

## Senate Bill No. 1809

### CHAPTER 1057

An act to amend Section 66010.4 of the Education Code, and to amend Sections 15379.20, 15379.25, and 15379.80 of, and to add Sections 15379.26 and 15379.28 to, the Government Code, relating to postsecondary education, and making an appropriation therefor.

[Approved by Governor September 28, 1996. Filed  
with Secretary of State September 30, 1996.]

#### LEGISLATIVE COUNSEL'S DIGEST

SB 1809, Polanco. Postsecondary education: community colleges: California Community Colleges Economic Development Program.

Under existing law, the Board of Governors of the California Community Colleges is created to administer and supervise the statewide system of community colleges known as the California Community Colleges. Existing law establishes the California Community Colleges Economic Development Program, one of the purposes of which is the awarding of grants to community college districts for leadership in the advancement of the economic development goals of the program, as specified. Existing law requires the Legislative Analyst to conduct a review of the effectiveness of this program as part of the analysis of the Budget Bill to be issued in February 1998. The law establishing the program becomes inoperative on June 30, 1998, and is repealed on January 1, 1999.

This bill would express legislative findings and declarations with respect to regional coordination within the California Community Colleges. The bill would express legislative intent to facilitate and enhance the capacity of the California Community Colleges Economic Development Program to effectively deliver work force development and training resources, as specified. The bill would add to the list of primary missions of the California Community Colleges a role in advancing California's growth and global competitiveness through education and training.

This bill, among other things, would define, for the purposes of the California Community Colleges Economic Development Program, regions within the California Community Colleges. The bill would authorize the Board of Governors and the Chancellor of the California Community Colleges to award grants to the regions defined in the bill for the purposes of meeting regional economic development and training needs, as specified. The bill would also require the board of governors and the chancellor's office to establish administrative controls, as specified, pursuant to their responsibility



for the California Community Colleges Economic Development Program.

The bill would require the chancellor's office to oversee auditing and provide systemwide oversight for the California Community Colleges Economic Development Program. The bill would require, as a condition of receiving economic development funds, each community college or community college district receiving funds to complete, in accordance with specified goals and procedures, an audit of the funds received. The bill would make an appropriation by authorizing the Director of Finance to increase the reimbursement authority contained in a specified item of the Budget Act of 1996 by up to \$250,000 to allow the chancellor's office to contract with community colleges or community college districts for the performance of audits pursuant to the bill. The bill would provide that audits may not be conducted nor staff hired by the chancellor's office pursuant to the bill unless and until the Director of Finance certifies that a sufficient number of community colleges or community college districts have entered into service agreements with the chancellor's office to fully offset the estimated cost of conducting audits pursuant to the bill.

The bill would require the Legislative Analyst to conduct its review of the effectiveness of this program in conjunction with the Bureau of State Audits and would further require this review to include consideration of the extent of the implementation of specified recommendations of the Bureau of State Audits.

Appropriation: yes.

*The people of the State of California do enact as follows:*

SECTION 1. (a) The Legislature finds and declares all of the following:

(1) The California Community College system, composed of 106 community colleges throughout the state, is a primary provider in meeting the educational and training needs of California business and industry.

(2) The October 1993 report of the Commission on Innovation, which was entitled "Choosing the Future," outlined an action agenda for the California Community Colleges. Among the recommendations contained in that report was a recommendation that California's Community Colleges, as decentralized institutions located in communities across the state, should play a more active, and even an entrepreneurial, role in the economic development of regional and local businesses and communities.

(3) A variety of efforts are currently underway directed toward regionalization of economic development, vocational education, and training programs within the state, including programs administered



at the federal, state, and local levels. Those regionalization activities include, but are not limited to, all of the following:

(A) Regional technology alliances established in accordance with Chapter 446 of the Statutes of 1993.

(B) Regional economic and work force development data collection activities, including, but not necessarily limited to, identification and analysis of regional industry clusters through the California Economic Strategy Panel, created by Chapter 864 of the Statutes of 1993.

(C) State, local, and regional coordination of work force development and training programs in accordance with Chapter 819 of the Statutes of 1994.

(b) It is, therefore, the intent of the Legislature in enacting this act to do both of the following:

(1) Facilitate and enhance the capacity of the California Community Colleges Economic Development Program, as defined in Section 15379.20 of the Government Code, and the California Community College system, to effectively deliver, in collaboration with other regional educational and training institutions and regional economic development entities, work force development and training resources responsive to the regional needs of business and industry.

(2) To add to the list of primary missions of the California Community College system a role in advancing California's growth and global competitiveness through education and training.

SEC. 2. Section 66010.4 of the Education Code is amended to read:

66010.4. The missions and functions of California's public and independent segments, and their respective institutions of higher education shall be differentiated as follows:

(a) (1) The California Community Colleges shall, as a primary mission, offer academic and vocational instruction at the lower division level for both younger and older students, including those persons returning to school. Public community colleges shall offer instruction through but not beyond the second year of college. These institutions may grant the associate in arts and the associate in science degree.

(2) In addition to the primary mission of academic and vocational instruction, the community colleges shall offer instruction and courses to achieve all of the following:

(A) The provision of remedial instruction for those in need of it and, in conjunction with the school districts, instruction in English as a second language, adult noncredit instruction, and support services which help students succeed at the postsecondary level are reaffirmed and supported as essential and important functions of the community colleges.



(B) The provision of adult noncredit education curricula in areas defined as being in the state's interest is an essential and important function of the community colleges.

(C) The provision of community services courses and programs is an authorized function of the community colleges so long as their provision is compatible with an institution's ability to meet its obligations in its primary missions.

(3) A primary mission of the California Community Colleges is to advance California's economic growth and global competitiveness through education, training, and services that contribute to continuous work force improvement.

(4) The community colleges may conduct to the extent that state funding is provided, institutional research concerning student learning and retention as is needed to facilitate their educational missions.

(b) The California State University shall offer undergraduate and graduate instruction through the master's degree in the liberal arts and sciences and professional education, including teacher education. Presently established two-year programs in agriculture are authorized, but other two-year programs shall be permitted only when mutually agreed upon by the Trustees of the California State University and the Board of Governors of the California Community Colleges. The doctoral degree may be awarded jointly with the University of California, as provided in subdivision (c) and pursuant to Section 66904. The doctoral degree may also be awarded jointly with one or more independent institutions of higher education, provided that the proposed doctoral program is approved by the California Postsecondary Education Commission. Research, scholarship, and creative activity in support of its undergraduate and graduate instructional mission is authorized in the California State University and shall be supported by the state. The primary mission of the California State University is undergraduate and graduate instruction through the master's degree.

(c) The University of California may provide undergraduate and graduate instruction in the liberal arts and sciences and in the professions, including the teaching professions. It shall have exclusive jurisdiction in public higher education over instruction in the profession of law and over graduate instruction in the professions of medicine, dentistry, and veterinary medicine. It has the sole authority in public higher education to award the doctoral degree in all fields of learning, except that it may agree with the California State University to award joint doctoral degrees in selected fields. The University of California shall be the primary state-supported academic agency for research.

(d) The independent institutions of higher education shall provide undergraduate and graduate instruction and research in accordance with their respective missions.



SEC. 3. Section 15379.20 of the Government Code is amended to read:

15379.20. The following definitions govern the construction of this chapter:

(a) “California Community Colleges Economic Development Program,” “economic development program,” and “ED>Net Program” mean the program, the mission of which is described in Section 15379.21.

(b) For the purposes of this chapter, “California Community College regions” shall be designated by the Board of Governors of the California Community Colleges based on factors, including, but not limited to, all of the following:

(1) Regional economic development and training needs of business and industry.

(2) Regional collaboration, as appropriate, among community colleges and districts and existing economic development organizations and training programs, to meet ongoing demands to support work force training and economic development.

(3) A community college district within each region shall be designated by the board of governors as the lead agency for receiving and allocating grants in accordance with Section 15379.21.

(4) The board of governors shall consult with the Economic Development Strategy Panel to define regional boundaries compatible with existing and emerging economic development regions.

(c) “Phase I award” means federal SBIR awards of between twenty thousand dollars (\$20,000) and fifty thousand dollars (\$50,000) in support of approximately a six-month research effort that will demonstrate to the federal funding agency all of the following:

(1) That the proposing firm can perform high quality research and development.

(2) That the proposed effort is technically feasible.

(3) That sufficient progress had been made to justify a much larger agency investment in Phase II.

(d) “Phase II award” means federal SBIR awards, ranging between two hundred thousand dollars (\$200,000) and five hundred thousand dollars (\$500,000), funding the principal research and development effort with a duration normally not exceeding two years.

(e) “Small business” means a corporation, partnership, sole proprietorship, or individual operating a business for profit with 500 employees or less, including employees employed in any subsidiary or affiliated corporation which otherwise meets the requirements of the federal SBIR program.

(f) “Small Business Innovation Research Program (SBIR)” means that program enacted pursuant to the Small Business Innovation



Development Act of 1982 (Public Law 97-219) that provides funds to small businesses to conduct innovative research having commercial application.

SEC. 4. Section 15379.25 of the Government Code is amended to read:

15379.25. The California Community Colleges Economic Development Program Executive Committee shall serve the California Community Colleges in the following capacity:

(a) Perform advisory functions to the board of governors regarding the California Community Colleges Economic Development Program.

(b) Guide overall program development and implementation and recommend resource development and deployment strategies.

(c) Develop and recommend to the Board of Governors of the California Community Colleges, strategies for implementation and coordination of regional business resource, assistance, and innovation network infrastructure plans for each community college region, as designated by the board of governors in accordance with subdivision (b) of Section 15379.20, to support the mission of the economic development program, as described in Section 15379.21, including an assessment of human resource needs in critical high growth industrial sectors. The plans shall integrate all economic development programs and services in the region. The objectives of the plans shall be to provide a full range of services to the region, to coordinate service delivery with other service providers, and to identify gaps in services needed by the region. The plans shall provide a resource inventory of service providers for clients in the region. Regional infrastructure plans shall be developed in collaboration with local cities and counties, economic development entities, private industry councils, institutions of higher education, regional occupational programs, and other regional education and training providers, as appropriate.

(d) Recommend vocational education priorities and explore new avenues for expanding the vocational and technical training role of the California Community Colleges, including strategies to provide access by culturally and ethnically disadvantaged individuals to program resources.

(e) Establish an effective liaison with business, industry, and labor to further define the mission of the California Community Colleges Economic Development Program.

(f) Establish connections with other institutions of higher education including the California State University and the University of California to coordinate resources for economic development activities, vocational education, training, and cooperative and compatible network development.

(g) Recommend incentives to strengthen economic development programs within local community college districts, including



identification of policy, procedural, and political barriers to that development.

(h) Review published reports and documents relating to the role of community colleges in economic development, as described in Section 15379.21. Upon review of these reports and documents, develop and recommend to the Chancellor of the California Community Colleges and the Board of Governors of the California Community Colleges the actions necessary to implement the role of the California Community Colleges in California's economic development.

(i) Review and update the strategic plan of the California Community Colleges Economic Development Program as deemed necessary to maintain the community college support of California's work force and economic competitiveness pursuant to Section 15379.21.

(j) Develop for implementation a resource development plan to expand the services of the economic development program to business and employers pursuant to Section 15379.21 and Article 3 (commencing with Section 15379.40).

SEC. 5. Section 15379.26 is added to the Government Code, to read:

15379.26. In addition to the grants authorized by subdivision (b) of Section 15379.21, the Board of Governors and the Chancellor of the California Community Colleges may also award grants to California Community College regions, as defined in Section 15379.20, for purposes of meeting regional economic development and training needs, as identified in accordance with regional business resource, assistance, and innovation network infrastructure plans, as specified in Section 15379.25. A California Community College region designated pursuant to Section 15379.20 may carry out any activity authorized by this chapter in collaboration with another region, or other regions.

SEC. 6. Section 15379.28 is added to the Government Code, to read:

15379.28. (a) The chancellor's office shall oversee auditing, and provide systemwide oversight, for the economic development program. In carrying out these functions, the board of governors and the chancellor's office shall perform both of the following activities:

(1) Review and assess whether competitive awards were utilized for economic development grants and contracts in accordance with board policy.

(2) Review economic development program expenditures to determine the extent to which regional economic development and training needs are being met, including the needs of emerging industries.



(b) (1) As a condition of receiving economic development funds, each community college or community college district shall agree to complete an audit of the funds received.

(2) An audit performed pursuant to this section shall adhere to generally accepted accounting principles, and shall include, but not necessarily be limited to, activities to ensure compliance with all state laws and regulations concerning each of the following:

(A) Procedures for subcontracts or grant amendments, including appropriate authorization by the chancellor's office.

(B) Procurement procedures.

(C) Travel authorization.

(D) Hiring procedures.

(E) Appropriate use of fiscal agents.

(c) An audit performed pursuant to this section may be completed either by the chancellor's office or by a certified public accountant.

(d) (1) Notwithstanding any other provision of law, the Director of Finance is authorized to increase the reimbursement authority of schedule (e) of Item 6870-001-0001 of Section 2.00 of the Budget Act of 1996 by up to two hundred fifty thousand dollars (\$250,000) to allow the chancellor's office to contract with community colleges or community college districts for the performance of audits pursuant to this section.

(2) Audits may not be conducted nor staff hired by the chancellor's office pursuant to this section unless and until the Director of Finance certifies that a sufficient number of community colleges or community college districts have entered into service agreements with the chancellor's office to fully offset the estimated cost of conducting audits of economic development program pursuant to this section.

SEC. 7. Section 15379.80 of the Government Code is amended to read:

15379.80. (a) This chapter shall become inoperative on June 30, 1998, and as of January 1, 1999, is repealed, unless a later enacted statute, which becomes effective on or before January 1, 1999, deletes or extends the dates on which it becomes operative and is repealed.

(b) The Legislative Analyst, in conjunction with the Bureau of State Audits, shall conduct a review of the effectiveness of this chapter for submission to the Governor, the Legislature, and the Board of Governors of the California Community Colleges as part of the Legislative Analyst's analysis of the Budget Bill to be issued in February 1998. In evaluating the program, the Legislative Analyst shall consider the matters specified in paragraphs (1) and (2) and, in conjunction with the Bureau of State Audits, shall consider the matter specified in paragraph (3):

(1) The findings of the report required by Section 15379.70.

(2) An assessment of whether any identified problems are issues that affect the implementation of this chapter or issues that warrant



revisions of statutes or regulations. The assessment shall include recommendations to improve the California Community Colleges Economic Development Program while maintaining its basic purposes, including the program mission as established by Section 15379.21.

(3) The extent to which the recommendations of the Bureau of State Audits, as contained in Audit Report #94123 dated January 1996, have been implemented, or to which appropriate justification for nonimplementation has been provided by the board of governors.

