposed plans.
- **What is the status of negotiations with local agencies?** Given the potential for litigation to add costs and delays to the planning process, it is important for the campuses to initiate discussions with their host communities early in the planning process. Ideally, mitigation costs will be negotiated prior to the legislative hearing and the governing body's approval of the campus plan and its Environmental Impact Report (EIR).
- **How will mitigation costs be funded?** The segments should report on the sources of funding they will use for any off-campus mitigation payments, including any anticipated requests for state funding.

BACKGROUND

The *Marina v. CSU Board of Trustees* Decision. In July 2006, the California Supreme Court reversed an earlier Court of Appeal's decision by concluding that the CSU Board of Trustees had abused their discretion and that their approval of the Environmental Impact Report (EIR) from 1998, (which had determined that the mitigation of some off-campus impacts – including

traffic and a greater demand for fire protection services – was within the jurisdiction of Fort Ord Reuse Authority (FORA) and not the responsibility of CSU) was not valid.

How Does the *Marina* Decision Affect CSU? In response to the *Marina* decision, the CSU had adopted new language relating to off-campus mitigation in its campus plan EIRs. In EIRs developed for campus plans completed since the *Marina* decision, CSU agrees to pay its fair share of the costs incurred by a local agency for implementing off-campus mitigation measures, provided that the Legislature appropriates money specifically for this purpose. The CSU uses an upfront approach that attempts to determine the appropriate fair-share payments for off-campus mitigation measures prior to certifying the EIR.

How does the *Marina* Decision Affect Other Higher Education Segments?

- **UC uses various methods of off-campus mitigation. Some examples include:**
 - UC Santa Cruz contributed \$1.4 million to local agencies from 1991 to 2005 as part of "University Assistance Measures" identified in its 1988 campus plan.
 - UC Berkeley, in response to a lawsuit challenging its 2005 LRDP and EIR, reached a settlement agreement with the City of Berkeley in May 2005 in which the campus agreed to provide \$1.2 million annually to the city through 2020 for sewer and storm drain infrastructure, fire and emergency equipment, transportation and pedestrian improvements, and neighborhood projects.
- **UC does not receive state funds earmarked for off-campus mitigation.** Rather than request funds from the Legislature specifically for off-campus mitigation, UC directs funding from within its budget (including nonstate funds) to compensate local agencies for off-campus infrastructure improvements. This means that UC's EIRs do not contain any language that the funding of fair-share agreements is contingent upon legislative approval.
- **CCC process for off-campus mitigation.** The CCC Chancellor's Office (CCCCO) views local college districts as responsible for negotiating with and funding fair-share payments to local governments. If a college's new campus plan identifies off-campus mitigation measures that require fair-share payments, CCCCCO directs the districts to use local funds for those payments as the state generally will not provide funding for these costs.

Role of the Legislature: As the preceding sections have shown, college campuses and the communities that host them have a shared stake in how the effects of campus expansion are accommodated, reduced, or avoided. The Legislature also can play an important role in planning for campus growth. This can take several different forms:

- **Assessing the Need for Growth.** The Legislature can limit the environmental impact and the associated mitigation costs of campus growth by requiring fuller utilization of facilities on a year-round basis and scrutinizing the segments' assumptions about growth in campus plans.
- **Clarifying CEQA.** The Legislature can reduce the legal conflicts between campuses and communities by clarifying key provisions of CEQA. Even after the *Marina* decision, some parts of the law are the source of some disputes.

- **Appropriating Mitigation Funding.** The Legislature will be asked to address the off-campus mitigation costs associated with campus growth. It will confront difficult policy choices concerning the oversight, and timing of these payments.

ISSUE 2: UPDATE ON WORKFORCE ISSUES

The segments will provide us with an update regarding workforce issues. Specifically, regarding a letter sent by the Subcommittee Chair to California State University.