

STATE ALLOCATION BOARD

1130 K Street, Suite 400
Sacramento, CA 95814

**IMPLEMENTATION COMMITTEE MINUTES**

May 2, 2008

Legislative Office Building
Sacramento, CA

Members Present

Mavonne Garrity, SAB
Lori Morgan, SAB/OPSC
Fred Yeager, CDE
William Savidge, CASH
Gary Gibbs, CBIA
Dean Tatsuno, AIA

Margie Brown, CASBO
Robert Pierce, SSD
Kenn Young, CCESSA
Richard Conrad, DSA (Alternate for Kathy Hicks)
Dennis Dunston, CEFPI
Mark DeMan, LAUSD
Cesar Diaz, SBCTC

Members Absent

Debra Pearson, SSDA
Lenin Del Castillo, DOF

The meeting was called to order at 9:40 am.

The Chair announced that she had resigned from her position as the Assistant Executive Officer of the State Allocation Board effective May 9, 2008. The committee thanked the Chair for her work with the committee and wished her well on her new position. The Coalition for Adequate School Housing presented the Chair with a plaque in recognition of her service.

Minutes

After the lunch break, the committee reviewed the revised minutes from the January 2008 meeting and approved them as presented.

Committee and audience members suggested modifications to the April 2008 minutes; therefore, the April 2008 minutes were held open for future consideration.

AB 1014

Office of Public School Construction (OPSC) Staff, Juan Mireles and Masha Lutsuk presented Staff proposals regarding the implementation of Assembly Bill (AB) 1014 (Bass), Chapter 691, Statutes of 2007. The proposals included discussion of the following components: modified weighting mechanisms, birth rate augmentation, 10-year enrollment projections, and use of residency data for High School Attendance Area (HSAA) reporting.

Modified Weighting Mechanisms

Staff presented an outline of a method that would evaluate the enrollment trends of a school district and determine which of the pre-established mechanisms would be most accurate in projecting enrollment of a particular district. This method would require a comparison of enrollment projections made in the past to actual enrollment that occurred in the projected year. The following is a summary of comments related to this proposal:

AB 1014 (cont.)

- In conducting the analysis, Staff proposed to utilize pupil enrollment reported by the California Basic Education Data System and modified to match the data reported by school districts for purposes of enrollment projections. Staff would exclude any charter school enrollment and pupils reported in the “ungraded” category. Committee members pointed out that excluding data on charter and ungraded students were not included in the enrollment projections and that the trend lines created by this study may be skewed. As a point of clarification a member of California Senate Education Committee Staff pointed out that there is new legislation being discussed that may eliminate the ability of school districts to charter schools outside their boundaries, thereby eliminating the need to exclude charter school enrollment for purposes of the proposed analysis.
- Audience members sought to clarify how the alternative weighting mechanism would be selected. Staff explained that the School Facility Program (SFP) Regulations would outline the three main weighting mechanisms and the method to determine which weighting provided the most accurate enrollment projections given the number of assumptions. Senate Education Committee Staff pointed out that the intended purpose of AB 1014 is not to increase enrollment projections, but to make enrollment projections more accurate by allowing school districts to supply supplemental information to OPSC for review.
- The Committee and audience members wanted to ensure that the existing projection method will continue to be made available for all participating districts. Further, there were questions on what additional options can be made available for projecting enrollment pursuant to AB 1014. Staff explained that the proposal included a description of just how one of the options, as required by law, could be implemented. Staff had assured the audience that future presentations will include the discussion on options for enrollment projections.
- A committee member suggested that certain anomalies in enrollment could exist that may contribute to inaccurate projections for districts in special circumstances. Staff acknowledged the need to analyze this issue further.

Birth Rate Augmentation

AB 1014 allows the State Allocation Board (SAB) to supplement the enrollment projection method with the effects of changes in birth rates on pupil enrollment. To implement this provision Staff is proposing to apply the rate of change in the county birth rate from the previous year to the projected Kindergarten enrollment five years later.

- Committee members asked if Zone Improvement Project (ZIP) Codes could be used to examine birth rates for a school district. Staff pointed out that the use of ZIP Codes can be complicated by the fact that ZIP Code boundaries do not directly correspond to school district boundaries.
- Committee members also inquired about the use of birth numbers in lieu of birth rates. Staff pointed out that the language of the law requires the augmentation to be made with birth rates rather than birth numbers. Committee members requested Staff to discuss options with legal counsel.

AB 1014 (cont.)

- Audience members expressed concern in including a birth rate adjustment in the projection formula in addition to the weighted average change in Kindergarten enrollment, which takes into account changes in prior Kindergarten enrollment. OPSC has stated that it will conduct data testing and analysis to determine if any alternative methods would produce more precise results.
- Audience members asked to clarify if school districts could use birth rates to augment 10 year projections.

OPSC Staff committed to conduct further analysis on all the related issues and welcomed additional public comment on its proposal. Staff also highlighted some of the challenges in implementing birth rate augmentation and encouraged further feedback from the practitioners on suggestions to mitigate those issues.

10-Year Enrollment Projections

Staff presented its proposal for calculating the 10-year enrollment projection that would extend the existing cohort survival projection formula to 10 years and apply the weighted average change to eight years of historic enrollment.

- Audience members pointed out that school districts that report enrollment based on HSAA may experience difficulties in gathering eight years of historic enrollment data for its schools in order to utilize the 10-year projection.
- Audience members inquired about the origin of the cohort survival method. Staff and other members of the audience provided background information on the cohort survival projection method in general. Versions of the projection method have been used in the California State funded school facility programs since the early 1950's. It was reported that the current and three prior years of data were designed to capture the post-war increase in births.

HSAA Reporting

AB 1014 provides that districts reporting enrollment on HSAA basis may utilize pupil residency in a particular HSAA for purposes of making enrollment projections.

- Audience members pointed out the historic reporting issues in this discussion as it may be difficult to obtain residency data by HSAA, especially for a 10-year enrollment projection calculation.
- Audience members were also concerned that the residency proposal would not allow the reporting of pupils residing in other districts but attending school in a particular district per inter-district transfers. Committee members requested Staff to discuss options with legal counsel.

Staff informed the Committee that the OPSC intends to present the proposed regulation amendments and form changes to the SAB at the June meeting as the timely implementation of the bill's provisions is essential in ensuring that school districts can utilize all the newly available options before the new enrollment year reporting requirement goes into effect.

Use of Site Sale Proceeds

Ms. Suzanne Reese of the OPSC presented the topic regarding amending the regulations to allow the use of site sale proceeds as a one-time payment to a district's existing unfunded liability for post-employment benefits, other than pensions. In general, committee and audience members shared disagreement with the regulation change because it would allow the one-time use of facility funds toward an operational purpose. Staff stated that it believes this payment will be a rare occurrence since it would require the district to be locked out of the School Facility Program and Deferred Maintenance Program for ten years. An audience member added that districts would have to demonstrate that they have no future capital facility needs, or that they would be able handle these needs on their own. A member of the committee said that allowing this payment will not be enough for districts to address their unfunded liabilities.

The proposed regulation revisions will be presented for consideration before the next State Allocation Board.

Material Inaccuracy Regulations regarding the *Project Information Worksheet*

Mr. Rick Asbell of the OPSC presented the topic, which provides districts with protections from Material Inaccuracy findings that are based solely on information provided on the new *Project Information Worksheet*. Staff thoroughly reviewed the suggestion regarding the placement of the proposed regulation and concluded that the current location was the most effective.

Staff stated that the worksheet will not be part of a project audit. One committee member requested that a statement be added to the audit guidebook to clarify that point. A member of the audience commented that the regulation does not explicitly state that the worksheet will not be audited. Staff clarified that although the worksheet will not be part of a project audit, Staff will assess the worksheets for purposes of making an annual recommendation to the State Allocation Board for a possible adjustment in accordance with Assembly Bill 127. Only accurate data will be utilized when Staff formulates its recommendation.

Many committee members suggested one specific recommendation, which was to exclude the following phrase from the proposed regulation: "with the most accurate information available at the time of filing". The removal of these words would result in the following: "A school district filing a *Project Information Worksheet* will not be subject to a Material Inaccuracy for that information." Staff stated its belief that removing this phrase would lower the standard for the information contained on the worksheet to an unacceptable level. Committee members requested that both this version and Staff's recommendation be included in the State Allocation Board item.

This item will be brought back to the Committee for further discussion.

Adjournment and Next Meeting

The meeting adjourned at 3:35 p.m. The next committee meeting is scheduled for Friday, May 16, 2008 at 9:30 a.m. and will be held at the Legislative Office Building located at 1020 N Street, Room 100, Sacramento, California.