

STATE ALLOCATION BOARD1130 K Street, Suite 400
Sacramento, CA 95814

IMPLEMENTATION COMMITTEE MINUTES

February 2, 2007

Legislative Office Building
Sacramento, CA**Members Present**

Mavonne Garrity, SAB	William Savidge, CASH
Kathy Hicks, OPSC	Kenn Young, CCSESA
Lisa Constancio, CDE (alternate for Fred Yeager)	Brian Wiese, AIA
Chad Rohrs, DOF	Dennis Bellet, DSA (alternate for Richard Conrad)
Constantine Baranoff, SSD	Cesar Diaz, SBCTC
Shawn Atlow, LAUSD (alternate for Mark DeMan)	Dennis Dunston, CEFPI
Peggy Reyes, CASBO	Gary Gibbs, CBIA

Members Absent

Debra Pearson, SSDA

Kathy Hicks, OPSC Chief of Staff, provided an update on the status of the regulations adopted by the State Allocation Board (SAB) that had not yet been approved by the Office of Administrative Law.

The Seismic Mitigation item was pulled from the agenda.

OVERCROWDING RELIEF GRANT (ORG) PROGRAM

This topic was introduced by the Chair and presented by OPSC staff member Regina Bills-Dacong.

OPSC staff reviewed the item discussed at the January 2007 meeting and presented updates to the proposed ORG regulations, revisions to the existing School Facility Program (SFP) Regulations that had been changed since the previous meeting, and modifications to the *Application for Funding* (Form SAB 50-04) and *Expenditure Report* (Form SAB 50-06).

There was considerable discussion on the financial hardship regulation revisions. A committee member suggested that only design funds be allowed to be held in reserve, and asked whether money reserved for an ORG project that does not move forward can be applied towards other SFP financial hardship projects. OPSC staff stated that site funds should also be able to be reserved as a district cannot receive a separate site apportionment under the ORG and districts will first have to identify and acquire a site before a new school facility is designed. Staff also clarified that any unused funds that have been reserved will be applied to other district financial hardship applications, and that language will be added to the regulations to clarify relevant guidelines and restrictions for such use.

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OVERCROWDING RELIEF GRANT PROGRAM (cont.)

A concern was raised that the calculation of the pupil eligibility does not account for span schools (e.g. K-12 grade configurations) to be factored in the calculation for the class size reduction adjustment even though the program would have impacted the school. Committee members and audience members also noted that the ORG regulations do not explicitly state that subsidiary facilities can be built with ORG funding. OPSC staff agreed to add language to alleviate these concerns.

It was also suggested that the OPSC consider permitting multistory replacement projects allowed pursuant to SFP regulation section 1859.73.2 to be combined with ORG projects. This proposal would likely be acceptable as long as the multistory projects add capacity as required in the law, and the costs are clearly delineated for each project. OPSC staff offered to meet with districts to discuss each unique situation.

The Chair ended the discussion by stating that OPSC staff will work to address outstanding concerns in time to present regulations to the February 2007 SAB.

ASSEMBLY BILL (AB) 2947 – TRANSFER OF SPECIAL EDUCATION PROGRAMS

This topic was introduced by the Chair and presented by OPSC staff members Brian LaPask and Jessica Love. The bill was introduced and the adjustments for enrollment and capacity were detailed.

Initially, the discussion was focused on the remittance of State funds for transferred facilities. Both audience and committee members were concerned that there would not be any depreciation on the value of the buildings when grantees receive the transferred facilities. Staff indicated that the law did not appear to include a provision for depreciating the value of the transferred facilities, as it referred only to the grantee remitting a proportionate share of any financial hardship assistance provided. OPSC staff stated that the issue of depreciation would be considered and that legal counsel advice would be sought to clarify if the law allowed for depreciation.

Discussion over the remittance of State funds continued into the issue of considering how these funds would be repaid to the State and how quickly they would be expected. Staff proposed in the item that any remittance of funds be paid in accordance with current SFP requirements, or 60 days. Staff also considered the possibility that the repayment regulations that were adopted by the SAB as a result of the provisions in AB 607 may also apply to these types of projects, which would allow up to a 5-year repayment period if the grantee met the requirements in the regulations. It was noted however that AB 607 is related to audit exceptions, and that these projects may or may not be considered an audit. Staff was asked to research whether transfers of Special Education Programs can be categorized as an audit and if the new regulations could be applied to the repayment of funds due to these types of transfers.

An audience member posed the question if the OPSC would consider allowing grantees to pay the State back in pupil grant eligibility equal to the capacity of the classrooms being transferred, instead of remitting a proportionate share of the actual funds apportioned for the project. Staff did not believe that the law allowed for this, but indicated that it would be considered and discussed with legal counsel.

Committee members and staff both agreed that the issues raised would be discussed by the OPSC and brought back for discussion at the March 2, 2007 meeting.

ADJOURNMENT AND NEXT MEETING

The meeting adjourned at 12:50 p.m. The next Committee meeting is scheduled for Friday, March 2, 2007 at 9:30 a.m. and will be held at the Legislative Office Building, 1020 N Street, Room 100, Sacramento, California.