

AMENDED IN SENATE JUNE 18, 2014

AMENDED IN ASSEMBLY APRIL 24, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2087**

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**Introduced by Assembly Member Ammiano**

February 20, 2014

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An act to amend Section 84040 of the Education Code, relating to community colleges.

LEGISLATIVE COUNSEL'S DIGEST

AB 2087, as amended, Ammiano. Community colleges: Board of Governors of the California Community Colleges.

Existing law establishes the California Community Colleges, under the administration of the Board of Governors of the California Community Colleges, as one of the segments of public postsecondary education in this state. Existing law requires the board of governors to adopt criteria and standards for periodic assessment of the fiscal condition of community college districts. Existing law requires the board of governors to develop, by regulation, appropriate procedures and actions for districts that fail to achieve fiscal stability or that fail to comply with the board of governors' recommendations. Existing law authorizes these procedures and remedies to include the appointment of a special trustee to manage the community college district.

This bill would require that the regulations pursuant to which the board may appoint a special trustee to manage a community college district provide specific benchmarks to indicate the presence of local capacity to resume management of the community college district and clear standards that ~~provide for~~ *require* meaningful consultation by a

special trustee, *or his or her designee*, with the community college district prior to decisionmaking.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

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

1 SECTION 1. Section 84040 of the Education Code is amended  
2 to read:

3 84040. (a) It is the intent of the Legislature to encourage sound  
4 fiscal management practices among community college districts  
5 for the most efficient and effective use of public funds for the  
6 education of community college students by strengthening fiscal  
7 accountability at the district and state levels.

8 (b) The governing board of each community college district  
9 shall provide for an annual audit of all funds, books, and accounts  
10 of the district in accordance with regulations of the board of  
11 governors. The audit shall be made by certified public accountants  
12 licensed by the California Board of Accountancy. In the event the  
13 governing board of a community college district fails to provide  
14 for an audit, the board of governors shall provide for an audit, and  
15 if the board of governors fails or is unable to make satisfactory  
16 arrangements for such an audit, the Department of Finance shall  
17 make arrangements for the audit. The cost of any audit described  
18 above shall be paid from district funds.

19 (c) The board of governors shall adopt criteria and standards  
20 for periodic assessment of the fiscal condition of community  
21 college districts, and such regulations regarding the review and  
22 improvement of district fiscal conditions as necessary to encourage  
23 sound fiscal management practices. In so doing:

24 (1) The governing board of a community college district, as  
25 required by regulations of the board of governors, shall periodically  
26 report information to the board of governors regarding the fiscal  
27 condition of the district.

28 (2) The board of governors, by regulation, shall develop  
29 standards for district maintenance of sound fiscal conditions. The  
30 regulations shall authorize a board comprehensive management  
31 review of any community college district which, after assessing  
32 itself or being assessed in accordance with board criteria and  
33 standards, is shown to be experiencing fiscal difficulty. On the

1 basis of the findings of the management review, the board of  
2 governors may recommend appropriate changes in a district's  
3 management practices.

4 (3) The board of governors, by regulation, shall develop  
5 appropriate procedures and actions for districts that fail to achieve  
6 fiscal stability or that fail to comply with the board of governors'  
7 recommendations. The procedures and remedies may include the  
8 appointment of a special trustee to manage the community college  
9 district. The regulations pursuant to which the board of governors  
10 may appoint a special trustee to manage the community college  
11 district shall include specific benchmarks to indicate the presence  
12 of local capacity to resume management of the community college  
13 district and clear standards that ~~provide for~~ *require* meaningful  
14 consultation by a special trustee, *or his or her designee*, with the  
15 community college district prior to decisionmaking. The board of  
16 governors shall be authorized to reduce or withhold apportionment  
17 to districts to pay for the cost of the special trustee, management  
18 review, or other extraordinary costs resulting from the district's  
19 fiscal difficulties and to ensure the stabilization of the district's  
20 financial condition.

21 (4) The board of governors shall report to the chairs of the  
22 educational policy and fiscal committees of both houses of the  
23 Legislature, the Director of Finance, and the Governor any  
24 corrective action taken by the district and any action taken against  
25 the district pursuant to paragraph (3).