



The Board of Governors of the California Community Colleges

PRESENTED TO THE BOARD OF GOVERNORS

DATE: September 21, 2015

SUBJECT: AB 1906 Community College Property—Direct Costs for Use Regulations (Public Hearing)		Item Number: 3.3	
		Attachment: Yes	
CATEGORY:	College Finance and Facilities Planning	TYPE OF BOARD CONSIDERATION:	
Recommended By:	 Dan Troy, Vice Chancellor	Consent/Routine	
		First Reading	X
Approved for Consideration:	 Brice W. Harris, Chancellor	Action	
		Information	

ISSUE: This item is to add sections 59601-59606 to the California Code of Regulations, title 5, to implement the statutory requirement of AB 1906 (Ch. 233, Statutes of 2014) regarding direct costs that can be charged by a community college district for use of its college facilities or grounds.

BACKGROUND: AB 1906 extended the definition of direct costs in section 82542 of the Education Code to include direct costs for maintenance, repair, restoration, and refurbishment proportional to the entity’s use of the college facilities or grounds until January 1, 2020. AB 1906 also directed the Chancellor’s Office to develop, and the Board of Governors to adopt by December 31, 2015, regulations for determining the proportionate share and allowable costs that a community college district may include as direct costs for the use of its college facilities or grounds.

RECOMMENDATION: The proposed regulations are presented to the Board of Governors for a first reading. The Board of Governors should hold a public hearing and consider any testimony which is offered. It is anticipated that the regulations will be presented to the board for final action at its November 2015 meeting.

ANALYSIS: The governing board of a community college district is entrusted with the management, direction, and control of the public use of community college facilities and grounds. Education Code section 82542 stipulates that the governing board may elect to charge a fee not to exceed its direct costs or not to exceed the fair rental value of college facilities and grounds for activities other than those specified in subdivision (a). Organizations affiliated with the community college district do not pay a fee for use of the district facilities or grounds but may be subject to reimbursement for additional costs such as staffing costs attributable to the organization’s use of the facilities.

Unaffiliated organizations, for fee purposes, are classified into three categories: civic groups, non-profit organizations, and for-profit organizations. Direct cost fee payers are generally non-profit organizations.

Direct costs are defined as the share of the costs of supplies, utilities, janitorial services, services of any other district employees, and salaries paid to community college district employees to operate and maintain college facilities or grounds that is proportional to the organization's use of the college facilities and grounds. The provisions provided by AB 1906 to expand the definition of direct costs will allow community colleges to reasonably recover a share of the maintenance, repair, restoration, and refurbishments costs integral to operating a facility or grounds.

AB 1906 provides the same stipulations that were extended to K-12 school districts by SB 1404 (Ch. 764, Statutes of 2012). The State Board of Education began their rulemaking process in September 2013 for carrying out SB 1404 and adopted regulations in March 2014. The regulations went into effect on July 1, 2014.

Due to the parallel stipulations between AB 1906 for community college districts and SB 1404 for K-12 school districts, the Chancellor's Office has drafted its regulations based on the regulations adopted by the State Board of Education for SB 1404. These regulations will serve as the framework to assist community college districts with calculating the proportionate share and the direct costs associated with the use of its college facilities or grounds while retaining the flexibility needed by community college districts to perform the necessary calculations for establishing their fees in their districts.

The draft regulations were provided to the ACBO Facilities Task Force at their quarterly meeting in March 2015 and again in June for input and discussion. Overall, the consensus was in support of regulations that were coherent and consistent with those adopted by the State Board of Education for K-12 schools.

Attachments: proposed regulations (Attachment 1), legislation AB 1906 (Attachment 2), and regulations adopted by State Board of Education in support of SB 1404 revised for community colleges (Attachment 3).