

STATE ALLOCATION BOARD
IMPLEMENTATION COMMITTEE MEETING
October 14, 2010

AB 127

PURPOSE OF REPORT

To present and discuss options regarding, the annual adjustment to School Facility Program (SFP) Grants authorized by Assembly Bill (AB) 127, as authorized by Education Code Section 17072.11(b).

BACKGROUND

At the January 27, 2010 SAB meeting the Board directed the Implementation Committee (IMP) to discuss AB 127 and return to the State Allocation Board (SAB) with recommendations. At the September 9, 2010 IMP Meeting, Staff provided an overview on the history of AB 127 that outlined all discussions that took place by the SAB, IMP, and the Grant Adequacy Ad Hoc Committee. Based upon the overview, Committee Members and Stakeholders shared their input and provided additional history on the discussions.

Several Committee Members and Stakeholders expressed the major barriers in the agreement of grant adequacy that occurred in previous AB 127 discussions and they were as follows:

- What constitutes a complete school?
 - Lack of shared definitions

- Local Decisions
 - Scope changes
 - Cost Increases
 - Building materials
 - Delay in projects

- Location of School District
 - Construction costs vary throughout the State

DISCUSSION

The barriers confirm the complexity of AB 127 and the several discussions that have taken place in prior years. Therefore, based upon the feedback from Committee Members and Stakeholders from the last IMP Meeting, it was suggested that Staff review financial hardship projects to analyze what a financial hardship project actually builds since it is fully funded by the State. Staff has

proposed the following methodology to review the financial hardship projects, as shown in Attachment A.

Staff has included the Project Information Worksheet (PIW), as shown in Attachment B. The SAB adopted the PIW specifically for the purpose of data collection to improve programs in the future. In relation to AB 127, by using the data from financial hardship Districts that have completed PIW's it would provide actual data for those projects. Additionally, Staff will confirm the accuracy of the data provided on the PIW with Districts and will keep the data anonymous that is provided.

At this time Staff would like to discuss the proposed methodology to review financial hardship projects.

In addition to the Implementation Committee meeting discussions, the Department of General Services, in conjunction with the California Department of Education, recently initiated a California Public School Construction Process Review to provide a unique opportunity for state agencies to work collaboratively with their customers to improve and streamline the school design and construction process. An Expert Workgroup composed of customers, SAB members, stakeholders, and industry experts conducted a thorough analysis of the school design and construction process. The goal was to engage a customer-driven, collaborative process to identify short-term, intermediate, and long-term improvements throughout the school design and construction process. One of the primary issues discussed by the Expert Workgroup was "concerns regarding funding adequacy." The workgroup's product will be posted to the OPSC Web site at www.opsc.dgs.ca.gov.

AUTHORITY

EC Section 17072.11(b) states, "On or after January 1, 2008, the board shall increase or decrease the per-unhoused pupil grant eligibility by amounts it deems necessary under this article and the per-pupil cost of new school construction, provided that the increase in any fiscal year pursuant to this section shall not exceed 6 percent."

Attachment A

Proposed AB 127 Methodology Review of Financial Hardship Projects

The review will consist of a side by side comparison of the SAB approved project versus the completed project after apportionment. The information will show the project approval in comparison to what was actually built. The data will be gathered from the applications, board items, and the PIW. The data from the PIW will be confirmed with the District. Additionally, the projects will be pulled from various locations of the State including; northern, central, and southern regions.

SAB Apportionment Date
Bid/Contract Date
Close-Out Date

Type of Project (New School, Additions)
Grade Level (Elementary, Middle, High, SDC)
Pupils Requested
Classrooms approved by CDE

Total Square Feet

Permanent
Modular
Portable

Core Facilities (Square Footage Eligible/Verified)

Multipurpose room/Kitchen
Gym
Library
School Administration
Toilet

Base Grant

Additional Grants*

Site Development
Site Acquisition
LCP
General Site
New School
Urban/Security/Impacted Site
Project Assistance
Small Size Project
Geographic

Total Project Costs

*The additional grants will not be subject or limited to, in the review process.

STATE ALLOCATION BOARD
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OVERCROWDING RELIEF GRANT

PURPOSE OF REPORT

Discuss the Overcrowding Relief Grant (ORG) Program.

BACKGROUND

Chapter 35, Statutes of 2006, Nunez and Perata (AB 127), established a new grant program that enables districts to reduce the number of portable classrooms on overcrowded school sites and replace them with permanent classrooms. AB 127 provided \$1 billion in bond authority for eligible schools to apply for funds from the ORG Program. Since the ORG program began, five funding cycles have been processed and approved by the State Allocation Board (Board). In those cycles, 73 projects have been funded totaling \$530.5 million. This resulted in 1,045 portable classrooms being replaced with permanent classrooms. An additional funding cycle is being processed by the OPSC but has not yet been presented to the Board. Currently, approximately \$469.5 million remains for the ORG program for projects currently being processed and any potential future funding cycles.

At the August 4, 2010 State Allocation Board Meeting, the Board asked OSPC Staff to discuss the ORG program at a future Implementation Committee and to obtain input regarding any components of the program that could be improved. Upon that direction, Staff would like to provide information on the eligibility requirements and additional information on the ORG program.

DISCUSSION

Eligible Schools

In order to participate in the ORG, districts must have school sites deemed eligible by the California Department of Education (CDE) based on population density, utilizing the 2005/06 California Basic Educational Data Systems (CBEDS). The school site must have a pupil population density equal to or greater than 175 percent of CDE's recommended population density (pursuant to Education Code Section 17079).

The population density is reduced to account for any multistory construction and new construction projects, including approved apportionments for the Critically Overcrowded Schools (COS) Program. In order to determine their eligible schools, districts should submit the Overcrowding Relief Grant Eligibility Determination form for each school site to the CDE.

Education Code Section 17079.20 (a) also requires school districts to "describe how the project will relieve overcrowding at the eligible school" to the State Allocation Board. School Facility Program (SFP) Regulation 1859.184 specifies that districts meet this requirement by providing a "narrative that demonstrates that the project will relieve overcrowding at the eligible school, by increasing useable outdoor space for uses such as play areas, green space, or outdoor lunch areas."

Eligible Pupils

Each district has a district wide (or High School Attendance Area/Super High School Attendance Area) eligibility “bank”, which can be utilized at any eligible school. The district wide eligibility is determined by the number of portables included in the initial new construction baseline determination, multiplied by the applicable State loading standard (i.e. K-6: 25, 7-12: 27, non-severe: 13, and severe: 9). Districts may establish eligibility prior to or concurrently with the submittal of a funding application. The Overcrowding Relief Grant Pupil Eligibility Determination, (Form SAB 50-11) has been developed for this purpose.

Pupils who are housed in Class Size Reduction (CSR) portables must be reduced from the number of eligible pupils, pursuant to EC Section 17079.10 (a). In order to accomplish this, each elementary school application submitted is adjusted based on a pro-rate of the number of district wide CSR portables and elementary schools. Districts will certify to the OPSC on the Form SAB 50-11 the total number of CSR portables district wide, as well as the total number of elementary schools in the district. Then the number of portables will be divided by the number of elementary schools to determine the average number of CSR portables at each elementary school. This is a one-time determination. Each elementary school funding application pupil grant requests are reduced by the average number of portables per elementary school, multiplied by 25 (State loading standard for K-6).

Funding Determination

Pursuant to SFP Regulation 1859.183, ORG grant amount determination is made using the SFP New Construction per pupil grant and grant augmentations, including site acquisition funding.

Information

The ORG Frequently Asked Questions (FAQ's), as indicated in Attachment A are for review and provides the common questions that are raised by school districts. The FAQ's are located on the OPSC Website and the link is as follows:

http://www.documents.dgs.ca.gov/opsc/Resources/ORG_FAQs.pdf

Staff would like to seek input from Committee Members and stakeholders of any possible changes to improve the ORG program.

AUTHORITY

EDUCATION CODE

17079. (a) For purposes of this article, an eligible school is a school for which the schoolsite pupil population density is equal to or greater than 175 percent of the schoolsite pupil population density recommended by the Superintendent as of January 1, 2006, adjusted by the following factors:

(1) The density calculation shall be reduced to take into account the additional pupil capacity created by multistory construction.

(2) The schoolsite pupil population density shall be reduced to take into account approved new construction projects, including projects approved pursuant to Article 11 (commencing with Section 17078.10).

(b) The board shall adopt regulations to determine the adjustments set forth in paragraphs (1) and (2) of subdivision (a).

17079.10. (a) For purposes of this article, an eligible pupil is a pupil who is housed in a portable classroom, except portable classrooms used for purposes of the Class Size Reduction Program set forth in Chapter 6.10 (commencing with Section 52120) of Part 28, at an eligible school.

(b) The board shall apportion an overcrowding relief grant to districts on behalf of each eligible pupil equal to the appropriate per-unhoused-pupil grant amount pursuant to Section 17072.10. The number of overcrowding relief grants apportioned shall be subject to the following limitations:

(1) The number of grants apportioned on behalf of an eligible school shall not exceed the number of pupils whose removal from the pupil density calculation would reduce the density of the eligible schoolsite to 150 percent of the schoolsite pupil population density recommended by the Superintendent as of January 1, 2006.

(2) A district shall not receive more grants than the number of pupils housed in portable classrooms that were included in the initial new construction eligibility determination of the district pursuant to Article 3 (commencing with Section 17071.75).

17079.20. (a) The board shall require that applications for funding pursuant to this article be used for an equivalent number of permanent new school construction classrooms to replace the portable classrooms upon which the determination of the number of eligible pupils is based. The board shall also require the application to describe how the project will relieve overcrowding at the eligible school.

(b) The board shall create a list of projects eligible for funding and shall approve applications semiannually on a schedule determined by the board.

(c) The board shall require that applicant school districts comply with all of the same conditions otherwise required for new construction funding pursuant to this chapter with the exception of subdivision (b) of Section 17071.75.

(d) The board shall not apportion funds for a project pursuant to this article any portion of which involves the construction, acquisition, or transportation of portable classrooms for any school in the school district.

(e) In the event the funding available to the board for purposes of this article is less than the amount necessary to fund all eligible applications, the board shall prioritize and fund the projects on the basis of the pupil density of the eligible schools.

17079.30. (a) The board shall require both of the following as conditions for receiving funding pursuant to this article:

(1) Within six months after the date of initial occupancy of the permanent school facilities constructed pursuant to this article, the school district shall remove from the eligible school, and remove from service as classrooms in the district, the portable classrooms used for determining the number of eligible pupils.

(2) The new school construction funding provided pursuant to this article shall result in a reduction in the total number of portable classrooms in the school district.

(b) This section does not preclude the school district from using the portable classrooms removed from eligible schools for child care or preschool programs, if those portable classrooms are not located at an eligible school.

(c) This section does not apply to eligible schools operating on double session schedules in an elementary school district in a county of the second class, as set forth in Section 28023 of the Government Code.

SCHOOL FACILITY PROGRAM REGULATION

Section 1859.183. Funding.

The Board shall provide a New Construction Adjusted Grant to each eligible pupil requested in the project. The pupil grants may be requested by the School District at any grade level, regardless of the grade level of the eligible school.

Section 1859.184. Overcrowding Relief Grant Application Submittals and Apportionments.

The approved applications for Overcrowding Relief Grants filed after July 31, 2008 must provide a narrative that demonstrates that the project will relieve overcrowding at the eligible school, by increasing useable outdoor space for uses such as play areas, green space, or outdoor lunch areas.

Overcrowding Relief Grant: Frequently Asked Questions

Q. How do I determine if I have a site that qualifies for the grant?

A. A school site is considered eligible for the Overcrowding Relief Grant (ORG) if the pupil population density is equal to or greater than 175 percent of the California Department of Education (CDE) recommended site density based on 2005–2006 enrollment. The statute requires that the calculation to determine the density be reduced to take into account multistory construction and new construction projects apportioned by the State Allocation Board (SAB), including critically overcrowded school program projects. In order to determine if a school site is eligible, the CDE has created a form, the Overcrowding Relief Grant Eligibility Determination. Districts will need to complete and submit this form to the CDE for each school site in order to have a site deemed eligible for the ORG. The form will also determine the maximum ORG site specific pupil eligibility (described below).

Q. So if I have a site that is considered overcrowded, how many pupils housed at that site (based on 2005–2006 CBEDS enrollment) are eligible to be taken out of portables and placed in permanent classrooms?

A. Each eligible school site will be limited to the number of pupil grants that a district can request. The number of grants apportioned for each school site cannot exceed the lesser of the following:

- the number of pupils whose removal from the density calculation would reduce the density of the site to 150 percent of the CDE recommended population density; or
- the number of portables being replaced in the project multiplied by the applicable State loading standard i.e., K–6: 25; 7-12: 27; non-severe: 13; and severe: 9. Districts must build a number of permanent classrooms equivalent to the number of portable classrooms it will be replacing; or
- the number of pupils housed in portable classrooms, except for portables used for purposes of the Class Size Reduction Program.

The maximum number of pupils for each eligible school will be determined on the CDE Overcrowding Relief Grant Eligibility Determination form. In addition to a site-specific eligibility, each district will be limited to a district-wide (or high school attendance area/super high school attendance area, as applicable, depending on the district's new construction eligibility baseline filing basis) eligibility bank which serves as a cap for all the ORG projects in the district. The district-wide eligibility will be determined by the number of portables that were included in the initial new construction baseline determination (as identified in part on line 1 of part III of the form SAB 50-02) multiplied by the applicable State loading standard. The OPSC has created a new form, the Overcrowding Relief Grant District-wide Eligibility Determination (Form SAB 50-11) to be used to determine the district's maximum ORG district-wide eligibility. The eligibility determination will be a one-time determination and will only be adjusted (reduced) as pupil grants are requested.

Q. When my new construction eligibility was established, some of the portable classrooms within my district were excluded from the baseline. Does this mean I have ORG eligibility to replace those portables?

A. No. Only portables that were counted in the baseline are eligible for ORG funds. Please see the question and answer above for more information regarding ORG eligibility.

Q. What if my district does not have New Construction eligibility?

A. Since the district is not adding new classroom capacity to the district, it is not required to demonstrate new construction eligibility to participate in the ORG.

Q. How much is the grant?

A. The funding will be provided utilizing the School Facility Program new construction per pupil grant amount in effect at the time the application is funded by the SAB, and applicable additional and excessive cost hardship grants. Grants for site acquisition may also be requested to construct permanent classrooms at new school sites or additions to existing sites.

Q. What purposes can I use the ORG funds?

A. ORG funds may be used for those purposes pursuant to Education Code (EC) Section 17072.35 with the exception of the construction, acquisition or transportation of portable classrooms.

Q. What is considered to be a portable classroom?

A. The definition of a portable classroom, pursuant to EC Section 17070.15 (j), is a classroom building of one or more stories that is designed and constructed to be relocatable and transportable over public streets, and with respect to a single story portable classroom, is designed and constructed for relocation without the separation of the roof or floor from the building and when measured at the most exterior walls, has a floor area not in excess of 2,000 square feet.

Q. What do I have to submit to request ORG funding?

A. Submit the Form SAB 50-11 to the OPSC. Submit the Overcrowding Relief Grant Eligibility Determination to the CDE for each school site. Obtain all necessary approvals of the plans and specifications for each project, and for any additional acreage acquired. Submit the Application for Funding (Form SAB 50-04) to the OPSC with all supporting documentation (see the General Information section on the Form SAB 50-04 for more information) for each project.

Q. Can I use the portables as classrooms at other school sites?

A. Districts will be required to remove the replaced portable(s) from the eligible school site and from K–12 classroom use within six months of the date of occupancy of the replaced permanent classrooms. The portables may be utilized at non-eligible sites for non-K–12 classroom use, such as storage, pre-school, or adult education.

Q. Will demolition of the portables eligible to be replaced be an allowable expenditure even in cases where they do not lie in the foot print of the new permanent classrooms?

A. Yes. Since districts will be required to remove the replaced portable(s) from the eligible school site and from K-12 classroom use, districts may choose to dispose of those portables. Demolition costs may be requested as a New Construction Additional Grant for Site Development Costs.

Q. How will the funds made available for the ORG be distributed for apportionment by the SAB and when must I apply?

A. There will be a minimum of three funding cycles with the \$1 billion allocated as follows:

- For the first funding cycle, up to a maximum of \$500 million for all approved applications that are received by January 31, 2008.
- For the second funding cycle, up to a maximum of \$300 million for all approved applications that are received by July 31, 2008, plus any remaining funds not apportioned during the previous funding cycle.
- For the third funding cycle, up to a maximum of \$200 million for all approved applications that are received by January 30, 2009, plus any remaining funds not apportioned during the previous funding cycles.
- Should funds remain following the third funding cycle, those funds shall be pooled for a subsequent funding cycle.

Q. How will it be decided which applications will be funded?

A. Applications will be funded based on highest density in each of the three funding cycles. Any district that does not receive an ORG due to low school density and insufficient funds may request that its application remain with the OPSC for consideration in the following semi-annual funding cycle.

Q. I have ORG eligibility to replace three portables; however I would like to build 10 permanent classrooms. Can I combine the ORG with new construction and build the additional 7 classrooms with my new construction eligibility?

A. Districts may combine new construction and ORG to build a new school or an addition to an existing site; however the district must submit separate Applications for Funding as well as track and report all expenditures separately. Additionally the plans and specifications must be clearly delineated to illustrate the ORG project and the new construction project.

Q. Where can I get more information?

A. You may contact your OPSC project manager and CDE representative.