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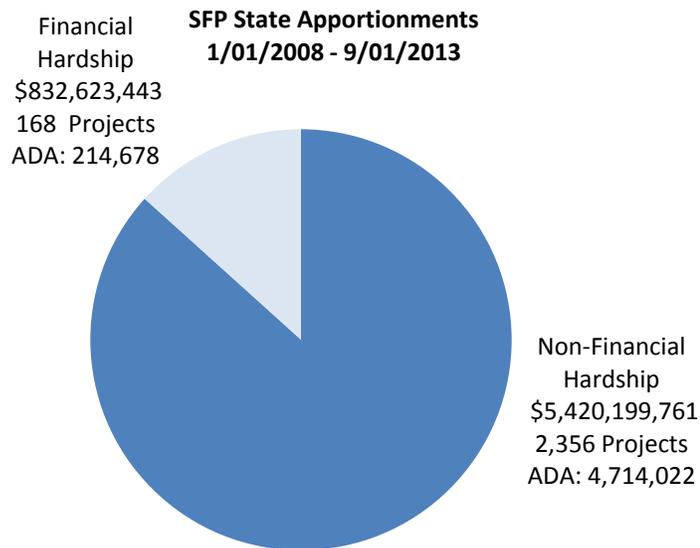
## School Facility Program (SFP) Financial Hardship (FH) Program

### Purpose of Report

Review of the Financial Hardship program data over the last five years.

### Overview

The SFP FH program assists school districts that cannot provide their matching share to an SFP new construction or modernization project. Since 2008, FH project funding represents about 15 percent of total SFP project funding.



Note: Numbers for County Office of Education projects are excluded from this chart.  
ADA is taken from 2012/2013 Enrollment Data found on the CDE Data Quest database.

Financial Hardship Grants (\$832,623,443 total)		
Advanced Grants for Design	Advanced Grants for Site	Final Grants for Construction
\$52,702,627	\$174,112,602	\$605,808,214

### Authority

FH reviews are conducted and FH grants are provided per California Education Code Sections 17075.10 and 17075.15 and SFP Regulation Section 1859.81.

### Current Qualifying Criteria for FH Program

School districts may qualify for the FH Program by levying the maximum developer fees allowed by law and by meeting one of the following criteria:

- Bonded indebtedness 60 percent or greater of total bonding capacity
- Successful Proposition 39 bond passed for the maximum amount allowed within the two previous years
- Total bonding capacity of less than \$5 million
- Other evidence as approved by the State Allocation Board

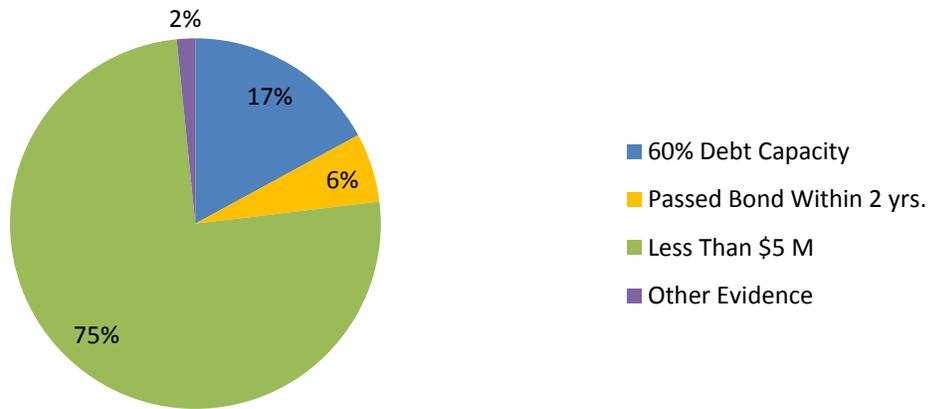
### Current Qualifying Criteria for FH Program (cont.)

Once a school district meets the aforementioned criteria, staff verifies if a district is financially unable to provide all necessary matching funds for their SFP projects. An analysis of a district's financial records is conducted to determine if any funds are available for the district's matching share. Pursuant to SFP Regulation Section 1859.81, the analysis consists of all capital facility accounts, including, but not limited to, developer fees, funds generated from capital facility certificates of participation, federal grants, redevelopment funds, sale proceeds from surplus property, etc. Upon completion of the analysis, any available funds are contributed by the district to its SFP project.

### FH Program Criteria Data

Over the last five years, 129 FH requests have been approved for FH status. The table below summarizes under what criteria school districts qualified, the FH apportionment amounts they received, and the amount of cash contribution they made.

**FH Approvals by Qualifying Criteria  
2008 -2013**



FH Criteria	# FH Approvals	% of Total FH Approvals	# of Projects Apportioned	Total State appt.	Total FH Appt.	Total District Cash Contribution (% of Project Total)
60% Debt Capacity	22	17%	66	\$308,547,331	\$240,942,921	\$51,502,675 (8.6%)
Passed Bond Within 2 yrs.	8	6%	22	\$88,074,578	\$66,818,984	\$19,097,944 (11.0%)
Less Than \$5 M <sup>1</sup>	97	75%	76	\$67,121,961	\$60,459,807	\$2,250,319 (1.7%)
Other Evidence	2	2%	4	\$436,818	\$221,043	\$70,168 (9.6%)

1. Total includes districts that may have sought multiple FH approvals in the life cycle of their projects. This would include submitting for separate design and/or separate site grants before receiving their full construction grant.

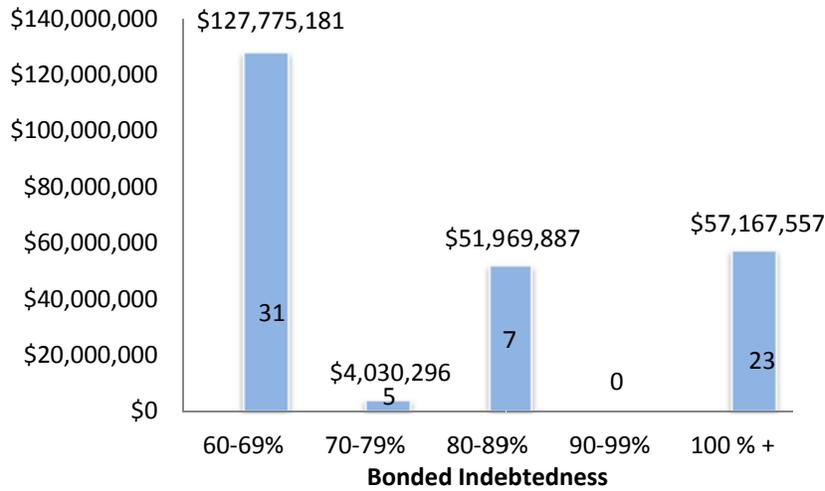
**FH Program Criteria Data (cont.)**

*60 Percent or More Bonded Indebtedness*

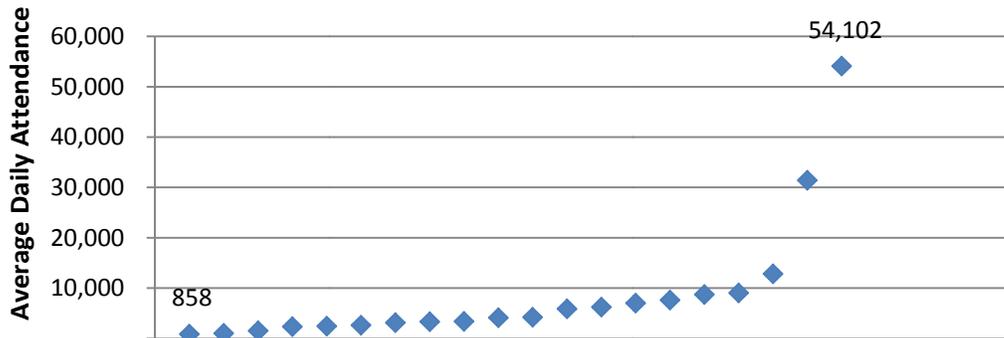
One way to demonstrate that a district has made all reasonable effort to fund their project is to have a bonded indebtedness of at least 60 percent of their total bonding capacity. The data for projects that qualified under this criteria are listed below.

<b>Districts That Qualified Under 60% Bonded Indebtedness Criteria 2008-2013</b>				
<b>Number of FH Approvals</b>	<b>Number of Projects</b>	<b>Average % of Bonded Indebtedness</b>	<b>Average FH Apportionment Per project</b>	<b>Total FH Apportionment</b>
22	66	83.0%	\$3,650,650	\$240,942,921

**FH Apportionment Amounts and Number of Approvals (by District Bonded Indebtedness)**



**Average Daily Attendance Districts w/60% Bonded Indebtedness Criteria**



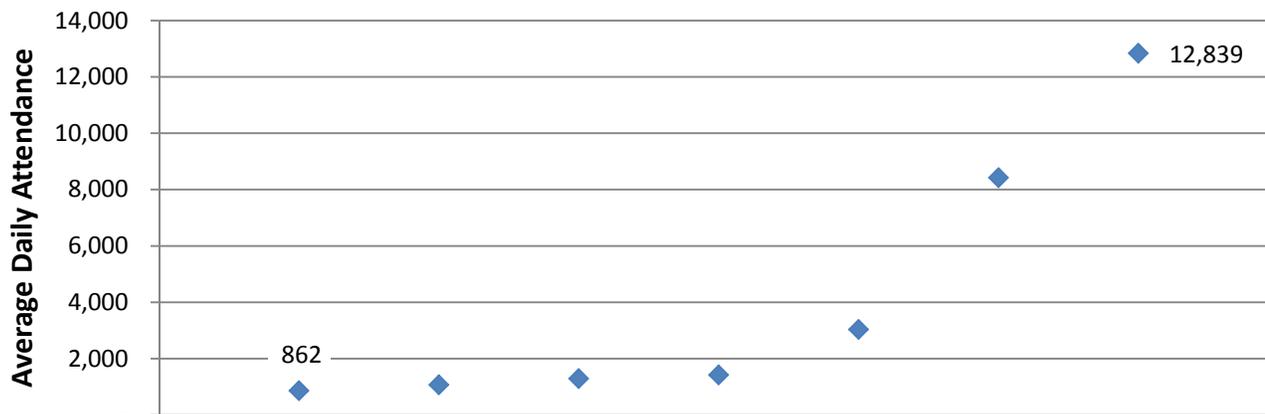
**FH Program Criteria Data (cont.)**

*Successful Prop. 39 Bond Passed within the Two Previous Years*

A district may qualify for FH status if it has passed a Proposition 39 Bond for the maximum amount allowed under the law within the previous two years from the date of request for FH status. The proceeds from the bond election must be used to fund the district's matching share requirement for their SFP project(s).

Over the last five years, six percent of FH districts qualified under this criteria. These districts received State apportionments of \$88,074,578, FH apportionments of \$66,818,984 and they contributed \$19,097,944 towards their projects.

**Average Daily Attendance  
Districts w/Bonds Passed in Previous Two Years**



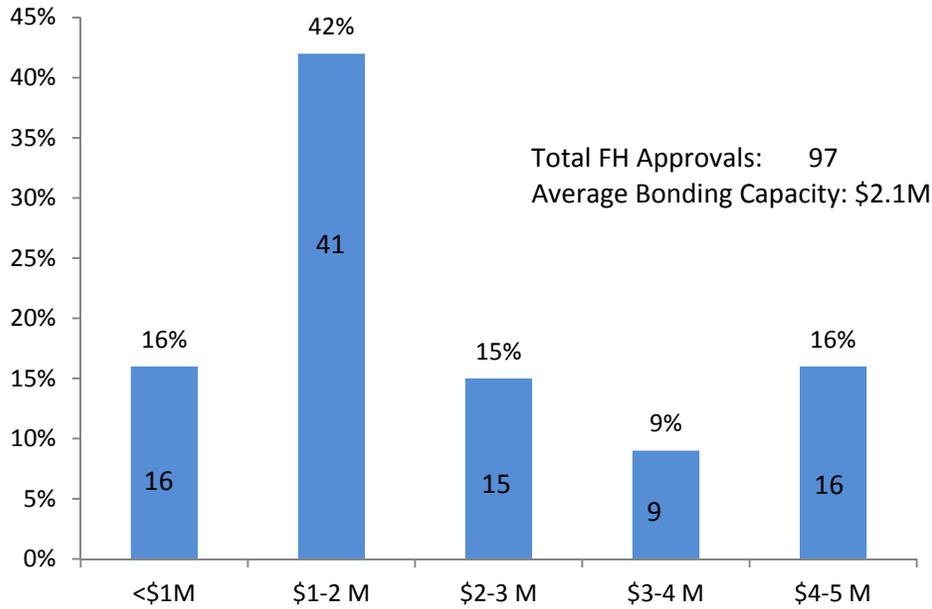
*Bonding Capacity less than \$5 Million*

The vast majority, or 75 percent, of FH districts qualified under this criteria. This criteria allows districts with a total bonding capacity less than \$5 million to qualify for FH status. The following graphs and tables depict districts that have received FH status under this criteria.

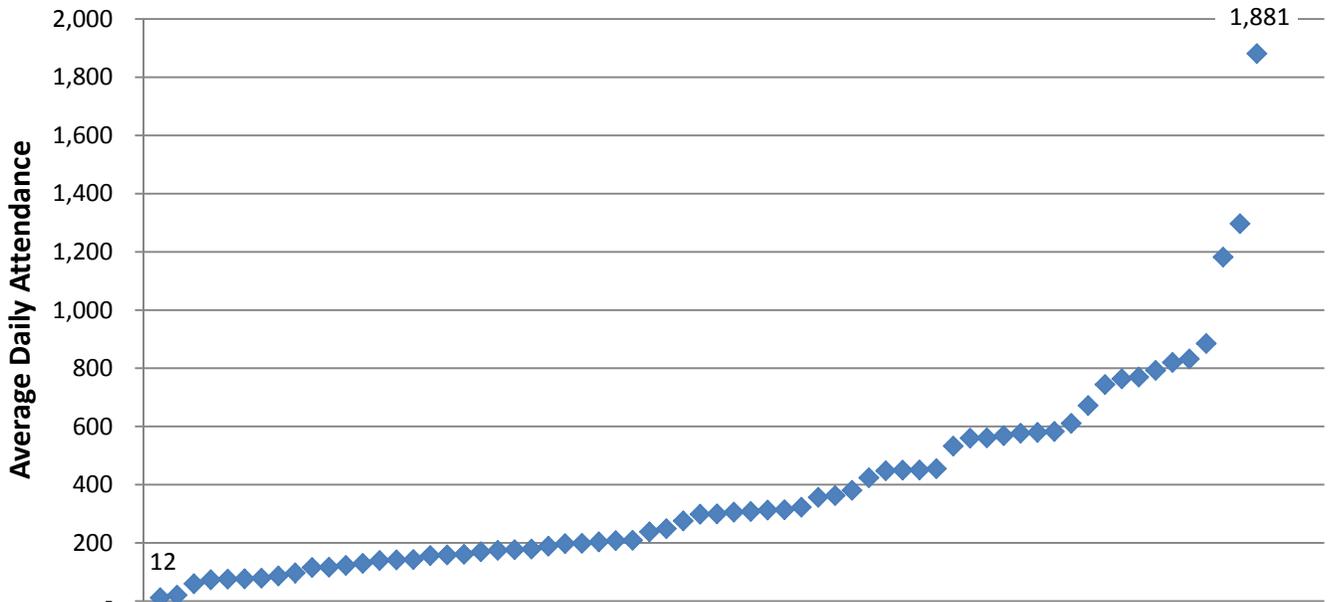
FH Program Criteria Data (cont.)

Bonding Capacity less than \$5 Million (cont.)

**Bonding Capacity 1/1/2008 Through 9/1/2013**



**Average Daily Attendance for Districts Qualifying with Bonding Capacity Less than \$5 million**



## FH Program Criteria Data (cont.)

### *Bonding Capacity less than \$5 Million (cont.)*

<b>District Apportionments Received 1/1/08 Through 9/1/13</b>						
Apportionments Received	<\$0.5 M	\$0.5-1 M	\$1 - 2 M	\$2 - 4M	\$4 - 6 M	\$6 -9 M
Percentage	54%	13%	20%	3%	5%	5%

<b>District Available Funds 1/1/08 Through 9/1/13</b>						
Available Funds	<\$1 K	\$1 - 25K	\$25 - 50 K	\$50 - 100K	\$100 - 200 K	\$200 -400K
Percentage	27%	28%	11%	16%	11%	7%

### *Other Evidence as Approved by the State Allocation Board*

If a district does not meet one of previously mentioned criteria for FH status, then it still has the option to submit under "other evidence" as approved by the State Allocation Board (Board). If the Board approves the district's request for FH status, then it receives FH approval for six months like a district that met any other criteria. While there are no set criteria when districts request to qualify for FH under other evidence, the Board has considered the following circumstances in the past:

- Loss of previous revenue streams. One district lost federal dollars when a local army base closed.
- Action by other governmental agencies.
- Whether a district has recently received a qualified or negative certification by their local county office of education.

Over the last five years, two districts have been approved under this criteria. The approvals included four SFP projects apportioned that received \$436,818 in State Apportionments and \$221,043 in FH apportionments. The districts contributed \$70,168 in cash towards their projects.

## County Offices of Education

### Purpose of Report

The goal of this item is to discuss the needs of a County Office of Education (COE) in the School Facility Program (SFP).

### Overview of County Offices of Education

#### *Current Authority and Responsibilities*

COEs provide direct and regional support to school districts and serve as the primary implementation arm of the California Department of Education (CDE). COE responsibilities can be summarized as:

- Educating specific student populations
- Monitoring and oversight of student academic environment
- Monitoring and oversight of district fiscal stability
- Providing academic support and assistance
- Providing direct services to small school districts
- Implementing regional support activities to assist district and school staffs

#### *Educating Specific Student Populations*

COEs provide instructional and related services to:

- Severely disabled special education pupils
- Adjudicated, incarcerated, and expelled students served through court and community schools
- Career technical education students through countywide regional occupational programs

### County Office of Education Eligibility

#### *School Facility Program*

COEs are considered districts for the purposes of the SFP. They are eligible to participate in any program for which they qualify for funding. While a COE provides many services for the districts and the pupils within the county, a COE's eligibility for any program within the SFP is determined using the pupils that are only served by the COE and do not attend district schools. COEs use the same methods as a district for determining eligibility.

#### *Special Education Local Plan Areas (SELPA) Transfers*

Transfer of a SELPA after new construction eligibility was established generates additional reporting requirements. SELPA facilities can be transferred from a district to a COE or from a COE to a district. In these cases, each entity's new construction baseline will be adjusted commensurate with the student capacity of the facilities received, and the entity relinquishing the facilities has its enrollment projection adjusted to remove the pupils served in the facility. Further, if the facilities involved were funded through the SFP and had financial hardship assistance, AND if the receiving entity would not have qualified for financial hardship at the time the facilities were funded by the State, AND the facilities have been occupied less than ten years, the receiving entity shall return a proportionate share of financial hardship assistance provided to the State.

*Sources of Revenue*

COEs and local school districts have similar sources of funding for school construction projects as follows:

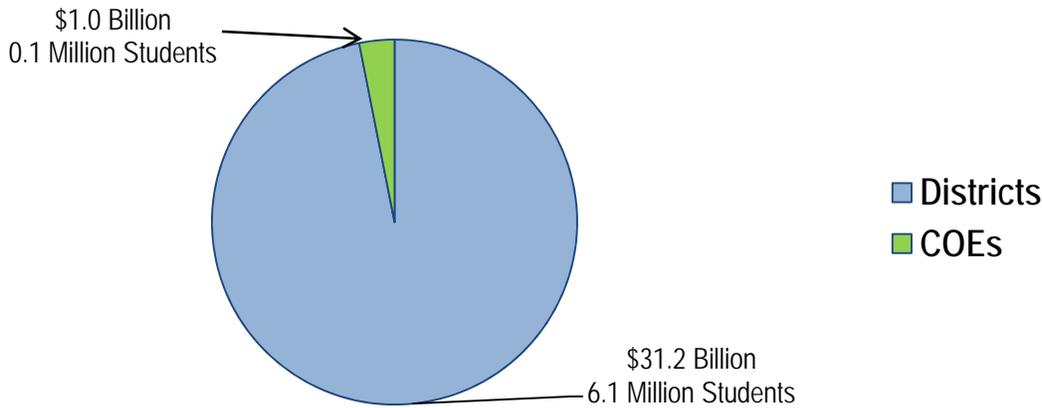
- Site Sale Proceeds
- Federal Grants
- Interest from Holdings
- Financial Hardship Program
- Savings from prior SFP projects
- Certificates of Participation

Of these potential sources, most COE funds have historically come from Interest, Financial Hardship Program, and savings from prior SFP projects.

*COE Funding in the SFP*

Since the inception of the SFP, COE projects account for approximately 3 percent of total SFP apportionments and currently have 1.6 percent of the student population based upon CDE data for school year 2012-2013.

**COE versus District Funding/Enrollment in the SFP**



The COE apportionments by type of grants are as follows:

<b>COE Grants (\$988,545,910 total)</b>		
<b>Advanced Grants for Design (Have not moved forward to construction)</b>	<b>Advanced Grants for Site (Have not moved forward to construction)</b>	<b>Final Grants for Construction</b>
\$ 29,287,803	\$ 17,116,504	\$ 942,141,603
190	15	443
3.0%	1.7%	95.3%

There are 190 projects that received design grants and did not move forward to construction. 14 of those grants did move forward to a site grant, so of the 15 grants for site that did not move forward to construction, only one was for site only. The \$29.3 million in design grants that did not move forward to construction comprise 3.0 percent of the total COE grants. The \$17.1 million in site grants that did not move forward to construction comprise 1.7 percent of the total COE grants.

A table of total apportionments and Financial Hardship grants may be seen in Attachment A. The \$988.5 million in apportionments in Attachment A are for all SFP programs, while the \$982.7 million in Attachment B reflects apportionments for new construction and modernization only. The \$5.8 million difference is due to apportionments for Facility Hardship, Modernization Facility Hardship, and Career Tech Modernization projects. Also note that the 2012-2013 enrollment figures may include students other than community day students and non-severe/severe students.

### *New Construction and Modernization COE Funding*

Since the inception of the SFP, COE's have received \$982.7 million in funding for 2,073 new classrooms and modernization of 404 classrooms. The funding and classrooms built can be seen in Attachment B.

### *COE State and Local Contributions*

From January 2008 through May 2013, 56 new construction projects were apportioned. These projects had total expenditures of \$306.4 million, with State Share apportionments of \$148.2 million and Financial Hardship apportionments of \$158.9 million. A chart of expenditures by category can be seen in Attachment C.

### *COE Permanent Construction versus Total Construction*

A map of permanent construction versus total construction by region from January 2008 through May 2013 can be seen in Attachment D.

### *COE Pupil Grant Requests*

Based upon COE pupil grant requests for new construction and modernization, approximately two-thirds of construction is for community day and other K-12 students, and one-third is for severe/non-severe special day class students.

**COE Pupil Grant Requests 1998 - 2013**

	<b>Elementary</b>	<b>Middle</b>	<b>High</b>	<b>Non-Severe</b>	<b>Severe</b>	<b>Total</b>
<b>Pupils</b>	2,341	1,978	20,943	11,855	617	37,734
<b>Percentage of Pupils</b>	6.2%	5.2%	55.5%	31.4%	1.6%	
<b>Estimated Classrooms</b>	86	73	775	912	68	

Estimated classrooms are number of pupils divided by loading standard

### **Discussion Topics from the February 2013 Program Review Subcommittee**

During the February 5, 2013 meeting, members of the Program Review Subcommittee looked at the unique needs of a COE and how a future program might address those needs. Areas of discussion brought forth included:

- Sources of Funding
- Least Restrictive Environment for Special Education Students
- Fluctuating Student Populations

- COE/District Project Coordination
- Community School Loading Standards

### *Sources of Funding*

COEs funding sources are currently limited and developer fees are not available as a resource for a COE. The developments may generate students with special needs for which the COE assumes responsibility without receiving a portion of the developer fees.

### *Least Restrictive Environment for Special Education Students*

The Individuals with Disabilities Education Act's Least Restrictive Environment requires school districts to educate students with disabilities in regular classrooms with their nondisabled peers, in the school they would attend if not disabled, to the maximum extent appropriate. Relating to this requirement, subcommittee members discussed:

- Responsibility for housing special education students may be assumed by a district
- In some cases a COE is required to assume responsibility because a district may decline or be unable to house these students
- A district obligation to provide facilities for a SELPA

### *Fluctuating Student Populations*

In a prior meeting, subcommittee members discussed the following topics related to providing instructional and related services to severely disabled special education pupils and community school pupils:

- Providing housing for what may be a fluctuating population
- A response to fluctuating population may be short-term leases, but SFP requirements are for long-term leases of 30 to 40 years
- Long-term leases reduce flexibility in responding to fluctuating student populations
- Facilities are constructed for what may be a fluctuating population where the cohort survival method is not a good predictor of need. The results of a Cohort Enrollment Projection study presented in November 2012 show projections for Non-severe and Severe student populations have a higher overall inaccuracy rate.

### *COE/District Project Coordination*

In a prior subcommittee meeting, some of the discussion involved joint COE/district new construction projects, when the COE and the district combine their pupil grants for the full funding for the project. Topics discussed included:

- Timing of milestones as two entities work on a common project.
- Complexity of allocations of costs, receipt of billings, and payment of costs when there is one set of construction plans.
- There may be a sudden shift in the COE student population and the completed facility may be underutilized.

### *Community School Loading Standards*

Community schools serve adjudicated, incarcerated, and expelled students. In the February 5, 2013 meeting, it was stated that one goal of community schools is to return students to their district of residence. Success can produce rapid changes in the student population. At a prior meeting, subcommittee members discussed the following topics:

- COEs typically put less than the loading standard in a classroom.
- Community schools are typically located in leased facilities with community issues around where they locate.
- The locations and appearance of community schools may impact student learning.

ATTACHMENT A

County Office of Education	Apportionments Since 1998	Financial Hardship Since 1998	Enrollment 2012-2013
<b>Region 1</b>			
DEL NORTE	\$6,244,077	\$3,063,449	602
HUMBOLDT	\$4,141,193	\$1,971,086	470
MENDOCINO	\$25,886	\$0	124
LAKE	\$8,681,352	\$4,174,058	67
SONOMA	\$29,726,776	\$14,035,419	946
<b>Regional Totals</b>	<b>\$48,819,284</b>	<b>\$23,244,012</b>	<b>2,209</b>
<b>Region 2</b>			
SISKIYOU	\$0	\$0	435
MODOC	\$929,896	\$464,948	54
TRINITY	\$0	\$0	21
SHASTA	\$6,388,762	\$3,069,609	429
LASSEN	\$482,025	\$172,765	41
TEHAMA	\$3,245,328	\$1,479,522	184
PLUMAS	\$0	\$0	32
BUTTE	\$6,873,611	\$3,327,136	1,060
GLENN	\$11,964,340	\$5,958,723	372
<b>Regional Totals</b>	<b>\$29,883,962</b>	<b>\$14,472,703</b>	<b>2,628</b>
<b>Region 3</b>			
COLUSA	\$17,097,960	\$8,536,626	28
YOLO	\$0	\$0	319
SUTTER	\$12,098,972	\$6,049,486	403
YUBA	\$0	\$0	536
SIERRA	\$0	\$0	2
NEVADA	\$0	\$0	3,411
PLACER	\$12,304,773	\$6,199,720	526
EL DORADO	\$5,951,782	\$2,975,891	980
SACRAMENTO	\$8,007,719	\$3,748,081	1,148
ALPINE	\$0	\$0	2
<b>Regional Totals</b>	<b>\$55,461,206</b>	<b>\$27,509,804</b>	<b>7,355</b>
<b>Region 4</b>			
MARIN	\$630,516	\$0	374
NAPA	\$194,041	\$0	137
SOLANO	\$8,075,878	\$3,872,576	537
CONTRA COSTA	\$19,158,109	\$8,872,041	3,297
ALAMEDA	\$0	\$0	4,041
SAN FRANCISCO	\$0	\$0	638
SAN MATEO	\$1,663,407	\$0	441
<b>Regional Totals</b>	<b>\$29,721,951</b>	<b>\$12,744,617</b>	<b>9,465</b>
<b>Region 5</b>			
SANTA CLARA	\$31,979,965	\$15,632,896	8,770
SANTA CRUZ	\$6,268,288	\$3,134,144	1,393
SAN BENITO	\$1,208,809	\$458,367	114
MONTEREY	\$9,691,705	\$4,137,423	1,606
<b>Regional Totals</b>	<b>\$49,148,767</b>	<b>\$23,362,830</b>	<b>11,883</b>
<b>Region 6</b>			
AMADOR	\$3,217,410	\$1,608,705	300
SAN JOAQUIN	\$45,142,318	\$20,813,351	3,452
CALAVERAS	\$14,974,802	\$7,487,401	588
TUOLUMNE	\$34,779	\$17,389	12
STANISLAUS	\$69,212,338	\$33,247,638	2,193
<b>Regional Totals</b>	<b>\$132,581,647</b>	<b>\$63,174,484</b>	<b>6,545</b>
<b>Region 7</b>			
MERCED	\$60,456,849	\$29,913,521	1,465
MARIPOSA	\$0	\$0	73
MADERA	\$18,112,780	\$8,919,827	962
FRESNO	\$15,381,633	\$7,040,949	2,094
KINGS	\$11,024,871	\$3,990,833	430
TULARE	\$24,817,726	\$10,997,989	2,246
<b>Regional Totals</b>	<b>\$129,793,859</b>	<b>\$60,863,119</b>	<b>7,270</b>
<b>Region 8</b>			
SAN LUIS OBISPO	\$30,912,293	\$15,187,344	665
KERN	\$10,069,128	\$0	4,552
SANTA BARBARA	\$647,155	\$0	567
VENTURA	\$9,075,639	\$4,468,203	2,590
<b>Regional Totals</b>	<b>\$50,704,215</b>	<b>\$19,655,547</b>	<b>8,374</b>
<b>Region 9</b>			
ORANGE	\$63,609,259	\$31,568,858	7,184
SAN DIEGO	\$9,889,261	\$4,016,746	4,151
IMPERIAL	\$28,496,339	\$13,395,556	540
<b>Regional Totals</b>	<b>\$101,994,859</b>	<b>\$48,981,160</b>	<b>11,875</b>
<b>Region 10</b>			
RIVERSIDE	\$80,963,446	\$39,135,387	7,864
INYO	\$5,496,853	\$2,747,917	1,657
MONO	\$2,266,107	\$0	429
SAN BERNARDINO	\$143,135,852	\$69,160,121	3,173
<b>Regional Totals</b>	<b>\$231,862,258</b>	<b>\$111,043,425</b>	<b>13,123</b>
<b>Region 11</b>			
LOS ANGELES	\$128,573,902	\$58,847,576	9,136
<b>Regional Totals</b>	<b>\$128,573,902</b>	<b>\$58,847,576</b>	<b>9,136</b>
<b>GRAND TOTALS</b>	<b>\$988,545,910</b>	<b>\$463,899,277</b>	<b>89,863</b>

**ATTACHMENT B**

# COE Funding by Region

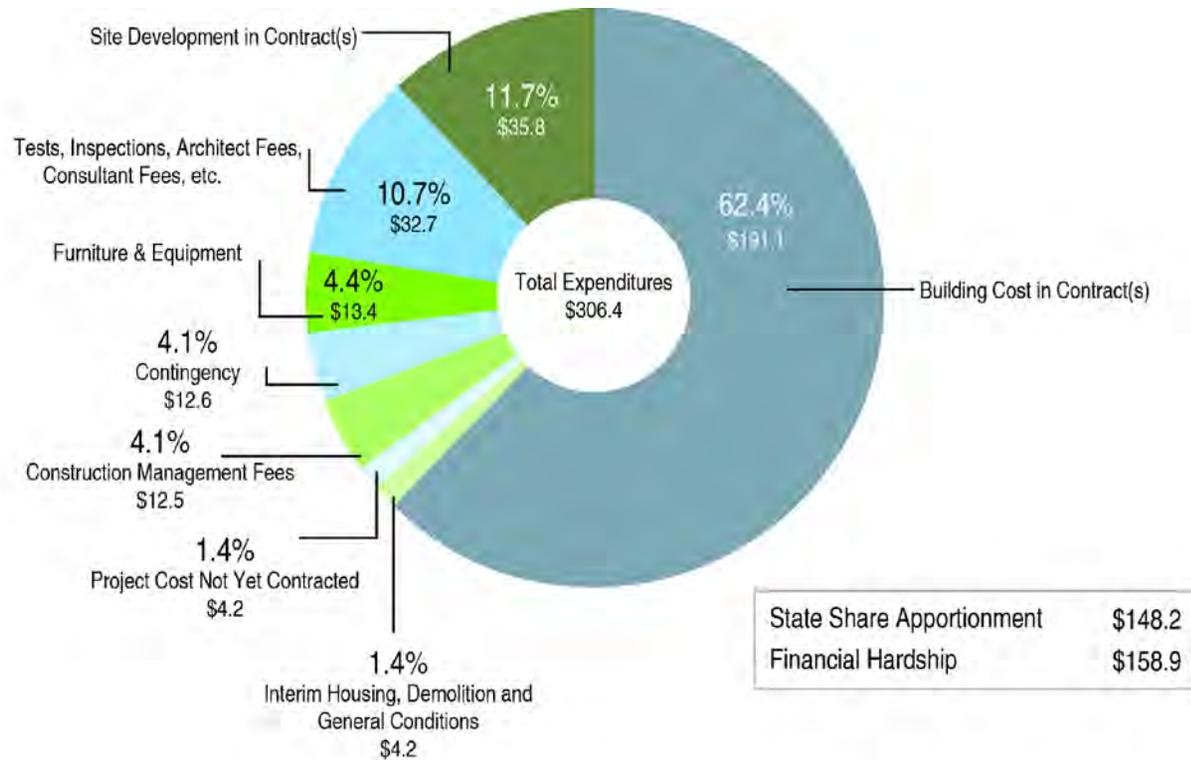


*\*Dollar figures represent only new construction and modernization program totals.*

*\*\* Shows the number of classrooms that generated Modernization eligibility, not the number of classrooms modernized.*

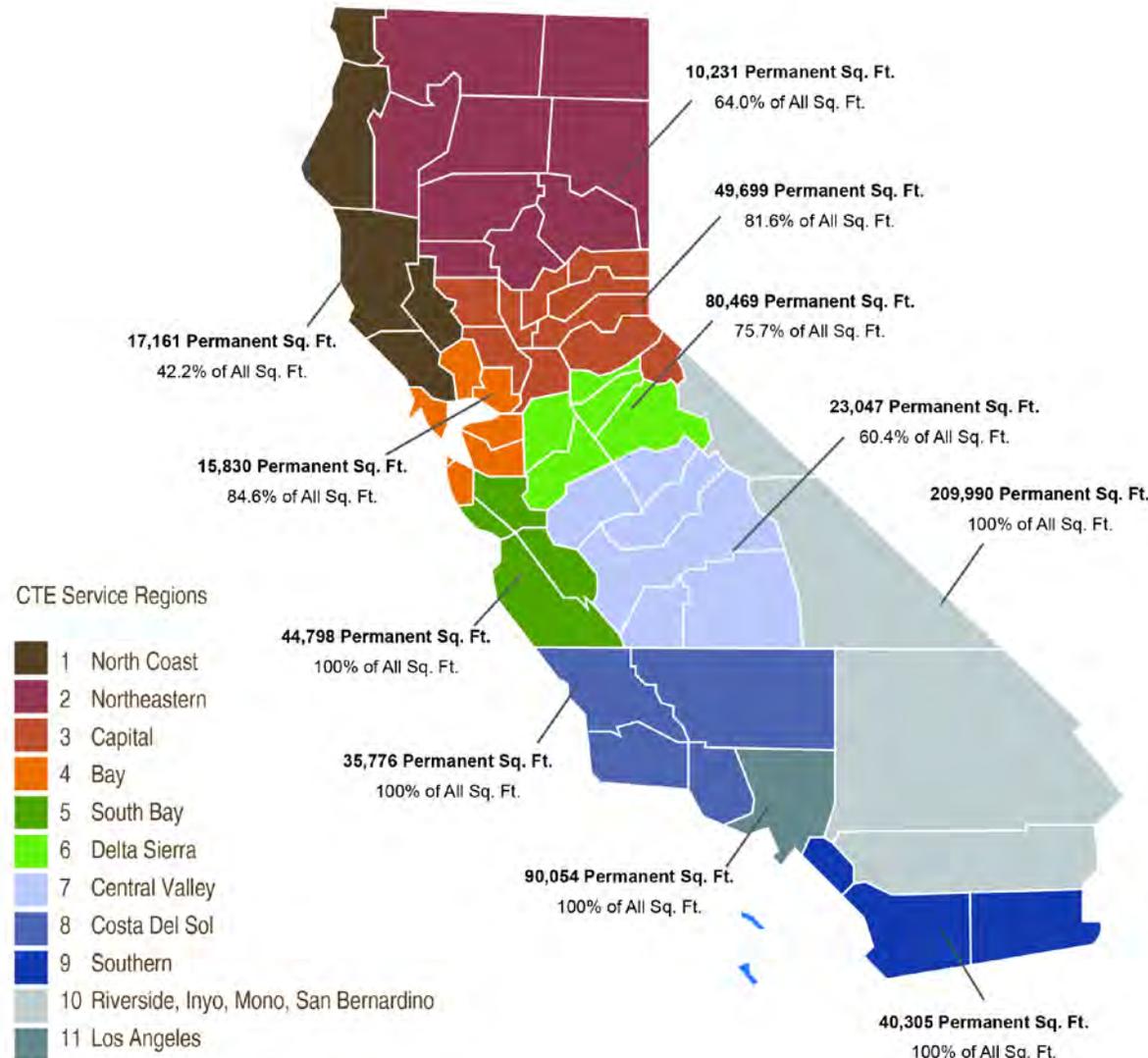
Totals	
Funding	\$982.7 m
CRs built	2,073
CRs modernized	404
Financial Hardship Counties	40

# COE State and Local Contributions



The chart indicates the gross expenditures for the 56 new construction projects apportioned from January 2008 through May 2013 that were required to submit a Project Information Worksheet (PIW) at the time this data was compiled. Of the 56 projects, 53 included Financial Hardship Apportionments at the final adjusted grant funding stage. The data includes the State apportionment, the required district match, and any additional local contribution.

# COE Permanent Construction by Region



The chart indicates the permanent square feet construction versus the total square feet construction (which includes modular and portable construction) for the 56 new construction projects apportioned from January 2008 through May 2013 that were required to submit a Project Information Worksheet (PIW) at the time this data was compiled.



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## **County Offices of Education and the School Facility Program**

The County School Facilities Consortium (CSFC) appreciates the opportunity to provide the State Allocation Board (SAB) Program Review Subcommittee with input regarding the unique facilities needs of the populations we serve, as well as feedback on areas of potential improvement in a future state program. The role of County Offices of Education (COEs) is distinct from their district partners, and therefore their experience in the School Facility Program (SFP) necessitates unique consideration.

COEs work in partnership with the state to ensure that all students have access to a quality education, playing a vital role in implementing and enforcing state education policy. In addition to providing direct educational services, COEs also monitor the fiscal health and academic environment of school districts, in furtherance of the state's goals. This oversight role has expanded with the adoption of the Local Control Funding Formula.

COEs directly serve a diverse population of students with specialized needs on a regional basis, including those in special education, community and community day, and court school programs. These are often the most vulnerable or at-risk students who require additional resources in order to appropriately educate. Compared to typical K-12 populations, COE students require smaller class sizes and additional support services, in addition to specialized facilities.

All students, including those served by COEs, deserve equal access to 21<sup>st</sup> century learning environments. The SFP has been an important tool to help achieve that goal, especially for COEs. It is in the spirit of partnership and shared responsibilities that we provide the following remarks.

### **Enrollment, Eligibility, and Grant Amounts**

Revisions to the calculations used to determine eligibility and funding could more precisely reflect the populations served by COEs.

*Enrollment Projection* – COEs experience an ebb and flow in their enrollment, resulting from the nature of district referrals and the goal of moving community school students back to their home district. The Cohort Survival Projection method used to calculate eligibility may not be the ideal method for assessing future housing needs. Year-over-year fluctuations in the number of students assigned by school districts can have a dramatic impact on the enrollment projection, which is only based on the pupils served by the COE and does not take into account the larger student population from which these students come. Community school enrollment is dependent upon the actions of other agencies, including juvenile courts, county probation offices, and school districts, while enrollment for special education students depends upon identification and referral from school districts.

*Loading Standards* – Community and community day schools serve at-risk students who are best served by a lower student-teacher ratio, which is often collectively bargained. Community school students include those with attendance or behavior issues, many of whom have been expelled from their school districts, as well as students who are on probation or parole. The traditional loading standards of 25:1 for K-6 and 27:1 for 7-12 are significantly higher than typical community school ratios, which differ from county to county but are usually between 15:1 and



20:1. Because of this, COEs must use a disproportionate number of grants to house community school students. This means that if a COE is constructing one 9-12 community school classroom with SFP dollars, it must use 27 grants of new construction eligibility for a facility that will only house 15 pupils, resulting in a net loss of eligibility and ultimately un-housed pupils. CSFC recommends adjusting the SFP loading standards and corresponding grant amount for community and community day classrooms.

*Grant Adequacy* – Community schools look different than their traditional counterparts, and it is often difficult to build a full campus under the SFP. These schools require additional facilities to provide the necessary support services, such as space for probation officers or substance abuse programs, in addition to traditional core facilities like libraries and multipurpose rooms. It is difficult to build all of the necessary facilities with the existing grade-level grant amounts. Community schools and other alternative education sites may benefit from their own definition of a “complete school” and corresponding review of grant adequacy. Additionally, it would be beneficial to review the adequacy of SDC grants, which must help cover the costs of medical and occupational therapy space, toilets, and other specialized facilities.

### **Special Education Siting**

Per Federal and State law, special education students are required to be served in their Least Restrictive Environment (LRE), meaning that a student who has a disability should have the opportunity to be educated with their non-disabled peers, to the greatest extent appropriate. Ideally this means integrated placement of special education facilities on district sites, which necessitates successful coordination between the school districts, COEs, and Special Education Local Plan Areas (SELPAs) who serve these students. CSFC strongly believes that our special education students deserve facilities that are equal in quality and educational opportunity to those of their district peers, and a complete school is one that includes special education pupils.

*Project Approval Timelines* – Financial Hardship review timelines can impede the progress of joint COE-district SFP projects, resulting in different timetables for state agency approvals and potentially jeopardizing the outcome of projects. Local Education Agencies seeking assistance must have approval of Financial Hardship status prior to submitting an application for funding, which can create an approval process that is out of sync for concurrent COE and district projects on a district site. Anything that can be done to streamline Financial Hardship review and to create a single approval process for joint projects would help ensure smoother project delivery.

*Siting Guidance* – While COEs and districts aim for integration, the reality is that special education facilities are instead often placed on the periphery of a site or in substandard facilities. This is partly due to the fluctuating nature of the student population and the regional approach to providing program services, as well as the changing availability of space and facilities on district sites. School siting is guided by Title 5 in the California Code of Regulations; these regulations should be updated to provide more firm guidance on special education siting in order to achieve greater integration and better serve students in their LRE.

### **Portable Classrooms**

COE students deserve to be educated in facilities that meet the same standards as those serving their traditional counterparts, yet they are often educated in portable classrooms on both district and COE campuses. Due to siting fluctuations described above, special education pupils are frequently accommodated in portables, which can be added to sites with relative ease or moved



from site to site. Additionally, budget constraints often necessitate the use of portables, especially for COEs that participate in the Financial Hardship program. Due to very limited budgets and penalties for exceeding the grant amount under Financial Hardship, portables may be the only option to construct a complete site, with core facilities and the specialized facilities needed to serve special and alternative education pupils. Additionally, COEs can face challenges in negotiating long-term leases on district sites, making it difficult to construct permanent facilities and necessitating the use of portables.

CSFC supports efforts to incentivize the replacement of portable classrooms with permanent facilities. In particular, this may be a mechanism to help address special education siting issues by providing permanent, integrated facilities for special education students. These students are sensitive to the disruption of being moved from site to site, and they would benefit greatly from the stability that would be afforded by permanent facilities.

### **Revenue & Local Funding**

COEs have a capital responsibility yet little access to capital resources. Most significantly, COEs lack the authority to issue local bonds. Even if this authority were granted, it would be politically difficult to achieve successful elections on a county-wide basis.

*Developer Fees* – COE severe Special Day Class students are not being captured by the developer fee calculation in existing statute, and are therefore an unfunded population.

### **Financial Hardship**

We recognize that eligibility and funding elements of the Financial Hardship program are currently under review. Given the local funding difficulties outlined above, we believe that COEs should continue to have the option of participating in the Financial Hardship program if they are unable to provide the full local match. Additionally, we believe that the rules limiting the use of savings for COEs should be reviewed for possible modification.

We thank you for the opportunity to provide these remarks, and we look forward to continuing to discuss the future of the SFP and how best to ensure California's children all have access to clean, safe, 21<sup>st</sup> century facilities.

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## Items to Finalize/Continued Discussion

### Introduction

Over the past year, the School Facility Program (SFP) Review Subcommittee (Subcommittee) has reviewed various aspects of the SFP and discussed options for change. The following issues have previously been presented, but the Subcommittee did not conclude the discussions:

- Consolidating Special Programs
- Modernization Eligibility

Each topic is listed with a problem statement/area of concern and options presented for the Subcommittee's consideration. A summary of each member's comments on the topic follows the statements and options.

### *Consolidating Special Programs*

#### Problem Statement/Area of Concern

Can any special programs be consolidated in order to streamline the SFP? Which programs would the Subcommittee recommend keeping?

#### Subcommittee Considerations

The Subcommittee discussed the following special programs:

- Seismic Mitigation Program
- Career Technical Education Facilities Program
- Critically Overcrowded Schools
- Overcrowded Relief Grant
- High Performance Incentive Grant
- Joint Use Program
- Facility Hardship (Replacement/Rehabilitation)

The Charter School Facilities Program was discussed separately.

Two methods for consolidating special programs were presented to the Subcommittee. One method would consolidate the funding sources of the various programs into two pots for new construction and modernization, but would retain the separate program requirements. Another method would consolidate the funding and programs requirements into two broad new construction and modernization programs new construction and modernization.

#### Subcommittee Member Comments/Statements

Some members opposed consolidating the funding pots and programs. As an alternative to consolidating funding sources, members seemed to support putting some sort of time limit on separate pots (like the Critically Overcrowded Schools program) and providing the Board with the authority to transfer residual funds between programs.

Program	Keep	Do Not Keep
Seismic Mitigation Program		
Career Technical Education Facilities Program		
Critically Overcrowded Schools		
Overcrowded Relief Grant		
High Performance Incentive Grant		
Joint Use Program		
Facility Hardship (Replacement/Rehabilitation)		

*Modernization Eligibility*

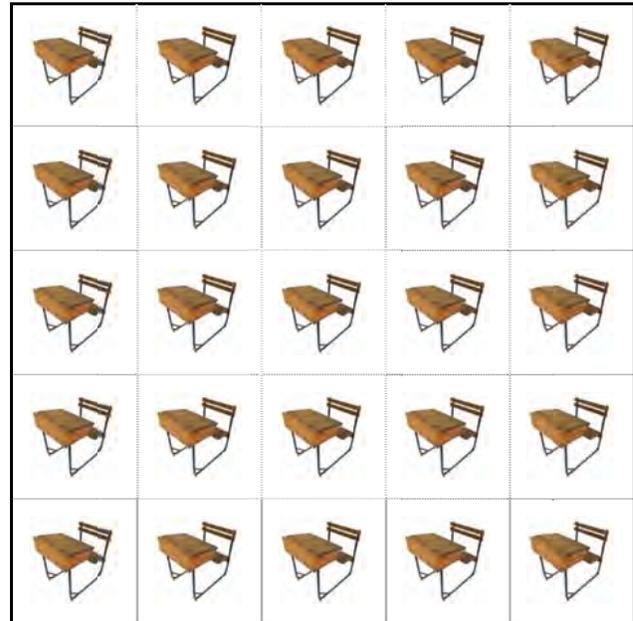
Problem Statement/Area of Concern

Should modernization eligibility be determined by enrollment of the site or capacity of the site? Currently, modernization eligibility is capped by the lesser of the pupil enrollment or the pupil capacity of the school site.

**Pupil Enrollment: 19**



**Pupil Capacity: 25**



Subcommittee Member Comments/Statements

One member was concerned that removing pupil grant cap on modernization eligibility could allow a district transfer pupils to different sites to generate modernization funding at underutilized sites and then lease out a modernized site to another entity.

## Confirmation of Subcommittee Members' Positions

### Introduction

Over the past year, the School Facility Program (SFP) Review Subcommittee (Subcommittee) has reviewed the individual programs that make up the SFP and discussed various options for change. Ultimately, the goal of the Subcommittee is to bring back recommendations for the full State Allocation Board (Board) to consider. During the discussions, Staff did not hear responses from all members when some areas for change were proposed. In order to prepare recommendations for the full Board, Staff would like to confirm the Subcommittee members' position on the issues presented below.

#### I. New Construction Eligibility

1. All school districts should be required to re-establish the new construction eligibility baseline in order to be eligible to receive funding under a new bond. YES or NO or ABSTAIN
2. The SFP Regulations should be aligned with California Code of Regulations, Title 5 for purposes of establishing a school district's Gross Classroom Inventory (GCI) (defined term in SFP Regulations) if a new statewide school bond is passed in 2014. Definition of a classroom should be flexible and hold districts accountable for local decisions. YES or NO or ABSTAIN
3. When preparing the GCI, a school district should count portable classrooms (as defined in Education Code (EC) Section 17070.15(j)) as existing inventory. EC Section 17070.15(j) states, "Portable classroom" means a classroom building of one or more stories that is designed and constructed to be relocatable and transportable over public streets, and with respect to a single story portable classroom, is designed and constructed for relocation without the separation of the roof or floor from the building and when measured at the most exterior walls, has a floor area not in excess of 2,000 square feet." YES or NO or ABSTAIN

#### II. New Construction Funding

1. New construction grants may continue to be used for the purpose of constructing portable classrooms (as defined above). YES or NO or ABSTAIN
2. Supplemental grants for fire alarms and fire sprinklers should be combined with the new construction base grant. YES or NO or ABSTAIN

#### III. Modernization Eligibility

1. All school districts should be required to re-establish the modernization eligibility baseline at each site in order to be eligible to receive funding under a new bond. YES or NO or ABSTAIN
2. Modernization eligibility should continue with the current age-based model. YES or NO or ABSTAIN
3. Supplemental grants for fire alarms should be combined with the modernization base grant. YES or NO or ABSTAIN

**IV. Modernization Funding**

1. Modernization grants may continue to be used for the purpose of modernizing or replacing portable classrooms (as defined previously). YES or NO or ABSTAIN
2. Alternative: Use of modernization grants should be limited to incentivizing the replacement of existing portable classrooms with permanent construction. YES or NO or ABSTAIN

**V. Charter School Facilities Program**

The Charter School Facilities Program should continue to have a separate allocation of bond authority in a new bond. YES or NO or ABSTAIN

**VI. Statewide Facilities Inventory**

A statewide facilities inventory database for all K-12 public schools in California should be established. YES or NO or ABSTAIN

## ATTACHMENT

### Summary of Issues Discussed Previously

The Subcommittee has discussed a number of topics related to the SFP. Below is a list of the various discussion items presented at past meetings:

- *New Construction Eligibility*
- *New Construction Funding*
- *Modernization Eligibility*
- *Modernization Funding*
- *Special Programs*
- *Charter School Facilities Program*
- *Statewide Facilities Inventory*

In the next section, each topic above is listed with the original problem statement/area of concern and the options presented for the Subcommittee's consideration. A summary of each member's comments on the topic follows the statements and options.

## *New Construction Eligibility*

### *Problem Statement/Area of Concern*

- Should new construction eligibility generated by dwelling units be reserved for use on projects serving the new development?
- Explore alternatives to the existing SFP definition of a classroom and how classrooms are counted and loaded in the SFP for purposes of both the Gross Classroom Inventory (GCI) and new construction funding applications.
- How can the current method of determining eligibility and projecting future needs for school facilities be improved? Should baseline eligibility be re-established?

### *Subcommittee Considerations*

- Restriction of use of dwelling unit eligibility based on source/origin
- Loading and counting classrooms for the classroom inventory

### *Subcommittee Member Comments/Statements*

In regard to restricting the use of dwelling unit eligibility, members did not support any of the options presented, as they were potentially too restrictive. Some members did not feel that additional restrictions or regulations are necessary. One member supported some form of accountability, but in a different form than the proposed options.

In regard to loading and counting classrooms, although the members did not reach a consensus on a specific option, they all supported expanded flexibility, along with consistency between the Office of Public School Construction and the California Department of Education, and accountability. Some members emphasized the need for accountability, and felt that the pupil capacity of facilities constructed under more flexible requirements should not be changed later on if districts no longer like the design.

## *New Construction Funding*

### *Problem Statement/Area of Concern*

- Should bond funds continue to be provided to construct portable facilities? Should the Board continue to provide equal funding for portable facilities as permanent?
- Is the current method of calculating the grants (per-pupil base grant plus supplemental grants) working?

### *Subcommittee Considerations*

- Consider whether to provide new construction funding for the construction of portable classrooms. If so, at the same rate or at a lesser grant amount than permanent facilities?
- Consolidate supplemental grants into the base grant.

### *Subcommittee Member Comments/Statements*

In regard to funding for portable facilities, no single option presented garnered support from the Subcommittee. One member supported limited funding for interim housing portables. One member did not support providing bond funds for portables that will not last as long as the life of the bond. Another member asked whether restrictions for financial hardship projects forced entities to choose portable construction.

In regard to consolidating new construction supplemental grants, the members considered the possibility of consolidating the fire alarm and fire sprinkler grants into the base grant, but did not fully express support for or opposition to consolidation.

One member asked whether only the 60 percent option Modernization Excessive Cost Hardship Grant for Accessibility and Fire/Life Safety should be available. The member also asked whether a grant for handicapped accessibility compliance could be provided with an increased base grant.

## *Modernization Eligibility*

### *Problem Statement/Area of Concern*

- Should portable facilities generate eligibility for modernization funding?
- How should modernization eligibility be determined? Does the current method based on building age work, or should alternative methods such as those based on the condition of the facility be considered?

### *Subcommittee Considerations*

The Subcommittee heard three options regarding modernization eligibility for portable facilities: lowering the age of eligibility for portable replacement, allowing portable facilities to generate eligibility for replacement only, or no modernization funding for portable facilities.

Two modernization eligibility models were presented to the Subcommittee: an age-based eligibility and condition-based eligibility.

### *Subcommittee Member Comments/Statements*

In general, the members did not support a single option presented related to eligibility for portable facilities or eligibility models in general

*Portable facilities:* One member supported not allowing modernization funds to be spent on modernizing portables.

*Eligibility models:* One member supported an eligibility determination model based on age and condition. Other members opposed a condition-based eligibility model and preferred an age-based model. One member stated that a condition-based model could be appropriate when there is a scarcity of funds; otherwise, the age-based model seems to work. One member proposed an eligibility model based on age and facility capacity.

## *Modernization Funding*

### *Problem Statement/Area of Concern*

- How should modernization funding be provided overall?
- Should modernization funding be provided for portables? If so, how?
- Is the current per-pupil grant funding model working?

Subcommittee members have expressed the following concerns with the current funding model for the modernization program:

- The current system does not consider the condition of the facilities. For example, a 40 year old building may be in excellent condition, whereas a 10 year old building may need significant work.
- On sites with facilities of varying ages, it is difficult to plan a modernization project for the whole site.
- The current system may not provide sufficient funding to provide for educational modernization as well as modernization of the facilities themselves.

### *Subcommittee Considerations*

Three models for modernization funding were presented to the Subcommittee: cost estimate-based funding, square footage-based funding, and per-pupil grant-based funding (current model).

Three options for funding portable facilities were presented to the Subcommittee: no modernization funds for portables, providing modernization funding incentives for replacement of existing portables with permanent, and providing no modernization funds for portables.

### *Subcommittee Member Comments/Statements*

The Subcommittee did not fully complete the discussion on the proposed modernization funding models. One member felt that the per-pupil grant funding method is essentially a cap on State funding, and that the funding cap should be removed to allow projects to fully address building condition and educational modernization. Another member expressed some concern about removing a cap on modernization funding and felt that there should be some form of accountability. One member expressed support for square footage-based funding.

The Subcommittee did not support a single option for modernization funding for portable facilities. Some members did not support providing funding to modernize portable facilities and preferred that modernization funds for portables go toward replacement.

## *Special Programs*

### *Problem Statement/Area of Concern*

Can any special programs be consolidated in order to streamline the SFP?

### *Subcommittee Considerations*

The Subcommittee discussed the following special programs:

- Seismic Mitigation Program
- Career Technical Education Facilities Program
- Critically Overcrowded Schools
- Overcrowded Relief Grant
- High Performance Incentive Grant
- Joint Use Program
- Facility Hardship (Replacement/Rehabilitation)

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### *Subcommittee Member Comments/Statements*

Some members opposed consolidating the funding pots and programs. As an alternative to consolidating funding sources, members seemed to support putting some sort of time limit on separate pots (like the Critically Overcrowded Schools program) and providing the Board with the authority to transfer residual funds between programs.

### *Charter School Facilities Program*

#### *Problem Statement/Area of Concern*

What changes or improvements are needed for the Charter School Facilities Program (CSFP)?

#### *Subcommittee Considerations*

An overview of the CSFP was presented to the Subcommittee, but no specific options for change were presented.

#### *Subcommittee Member Comments/Statements*

No changes were recommended thus far.

## *School Facility Inventory*

### *Problem Statement/Area of Concern*

What are the potential options for establishing a statewide database of all public school facilities?

### *Subcommittee Considerations*

An overview of a previous K-12 school facility inventory system and systems in other states was presented to the Subcommittee. The Subcommittee also heard presentations on facility inventory systems for two school districts and the California Community Colleges system.

### *Subcommittee Member Comments/Statements*

Some members seemed to agree that a statewide school facility inventory system is desired. There has not yet been a decision as to what information will be collected and how it will be used. The members requested input from stakeholders and the presenters on what data would be necessary for a facility inventory system. A handout with potential data fields was circulated at the meeting by a Subcommittee member for interested parties to review.