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CALIFORNIA STATE ALLOCATION BOARD
SCHOOL FACILITY PROGRAM REVIEW SUBCOMMITTEE
PUBLIC MEETING

STATE CAPITOL
ROOM 447
SACRAMENTO, CALIFORNIA 95814

DATE: TUESDAY, JANUARY 15, 2013
TIME: 1:40 P.M.

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APPEARANCES

MEMBERS OF THE SUBCOMMITTEE PRESENT:

ESTEBAN ALMANZA, Chief Deputy Director, Department of General Services, designated representative for Fred Klass, Director, Department of General Services

CESAR DIAZ, Appointee of Edmund G. Brown, Jr., Governor of the State of California

KATHLEEN MOORE, Director, School Facilities Planning Division, California Department of Education, designated representative for Tom Torlakson, Superintendent of Public Instruction

ASSEMBLYMEMBER JOAN BUCHANAN

ASSEMBLYMEMBER CURT HAGMAN

REPRESENTATIVES OF THE STATE ALLOCATION BOARD PRESENT:

LISA SILVERMAN, Executive Officer
BILL SAVIDGE, Assistant Executive Officer

REPRESENTATIVES OF THE DEPARTMENT OF GENERAL SERVICES, OFFICE OF PUBLIC SCHOOL CONSTRUCTION (OPSC) PRESENT:

LISA SILVERMAN, Executive Officer
JUAN MIRELES, Deputy Executive Officer

P R O C E E D I N G S

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CHAIRPERSON BUCHANAN: I'd like to call the meeting to order and do we have -- I think we do -- I guess we don't really need a quorum since we're not taking any action, but --

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ASSEMBLYMEMBER HAGMAN: Well, we still have four of five, so we have one.

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CHAIRPERSON BUCHANAN: But -- so no quorum and I guess we don't need to take roll.

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So the items we have on our agenda today is talk about the Charter School Facilities Program and how we fund construction needs for charter schools, an existing program, and then to deal with modernization eligibility, and finally the Project Information Worksheet, which we've talked about for quite a while.

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So with that, I'm going to ask staff to go ahead with the presentation.

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MS. SILVERMAN: Yeah. We'll turn it over to Ms. Kampmeinert and she'll provide you the overview of the Charter Program.

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CHAIRPERSON BUCHANAN: Okay.

MS. KAMPMEINERT: Okay. Good afternoon. The Charter School Facilities Program was designed to provide funding opportunities for charter schools to both construct

1 new classrooms and/or to rehabilitate existing district
2 facilities that are least 15 years old.

3 Applications can be submitted by a charter school
4 directly or they can be submitted by a school district on
5 behalf of a charter school.

6 The Charter School Facilities Program is a 50
7 percent State/50 percent local matching share program
8 regardless of whether it's a new construction project or a
9 rehabilitation project.

10 One of the unique aspects of the program though is
11 that the applicants have the opportunity to request the
12 50 percent local matching share in the form of a long-term
13 loan from the State and that comes initially from the bond
14 funds and is repaid over a term of up to 30 years.

15 The program design is -- the bond authority is
16 limited and there are a lot of applicants competing for
17 these funds. So it's designed with competitive filing
18 rounds and the applicants that are successful are awarded a
19 preliminary apportionment which is a reservation of bond
20 authority and they have then four years to convert to a full
21 funding application and we'll go into that process in more
22 detail in a few minutes.

23 And they also have the possibility of a one-year
24 extension on that timeline if they request it from the
25 Board.

1 But when the full funding application is
2 submitted, it looks very similar to any other SFP new
3 construction or modernization application and it must meet
4 all of the same requirements.

5 The program history -- the program itself was
6 established in 2002, Proposition 47, and initially
7 \$100 million was provided and this was designed as a pilot
8 program.

9 In 2004, the program itself was revised in order
10 to maximize the number of projects that were funded. An
11 additional 300 million was made available in funding and the
12 program design was changed to cap the projects at certain
13 thresholds so that the bond authority would be spread out
14 amongst more projects.

15 And Proposition 47, when fixed preliminary
16 apportionments were awarded, that number went up to 28 I
17 believe in Proposition 55.

18 There's actually a chart on page 4 of this section
19 that shows the different preliminary apportions tied with
20 each proposition.

21 In 2006, Proposition 1D became and with that there
22 were additional changes to the program as well as another
23 \$500 million made available for this program. This time the
24 program had some other large charges.

25 The funding caps that were placed in

1 Proposition 55 were removed because applicants were having a
2 difficult time converting a project within the limited bond
3 authority that was made available per project with the
4 Proposition 55 projects.

5 The option of rehabilitating existing district
6 facilities was brand new. This was the first that came out
7 in Proposition 1D and the other major change was that new
8 construction eligibility from the school district where the
9 project is physically located was no longer automatically
10 deducted based on the request that the charter school made
11 for new construction funding. There was a different
12 methodology that was proposed so that districts had a bit of
13 a say in that process and there was a certification process
14 for that and again we'll get into the details of that in a
15 little bit.

16 But overall there have been 81 preliminary
17 apportionments made with the 900 million that has been made
18 available to the Charter School Facilities Program and it's
19 been done through four different filing rounds.

20 After the Proposition 1D authority was exhausted,
21 there was funding that became available from Proposition 47
22 and then some leftover bond authority from 1D that allowed
23 the State Allocation Board to open an additional filing
24 round to exhaust that funding as well.

25 And then also there have been other changes that

1 have been made to the program through regulations and law
2 over time to improve the process, such as statutory changes
3 that allow charter schools to hold title to the facilities
4 and then the Board has made -- taken different actions and
5 made changes to allow charter schools to participate equally
6 with school districts in the new priority funding process
7 and things like that.

8 So with that, I'll get into the more detailed
9 discussion about what a preliminary apportionment is and how
10 a charter school or district requests for the charter school
11 funding through the preliminary apportionment process.

12 Basically this program is designed so that there
13 are two main components. There's the application process
14 for the preliminary apportionment and then there are the
15 steps that are taken to take that preliminary apportionment
16 to the full funding stage.

17 So as I mentioned, the preliminary apportionment
18 is a reservation of bond authority and what this is is a
19 proposed project, that the concept or an idea that the
20 charter school or district has that they have a school in
21 mind that they would like to build, but oftentimes the
22 charter schools are not in a position to go forward and
23 design the plans and purchase the sites and start down this
24 path without knowing that there's a guarantee of State
25 funding of their future.

1 So in order to make sure that there's adequate
2 time for the planning with the assurance that there will be
3 bond authority backing it, the preliminary apportionment is
4 there. They provide the assurance so that the charter
5 school is able to undertake this project.

6 Now when the preliminary apportionments are
7 awarded, it is competitive. The funding is limited.
8 Statute dictates that the preliminary apportionments that
9 are made are representative of the various types of charter
10 schools across the State of California.

11 So when they're viewed as a whole, they're
12 representative of different types including different areas
13 of the State, different sizes of charter schools, different
14 grade levels, and then there are also areas in statute that
15 determine what applications within the representative
16 categories will receive different preference points.

17 But before we even get to that step, the charter
18 school or district needs to submit an application. The
19 application components are listed on page 5 of this item and
20 because some of them are unique, I will spend a little bit
21 of time kind of walking through some of these pieces because
22 some of these things a typical school district would not
23 need to submit when they're doing a new construction or
24 modernization project.

25 So the purpose of the items that are required in

1 the application is to help determine an estimate of the
2 grants that will be reserved for the project and also to
3 give general project information to OPSC to determine -- to
4 make sure that the charter school is requesting all of the
5 grants that they could be eligible for and just to get an
6 idea of what the planned project should look like in the
7 future.

8 So it starts with the application for the
9 preliminary apportionment which is a Form 50-09. This is
10 similar to the funding application that a school district
11 would submit for new construction or modernization funding,
12 but it's not as detailed because in the early stages, the
13 charter school is just coming forward with an idea.

14 So there is also a narrative description of the
15 project that -- that component I believe was added a couple
16 rounds into the process because OPSC was noticing that
17 sometimes what folks were asking for on the application
18 wasn't actually what they were envisioning their project to
19 be. So the narrative description is an attempt to make sure
20 that the State and the charter school both have the same
21 vision of what this project looks like.

22 So tell us the story, tell us what you want to
23 build, and we'll make sure that you're asking for the right
24 grants on the form also.

25 The California Department of Education does a

1 recommended site size letter that is based on the grade
2 levels of the project and the number of students to be
3 served and there needs to be a copy of the approved and
4 valid charter petition.

5 Now the next pieces relate to the Charter School
6 Facilities Program applications for determining financial
7 soundness. This is an application that goes to our sister
8 agency in this program. It's the California School Finance
9 Authority and they have a role in determining the financial
10 soundness of the charter schools that apply.

11 So the application for that piece comes into OPSC
12 and it's then sent over the CSFA for further detailed review
13 along with the accompanying documents that have been
14 financial documentation, legal status questionnaire, the
15 things that CSFA would need to provide a recommendation of
16 financial soundness.

17 The next thing on here is evidence that the
18 charter school delivered notification to the school district
19 30 days before they apply to the program notifying the
20 district that they're going to be requesting to participate
21 in the program.

22 The purpose of this is to give school districts a
23 heads-up that the charter school is going to be applying for
24 funding because school districts have a role to play in this
25 process with the change in Proposition 1D which has the

1 districts helping to determine the number of pupil grants
2 that may be offset from their new construction eligibility
3 because of this charter school application.

4 So this was an attempt for districts to know in
5 advance so that they're not scrambling at the last minute to
6 try to put this information together for charter schools.

7 Now if the charter school is a nonprofit entity,
8 then they would also submit evidence of that status and that
9 comes into play in the preference points that are awarded
10 for the project.

11 And then rehabilitation, there are a few other
12 pieces that are needed. If that's going to be an option,
13 the charter school or the district would provide some
14 drawings that show the interior dimensions of the rooms and
15 that's necessary because rehabilitation is funded on a
16 square footage basis. And then we also require a signed
17 agreement from the district and the charter school that
18 basically lets the State know that both the district and the
19 charter school have decided that this project is going to be
20 acceptable and everybody is onboard so that when the
21 preliminary apportionment, it's to a charter school that has
22 a willing district that does have facilities available for
23 this use.

24 When the charter school is requesting funding for
25 site acquisition for a new site or if they're adding onto an

1 existing site, then we need an appraisal and it could be a
2 preliminary appraisal. Or if they're not at the stage where
3 they know exactly what the site is going to be, they can
4 pick a general location and do a median cost evaluation to
5 see roughly what the per acre price is going to be and then
6 they determine, okay, we're going to do five acres
7 multiplied by \$500,000 an acre and that's how much we'd like
8 to be reserved at the time of the preliminary apportionment.

9 And then there may be some Department of Toxic
10 Substance Control cost documents available if the charter
11 school is maybe a little bit further down the path in
12 determining the site or there could be an estimate applied
13 if the charter school thinks that they might encounter some
14 cleanup or testing and they can apply that as well.

15 And then if the charter school has data about the
16 site and they know what some of the site development needs
17 will be, they can also submit specific data on that. If
18 they don't have that level of detail, then the program does
19 have a mechanism to apply just a straight break or rate to
20 that as well.

21 So the application process itself has quite a few
22 components, but it's all designed to make sure that the
23 proposed project ends up being a viable project and that
24 everybody has the same understanding of what's happening.

25 Now, on page 6, we got into a little more detail

1 about the certification for the number of unhoused pupils.
2 So I've mentioned that a few times, but when a charter
3 school is applying for a new construction project, they are
4 requesting a certain number of pupils. Let's say they're
5 requesting a hundred pupils.

6 The school district where that project will
7 physically be housed, in the years passed before Proposition
8 1D changed the rules, that 100 pupils was automatically
9 deducted from the district's baseline if the preliminary
10 apportionment was successful. The school district had no
11 say in what the impact of that project would be.

12 The law changed that and now what a school
13 district does is they get the notification -- they're
14 getting notification from the charter school and they take a
15 look at the planned project and the charter school says I
16 have a project that's going to serve 100 pupils and it's
17 going to be in Area B of your district. School district,
18 how many of your unhoused pupils do you anticipate will
19 attend this project?

20 The school district then certifies to the number
21 of pupils that might be and it could be anywhere from zero
22 to a hundred. And the district provides a methodology for
23 how they got to that number.

24 So perhaps they -- the school district already has
25 a school planned in Area B and it's going to take care of

1 all their unhoused students. So the addition of that
2 charter school project in the school district's opinion is
3 not going to solve any of their unhoused student needs. So
4 they might certify to zero students.

5 Whatever the school district certifies to using
6 the methodology that they submitted is what the reduction
7 will be from their new construction eligibility. So that's
8 how the State avoids double funding students that would be
9 housed by the charter school project, so we're not counting
10 them from both the district and the charter school.

11 One other thing before the charter school or the
12 district applies for the program, they need to certify that
13 they have considered district facilities that have been made
14 available or that could be made available under
15 Proposition 39 and none of the certification that's embedded
16 in the application form itself. That district and charter
17 school have to consider that factor before they apply to the
18 program.

19 So once all of those application documents are
20 compiled, the charter school submits the application to OPSC
21 and this is done on a filing round basis, so it's only at
22 certain time points when we have bond authority available
23 and the Board has declared a filing round.

24 That is submitted and then at the same time, the
25 financial soundness documentation is submitted and the two

1 agencies review the documentations concurrently.

2 The preliminary apportionment grants are based on
3 the application documents that have been submitted. Again
4 it's just an estimate or a best guess of what the eventual
5 components of the project are going to be.

6 One of the only things that can't really change is
7 the pupil grant request because that's tied into the
8 unhooded certification. So if a charter school requests a
9 hundred pupils, they cannot go over that number. But pretty
10 much anything else on the application can change.

11 You might think at the beginning you're going to
12 build a multi-level facility. By the time you get there,
13 maybe that piece goes away. The formula would change
14 funding based on what the project looks like.

15 So it's a reservation of funds that includes many
16 of the same types of grants that a new construction project
17 or a modernization project might include, might have small
18 size project on there. There might be a geographic
19 percentage factor applied to the project. All those things
20 are applied based on formulas.

21 And then there are other things that are done
22 based on the (coughing) available at the time. The cost to
23 a fire (coughing), that's an estimate. That's going to
24 change at the time that the full funding application comes
25 in, but it's the best guess.

1 There's also an inflator factor that's added to
2 these projects because the program is designed so that you
3 have to time to build the project. It can be assumed that
4 there might be a change in the construction costs from year
5 one to year three or year four, whenever they're actually
6 coming in for the final apportionment.

7 So the inflator factor is added once all the
8 grants have been determined and that inflator factor looks
9 at the construction cost index over a certain period of
10 years and that would change each time a filing round was
11 opened, so it's not a set number, a set formula for how much
12 extra authority would reserve.

13 The financial soundness requirement, again that's
14 done by the California School Finance Authority and once of
15 the things that they look at amongst others is that the
16 charter school has to have been in operation and in good
17 financial standing for two years or have equivalent
18 managerial experience for that time frame to be considered
19 financially sound.

20 They do a more in-depth review of the charter
21 school's finances, taking into account the size of the
22 project and what the charter school is asking for, whether
23 there's a loan component and the ability to repay the loan
24 to the State over the term of the loan.

25 The determinations are made on a pass/fail basis

1 and it's done at the authority's board meetings and that
2 information is communicated to OPSC before the preliminary
3 apportionments are presented to the State Allocation Board.

4 So those are the components of the funding
5 application. Once that piece is done -- would you like me
6 to stop for questions there or --

7 CHAIRPERSON BUCHANAN: Well, I have some questions
8 that I think I'd like to ask now. Did you want to go first,
9 Assemblymember

10 ASSEMBLYMEMBER HAGMAN: I have just a couple
11 general ones. First of all, if I'm the charter school and I
12 have a five-year lease with the school district, I come
13 apply, want to upgrade my campus, you're taking eligibility
14 out of the school district potentially for some of the
15 formulations.

16 What happened to that five-year current checkout?
17 The school district says, well, we want that campus, now
18 we've got to transfer you someplace else. Does the charter
19 school lose that building in the future if -- they get
20 replaced to a new campus within the district? I mean how
21 does that work.

22 MS. KAMPMEINERT: With the rehabilitation
23 component, if they're using existing district facilities,
24 there's a long term commitment on the part of the school
25 district. So the charter school really can't be kicked out

1 of that facility once the district has committed to
2 providing those facilities.

3 ASSEMBLYMEMBER HAGMAN: They would have a certain
4 year -- I mean I'm thinking one of my schools in my
5 district, they only have a five-year, you know, period to
6 go. So someone like that -- and I'm thinking on their
7 behalf. Okay. If they have to help fundraise or be on the
8 hook for the loan, so 50 percent of the money they want to
9 get for their -- it's hard to -- you know, does that -- so
10 the school district, if they weren't able to receive the
11 funds, would have to commit a longer term with the charter
12 school then?

13 MS. KAMPMEINERT: They do commit with the longer
14 term with the charter school.

15 ASSEMBLYMEMBER HAGMAN: Okay.

16 MS. KAMPMEINERT: So it's not the standard
17 five-year -- or year-to-year lease even. It's a longer
18 term. It runs with the life of the project because if
19 the -- let's say the first charter school for some reason is
20 no longer in existence, then the school district because
21 they've received bond authority to rehabilitate those
22 facilities, the first priority for that campus would be to
23 place another charter school in those facilities.

24 So it's more of a long-term investment in that
25 facility for charter school purposes. But there is a

1 specific rehabilitation agreement that's done between the
2 charter school and the school district that would address
3 the term as well.

4 MR. MIRELES: Another thing to highlight on in
5 terms of the eligibility, the charter school enrollment, as
6 long as the charter school is within the district
7 boundaries, it's included in the district's eligibility
8 determination. So the charter school's enrollment is used
9 by the district to project future enrollment and that's
10 consistent with all the charter schools that are within the
11 district's boundaries.

12 ASSEMBLYMEMBER HAGMAN: That sounds good. And
13 then I got a little component of the Governor's proposed
14 budget that just got released this last week and I just want
15 to get your comments on the shifting of the charter
16 school -- the property grant program and the charter school
17 revolving loan program from the Department of Education to
18 the California School Finance Authority.

19 Is that going to be consistent with the bond
20 measures or are we going to put this in, you know,
21 language -- I mean basically it sounds like if there's an
22 appeal process what way would it go on that as well.

23 MR. MIRELES: Those two programs are not the
24 programs that we administer --

25 ASSEMBLYMEMBER HAGMAN: Uh-huh.

1 MR. MIRELES: -- the ones that are being shifted
2 from the Department of Education to the California School
3 Finance Authority. So those are different than what was --

4 ASSEMBLYMEMBER HAGMAN: So they're more
5 programmatic and not so much capital permits then?

6 MR. MIRELES: Yeah, they're capital, but they're
7 not the ones that we administer. They're different.

8 CHAIRPERSON BUCHANAN: Right

9 ASSEMBLYMEMBER HAGMAN: So we have three different
10 agencies that administer capital. I think that's it for
11 right now. Thank you.

12 CHAIRPERSON BUCHANAN: Okay. I have a couple.
13 The California School Financing Authority is determining the
14 ability of the charter school or entity to take on debt. If
15 for some reason a charter school fails, okay, and it goes
16 back into the district, who pays the debt?

17 MS. KAMPMEINERT: There are some documents called
18 the Charter School Agreements that we can get into in a
19 little bit more detail. However, there's a commitment made
20 between the charter school, the school district, and the
21 State of California about the roles and responsibilities
22 under the program.

23 Now, the way the program works is if the first --
24 let's say a charter school does fail and there is a loan
25 remaining on that. Then the school district has the

1 opportunity to offer that -- well, the first step is that
2 they would offer that to another charter school that can
3 accept the loan on equal terms as the first charter school.

4 So if Charter School A is no longer there, Charter
5 School B can come in and accept the responsibility for the
6 remaining payment.

7 If there is no charter school that can do that,
8 then the school district has a choice. They can either
9 choose to use the facility for school district purposes and
10 if they decide to do that, then the school district would be
11 responsible for making the remaining payment.

12 If they don't need the facility or if it doesn't
13 suit their purposes for district needs, then they can
14 dispose of the facility under the surplus property
15 requirements.

16 CHAIRPERSON BUCHANAN: And if they dispose of the
17 property and the property's worth less than the loan amount,
18 who is liable for that?

19 MS. KAMPMEINERT: It's done. They pay back
20 whatever proceeds they receive from the surplus property.

21 CHAIRPERSON BUCHANAN: The school district is
22 liable.

23 MS. KAMPMEINERT: No, they're not liable for
24 anything above and beyond what they are able to --

25 CHAIRPERSON BUCHANAN: So then who pays the -- in

1 this case -- I mean I -- who pays the bondholders or the
2 loan -- the person who's holding the loan, who makes them
3 whole?

4 MS. KAMPMEINERT: The loan is from the bond
5 authority. So it's basically just bond authority that does
6 not come back to the State.

7 So if there's a million dollar difference, then
8 the State program loses that million dollars if the surplus
9 property sale does not generate enough to cover the balance
10 of the loan.

11 CHAIRPERSON BUCHANAN: The State -- I'm --

12 MS. MOORE: This is only in the case of a charter
13 school that has taken a loan from the State for their half.

14 CHAIRPERSON BUCHANAN: Okay.

15 MS. MOORE: Right?

16 MR. MIRELES: Um-hmm.

17 MS. MOORE: So otherwise it would be that we
18 expended the funding. A district -- a charter comes forward
19 with their 50 percent. They don't proceed. They've already
20 paid their 50 percent. We've paid -- the State's paid its
21 50 percent, and then it's an asset.

22 MS. KAMPMEINERT: Right.

23 MS. MOORE: I thought it first went back to the
24 State after the school district makes a determination on it.

25

1 MS. KAMPMEINERT: In the event that the charter
2 school is holding title, then --

3 CHAIRPERSON BUCHANAN: What happens when they're
4 not -- when it's not a State loan?

5 MS. KAMPMEINERT: It is a State loan in this
6 program.

7 CHAIRPERSON BUCHANAN: Well, I know. But local
8 example where the loan is not a State loan. It's a federal
9 loan at zero percent interest. So what -- but it's still
10 being administered. So who would repay that loan?

11 MS. KAMPMEINERT: And it's under the Charter
12 School Facilities Program or --

13 CHAIRPERSON BUCHANAN: Well, it's a charter school
14 that's taken out a loan. I mean assuming everything's fine,
15 but if for some reason that school defaults, who ends up --
16 who's responsible there?

17 MS. KAMPMEINERT: If it's connected to a Charter
18 School Facilities Program project --

19 CHAIRPERSON BUCHANAN: Right.

20 MS. KAMPMEINERT: -- then the --

21 CHAIRPERSON BUCHANAN: Well, if it's connected to
22 the charter school. It may not be a program that comes
23 through the State Allocation Board.

24 MS. MOORE: Isn't the first question are they
25 allowed in a financial soundness situation to actually

1 borrow funds outside of the State school building program
2 for their share? That would be the question.

3 MS. KAMPMEINERT: Typically that does not happen
4 and then the problem with that is that the State is in first
5 position to receive any funds. So you'd have a hard time
6 getting another lender to take on --

7 CHAIRPERSON BUCHANAN: Well, I can go over the
8 specifics with you at another time, but my -- the general
9 question is if you have a loan that's outside of the
10 program, who pays it back. Does the -- you know, if for
11 some reason the school fails and the -- I mean there's an
12 article on this in San Diego where San Diego Unified has
13 gotten stuck with some payments, but who in that case is
14 responsible?

15 MS. KAMPMEINERT: Outside of the program, I'm not
16 sure that I'd --

17 CHAIRPERSON BUCHANAN: Right. Okay.

18 MS. KAMPMEINERT: -- have the answer today. We
19 could look into it.

20 CHAIRPERSON BUCHANAN: All right.

21 MS. KAMPMEINERT: But inside the program, there
22 are protections so that the State is in first position for
23 any funds coming back --

24 CHAIRPERSON BUCHANAN: So then my next question
25 ties in a little bit to some of the questions Assemblymember

1 Hagman was asking and maybe there are some philosophical
2 questions that we can't answer here today.

3 But when a charter school is opened, it may not
4 necessarily serve students in a specific school district.
5 It could attract students from other areas, but the
6 eligibility that you have or lose is tied to the school
7 district in which the school is physically located; right?

8 MS. KAMPMEINERT: Correct.

9 CHAIRPERSON BUCHANAN: So I mean is counting those
10 classrooms and students in that district, is that equitable
11 in terms of the -- another district doesn't have -- still
12 has the buildings and I guess maybe has some of the
13 enrollment counted against it, but I don't --

14 MS. KAMPMEINERT: It would be -- when a school
15 district is looking at their methodology for determining
16 their eligibility investment, they -- that would be a valid
17 reason to say these 100 pupils are not going to serve any of
18 my unhoused students because they're all coming from a
19 different district. Therefore my eligibility adjustment
20 should be zero because it's not serving any of my students.

21 So that's -- we've actually seen that --

22 CHAIRPERSON BUCHANAN: Right.

23 MS. KAMPMEINERT: -- come through where it's on a
24 pro-rated value.

25 CHAIRPERSON BUCHANAN: So what -- do they go to

1 the other districts to say, you know, 25 percent are coming
2 from this district and so we want eligibility from that
3 district or it's all tied --

4 MS. KAMPMEINERT: No. The project can still go
5 forward.

6 CHAIRPERSON BUCHANAN: Well, I understand that.
7 But I just didn't know if the situation where you deduct
8 eligibility applies only to the district where the school is
9 physically located or if half the students are coming from
10 the district next door if you deal with -- if that district
11 has to give up any eligibility.

12 MR. MIRELES: No. It's only the school district
13 where the charter school's physically located because that
14 school district would be the one that would potentially have
15 rights to the property in case a charter defaults.

16 CHAIRPERSON BUCHANAN: Is there any reason why --
17 maybe we ought to add this to the bin and issues to talk
18 about -- why we wouldn't subtract the charter school square
19 footage or classrooms from the eligibility along with the
20 students and keep each separate?

21 MS. MOORE: Subtract from the school district?

22 CHAIRPERSON BUCHANAN: In other words -- yeah. In
23 other words, you're -- the charter school eligibility is
24 based on the number of classrooms it has and the students
25 it's serving and the district will be based on the number of

1 classrooms that it has in its traditional program and the
2 students it's directly serving.

3 MS. MOORE: Well, I will just speak from the --
4 and a comment on that is that this was a major sticking
5 point between school districts and charter schools when this
6 program began as I recall and that we looked at trying to
7 solve that sticking point because it set charters and school
8 districts into a bit of an adversarial. I'm taking
9 eligibility from you and we're moving it over here.

10 So -- and you -- and districts had to -- or that
11 was done automatically I think -- isn't it? And then we
12 changed the law --

13 MR. MIRELES: Um-hmm.

14 MS. MOORE: -- to say that that could be
15 self-certified by the school district and I think it
16 assuaged both charters' and school districts' concerns
17 around the unhoused pupils that were being utilized and it
18 gave greater flexibility to school districts.

19 I think what you're saying is we need to really --
20 you're asking --

21 CHAIRPERSON BUCHANAN: Should we go one step
22 further. I can see the self-certification because I don't
23 want to be -- I don't want to give up eligibility for
24 students that don't reside in my attendance area. So I --

25 MS. MOORE: And/or students that they may be

1 housing in the charter school --

2 CHAIRPERSON BUCHANAN: Right.

3 MS. MOORE: -- but I don't consider unhoused. I
4 have a spot for them --

5 CHAIRPERSON BUCHANAN: Right. So --

6 MS. MOORE: -- in my district and I don't consider
7 them unhoused and they shouldn't be removed from my
8 eligibility.

9 CHAIRPERSON BUCHANAN: Yeah, so --

10 MS. MOORE: Correct?

11 MS. KAMPMEINERT: Right.

12 CHAIRPERSON BUCHANAN: Well, obviously there's
13 more to discuss. Are there any other questions?

14 Okay. We'll move on.

15 MS. KAMPMEINERT: Okay. So the next step then is
16 to look at how the projects actually get funded and this
17 takes us the preference points and the funding matrix on
18 page 7 of the item.

19 And this based on education codes and -- outlined
20 in the SFP regulations, but the projects must be
21 representative of the various geographical regions of the
22 State, urban, rural, and suburban regions, large, medium,
23 and small charter schools and the various grade levels of
24 the people served by the application.

25 Now within each -- those are the main categories.

1 Within each of these categories, then preference is given to
2 projects that relieve overcrowding, charter schools that
3 have a higher percentage of low income students,
4 not-for-profit charters, and charter schools that are using
5 existing district facilities.

6 So there's a total of 160 preference points that
7 an application can receive and it's 40 points for each
8 category. With the nonprofit and rehabilitation as a
9 yes/no, you either are or you aren't and you get 40 points
10 or you get zero points.

11 The low income percentage is based on the
12 percentage of free and reduced lunch, either for the charter
13 school itself, the district as a whole, or a school located
14 within the general location where the charter school plans
15 to build.

16 And then the unhoused district pupils housed in
17 the project, that's the measure of overcrowding that's being
18 relieved and that's a zero to 40 point sliding scale as
19 well.

20 So if a district certifies that none of their
21 unhoused students are going to be housed by the project,
22 then basically the project's doing nothing to relieve
23 overcrowding in the district and it wouldn't get any
24 preference points.

25 And then depending on the certification, it goes

1 from there.

2 So once the points are totaled and the application
3 itself gathers information to determine is this a large
4 charter school -- that's based on the charter school's
5 enrollment. Urban, rural, and suburban regions are
6 determined by the National Center for Education statistics
7 data that uses census data to figure out what type of area
8 it is.

9 The regions -- there's four regions in the State
10 for purposes of this program and that's broken down by
11 counties and defined in regulations and then the grade
12 levels are broken into K-6, 7-8, and 9-12 and it's based on
13 the highest grade level that the project will serve.

14 And what that results in is this green picture
15 down below which is the funding matrix. So what you'll see
16 down there is that the project with the highest number of
17 preference points may not be the first one funded. It's
18 with the highest number of preference points within each
19 category because the main category categories are the
20 regions, the type of local, the size of the school and the
21 grade levels.

22 So then within those categories, that's when the
23 preference points come into play. So if we're looking at
24 Category 1 which is regions, there's four regions, Region 1,
25 2, 3, and 4, and that's the third column over.

1 The numbers in white are the funding order. So
2 you first take the application with the highest preference
3 points in Region 1, then the application with the highest
4 preference points in Region 2, Region 3, and Region 4.

5 So you don't look at any of the other factors
6 except the region and the highest number of preference
7 points. Once you're done with the region, you move on to
8 the urban, rural, and suburban categories and then the size
9 of the school and then the grade levels and you keep going
10 down that matrix in that fashion until we're out of bond
11 authority for the projects.

12 So that was the method that was designed to meet
13 the education -- the Education Code requirements and to
14 apply that fairly to everyone.

15 Once that matrix is determined, then the
16 applicants that are within the bond authority are presented
17 to the State Allocation Board for preliminary apportionment
18 approval.

19 And we have had more applications than bond
20 authority in all of the filing rounds that have been held so
21 far.

22 CHAIRPERSON BUCHANAN: I think we have a question.

23 MS. MOORE: Well, I don't have a question, but I
24 have a comment and that is -- maybe this is one of those
25 that we put into the what are we going to do in the future.

1 But it appears that the law was written to achieve
2 certain objectives and those objectives, it appears to me,
3 is that to ascribe them funding throughout different regions
4 of the State and throughout different types of communities,
5 rural, suburban, urban, and how successful were we at that,
6 I guess would be my question.

7 We don't have the data necessarily broken out in
8 that way, but did it achieve that objective and then in
9 achieving that objective, is that what the charter
10 schools -- and I'd love to be hearing from them. Is that
11 what the charter schools -- charter community felt was a
12 fair deal.

13 And -- because it's very complex in how -- it's
14 very complex to administer -- I think for you all to
15 administer this and also if I was charter, you kind of throw
16 your application in and then it just depends really where
17 you fall in these categories as to whether you were funded
18 or not, which isn't very stable for them to be thinking
19 about how they work their projects.

20 So my question I think for us -- or for the
21 Legislature when they look at charters again is this was put
22 in place for an objective. Was it met? Is it necessary in
23 the future and if not, is there a better way to actually
24 apportion limited resources to charters.

25 And I guess the best community to hear from about

1 that would be the charter community and if they can maybe --
2 whether it's today or another day, address that because it
3 seems very complex.

4 CHAIRPERSON BUCHANAN: I agree.

5 ASSEMBLYMEMBER HAGMAN: I'll make just one comment
6 that at least it's very transparent and I really appreciate
7 that. You at least look at districts who are large, small,
8 a lot of times have a lot more resources to be focused on
9 grants and those type of things -- and I know things are
10 available to them.

11 So this is an attempt to distribute it across all
12 those different lines and, you know, I kind of like the
13 attempt at it. Whether or not it actually worked out to the
14 way it was planned or not --

15 CHAIRPERSON BUCHANAN: Yeah. I agree. Except it
16 is complex and the question is what has created problems for
17 districts participating and the fact that there's a
18 difference in school's ability to produce FAPE by region and
19 of course there could be a higher concentration in some
20 regions than others or there are other barriers that create
21 a problem such as how do they come up with the 50 percent
22 match, you know, having to borrow money to come up with the
23 50 percent match. You know, we don't -- I mean most school
24 districts don't go out and borrow money for their 50 percent
25 match. I mean they do with bonds but not in the same way.

1 So I mean I -- while it's transparent, it's --
2 we've also seen relief, you know, that we've had to extend
3 rounds and other things to get the money out. So I --

4 ASSEMBLYMEMBER HAGMAN: We heard from the report
5 that they have had lack of applications to get the funding
6 out, but, you know, we could also compare that side by side
7 with our standard school grants and --

8 CHAIRPERSON BUCHANAN: Right.

9 ASSEMBLYMEMBER HAGMAN: -- see how that's been
10 distributed. You know, how many school districts really
11 have received money over the last ten years. Have they all
12 done it? Is it equal to the number of students? You know,
13 I would say probably not. I would say the higher
14 concentrations -- primarily to larger school districts
15 who've had the resources to go through the process and
16 things like too.

17 So, you know, you compare apples and apples and
18 see if that worked out, but, you know, it's a good
19 reflection.

20 MS. MOORE: I think that is and I'm not
21 necessarily saying that the objectives are not necessary.
22 I'm just saying let's revisit them. Did they achieve -- did
23 we achieve the objectives and if so, do they need to remain
24 in law, and/or if they are not -- if they're a hindrance to
25 the program funding -- I'm just looking at that because it's

1 a -- it's how it's been operating because it sits in law.

2 And there was -- obviously when the law was
3 developed, there was a reasoning for that law to develop
4 that way. I'm just saying we ought to revisit it again with
5 no prejudice.

6 MR. REYES: Yeah. And I think your point about
7 having charter schools come in tell us because they're the
8 ones that are impacted by this as opposed to (indiscernible)
9 streamlining and then causing conflict at the local level
10 because then they do have brother going against brother in
11 terms of for limited resources and (indiscernible) with one
12 group or another.

13 And so (indiscernible) to hear from charter
14 schools. At some point -- not necessarily now but later on
15 as this is further developed what the pros and cons are.

16 CHAIRPERSON BUCHANAN: Right. Any other comments?
17 Okay. We'll keep going.

18 MS. KAMPMEINERT: Okay. So the next step after
19 the preliminary apportionments have been made using the
20 funding matrix is the process to convert to a full funding
21 application.

22 Again they have four years with the option of a
23 one-year extension to convert to a full funding application.
24 Now the timeline, as you may remember from multiple Board
25 discussions, that stopped and started for several of the

1 preliminary apportionment applicants based on the State's
2 fiscal crisis.

3 But as it's written, they have four years with a
4 one-year extension to convert to a full funding application
5 and the steps to convert has some unique aspects.

6 One thing that's unique to the program is that the
7 program is designed to provide advance funding for design
8 purposes and for site acquisition. Sometimes the charter
9 schools are not in a position to fund these up-front costs
10 without participation from the State. So they -- what they
11 can do is come in and ask for a percentage of their
12 preliminary apportionment early so that they can get started
13 hiring an architect, designing the plans, submitting to the
14 State agencies, and also acquiring a site.

15 Now, to do that, they have to have certain things
16 in place depending on what they're asking for. If they are
17 asking for design requirements -- the funds for design
18 requirements, then they -- there are a few things that they
19 need to do, but some of the steps are lengthier than others.

20 They need to file a fund release authorization,
21 the Form 50-05, which is -- that itself is a simple form.
22 It just asks for the money.

23 But before they can file that, they need to have
24 current financial soundness from the California Schools
25 Finance Authority. So if they've done a preliminary

1 apportionment and it's been a year and they're ready to come
2 in for the design funds, then the financial soundness is
3 evaluated again before that funding can be released and they
4 also have to have entered into the Charter School
5 Agreements.

6 We touched on those briefly earlier, but basically
7 those agreements outline how -- what the responsibilities
8 are with all parties and then the requirements for paying
9 the funding back.

10 Now, in addition to those things, if they are
11 requesting for funding for site, they need to provide an
12 updated 50-09 form which is the application form which also
13 asks -- it potentially updates the costs for the site, but
14 they need to have either a full or a preliminary appraisal
15 for the site that they have in mind and a contingent fee
16 site approval letter.

17 So they need to have been working with CDE. They
18 don't get all the way to having a final site approval
19 letter, but they need to be working with CDE to make sure
20 that that is a viable site that they're requesting the
21 funding for.

22 So once they have those things in place, they can
23 ask for the funds and for design, the advanced fund release
24 is equal to 10 percent of the total estimated project costs
25 without including any of the site acquisition costs.

1 ASSEMBLYMEMBER HAGMAN: I was going to say on the
2 bottom of page 9, you have 20 percent. Is that a typo?
3 This math doesn't work out one way or the other, so --

4 CHAIRPERSON BUCHANAN: Right.

5 MS. KAMPMEINERT: Yeah. We flipped back and
6 forth. I apologize. It's 20 percent of the State share,
7 10 percent of the total, so --

8 CHAIRPERSON BUCHANAN: Okay.

9 MS. KAMPMEINERT: If we're assuming that
10 10 million is the total cost, then that second line should
11 read 10 percent.

12 ASSEMBLYMEMBER HAGMAN: Okay. Do we have this
13 10 percent maximum design cost on other State project like
14 high speed rail and such?

15 MS. KAMPMEINERT: I am not sure.

16 CHAIRPERSON BUCHANAN: Yeah. 10 percent is
17 actually for the --

18 MS. KAMPMEINERT: So it is 10 percent of the
19 total, 20% of the State share. Thank you for that
20 clarification.

21 So that amount is eligible to be released once
22 they have submitted the appropriate documents and then
23 that's later offset from any final apportionment that they
24 get.

25 So it's not in addition to the preliminary

1 apportionment. It draws down from the authority that's
2 already been reserved for the project.

3 And then the site acquisition request, that
4 amount, that's determined with the preliminary apportionment
5 request using the funding request, so it's either based on
6 the estimated cost of the acreage and the area or based on
7 an appraisal of the specific site they have in mind.

8 So if they've reserved \$5 million for the project,
9 the advance release for site acquisition would be the
10 straight \$5 million and then that number is refined later
11 when the project converts to a full funding application and
12 if the costs have changed, then it's adjusted accordingly
13 later on.

14 ASSEMBLYMEMBER HAGMAN: Just so I could be clear.
15 I'm sorry to interrupt, Madam Chair.

16 So basically out of this \$10 million project, the
17 charter schools come up with their match of 10 million too,
18 but they have the State money up front to do all the
19 pre-design work, to acquire the land.

20 But at some point, they're going to have to kick
21 in their own money to actually finish the project; right?
22 And they have to show some kind of proof or letter of --
23 they have the money in the bank or they have an approved
24 loan from the State for the other 10 million. They have to
25 have some kind of process for that; right? To check on

1 that?

2 MS. KAMPMEINERT: Right. Actually that's a nice
3 segue into the Charter School Agreements, but the -- most of
4 our applicants -- and I don't have the exact percentage on
5 here. But most of our applicants take the loan from the
6 State.

7 So if they have a \$10 million project, 10 million
8 grant, 10 million is usually a loan from the State. So when
9 we're providing the apportionment, we see that as
10 \$20 million project --

11 ASSEMBLYMEMBER HAGMAN: So you're looking at the
12 whole thing, make sure it's healthy, before you get it --

13 MS. KAMPMEINERT: Right. And then the Charter
14 School Agreements, there's -- it's potentially three
15 documents. One of them is a funding agreement and that's
16 entered into between the applicant and the State -- the
17 amount of funds that are being borrowed, it sets the terms
18 of the loan, the -- discusses the responsibilities, when
19 payment is due.

20 So there are legal documents that the charter
21 school has to sign before the State will release any funds.
22 So before you get your design apportionment, you have to
23 have entered into memorandum of understanding and the
24 funding agreements with the State and then that's the legal
25 document that allows the State to make good on the loan in

1 the future.

2 And then there is also a third piece of the
3 Charter School Agreements. That is the facilities use
4 agreement.

5 So in the event that the school district is
6 holding title to the facilities, then the facilities use
7 agreement is between the local school district and the
8 charter school and that outlines the rules for using the
9 facility itself in the future and who's going to be
10 responsible for things like maintenance and if there's going
11 to be a fee, things like that.

12 So those three documents have been developed by
13 the -- excuse me. Two of those documents, the memorandum of
14 understanding and the funding agreement which are the
15 documents that the State is a party to, have been developed
16 by the California School Finance Authority and adopted also
17 by the State Allocation Board. So those are template
18 documents. The details are filled in for each charter
19 school depending on --

20 CHAIRPERSON BUCHANAN: And do the charters get,
21 for example, 1D money and there is LCP or audit requirements
22 or whatever, they're still subject to the conditions of that
23 bond; correct?

24 MS. KAMPMEINERT: Yes. So again template
25 documents for the MOU and the funding agreement. The

1 facilities use agreement, that format can look different
2 depending on which school district and which charter school
3 are entering into it. The State does review that to make
4 sure that there's nothing in conflict with the program, but
5 other than that, working out that agreement is left to the
6 local decisions.

7 That brings us to financial soundness updates on
8 page 11. The -- another requirement is that the applicant
9 maintain financial soundness throughout this process.

10 So financial soundness is done when the applicant
11 is applying for a preliminary apportionment, at the time of
12 any advance fund release, and at the time of final
13 apportionment.

14 CSFA makes that determination and each time the
15 review is conducted, the determination is valid for six
16 months. So if the preliminary apportionment determination
17 is done and the charter school one month later comes in and
18 asks for the design or the site funds, then they would not
19 necessarily have to redo financial soundness, but if it's
20 been a year or two years, then the financial soundness is
21 updated.

22 After the final apportionment stage, there are no
23 further financial soundness determinations made. Basically
24 the rules then fall back over to the Charter School
25 Agreements.

1 And then the issue as to who holds title,
2 historically title has been held to -- title of these
3 facilities has been held by the school district where the
4 project is physically located regardless of the district's
5 level of involvement. And this was a requirement until
6 SB 592 came into place in 2010 and that allowed charter
7 schools to submit a request to hold title.

8 And the title can be held by either the charter
9 school or the school district or a local governmental entity
10 was an option as well.

11 And what the charter school does is they submit a
12 request to hold title and they outline the reasons why title
13 was not held by the local district or by a local
14 governmental entity and then then also agree to conditions
15 that will be placed on the title if the charter school is
16 the entity that will be holding it.

17 There are three conditions. There's a restrictive
18 covenant, a remainder interest, and a lien.

19 The restrictive covenant specifies the facility
20 will only be used for public school purposes as authorized
21 in the Constitution and law.

22 The remainder interest states that the -- that
23 there's a remainder interest that is triggered when the
24 charter school ceases to use the facilities for charter
25 school purposes. And what this says is it passes title to

1 the school district in which the facility is physically
2 located or if the district disclaims that interest, then it
3 passes to the State Allocation Board.

4 The other piece is a lien. A lien is recorded in
5 favor of the State Allocation Board for the total amount of
6 the bond funds allocated. That includes both the grant
7 amount and any loan amount if it applies.

8 So the final step in that is that if a charter
9 school is requesting to hold title and has submitted the
10 appropriate documents, they still need to go before the
11 State Allocation Board and the State Allocation Board makes
12 a finding that determines whether or not the charter school
13 has met the legal requirements to hold title.

14 The Board is not in a position of saying yes, it's
15 a good idea or no, it's not, just whether or not they've met
16 the requirements to do so.

17 MS. MOORE: Barbara, I do have a question. The
18 chain of interest in the title is different than the chain
19 of interest of outstanding loan obligations. So are you
20 saying that in our program that either the charter holds
21 title or the school district holds title or an approved
22 third entity holds title? And if the charter goes away that
23 the first course of that is that the school district then
24 has title to that property? Is that correct?

25 Or who's first after a charter goes away?

1 MS. KAMPMEINERT: The school district is first
2 after the charter goes away.

3 MS. MOORE: So if the title was held by the
4 Community Services District, then that title reverts to the
5 school district.

6 CHAIRPERSON BUCHANAN: I thought you said the
7 school district has the option to bring that school into
8 its --

9 MS. KAMPMEINERT: They do. They do have the
10 option to bring --

11 CHAIRPERSON BUCHANAN: So they could say our
12 school -- our students are adequately housed, we do not
13 elect to bring this facility into our school district.

14 MS. MOORE: I think it goes to them. It -- by
15 interest it goes to them whether they want it or not.

16 CHAIRPERSON BUCHANAN: Even if it's not --

17 MS. KAMPMEINERT: They can --

18 MS. MOORE: First.

19 ASSEMBLYMEMBER BUCHANAN: -- their school?

20 MS. MOORE: And then they -- and then what happens
21 after it -- I mean they're the first line; right?

22 MS. KAMPMEINERT: They're first in line, but the
23 requirement is that it's offered to another charter school
24 to take it over under the same terms.

25 Now, it's our understanding from legal that it

1 goes to the school district first because it has to go
2 somewhere once that first charter school disappeared.

3 CHAIRPERSON BUCHANAN: Even if the school
4 district's not the chartering organization.

5 MS. KAMPMEINERT: Even if the school district's
6 not the chartering organization. So it goes to the district
7 where the project is physically located. The district
8 can -- if the charter was holding title, the district can
9 disclaim that interest. They have to actually notify the
10 State Allocation Board that they don't want to hold title
11 and then it would go to the State Allocation Board.

12 But if there's no notification, then it's going to
13 go to that district where the project is physically --

14 CHAIRPERSON BUCHANAN: So in essence, the school
15 district has to -- they either take it or they deny -- they
16 don't have to take it.

17 MS. KAMPMEINERT: They don't have to take it.

18 CHAIRPERSON BUCHANAN: But they can notify you
19 that they don't have an interest. I mean --

20 MS. MOORE: And then we have it.

21 CHAIRPERSON BUCHANAN: Then we have it; right.
22 Because it might be an office building that doesn't meet the
23 requirements for -- to go to the school district; correct?

24 MR. MIRELES: Well, it does have to go -- any --
25 if they qualify for funding, then they have to go through

1 and have approval by DSA. So the buildings have to be up to
2 the same standards as regular school districts. So it can
3 be just an office front. I mean they can retrofit it.

4 CHAIRPERSON BUCHANAN: Or office -- but, yeah.

5 MR. MIRELES: But they can retrofit it to be Field
6 Act compliant. They have to to be Field Act compliant just
7 like a school district would have.

8 MS. MOORE: And this is all theoretical so far
9 because we've never had this situation happen; correct?

10 MS. KAMPMEINERT: Correct.

11 MS. MOORE: Have we had -- in fact have we had any
12 charter that has not -- that we have done a final
13 apportionment on not proceed to ownership of their project?

14 MS. KAMPMEINERT: We have had one.

15 MS. MOORE: Um-hmm.

16 MS. KAMPMEINERT: It was before some of the
17 protections and provisions were in place, so they received
18 only I believe design funding from us, but they had a final
19 apportionment, but had not requested the fund release from
20 us yet.

21 MS. MOORE: So we didn't invest in that.

22 MS. KAMPMEINERT: \$200,000 I think and it was
23 resolved -- it's being still worked out I believe, but -- so
24 there was minimal and there have been protections in place
25 since then. Now there are no -- no funds are released

1 unless the agreements are in place. This was prior to that
2 change in the regulations.

3 MS. MOORE: Okay.

4 MS. KAMPMEINERT: But we've only had the one
5 charter school that has gotten a final apportionment that
6 has had any sort of funding associated with it that has not
7 gone forward.

8 We've had one other charter school that received a
9 final apportionment, but they've never accessed any type of
10 funding from the State. So when their final
11 apportionment -- when they didn't submit their fund release
12 request, then just all of the bond authority returned to the
13 program and -- due to the time limit on fund release
14 deadline.

15 So they just weren't moving forward with their
16 project. Nothing was ever built on the second one.

17 MS. MOORE: I have one other question. I don't
18 know if it's appropriate here, if you want to answer it when
19 it is appropriate.

20 I know that we had the -- how you estimate what
21 you reserved for those charter schools and there was a
22 healthy -- as I recall, a healthy reserve in there that
23 actually didn't go -- it didn't follow with the project. I
24 think you just kept it in OPSC. Is that -- or maybe it
25 followed a project. I can't recall.

1 I would just be interested in -- and if you don't
2 have the information today, but over the course of it. Did
3 we do good estimating and did that serve you well or did we
4 underestimate or did we overestimate and if we
5 underestimated, you know, we could have possibly done more
6 projects.

7 So how did that work out, I think is what I want
8 to know, over the course of your work with charters and
9 could we improve on it to better serve them?

10 MS. KAMPMEINERT: I think we can get back to you
11 on that because we've just had a deadline for the
12 Proposition 55 round, so we would have a better idea once
13 we've processed some of those applications about what that
14 looked like. So we could give you some information on that.
15 I don't have a --

16 MS. MOORE: Yeah.

17 MS. KAMPMEINERT: -- a good --

18 MS. MOORE: So just when you're able.

19 ASSEMBLYMEMBER HAGMAN: We keep talking about the
20 safeguards, but you're saying that out of these three or
21 four pots of money and only have one project and that's a
22 very minor amount for being fulfilled. So it sounds like
23 the protections are pretty good in place right now if that's
24 their criteria.

25 There's been enough people applying for the money.

1 Did we have any really disasters out there as far as
2 projects?

3 MS. KAMPMEINERT: Yeah. Actually we've had
4 several charter schools that have been built. We've got a
5 couple pictures in here. These are real schools that are
6 funded under the program, not just ones that we've randomly
7 found. So we have had some great successes. There have
8 been some wonderful projects built.

9 We have a lot of projects that have received
10 preliminary apportionments that are still working through
11 the process at this point too though. So we're still --
12 with the fiscal crisis, it did interfere with the timeline.
13 So I think we're still kind of waiting to see how everything
14 goes, but --

15 MS. MOORE: It also might be appropriate at a
16 certain time to hear -- I know they're probably not prepared
17 today, but to hear from the School Finance Authority. It's
18 an unusual -- from all other programs and Mr. Reyes and I
19 sit on the School Finance Authority Board as well with the
20 State Treasurer.

21 They have a unique role in this program and that
22 is the financial soundness and again the evaluation from
23 their perspective of how that's worked and how it's worked
24 with you all, it might be that that additional protection of
25 the School Finance Authority indicating yes, we've taken a

1 look at their financials, they look solid as best as we
2 know.

3 I don't know if they've -- I mean sitting on that
4 board, I don't recall that anybody came forward that we
5 didn't have a financial soundness. Some had to wait for
6 their financial soundness just recently until they had
7 another round of financials available.

8 I'm not sure if we ever said no, you cannot move
9 forward, you're not financially sound. I think they were
10 dissuaded perhaps from applying within that system.

11 But it would be good to hear from the School
12 Finance Authority on their role in the system as it is their
13 other -- you know, obviously the Department of Education,
14 Department of General Services with the Division of State
15 Architect and the Department of Toxic Substance Control all
16 have unique roles in this process that it would be
17 beneficial to hear from -- their ideas around when we move
18 into the idea phase.

19 CHAIRPERSON BUCHANAN: Any other questions?

20 MR. DIAZ: I have a question. How many schools
21 have actually gone and received funding? Do you know right
22 off the top?

23 MS. KAMPMEINERT: Off the top of my head, I don't
24 have that number handy, but we can certainly get that for
25 you.

1 There are quite a few schools that have a couple
2 years left on their deadline to do that, but we can get you
3 totals to date.

4 What I can get you is for the -- what I do know is
5 for the first two rounds with the six in Proposition 47, we
6 had two that went from preliminary apportionment to final
7 apportionment and accessed their funds. And in Proposition
8 55, we have 16 that have so far converted to a final
9 apportionment, but some of those are still being processed.
10 So they may not all have accessed their funds.

11 And then there are some from the other two filing
12 rounds, but those numbers I don't have for you today.

13 MR. DIAZ: Okay. Thank you.

14 MS. MOORE: Barbara, did you say there were 81
15 that went for preliminary apportionments?

16 MS. KAMPMEINERT: Yes.

17 MS. MOORE: So there's I think -- what did you
18 just say? So 6, 18, and 2 that you know of so far that have
19 been completed? So 20 projects completed?

20 MS. KAMPMEINERT: That have received funding. I
21 don't know that those are all completed and --

22 MS. MOORE: But have gone to final apportionment.

23 MS. KAMPMEINERT: Yeah. And that number's a
24 little bit higher because I know we have some from the
25 Proposition 1D round. I just don't have that off the top of

1 my head.

2 CHAIRPERSON BUCHANAN: I just have to clarify
3 something. What we're saying is the charter school
4 participates in the State building program; right? They
5 have to build to our standards. What happens to those
6 schools who -- I mean -- well, maybe I should say office
7 buildings, but there are charter schools who go out and find
8 vacant -- maybe they're not in our program, but --

9 MR. SAVIDGE: They can go to local jurisdictions
10 or some of them go to DSA. It depends, but they can --

11 CHAIRPERSON BUCHANAN: Right.

12 MR. SAVIDGE: They can exercise either of those
13 options.

14 CHAIRPERSON BUCHANAN: Do we know what percentage
15 of our charter schools fall into the two categories? I mean
16 clearly if you're -- if the district has space available and
17 is providing it, they're going to be in district facilities,
18 but there are a number of charter schools that are not and
19 so then they're -- clearly they're not participating, but if
20 they do, do you bring -- you're required now that you bring
21 the whole facility up to those standards? Part -- the part
22 that you're taking on? What do you do there?

23 MR. SAVIDGE: At the district that I was at, we
24 had two different charter schools that were in private
25 facilities, leased warehouse spaces or spaces in office --

1 business parks, converted them to charter schools, so
2 they're subject to the -- at the time, it was California
3 Building Code.

4 CHAIRPERSON BUCHANAN: Right.

5 MR. SAVIDGE: Now it's the International Building
6 Code.

7 CHAIRPERSON BUCHANAN: Right.

8 MS. MOORE: And you can get -- we have over 900
9 charters -- correct me.

10 CHAIRPERSON BUCHANAN: Right. Close to a thousand
11 I think.

12 MS. MOORE: Right now. So in -- more than that,
13 I'm sure the Charter Association knows. Is it --

14 CHAIRPERSON BUCHANAN: Close to --

15 MS. MOORE: 1065 charters now of which 81 are in
16 this system of which 20 have gone to final apportionment.

17 CHAIRPERSON BUCHANAN: So are we -- but what
18 percentage are we saying fall into the -- what I would call
19 your traditional classrooms that are -- you know, would be
20 eligible for the State building program, what percentage
21 fall into using other spaces? Do you have any idea?

22 MR. MIRELES: We don't have that information.

23 MR. SAVIDGE: Yeah, we don't.

24 MR. MIRELES: I'm not sure if the association
25 would, but we don't. We just track the ones that come in

1 and apply for funding under our programs.

2 CHAIRPERSON BUCHANAN: Okay.

3 MS. KAMPMEINERT: Okay. So I think that brings us
4 to the final step which is the actual final apportionment.

5 So once the charter school has obtained the
6 necessary approvals from the State -- well, let me back that
7 up. Once they've actually designed the project, decided on
8 the site, gotten the necessary approvals from DSA, from CDE,
9 and from -- is they need to do any sort of toxics or
10 cleanup, then they can come in with a funding request to
11 convert the preliminary apportionment to a full funding
12 application.

13 And once it gets to this stage, the application
14 components in the process are almost exactly the same as
15 that for a school district that's submitting for new
16 construction or modernization. So they even fall into the
17 regular form that the school districts would use to apply
18 for funding, the exception being of course that they need to
19 have that financial soundness determination done before the
20 State Allocation Board makes a finding for final
21 apportionment.

22 And then the grants and the funding that's been
23 reserved for them at the time of preliminary apportionment,
24 this is where it gets adjusted so that it reflects what's
25 actually designed and planned to be built.

1 Now, the preliminary apportionment is an estimate,
2 but that the bond authority that's been reserved for the
3 project. So if the project comes in and it would qualify
4 for more funding than the preliminary apportionment, it's
5 possible that that could be provided to the charter school
6 provided that the program has bond authority available.

7 If there is no bond authority available in the
8 program, then the charter school can choose to take the
9 amount that is available which should be no lower than their
10 preliminary apportionment amount or they can end up with
11 some of the funds on a waiting list if authority returns to
12 the program at a later date.

13 However, the costs that are estimated, they need
14 to be verified. So if we verify -- estimated that there is
15 a certain amount for site acquisition available, then that
16 needs to be followed up with an appraisal or an actual
17 purchase price for the site.

18 So everything's worked out so that they are
19 receiving the funding that the final documents allow for.

20 If there is excess money in the preliminary
21 apportionment -- so if we're reserved \$10 million for the
22 project and it's only justifying \$8 million, then the
23 balance, the extra \$2 million, returns to the program to be
24 used at a future date for other projects.

25 ASSEMBLYMEMBER HAGMAN: So use your \$20 million

1 example, the 10 and 10, would that be like a thousand out of
2 their loan and a thousand out of the grant?

3 MS. KAMPMEINERT: Yes.

4 ASSEMBLYMEMBER HAGMAN: So equally. So it comes
5 out of each --

6 MS. KAMPMEINERT: It comes out of each. It's a
7 50-50 program. So everything that results in the end is
8 50-50 including the design fund releases and site
9 acquisition fund releases. It's all straight down the
10 middle 50-50.

11 And then just the final piece of that is the
12 actual funding again is released by -- the actual funding
13 release is offset by any of the advance fund releases. So
14 if you've gotten your design funds before and you've now
15 submitted your final apportionment, when it comes time to
16 receive a fund release for your final apportionment, you get
17 the difference between your final apportionment amount and
18 anything that the State's already released to you.

19 And with that, we've got our picture here and then
20 on the attachment on page 13, we've got some of the grants
21 just to give you an example of the things that charter
22 schools can ask for at the beginning and other than that, I
23 would be happy to answer any more questions.

24 CHAIRPERSON BUCHANAN: Any more questions from
25 members here? Are there any comments from the public on

1 this portion of the agenda?

2 MS. LOW: Just to answer a couple of the questions
3 that came up. On the preference points, my inclination is
4 to say due to the number of schools who haven't been able to
5 access the money --

6 MR. SAVIDGE: Why don't you state your name for
7 the record.

8 MS. LOW: Oh, sorry. Michelle Low with the
9 Charter Schools Association -- is that because only, you
10 know, 81 schools have been able to access this and take on
11 that local matching share, my inclination is that the
12 preference points didn't really come into play in it.

13 However, we do have a work meter on the schools
14 who have actually come in through this program at CCSA right
15 now and I'm happy to ask them and to talk them about that
16 came into play and also run the data for you.

17 And on the schools around California that -- what
18 kind of facilities they're in, again that's data we're
19 trying to get right now. We know a lot about our own
20 members. Not all charter schools in California are our
21 members, but we're doing a facility survey of the State
22 right now trying to get a better idea of where charter
23 schools are at and what kind of facilities they're in and
24 what grants they're getting.

25 CHAIRPERSON BUCHANAN: Okay. That would be all

1 the data -- the more data you can give us, the better.

2 MS. LOW: We're trying.

3 CHAIRPERSON BUCHANAN: For those of us who like
4 data, but it certainly will help us with decision making.

5 MR. SAVIDGE: You know, I think one of the
6 experiences that we had at the school district that I was at
7 with the charter school project, we had a Prop. 1D project.
8 I would say that the program was cumbersome and difficult to
9 navigate in many areas.

10 One of the most difficult was reaching agreement
11 between the charter school and the school district on the
12 facilities use agreement. Oftentimes you're talking about
13 setting parameters of use where you're four or five years in
14 the future and relationship issues come into play somewhat
15 between the charter school and the district and our -- they
16 were okay at the district that we were in, but the number of
17 agreements and the overall complexity of the program, it
18 just made it difficult I think to perfect the application.
19 Just as an aside and reflecting on our experience at West
20 Contra Costa when I was there.

21 MS. LOW: And also on that note, charter schools
22 don't necessarily have facility experts on their staff. A
23 lot of time, it's their executive director who is going
24 through this application process and the districts are the
25 ones that have the facilities staff.

1 So to actually weave their way through the
2 complicated process, it's difficult for them.

3 CHAIRPERSON BUCHANAN: Well, I think to the extent
4 you can have a good working relationship, it's better. I
5 think part of our goal is to streamline everything we can
6 and certainly the Governor indicated his proposal. He'd
7 like to see more streamlining.

8 So I think -- you know, that's a positive and --
9 but when we come back and talk about this in more detail, it
10 would be great if you had more information for us.

11 MS. LOW: Yeah. I will bring back as much data as
12 I can get for you.

13 CHAIRPERSON BUCHANAN: Right. And any other
14 feedback you have on, you know, how the program's working
15 would be great.

16 MS. LOW: Definitely.

17 CHAIRPERSON BUCHANAN: Okay. Thank you. Any
18 other comments?

19 MR. BUSH: Hello. My name is Jim Bush. I'm with
20 School Site Solutions. I help a number of charters through
21 this process and I would echo Bill's comment about the use
22 agreement and maybe answer Assemblyman Hagman's issue about
23 the five-year agreement.

24 The use agreement is a long-term, 20, 30-year
25 agreement that you have to reach in order to get the

1 funding. So that five-year agreement that you might be
2 familiar with gets converted to a long-term agreement once
3 you enter this program.

4 ASSEMBLYMEMBER HAGMAN: Does that preclude a newer
5 charter school listed down here three or four from
6 participating in a program like this if they can't show the
7 facility they do secure is going to be there for 20 years
8 though. That's how -- is that cumbersome for the charter
9 school?

10 MR. BUSH: Yes. It depends on the working
11 relationship with the school district. I represented a
12 charter in the Sacramento area that had a good relationship
13 with the school district and they were going down the road
14 to buy a piece of property and build a charter and then
15 there was a change in administration and they couldn't reach
16 the use agreement even though the district purchased the
17 property and the charter had to go find another piece of
18 property and ask this -- the Board for title -- you know,
19 approval to hold title and all the expenditures on the first
20 project, CEQA and CDE and all those things, you know, had to
21 be eaten by the charter.

22 But the use agreement is probably the single most
23 difficult thing for a charter. I know of a large district
24 in Southern California that it sometimes takes up to two
25 years to get this use agreement through their process.

1 So if there's some way to in the early stage of
2 this program to identify the issues that a charter and the
3 district need to agree upon and have them agree upon it
4 before you get to the funding stage where then you can't
5 agree upon it and you've already gotten allocation, then
6 that's a difficult situation and a lot of charters are
7 caught up in that.

8 ASSEMBLYMEMBER HAGMAN: Is there something that
9 you would think -- if someone's involved in our program -- I
10 mean because, you know, leasing a school from the school
11 district can't be an everyday occurrence for every school
12 board member and every superintendent. It's going to happen
13 pretty rarely.

14 Is there some guidelines or do you have certain
15 criteria in order to approve for these dollars to come
16 there, is it like here's a use agreement that they have to
17 use as well? Is that something we even want to consider to
18 help take that back and forth when there is no really
19 guidelines on that agreement.

20 Have to say we agree to use this school site.
21 Here's the standard use agreement that everyone has to work
22 with. I don't know.

23 CHAIRPERSON BUCHANAN: We had joint-use agreements
24 with the cities or the counties that overlapped with our
25 school district boundaries and just relatively simple

1 joint-use agreements on things like gyms and swimming pools.
2 Some of them took us a year to a year and a half to write.

3 Bill's nodding his head, so it's not -- you know,
4 it seems -- it's not as easy to do and I agree that you need
5 to streamline it and, you know, having been on the board and
6 knowing people who are currently on boards, you know, you
7 get into we need, you know, some kind of an assurance that
8 they're there to act in the best interest of, one, the
9 district's kids but also to manage the district's money and
10 that's one of the reasons I was asking some of the financial
11 questions earlier because, you know, I think if you remove
12 the financial liability from the district, even though we
13 haven't had a problem yet, but as the program grows, you
14 also potentially increase the probability that, you know, a
15 charter may not be successful.

16 And -- but I think to the extent you can work that
17 out for a district so that it has assurances that it's not
18 going to end up taking over a school along with debt or
19 whatever and we can work some -- that's going to be easier
20 to work through the joint-use agreements.

21 Any other testimony? So we're going to move onto
22 Modernization then.

23 MS. KAMPMEINERT: And Tracy Sharp will be
24 presenting it.

25 MS. SHARP: Hello, everyone. So I'll be speaking

1 to the Modernization Program today. At a previous meeting,
2 we did a quick overview of the Mod Program and today we're
3 going to focus on the eligibility of the Modernization
4 Program.

5 So the Modernization Program provides funding to
6 renovate, modernize, or replace existing school buildings.
7 Funding is based on a per pupil grant amount and it's site
8 specific. Different than new construction eligibility.
9 Eligibility is established at a particular site and funding
10 then is focused on that one site.

11 So when we establish modernization eligibility,
12 we're basically focusing on a comparison of the enrollment
13 to the eligible buildings on the site and eligible buildings
14 are permanent buildings that are 25 years old or portable
15 buildings that are 20 years old.

16 And so the big question for a district
17 establishing eligibility is how many pupil grants are going
18 to be established by an individual site. So today we'll
19 focus on looking at how we establish modernization
20 eligibility, look at a couple of examples of options for how
21 you would establish, adjustments once it's been established,
22 and some other considerations especially additional funding
23 that's available for those buildings that are 50 years old
24 or older.

25 So one of the things I mentioned was the age of

1 the building. For portable buildings -- you'll see a
2 picture there on page 15 under the 20 of a common portable
3 building and the age of that building is determined by
4 looking at the date that the plans for that building were
5 approved by DSA, adding 12 months, and then 20 years after
6 that 12-month date is when that building becomes eligible.

7 And then the same logic applies for permanent
8 buildings, only it's 25 years.

9 Now, if the building has reserved State funding
10 from say the Lease-Purchase Program, that 20 and 25 years is
11 going to start from the date of apportionment that they
12 received funding for that.

13 So the first step if I'm a district for
14 establishing modernization eligibility is to take an
15 inventory of my site. I'm going to look at all the eligible
16 school buildings on that site and create a list of what's
17 called our gross classroom inventory of the site.

18 So the gross classroom inventory is going to
19 include all the buildings on the site, their year that they
20 were built, which I described earlier, their use whether
21 it's a classroom or other type of facility, the grade level,
22 and then of course whether it's permanent or portable.

23 And we get some assistance for consistency sake
24 from the Education Code and the School Facility Program
25 regulations with defining what a classroom is and what a

1 portable is or a permanent classroom as well.

2 And so helps us with ensuring consistency in our
3 gross classroom inventory count.

4 If I can point you to the diagram on page 17, we
5 have a potential school site, OPSC Elementary. As of
6 January 2013, we've got some -- five K-6 classrooms there
7 that are all permanent based on their age. They're 33 years
8 old and a couple of portable and so -- a library and
9 multipurpose room and admin space.

10 Based on their age, we've color coded them, the
11 yellow one for the eligible buildings because these
12 permanent buildings here are 33 years old. The portable is
13 22 and the library is not yet eligible because it's only
14 22 years and the multipurpose room is only 4 years old, so
15 it's not yet eligible.

16 So for the purposes of the gross classroom
17 inventory, all of that information is needed to help us
18 establish the baseline eligibility.

19 ASSEMBLYMEMBER HAGMAN: So I understand this --
20 I'm sorry.

21 MS. SHARP: Um-hmm.

22 ASSEMBLYMEMBER HAGMAN: In the previous page, you
23 have a lot of, you know, square footage stuff: not in excess
24 of 2,000 square feet, this and that. How does the square
25 feet fit into your equation? It sounds like it's just by

1 age; right?

2 MS. SHARP: It's by age, but when we are
3 calculating the actual eligibility -- when I get into the
4 two options for determining the eligibility, we're going to
5 use that square footage --

6 ASSEMBLYMEMBER HAGMAN: Okay.

7 MS. SHARP: -- as one of our options for
8 calculating.

9 ASSEMBLYMEMBER HAGMAN: Thank you.

10 MS. SHARP: Yes. Actually it's a good question.
11 I missed pointing out something there. And this is a
12 difference between the Modernization Program and the New
13 Construction Program in that that classroom in the middle
14 there, the permanent classroom that's only 650 square feet,
15 for the purpose of new construction, we would not count that
16 as capacity in the district.

17 For the purposes of modernization on this site, it
18 would be counted -- space that could count towards their
19 eligible classrooms even though it's less than 700 square
20 feet.

21 CHAIRPERSON BUCHANAN: So just to clarify, in this
22 situation, this school would potentially be eligible for
23 both modernization and new construction dollars because of
24 the 650 square foot classroom assuming they haven't taken
25 that eligibility and spent it elsewhere in the district;

1 correct?

2 MR. MIRELES: For (indiscernible), it's
3 districtwide. But, yeah, as long as you have a classroom
4 that's greater than 700 square foot, they're eligible. That
5 would be --

6 CHAIRPERSON BUCHANAN: Right.

7 MR. MIRELES: -- the gross and that's where we're
8 looking for modernization. Look at the gross, all the
9 classrooms that are eligible.

10 Now for new construction, we then take a look at
11 some -- you know, which ones are excluded and get to the net
12 and we do that on a districtwide basis.

13 CHAIRPERSON BUCHANAN: Right.

14 MR. MIRELES: On this example, this is on a site
15 basis for modernization.

16 CHAIRPERSON BUCHANAN: Right.

17 MR. MIRELES: So to be able to determine whether
18 they're eligible for new construction, it would be using
19 this information along with all of the other schools'
20 information.

21 So just based on the information on this site, we
22 wouldn't be able to know whether they qualify for new
23 construction.

24 CHAIRPERSON BUCHANAN: Right. I'm saying
25 potentially they would -- could take new construction --

1 MR. MIRELES: That's correct.

2 CHAIRPERSON BUCHANAN: -- dollars and put -- if
3 they wanted to replace the small classroom, they potentially
4 could qualify for new construction if they hadn't used
5 eligibility elsewhere. They had it available.

6 MS. SHARP: Okay. So the details here of, as we
7 said, the square footage and number of classrooms and those
8 that are eligible are going to go into our calculation for
9 determining how much modernization eligibility -- number of
10 pupil grants are going to be generated at this site.

11 So we typically have -- or there are two ways of
12 looking at that. We can look at the total square footage on
13 the site and compare eligible space to total space or we can
14 look at our classroom count ratio.

15 So the first one, Option A, looks at the classroom
16 count of what's actually eligible and it compares the
17 capacity of our eligible classrooms and when I say eligible
18 classrooms, those that are either 20 or 25 years or more, to
19 the actual enrollment.

20 And so if we were using that same diagram, if we
21 flip to the next page, the second chart there compares our
22 sample enrollment for the site. Right now it's -- for K-6,
23 the enrollment is 150 and severe is 8 and on our site, we
24 determined that we had six eligible classrooms.

25 Five of them were K-6 classrooms and the State

1 loading standard is 25, so that's 125, and one severe
2 classroom is age eligible and the loading standard is nine.

3 So we compare those two and the lesser of the two
4 is the baseline eligibility for that site. So 125 K-6 pupil
5 grants and 8 severe pupil grants. That's using the number
6 of classrooms eligible on the site to determine their
7 eligibility.

8 And enrollment is basically taken from the CDE
9 database, the California Basic Educational Data System.
10 When I use the term enrollment and in other places, you
11 might see CBEDS, we're talking about the same thing.

12 So that is what we commonly refer to as Option A
13 and it is one of the most common ways of determining
14 eligibility and is often the most beneficial to the
15 district.

16 So the other option is using a ratio method that
17 we refer to as Option B and it's comparing the eligible
18 square footage to the total square footage or you could
19 apply a classroom count. It used classroom count in this
20 ratio.

21 And that's our next example on page 19 here.
22 We've looked at the total eligible square footage divided by
23 the total square feet on the site and we come up with the
24 percentage of 59 percent.

25 And a second step is to apply that to the CBEDS or

1 enrollment at the site to determine the final eligibility.
2 And in this case, 59 percent times 150 rounded up is 89 for
3 K-6 and 5 for severe.

4 So using that same diagram, we would encourage
5 districts to do this and do it with districts as we're
6 establishing eligibility with them. We would be able to
7 show easily that Option A in this case is more beneficial to
8 the district in generating their eligibility.

9 MR. MIRELES: Option B generally helps a school
10 site when they have large nonclassroom area, like a
11 multipurpose, a library. You have these buildings that are
12 older, they qualify, but they're not classrooms. So those
13 are the types of sites that would generally benefit from
14 Option B.

15 MS. SHARP: The next section there is the cap on
16 enrollment. Basically we looked at the comparison. It's
17 always the lesser of the two that the -- a site couldn't
18 generate more eligibility than there is enrollment at the
19 site.

20 But on the flip side of that, if in our example
21 there on the prior page their enrollment was not 150, it was
22 only 100 at the time they came in and established and that
23 would be their -- their baseline would be 100. In a future
24 year, if their enrollment increased, they could submit a new
25 form and get it updated to add those additional pupils and

1 increase it to 125.

2 ASSEMBLYMEMBER HAGMAN: In your diagram, let's say
3 you have five classrooms there. Let's say you had only
4 enough students for three. You're talking a hundred
5 students.

6 MS. SHARP: Um-hmm.

7 ASSEMBLYMEMBER HAGMAN: And they come in and say
8 we need to modernize these classrooms, but they're all the
9 same complex, same building stretch. So you're saying you
10 would go ahead and let them do projects on three of them but
11 leave the fourth and fifth untouched because they don't have
12 the students for it, even if they show the five-year plan
13 they're going to be having kids there or something? Or --
14 it just seems like a very inefficient versus doing one
15 contract for all of it.

16 CHAIRPERSON BUCHANAN: Right. I mean you could
17 use them instead of temporary housing -- you could use those
18 classrooms, but it doesn't make a lot of sense.

19 MR. SAVIDGE: The difference would be that this
20 would establish the eligibility and that's the discussion
21 today. Actually doing the project, you would obviously --
22 you would do all of the classrooms together as a district
23 and use local funds to make up what you needed to do them in
24 an efficient manner at the time you were doing them.

25 CHAIRPERSON BUCHANAN: Oh. But I think what --

1 ASSEMBLYMEMBER HAGMAN: So you have to have local
2 funds then.

3 CHAIRPERSON BUCHANAN: I think what Assemblymember
4 Hagman's saying, if you can't afford to do that, then you go
5 out with one contract to modernize half your classrooms and
6 then later on when your enrollment increases, you go out
7 with another in which case you're duplicating --

8 MS. MOORE: Except not -- I think though in your
9 case that that building is touched. It was used for -- to
10 generate eligibility and therefore it is considered
11 modernized in the State's viewpoint; right? Isn't it?

12 MR. MIRELES: They -- right now we're talking
13 about the eligibility. So let's just say, if you go back to
14 page 18, that the district qualifies for 125 pupil grants on
15 the K-6 and 8 severe pupil grants.

16 Once a district has that eligibility, how they use
17 it -- and again this is per pupil grant amounts. They can
18 use that amount on the buildings that generate the
19 eligibility or on other facilities.

20 So this equates to a certain dollar figure and
21 they can use that -- the district has the flexibility to use
22 that dollar amount anywhere on that site whenever they
23 choose to do so.

24 So once this eligibility is established, then they
25 can use the grants in the site on any of the buildings.

1 MS. MOORE: But that which generates the
2 eligibility is then considered modernized. The 6,000 -- in
3 this case on your step 1, your 6,450 square feet is
4 considered modernized.

5 MR. MIRELES: We use the older buildings to
6 generate the eligibility. Once a project comes in,
7 depending on which projects get modernized, then those are
8 the ones that will get upgraded.

9 But in terms of the ages of the buildings --
10 sorry, let me take a step back.

11 You're correct. Those buildings are the ones that
12 are considered modernized because they're older buildings.

13 ASSEMBLYMEMBER HAGMAN: And I think we had a
14 discussion about this earlier. We would like to -- at least
15 for me -- and I don't think it's abused out there too much.

16 But if I was a school district and I took that
17 money and I built a new football stadium, didn't touch those
18 classrooms, those students are now still in the old building
19 that we as the State said you applied for modernization at
20 this point and -- or if I did three out of the five
21 buildings, it's not going to look -- I mean there's got to
22 be a better way of doing it that seems a little more
23 efficient and then get the money for the project that you
24 applied for.

25 MR. SAVIDGE: I think --

1 CHAIRPERSON BUCHANAN: And then they come back
2 later and say we've got a problem with --

3 ASSEMBLYMEMBER HAGMAN: Yeah, and then get an
4 emergency grant because the roof's falling in.

5 MR. SAVIDGE: But look at it another way if you
6 would. You get your eligibility from the classrooms and
7 you're taking an old campus. Many districts have to spend
8 that money on just upgrading the site infrastructure.

9 So the electrical service is 40 years old. That
10 has to be done or a lot of this -- and so you don't get to
11 use all of your money directly on the classrooms that
12 generate it because you have needs throughout the campus.
13 And so that's what the local -- you know, district makes
14 that decision in terms of using the funds correctly to
15 modernize their facilities.

16 CHAIRPERSON BUCHANAN: Right. But you're
17 hopefully also using matching funds for that.

18 MR. SAVIDGE: Right. And districts are also
19 putting a lot more than --

20 CHAIRPERSON BUCHANAN: But I think what
21 Assemblymember Hagman's pointing out is having some
22 assurance that the money you get goes to modernize those
23 buildings that are eligible and doesn't get used for other
24 purposes. So --

25 ASSEMBLYMEMBER HAGMAN: -- get the flexibility

1 with the districts. Don't get me wrong. I'm just trying --
2 we also hear the ones about the roofs falling in or it's
3 just so bad it's inhabitable and if some previous board
4 mismanaged or did not -- having enough money for
5 maintenance, there's a whole bunch of issues with this.

6 But there's got to be some flexibility when you
7 look at that plan saying okay, you qualify for these dollars
8 or maybe we need to rethink for 2000 -- the next bond and
9 say okay, with those dollars, you need enough to actually
10 revive this campus.

11 I mean we do have a point where 50 percent is too
12 much and we say tear it down and start over. So if you use
13 your scenario, it's going to all this infrastructure inside
14 and the buildings aren't touched, are we getting to that
15 threshold. Are we really looking at a holistic view of this
16 campus and saying it's worth revitalizing with a limited
17 amount of resources even with the school district match or
18 is it time to rebuild.

19 You know, that bigger picture look is something
20 that you may want to look at, you know, versus spending more
21 and more money out there and not get what you really are
22 bargaining for.

23 If you're saying I'm going to rehab these
24 classrooms, if -- not going in the classrooms, I think
25 there's an issue there.

1 CHAIRPERSON BUCHANAN: I guess what I would like
2 to put on our to think about list is that let's take your
3 special day class here that has eight students, but we use a
4 loading factor of nine and anyone who's been in a district
5 knows you might have seven students one year and ten
6 another, I mean depending on what the load is, but that
7 could vary.

8 The fact that you -- and most special day classes
9 actually are larger than your 960 square feet, but -- some
10 are. But I'm getting grants for in this case eight
11 students, but let's say I get it for the maximum of nine
12 students. It may cost me as much to modernize that
13 classroom even though there's only nine students as it does
14 the one next door that has -- you know, that's just a
15 regular classroom.

16 And so when we take a look at how we establish
17 eligibility and give grants, it seems to me that the grants
18 should be based on the loading factor, but it should also be
19 realistic.

20 I mean if I only have 23 kids in a classroom this
21 year instead of 25 or whatever, I mean it's -- you still
22 have to -- it still costs you the same amount of money. And
23 so I don't know how we make that work better, but, you know,
24 we need to do that.

25 MS. MOORE: I have the -- I mean as long as we're

1 putting the ideas out there --

2 CHAIRPERSON BUCHANAN: Right. Yeah.

3 MS. MOORE: I -- in looking at the modernization
4 and the eligibility, in my mind it has the greatest
5 disconnect between what is actual and what is necessary and
6 what is calculated.

7 So if we're going to take a look at a new program,
8 in modernization we generate an eligibility number and we
9 give a dollar value. So that's a State cap on what they're
10 investing in that school.

11 It has nothing to do with what actually might need
12 to happen and if -- you know, there are buildings that have
13 been well maintained over time and their modernization needs
14 may be less or there's buildings that they've been
15 maintained just fine, but their systems are necessary to be
16 replaced let alone what I believe has been -- has never been
17 addressed in this program and that is modernization or
18 rehabilitation to bring that building into 21st century
19 learning standards.

20 So I think that if we're going to look at the new
21 program, we have a calculation based upon students. Perhaps
22 there is a better way to look at, you know, is -- and that
23 is what is the actual cost to modernize there and it's
24 usually -- you know, there's system's ways to look at that
25 and if the State wants to cap what it's going to invest in

1 that, they cap what they invest in it.

2 There's an artificial cap done now, but it just is
3 so divorced from the reality on the ground of what is
4 necessary.

5 ASSEMBLYMEMBER HAGMAN: Well, if you remember when
6 we had the federal guys coming in for the federal campus
7 schools, they actually had a list of criteria. It wasn't
8 based on dollar amount. It was like this is what we
9 consider the minimum classroom, whatever those standards
10 are.

11 And maybe what we decide instead of -- we say this
12 is minimum, what you have to upgrade to, but our cap is
13 50 percent, whatever the case may be. You know, that way if
14 it's -- you know, I still like to talk about the whole
15 maintenance factor and, you know, the school district
16 should, you know, maintain their own buildings.

17 But if you have that standard it goes to and then
18 they come up with a business plan that they come up with and
19 say it's going to cost us X amount for these buildings to
20 bring them up to that level, okay, we're in for whatever
21 percentage -- we're in for 50 percent. It could be minor on
22 some campuses. It could be major on others. But now you
23 know you've had the end result. When you're finally done,
24 you have classrooms that are a certain standard that you
25 could be pleased with the outcome of. And it may not be

1 exactly the number that --

2 CHAIRPERSON BUCHANAN: This is going to be a
3 robust conversation when we do have it. And, you know, when
4 the State building program was changed, it was changed in a
5 way to try and simplify it. So we gave schools grant money
6 and we allow them to make the educational and the other
7 decisions.

8 And if you don't want any overhang, fine. If you
9 want a six-foot overhang, if you want a 2,500 square foot
10 multiuse room, if you want a 5,000 whatever, we try to give
11 them the responsibility and the authority to make those
12 decisions.

13 I don't know what a 21st century school is. I've
14 seen a lot of trends. I mean in our school district, the
15 schools that we ended up replacing were the open classroom
16 schools that were -- maybe they were a late 20th century
17 trend. I don't know.

18 But school boards made decisions based on what
19 they believed their schools should be, how they should be
20 built, and based on their community standards and I don't
21 think the State -- and I think the Governor was sort of
22 signaling to us -- is ever going to be in a position of
23 telling schools or school boards or communities what they
24 should be building.

25 I think, you know, we really want to be a partner

1 there and if we're going to get into questions of is this
2 educationally -- is it adequate or not adequate, your board
3 made a decision to build this -- I mean we had a building we
4 tore down that was a concrete building that was a disaster,
5 just a disaster, you know, and anyone who walked in and said
6 who could have been thinking -- what were they thinking, but
7 I don't think the State should -- because it no longer meets
8 the educational needs, I'm not sure it's the State should
9 have to step in and replace it when the local community made
10 that decision and when they've got to take some
11 responsibility there.

12 But I do think, you know, when we get into
13 eligibility, you know, like I said, I'll give my example
14 with the special day class and the traditional classroom.
15 One you're going to give nine grants; the other one you're
16 going to give 25. The square footage is the same and it's
17 going to cost the same dollars.

18 So we have to -- there has to be some
19 reasonableness test. You know, if you go in and you
20 modernization, but I don't modernize one classroom because
21 right now enrollment's down and in five years, it's up, that
22 doesn't make sense either.

23 So I think we're going to have some robust
24 conversations on all this, but ultimately part of that
25 conversation is going to be to what extent do we want to be

1 a partner and allow those people who are elected to make the
2 decisions about their schools and I don't want to reward
3 someone who decides not to maintain them either, you know.

4 And to what extent are we going to try and direct
5 what's actually -- the decisions that are made.

6 ASSEMBLYMEMBER HAGMAN: Yeah. And I totally agree
7 with that. And I wasn't thinking architecturally, more as
8 health and safety reasons. If you don't have the adequate
9 wiring in there because it's a 60 year old building, you
10 don't have the fire escape routes --

11 CHAIRPERSON BUCHANAN: Right.

12 ASSEMBLYMEMBER HAGMAN: -- and the amount of money
13 we've given them just to get to that point, you know, maybe
14 we should consider that, do something else there --

15 CHAIRPERSON BUCHANAN: Yeah.

16 ASSEMBLYMEMBER HAGMAN: -- what the desks look
17 like or how much overhang, you know --

18 CHAIRPERSON BUCHANAN: Right.

19 ASSEMBLYMEMBER HAGMAN: -- I don't think we have
20 any say nor do we care, but is it safe, is there enough to
21 get those buildings up to the -- standard building codes of
22 this time --

23 CHAIRPERSON BUCHANAN: Right.

24 ASSEMBLYMEMBER HAGMAN: -- certain things we need,
25 you know, that's something --

1 MS. MOORE: And we can have -- I mean it will be a
2 robust discussion and there are many ways to approach the
3 issue. And if we kept simply with how we do things now and
4 want to take a look at that, I think that we ought to go
5 back then to the per grant/per student amount and as I
6 understand when we created that amount, it was put into
7 statute, but it came from a place of being a percentage of
8 the building.

9 CHAIRPERSON BUCHANAN: Right.

10 MS. MOORE: And I guess then let's look at that
11 because again that may have nothing to do at this day and
12 stage of -- for modernization. It is what you could have
13 done -- a percentage of a new construction building, but it
14 really doesn't have the reality of what a modern -- what we
15 need to in the State around modernization.

16 And I think we ought to look at that. Then if the
17 State wants to cap its participation, it caps its
18 participation and that's -- that'll be another, you know,
19 discussion I think of our Legislature.

20 But really the current system as we set it up
21 didn't really look closely I think at modernization and what
22 the needs were. I think we built it off of a new
23 construction program where we were in a very robust time
24 with new construction and needed that and this was how it
25 got built.

1 And I think we ought to look at the fundamentals
2 of those numbers to say how does it serve us today and are
3 we improving systems, are we improving education, and if the
4 flexibility is built in there, then the outcome ought to be
5 the standard.

6 And is the outcome -- we've left -- that building
7 is better and it's better for the next 25 years than it was,
8 however you approach that, and I think there are really
9 important discussions around modernization because that --
10 we have 10,000 schools in California.

11 CHAIRPERSON BUCHANAN: I think we're on the same
12 page. I think we've talked about, you know, also what kind
13 of -- Mr. Hagman brings up all the time and I second it,
14 what kind of new construction we want to incentivize.

15 I mean when you take a look at the very first
16 picture in this section, you know, when we give the same
17 grant amount to bring on -- wheel on portables as we do for
18 new permanent construction and then you're having to pay for
19 modernization 20 years later instead of 25 years later, you
20 know, I think -- you know, we're going to have to take a
21 look at all of it.

22 MS. MOORE: Well, including I think portables.

23 CHAIRPERSON BUCHANAN: Right.

24 MS. MOORE: We are putting modernization money
25 towards portables and is that a good expenditure of funds.

1 Should -- you know, and I guess, you know, we've done it.
2 You know, how many -- and because of local flexibility, you
3 could have generated the money for the -- you could have
4 generated your grant for the portable, but you didn't spend
5 it there.

6 But really what kind of conditions are we leaving
7 students in once they have -- once there has been
8 modernization done. I mean I'm not saying that we shouldn't
9 modernize portables, but I'd like to see the analysis about
10 is that a good expenditure of State funds.

11 CHAIRPERSON BUCHANAN: Well, I think a lot of
12 districts -- I mean, Bill, your district and my district, I
13 mean we ended up using more local dollars to take our
14 modernization funds and actually replace portables.

15 So, you know -- but again that's another
16 discussion to say --

17 MR. SAVIDGE: It's a resource discussion.

18 CHAIRPERSON BUCHANAN: That's right. And it's a
19 resource discussion of what are your local decisions and
20 what are your State decisions there.

21 ASSEMBLYMEMBER HAGMAN: And I want to throw out
22 something. We talked about this on the edges, but, you
23 know, education is like so different than the rest of the
24 business world, is it seems like we reward failure all the
25 time.

1 If your school does worse, we throw more money at
2 it. If it's broken down, we throw more money at it and we
3 want to encourage people to be on, you know, school lunch
4 programs because we get more eligibility. I mean it seems
5 like we always focus on the negative.

6 And one of the things we're looking at on this
7 Board is always the -- you know, keeping your investment
8 that we put money into up to speed. If there's any way that
9 we could maybe start a discussion of rewarding those school
10 districts who do take the resources and time to maintain
11 their facilities and not always reward the ones that don't.

12 You know, and I don't know how to change that
13 climate, but it seems like we always go -- you know, we're
14 always throwing bigger money and the ones who actually
15 manage their campuses a little bit better because they put a
16 little more money for it or they actually use the 2 percent
17 or 3 percent, whatever we make them do lately, to do, you
18 know, capital improvements versus slapping a new piece of
19 paint on it, you know, we've got to change that climate.

20 That's my always -- my biggest thing generally is
21 it seems like we always throw more resources out to the
22 people to -- and it's almost incentivizing to do -- or
23 report failure.

24 So I don't know how you start the discussion
25 either, but --

1 CHAIRPERSON BUCHANAN: Well, we've been looking at
2 future agendas. I'm at the point where I don't feel
3 compelled to have to finish by a specific date because we
4 know we -- assuming we can all agree that we need a bond, we
5 won't be determining what that bond looks like until 2014.

6 So I do think -- I mean we're planning to have the
7 UC folks come in and present and I think we need to talk
8 about a lot of this because the problem is whether districts
9 get enough money to adequately maintain -- the problem comes
10 in new construction. You then talk about life cycle
11 management. There's all these things that I think -- or at
12 least we're talking about to figure out how do we give
13 school districts -- communities tools because if I pass a
14 half a million dollar bond -- or half a billion dollar bond
15 and I -- you know, you fix up all your schools, then you
16 don't have money to maintain them, then you're not
17 protecting the taxpayer investment.

18 So I think there are good issues to talk about.
19 We may not have the answers, but at least I think it's -- we
20 should at least be in discussion.

21 So I guess we're going to -- it's a little bit
22 longer -- keep moving on in modernization.

23 MS. SHARP: Okay. So we spoke about briefly
24 the -- establishing the baseline. Now districts do have an
25 opportunity to -- and make changes over time. Those are the

1 adjustments there on page 20.

2 They can adjust for increases in enrollment and
3 add to it as we mentioned.

4 Additional buildings, when they come of age, they
5 can submit an adjustment that will increase potentially
6 their eligibility.

7 Now should their enrollment go down, we do not
8 adjust for enrollment going down as we would in a CBEDS
9 adjustment say in new construction. It doesn't happen in
10 modernization.

11 More typical decreases are going to be when they
12 draw on their eligibility to actually fund a project.

13 Now, the other considerations under mod that we'd
14 like to speak to is when there are buildings that are 50
15 years old or older. There is an increase to the funding of
16 the per pupil grant amount when you have buildings that are
17 50 years old or older.

18 And in this case, we have an example of how that
19 plays out because it's not more pupil grants, it's an
20 increased individual pupil grant. So, for example there,
21 we've looked at a site that's got 20 eligible classrooms and
22 we'll say they're a K-6. The loading standard is 25. The
23 capacity on the site is 500 and the enrollment at the site
24 is 500.

25 So they have a baseline of 500 pupil grants.

1 Well, on that site, some of those classrooms are 50 years
2 old or older and there's 5 of the 20 that are 50 years old
3 or older.

4 So we look at it and say what's the ratio of
5 buildings generating eligibility that are 50 years old or
6 older and it's 25 percent.

7 So if you look at step 3 of that on the next page,
8 of those 500 pupil grants in eligibility, they have on their
9 baseline, 125 of them can receive an increased grant amount
10 and where we see this is is when the district comes in and
11 actually submits a funding application.

12 They still only have 500 to request, but there's
13 going to be an increase. And just quickly, I jotted down
14 what that increase looks like. If it's a K-6 pupil grant,
15 the increase is going to be 1,400 per pupil grant and for
16 severe -- if it's a severe classroom or pupil grant, that
17 increase is going to be 7,442.

18 So there's a substantial increase for the
19 additional work -- more extensive work that might be
20 required on a 50-year-old building.

21 And so we ran some numbers on the number of
22 applications where 50-year-old grants were requested over
23 the life of the SFP and as of December, there were --
24 16 percent of mod applications included a request for
25 50-year-old building and that's based on 6,341 applications.

1 MS. MOORE: Is that -- so you would have had to
2 go -- not have modernized a 50-year-old building in some
3 25-year cycle; correct? So we are -- or is that correct?

4 MS. SHARP: As long as it wasn't touched with LPP
5 funds.

6 MS. MOORE: Right.

7 MS. SHARP: Right.

8 MS. MOORE: So it's -- when we began this 12 years
9 ago, 13 years ago, it was those buildings that were 50 years
10 old that had not had State investments in that were eligible
11 for this. And you're saying of the over 6,000 projects that
12 we did as a State, 16 percent of those had that -- availed
13 themselves of that --

14 MS. SHARP: Right. There could be others that
15 didn't tap into that eligibility yet.

16 MS. MOORE: Right.

17 MS. SHARP: But we looked at those that did.

18 CHAIRPERSON BUCHANAN: Do we know what the average
19 age was of the classroom that's modernized?

20 MR. MIRELES: Something we can try and take a look
21 at --

22 MS. MOORE: I have a question too. And so you
23 went over your -- when is a building considered modernized.
24 So a local entity could do any project on their buildings.
25 It's only when the State project has come in that we

1 consider the building modernized; is that correct?

2 MR. MIRELES: That's correct. As long as the
3 district awards contracts after 1998, they can do work on
4 their own and then come back in and get reimbursed from that
5 State for that modernization work. So --

6 MS. MOORE: Well, I'm asking it a little bit
7 differently then. I have a building. It's 30 years old. I
8 went in and did the writing a couple years ago. I actually
9 want to come in to you and -- to you, not you -- to us
10 collectively -- to come in to the State and get funding for
11 modernization.

12 It's not considered modernized because I've
13 touched it with my own funds; correct? It's eligible and I
14 can use the funding however -- as we talked about here,
15 however I need to use it.

16 I could have spent a lot of money there and still
17 until the State touches the project, it's not considered
18 modernized; is that correct?

19 MR. MIRELES: Yeah. And -- we get into some
20 details here. The extent of the work, as long as you don't
21 replace the building, that'd be a factor, but typical
22 modernization upgrades, that kind of thing, if it is done at
23 the local level, it shouldn't affect their eligibility for
24 the program.

25 MS. MOORE: Okay. Thanks.

1 CHAIRPERSON BUCHANAN: It seems like we need to
2 not confuse what it means for a building to be modernized
3 and what it means for a building to be eligible for
4 modernization funds.

5 MS. MOORE: Yeah.

6 CHAIRPERSON BUCHANAN: Right? Regardless of the
7 amount of work that is put into it in the program or not in
8 the program, the question is whether it's -- it's not
9 whether it's considered modernized, but whether it's still
10 eligible for funding; right?

11 MS. MOORE: That's --

12 CHAIRPERSON BUCHANAN: That's --

13 MS. MOORE: That's a better way to put it, yes.

14 MS. SHARP: So there is an allowance in statute
15 for a second round of modernization if the building reaches
16 their 20 or 25 years old age within the modernization
17 program and as well, if it's a closed school site. Say a
18 district comes in and their site is closed, but they want to
19 reopen it.

20 They can establish modernization eligibility and
21 as long as they are going to use it for at least the next
22 five years, we can establish modernization eligibility there
23 and because they don't have current enrollment, we can't go
24 to the CBED System, we're going to look at their demographic
25 data and see what their projected enrollment would be at

1 that site to help us determine what their baseline
2 eligibility's going to be.

3 ASSEMBLYMEMBER HAGMAN: And when you have a
4 definition of closed site, (a) how long does it have to be
5 closed; and (b) if the school districts do other
6 activities -- administration there, they are subleasing it
7 out to a private entity for a year or two, you know, what's
8 considered a closed site?

9 MR. SAVIDGE: Any of those things can happen and
10 the biggest issue with bringing closed sites back into the
11 program has to do with if there were any changes made to the
12 building that were not Field Act compliant or done through
13 DSA. There are many districts that get caught in this
14 tangle of leasing to a private school, for example, where
15 they make changes. Then they have to go back and try and
16 reestablish their Field Act compliance. That's really the
17 most fundamental issue.

18 CHAIRPERSON BUCHANAN: So that doesn't affect
19 eligibility. It just affects the work that needs to be
20 done.

21 MR. SAVIDGE: Just affects their ability to do the
22 work in a cost-effective fashion.

23 ASSEMBLYMEMBER HAGMAN: But if I close it down for
24 the summer period, does that physically close the site down
25 and then open it up next enrollment cycle? Doesn't count.

1 MS. SHARP: Okay. If there aren't any other
2 questions on the eligibility side, I'm going to turn it over
3 to Brian O'Dell to walk through some of the data on the
4 program.

5 ASSEMBLYMEMBER HAGMAN: Madam Chair -- for lack of
6 time, I went to the chart. My biggest question out of this
7 whole section is we -- you know, it looks like \$18 billion
8 worth of work and only, you know, 5- or 600 million left
9 over. Applicants have been unfunded at this point and I'm
10 just wondering from staff's perspective, as we go over --
11 and we've had a very robust building cycle here -- let's
12 face it -- for the last decade.

13 As we look toward the 2014, are we leaning more
14 towards still expanding with our declining population or put
15 more money into this type of program, modernize and
16 rehabbing, you know, the global 30,000 foot level look
17 versus each one of these maps and that much goes in each --
18 I mean I can remember -- since we built so many new campuses
19 and a lot of new construction in the last decade, it was the
20 largest build-out we've ever had in the State, are we going
21 to be -- do we think we should be shifting focus now toward
22 maintaining or do we still see a lot of demographic changes
23 and migration?

24 MR. SAVIDGE: Well, the Department of Finance
25 estimates that there are going to be far fewer numbers of

1 students in terms of what -- compared to what we've just --
2 the need that we've just met.

3 We still are going to have -- their figures show
4 Inland Empire, San Bernardino, Kern, Tulare, Madera,
5 Mariposa, Valley, those are going to still be growth areas.
6 We have declining enrollment in urban core areas like Los
7 Angeles, but there will still be growth in those core areas
8 of California and -- you make a really good point though
9 that the modernization needs are definitely still out there.

10 So I think it's going to be a balance, probably
11 not quite as much new construction, as we look ahead because
12 we've got not as sharp an increase is being forecast.

13 MS. SILVERMAN: But you also have the inventory of
14 existing facilities as well.

15 MR. SAVIDGE: Right.

16 CHAIRPERSON BUCHANAN: Yeah. The problem is
17 matching where the students are with where the facilities
18 are because you can't fly a kid to school every day --

19 MS. SILVERMAN: Right.

20 CHAIRPERSON BUCHANAN: -- you know, and, you know,
21 I think it's going to be another -- I mean when we get into
22 the real discussions -- because we've got to decide what is
23 our criteria. I mean should every kid be able to be housed
24 in a classroom. Is that our first criteria, that we have
25 space for them. Is our second criteria that the classroom's

1 adequate. Is our third -- I mean they're all different --
2 you know, there are all different things we have to figure
3 out how we prioritize as a Board in terms of where the
4 money's going to be spent especially given that we -- you
5 know, even if we go forward with a 2014 bond, which I'm
6 still assuming or hoping we will, we don't -- you know, we
7 may not be going every two years like we did before.

8 So we've got to, you know, take a look at the
9 program I think.

10 ASSEMBLYMEMBER HAGMAN: And then as a counterpoint
11 to that, as people migrate from the inner core areas to the
12 more suburban areas, there's assets that are not being
13 utilized. Do we mothball them? Do we sell them? Do we
14 lease them? Do we regain some of the capital we put into
15 them as we go forward with the migration shift and we've
16 had -- we've brought it up several times, but we probably --
17 let's put another thing on your list of things to look at.

18 CHAIRPERSON BUCHANAN: That is another thing to
19 look at and, you know, it's -- I on the one hand agree and
20 on the other hand, I also remember the time in the '80s when
21 many of the school districts were selling their properties
22 only to find out less than a decade later that their
23 enrollment was coming back up and then they were having to
24 pay much more than they sold them for to acquire new
25 schools.

1 So I don't know what the answers are, but I do
2 think that there's lots to discuss.

3 So do you want to walk us through some of these
4 graphics?

5 MR. O'DELL: Sure. Just briefly. It represents
6 the over 6,300 applications for modernization that were
7 approved by the Board, the funded and unfunded, as of
8 December 15th.

9 And it includes the entire State contribution even
10 if it's financial hardship. So it's not just the
11 traditional State match.

12 And on page 27, it uses the same date as the other
13 chart and this talks about classroom, what's on the funded
14 and unfunded list, and that gets back to what we were
15 talking about just a few minutes ago which is what's the
16 difference between the eligibility and the funding.

17 So this is -- when a district submits an
18 application, it indicates the number of classrooms that are
19 going to be touched. So it doesn't mean that they're
20 completely modernized but just how many the district --

21 CHAIRPERSON BUCHANAN: Right.

22 MR. O'DELL: -- said we're touching on this
23 particular project.

24 CHAIRPERSON BUCHANAN: And is there any way of
25 giving us this information in the future that would -- I

1 mean, you know, you can look up at the top and it doesn't
2 look like you modernized very many, but we know that is not
3 a dense population area at all in the State.

4 So is there any way of giving this to us on a --
5 based on a percentage of the pupil enrollment in those areas
6 so that we know, you know, kind of --

7 MS. MOORE: I have the exact same comment. I
8 think that in order to really evaluate this is how much --
9 how many students are in these areas because -- and then you
10 can -- not evaluate it, but then you can see relatively
11 what's being done and I think that's true also on your
12 page 31 --

13 CHAIRPERSON BUCHANAN: Right.

14 MS. MOORE: -- as well. So you get some balance
15 of what does the number possibly mean.

16 MS. SILVERMAN: I think there's probably one
17 qualifier to the pupil population base. It may be -- you
18 may be getting information on today's numbers versus what
19 historically has happened --

20 CHAIRPERSON BUCHANAN: Right.

21 MS. SILVERMAN: -- through the life cycle of the
22 program. So that's just a little qualifier there I just
23 wanted to throw out there.

24 MS. MOORE: Sure. It just gives you some
25 relative --

1 MS. SILVERMAN: Yeah. Exactly.

2 MS. MOORE: I think it's not how we fund.

3 CHAIRPERSON BUCHANAN: All right. I don't want to
4 cut this short, but maybe we can move onto the Project
5 Information Worksheet.

6 ASSEMBLYMEMBER HAGMAN: Brian, a heck of a job.

7 MR. O'DELL: Sure. Love to move on to the Project
8 Information Worksheet.

9 CHAIRPERSON BUCHANAN: Good. We're all on the
10 same page then.

11 MR. O'DELL: Yes. On page 33 --

12 CHAIRPERSON BUCHANAN: Oh, by the way, is there --
13 before we move on, I apologize. Is there any public comment
14 on this? I won't make you wait till the very end, so --

15 MS. ALLEN: Good afternoon. My name's Cathy
16 Allen. I'm a Senior Director of Facilities (indiscernible-
17 away from microphone) the San Juan Unified School District
18 here in Sacramento County and also serve as Chair of CASH.

19 Thank you for the opportunity to allow me to share
20 some thoughts with the Committee as we try to improve the
21 State building program for the foreseeable future hopefully
22 in conjunction with a 2014 bond measure.

23 A little history about my district. We have over
24 70 sites. A new school was built in 1994. The oldest
25 school is over a hundred years old. The majority of my

1 schools are over 50 years old.

2 We've accomplished 60 modernization projects under
3 the former Lease-Purchase Program and then about 50 projects
4 have been done under the current facilities program. And
5 then this does not include all the projects that were
6 done --

7 MS. MOORE: How many currently, Cathy?

8 MS. ALLEN: About 50 under SFP. It does not
9 include all the projects done by the district with local
10 funding which is the position we've been in for many years.

11 As you know, many (indiscernible) have been
12 delving into the current program (indiscernible) areas that
13 need to be tweaked or perhaps eliminated altogether. As we
14 move forward with this process, one of my main concerns is
15 that we all recognize that introducing changes to the
16 program and implementing them is an exhaustive process and
17 involves the efforts of many people over many weeks and
18 months and sometimes years.

19 It is imperative that we give ourselves the
20 opportunity to fully analyze the effects of any proposed
21 changes to our school districts, county offices, and the
22 State agencies involved in the various approval processes.

23 Equally important is to recognize how the new
24 program will affect the financial status of the State and
25 the school districts that may or may not have local funding.

1 And finally, you do understand and have further
2 concerns from you and other members of the Legislature
3 regarding the components of the program and will continue to
4 work with you to find solutions that address
5 (indiscernible).

6 I believe it is important to acknowledge the hard
7 work completed by Dr. Jeff Vincent and his staff at the
8 Center for Cities and Schools with a nod to the emphasis
9 placed on the State's existing inventory -- spending a
10 little bit time talking about that today.

11 And with that in mind, any changes made to the
12 Modernization Program in particular should be made with an
13 eye toward not only preserving the billions of dollars in
14 building inventory already on the ground but also how can we
15 best utilize these same buildings to accommodate the need
16 for an ever changing educational environment especially in
17 the area of technology.

18 Program changes to a building to meet current
19 educational delivery models cannot be accomplished with the
20 State program as exists today. By the time (indiscernible)
21 accessibility issues and fire, life, and safety issues
22 (indiscernible) to my statement.

23 If I'm lucky, I might have enough local funding to
24 fix the roof, replace the HVAC, maybe replacing single-pane
25 windows with (indiscernible). I haven't come close to truly

1 renovating a classroom to meet the educational needs of
2 today's (indiscernible).

3 During a recent conversation with some CASH board
4 members, I heard a comment that really made me pause. I'd
5 like to kind of share it with you.

6 When we undertake a modernization project in our
7 effort to fix what needs fixing or upgrade what needs to be
8 due to regulations (indiscernible) we frequently have to
9 demolish major components of the building. So in a sense,
10 we are modernizing and building new at the same time all
11 under one program, the Modernization Program.

12 We have a huge investment on the ground. There
13 have been substantial changes over the years not only in
14 educational delivery but building products, construction
15 delivery methods, green technology, and technology in
16 general.

17 While some of these changes have (indiscernible)
18 safer buildings and energy efficiencies and technology
19 enhancements, they have (indiscernible) deferred maintenance
20 budgets have been essentially eliminated and we struggle to
21 find ways to protect what's inside the classrooms.

22 The current method of calculating modernization
23 eligibility just doesn't work anymore. The funding from
24 whatever source should be based on needs, including
25 educational program needs, not just the age of the building.

1 I'm sure you'll hear many interesting ideas of
2 what a new school program should look like. These will be
3 very challenging issues with competing interests.

4 The goal on my mind is to develop a program that
5 meets our needs, doesn't bankrupt the State or local
6 districts, but keeps the needs of children at the forefront.

7 If we do this right, we won't be back here in five
8 years doing it again. So thank you for your time. I look
9 forward to working with you.

10 CHAIRPERSON BUCHANAN: Good. Thank you.

11 MR. DIXON: Hi. Joe Dixon, Assistant
12 Superintendent, Facilities, Santa Ana Unified School
13 District. I hope -- we passed out a little document.

14 CHAIRPERSON BUCHANAN: Right. We got it.

15 MR. DIXON: What it is I put together what I
16 thought were eight essential questions on modernization and
17 if I could real quick, just looking at the chart in the
18 middle are examples of 6 of 34 modernizations in Santa Ana
19 Unified School District.

20 If we look at the first one, Fremont Elementary
21 School, and then you got down a couple to Hoover Elementary
22 School and Wilson Elementary School. Each of those schools
23 has a playground under roof.

24 It's an urban district obviously Santa Ana and
25 space is at a premium. What the modernization -- and they

1 were open classroom floor plans.

2 What the modernization couldn't do was fix the
3 roof. We did fix it under the Emergency Repair Program. We
4 haven't been funded for it, but we went ahead and we funded
5 that separately.

6 When you look at technology for all the schools,
7 actually the technology in the classroom, we use E-Rate and
8 the federal program for that. So we're being as creative as
9 possible.

10 Some of the things that we couldn't do that DSA
11 would require us to do if it was within the scope was these
12 open classroom schools, you have to come up with fire-rated
13 corridors and exiting, but if you're not touching it, you
14 don't have to. We simply didn't have the money to do that.

15 So we exhausted our modernization at those schools
16 and we haven't got to the new codes really, is where we're
17 at.

18 If we look at Santa Ana High School, Santa Ana
19 High School was built in 1937. There's other buildings
20 there too. We did not modernize three of the buildings. We
21 were fortunate I will say to get an overcrowded relief grant
22 there and replace the portables with a two-story classroom,
23 but Santa Ana High School, we did the public address system,
24 the fire alarm, and the electrical upgrades, close to \$9
25 million again with Emergency Repair Program money, but we

1 haven't been funded for it.

2 But we budgeted that off to the side and used our
3 local bond for that. So I think what it shows is somehow --
4 and I know I'm preaching to the choir here. We need to
5 figure out a way to modernize schools.

6 Maybe it's -- maybe you look at the different
7 components of modernization and fund them. We look at the
8 Center for Cities and Schools study, as Cathy mentioned, and
9 we take a look at some of the components in there and we
10 figure out what's the best way to provide safe schools, you
11 know, that also meet the educational needs of the kids.

12 With that, thank you.

13 CHAIRPERSON BUCHANAN: We have a question here.

14 MS. MOORE: Joe, I just -- question on your
15 chart --

16 MR. DIXON: Um-hmm.

17 MS. MOORE: -- just to understand it. Are these
18 things in parentheses where it says unfunded scope, library
19 upgrades, does that mean that library upgrades were not done
20 at that site?

21 MR. DIXON: Correct. If it's in red and
22 parentheses, we did not do it.

23 MS. MOORE: So we don't -- I don't have color.

24 MR. DIXON: Oh, you don't have color? In
25 parentheses, we did not do it.

1 MS. MOORE: So if it says unfunded, you did not do
2 it.

3 MR. DIXON: Correct.

4 MS. MOORE: Okay. And the X in technology, are
5 you -- does that mean it got done?

6 MR. DIXON: Yes.

7 MS. MOORE: Okay.

8 MR. DIXON: But it wasn't done with modernization.
9 It was done with E-Rate.

10 MS. MOORE: Okay.

11 MR. DIXON: E-Rate for Santa Ana, we get
12 90 percent of the cost through E-Rate.

13 CHAIRPERSON BUCHANAN: So this is the question
14 that I struggle with. Ultimately I believe local boards
15 need to make decisions about their schools. They need to
16 make decisions -- when I was on the board, you know, we
17 decided which ones were in greatest need of modernization or
18 upgrades or whatever and we prioritized that. I don't think
19 the State should be doing that. That's a decision that I
20 hope you are doing in conjunction with your parent community
21 and, you know, your school board.

22 MR. DIXON: Right. Which we are.

23 CHAIRPERSON BUCHANAN: There's not unlimited
24 resources here, either locally or at the State and, you
25 know, what I hear you asking for is for the State to, you

1 know, give more money for items that some -- necessary or
2 whatever, based on -- you know, and that's a good goal.

3 But facilities historically have been the
4 responsibility of local communities, not the State at all.
5 And as you ended up through a series of laws and actions,
6 propositions and stuff that passed, we went from taking away
7 all ability for local schools to pass bonds to the
8 two-thirds requirement and, you know, eventually coming up
9 with the program we have that may be inadequate, but it's
10 worked better than any other program that we've had that I
11 can think of.

12 I don't -- I can understand what you're asking for
13 and why these -- why you'd like more from the grants. What
14 I ask you to go back and think about between now and when we
15 have some of the bigger discussions is if we have limited
16 resources, I mean the question's going to be how much can
17 the State give, but how also can we empower you to get your
18 local community to support these changes that you need
19 because I don't think, you know, the State's going to be
20 able to say, you know, that you've got an unlimited pot for
21 modernization.

22 I think ultimately this -- communities are going
23 to get the quality schools where their communities are
24 willing to fund. And my hope is, you know, based on the
25 message in the Governor's budget that we're not going to do

1 away with this program at all, that it's going to continue
2 because I think it's a vitally important program and helps
3 us pass bonds by allowing you to say we can leverage this
4 money this money with State funding, but I'm right now not
5 seeing the path for the State just to give you the money you
6 need for all these things that are important.

7 Some of them are critical. Some of them are nice
8 to have, but I don't know what the right path is here, but I
9 do think we have to consider the ideal situation that we
10 would like and what are the minimum requirements that we
11 have here.

12 SENATOR HANCOCK: And just to --

13 MS. MOORE: I think I --

14 ASSEMBLYMEMBER HAGMAN: I was going piggyback on
15 that because I was going to ask you the same questions.

16 You know, from my understanding of this Board and
17 this procedure, it's more to kind of spread out the new
18 growth and then to make everyone happy, let's -- okay.
19 Let's put some money into the old investments as well.

20 But traditionally that's always been the school
21 district and I've seen -- my local one's another. More and
22 more money being taken out of that to go to day-to-day
23 operations and that's frankly a choice the school board has
24 the right to make with their negotiations with their staff
25 and everybody else.

1 And now we're going to be on the hook to do
2 30-year bond money on stuff that frankly doesn't last 30
3 years. I think that's a wrong formula. It's the way we're
4 going more and more. Central government's taking care of
5 everything versus allowing the individuals to try to take
6 care of themselves.

7 But I'm wondering from your perspective what
8 should -- you know, I'm looking at this as being almost a
9 safety net and a way to redistribute growth of the State in
10 the areas (indiscernible) schools, that modernization has
11 been a point where -- and, you know, you heard me talking
12 earlier. I don't want to see three buildings out of five
13 being done. At the same time, it should be the basic -- a
14 safety net, but I don't want to ever see the schools get
15 there.

16 Why don't we have enough resources, you know, with
17 the money that we're generating, if you look at the
18 percentage of how much is going to -- it's not for lack of
19 funding's going out. Maybe it's not as dramatic as it used
20 to be, but we are spending a lot more percentage on our
21 operations and overhead and personnel than we ever have in
22 the historical of this State on schools and that's frankly a
23 choice, like I said, the school boards are making and
24 negotiations they're making. I'm just trying to figure out
25 where does that end and where do we -- are we going to be

1 responsible for all facilities.

2 MS. ALLEN: Maybe just a couple of comments. I
3 don't -- I'm not here to say give me more money. I mean,
4 yes, it'd be great, but I realize that's unrealistic.

5 You mentioned the path to get from Point A to
6 Point B and maybe what I kind of focused on what you said
7 was maybe we could work on removing some of the obstacles
8 that are in that path.

9 And, yeah, I'd have to think about, you know, what
10 those major obstacles --

11 CHAIRPERSON BUCHANAN: Well, that's what I'm
12 asking you to do is -- you know, because it's -- we can say
13 the grant amounts are inadequate. Maybe we're going to be
14 able to increase them, maybe we're not. You know, how do we
15 help you in terms of whether it's local bonds or whatever
16 being able to come up with more local resources.

17 I do realize. I understand what Assemblymember
18 Hagman's saying, but I do realize we're also 49th in the
19 nation in how we're funding and when you've got the largest
20 class sizes, the fewest numbers of librarians, counselors,
21 and everything else, school boards make very difficult
22 decisions.

23 ASSEMBLYMEMBER HAGMAN: We also have the highest
24 paid teachers by 30 percent of any other state in the nation
25 and that's a choice we're making locally and that is a

1 choice.

2 CHAIRPERSON BUCHANAN: We could get into a long
3 discussion there, but let's stick with facilities because
4 that's another --

5 MS. ALLEN: So one more just observation from my
6 perspective. I have a school right now that really just
7 needs to be raised. I mean if I touch anything on that
8 campus, it triggers so many mandates that there's no point
9 in spending any money on that campus. So there's got to be
10 another way for me to go in there and do something.

11 You know, does it make sense to demolish it and
12 build new? Maybe. You know, that's a conversation we'll
13 have to have, but when a school site comes to me and says
14 we've raised enough money to do blank and I say well, that's
15 fantastic, but doing blank now triggers A, B, and C and D
16 and your project just went from, you know, 20 grand to
17 250,000, that's kind of frustrating, so --

18 CHAIRPERSON BUCHANAN: I've been there as a school
19 board member and I -- and believe me what I really would
20 like you to do is help educate us on what you believe the
21 obstacles are and whether or not there is any way we can
22 help you with that, whether through the State Allocation
23 Board or legislatively so that we don't -- so we can have
24 some commonsense solutions here and ways to move forward.

25 MR. DIXON: Real quick. I do have to say that

1 Santa Ana Unified School District is pleased with the School
2 Facility Program that we've been through with critically
3 overcrowded schools and overcrowded relief grant and
4 modernization.

5 But the question is are you able to do everything
6 and (coughing) to point out is no, we can't do everything
7 that needs to be done. And as far as 30-year money for
8 items that -- to last 30 years, you know, most districts are
9 very cautious about that and, you know, there's examples
10 where they're not, but we struggle with that as well.

11 But do we -- you know, we have to buy a -- if
12 we're putting in technology in a classroom, a SMART board
13 and projectors, shouldn't we also buy the computer that goes
14 with it that isn't a 30-year piece of equipment.

15 So we struggle with that, but we -- I think we all
16 do -- you know, we're doing a pretty good job at that. It's
17 just -- there's some bad examples.

18 CHAIRPERSON BUCHANAN: I think you're doing a
19 great job. I would rather make sure though the roof doesn't
20 leak before I buy a SMART board though.

21 MS. MOORE: I think the conversation we've having
22 actually is though one of what is the State's role, which is
23 a fundamental question I believe and certainly there's going
24 to be opinions around what is the State role.

25 The State has had a significant role in funding

1 schools. We've been 60 percent of modernization projects
2 regardless of what you think how far that went. You know,
3 we were 50 percent of modernization projects. We were
4 50 percent of overcrowded relief.

5 We've had a significant role in funding projects
6 over the last 12 years and school districts have relied upon
7 that. They have structured their local bonds. They have
8 moved forward in partnership. You know, there was the
9 developer fee component of this program as well.

10 So I think that if we are going to talk about what
11 is the State's role, that will be robust and right now where
12 we are is we've had a significant role.

13 There is the issues of regulations, of
14 flexibility, of requirements and that all plays into that.

15 If we're looking at a State that says on the
16 operational side, which we have recently -- you know, the
17 discussions are around great flexibility with the funding,
18 with accountable outcomes.

19 So how do you get to the outcome accountability is
20 how you work your funding and whether that's something that
21 we look at on the capital side is also I think could be part
22 of the discussion.

23 And our -- you know, from the Department of
24 Education's belief, the outcome should be an enhanced
25 educational environment and we know the significance that

1 has on the impact on student learning.

2 So it's not, you know, just make this building
3 functional. It's the enhanced educational environment that
4 we all are going to benefit from because we'll have higher
5 achieving students, we'll have greater retention of staff,
6 and, you know, we can address the educational needs in
7 California.

8 So there -- it's -- we continue to build the
9 foundation here, which I think is just excellent, excellent
10 material that the Office of Public School Construction
11 provides on what's the foundation of what we're doing, but a
12 lot of our discussion leaps onto what's the -- what do we
13 think the future should be and it's hard to differentiate
14 the two.

15 CHAIRPERSON BUCHANAN: Well, I think it's good to
16 have these conversations even now because we create our
17 bucket list and they'll come back and I'm sure we'll come up
18 with more and I do agree. I mean we want to provide the
19 best educational experience possible. The question is,
20 is -- how do you split up the funding responsibility for
21 that.

22 So -- and with that, hopefully we can get
23 through -- I know we were supposed to go to like 4:00. Can
24 you at least stick around for at least -- can we go over the
25 PIW at a high level? If it's going to be a really long,

1 in-depth discussion, we can continue it at the next meeting,
2 but --

3 ASSEMBLYMEMBER HAGMAN: You've got me about five,
4 ten minutes. I have to go.

5 CHAIRPERSON BUCHANAN: Five or ten minutes. Are
6 you okay on time?

7 MS. MOORE: I'm okay.

8 CHAIRPERSON BUCHANAN: All right. Let's --

9 MR. O'DELL: The Project Information Worksheet was
10 approved by the Board in September of 2007. It's been
11 collecting data on new construction projects. In 2010, it
12 was revised to start collecting information about the high
13 performance grant. So those would be the few modernization
14 projects that it captured, but basically it's those that use
15 the new construction pupil grants.

16 And districts submit it three times: first when
17 the State funds are released along with their application;
18 then when the first expenditure report is due which is a
19 year later; and then they submit a final one -- they keep
20 revising it for the same project when the final expenditure
21 report is submitted.

22 So the Board directed staff to look at reducing
23 the number of submittals, streamlining the worksheet, and
24 also to explore expanding it to other programs.

25 As far as streamlining it, we have streamlined the

1 online worksheet, things that we can do administratively by
2 autofilling information that we already have as soon as the
3 district enters the application number.

4 Reducing the number of submittals would have to be
5 done through the regulation process. So we have options,
6 pros and cons. There's three of them and the Board would
7 have to make a decision on that.

8 As far as expanding it to other programs, these
9 things were discussed at the Implementation Committee and
10 the current worksheet was designed specifically for new
11 construction type projects and as we have just been talking
12 about, very different project scopes, modernization versus
13 new construction.

14 So we didn't see a way to just say okay, here's a
15 mod project, go ahead and fill it out. We would need
16 something different.

17 So Attachment A, which is on page 35, is OPSC's
18 sort of draft -- first draft, some of our concepts. It was
19 presented in flow charts and -- just for discussion
20 purposes.

21 Basically it was a building-by-building approach.
22 Districts would fill out the type of facility, admin,
23 classroom, the type of work, what was done to the classroom
24 or to the building, how old it is, is it permanent, modular,
25 portable, and would there be additional work necessary for

1 it to be for the district consider it fully modernized.

2 Then there's another section with the box with the
3 yellow boxes in it. If the building was completely
4 replaced, we would gather information. What did you have,
5 why did you replace it, and what is there now.

6 ASSEMBLYMEMBER HAGMAN: Can I interrupt you one
7 second. This is the form that everyone complains takes too
8 much to full out.

9 CHAIRPERSON BUCHANAN: Right.

10 ASSEMBLYMEMBER HAGMAN: And you submit three
11 times? That's current reg?

12 MR. O'DELL: That's correct. Yes.

13 ASSEMBLYMEMBER HAGMAN: And that's over a three or
14 possibly four-year period: when you start, in the middle,
15 and that's what the complaint's about?

16 MR. O'DELL: Yes. That's correct.

17 ASSEMBLYMEMBER HAGMAN: I'd love to hear why --
18 somebody wants to complain about --

19 CHAIRPERSON BUCHANAN: I just want to try and --
20 give this to how much time we all have, so we're just not
21 talking --

22 ASSEMBLYMEMBER HAGMAN: I'm fine with the three
23 submittals.

24 CHAIRPERSON BUCHANAN: You're fine -- okay.

25 Well --

1 MR. O'DELL: And then if we turn page 37, after
2 several months of discussing with the Implementation
3 Committee, we have something that's -- I wouldn't say that
4 consensus was reached by any means, but it's much more high
5 level. It's not per building but rather per type of work.

6 For example, what was done, we replaced a building
7 or hazard materials were abated. Assuming there would only
8 be two submittals, what was the cost of that work for the
9 entire campus and what was the cost of that work -- the
10 actual cost for -- at the second submittal.

11 And then over on the right, we would simply
12 capture what type of facilities were modernized or were
13 touched and how many of them. And then the bottom right
14 would be the total square foot. So we wouldn't know per
15 building, but we would know the complete permanent, modular,
16 and portable square footage that was modernized as part of
17 that project and then also the cost per square foot just in
18 the aggregate.

19 CHAIRPERSON BUCHANAN: But the big chart is for --
20 combines all types.

21 MR. O'DELL: Yes. It doesn't differentiate
22 between permanent, modular, portable, or how much of the
23 square footage was done. Just -- so those are the primary
24 concepts between the two proposed pages that would capture
25 modernization.

1 CHAIRPERSON BUCHANAN: Bill, you're really
2 involved in this. Do you have comments here?

3 MR. SAVIDGE: Yeah. We reviewed this over the
4 last year at the Implementation Committee and the Allocation
5 Board and we heard a lot of concerns, Mr. Hagman, from
6 districts regarding the amount of time to fill out the
7 reports.

8 Part of the -- there's a bunch of issues. One of
9 them is many times at school districts the people filling
10 out the reports are an accountant in the district office or
11 someone who may not have project knowledge. So there's
12 sometimes a disconnect there.

13 We heard concerns about how the data was going to
14 be used. We heard concerns about adding some additional
15 requirements at the end of the program. The money's all
16 gone. You're going to have us do more work with
17 modernization. So I just want to characterize that.

18 The original use of the Project Information
19 Worksheet was to actually inform the discussion about how
20 much it cost to build a school. And the most fundamental
21 piece of data that we gathered that the State doesn't have
22 anywhere else and doesn't get from any other source is the
23 district tells what did I actually spend the whole project
24 on this project and the State never collects that data in
25 that way and it's formatted by soft costs and hard costs.

1 So in the previous Allocation Boards back in the
2 day -- I'm not sure if Ms. Moore was there or not, but there
3 were some pretty rancorous discussions regarding the grant
4 adequacy and based upon analysis of the data. And I think
5 everyone's kind of shied away from looking at it, but the
6 reality of the PIW is that the data regarding costs is
7 something that we don't get anywhere else and we really
8 need, but we don't talk about either.

9 So that's just one piece. So as we go forward, I
10 think most districts probably want to -- if I can represent
11 the stakeholders that came to the Imp Committee, they
12 probably want a form that's pretty concise, that's easy to
13 fill out, that doesn't ask for data that we already have at
14 the State and I think OPSC's done a great job in the last
15 process of saying, gee, we actually already have a bunch of
16 data that we were asking for. We'll auto populate that now
17 and that's really been a good process.

18 And I think districts want to understand how will
19 the data be used, will we ever look at costs, and when we
20 look at the sheets that you're looking at here, these
21 proposed modernization sheets, part of our overall
22 discussion I think in the program needs to be can we
23 establish a database of our facilities and then this
24 information feeds into that.

25 And so this is a step that's key in getting

1 information about what we do. But we also need to have an
2 inventory of some kind that this kind of plugs into and
3 that's I guess what I wanted to say. Thanks.

4 CHAIRPERSON BUCHANAN: It seems to me that
5 creating that inventory is probably a monumental task.

6 MR. SAVIDGE: It is and it's probably a local task
7 to be --

8 CHAIRPERSON BUCHANAN: Well, and that -- you
9 know -- so I don't know to what extent that's -- if you've
10 got to do that before you get the information, you might as
11 well not have the project because I think trying to get
12 people locally -- I mean you could say, well, they'll
13 participate in the program or whatever, but it's probably a
14 huge task that I -- I don't know how realistic it is.

15 It's a great idea I mean, but you also have to
16 start somewhere.

17 MR. SAVIDGE: Yes.

18 CHAIRPERSON BUCHANAN: You know, and when we -- we
19 get more complaints about the inadequacy of the
20 modernization grants and what we can't do and what we should
21 be doing and everything else, then pretty much any other
22 program that we have -- and yet there's no data to let us
23 know what's really happening.

24 I mean any of us can pick out isolated schools and
25 say this is all we were able to do, but there are other

1 schools where they are doing significantly more than that
2 and, you know, I think if we're going to make decisions and
3 we're going to change a program, ultimately they need to be
4 data-driven decisions.

5 And so, you know, I -- am I ready right now to say
6 these are the exact forms, but it does -- I don't think it's
7 unreasonable to say we should be collecting some
8 modernization data. We've got to have that.

9 I do believe though that you started out with a
10 new program. I don't -- you know, the one thing that's
11 become alive and clear to me over the little over a year
12 plus or so that I've been on this Board is that, you know,
13 people like to follow the rules that have been in place.

14 We're at the point where we're not allocating
15 out -- we're just about done allocating out money and so now
16 to tell them after they have the money and they're in the
17 middle of their projects you're going to have to do this, I
18 think that's going to be a little tough to swallow.

19 But I do believe that moving forward with the new
20 program is the time that we ought to be taking a look at how
21 do we collect data in an efficient manner that doesn't
22 overburden anyone but that can give us some valuable
23 information on what we're able to do with the dollars that
24 we allocate and the dollars that the schools have and have
25 some idea then of the adequacy.

1 MS. MOORE: Well, I agree with you. I think when
2 we move forward in the new program, data-driven decisions
3 are going -- are important. We ask our school districts to
4 make data-driven decisions all the time.

5 And so I think we'll have a good discussion on
6 that and what that inventory -- if it's an inventory or
7 other pieces of that, what are the data points that are
8 important, and how can we better serve.

9 I mean again the ultimate end of how do we
10 distributed limited resources and then how do we ensure that
11 we are truly investing in students' education.

12 So I look forward to that.

13 ASSEMBLYMEMBER HAGMAN: I would just ask one
14 thing. If we do put off any kind of changes until the
15 funding runs out, we get the new cycle, which is a couple --
16 two, three years away, is there enough data that we have
17 right now consistently to make all the important decisions
18 we have to do to put a new bond up. That's the question I
19 have.

20 If we don't start putting this in now -- basic
21 factors, how much a square foot is going to cost and those
22 type of things and you want to have that robust discussion
23 about how much we should be doing or if there's a new way to
24 fund a modernization project, do we have the data now or
25 should we try to capture that data that we have in the

1 projects ongoing so we can make informed decisions before we
2 decide what we're going to do.

3 MR. MIRELES: The only data that we do have is
4 what we fund which again is based on the plans that have
5 been approved by the Division of State Architect. It does
6 not reflect what was actually -- that was actually built at
7 the end of the project, which we understand could be --

8 ASSEMBLYMEMBER HAGMAN: Which is basically no
9 data.

10 MS. SILVERMAN: Right.

11 ASSEMBLYMEMBER HAGMAN: That's nothing for me as a
12 contractor in my 30 years with contracting to figure out
13 what the heck to do in the future. So I think you do put
14 something like this forward.

15 I don't think it's too much to ask that hundreds
16 of millions of dollars that's going out to projects up and
17 down the State to fill out two forms to figure out something
18 so when we come back and have to (indiscernible) on a bond
19 that we want to put out for their benefit and, you know, to
20 build the schools and stuff that we have some data to base
21 it on.

22 CHAIRPERSON BUCHANAN: Well, they're filling it
23 out on new construction now. The question is, is how do we
24 apply it to modernization.

25 ASSEMBLYMEMBER HAGMAN: And --

1 CHAIRPERSON BUCHANAN: And one of the questions we
2 can't answer even in this is what do you want versus what
3 are you doing. You know, so --

4 ASSEMBLYMEMBER HAGMAN: Well, but most campuses --
5 I mean what you're saying for a lot of campuses, they are
6 backfilling with their own funds to make their projects get
7 to the levels.

8 So they can sit there and say -- you know, that
9 ends up being 30 percent of what they're getting from us or
10 it's 20 percent or, you know, whatever the case may be.
11 That would give us at least a little better understanding.

12 And what are they getting for that? It's going to
13 be hard -- I mean I think the new construction's pretty
14 straightforward. You got a piece of land, you build it, you
15 put modern costs in there.

16 But this is the most complicated part of what we
17 do here is to figure out at what point do we ditch the
18 building and build a new one. You know, if it's 60 years
19 old versus 30 years old or a hundred years old, there's
20 going to a lot of difference in the infrastructure, all the
21 rest of it. That's the data we need right now to figure
22 out -- if we're going to do a new system versus a per pupil
23 grant, you're going to have to have that data.

24 So I don't know how you do it without it.

25 CHAIRPERSON BUCHANAN: Let me suggest this.

1 Maybe -- I know on the one hand it would be nice to wrap
2 this up, but maybe we could leave this as an unfinished item
3 for the next agenda and you can think about some of these
4 comments and those of you who are in the audience can think
5 about that as well and, you know, sometimes you make
6 decisions based on really good data and sometimes you have
7 to make decisions based on imperfect data, but --

8 ASSEMBLYMEMBER HAGMAN: Or no data.

9 CHAIRPERSON BUCHANAN: Or no data. That happens.

10 But, you know, I mean -- and sometimes all we can do is move
11 forward in a way that is positive and an improvement. So --

12 MS. SILVERMAN: So we'll table it for the next
13 meeting.

14 CHAIRPERSON BUCHANAN: Yeah. So -- okay.

15 ASSEMBLYMEMBER HAGMAN: You want to do public
16 comment on this at all or --

17 CHAIRPERSON BUCHANAN: Yeah. Is there any public
18 comment? All right. Well, then we're adjourned and --

19 MS. MOORE: What's our next date?

20 MS. SILVERMAN: February --

21 MR. SAVIDGE: February 5th; right?

22 (Whereupon, at 4:14 p.m. the proceedings were recessed.)

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