

STATE ALLOCATION BOARD

1130 K Street, Suite 400
Sacramento, CA 95814
<http://www.dgs.ca.gov/opsc>



April 14, 2009

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

Dear Ms. Boyer-Vine:

Pursuant to the requirements of Education Code (EC) Section 42263(d)(3), the State Allocation Board (SAB) is submitting the biennial report entitled "School Facility Program Cost Savings Per Pupil By Use of Year-Round Education."

EC Section 42263(d)(3) directs the SAB to calculate and report to the Legislature on the Statewide average costs avoided per pupil due to the use of year-round multi-track school systems. These figures were calculated by analyzing elementary, middle, and high school construction costs separately using data from the 2006/2007 and 2007/2008 Fiscal Years. Factors utilized included the useful life of the facility, the average construction and land costs per pupil, and the total interest cost to fully amortize bonds at 5.0761 percent.

In keeping with our commitment to encourage conservation, we have posted this report to our Web site. The report can be viewed at <http://www.legi.dgs.ca.gov/Publications/2009LegislativeReports.htm>. The report is entitled "School Facility Program Cost Savings 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 Mr. Juan Mireles, Interim Program Services Policy Manager, Office of Public School Construction, at (916) 323-4470.

Sincerely,

A handwritten signature in blue ink, appearing to read "Rob Cook".

ROB COOK
Executive Officer

RC:JM:lj

Attachments

cc: See distribution list #2
State Allocation Board Members
Mr. Juan Mireles, Interim Program Services Policy Manager, Office of Public School Construction

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
Sacramento, CA 95814
(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:

Mike Proso, Legislative Affairs Secretary
Office of the Governor
State Capitol, First Floor, E-15
Sacramento, CA 95814

Mary Ann DeWitt, Budget and Planning Officer
Office of Fiscal Services
707 Third Street, 9th Floor, Z-1
West Sacramento, CA 95605

Greg Hurner, Deputy Secretary, Legislation
State and Consumer Services Agency
915 Capitol Mall, Room 200, C-14
Sacramento, CA 95814

Mike Webb, Deputy Director--Legislative Affairs
Department of General Services
707 Third Street, 8th Floor, Z-1
West Sacramento, CA 95605

Todd Jerue, Program Budget Manager
Department of Finance
915 L Street, A-15
Sacramento, CA 95814

Office of Legislative Counsel
Attention: Indexing Division
925 L Street, Suite 1150, B-30
Sacramento, CA 95814

Karen Finn, Program Budget Manager
Department of Finance
915 L Street, A-15
Sacramento, CA 95814

California State Library
Information Resources and Government Publications
914 Capitol Mall, E-29
Sacramento, CA 95814

Will Semmes, Chief Deputy Director
Department of General Services
707 Third Street, 8th Floor, Z-1
West Sacramento, CA 95605

Originating Office

Scott Harvey, Chief Deputy Director
Department of General Services
707 Third Street, 8th Floor, Z-1
West Sacramento, CA 95605

LEGISLATURE--REVISED 1/30/09

REPORT TO THE LEGISLATURE

FROM THE

STATE ALLOCATION BOARD

**SCHOOL FACILITY PROGRAM COST SAVINGS
PER PUPIL BY USE OF YEAR-ROUND EDUCATION**

STATE ALLOCATION BOARD MEMBERS

Mr. Michael Genest	Director of Finance (Chair)
Mr. William C. Bush	Director of General Services
Mr. Jack O'Connell	Superintendent of Public Instruction
The Honorable Bob Margett	Senator, 29 th District
The Honorable Jack Scott	Senator, 21 st District (Vice Chair)
The Honorable Joe Simitian	Senator, 11 th District
The Honorable Gene Mullin	Assembly Member, 19 th District
The Honorable Jean Fuller	Assembly Member, 32 nd District
The Honorable Kevin de León	Assembly Member, 45 th District
Ms. Rosario Girard	Governor's Appointee

ROB COOK
Executive Officer

Prepared By:
Department of General Services
Office of Public School Construction

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, September 24, 2008

SCHOOL FACILITY PROGRAM COST SAVINGS
PER PUPIL BY USE OF YEAR-ROUND EDUCATION

PURPOSE OF REPORT

To present the statewide average per pupil savings in construction costs through the operation of year-round school programs.

DISCUSSION

Education Code Section 42263(d) requires the State Allocation Board (SAB) to report the statewide per pupil savings in school construction costs resulting from the operation of multi-track year-round education (MTYRE) programs. This information must be reported to the Legislature no later than December 1 on even years. 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. The average savings amount per pupil 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 2006/2007 and 2007/2008 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 5.0761 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 2004/05 and 2005/06 Fiscal Years for reference.

USEFUL LIFE OF A FACILITY	2004/05 & 2005/06 FY YEARLY COST SAVINGS PER PUPIL	2006/07 & 2007/08 FY YEARLY COST SAVINGS PER PUPIL
20 Years	\$2,212	\$3,085
30 Years	\$1,475	\$2,057
40 Years	\$1,106	\$1,543

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 uses the Useful Life figures to appropriate funds for the MTYRE Operational Grant Program, which is administered by the California Department of Education. 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.

Chapter 271, Statutes of 2008 (SB 658—Romero), will phase out the MTYRE Operational Grant Program over four years by reducing grant amounts by 20 percent each fiscal year, commencing with 2008/09. The MTYRE Operational Grant Program will be rendered inoperative on July 1, 2013. The funds reduced from the MTYRE Operational Grant Program will be reallocated to the Charter School Facility Grant Program. This bill will exempt school districts receiving MTYRE Operational Grant Program funds from a reduction in eligibility for State school bond funds, as is required by current statute.

RECOMMENDATIONS

1. Approve this report.
2. Request Staff to present this report for the 2006/2007 and 2007/2008 Fiscal Years to the Legislature on the average yearly cost savings using the 20-year (\$3,085/pupil), 30-year (\$2,057/pupil) and 40-year (\$1,543/pupil) useful life figures.

This Item was approved by the State Allocation Board on September 24, 2008.