

INITIAL STATEMENT OF REASONS
“Charter School Facilities Program New Construction Supplemental Grant”

Section 1859.163.1. Preliminary Charter School New Construction Apportionment Determination.

Specific Purpose of the Regulation

To delete three words in order to align the general site development grant calculation for Charter School Preliminary Apportionments with the general site development grant for new construction projects.

Need for the Regulation

It was necessary to resolve the inconsistent calculation of the general site development for Charter School Preliminary Apportionments outlined in this regulation section compared to the calculation outlined in Regulation Section 1859.76(d). Under the Charter School Facilities Program (CSFP), when a Charter School Preliminary Apportionment is calculated, it includes the same grants as a full funding new construction grant approval. However, the current reading of Regulation Section 1859.163.1(a)(4) would calculate the general site development at twice the amount thereby resulting in an increase in bond authority for the Charter School Preliminary Apportionment for the project. Charter School Preliminary Apportionment amounts should be close to what the project will receive when it converts to a Final Charter School Apportionment. This allows charter school applicants funding to more accurately develop a budget for their construction project(s) as they move through the planning process.

Anticipated Benefits and Economic Impact of the Proposed Regulation

The proposed regulation aligns an inconsistent calculation of the general site development for Charter School Preliminary Apportionments outlined in Regulation Section 1859.163.1(a)(4). With the deletion of three words, the integrity of the School Facility Program (SFP) will be maintained because increased bond authority will not be reserved for Charter School Preliminary Apportionments. Further, when the projects convert to Final Charter School Apportionments, the amount of the Final Charter School Apportionment should be close to what the initial Charter School Preliminary Apportionment was for the project. This benefits the SFP as well as the State in ensuring the integrity of the bond funds.

There is a positive economic impact to California businesses because school districts and charter schools building new construction projects will contract with businesses and suppliers for necessary landscaping, finish grading, driveways, walkways, outdoor instructional play facilities, permanent playground equipment, and athletic fields, including the companies which supply the materials for these improvements. The proposed regulation indirectly creates an unknown amount of (temporary) jobs in landscaping, concrete, asphalt, finishing, playground and athletic field equipment, and other construction trades, along with stimulating the economy.

The proposed regulatory amendment is therefore determined to be consistent and compatible with existing State laws and regulation, and will not negatively impact the creation of jobs, the creation of new businesses, and the expansion of businesses in California. It is not anticipated that the proposed regulation will result in the elimination of existing businesses or jobs within California.

Technical Documents Relied Upon

The State Allocation Board's Action item, dated October 16, 2014, entitled "Charter School Facilities Program New Construction Supplemental Grant."

Alternatives to the Proposed Regulatory Action that would be as Effective and Less Burdensome to Private Persons

The SAB finds that no alternatives it has considered would be more effective in carrying out the purpose of the proposed regulation or would be as effective and less burdensome to affected private persons than the proposed regulation.

Alternatives to the Proposed Regulatory Action that would Lessen any Adverse Economic Impact on Small Business

The SAB has determined that the proposed regulation does not affect small businesses.

Finding of Significant Adverse Economic Impact on Businesses

The SAB has determined that the adoption of the regulation will not have a direct effect on businesses/small businesses, including the ability of California businesses to compete with businesses in other states because they are not required to comply with or enforce the regulation, nor will they benefit from or be disadvantaged by the regulation.

Impact on Local Agencies or School Districts

The SAB has determined that the proposed regulation does not impose a mandate or a mandate requiring reimbursement by the State pursuant to Part 7 (commencing with Section 17500) of Division 4 of the Government Code. It will not require local agencies, school districts, or charter schools to incur additional costs in order to comply with the proposed regulation.

ECONOMIC IMPACT ASSESSMENT OF REGULATIONS

Proposed State Allocation Board Regulations

The State Allocation Board (SAB), at its October 16, 2014 meeting, adopted proposed regulatory amendments to the School Facility Program (SFP) Regulations that would align the Charter School Preliminary Apportionment general site development grant with the New Construction general site development grant. This will ensure that this additional grant is calculated equally and consistently so that the Charter School Preliminary Apportionment does not result in increased bond authority being reserved for the project that will not be necessary at the time the project converts to a Final Charter School Apportionment. After four or five years when the project converts, the Charter School Preliminary Apportionment amount should be close to the calculated Final Charter School Apportionment amount. This allows charter school applicants funding to more accurately develop a budget for their construction project(s) as they move through the planning process.

Background and Problem Being Resolved

The proposed regulation resolves the problem of the inconsistent calculation of the general site development for Charter School Preliminary Apportionments outlined in Regulation Section 1859.163.1(a)(4) compared to the calculation outlined in Regulation Section 1859.76(d). Under

the CSFP, when a Charter School Preliminary Apportionment is calculated, it includes the same grants as a full funding new construction grant approval. However, the current reading of Regulation Section 1859.163.1(a)(4) would calculate the general site development at twice the amount thereby resulting in an increase in bond authority being reserved for the Charter School Preliminary Apportionment for the project. Charter School Preliminary Apportionment amounts should be close to what the project will receive when it converts to a Final Charter School Apportionment. This allows charter school applicants funding to more accurately develop a budget for their construction project(s) as they move through the planning process.

Description of Regulations to Implement Law

The following three State school bonds were authorized by the Legislature and approved by the State's electorate for purposes of school facility construction for the CSFP:

- Kindergarten-University Public Education Facilities Bond Act of 2002 (Proposition 47)
- Kindergarten-University Public Education Facilities Bond Act of 2004 (Proposition 55)
- Kindergarten-University Public Education Facilities Bond Act of 2006 (Proposition 1D)

The Leroy F. Greene School Facilities Act of 1998 established, through Senate Bill 50, Chapter 407, Statutes of 1998, the SFP. The SFP provides a per-pupil grant amount to qualifying school districts for purposes of constructing school facilities and modernizing existing school facilities. The SAB adopted regulations to implement the Leroy F. Greene School Facilities Act of 1998, which were approved by the Office of Administrative Law and filed with the Secretary of State on October 8, 1999.

The general site development additional grant helps school districts and charter schools cover the extra costs for items such as landscaping, finish grading, driveways, walkways, outdoor instructional play facilities, permanent playground equipment, and athletic fields. School districts may be eligible for the additional grant when building new schools and for additions to existing school sites where additional acreage is acquired. School districts and charter schools may be eligible for the additional grant when building new schools and for additions to existing school sites where additional acreage is acquired.

The proposed amendment is summarized as follows:

Existing Regulation Section 1859.163.1 establishes construction cost funding caps for Preliminary Charter School Apportionment determinations, based upon grade level(s) of the project and urban or non-urban location. The proposed regulatory amendments align the general site development grant calculation with the new construction general site development grant calculation outlined in Regulation Section 1859.76(d).

Anticipated Benefits of the Proposed Regulations

The proposed regulation aligns an inconsistent calculation of the general site development for Charter School Preliminary Apportionments outlined in Regulation Section 1859.163.1(a)(4). With the deletion of three words, the integrity of the SFP will be maintained because increased bond authority will not be reserved for Charter School Preliminary Apportionments. Further, when the projects convert to Final Charter School Apportionments, the amount of the Final Charter School Apportionment should be close to what the initial Charter School Preliminary Apportionment was for the project. This benefits the SFP as well as the State in ensuring the integrity of the bond funds.

Statutory Authority and Implementation

Education Code Section 17070.35. (a) In addition to all other powers and duties as are granted to the board by this chapter, other statutes, or the California Constitution, the board shall do all of the following: (1) Adopt rules and regulations, pursuant to the rulemaking provisions of the Administrative Procedure Act, Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, for the administration of this chapter.

Government Code Section 15503. Whenever the board is required to make allocations or apportionments under this part, it shall prescribe rules and regulations for the administration of, and not inconsistent with, the act making the appropriation of funds to be allocated or apportioned. The board shall require the procedure, forms, and the submission of any information it may deem necessary or appropriate. Unless otherwise provided in the appropriation act, the board may require that applications for allocations or apportionments be submitted to it for approval.

Impact to California Businesses and Jobs

There is a positive economic impact to California businesses because school districts and charter schools building new construction projects will contract with businesses and suppliers for necessary landscaping, finish grading, driveways, walkways, outdoor instructional play facilities, permanent playground equipment, and athletic fields, including the companies which supply the materials for these improvements. The proposed regulation creates an unknown amount of (temporary) jobs in landscaping, concrete, asphalt, finishing, playground and athletic field equipment, and other construction trades, along with stimulating the economy.

Therefore, the proposed regulation will not negatively impact the creation of jobs, the creation of new businesses, and the expansion of businesses in California. It is not anticipated that the proposed regulation will result in the elimination of existing businesses or jobs within California.

Benefits to Public Health and Welfare, and the State's Environment

There is no health and safety impact assigned to this regulatory amendment. There is no impact to the State's environment from the proposed regulation. This regulatory amendment deletes three words that specifically apply to the calculation of the general site development grant for a Charter School Preliminary Apportionment.