STATE OF CALIFORNIA *ARNOLD SCHWARZENEGGER*, Governor
STATE ALLOCATION BOARD
1130 K Street, Suite 400
Sacramento, CA 95814

IMPLEMENTATION COMMITTEE MINUTES

October 6, 2006

Legislative Office Building
Sacramento, CA

Members Present

Mavonne Garrity, SAB
Kathy Hicks, OPSC
Fred Yeager, CDE
Chad Rohrs, DOF
John Palmer, SSD (alternate for Constantine Baranoff)
Mark DeMan, LAUSD
Margaret Brown, CASBO (alternate for Peggy Reyes)
Dave Doomey, CASH
Kenn Young, CCSESA
Brian Wiese, AIA
Richard Conrad, DSA
Cesar Diaz, SBCTC
Dennis Dunston, CEFPI

Members Absent

Debra Pearson, SSDA
Gary Gibbs, CBIA

The Chair indicated that the Seismic Mitigation item will be brought forward after the election and requested that the Committee consider postponing the next meeting until after the November 7 election. It was decided to retain November 3rd for the meeting. Cesar Diaz was introduced as the new representative for the State Building Construction Trades Council. The minutes from the September 7 & 8th Committee meetings were approved as presented.

CAREER TECHNICAL EDUCATION FACILITIES PROGRAM

This item was introduced by the Chair and presented by Office of Public School Construction (OPSC) staff member Kelly Long and California Department of Education (CDE) representatives Pat Ainsworth and Dennis Guido.

Staff briefly reviewed the creation of the Career Technical Education Facilities Program (CTEFP) by Assembly Bill 127 and recapped the prior discussion from the August 18 Implementation Committee meeting. It was noted that there are distinct facility and educational aspects to the program and some of the concerns raised at the previous meeting might be best addressed after a discussion of the Career Technical Education (CTE) plan. At this point, the CDE representatives presented the draft Application Guidelines for the program. The Application Guidelines outline the requirements and review process for the CTE plan, which must be completed prior to filing a funding application. The presenters also stated that CDE will be meeting on October 23, 2006 with State agencies, industry groups, and other entities to refine the evaluation criteria, as required by statute. This meeting is open to any interested attendees. The presentation prompted a number of specific questions, including scoring methodology, equity concerns, Career Technical Advisory Committee requirements, and evaluation standards, which the presenters noted may be addressed at the upcoming meeting of CTE stakeholders.

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CAREER TECHNICAL EDUCATION FACILITIES PROGRAM (cont.)

Several issues mentioned during the initial Implementation Committee meeting were addressed by staff. The first issue was the possibility of providing a preliminary apportionment for the entire project (with the option of design fund releases) rather than requiring applicants to have a complete set of construction drawings in order to receive an apportionment. Staff supported the preliminary apportionment concept and proposed to release design funds totaling ten percent of the State apportionment. The funding would be available for projects that have an approved CTE plan and are provided a preliminary apportionment, but are not ready to submit a complete funding application. If an applicant did not have matching funds immediately available and was obtaining a loan from the State for the match, ten percent of the matching share would also be released. The remaining apportionment would be reserved and the applicant would have 18 months to come in with the funding application. Several attendees felt the ten percent release for design was insufficient and that the 18 months should come with the possibility of an extension. Questions were also raised about how staff would determine that funds were not immediately available for purposes of determining whether or not the local contribution can be borrowed. Staff suggested that a certification on part of the applicant would suffice, rather than an intensive audit of their funds. It was also stated that in the event a project is reduced to costs incurred, the eligible expenditures will be shared between the State and district.

The determination of CTEFP grant amounts was revisited by staff. Rather than determine an allowance for each CTE sector, the approach was revised so that the applicant will supply the cost and square footage amounts for each project. The concept was favorably received, but questions arose about equipment costs and the need for a per square foot calculation. Staff acknowledged that a project may be “equipment only”, but it was still possible to convert to a per square foot amount. It was further noted that equipment and construction costs would be subject to verification and/or justification and the law required a per square foot allowance. It was suggested that some sort of inflator factor be applied to grant amounts or funds be reserved for projects that do not go to construction immediately.

Staff also stated that modernization eligibility at a school site would not be affected by using CTE funds on the buildings.

The proposed funding priority for CTEFP was explained and discussed at length. The sequence is based on two primary factors – CTE plan score and applicant priority. Staff explained that no priority was given to new construction over modernization, nor was there a preference for any geographic regions. Further, staff was not proposing to reserve (or limit) the amount to be apportioned within the funding cycles. This topic spawned much discussion, particularly as the sequence related to funding “equity.” Attendees questioned whether the proposed geographic distribution adequately addressed the issue. There was concern over the county breakdown of the regions and the distribution of students within the regions. Additionally, many felt that funding all first priority projects, regardless of enrollment or CTE plan score, would disadvantage those districts that have numerous applications. It was suggested that funds be set aside within each region based on pupils served or some other means. Staff requested additional input and will consider other options to address the funding priority. Staff will discuss the topic further and return with additional recommendations.

Other topics were raised at the meeting, specifically the ability of county offices of education (COE) to participate in CTEFP and the role of joint powers authorities (JPA). At the request of the Chair, further discussion was proposed between staff, the legislative proponent, and COE representatives. Staff also indicated that classrooms constructed with CTEFP funds exclusively, would count against a school district’s new construction eligibility as an additional capacity is added to the district. Some Committee and audience members expressed concerns with this approach believing that the capacity should not be charged against a district’s baseline.

The regulations for the CTEFP will be presented at a future Committee meeting.

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OVERCROWDING RELIEF GRANT PROGRAM

This item was introduced by the Chair and presented by OPSC staff members Lina Lyda and Regina Bills-Dacong. OPSC staff reviewed the item introduced at the September 2006 meeting and presented updates to the proposed framework for implementing the Overcrowding Relief Grant (ORG) program.

Staff explained how the density calculation will be adjusted to account for any approved Critically Overcrowded School (COS) apportionments. Concern was raised that this reduction will render some districts participating in the COS program ineligible for ORG, since COS projects cannot be withdrawn for at least four years, even if the COS projects are no longer intended to be constructed. It was suggested that this would disadvantage some districts, especially those with declining enrollment, and that COS regulations might be changed to account for this concern. OPSC staff stated that the matter would be considered.

The process of determining districtwide eligibility for purposes of determining the number of portables that can be replaced was discussed and questioned. In particular, it was suggested that if all Class Size Reduction (CSR) program portables are removed from the total number included in the initial new construction baseline determination, it would be unfair to any district that does not apply for all of their sites. Staff recognized this concern and agreed that a site-specific approach seems reasonable if a district can account for the spending of its CSR funds on a site specific basis, but that many districts have reported that they cannot account for the spending of their CSR funds. Staff agreed to look into the issue further.

Staff and audience members discussed the requirement of districts to return to the State any savings that are realized at the conclusion of an ORG project. Audience members questioned this requirement, noting that it is not a requirement for other School Facility Program (SFP) projects. Staff stated that savings are not anticipated in these projects and that the return of savings is not required in law, however it seemed fiscally prudent to require that any savings are either returned to the State or used within the scope of the ORG project. Staff indicated that the matter will be reconsidered.

The prior discussion regarding site acquisition was revisited and Staff stated that buying land will be allowed under ORG. The Department of Finance supported this, cautioning, however, that there should be safeguards against overbuying acreage.

The topic of funding cycles and reservations of funds was discussed, and it was suggested that $500m be reserved for the initial January 2008 apportionment, $300m for July 2008, and $200m for a final apportionment in January 2009. Staff agreed to take the suggestion into consideration.

The Chair ended the discussion by stating that the item will be brought back to a future Committee meeting.

ADJOURNMENT AND NEXT MEETING

The meeting adjourned at 3:30 p.m. The next Implementation Committee meeting is scheduled for Friday, December 1, 2006 at 9:30 a.m. and will be held at the Legislative Office Building, 1020 N Street, Room 100, Sacramento, California.