

REPORT OF THE EXECUTIVE OFFICER  
State Allocation Board Meeting, September 24, 2008

SCHOOL FACILITY PROGRAM COST SAVINGS  
PER PUPIL BY USE OF YEAR-ROUND EDUCATION

PURPOSE OF REPORT

To present the statewide average per pupil savings in construction costs through the operation of year-round school programs.

DISCUSSION

Education Code Section 42263(d) requires the State Allocation Board (SAB) to report the statewide per pupil savings in school construction costs resulting from the operation of multi-track year-round education (MTYRE) programs. This information must be reported to the Legislature no later than December 1 on even years. The average savings per pupil is the amount the State would have had to spend to house a pupil per year if that pupil had not been attending a year-round school. The average savings amount per pupil is the funding basis for the MTYRE Operational Grant Program administered by the California Department of Education (CDE).

To provide the yearly cost savings per pupil figure, the Office of Public School Construction (OPSC) utilized an average of all project cost data collected from the School Facility Program (SFP) during 2006/2007 and 2007/2008 fiscal years as provided by law. By factoring in the useful life of a facility and amortizing bond costs over 30 years at an interest rate of 5.0761 percent, the OPSC is reporting the yearly cost savings per pupil, as shown in the table below. This table also includes the amounts reported two years ago for the 2004/05 and 2005/06 fiscal years for reference.

USEFUL LIFE OF A FACILITY	2004/05 & 2005/06 FY YEARLY COST SAVINGS PER PUPIL	2006/07 & 2007/08 FY YEARLY COST SAVINGS PER PUPIL
20 Years	\$2,212	\$3,085
30 Years	\$1,475	\$2,057
40 Years	\$1,106	\$1,543

STAFF COMMENTS

The methodology used to determine the new cost savings figures is identical to that used in the reports presented to the SAB biennially since 1992. The SAB has historically requested that the cost savings per pupil be presented to the Legislature reflecting the 20-year, 30-year and 40-year useful life of facility savings. The Legislature uses the Useful Life figures to appropriate funds for the MTYRE Operational Grant Program, which is administered by the CDE. If a district elects to receive Operational Grants for eligible projects on MTYRE schedules, the district's eligibility in the SFP is reduced in a like amount.

Senate Bill 658 (Romero), if signed by the Governor, would phase out the MTYRE Operational Grant Program over four years by reducing grant amounts by 20 percent each fiscal year, commencing with 2008/09. The MTYRE Operational Grant Program would be rendered inoperative on July 1, 2013. The funds reduced from the MTYRE Operational Grant Program would be reallocated to the Charter School Facility Grant Program. This bill would exempt school districts receiving MTYRE Operational Grant Program funds from a reduction in eligibility for State school bond funds, as is required by current statute.

(Continued on Page Two)

## RECOMMENDATIONS

1. Approve this report.
2. Request Staff to present this report for the 2006/2007 and 2007/2008 fiscal years to the Legislature on the average yearly cost savings using the 20-year (\$3,085/pupil), 30-year (\$2,057/pupil) and 40-year (\$1,543/pupil) useful life figures.

This Item was approved by the State Allocation Board on September 24, 2008.