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February 2, 2018

The Honorable Holly Mitchell
Chair, Senate Budget and Fiscal Review Committee
State Capitol, Room 5019
Sacramento, CA 95814

RE: Community College Capital Outlay Budget Proposal – Request to Fund Additional Projects

Dear Senator Mitchell:

On behalf of the Community College Facility Coalition (CCFC), I am writing to urge you to fund 10 additional community college capital outlay projects in the 2018-19 Budget Act. Proposition 51, approved by voters in November 2016, provides \$2 billion to build and renovate community college facilities. Specifically, we are requesting that you fund all 15 new projects approved by the Board of Governors and recommended for funding by the Chancellor's Office. The Governor's January budget proposal only includes funding for five of these 15 new projects.

Background

The 2017-18 Budget Act included funding for only 15 of the 29 projects approved by the Board of Governors and recommended for funding by the Chancellor's Office. For 2018-19, the Chancellor's Office is requesting to fund 13 of the 14 "unfunded" projects from 2017-18, plus two new health and safety ("Category A") projects (see the attached "2018-19 Proposed Spending Plan Priority List"). These projects remain the top critical infrastructure priorities for the system, and they continue to meet robust program evaluation criteria. These projects will build, renovate, and repair facilities that are vital to student success, ensuring students receive the education and training needed to obtain a degree, certificate, or transfer to a four-year university.

Community college projects are funded in phases over multiple years. The total cost for the first two phases, preliminary plans and working drawings, for all 15 new projects would be less than \$20 million in FY 2018-19. Total costs for all 15 new projects through construction would be \$282 million. These costs are paid out of general obligation bond dollars.

For 2018-19, the Governor also proposes to fund the second phase for the continuing projects first authorized in 2017-18, at a cost of \$40.2 million to develop working drawings. These 15 projects will cost a total of approximately \$432 million through construction. CCFC supports this proposal.

Voters Approved Proposition 51 and are Awaiting Projects

By approving Proposition 51 in November 2016, voters authorized the issuance of \$9 billion in K-14 general obligation bonds for school facilities, \$2 billion of which is slated for community colleges. They approved these bonds knowing that there are costs associated with financing and paying debt service. The ten “unfunded” projects represent real facilities that would have a significant impact on their colleges and local communities, including a new college center, instructional buildings, a performing and culinary arts building, and workforce development facilities. These facilities are crucial to meeting the educational program goals at their respective colleges.

Voters recognize the vital role that the state plays in ensuring students all across California have access to safe, modern, and educationally appropriate facilities. In approving Proposition 51 and through their history of supporting state bonds, voters have rejected the notion that local resources can meet all local needs across the state.

The State is Living Within Its Means for Debt Service

The state is in a healthy debt service position. According to the Legislative Analyst's Office *Fiscal Outlook* from November 2017, the state's Debt Service Ratio has declined to under five percent and is expected to remain below five percent over the next several years, even when accounting for the sale of Proposition 51 bonds, as well as yet-to-be-approved measures on the June and November 2018 ballots.

Interest costs in 2018-19 to authorize preliminary plans and working drawings for all 15 new start projects would be *less than \$400,000*. The costs of delay are significantly greater than this.

Costs are Rising and Buying Power Decreases Every Day

Construction costs are on the rise, with some markets seeing an increase of more than one percent per month. This means every day that goes by decreases the state's buying power, and we are able to fund fewer projects with the authorized \$2 billion. Community college capital outlay projects create quality jobs and bolster local economies. It doesn't make sense to delay starting ten new projects that have already received robust review and approval by the Chancellor's Office and are ready to finalize their plans and commence construction.

The Budget Proposal Abandons a Successful Program

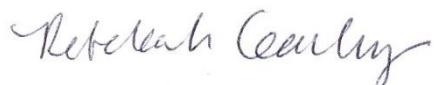
The Chancellor's Office performs a robust annual review of project proposals and ranks them based on detailed criteria, prioritizing health and safety projects first. This process is informed by an in-depth annual Five-Year Capital Outlay Plan process, which analyzes and identifies capital needs and resources across the system. The 2017 Five-Year Plan identified \$21.5 billion in need over the next five years. The Governor's budget proposal abandons the practice of allowing the community college system to identify its top capital priorities, and instead selects winners and losers based on undefined priorities that do not align with the priorities established by the Board of Governors. This amounts to changing the rules mid-stream and is not a rational way to allocate scarce state resources, nor a fair way for colleges to compete.

Ongoing Delay Puts Projects In Jeopardy

Community colleges may not receive state funding for reimbursement projects. Some of these projects have been awaiting state funds for over ten years. At least one eligible “unfunded” project from 2017-18 is no longer eligible for state funds because the college could no longer wait for the state and needed to commence construction. Districts who are forced to make that choice will ultimately not be able to deliver all of their intended projects to their local communities. It does not make sense to force districts with viable projects to face the difficult decision of forgoing state dollars for current and future projects and losing out on the opportunity to maximize resources and taxpayer dollars.

We urge you to enforce the will of California’s voters, who recognize the vital importance of facilities in preparing students for the 21st Century workforce. Please support the community college districts and students across the state by funding all 15 new projects approved by the Board of Governors on the 2018-19 Spending Plan Priority List.

Regards,



Rebekah Cearley
CCFC Legislative Advocate

cc: Members, Senate Budget and Fiscal Review Committee
Kimberly Rodriguez, Consultant, Senate President Pro Tempore
Kirk Feely, Senate Republican Caucus
Jeff Bell, Department of Finance
Edgar Cabral, Legislative Analyst's Office

California Community Colleges - 2018-19 Proposed Spending Plan Priority List

These projects were approved by the Board of Governors on the 2018-19 Capital Outlay Spending Plan and recommended by the Chancellor's Office to the Department of Finance to receive funding for preliminary plans and working drawings in FY 2018-19.

NEW PROJECTS						
District	Location	Project Name	BOG	Total 18-19 (PW)	Total 19-20 (CE)	Total State
<i>Category A</i>						
Pasadena CCD	Pasadena City College	Louis Agassiz Building Seismic and Code Upgrades	A3	\$1,179,000	\$11,595,000	\$12,774,000
Redwoods CCD	College of the Redwoods	Art Building Drop and Replace	A3	\$2,180,000	\$23,096,000	\$25,276,000
		Subtotal New - Category A		\$3,359,000	\$34,691,000	\$38,050,000
<i>Category B</i>						
Coast CCD	Golden West College	Language Arts Complex	B	\$1,615,000	\$22,125,000	\$23,740,000
Los Rios CCD	Natomas Education Center	Natomas Center Phase 2 and 3	B	\$926,000	\$28,220,000	\$29,146,000
Mt. San Jacinto CCD	Menifee Valley Center	Math and Sciences Building	B	\$1,512,000	\$24,437,000	\$25,949,000
Peralta CCD	Laney College	Learning Resource Center	B	\$1,605,000	\$23,094,000	\$24,699,000
		Subtotal New - Category B		\$5,658,000	\$97,876,000	\$103,534,000
<i>Category C</i>						
Cabrillo CCD	Cabrillo College	Modernization of Buildings 500, 600 & 1600	C	\$236,000	\$3,254,000	\$3,490,000
Imperial Valley CCD	Imperial Valley College	Academic Buildings Modernization	C	\$692,000	\$8,328,000	\$9,020,000
San Mateo County CCD	College of San Mateo	Building 9 Library Modernization	C	\$953,000	\$11,205,000	\$12,158,000
San Mateo County CCD	Skyline College	Workforce and Economic Development Prosperity Center	C	\$794,000	\$13,290,000	\$14,084,000
Sequoias CCD	College of the Sequoias	Basic Skills Center	C	\$1,280,000	\$15,432,000	\$16,712,000
		Subtotal New - Category C		\$3,955,000	\$51,509,000	\$55,464,000
<i>Category D</i>						
Monterey Peninsula CCD	Fort Ord Center	Ft. Ord Public Safety Center - Ph1	D1	\$673,000	\$8,343,000	\$9,016,000
Mt. San Antonio CCD	Mt. San Antonio College	New Physical Education Complex	D1	\$3,548,000	\$48,430,000	\$51,978,000
Peralta CCD	Merritt College	Child Development Center	D1	\$436,000	\$5,715,000	\$6,151,000
Yuba CCD	Woodland College	Performing Arts Facility	D1	\$1,299,000	\$16,976,000	\$18,275,000
		Subtotal New - Category D		\$5,956,000	\$79,464,000	\$85,420,000
				TOTAL	\$18,928,000	\$263,540,000
						\$282,468,000

Yellow = project funded in Governor's January 18-19 Budget proposal

Source: <http://extranet.cccco.edu/Portals/1/CFFP/Facilities/Five%20Year%20Plan/C1Appendix-2018-19-5YearPlan.pdf>

Updated 1/19/18 to reflect Chancellor's Office 2018-19 Proposed Spending Plan Priority List