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California Postsecondary Education Commission

Review of a Proposal to Convert the Needles Outreach Operation to a State-Approved Educational Center

The Palo Verde Community College District is requesting review of its proposal under current Commission facility guidelines and under guidelines related to Supplemental Language of the 1984-85 Budget Act. The Commission finds that:

- *The proposal to establish a state-approved educational center in Needles qualifies under the Supplement Language Grandfather Clause of the 1984-85 Budget Act.*
- *The proposal makes a compelling case for the Commission to consider amending its guidelines to better reflect the enrollment challenges confronting districts that serve rural and remote populations.*

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The Commission advises the Governor and Legislature on higher education policy and fiscal issues. Its primary focus is to ensure that the state's educational resources are used effectively to provide Californians with postsecondary education opportunities. More information about the Commission is available at www.cpec.ca.gov.

In this report, the Commission considers a proposal by the Palo Verde Community College District to convert the Needles outreach operation to a state-approved off-campus educational center of Palo Verde Community College. The proposal responds to the district's need to enhance educational services in the extremely remote community of Needles and adjacent areas.

Background

The Palo Verde Community College District, located in Blythe, California, is responsible for serving the sparsely populated desert territory of north-eastern Riverside County and southeastern San Bernardino County, which consists of about 6,500 square miles. The city of Blythe, with 22,005 residents, and the city of Needles, with 5,561 residents, are the principal population centers of the district. It currently serves approximately 4,000 students, up 121 percent since Fall 1994.

Prior to 1996, community college services to residents of Needles were directly provided by the San Bernardino Community College District. This made practical sense, because train service was readily available at the time between Needles and San Bernardino. The proposal notes that when train service ended in the 1980s, the Needles Unified School District assumed responsibility for providing post-secondary educational services to Needles through an agreement with the San Bernardino Community College District. This agreement lasted until 1996, when Needles became part of the Palo Verde District.

Expanding the Needles outreach operation to a state-approved center would enable an increasing number of prospective students from surrounding areas to complete a significantly higher proportion of their required coursework locally rather than undertaking a 200 mile roundtrip commute to Palo Verde College.

Unlike the majority of proposals submitted to the Commission for consideration, the Palo Verde District is requesting consideration under the Commission's current guidelines, as well as consideration pursuant to Supplemental Language of the 1984-85 Budget Act. The Supplemental Language granted state-approved status, also known as "grandfather status," to all off-campus community college centers and outreach operations that had been providing continuous service since prior to 1974, the year in which the Legislature established the California Postsecondary Education Commission.

Statutory and Administrative Requirements

Current Commission Guidelines

The State of California requires that plans for new public institutions of higher education be reviewed by the California Postsecondary Education Commission prior to establishing new educational facilities. The central purpose of the State's review process is to help ensure that new public colleges, universities, and campus centers develop in accordance with broad statewide needs and priorities, and that capital outlay funds are spent wisely. Specifically with respect to community colleges, Section 66904 of the *California Education Code* expresses the intent of the Legislature that California community colleges not receive State funds for acquiring land sites or for constructing new institutions, branches, or off-campus centers unless recommended by the Commission.

The Commission uses a set of guidelines and procedures that impose a number of requirements on governing boards that seek to establish new higher education institutions, or that seek official recognition of existing facilities. State recognition of a facility does not necessarily entitle a district to capital outlay funds, but rather it offers a district an opportunity to compete in the capital outlay request process.

The first stage of review requires a community college district to submit a Preliminary Notice to the Commission expressing a need for a new campus or center, or a conversion of an existing center to a full-service community college. If the district elects to formally pursue the project, it is required to submit a formal Letter of Intent (LOI) to the Commission and to the Board of Governors of the California Community Colleges expressing its intent to expand. In reviewing an LOI, the Commission considers preliminary information related to such areas as enrollment history and future demand, capital construction planning and time schedules, site location options, and maps of the proposed area showing population densities, topography, and highway configurations. If the LOI is approved by the Chancellor's Office and the Commission, the district is authorized to develop a detailed *Needs Study* and an Environmental Impact Report.

Requirements Related to the Supplemental Language of the 1984-85 Budget Act

Supplemental Language to the 1984-85 Budget Act contained the following provisions:

The California Postsecondary Education Commission shall determine for all centers, satellite campuses, and other off-campus facilities of the various Community College districts, whether such facilities were recommended by the Commission under provisions of Section 66904 of the Education Code, or existed as educational facilities of the district prior to the enactment of Section 66904 by the Legislature and are therefore grandfathered in as facilities eligible for State funding. The Commission shall report its findings to the Legislature by December 1, 1984.

Pursuant to this language, the Commission met in 1984 with representatives of the California Community College Chancellor's Office to reach an agreement that the Chancellor's Office would provide the Commission with a comprehensive list of all community college off-campus facilities in operation that commenced service on or before April 1, 1974 -- the day Section 66904 of the Education Code became law. It was understood that any unreported facilities would be subject to future Commission approval before becoming eligible to compete for state capital outlay funds.

The Commission recognized at the time that electronic records were probably not adequate to capture all off-campus facilities being maintained at the time by local districts. The Commission noted this observation as an attachment to the listing provided to the Legislature on November 8, 1984. It was accepted as an appropriate compromise by the 1984-85 California Legislature.

Current Findings and Recommendation

The Commission finds that the information contained in the district's *Needs Study*, along with other official records and transcripts, satisfies the requirements and intent of the *Grandfather Clause of the Supplemental Language to the 1984-85 Budget Act*. Therefore, the Commission concurs with the recommendation of the California Community College Board of Governors to grant state-approved status to the proposed Needles Educational Center. This recommendation acknowledges that the Needles operation would have been grandfathered back in 1984 had it been reported by the Chancellor's Office.

The Commission also finds that the district's proposal satisfies nearly all of the requirements for state-approved status under the Commission's current facility review guidelines. The one exception is that the proposed center does not meet the 500 full-time equivalent student (FTES) threshold. Based on recent discussions with various educational officials and policymakers, the Commission is considering the benefits of lowering the threshold for campuses serving extremely rural and remote areas. It is possible, therefore, that the proposed Needles Center might also qualify later this year for state-approved status under amended facility guidelines. If so, such dual concurrence should not be viewed solely as a symbolic gesture, but rather as representative of the Commission's continued efforts to work collaboratively with other parties to enhance educational services in rural and remote areas.

Analysis of the Proposal

This section provides a comprehensive analysis of the information contained in the district's *Needs Study* in relation to each specific review criterion outlined in the Commission's facility guidelines.

General Description and Overview

A physical description of the site, and a social and demographic analysis of the surrounding area, must be provided. Data describing the socioeconomic profile of the area or region should be included, with income levels and ethnic-racial makeup provided.

The community of Needles is quite remote. It is located 100 miles north of Blythe, where the closest California Community College campus, Palo Verde College, is situated. The town of Needles grew as a result of the once booming railroad industry in the 1880s, for which Needles became a busy stop for cargo and passenger traffic on the way to the West Coast. The decline of the rail industry in the town occurred as trucking emerged as the preferred method for shipping goods. Consequently, the industry that was once the primary source of revenue for the city now accounts for only 15.6% of jobs for local residents. Education, health, and social service industries currently supply Needles with the majority of jobs, and entertainment and recreation, fueled by the region's gaming industry, also provides employment opportunities.

City Planner Sharon Atkinson expressed the difficulty in recruiting new industry to Needles absent the means to train workers. Companies that considered operating in the area often chose instead to locate in cities like Bullhead, Arizona and Laughlin, Nevada, where community colleges provide the necessary educational and vocational training to support the local labor force.

The district's *Needs Study* characterizes Needles as a community in distress. 2000 Census data support this assertion, in that Needles falls well below the state and national averages for median household income, having a considerably high percentage of families living below the poverty line. Despite the relocation of local businesses across the state border to Arizona due to lower costs to business owners, residents are confident that Needles will continue to grow residentially because of affordable housing. City planning officials are in the design and approval stages for \$300 million in residential and mixed-use development. The federal government recently identified Needles as a "Revitalization Zone", making residents eligible for Low Income Tax Credit and Low Income Home Energy Assistance Programs. The Palo Verde District argues that a permanent educational center is vital to ensuring the growth, evolution, and self-sufficiency of this isolated town.

Needles became part of the Palo Verde Community College District in 1996. Presently, the outreach operation in Needles consists of classroom space leased at the local high school. The partnership between the Palo Verde District and Needles High School enables community college services to be delivered to local residents who are not able or willing to engage in a 200-mile roundtrip to attend classes at Palo Verde Community College. Current population data and enrollment figures suggest that the town is outgrowing the current outreach facilities and that larger and more versatile facilities are needed to meet growing student demand.

The Claypool family, proprietors of the Claypool Department Store chain, have donated a building in downtown Needles as a site for the proposed educational center. The building provides over 42,000 square feet of space, more than enough room to accommodate enrollment growth for the foreseeable future. Major reconstruction of the building is required, including replacement of the air conditioning system and the electrical system, modernization of the telecommunications network, resurfacing of the parking lots, and added parking lot lighting. The total estimated cost of the project, including planning, construction, inspection, management, and oversight, is \$6.8 million. The district plans to finance the majority of this cost through local bonds.

Although the Needles community college participation rate is currently about 10 percent higher than the statewide rate, the relatively small adult population base on which this rate is calculated means that it is unlikely that the new center will meet the 500 FTES threshold required for state-approved center status under the Commission's current guidelines. This issue is discussed in the next section.

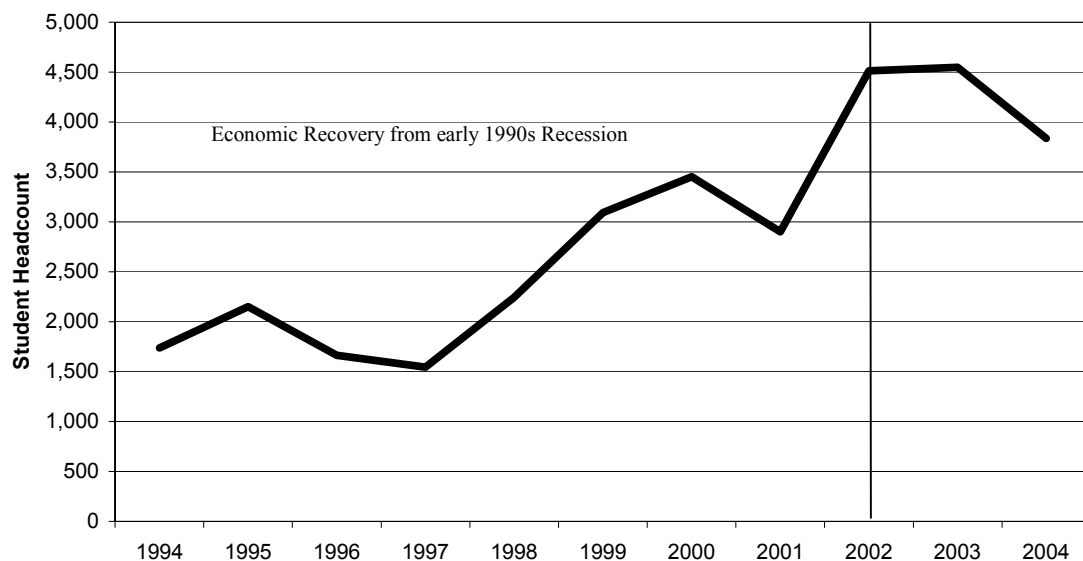
Enrollment Projections

For a new community college or educational center, enrollment projections for the district proposing the center should exceed the planned enrollment capacity of existing district colleges and educational centers.

Overall, district enrollments have been increasing quite dramatically. As shown in Display 1, enrollments increased from 1,737 in fall 1994 to 4,547 in fall 2003, before falling off by about 700 students in Fall 2004. Some of the decline is likely due to the delayed effects of the state's 2001-02 recession that coincided with reductions in State general fund support, reduced course offerings, and two consecutive years of student fee increases. Despite the decline, the district is currently serving about 2,100 more students than it served in fall 1994, which represents a 121 percent increase in student demand. The Governor's 2006-07 budget proposes to increase funding to the community college system to support,

among other needs, a 3% increase in enrollment levels for high enrollment demand districts, such as the Palo Verde District.

DISPLAY 1 Palo Verde Community College District Enrollments, 1994 to 2004



The district’s outreach operation in Needles is currently serving about 437 students. Dividing this student headcount figure by an estimated adult population base of 5,561 adults yields a participation rate of 7.8%, or 78 enrollments per 1,000 adults. The Needles participation rate is about 22% higher than the statewide community college participation rate of 64 enrollments per 1,000 adults. Because the Needles operation consists primarily of a set of classrooms leased at the local public high school, community college instruction and vocational training classes cannot be held until the high school day has ended.

If the district’s capital outlay plans are budgeted, and the operation is moved to the proposed site discussed in the capital outlay section, enrollments are projected to increase gradually and total 505 students by 2015. Assuming an average unit load of 8.2 weekly student contact hours (WSCH), the new Needles facility would be serving approximately 276 full-time-equivalent students. Although the FTES figure is significant, given the relatively small adult population base, it is nonetheless lower than the Commission’s 500 FTES threshold required for state-approved status under the Commission’s current guidelines.

Over the next several months the Commission will be meeting with community college officials and policymakers to determine the merits and benefits of possibly lowering the 500 FTES threshold to be better aligned with the enrollment constraints facing rural and remote areas. There appears to be growing support for a lower FTES threshold if: (a) the proposed center is located in an extremely remote area; (b) it has an adult participation rate that is higher than the overall statewide rate; (c) it is situated in a region that is marked by chronic unemployment and low wage jobs; and (d) the district is willing to assume the majority of the anticipated facility construction costs.

Alternatives

This criterion requires a district to consider several alternatives other than establishing an educational center. This includes consideration given to (1) expanding existing institutions within the region, (2) increasing classroom and laboratory utilization, (3) sharing facilities with other institutions, and (4) greater use of technology and distributed learning arrangements.

The Palo Verde Community College District includes only one comprehensive community college and the district has limited options for enhancing services in Needles. To continue with the present operation at the local high school in Needles would mean that instruction and vocational training would continue to be offered during the late afternoon and evenings only. This is not viewed as a viable option, given the dire need for expanded vocational and paraprofessional training to boost the local economy.

It is critical, though, that joint-facility use be thoughtfully considered as a cost-effective alternative to constructing new facilities in remote areas that will serve relatively small student populations. In the case of Needles, no other California higher education facilities are within a two-hour drive. However, Needles is situated in a border region that includes a number of campuses that exist in close proximity to the region across the Colorado River in Arizona. For example, the Mojave Community College District, located in northwestern Arizona, administers two college campuses within 40 miles of Needles: one in Bullhead City and another in Lake Havasu City. The Mojave colleges participate in a border educational initiative called the *Western Undergraduate Exchange Program*, which is facilitated by the Western Interstate Commission for Higher Education (WICHE).

Under this program, residents of Needles have the option, like any other California resident, of enrolling in selected courses offered by the Mojave colleges and paying 150 percent of the in-state tuition fee, which is less expensive than paying the full out-of-state tuition fee. The viability of this program for residents of Needles depends, of course, on a number of factors, including the extent to which course offerings: (a) match the needs of the Needles local economy; (b) are readily available and not impacted; and (c) are transferable to California four-year institutions.

Planning officials believe that the educational, social, and economic benefits derived from the presence of a state-approved educational center in downtown Needles will greatly outweigh any marginal cost savings that might result from its students being educated in Arizona. Public support appears quite high, as evidenced by the passage of Measure K that will provide \$6.0 million in local funds to renovate the proposed facility.

Academic Planning and Program Justification

The District must include a preliminary description of the proposed academic and certificate programs to be offered, along with a description of the proposed academic organizational structure. The description must demonstrate conformity with the Commission's program review guidelines and with State goals such as access, quality, intersegmental cooperation, and diversification of students, faculty, administration, and staff.

As shown in Appendix A, the district offers a breadth of courses at the Needles site, including courses in the biological sciences, social sciences, humanities, and the physical sciences. Business, remedial, and basic skills instruction are also provided. The list is impressive, given that instruction can only be offered in the late afternoon and evening. The district intends to expand its vocational training programs and offerings in the physical sciences when the proposed educational center is established.

There is evidence that the district is working with local planners to make sure that course offerings match local industry and labor market needs. During a recent site visit by Commission staff, City Planner Sharon Atkinson indicated that the city is actively trying to recruit industry into the area but has encountered resistance from companies that require a more educated workforce. Given this situation, the

city would like the college to expand its offerings of basic adult education, computer science, business and management, and other programs that will facilitate the growth of commerce in Needles. Also needed are vocational training programs in selected health occupations and occupations related to safety, fire and rescue.

The district is working collaboratively with city officials and believes that city labor market and industry training needs will be met more effectively when instruction is offered during the day and the evening at the proposed site. The district is also aware that a significant portion of the Needles community consists of unemployed or underemployed single mothers who rely on federal assistance programs for income. Daytime classes would provide single mothers with an opportunity to enroll in classes while their children are in school.

Student Services and Outreach

The district is required to describe the student services available and planned at the educational center. A description of outreach services to historically underrepresented groups must be included.

The current level of student service and outreach programs is appropriate, given very limited facilities. These services consist of three full-time staff members to assist students in matters related to class registration, financial aid, student transfer, and campus book purchases.

Capital Outlay and Support Budget Projections

Proposals must include five-year capital outlay projections and five-year projections of anticipated support costs, including costs for administration, academic programs, academic support, and other standard expense elements.

The estimated capital cost of renovating the donated Claypool building is \$6.4 million. The district proposes to finance this cost through a local bond that was approved by voters in 2005. To increase the likelihood that the measure would pass, the district created a School Facilities Improvement District (SFID) that only allowed Needles area residents residing within the SFID to vote for the measure. The development of a special improvement district demonstrates a major commitment by local planners to optimize community college services in remote areas to the greatest extent possible.

The first phase of construction is scheduled to be completed in year 2009. It would provide 16,642 assignable square feet of initial educational space (ASF), with classroom space totaling 1,200 ASF, and laboratory space totaling 3,786 ASF. Based on current state-adopted space standards, the initial classroom space would support, at a minimum, 186 FTES, and the laboratory space would support 56 FTES, for a combined total of 242 FTES. More students could be accommodated in the immediate future if the district is able to achieve higher classroom utilization rates than those prescribed in the space-utilization standards.

Geographic and Physical Accessibility

The physical and geographic accessibility of the location and surrounding service areas must be included. There must be a plan for students, faculty, and staff transportation to the proposed location. For locations that do not plan to maintain student on-campus residences, reasonable commute time for students must be demonstrated.

The proposed site is located centrally in downtown Needles. The site offers residents convenient access via public and private transportation: Interstate Highway 40 is located four blocks from the site.

Effect on other Institutions

The proposal must show evidence that other institutions were consulted during the planning process. Establishing a new community college center must not reduce existing or projected enrollments in nearby campuses or adjacent districts to a level that would damage their economy of operation.

Needles is a community too far removed from other institutions for the proposed center to have any negative impact on enrollment at other colleges and universities. The nearest California campus, Palo Verde College, is located 100 miles away in Blythe and is the parent campus of the current and proposed Needles center. The result of a permanent center in Needles would likely be an increase in the overall enrollment of the Palo Verde Community College District.

Environment and Social Impact

A copy of the final environmental impact report must be included. To expedite the review process, the Commission should be provided with all information related to the environmental report process as it becomes available to responsible agencies and the public.

Prior use of the Claypool building as a major department store has not resulted in any reported negative environmental impacts. The districts *Needs Study* included a *Due Diligence Report* that provides a preliminary assessment of construction work to be completed during the initial site development stage. The scheduled renovations are not anticipated to result in any adverse environmental impacts that would not be easily mitigated.

The social impact of a permanent educational center located in the Claypool Building is likely to be a positive and beneficial one for the City of Needles. Downtown Needles was once a bustling area of commerce but has, in recent decades, become an abandoned area of town. The presence of a community college would be a hub for this downtown area and is a critical component to the city's plans for revitalization.

Economic Efficiency

The Commission encourages economic efficiency and gives priority to proposals for new institutions where the State is relieved of part of the financial burden. Assuming that all other criteria are satisfied, higher priority will be granted to proposals that include gifts of land, construction costs, or equipment, as opposed to proposed projects that anticipate all costs to be born by the State.

Development of the proposed educational center site would result in significant economic efficiencies. The Claypool family donated the site building, so the State is relieved of all site acquisition costs. The district intends to use \$6.4 million of local bond money to fund initial construction and renovation costs. Additional cost savings are expected to come from a \$496,000 congressionally-directed grant from the U.S. Department of Education to furnish the center with state-of-the-art instructional equipment.

Appendix A: Courses Offered by the District at the Needles Outreach Center

DEPARTMENT	COURSE OFFERINGS	OFFERED BY DISTANCE ED.
Accounting	2	0
Anthropology	2	1
Art	5	0
Biology	8	3
Building Trades	1	0
Business	2	0
Childhood Development	7	0
Computer Information Science	18	0
Criminal Justice	2	0
Culinary Arts	2	0
Education	1	0
English	6	2
General Studies	1	0
Geography	2	1
Geology	2	1
Health Education	4	1
History	3	1
Management	4	0
Mathematics	6	4
Music	5	0
Philosophy	1	0
Physical Education	4	0
Political Science	1	0
Psychology	2	0
Sociology	1	0
Spanish	3	1
Speech	1	1
Welding	1	0
Chemehuevi Classes	2	0
Non-Credit Courses	8	0
High School Classes	7	0
High School Tech Prep	10	0
TOTAL	124	16

