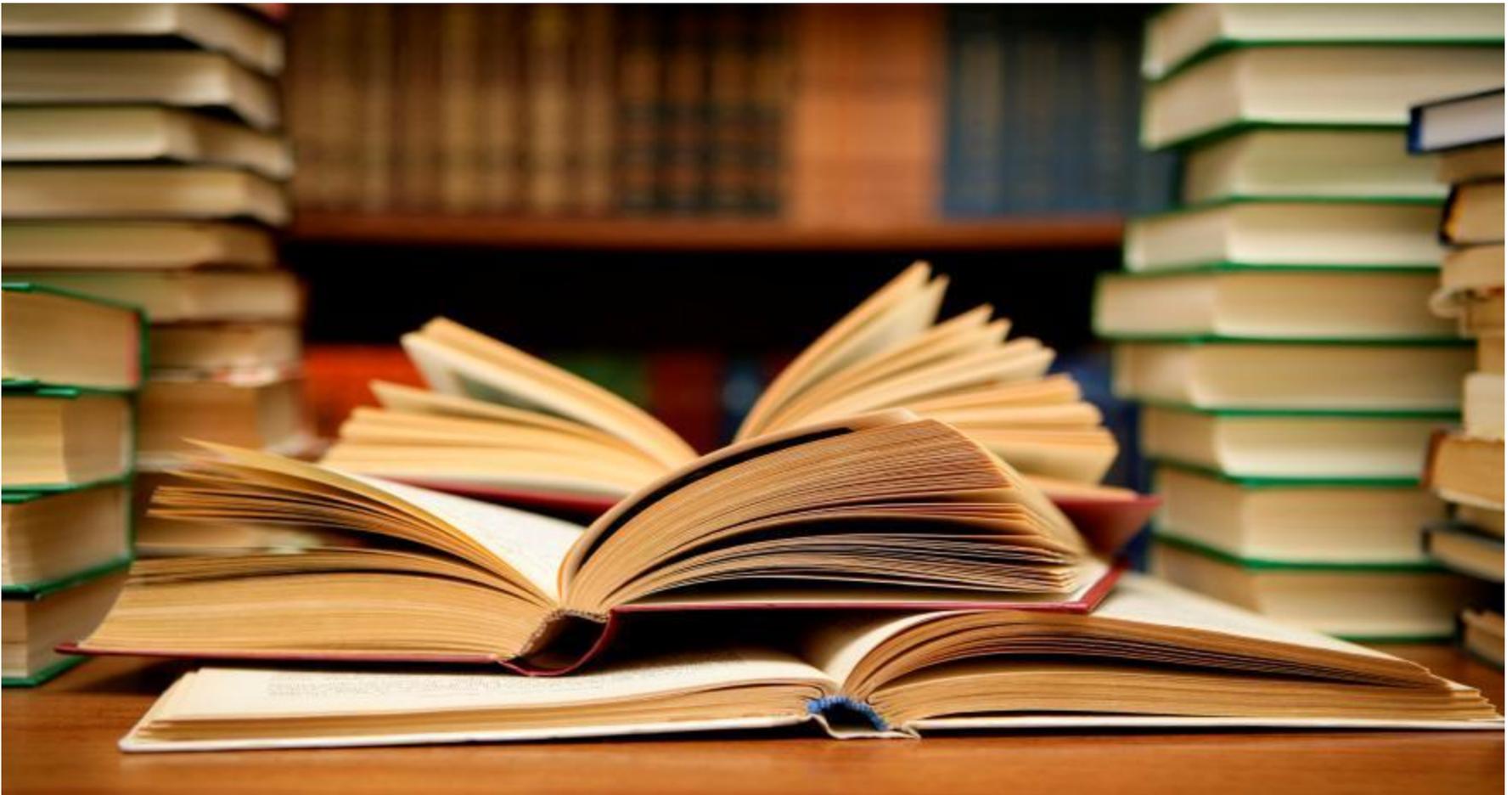


California's Charter School Facilities Program in a Time of Transition



Introductions

- Michelle Low – California Charter Schools Association
- Juan Mireles – Office of Public School Construction
- Bill Savidge – State Allocation Board

Charter School Facilities Program: what is it?

- Many names for 1 program
 - CSFP
 - Bond program
 - State building program
 - Prop 1D

Why are you here?

Vaughn Next Century Learning Center



Why are you here?

California Montessori Project – Elk Grove Campus



Why are you here?

California Montessori Project – Elk Grove Campus



Why this program?

CSFP

- Long-term facility
- Educationally suitable for all your needs
- Permanent facility
- Funding to modernize existing school facility
- 50% grant, 50% low-interest loan

SB 740

- Short-term
- Take what you can get – facility may not have fields, gyms, etc.
- Risk of constant changing of facilities
- Covers lease costs

Prop 39

- Short-term – year to year
- Proportionate share
- Risk of constant changing of facilities
- No coverage for necessary upgrades

Charter School Facilities Program Update

PRESENTATION BY:

Juan Mireles, Deputy Executive Officer



OFFICE OF PUBLIC SCHOOL CONSTRUCTION

Topics

- About Us
- Charter School Facilities Program
 - New Filing Round
 - Application Process
- Prevailing Wage & Compliance Monitoring Requirements
- Resources

About Us

OFFICE OF PUBLIC SCHOOL CONSTRUCTION

Office of Public School Construction

- State office within the Department of General Services
- Staff to the State Allocation Board (SAB)
- Administers the **\$35 billion** voter-approved School Facility Program (SFP)

School Facility Program

Provides State funding for public school facilities, including, but not limited to:

- New construction
- Modernization
- Seismic mitigation*
- High performance attributes*
- Assisting in the relief of district overcrowding
- Career technical education facilities*
- Charter school facilities*

*Indicates funding is currently available

School Facility Program

SFP funds may be from any source made available to the SAB

- State General Obligation Bonds
 - New Construction funded on a 50/50 State and local matching share basis
 - Modernization funded on a 60/40 State and local matching share basis

School Facility Program

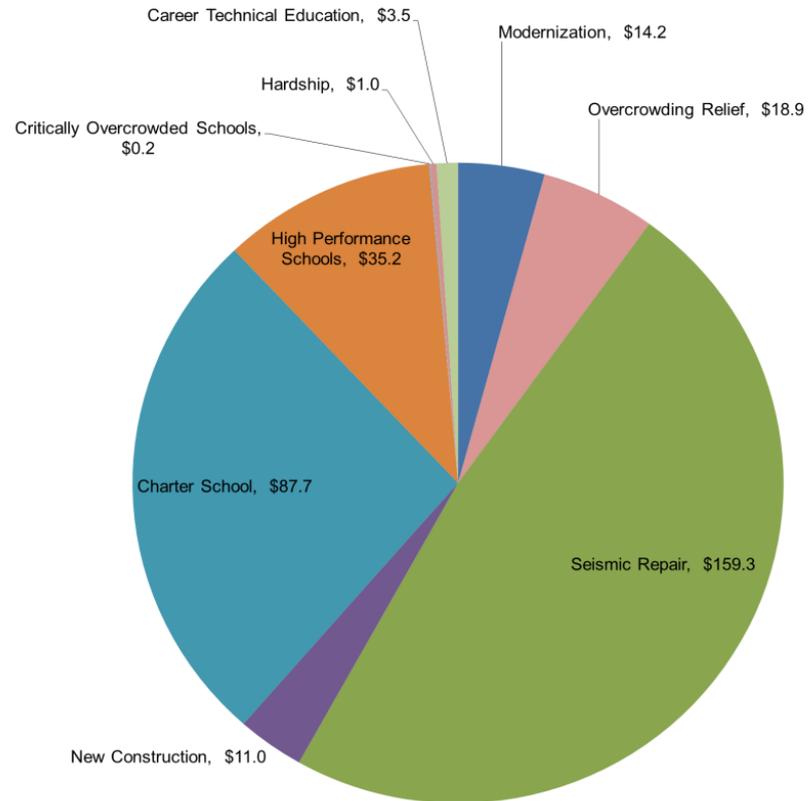
- Financial Hardship assistance available for those that qualify
- District matching share can come from sources such as local bonds and developer fees

School Facility Program

Remaining Bond Authority - \$331.0 million

(by program, in millions)
As of January 22, 2014

Remaining Bond Authority (in millions)	
Modernization	\$ 14.2
Overcrowding Relief	\$ 18.9
Seismic Repair	\$ 159.3
New Construction	\$ 11.0
Charter School	\$ 87.7
High Performance Schools	\$ 35.2
Critically Overcrowded Schools	\$ 0.2
Hardship	\$ 1.0
Career Technical Education	\$ 3.5
Grand Total	\$ 331.0



School Facility Program

Historical Bond Allocations

Program	Proposition 1A (1998)	Proposition 47 (2002)	Proposition 55 (2004)	Proposition 1D (2006)
		\$ 3,350,000,000	\$ 4,960,000,000	000,000
Modernization	2,100,000,000	1,400,000,000	2,250,000,000	3,300,000,000
Charter Schools	—	100,000,000	300,000,000	500,000,000
Career Technical Education	—	—	—	500,000,000
Overcrowding Relief	—	—	—	1,000,000,000
High Performance Schools	—	—	—	100,000,000
New Construction Backlog	—	2,900,000,000	—	—
Modernization Backlog	—	1,900,000,000	—	—
Critically Overcrowded Schools	—	1,700,000,000	2,440,000,000	—
Joint Use	—	50,000,000	50,000,000	29,000,000
Hardship	1,000,000,000	—	—	—
Class Size Reduction	700,000,000	—	—	—
Total K-12	\$ 6,700,000,000	\$11,400,000,000	\$10,000,000,000	\$ 7,329,000,000



Charter School Facilities Program



Animo Venice Charter High
Venice, CA

Total Charter School Facilities
Program Apportionments:
\$21,960,068

Overview

- CSFP is a program within the SFP
- Established in 2002 by Assembly Bill 14
- Applications accepted during specified funding rounds
- Provides funding for classroom facilities
 - 50/50 program
 - Lease option for match (up to 30 years)

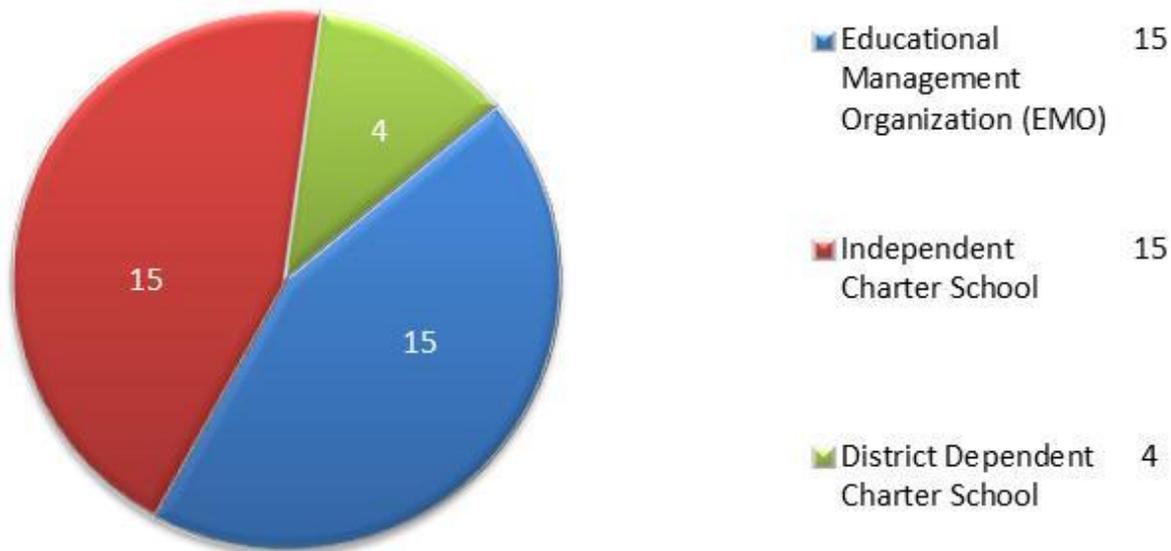
Overview

- Preliminary Apportionments
 - Reservation of bond authority (4 years to convert)
- New construction
- Rehabilitation of district owned sites
 - 15 years or older

Previous Funding

FILING ROUND	PROPOSITION 47	PROPOSITION 55	PROPOSITION 1D	2009 (47 AND 1D)
# OF PRELIMINARY APPORTIONMENTS	6	28	30	17
AMOUNT OF PRELIMINARY APPORTIONMENTS	\$97.0 million	\$276.8 million	\$482.5 million	\$122.4 million

Breakdown of Successful Conversions by Charter School Type





Vaughn G3 Charter
Pacoima, CA

Total Charter School Facilities Program Apportionments: **\$14,228,542 ***

* Apportionment represents State share only (50 percent of total project cost)

Current Funding Round

- **\$99.4 million** in available bond authority
- Props 47, 55 and 1D
- Application filing period:
April 1 – May 30, 2014
- An early “received date” may be beneficial in the event of a tie

Current Funding Round

- Mail or hand deliver original applications and all supporting documents to the OPSC at the following location prior to 5:00 pm on *May 30, 2014*:

Office of Public School Construction

707 Third Street

West Sacramento, CA 95605

Application Process

- Charter schools can apply on their own behalf or through the local school district
- Must be in operation for two years or have two years of administrative experience
- Must be deemed financially sound by the California School Finance Authority (CSFA)

Application Process

- If funding round is oversubscribed...
 - Preference points
 - Funding matrix
 - See handout



University Charter High School
Fresno, CA

Total Charter School Facilities Program Apportionments: **\$18,723,796**

OFFICE OF PUBLIC SCHOOL CONSTRUCTION

Successful Application

- Title held by school district, governmental entity or charter school
- Advance release of funds
 - Design
 - Site acquisition

Successful Application

- Four years to convert to Final Apportionment
- Obtain plan and site approvals:
 - California Department of Education (CDE)
 - Division of the State Architect (DSA)
 - Department of Toxic Substances Control (DTSC)

Prevailing Wage & Compliance Monitoring Requirements

Prevailing Wage/Compliance Monitoring Requirements

- Districts/charters must have Department of Industrial Relations approved compliance monitoring for all public works projects with a construction contract awarded after January 1, 2012.

Prevailing Wage/Compliance Monitoring Requirements

- Limited exceptions:
 - District/charter elects to continue to use a previously DIR approved in-house Labor Compliance Program
 - District/charter has entered in to a collective bargaining or project labor agreement that meets certain conditions detailed in Labor Code

Prevailing Wage/Compliance Monitoring Requirements

Additional information from DIR is available at:
www.dir.ca.gov/dlse/cmu/cmu.html

**Failure to comply with the DIR's Compliance
Monitoring Unit requirements could jeopardize
the project's state funding.**



Oscar de la Hoya Animo Charter High
Los Angeles, CA

Total Charter School Facilities Program Apportionments: **\$22,634,092**

Resources



Workshops & Webinar

March 7, 2014

- Workshop in Fresno, CA

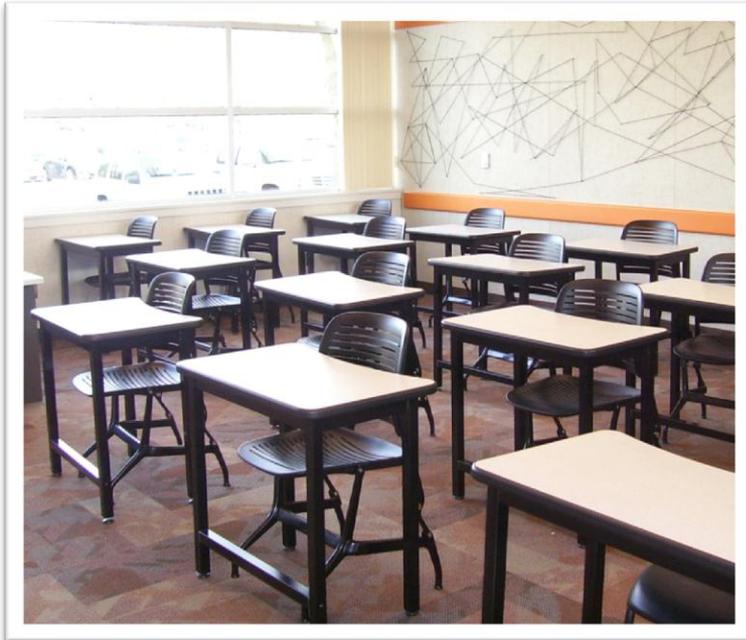
March 19, 2014

- Workshop in La Mesa, CA

April, 1, 2014

- Webinar - Link will be available through OPSC website

OPSC Website



The website contains
forms, regulations, FAQs
and more!

www.dgs.ca.gov/opsc/Programs/charterschoolfacilitiesprogram.aspx

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Questions?



California's Charter School Facilities Program in a time of transition

California Charter Schools Association
Annual Conference
March 4, 2014

William Savidge, Assistant Executive Officer
State Allocation Board

You are the key to an interactive presentation

Let us know what you think about the challenges facing charter facilities.

Let us know what you think about new directions for the program.

Agenda

- Charter School Facilities Program (CSFP) challenges
 - Funding local match for projects
 - Program complexity, long timelines...difficulties in perfecting projects
 - Facilities interactions with districts
- State Allocation Board (SAB) Program Review Subcommittee
 - Charter Facilities Program considerations
 - Recommendations impacting Charters
 - Maintain separate Charter program
 - Establish statewide school facilities inventory
 - Classroom flexibility
- Looking ahead, Sacramento perspectives

Charter Facilities Program Challenges

- Matching share required for state funded projects
 - Charters cannot run local bonds
 - Loan program run through CA School Finance Authority (CSFA)
 - Financial soundness reviews
 - Debt service on loans from charter general fund
- What are some solutions? Options?
- Districts include Charters in local bonds
 - Los Angeles, San Diego—recent examples
 - Smart for districts, good for charters

LAUSD has set aside \$450 million in 3 bond measures for Charter School facilities.

Charter Facilities Program challenges

Local school facilities bond programs with Charter funding

- San Diego Unified Proposition Z 2012
- \$350 million for Charter projects
- Modernization of existing charter sites
- New charter facilities
- Including leased, commercial space

Specific Charter School Projects. Public charter school projects may include any of the types of facility improvements and other project work described in Part 1 above. In addition, unless otherwise noted, the following projects are authorized to be completed at each or any of charter school sites located within the District:

- Site reconfiguration to better accommodate charter school co-location,
- Development of new facilities for charter schools,
- Consistent with the District's obligation under Proposition 39 (approved by California voters in November 2000) and Section 47614 of the Education Code, provide classroom capacity, including furnishings and equipment, for in-district charter school students at a level comparable to students attending district-run schools, and
- Construction, reconstruction, rehabilitation, or replacement of charter school facilities, including the furnishing and equipping of charter school facilities, or the acquisition or lease of real property for charter school facilities.

The District shall set aside from the proceeds of bonds authorized hereunder \$350 million for completion of the projects listed in this Part Three; however, the Board of Education may adjust such amount after the date hereof to reflect a change in the proportion of students residing in the District who attend charter schools. In approving the expenditures for projects listed in this Part Three, the Board of Education shall take into consideration the recommendations of a special committee established by the District for such purpose that is comprised of a majority of representatives of the charter school community.

Charter Facilities Program challenges

- Program complexity, long timelines, difficulties in perfecting projects
- The state's program tries to mitigate
 - Preliminary apportionments (PA's)
 - Allow Charters 4 years to perfect projects
- How has this worked?
- Look at the data on numbers of PA's funded
- What is your experience in completing major charter projects?



Leadership Public Schools (LPS) Charter High School, Richmond. Under construction, Dec. 2013.

This CSFP project started design in 2006, received state funding (PA) in 2008, was apportioned in 2013, ready for occupancy in 2015. Local funding by West Contra Costa Unified and LPS.

Charter Facilities Program challenges

- Props. 47, 55, and 1D Preliminary Apportionments
 - 81 total projects received PA's
 - To date only 34 projects have perfected
 - 42% conversion rate
 - Still 28 active PA's which could convert
 - We are aware of some which will rescind
- How do we interpret this data?
 - What are the stumbling blocks for charters?
 - How does this rate compare to other programs?

Charter School Facilities Program challenges

- Very low initial conversion rate for Prop. 47 projects
- Prop. 55 projects 62% conversion rate
- So far 70-80% conversion rate for Prop. 1D and 2009 round
- Too soon to tell...still this is a program with continuing open rounds based largely on projects rescinding

Round and Date of Preliminary Apportionment	Number of Preliminary Apportionments	Deadline to Convert to Final Apportionment	Number of Rescissions	Number of Conversions to Final Apportionment	Number Remaining Active
Proposition 47 (7/2/03)	6	7/2/08	4	2	0
Proposition 55 (2/23/05)	28	1/1/13; 7/9/13	11	17	0
Proposition 1D (5/28/08; 8/26/09)	30	5/7/15; 11/13/15	3	8	19
2009 Filing Round (5/26/10; 4/26/11; 7/12/11)	17	10/26/15; 5/2/16	1	7	9
Total	81	n/a	19	34	28

Charter School Facilities Program challenges

- Charter facilities interactions with districts
 - Still an area of concern, friction
- State program hurdle
 - Executing the Facilities Use Agreement
 - Requires commitment, close cooperation
 - From school districts and charters
- Co-location in district facilities
 - Well-known operational issues
- Outside sites, commercial buildings
 - Processes and concerns
 - Not eligible for CSFP funding if not approved by DSA

SAB Program Review Subcommittee

- SAB Subcommittee
 - Reviewing all aspects of the state's facilities program
 - Looking at what works, what needs to be changed
 - Recommendations to full SAB, accepted in Jan. 2014
- Charter Facilities considerations
- #1—maintain a separate Charter program
 - Continue commitment to charters
 - Recognize unique nature of charter projects
 - Reduce competition with districts for state bond funds

Program Review Subcommittee

Assm. Joan Buchanan, Chair

Assm. Curt Hagman
Kathleen Moore
Esteban Almanza
Cesar Diaz

The Subcommittee met for over a year reviewing the state program.

Statewide School Facilities Inventory

Area of Concern

California does not track the number of schools and classrooms available for use.

Subcommittee members expressed concern that decisions on future bonds were made without truly knowing the need for the State as a whole. Currently, data on the number of school sites and classrooms in the State is unknown. The Subcommittee considered whether a statewide facilities inventory database for all K-12 public school sites in California should be established.

Subcommittee members expressed a desire for the full Board to consider the following change:

PROPOSED SOLUTION

A statewide school facilities inventory database for all K-12 public schools in California should be established.

SAB Program Review Subcommittee

Recommendations with potential impact to charter projects

- Statewide school facilities inventory
 - We have no comprehensive Charter facilities data
 - Helps to understand our total K-12 facilities needs

Area of Concern

The current program model does not allow for flexibility in designing different types of learning areas.

PROPOSED SOLUTION

Align the SFP Regulations and the California Code of Regulations, Title 5 definition of a classroom for purposes of establishing a school district's Gross Classroom Inventory and providing new construction funding.

The definition of a classroom should be both flexible and structured in a way to hold districts accountable for local decisions for purposes of future funding requests.

SAB Program Review Subcommittee

Recommendations with potential impact to charter projects

- More flexibility in definition of a classroom
 - This flexibility in classroom design can support charter educational program flexibility
 - Innovation in design, maintaining accountability in funding

SAB Program Review Subcommittee

Recommendations with potential impact to charter projects

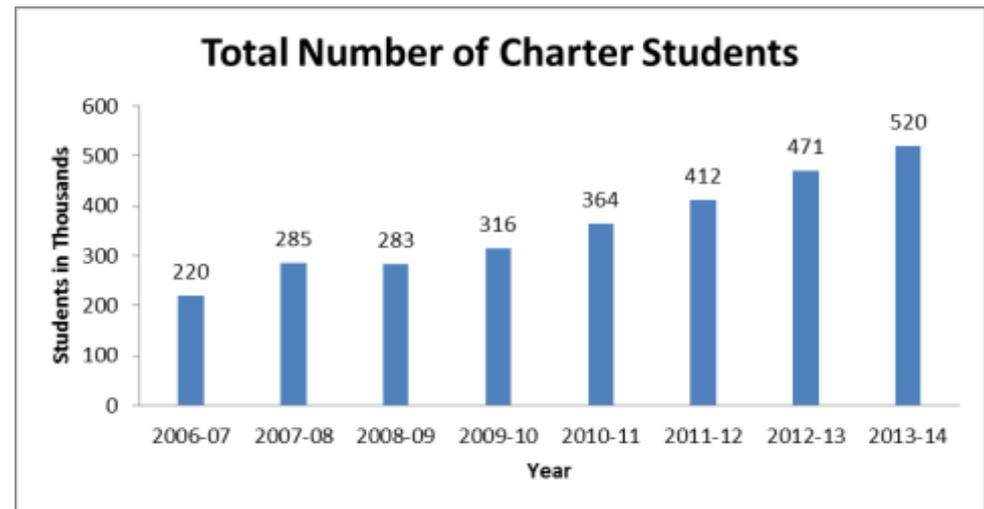
- Consolidate some supplemental grants
 - Program simplification goal is aligned with charter goals
- No new construction funding for portables
- Modernize portables by replacement
- Establish (re-establish) facilities maintenance fund requirement for state-funded projects

SAB Program Review Subcommittee

- Estimating California's School Facilities funding need
 - Data on current capacity missing
 - Data on modernization need, conditions, age of buildings missing
- Over **\$750 million** in pipeline
 - Projects approved or accepted beyond bond authority
 - These are current projects filed with OPSC
- **New Construction**
- Projected student enrollment increases
 - In 36 counties over next decade
 - Over **\$6.5 billion** to build new schools—state share
- **Modernization**
- Remaining eligibility
 - Over **\$4.7 billion** in state funding need—state share
 - Local authorizations clearly indicate a greater need

SAB Program Review Subcommittee

- What is the future need for Charter School Facilities funding?
 - Capacity & need information for new construction not clear
- **New Construction** for increased enrollment
 - Charters approximately 8% of overall student enrollment
 - Proportional share of projected student enrollment overall?
 - \$500 million over next decade?
- **Modernization** of existing facilities
 - Charters in existing district sites
 - This need is not clear
 - But the benefits to both charters & districts are clear



Total CA student enrollment in 2012/13:
6,226,989

Looking ahead...Sacramento perspectives

- Governor's 2014-15 budget message on K-12 School Facilities
 - Areas of concern regarding reliance on general obligation bond debt for K-12 facilities
 - Wants to engage in dialogue on future state program
 - Debt service from state general fund over \$2.4 billion/year
 - Some points clearly resonate with the Charter School Facilities Program experience
 - Regulatory complexity, over 10 agency approvals
 - First-come, first-served structure favors districts with dedicated facilities staffs
 - Rigid eligibility, classroom definition standards stifle educational innovation

Looking ahead...Sacramento perspectives

- A new statewide school facilities bond?
 - With funding for Charters...
- There is bi-partisan support in the legislature
 - Assembly members Buchanan & Hagman
 - AB 2235
 - 2014 School Bond bill
 - Stakeholder groups mobilizing, doing polling
- Administration not there...
 - Perception of local districts ability to fund facilities needs
 - Over \$37 billion in unissued local bonds
- CA. Debt Investment Advisory Commission (CDIAC) report

CALIFORNIA SCHOOL AND COMMUNITY COLLEGE DISTRICT
VOTER APPROVED GO AUTHORITY VS. ISSUANCE, (REPORTED AS OF 11/19/2013)

ELECTION YEAR	NUMBER OF APPROVED ELECTIONS	VOTER APPROVED G.O. AUTHORITY (MILLIONS)	G.O. AUTHORITY ISSUED (MILLIONS)	UNISSUED G.O. AUTHORITY (MILLIONS)	PERCENT UNISSUED
2002 (a)	83	\$9,451	\$9,210	\$241	2.6%
2003	11	1,553	1,538	15	1.0
2004	112	11,561	10,792	769	6.7
2005	35	6,294	5,485	809	12.9
2006	94	10,319	7,861	2,458	23.8
2007	11	1,253	391	863	68.8
2008	142	28,001	10,844	17,157	61.3
2009	2	69	69	0	0.0
2010	62	5,055	2,648	2,407	47.6
2011	7	981	247	734	74.8
2012	116	15,286	3,496	11,790	77.1
2013	6	318	41	277	87.1
TOTAL	681	\$90,141	\$52,622	\$37,519	41.6%