

SUBCOMMITTEE NO. 1 on Education



Subcommittee No. 1
Chair, Carol Liu
Member, Robert Huff
Member, Roderick Wright

Thursday, May 20, 2010

Outcomes

Agenda Part A

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Vote Only Items

6440 UNIVERSITY OF CALIFORNIA
6610 CALIFORNIA STATE UNIVERSITY

Item 1: UC and CSU Capital Outlay Projects – Reappropriations and Extensions of Liquidation

May Finance Letter. The Governor submitted a May Finance Letter that requests various reappropriations and extensions of liquidation for the University of California and California State University.

University of California

Various Reappropriations:

Amend Item 6440-492 to reappropriate funds for the following three project phases appropriated from the 2007 Budget Act.

1. Los Angeles Campus, Telemedicine and PRIME Facilities Phase 1—Equipment.
2. San Francisco Campus, Telemedicine and PRIME Urban Underserved Education Facilities—Equipment.
3. Santa Cruz Campus, McHenry Project—Equipment.

Various Extensions of Liquidation Periods:

Add Item 6440-493 to extend the liquidation period by one additional year (until June 30, 2011) for the following six project phases appropriated in 2007.

1. Berkeley Campus, Campbell Hall Seismic Replacement Building—Preliminary plans and working drawings.
2. Davis Campus, Veterinary Medicine 3B—Working drawings.
3. Riverside Campus, Boyce Hall, and Webber Hall Renovations—Working drawings and construction.
4. Riverside Campus, Batchelor Hall Building—Preliminary plans
5. San Francisco Campus, Electrical Distribution Improvements, Phase 2—Working drawings.
6. Santa Barbara Campus, Davidson Library Addition and Renewal—Working drawings.

California State University

Various Reappropriations

Add Item 6610-491 to reappropriate funds for the following two project phases appropriated from the 2007 Budget Act.

1. San Marcos Campus, Social and Behavioral Sciences—Working drawings and construction.
2. Los Angeles Campus, Corporation Yard—Construction.

Various Extensions of Liquidation Periods:

Add Item 6610-492 to extend the liquidation period by one additional year (until June 30, 2011) for the following seven project phases appropriated in either 2005, 2006, or 2007:

1. Systemwide, Minor Capital Outlay—Preliminary plans, working drawings, and construction (funded with the Higher Education Capital Outlay Bond Fund of 1998 and 2002 Higher Education Capital Outlay Bond Fund).
2. Humboldt Campus, Behavioral and Social Sciences, Phase 1—Construction.
3. Monterey Bay, Library—Equipment.
4. Humboldt, Mai Kai Land Acquisition—Acquisition.
5. San Diego Campus, Storm/Nasatir Halls Renovation—Preliminary plans and working drawings.
6. Stanislaus Campus, Science 1 Renovation (Seismic)—Preliminary plans and working drawings.
7. Northridge Campus, Performing Arts Center—Working drawings and construction.

ACTION: Approved

VOTE: 3-0

Item 2: CSU San Francisco Library

Project Description. The project is an 85,000 square foot (sf) five-story addition and 283,000 sf renovation of the existing San Francisco State University library building. The project is funded with lease revenue funds totaling \$121.8 million (design and construction), and also includes the renovation and permanent home of the Sutro Collection of the State Library as part of the project. It is anticipated that the project will be completed by April 2012.

May Finance Letter. The Governor submitted a May Finance Letter requesting \$3.0 million in equipment funding from the 2006 University Capital Outlay Bond Fund so that the library can be operational when it is opened.

ACTION: Approved

VOTE: 3-0

Item 3: CCC Capital Outlay – Continuing Projects

May Finance Letter. The Governor submitted a May 1st Finance Letter requesting the continuation of eight capital outlay projects for California Community Colleges. In the past few months, the California Community Colleges experienced significant bid savings for other on-going projects. This favorable bid environment has resulted in sufficient reversions to fund eight additional phases of existing projects and one critical new start project as follows:

Add Item 6870-301-0658 to add the following two continuing projects:

1. Los Rios Community College District, American River College: Life Science and Fine Arts Modernization—Construction
2. Sequoias Community College District, College of the Sequoias: Administration Building Remodel for Efficiency—Construction and equipment.

Amend Item 6870-301-6049 to add the following six continuing projects:

1. Kern Community College District, Bakersfield College: Performing Arts Modernization—Construction
2. Los Rios Community College District, Consumnes River College: North East Building Modernization—Construction
3. Riverside Community College District, Moreno Valley Center: Phase III Student Academic Services Building—Construction and equipment
4. Chabot-Las Positas Community College District, Chabot College: Math-Science Modernization—Construction
5. State Center Community College District, Fresno City College: Old Administration Building, North and East Wings, Phase III—Construction
6. Yuba Community College District, Yuba College: Building 1100 Learning Resource Center Renovation—Construction and equipment

ACTION: Approved

VOTE: 3-0

Item 4: CCC Gavilan College Water Supply System Replacement

May Revise. The Governor's May Revise proposal includes budget bill language for the Gavilan Community College District, Gavilan College water supply system replacement project. This project is moving forward a streamlined project without Public Works Board overview, and adding this budget bill language is common for streamlined projects. The budget bill language is:

1. Notwithstanding Section 13332.11 of the Government Code, the Gavilan Community College District shall complete the project within the funds appropriated for the project. This condition does not limit the authority of the district to use nonstate funds to fund or augment these projects with the approval of the State Public Works Board.
2. Gavilan Community College District shall complete the project identified without any change to its scope. The scope of the project, in this context, means the intended purpose of the project as determined by reference to the following elements of the budget request for the project submitted by the Board of Governors of the California Community Colleges 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.
3. Notwithstanding any other provision of law, the appropriation made in this item is available for encumbrance during fiscal years 2010-11 and 2011-12.

ACTION: Approved

VOTE: 3-0

Item 5: CCC Math and Science Teacher Initiative

Finance Letter. The Governor submitted an April Finance Letter requesting an increase of \$12,000 in federal funds to the Math and Science Teacher Initiative. The increased funds reflect additional one-time carryover of federal funds. Adding these funds brings the state operations share for this program to \$18,000 (local assistance is a separate line-item receiving \$56,000).

ACTION: Approved

VOTE: 3-0

Item 6: CCC Emergency Planning and Preparation

Finance Letter. The Governor submitted an April Finance Letter for an increase of \$100,000 in reimbursement authority to reflect additional federal homeland security funding received through an interagency agreement with the California Emergency Management Agency. The funding would be used to continue vulnerability assessments and emergency preparedness plans for the community college districts. The proposal also includes an amendment to budget bill language:

1. The funds appropriation in Schedules (2) and (5) reflect an interagency agreement with the California Emergency Management Agency for ~~\$400,000~~ \$500,000 in reimbursements to conduct emergency planning and preparedness training for community college districts.

ACTION: Approved

VOTE: 3-0

Item 7: CCC Transportation Contract

Finance Letter. The Governor submitted an April Finance Letter requesting a decrease of \$1,340,000 in reimbursement authority to reflect the elimination of the State Transportation Contract Bidding Training Program. The Program was funded through an interagency agreement with the Department of Transportation to develop and improve the capabilities of Disadvantaged Business Enterprises and other small businesses by providing specialized technical assistance and business skills needed for bidding on highway contracts. The contract has expired and will not be renewed. The proposal includes the removal of authorizing budget bill language.

ACTION: Approved

VOTE: 3-0

Item 8: CCC Vocational Education

May Revise. The Governor's May Revise includes a decrease by \$1,995,000 in reimbursements to align the amount budgeted to the expected federal Carl D. Perkins Vocational and Technical Education funding received through an interagency agreement with the State Department of Education. The funding amount is set through a formula of how many students enroll in qualifying CTE courses at K-12 and Community College institutions.

ACTION: Approved

VOTE: 3-0

Item 9: CCC Technical Budget Changes

May Revise. The Governor's May Revise proposes two technical budget adjustments to the California Community Colleges: reducing property tax revenues and reducing oil and mineral revenues.

Reduce Property Tax Revenues. Increase local assistance by \$6,413,000 Proposition 98 General Fund to offset an estimated reduction in local property tax revenue for community colleges. It is further requested that property tax expenditures be reduced to conform to this action.

Reduce Oil and Mineral Revenues. Increase by \$3,073,000 Proposition 98 General Fund to offset an estimated reduction in oil and mineral revenue for community colleges. It is further requested that oil and mineral revenue expenditures be reduced to conform to this action.

ACTION: Approved

VOTE: 3-0

6870
6440

**CALIFORNIA COMMUNITY COLLEGES
UNIVERSITY OF CALIFORNIA**

Item 10: CCC Energy Sustainability Plan

May Revise. The Governor's May Revise requests \$266,000 in reimbursement authority for the development of an Energy Sustainability Plan that will be completed by a community college selected by the Chancellor's Office. The funding will come from the Petroleum Violation Escrow Account through an interagency agreement with the California Energy Commission and will be used to develop strategies for energy efficiency, utility planning and efficient operation of campus facilities, renewable energy opportunities, waste reduction, reuse and recycling, transportation alternatives, water, waste water, and pollution prevention.

ACTION: Approved

VOTE: 3-0

Item 11: UC Tobacco Research Funding

May Revise. The Governor's May Revise includes a technical amendment to decrease tobacco-related research by \$431,000, due to an expected decline in Proposition 99 tobacco tax revenues. These revenues fund tobacco-related research on prevention, causes and treatments for pancreatic cancer, lung cancer, and heart disease. Additional activities include investigating the health impacts of environmental exposures to tobacco, nicotine dependence, and breaking addictions. This reduction leaves \$12.5 million for tobacco-related research.

ACTION: Approved

VOTE: 3-0

Item 12: California Student Aid Commission Federal Funds Offset

New Federal Funds. The Health Care and Education Reconciliation Act of 2010 (P.L. 111-152) reauthorized the federal College Access Challenge Grant (Challenge Grant) Program and increased funding available nationwide. The current estimate from the U.S. Department of Education is that California will receive \$15,039,000 per year for the next five years; up from the \$7,679,000 annually that California had been receiving.

May Revise Proposal. The Governor's May Revise proposes an increase of \$7,360,000 in federal funds spending for local assistance financial aid programs and Cash for College Program outreach material costs; and a decrease of \$7,227,000 General Fund for these programs. The proposal also includes the following budget bill language to item 7980-001-0890:

2. Of the funds appropriated in this item, ~~\$130,000~~ 263,000 is available for the Cash for College Program. This amount reflects funds anticipated from the College Access Challenge Grant Program ~~contingent upon final enactment of HR 3221, or similar authorizing statute~~, for the 2010-11 through 2014-15 federal fiscal years.

The proposal also adds the following budget bill language to item 7980-101-0890:

4. Of the funds appropriated in this item, \$7,227,000 is available for the purpose of offsetting General Fund costs of financial aid programs.

Use of Funds. The new federal funds will be used to:

1. Provide an additional \$133,000 for the publishing and distribution of Cash for College Program outreach materials (commonly referred to as the Cash for College Box) currently paid for by EdFund per the operating agreement between CSAC and EdFund. These services would otherwise end once the EdFund is sold later in 2010.
2. Offset financial aid program General Fund costs with newly available federal funds, which will help narrow the budget gap. The use of Challenge Grant funds for the General Fund financial aid programs is allowable under federal statute.

ACTION: Approved

VOTE: 3-0

Item 13: CSAC Technical Caseload Revisions

Background. Each year, as part of May Revise the Governor revises the caseload estimates for the various California Student Aid Commission (CSAC) grants. The revisions are based on updated 2009-10 caseload numbers. The changes to caseload drive changes to the appropriations amounts requested in the Budget.

May Revise Proposal. The Governor's May Revise includes the following technical amendments to CSAC grant and loan programs for 2010-11:

2. \$10,027,000 General Fund for the CalGrant Program
3. \$547,000 General Fund for the loan assumption programs

ACTION: Approved

VOTE: 3-0

Discussion Items

6440 UNIVERSITY OF CALIFORNIA

Item 14: Redistricting Data at UC Berkeley

Redistricting Data. In November of 2008, voters adopted Proposition 11 which modified California's redistricting process. Among the changes, the measure added Section 8253(b) to the Government Code which states in part that "The Legislature shall take all steps necessary to ensure that a complete and accurate computerized database is available for redistricting, and that the procedures are in place to provide the public ready access to redistricting data and computer software for drawing maps." Since 1992, the responsibility for developing, maintaining, and providing public access to a complete, accurate and computerized database has been given to the Statewide Database housed at the Institute of Governmental Studies at the University of California, Berkeley.

Census Data. The collection of Census data in 2010 marks the beginning of the redistricting cycle. The Statewide database must be prepared to provide merged census and political data so that the constitutional and Voting Rights requirements fundamental to the redistricting process can be properly assessed. Because the timetable of the Proposition 11 Commission requires that the data be delivered to them one month after census, it is imperative that the full funding for this project should be guaranteed.

Staff Recommendation. Staff recommends that the Subcommittee appropriate:

1. \$240,000 in General Fund for UC employees overseeing data base construction, management, and outreach; and
2. \$360,000 in restricted funds for contracted data construction services, rental, equipment, supplies, and other related direct costs. The restricted fund portion of this appropriation shall be exempted from any cuts, charges, or diversions imposed by the University in order that the Redistricting Commission and other redistricting entities can receive their data and carry out their constitutionally mandated functions in a timely manner.

ACTION: Held open

VOTE: None taken

Item 15: CCC Solar Training Collaborative Program

Solar Training Collaborative Program. The Solar Training Collaborative Program (Program) is intended to meet the growing demand for qualified workers in the solar power industry as a result of recent legislation and the increased awareness and demand for clean energy. Specifically, the Program will train students for entry into the solar power installation field, provide standards on safety and fundamentals of the trade, and provide students a certificate upon successfully completing the Program. Once this program is implemented, it will serve 6,500 students annually.

May Revise. The Governor's May Revise requests to:

1. Increase state operations by \$67,000 in federal American Recovery and Reinvestment Act of 2009 (ARRA) funds from the United States Department of Energy to support the implementation of the Solar Training Collaborative Program.
2. Increase local assistance by \$660,000 federal ARRA funds from the Solar Training Collaborative Program.

May Revise also requests the following budget bill language changes:

6870-002-0890 Provisions:

1. The funds appropriated in Schedule (1) of this item are available to support personnel and operating expenses necessary for the implementation of the Math and Science Teacher Initiative program pursuant to a one-time grant from the United States Department of Education pursuant to Public Law 105-277.
2. The funds appropriated in Schedule (2) of this item are available to support personnel and operating expenses necessary for the implementation of the Solar Training Collaborative Program pursuant to a one-time grant from the United States Department of Energy.

6870-101-0890 Provisions:

1. The funds appropriated in Schedule (1) of this item are available for the Math and Science Teacher Initiative program pursuant to a one-time grant from the United States Department of Education pursuant to Public Law 105-277.
2. The funds appropriated in Schedule (2) of this item are available for the implementation of the Solar Training Collaborative Program pursuant to a one-time grant from the United States Department of Energy.

Current year Funding Request. Additionally, the Department of Finance submitted a Control Section 28.00 notification letter to the Legislature. The California Community College Chancellor's Office submitted a state operations budget revision request for \$29,203 federal funds to support current year efforts to develop a statewide standardized curriculum for the Program.

ACTION: Approved

VOTE: 3-0

Item 16: CSAC and EdFund Detangling

Shared Services. Final bids for the EdFund sale are currently under review. It is anticipated that a sale will be consummated in the near future, which will require the Commission to assume responsibility for various services in 2010-11 supporting the CalGrant program such as mail, printing, and information technology currently provided by EdFund. In total, the Department of Finance has determined that up to \$1.226 million General Fund and 9.0 positions will be essential for these purposes.

Current Budget. The California Student Aid Commission's (CSAC) budget currently contains \$514,000 in the Student Loan Operating Fund (SLOF) and 6.0 positions for EdFund oversight. Upon completion of the sale of EdFund, the Commission's Federal Policy and Program Division (FPPD) oversight function will no longer be necessary. The sale will occur at some point during 2010-11.

Governor's Budget. The Governor's January 10 Budget already contains budget bill language authorizing \$550,000 of General Fund carryover for detangling costs to further the sale of EdFund in 2010-11. However, the Budget did not score the technical shift of funds from one year to the next. The May Revise (see below) requests the scoring of this technical shift.

May Revise. The Governor's May Revise requests funding contingent on the sale of EdFund and upon approval from the Department of Finance, for the CSAC to assume responsibility for activities that are being performed by EdFund on behalf of the Commission per their operating agreement. Specifically, the request is for:

1. New Funds: \$676,000 General Fund
2. Reappropriation: \$550,000 General Fund carryover to reappropriate detangling costs associated with the sale of EdFund. These funds were appropriated in fiscal year 2009-10 but will not be spent for this purpose. Instead, these funds are anticipated to be needed by the Commission during 2010-11. This adjustment will serve as that technical shift of expenditures from 2009-10 to 2010-11.

The request also includes the following two items of budget bill language:

1. Item 7980-001-0001: X. Of the funds appropriated in Schedule (1), up to \$676,000 is available for any expenses that may be necessary or convenient for the Commission to assume activities currently provided by EdFund, to further the intent of the sale, or other authorized transaction of EdFund pursuant to Chapter 182 of the Statutes of 2007. These funds shall not be expended unless first approved in writing by the Department of Finance.
2. Item 7980-001-0784: 1. Upon the sale or other authorized transaction of EdFund pursuant to Chapter 182 of the Statutes of 2007, the Director of Finance may reduce this appropriation by an amount that leaves sufficient funds for the Commission to phase out Federal Policy and Program activities.

The budget bill language for Item 7980-001-0784 is intended to authorize Finance to reduce the appropriation that supports the Commission's Federal Policy and Program Division (FPPD) as it relates to the sale of EdFund. In the event a sale of EdFund is completed, there will be no need for the FPPD to continue its oversight of EdFund operations after it is finalized. Therefore, the Governor's May Revise requests that Finance be provided authority to reduce the FPPD appropriation that: (1) leaves the Commission's FPPD sufficient resources for its fiscal year 2010-11 wind down and (2) reverts resources to the Student Loan Operating Fund (SLOF), which is General Fund fungible.

Staff Comment. The budget bill language proposed by the Governor for item 7980-001-0784 (1) is too open ended. It allows the Department of Finance to reduce CSAC's budget once the sale of EdFund is completed, but does not define the extent of the reduction.

Staff Recommendation. Staff recommends that the Subcommittee take the following actions:

1. Approve the \$676,000 in General Funds
2. Approve the \$550,000 reappropriation
3. Approve the budget bill language for Item 7980-001-0001
4. Reject the budget bill language for Item 7980-001-0784 proposed by the Governor
5. Approve the following budget bill language for Item 7980-001-0784:

Upon the sale or other authorized transaction of EdFund pursuant to Chapter 182 of the Statutes of 2007, the Director of Finance may reduce this appropriation by up to \$514,000. Any augmentation shall be authorized no sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairpersons of the committees and appropriate subcommittees that consider the State Budget, and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee or his or her designee may determine.

ACTION: Held open for analysis of new information

VOTE: None taken

Item 17: Student Loan Operating Fund Swap

May Revise Proposal. The Governor’s May Revise includes a funding swap for the CSAC budget of \$75 million General Fund to be replaced by \$75 million from the Student Loan Operating Fund to support CalGrant Program costs. To accomplish this swap the following language must be added to the budget bill:

7980-101-0784—For local assistance, Student Aid Commission, CalGrant Program, for payment to Item 7980-101-0001, payable from the Student Loan Operating Fund.....75,000,000

(4) Amount payable from the Student Loan Operating Fund (Item 7980-101 0784).....75,000,000

Staff Comment. The Student Loan Operating Fund (SLOF) is composed of penalty and interest revenue, and thus is fungible with General Fund. The SLOF balance varies throughout the year, but the fund balance can sustain a larger swap than is proposed by the Governor.

Staff Recommendation. Staff recommends that the Subcommittee swap \$100 million General Fund from CSAC budget with SLOF funds for an additional \$25 million in savings over the Governor’s proposal.

ACTION: Approved swap of \$100 million

VOTE: 3-0