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CALIFORNIA STATE ALLOCATION BOARD
SCHOOL FACILITY PROGRAM REVIEW SUBCOMMITTEE
PUBLIC MEETING

STATE CAPITOL
ROOM 447
SACRAMENTO, CALIFORNIA 95814

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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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3 CHAIRPERSON BUCHANAN: All right. I would like to
4 call the meeting together -- the Subcommittee meeting and I
5 just want to take roll just for informational purposes so we
6 know who's here.

7 MS. JONES: Assemblymember Buchanan.

8 CHAIRPERSON BUCHANAN: Here.

9 MS. JONES: Assemblymember Hagman.

10 ASSEMBLYMEMBER HAGMAN: Here.

11 MS. JONES: Esteban Almanza.

12 MR. ALMANZA: Here.

13 MS. JONES: Kathleen Moore.

14 MS. MOORE: Here.

15 MS. JONES: Cesar Diaz. Thank you.

16 CHAIRPERSON BUCHANAN: Thank you. So we primarily
17 have two items on the agenda today, the County Office of
18 Education, their participation in the School Facility
19 Program, and to discuss the Financial Hardship Program.

20 And we're going to take the Financial Hardship
21 Program up first to accommodate speakers on the county
22 program.

23 MS. SILVERMAN:

24 MS. MOORE: So we're going to two first?

25 CHAIRPERSON BUCHANAN: We're going to two first,

1 yeah, just reversing it because one of the speakers can't be
2 here till 10:30.

3 MS. SILVERMAN: Good morning, everyone. Okay. So
4 Lisa Silverman here and myself and Jason Hernandez will be
5 covering the Financial Hardship piece and then we'll have
6 Juan also comment on the County Office of Education and the
7 programs that we cover for our School Facilities Program.

8 So a quick overview of the program. The Financial
9 Hardship Program has been designed since 1988 and it's
10 basically to provide districts assistance when they're
11 unable to make their match portion for their project.

12 So with modernization a 60/40 split, meaning the
13 State can't -- would contribute for the 40 percent that the
14 district can't commit to and 50/50 split under new
15 construction where they're asking for State assistance to
16 cover for their actual proportionate share.

17 So on page 1, we actually have some charts to
18 share with you. Basically since 1998, we've actually
19 distributed over -- nearly \$30 billion in cash and so that
20 red carve-out in that pie represents nearly \$3.4 billion in
21 funds provided for districts and county offices for the
22 Financial Hardship Program.

23 And the rest of the blue shaded area nearly
24 represents \$28 billion of funding for your normal 50/50
25 districts. So again those are the outcomes as far as

1 dollars that have been distributed in the program.

2 And then on page 2 is just a snapshot of the
3 program statistics of how many hardship approval statuses
4 have been provided for both districts and County Offices of
5 Education.

6 And so for calendar year 2008, you see the red
7 shaded area, County Office of Education have received 17
8 approvals. Likewise districts have received 35 approvals
9 and in 2009, 12 approvals and 22 approvals for districts, 11
10 approvals for 2010 and so on.

11 And again with the dollars provided in the program
12 on page 3, you'll see a number of -- funding has gone
13 through the last four years for those hardship districts
14 276.4 million for calendar year 2008.

15 Likewise there was a dip in 2009 and that was as a
16 result of a freeze where the Pooled Money Investment Board
17 froze our funds for a short time until we actually had some
18 bond sales. So we were actually frozen out for a short
19 time.

20 And then in 2010, it started picking up and again
21 these are projects that are on the unfunded list and are
22 able to compete in priorities of funding.

23 We started moving forward with providing cash to
24 hardship districts. So you'll see 140 million in 2010,
25 nearly 31 million in calendar year '11, and 42.2 million in

1 2012.

2 Also on page -- I think on page 15 or 17, we
3 actually have a State distribution chart of all the funds
4 that have been provided to financial hardship districts --
5 on page 15 -- statewide.

6 So out of that \$3.34 billion, again our nice chart
7 displays how many pupils it served and the various areas.

8 In Southern California -- San Diego area, you see
9 \$175.4 million that was distributed to both districts and
10 County Offices of Education to cover over a million pupils
11 in that area. And so that was the State's again share for
12 the Financial Hardship Program and likewise you'll see the
13 distribution statewide.

14 So with that -- I'm not sure if you have any
15 questions on that, but I'll change it over to Jason for the
16 eligibility portion of it.

17 ASSEMBLYMEMBER HAGMAN: Madam Chair, I've got a
18 quick question.

19 CHAIRPERSON BUCHANAN: Okay.

20 ASSEMBLYMEMBER HAGMAN: Just on the quick numbers,
21 it looks like 12 percent goes to Financial Hardship so far
22 and is that pretty consistent? Is that by reason that
23 everyone else has the funds or is that the only funds we
24 have? Are we capped at 12 percent roughly.

25 I understand you can't give it -- through the bond

1 sales. I know we had that slowdown in that period, but it
2 just seems pretty consistent over the life of the funds so
3 far.

4 So is that what your interpretation is, there's a
5 lot more need out there than there is funds or is that about
6 right going through?

7 MS. SILVERMAN: Well, I know there's been a couple
8 studies over the program. Some of the larger districts,
9 they have the wherewithal to encumber the funds, but some of
10 the smaller districts, they do pay a good portion of the
11 share.

12 So when we do look at the finances, small/large
13 districts in general, if they have funds to contribute and
14 they're in the capital facility funds, then yes, they do
15 contribute to their project.

16 So there's a good portion of them that do.
17 There's also a good portion that don't contribute to their
18 project.

19 So we do have statistics that we could probably
20 share at a future date about how many actually do contribute
21 to the projects, whether small, medium, or large.

22 ASSEMBLYMEMBER HAGMAN: And --

23 MS. SILVERMAN: But it's hard to -- I mean we
24 could actually break out need as well.

25 ASSEMBLYMEMBER HAGMAN: Okay. Well -- and this

1 goes onto a bigger discussion. I don't know if you want
2 this now or at the end of the presentation.

3 CHAIRPERSON BUCHANAN: Go ahead.

4 ASSEMBLYMEMBER HAGMAN: As far as some of the
5 concerns that I had, so --

6 CHAIRPERSON BUCHANAN: Let's save it for the end.

7 ASSEMBLYMEMBER HAGMAN: Okay.

8 MR. HERNANDEZ: Okay. Good morning. And I'll
9 start off, like Lisa said, just basically talking about the
10 eligibility. I'll go through the qualifying process, the
11 hardship approval, what that means, and basically the
12 hardship funding. Just kind of walk through an overview of
13 the process.

14 Starting with the eligibility: Currently a COE or
15 a district is eligible for financial hardship assistance and
16 there's two main things, one that they're showing that
17 they're making all reasonable efforts to fund their matching
18 share of their projects on their own before they come in for
19 hardship and that the district is financially unable to
20 contribute the full share for their 50 percent if it was a
21 new construction project.

22 So the qualifying process: Basically both school
23 districts and county offices go pretty much through the same
24 process. They start everything off by submitting the
25 financial hardship checklist to our office.

1 That will trigger the beginning of the review.
2 Someone will go through that to make sure all the documents
3 are complete. If everything looks complete, then they will
4 be added to the workload list and be assigned to an auditor
5 for review.

6 Once the auditor is assigned to the package, then
7 they will review the initial documentation and the first
8 part what they'll check for is to make sure that they're
9 meeting one of the eligible criteria.

10 And that criteria is listed on the next page on
11 the top of page 4 there and it goes through the basic
12 financial hardship criteria.

13 And what this is is basically that's the way that
14 they're showing that they're making all reasonable effort to
15 fund their matching share of their project by meeting one of
16 these criteria.

17 The first thing is they have to be levying the
18 maximum level of developer fees. And once they do that,
19 then they have to meet one of the following in addition to
20 developer fees. (1) They have to have at least 60 percent
21 total bonded indebtedness and that bonded indebtedness
22 should be for capital facility purposes.

23 If they've had a successful Prop. 39 bond within
24 the last two years, their local bond, then that can qualify
25 them as long as those proceeds are being sued -- the

1 proceeds from that bond is being used for SFP purposes.

2 If they're a County Office of Education, then they
3 meet the criteria.

4 If it's a smaller district and their total bonding
5 capacity is less than \$5 million, currently that is one of
6 the ways that they can meet the criteria.

7 If they don't meet one of the four standard
8 criteria, they still have the option to come into the Board
9 under other evidence and present their case as to why they
10 should be considered eligible for financial hardship
11 assistance.

12 CHAIRPERSON BUCHANAN: So -- yeah. We have a
13 question on the criteria. Sure. May be the same. Go
14 ahead.

15 MR. ALMANZA: It's still hard for me to try a
16 financial hardship with my experience with other government
17 assistance programs. You know, typically financial hardship
18 means assisting economically distressed areas, very low
19 income, trying in need of extra financial assistance.

20 And this criteria doesn't totally fit that. You
21 know, for example, you know, why does being a COE
22 automatically qualify you for hardship for -- you know, on
23 the level of fees, is it level one fee? Is level two more,
24 just defining a higher level of distress in the area?

25 And are these criteria in law or do we have any

1 kind of flexibility to adjust.

2 MR. HERNANDEZ: Currently, the criteria that I
3 just went through, it's both in statute and the regulations.
4 So it is currently in law and that was from the inception of
5 the program when emergency regulations went into effect in
6 December -- was it December of 1998? Yeah, December of
7 1998, so -- and one of the questions you asked was the COE.
8 That was one of the criteria that was originally listed when
9 the program was put together and when it was put into law.

10 As far as the level one and level two developer
11 fees, those are two different fees. The level one fee is
12 set and it's adjusted every other year and that fee is in
13 the Education Code as far as what the original one was and
14 it's also -- in there allows the fee to be adjusted every
15 other year.

16 As far as the level two fees, there's two things
17 if you're going to be charging level two fees. If you look
18 at the Government Code, it will tell you that you have to
19 be -- have a needs analysis, so a nexus for the need, what
20 your current level is.

21 Just for example -- I can't remember the exact fee
22 and someone can correct me, but if the current level one
23 fees is \$3.10 and a district goes forward and they have a
24 needs analysis that comes back that because of their
25 unhoused students, they have a need up to \$5, then they can

1 charge those level two fees.

2 But there's also -- they can't do it just
3 automatically because a needs analysis came back and said
4 that they --

5 CHAIRPERSON BUCHANAN: But I think the question is
6 does the regulations state that you have to assess developer
7 fees or does the regulations state that you have to assess
8 the maximum fee that you're entitled to assess by law.

9 So I mean given -- if you have eligibility, I mean
10 to assess a level two or a -- we've never had level three
11 fees in the entire history. But if you have -- if you meet
12 the criteria to assess a level two fee, do these regulations
13 say you have to assess it or do they say -- does it just say
14 you can assess the minimum level one fee.

15 MR. HERNANDEZ: It talks about the maximum amount
16 of fees allowed by law. Currently -- so I guess the better
17 answer to your question, it doesn't specifically say whether
18 the minimum of level one or the maximum of level two.

19 The current policy is that when you come in for
20 your initials that you must at the very least minimum be
21 charging the level one fees.

22 If you come in for a second time or what we call
23 renewal and you're coming in for new construction projects,
24 then you must levying the level two fees or show
25 documentation, you know, justification why you cannot charge

1 those level two fees.

2 But it does not specifically say level one or
3 level two. So I guess going forward, you would have the
4 flexibility to look at whether you want that to be -- the
5 Board could choose -- or not choose, but there could be some
6 decision down the road whether that could be level one or
7 level two because it doesn't specifically say what the
8 minimum should be. It just says the maximum allowed by law.

9 CHAIRPERSON BUCHANAN: Okay. And --

10 MR. SAVIDGE: And so could I -- I mean I think
11 part of Mr. Almanza's question that I heard was you are used
12 to seeing a governmental program that would assist extremely
13 distressed communities.

14 And I don't believe that that's what this program
15 was set up to be. It was really set up to provide
16 additional funding for districts that are making all the
17 effort that they can to get funding from the sources that
18 they have and then still have eligibility and can't meet
19 that and the State would then assist them at a higher level
20 because they are doing -- they're taking a lot of local
21 effort. They are at their bonding capacity. They're
22 levying fees and yet they still have eligibility.

23 This is not a distressed community's program.
24 Maybe with the exception of the \$5 million bonding capacity,
25 you're going to hit a lot of your rural districts with very,

1 very low abilities to raise funds from bonds.

2 CHAIRPERSON BUCHANAN: Can you please explain to
3 me on the second criteria where you're at your maximum
4 Prop. 39 bonding capacity. Is that defined as the maximum
5 to get you to the two and a half percent, to get you to the
6 30 and 60? How are we interpreting that?

7 MR. HERNANDEZ: Yeah. That's to get you to your
8 30 and 60 basically, that you should be charging the maximum
9 amount that gets you to that -- the tax restriction.

10 CHAIRPERSON BUCHANAN: So I had a district in my
11 office last year that -- I don't remember what district it
12 is, but they've have over \$200 million that they've received
13 in financial hardship and a comment that was just sort of
14 casually made by the representatives, you know, we may go
15 out for a bond next year.

16 So how -- if you have the eligibility to go out
17 for a bond and the requirement is, is that you have to have
18 a successful election, how does a district end up with
19 having, you know, the \$200 million in projects -- financial
20 hardship projects approved?

21 MR. HERNANDEZ: One possible explanation could be
22 that they may have qualified under the first criteria of
23 that 60 percent. So they had additional bonding capacity
24 left to the district and based on the size of your assessed
25 evaluation within your district, that 200 million, they

1 obviously could have additional bonding capacity available
2 to them and that's possibly why they could consider that
3 future bond.

4 CHAIRPERSON BUCHANAN: Pedro.

5 MR. REYES: Going back to Mr. Almanza's question,
6 is the question basically if you meet criteria for the first
7 part, the developer fee, and then you meet one of the
8 following and it can be the County Superintendent of
9 Schools -- County Office of Education. So you're -- this
10 could occur in places -- Imperial County with a 33 percent
11 unemployment rate, the same playing field as Orange County,
12 Marin County, or other wealthy counties in the state.

13 MR. ALMANZA: Right.

14 MR. REYES: And so your point is, as I understand
15 your question is does that make sense and what I'm hearing
16 from staff is that's the statute.

17 MR. HERNANDEZ: Yeah. Currently that's the way
18 the statute's written, the regulations are written. There
19 is no -- nothing that has any difference of level based on
20 need or anything else other than it's a County Office of
21 Education.

22 MR. ALMANZA: So is it the statute or the
23 regulations?

24 MR. HERNANDEZ: It's in both. So it's statute
25 because it's in the law right now.

1 MR. REYES: Is there any flexibility for the
2 regulations to provide a different -- an additional piece --
3 additional -- some sort of (indiscernible) because -- you
4 know, and I think this is the concern that Senator Hancock
5 has also expressed, that wealthy counties are put in the
6 same playing field as poorer counties in -- up and down the
7 Valley and that's -- I mean I think (indiscernible) County
8 doesn't strike me as a needy county, yet they're at the same
9 place that Merced County is.

10 CHAIRPERSON BUCHANAN: The only thing I would say
11 is there's nothing equitable about school funding and
12 (indiscernible) county that took three efforts to pass a
13 bond, but my bigger consideration around that is, you know,
14 I agree that when we have these counties, and it's been
15 brought up in discussions, that, you know, in this case,
16 they don't have the bonding capacity and yet they -- you
17 know, they're educating students and those students deserve
18 the same quality facilities as everyone else.

19 There has to be a provision for that, but I don't
20 know how the State Allocation Board gets in the business of
21 trying to assess -- compare what the needs are in one
22 district versus another or the condition of schools in one
23 district versus another.

24 It seems to me that -- and we're going to have
25 the -- talk about the report that was put out by Berkeley,

1 but it seems -- I mean we try to sort of come up with
2 regulations on seismic and it seems to me that that's the
3 responsibility of the local school district is to when
4 they're going for a bond or they're planning their
5 facilities needs, their responsibility is to assess what
6 their needs are, what the condition of their schools are,
7 and then it's up to them either to pass the bond or come up
8 to the State and ask for additional assistance so they can
9 fix those schools.

10 So then how do we compare -- how do I say your
11 district has greater needs than someone else's? I mean I --

12 MR. ALMANZA: But I do think we have a
13 responsibility to try to allocate very limited resources for
14 infrastructure -- education infrastructure in a way that,
15 you know, produces the best --

16 CHAIRPERSON BUCHANAN: Right.

17 MR. ALMANZA: -- results for our state because we
18 can't fund everything.

19 CHAIRPERSON BUCHANAN: I agree. Well, maybe if
20 you have any data on what counties or districts are
21 receiving the financial hardship. I've got a feeling the
22 Marins and other ones you're mentioning aren't getting the
23 financial hardship funds now.

24 MS. SILVERMAN: Yeah. We actually do have a chart
25 in the next presentation that really outlines the

1 distribution of funds --

2 CHAIRPERSON BUCHANAN: Right.

3 MS. SILVERMAN: -- to county offices. I'm not
4 sure if you wanted to jump to that section, but it does
5 show -- but there are some counties within the state that
6 are participating in the Financial Hardship Program that
7 also shows some counties in the state that aren't
8 participating at all in the School Facilities Program in
9 general.

10 So it does show a disproportionate number of
11 districts that have not -- county offices that have not
12 participated. So there must be something with the
13 relationship they have with districts --

14 ASSEMBLYMEMBER HAGMAN: I'm just going to throw
15 some more things out for thought --

16 CHAIRPERSON BUCHANAN: Yeah. We kind of --

17 ASSEMBLYMEMBER HAGMAN: Thank you. You know,
18 basically when we bond out, we're looking at a 30-year loan
19 that we're paying back over a period of time and understand
20 one of the qualifications is a basic snapshot in time of a
21 district.

22 It doesn't really look at what decisions were made
23 two years ago or five years ago, the district made, and what
24 decision may be later.

25 I want to make sure that when we're looking at

1 these things that we look at, okay, what are the priorities.
2 Like we had a presentation from the Federal Government on
3 the federal schools on bases. They had a criteria.

4 You know, we should be able to do some kind of
5 framework like that. It may not be the exact facilities,
6 may not be things we talk about before -- want to have a
7 gymnasium, for example. That could be local.

8 But it can be like the building's falling down.
9 You know, health and safety issues take priority over -- and
10 then the second thing is maybe population based. We need
11 the number/size classrooms versus other facilities.

12 But if we're going to go all in of these counties
13 or these school districts and say we're paying a hundred
14 percent, then we need to prioritize somehow the money that
15 we're spending.

16 So what criteria versus first in, first out. Not
17 so much on looking at the wealth of the county and stuff
18 because each district may be different, but more of facility
19 needs criteria versus other things and that may be a little
20 bit different than competing for that 50 percent match which
21 is we're ready to go, we got our money, we're going to be
22 first in line, and we're ready to start putting shovel to
23 dirt. So that's one thought, how do we qualify those
24 things.

25 Then one of the thoughts is if you are district

1 that's already maxed out its bonding capacity, you can't go
2 any further, what's to stop you from saying now I want all
3 these in the facilities. I've got a hundred percent of the
4 State paying into it.

5 Are we going to restrict those uses to primary
6 education functions or can they build pools and joint-use
7 facilities and so on and so on.

8 If you're already maxed out, you know, what
9 limitations do we have in this program if any for those type
10 of things.

11 You know, it goes back to what are the basic needs
12 for a campus or what's basic needs for a district and --
13 which is hard because we're such a diverse state, but what
14 is the -- how do you stop that from someone taking advantage
15 of it.

16 And then I always have the concern I brought up
17 several times is what do we do with these facilities if
18 we're paying into them or 50 percent partners in it or a
19 hundred percent in some cases -- we're buying land, we're
20 buying these facilities, and they're not being utilized five
21 years later, ten years later. Can we get that back in the
22 system either by selling them, by leasing them?

23 Do we have any way for the State or our
24 organization to monitor what assets are bought, what are
25 being utilized, what is surplus, where's the surplus money

1 going to, trying to put money back in to the system.

2 Since it is the people's dollars going into the
3 district partnership, yes, but maybe that partnership should
4 be paying back 50 percent of that partnership when they're
5 not using it.

6 And I've seen a lot of just my local area, lot of
7 advertisements going out. I know this one particular school
8 district's leased out their campus for 35 years to a college
9 and it's going back on the market for another lease. That's
10 35 years they haven't used that for their primary purpose.

11 Now, it's not our dollars probably in that case,
12 but for the last ten years, a lot of our dollars went into a
13 lot of facilities and if they're not being utilized for what
14 they told us it's going to be utilized because of population
15 shifts or migration or whatever the case, can we get those
16 assets to work for us, to go back into the pot of money to
17 use in other places where it went to.

18 It's a bigger picture, but I think we need to
19 develop a policy for qualifying these hardship. That should
20 be the hook on the other side. If you don't use it for that
21 purpose, if it's not being fully -- you know, in use and you
22 have some subleasing, we should get part of that money back
23 or maybe all of it if we're a hundred percent in.

24 And I understand we don't have that and I
25 understand we don't even have an asset base of all our

1 school districts, what properties they have. So when the
2 counties come up, they could tell us why shouldn't we know
3 where your assets are since it's using State money to buy
4 it.

5 And if they're sitting around for 10, 20 years,
6 should be getting some productivity out of it. So these are
7 a lot of the questions I have and --

8 CHAIRPERSON BUCHANAN: So staff is creating an
9 issues bin and we'll probably be distributing that not just
10 here but to the entire State Allocations Board in an update
11 because we want to be sure that, you know, after we complete
12 all of our reviews that we go back and talk about all these
13 issues as we start to try and streamline the program.

14 So obviously in terms of how we prioritize what
15 qualifies, you know, whether or not -- what happens to an
16 asset when it's no longer being used, I mean those things
17 obviously we want to the issues bin.

18 And, you know, what I would add and I was thinking
19 we were going to add this after, but it's just full -- it's
20 flowing more naturally now, is, you know, should it be
21 60 percent or should you have to use a hundred percent of
22 your bonding capacity before the State kicks in.

23 ASSEMBLYMEMBER HAGMAN: Or how about a longer term
24 no interest loan and have them pay back over time
25 (indiscernible). You know -- or at least a period where if

1 your financial thing changes ten years from now, we're still
2 paying 30 years on that money. Maybe ten years from now,
3 they could participate in part of that -- or a longer term
4 checkout.

5 We want to help them, but we don't want to be
6 taken advantage of.

7 MS. MOORE: My one comment about hardship is how
8 we have one category and two very different situations or
9 entities within that category and that being County Offices
10 of Education together with districts that go through this,
11 you know, at 60 percent.

12 County Offices of Education got there virtually by
13 the fact that they cannot issue bonds and they actually
14 educate some of our most at-risk students that we have. And
15 I think we're going to -- I looked at the presentation that
16 we provided and if you look at the facilities that are
17 funded a hundred percent or whatever amount by the State
18 together with what County Office of Education contribution
19 is made there, you know, these are very basic facilities and
20 they're for our most at-risk students at times.

21 And I think that that bears more review than --
22 and having them in this category I think -- and treating
23 them similarly to other financial situations may not have
24 been in the best interests of County Offices of Education.

25 So I'd like to see that kind of discussion around

1 it too. What have we educationally provided for those --
2 for county offices versus school districts that have access
3 to capital in a way that they don't and so that's a concern
4 that we have at the Department of Education.

5 CHAIRPERSON BUCHANAN: Well, and that's why we are
6 dealing with County Offices of Education as a separate --
7 its own agenda item because I do think it's unique and I
8 don't know what all the answers are there, but I agree with
9 you.

10 So we'll continue on financial hardship.

11 MR. HERNANDEZ: So we went through the qualifying
12 criteria. Some of the documents that we look at when we're
13 doing that part of the review is on top of page 5.

14 We already talked about the needs analysis,
15 justification study. You get your letter from your county
16 audit controller so we know what your total assessed
17 valuation is, any general obligation bond booklets if you've
18 passed bonds, if you've issued COPs, we get those booklets,
19 copy of ballot issues if you passed a bond -- just that
20 basic documentation that we use to make sure you meet that
21 criteria.

22 If you do, then at that point, we'll have to start
23 looking at the district's financial records to make the
24 determination of any available funds that can be contributed
25 to the project.

1 Some of those funding sources that we can possibly
2 look at are those local general obligation bonds, the
3 Prop. 39 bonds, or the traditional two-third bonds, those
4 certificates of participation, any developer fees, sale of
5 surplus, et cetera. Basically any type of funding that's
6 capital facility related we'll look at.

7 ASSEMBLYMEMBER HAGMAN: We need to check -- and it
8 goes back to my point -- the sale of surplus property. When
9 you're looking at districts, do you actually have a list of
10 all the district assets and any way to verify that?

11 MS. SILVERMAN: We actually do have a site sales
12 proceeds -- excuse me -- a surplus site log that we do track
13 on an annual basis. So if we do acquire a site or if a
14 district acquires a site with our funds, then we do have a
15 reporting mechanism that they report annually. So --

16 ASSEMBLYMEMBER HAGMAN: So this is self-reporting
17 by the district?

18 MS. SILVERMAN: Very much self-reporting so --

19 ASSEMBLYMEMBER HAGMAN: Any way to tie in -- and
20 so if a district has multiple assets, money flowing from us
21 left and right, you know, we by design give them a chunk of
22 money, say go do this project or go buy this asset. Do you
23 have any way to match up those funds with a particular
24 asset, not necessarily to check what they're doing up front,
25 but 10 years from now, 20 years from now, well, these assets

1 we're buying for the last 10 years with State bond funds and
2 we come up with a policy that says you're not using it. We
3 know these dollars went into this facility or these dollars
4 went in that piece of land and now it's not utilized, the
5 district wants to sell it, wants to do something with it and
6 make it productive.

7 How do we know what money went into what? Is
8 there a matrix that you have or is that something we can
9 kind of put together.

10 MR. MIRELES: Yeah. Aside from the unused site
11 program that someone just mentioned, we don't have a
12 mechanism to track these sites.

13 The unused site program is a self-reporter program
14 and there are a few exemptions in terms of what the
15 districts can use a site for and not be charged. But if
16 they don't, there is a fee that they have to pay the State,
17 but again that's a self-reported information. If it's not
18 reported, we don't track it. We don't have a mechanism to
19 go out and verify that there other sites that are not being
20 utilized.

21 MR. REYES: What would be required to be able to
22 do that? I mean do we need a statute to have sort of
23 enforcement provisions (indiscernible) to the State. It is
24 the taxpayers who are investing on these properties. There
25 ought to be some sort of way of making sure that they are

1 being utilized for their purpose so we could (indiscernible)
2 and then (indiscernible) surplus properties, you go back
3 into the system and the revenues go back to whatever bond.

4 Certainly when people buy a park with bond money
5 and then decide to sell it, the bond -- the proceeds of the
6 sale go back to -- for the bond -- for the purpose of paying
7 the bond.

8 But if we're buying a school with bond money and
9 it's sitting there for 20 years, it's not being used for the
10 purpose for which it was bond.

11 MR. SAVIDGE: Yeah. I think it would be really
12 helpful. Having been at a district and tracking facility
13 assets just at the district level, I think one place we
14 should start is to consider a uniform reporting structure so
15 that everyone at the local level could report their
16 facilities. You could information related to how they were
17 funded initially, what their current use is.

18 But there's no -- even the tracking that goes in
19 many districts is not at a very high level and I think we'd
20 want to create a structure so we'd at least have that that
21 could come up to the State. It would be helpful for school
22 districts too I think.

23 MR. REYES: Madam Chair, giving Bill's experience
24 in this area (indiscernible). He has experience and I think
25 it would be a very useful tool. So, Bill, add it to your

1 list.

2 CHAIRPERSON BUCHANAN: Well, I think that's got to
3 be part of the whole --

4 MR. REYES: Um-hmm.

5 CHAIRPERSON BUCHANAN: -- sort of eligibility
6 reporting discussion because I think part of our charge is
7 to sort of come to consensus at the end on how we would
8 prioritize projects that would go into another bond.

9 The other charge I think we have is how do we
10 streamline the whole process and making -- and I think
11 that's got to be --

12 MR. REYES: This would go (indiscernible).

13 CHAIRPERSON BUCHANAN: Right.

14 MR. REYES: Once the asset (indiscernible).

15 CHAIRPERSON BUCHANAN: Yeah, but I think that's
16 part of the whole eligibility process. I mean if we're --
17 eligibility is based on what your inventory is and what your
18 enrollment is --

19 MR. REYES: (Indiscernible) for money and --

20 CHAIRPERSON BUCHANAN: Right.

21 MR. REYES: -- you have assets someplace else
22 (indiscernible) in the Fairfield area where somebody owned a
23 property next to a freeway --

24 CHAIRPERSON BUCHANAN: Right.

25 MR. REYES: -- and (indiscernible) to let go.

1 That's the property that they have requested (indiscernible)
2 and they wanted to move it someplace else.

3 MS. SILVERMAN: That's correct. That was an
4 appeal that we had --

5 MS. MOORE: There's the other issue of the State
6 has taken I guess a position on sale of property in the
7 last, you know, five budget cycles that it originally begun
8 that you could temporarily suspend the requirement that the
9 sale of a piece of a property went to the capital side of
10 the program while we were in the fiscal crisis that we were
11 and the current budget actually indicates that the sale of
12 property -- that requirement that was suspended is being
13 made permanent such that school districts that sell a piece
14 of property are able to move that into their general fund
15 requirement.

16 And that's going to be -- that's proposed as
17 permanent in the current budget. And it was done I think as
18 many of the issues that were done during this fiscal crisis
19 to provide districts with alternatives -- to provide them
20 with alternative funding sources as they were losing
21 billions in operational funding. And that was one of the
22 compromises that was made.

23 So what we look at here too I think has to be
24 looked at in the context of what is being proposed
25 budgetarily as well.

1 CHAIRPERSON BUCHANAN: Right. But I have to say
2 that's a very slippery slope because, you know, in essence
3 if you do that permanently, you're allowing one time money
4 to supplement the general fund side and the, you know, basic
5 rules is one time money, one time expenses/ongoing money,
6 ongoing expenses.

7 And I know during the crisis we've just been
8 through everyone has done all they can just to, you know,
9 maintain programs, you know, minimize the cuts they're
10 making.

11 But, you know, my own sort of anecdotal experience
12 with districts that have sold surplus property particularly
13 during declining enrollment periods is they end up five or
14 ten years later either, you know, buying it back at two,
15 three, four, five, ten times what they sold it for and may
16 not even have the availability.

17 And I think that's why right now there is -- you
18 know, if you're going to sell surplus property, there's
19 also, you know, certain criteria of other agencies -- public
20 agencies to whom you offer the property before you can
21 actually go out to sale because whether they're school
22 dollars or others, they're still taxpayer dollars that have
23 bought a public asset and so the question then becomes, you
24 know, if there's public use for it, should that be a top
25 priority. So you know --

1 MS. MOORE: Or I would say too -- I'm sorry. Go
2 ahead -- that we encounter that at the Department of
3 Education. We have a publication around, you know,
4 disposition of property and one of the primary questions
5 that we think the Board should consider is that demographic
6 because we too have seen where the property then becomes
7 needed and, you know, and what -- but what do you do during
8 the intervening times that you might have the demographic
9 shift that you don't need the school and then you have a
10 completely different demographic that begins occurring in
11 your area.

12 So we're always very cautious about the sale of
13 the asset versus the lease of the asset. But I think that
14 this is a topic for discussion as we move forward.

15 ASSEMBLYMEMBER HAGMAN: Well and then I'm just
16 going to do my completion thing here. But we do have two
17 different processes, the ones prior to this program where
18 districts were creating their own funds, for the most part
19 buying their own assets, that's theirs to manage.

20 I like the fact the check is coming from a local
21 entity with the locals to see before they sell it. And
22 there's the distinction between a full school site and
23 remnants of a school site that was built because I --
24 dealing with a couple slivers and pieces left over from a
25 high school that developers wanted -- trying to negotiate.

1 It was a pain just to try -- we never did get it through --
2 to see it go through that process.

3 So we need to be pragmatic in what's what on that.
4 But when it comes to these dollars which are statewide bond
5 obligation dollars that are long-term loans, we need to have
6 that tracking system and then I'm remembering our local
7 bonds, we had local bonds to match up, probably some State
8 dollars to match up, city dollars match up with some federal
9 dollars. I've got four different funding sources going in,
10 some things that repair schools, others to build a stadium,
11 others to build something else. How do you match up what
12 funds went to what.

13 And then you throw in the complexity of different
14 labor requirements on each project because we have a
15 different one possibly than they had on the local ones. It
16 becomes a tracking nightmare, but I do believe there should
17 be some kind of tracking system. So these assets we
18 invested in for the last ten years as a State, we're kind of
19 like partners with them -- with the districts in those
20 assets.

21 And then given the full ability to use it,
22 hopefully (indiscernible) monitor it. If it does become a
23 surplus, you know, lease or sell or something becomes --
24 bring some income, I want to encourage that completely.

25 You know, if we're 50 percent ownership of that,

1 we should probably get 50 percent back so we can help the
2 other districts that need money in the future.

3 CHAIRPERSON BUCHANAN: Any questions? Comments?

4 MR. ALMANZA: Just another comment that, you know,
5 based on experience I've had with local assistance programs
6 is that those kind of controls are built into the grant
7 agreement. So it's not uncommon that if you get, for
8 example, a hundred percent grant to acquire an asset, then
9 within the grant agreement if that assets ever sold, then
10 the proceeds go back into that government fund that funded
11 the asset in the first place.

12 So if we could build that into our grant
13 agreement --

14 ASSEMBLYMEMBER HAGMAN: What about in your leases
15 too? What about year-to-year leases?

16 So let's say I'm using a regular school but I also
17 put a private vendor -- I put a driving school in there. I
18 put some county school programs there after school, all
19 these other ways that the district gets income, should that
20 be required to split that part of the income with us or not.
21 I don't know.

22 CHAIRPERSON BUCHANAN: Well, this is what I'm
23 going to suggest. It's an item on the issue bin. When we
24 really start working through the issue bin, I think these
25 meetings are going to look like they were just the real

1 simple ones because there are -- I mean it's -- you can
2 never design the perfect program.

3 I think you bring up some valid points and I'm
4 sure there's people out in the field who are going to have
5 comments on them as well, but in an effort to try and get
6 through our agenda items today, we want to --

7 MR. HERNANDEZ: Okay. So then in addition to
8 those type of funding sources we look at, some of the
9 documentations we do on the review of the financial records
10 could include a district's capital outlay plan for the next
11 five years.

12 We look at -- they submit fund worksheets that
13 list each one of their funds, like, just for example, their
14 Fund 25 where their developer fees are deposited, they'll
15 submit a worksheet for that one and we'll look at it.

16 If they've had a bond, they could possibly have a
17 Fund 21 where their bond proceeds are deposited. So we'll
18 look at those funds.

19 So we'll look at the fund worksheets and review
20 those to see the different funding -- capital facility
21 related funding they have. We'll look at the general ledger
22 detail, their audited financial statements, any -- like I
23 mentioned earlier, any bond booklets, any COPs --
24 Certification of Participation booklets, and then for the
25 projects that are coming in, we ask have they had any

1 expenditures to date on these projects before coming in. So
2 we'll look at their expenditure reports.

3 So we'll basically do this review of all the
4 documentation without getting too detailed and based on
5 that, then we'll come up if they're had any funds available
6 to contribute to those projects.

7 And we also include any -- also encumbrances they
8 may have against those funds that are sitting there in the
9 capital project funds. We'll look at that as well and the
10 backup documents such as the contracts for those
11 encumbrances and that all goes into a total that we come up
12 with to see do they have any funding available if any at
13 all.

14 So once those -- and only after both that review
15 of eligibility which was the criteria and review of
16 available funds is complete can a district qualify for
17 financial hardship status.

18 And that could be -- there's some confusion at
19 times, but both of those processes need to be complete
20 before they can get their financial hardship status.

21 CHAIRPERSON BUCHANAN: Cesar.

22 MR. DIAZ: What kind of capital related funds for
23 County Office of Education are we referring to?

24 MR. HERNANDEZ: Currently -- and Lisa I think kind
25 of touched on it a little bit earlier, but we look at it's

1 your capital project accounts which is normally you Fund 21
2 like I mentioned previously -- your building for your COPs
3 or your bonds, your Fund 25 is for your developer fees. You
4 could have a Fund 40 for other capital outlay.

5 You have your Fund 35 which is your school
6 facility program proceeds are -- so it's just a family of
7 funds where they -- the district will deposit all their
8 capital project accounts.

9 Where we run in potentially some problems is if
10 any money has been moved or transferred ahead of time into a
11 non-capital facility account such as the general fund or one
12 of the sub funds within it, possibly like Fund 17 which is a
13 holding account fund for non-capital outlay type proceeds,
14 that could potentially be an issue is there's some capital
15 related proceeds that are not within those capital project
16 accounts.

17 But normally to answer your question, it's those
18 capital -- that family of funds, those capital project
19 accounts is what we normally look at during the course of a
20 review.

21 MR. ALMANZA: So are we limited by law or
22 regulations as to what funds we could evaluate or can we
23 look at the whole financial condition of the school district
24 or --

25 MR. HERNANDEZ: The regs do limit as to what

1 funds. You know, I mentioned the general fund earlier.
2 Potentially if there's capital facility related funding
3 within one of the sub funds within the general fund, that
4 could potentially be something we don't look at.

5 The regs do talk about looking at all capital
6 facility related accounts and normally that's been
7 interpreted to look at those capital project accounts that I
8 mentioned earlier.

9 So, yeah, we do not look at all the district's
10 funds in whole. I mean we do look at their financial
11 statement which lists all those funds and if we do see
12 something unusual or if we notice capital facility related
13 accounts, say, even though the program is ending, for
14 example, redevelopment funds, those are something we can
15 potentially look at as well.

16 But you're not looking at all their financial
17 records as a whole.

18 Okay. So once we've looked at that, we've made
19 the determination of available funds, then if you look at
20 the top of page 6, it talks about the financial hardship
21 approval.

22 We'll send our findings, what we determine the
23 funding available that the district or the COE had. We'll
24 send it out to the district and they can concur if they
25 agree with the findings by signing off and sending it back

1 to us.

2 There's times where they'd potentially have
3 additional documentation they'd like to present. So they
4 have that opportunity as well. We can discuss anything if
5 there's some -- still disagreement, but ultimately they'll
6 show their concurrence with our findings by signing off and
7 submitting that.

8 Once they do that, we'll issue the approval letter
9 to the district. This now gives them the ability to submit
10 their applications for funding with the hardship mark for
11 180 days or six-month approval period.

12 So if there's any additional projects they were
13 unable to move forward with during those six months or if no
14 applications were received in the six months, then they
15 would have to resubmit a new financial hardship package and
16 they would have to go through the full review again in order
17 to get their financial hardship status renewed at that time.

18 For those projects that do make it all the way and
19 they're put on the unfunded list, they -- if it's sitting on
20 an unfunded list for more than 180 days, then we will do a
21 re-review and that re-review is just of their financial
22 records to see if they have additional funding to contribute
23 to the project, but we don't review their criteria again to
24 see if they meet the basic program eligibility.

25 We're just doing that review if there's any

1 additional funds.

2 The table listed down there under the funding
3 section basically is the same table from one of the previous
4 meetings and it kind of just goes over basically what
5 happens if the project is funded.

6 It gives the example of the \$100 project cost with
7 a \$50 State share and the \$50 local match. Potentially if
8 we found \$30 in our review of available funds, then
9 obviously they would get their State match of \$50, they
10 would get \$20 in financial hardship assistance, and then
11 they would have the \$30 able to contribute themselves to
12 make that full \$100.

13 MR. DIAZ: Excuse me. For -- you know, on the
14 review side, what are the challenges to actually coming
15 forward with a more current review?

16 MR. HERNANDEZ: If -- I'm not sure. If the -- one
17 of the things that we discussed in the past, I think going
18 through potential changes to the hardship program, the
19 question came up -- because you have to have -- I mentioned
20 earlier -- well, I don't know if I mentioned yet. You have
21 to have your financial hardship approval first before you
22 can submit your application for funding.

23 So one question that was brought up to us by both
24 COEs and districts was the difficulty of going through the
25 financial hardship review process and then after that's

1 complete, then you could submit your application for funding
2 and then you have to go through the normal review process
3 before you get to the State Allocation Board to get your
4 project approved.

5 One of the questions came up was there a way to do
6 a concurrent review. Could we possibly submit your
7 application for funding, your 50-04, at the same time that
8 you submit your financial hardship application.

9 So we did have some discussions with that. There
10 were some difficulties that came up as far as, you know,
11 what happens if projects didn't move forward, what happens
12 if you go through the concurrent review and -- you know,
13 whether it's on a district end or possibly on the State's
14 end, whether through our office or DSA or something happens
15 to delay that project, so there was different things that we
16 discussed.

17 But one of the original reasons too that it was
18 brought was definitely through the amount of documentation,
19 the difficulty, and the length of time it was in the review.

20 But in the last couple years, you know, we've
21 taken steps to streamline the process. That time has been
22 significantly reduced down. Between 60 to 90 days the last
23 couple fiscal years has been the average time for those
24 financial hardship reviews.

25 So I think that also took away some of the initial

1 concern with those concurrent reviews, but it's definitely a
2 topic that can be discussed in the future.

3 MS. MOORE: I just think that it is one that's
4 important and because we have a class of projects that by
5 virtue of being in that category they don't compete in a
6 first come, first serve world at the same manner that others
7 compete at.

8 And so, you know, they're at a distinct
9 disadvantage and it probably -- it just -- it adds time when
10 we have funding, but when we don't have funding it actually
11 is -- it's a disadvantage.

12 So it might be something that we want to consider
13 as we look at -- holistically look at this -- the whole
14 financial hardship situation.

15 MR. ALMANZA: So has it been your experience that
16 the six-month approval period has been long enough for most
17 to get their applications in?

18 MR. HERNANDEZ: Well, with the six-month period
19 and I think one of the original reasons why they had it at
20 that length of time was because a district's finances can be
21 dynamic.

22 You know, you'll hear people use the term, you
23 know, snapshot in time. This was your financial condition
24 at this point in time, but if we stretch that approval
25 period out too long, to a year and at one point, there was

1 even talk of possibly 18 months, a lot can change in that
2 amount of time.

3 And if we're ever going to do something along
4 those lines, one of the things that we talked about at the
5 time was tying it to interim reviews. Just like the
6 district has to submit their first interim report to CDE and
7 their second interim report and looking at that and
8 potentially adjusting any available funds based on those
9 interim reports.

10 But -- so there has been talk as far as that
11 length of time, is that enough. A lot of times too because,
12 you know, the hardship has additional flexibility to submit
13 your separate design grant to start your project ahead of
14 time. If you don't have the funds, that gives you the funds
15 to hire your architect, hire engineers, and try to get those
16 plans to the State Department of Architect.

17 Also if you need to get your separate site ahead
18 of time, they have that flexibility as well. But typically
19 if you do that separate design grant or if you do go forward
20 and get that separate site, the six months -- you're not
21 going to have enough time to also get your construction
22 grants.

23 So that's when you'll have to renew financial
24 hardship status and come back in. So that was another
25 reason too why it was brought up at one point in time

1 possibly of lengthening it to a year or 18 months. At the
2 same time to protect the State's interest, that's why we
3 also talked about possibly using the interim reporting.

4 MR. MIRELES: What some school districts do --
5 also is they time the submittal of financial hardship
6 documents to coincide with anticipated plan approvals from
7 the Department of Education and Division of State Architect.

8 Sometimes they can anticipate that the plans will
9 get approved in two, three months and they can submit the
10 financial hardship documentation to our office to start that
11 process as well so that it may be completed around the same
12 time as the plan approvals and then be able to submit the
13 funding application right after the plan approvals.

14 That's another option that some districts do take
15 advantage of as well to try and limit that processing time.

16 CHAIRPERSON BUCHANAN: My only request is we sort
17 of add it to the issue bin or whatever based on some of the
18 situations I'm seeing and I know we've been in a very unique
19 economic situation, but where we approve a financial
20 hardship case and then clearly eligibility goes way down
21 because building stops, but you still have eligibility for a
22 school even though there aren't going to be any homes built
23 around it.

24 So, you know, how we do those kinds of checks and
25 balances is important to me as well as we've had some people

1 like we had where, okay, yes, we had this approved for
2 financial hardship. Since that time, we've passed a bond
3 and there's no requirement and it's like okay, we can't use
4 the bond proceeds because we didn't list that in the bond.

5 It seems to me if you're applying for a financial
6 hardship case and then you're going to go out for a bond,
7 you ought to be required to list that project as part of it.

8 So I would just ask that we sort of add some of
9 those things and then past that, I mean obviously to the
10 extent as we look at the approval process, we really ask
11 ourselves is this necessary and how do we streamline, I
12 think we ought to be doing that in all the areas.

13 So are there any more comments and questions on
14 financial hardship before we move to County Offices of
15 Education?

16 ASSEMBLYMEMBER HAGMAN: I would just say that I
17 think when we're looking at these things, I think there's
18 two different real separate criteria which has been brought
19 up.

20 We have the school districts themselves. They
21 have their own funding source. They have their own funding
22 stream. They have the ability to bond and the counties that
23 really don't.

24 So I think there may be two separate
25 qualifications we talked about, you know, try to find out

1 what our best priorities are for the school districts, maybe
2 health and safety issues, population issues, those type of
3 things. We have a criteria because we have limited funds
4 and go that certain direction and qualification process, but
5 the county's a completely different animal and we need to
6 maybe have a separate set for them because they don't have
7 those options.

8 MS. MOORE: My only comment is on the statistics
9 and I think that as we move forward and look at, you know,
10 overall what we want to do with financial hardship, if you
11 look at page 15, the 1.38 billion going to the Riverside,
12 Inyo, Mono, San Bernardino County -- what do we call those
13 county areas? Regions? Regions. Thank you -- county
14 regions for 846 pupils and then we have 175 million going to
15 the what's termed southern area which has over a million
16 pupils.

17 I mean -- and again this a voluntary program as
18 you know -- as everyone knows, but I mean I think the
19 statistics are worth review and they're somewhat telling,
20 you know, where is the majority of our financial hardship
21 funding going.

22 As you said, I think it's roughly 12 percent of
23 the funding, a third of it goes to county offices from your
24 statistics. The other two-thirds of that goes to school
25 districts and here's the concentration of where the funding

1 went.

2 And I -- you know, are these areas that have great
3 need, weren't able to pass bonds or weren't able to have
4 bonds to serve that need. I think that that's -- when we
5 look at financial hardship in the future, that's a component
6 that we should be addressing.

7 ASSEMBLYMEMBER HAGMAN: And then one more step on
8 that. There's some counties that got -- never even applied
9 for it. So does that mean they're just fairly wealthy, they
10 don't need it? Are they not being educated on it? Do they
11 need some outreach from us to see if they do qualify?

12 You know, why do some counties don't even
13 participate at all in this.

14 MR. DIAZ: So actually on the statistics also is
15 to look at which districts and County Office of Education
16 apply for and received a design grant but then didn't move
17 forward with the construction as well. I think that would
18 be help -- detail as well.

19 MR. ALMANZA: I just have one other question in
20 regard to the funding piece over here.

21 So when projects are rescinded and they received a
22 grant -- a site grant and they're reduced to costs incurred,
23 who keeps the site and -- I mean what happens.

24 MS. SILVERMAN: Well, the applicant does keep the
25 site.

1 MR. ALMANZA: So we've already paid a hundred
2 percent of the purchase of the site .

3 MS. SILVERMAN: Correct.

4 MR. ALMANZA: But no control of it at all after
5 that.

6 MS. SILVERMAN: That's correct. There is no lien
7 associated with the program. The prior program did have a
8 lien associated with it, but basically the --

9 MS. MOORE: Are you aware at all of any
10 circumstance like that?

11 MS. SILVERMAN: That we bought sites?

12 MS. MOORE: That a site was purchased at a hundred
13 percent financial hardship and that there was not a project
14 proceeded on that site.

15 I mean I'm not aware of that, so I -- I'm just
16 curious.

17 MR. HERNANDEZ: We -- well, we currently have -- I
18 don't know the number of sites, but we do have districts
19 that had the separate site grants and the projects got
20 reduced to costs incurred. There's approximately about
21 \$28.5 million.

22 I believe the number of other projects, I'd have
23 to look at it to give you the exact numbers and we can get
24 that for the members next time. I believe that's around --
25 I think we want to say that's around 20 or 25 projects that

1 meet that definition.

2 MS. MOORE: And we know purchased a site?

3 MR. HERNANDEZ: That received the site dollars and
4 that purchased a site. But we -- like I say, I don't have
5 that ready and available, but we could follow up and find
6 that out and bring that information back to you guys.

7 MR. DIAZ: So just one question just for
8 clarification. I just want to be sure I understand.

9 When you say costs incurred, you're talking about
10 possibly the State loses those funds altogether?

11 MR. HERNANDEZ: Oh, yeah. When we talk about
12 costs incurred as opposed to rescind, the straight rescind,
13 nothing happened with the project. There was no
14 expenditures. Basically all the State dollars get sent back
15 to the State.

16 If we have a reduction in costs incurred,
17 basically for whatever reason, whether the district didn't
18 meet the statutory regulations and timelines and deadlines
19 and therefore it had to reduce the costs incurred or they
20 chose to, they'll take the grant amount basically, what
21 eligible expenditures they had, and they return the
22 difference back to the State.

23 CHAIRPERSON BUCHANAN: Is there any public comment
24 before we move onto the County Office of Education? Okay.
25 Go ahead.

1 MR. MIRELES: On page 17, we have a general
2 overview of the County Office of Education in terms of their
3 overall current authority and responsibilities. This
4 information was generated by CCSESA and they are here today
5 to speak to it a little bit later.

6 But if we get straight into the COE's role in the
7 SFP, that begins on page 21.

8 COEs participate in the SFP largely in the same
9 manner as school districts. In fact the Education Code
10 defines school districts to also include County Offices of
11 Education.

12 When they come in for funding, they have to go
13 through the same eligibility and funding requirements,
14 meaning that we take a look at the COE's enrollment in terms
15 of the pupils that they serve and their capacity in terms of
16 their classrooms that they have available to determine
17 whether they have new construction need.

18 So we took a look at individual school sites to
19 determine modernization eligibility.

20 There are cases where there may be transfers in
21 terms of who serves students. For example, if a County of
22 Education is currently serving special education local plan
23 areas, they have a SELPA and they serve special day class
24 pupils and then later on the school district takes over that
25 function, there are provisions to also adjust the

1 classrooms, the capacity, and the enrollment.

2 So again in that example if the COE had classrooms
3 and had enrollment but now the district has it, we make
4 adjustments to the new construction eligibility. This is
5 assuming that the eligibility's already been established.

6 Over the years -- on the bottom of page 21, we
7 have some statistics in terms of the COE's participation in
8 the program since 1998.

9 If you look at the bottom of page 21, there's been
10 a total of 641 projects for over \$1 billion that have been
11 approved under the program. Most of them have been in new
12 construction and the average number of classrooms that we
13 typically see is four.

14 Again there's typically smaller classrooms. There
15 are a few standalone sites that are larger, but the average
16 is four.

17 If we then look onto page 22 comparing the COEs'
18 participation versus school districts', overall there's
19 1 billion COEs participate in the program compared to the
20 32 billion in school districts which is approximately
21 3 percent.

22 We also have some information, since we started
23 tracking projects in 2003, in terms of the types of sites
24 that are associated with these projects.

25 In the middle of the page, we have 65 percent of

1 them were part of a new site, 21 percent were on existing
2 sites, and 14 percent were on leased sites. And again this
3 is from information that we have since 2003, which is
4 approximately 287 projects.

5 Another set of data that we have that's
6 interesting is in regards to the high performance incentive
7 grant. Of a total of 237 projects that have received HPI
8 funding, 7 projects were part of a COE project which equates
9 to \$689,000.

10 If we move over to page 23, this is something that
11 we briefly talked about early on financial hardship, but in
12 terms of the sources of revenue that COEs have to
13 participate in the program, we've listed a couple of things
14 that we have available -- that COEs have available which are
15 site sale proceeds.

16 Again we talked a little bit about that earlier,
17 but if they have sites that they sell, they may be able to
18 generate revenue. They may be able to participate in
19 federal grants and they can receive some of that money and
20 it becomes available.

21 Interest from holdings -- then developer fees,
22 that only applies to school districts.

23 Now other sources of funds that a COE may receive
24 that aren't necessarily considered to be revenue are their
25 participation in the financial hardship program. Again

1 we've talked about them receiving State assistance to build
2 schools, to build classrooms, and then lastly is COEs can
3 generate savings from a project and they can either return
4 that to the State or apply it to a future project so long as
5 it's within three years.

6 If the funds are not used with those three years,
7 then they must be returned to the State.

8 ASSEMBLYMEMBER HAGMAN: Question on the developer
9 fees.

10 MR. MIRELES: Yes.

11 ASSEMBLYMEMBER HAGMAN: If I'm in unincorporated
12 area, I still go through the county office of building, you
13 know, I still have to provide permits and all the rest of
14 it. There's no funding mechanism at all for schools if
15 you're in unincorporated area?

16 MR. MIRELES: For the COEs, it's my understanding
17 that they don't generally collect developer fees. School
18 districts do.

19 ASSEMBLYMEMBER HAGMAN: School districts do. I
20 would think the county would have the same --

21 MR. MIRELES: Right.

22 ASSEMBLYMEMBER HAGMAN: Really. So you want to
23 build in the county not in the city or not in the school
24 district area; okay.

25 CHAIRPERSON BUCHANAN: Yeah. The problem is is

1 that the counties, as we'll hear when they come up, serve a
2 very unique population.

3 ASSEMBLYMEMBER HAGMAN: Sure. Sure. But they
4 still have growth and construction --

5 CHAIRPERSON BUCHANAN: Right.

6 ASSEMBLYMEMBER HAGMAN: -- in the unincorporated
7 area. I know the county superintendent does overlap with
8 the school districts in handling special needs and I could
9 see not double dipping into developer.

10 CHAIRPERSON BUCHANAN: Yeah.

11 ASSEMBLYMEMBER HAGMAN: But for a developer who's
12 not in a jurisdiction of a school district that is actually
13 building, the county is -- should be receiving something.

14 CHAIRPERSON BUCHANAN: Well, the counties are the
15 in jurisdiction of the school district.

16 ASSEMBLYMEMBER HAGMAN: Some areas are not
17 incorporated areas, I'm thinking.

18 CHAIRPERSON BUCHANAN: Even unincorporated,
19 they're in the jurisdiction of the school district. So
20 that -- so the entire county is divided up into school
21 districts and there's no areas that aren't in a school
22 district, but I think the question becomes the county serves
23 a unique population of students.

24 So, you know, do you share developer fees. What's
25 the school district's responsibility to provide facilities.

1 I mean there are all kinds of questions that come up
2 around --

3 MS. MOORE: I just -- Juan, you didn't finish your
4 chart and there's a question mark on issuance of bonds.

5 I thought we had put this to bed many times, but I
6 think that, you know, this is one of the major bedrocks of
7 why County Offices of Education aren't -- were placed into
8 facility hardship was because they could not issue bonds.

9 So I don't know why it's a question.

10 MR. MIRELES: The reason why we put a question
11 mark there is because we do know that there are certain
12 codes that may speak to that.

13 We haven't done a full analysis. We've heard
14 references to Education Code and also to the Constitution,
15 but like I said, we haven't a full analysis, so we've heard
16 different things, but we haven't been able to confirm either
17 one.

18 MR. DIAZ: Do you have an AG opinion on something
19 like that?

20 MR. SAVIDGE: No, we don't have --

21 MR. MIRELES: No, we don't.

22 MR. SAVIDGE: There is two sections of the
23 Constitution that reference -- that were related to Prop. 39
24 of 2000 that reference county offices and Education Code
25 Section 15276 though says notwithstanding any other

1 provision of law, County Board of Education may not order an
2 election to determine whether bonds may be issued under this
3 article.

4 CHAIRPERSON BUCHANAN: Right. And that's my
5 understanding, but to be honest with you, I don't think it's
6 worth a whole lot of staff time --

7 MR. SAVIDGE: No.

8 CHAIRPERSON BUCHANAN: -- because whether they
9 legally can or not, which section of Ed Code to which you're
10 referring on a practical basis, I don't think --

11 MS. MOORE: They don't.

12 CHAIRPERSON BUCHANAN: -- not that they don't. I
13 don't think they can't -- I mean they could ever pass a
14 bond. I mean it's --

15 MR. SAVIDGE: I think you're right practically.

16 CHAIRPERSON BUCHANAN: You know, people will tax
17 themselves to build schools in their school district, but if
18 you say, you know, will you please pass a bond for students
19 who many not be -- may or may not be in your district who,
20 you know, fall into these special categories, I think the
21 practical matter is that it would be impossible for them to
22 get the -- County Offices of Education to get the 55 percent
23 majority there.

24 ASSEMBLYMEMBER HAGMAN: And I apologize on account
25 this is new territory for me. But this is what my

1 understanding is.

2 So we have -- the IDA goes to these pupils or
3 funding goes for operation, so we're talking about housing.
4 But these students are basically classified in one district
5 or the other by the place where their residence is.

6 So the school district that they're part of that
7 residence, they're not taking care of the operational needs
8 of said county -- because you're specialized in these areas,
9 but now we're talking about facilities.

10 So you would think that would be part of the
11 district's either responsibility or qualifications to be
12 part of that because you may have a very wealthy district
13 that has a number of students in there that can do a lot of
14 things, but they pushed off the operations to the county
15 because by definition -- but the county doesn't have the
16 ability to do things.

17 So even though the district they come from can,
18 the county can't, so they come for a hundred percent.

19 CHAIRPERSON BUCHANAN: Well, I think you're asking
20 the right questions there. I mean, you know, some -- in a
21 large district, they may be their own SELPA providing most
22 of these services themselves, although not all even then.

23 And if you're a smaller district and you belong to
24 a county SELPA, I think the question is, is what is your
25 obligation to provide facilities for the SELPA and I

1 obviously with IDA, you know, you want students to travel as
2 short a distance as possible.

3 You know, ideally you want them in their home
4 school where they -- where you can meet all the
5 accommodations, but that is not always a realistic solution.
6 So then sometimes you have to have special classes where
7 students from the different participating districts and the
8 SELPA all come into the -- for one class.

9 But I think that is a question that needs to be
10 answered.

11 I know in our school district when we plan new
12 facilities, we plan, you know, all the special day classes,
13 all the other facilities -- all that we need to provide
14 services to the students. So --

15 ASSEMBLYMEMBER HAGMAN: And then that becomes more
16 of an operational standpoint too because these are limited
17 population of students. For the most part, they're probably
18 more -- much more migrant than a neighborhood would be -- I
19 guess new generation of levels of students coming through
20 each year. You have a certain percentage coming through.

21 Though in a sense, we're dealing with like
22 counties which are very large like San Bernardino's huge,
23 one of the bigger areas in the United States. Instead of
24 building facilities would you not want to lease or rent
25 facilities either they're in the districts that you're

1 supportive of or even private places so you could be mobile
2 with that flex of population and should we even be building
3 up these structures that have to be migrant just by
4 definition of the students.

5 CHAIRPERSON BUCHANAN: Well, they've got to figure
6 out where the --

7 ASSEMBLYMEMBER HAGMAN: So should we be given them
8 more ADA, say go rent or --

9 CHAIRPERSON BUCHANAN: But the facilities aren't
10 necessarily where the County Office of Education is, so, you
11 know, the question there is how are you deciding where you
12 have the facilities. Are they facilities owned by the
13 county. Are they facilities that are provided by the
14 district.

15 MS. MOORE: I would add that we worked with County
16 Offices of Education and others around special education
17 issues because we were working within Title V requirements.

18 You know, there's a longstanding federal rule
19 about least restricted environment for special education
20 students and one of the issues that were raised up out of
21 that working group where we were working through some issues
22 were -- was the fact that because of least restricted
23 environment, the encouragement is -- and really the
24 requirement is that these students are educated with their
25 peers, so that they need to be on school district campuses.

1 That was their closest peer.

2 And oftentimes what we're hearing happens is that
3 trying to work those projects through our system where you
4 might have a special education project of a county on an
5 existing school site and/or trying to work a new
6 construction project at the same time is extremely
7 difficult.

8 And so as we look to how we're going to handle
9 this in the future, I think we ought to look to how are we
10 keeping with the federal requirement of least restrictive
11 environment, how are we making that an easy project between
12 County Offices of Education and school districts where it
13 has historically been very difficult, and also the issue of
14 sometimes if it is in a county building and the students are
15 being served on that campus, growth happens, they're the
16 first to be kicked and that creates problems as well for
17 these students that might be -- that are coming different
18 areas as you point out.

19 So I think we ought to look at our program. You
20 know, some ideas that were thrown out were, you know, the
21 site acreage should be appropriate enough that a County
22 Office of Education would have space on school campuses in
23 order to serve special education students.

24 I mean there's a lot of ideas I'm sure that are
25 out there by the folks that have to deal with this issue all

1 the time, but we want to just see educationally that these
2 students are served in as least restrictive environment as
3 possible on the continuum on how we serve special education
4 students.

5 MR. ALMANZA: You raised an interesting point. So
6 we fund a hundred percent of a facility to a County Office
7 of Education. That facility's built on a school district's
8 campus and the campus grows. They kick the kids out of a
9 hundred percent paid facility?

10 MS. MOORE: Not necessarily in that circumstance
11 where it's a County -- the County of Education, they
12 probably have a lease -- they sometimes have a lease
13 interest in the property.

14 I'm not talking about that. I'm talking about
15 oftentimes County Offices of -- or school districts will
16 provide that facility within their project, but once they
17 might experience growth or other needs, then that special
18 education of the county is -- you know, asked to find their
19 own solutions.

20 And I think that that has been difficult. So I
21 think -- I'd love to hear from the county offices or the
22 districts that are serving these special education students,
23 but those are issues that were raised to us as we were
24 trying to deal with how we were responding in our work
25 around review of the projects for least restrictive

1 environment which is the federal requirement.

2 MR. MIRELES: If we do -- as we do fund, provide
3 facilities on leased property, there is a long-term lease
4 agreement that's required which is about 30 to 40 years. So
5 that's a requirement to be able to fund portables say or
6 classrooms on it as the site and usually districts -- COEs
7 and districts come to terms on that agreement.

8 MS. MOORE: And sometimes what happens to be a
9 better least restrictive environment, they'll trade out
10 classrooms. They may -- you know, wherever that was --
11 sometimes -- depending upon the special needs of the
12 students, sometimes the severity does not allow for that to
13 occur, but again educationally these students need to be
14 with their peers and they need to be in the least
15 restrictive environment as possible.

16 CHAIRPERSON BUCHANAN: Unless anyone has any
17 questions on the charts that were provided, I'm going to try
18 and move this along because I know that we have people from
19 the County Office of Education. I think Peter Birdsall and
20 who else is here to speak on your behalf if you'd like to
21 come up and share your thoughts, that will be great.

22 MR. BIRDSALL: Thank you. My name's Peter
23 Birdsall. I'm the Executive Director of the County --
24 California County Superintendent's Educational Services
25 Association, which is the statewide association of county

1 superintendents.

2 And I was just asked not to speak to the
3 facilities issues specifically. We have experts here on
4 that, but generally the role of county offices.

5 There are 58 counties in California. Each one of
6 them has a county superintendent. So that part's pretty
7 straightforward.

8 You have a written description in your materials
9 here of the role of counties. I break it up into three
10 large chunks -- they'll be helpful.

11 Most of our budget, most of our staff are devoted
12 to direct services to students and the unique role of county
13 superintendents is in serving students that have had some
14 interaction with the correctional facilities -- correctional
15 system, so juvenile court schools, students that may be on
16 probation and then also mandatory expulsions, so students
17 who have been expelled for firearms, drugs, things like
18 that.

19 So that's a major part of the activity. Then you
20 start getting into issues where counties interact with
21 school districts. So as was discussed here, a lot of
22 services to special education students, particularly the
23 more severely disabled, what we call low incident students.

24 So the typical district may not have enough of
25 those students within their geographic area to have a, you

1 know, meaningful program.

2 So I say it interacts because some districts do
3 provide those services directly. Some districts through the
4 SELPA, we'll ask the county to provide that service.

5 So the reason for that is pretty straightforward
6 and I think intuitive here, California's just a very diverse
7 state. And so Tulare County has a hundred thousand students
8 and 48 school districts, so a lot of them are small.

9 Ventura County has a hundred thousand students and
10 20 school districts. So most of them are larger. So they
11 will tend to have more district services where we'll do more
12 through the county office.

13 The third major student service is Regional
14 Occupation Centers and Programs, Career Technical Education
15 Programs -- most counties have a coordinating --
16 facilitating role, which let's say -- let's say you're doing
17 a health pathway and, you know, Sonoma County has 40 school
18 districts.

19 Well, Kaiser doesn't want to enter into an
20 agreement with all 40 school districts. So they'll work
21 with the county office for an internship program, a pathway
22 and then all the school districts participate in that.

23 The county -- some counties actually provide the
24 staff. Sometimes they flow the money through the school
25 districts, but that's a big part of our operation also is

1 Career Technical Education.

2 Then you start getting some that are smaller
3 population groups but high need, foster youth, homeless, a
4 whole array of students that don't easily get attached to
5 one school district.

6 So that is obviously a huge and really important
7 part of our work.

8 Here in the capital, probably the highest profile
9 thing we do is where we act as sort of an agent of the
10 State. So probably the highest profile for the last five
11 years is AB1200 where we do financial accountability.

12 So every school district budget is reviewed and
13 approved by the county superintendent. If the
14 superintendent starts feeling -- and there are criteria for
15 this obviously that -- feels that it's beginning to go out
16 of balance, they can require the district to address those.
17 Ultimately they can send an advisor and the ultimate worst
18 case, one we all try and avoid, is you end up actually
19 having to send in somebody as a trustee for the school
20 district.

21 That entire process is monitored by districts and
22 again the workload is partly the number of students to
23 county but it's also the number of school districts. In
24 Tulare, you know, if you have 48 school districts, you're
25 dealing with 48 superintendents, 48 school boards,

1 et cetera.

2 But we don't just do fiscal accountability. We're
3 the agency responsible for reporting PERS and STRS
4 contributions for all the employees of all the school
5 districts. So we're the reporting agency.

6 We monitor all the credentials, so when the State
7 wants to make sure teachers are appropriately assigned, the
8 school district has a question about can this individual
9 teach in this classroom, we're responsible for checking the
10 credential. Do a lot collaborative work with districts
11 trying to help them, you know, match up the staff with the
12 appropriate positions.

13 When the State entered into a settlement on
14 Williams to make sure there are adequate textbooks, adequate
15 facilities, it was the counties who were asked to do the
16 monitoring.

17 The Quality Education Investment Act was a special
18 program we were asked to -- those are all activities were we
19 are sort of an agent of the State if you will.

20 And then the third piece is district service which
21 from the perspective of an elected superintendent is
22 arguably the highest profile, not to the State but locally
23 because you're serving your school districts obviously.

24 That is very much a function of what the needs are
25 of the county, but just some examples with the recent, you

1 know, tragedy in Connecticut, a lot of school districts are
2 looking at their school safety plans and one of the options
3 was communication mechanisms with mental health, with the
4 sheriff's office, with police.

5 Typically -- not exclusively, but typically they
6 turn to the county to explore those and try and validate the
7 systems.

8 We're in the process of implementing a new
9 assessment system in California. It's based on technology,
10 so we are asked by often by school districts what are the
11 bandwidth requirements, what equipment do you need, what are
12 the software requirements.

13 So those broadly speaking are the three, you know,
14 different activities, the student services, acting on behalf
15 of the State, and just trying to help school districts.

16 And then, you know, the way that the -- just
17 extraordinary diversity of the State and you can see why
18 each county is in truth unique.

19 So that -- I was asked to keep it brief. I will
20 be happy to -- but that's the general --

21 CHAIRPERSON BUCHANAN: That's great. Anna, do you
22 want to add to that?

23 MS. FERRERA: Thank you. That was a great
24 overview.

25 My name is Anna Ferrera. I represent the County

1 School Facility Consortium. As you can hear, I am a little
2 under the weather today, so I will keep it brief so you
3 don't have to listen to my lovely voice.

4 I would only mention we submitted some materials
5 to the Subcommittee. There's copies here if you need them
6 again.

7 We quickly did a survey of our members. We're at
8 34 County Office of Education of the 58 counties in the
9 State focused on school facilities.

10 I only mention two things. One, on the bond
11 issue, the code sections are in the letter there, but we
12 also did do a Legislative Analyst's Office analysis of the
13 code sections that came to the conclusion that county
14 offices did not have the ability to run bonds and I'm happy
15 to share that with you.

16 I think it was in 2009, but the code sections
17 haven't changed and I'm happy to share it.

18 The other piece is on career tech. Although that
19 program is listed in your materials, it's something we're
20 not eligible for. Really the rules do not allow county
21 offices to participate fully mainly on equipment.

22 Because of the definition of traditional high
23 school that was placed into that definition for career
24 technical eligibility applications, we're not eligible
25 really.

1 So those are the only two real comments I have.
2 Jeff Becker is our current chair. He's from Fresno County
3 and will be here to do the main part of the testimony and
4 answer any questions. Thank you.

5 MR. BECKER: Thanks, Anna. Good morning. I'm
6 Jeff Becker. I am the Director of Facilities for the Fresno
7 County Office of Education and the current Chair, as Anna
8 mentioned, of the County School Facilities Consortium.

9 I think we've heard a lot of testimony already
10 this morning and in the presentations by OPSC and we've
11 heard recently -- COEs have many and varying facility needs,
12 both administrative and student based needs.

13 Our purpose today is to talk about the student
14 based needs not the administrative needs.

15 But I'd like to just point out a little bit of
16 info about Fresno County in particular because it might give
17 you a flavor of a County Office of Education, by no means
18 typical as we've heard.

19 FCOE has 300,000 square feet of facility space and
20 half of that is administrative space. And of that 150,000,
21 a third of that we have to lease because we don't have
22 various financing tools.

23 We have three special education centers that make
24 up 30 classrooms and about 50,000 square feet and these are
25 ones that would probably be considered not integrated even

1 though many of them are adjacent to school sites. They
2 aren't integrated onto the campus.

3 We have two community school sites, 18 classrooms,
4 43,000 square feet and those are serving the students that
5 have been referred to our programs by probation and
6 districts for various disciplinary issues.

7 The interesting part is we have 26 special day
8 classrooms that are located on district campuses that we own
9 and these are all one or two classrooms at the most that are
10 on their campuses. The great majority of them are portable
11 construction and are very old at this point.

12 In addition to that, we have 18 SDC classrooms
13 that we do not own, but the districts provide for us to run
14 program in and those are the classrooms that are at the
15 greatest risk of being bumped if a district experiences
16 enrollment growth.

17 CHAIRPERSON BUCHANAN: You said you distinguish
18 between special day and SDC. Could you --

19 MR. BECKER: They're the -- special day class and
20 SDC, the same -- they're the same.

21 CHAIRPERSON BUCHANAN: Right. But you talked
22 about the ones you own and the ones the districts own.

23 MR. BECKER: Yes.

24 CHAIRPERSON BUCHANAN: But your -- right. I just
25 want to be sure. Right.

1 MR. BECKER: Yes. So we have two types, one group
2 that we own and we have the 40-year ground lease on and
3 another group that we do not own but that the district
4 provides because there are enough students to support a
5 classroom there.

6 So that's just a flavor of what a typical COE
7 might have in their facility program.

8 So obviously we found ways to house our
9 administrative needs, but much of that is leased and the
10 biggest issue here is the constraints of the School Facility
11 Program and how it really forces us to choose and
12 particularly the financial hardship forces us to choose do
13 we meet administrative needs or do we meet student needs
14 because if we're spending funds on administrative needs,
15 that should be counted as match in the financial hardship
16 review.

17 And, you know, OPSC staff has gotten very good and
18 sophisticated at their reviews.

19 CHAIRPERSON BUCHANAN: Are you saying should be or
20 are?

21 MR. BECKER: It will be found in their review.

22 CHAIRPERSON BUCHANAN: Okay.

23 MR. BECKER: And so we can't address both at the
24 same time. We have to choose. It's one or the other.

25 And despite that, you know, many COEs have

1 participated successfully in SFP. There's one statistic I'd
2 like to point out and I wish it was a little fresher for you
3 and we can work on getting that.

4 The last time that we looked at this was in March
5 of 2009. COEs at that point had received 847 million in the
6 School Facility Program as opposed to the billion that staff
7 quoted today.

8 So of that amount, 25 million of that was local
9 match or found in the financial hardship review process. So
10 it was either money that COEs put on the table voluntarily
11 because we had a site sale or some of the other sources of
12 funds that we talked about or it was found in the financial
13 hardship review. So it gives you a flavor of the COE level
14 or ability to finance their projects considering they did go
15 through the rigorous review.

16 Still other COEs, it's been noted, choose not to
17 participate at all. Some may be choosing not to enter into
18 the program to avoid this conflict of how do I meet my
19 administrative needs versus how do I meet my student housing
20 needs.

21 Several of these districts are also co-terminus.
22 There's a single school district and it's made up of the
23 entire county. So they address their needs through the
24 school district side of it and then the COE does not have to
25 participate in the program.

1 Some specific changes to the program, things for
2 you consider to add to your issue bin, I think ultimately
3 all of these that I will bring up -- I want to focus on
4 flexibility and giving the COE ways to creatively house
5 their students in partnership with districts and with the
6 State.

7 CHAIRPERSON BUCHANAN: Do you have suggestions
8 though? I sometimes hate the word creatively because it
9 sounds like we can make things happen out of thin air. So
10 do you have suggestions? What do you mean by creatively.

11 MR. BECKER: Well, districts and in particular in
12 the case of students with special needs, districts and COEs
13 are going to have to figure out to work together to house
14 these needs and my points will bring up some conflicts or
15 barriers that the program might put in the way of that
16 happening.

17 So, you know, let's talk about that one first,
18 about siting facilities for students with special needs.

19 Ms. Moore has pointed out that we need to be in a
20 least restrictive environment. Usually that means that we
21 are on a K-12 campus.

22 And when you enter into that environment, we need
23 to coordinate our projects with districts. Ideally if a
24 district has a new construction project, we should
25 coordinate, figure out how to bring our resources together

1 so that we can have a fully integrated project. We can have
2 economics of scale with the construction.

3 However, the timing of that is very difficult and
4 it rarely coincides with the financial hardship requirements
5 in the program.

6 I'm aware of projects where districts have been a
7 willing partner and they were unable to wait for the COE to
8 get financial hardship approvals to bring their funding to
9 the table. So the project dies.

10 It's a good project. You know, it meets what
11 we're trying to do. We're trying to house students in the
12 best environment possible, but they couldn't get there under
13 the current restraints of the program.

14 So -- and again often as Ms. Moore mentioned, they
15 placed on less desirable areas of campus.

16 ASSEMBLYMEMBER HAGMAN: Can I ask you some
17 follow-up on that.

18 MR. BECKER: Yeah.

19 ASSEMBLYMEMBER HAGMAN: If you have a willing
20 school district that's working with you to build this
21 partnership and they have a school construction grant coming
22 down and they're building a new campus, assuming that they
23 have designed this to integrate your needs with their needs
24 on this campus, we're giving per pupil grants for the
25 construction process, which includes these special need

1 kids. Why wouldn't that facility still be built under that
2 circumstance? Why would you need additional dollars to do
3 that?

4 MR. BECKER: In that specific instance, the county
5 office is bringing their per pupil grants into the project.
6 So the district didn't count those students in their pupil
7 grant amounts. It was counted in the COE. So combined when
8 both partners bring that to the table, you have the full
9 funding shell of the project.

10 CHAIRPERSON BUCHANAN: So is the problem in being
11 able to transfer the county per pupil grants over so you
12 have the match or is the problem in the -- having it go down
13 a separate path of getting approved for financial hardship?

14 MR. BECKER: I think that the biggest issue is
15 going down separate paths and the timing of that because
16 when a COE's ready to submit their application after the
17 hardship review's been completed, the district may be well
18 down that path already and they've got, you know,
19 requirements that they're trying to meet and they've got
20 pressures from their parents and constituents in their
21 district to get facilities built and they might not be able
22 to wait.

23 ASSEMBLYMEMBER HAGMAN: Is there different prices
24 for special need kids versus for per pupil grants for
25 building?

1 MR. MIRELES: There are.

2 ASSEMBLYMEMBER HAGMAN: I mean I know the 50-50
3 match is not there, but is there a way to administratively
4 say when the district comes or the county comes in, we've
5 got this school district, we have these numbers, and they
6 have these numbers, instead of going down this path, can we
7 put them in there? Is there a way to do that without going
8 through the separate thing, just transfer those and give
9 them that credit for the --

10 MR. MIRELES: The funding is based on the type of
11 pupils. If you have nonsevere, it's a different grant
12 amount versus severe which is completely different that K
13 through 12.

14 So they do get different grant amounts. There's
15 also additional funding for therapy area that could be part
16 of a project.

17 I'm not sure in this particular case, but
18 generally speaking when you have a COE and a district apply
19 for funding on a new site, there are two funding
20 applications because, as Mr. Becker said, we do use
21 eligibility from the COE to apply for the COE's portion and
22 eligibility from the district to apply for the regular K
23 through 12.

24 We see one set of plans, but the funding is split
25 and the funding goes to each entity according to a number of

1 classrooms that are in the project.

2 MS. MOORE: Which adds that level of complexity
3 that I talked about because ultimately the -- each entity
4 has to track the project costs and it's very difficult to do
5 when you issue one set of -- when you go out to one set of
6 construction plans.

7 And so those are the areas. And, you know, that's
8 how our program is set up, but those are the areas that we
9 could I think look at to see how we're making it complex and
10 so then we have these opportunities where we are going to
11 serve students well in integrated environments and they
12 can't do it because of how the program works.

13 ASSEMBLYMEMBER HAGMAN: That seems like something
14 we could fix. My sole concern is that migration of
15 students. Again would it be better if the school district
16 built it and leased it from them because five years from
17 now, those students may be in some other part of the county.

18 I don't know. I think each county's going to be
19 different that. But do we build these permanent structures
20 and then not see them fully utilized because the students
21 you had at that one campus now is no longer there. They
22 graduated to a different class and for the next seven years
23 you don't have anybody there at all.

24 I mean that's where it comes to the operational.
25 Do we want to give you money -- more operational money to

1 just lease facilities from the campus as their population
2 changes so we could be more flexible versus building a
3 structure strictly for that that you don't have a permanent
4 client base for.

5 CHAIRPERSON BUCHANAN: Well, for me it gets down
6 to if you -- you know, the way we fund special education in
7 the State is basically the assumption that ever district has
8 roughly 10 or 11 percent of students who qualify for special
9 education.

10 The vast majority of those are in traditional
11 classrooms providing some kind of support services,
12 resource, speech, whatever, to help them have full access to
13 the curriculum and County Offices of Education really, the
14 niche they fill if the districts got its own SELPA is what's
15 been explained by all three of you is -- is those students
16 that are very low incidents where you don't -- where there
17 aren't sufficient students in any one district to justify
18 the expense of a classroom or a teacher, so they -- you
19 know, you might have one student from one district, two from
20 another, whatever, and that's how you are able to provide
21 the services more effectively.

22 I think the question is collectively as members of
23 a SELPA, what is each district's responsibility to
24 contribute to the facilities. I mean in our district we
25 wouldn't have built a new school, including what we pass on

1 to developers -- without including special day classes for
2 students.

3 And some of those classes the students came from
4 more than one school. We -- in the time I was on -- member
5 of the county SELPA -- but that was something we had to do.

6 And so, you know, I don't know what the answer is
7 to that, but I think ultimately districts are responsible
8 for those students even if they're in a county program.

9 So there has to be some responsibility there to
10 provide facilities and -- but I don't think they can do it
11 all either. So we've got to have a way that we can partner
12 that's effective.

13 MR. BECKER: Yeah. I think you've hit on a lot of
14 the key points that we struggle with with those same
15 questions, particularly if you have a lot of rural school
16 districts where you can't build a facility and --

17 CHAIRPERSON BUCHANAN: Right.

18 MR. BECKER: -- maybe one year you have eight
19 students but a family moves and now you have four students
20 and you still have a facility out there.

21 So, you know, every COE looks at that differently
22 based on their requirements and their demographics, but it's
23 a difficult issue that we do struggle with.

24 The other is that the 40-year lease can sometimes
25 be difficult to negotiate with a school district. Sometimes

1 they're under pressure to receive monetary compensation for
2 that lease as opposed to doing a dollar a year type of lease
3 and that can be difficult for a COE to negotiate and meet
4 the requirements that the district may have for that.

5 ASSEMBLYMEMBER HAGMAN: And just to jump around a
6 little bit, you heard the discussion about the
7 qualifications. We talked about what kind of unused assets
8 are there, how do you track all this, you know, the snapshot
9 and someone's eligible for a school district at that
10 particular point in time, the six month of history before
11 and after, it sounds like with your administrative role of
12 reviewing the finances of the district every year, you would
13 have more of that long-term view of both operational and
14 asset maintaining.

15 Is that someplace that we want to explore, try to
16 do a partnership with the county superintendents to fulfill
17 that function?

18 CHAIRPERSON BUCHANAN: Well, then you get into --
19 I don't know. I think it's a long discussion because then
20 you get into other eligibility rules and counties really
21 have not had the added responsibility of reviewing
22 facilities. So I --

23 ASSEMBLYMEMBER HAGMAN: -- asset management and
24 location or tracking or something like that --

25 CHAIRPERSON BUCHANAN: Yeah. It's -- well, we can

1 talk about it. I mean what I'm hearing is -- if I'm
2 defining a county facility needs up, I -- they fall
3 primarily in four areas.

4 You have administrative oversight responsibility
5 for all the school districts within the county, and, you
6 know, my experience is different counties provide actually
7 different levels of services.

8 Some get more involved than just curriculum
9 implementation, standards, or whatever than others do, but
10 there's that administrative oversight responsibility that
11 you have.

12 There's the court schools where if a juvenile is
13 in a detention facility, I mean there's that education and
14 there's education separately of students who have been
15 expelled and still have a right to receive an education.

16 Then there's the special needs -- special
17 education component where you're really primarily dealing
18 with, as we've talked about, the low incidents disabilities
19 where it's more effective for the county to provide those
20 services and have each district try and provide those
21 services by themselves.

22 And then the ROP is a little -- I mean it's
23 something that's mentioned, but my experience on that is
24 even it varies from county to county because, you know,
25 it's -- and some will fund -- approve certain -- I mean

1 specific classes that they fund at the school sites and the
2 districts.

3 Others give each district an allocation and they
4 handle that differently, but I don't have -- I mean how many
5 counties actually provide the classroom space versus the
6 coordination of the ROP career teach programs.

7 I mean is there a facility there. Are they
8 providing coordination?

9 MR. BECKER: In Fresno County, we provide
10 coordination.

11 CHAIRPERSON BUCHANAN: Right.

12 MR. BECKER: Mr. Birdsall might be able to give
13 additional info regarding that.

14 MR. BIRDSALL: Yeah. I don't have data. We can
15 get that for you.

16 Generally speaking, I agree. I think the typical
17 model is it's on the school site, but Placer County, for
18 example, I know has a center and there are some counties
19 that at some point felt it made sense to establish an
20 operating center.

21 CHAIRPERSON BUCHANAN: So facilities we're talking
22 about --

23 MR. BIRDSALL: Yeah.

24 CHAIRPERSON BUCHANAN: -- administration which
25 whether you're a county office or a district office -- well,

1 district offices who have significant lease space because
2 it's never politically correct to include administrative
3 facilities in a bond.

4 But we're talking about that, we're talking about
5 the need -- the facilities that you're dealing with for the
6 students who have been expelled; right? We're talking about
7 the facilities for the low incidents special needs students.

8 Is that -- am I pretty much summarizing that?

9 And then a deeper discussion is how do we balance
10 what a district's responsibility is as a member of the SELPA
11 versus the County Office of Education. Okay.

12 MR. BECKER: So if I can bring up a couple other
13 areas that have been sort of pressure points for COEs as we
14 work in the program.

15 Without getting into a lot of detail, change of
16 scope has been an issue for a couple of COEs where the
17 process sort of define -- the process as spelled in
18 regulation define the outcome.

19 There were two projects in particular, one which
20 was Fresno's and the other Butte where I feel that the Board
21 may have liked to have had the ability to have a different
22 outcome.

23 The COEs certainly feel that they worked within
24 the system to the best of their ability to meet the needs of
25 their students.

1 MS. MOORE: You're talking my language. I mean
2 that was the one where we didn't provide a library in Butte
3 County and I just felt that that was a real lost
4 opportunity.

5 MR. BECKER: Yeah. And that's an example I think
6 that we should focus on the end result of projects and give
7 COEs and districts working in hardship flexibility to get to
8 the right place, you know, with of course some framework.

9 But we need to be able to get to the right place
10 and there were a couple of instances where that was a
11 barrier.

12 CHAIRPERSON BUCHANAN: Well, it also gets down to
13 the fact that we don't really have standards; right? In
14 terms of what we expect, you know, schools to look like;
15 right?

16 MR. BECKER: Certainly. Just a few other areas.
17 One is I think that we should look at loading standards for
18 community schools.

19 Currently the program requires that 27 of those
20 students that are now high school age students are in a
21 classroom and COEs typically do not in reality put that many
22 of these students in a classroom.

23 I know in Fresno County it's a part of our
24 bargaining agreement with our teachers union that we're
25 limited to 19 of those students.

1 CHAIRPERSON BUCHANAN: When you say these
2 students, which category --

3 MR. BECKER: Community school students.

4 CHAIRPERSON BUCHANAN: -- are we talking about?

5 MR. BECKER: So these are the students --

6 CHAIRPERSON BUCHANAN: Community schools; right.
7 That serve the --

8 MR. BECKER: -- that have been referred to us by
9 probation --

10 CHAIRPERSON BUCHANAN: Right. That's exactly
11 right.

12 MR. BECKER: -- for disciplinary issues.

13 CHAIRPERSON BUCHANAN: Right.

14 MS. MOORE: And if I may, we had early on in this
15 program a survey and we had a working group around this
16 issue and I believe it was also the special education at
17 that time.

18 We resolved special education, but we never
19 resolved this issue and it continues to fester and I think
20 it's one that we need to review because what's happening is
21 we are underbuilding for those students.

22 They are housed, you know, at a level that is less
23 than what we load our K-12 students and so we are not
24 providing the adequate facilities for them.

25 I'm also -- and this is one of my issues on

1 community day students. I think that we rarely build
2 quality facilities for those students.

3 They typically are in leased facilities. There's
4 lots of community issues around where they locate and I
5 would hope through the program that we can do a better job
6 of serving that at-risk population because we know that when
7 they go to a facility and it's a rundown place that then we
8 think of them, you know, as rundown students and that's not
9 the -- that's not what we want to provide to those at-risk
10 students.

11 So I'd like to hear more and see more about how we
12 can serve them better.

13 MR. BECKER: Absolutely. Assemblymember Hagman,
14 you talked about enrollment projections a little bit and how
15 do we determine eligibility for counties and I believe at
16 one of the past Subcommittee meetings, it was mentioned that
17 SDC in particular was -- had a greater variance from
18 reality.

19 I'd like to talk first though a little bit about
20 community school enrollment projections and currently the
21 program requires us to use a cohort survival model based on
22 what a typical school district would experience.

23 The role of a community school really doesn't fit
24 with a cohort survival model. Our role is to take these
25 students and work with them to the point where they can

1 return to their district of residence.

2 So typically we may only have a student in our
3 program for a semester. So it's not based on them
4 progressing through the system. Certainly some do find that
5 they thrive in the environment that the county program
6 provides and they do stay, but it's the minority of
7 students.

8 We're much more tied in with actions of other
9 jurisdictional agencies. So the juvenile courts, are they
10 referring kids to our program. Are the county probation
11 officers rounding up the kids and making sure that they get
12 to school.

13 You know, is our school districts expelling and
14 referring kids to our -- we're much more in line with the
15 action of the other agencies and so that's very difficult
16 for us to project because we can't control necessarily the
17 county probations department's budget.

18 We certainly can communicate with them and let us
19 know how it impacts our programs. But that can cause some
20 really wild fluctuations in our figures.

21 And special day classes, SDC, to some extent
22 experiences the same thing. Districts have to identify and
23 refer these kids to our programs.

24 So it's a much more difficult thing to project and
25 every time that I'm looking at cohort survivals I do this.

1 I scratch my head about that because it just doesn't fit
2 with what we experience in reality.

3 The last thing that I'd like to mention are that
4 we should look at what a complete special day class facility
5 looks like and are the grants adequate for that.

6 These classes typically include a restroom
7 facility because you might have needs of students where they
8 have to have a restroom available. They include often
9 kitchenettes where they teach life skill experiences. So
10 it's not the typical classroom that we think of.

11 So I think that it would behoove us to take a
12 fresh look at that, determine are the grants adequate, and
13 also the siting issues with that because I think that's
14 often why we end up with portable construction in that
15 program.

16 You have a less than ideal site and then you have
17 a lot of programming that you have to fit into that
18 classroom. So I think that that's worth taking a look at as
19 well.

20 So I mean overall I think that COEs have done well
21 in the program and we've really appreciated being able to
22 participate and we think that these students deserve 21st
23 century facilities just like a regular student does and that
24 as we look at changes we should look at them with
25 flexibility and the end result in mind and free us from some

1 of the restrictions of some of the regulatory processes.

2 And, you know, we welcome working with you further
3 on that.

4 CHAIRPERSON BUCHANAN: Okay. Are there any
5 questions?

6 ASSEMBLYMEMBER HAGMAN: Just completely off topic,
7 but since I got you here.

8 One of the -- my little pet projects is to
9 modernize with technology the classrooms. I believe, you
10 know, we have to, you know, with iPads, computers and --
11 I've been a little vocal with our superintendents statewide
12 of, you know, making that box.

13 But I'm just wondering your experiences so far
14 with your peers as far as saying okay, each county's going
15 to at least have the same operating system or we're going to
16 have -- try to go toward the same -- I mean there's choices
17 out there.

18 And what I'm hearing from my districts is they're
19 all making -- have choices and then when we finally do get a
20 statewide plan, everyone's going to have different hardware,
21 different software, and different, you know, technical needs
22 there.

23 Is there -- hopefully there's better, you know,
24 coordination on the county level and that I'm hoping to hear
25 that you guys are working with your districts in each county

1 that are hopefully on the same platform at least, so when we
2 finally come up with the State master plan we're not
3 completely off of all these different schools.

4 MR. BECKER: Yeah, I feel really ill prepared to
5 answer that question.

6 CHAIRPERSON BUCHANAN: Well, I would say the
7 reason we've never had, you know -- the reason we have a
8 State technology requirement to graduate is because if you
9 had the requirement, you'd actually have to fund it.

10 And computers in most schools, I mean they're
11 either built as you're modernizing or new construction and
12 taking some of the funding for the school for furniture and
13 equipment or frankly they're purchased through bake sales.

14 And, you know, if you're going to have certain
15 standards, then I think, you know, in terms of the
16 technology you purchase or, you know, the bandwidth or
17 anything else in the State has got to be prepared to fund
18 that because if not, you know, there -- and depending on the
19 program, you know, it's -- both my daughters were
20 communications majors and worked on Macs. My sons all had
21 PCs at the time, you know, I mean depending on what the need
22 is, but it's --

23 MR. SAVIDGE: The biggest program for school
24 districts and especially low income districts for technology
25 has been the Federal E-Rate program.

1 CHAIRPERSON BUCHANAN: Right.

2 MR. SAVIDGE: That's where the bulk of the funding
3 in many, many districts for both their Internet connections,
4 the -- go back to the county offices, by the way, it's one
5 of the services that the county offices provide, but also
6 the internal wiring, the servers and the routers and in some
7 cases computers and software so that program has been a
8 fantastic benefit for California.

9 CHAIRPERSON BUCHANAN: Yeah. But how many
10 computers have actually been bought through the E-Rate
11 Program? Very many? I mean --

12 MR. SAVIDGE: I don't have any of those numbers.

13 CHAIRPERSON BUCHANAN: I think with most you're
14 paying for your access and most school districts regardless
15 of where you are, urban, suburban, rural, without the
16 E-Rate, they would not have any access whatsoever.

17 MR. BIRDSALL: I was just going to add, we share
18 your concern. The newest committee we have -- to answer
19 everything's a committee of course -- but -- the technology
20 managers from all the county offices now meet monthly to try
21 and make sure we're all -- we heard the same thing from our
22 county -- and school district superintendents.

23 So through the K-12 high-speed network, we've been
24 working on bandwidth and then I mentioned earlier the
25 assessment program which is going to require some

1 consistency in access.

2 So obviously we don't have the power nor are we
3 seeking the power to mandate things but to set parameters in
4 terms of these -- what bandwidth requirements are here or
5 what instruments, you know, various tablets or PCs or
6 whatever can connect to that and then the software.

7 So we are -- that is becoming very high priority
8 because of what's been obviously the direction of California
9 education.

10 CHAIRPERSON BUCHANAN: Are there any comments from
11 the public?

12 MS. CUNNINGHAM: Hi. I'm Alana Cunningham from
13 Jack Schroeder's office and I have just a big picture
14 comment not anything related directly to county schools.

15 And my comment is that I understand the intent and
16 the importance of districts making every effort to provide
17 their match for their modernization and new construction
18 projects, but there is a category of districts out there who
19 have made numerous attempts, good-faith efforts to pass
20 bonds without success and unfortunately the students in
21 these districts oftentimes impoverished and rural districts
22 are disadvantaged due to the district's inability to provide
23 funding for these projects.

24 CHAIRPERSON BUCHANAN: We understand. We know
25 that's one of the major issues we need to tackle.

1 MS. CUNNINGHAM: So I just wanted to highlight
2 that category of districts because --

3 CHAIRPERSON BUCHANAN: Right.

4 MS. CUNNINGHAM: -- they exist. Okay. Thank you.

5 MR. DUFFY: Madam Chair, members, Tom Duffy for
6 the CASH organization.

7 Don't want to belabor this into something that I
8 know you've talked about and will talk about again, but just
9 looking at the chart that in on -- or it's actually three
10 figures on page 6 that identify projects cost at a hundred
11 dollars and the State share of 50-50 and the like.

12 I just wanted to bring to your attention once
13 again to the issue of grant adequacy and that if indeed you
14 were to be looking at a real project here that wouldn't be
15 50-50 because it's been demonstrated not only by information
16 that's been produced through your staff but information that
17 we've gathered and information that the Board has heard over
18 the last several years from school districts, that the
19 program basically under new construction provides about
20 30 percent of the cost of a project. So just --

21 CHAIRPERSON BUCHANAN: Are you talking about the
22 base grant or the entire grant when you add up everything?

23 MR. DUFFY: I'm talking about the base grant. The
24 add-ons -- and I'm glad you mentioned those. We're going to
25 get to those. Those are significant for districts being

1 able to move forward with projects.

2 But notwithstanding those, if you're talking about
3 a hardship project -- and you heard from Mr. Becker, he
4 mentioned the adequacy and going to portable or modular
5 construction because of those things -- that if you're
6 looking at the chart that shows that it was a billion
7 dollars that was spent on hardship projects, you have to
8 recognize that you're going to have to add to that if you're
9 going to really compare for adequacy to a district that is
10 more -- so just once again the hardship program is --
11 Mr. Almanza, looking at the have-nots in school districts
12 and we could give you and I won't do that at this time, but
13 we could give you examples of districts that have built
14 projects under the hardship program and have had to not meet
15 the requirements that actually CDE imposed on them, as they
16 should due to regulations, to have the ancillary facilities
17 for PE, food service, and other things, in essence building
18 classrooms.

19 So I just wanted to make that note for you because
20 clearly I could see that there was a concern that all of you
21 expressed about what are we doing with this hardship
22 program.

23 Well, part of what you're doing is you're not
24 building adequate facilities with it and just wanted to
25 underscore that.

1 ASSEMBLYMEMBER HAGMAN: And, Tom, you have talked
2 about there's two ways to look at it. Either you add money
3 to it or you reduce maybe some of the regulation and costs
4 to build what you're building in the first place.

5 And I like -- for me like to look at both those
6 things, the cost of actually building those facilities as
7 well as the -- you know, adequate amounts. So, you know,
8 comparing apples and apples to build out without all the
9 rules and regulations and all the requirements for doing and
10 you add those into what we're doing on the school side.
11 There's quite a disparity of price per square foot to build
12 any kind of facility and is there some of those layers that
13 we could be aware of that does not affect safety, quality,
14 those type of things to make that process a little cheaper.

15 That may be another way to get a full facility
16 versus just throwing more money out.

17 MR. DUFFY: Thank you.

18 CHAIRPERSON BUCHANAN: Next.

19 MR. PREGMAN: Good morning, Madam Chair, and the
20 rest of the Board. I'm Ron Pregman. I represent WLC
21 Architects, but when I was in the light, I worked for a
22 county office.

23 And I can tell you in the early 1990s housing
24 students was like drinking out of a firehouse. And so the
25 complexities of integrating your project -- the special ed

1 project with the needs Ms. Moore was talking about, I can't
2 tell you how difficult it is to do that.

3 I mean Aquarius and everything has to line up
4 perfectly for the district to be able to coordinate
5 especially in a high school when you start planning them
6 five years in advance, to get the central place so you can
7 drop off the special ed students, especially the severely
8 handicapped, to have them integrated into the campus where
9 they're mainstreamed and to be able to get them to come and
10 go, it's unbelievable.

11 And then to divide up the project by the number of
12 students and the square footage you have so that we have two
13 separate ways of accounting is incredibly crazy. We ought
14 to have a way that we can do that and make it integrated
15 even from the economies of scale. It's difficult to start a
16 project and then to break it off because you realize these
17 things aren't coordinated.

18 It's not OPSC's doing. It's what we did to
19 ourselves in trying and making the program fit everything in
20 every situation.

21 I would just hope as we move forward and down the
22 road we take that into consideration and as everybody said
23 this, we want to not be myopic. We want to look at the big
24 picture and the end result is what really, really, really
25 counts. Thank you.

1 CHAIRPERSON BUCHANAN: Any comments from members?

2 I would just have these closing comments.

3 With respect to special education and planning, I
4 was elected to a school board in November 1990 and left in
5 2008 and I think we've come a long way in special ed with
6 full inclusion, with least restrictive environment, and
7 hopefully with having districts understand that these are
8 their students and they have an obligation to provide
9 facilities for them and make sure they have a quality
10 educational experience.

11 And so I hope we're no longer at that point where
12 we try and build facilities at the far end of the campus
13 where they're not accessible, but we're planning in a very
14 different way.

15 And I don't know what all the answers are to the
16 facilities programs. I do believe the County Offices of
17 Education play a unique role and have some unique
18 limitations and we've got to figure out a way to make sure
19 that you're able to -- have the facilities and be able to
20 provide these programs to our children and to the extent we
21 can eliminate any red tape and provide better coordination,
22 we need to do that.

23 There are a lot of questions we have here with
24 respect to financial hardship, with respect to counties and
25 how we interact with districts and everything and the rest

REPORTER'S CERTIFICATE

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COUNTY OF SACRAMENTO)

I, Mary C. Clark, a Certified Electronic Court Reporter and Transcriber, Certified by the American Association of Electronic Reporters and Transcribers, Inc. (AAERT, Inc.), do hereby certify:

That the proceedings herein of the California State Allocation Board School Facility Program Review Subcommittee were duly reported and transcribed by me;

That the foregoing transcript is a true record of the proceedings as recorded;

That I am a disinterested person to said action.

IN WITNESS WHEREOF, I have subscribed my name on February 15, 2013.

Mary C. Clark
AAERT CERT*D-214
Certified Electronic Court
Reporter and Transcriber