

STATE ALLOCATION BOARD

1130 K Street, Suite 400

Sacramento, CA 95814

<http://www.dgs.ca.gov/opsc>

January 7, 2005

Ms. Diane F. Boyer-Vine
Legislative Counsel
State Capitol, Room 3021, B-30
Sacramento, CA 95814

Dear Ms. Boyer-Vine:

Please find enclosed the biennial report entitled "School Facility Program Costs Avoided Per Pupil By Use of Year-Round Education". Education Code Section 42263(d)(3) directs the State Allocation Board to calculate and report to the Legislature, no later than December 1, 2004, on the statewide average costs avoided per pupil due to the use of year-round multi-track school systems.

In keeping with our commitment to encourage conservation, we have posted this report to our website. The report can be viewed at <http://www.legi.dgs.ca.gov/Publications/2004LegislativeReports.htm>. The report is entitled "School Facility Program Costs Avoided Per Pupil By Use of Year-Round Education".

If you wish to receive a printed copy of this report, please contact me at (916) 445-3377 or you may contact Ms. Lori Morgan, Policy Manager of Program Services, Office of Public School Construction, Department of General Services, at (916) 322-0330.

Sincerely,

JACQUELINE R. WILSON
Deputy Executive Officer
Office of Public School Construction

JRW:LJ:lj

Enclosure

cc: See attached Distribution List #2
State Allocation Board Members
Lori Morgan, Policy Manager of Program Services, Office of Public School Construction, Department of
General Services

DISTRIBUTION #2
LEGISLATIVE REPORT LISTING

ORIGINAL LETTER TO EACH OF THE FOLLOWING:

Ms. Diane F. Boyer-Vine
Legislative Counsel
State Capitol, Room 3021, B-30
Sacramento, CA 95814
(1 original)

Mr. E. Dotson Wilson
Chief Clerk of the Assembly
State Capitol, Room 3196, E-24
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(1 original)

Mr. Gregory Palmer Schmidt
Secretary of the Senate
State Capitol, Room 3044, E-22
Sacramento, CA 95814
(1 original)

COPY OF LEGISLATIVE COUNSEL'S LETTER TO EACH OF THE FOLLOWING:

Richard Costigan, Legislative Secretary
Office of the Governor
State Capitol, First Floor, E-15
Sacramento, CA 95814
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Attention: Indexing Division
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LEGISLATURE--REVISED 11/17/04

Debbie Baker, Budget and Planning Officer
Office of Fiscal Services
707 Third Street, 9th Floor, Z-1
West Sacramento, CA 95605
(1 copy)

SCHOOL FACILITY PROGRAM COSTS AVOIDED
PER PUPIL BY USE OF YEAR-ROUND EDUCATION

PURPOSE OF REPORT

To present yearly per pupil savings in construction costs typically found by using year-round school programs and approve this report for presentation to the Legislature.

DISCUSSION

Education Code Section 42263(d) requires that the State Allocation Board (SAB) report to the Legislature, no later than December 1 on even years, the statewide savings per pupil in school construction costs resulting from the operation of multi-track year-round education (MTYRE) programs. The average savings per pupil is the amount the State would have had to spend to house a pupil per year if that pupil had not been attending a year-round school, which is the funding basis for the MTYRE Operational Grant Program administered by the California Department of Education (CDE).

To provide the yearly cost savings per pupil figure, the Office of Public School Construction (OPSC) utilized an average of all project cost data collected from the School Facility Program (SFP) during 2002/2003 and 2003/2004 Fiscal Years as provided by law. By factoring in the useful life of a facility and amortizing bond costs over 30 years at an interest rate of 4.7976 percent, the OPSC is reporting the yearly cost savings per pupil, as shown in the table below. This table also includes the amounts reported two years ago for the 2000/01 and 2001/02 fiscal years for reference.

USEFUL LIFE OF A FACILITY	2000/01 & 2001/02 FY YEARLY COST SAVINGS PER PUPIL	2002/03 & 2003/04 FY YEARLY COST SAVINGS PER PUPIL
20 Years	\$1,649	\$ 1,809
30 Years	\$1,099	\$ 1,206
40 Years	\$ 824	\$ 905

STAFF COMMENTS

The methodology used to determine the new cost savings figures is identical to that used in the reports presented to the SAB biennially since 1992. The SAB has historically requested that the cost savings per pupil be presented to the Legislature reflecting the 20 year, 30 year and 40 year useful life of facility savings. The Legislature analyzes the Useful Life figures and makes a determination of how to utilize this information for purposes of appropriating funds for the MTYRE Operational Grant Program, which is administered by the CDE. If a district elects to receive Operational Grants for eligible projects on MTYRE schedules, the district's eligibility in the SFP is reduced in a like amount.

RECOMMENDATION

Direct the OPSC to present this report for the 2002/2003 and 2003/2004 Fiscal Years to the Legislature on the average yearly cost savings using the 20 year (\$1,809/pupil), 30 year (\$1,206/pupil) and 40 year (\$905/pupil) useful life figures.

This Item was approved by the State Allocation Board on October 27, 2004.