

Item 6
Final Staff Analysis
Proposed Statewide Cost Estimate
\$247,711

Education Code Sections 81820, 81821(a), (b), (e), and (f)
Statutes 1980, Chapter 910; Statutes 1981, Chapter 470; Statutes 1981, Chapter 891; and
Statutes 1995, Chapter 758

Community College Construction

02-TC-47

Santa Monica Community College District, Claimant

STAFF ANALYSIS

Background and Summary of the Mandate

This test claim, filed on June 27, 2003, requested reimbursement for capital construction plans of community college districts; capital outlay projects funded with or without the assistance of the state; and state-supported energy conservation projects of a community college district. On October 27, 2011, the Commission adopted a statement of decision partially approving the test claim for new requirements imposed on community college districts with respect to the capital construction plan. Parameters and guidelines were adopted on March 23, 2012.¹

The Commission's decision recognized that under existing law, the governing board of the community college district is required to prepare and submit to the Board of Governors a plan for capital construction that reflects the capital construction of the district for the five-year period commencing with the next proposed year of funding. The plan is subject to continuing review, is annually extended each year, and any changes to the plan, if any, have to be annually reported to the Board of Governors.²

Although the requirement to prepare and submit a five-year plan is not a new program or higher level of service, some of the required contents of the plan were expanded by the test claim statutes. Thus, the Commission found that the test claim statutes imposed a reimbursable state-mandated program by requiring community college districts to include the following new information in their five year plan, subject to continuing review, and report to the Board of Governors on any changes:

- The plans of the district concerning its future student services programs, and the effect on estimated construction needs that may arise because of particular student services to be emphasized. (§ 81821(a).)

¹ Exhibit A.

² Former Education Code section 20065 (Stats. 1974, ch. 280), renumbered to section 81820.

- The enrollment projections for each educational center within a community college district, made cooperatively by the Department of Finance and the district. (§ 81821(b).)
- An annual inventory of all land of the district using standard definitions, forms, and instructions adopted by the Board of Governors. (§ 81821(e).)
- An estimate of district funds which shall be made available for capital outlay matching purposes pursuant to regulations adopted by the board of governors. (§ 81821(f).)

All other reimbursement for activities requested by the claimant with respect to capital outlay projects and state-supported energy conservation projects were denied by the Commission.

Eligible claimants were required to file initial reimbursement claims (for costs incurred between July 1, 2001, and June 30, 2011) with the State Controller's Office (SCO) by October 23, 2012. Reimbursement claims for fiscal year 2011-2012 are due by February 15, 2013.

Eligible Claimants and Period of Reimbursement

Any community college district as defined in Government Code section 17519, which incurs increased costs as a result of this mandate, is eligible to claim reimbursement.

Government Code section 17557(e) states that a test claim shall be submitted on or before June 30 following a given fiscal year to establish eligibility for that fiscal year. The test claim was filed on June 27, 2003, establishing eligibility for reimbursement for the 2001-2002 fiscal year. Therefore, the costs incurred for compliance with the mandated activities are reimbursable on or after July 1, 2001.

Reimbursable Activities

The parameters and guidelines authorize reimbursement of each eligible claimant for the following activities:

Include the following information in the initial five-year plan for capital construction (for community college districts established on or after July 1, 2001), and continually review and report any required modifications or changes with respect to the following information in the subsequent annual update submitted to the Board of Governors by February 1 of each succeeding year:

- The plans of the district concerning its future student services programs, and the effect on estimated construction needs that may arise because of particular student services to be emphasized. (§ 81821(a).)
- The enrollment projections for each educational center within a community college district, made cooperatively by the Department of Finance and the district. (§ 81821(b).)
- An annual inventory of all land of the district using standard definitions, forms, and instructions adopted by the Board of Governors. (§ 81821(e).)
- An estimate of district funds which shall be made available for capital outlay matching purposes pursuant to regulations adopted by the Board of Governors. (§ 81821(f).)

Statewide Cost Estimate

Assumptions

Staff reviewed the reimbursement claims data submitted by two community college districts (Los Rios and Rancho Santiago) and compiled by the SCO. The actual claims data showed that 13 initial claims were filed for fiscal years 2001-2002 through 2010-2011 and two annual claims for fiscal year 2011-2012 for a total of \$247,711.³ Based on this data, staff made the following assumptions and used the following methodology to develop a statewide cost estimate for this program.

- *The actual amount claimed for reimbursement may increase and exceed the statewide cost estimate.*
 - There are currently 72 community college districts in California. Of those, only two districts filed initial reimbursement claims totaling \$209,740 for this program for fiscal years 2001-2002 through 2010-2011. If other eligible claimants file late or amended initial claims, the amount of reimbursement claims may exceed the statewide cost estimate. Late initial claims for this program for fiscal years 2001-2002 through 2010-2011 may be filed until October 23, 2013.
 - Also, according to the claims data, those same two districts already filed annual reimbursement claims totaling \$37,971 for fiscal year 2011-2012. Late annual reimbursement claims for fiscal year 2011-2012 may be filed until February 15, 2014.
- *The number of reimbursement claims filed will vary from year to year.*

This program requires community college districts to report modifications or changes, if any, with respect to the new information required to be included in their five-year capital construction plans, to the Board of Governors. Therefore, the total number of reimbursement claims filed with the SCO will increase or decrease based on the number of community college districts that have modifications to report.

- *The Commission approved only a portion of this program as a mandate. Community college districts are only reimbursed for reporting specific information in the initial five-year plan for capital construction (for community college districts established on or after July 1, 2001), and for continually reviewing and reporting any modifications or changes with respect to the new approved activities in an annual update submitted to the Board of Governors. There may be several reasons that the other 70 community college districts did not file for reimbursement, including but not limited to:*
 - No new community college districts were established;
 - Community college districts have not made modifications to their five-year plan with regard to capital construction; or
 - Community college districts did not have supporting documentation to file a reimbursement claim.
- *The total amount of reimbursement for this program may be lower than the statewide cost estimate because the SCO may reduce any reimbursement claim for this program.*

³ Claims data reported as of November 1, 2012.

The SCO may conduct audits and reduce any claims it deems to be excessive or unreasonable.

Methodology

Fiscal Years 2001-2002 through 2011-2012

The statewide cost estimate for fiscal years 2001-2002 through 2011-2012 was developed by totaling the 15 reimbursement claims filed with the SCO for these years, for a total of \$247,711. This averages to \$22,519 annually in costs for the state over this eleven-year period. Following is a breakdown of estimated total costs per fiscal year:

Fiscal Year⁴	Number of Claims Filed with SCO	Estimated Cost
2001-2002	1	\$10,529
2002-2003	1	\$9,243
2003-2004	1	\$7,958
2004-2005	1	\$8,060
2005-2006	1	\$16,881
2006-2007	1	\$23,793
2007-2008	1	\$24,916
2008-2009	2	\$34,087
2009-2010	2	\$35,722
2010-2011	2	\$38,551
2011-2012	2	\$37,971
TOTAL	15	\$247,711

Comments on the Draft Staff Analysis and Proposed Statewide Cost Estimate

On November 8, 2012, Commission staff issued the draft staff analysis and proposed statewide cost estimate for comment.⁵ No comments were received.

Staff Recommendation

Staff recommends the Commission adopt the proposed statewide cost estimate of **\$247,711** for costs incurred in complying with the *Community College Construction* program.

⁴ Initial reimbursement claims were filed for fiscal years 2001-2002 through 2010-2011 and annual reimbursement claims were filed for fiscal year 2011-2012.

⁵ Exhibit B.