

REPORT OF THE EXECUTIVE OFFICER  
State Allocation Board Meeting, January 25, 2006

ASSEMBLY BILL 491  
ALTERNATIVE ENROLLMENT PROJECTION METHODS

PURPOSE OF REPORT

To request:

1. Adoption of amendments to the School Facility Program (SFP) regulations in order to implement Assembly Bill (AB) 491, Chapter 710, Statutes of 2005 (Goldberg).
2. Authorization to file the proposed regulations on an emergency basis with the Office of Administrative Law (OAL).

BACKGROUND

A district must have new construction eligibility to request funding for new construction projects under the SFP. New construction eligibility is predicated on a district demonstrating that existing seating capacity is insufficient to house the pupils existing and anticipated in the district using a five-year projection of enrollment known as the Cohort Survival Enrollment Projection System. Once the new construction eligibility is determined, a "baseline" is created that remains in place as the basis of all future funding applications. The baseline is adjusted for changes in enrollment and for facilities added. Prior to AB 491, districts could only demonstrate SFP eligibility utilizing the five-year Cohort Survival Enrollment Projection System in order to request new construction funding.

DESCRIPTION

AB 491, signed into law on October 7, 2005, authorizes eligible school districts to utilize an alternative enrollment projection method to generate additional eligibility for SFP new construction projects and adds Critically Overcrowded School (COS) Program projects funded from the Kindergarten-University Public Education Facilities Bond Act of 2004 to be able to utilize an alternative method to determine eligibility for a Final Apportionment. The law and the amendments to the SFP regulations are summarized as follows:

*Alternative Enrollment Projection Method for the New Construction Program*

- A school district must have two or more school sites with a specific population density specified in law to be able to utilize an alternative enrollment projection method.
- The alternative enrollment projection method must be reviewed and approved by the Demographic Research Unit (DRU) of the Department of Finance (DOF), and the Office of Public School Construction (OPSC).
- The documents for the alternative enrollment projection method must meet the minimum criteria outlined in the regulations.
- The additional eligibility that will be added to the baseline is the difference between the eligibility generated by the alternative enrollment projection and the Cohort Survival Enrollment Projection System for the same enrollment reporting year.
- The school district must demonstrate that the funding application submitted utilizing eligibility generated under an alternative method will relieve overcrowding.
- The Board can provide up to \$500 million for new construction projects using this alternative eligibility method.

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DESCRIPTION (cont.)

*COS Program*

- COS projects funded from the Kindergarten-University Public Education Facilities Bond Act of 2004 will be able to utilize current year California Basic Educational Data System (CBEDS) enrollment when the five-year projection does not demonstrate continued SFP eligibility to support the conversion of the COS project. As an alternative to current CBEDS enrollment data, a district that has filed its SFP eligibility on a High School Attendance Area basis can report its enrollment based on pupil residency information data and elect to report either the actual or a five-year projection of the pupil residency data using the Cohort Survival Enrollment Projection System. Prior to this bill, only COS projects funded from the Kindergarten-University Public Education Facilities Bond Act of 2002 could utilize these methods.

STAFF COMMENTS

Proposed regulations were discussed at a SAB Implementation Committee meeting and were agreed upon by the Committee. The regulations presented to the Committee included a provision for districts to consider all available existing eligibility mechanisms prior to submitting a request for review of an alternative enrollment projection method. A member of the Committee requested an additional provision to require that an applicant district demonstrate that the Cohort Survival Enrollment Projection System does not provide accurate projections of future enrollment for the district. The general consensus of the Committee was that no further provisions are necessary and the regulations agreed to by the Committee did not include this additional provision. Subsequent discussions with the DOF, however, have led to the proposed regulatory language presented in the Attachment which includes this additional provision (see highlighted text).

Applications for alternative enrollment projections can be submitted for review to the OPSC and DOF upon approval of the proposed regulations by the State Allocation Board (SAB), and prior to the regulations becoming effective, in order to expedite the review process. However, new construction funding applications using the eligibility generated by the alternative enrollment projection can only be submitted once the regulations are approved by the OAL.

DRU representatives estimate that the processing of an application for the alternative enrollment projection method may take as few as 30 days. However, the processing period may be extended in cases where additional information from the applicant district may be needed, or during the times of the year when DRU has an increased workload related to annual budget reviews (September through November) and verification of enrollment data for K-12 public schools (mid-March to mid-April).

Several districts are anticipating that they will occupy new school facilities in the coming school year and cannot justify the project under the Cohort Survival Enrollment Projection System. If the regulations are filed on a non-emergency basis, districts are concerned that the regulations will not be approved by the OAL prior to the new classrooms being occupied, in which case districts will be disadvantaged by not being able to submit funding applications for the classrooms that will be considered occupied. As a result, the Committee requested that the OPSC and the SAB file the regulations on an emergency basis to ensure the expeditious processing of applications and apportionment of the available funding (\$500 million). Furthermore, the emergency approval is necessary to provide timely relief to districts with overcrowded school campuses. The OPSC recommends that the SAB adopt the attached regulations on an emergency basis, as they are necessary for the immediate preservation of the public peace, health and safety, or general welfare.

RECOMMENDATIONS

1. Approve the proposed regulatory amendments as shown on the Attachment and begin the regulatory process.
2. Authorize the OPSC to file the regulations with the OAL on an emergency basis.

BOARD ACTION

This Item was approved by the State Allocation Board on January 25, 2006 with the following modification:

Revise Regulation Section 1859.40(b)(1) to read: "Provide a description to the OPSC on how the district cannot adequately meet its housing needs at the impacted school sites after considering all existing eligibility mechanisms available from the Cohort Projections;".

ATTACHMENT  
PROPOSED AMENDMENTS TO THE  
SCHOOL FACILITY PROGRAM REGULATIONS  
State Allocation Board Meeting, January 25, 2006

Amend Regulation Section 1859.2 as follows:

Section 1859.2. Definitions.

...

"Alternative Enrollment Projection" means a calculation of projected enrollment by eligible school districts as authorized by Education Code Section 17071.75(a)(1).

...

"Approved Application(s)" means a district has submitted the application and all documents to the Office of Public School Construction that are required to be submitted with the application as identified in the General Information Section of Forms SAB 50-01, *Enrollment Certification/Projection*, (Revised 09/04); SAB 50-02, *Existing School Building Capacity*, (Revised 09/02); SAB 50-03, *Eligibility Determination*, (Revised 06/04); and SAB 50-04, *Application for Funding*, (Revised ~~05/05~~ 01/06), as appropriate, and the Office of Public School Construction has completed and accepted a preliminary approval review pursuant to Education Code Section 17072.25(a).

...

"Demographic Research Unit" (DRU) means this office within the California Department of Finance.

...

"Form SAB 50-04" means the *Application For Funding*, Form SAB 50-04 (Revised ~~05/05~~ 01/06), which is incorporated by reference.

...

Note: Authority cited: Sections 17070.35 and 17078.64, Education Code.

Reference: Sections 17009.5, 17017.6, 17017.7, 17021, 17047, 17050, 17051, 17070.15, 17070.51(a), 17070.71, 17070.77, 17071.10, 17071.25, 17071.30, 17071.33, 17071.35, 17071.40, 17071.75, 17071.76, 17072.10, 17072.12, 17072.18, 17072.33, 17073.25, 17074.10, 17074.30, 17075.10, 17075.15, 17077.40, 17077.42, 17077.45, 17078.52, 17078.56, 17280, and 56026, Education Code; Section 53311, Government Code; and Section 1771.5, Labor Code.

Amend Regulation Section 1859.40 as follows:

Section 1859.40. Enrollment Projections Used to Determine a District's Eligibility for New Construction Grants.

The district shall provide an enrollment Certification and report enrollment data, on the Form SAB 50-01. The information provided on this Form shall serve as the basis for determining a district's eligibility for New Construction funding. The enrollment projections generated by completing the Form SAB 50-01 shall be known as Cohort Projections for purposes of this section.

- (a) In addition, a School District that meets the eligibility criteria as specified in Education Code Section 17071.75(a)(1) and has applied for determination of eligibility pursuant to Section 1859.20, may submit a request for review of an Alternative Enrollment Projection to the OPSC and the DRU.
- (b) The request must contain all of the following to substantiate the Alternative Enrollment Projection methodology:
- (1) provide a description to the OPSC on how the district cannot adequately meet its housing needs at the impacted school sites, after considering all existing eligibility mechanisms available from the Cohort Projections;
  - (2) a written explanation of the methodology for calculating the enrollment projections;
  - (3) an electronic copy of the calculations used in determining the enrollment projections;
  - (4) a disclosure of any assumptions that support the calculations of enrollment projections;
  - (5) a minimum of three years or more, as determined necessary by the DRU, of historical data used in

calculating the enrollment projections. The data must be verifiable, annually based, and geographically organized if the school district's boundaries have changed since the 2000 Census conducted by the United States Census Bureau.

- (6) a list of source(s) used to collect all applicable data with contact information for each data source;
- (7) a separate enrollment projection for each grade level;
- (8) a district-wide enrollment projection for any district that reports district-wide enrollment on the Form SAB 50-01; or HSAA enrollment projection(s) for any district that reports enrollment for one or more HSAA(s) on the Form SAB 50-01; or Super HSAA enrollment projection(s) for any district that reports enrollment for one or more Super HSAA(s) on the Form SAB 50-01.

The eligibility generated by an Alternative Enrollment Projection shall be made available to eligible school districts pursuant to Education Code Section 17071.75(a)(1), that received the OPSC's and the DRU's approval of the Alternative Enrollment Projection, until the combined Apportionments for all funding requests utilizing eligibility available from the Alternative Enrollment Projection reaches \$500 million and/or the Board has no funds to apportion from the Kindergarten-University Public Education Facilities Bond Act of 2004.

Note: Authority cited: Section 17070.35, Education Code.

Reference: Sections 17071.75 and 17071.76, Education Code.

Amend Regulation Section 1859.51 as follows:

Section 1859.51. Adjustments to the New Construction Baseline Eligibility.

The baseline eligibility for new construction determined on the Form SAB 50-03, will be adjusted as follows:

...

- (q) Adjusted by the difference between the Alternative Enrollment Projection for the current enrollment reporting year and the projected enrollment determined pursuant to Section 1859.42 for the current enrollment reporting year, or by the eligibility remaining from this calculation that can no longer be utilized as the funds made available pursuant to Education Code Section 17071.75(a)(1)(A) have been exhausted.

Note: Authority cited: Section 17070.35, Education Code.

Reference: Sections 17052, 17070.51, 17071.25, 17071.75, 17071.76, 17072.20 and 17077.40, Education Code.

Amend Regulation Section 1859.70 as follows:

Section 1859.70. General.

A district seeking New Construction or Modernization funding shall complete and file Form SAB 50-04, after completing the applicable requirements in Section 1859.20, and after submitting a request for review of the Alternative Enrollment Projection, if applicable. The Board shall only provide New Construction funding if the Approved Application was received by the OPSC prior to the date of Occupancy for any classrooms included in the construction contract. After the date of Occupancy of any classroom in the construction contract, a district will be ineligible to seek New Construction funding and the classrooms will be reduced from the baseline eligibility pursuant to Section 1859.51(i) if not previously reduced.

A district affected by a reorganization election on or after November 4, 1998 may not file an application for New Construction funding after the notification of the reorganization election until a new calculation of the district's baseline eligibility has been determined on the Form SAB 50-03, or the district certifies that the reorganization election will not result in a loss of eligibility for the project for which the district is requesting new construction grants.

A district that is newly created as a result of a reorganization election may file an application for funding after approval of the election has been made by the State Board of Education.

Note: Authority cited: Section 17070.35, Education Code.

Reference: Sections 17071.10, 17071.75, 17072.10 and 17074.10, Education Code.

Amend Regulation Section 1859.93.1 as follows:

Section 1859.93.1. New Construction Project Funding Order.

All new construction applications, except those new construction applications identified in (a) ~~and (b)~~ through (c) below, shall be funded in the order of receipt of an Approved Application for funding.

- (a) Approved Applications for New Construction Grant(s) funded with the proceeds of state bonds approved by the voters prior to January 1, 2002.
- (b) Approved Applications for New Construction Grant(s) authorized by Education Code Sections 17078.10 through 17078.30.
- (c) Approved Applications that utilize pupil eligibility derived from the Alternative Enrollment Projection method. These applications shall be funded in date order received once the OPSC and the DRU have approved the Alternative Enrollment Projection method or the Alternative Enrollment Projection annual update.

Note: Authority cited: Section 17070.35, Education Code.

Reference: Sections 17072.25 and 17070.35, Education Code.

Amend Regulation Section 1859.95 as follows:

Section 1859.95. Acceptance of Applications When Funding Is Unavailable.

When the Board has no funds to apportion or the application does not qualify for funding because of the Board's priority point mechanism pursuant to Sections 1859.91 and 1859.92, the Board will continue to accept and process applications for eligibility determination, with the exception of applications that include a request for review of an Alternative Enrollment Projection method. The Board will also accept and process applications for apportionment for purposes of developing an Unfunded List based on the date the application is Ready for Apportionment, with the exception of New Construction funding applications that utilize eligibility generated by the Alternative Enrollment Projection.

The Board will return any applications for the review of the Alternative Enrollment Projection method and New Construction applications that utilize eligibility generated by the Alternative Enrollment Projection once the funding apportioned for these projects reaches \$500 million and/or the Board has no funds to apportion from the Kindergarten-University Public Education Facilities Bond Act of 2004.

If either the Executive Officer of the Board, the State Architect, the Director of School Facilities Planning Division within the CDE or the Chief of the School Property Evaluation and Cleanup Division within the Department of Toxic Substances Control certify to the OPSC that the district's application was delayed for a specified number of calendar days in relation to other similar applications submitted to that agency at the same time, the application may, at the discretion of the Board, receive a date on the Unfunded List or receive funding pursuant to Section 1859.91 based on the date the application is Ready for Apportionment, adjusted back in time for the number of calendar days the application was delayed.

Applications for New Construction Adjusted Grants for a project where the site was apportioned pursuant to Section 1859.75.1 shall receive a date on the Unfunded List based on the date the environmental hardship

site apportionment was made for the project.

With the exception of financial hardship eligibility, a district with an application included on an Unfunded List shall not be required to re-establish eligibility for that application prior to apportionment.

An application for funding included on an Unfunded List is eligible for reimbursement subject to adjustments in the New Construction Grants amount pursuant to Section 1859.77.

Note: Authority cited: Sections 17070.35 and 17072.25, Education Code.

Reference: Sections 17070.35 and 17071.75, Education Code.

Amend Regulation Section 1859.147 as follows:

Section 1859.147. Conversion of Preliminary Apportionment.

When a Preliminary Apportionment is converted to a Final Apportionment, the following criteria must be met:

- (a) The district must have current New Construction Eligibility sufficient to support at least 75 percent of the pupils the district requested and received the Preliminary Apportionment, except as allowed in (d) or (e).
- (b) The Final Apportionment request must meet all criteria for a New Construction Adjusted Grant pursuant to Section 1859.21.
- (c) A district seeking to convert a Preliminary Apportionment to a Final Apportionment shall complete and file Form SAB 50-04, which requests funding for at least 75 percent, but not more than 100 percent, of the pupils the district requested and received the Preliminary Apportionment.
- (d) In lieu of (c), when the district's enrollment has decreased to less than 75 percent of the pupils requested for the project's Preliminary Apportionment, the district may utilize any SFP eligibility justified for its conversion to a Final Apportionment.
- (e) In lieu of (a), ~~for a project funded from the Kindergarten-University Public Education Facilities Fund of 2002,~~ sufficient project eligibility may be determined utilizing:
  - (1) The current year enrollment as recorded on the Form SAB 50-01 for the year in which the application for the Final Apportionment is submitted.
  - (2) Either (A) or (B) below for a district reporting eligibility pursuant to Section 1859.41. Once utilized that same subparagraph must be used for all remaining Preliminary Apportionments under this subdivision:
    - (A) The current year pupil residence data within the HSAA in which the project will be built, for the year in which the application for the Final Apportionment is submitted.
    - (B) The projected pupil residence for the year in which the application for the Final Apportionment is submitted, calculated by the cohort survival enrollment projection method, utilizing pupil residence data for the HSAA in which the project will be built.

It is not necessary to re-justify the Qualifying Pupils assigned to the Preliminary Application as required by Section 1859.142(c) at the time the application is converted to a Final Apportionment.

An Approved Application received by the OPSC on or after January 1, 2005 to convert a Preliminary Apportionment to a Final Apportionment may utilize an alternate eligibility justification pursuant to Section 1859.147(e), provided that the project meets all other funding requirements at the time of submittal.

If the district is unable to meet the criteria in this Section, the Preliminary Apportionment shall be rescinded pursuant to the provisions of Section 1859.148.

Note: Authority cited: Sections 17070.35 and 17075.15, Education Code.

Reference: Section 17078.27, Education Code.

REPORT OF THE EXECUTIVE OFFICER  
State Allocation Board Meeting, January 25, 2006

DETERMINATION OF ELIGIBILITY AND RELIEVING OVERCROWDING  
UNDER THE SCHOOL FACILITY PROGRAM

PURPOSE OF REPORT

To provide an overview on the determination of new construction eligibility under the School Facility Program (SFP) and an explanation of existing mechanisms that provide eligibility to relieve overcrowding.

DESCRIPTION

At the August 2005 State Allocation Board meeting, the Board requested Staff to provide a primer on the manner in which new construction eligibility is determined under the SFP, including how enrollment is projected and how the existing building capacity is established.

STAFF COMMENTS

*Overview of the Determination of Eligibility*

The underlying concept behind eligibility for new construction is straightforward. A district must demonstrate, by K to 6, 7 to 8, and 9 to 12 grade levels, that existing seating capacity is insufficient to house the pupils existing and anticipated in the district using a five-year projection of enrollment. If the number of pupils existing and anticipated to be in the district exceeds the existing seating capacity, there are "unhoused pupils," meaning eligibility exists. Once the new construction eligibility is determined, an "eligibility baseline" is created that remains in place as the basis for which grants can be provided by the State for districts to construct facilities to house these pupils, provided the funding application requirements are met. The baseline is adjusted for changes in enrollment and for facilities added. Except for these updates, the establishment of the eligibility baseline is a one-time process.

*Options in the Establishment of Eligibility*

Districts generally establish eligibility for new construction funding on a district-wide basis. When filing district-wide, eligibility is determined by comparing the current and projected enrollment of the district to the capacity of the entire district. For most districts this is the most beneficial method, and the vast majority of applications are filed in this manner. However, a district may have more eligibility in one or more areas of the district if the applications are made on a High School Attendance Area (HSAA) basis using one or more attendance areas. When filing on a HSAA basis, only the current and projected enrollment of the schools in that attendance area are taken into consideration, not the entire district, and then are compared to the capacity of that attendance area.

A district may file using one high school attendance area, or at the district's option, may combine two or more adjacent HSAs, commonly called a "Super HSAA." In either case, the attendance areas must serve an existing, operating high school, and the district must demonstrate that at least one HSAA has negative eligibility at any grade level. Continuation or proposed high schools may not be used for this purpose. Once a district receives funding using a high school attendance area as the basis of its eligibility, it must continue to file future new construction applications on that basis for five years.

STAFF COMMENTS (cont.)*Process in the Determination of the Eligibility Baseline*

The establishment of the eligibility baseline is a three-step process as follows:

**Step One - Enrollment Projection:**

The method of projecting enrollment into the future involves using current and historical California Basic Educational Data System (CBEDS) enrollment data for a district or HSAA, as applicable. A district reports CBEDS data to the California Department of Education (CDE). The data collected is projected into the future for five years using a method known as a Cohort Survival Projection Method (Cohort). The Cohort uses previous years' trends of growth to project enrollment. The basic method involves calculating the ratio of the number of students in one grade during one year compared to the number of students who "survive" the year and enroll in the next grade in the following year. Fluctuations in the enrollment from year to year create a pattern from which an average survival rate can be calculated to project future student enrollment. For purposes of projecting enrollment for the SFP, the Office of Public School Construction uses the current enrollment year plus the enrollment from the three previous years and then projects out the enrollment for five years.

When a district is experiencing rapid growth from residential development, it may augment the enrollment projection based on the number of pupils that are anticipated as a result of proposed dwelling units in approved subdivision maps or valid tentative subdivision maps for developments to be located in the district, HSAA, or Super HSAA boundaries. The number of dwelling units that are anticipated to be constructed is then applied to the state-wide average yield factor, or simply put, by the number of pupils that are anticipated to result from the new home, and then added to the projection. In instances when a district believes that the houses in its boundaries generate more pupils per household than the state-wide average yield, it may conduct a student yield study which may result in a yield factor higher than the state-wide average. This yield factor is then applied to the number of proposed dwelling units to supplement the enrollment projection.

**Step Two - Calculation of the Existing School Building Capacity:**

In order to determine the capacity of a district, HSAA, or Super HSAA, as applicable, five calculations must be made. The district must first complete a gross inventory, by grade level, of all spaces constructed or reconstructed to serve as an area to provide pupil instruction. This gross inventory is then adjusted by certain spaces that are not considered available teaching stations under law or regulation resulting in a net classroom capacity. After the net number of classrooms is determined, districts may then choose one of two options below, referred to as Option A and B, to determine the total number of classrooms that are considered available:

Inventory	Option A	Option B
Classrooms Counted	1. All permanent classrooms	1. All permanent classrooms
	2. Interim housing portables leased > 5 years	2. All portables, excluding all interim housing portables, <i>up to</i> 25 percent of the total number of permanent classrooms.
	3. Portable classrooms leased > 5 years	
	4. Portable classrooms owned by the district	
Classrooms Not Counted	1. State Relocatable Classrooms	1. All portables <i>in excess</i> of 25 percent of the total number of permanent classrooms
	2. Interim housing portables leased < 5 years	
	3. Portable classrooms leased < 5 years	

(Continued on Page Three)

### STAFF COMMENTS (cont.)

Option A is typically more beneficial to those districts that have a lot of portables that are considered temporary. Option B is typically more beneficial to districts that have a large amount of portables in the district on a permanent basis. With either option, a district will never have more than 25 percent of the total number of permanent classrooms in portables considered a part of the net classroom capacity.

Once the number of available classrooms has been determined using Option A or Option B, the classrooms remaining in the inventory are then multiplied by a loading factor of 25 for elementary, 27 for middle and high school, 13 for non-severe special day, and 9 for severe special day classrooms to determine the pupil capacity.

A final calculation is made to increase the capacity of the district for either not having a specified number of students enrolled in Multi-Track Year Round Education (MTYRE) or if the district receives MTYRE Operational Grants from the CDE. (A district may request a waiver of the MTYRE requirement from the Waiver and Review Committee of the SAB.) The adjustment made is the greater of:

1. For an elementary or unified district that does not have at least 30 percent of its K to 6 enrollment on MTYRE, six percent of the existing pupil capacity. If the district does meet this requirement, has a waiver, or is a high school district, then the six percent is not applied.
2. The number of Operational Grants the district has most recently received from the CDE.

#### **Step Three - Determination of the Eligibility Baseline:**

The existing school building capacity calculated in step two is subtracted from the enrollment projection determined in step one. The number of pupils remaining, if any, are considered "unhoused" for the purposes of the SFP. They represent the district's eligibility for new construction grant entitlement.

#### *Existing mechanisms that provide eligibility and grants to relieve overcrowding*

Beyond the Critically Overcrowded Schools Program and the future availability of districts to garner additional eligibility through Alternative Enrollment Projection Methods included within this agenda for Board consideration, there are several eligibility calculations and mechanisms within the SFP that provide eligibility and/or grants to relieve overcrowding in schools, as described below:

#### **HSAA and Super HSAA Eligibility Filing Basis**

The ability to file on a HSAA or Super HSAA eligibility filing basis enables a district to generate eligibility within a regionalized or local area. This eligibility filing option is advantageous for a district when the building capacity in one HSAA prevents another from receiving maximum eligibility, or in other words, it enables the district to garner more eligibility to build classrooms where it is most needed. For example, one attendance area may have surplus classroom capacity while another does not have the needed seats to meet the current and projected student enrollment or has a number of schools considered overcrowded. If the district were to file on a district-wide basis, there might be little or no overall eligibility, even though the students in one attendance area are "unhoused" or are in overcrowded schools. In this case, by filing on a HSAA-basis and accounting for all the pupils that are in the overcrowded schools, the eligibility would increase to allow construction of adequate facilities for the unhoused or overcrowded students.

STAFF COMMENTS (cont.)**Existing Building Capacity Calculations**

As part of the calculation of the existing building capacity as described under Step Two, the following classrooms are not considered adequate classroom capacity:

- Classrooms that are less than 700 square feet in size;
- Trailers;
- Spaces originally constructed for instructional purposes but now used for libraries or administrative purposes;
- Classrooms used exclusively for regional occupational centers, regional occupational programs, child care, preschool and/or Adult Education Programs, and that were built or acquired with funds specifically available for those purposes;
- Classrooms owned but leased to another district;
- Permanent space that is leased less than five years;
- Classrooms acquired with joint-use funds; and,
- Portables that are excluded under Option A or B as described under Step Two of the Calculation of the Existing School Building Capacity above.

These classrooms are not counted in the existing building capacity, and therefore the pupils are artificially unhoused for purposes of the SFP. In other words, eligibility is garnered even though there are pupils housed in those classrooms providing the district with the opportunity to file funding applications to adequately house these same pupils.

**Classroom Loading Standards**

The classrooms that do remain a part of the existing building capacity are loaded using the State loading factor described above. Unlike the Lease Purchase Program where elementary classrooms were loaded at 29 pupils for grades 1 to 3 and 33 for grades 4 to 6, in the development of the SFP, the loading factor of 25 for each elementary classroom was derived to mitigate the lower loading standards of the Class Size Reduction Program. In many instances, districts also have teacher contracts that allow for the loading of classrooms in 4 to 6 grade levels at a rate of 30-33 students per classroom. As a result, the loading of classrooms not by their actual capacity, but by the use of the averaged K to 6 State loading factor, provides for additional eligibility.

In addition, although many schools in California operate multi-track, year round schedules, the classrooms at MTYRE schools, for purposes of determining the existing building capacity, are not loaded in the manner in which they are utilized. Classrooms, whether at a school on a regular track or on a multi-track, are loaded using the same State loading factor. However, the pupils attending these schools on MTYRE are captured on the district's enrollment, thereby generating eligibility as illustrated in the following example:

Description	District A	District B
Operating Schedule	MTYRE	Regular Track
Current Enrollment	120	100
Projected Enrollment <sup>1</sup> (Step One)	120	100
Existing Building Capacity (Step Two)	100	100
4 classrooms x 25		
Baseline Eligibility (Step Three)	20	0

<sup>1</sup> Growth rate assumed to be 0%

STAFF COMMENTS (cont.)

The MTYRE school district will have 20 pupils worth of eligibility to construct facilities to eliminate the need for the school to be on MTYRE.

Grants to replace of single-story facilities with multi-story

A funding mechanism that exists to relieve overcrowding is the ability of districts to demolish and replace single-story facilities with multi-story facilities. As long as the district can demonstrate that it is more cost beneficial to replace single-story facilities with multi-story facilities and increase the capacity of the school by the greater of 20 percent of the existing enrollment of the school or 200 pupils, a district can request State funding for the costs to demolish the existing single-story facilities and for the costs to replace them with multi-story facilities using eligibility only for the increased capacity added to the school site. In this instance, a district must have some eligibility to support the increased capacity.

Although the regulations for this additional grant were approved by the Office of Administrative Law in July 2001, the opportunity remains underutilized as only two districts have been funded under this provision of the regulations.

The SAB administers the SFP under statute and regulation which prescribe the manner in which eligibility is established for qualified school districts. While there are a number of ways in which eligibility is garnered to assist districts in relieving overcrowding, there are some issues in relieving overcrowding that cannot be rectified under current law. Any possible additional solutions that may further address overcrowding must be accomplished through legislation.

RECOMMENDATION

Accept this report.

This report was accepted by the State Allocation Board on January 25, 2006.

REPORT OF THE EXECUTIVE OFFICER  
State Allocation Board Meeting, January 25, 2006

INDEX ADJUSTMENT ON THE ASSESSMENT FOR DEVELOPMENT

PURPOSE OF REPORT

To report the index adjustment on the assessment for development which may be levied pursuant to Education Code Section 17620.

DESCRIPTION

The law requires the maximum assessment for development be adjusted in 2006 and every two years thereafter by the change in the Class B Construction Cost Index, as determined by the State Allocation Board (SAB) at its January meeting.

The cost index for Class B construction increased 17.24 percent during the period of January 2004 through January 2006, resulting in the assessment for development fees to be adjusted as follows:

	<u>2004</u> <u>Maximum Assessment</u> <u>Per Square Foot</u>	<u>2006</u> <u>Maximum Assessment</u> <u>Per Square Foot</u>
Residential	\$2.24	\$2.63
Commercial/Industrial	.36	.42

The adjusted maximum assessments are effective immediately.

AUTHORITY

Education Code Section 17620 gives school districts the authority for assessments for development within the boundaries of their districts for the purpose of funding construction or reconstruction of school facilities, subject to the limitations set forth in Chapter 4.9, commencing with Section 65995, of the Government Code.

Government Code Section 65995(b)(3) requires the maximum assessment for development be adjusted in 1990 and every two years thereafter by the change in the Class B Construction Cost Index, as determined by the SAB at its January Board meeting.

RECOMMENDATION

Approve the adjustment to the Class B Construction Cost Index, which results in the maximum assessment for development fees.

This Item was approved by the State Allocation Board on January 25, 2006.

REPORT OF THE EXECUTIVE OFFICER  
State Allocation Board Meeting, January 25, 2006

ROLE AND REPORTING RESPONSIBILITIES  
FOR THE OFFICE OF PUBLIC SCHOOL CONSTRUCTION

PURPOSE OF REPORT

To present a report regarding the role and reporting responsibilities of the Office of Public School Construction (OPSC).

BACKGROUND

At the August 2005 State Allocation Board (SAB) meeting, the Board directed the OPSC to prepare a report that provides clarification of the roles and responsibilities between the OPSC and participating State agencies, including the Department of General Services, the Department of Finance, and the Superintendent of Public Instruction. The following summary provides pertinent information as requested by the Board and demonstrates the organizational structure of the OPSC in relation to the SAB and related agencies.

DESCRIPTION

*Responsibility of the State Allocation Board*

The SAB is a statutorily created, administrative body that is responsible for determining the allocation of State funding (proceeds from General Obligation Bond Issues and other designated State funds) used primarily for the new construction and modernization of local public school facilities and is also charged with the administration of the State Relocatable Classroom Program, Emergency Repair Program, and the Deferred Maintenance Program. The SAB is the policy level body for these programs which are administered by the Department of General Services through the OPSC. The SAB meets monthly to apportion funds to the school districts, act on special items and appeals, and adopt policies and regulations as they pertain to the programs administered under the jurisdiction of the SAB.

*Board Proceedings*

In conducting its meetings, the SAB is subject to statutory requirements, Board regulations, and court decisions that may deal with the conduct of State multimember administrative body meetings. The Board has not adopted any comprehensive rules of order such as Roberts Rules of Order, legislative rules of procedure, or Mason Rules. The Board has adopted quorum and voting rules; these specify that any six members shall constitute a quorum, and a consensus vote of at least six members is required for all decisions or actions by the Board which expressly pertain to the apportionment or allocation of funds for the purpose of school construction and related purposes (Title 2, Regulation Section 1555, California Code of Regulations). In essence, the Board uses common law rules which has served its purpose well as members defer to the Chair throughout the course of its meeting regarding questions, concerns and matters of discussion, which allow the meetings to run in an organized fashion with full participation by all members. The traditional Chair of the SAB has been the Director of the Department of Finance or his/her designee.

*Bagley-Keene Open Meeting Act*

The Board is also subject to the Bagley-Keene Open Meeting Act which requires that a notice must be mailed to all persons on the OPSC mailing lists at least ten days prior to the public SAB meeting. The notice must state the time and the place of the meeting and give the name, phone number and address of a contact person who can answer questions about the meeting and the agenda. The notice needs to contain enough information to allow interested parties to decide whether to attend the meeting or to participate in that particular agenda item. The notice and agenda requirements apply to both open and closed meetings.

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DESCRIPTION (cont.)

*The Office of Public School Construction*

The OPSC is a division within the Department of General Services that serves as staff to the SAB. The Executive Officer of the OPSC is a statutorily created position that is appointed by the Governor and is subsequently appointed Executive Officer of the SAB by resolution of the SAB. The Executive Officer of the OPSC reports to the General Services Director, who pursuant to statute, administers the programs of the SAB and provides assistance to the Board as the Board requires. The executive officers of the SAB generally consult with the Chair of the SAB when scheduling items for consideration by the SAB. The Executive Officer also responds to SAB related issues, district-related issues, staff issues, and has the ultimate responsibility for items that are presented to the Board, taking into consideration input from the SAB members.

The Assistant Executive Officer is authorized by statute and is appointed by the SAB. The Assistant Executive Officer serves as the chair of the SAB Implementation Committee and is actively involved with the OPSC in the development of regulations to implement statutory programs.

The Deputy Executive Officer of the OPSC is appointed by the Executive Officer of the OPSC. The Deputy Executive Officer is granted, through a resolution approved by the SAB, the authority to perform all functions delegated to the Executive Officer, including but not limited to the authority to sign contracts authorized by the SAB and the authority to file regulations on behalf of the SAB.

It is incumbent upon the OPSC to prepare regulations, policies and procedures necessary to administer the SAB programs, and to work with school districts to assist them throughout the application process. The OPSC is responsible for ensuring that funds are disbursed properly and in accordance with the law and decisions made by the SAB.

The SAB meeting notice and agenda, prepared by the OPSC, informs the Board Members, school districts, Staff, and interested parties of all topics to be discussed at the monthly SAB meeting. After the SAB meeting, all actions taken by the SAB are recorded in the minutes of the Board meeting which then serve as the underlying source document used by the State Controller's Office for the appropriate release of funds. The minutes further provide a "historical record" of all SAB actions, and are used by school districts, facilities planners, architects, consultants and others wishing to track the progress of specific projects and/or the availability of funds.

*OPSC's Support Operations Budget*

The OPSC's operating budget is primarily funded with bond funds with the exception of positions established to support the Williams Settlement programs and Deferred Maintenance Program workload. The primary expenditure authority for the OPSC's support operations is provided in the Department of General Services budget item, however, some of the expenditure authority is provided through the budget items for the California Department of Education and the State Controller's Office. Most of the SAB/OPSC local assistance expenditure authority (Program apportionments) are tracked off budget.

The total current year support operations expenditures authorized for the OPSC is \$12.6 million with \$10.1 million for personal services and \$2.5 million for operating expenses. The OPSC has 142.2 positions authorized for the current year of which 13 are limited term positions that are set to expire on June 30, 2007.

(Continued on Page Three)

DESCRIPTION (cont.)

*Process for Presentation of Appeal and Special Items to the SAB*

An Appeal item represents a request by a school district for special consideration by the Board regarding circumstances which the OPSC deems to be outside of the established State school program provisions and which cannot be otherwise administratively resolved. When considering appeal items, the SAB, as an administrative body, is responsible for making decisions in accordance with statutory requirements and board regulations.

A Special item may be specific to a school district or it may be a global issue, either of which Staff has determined should be brought before the Board. A special item may also be presented according to direction given by the Board, such as a requested report.

*Regulatory Process*

The SAB is charged with adopting regulations that implement the various statutory programs for which it is given responsibility. Upon enactment of legislation, the OPSC prepares an item to be heard by the SAB Implementation Committee to seek public input and discussion regarding the proposed implementation of regulations. The SAB Implementation Committee is made up of members representing various school-related associations, councils, and State departments with a vested interest in policy as it relates to school construction and funding. Meetings are attended by district representatives, consultants, architects, and other members of the public interested in school facilities. Once a proposed regulation package has been heard by the SAB Implementation Committee, the proposed regulation package is taken to the SAB for consideration and approval in accordance with the requirements of the Administrative Procedure Act. The SAB approved regulation package is then routed through the administrative process.

The Economic and Fiscal Impact Statement (Form STD 399) is required when submitting new or amended regulations. The 399 is set forth in the State Administrative Manual (SAM) and is a tool in determining fiscal and economic impacts to the State. The 399 must be signed by the General Services Director or his/her designee, the State and Consumer Services Agency Secretary, and the Department of Finance.

AUTHORITY

Education Code (EC) Section 17070.20 states, "The Director of General Services shall administer this chapter [Chapter 12.5, Leroy F. Greene School Facilities Act of 1998] and shall provide assistance to the board as it requires."

EC Section 17070.35 (a)(2) requires the board to "Establish and publish any procedures and policies in connection with the administration of this chapter [Chapter 12.5, Leroy F. Greene School Facilities Act of 1998] as it deems necessary."

Government Code Section 1190 states that, "All assistants, deputies, and other subordinate officers, whose appointments are not otherwise provided for, shall be appointed by the officer or body to whom they are respectively subordinate."

(Continued on Page Four)

AUTHORITY (cont.)

Government Code Section 14620 states that, "There is in the department a general services planning officer, a procurement officer and an executive officer of the Office of Public School Construction. Each officer or executive may be appointed by the Governor, upon recommendation of the director, and shall serve at the pleasure of the director...Each officer or executive officer shall have any duties that may be assigned to him or her by, and shall be responsible to, the director for the performance of those duties."

Government Code Section 15490 sets forth the existence and membership of the SAB and states, "The Director of General Services shall provide assistance to the board as the board requires."

Government Code Section 15490(c) states that the board may, by a majority vote of all members, do one or more of the following:

- (1) Appoint an employee to report directly to the board as assistant executive officer.
- (2) Fix the salary and other compensation of the assistant executive officer.
- (3) Employ additional staff members, and secure office space and furnishings, as necessary to support the assistant executive officer in the performance of his or her duties.

The California Constitution, Article XVI, states "that Members of the Legislature who are required to meet with the State Allocation Board shall have equal rights and duties with the non-legislative members to vote and act upon matters pending or coming before such board for the allocation and apportionment of funds to school districts for school construction purposes or purposes related thereto."

RECOMMENDATION

Accept the report.

BOARD ACTION

This report was accepted by the State Allocation Board on January 25, 2006. In addition, the Board requested staff to report back on the process to select a vice-chair to the SAB.

REPORT OF THE EXECUTIVE OFFICER  
State Allocation Board Meeting, January 25, 2006

ANNUAL ADJUSTMENT TO SCHOOL FACILITY PROGRAM GRANTS

PURPOSE OF REPORT

To report the annual adjustment in the School Facility Program (SFP) Grants as provided in the Education Code and Title 2 of the California Code of Regulations.

DESCRIPTION

The SFP Regulations require that various grant amounts of the SFP shall be adjusted annually based on the change in the Class B Construction Cost Index each January. At the March 2005 State Allocation Board meeting, the Board adopted for the next two years, use of the Marshall & Swift Eight California Cities Class B Construction Cost Index. The specific regulation sections are noted on the Attachment. The consent items on this agenda requesting SFP funding reflect the updated adjustments for January 2006.

The cost index for Class B construction increased 4.62 percent during the period of January 1, 2005 through January 1, 2006. The figures shown on the Attachment reflect the calculated increase.

RECOMMENDATION

Approve the increase to the grant amounts as provided on the Attachment for the use of SFP applications approved on or after January 1, 2006.

This Item was approved by the State Allocation Board on January 25, 2006.

**ATTACHMENT**

**ANNUAL ADJUSTMENT TO SCHOOL FACILITY PROGRAM GRANTS**

State Allocation Board Meeting, January 25, 2006

**Grant Amount Adjustments**

		Regulation Section	Current Adjusted Grant Per Pupil Effective 1-1-05	Adjusted Grant Per Pupil Effective 1-1-
<b>New Construction</b>	Elementary	1859.71	6,769	\$7,082
	Middle	1859.71	\$7,159	\$7,490
	High	1859.71	\$9,372	\$9,805
	Special Day Class – Severe	1859.71.1	\$21,575	\$22,572
	Special Day Class – Non-Severe	1859.71.1	\$14,429	\$15,096
	Automatic Fire Detection/Alarm System – Elementary	1859.71.2	\$9	\$9
	Automatic Fire Detection/Alarm System – Middle	1859.71.2	\$12	\$13
	Automatic Fire Detection/Alarm System – High	1859.71.2	\$21	\$22
	Automatic Fire Detection/Alarm System – Special Day Class – Severe	1859.71.2	\$39	\$41
	Automatic Fire Detection/Alarm System – Special Day Class – Non-Severe	1859.71.2	\$27	\$28
	Automatic Sprinkler System – Elementary	1859.71.2	\$129	\$135
	Automatic Sprinkler System – Middle	1859.71.2	\$154	\$161
	Automatic Sprinkler System – High	1859.71.2	\$159	\$166
	Automatic Sprinkler System – Special Day Class – Severe	1859.71.2	\$407	\$426
	Automatic Sprinkler System – Special Day Class – Non-Severe	1859.71.2	\$273	\$286
<b>Modernization</b>	Elementary	1859.78	\$2,924	\$3,059
	Middle	1859.78	\$3,093	\$3,236
	High	1859.78	\$4,049	\$4,236
	Special Day Class - Severe	1859.78.3	\$9,316	\$9,746
	Special Day Class – Non-Severe	1859.78.3	\$6,233	\$6,521
	State Special School – Severe	1859.78	\$15,531	\$16,249
	Automatic Fire Detection/Alarm System – Elementary	1859.78.4	\$94	\$98
	Automatic Fire Detection/Alarm System – Middle	1859.78.4	\$94	\$98
	Automatic Fire Detection/Alarm System – High	1859.78.4	\$94	\$98
	Automatic Fire Detection/Alarm System – Special Day Class – Severe	1859.78.4	\$261	\$273
	Automatic Fire Detection/Alarm System – Special Day Class – Non-Severe	1859.78.4	\$175	\$183
	Over 50 Years Old – Elementary	1859.78.6	\$4,061	\$4,249
	Over 50 Years Old – Middle	1859.78.6	\$4,296	\$4,494
	Over 50 Years Old – High	1859.78.6	\$5,624	\$5,884
	Over 50 Years Old – Special Day Class – Severe	1859.78.6	\$12,945	\$13,543
	Over 50 Years Old – Special Day Class – Non-Severe	1859.78.6	\$8,656	\$9,056
	Over 50 Years Old – State Special School – Severe	1859.78.6	\$21,575	\$22,572

(Continued on Page Two)

**ANNUAL ADJUSTMENT TO SCHOOL FACILITY PROGRAM GRANTS**

**Grant Amount Adjustments**

New Construction / Modernization / Joint-Use	Regulation Section	Current Adjusted Grant Per Pupil Effective 1-1-05	Adjusted Grant Per Pupil Effective 1-1-
Therapy/Multipurpose Room/Other (per square foot)	1859.72 1859.73.2 1859.82 1859.125 1859.125. 1	\$124	\$130
Toilet Facilities (per square foot)	1859.72 1859.73.2 1859.82 1859.125 1859.125. 1	\$226	\$236
<b>New Construction Only</b>			
Parking Spaces	1859.76	\$9,764	\$10,215
Project Assistance (for school district with less than 2,500 pupils)	1859.73.1	\$4,633	\$4,847
<b>Modernization Only</b>			
Two-stop Elevator (60/40)	1859.83	\$78,104	\$81,712
Additional Stop (60/40)	1859.83	\$14,057	\$14,706
Project Assistance (for school district with less than 2,500 pupils)	1859.78.2	\$2,470	\$2,584
<b>Facility Hardship / Rehabilitation</b>			
Current Replacement Cost - Other (per square foot)	1859.2	\$250	\$262
Current Replacement Cost - Toilets (per square foot)	1859.2	\$451	\$472
Interim Housing – Financial Hardship (per classroom)	1859.81	\$25,737	\$26,926

(Continued on Page Three)

## ANNUAL ADJUSTMENT TO SCHOOL FACILITY PROGRAM GRANTS

New School Adjustments (Regulation Section 1859.83)

Class-rooms in Project	Elementary School Previous Grant Effective 1-1-05	Elementary School Adjusted Grant Effective 1-1-06	Middle School Previous Grant Effective 1-1-05	Middle School Adjusted Grant Effective 1-1-06	High School Previous Grant Effective 1-1-05	High School Adjusted Grant Effective 1-1-06	Alternative Education New School Effective 1-1-05	Alternative Education New School Effective 1-1-06
1	\$208,278	\$217,900	\$877,371	\$917,906	#####	#####	\$565,865	\$592,008
2	\$490,755	\$513,428	\$984,112	#####	#####	#####	\$686,535	\$718,253
3	\$736,782	\$770,821	\$1,093,458	#####	#####	#####	\$1,200,149	#####
4	\$933,345	\$976,466	\$1,213,217	#####	#####	#####	\$1,350,226	#####
5	#####	\$1,146,699	\$1,338,184	#####	#####	#####	\$1,500,304	#####
6	#####	\$1,390,477	\$1,464,453	#####	#####	#####	\$1,650,381	#####
7	#####	\$1,636,976	\$1,590,722	#####	#####	#####	\$1,800,457	#####
8	#####	\$1,826,277	\$1,728,707	#####	#####	#####	\$1,958,032	#####
9	#####	\$1,826,277	\$1,874,500	#####	#####	#####	\$2,120,762	#####
10	#####	\$2,147,679	\$2,021,596	#####	#####	#####	\$2,283,492	#####
11	#####	\$2,147,679	\$2,168,692	#####	#####	#####	\$2,914,965	#####
12	#####	\$2,260,714			#####	#####	\$3,077,694	#####
13					#####	#####	\$3,240,424	#####
14					#####	#####	\$3,403,155	#####
15					#####	#####	\$3,565,884	#####
16					#####	#####	\$3,728,615	#####
17					#####	#####	\$3,891,345	#####
18					#####	#####	\$4,054,075	#####
19					#####	#####	\$4,216,805	#####
20					#####	#####	\$4,379,534	#####
21					#####	#####	\$4,542,382	#####
22					#####	#####	\$4,705,112	#####
23							\$4,867,843	#####
24							\$5,030,572	#####
25							\$5,193,300	#####
26							\$5,356,033	#####
27							\$5,518,762	#####