

STATE ALLOCATION BOARD  
IMPLEMENTATION COMMITTEE MEETING  
November 10, 2010

OVERCROWDING RELIEF GRANT

PURPOSE OF REPORT

Continue discussion of the Overcrowding Relief Grant (ORG) Program.

BACKGROUND

Chapter 35, Statutes of 2006, Nunez and Perata (AB 127), established the ORG 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, six funding cycles have been processed and approved by the State Allocation Board (SAB). Approximately \$452.8 million in bond authority remains in the program.

At the August 4, 2010 SAB meeting, the Board asked OPSC Staff to obtain input from the Implementation Committee (IMP) regarding any components of the program that could be improved.

At the October 14, 2010 IMP meeting, Staff provided an overview of the ORG program. Committee members and stakeholders expressed comments and concerns on the current program requirements.

DISCUSSION

A summary of the comments from Committee members and stakeholders are outlined in Attachment A. The chart includes the current requirements, potential changes and whether the requirement is set in statute or in the School Facility Program Regulations. Each change is qualified with a description of how the changes might affect the program and the action necessary to modify the ORG program.

AUTHORITY

Please see Attachment B.

### Attachment A

Program Areas	Current	Suggested Potential Change	Potential Program Impact	Authority	Action																												
<i>175% Pupil Density</i>	The school site pupil population density is equal to or greater than 175% of CDE's recommended site size.	Lower minimum population density school site requirement, currently set to a minimum of 175% of CDE's recommended site size.	Increase participation by allowing more sites to be eligible.	EC 17079(a) and SFP Reg 1859.181	Legislation and Regulation																												
<i>CBEDS</i>	Based on the CBEDS report for the 2005/2006 enrollment year.	Allow districts the option of establishing or Re-establishing ORG eligibility with a more recent enrollment year, such as 2009/2010.	Some sites that currently have eligibility may not qualify.  Districts may have spent design and planning costs but the site may or may not be eligible.	EC 17079.10(1) and SFP Reg 1859.183	Legislation and Regulation																												
<i>Semi-annual</i>	The board shall create a list of projects eligible for funding and shall approve applications semiannually on a schedule determined by the board.	Accept and approve applications on a continuous filing basis up to bond authority.	Current Statute requires two cycles per year.  No program effect.	EC 17079.20(b) and SFP Reg 1859.184	Legislation and Regulation																												
<i>Funding Cycles</i>	<p>The Board has apportioned ORG grants for six previous funding rounds.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">ORG CYCLE</th> <th style="text-align: center;">FILING DATE</th> <th style="text-align: center;">BOARD APPROVED</th> <th style="text-align: center;">SAB DATE</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Cycle 1</td> <td style="text-align: center;">1/30/2008</td> <td style="text-align: center;">\$39,953,524</td> <td style="text-align: center;">6/25/2008</td> </tr> <tr> <td style="text-align: center;">Cycle 2</td> <td style="text-align: center;">7/31/2008</td> <td style="text-align: center;">\$59,027,553</td> <td style="text-align: center;">12/10/2008</td> </tr> <tr> <td style="text-align: center;">Cycle 3</td> <td style="text-align: center;">1/30/2009</td> <td style="text-align: center;">\$215,665,924</td> <td style="text-align: center;">8/26/2009</td> </tr> <tr> <td style="text-align: center;">Cycle 4</td> <td style="text-align: center;">7/31/2009</td> <td style="text-align: center;">\$74,445,502</td> <td style="text-align: center;">1/27/2010</td> </tr> <tr> <td style="text-align: center;">Cycle 5</td> <td style="text-align: center;">1/29/2010</td> <td style="text-align: center;">\$117,954,151</td> <td style="text-align: center;">8/4/2010</td> </tr> <tr> <td style="text-align: center;">Cycle 6</td> <td style="text-align: center;">7/30/2010</td> <td style="text-align: center;">\$10,203,431</td> <td style="text-align: center;">11/3/2010</td> </tr> </tbody> </table>	ORG CYCLE	FILING DATE	BOARD APPROVED	SAB DATE	Cycle 1	1/30/2008	\$39,953,524	6/25/2008	Cycle 2	7/31/2008	\$59,027,553	12/10/2008	Cycle 3	1/30/2009	\$215,665,924	8/26/2009	Cycle 4	7/31/2009	\$74,445,502	1/27/2010	Cycle 5	1/29/2010	\$117,954,151	8/4/2010	Cycle 6	7/30/2010	\$10,203,431	11/3/2010	Seek Board approval for a 7th funding round (final filing date Jan 31, 2011).	Failure to allocate remaining bond authority could negatively impact a new bond proposal.	EC 17079.20(b) and SFP Reg 1859.184(b)(7)	Board Action
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<i>Transfer Bond Authority</i>	No ORG bond authority can be transferred out of the program.	Provide authority to transfer ORG bond authority to New Construction (NC).	Provides additional bond authority to future NC projects.  Disadvantage Districts that are eligible for ORG funding that may not be eligible for NC.  Districts that plan to submit ORG projects for funding will be disadvantaged.	EC 100820(d)	Legislation																												

## Attachment B

### EDUCATION CODE

100820. (d) (1) The Legislature may amend this section to adjust the funding amounts specified in paragraphs (1) to (4), inclusive, of subdivision (a), only by either of the following methods:

(A) By a statute, passed in each house of the Legislature by rollcall vote entered in the respective journals, by not less than two-thirds of the membership in each house concurring, if the statute is consistent with, and furthers the purposes of, this chapter.

(B) By a statute that becomes effective only when approved by the voters.

(2) Amendments pursuant to this subdivision may adjust the amounts to be expended pursuant to paragraphs (1) to (4), inclusive, of subdivision (a), but may not increase or decrease the total amount to be expended pursuant to that subdivision.

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 1859.181. Eligible Schools.

An eligible school is a school for which the school site pupil population density is equal to or greater than 175 percent of the school site pupil population density recommended by the Superintendent, based on the CBEDS Report for the 2005/2006 enrollment year, adjusted by the CDE by the following factors:

(a) Reduced to take into account the additional pupil capacity created by multistory construction.

(b) Reduced to take into account approved new construction projects, including projects approved pursuant to the Critically Overcrowded School Facilities Program, Education Code Sections 17078.10 through 17078.30, unless the School District can demonstrate that those projects are not impacting density at the eligible school site.

In order to determine the school site pupil population density, the School District shall complete and submit to the CDE the Overcrowding Relief Grant Eligibility Determination form.

**Section 1859.182. Determining Overcrowding Relief Pupil Eligibility.**

(a) For purposes of the Overcrowding Relief Grant, an eligible pupil is a pupil that is housed in a portable classroom at the eligible school site, less the prorated number of portables that were funded by the Class Size Reduction Program pursuant to Chapter 6.10 of the Education Code. The Class Size Reduction prorate shall be calculated as follows:

(1) Determine the total number of portables funded pursuant to Chapter 6.10 of the Education Code.

(2) Divide the amount determined in (a)(1) by the total number of schools currently in the School District that serve grades K-3. The resulting number of classrooms must be reduced from each eligible school site that serves grades K-3. The total number of portable classrooms that are reduced from all eligible school sites shall not exceed the amount determined in (a)(1).

(b) The determination of the district-wide pupil eligibility shall be determined by the submittal of the Form SAB 50-11.

(c) The determination of the site specific pupil eligibility shall be determined by the CDE on the Overcrowding Relief Grant Eligibility Determination form and will be conducted on a one-time basis for each eligible school.

(d) The site specific and district-wide pupil eligibility may be adjusted as follows:

(1) Reduced by the number of eligible pupils that receive an Overcrowding Relief Grant.

(2) Adjusted as a result of errors or omissions by the School District or by the OPSC.

**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.

The maximum number of Overcrowding Relief Grants for each eligible school site shall be subject to the following limitations:

(a) The number of Overcrowding Relief Grants may not exceed the number of pupils whose removal from the pupil density calculation would reduce the density of the eligible school site to 150 percent of the school site pupil population density recommended by the Superintendent, based on the CBEDS reported for the 2005/2006 enrollment year.

(b) The number of Overcrowding Relief Grants may not exceed the capacity of those portables on the eligible school site that are being replaced in the project.

In no event shall a School District receive in total more Overcrowding Relief Grants than the number of pupils housed in portable classrooms that were included in the School District's initial new construction eligibility determination pursuant to Education Code 17071.75 as identified in part on Line 1 of Part III of the Form SAB 50-02 and as calculated on the Form SAB 50-11.

The Overcrowding Relief Grant must be used to replace an equivalent number of portable classrooms with permanent classrooms. Those portables that are replaced with Overcrowding Relief Grants must be removed from the eligible school site and from K - 12 grade classroom use, pursuant to Education Code Section 17079.30, within six months of the date of Occupancy of the replaced permanent classrooms. Overcrowding Relief Grants may be used for those purposes pursuant to Education Code 17072.35 with the exception of the construction, acquisition or transportation of portable classrooms. Those School Districts receiving an Overcrowding Relief Grant must comply

with all new construction provisions of the SFP, including but not limited to Sections 1859.100, 1859.102, 1859.104, 1859.105, and 1859.106.

Section 1859.184. Overcrowding Relief Grant Application Submittals and Apportionments.

(a) The Board shall accept approved applications for Overcrowding Relief Grants as follows:

(1) For the funding made available for this purpose for the first funding cycle, the School District shall submit an approved application by January 31, 2008.

(2) The Board shall accept approved applications on a semi-annual basis thereafter. The Board shall apportion Overcrowding Relief Grants based upon the highest density of the eligible schools that have submitted an approved application. Any School District that does not receive an Overcrowding Relief Grant 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.

(b) The Board shall apportion the Overcrowding Relief Grants as follows:

(1) For the first funding cycle, up to a maximum of \$500 million for all approved applications that are received by January 31, 2008.

(2) 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.

(3) Approved applications that are received by January 30, 2009 shall be apportioned any remaining funds not allocated at the previous funding cycles, plus an additional \$200 million.

(4) Approved applications that are received by July 31, 2009 shall be apportioned any remaining funds not allocated at the previous funding cycles.

(5) Approved applications that are received by January 29, 2010 shall be apportioned any remaining funds not allocated at the previous funding cycles.

(6) Approved applications that are received by July 30, 2010 shall be apportioned any remaining funds not allocated at the previous funding cycles.

(7) The Board may accept applications every six months that are received by the last business day of January and July until the Overcrowding Relief Grant funds are exhausted.

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.

A School District may submit an approved application to request an Overcrowding Relief Grant from the funding provided under Proposition 1D for a project that has been occupied, if the construction contract for the project was signed after Board approval of these regulations. The School District must have obtained all project approvals required for a new construction funding application prior to the construction contract date.