STATE OF CALIFORNIA *ARNOLD SCHWARZENEGGER*, Governor

STATE ALLOCATION BOARD
1130 K Street, Suite 400
Sacramento, CA 95814

IMPLEMENTATION COMMITTEE MINUTES

April 8, 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
Dennis Dunston, CEFPI
Blake Johnson, DOF
Debra Pearson, SSDA
John Palmer, CASBO
Andrea DeLaCerda, CSEASA (Alternate for William Cornelison - Attended in Audience)
Constantine Baranoff, SSD
Gary Gibbs, CBIA

Members Absent

Jay Hansen, SBCTC
Dennis Bellet, DSA
Brian Wiese, AIA

The meeting was called to order at 9:40 a.m.; there were 12 members present and three absent. The Chair acknowledged Andrea DeLaCerda as the alternate representative in attendance for William Cornelison, CSEASA.

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

- Workshops are scheduled throughout the State for the Williams Settlement Legislation, as well as separate SFP Outreach workshops, as outlined on the handouts and the OPSC Web site. Registration will be required for attendance; however, there will be no registration fee.
- At the March SAB meeting, the Board approved the 8 California Cities construction cost index (CCI), which resulted in an increase to the current CCI. An item will be taken to the April SAB meeting to increase and finalize the projects approved at the January through March SAB meetings.
- The April SAB meeting time and/or date may be changed to accommodate scheduling conflicts for several of the Board members. Please verify on the OPSC Web site.

The minutes from the March 4, 2005 Committee meeting were approved as presented, after clarifying one question posed by a Committee member regarding the number of new construction applications that a district may submit for the small high school pilot program.

SMALL HIGH SCHOOL PILOT PROGRAM - ASSEMBLY BILL 1465

The implementation of Assembly Bill (AB) 1465 (Chapter 894, Statutes of 2004, Chan) has been discussed at the March and April 2005 Committee meetings. The Small High School Pilot Program was reintroduced by Lori Morgan and Staff members, Toni Martinez and Brian LaPask, as outlined in the item.

NEW CONSTRUCTION

Staff member Toni Martinez reviewed the requirements that districts must meet in order to participate in the program. The primary requirements include the following: 1) new small high schools under this program cannot have an enrollment larger than 500 pupils; 2) projects must be part of an academic reform strategy approved by the California Department of Education (CDE); and, 3) the pilot program does not apply to areas where a small high school would have otherwise been built because of sparse population.

It was noted that OPSC Staff met with DGS Legal Counsel in preparation of the April Committee meeting. The Committee discussion focused on the issues raised at the previous meeting, as outlined in the April Committee item. The primary discussion items were as follows:

- Legal Counsel concurred with Staff's proposal that the $20 million be for the increase to the per-pupil-grants only, not for the other increases to the State matching share. The Department of Finance (DOF) representative indicated that DOF interprets the law that the $20 million be used for the increase to the per-pupil-grants as well as the increased State matching share amount. The Chair and Staff presented the rationale behind Legal Counsel comments and that upon meeting with the sponsors of the bill, it was confirmed that the intent was to cover the per-pupil-grant increase only.

  It was also noted that conceptual approvals could not be granted without a fixed grant amount. Any grants outside of the per-pupil-grant increase could not be known or even reasonably estimated without actual final CDE site and plan approval and final Division of the State Architect (DSA) plan approval, which is contrary to the notion of a conceptual approval. It was also noted that the if all of the 10 percent State fund differential was limited to the $20 million, it was likely that only an extremely limited number of new construction projects could be funded. Certain components of the bill could not be implemented with a limited pool of participants including that the participants be broadly representative of the State and meet the requirements for academic and cost studies. The Chair welcomed further comments from the DOF as a result of the information shared at the Committee meeting.

- There were no objections to making a conceptual approval with a reservation of AB 1465 funds only. It was noted that it was not an apportionment but only a reservation.

- In order to meet the intent of the bill and provide accurate information for the required studies, schools built out of AB 1465 funds must be stand-alone facilities. In response to economy of scale concerns, Staff explained that the New School Grant augmentation would be available for these projects, as adjusted for the 60 percent State funding and limited to the number of classrooms necessary to house the maximum of 500 pupils. A Committee member also suggested, in helping to build small schools, creative designing of the facilities can be used in order to keep the project costs down (i.e., using a multi-purpose room space for more than one function).

- The total project cost does not change for AB 1465 projects, as illustrated on the attachment to the April Committee item. It was noted that the sponsors indicated that it was intended to keep the total project cost the same, changing only the matching share requirements to a 60/40 ratio. The sponsors indicated that several comments were made at legislative Committee hearings stipulating/agreeing to that fact.

- If the project submitted is denied participation in the Small High School Program and is NOT a complete/accepted SFP funding application (i.e., final CDE/DSA approved plans, etc.), the district will be required to resubmit under the regular SFP program with a new receipt date.

- Because continuation high schools are by nature small in size and unique in function, it was agreed by the Committee and the attendees that these schools do not fit the intent of the pilot program.

- The April Committee item recommended that only those districts with at least 500 pupils of available high school eligibility be eligible to apply for AB 1465 funds. A concern was raised regarding a district that is in a highly populated geographic area yet may not meet this criteria. Staff agreed to revisit the current recommendation.

- A Committee member questioned what would happen if a district constructing a small high school with AB 1465 funds needed to later expand the campus beyond the maximum capacity of 500 pupils. Staff stated that in order for the required evaluations to be completed, it is proposed that any school constructed with AB 1465 funds must remain with the capacity and enrollment of no greater than 500 for a minimum of two years after the occupancy of the facility.

- In response to the question of whether districts should be limited to one application for new construction funding, Staff proposed that districts be allowed to submit multiple applications but rank those applications by the district's priority. The applications will be placed in their respective categories according to region and locale, and will be ranked in the order of their academic reform strategy score. No district shall be awarded more than one conceptual approval unless all other qualified districts within its corresponding region/locale have been awarded.

- The timeline for the AB 1465 application process was presented and accepted by the Committee (as shown on the item attachment).

Staff will be presenting draft regulations at the next Implementation Committee meeting in May.

CDE PRESENTATION ON ACADEMIC REFORM STRATEGIES

The CDE (Fred Yeager and John Merris-Coots) presented the procedure being proposed to approve and score academic reform strategies for districts intending to apply for AB 1465 funding. Districts will be required to have a solid strategy in place. The strategies must be submitted to the CDE for review and scoring. It is anticipated that a process for scoring the academic reform strategies will be in place sometime near the end of summer, so that any districts wanting to apply at the onset of the Small High School Program will be able to do so. The CDE indicated it would present additional information to the Committee as it became available.

MODERNIZATION

Staff member Regina Bills-Dacong reintroduced the modernization component of AB 1465, which provides $5 million for reconfiguration of existing high schools with 1,000 pupils or more. "Reconfiguration" for the purposes of the small high school program would include work that allowed for the separation or creation of new school boundaries and minimal new construction associated with the reconfiguration.

The discussion focused on the issues raised at the previous Committee meeting, as outlined in the April Committee item. The primary discussion items were as follows:

- No single project may receive a reconfiguration grant of more than $500,000 in the aggregate based on the eligible work shown in the plans and specifications, as verified by the OPSC Plan Verification Team, regardless of the number of new high school entities created as a result of the project. As long as all of the work was completed as shown in the plans and specifications, any savings realized may be used as provided for in law and the SFP Regulation Section 1859.103.

- In response to the questions if a district could be compensated for lost classroom capacity as a result of reconfiguration, it was agreed that districts would not receive credit to the baseline for any removed classrooms, which is consistent with SFP law and Regulations. However, the districts could add classrooms to one of the resulting high schools (at the same campus) if some were lost during the reconfiguration process, as long as the net classroom capacity at the completion of the project did not change. Any classrooms that are added to the net capacity at the completion of the project would be accounted for on the district's new construction eligibility baseline.

- Districts were reminded that if a district is unable to participate in the Small High School Program but remained in the regular modernization SFP, the State and district's matching share of the modernization funds must be used on eligible SFP modernization expenditures only and could not be used on ineligible reconfiguration work (i.e., new construction).

- After the March meeting, Staff consulted with DGS Legal Counsel, who opined that districts must not only have SFP modernization eligibility in order to apply for AB 1465 funds, but must also do the reconfiguration as part of a current modernization project. Furthermore, since there are no grandfathering provisions in the statute, any reconfiguration work done in a past modernization project is ineligible for AB 1465 funds. This was discussed at the April meeting and agreed upon by the Committee and those in attendance.

- In response to the question about reconfiguring an existing, closed elementary school into a new small high school, Staff responded that AB 1465 requires an existing high school with an enrollment of 1,000 pupils or more to qualify. It was stated by various attendees and committee members that it would be favorable to allow these types of projects in the future; however, because of current law and that this was a pilot program, it should not be allowed at this time.

- Staff clarified that as soon as regulations for the Small High School Program are approved by the Office of Administrative Law, districts will be allowed to apply for AB 1465 *modernization* funds. The $20 million available for new construction funding will not be made available until after the January 1, 2006 start date of the pilot program.

Staff will be presenting draft regulations at the next Implementation Committee meeting in May.

ADJOURNMENT AND NEXT MEETING

The meeting adjourned at 11:55 p.m. The next Implementation Committee meeting is scheduled for Friday, May 6, 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.