

STATE ALLOCATION BOARD

1130 K Street, Suite 400
Sacramento, CA 95814

**IMPLEMENTATION COMMITTEE MINUTES**

March 4, 2005

Legislative Office Building
1020 N Street, Room 100
Sacramento, CA

Members Present

Mavonne Garrity, SAB
Lori Morgan, OPSC
Fred Yeager, CDE
Dave Doomey, CASH
Beth Hamby, LAUSD
Brian Wiese, AIA
Dennis Dunston, CEFPI

Debra Pearson, SSDA
Lettie Boggs, CASBO (Alternate for John Palmer)
William Cornelison, CSEASA
Blake Johnson, DOF
Constantine Baranoff, SSD
Dennis Bellet, DSA
Gary Gibbs, CBIA

Members Absent

Jay Hansen, SBCTC

The meeting was called to order at 9:38 a.m.; there were fourteen members present and one absent. The Chair acknowledged Lettie Boggs as the alternate representative in attendance for John Palmer, CASBO.

Lori Morgan made announcements to the Committee and attendees as follows:

- The March State Allocation (SAB) meeting has been moved to March 30, 2005.
- The emergency regulations removing the specificity of the School Facility Program (SFP) Construction Cost Index (CCI) became effective on February 28th. The Board is anticipated to finalize the selection of the 2005 CCI at its March SAB meeting. Based on that decision, the January through March 2005 SFP apportionments will be adjusted at the April 2005 SAB accordingly.
- The Labor Compliance Program (LCP) grant increases were approved at the February 2005 SAB meeting. Fund releases will be automatically processed for those impacted districts that previously received their adjusted grant fund release. All other impacted districts will receive the LCP funds at the time they are eligible to receive their adjusted grant fund release.
- A Williams Settlement Legislation workshop, with a revised no-fee format, has been scheduled for March 22nd in Sacramento. Additional workshops are being scheduled during March and April at various locations throughout California. Interested parties are encouraged to refer to the OPSC Web site for further details.

The Chair informed attendees that some school districts have not deposited their matching share of Deferred Maintenance Program funds. She requested that attendees inform their respective school districts of the necessity of depositing the matching funds as failure to do so would preclude districts from obtaining certain funding from the Williams Settlement Legislation programs.

The minutes from the February 11, 2005 Committee meeting were approved with a modification on page 2 of those minutes to include, "Per the written Committee item, subsections (a) through (c) reflect..."

**CRITICALLY OVERCROWDED SCHOOL (COS) FACILITIES PROGRAM
ASSEMBLY BILL (AB) 2950**

This topic is a continuation from the discussion held at the February 11, 2005 Implementation Committee meeting. Mavonne Garrity and Lori Morgan provided a brief synopsis of the bill which was presented by OPSC Staff members T.J. Rapozo and Jessica Love.

Minor changes were made to the proposed regulations and forms based on suggestions and comments presented at the previous Committee meeting. The most substantial change was the creation of a new construction eligibility adjustment, which would be used to ensure that pupils would not be counted for eligibility in more than one High School Attendance Area. Discussion took place that addressed questions that the adjustment was equitable and did not unjustly impair a district's ability to build necessary classrooms. There was concern regarding a districts ability to change boundary lines, however, a determination was made that this change would not affect the COS Program. A Committee member wished to see an example of the proposed eligibility adjustment. It was agreed to share the example after the meeting, and if any regulatory modifications resulted, a revised item would be returned to the next Committee meeting.

Barring any modifications, the proposed regulations will be presented at the March 2005 SAB meeting.

SMALL HIGH SCHOOL PILOT PROGRAM - ASSEMBLY BILL 1465

The Small High School Pilot Program was introduced by Lori Morgan and Staff member, Steve Paul. The bill was introduced as a pilot program that would enable districts to construct small high schools or reconfigure existing high schools into two or more smaller high schools from additional funding authorized by AB 1465. The bill sets aside \$25 million; \$20 million for new construction and \$5 million for modernization reconfiguration. The intent of the pilot program is to evaluate academic achievement in a small high school environment that is comprised of 500 pupils or less. At the end of the pilot program, the bill requires the Board to conduct an evaluation on the cost of constructing small high schools and reconfiguring existing high schools. The bill also requires the California Department of Education (CDE) to evaluate pupil outcomes at the small high schools and report on the reasons school districts do not currently opt to build small high schools.

The Chair introduced John Merris-Coots, a representative from the CDE, High School Initiatives/ Career Education Office as joining the discussion regarding academic reform strategies.

NEW CONSTRUCTION

Staff member Toni Martinez introduced the provision in AB 1465 that pertains to new construction of small high schools. It was discussed that the \$20 million set aside for new construction projects will be used to fund the 20 percent increase to the pupil grant value above and beyond that of a regular SFP project. In addition, these pilot program projects will be funded at a 60 percent State and 40 percent district matching shares.

In order to qualify for this pilot program, districts must be proposing to build a new small high school with a student capacity of 500 or less. In addition, the proposed project must be part of the districts academic reform strategy.

AB 1465 prohibits districts located in sparsely populated geographical areas from applying for this program. To address this requirement, staff is proposing that participation in this pilot program is limited to applicant districts that have sufficient SFP new construction eligibility to construct a high school of 500 pupils or more at the time the application for funding is submitted.

The bill requires that there is a sufficient filing period so that the pilot program participants are broadly representative of the Northern, Central and Southern regions of the State and encompass urban, suburban and rural school districts. In order to meet that requirement, applications must be categorized and selected by region and locale. Staff indicated that a priority system would also be established. To ensure that all districts have the opportunity to apply, staff proposed that the application filing period should begin on January 1, 2006 and continue through June 31, 2007. This filing period was based on the need for site and plan approvals by the appropriate State agencies to accompany a full funding application. Committee members and attendees commented that this time period was too long and an interest was expressed for a conceptual approval process to enable project planning. Other members noted that this was a pilot program and encouraged interested districts to proceed with planning projects as usual.

Staff presented two options for ranking accepted applications which include: (1) A preference provided to districts that have the lowest Academic Performance Index (API) score; and, (2) a lottery system where program participants will be drawn at random. Concerns were expressed that the lowest API score would create an inequity in the disbursement of funds. Alternatives discussed included the highest API score, the quality of the academic improvement plan and a lottery.

It was noted that if a district submitted more than one application, it must prioritize the applications for consideration. An alternate view was expressed that districts should be limited to the number of applications that could be submitted.

Additional questions posed by Committee members and attendees include:

- Education Code (EC) Section 17072.10(c)(1) sets aside \$20 million for the purpose of building Small High Schools. Is the State's additional 10 percent funded from the \$20 million or is it funded from regular SFP new construction funds? Committee members requested that staff consult with legal counsel.
- Do we have the legal authority to do a reservation of funds or provide a conceptual approval for applicant districts in order to secure a position in the pilot program? An interest was also expressed in locking in the eligibility despite potential CBEDS adjustments.
- With respect to the purpose and intent of this pilot program, will we provide funding for a new small high school on an existing school site? Committee members were both in favor and not in favor of this option. The intent of the program, including the study requirements, was discussed.
- Will the total project cost increase for a small high school project?
- Will projects under this pilot program be eligible for the new school excessive cost grant? If so, how will the grant be calculated?
- If the applicant district is unable to participate in the pilot program, will the district be required to re-submit a new application for funding under the 50/50 new construction program? Staff indicated that re-submittal would not be necessary provided the project scope would remain the same and the district could certify that it would have its 50 percent matching share.
- Can a district use AB 1465 funds to build new continuation high schools?

These topics were discussed at length and input was received during the meeting. Staff will address these questions at the next Implementation Committee meeting in April.

MODERNIZATION

Staff member Regina Bills-Dacong introduced the provision in AB 1465 that provides additional modernization funding for the reconfiguration of an existing high school with an enrollment of 1,000 or more pupils into two or more small high schools. Funding for this purpose is limited to \$5 million and funding for each reconfiguration project is limited an aggregate to \$500,000. To allow for greater participation in the program, staff has proposed:

- The term “reconfiguration” currently defined in the SFP Regulations would be expanded to allow the separation/creation of two or more distinct small high schools as specified by the CDE; and
- A stipulation which specifies that the combined “reconfiguration” work on any existing site would constitute as one project regardless of the number of high schools created by the reconfiguration.
- The additional modernization funding to be considered an “Additional Modernization Grant Request.”

Staff also presented minor changes to the application process to coincide with specifics in the bill. These changes included the submittal of a separate cost estimate for the reconfiguration work and a certification that limited the enrollment to less than 500 pupils for each new reconfigured small high school.

Questions posed by Committee members and attendees include:

- How will financial hardship districts be affected by the \$500,000 aggregate cap on the grant amount?
- If reconfiguration results in a loss of capacity, can a district be compensated for the loss of classrooms by adjusting the district’s new construction baseline? Staff indicated that the law does not permit such an adjustment.
- If an applicant district is unable to participate in the pilot program, will the district be required to re-submit a new application for funding under the regular SFP 60/40 program? Staff indicated that re-submittal would not be required provided that the regular SFP modernization project scope would remain the same.
- Will districts be required to have current SFP modernization eligibility in order to apply for a reconfiguration project? Staff indicated that the law appeared to indicate that the district must have current SFP modernization eligibility and that that application for the additional funding must be part of a current regular SFP modernization application.
- Will districts that have completed previous SFP modernization projects and exhausted their modernization eligibility be eligible to participate in the pilot program?
- If a district has already completed a SFP modernization project in which the district has already begun reconfiguring the high school campus into two or more classrooms, can it receive reimbursement for the reconfiguration work from the pilot program and is it eligible for additional funding for Phase 2 of its reconfiguration project?
- Can a closed elementary school be reconfigured into a small high school and obtain funding under this pilot program? Staff indicated that the current law provided funds to reconfigure a high school with an enrollment of 1,000 or more.

These topics were discussed at length and input was received during the meeting. Staff will address these questions at the next Implementation Committee meeting in April.

ADJOURNMENT AND NEXT MEETING

The meeting adjourned at 12:35 p.m. The next Implementation Committee meeting is scheduled for Friday, April 8, 2005 at 9:30 a.m. and will be held in Room 100 of the Legislative Office Building located at 1020 N Street in Sacramento.