





# The Board of Governors of the California Community Colleges

PRESENTED TO THE BOARD OF GOVERNORS  
DATE: May 16, 2016

|                                               |                                                                                                                              |                              |   |
|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|------------------------------|---|
| SUBJECT: 2017-18 Capital Outlay Spending Plan |                                                                                                                              | Item Number: 2.4             |   |
|                                               |                                                                                                                              | Attachment: Yes              |   |
| CATEGORY:                                     | College Finance and Facilities Planning                                                                                      | TYPE OF BOARD CONSIDERATION: |   |
| Recommended By:                               | <br>Mario Rodriguez, Acting Vice Chancellor | Consent/Routine              |   |
|                                               |                                                                                                                              | First Reading                |   |
| Approved for Consideration:                   | <br>Erik Skinner, Acting Chancellor        | Action                       | X |
|                                               |                                                                                                                              | Information                  |   |

**ISSUE:** This item presents the proposed California Community Colleges 2017-18 Capital Outlay Spending Plan for consideration and action.

**BACKGROUND:** The California Community Colleges comprise the largest postsecondary system of education in the world. Approximately 2.1 million students are enrolled each year at 72 districts encompassing 113 campuses, 78 approved off-campus centers and 24 separately reported district offices. The districts’ assets include over 24,479 acres of land, 5,720 buildings, and 85.1 million gross square feet of space that includes 51.3 million assignable square feet of space. In addition, the California Community Colleges have many off-campus outreach centers at various locations. The California Community Colleges are currently serving approximately three-quarters of California’s public undergraduate college enrollment in both vocational and academic program offerings.

The California Community Colleges 2017-18 Five-Year Capital Outlay Plan projects a total facilities need of approximately \$40 billion over the next 10 years for the construction of an additional 12.7 million assignable square feet of new facilities to meet enrollment growth and modernize 32 million assignable square feet of existing facilities. **(Background cont.)**

**RECOMMENDED ACTION:** It is recommended that the Board of Governors approve the 2017-18 California Community College Capital Outlay Spending Plan as presented in Attachment C.

**(Background cont.)**

All of the existing state bond funds for California Community Colleges—a total of \$1.67 billion from Proposition 47 (2002) and Proposition 55 (2004), and \$1.5 billion from Proposition 1D (2006)—have either been spent or are committed to projects currently under construction. Since the passage of Proposition 39 in November 2000, which lowered the threshold for voter approval of local bonds to 55 percent, 67 districts have passed \$28.8 billion in local bonds.

**ANALYSIS:** The proposed 2017-18 Community College Capital Outlay Spending Plan is dependent upon a new state general obligation bond issuance being approved by the voters in November 2016. Existing state general obligation bond funds (Propositions 47, 55 and 1D) are either spent or committed to projects. Reversions from bid savings (where actual bid awards came in less than authorized budgets) have provided financing for the final phases of the “continuing” projects started in 2014-15 but insufficient bond funds remain to finance the projects contained in the 2017-18 spending plan.

Community colleges compete for state bond funds using a capital outlay grant application process (see Attachment A). The application process starts with the submittal of an initial project proposal in the first year and then a final project proposal the following year. During the review of the project proposals, projects are classified into six different categories based on the primary purpose of each project. These categories are broken down into the following:

1. Category A – Health and Safety Projects
2. Categories B and E – Growth Projects
3. Categories C and F – Modernization Projects
4. Category D – Complete Campus Projects

Category A projects are funded with a maximum of 50 percent of total available funds. The remaining funds are then allocated to the remaining categories as follows:

- Category B - 50%
- Category C - 25%
- Category D - 15%
- Category E - 5%
- Category F - 5%

**2015-16 Budget Act (Current Year)**

The 2015-16 Community College Capital Outlay Spending Plan was approved by the Board of Governors in July 2014 to commit \$114.2 million for 71 new start projects and \$109.7 million for eight continuing projects. The Department of Finance limited that request to seven continuing projects that could be supported by existing authorized bonds derived from reversions from construction bid savings and discontinued projects. The 2015-16 Budget Act included a total of \$99.6 million to support these seven continuing projects.

Refer to Attachment B for specific project details.

### **2016-17 Budget Proposal (Proposed Budget Year)**

The 2016-17 Community College Capital Outlay Spending Plan was approved by the Board of Governors in May 2015 to commit \$30.6 million for 20 new start projects (subsequently, a project was withdrawn by a district). However, absent funding availability and pending the passage of a future statewide general obligation bond in fall 2016, no capital outlay projects for the system were included in the 2016-17 Budget Bill.

### **2017-18 Budget Proposal (Proposed Budget Year +1)**

For the 2017-18 plan cycle, the California Community Colleges had a total of 75 proposals with an estimated total cost of approximately \$1.7 billion. The proposed 2017-18 Community College Capital Outlay Spending Plan--developed with an assumption of approximately \$750 million in state funding--seeks approximately \$50 million in funding to support 31 new start projects. The cost to complete the 31 projects for 2018-19 is currently estimated at \$690 million. The projects proposed in this spending plan are contingent upon the passage of a statewide general obligation bond in November 2016. The spending plan may need to be adjusted depending on the amount and terms of the bond in order to provide funding for the highest priority projects in a multi-year bond program.

The 31 projects in the proposed 2017-18 plan are in the following categories as shown in Attachment C:

- \$10.4 million for three Category A projects
- \$18.2 million for eleven Category B projects
- \$13.9 million for twelve Category C projects
- \$ 7.3 million for five Category D projects
- \$49.8 million total FY 2017-18