

STATE ALLOCATION BOARD

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



Date: March 28, 2005
To: Interested Parties
Subject: **NOTICE OF THE STATE ALLOCATION BOARD
IMPLEMENTATION COMMITTEE MEETING**

Notice is hereby provided that the State Allocation Board Implementation Committee will hold a meeting on Friday, April 8, 2005 (9:30 am - 3:30 pm) in Room 100 of the Legislative Office Building, located at 1020 N Street in Sacramento.

The Implementation Committee's proposed agenda is as follows:

1. Convene Meeting
2. Implementation of Assembly Bill 1465, Chapter 894, Statutes 2004 (Chan) -
Discussion of the Small High School Pilot Program for new construction and modernization.

Any interested person may present public testimony or comments at this meeting regarding the issues scheduled for discussion. Any public input regarding unscheduled issues should be presented in writing, which may then be scheduled for a future meeting. For additional information, please contact Ms. Jackie George at (916) 445-3159.

A handwritten signature in cursive script that reads "Mavonne Garrity".

MAVONNE GARRITY, Chairperson
State Allocation Board Implementation Committee

MV:LM:jg

**STATE ALLOCATION BOARD
IMPLEMENTATION COMMITTEE**

Pending Items List
April 8, 2005

A. Future Items

- Follow-up to 180-Day Regulation: *District Funded Facilities Included in Existing School Building Capacity (approved at the May 26, 2004 State Allocation Board)*

B. Suspended Items

- None

STATE ALLOCATION BOARD

1130 K Street, Suite 400

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<http://www.dgs.ca.gov/opsc>**Implementation Committee
2005 MEETING CALENDAR****Thursday, January 6, 2005**1020 N Street (Leg. Off. Bldg.), Room 100
Sacramento, CA**Friday, February 11, 2005**1020 N Street (Leg. Off. Bldg.), Room 100
Sacramento, CA**Friday, March 4, 2005**1020 N Street (Leg. Off. Bldg.), Room 100
Sacramento, CA**Friday, April 8, 2005**1020 N Street (Leg. Off. Bldg.), Room 100
Sacramento, CA**Friday, May 6, 2005**1020 N Street (Leg. Off. Bldg.), Room 100
Sacramento, CA**Friday, June 3, 2005**1500 Capitol Ave. Rms. 72.149B & 72.148C
Sacramento, CA**Friday, July 8, 2005**1020 N Street (Leg. Off. Bldg.), Room 100
Sacramento, CA**Friday, August 5, 2005**1500 Capitol Ave. Rms. 72.149B & 72.148C
Sacramento, CA**Friday, September 9, 2005**1500 Capitol Ave. Rms. 72.149B & 72.148C
Sacramento, CA**Friday, October 7, 2005**1020 N Street (Leg. Off. Bldg.), Room 100
Sacramento, CA**Friday, November 4, 2005**1500 Capitol Ave. Rms. 72.149B & 72.148C
Sacramento, CA**Friday, December 2, 2005**1500 Capitol Ave. Rms. 72.149B & 72.148C
Sacramento, CA

Meeting times are scheduled from 9:30 am to 3:30 pm with a 1-hour lunch break.

Meeting times, dates and locations are subject to change.

STATE ALLOCATION BOARD
IMPLEMENTATION COMMITTEE
APRIL 8, 2005

SMALL HIGH SCHOOL FUNDING

BACKGROUND

Assembly Bill (AB) 1465 (Chan), Chapter 894, Statutes 2004 (see attached) created a pilot program that provides \$20 million for additional construction funding under the School Facility Program (SFP) for purposes of constructing new small high schools and \$5 million for the reconfiguration of existing high schools into smaller schools of two or more that would foster academic achievement and success in a small high school environment. A "Small High School", for purposes of this bill, is defined as a high school with an enrollment of 500 pupils or less.

Discussions regarding the implementation of the pilot program began at the March 4, 2005 Implementation Committee meeting.

NEW CONSTRUCTION

BACKGROUND

Staff recommended setting aside the \$20 million for new construction of small high school projects and allocating the funds in the following manner:

- Utilize the \$20 million set aside to fund the 20 percent increase to the pupil grant value for small high school projects, above and beyond that of a regular SFP project.

Pursuant to AB 1465, new construction funding is available only for those districts that meet the following criteria:

- A new small high school cannot have an enrollment of more than 500 pupils.
- Projects funded under this pilot program must be part of a district academic reform strategy that has been reviewed and scored by the California Department of Education (CDE).
- This pilot program does not apply to areas where a small high school would otherwise have been built because of sparse population in the geographical area.

ISSUES/RESOLUTION

During our March discussions, Committee members and attendees requested the resolution to the questions noted below. To address these questions, Staff consulted with the Board's legal counsel for a determination on various issues. Staff comments and legal counsel's opinions are as follows:

1. 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 (due to 60/40 State and district matching share ratio increase) funded from the \$20 million or is it funded from regular SFP new construction funds?

Legal Counsel has opined that EC Section 17072.10(c)(1) authorizes regulations to ensure that the \$20 million may only be used to provide the adjustment to the increased per pupil grant.

(Continued on Page Two)

ISSUES/RESOLUTION (cont.)

2. Where will the funding for the State's additional 10 percent matching share come from?

The additional 10 percent State share will be apportioned from other SFP new construction funds as required in EC Section 17072.32(b).

3. 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?

Legal Counsel stated that there is nothing in law that precludes a conceptual approval with a reservation of AB 1465 funds only. A reservation of AB 1465 funds for the 20 percent increase to the per pupil grant amounts will be awarded to qualifying projects at the time a conceptual approval is granted by the Board. The SFP portion of the grant is subject to the availability of funds at the time the project is apportioned. Prior to the approval and reservation of funds, eligible projects will be subject to a selection process as defined in law and further clarified in the regulations. The district must demonstrate SFP new construction eligibility at the time of the conceptual application submittal and at the time the SFP full grant application submittal.

4. With respect to the purpose and intent of this pilot program, will funding be provided for a new small high school on an existing school site?

AB 1465 provides funding for the construction of small high schools that have an enrollment of 500 pupils or less and requires that at the end of this pilot program a study is made that would require (1) the CDE to conduct an evaluation that focuses on the outcome of academic achievement and on the reasons school districts do not currently opt to build small high schools; and (2) the Board shall conduct an evaluation on the cost of new construction and modernization of new small high schools.

In order to meet the intent of the bill and provide an accurate study of academic improvement in a small high school setting, small high schools constructed under the pilot program should be constructed as stand alone facilities. Additionally, construction of a new small high school on an existing site would not provide an accurate depiction of all costs that are representative of constructing a new small high school. Missing in the total project costs of the project would be costs related to site acquisition, general site, off site, capital expenditures, etc.

5. Will the total project cost increase for a small high school project?

Staff's project cost comparisons between a regular SFP 50/50 project and the small high school project using the 60/40 State and local matching share reveal that the overall total project cost will not change. Attachment A illustrates this comparison.

6. Will projects under the pilot program be eligible for the New School Grant pursuant to 1859.83?

As a new school, the district should be entitled to the New School Grant not to exceed the number of classrooms necessary to house 500 pupils. The construction of new small high school should be provided with the same funding assistance as provided for other new high school projects constructed under the SFP. Staff, however, believes since Regulation Section 1859.83 depicts the new school grant at a 50/50 State and local matching share, the State's matching share must be modified to reflect a 60 percent value. (See Attachment B)

ISSUES/RESOLUTION (cont.)

7. 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 believes if a district is unable to participate in the Small High School Program, the district should be afforded the opportunity to have the application proceed as regular 50/50 new construction application without forfeiture of the original date received, provided the project scope would not alter. As a regular SFP new construction project, the application will be subject to the standard 50/50 State and local matching share requirements. The district would be required to re-certify that it would have its 50 percent matching share.

8. Can a district use AB 1465 funds to build new continuation high schools?

Continuation schools are by nature, small in size and unique in function. AB 1465 funds are meant for districts choosing to build smaller high schools than they would have normally built based on choice and based on part of the district's academic reform strategy. The majority of continuation high schools are already small and therefore do not meet the intent of this pilot program.

DISCUSSION

Program Process Timeline

The proposed filing process timeline for new construction projects is as follows (see Attachment C):

- January 1, 2006 – Pilot program commences.
- May 30, 2006 – Final filing date to submit applications for conceptual approval.
(Includes academic reform strategy reviewed and scored by the CDE.)
- July 2006 SAB – Board item presenting all conceptually approved projects and their rankings.
- September 30, 2007 – Final filing date to submit the projects' full funding SFP application.
- December 2007 SAB – Last possible SAB meeting to receive full funding.
- December 31, 2007 – Pilot program ends.
- Evaluations shall be completed no later than two years after the opening of the last small high school constructed with funds from this bill.

Applications must receive a conceptual approval in order to qualify for full funding. Districts may come in for full funding at any time between the July 2006 SAB, when conceptual approvals are ranked and awarded, and September 30, 2007, the last day to submit applications for SFP full funding. At this time, districts must have a minimum of 500 pupil grants of new construction eligibility at the high school grade level to qualify for full funding of the project and will be required to update its current CBEDS.

Pursuant to statute, the new construction Small High School Pilot Program will end on January 1, 2008; therefore, all final apportionments must be made prior to this date. A September 30, 2007 final filing date will provide the OPSC with the minimum time necessary to process the final project apportionments for presentation to the December 2007 State Allocation Board meeting and meet the January 1, 2008 final timeline.

DISCUSSION (cont.)

Program Criteria

Projects received by May 30, 2006 will be considered for a conceptual approval provided the district meets all the provisions in the law including the following:

- The district must have no less than 500 pupil grants of SFP new construction eligibility at the high school grade level based on districtwide or high school attendance area eligibility, as appropriate, where the small high school will be located.
- The proposed new small high school must have an enrollment of 500 or fewer pupils.
- The number of classrooms included in the proposed new small high school project cannot exceed the capacity necessary to house 500 pupils.
- The district must provide evidence that it has an academic reform strategy in place that has been reviewed and approved by the CDE.

Region and Locale Application Identifiers

Each application will be evaluated to determine which region it represents and assigned to a locale as either urban, suburban or rural based on the criteria approved under the SFP Regulations.

The following is a regional breakout by county:

- Region 1: Alpine, Amador, Butte, Colusa, Contra Costa, Del Norte, El Dorado, Glenn, Humboldt, Lake, Lassen, Marin, Mendocino, Modoc, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, Shasta, Siskiyou, Solano, Sonoma, Sutter, Tehama, Trinity, Yolo, and Yuba.
- Region 2: Alameda, Calaveras, Fresno, Inyo, Kern, Kings, Madera, Mariposa, Merced, Mono, Monterey, San Benito, San Francisco, San Mateo, Santa Clara, Santa Cruz, Stanislaus, Tulare, and Tuolumne.
- Region 3 and 4: Los Angeles, San Bernardino, San Luis Obispo, Santa Barbara, Ventura, Imperial, Orange, Riverside, and San Diego.

Each region will be subdivided into three locales as described below:

1. Urban Area: Shall be a school with a locale code of one as classified by the National Center for Education Statistics (NCES).
2. Suburban Area: Shall be a school with a locale code of two, three, four or five as classified by the NCES.
3. Rural Area: Shall be a school with a locale code of six, seven or eight as classified by the NCES.

Program Ranking

Projects will be ranked during the conceptual approval phase as follows:

- Projects will be initially placed into a matrix according to its respective region and locale.
- The region and locale will be the primary criteria for recommendation for conceptual approval. The order of selection will be based on the order listed in statute; northern, southern, and central regions of the State and from urban, suburban, and rural areas.

DISCUSSION (cont.)

Program Ranking (cont.)

- If there is more than one project competing in the same region and locale, a ranking system will be used to determine its funding priority. Identified below are three options which can be utilized for the ranking process *within each region and locale*:
 1. CDE academic reform strategy score.
 2. Lottery.
 3. Received date of the conceptual approval application.

Staff recommends option number one, based on the CDE academic reform strategy score.

SMALL HIGH SCHOOL FUNDING

MODERNIZATION

BACKGROUND

AB 1465 provides 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. Additional modernization funding is provided to assist with costs generated by the reconfiguration. A small amount of new construction, which is necessary to accommodate the reconfiguration, is allowed under this program. AB 1465 has set aside \$5 million for the purposes of modernization; however, no single projects shall be granted, in the aggregate, more than \$500,000.

During the initial phase of discussion on the topic of reconfiguration, staff proposed that the term "reconfiguration", for purposes of this program, would be expanded to include work that would allow the separation/creation of new school boundaries; and that the reconfiguration work on an existing high school project shall be considered one project, regardless of the number of reconfigured schools created. The reconfiguration work must be completed as part of a regular SFP modernization project, based on current modernization eligibility.

ISSUES/RESOLUTION

During our March discussions, Committee members and attendees requested the resolution to the questions noted below.

1. How much funding is provided for the reconfiguration of an existing site? How are financial hardship districts affected?

Legal Counsel has opined, pursuant to the provisions of AB 1465, that "no single project shall be granted in the aggregate, more than \$500,000." Staff proposes that the reconfiguration funds be treated as an additional grant to be apportioned separately, up to \$500,000 for eligible reconfiguration work, and does not require a district matching share. The cost estimate for the reconfiguration work will be subject to review by the OPSC Plan Verification Team. Funding for the remaining modernization work will be subject to the provisions of the SFP, and will still require the 60/40 State and local contributions. Financial hardship projects will be eligible for State assistance for the modernization portion of the project.

Districts should be reminded that the modernization funds must be used toward eligible SFP modernization expenditures only.

2. 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?

Legal Counsel opines the SFP does not allow for compensating adjustments due to a loss of facilities based on a district's choice to remove or displace classrooms. The intent of the SFP is to provide new classrooms, not remove them. The net number of classrooms remaining at the school site at the conclusion of the reconfiguration project should be equal to the number of classrooms that existed prior to the reconfiguration. If the reconfiguration project results in an increase to the total number of classrooms at the school site being reconfigured, the additional classrooms will be reduced from the district's new construction eligibility.

(Continued on Page Seven)

ISSUES/RESOLUTION (cont.)

3. 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?

If an applicant district is unable to participate in the pilot program, the district should be afforded the opportunity to have the application proceed as a regular SFP modernization project without forfeiture of the original date received provided that the regular SFP modernization project scope would not alter.

As a regular SFP modernization project, the application would not receive the reconfiguration augmentation. Funding for the remaining modernization work will be subject to all provisions of the SFP, and will still require the 60/40 State and local contributions. Districts should be reminded that the modernization funds must be used toward eligible SFP modernization expenditures only.

4. Will districts be required to have current SFP modernization eligibility in order to apply for a reconfiguration project?

Legal Counsel has opined that AB 1465 states that reconfiguration "shall be eligible for additional modernization funding." This means that the reconfiguration work must be part of a modernization project; therefore, districts must have current modernization eligibility.

5. a. Will districts that have completed previous SFP modernization projects and exhausted their modernization eligibility be eligible to participate in the pilot program?
b. Can districts request reimbursement through the pilot program for previous modernization projects that included reconfiguration work?

No; there are no grandfathering provisions in the statute. Legal Counsel has opined that districts must have current modernization eligibility in order to request participation in this program. Additionally, all previous modernization funding is "Full and Final." If a district wishes to participate in the pilot program for additional reconfiguration work, the district must submit a new modernization application and have current modernization eligibility.

6. Can a closed elementary school be reconfigured into a small high school and obtain funding under this pilot program?

AB 1465 requires an existing high school to have an enrollment of 1,000 or more pupils; therefore, this requirement precludes a closed elementary school from participating in this program.

DISCUSSION

Program Timelines/Requirements

- Applications will be accepted beginning on the effective date of the regulations and shall continue until the funds are exhausted, the program ends on January 1, 2008, or until statute deletes or extends this date.
- Projects requesting funding under this program will be processed based on the order of date received by the OPSC.
- Participant districts will be required to re-establish the modernization eligibility baseline for each small high school created by the reconfiguration work performed under this program. Additionally, the district will be required to obtain a distinct County District School Code from the CDE for each new small high school created.

ATTACHMENT A

Small High School New Construction Funding Comparisons

50/50 State/Local Match		State Share	District Share
Base Grant	\$9305 x 500	4,652,500	4,652,500
Fire Detection Alarm		10,500	10,500
Sprinkler System		79,000	79,000
Site Acquisition		2,500,000	2,500,000
Service Site		765,000	765,000
Off Site		392,000	392,000
<u>Utilities</u>		<u>85,000</u>	<u>85,000</u>
		<u>8,484,000</u>	<u>8,484,000</u>
		Total	16,968,000

60/40 State/Local Match		State Share	District Share
Base Grant	\$11166 x 500	5,583,000	3,722,000
Fire Detection Alarm		12,600	8,400
Sprinkler System		94,800	63,200
Site Acquisition		3,000,000	2,000,000
Service Site		918,000	612,000
Off Site		470,400	313,600
<u>Utilities</u>		<u>102,000</u>	<u>68,000</u>
		<u>10,180,800</u>	<u>6,787,200</u>
		Total	16,968,000

ATTACHMENT B

Small High School
New Construction
Proposed New School Adjustments

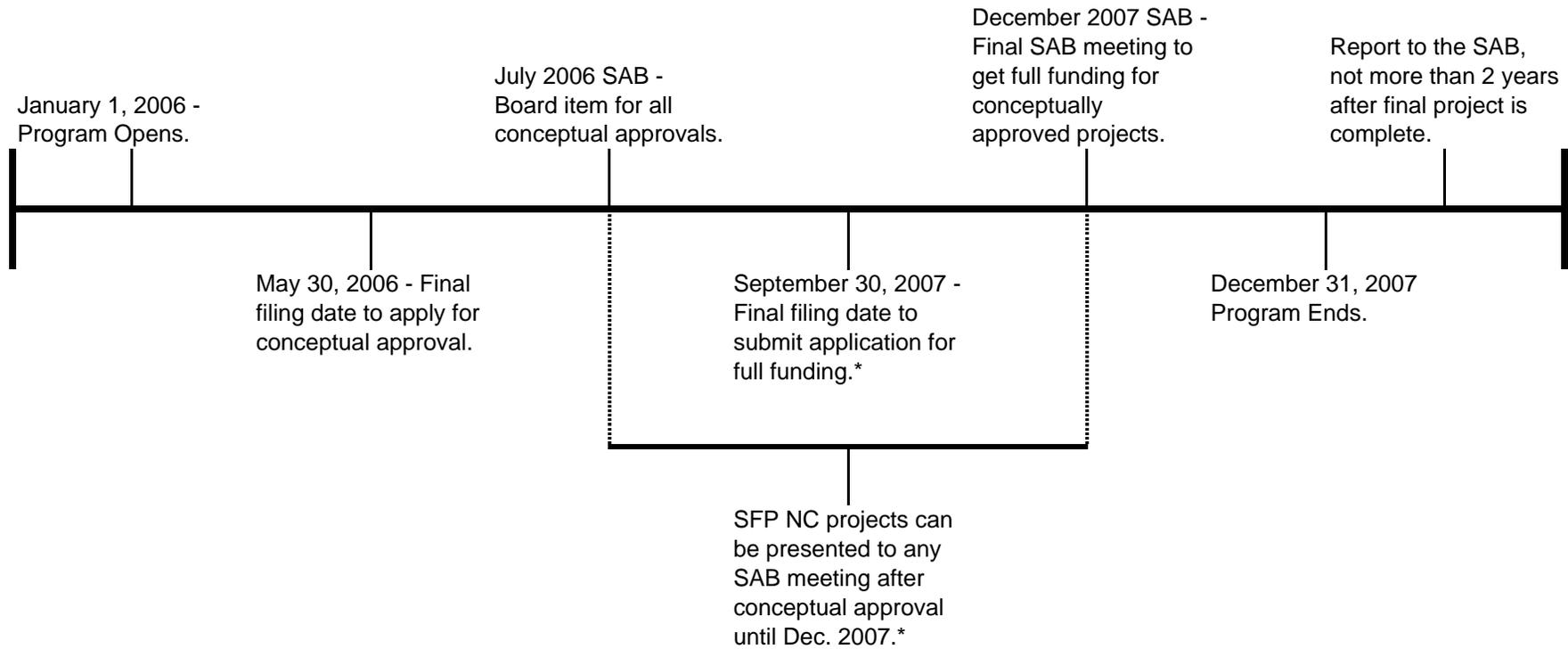
Number of Classrooms *	New School Adjustments 50/50	New School Adjustments 60/40 **
1	\$1,908,344	\$2,290,013
2	\$1,985,149	\$2,382,179
3	\$2,453,774	\$2,944,493
4	\$2,870,328	\$3,444,394
5	\$3,160,616	\$3,792,739
6	\$3,450,902	\$4,141,082
7	\$3,741,189	\$4,489,427
8	\$3,965,088	\$4,758,106
9	\$4,144,727	\$4,973,672
10	\$4,323,066	\$5,187,679
11	\$4,502,704	\$5,403,245
12	\$4,666,724	\$5,600,069
13	\$4,828,138	\$5,793,766
14	\$4,989,554	\$5,987,465
15	\$5,152,273	\$6,182,728
16	\$5,313,685	\$6,376,422
17	\$5,476,404	\$6,571,685
18	\$5,637,819	\$6,765,383
19	\$5,799,234	\$6,959,081
20	\$5,961,950	\$7,154,340
21	\$6,123,367	\$7,348,040
22	\$6,284,782	\$7,541,738

* The districts' use of the New School Adjustments shall not exceed the number of classrooms necessary to house 500 pupils.

**These dollar amounts will appear in the proposed SFP Regulations as 1998 costs at the "60/40" calculation.

ATTACHMENT C

AB 1465 New Construction Application Timeline



* September 30, 2007 is the last day to file the full funding application. Districts may file their full SFP funding applications any time after the project's conceptual approval. The full funding applications will be processed to the SAB within normal processing timelines.

Assembly Bill No. 1465

CHAPTER 894

An act to amend Section 17070.15 of, to amend, repeal, and add Sections 17072.10, 17072.30, and 17072.32 of, to add Section 17070.99 to, and to add and repeal Section 17074.32 of, the Education Code, relating to school facilities.

[Approved by Governor September 29, 2004. Filed with Secretary of State September 29, 2004.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1465, Chan. School facilities: new construction and modernization: small high schools.

Existing law, the Leroy F. Greene School Facilities Act of 1998, requires the State Allocation Board to allocate to applicant school districts, prescribed per-unhoused-pupil state funding for construction and modernization of school facilities, including hardship funding, and supplemental funding for site development and acquisition. Existing law requires the board to determine an applicant's maximum total new construction grant eligibility under a specified calculation and requires the board to annually adjust the per-unhoused-pupil apportionment to reflect construction cost changes.

Existing law precludes reduction of enrollment projections for a 3-year period, and requires the board to approve a supplemental apportionment, for an applicant school district having an enrollment of 2,500 or less.

This bill would provide that, commencing January 1, 2006, for a small high school, as defined, that meets certain criteria to be established by regulations adopted by the board, the maximum total new construction grant shall be adjusted to reflect 120% of the amounts determined pursuant to the above calculations, except as provided. The bill would establish this adjustment on a pilot program basis until January 1, 2008, and would require the board to set aside \$20,000,000 for this purpose from the proceeds of certain state bonds.

Existing law prohibits the board from apportioning funds for new construction unless certain conditions are met, including, but not limited to, the requirement that the school district, prior to the release of state funds, certify that the required 50% local matching funds will be deposited or expended.

This bill would, instead, until January 1, 2008, for a project for construction of a small high school, as provided, authorize

apportionment to a school district only if the school district certifies that the required 40% local matching funds will be deposited or expended.

Existing law authorizes the release of funds equal to the local match upon certification by the school district that it has entered into a binding contract for completion of the project.

This bill would, until January 1, 2008, for a project to construct a small high school, as provided, authorize the release of funds equal to 60% of the total approved project costs.

Existing law requires the board to determine an applicant's total modernization funding eligibility under a specified calculation and requires the board to annually adjust the calculation factors to reflect inflation, as provided.

This bill would, until January 1, 2008, authorize additional modernization funding for a high school with an enrollment of 1,000 or more pupils that is seeking to reconfigure into 2 or more small high schools, to assist with costs generated by the reconfiguration. The bill would require the board to set aside \$5,000,000 for this purpose from the proceeds of certain state bonds and to adopt implementing regulations, and would limit the amount of funding for a single project.

This bill would require the board to conduct an evaluation on the cost of new construction and modernization of small high schools, as provided, and would require the State Department of Education to conduct an evaluation that focuses on pupil outcomes at the small high schools, as provided, and on the reasons school districts do not currently opt to build small high schools.

The people of the State of California do enact as follows:

SECTION 1. (a) The Legislature finds and declares all of the following:

(1) Research has shown that school size is an important predictor of pupil success, second only to socioeconomic status. The research literature clearly states the superiority of small schools as learning environments. In small schools all of the following occur:

(A) Dropout and truancy rates dramatically decrease and graduation rates and postsecondary education enrollment rates increase.

(B) Parents are much more likely to be involved in the school and to have greater participation in decisionmaking.

(C) Pupils experience a greater sense of belonging and are more satisfied with their schools.

(D) Fewer discipline problems occur.

(E) Crime, violence, and gang participation decrease.

(F) Incidences of alcohol and tobacco abuse decrease.



(G) Pupil attendance increases.

(2) A recent study of large and small schools in four states has shown that smaller schools reduce the damaging effects of poverty and help pupils narrow the achievement gap between them and pupils from more affluent communities.

(3) Reducing school size has also been shown to significantly increase the likelihood of success of school reform efforts. Small schools are more effective at staff development and in implementing new curriculum.

(4) Based upon the research on the benefits of small schools, the United States Department of Education has created the Smaller Learning Communities Program and is currently providing a small number of planning and implementation grants to school districts across the country to support the development of small schools and small learning communities.

(5) Other states have recognized the value of small schools and have developed state policy to encourage small schools development. In Florida, for example, all schools built after 2003 will be small schools.

(6) Many parent groups and school districts in the state, including Oakland, Sacramento, San Jose, Los Angeles, and San Francisco, have initiated efforts to create small schools. These efforts include the creation of new small schools on new sites as well as the reconfiguration of existing schools into small schools and small learning communities.

(7) The trend in California, over the last few decades, has been to build larger and larger schools. For example, in 2000, more than 73 percent of California high schools had more than 1,000 pupils and more than 57 percent of middle schools had more than 800 pupils.

(8) The trend to build large schools has been driven by California's rapidly growing population and by the assumption that large schools are more cost effective.

(9) Research, however, has also shown that small schools, due to lower dropout rates and factors such as reduced school violence, can be more cost effective in per pupil spending than large schools.

(b) It is therefore the intent of the Legislature to enact changes in state law to create an incentive for school districts to establish smaller learning communities through increasing the state's share of schools facilities funding for the construction of new small schools and for the reconfiguration of existing schoolsites to support smaller learning communities.

SEC. 2. Section 17070.15 of the Education Code is amended to read:



17070.15. The following terms, wherever used or referred to in this chapter, shall have the following meanings, respectively, unless a different meaning appears from the context:

(a) “Apportionment” means a reservation of funds for the purpose of eligible new construction, modernization, or hardship approved by the board for an applicant school district.

(b) “Attendance area” means the geographical area serving an existing high school and those junior high schools and elementary schools included therein.

(c) “Board” means the State Allocation Board as established by Section 15490 of the Government Code.

(d) “Department” means the Department of General Services.

(e) “Committee” means the State School Building Finance Committee established pursuant to Section 15909.

(f) “Modernization” means any modification of a permanent structure that is at least 25 years old, or in the case of a portable classroom, that is at least 20 years old, that will enhance the ability of the structure to achieve educational purposes.

(g) “Property” includes all property, real, personal or mixed, tangible or intangible, or any interest therein necessary or desirable for carrying out the purposes of this chapter.

(h) “School district” means a school district or a county office of education. For purposes of determining eligibility under this chapter, “school district” may also mean a high school attendance area.

(i) “Fund” means the 1998 State School Facilities Fund, the 2002 State School Facilities Fund, or the 2004 State School Facilities Fund, as the case may be, established pursuant to Section 17070.40.

(j) “County fund” means a county school facilities fund established pursuant to Section 17070.43.

(k) “Portable classroom” means 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.

(l) “School building capacity” means the capacity of a school building to house pupils.

(m) “Small high school” means a high school with a total enrollment of no more than 500 pupils.

SEC. 3. Section 17070.99 is added to the Education Code, to read:

17070.99. (a) The board shall conduct an evaluation on the cost of new construction and modernization of small high schools in



conjunction with the pilot program established pursuant to subdivision (c) of Section 17072.10, as it read on January 1, 2005.

(b) The State Department of Education shall conduct an evaluation that focuses on pupil outcomes, including, but not limited to, academic achievement and college attendance rates, at the small high schools constructed pursuant to subdivision (c) of Section 17072.10, as it read on January 1, 2005, and on the reasons school districts do not currently opt to build small high schools.

(c) The evaluations required pursuant to subdivisions (a) and (b) shall be completed no later than two years after the opening of the last small high school constructed pursuant to subdivision (c) of Section 17072.10, as it read on January 1, 2005.

(d) The evaluations conducted pursuant to subdivisions (a) and (b) shall be used to inform the direction of future school facilities construction and related bond measures.

SEC. 4. Section 17072.10 of the Education Code is amended to read:

17072.10. (a) The board shall determine the applicant's maximum total new construction grant eligibility by multiplying the number of unhoused pupils calculated pursuant to Article 3 (commencing with Section 17071.75) in each school district with an approved application for new construction, by the per-unhoused-pupil grant as follows:

(1) Five thousand two hundred dollars (\$5,200) for elementary school pupils.

(2) Five thousand five hundred dollars (\$5,500) for middle school pupils.

(3) Seven thousand two hundred dollars (\$7,200) for high school pupils.

(b) The board shall annually adjust the per-unhoused-pupil apportionment to reflect construction cost changes, as set forth in the statewide cost index for class B construction as determined by the board.

(c) (1) Commencing January 1, 2006, notwithstanding subdivisions (a) and (b), for a small high school, the maximum total new construction grant shall be adjusted to reflect 120 percent of the amounts determined pursuant to subdivisions (a) and (b). The board shall adopt regulations, in consultation with the Superintendent of Public Instruction, to establish criteria to ensure that this adjustment is available to multiple small high schools on a pilot program basis and only for those applicant school districts that propose to build a small high school as part of an academic reform strategy that focuses on the positive outcomes that small high schools encourage. The board shall set aside a total amount of twenty million dollars (\$20,000,000) for this purpose from the proceeds of state bonds approved by the voters pursuant to the



Kindergarten-University Public Education Facilities Bond Act of 2002 (Part 68.1 (commencing with Section 100600)) and the Kindergarten-University Public Education Facilities Bond Act of 2004 (Part 68.2 (commencing with Section 100800)). The board shall also adopt regulations, in consultation with the Superintendent of Public Instruction, to implement the pilot program, including, but not limited to, allowing a sufficient filing period for applications in order to ensure that the pilot program encompasses school districts from the northern, southern, and central regions of the state and from urban, suburban, and rural areas so that the pilot program participants are broadly representative of the state.

(2) Paragraph (1) does not apply in those circumstances where a small high school would otherwise have been built because of sparse population in the geographical area.

(d) The board may adopt regulations to be effective until July 1, 2000, that adjust the amounts identified in this section for qualifying individuals with exceptional needs, as defined in Section 56026. The regulations shall be amended after July 1, 2000, in consideration of the recommendations provided pursuant to Section 17072.15.

(e) The board may establish a single supplemental per-unhoused-pupil grant in addition to the amounts specified in subdivision (a) based on the statewide average marginal difference in costs in instances where a project requires multilevel school facilities due to limited acreage. The district's application shall demonstrate that a practical alternative site is not available.

(f) For a school district having an enrollment of 2,500 or less for the prior fiscal year, the board may approve a supplemental apportionment of up to seven thousand five hundred dollars (\$7,500) for any new construction project assistance. The amount of the supplemental apportionment authorized pursuant to this subdivision shall be adjusted in 2001 and every year thereafter by an amount equal to the percentage adjustment for class B construction.

(g) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2008, deletes or extends that date.

SEC. 5. Section 17072.10 is added to the Education Code, to read:

17072.10. (a) The board shall determine the applicant's maximum total new construction grant eligibility by multiplying the number of unhoused pupils calculated pursuant to Article 3 (commencing with Section 17071.75) in each school district with an approved application for new construction, by the per-unhoused-pupil grant as follows:

(1) Five thousand two hundred dollars (\$5,200) for elementary school pupils.



(2) Five thousand five hundred dollars (\$5,500) for middle school pupils.

(3) Seven thousand two hundred dollars (\$7,200) for high school pupils.

(b) The board shall annually adjust the per-unhoused-pupil apportionment to reflect construction cost changes, as set forth in the statewide cost index for class B construction as determined by the board.

(c) Any regulations adopted by the board prior to July 1, 2000, that adjust the amounts identified in this section for qualifying individuals with exceptional needs, as defined in Section 56026, as amended after July 1, 2000, in consideration of the recommendations provided pursuant to Section 17072.15, shall continue in effect.

(d) The board may establish a single supplemental per-unhoused-pupil grant in addition to the amounts specified in subdivision (a) based on the statewide average marginal difference in costs in instances where a project requires multilevel school facilities due to limited acreage. The district's application shall demonstrate that a practical alternative site is not available.

(e) For a school district having an enrollment of 2,500 or less for the prior fiscal year, the board may approve a supplemental apportionment of up to seven thousand five hundred dollars (\$7,500) for any new construction project assistance. The amount of the supplemental apportionment authorized pursuant to this subdivision shall be adjusted in 2008 and every year thereafter by an amount equal to the percentage adjustment for class B construction.

(f) This section is operative January 1, 2008.

SEC. 6. Section 17072.30 of the Education Code is amended to read:

17072.30. (a) Subject to the availability of funds, and to the determination of priority pursuant to Section 17072.25, if applicable, the board shall apportion funds to an eligible school district only upon the approval of the project by the Department of General Services pursuant to the Field Act, as defined in Section 17281, and certification by the school district that the required 50 percent matching funds from local sources have been expended by the district for the project, or have been deposited in the county fund, or will be expended by the district by the time the project is completed, in an amount at least equal to the proposed apportionment pursuant to this chapter, prior to release of the state funds.

(b) Notwithstanding subdivision (a), subject to the availability of funds, the board shall, for a project to construct a small high school pursuant to subdivision (c) of Section 17072.10, apportion funds to an eligible school district only upon approval of the project by the Department of General Services pursuant to the Field Act, as defined in



Section 17281, and certification by the school district that the required 40 percent matching funds from local sources have been expended by the district for the project, or have been deposited in the county fund, or will be expended by the district by the time the project is completed, in an amount at least equal to 40 percent of the total project costs pursuant to this chapter, prior to release of the state funds.

(c) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2008, deletes or extends that date.

SEC. 7. Section 17072.30 is added to the Education Code, to read:

17072.30. (a) Subject to the availability of funds, and to the determination of priority pursuant to Section 17072.25, if applicable, the board shall apportion funds to an eligible school district only upon the approval of the project by the Department of General Services pursuant to the Field Act, as defined in Section 17281, and certification by the school district that the required 50 percent matching funds from local sources have been expended by the district for the project, or have been deposited in the county fund, or will be expended by the district by the time the project is completed, in an amount at least equal to the proposed apportionment pursuant to this chapter, prior to release of the state funds.

(b) This section is operative January 1, 2008.

SEC. 8. Section 17072.32 of the Education Code is amended to read:

17072.32. (a) For any project that has received an apportionment pursuant to subdivision (a) of Section 17072.30, funding shall be released in amounts equal to the amount of the local match upon certification by the school district that the school district has entered into a binding contract for completion of the approved project.

(b) Notwithstanding subdivision (a), for any project for construction of a small high school, pursuant to subdivision (c) of Section 17072.10, that has received an apportionment pursuant to subdivision (b) of Section 17072.30, funding shall be released in amounts equal to 60 percent of the total project costs upon certification by the school district that the school district has entered into a binding contract for completion of the approved project.

(c) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2008, deletes or extends that date.

SEC. 9. Section 17072.32 is added to the Education Code, to read:

17072.32. (a) For any project that has received an apportionment pursuant to Section 17072.30, funding shall be released in amounts equal to the amount of the local match upon certification by the school



district that the school district has entered into a binding contract for completion of the approved project.

(b) This section is operative January 1, 2008.

SEC. 10. Section 17074.32 is added to the Education Code, to read:

17074.32. (a) A high school with an enrollment of 1,000 or more pupils that is seeking to reconfigure into two or more small high schools, as defined in subdivision (m) of Section 17070.15, shall be eligible for additional modernization funding to assist with costs generated by the reconfiguration. Reconfiguration can specifically allow some limited new construction necessary to accommodate the reconfiguration. The board shall set aside a total amount of five million dollars (\$5,000,000), from the proceeds of state bonds approved by the voters pursuant to the Kindergarten-University Public Education Facilities Bond Act of 2002 (Part 68.1 (commencing with Section 100600)) and the Kindergarten-University Public Education Facilities Bond Act of 2004 (Part 68.2 (commencing with Section 100800)), for purposes of this additional modernization funding and no single project shall be granted, in the aggregate, more than five hundred thousand dollars (\$500,000).

(b) The board shall adopt regulations to implement this section.

(c) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2008, deletes or extends that date.

