

Assembly Bill No. 318

CHAPTER 50

An act to amend Sections 41329.50, 41329.51, 41329.52, 41329.55, and 71093 of, to add Sections 41329.58 and 41329.59 to, and to add Article 5 (commencing with Section 74292) to Chapter 5 of Part 46 of, the Education Code, and to amend Section 63049.67 of the Government Code, relating to community colleges, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor June 30, 2006. Filed with
Secretary of State June 30, 2006.]

LEGISLATIVE COUNSEL'S DIGEST

AB 318, Dymally. Community colleges: Compton Community College District.

(1) Existing law establishes the California Community Colleges under the administration of the Board of Governors of the California Community Colleges. Existing law requires the board of governors to appoint a chief executive officer, known as the Chancellor of the California Community Colleges. Existing law provides for the establishment of community college districts throughout the state, including the Compton Community College District. Existing law authorizes these districts to provide instruction to students at the campuses operated by these districts.

This bill would express various findings and declarations of the Legislature with respect to the withdrawal of accreditation from the Compton Community College District and the impact the withdrawal would have on the students and residents of the Compton Community College District.

(2) Existing law authorizes emergency advance apportionments to be provided to a school district that complies with prescribed requirements, including the submission of a report issued by an independent auditor with respect to the financial conditions and budgetary controls of the district, a written management review conducted by a qualified management consultant approved by the county superintendent of schools, and a fiscal plan adopted by the governing board to resolve the financial problems of the district.

This bill would authorize a community college district that has had a trustee appointed pursuant to specified provisions to request, and receive an emergency apportionment. The bill would appropriate \$30,000,000 from the General Fund to the Board of Governors of the California Community Colleges for apportionment to the Compton Community College District as an emergency apportionment, as specified.

To the extent the funds appropriated by this bill are allocated to a community college district, as defined by existing law for purposes of Section 8 of Article XVI of the California Constitution, those funds may be applied toward the minimum funding requirements for school districts and community college districts imposed by Section 8 of Article XVI of the California Constitution.

(3) Existing law establishes the County Office Fiscal Crisis and Management Assistance Team (FCMAT), which consists of persons having extensive experience in school district budgeting, accounting, data processing, telecommunications, risk management, food services, pupil transportation, purchasing and warehousing, facilities maintenance and operation, and personnel administration, organization, and staffing. Existing law authorizes community college districts to request the FCMAT to provide specified services, at that district's expense, as specified.

This bill would require the FCMAT to conduct an extraordinary audit of the Compton Community College District on or before October 30, 2006. The bill would require the FCMAT to conduct a comprehensive assessment and prepare a recovery plan, to be delivered to the Chancellor's Office of the California Community Colleges and the Department of Finance, for the Compton Community College District addressing 5 specified operational areas, on or before January 31, 2007. The bill would require the FCMAT to file a written status report at regular intervals with the appropriate fiscal and policy committees of the Legislature, the advisory committee to the special trustee, the Chancellor of the California Community Colleges, the Director of Finance, and the Secretary for Education. The bill would require these status reports to include the progress that the Compton Community College District is making in meeting the recommendations of the FCMAT comprehensive assessment and addressing the deficiencies identified by the Accrediting Commission for Community and Junior Colleges. The bill would require that up to \$500,000 be provided to the Compton Community College District from a specified item of the annual Budget Act to fund this audit.

(4) Existing law, until January 1, 2008, authorizes the board of governors to authorize the chancellor to suspend, for a period of up to one year, in accordance with a prescribed procedure, the authority of the Board of Trustees of the Compton Community College District, or of any of the members of the board, to exercise and any powers or responsibilities or to take any official actions with respect to the management of the district. Existing law authorizes the chancellor to renew a suspension under this provision as many times, and as often, as he or she finds it necessary during the period of the operation of the provision. Existing law authorizes the chancellor to appoint a special trustee, at district expense, to manage the district, in accordance with a prescribed procedure.

This bill would instead authorize the board of governors to suspend the authority of the Board of Trustees of the Compton Community College District under this provision for a period of up to 5 years from the effective date of this bill, plus a period lasting until the chancellor, the FCMAT, the

Director of Finance, and the Secretary for Education concur with the special trustee that the district has, for 2 consecutive academic years, met the requirements of the comprehensive assessment conducted, and the recovery plan prepared, pursuant to the bill. The bill would delete the authority of the chancellor to renew a suspension under this provision as many times, and as often, as he or she finds it necessary during the period of the operation of the provision. The bill would exempt the chancellor from complying with specified requirements relating to preferences for disabled veterans, and from complying with the State Contract Act, in appointing the special trustee. The bill would authorize the chancellor to assume, and delegate to the special trustee, powers and duties of the Compton Community College District Personnel Commission that the chancellor determines are necessary for the management of the personnel functions of the district. The bill would authorize the special trustee to be a member of the State Teachers' Retirement System or the Public Employees' Retirement System for the period of service as a special trustee, if that person has been a member of either of those systems, unless the special trustee elects, in writing, not to be a member.

The bill would authorize the special trustee to do all of the following: implement substantial changes in the fiscal policies and practices of the Compton Community College District; revise the academic program of the Compton Community College District to reflect realistic income projections in response to the dramatic effect of the changes in fiscal policies and practices upon program quality; encourage all members of the college community to accept a fair share of the burden of the full recovery of the Compton Community College District in 5 specified operational areas; enter into agreements on behalf of the Compton Community College District and, subject to any contractual and statutory obligation of the Compton Community College District, change any existing district rules, regulations, policies, or practices as necessary for the effective implementation of the recovery plan, as specified; and appoint an advisory committee, as specified.

The bill would extend the operation of this provision indefinitely.

(5) Existing law sets forth procedures to be followed in the event of the formation of a new community college district or the reorganization of an existing community college district.

This bill would set forth procedures to be followed in the event that the Compton Community College's accreditation is terminated by the regional accrediting body recognized by the board of governors.

The bill would authorize the chancellor to oversee all actions at the Compton Community College District related to the loss of the college's accreditation. The bill would require the district to complete the provision of instruction in all classes for which it intends to claim apportionment prior to the date of the loss of accreditation. The bill would provide that, notwithstanding any other provision of law, the Compton Community College District would continue to be eligible to receive state funding as provided under the bill even if the accreditation is terminated.

The bill would require the Compton Community College District to identify a partner district that would agree to provide accredited instructional programs to students residing in the Compton Community College District. The bill would authorize the special trustee and the partner district to enter into one or more agreements for the provision of instructional services or other services. The bill would specify the educational services that the partner district would agree to provide to Compton Community College District students.

The bill would require that the Compton Community College District receive an apportionment, as specified, for courses provided at the Compton Community Educational Center by the partner district. The bill would provide that a statute requiring that 50% of the current expense of education, as defined, be expended on the salaries of classroom instructors would not apply to the Compton Community College District from the 2003–04 fiscal year to the 2008–09 fiscal year, inclusive.

Because the bill would impose new duties on the Compton Community College District, it would constitute a state-mandated local program.

(6) A provision of the California Constitution requires that a local or a special statute is invalid in any case if a general statute can be made applicable.

This bill would express the finding and declaration of the Legislature that, due to the unique circumstances relating to the accreditation status of Compton Community College, a general statute cannot be made applicable, and the enactment of specified provisions of the bill as a special statute is therefore necessary.

(7) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(8) The bill would declare that it is to take effect immediately as an urgency statute.

Appropriation: yes.

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

SECTION 1. With respect to the general background and intent of the act that adds this section, the Legislature finds and declares all of the following:

(a) Accreditation is a means for ensuring the academic quality and accountability for the colleges in the California Community College system. Additionally, students of the California Community Colleges must attend an accredited community college in order to participate in federal financial assistance programs.

(b) All colleges within the California Community Colleges system should be accredited by the recognized regional accrediting association serving California.

(c) The loss of accreditation by a college of the California Community Colleges presents a severe burden for the students of that college and for the residents of the community served by that college. Neither the students nor the residents should be deprived of educational opportunities due to the loss of accreditation by a community college.

(d) The Legislature finds that a California community college district whose colleges have lost accreditation presents the state with financial and educational emergencies and that extraordinary measures are required to address those emergencies.

(e) The Accrediting Commission for Community and Junior Colleges has found that Compton Community College does not meet accreditation standards, and has decided to withdraw accreditation. That decision may become effective on or before June 30, 2006. It is in the public interest to provide services through an accredited college to the persons adversely affected by the loss of accreditation by Compton Community College. Accordingly, it is the intent of the Legislature to provide for uninterrupted educational opportunities through another accredited community college for the students who currently attend the Compton Community College District and to provide continued meaningful access to that educational opportunity within the California Community College system to the residents of the Compton Community College District.

(f) In order to provide for continuing educational opportunities through an accredited college for the residents of the Compton Community College District and for the preservation of federal funding for students of the Compton Community College District, extraordinary legislative measures are required.

SEC. 2. With respect to meeting the needs of current students and residents of the Compton Community College District, the Legislature finds and declares all of the following:

(a) The appropriate way to provide for immediate continuing educational opportunities to the students and residents of the Compton Community College District is for the Compton Community College District to identify another community college district that is willing to serve as a partner and provide accredited educational and related administrative and support services using the facilities of the Compton Community College District as an educational center in that area. Those educational and support services should include offering a full range of credit courses leading to an associate degree for Compton students, making provisions for continuing or accelerating educational offerings for current Compton Community College students who are close to graduating, providing special counseling services to assist Compton Community College students who are considering transferring to other community colleges or baccalaureate institutions, and meeting the

transitional needs of significant numbers of students who previously attended the Compton Community College District.

(b) Although uninterrupted service to existing students is the highest priority, a critically important measure of ongoing educational success in the Compton area will be the extent to which the community college system is able to identify problems that lead to the loss of accreditation and to construct a recovery plan to address those problems. In the near future, significant efforts must be made to determine the needs and desires of students served by the elementary and secondary schools within the Compton Community College District and to formulate long-term success strategies for them within the California Community College system.

(c) The Compton Community College District will require enhanced state assistance and resources in order to address the issues that led to loss of accreditation and to contract for continued educational and support services for the students and residents of the Compton Community College District. The Board of Governors of the California Community Colleges will also require additional resources to oversee federally required actions resulting from the loss of accreditation and to support the educational recovery efforts.

(d) The Compton Community College District will also have responsibilities related to its loss of accreditation, including, but not limited to, actions mandated by federal authorities for reconciling student financial assistance programs. The Compton Community College District must also continue to support the efforts of the partner district to provide the services described in this act. The Board of Governors of the California Community Colleges must be authorized to continue its oversight role of the Compton Community College District to ensure that these transitional responsibilities are met.

(e) Because of circumstances beyond the control of the state, there may be a period of time before the partner district is authorized to distribute federal financial assistance to Compton students. Should this occur, state resources should be available to replace federal funding so as to allow affected students to complete the academic term they began before federal funding became unavailable.

SEC. 3. With respect to financing the activities described in this act, the Legislature finds and declares all of the following:

(a) The Legislature must provide fiscal support to the Compton Community College District to maximize its efforts to contract for educational services and to provide stability for the students and residents of the Compton Community College District.

(b) It is not possible to identify all actions that may be required to give effect to this bill or the expenses related to those actions.

(c) The Compton Community College District should also have access to existing emergency funding resources.

SEC. 4. Section 41329.50 of the Education Code is amended to read:

41329.50. The following definitions apply to this article, and, except as provided in subdivision (d), apply to Article 2 (commencing with Section

41320) and Article 2.5 (commencing with Section 41325), unless the context clearly indicates or requires another or different meaning:

(a) “Bank” means the California Infrastructure and Economic Development Bank.

(b) “Bonds” has the same meaning specified in Section 63010 of the Government Code.

(c) “Loan” and “emergency apportionments” means the financing described in Sections 41329.51, 41329.52, and 41329.53. The financing does not constitute a borrowing, but, instead, constitutes an advance payment of apportionments subject to repayment with interest as described in the article.

(d) “School district” means a school district that requests an emergency apportionment pursuant to Section 41320, including an administrator appointed pursuant to Article 2 (commencing with Section 41320) and a trustee appointed pursuant to Article 2.5 (commencing with Section 41325), or, for the purposes of this article only, a community college district, including a special trustee appointed pursuant to Section 71093 or 84040.

SEC. 5. Section 41329.51 of the Education Code is amended to read:

41329.51. Notwithstanding any other law, an emergency apportionment is a financing provided to a community college district as authorized by the Legislature or to a school district, other than a community college district, complying with the requirements contained in Article 2 (commencing with Section 41320) and Article 2.5 (commencing with Section 41325). The emergency apportionment shall be made pursuant to either Section 41329.52 or Section 41329.53, as determined by statute. The school district, the bank, and the Superintendent of Public Instruction, or the Board of Governors of the California Community Colleges, as appropriate, shall promptly perform the duties specified in the statute making the emergency apportionment.

SEC. 6. Section 41329.52 of the Education Code is amended to read:

41329.52. (a) A school district may receive a two-part financing designed to provide an advance of apportionments owed to the district from the State School Fund.

(b) The initial emergency apportionment shall be an interim loan from the General Fund to the school district. General Fund money shall not be advanced to a school district until that district agrees to obtain a lease financing as described in subdivision (c) and the bank adopts a reimbursement resolution governing the lease financing. The interim loan shall be repaid in full, with interest, from the proceeds of the lease financing pursuant to subdivision (c) at a time mutually agreed upon between the Department of Finance and the bank. The interest rate on the interim loan shall be the rate earned by moneys in the Pooled Money Investment Account as of the date of the initial disbursement of emergency apportionments to the school district.

(c) The school district shall enter into a lease financing with the bank for the purpose of financing the emergency apportionment, including a

repayment to the General Fund of the amount advanced pursuant to subdivision (b). In addition to the emergency apportionment, the lease financing may include funds necessary for reserves, capitalized interest, credit enhancements and costs of issuance. The bank shall issue bonds for that purpose pursuant to the powers granted pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act as set forth in Division 1 (commencing with Section 63000) of Part 6.7 of the Government Code. The term of the lease shall not exceed 20 years, except that if at the end of the lease term any rent payable is not fully paid, or if the rent payable has been abated, the term of the lease shall be extended for a period not to exceed 10 years.

SEC. 7. Section 41329.55 of the Education Code is amended to read:

41329.55. (a) Simultaneous with the execution of the lease financing authorized pursuant to Section 41329.52, the bank shall provide to the Controller and the school district a notification of its lease financing. The notice shall include a schedule of rent payments to become due to the bank from the school district and the bond trustee. The Controller shall make the apportionment to the bond trustee of those amounts on the dates shown on the schedule. The bank may further authorize the apportionments to be used to pay or reimburse the provider of any credit enhancement of bonds and other ongoing or periodic ancillary costs of the bond financing issued by the bank in connection with this article. If the amount of rent payments vary from the schedule as a result of variable interest rates on the bonds, early redemptions, or changes in expenses, the bank shall amend or supplement the schedule accordingly.

(b) Except where financing is for a community college district, the Controller shall make the apportionment only from moneys in Section A of the State School Fund designated for apportionment to the district and any apportionment authorized pursuant to this subdivision shall constitute a lien senior to any other apportionment or payment of State School Fund moneys to or for that district not made pursuant to this subdivision.

(c) If financing is for the Compton Community College District, the Controller shall make the apportionment only from moneys in Section B of the State School Fund. Any apportionment authorized pursuant to this subdivision shall constitute a lien senior to any other apportionment or payment of Section B State School Fund moneys.

(d) The amount apportioned for a school district pursuant to this section is an allocation to the district for purposes of subdivision (b) of Section 8 of Article XVI of the California Constitution. For purposes of computing revenue limits pursuant to Section 42238 for any school district, the revenue limit for any fiscal year in which funds are apportioned for the district pursuant to this section shall include any amounts apportioned by the Controller pursuant to subdivisions (a), (b), and (c), as well as Section 41329.57.

(e) No party, including the school district or any of its creditors, shall have any claim to the money apportioned or to be apportioned to the bond trustee by the Controller pursuant to this section.

SEC. 8. Section 41329.58 is added to the Education Code, to read:

41329.58. The sum of thirty million dollars (\$30,000,000) is hereby appropriated, without regard to fiscal year, from the General Fund to the Board of Governors of the California Community Colleges for apportionment to the Compton Community College District as an emergency apportionment to finance, among other things, the activities described in Article 5 (commencing with Section 74292) of Chapter 5 of Part 46.

SEC. 9. Section 41329.59 is added to the Education Code, to read:

41329.59. (a) On or before October 30, 2006, the Fiscal Crisis and Management Assistance Team (FCMAT) shall conduct an extraordinary audit of the Compton Community College District, to be delivered to the Board of Governors of the California Community Colleges and the Director of Finance, focused upon an examination of alleged fraud, misappropriation of funds, or other illegal fiscal practices. The audit shall be conducted in a timely and efficient manner.

(b) On or before January 31, 2007, the FCMAT shall conduct a comprehensive assessment and prepare a recovery plan, to be delivered to the Board of Governors of the California Community Colleges and the Department of Finance, for the Compton Community College District addressing the five operational areas: financial management, academic achievement, personnel management, facilities management, and governance/community relations.

(c) The FCMAT shall file a written status report at regular intervals with the appropriate fiscal and policy committees of the Legislature, the advisory committee to the special trustee, the Board of Governors of the California Community Colleges, the Director of Finance, and the Secretary for Education. The status reports shall include the progress that the Compton Community College District is making in meeting the recommendations of the FCMAT comprehensive assessment and addressing the deficiencies identified by the Accrediting Commission for Community and Junior Colleges.

(d) Notwithstanding any other provision of law, an amount of up to five hundred thousand dollars (\$500,000) shall be provided to the Compton Community College District from any funds budgeted for FCMAT in Item 6110-107-0001 of Section 2.00 of the annual Budget Act or any other funds available from prior budget years for FCMAT for the purpose of funding the audit described in subdivision (a) of this section.

SEC. 10. Section 71093 of the Education Code is amended to read:

71093. Notwithstanding any other provision of law:

(a) The board of governors may authorize the chancellor to suspend the authority of the Board of Trustees of the Compton Community College District, or of any of the members of that board, to exercise any powers or responsibilities or to take any official actions with respect to the management of the district, including any of the district's assets, contracts, expenditures, facilities, funds, personnel, or property. The board of governors may authorize suspension for a period up to five years from the

effective date of Assembly Bill 318 of the 2005–06 Regular Session, plus a period lasting until the chancellor, the Fiscal Crisis and Management Assistance Team, the Director of Finance, and the Secretary for Education concur with the special trustee that the district has, for two consecutive academic years, met the requirements of the comprehensive assessment conducted, and the recovery plan prepared, pursuant to Section 41329.59.

(b) A suspension authorized by this section becomes effective immediately upon the delivery of a document to the administrative offices of the Compton Community College District that sets forth the finding of the chancellor that a suspension pursuant to this section is necessary for the establishment of fiscal integrity and security in that district.

(c) (1) If and when the chancellor suspends the authority of the Board of Trustees of the Compton Community College District or any of its members pursuant to this section, the chancellor may appoint a special trustee as provided in paragraph (3) of subdivision (c) of Section 84040, at district expense, to manage the district. The chancellor is authorized to assume, and delegate to the special trustee, those powers and duties of the Board of Trustees of the Compton Community College District that the chancellor determines, with the approval of the board of governors, are necessary for the management of that district. The Board of Trustees of the Compton Community College District may not exercise any of the duties or powers assumed by the chancellor under this section.

(2) The chancellor may appoint as a special trustee under this section a person who has served in a similar capacity prior to the enactment of the act that adds this section. A special trustee appointed under this section shall serve at the pleasure of the chancellor.

(3) Notwithstanding any other provision of law, in order to facilitate the appointment of the special trustee, the chancellor is exempt, for the purposes of this section, from the requirements of Article 6 (commencing with Section 999) of Chapter 6 of Division 4 of the Military and Veterans Code and Part 2 (commencing with Section 10100) of the Public Contract Code.

(d) Notwithstanding any other provision of law, at any time that this section is in effect, the chancellor is authorized to assume, and delegate to the special trustee, those powers and duties of the Compton Community College District Personnel Commission that the chancellor determines are necessary for the management of the personnel functions of the Compton Community College District. The personnel commission may not exercise any of the powers or duties assumed by the chancellor.

(e) Notwithstanding any other provision of law, if the special trustee has been a member of the State Teachers' Retirement System or the Public Employees' Retirement System at any time prior to appointment, he or she shall, for the period of service as special trustee, be a member of the system to which he or she belonged, unless the special trustee elects, in writing, not to be a member. If the special trustee chooses to be a member, the special trustee shall be placed on the payroll of the district, or the payroll of another local education agency or other entity with which the

district has an exchange agreement pursuant to Section 87422 or other applicable provisions of law, for the purpose of providing appropriate contributions to the applicable retirement system.

(f) The special trustee appointed pursuant to this section is authorized to do all of the following:

(1) Implement substantial changes in the fiscal policies and practices of the Compton Community College District.

(2) Revise the academic program of the Compton Community College District to reflect realistic income projections in response to the dramatic effect of the changes in fiscal policies and practices upon program quality.

(3) Encourage all members of the college community to accept a fair share of the burden of the full recovery of the Compton Community College District in the five operational areas of finance, academics, personnel facilities, and governance.

(4) Enter into agreements on behalf of the Compton Community College District and, subject to any contractual and statutory obligation of the Compton Community College District, change any existing district rules, regulations, policies, or practices as necessary for the effective implementation of the recovery plan. Any agreement authorized by this section shall be binding upon the district for the term of the agreement, notwithstanding the removal of the special trustee for any reason or the reinstatement of any powers or responsibilities of the board of trustees. No agreement authorized by this paragraph shall materially impair the security and other interests of the holders of any bonds issued pursuant to Article 9 (commencing with Section 63049.67) of Chapter 2 of Division 1 of Title 6.7 of the Government Code.

(5) Appoint an advisory committee to advise the special trustee with respect to the management of the Compton Community College District and the establishment and implementation of the arrangements for provision of services by a partner district pursuant to Article 5 (commencing with Section 74292) of Chapter 5 of Part 46. This advisory committee may include residents of the communities served by the Compton Community College District, and any outside experts deemed appropriate by the special trustee. No member of the advisory committee shall receive any compensation or benefits for his or her services as a member of the advisory committee.

(g) In the event of a vacancy in the special trustee position, the chancellor shall temporarily assume all of the powers and duties of the special trustee until another special trustee can be appointed pursuant to this section.

SEC. 11. Article 5 (commencing with Section 74292) is added to Chapter 5 of Part 46 of the Education Code, to read:

Article 5. Continuing Services If Compton Community College Loses Accreditation

74292. Notwithstanding any other provision of law, the following steps shall be taken to address the imminent risk that Compton Community College's accreditation will be terminated by the regional accrediting body recognized by the Board of Governors of the California Community Colleges:

(a) The Chancellor of the California Community Colleges is authorized to oversee all actions at the Compton Community College District related to the loss of the college's accreditation and efforts described in this article to address that situation. The Compton Community College District shall reimburse the Board of Governors of the California Community Colleges for any expenses incurred by the chancellor or his or her staff in carrying out this oversight responsibility.

(b) The Compton Community College District shall complete the provision of instruction for all classes for which it intends to claim apportionment prior to the date of its loss of accreditation.

(c) Notwithstanding any other provision of law, the Compton Community College District shall continue to be eligible to receive state funding as provided in this article even if its accreditation is terminated.

(d) (1) The Compton Community College District shall identify a partner district that will agree to provide accredited instructional programs to students residing in the Compton Community College District. The special trustee assigned to the Compton Community College District pursuant to Section 71093 and the partner district are authorized to enter into one or more agreements to provide instructional services or other services, and to make any other necessary preparations to implement the educational programs described in this article, as well as any related necessary administrative or support services, in a timely manner so as to ensure that services to Compton Community College students will not be interrupted and that those students will remain eligible for federal financial assistance. The agreement or agreements shall provide that the partner district is entitled to receive a reasonable administrative fee to be fixed by the mutual agreement of the parties.

(2) The partner district shall be a district in good standing with the Accrediting Commission for Community and Junior Colleges (ACCJC), and shall have successfully completed the accreditation cycle and secured accreditation for its colleges. A district with a college that is on warning, probation, or show-cause status with the ACCJC, or that is being monitored for fiscal stability by the chancellor's office is not considered a district in good standing for the purposes of this article.

(e) The partner district may offer any programs or courses for which it has secured applicable approvals. In addition, any programs and courses that were previously approved by the board of governors to be offered by the Compton Community College District may continue to be offered by

the partner district in the territory of the Compton Community College District without additional state approval until June 30, 2011.

(f) No later than 30 days after Compton Community College's loss of accreditation, the board of governors shall approve the facilities of Compton Community College as an off-campus educational center of the partner district. The center shall be known as the Compton Community Educational Center. The board of governors shall give notice of its approval to the county committee and county superintendent having jurisdiction over any territory affected by the action.

(g) The board of governors may permanently or temporarily waive any of its regulatory requirements necessary to effectuate this article, including, but not necessarily limited to, its regulations regarding educational centers.

(h) The partner district is eligible to provide instruction at the center without the recommendation of the California Postsecondary Education Commission under Section 66904 until the district secures the commission's recommendation for the facility to operate as an off-campus educational center or until June 30, 2011, whichever occurs first.

(i) The partner district shall comply with all federal requirements to ensure that students taking classes offered by the partner district at the Compton Community Educational Center remain eligible for federal financial assistance.

(j) Students enrolled in the Compton Community College District as of January 31, 2006, shall be subject to the following conditions:

(1) The partner district shall ensure that any student who, by the end of the Spring 2006 term, has completed at least 75 percent of the courses required for the degree or certificate he or she is pursuing will be able to complete that program. Every reasonable effort shall be made to allow other students who have begun work toward a certificate or degree, but who have not completed 75 percent of the required coursework, to continue and complete their programs.

(2) Students enrolling in classes provided by the partner district pursuant to this section shall be considered students of the partner district, shall receive credit from the partner district for classes they successfully complete, shall receive certificates or degrees they earn from the partner district, and shall receive financial aid through the partner district if they meet all applicable eligibility requirements.

(3) The partner district shall maintain student records related to the attendance of students in classes it offers pursuant to this section in accordance with all applicable state and federal laws.

(4) The partner district shall consider each student who enrolls for classes no later than the Spring 2007 term to be a continuing student for purposes of enrollment priorities.

(5) Any regulations of the board of governors relating to minimum residence at the college granting a degree shall not be applicable.

(k) The board of governors shall adopt any regulations necessary to implement this article. These regulations may be adopted as emergency

regulations that may remain in effect for up to one year from the date of adoption, and shall not be subject to paragraph (5) or (6) of subdivision (a) of Section 70901.5 or to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(l) (1) The partner district shall provide the services described in this article for a minimum of five years from the date those services commence pursuant to subdivision (d), and shall thereafter provide the services for any additional period determined necessary by the board of governors. In addition, the board of governors may require, in its sole discretion, that the services described herein be modified or terminated at an earlier date based on the best interests of the California Community Colleges system and its students.

(2) Notwithstanding paragraph (1), either the partner district or the special trustee appointed pursuant to Section 71093 may initiate termination of the agreements described in subdivision (d) by giving 180 days' written notice to the other party and to the board of governors. No termination pursuant to this subdivision may take effect until the end of the semester following the notice provided under this paragraph, so as to protect students from a mid-term interruption of educational services. Should the partner district provide notice of a desire to terminate any agreements at a time when the trustee determines that services provided under those agreements are still necessary to serve the interests of Compton students and residents or at a time when the Compton Community College District is not fully accredited and bonds issued pursuant to Section 41329.52 are outstanding, the partner district shall continue the services until it can secure a district to provide uninterrupted comparable services to the satisfaction of the special trustee.

(m) (1) The Compton Community College District shall continue to be responsible for ensuring that all of its permanent records are retained and stored as required by state law and that all records related to its administration of programs under Title IV of the federal Higher Education Act are retained for a minimum of three years after the conclusion of its participation in those programs.

(2) The Compton Community College District shall be responsible for institutional actions related to the loss of accreditation, including actions that are required under Section 688.26 of Title 34 of the Code of Federal Regulations, related to the ending of the participation of the Compton Community College District in programs under Title IV of the federal Higher Education Act, refunding any students' unearned tuition and fees, refunding to the federal government any unexpended federal student financial aid funds, returning to lenders any loan proceeds not distributed to students, or the collection of outstanding student debts to the Compton Community College District.

(n) In addition to addressing the ongoing educational needs of the students of the Compton Community College District, the partner district and the special trustee appointed pursuant to Section 71093 shall take steps aimed at achieving the goal of seeking renewed accreditation for Compton

Community College at the earliest feasible date. Progress toward achieving this goal shall be periodically reported to the board of governors.

(o) No person, firm or organization shall, without the permission of the Compton Community College District, use the name “Compton Community College,” or any name of which these words are a part, or any abbreviation thereof.

74292.5. Notwithstanding any other provision of law, so long as any bond issued pursuant to Section 63049.67 of the Government Code for the Compton Community College District is outstanding, all real property leases securing those bonds shall be leased by the Compton Community College District, and not the Compton Community Educational Center or any partner district.

74292.7. Cal Grant awards to students of the Compton Community College District shall not be adversely affected by this article.

74293. Notwithstanding any other provision of law:

(a) The partner district shall provide educational programs, as described in Section 74292, at the Compton Community Educational Center on the following terms:

(1) To the extent determined necessary by agreement between the Compton Community College District and the partner district, the Compton Community College District shall assign its current employees, or reemploy former employees, to provide educational or support services to students under the instructional services or other agreements described in Section 74292. The Compton Community College District has no obligation to assign or to reemploy persons who occupy or previously occupied administrative or supervisory positions to those positions. Notwithstanding any other provision of law, a person who provides services pursuant to this paragraph shall not be deemed to be an employee of the partner district or gain any status with the partner district for any purpose.

(2) Individuals providing educational or support services pursuant to paragraph (1) who serve as academic employees or educational administrators shall meet applicable minimum qualifications established by the Board of Governors of the California Community Colleges as well as any other job-related qualifications for service that are established by the partner district.

(3) The partner district shall have the primary right to direct activities under the contract or contracts in a manner that is consistent with the role of Compton Community College District as the employer of the individuals who are assigned duties under the agreements by the partner district. The partner district shall provide performance assessments to the special trustee appointed pursuant to Section 71093 regarding the services provided by employees of the Compton Community College District.

(b) Nothing in this section shall be construed to limit the ability of the Compton Community College District to employ employees of any type or

class as otherwise authorized by law as needed to provide necessary services.

(c) The Compton Community College District shall continue to be responsible for all retiree benefits that it offered its employees prior to the date of its loss of accreditation and for retirement and other benefits for its employees assigned to provide services pursuant to subdivision (a). The partner district shall have no responsibility for any retiree or other benefits for persons provided by the Compton Community College District to serve under instructional services or other agreements described in this article.

(d) Nothing in this section shall be construed to limit the ability of the partner district to assign its existing personnel to oversee or manage services provided under instructional services or other agreements described in Section 74292 or to employ employees of any type or class as otherwise authorized by law as needed to provide oversight and management of those services. Any person who provides services pursuant to this subdivision shall not be deemed to be an employee of the Compton Community College District or gain any status with that district for any purpose, and that person shall not lose any rights, benefits, or status that he or she had previously acquired with the partner district.

(e) Nothing in this article shall be construed to interfere with, or require any change in, the existing bargaining units and collective bargaining agreements of the Compton Community College District.

(f) All existing statutory due process protections for employees of the Compton Community College District shall remain in effect including, but not necessarily limited to, the provisions governing layoff or dismissal, acquisition of tenure, and all other provisions of the Education Code except as expressly provided in this article.

(g) Nothing in this article shall be construed to interfere with or preclude negotiations with employee organizations in either of the districts over the effects, if any, of the partner district's operation of the Compton Community College District.

74295. Notwithstanding any other provision of law:

(a) The Compton Community College District shall receive apportionment for courses provided at the Compton Community Educational Center by the partner district pursuant to Section 74292, subject to the transfer of moneys described in Sections 41329.53 and 41329.55 and in accordance with the following schedule:

(1) For the 2005–06 fiscal year, an amount not less than the amount that was received by the Compton Community College District for the attendance of full-time equivalent students for the 2004–05 fiscal year.

(2) For the 2006–07 fiscal year, an amount not less than 90 percent of the amount that was received by the Compton Community College District for the attendance of full-time equivalent students for the 2004–05 fiscal year.

(3) For the 2007–08 fiscal year, an amount not less than 80 percent of the amount that was received by the Compton Community College District

for the attendance of full-time equivalent students for the 2004–05 fiscal year.

(4) For the 2008–09 fiscal year, an amount not less than 70 percent of the amount that was received by the Compton Community College District for the attendance of full-time equivalent students for the 2004–05 fiscal year.

(b) In allocating funds for categorical aid to the Compton Community College District, the Chancellor of the California Community Colleges shall treat the Compton Community Educational Center as a separate college.

(c) The Compton Community College District shall not be subject to Section 84362 for the 2003–04 fiscal year to the 2008–09 fiscal year, inclusive.

(d) Should the loss of accreditation by the Compton Community College result in a lapse of federal financial assistance to otherwise eligible students before their eligibility is recognized through the partner district, the Compton Community College District may use a portion of the proceeds from the loan described in Section 41329.58 to provide comparable amounts of assistance to eligible students. This replacement funding shall not extend beyond the end of the term during which the lapse of federal funding occurred.

(e) The provisions of subdivision (a) shall be used solely to determine the apportionment funding to be allocated to the Compton Community College District. In computing statewide entitlements to funding based upon the attendance of full-time equivalent students, neither the Compton Community College District nor its partner district shall be credited with more full-time equivalent students for the Compton Community College District than were actually enrolled in attendance. It is the intent of the Legislature that any amounts necessary to make the apportionments required pursuant to subdivision (a) shall be drawn from the total statewide funding available for community college apportionments.

74296. Notwithstanding any other provision of law:

(a) In any action in which a court finds that any provision of this article is unlawful, or in any action challenging the implementation of this article, the Board of Governors of the California Community Colleges, the partner district, the Compton Community College District, and their respective officers, employees, and agents, are immune from the imposition of any award of money damages, including the award of attorney’s fees, except to the extent that any liability for those claims arises from the gross negligence or willful misconduct of the party claiming the immunity.

(b) The state shall, from funds specifically appropriated for that purpose, indemnify and defend the partner district from and against any claims, other than claims based upon gross negligence or willful misconduct, arising out of its participation in the activities specified in this article.

SEC. 12. Section 63049.67 of the Government Code is amended to read:

63049.67. (a) Notwithstanding any other provision of this division, a financing of emergency apportionments upon the request of a school district pursuant to Article 2.7 (commencing with Section 41329.50) of Chapter 3 of Part 24 of the Education Code, is deemed to be in the public interest and eligible for financing by the bank. Article 3 (commencing with Section 63041), Article 4 (commencing with Section 63042) and Article 5 (commencing with Section 63043) do not apply to the financing provided by the bank in connection with an emergency apportionment.

(b) The bank may issue bonds pursuant to Chapter 5 (commencing with Section 63070) and provide the proceeds to a school district pursuant to a lease agreement. The proceeds may be used as an emergency apportionment, to reimburse the interim emergency apportionment from the General Fund authorized pursuant to subdivision (b) of Section 41329.52 of the Education Code, or to refund bonds previously issued under this section. Bond proceeds may also be used to fund necessary reserves, capitalized interest, credit enhancement costs, and costs of issuance.

(c) Bonds issued under this article are not deemed to constitute a debt or liability of the state or of any political subdivision of the state, other than a limited obligation of the bank, or a pledge of the faith and credit of the state or of any political subdivision. All bonds issued under this article shall contain on the face of the bonds a statement to the same effect.

(d) Any fund or account established in connection with the bonds shall be established outside of the centralized treasury system. Notwithstanding any other law, the bank shall select the financing team and the trustee for the bonds, and the trustee shall be a corporation or banking association authorized to exercise corporate trust powers.

(e) Pursuant to Section 41329.55 of the Education Code, a school district other than the Compton Community College District shall instruct the Controller to repay the lease from moneys in the State School Fund designated for apportionment to the school district. Pursuant to Section 41329.55, if the school district is the Compton Community College District, the Controller shall be instructed to repay the lease from moneys in Section B of the State School Fund. Any amounts necessary to make this repayment shall be drawn from the total statewide funding available for community college apportionment consisting of funds in Section B of the State School Fund. Thereafter the Controller shall transfer to Section B of the State School Fund, either in a single or multiple transfers, an amount equal to the total repayment, which amount shall be transferred from the amount designated for apportionment to the Compton Community College District from the State School Fund. If these transfers from the district prove inadequate to repay any repayments for any reason, the Compton Community College District is required to use any revenue sources available to it for transfer and repayment purposes.

(f) Notwithstanding any other law, as long as any bonds issued pursuant to this section are outstanding, the following requirements apply:

(1) The school district for which the bonds were issued is not eligible to be a debtor in a case under Chapter 9 of the United States Bankruptcy Code, as it may be amended from time to time, and no governmental officer or organization is or may be empowered to authorize the school district to be a debtor under that chapter.

(2) It is the intent of the Legislature that the Legislature should not in the future abolish the Compton Community College District or take any action that would prevent the Compton Community College from entering into or performing binding agreements or invalidate any prior binding agreements of the Compton Community College District, where invalidation may have a material adverse effect on the bonds issued pursuant to this section.

(3) The Compton Community College District shall not be reorganized or merged with another community college district unless all of the following apply:

(A) The successor district becomes by operation of law the owner of all property previously owned by the Compton Community College District.

(B) Any agreement entered into by the Compton Community College District in connection with bonds issued pursuant to this section are assumed by the successor district.

(C) The apportionment authorized by subdivision (e) remains in effect.

(D) Receipt by the bank of an opinion of bond counsel that the bonds issued for the Compton Community College District will remain tax exempt following the reorganization or merger.

(g) Nothing in this section limits the authority of the Legislature to abolish the Compton Community College District when bonds issued for that district are no longer outstanding. Further, the Legislature may provide for the redemption or defeasance of the bonds at any time so that no bonds are outstanding. If the Legislature provides for the redemption or defeasance of the bonds issued for the Compton Community College District in order to abolish that district, it is the intent of the Legislature that the funds required for the redemption or defeasance should be appropriated from Section B of the State School Fund.

(h) The bank may enter into contracts or agreements with banks, insurers, or other financial institutions or parties that it determines are necessary or desirable to improve the security and marketability of, or to manage interest rates or other risks associated with, the bonds issued pursuant to this section. The bank may pledge apportionments made by the Controller directly to the bond trustee pursuant to Section 41329.55 of the Education Code as security for repayment of any obligation owed to a bank, insurer, or other financial institution pursuant to this subdivision.

SEC. 13. It is the intent of the Legislature that the funds provided in Item 6110-107-0001 of Section 2.00 of the annual Budget Act for the County Office Fiscal Crisis and Management Assistance Team (FCMAT) be available for FCMAT to undertake activities related to community colleges as authorized pursuant to Sections 84040 and 84041 of the Education Code.

SEC. 14. The Legislature finds and declares that, due to the unique circumstances relating to the accreditation status of Compton Community College, a general statute cannot be made applicable, and the enactment of Sections 7, 8, 9, and 11 of this act as a special statute is therefore necessary.

SEC. 15. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because this act provides for offsetting savings to local agencies or school districts that result in no net costs to the local agencies or school districts, within the meaning of Section 17556 of the Government Code.

SEC. 16. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order for educational programs and services to continue in the Compton Community College District to address financial hardships and accreditation challenges in time for the commencement of the 2006–07 academic year, it is necessary that this act take effect immediately.