STATE ALLOCATION BOARD
1130 K Street, Suite 400
Sacramento, CA 95814

IMPLEMENTATION COMMITTEE MINUTES

June 16, 2008

Legislative Office Building
Sacramento, CA

Members Present
Rob Cook, SAB
Juan Mireles, SAB/OPSC (Alternate for Lori Morgan)
Michael O'neil, CDE
Mamie Starr, CASH (Alternate for William Savidge)
Gary Gibbs, CBIA
Lenin Del Castillo, DOF
Margie Brown, CASBO
Robert Pierce, SSD
Richard Conrad, DSA (Alternate for Kathy Hicks)
Mark DeMan, LAUSD

Members Absent
Dean Tatsuno, AIA
Cesar Diaz, SBCTC
Debra Pearson, SSDA
Kenn Young, CCESSA
Dennis Dunston, CEFPI

The meeting was called to order at 9:40 am.

Assembly Bill 1014

Office of Public School Construction (OPSC) Staff Masha Lutsuk and Joshua Rosenstein presented proposed regulations, proposed revisions to the *Enrollment Projection/Certification* (Form SAB 50-01), and the High School Attendance Area (HSAA) Pupil Residence Worksheet for the implementation of Assembly Bill (AB) 1014 (Bass), Chapter 691, Statues of 2007. Staff introduced regulations and instructions regarding implementation of the following components: modified weighting mechanisms, birth rate augmentation, tenth-year enrollment projections and use of residency data for HSAA reporting.

HSAA Reporting

Staff proposed regulations to address HSAA pupil reporting options and a restriction on changing from residency reporting to attendance reporting. The proposed lock is necessary to prevent a funding advantage that may be created by switching from residence to attendance reporting. Staff noted that the lock would not prevent districts from switching from attendance to residency reporting.

- Various committee members questioned the necessity of the proposed HSAA residency data worksheet. Staff responded that the residency data for all HSAAs allows staff to reconcile districtwide residency data with California Basic Educational Data Systems (CBEDS) data as required by law.

Fifth or Tenth-Year Projection

Staff explained its position is that Education Code (EC) Section 17071.75(a)(3)(A) is not a subsection of EC Section 17071.75(a)(2), rather they are two separate sections. EC Section 17071.75(a)(3)(A) is not intended to provide for the use of alternative projections because the EC language does not explicitly outline an "alternative" projection.

- Stakeholders stated that the OPSC misinterpreted the intent of AB 1014 and made it so it does not allow all of the options intended. Staff reiterated that it appears that the supplements provided in EC Section 17071.75(a)(2) only apply to the fifth-year projection, as the tenth-year projection option is provided in EC Section 17071.75(a)(3)(A) without mention of the supplements provided in EC Section 17071.75(a)(2). Staff also explained that while EC Section 17071.75(a)(3)(A) does not explicitly specify the use of the cohort survival projection system; it also does not provide guidelines for an alternative projection system as is the case in other sections of the Article. It was Staff's position that if alternative projections were intended to be allowed, the law would have specified an "alternative" projection system. Stakeholders further disagreed with Staff's interpretation stating that, while legal, it was too conservative. Staff reiterated that the interpretation is consistent with the statutory construction of the bill.

Birth Rate Augmentation

Staff presented an alternative proposal for the birth rate augmentation that would allow districts to utilize a "birth-attendance" rate. This method would compare either county birth data or district birth data by district Zone Improvement Project (ZIP) Codes to kindergarten enrollment five years later and apply an average historical "birth-attendance" rate to available birth data in order to project kindergarten enrollment.

- A stakeholder asked Staff to clarify why Staff's proposal did not include a separate augmentation for the 1st grade enrollment projection. Staff responded that by augmenting the kindergarten enrollment projection, the 1st grade projection is also augmented because the kindergarten pupils survive as they progress through each following grade and year. If Staff was to adjust 1st grade with a birthrate augmentation the enrollment projection would no longer be the cohort survival method because kindergarten pupils would not survive to 1st grade. Utilizing a separate 1st grade birth-attendance rate augmentation would create two projection systems; one for kindergarten only and one for 1st through 12th grade.
- A committee member asked Staff to consider revising the proposed regulations to allow districts to refrain from reporting births from ZIP codes minimally served by the district. Later in the meeting, Staff agreed to revise the proposed regulations to allow the committee member's suggestion after consulting with a district demographer.

Modified Weighting Mechanisms

Staff presented its proposed regulations showing the method to implement modified weighting mechanisms.

- A member of the audience expressed concern with the proposed requirement that districts must report 18 historical years of enrollment data as directed on the Form SAB 50-01. The member said that for small districts in particular, it would be extremely difficult to provide verifiable Special Day Class (SDC) enrollment data as far back as 18 years ago. Staff responded that the trend line analysis needs to compare consistently filtered enrollment data to be considered most reliable, but Staff would reconsider using CBEDS data.
- An audience member asked Staff if districts would conduct the analysis of historical enrollment trends for the modified weighting mechanisms. Staff explained that it intends to make an electronic enrollment projection calculation available so that these calculations and analysis would be done automatically.

Special Day Class Enrollment Projection

Staff presented proposed regulation changes to implement the tenth-year projection and to remove the requirement that districts report SDC pupils by classification.

- An audience member asked if County Offices of Education (COE) could use supplements to the fifth-year projection when projecting SDC. Staff responded that the

birth-attendance rate augmentation cannot be utilized if there is no kindergarten enrolment, and the dwelling unit augmentation cannot be utilized if there is no K-12 enrollment. Therefore, COE's without kindergarten or K-12 enrollment will not be able to utilize the birth-attendance rate and dwelling unit augmentations.

Enrollment Reporting in the Event of an Anomaly

Staff presented proposed regulations to allow mitigated enrollment reporting for districts experiencing temporary anomalies that significantly reduce district enrollment. Staff noted that while AB 1014 did not specifically provide for these proposed regulations, Staff has presented these proposed regulations to address stakeholder's concerns regarding anomalies in district enrollment. Staff explained that the intent of this section is to address emergency situations that cause a temporary decline in district enrollment.

- Staff proposed an alternative drop in enrollment of 10 percent from the previously proposed 25 percent discussed at the previous Implementation Committee meeting. However, an audience member asked Staff to further consider replacing the proposed 10 percent enrollment decline with a threshold based on standard deviation from the district's usual historical average change in enrollment as proof of an enrollment anomaly. Staff responded that it would be difficult to accommodate this request because of the difficulty in separately identifying a natural decline and an anomalous decline in enrollment. Staff also noted that implementation of this request would delay this section of AB 1014 from being presented at the June SAB.
- A committee member suggested using a sliding scale anomaly based on district size to determine the threshold of enrollment decline that would allow a district to take advantage of the proposed regulations in this section. Staff responded that this request would require further research to determine the appropriate decline thresholds that would correspond to appropriate district size. Staff stressed that this request would prevent this proposed regulation section from being presented for approval at the June SAB and could delay the implementation of the proposed regulations for AB 1014.
- A committee member suggested that the anomaly section of AB 1014 be removed from the proposed regulations for AB 1014, since the bill does not specifically provide for the creation of a specific anomaly section. The committee member recommended that Staff move forward with the other changes required by the bill since a consensus could not be reached regarding the anomaly section.

Staff informed the Committee that it intends to present the proposed regulation amendments and form changes to the SAB at the June 25, 2008 meeting. Staff explained that the timely implementation of the provisions of AB 1014 is essential in ensuring that school districts can utilize all of the newly available projection options before the new enrollment year reporting requirement goes into effect.

Overcrowding Relief Grant (ORG) Regulation Updates

Ms. Barbara Kampmeinert of the OPSC presented this item to discus regulation updates regarding changes to the site acquisition requirements under the ORG program. The amendments to the regulations allow financial hardship districts to receive an advance fund release for site acquisition when the proposed project involves condemnation proceedings. Other regulation changes were presented to clarify that the narrative description required as part of the application submittal must demonstrate that a project relieves overcrowding, and adds two future funding cycles.

Staff outlined that the changes to the regulations would allow a financial hardship district that is acquiring all or part of a proposed site through condemnation to submit an application for funding and receive advance funds prior to obtaining a court order for prejudgment possession. Staff further explained that current regulations would require that a district have this document prior to submitting an application for funding in order to demonstrate "ownership" of the site and

that the new regulations require that districts provide a Resolution of Necessity to demonstrate intent to use condemnation. Further, the new regulations allow a 15% inflator to the amount awarded for site acquisition to accommodate the fact that the final court award will occasionally exceed the appraised value for the sites in question.

Audience members inquired about the process for the site fund releases and the timeframes for processing ORG applications. Staff clarified that the this type of application is still processed like a typical final apportionment application, requiring submittal of all other application components such as CDE and DSA approvals) and adhering to the 18 month time limit on fund release, and that the fund release may be requested using the revised Form SAB 50-05 which has been modified for these purposes. It was explained that this application structure is necessary as the ORG funding is done on a funding cycle basis. If a separate apportionment was made for site only (as is done in a typical SFP financial hardship situation), then funds may not be available at the time the district needs to access them for the final apportionment. Staff explained that funding of the ORG applications is done in batches and presented at the same SAB meeting, as the funding can be competitive in the event the program is oversubscribed.

Audience members also inquired about the requirements for projects using a combination of both condemnation and the typical escrow process to acquire sites. OPSC clarified that for any parcels not being obtained through condemnation, the normal regulations requiring an open escrow or other purchase documents would apply.

Audience members and committee members expressed concern that it would be difficult to balance the timing of the required documents, and stated that obtaining the Resolution of Necessity was a difficult political decision. OPSC was asked whether any other documentation would meet the requirement instead of the Resolution of Necessity. OPSC acknowledged that then timing was going to be very important, but further stated that the documents being requested were things that the District would otherwise have to do anyway.

The issue was raised as to whether districts would be able to get the other required components of the application (such as DSA approved plans, geotechnical testing) without the access to the site that is granted by the court order. The OPSC pointed out that this had already been successfully accomplished by one district.

A school district member argued that the financial hardship districts are disadvantaged in a competitive process. Staff responded that the requirements for funding are the same.

Staff then outlined the proposed changes which require that the narrative description describe how the project will relieve overcrowding by increasing outdoor useable space. A discussion ensued in which options for doing this were shared (including using multi-story construction and reconfiguring corridors and building placement). The distinction between pupil density and building density was discussed. Committee members cautioned against the use of the term “open space” as it can have very specific meanings and OPSC agreed to clarify the term.

Finally, the addition of two new future funding cycles was presented. The new funding cycles followed the same time points as the three previous funding cycles. This change was technical in nature and prompted little comment, though one audience member requested that a legislative fix be considered for what she considered timeline constraints due to the competitive funding cycle structure of the program.

Adjournment and Next Meeting

The meeting adjourned at 3:35 p.m. The next committee meeting is scheduled for Monday, June 16, 2008 at 9:30 a.m. and will be held at the Legislative Office Building located at 1020 N Street, Room 100, Sacramento, California.