

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, January 27, 2010

OVERCROWDING RELIEF GRANT REGULATIONS

PURPOSE OF REPORT

To present proposed amended regulations to give the State Allocation Board (SAB) authority to set up an additional funding cycle with a final filing date of July 30, 2010 for the School Facility Program (SFP) Overcrowding Relief Grant (ORG) Program. These proposed amended regulations will also give the SAB the authority to establish subsequent funding cycles as needed.

DESCRIPTION

A sixth funding cycle is needed for the ORG Program because five funding cycles through January 29, 2010 will have allocated less than half of the \$1 billion authorized for the Program by Assembly Bill (AB) 127, Chapter 35, Statutes of 2006 (Perata/Nunez).

The ORG enables districts to reduce the number of portable classrooms on eligible overcrowded school sites by replacing them with permanent classrooms. An overcrowded school site is defined as having a school site pupil population density that is equal to or greater than 175 percent of the pupil density recommended by the California Department of Education (CDE). This program does not require new construction eligibility and is based upon district wide and site specific eligibility. The site specific eligibility is determined by the CDE, and the district wide eligibility is determined by the Office of Public School Construction (OPSC). Portables replaced using ORG funds must be removed from the eligible school site and from K-12 grade classroom use within six months of the date of occupancy of the new ORG permanent classrooms. In addition, the OPSC is responsible for reviewing the funding component of the applications.

AUTHORITY

Assembly Bill (AB) 127, Chapter 35, Statutes of 2006 (Nunez/Perata) established the ORG within the School Facility Program (SFP) and provides \$1 billion for qualifying applicants.

SFP Regulation Section 1859.184 establishes the funding cycles, the distribution of funds within each cycle, and the order in which applications are funded in the event that the program is oversubscribed.

STAFF COMMENTS

Current SFP regulations authorize five funding cycles for the ORG, the last of which will have a final filing date of January 29, 2010. The following illustrates the program subscription to date:

Funding Cycle	Final Filing Date	Number of Portables Replaced	Total State Contribution
1	January 31, 2008	88	\$39,953,524
2	July 31, 2008	140	\$59,027,553
3	January 30, 2009	368	\$214,968,775
4	July 31, 2009	183	\$74,445,502
Cumulative Total		779	\$388,395,354

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STAFF COMMENTS (cont.)

At this time, it is uncertain how much funding will be used in the fifth funding cycle (final filing date of January 29, 2010). However, based on previous funding cycles, it is anticipated that there could be funding available for at least three additional funding cycles. Therefore, the ORG regulations must be amended to allow additional funding cycles if needed.

It is also important to consider that there are no savings in the ORG program; any funds that are not used by a district will be returned to the OPSC and back into the ORG funding account. If the Board would like to use any remaining ORG funds for other programs, legislation would be needed since there are no provisions in AB 127 to allow ORG funds to be used for other programs.

RECOMMENDATIONS

1. Adopt the proposed amendments to the regulations as shown on the Attachment and begin the regulatory process.
2. Authorize the OPSC to file these regulations with the Office of Administrative Law.

This Item was approved by the State Allocation Board on January 27, 2010.

ATTACHMENT

Section 1859.184. Overcrowding Relief Grant Application Submittals and Apportionments.

- (a) The Board shall accept approved applications for Overcrowding Relief Grants as follows:
- (1) For the funding made available for this purpose for the first funding cycle, the School District shall submit an approved application by January 31, 2008.
 - (2) The Board shall accept approved applications on a semi-annual basis thereafter.

The Board shall apportion Overcrowding Relief Grants based upon the highest density of the eligible schools that have submitted an approved application. Any School District that does not receive an Overcrowding Relief Grant due to low school density and insufficient funds may request that its application remain with the OPSC for consideration in the following semi-annual funding cycle.

- (b) The Board shall apportion the Overcrowding Relief Grants as follows:
- (1) For the first funding cycle, up to a maximum of \$500 million for all approved applications that are received by January 31, 2008.
 - (2) For the second funding cycle, up to a maximum of \$300 million for all approved applications that are received by July 31, 2008, plus any remaining funds not apportioned during the previous funding cycle.
 - (3) Approved applications that are received by January 30, 2009 shall be apportioned any remaining funds not allocated at the previous funding cycles, plus an additional \$200 million.
 - (4) Approved applications that are received by July 31, 2009 shall be apportioned any remaining funds not allocated at the previous funding cycles.
 - (5) Approved applications that are received by January 29, 2010 shall be apportioned any remaining funds not allocated at the previous funding cycles.
 - (6) Approved applications that are received by July 30, 2010 shall be apportioned any remaining funds not allocated at the previous funding cycles.
 - (7) The Board may apportion any or all remaining available Overcrowding Relief Grant funds in subsequent funding cycles to be established by the Board.

The approved applications for Overcrowding Relief Grants filed after July 31, 2008 must provide a narrative that demonstrates that the project will relieve overcrowding at the eligible school, by increasing useable outdoor space for uses such as play areas, green space, or outdoor lunch areas.

A School District may submit an approved application to request an Overcrowding Relief Grant from the funding provided under Proposition 1D for a project that has been occupied, if the construction contract for the project was signed after Board approval of these regulations. The School District must have obtained all project approvals required for a new construction funding application prior to the construction contract date.

Note: Authority cited: Section 17070.35, Education Code.

Reference: Section 17079.20, Education Code.