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CALIFORNIA STATE ALLOCATION BOARD  
SCHOOL FACILITY PROGRAM REVIEW SUBCOMMITTEE  
PUBLIC MEETING

STATE CAPITOL  
ROOM 447  
SACRAMENTO, CALIFORNIA 95814

DATE: THURSDAY, OCTOBER 24, 2013

TIME: 9:07 A.M.

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APPEARANCES

MEMBERS OF THE SUBCOMMITTEE PRESENT:

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

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

ASSEMBLYMEMBER JOAN BUCHANAN

ASSEMBLYMEMBER CURT HAGMAN

REPRESENTATIVES OF THE STATE ALLOCATION BOARD PRESENT:

LISA SILVERMAN, Executive Officer  
BILL SAVIDGE, Assistant Executive Officer

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

LISA SILVERMAN, Executive Officer  
JUAN MIRELES, Deputy Executive Officer

P R O C E E D I N G S

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CHAIRPERSON BUCHANAN: I'd like to call the meeting to order and just take roll just to establish who's here.

MS. JONES: Assemblymember Buchanan.

CHAIRPERSON BUCHANAN: Here.

MS. JONES: Assemblymember Hagman.

ASSEMBLYMEMBER HAGMAN: Here.

MS. JONES: Esteban Almanza.

MR. ALMANZA: Here.

MS. JONES: Kathleen Moore.

Cesar Diaz.

MR. DIAZ: Here.

MS. JONES: Thank you.

CHAIRPERSON BUCHANAN: Okay. We have three items on the agenda today. The first is to review the Financial Hardship Program; second, County Offices of Education; and the third, since we're hopefully moving towards giving some kind of report and recommendation to the full State Allocation Board, is to review the items where we've had significant discussion and just confirm where we have consensus or not.

So with that, let's start with item one, Financial Hardship.

1 MS. SILVERMAN: Yeah. Jason Hernandez will be  
2 presenting.

3 MR. HERNANDEZ: Good morning. This is Jason  
4 Hernandez, Office of Public School Construction.

5 This morning we're going to have -- we have an  
6 overview of the Financial Hardship Program. And when we  
7 last met on the topic was back in February at the  
8 Subcommittee. And that was -- we gave a general overview of  
9 the program at that time.

10 Today, we're just going to kind of give an  
11 overview of what the program data has revealed over the last  
12 five years.

13 Just real quickly again, as a recap, you can see  
14 that first little graph there on page 1 of the item, kind of  
15 gives an overview of the State apportionments that have been  
16 released to the school districts during that time period  
17 from January '08 to September of this year.

18 It breaks down the hardship apportionment, the  
19 832,000 that was received, which constituted the 168  
20 projects and representing ADA of 214,678. It also breaks  
21 out the nonfinancial hardship as well during that time  
22 period.

23 And also too to give a little more clarity of what  
24 type of grants were released, it shows you how that 832- was  
25 broken out with the 52,000 for the separate site grants --

1 or excuse me -- for the separate design -- 52 million.  
2 Excuse me. Just a little blind this morning -- and  
3 174 million for the advanced site grants and then the  
4 605 million for the construction grants.

5 Basically, the qualifying criteria that's laid out  
6 in the Regulation 1859.81 lists your basic qualifying  
7 criteria for financial hardship. For most districts, that's  
8 either you have a bonded indebtedness of 60 percent or  
9 greater. You've had a successful Prop. 39 bond within the  
10 last two years at the time of your financial hardship  
11 application.

12 Your total bonding capacity, if you're a smaller  
13 district, is less than \$5 million. Or if you don't meet one  
14 of those criteria, you still have the option of coming to  
15 the Board and presenting other evidence as approved by the  
16 State Allocation Board.

17 Once you've met the qualifying criteria, then our  
18 office will do a review to see if any potential funds.  
19 We'll look at all the district's financial records.  
20 Anything that's related to capital facility account will be  
21 included in that review, just to see what a district has  
22 contributed towards their projects.

23 The next graph there on page 2 is talking about  
24 the financial program criteria data and we kind of broke out  
25 during that time period from '08 to 2013 how were

1 districts -- when they were coming in, how they were  
2 qualifying.

3           And you can see right away that the vast majority  
4 during that time period were the smaller districts with a  
5 total bonding capacity of less than 5 million. They  
6 encompassed approximately about 75 percent of the projects  
7 that came in, followed by 17 percent for the districts with  
8 the 60 percent or higher debt capacity and then you can see  
9 the past bonds and then the other evidence in there as well.

10           The table below there kind of breaks out during  
11 that time again, there was 129 financial hardship requests  
12 that were approved, and those encompass the 168 projects.  
13 It kind of breaks out the State apportionment that each one  
14 of those projects received as a group, each criteria, the  
15 total apportionment, and the total district contribution  
16 that they contributed to those projects.

17           You can see -- one of the things that kind of pops  
18 out a little bit in there is that, again what I mentioned  
19 earlier, the vast majority that came in during that time  
20 period were -- came in under the less than 5 million total  
21 bonding capacity.

22           They did have the most projects in 76 projects,  
23 but the amount of hardship they received per project was  
24 also the smallest. So it kind of falls in line that these  
25 districts have smaller capacity, they have less ADA, and

1 they're getting more -- their projects are smaller than the  
2 other ones.

3           The ones coming in under the 60 percent were  
4 typically the larger districts. They had most of the State  
5 apportionment and the financial hardship apportionment, and  
6 when you averaged out per project, they definitely were  
7 getting the most per project under that criteria.

8           If you go to page 3, we kind of start then to  
9 break out each criteria a little bit more to see if we can  
10 get some more information.

11           The first one is the districts did qualify under  
12 the 60 percent bonded indebtedness or higher. Just again it  
13 breaks out the numbers. There was 22 financial hardship  
14 approvals which constituted 66 projects and kind of gives  
15 you their average bonding indebtedness which was  
16 approximately 83 percent, the average apportionment per  
17 project, the 3.6 million, and then the total financial  
18 hardship apportionment that was released for those projects,  
19 which is the 240 million.

20           Looking down at the next graph, you can kind of  
21 see -- okay. So their average apportionment -- their bonded  
22 indebtedness was 83 percent. Where do they fall in between  
23 that 60 and 100 percent.

24           Well, the vast majority was between 60 and  
25 69 percent. You can see 31 of those fell into that

1 category.

2           The next one was actually a group of projects, the  
3 23 that had a bonded indebtedness of a hundred percent or  
4 higher. So that kind of lets you know and it has the other  
5 categories, two in the middle, but it lets you know that the  
6 vast majority were in that 60 to 69 percent range and then  
7 there was another big group that was above the  
8 hundred percent.

9           It kind of gives you an idea of what the average  
10 daily attendance for the districts that came in under this  
11 criteria. The vast majority were under the 10,000 ADA and  
12 we can see a couple outliers there, the biggest one being  
13 the 54,000 ADA under that group.

14           We continue onto the next page, which goes into  
15 districts that qualified under the successful Prop. 39 bond  
16 within the last few years from the time of their financial  
17 hardship approval.

18           That was a little more smaller group. I believe  
19 there was -- 6 percent of the districts qualified under this  
20 criteria. They received approximately 66 million of  
21 financial hardship apportionment and they contributed  
22 approximately 19 million towards those financial hardship  
23 projects.

24           You can see the daily attendance was actually a  
25 little bit smaller than the group that came in under the

1 60 percent criteria. These ones -- the majority of them,  
2 even though it's a smaller -- it's a much smaller pool that  
3 we're talking about, had an average ADA of less than 2,000.

4 The biggest group, as I mentioned earlier, was the  
5 group that had the bonding capacity of less than \$5 million.  
6 You know, again over 75 percent of financial hardship  
7 districts during that time period from 2008 to 2013 came in  
8 under this criteria.

9 If you look at the top of page 5, it kind of  
10 breaks out the bonding capacity. We kind of broke it out  
11 less than a million, between 1- and 2-, between 2- and 3-,  
12 the 3- and 4-, and the 4- and 5 million.

13 And it's easy to see right away, what jumps out is  
14 the vast majority of those districts had a total bonding  
15 capacity of between 1- and 2 million. Over 41 of those  
16 projects came in and had -- their districts had a bond  
17 capacity in that period.

18 You can look at the ADA and that kind of breaks  
19 out and really lets you know that these are smaller  
20 districts. It's kind of -- the majority of them were under  
21 800 ADA, you know, a couple outliers there up to -- that one  
22 up at the top had approximately 1,800, but there -- we're  
23 talking about districts with really small ADAs.

24 When you look on the top of page 6, it kind of  
25 tells you what kind of apportionments those districts were

1 receiving. You can see the vast majority of them were  
2 getting hardship apportionments that were \$500,000 or less  
3 and the fact, you know, over -- what is that --  
4 approximately around 70 percent of the projects received an  
5 apportionment that was less than \$2 million.

6           So we're talking about ones that come in under  
7 this criteria are receiving much smaller projects. They're  
8 districts with ADAs that are much smaller and they're  
9 districts that have total bonding capacity of -- really the  
10 vast majority of them of less than \$2 million.

11           The last category was other evidence. During this  
12 time period, we actually only had two districts that came in  
13 under other evidence and again just real quick, if a  
14 district doesn't meet one of the three criteria we just  
15 mentioned, they don't meet the 60 percent bonding  
16 indebtedness, they haven't passed a Prop. 39 bond, or their  
17 total bonding capacity is not 5 million or less, then they  
18 can come in under other evidence.

19           There's no set criteria when they do come in under  
20 other evidence. Some districts in the past have come in  
21 because there's been a possible loss of revenue stream, such  
22 as one district the local Army base closed and so they lost  
23 those federal dollars from those kids that were attending  
24 that school district.

25           It could be some action by the Federal Government.

1 It could be various reasons why they come in. There's no  
2 set data, but there's been two that have come in over that  
3 period. They received apportionments of about 436,000 in  
4 State apportionment and then about -- approximately 221,000  
5 in financial hardship apportionment. And they contributed  
6 approximately about 70,000 towards those projects.

7 So that's just a quick overview, kind of some of  
8 the basic stats of the program. We can answer any questions  
9 that you may have and --

10 CHAIRPERSON BUCHANAN: Okay. Well, before we  
11 convene our discussion, is there anyone in the audience who  
12 has any comments that they'd like to make on the Financial  
13 Hardship Program?

14 MR. KITAGAWA: Good morning, Subcommittee members.  
15 My name is Brandon Kitagawa with Regional Asthma Management  
16 and Prevention. We're interested in some of the health  
17 impacts of school facilities.

18 I think I was interested in learning about the  
19 Financial Hardship Program specifically because it addresses  
20 a barrier for an investment in school facilities and that  
21 certainly seems like it -- the program has been effective at  
22 helping schools that have a hard time financing their  
23 investment in their facilities.

24 And what it makes me wonder is if this is -- is  
25 this the only barrier that schools face in regards to

1 getting this kind of support from the State.

2           So do we have a sense of, you know, other  
3 districts that aren't accessing this money and -- that may  
4 need it but aren't and is there a way -- are those -- if  
5 there are barriers, is there a way a new program could be  
6 structured to address those barriers.

7           CHAIRPERSON BUCHANAN: Thank you.

8           MR. KITAGAWA: Yeah.

9           CHAIRPERSON BUCHANAN: Are there any other  
10 comments?

11           All righty. Well, do we have any questions or  
12 comments from members here?

13           ASSEMBLYMEMBER HAGMAN: Sure. Well, I think one  
14 of the things -- yeah, I like all the reports and stuff,  
15 but, you know, over the few years, we've been hearing about  
16 the different local part and that kind of goes back to our  
17 database I guess to a certain extent.

18           None of these reports reflect really the assets or  
19 the previous management of those bond funds were actually  
20 utilized on. So I know we haven't gotten to the County  
21 Offices yet, but I know they're kind of like a different  
22 criteria than school districts, but school districts can be  
23 truly insolvent because they don't have the money or they  
24 could have been -- buying a bunch of other things and using  
25 the bond money on and then coming to us.

1           So I'm trying to figure out that piece of  
2 information or at least as a qualifier, you have -- you  
3 know, your school district with five sites -- school sites,  
4 but you have 30 pieces of vacant land you never built on and  
5 you have four other buildings you're leasing out, but you're  
6 bonded out because you built four Olympic size pools.

7           I don't know anybody like this, but I'm just  
8 saying as an example, that should be some kind of  
9 disqualifier or something. We need to look at that whole  
10 picture in the qualification process to make sure those who  
11 are really truly, basically needed and not just spending it  
12 on different things. And I'm not sure how to go about doing  
13 that, but some thoughts.

14           CHAIRPERSON BUCHANAN: Oh, any other questions?  
15 Well, I -- what I would like -- I think we're always going  
16 to need a Financial Hardship Program, particularly for those  
17 districts who have very low bonding capacity.

18           I don't know what the right cutoff should be or  
19 what the right criteria should be per se, but clearly if  
20 you're an -- whether you're an elementary school district,  
21 unified, or a high school district, if your bonding capacity  
22 is only \$5 million, that doesn't cover the cost of fixing a  
23 school or building more and I don't know whether 5 million  
24 is the right threshold or 4 million or 6 million.

25           But clearly there are some districts that don't

1 have the assessed valuation and regardless of how much  
2 effort they put into it, they can't meet the facility needs  
3 there.

4 I do have some concern overall on the  
5 requirements.

6 When I think about a West Contra Costa that --  
7 Bill, you can correct me -- I think three times has gone to  
8 the State Board and asked for a waiver on the ratio of the  
9 bonded indebtedness to the total assessed valuation versus a  
10 district that can be at 60 percent and then enter the  
11 Financial Hardship Program and have unlimited projects.

12 That means that the taxpayers in West Contra Costa  
13 are not only paying more than their maximum -- the maximum  
14 indebtedness to fix their schools, but they're also paying  
15 for the districts that are 60 percent.

16 And so I question whether or not the threshold  
17 should be a hundred percent. I mean I don't -- you know,  
18 and we know that even then districts can get waivers. So I  
19 do think we should be taking a look at the criteria and  
20 deciding what is reasonable because the whole intent of the  
21 Financial Hardship Program in my mind is to make sure that  
22 districts do all they can to fix their schools.

23 If you -- I'll give you another example to think  
24 about. I mean if I'm on a board of a school district and  
25 maybe we have 10,000 students, 20,000 or whatever, but, you

1 know, we're passing one bond today, another one five years  
2 down the road, another one ten years or whatever because we  
3 have a program that we're stretching out over time  
4 regardless of our need, but because we have to live within  
5 certain parameters in terms of the deb we can get approved  
6 and issued.

7           If I have financial -- if I qualify for financial  
8 hardship because I'm at the 60 percent, I can submit all  
9 those projects at one time because now I qualify.

10           So I think there's got to be -- I think we need  
11 the program, but we have to take a look at the guidelines  
12 for coming in.

13           So I myself believe that bonded indebtedness  
14 should be at a hundred percent. I believe that -- I'm  
15 assuming with the Prop. 39 that when it says for the maximum  
16 amount, we're talking about the maximum debt to AV ratio;  
17 correct?

18           MR. SAVIDGE: Correct.

19           CHAIRPERSON BUCHANAN: Correct. Okay. And total  
20 bonding capacity of less than 5 million, I don't know -- I  
21 hate having a number there, but I don't know how we change  
22 that to make sure.

23           And then other evidence, of course, we always  
24 should have something with respect to other evidence, but I  
25 don't want to that to be something that just opens things

1 up.

2 I mean I think the next bond that we look at is  
3 going to have to be much more streamlined and financial  
4 hardship is going to have to be there for districts that  
5 truly cannot make the effort and local communities have to  
6 step up and at least -- you know, and fund their schools.

7 ASSEMBLYMEMBER HAGMAN: And I'm just trying -- I  
8 maybe just not understand the process.

9 If I go out for a bond and let's say I get a bond  
10 approval because I'm selling to the community. I might  
11 build -- my local district, they want to build a swimming  
12 pool, want to build some extra facilities, those type of  
13 things.

14 And then I plan that money for those --

15 CHAIRPERSON BUCHANAN: Right.

16 ASSEMBLYMEMBER HAGMAN: -- extras. Now I'm at  
17 capacity, but now I need a school.

18 CHAIRPERSON BUCHANAN: Now you're at 60 percent of  
19 capacity.

20 ASSEMBLYMEMBER HAGMAN: Now I can get a hundred  
21 percent from the State to build a school, yet I'm using my  
22 bond capacity to build things that I would not consider  
23 basic --

24 CHAIRPERSON BUCHANAN: Right.

25 ASSEMBLYMEMBER HAGMAN: -- education facilities.

1 So how do you figure that into it and how do you do that?  
2 What's the right year -- because you've had all the  
3 experience on the school board. What's the right planning  
4 period? Is it five years, ten years? You know, what's the  
5 cutoff -- should you look at that --

6 CHAIRPERSON BUCHANAN: Well, what I would say is  
7 this. I mean we have to trust the boards are going to  
8 prioritize classrooms over swimming pools. But they --

9 ASSEMBLYMEMBER HAGMAN: But I know one that  
10 hasn't.

11 CHAIRPERSON BUCHANAN: All right. But you have to  
12 trust that they're going to do that.

13 So let's start out there. I think the question  
14 we're looking at is should districts have to make the  
15 maximum effort and be at a hundred percent bonding capacity  
16 to qualify or should they be eligible at 60 percent because  
17 if they're eligible at 60 percent, they -- you know, they  
18 have ability to raise more funds.

19 I mean why then are other districts at a hundred  
20 percent or 75 percent or whatever and not receiving  
21 financial hardship. I mean how do we define financial  
22 hardship.

23 ASSEMBLYMEMBER HAGMAN: But that's what it is. I  
24 mean for me the definition of financial hardship is you  
25 basically have the basics and you're trying to put up some

1 buildings because you have to house students.

2 CHAIRPERSON BUCHANAN: Well --

3 ASSEMBLYMEMBER HAGMAN: And that's it and --

4 CHAIRPERSON BUCHANAN: Right. Financial hardship  
5 to me means you've exhausted all your other avenues or  
6 resources and you have the need. You know, you have schools  
7 that need to be built or rehabilitated, you know, and you're  
8 coming to the State to ask to help you out with that.  
9 That's what financial hardship means to me.

10 MR. DIAZ: If you look at -- most of the  
11 apportionments are in the 60 to 69 percent, so --

12 CHAIRPERSON BUCHANAN: Yeah.

13 MR. ALMANZA: And many government programs, it  
14 also means the poverty level in the community.

15 CHAIRPERSON BUCHANAN: Right. The problem with  
16 the poverty level of the community is that if you take like  
17 the West Contra Costa that passes all of its bonds or for  
18 that matter in Oakland that serves a high percentage of  
19 at-risk students, depending on -- and they pass their bonds,  
20 but, you know, the assessed valuation in the community can  
21 be high even if you have more at-risk students because of  
22 commercial property. And those districts oftentimes pass  
23 bonds and are able to fix their schools.

24 Then there are other schools -- districts that you  
25 get that are in much more rural communities that don't have

1 the residential AV. They don't have the commercial. They  
2 just don't have the capacity and they're in a much different  
3 situation in terms of needing support from the State.

4 So I'm not sure you can base it solely on the  
5 demographics of the students in the school.

6 I mean the reason we do the local control funding  
7 formula and provide more resources is because we know on the  
8 operational side, on the academic side, we need more  
9 resources. But I don't know on the facility side if you  
10 can, you know --

11 MR. ALMANZA: There's a lot of factors.

12 CHAIRPERSON BUCHANAN: -- do that. You know, I'm  
13 open to whatever, but it's --

14 ASSEMBLYMEMBER HAGMAN: Well, for me it goes back  
15 to a few things. One is the bonding capacity. I think  
16 there is a good argument to raise that up. Should it be 60,  
17 80, 100, I don't know. I'd love to get some input from  
18 those who actually have to look at these applications.

19 I mean if you're at 99 percent, you're going to go  
20 out for a bond for 1 percent, you know, that's like -- it's  
21 not practical.

22 CHAIRPERSON BUCHANAN: Right.

23 ASSEMBLYMEMBER HAGMAN: So there's got to be some  
24 threshold where it's actually worth the effort to go through  
25 a local election to get bond out there and that's going to

1 be different on the scale of what that is.

2           10 percent to LA Unified is a lot different from  
3 the 10 percent from some little tiny school district to  
4 actually have the expense to go through and have an election  
5 of a bond.

6           So maybe there should be almost a sliding scale  
7 based on the size of the district and, you know, the cost of  
8 going out for that process. I don't want the cost to go out  
9 for the bond to be more than it would be if -- actually you  
10 get the revenues from the bond and uptake for it.

11           And then also, my argument, I don't know -- again  
12 I would love to look at the full financial structure of the  
13 district. Are they -- you know, do they have excess assets  
14 they could help utilize for their own building sake.

15           And that's more for me for the counties and it is  
16 for the general school districts. I don't think a lot of  
17 school districts are banking vacant lands and empty sites,  
18 but I think it should be a factor.

19           If they do have a lot of excess assets that are  
20 not being utilized for construction and, you know,  
21 frankly -- and if there is any examples of, quote, gaming  
22 the system or I'm going to use my 60 percent. I'm going to  
23 go up to 60 percent, build all the fun stuff because that's  
24 how I get support from the community and now I'm stuck and I  
25 know I could go in and apply for the 100 percent of State

1 financing, this program. Yeah, I'd like to avoid that as  
2 well.

3           So there's like three or four different silos for  
4 me, but I think it just needs to be looked at from the  
5 pragmatic standpoint and I'm open to whatever suggestions  
6 those are as far as raising those thresholds.

7           If you do it on property valuations, it could  
8 change from year to year and you get -- you go through the  
9 process of getting the -- you know, the okay to go for a  
10 bond process one time and you set it at the absolute limit  
11 of a hundred percent and all of a sudden, your property goes  
12 up or goes down and then six -- or the year period where you  
13 go out for that election and now you don't qualify doesn't  
14 make sense either.

15           So, you know, I think we have to look from the  
16 pragmatic standpoint. Okay, raise the limits, but it may  
17 have to be scaled to the size of the school districts and to  
18 have some time periods that are absolute so I could certify  
19 on this date, that's good for three years until you actually  
20 get the bond passed with the valuations going up and down on  
21 the local properties or something.

22           That way they're not chasing their tail around  
23 trying to figure out what that magic number is before they  
24 come talk to us and by the time it goes through us for three  
25 years, it could be completely different as well.

1           MR. HERNANDEZ: Yeah. One thing that addresses  
2 that is when a district comes in for hardship review, after  
3 their initial approval, they can't encumber any of their  
4 funds.

5           You know, we look at all their funds, what  
6 encumbrances they have prior to that initial. You honor  
7 those when you do the financial review of all their records.

8           And then -- but then one of the exceptions to not  
9 any future revenue being available is if a district stays  
10 out for more than three years. If they stay out of the  
11 program for three years and come back in, they could have  
12 issues a COP, a bond issuance could have happened during  
13 that time period. They could encumber any of the proceeds  
14 from -- that they received during that time period and come  
15 back in at a later date and you run into that problem, kind  
16 of what you were talking about there, where then at that  
17 point, it's treated as initial again.

18           And you potentially lose out on that revenue and  
19 then again the State will have to pick up the 100 percent  
20 for the classrooms.

21           ASSEMBLYMEMBER HAGMAN: You guys would know better  
22 than us, at least for me. I speak for myself only. But you  
23 would know what the applications, you would know the  
24 districts, if there are loopholes basically. I think that's  
25 what we're trying to look at and can we tighten this up a

1 little bit so there are not loopholes in the system.

2           Can we tighten up where we're trying to take a  
3 limited amount of funds on this next bond, if we get this  
4 next bond out, and, you know, truly try to get to those  
5 districts of true need that really don't have the capacity  
6 of doing it.

7           We want the districts to self-help the best they  
8 can and to take care of themselves as much as possible. I  
9 think that's the indication from the administration. But at  
10 the same time, I think we are a partner in that and for me,  
11 any kind of partnership needs disclosure and needs to be,  
12 you know, open and I think from the amount of monies you  
13 guys put out over the last ten years you should have -- if  
14 there is any examples of gaming the system, you would know  
15 about it and you would be able to have some minor fixes for  
16 it.

17           And then if you need to limit those pools to the  
18 truly needy and you want to raise the threshold to a  
19 different percentage than 60 percent, as long as it's  
20 pragmatic, I'm okay with that because I think it gets into  
21 the needier school districts.

22           Again I'm afraid, just from a very conceptual part  
23 of hundred percent, if we're chasing that magic number, you  
24 know, maybe it should be 80 percent, maybe 90 percent, you  
25 know, something like that where you're not going out for

1 bonds every few years just to chase -- if you're property is  
2 going up and up and up and you're still trying to keep up  
3 with your school growth program. It may be tough to go  
4 out -- go over and over again.

5 But I'm totally open to suggestions.

6 CHAIRPERSON BUCHANAN: So refresh for all of us,  
7 if a district stays out for three years, it has to  
8 recertify, but if it doesn't and stays in the program, at  
9 what point do you relook at the 60 percent.

10 MR. HERNANDEZ: Going back, the hardship approval  
11 is good for 180 days, a six-month period. If they come back  
12 in for renewal -- if they come in within the three years,  
13 you still have to do the full review.

14 They still have to meet the qualifying criteria  
15 again. There's still the review of funds.

16 The difference is between the two than a district  
17 that comes in post those three years, it's the exact same  
18 review, it's just that a district has to continue to come  
19 in, say where it is for another phase of a project you got a  
20 design grant before, you're now coming in within the three  
21 years because you need to move forward with the construction  
22 grand or you have some other projects that you need to move  
23 forward.

24 The only encumbrances that we will honor or look  
25 at is ones that are were entered into prior to that initial.

1           If they wait the three years and come back, then  
2 you had the opportunity to encumber funds again, so if any  
3 new revenue streams became available during that three-year  
4 time period and they were contractually obligated for  
5 whatever project or whatever reason, then those were  
6 encumbrances that could be treated.

7           So it's almost like you're looking at an initial  
8 again. Even though they had one say three and a half years  
9 ago, they're coming back in three and a half years later,  
10 that's the main difference is what those encumbrances and  
11 any new revenue that came in during that time period can  
12 possibly encumber prior to them coming in.

13           If you come in within the three years, any new  
14 revenue streams that weren't previously encumbered don't  
15 have that opportunity. Those need to be contributed to your  
16 projects.

17           But in both cases, you would still do the full  
18 review, see if they meet the qualifying criteria and review  
19 all their available capital facility related accounts.

20           CHAIRPERSON BUCHANAN: So let me see where I think  
21 we have consensus. I think we have consensus around  
22 increasing the bonded indebtedness percentage from  
23 60 percent, maybe not all the way to a hundred or if it is  
24 at a hundred, some kind of evaluation as to whether or not  
25 the cost of an election, particularly for a district with

1 the low AV, would exceed the revenue that was required.

2 The successful Prop. 39 bond passed with the  
3 maximum allowed within the two previous years, I mean if the  
4 maximum amount means you're at a hundred percent bonding  
5 capacity, then that really -- I mean it's -- how is that  
6 different from being at 60 percent.

7 MR. SAVIDGE: Well, there's two different  
8 statutory limits. There's the statutory limit -- so for a  
9 unified district, your overall bonding capacity is  
10 2.5 percent.

11 CHAIRPERSON BUCHANAN: Right.

12 MR. SAVIDGE: But your Prop. 39 limit is at \$60  
13 per 100,000 per bond.

14 CHAIRPERSON BUCHANAN: Right.

15 MR. SAVIDGE: So if you reach your Prop. 39 limit,  
16 you can go out and you're still below your statutory limit.  
17 You have the ability to go out and pass another Prop. 39  
18 bond and then the \$60 per 100,000 starts over again.

19 CHAIRPERSON BUCHANAN: Oh, it starts over. Right.  
20 And so we're saying if you're at the \$60 or if you're a  
21 unified or high school, the \$30, that you can qualify even  
22 though you still have the ability to go out for another  
23 bond.

24 MR. SAVIDGE: Yes. That's my understand.

25 MR. HERNANDEZ: Yeah. No. That's correct and

1 even in some -- if the district passes the \$50 million bond,  
2 but because of the tax restrictions that Bill was  
3 mentioning, maybe they can only issue 20 of that 50 million.

4 CHAIRPERSON BUCHANAN: Right.

5 MR. HERNANDEZ: So then, you're right, they can  
6 qualify for hardship and get the State to pay for those  
7 projects even though they have 30 million sitting there in  
8 bond authority that they can't use yet because of those  
9 restrictions.

10 But, yeah, when it's talking about the maximum --

11 CHAIRPERSON BUCHANAN: But if they had a new bond  
12 for 30 million, they could use it because then the 30 and  
13 the 60 resets.

14 MR. HERNANDEZ: Right.

15 MR. ALMANZA: Madam Chair.

16 CHAIRPERSON BUCHANAN: Um-hmm.

17 MR. ALMANZA: Do have consensus in regard to that  
18 financial hardship should be reviewed, but in regard to  
19 recommendation as to what a future bond should or shouldn't  
20 include, you know, I'm not prepared to have a consensus on a  
21 recommendation on what should or shouldn't be in a future  
22 bond since the administration doesn't have a position on  
23 whether or not there should be a future bond.

24 CHAIRPERSON BUCHANAN: Right.

25 MR. ALMANZA: So abstain from --

1           CHAIRPERSON BUCHANAN: I'm not planning to take a  
2 vote. I'm just kind --

3           MR. ALMANZA: You get a recommendation.

4           CHAIRPERSON BUCHANAN: -- of consensus here in  
5 terms of when we bring it to the Board in terms of what we  
6 think is working or not working, I think what I'm hearing --  
7 and I understand your abstention. I think what I'm hearing  
8 is that the members would like to see the rules tightened to  
9 make sure the districts are making the maximum effort and  
10 we're not -- we don't have any, as Mr. Hagman said,  
11 loopholes here.

12          MR. ALMANZA: So the rules tighten for current  
13 bonds -- the current program.

14          CHAIRPERSON BUCHANAN: Or our future. I think the  
15 State Allocation Board basically -- I mean I can -- I don't  
16 want to speak for the Board, but I think we sort of came to  
17 the conclusion we weren't going to change the rules for the  
18 last little amount that's left under the current program,  
19 but what kind of recommendations were we going to make for a  
20 future bond.

21                 And I know that that's going to take negotiations  
22 with the Governor's office and hopefully he'll agree with us  
23 that we need to continue the program.

24                 But if we do continue the program and have a bond,  
25 then it seems to me the people who are responsible for

1 administering the program and allocating the funds out to be  
2 providing some input on, you know, what's working or not  
3 working.

4 ASSEMBLYMEMBER HAGMAN: And I guess part of the  
5 consensus was to be looking at the loopholes and I would  
6 assume that you guys would come up with some examples if we  
7 were to get really specific, you know, if there's any  
8 phantom projects that there was stuff that's allocated to a  
9 project that never ends up happening, but, you know, those  
10 type of things, the qualification process, a way to follow  
11 up on that.

12 And then again I'm still kind of looking to haves  
13 and have-nots as there are districts that have lots of  
14 assets as migration happens throughout the State. Is there  
15 a way to throw the assets into the equation. Do they have  
16 things that they should keep for the future or they, you  
17 know, really are just land banking forever and really can  
18 actually help themselves quite a bit.

19 CHAIRPERSON BUCHANAN: Any comments? All right.  
20 Then we will move onto County Offices of Education.

21 MR. LEININGER: John Leininger, Office of Public  
22 School Construction.

23 The purpose of this item is mainly to discuss the  
24 needs of the County Offices of Education in the School  
25 Facility Program.

1           Brief overview of the County Offices of Education:  
2 The COEs provide direct and regional support to the school  
3 districts.

4           Their responsibilities could be summarized as  
5 educating specific student populations, monitoring and  
6 oversight of the student academic environment, monitoring  
7 and oversight of district fiscal stability, providing  
8 academic support and assistance, providing direct services  
9 to small school districts, and implementing regional support  
10 activities to assist the district and school staffs.

11           We mentioned their student populations and they  
12 provide instructional and related services to the severely  
13 disabled special education students; adjudicated,  
14 incarcerated, and expelled students served through the court  
15 and community schools; and the career technical education  
16 students through some countywide regional occupation  
17 programs.

18           In terms of County Offices of Education  
19 eligibility for the School Facility Program, the COEs are  
20 considered districts for the purposes of the SFP. They are  
21 eligible to participate in any program for which they  
22 qualify for funding.

23           Now, while the COE provides many services for the  
24 districts and the pupils within the county, the COE's  
25 eligibility for any program within SFP is determined using

1 the pupil counts that are only served by the COE and do not  
2 attend district schools.

3 The COEs undergo or use the same methods as a  
4 district for determining eligibility.

5 One of the areas is Special Education Local Plan  
6 Areas or SELPAs when they do transfers. If there's a  
7 transfer, each entity's new construction baseline is  
8 adjusted for the student capacity of the facilities received  
9 and the entity that's giving up the facilities has its  
10 enrollment projected adjusted to remove the students.

11 Further, if the facilities involved were funded  
12 through the SFP and had financial hardship and if the  
13 receiving entity would not have qualified for financial  
14 hardship at the time the facilities were funded by the State  
15 and the facilities had been occupied for less than ten  
16 years, then the receiving entity would have to return a  
17 proportionate share of the financial hardship assistance  
18 provided to the State.

19 Talk about sources of revenue and again  
20 essentially the COEs and the local school districts have the  
21 same sources of funding available for school construction  
22 projects. They have site sale proceeds as a potential,  
23 federal grants, interest from holdings, Financial Hardship  
24 Program, savings from prior SFP projects, and certificates  
25 of participation.

1           But of these potential sources, we've experienced  
2 that most COE funds have historically come from either  
3 interest, Financial Hardship Program, apportionments, and  
4 savings from prior SFP projects applied to the new project.

5           On page 8, we have the chart showing the COE  
6 funding, and since the inception of the program,  
7 approximately 1 billion or about 3 percent of the  
8 31.2 billion in apportionments have gone to the COEs and the  
9 COEs at the same time currently have about 1.6 percent of  
10 the student population based on CDE's data for 2012 and '13.

11           Now, at the bottom of that, we've broken it down a  
12 little bit further in these apportionments since the  
13 inception of the program. The total is about 988 billion.

14           The first category is advanced grants for design.  
15 In other words, they've gotten the design grant but never  
16 moved beyond that to an actual full grant for construction.

17           And you can see there's about 190 of those  
18 projects receiving about \$29 billion -- million. The first  
19 time, sorry.

20           Advance grants of the site have not moved forward  
21 to construction. And again there's about 14 of that 190  
22 that actually come forward to a site; so there's one of the  
23 15 that was really for a site only and again there's about  
24 \$17 million. It's about 1.7 percent of the total  
25 apportionments.

1           Then finally --

2           CHAIRPERSON BUCHANAN: Could you explain that a  
3 little bit more because we have 15 have not moved forward to  
4 construction. So -- 14 of them they did move forward to  
5 purchasing the site and one didn't; is that what we're  
6 saying?

7           MR. LEININGER: Yes. In other words, basically  
8 it's kind of like a -- perhaps a three-step process. I can  
9 come in for design. Once I've completed that, I may move  
10 forward to site or I can come in for site independently and  
11 then ultimately I go to full construction.

12           What we're trying to focus on here was those that  
13 applied but didn't quite get to full construction.

14           CHAIRPERSON BUCHANAN: Okay.

15           MR. LEININGER: So again the grants for full  
16 construction finalized was the 942 million. It's about  
17 95 percent overall.

18           We have an Attachment A that shows a table of the  
19 total apportionments by county and by region and it shows  
20 you the apportionments since 1998 -- pardon?

21           CHAIRPERSON BUCHANAN: Can I back up again. The  
22 95.3 percent is of the dollars not of the number of  
23 applications.

24           MR. LEININGER: Yes, ma'am. All of those figures,  
25 the 3 percent, the 1.7, and 95.3 are all as a percentage of

1 dollar amounts.

2           As I was mentioning, in Attachment A, it's by  
3 county, by region subtotals and it shows the apportionments  
4 since 1998, the financial hardship grants since 1998, and  
5 then we have some enrollment figures to give an idea of size  
6 for the year 2012 and '13.

7           We have a second chart, Attachment B, and that  
8 focuses on new construction and modernization for the COEs  
9 and basically since the inception of the program, the COEs  
10 have received 982.7 million in funding for new classrooms  
11 and modernization of 404 classrooms.

12           And you might note, we earlier said there was  
13 988 million in total apportionments and then the new  
14 construction and modernization is 982, almost 983. The  
15 slight difference there is the Attachment A is showing  
16 apportionments for other programs beyond new construction  
17 and modernization.

18           We also took a look at -- we have a chart, our  
19 Attachment C, that takes a look at State and local  
20 contributions. And what we looked at is from January 2008  
21 through May 2013. 56 new construction projects were  
22 apportioned.

23           They had total expenditures of 306 million with  
24 the State's share being about 148 million, financial  
25 hardship approximately 159.

1           And what that chart shows is expenditures by  
2 category such as, for example, it shows -- it may show  
3 building costs, furniture and equipment, the various  
4 categories that the money's expended on.

5           We have another Attachment D that shows the COEs,  
6 their permanent construction versus total construction is  
7 Attachment D. And the intent here was to show that of the  
8 construction how much of it was permanent and how much of it  
9 was portable.

10           So for each one of the regions, it shows the  
11 permanent square footage and then what percentage that was  
12 of the total square footage.

13           We also had some information on the COE pupil  
14 grant requests and what we did here is the chart on page 9.  
15 We looked at the pupil grant requests from the inception of  
16 the program through 2013.

17           And we showed the categories of pupils. We have  
18 the elementary, middle, and high school, and these are for  
19 the community day schools and we show the nonsevere and  
20 severe.

21           And you can see the percentage of the pupils and  
22 we estimated the classrooms. What we basically did was took  
23 the number of pupils and divided by the loading standard.  
24 So it's kind of an estimated figure.

25           And you'll notice about two-thirds of the

1 construction was for community day schools and other K  
2 through 12 students. One-third was for the severe and  
3 nonsevere.

4           And you'll notice that the high school community  
5 day is slightly over half of the population and the  
6 nonsevere was about roughly one-third.

7           We talk about some discussion topics that came up  
8 in the February 2013 Program Review Subcommittee meeting.

9           And the members were looking at the unique needs  
10 of the COE and how future programs might address those  
11 needs. And some of the areas of discussion that were  
12 brought forth included the sources of funding, the least  
13 restrictive environment for special education students, the  
14 fact that there are fluctuating student populations, COE and  
15 district project coordination when they combine on a  
16 project, and community school loading standards.

17           The COE's funding sources are currently limited to  
18 developer fees and are not available as a resource for a  
19 COE. And the concern was that the developments might  
20 generate students with special needs for which the COE ends  
21 up assuming responsibility but doesn't receive a portion of  
22 the developer fees.

23           There was a lot of discussion about the least  
24 restrictive environment for special education students and  
25 it centered around the fact that you have the Individuals

1 with Disabilities Education Act references least restrictive  
2 environment which basically says that the goal is to educate  
3 students with disabilities in regular classrooms with their  
4 nondisabled peers in the school they would normally attend  
5 if not disabled to the maximum extent appropriate.

6           So some of the discussion focused on the  
7 responsibility for housing special education students may be  
8 assumed by a district, but in some cases, a COE may be  
9 required to assume responsibility because a district may  
10 decline or be unable to house these students.

11           And the district has the obligation to provide  
12 facilities for its SELPA.

13           There was discussion about with these student  
14 populations for COEs, there can be a lot of fluctuation  
15 because there's the issues of providing housing for what may  
16 be a fluctuating population, in other words, the idea of --

17           CHAIRPERSON BUCHANAN: Right.

18           MR. LEININGER: -- with disabled students,  
19 populations go up and down. And you have to provide housing  
20 for fluctuations.

21           A possible response to the fluctuating population  
22 might be short-term leases, but the requirements of SFP are  
23 for long-term leases of 30 to 40 years. So then the  
24 long-term leases would reduce flexibility in responding to  
25 the fluctuating student population.

1           And then final item was that the facilities are  
2 constructed for what may be a fluctuating population where  
3 the cohort survival method is not a good predictor and you  
4 can end up with school permanent facilities that are built  
5 and then underutilized.

6           There was also discussion about COE and district  
7 project coordination. When the COE and district combine  
8 their pupil grants for the full funding for the project,  
9 there can be some issues and some of the topics that were  
10 discussed included the timing of milestones as the two  
11 entities are working on a common project and they have  
12 different timelines and frames; the complexity that can get  
13 involved in the allocation of costs, receipt of billings,  
14 payment of costs when there's one set of construction plans  
15 and one contract and two entities, and there may be a sudden  
16 shift in the COE student population. The completed facility  
17 may end up being underutilized.

18           And then the final item that was discussed was  
19 community school loading standards. The community schools  
20 serve the adjudicated and incarcerated and expelled  
21 students.

22           In the previous meeting, it was stated that one of  
23 the goals of community schools is to return students to  
24 their district of residence. If successful, it can produce  
25 rapid changes in the student population.

1           And one of the topics discussed were the COEs  
2 typically put less than the loading standard in the  
3 classroom. We stated we would, for example, use a loading  
4 standard of 27, but there might be some obligations or  
5 requirements levied on the COE where they could only use  
6 maybe 19 students.

7           And the community schools are typically located in  
8 leased facilities with community issues around where they  
9 locate. And finally the locations and appearance of the  
10 community schools may impact the student learning.

11           And that completes the presentation. We'll answer  
12 any questions.

13           CHAIRPERSON BUCHANAN: Well, what I'm going to do  
14 is use the same format as before. Is there anyone in the  
15 audience who would like to speak about County Offices of  
16 Education?

17           MR. BECKER: Good morning, Chair Buchanan, and  
18 members of the Subcommittee. Thank you very much for this  
19 opportunity to discuss the unique COE needs.

20           First of all, I'd like to thank staff. You know,  
21 we've had a lot of conversations and have reached out to  
22 each other and I think that they've done an outstanding job  
23 in reaching out and trying to understand unique entities  
24 that COEs are.

25           MR. SAVIDGE: State your name for the record.

1           CHAIRPERSON BUCHANAN: Yeah, I was going to say  
2 identify yourself just for the record.

3           MR. BECKER: Thank you. I apologize. I'm Jeff  
4 Becker. I am the Director of Facilities at the Fresno  
5 County Office of Education and I'm also Chair of the County  
6 School Facilities Consortium.

7           I would like to elaborate just a little bit on the  
8 background that staff gave. They did a good job of  
9 characterizing the dual role of COEs in that we provide  
10 administrative and support services to school districts.

11           We're also the implementing arm of the State on  
12 many policies. And in particular with the local control  
13 funding formula, our role in that area, we see it as likely  
14 expanding.

15           So there is a great deal of administrative work  
16 that we do. I know that's not the context or under the  
17 purview of the SFP, so I won't go into that in great detail.

18           And then there are the two student populations  
19 that we serve, the students with special needs and the  
20 alternative education programs, the court and community  
21 school programs.

22           The participation that we've had in SFP has been  
23 extremely helpful in our ability to house these students  
24 that are oftentimes marginalized in our current system. And  
25 so we have been very appreciative in the ability to

1 participate.

2 I believe that our participation as evidenced by  
3 the staff presentation has been fairly proportional to the  
4 number of students that we serve and the types of programs  
5 that we offer.

6 So it was actually affirming for me and  
7 encouraging to see that, you know, the \$1 billion, about  
8 3 percent of the program, is the amount that County Offices  
9 of Education have received.

10 So I think that we've done a good job in accessing  
11 those funds and the State has done a good job in partnering  
12 with us and housing those students.

13 I'd like to comment a little bit on the regional  
14 nature of COEs. This is where we differ from our school  
15 district counterparts.

16 Our students come from across our county. So  
17 Fresno County is 6,000 square miles. We have 500 students  
18 in the community school program that come from all over that  
19 county.

20 So when we look at where we house these kids,  
21 we're looking at much more of a regional basis without  
22 regard to district boundaries or where those students are  
23 coming from. Just to be efficient, we need to analyze  
24 transportation and how many students are in each area of our  
25 county.

1           And the same can be said for students with special  
2 needs. We have again about 500 students with severe  
3 disabilities and they're coming from 30 districts in Fresno  
4 County.

5           So that's a unique distinction I'd like us to keep  
6 in mind as we talk about these issues.

7           Fluctuations in student populations in both  
8 programs, staff mentioned the cohort survival model  
9 sometimes is not the best and I think that at the February  
10 meeting, staff mentioned that our enrollment projections  
11 have the greatest amount of deviation from what we projected  
12 and that is because, you know, our students don't arrive  
13 based on birth rates and how many kids are matriculating  
14 through the system.

15           We get our students based on referrals from school  
16 districts, from how many students with special needs are  
17 being identified and what particular disabilities are being  
18 identified.

19           On the community school side, we receive our  
20 students essentially by referral from the court system and  
21 also expulsion rates at school districts. So there are  
22 circumstances that are sometimes outside of the control of  
23 the County Office of Education and school district, the  
24 impact to our student populations.

25           For instance, in Fresno County, if we -- if our

1 probation department is scaled back, their ability to refer  
2 students to our program can be limited and it can cause  
3 great fluctuations in our program.

4           We've been able to house the majority of our  
5 community school students in permanent facilities now, but  
6 there are those fluctuations that still take place and we  
7 have to use leased facilities. And we'll talk a bit about  
8 loading standards in a bit.

9           But that can make housing COE populations  
10 definitely a challenge and it's one that requires creativity  
11 on a lot of levels, at the State level, you know, at the  
12 local level definitely, working collaboratively with other  
13 agencies even outside of the school community.

14           The other overriding principle that we thought  
15 about as we put together some comments is aligning the  
16 School Facility Program with Title 5 and I understand that  
17 CDE is currently reviewing Title 5 requirements, and then  
18 also the federal IDEA requirements.

19           We need to look for points where we can align all  
20 three of those in the same direction to encourage the  
21 correct policy decisions and type of decisions that we want  
22 to see at the local level. So if there are times where  
23 either of those are getting in the way of that good  
24 decision, I think that we need to identify those. I think  
25 we've identified a few of those for you here today.

1           Let me start by talking about alt ed loading  
2 standards. This might be the easiest of all the issues, so  
3 we'll start there.

4           As staff mentioned, smaller class sizes are the  
5 norm in our community school programs. In Fresno County,  
6 our loading standard is 19 students to one teacher and it is  
7 in our collective bargaining agreement.

8           So many counties have it in their collective  
9 bargaining agreement as well, but the teacher unions feel  
10 that this is an important issue and that in order for them  
11 to have the best working conditions and best educational  
12 outcomes, a smaller class size is definitely warranted  
13 there.

14           So the current standards for high school, the 27  
15 to 1, for the elementary, 25 to 1, cause a disproportionate  
16 use of eligibility when we construct those facilities. In  
17 other words, when I build a classroom for a high school  
18 community class, I expend 27 pupil grants, but I can only  
19 house 19 pupils, and that leaves 8 pupils unhoused.

20           ASSEMBLYMEMBER HAGMAN: Let me interject. That's  
21 by your choice to sign that contract, though, with your  
22 teachers.

23           CHAIRPERSON BUCHANAN: No. The reality is, is  
24 that when you're educating students in the court schools or  
25 other programs, it may be part of the teacher contract, but

1 you're educating some of the most at-risk students and  
2 you --

3 ASSEMBLYMEMBER HAGMAN: I understand, but it's not  
4 a State law or anything like that.

5 CHAIRPERSON BUCHANAN: It's not a State law, but  
6 the reality is, is that you won't find any programs at 27  
7 anywhere in the State or your normal loading standards  
8 because you have students that have such high needs.

9 And so the question that you're bringing up to try  
10 and keep this moving a little faster is whether or not our  
11 loading standards for facilities for these unique classrooms  
12 should reflect the overall loading standards for -- the  
13 community day, it'd be probably high schools or whether or  
14 not they should -- the loading standards should be changed  
15 to reflect the actual experience or class sizes that you  
16 have out there.

17 MR. BECKER: Yeah. That's correct. Thank you.  
18 And I just want to point out that there has been quite a bit  
19 of work on this issue I believe starting in '99 with a study  
20 that was done by DGS and they arrived at basically the same  
21 conclusions that loading standards realistically are closer  
22 to 18 to 1 and it's come back to the Implementation  
23 Committee and SAB at various points in time.

24 But the issue that always came up was that to  
25 correct that loading standard and to adjust the grant so

1 that the funding per classroom remained the same required  
2 legislation.

3 CHAIRPERSON BUCHANAN: Right.

4 MR. BECKER: And so it kind of got stuck at that  
5 point.

6 CHAIRPERSON BUCHANAN: So if we could move onto  
7 the next point, that would be great.

8 MR. BECKER: So I think now is a good time to look  
9 at that.

10 Very quickly, I'd like to taught about grant  
11 adequacy. I think we're all familiar with the unique needs  
12 of a student with special needs and what type of facilities  
13 that requires, therapy units, restrooms, et cetera.

14 Briefly, on the community school side, again  
15 because our goals are to help these students recover their  
16 academic units and then to return to their district of  
17 residence as quickly as possible, we provide a lot of  
18 supplemental services that a typical school doesn't have and  
19 we have to house these people as well.

20 So I have a site that I just completed six  
21 classrooms and in addition to the regular complement of  
22 school staff, we house two probation officers, we house two  
23 mental health counselors, and two substance abuse  
24 counselors.

25 So, you know, that puts a load -- or a strain on

1 the grant and so looking at that I think is warranted as  
2 well. That should also be informed by the review of Title 5  
3 that's happening.

4 Special education siting and again staff mentioned  
5 coordinating projects with districts, this is a great  
6 example of where we need to look at aligning the SFP with  
7 Title 5 and with federal requirements.

8 Again because of the regional nature of our  
9 programs, the district boundaries can be problematic for us.  
10 I'd like to talk just really quickly about SELPAs a little  
11 bit.

12 I spoke with my administrator of special  
13 education. She's the chair of a statewide SELPA  
14 organization and she shared with me that there are  
15 approximately 130 SELPAs in the State. 60 of those roughly,  
16 to use round figures, serve single LEAs.

17 So, for instance, in my county, Fresno Unified has  
18 their own SELPA. So that leaves 70 SELPAs that serve  
19 multiple LEAs and essentially they're serving thousand  
20 school districts in the State in those 70 SELPAs.

21 So that regional nature is really evidence by that  
22 as well.

23 What we have to look at is how do we create  
24 integrated housing opportunities for these students. How  
25 does the SFP facilitate that in line with Title 5

1 requirements and federal law.

2           And we believe the best time and often the only  
3 time to create this truly integrated housing is during a  
4 modernization of the campus of when a new construction  
5 project is happening.

6           If you miss those two points in time, the result  
7 that you get is a portable building put on the fringe of a  
8 campus somewhere and I think we've all discussed that  
9 ad nauseam and agree that that's not where we want to be.

10           So we should look at ways to facilitate joint  
11 projects between County Offices of Education that run SELPAS  
12 and districts to ensure that when those opportunities arise  
13 we don't miss that boat. We think that that's a very  
14 critical thing and my colleague Jennie will speak a bit more  
15 about that.

16           Another area is -- and staff mentioned this, so I  
17 won't go into it in great detail, but we need to figure out  
18 ways to coordinate our timelines when those joint projects  
19 happen.

20           There have been instances of good projects where  
21 districts wanted to coordinate that couldn't happen because  
22 the funding of expenditures and financial hardship approvals  
23 and all those things didn't coordinate and the district  
24 needed to move forward.

25           So if we can find ways to ease that pressure and

1 streamline that approval process so that the projects can  
2 happen together, we'll have better outcomes for these  
3 students.

4           Quickly on portables -- so Fresno County, we have  
5 26 portables located on district school campuses. I don't  
6 consider any of them truly integrated because they are  
7 mostly around the fringe.

8           We only have two classrooms that we've been able  
9 to work with districts to build fully integrated classrooms.  
10 So we haven't done a nonintegrated portable in about seven  
11 years. So, you know, these have been existing buildings for  
12 quite some time that we're trying to figure out how to more  
13 fully integrate and they're aging out as well.

14           So to tie onto previous conversations on portables  
15 and incentivizing removal and replacement of portables with  
16 permanent construction, I'd like to add consideration of the  
17 layer of integration, that these portables need to be not  
18 only incentivized to be replaced with permanent  
19 construction, but we need to make sure that we build  
20 integrated permanent construction.

21           And so your consensus and discussion about  
22 incentivizing portable removal I think is very good and we  
23 support that and I'd just like to add this nuance to that  
24 discussion, that we can replace some of these portables with  
25 that opportunity.

1           Financial hardship, just very briefly, I mentioned  
2 in my opening comments that COEs have greatly benefited by  
3 participation in the SFP. We think it's proportional and  
4 would advocate that continued participation in the financial  
5 program should be an option.

6           We do look for funding sources whenever possible.  
7 I mentioned the project I just completed. We use site sale  
8 proceeds and we're on the acknowledged list for that  
9 project. So where we can, we do complete projects with  
10 match, but it's been a critical piece in us housing these  
11 students.

12           And finally, we spent a lot of time thinking about  
13 what funding sources realistically County Offices can bring  
14 to the table and it is a difficult conversation.

15           One area that we think merits a little bit of  
16 investigation and while it is not going to yield a  
17 significant amount of dollars is taking a look to see if  
18 there are a student population that County Offices of  
19 Education serve that are not being included in any developer  
20 fee calculations.

21           Some of our SDC students may fall into that  
22 situation and I'm not a developer fee expert by any means,  
23 but I believe that that merits taking a look at. It's  
24 certainly not going to yield a significant new amount of  
25 dollars, but some dollars.

1           So with that, I want to again thank you for your  
2 conversation on this issue. I think it's very important and  
3 very much appreciate that.

4           CHAIRPERSON BUCHANAN: Thank you.

5           MS. HANNAH: Good morning, Madam Chair and  
6 Committee members. I'm Jennie Hannah. I'm from the Kern  
7 County Superintendent of Schools and I'm past Chair of the  
8 County Schools Facility Consortium.

9           And I wanted to elaborate on the special education  
10 siting issue or barrier that I believe we still continue to  
11 have in the School Facility Program.

12           And you have a contingent here of Central Valley  
13 folks which I think is important because I think our area --  
14 our geographic area is one that's going to continue to grow  
15 in the State of California and the barrier to overcome on  
16 siting for special education classrooms for County Offices  
17 is one that occurs for us when we get the referrals in our  
18 SELPA for the most severe population of kids.

19           We're responsible for the education component as  
20 well as the classroom for that child. And because of  
21 Title 5 and because of least restrictive environment, we're  
22 required to look for an integrated location for that child.

23           And we don't have a territory. We don't have a  
24 district or an integrated population. So we go to our  
25 school districts looking for that location. And because of

1 the fluctuating population -- I'm in an 8,000 square mile  
2 county. I have 767 severe population children that we're  
3 trying to educate and so trying to maneuver that and find a  
4 location that will work and going onto an existing school  
5 site that really doesn't have an equipped special  
6 education -- severe special education classroom --

7 CHAIRPERSON BUCHANAN: So could we try and narrow  
8 the conversation --

9 MS. HANNAH: Yeah. Sure.

10 CHAIRPERSON BUCHANAN: -- to exactly what in the  
11 program you think works or needs to be changed.

12 MS. HANNAH: Okay. So I think an alignment --

13 CHAIRPERSON BUCHANAN: So we don't necessarily  
14 repeat.

15 MS. HANNAH: Yeah. I think what I'm -- the main  
16 point I think is, is that we don't have an alignment with  
17 Title 5 in looking at a complete school for our special  
18 education -- our severe special education population of  
19 students, that we have a -- I think the irony is in the  
20 State of California that we do ADA upgrades for all of our  
21 school sites. We do truncated domes, we do retrofit on our  
22 parking spaces, our loading, our playgrounds --

23 CHAIRPERSON BUCHANAN: So you think Title 5 needs  
24 to be better aligned with school site plans. Is that the  
25 point?

1 MS. HANNAH: I do and I -- and I also believe that  
2 our School Facility Program needs to look at this -- how the  
3 per pupil grant might be something that is may not the per  
4 pupil grant, but this is at every school, that it's a best  
5 practices where this is a master plan and it's not unlike a  
6 library.

7 When our students don't have the opportunity to be  
8 educated in their neighborhood school, when they arrive and  
9 they can use the restroom but they can't be educated in that  
10 school, I think that that is an issue.

11 These are specialized classrooms that are not  
12 easily retrofitted in an existing school. I think we could  
13 deal with that in a modernization program. I think we could  
14 certainly deal with that in an alignment with Title 5 in our  
15 School Facilities Program and new construction.

16 So I think that if we don't do that, that we're  
17 not serving that population of kids.

18 CHAIRPERSON BUCHANAN: Okay. Is that --

19 MS. HANNAH: That's -- yeah.

20 CHAIRPERSON BUCHANAN: Okay. All right. We have  
21 questions, but I think there are other people who want to  
22 speak and then we can ask our questions or make our comments  
23 and maybe if there are specific questions of you -- of the  
24 two of you, we can ask those at the same time.

25 I'd just like to hear -- before we ask questions,

1 I think it's important to get the perspectives of everybody,  
2 so --

3 MR. HANSON: Good morning. My name is Paul  
4 Hanson. I'm with the Ventura County Office of Education and  
5 I was the former Chair of Facilities Subcommittee for County  
6 Offices.

7 I just wanted to say I'm really also very happy.  
8 I've been following all the Subcommittee meetings. Even  
9 though I haven't been here, I've been following them on TV  
10 and I'm really glad that you guys are taking the time to  
11 find out about all of these various aspects of the program.

12 I think it's a great program. I think we all have  
13 a lot of be proud of with the program and I'm really glad  
14 you've taken the time to find out about the Facility  
15 Hardship Program and County Offices in particular.

16 And I think you're really get a handle on why the  
17 Facilities Hardship Program is required. There will always  
18 be a group of school districts that won't be able to come up  
19 with their own local funding and will need help from the  
20 State.

21 And the County Offices, we just happen to be one  
22 of those types of groups that is unable to come up with  
23 local funding. So we are going to need help from the State.

24 Where we can, we provide it. If we have sites, we  
25 provide sites, and where we have funding, we do provide it.

1 It's just that we don't have access to all of the local  
2 resources that the school districts have.

3 As far as the programs that we provide and the  
4 relationship with our school districts, I can speak really  
5 only for Ventura County, but it's a very competitive  
6 process. I mean we compete with our school districts.

7 They are always fighting for dollars. If they  
8 could keep all of the kids at their school district, they  
9 would.

10 The reason why we exist is because there are -- we  
11 are able to handle things on a regional basis in a more  
12 cost-effective manner.

13 If it was just about money, we also wouldn't exist  
14 because it has to satisfy the needs of the individual  
15 students through the individualized educational program.

16 So some of the things that you're worried about,  
17 the gaming or something like that, some of those things are  
18 addressed through the California Department of Education,  
19 through the SELPAs, and that relationship between the  
20 districts and the County Offices.

21 We only really exist because we provide things on  
22 a cost-effective basis and of the highest -- you know, the  
23 very highest quality. Some of the students that we have are  
24 even not allowed in a comprehensive high school, so that's  
25 why they come to us.

1           So I just wanted to put that in perspective.

2           I really like that comments that I've heard about  
3 relying on staff to identify where there's potential gaming.  
4 That doesn't bode well for anybody associated with the  
5 School Facilities Program and I think they've done a really  
6 good job of identifying possible opportunities and bringing  
7 to you options for addressing that.

8           I think that would be the model to keep going  
9 forward on any potential gaming.

10          Again it's a great program and I hope it  
11 continues. Thank you.

12          CHAIRPERSON BUCHANAN: Thank you. Is there anyone  
13 else who wants to make a comment? Okay. We have  
14 Mr. Hagman.

15          ASSEMBLYMEMBER HAGMAN: I've been itching at this  
16 since the first report.

17          Okay. I just want to make sure I got these  
18 numbers correct. We spent a billion dollars of funds so far  
19 and we actually -- how much of that actually went to  
20 physical buildings?

21          CHAIRPERSON BUCHANAN: It's --

22          ASSEMBLYMEMBER HAGMAN: Well, it looks like a  
23 billion went for construction and 29 --

24          CHAIRPERSON BUCHANAN: It looks to me like  
25 942 million went to construction grants and the 29.3 and the

1 17.1 --

2 ASSEMBLYMEMBER HAGMAN: So all that --

3 CHAIRPERSON BUCHANAN: -- was money that never  
4 advanced to construction.

5 MR. LEININGER: Well, and again even there, some  
6 of these design grants made -- in other words, the  
7 apportionment may just have occurred within the last year or  
8 two. So they're still normally moving through the process.

9 The same thing with the site. But final grants  
10 through construction and completion was the 942 million.

11 ASSEMBLYMEMBER HAGMAN: Through construction;  
12 okay.

13 CHAIRPERSON BUCHANAN: So -- but that's -- if you  
14 take a look at it, it's a percentage of the applications  
15 assuming that most of these applications that could go  
16 through probably aren't -- have already expired. Only  
17 68 percent of your applications actually end up going to  
18 construction, if I read this correctly.

19 Because in terms of the dollars, we don't know  
20 what the -- if the applications that never made it past the  
21 planning stage or the site acquisition stage, those dollars  
22 don't reflect what the actual costs would be of a project.

23 So those construction costs could be significantly  
24 higher. So the real bottom line is we're processing -- of  
25 the numbers of applications we're processing, 32 percent are

1 never making it to construction.

2 We're basically paying to be the planning  
3 department of some of the counties.

4 MR. LEININGER: If I'm hesitant, it's because, as  
5 I say, if we look at it -- for example, the design grants --

6 CHAIRPERSON BUCHANAN: Right.

7 MR. LEININGER: -- in the normal course, it may  
8 take time to evolve. So if we were to look a few years down  
9 the road and come back and look at this snapshot in time --

10 CHAIRPERSON BUCHANAN: Right.

11 MR. LEININGER: -- a lot of that 190 or the 15 may  
12 have eventually gone forward to full construction.

13 CHAIRPERSON BUCHANAN: Well, do we have any idea  
14 how many are out there -- how many of that 190 are out there  
15 now that are still active? Because this is going -- it's  
16 okay. I was just pointing out that as a percent of  
17 dollars -- it's percent of the dollars we spent but not  
18 necessarily a percent of the total construction dollars and  
19 that we -- you know, here you've got.

20 MS. SILVERMAN: We also do have data on projects  
21 that either will be called rescind to cost incurred --

22 CHAIRPERSON BUCHANAN: Right.

23 MS. SILVERMAN: -- and although that data may not  
24 necessarily be presented in the item, we know there's about  
25 137 projects that reduce to costs incurred. And so that

1 means some portion of the project, they had costs associated  
2 with it and to some extent, the project terminated, and  
3 then, you know, we would give them credit for those  
4 expenditures that they incurred on the project, but then yet  
5 those projects may not have moved forward or --

6 ASSEMBLYMEMBER HAGMAN: With the type -- I guess  
7 the -- I'm looking at the overall picture here too.

8 With the type of student, population it does  
9 fluctuate. They move a -- you know, it's not like you can  
10 predict what their -- the testimony was they can't predict  
11 how many students are coming up and going through and the  
12 fact that most of the time you want to do as many  
13 partnership with local districts as possible to have the  
14 facilities sited on the actual campuses of existing schools.

15 Why would the county use its credits only to  
16 partner up with school districts and not really get into the  
17 building industry at all? I mean if I want to co-locate my  
18 students on physical existing school sites, but I have  
19 eligibility for my population, is there a way to incentivize  
20 the school districts -- because that's what we're trying to  
21 do is to get them to take these students on their campuses  
22 or near the campus so you can maximize the resources of one  
23 location, giving them a higher credit but have them -- it  
24 kind of forces them to work together in a way to place these  
25 students at the district sites and to -- so you don't

1 separate administration. You don't have a separate building  
2 department. You don't have all these other things going on.

3           And go back to my database question again, how  
4 many locations have been purchased with State money over the  
5 years and how many of those actually come into actual  
6 facilities that are being utilized today. Do we have any  
7 idea on percentages of those right now?

8           That way the campus gets a physical location,  
9 which we're trying to get away from the portable buildings  
10 and it's actually integrated into their building scheme at  
11 the same exact time. So we have like buildings going in at  
12 the like time with the rehabilitation project, but instead  
13 of so much per pupil grant for a normal student, you have a  
14 higher percentage and that would incentivize these campuses  
15 to try to take them on as well and hopefully eliminate the  
16 need for the county to be independent operations all the  
17 time.

18           There's going to be some cases like that, but I'm  
19 hoping that they could utilize some of the funds for -- work  
20 with the lease options and such in such a fluid type of  
21 population anyway, but be able to lease out buildings and,  
22 you know, get as much flexibility in that as possible, but  
23 utilize like a higher credit student for a special needs  
24 student, but to bargain that with the school district to  
25 take on a facility at their location.

1           And that way they have permanent buildings at a  
2 permanent location and they will always be incentivized to  
3 make deals with the district staff, their teachers, and all  
4 the rest and these students have the best of both worlds  
5 hopefully. So -- in which case, they wouldn't be -- they'd  
6 just be working with that.

7           It would be credits versus actual operation, I  
8 guess.

9           CHAIRPERSON BUCHANAN: Well, I have a perspective  
10 on this which I don't know exactly how to resolve.

11           But we do know that the County Offices of  
12 Education can't legally sell general obligation bonds. We  
13 know if they could and they put a general obligation bond on  
14 the ballot, it probably wouldn't pass because parents --  
15 community people will vote for bonds that are in their own  
16 school district, but they don't vote for bonds for other  
17 kids, even if those kids are in their school district.

18           So County Offices of Education -- and they don't  
19 receive developer fees. So they're sort of in a unique  
20 situation. Okay.

21           But -- and my comments may be a little bit  
22 lengthy. If we have 130 SELPAs which Jeff brought up in his  
23 comments and 60 of them are single district SELPAs -- that's  
24 usually districts that have populations of 25-, 30,000  
25 students where it's more cost effective for them to be their

1 own SELPA than to pay the overhead of the county -- and 70  
2 of those SELPAs are a consortium of basically smaller  
3 districts within the county where it's more cost effective  
4 to have a county-run program with more students, then we  
5 have to ask ourselves for the 60 districts that are -- or  
6 SELPAs that are district SELPAs, they're not coming in for  
7 financial hardship for their special needs students;  
8 correct?

9 MR. LEININGER: Correct.

10 CHAIRPERSON BUCHANAN: They are funding their  
11 50 percent. Whether it's out of developer fees or bonds or  
12 whatever, they are funding those -- their matching share  
13 locally.

14 There is nothing that I know of in statute that  
15 says when you -- a district calculates its developer fees  
16 and for that matter, even in the State calculation for the  
17 Level 1 fee, it says that developer fees do not reflect the  
18 cost -- only should reflect the cost of building a school  
19 without the need for special day classrooms.

20 I mean I know that when we wrote our developer fee  
21 agreements, the mitigation, we built -- well, actually the  
22 developers built the schools. They had to build schools  
23 with special day classrooms because those students are part  
24 of -- every bit a part of our population as all the other  
25 students.

1           And when you're calculating the costs of your  
2 Level 2 or Level 3 fees, certainly any district that doesn't  
3 include the cost of special day classrooms in its schools is  
4 not accurately calculating those costs and there's  
5 absolutely nothing in statute that prevents that.

6           So if you know of cases where that's happening, it  
7 shouldn't be happening and it -- you know, part of your  
8 developer fees include that cost.

9           If you're going out for a bond, I mean a district  
10 still has to serve these students, whether ultimately the  
11 education is delivered by the SELPA or delivered by the  
12 district.

13           I know as being a board member is that even if I  
14 have a student in a program that's run through the county,  
15 I'm the one that's responsible for that student. If the  
16 county doesn't deliver, you know, the level of service,  
17 I'm -- I get sued as the district. They don't sue the  
18 county or they may bring the county into it, but my school  
19 district is also being sued because ultimately that student  
20 is a resident of our district and the school district is  
21 responsible for the placement and the education of that  
22 student.

23           So it seems to me that the idea that you're a  
24 self-contained SELPA, for example, you're responsible, but  
25 if you're not, you don't have to come up with that matching

1 share, it just doesn't make sense to me.

2           And so I don't know exactly how we solve this. I  
3 know that when we were part of a larger county SELPA, you  
4 know, the funding for special needs students was based on  
5 the assumption that every school district in the State had  
6 roughly, what, ten, ten and a half percent of its students  
7 qualified for special needs. And the SELPA before it  
8 allocated funds to us took the money off the top to cover  
9 all of its costs and then it allocated the rest based on  
10 district populations.

11           And somehow I know that you can't always say,  
12 well, one district has X students that fall into a certain  
13 program and another district Y and another district Z and we  
14 know that can change from year to year.

15           But ultimately those districts in the SELPA have  
16 responsibility and I think they should be required to  
17 provide some of those matching funds towards providing --  
18 towards the -- you know, the district or the county match  
19 for facilities.

20           I don't think that just because you're part of a  
21 SELPA means I'm not responsible for the children anymore.

22           I don't know if we need clarification in statute,  
23 but I do agree entirely with the comments made around least  
24 restrictive environment and I do believe it's a violation of  
25 civil rights to put special needs students out in a portable

1 and not have them integrated in part of the regular school.

2 I don't -- again I think that's a violation and it  
3 clearly is part of the planning process either for  
4 modernization or new construction, but I even think it's  
5 part of your ongoing planning process that the sites to  
6 serve special populations has to be included in district and  
7 site master plans.

8 So, you know, I don't know what we need to do in  
9 terms of recommendations of the Committee or what we need to  
10 do statutorily, but SELPAs and counties are serving students  
11 that are located in a district and those districts have to  
12 step up and be responsible, whether those -- you know, and  
13 provide their fair share whether the students are part of a  
14 court school, a community day school, or part of a special  
15 program with a SELPA.

16 I do agree that we need to address the loading  
17 standards because when you're educating a significant  
18 percentage of at-risk students, you just -- it's -- it  
19 doesn't -- you can't provide quality programs using the --  
20 if we use the loading standards or the student-teacher tied  
21 to the loading standards. No districts do that.

22 I do believe we need to talk about grant adequacy,  
23 although as all of you know, we have a different grant  
24 amount for special day classes than we do for regular  
25 classrooms and one of the things that I -- we've talked

1 about is particularly on the modernization side is do we  
2 provide enough funding to actually go through and modernize  
3 an entire school or do we -- or because the school has, say,  
4 720 student capacity and is only currently at 680 or 690  
5 students, do we then, you know, not provide that full  
6 amount.

7           So I -- you know, and like I said, developer fees  
8 should be -- so those are my, you know, general comments. I  
9 do believe we need the Financial Hardship Program for  
10 counties, but I do believe that we've got to have a way that  
11 individual districts step up and fund their share and take  
12 responsibility for their students even if the student's not  
13 physically located in their district because it's more cost  
14 effective to have some countywide programs that serve  
15 schools -- students from multiple schools.

16           And I do think we also are going to have to  
17 recognize is when you talk about Fresno County and others, I  
18 mean there are some up north that distance is a factor in  
19 terms of where we locate students.

20           ASSEMBLYMEMBER HAGMAN: Okay. For me you jumped  
21 all over the place, so --

22           CHAIRPERSON BUCHANAN: I know, I did.

23           ASSEMBLYMEMBER HAGMAN: I like every subject  
24 touched. I'm just trying to figure out -- the basic premise  
25 is you get X amount of dollars to rehabilitate a school or

1 to build a new one --

2 CHAIRPERSON BUCHANAN: Right.

3 ASSEMBLYMEMBER HAGMAN: -- for a normal student.

4 You get 3X for a special needs student. The counties  
5 sometimes get that 3X and sometimes districts do based on  
6 who's holding them as placed.

7 CHAIRPERSON BUCHANAN: Right.

8 ASSEMBLYMEMBER HAGMAN: But the goal is to place  
9 them with other students.

10 CHAIRPERSON BUCHANAN: The goal is the least  
11 restrictive environment, yes.

12 ASSEMBLYMEMBER HAGMAN: Correct. So if we still  
13 give the county authority at 3X to move their money away to  
14 make deals with the regular school districts with the  
15 adjusted numbers for smaller population and all that kind of  
16 stuff, so they can sit there and say, hey, we got this  
17 credit amount of X because your district houses, you know,  
18 37 special needs students, we have X amount of dollars.  
19 They sit down at the district and say we're going to have  
20 one or two or three, you know, different facilities on three  
21 different campuses, when you apply to SAB to get your 1X  
22 worth of money to rebuild this thing, that should be pretty  
23 powerful for them and it forces them to work together.

24 And they shouldn't have to necessarily have their  
25 own facilities, not co-located, buying property, spending

1 money on their search that we find out goes through  
2 65 percent of the time, whatever the case may be, having all  
3 that internal stuff to find out, okay, now those students  
4 have moved to a different district now or a different area  
5 or we came up with a different situation.

6           Can we get them out of not necessarily the  
7 facility business but more of the brokering of facilities, I  
8 guess. Is that a practical way of doing things and can we  
9 revamp this thing up to kind of be in that direction so they  
10 can utilize the resources the districts have, utilize the  
11 expertise as far as building and sites, and kind of -- you  
12 know, if I'm a district and I want to keep my students down  
13 here, and -- but I have the resources to do it.

14           CHAIRPERSON BUCHANAN: Well, I think you're  
15 hitting on a number of targets. I think one question is it  
16 costs X dollars to build the facility whether the school  
17 district builds it or the county builds it.

18           So the question there is, is, you know, if the  
19 school district builds it, it has to come up with the  
20 matching funds. If the county builds it, does the school  
21 district have any responsibility there or should the  
22 State --

23           ASSEMBLYMEMBER HAGMAN: Well, if your student -- I  
24 agree with you -- maybe a lesser --

25           CHAIRPERSON BUCHANAN: -- or should the State fund

1 the whole thing under financial hardship and --

2 ASSEMBLYMEMBER HAGMAN: Maybe a lesser percentage,  
3 but I think they do have some responsibility.

4 CHAIRPERSON BUCHANAN: So -- that's right. So --  
5 or it's a combination of all the districts that are part of  
6 the SELPA in relationship to the students they serve.

7 ASSEMBLYMEMBER HAGMAN: Correct. And then I also  
8 think it'd be cheaper for them to do it when they're  
9 building ten buildings --

10 CHAIRPERSON BUCHANAN: Right.

11 ASSEMBLYMEMBER HAGMAN: -- than it would be for a  
12 county to do one.

13 CHAIRPERSON BUCHANAN: Well, so then the next  
14 question is -- that's been brought up is if we believe --  
15 not only that, but we have a legal obligation to house  
16 students in their least restrictive environment. Okay.

17 For most students, that least restrictive  
18 environment is going to be at their residence school -- you  
19 know, and with programs particularly in the mild to moderate  
20 cases where they have -- or take some classes in the regular  
21 program. Okay.

22 The question then is what responsibility do school  
23 districts have to make sure that in their master plans they  
24 are planning for their special needs populations. And I  
25 think what I'm hearing from the counties, and I agree with

1 them, that that has to be an integral part of what school  
2 districts do.

3           You can't, just because you're part of a SELPA,  
4 say, well, you know, we can't -- we don't want those classes  
5 on our campuses. It has to be part of the planning, both  
6 individually in the school district and the planning that's  
7 done in a SELPA.

8           So -- and I'm seeing people nod their head.

9           ASSEMBLYMEMBER HAGMAN: Yeah. But if you put the  
10 funds only through school districts to actually expend it, I  
11 guess, but the counties have the credit of those funds for  
12 strictly, you know, construction and, you know, facilities,  
13 not the ADA and stuff, then they're kind of forced to work  
14 together in a way that (A) would meet the requirement that  
15 they have to accommodate, and (B) what's the best use of  
16 those resources. Is it through a SELPA, as an individual  
17 district, whatever the case may be, and you have some  
18 participation by the district, whatever level that should  
19 be.

20           It may not be the same matching 50-50 and some  
21 others because there is, you know, a lot more expense that  
22 they probably don't have the money for, but maybe it's --  
23 well, maybe they need 25 percent.

24           CHAIRPERSON BUCHANAN: So is that question dealing  
25 with where does the student eligibility lie for the program?

1           ASSEMBLYMEMBER HAGMAN: I believe so. And that  
2 doesn't mean you can't broker it out. Let's say they're on  
3 the edge of a district and it's, you know, three students on  
4 one side of the street and two on the other and they do a  
5 regional thing, says hey, I'm working with you. Now the two  
6 districts work together.

7           We're talking your ADA, we're taking your  
8 eligibility. We come up to SAB, but part of our  
9 rehabilitation of this campus, we're going to satisfy all  
10 these folks.

11           But that -- what I'm trying to do is get them out  
12 of building their own facilities and having to work not  
13 necessarily cooperatively with districts who don't want them  
14 there rather than finding another location, in which case  
15 they have properties scattered throughout the county, but  
16 they plan. We spend money on it. We don't -- they finally  
17 get an agreement and they don't build it or something like  
18 that -- utilizes the resources --

19           CHAIRPERSON BUCHANAN: I think -- we've got three  
20 populations here. We have the special needs population  
21 which clearly you're either going to be in special day  
22 classes that are on campuses run by the counties or there  
23 are some students that have such severe needs, might be SED  
24 or others, where you will -- we will actually pay to put  
25 them in an outside program.

1           Then we have the community day schools and some of  
2 these students have been expelled from school districts and  
3 they are -- the school district is still responsible for  
4 their education, but those classrooms typically are not  
5 housed in the school district, but the programs are run by  
6 the county and the county has to have a facility.

7           So the question I think there again gets back to  
8 who's responsible for funding the district or the county  
9 share. Should school districts have any responsibility  
10 there or is it strictly the county responsibility where  
11 you're dealing with 100 percent financial hardship.

12           And then the last category of students that were  
13 brought up were those in the court schools. Those the  
14 county is providing the program, but it's actually going to  
15 the juvenile facilities to deliver. So those we're not  
16 really talking about necessarily providing facilities. That  
17 should be part of the program.

18           ASSEMBLYMEMBER HAGMAN: Obviously, we got some --

19           MS. HANNAH: I just have a quick comment, if it's  
20 all right. With regard to what Assemblymember Hagman was  
21 talking about in terms of the eligibility and where it  
22 belongs, I think from County Office perspective we have sort  
23 of less ownership with that.

24           We want the facilities to be in the appropriate  
25 location and so whether we own the unhoused pupil grant or

1 we don't, I think we really care more about the appropriate  
2 location of the facility.

3           And so one of the things that we talked about in  
4 our coalition was the adaptability of the space. And so  
5 thinking less and less about a per pupil grant and the  
6 eligibility required is, is the facility -- is every  
7 facility able to accommodate the student, much like, you  
8 know, adapting all of our school sites to be access  
9 compliant.

10           It's that concept. It's not as the student  
11 appears. Is every facility able to be adaptable to  
12 accommodate a special needs program.

13           And we know that not every disability or every  
14 classroom is require a restroom, but that's the most  
15 limiting factor in terms of our placement of some of these  
16 programs, or a therapy space, you know, a larger classroom.

17           The kindergarten classroom concept with a restroom  
18 inside of it is really, you know, the ideal kind of  
19 combination. Not age appropriate, not the peer group  
20 usually that we're looking for.

21           So that's the physical limitation on a campus and  
22 if that's not master planned in, then that's where a County  
23 Office in this regional model has difficulty and that's why  
24 we end up in the relocatables.

25           CHAIRPERSON BUCHANAN: But the question is, in my

1 mind, what should we do to force the SELPAs working with  
2 the -- because we're really talking about the SELPAs right  
3 now.

4 MS. HANNAH: Right.

5 CHAIRPERSON BUCHANAN: What responsibility should  
6 there be for the SELPAs to work with the districts and the  
7 districts to step up and fund their portion of that cost and  
8 provide the facilities because I -- again these students are  
9 still the responsibility of the districts and that means  
10 that as a board member, a superintendent, a principal, I  
11 mean we should be taking responsibility for the students and  
12 not saying well, this is the only classroom we have so we'll  
13 send them somewhere else to another program in the SELPA.

14 I mean it just --

15 MS. HANNAH: Yeah. I think there's a lot of  
16 models to look at out there. I do think, though, that if  
17 you look at the facility program that we have today and you  
18 look how to approach that more master planned kind of  
19 process and not look at ownership of the per pupil grant,  
20 then that's a little easier conversation.

21 And I think County Offices are very willing to go  
22 there, so -- thank you.

23 CHAIRPERSON BUCHANAN: A quick comment.

24 MR. HANSON: I don't mean to but in either because  
25 the conversation's going really well, but I have a simple

1 answer to the question that you've proposed is add it to the  
2 CDE checklist.

3 All the projects whether they're done by the  
4 school districts or by the County Offices have to go through  
5 CDE and that's the opportunity to verify that not only is  
6 there special ed facilities for the school district but also  
7 for the County Offices.

8 So I -- you know -- but as far as the eligibility  
9 and when it is our problem, you know, give us the money to  
10 do the job that we need to do.

11 CHAIRPERSON BUCHANAN: Right. But the question is  
12 if I give you the money to build the facility, where should  
13 the match come from. If you're serving district students,  
14 do districts have responsibility for providing that match or  
15 should it automatically be a hundred percent program.

16 MR. HANSON: Yeah. And I don't know the mechanics  
17 of how you would make that happen, but as far as -- you  
18 know, as far as making sure that there are facilities  
19 available, when you have a new construction project or a  
20 modernization, CDE really is the hammer we need to make that  
21 happen.

22 MR. ALMANZA: I have a question for you. How do  
23 the County Offices fund the operating costs of those  
24 classrooms? Do they get direct funding from --

25 CHAIRPERSON BUCHANAN: Yes, they get ADA on it.

1 Yeah.

2 MR. HANSON: And Assemblymember Buchanan, you did  
3 a really great job of identifying the four areas that we  
4 have responsibility for and I hope that's not forgotten in  
5 all the conversation because sometimes we talk just about  
6 the special ed classes and of course, least restrictive  
7 means getting those kids back onto the school district and  
8 in the community where they belong.

9 But there's -- obviously, we're taking care of the  
10 one -- children that don't fit that and we're trying to do  
11 the best we can.

12 CHAIRPERSON BUCHANAN: Well, we've had examples  
13 come to the State Allocation Board where planning grants  
14 didn't move forward because the district didn't want a  
15 certain facility on its campus. And we can't -- I don't --  
16 I just don't know how we can allow that. You know, I mean  
17 it's --

18 MR. HANSON: Thank you.

19 CHAIRPERSON BUCHANAN: So I guess if I were going  
20 to sum -- and you guys can -- one is that, you know, I think  
21 we all -- I think there's -- I hope there's consensus on the  
22 fact that County Offices of Education are still going to  
23 participate in the program and will require financial  
24 hardship funding, but that we need to look at loading  
25 standards. They asked us to look at grant adequacy -- you

1 know, if we look at that -- but I think that the big  
2 take-aways that I've got is that we have to look at what we  
3 do to require master plans for schools, you know, to include  
4 the needs of special populations.

5           And I think at least where I would like to go is  
6 to define what districts' obligation are to help fund --  
7 additional financial hardship to help fund the matching  
8 grant portion of County Offices of Education projects.

9           ASSEMBLYMEMBER HAGMAN: I could see that and staff  
10 hasn't presented any -- like they usually do, Option A, B,  
11 and C or different ways to look at it.

12           CHAIRPERSON BUCHANAN: Right.

13           ASSEMBLYMEMBER HAGMAN: So you guys have the  
14 day-to-day experience on this. What's your thoughts?

15           MR. MIRELES: I mean just as a reminder in terms  
16 of the eligibility, you know, we've talking about  
17 incentivizing joint projects. Right now it is allowed, but  
18 there's separate eligibility.

19           Again districts establish their own eligibility.  
20 We take a look at their students, their existing classrooms.  
21 County Office of Education, we do the same thing, take a  
22 look at the students that they serve, the classrooms that  
23 they have and each independently will establish eligibility.

24           Now, they can use the eligibility that they both  
25 have and combine in for a single project. We have seen that

1 in the past where you have a couple of classrooms in say a  
2 new school that are for the county.

3           It does happen. It's not as often as I'd think we  
4 like, but there are no current incentives for them to work  
5 together.

6           They have independent eligibility and they're  
7 established based on the same rules in terms of looking at  
8 projected students, existing classrooms, the same system.

9           ASSEMBLYMEMBER HAGMAN: So that's kind of what I  
10 was I guess trying to get to in my thing where we can make  
11 them work together somehow. So what would you suggest for  
12 incentives then? You could use -- carrot or the stick  
13 basically. What are we -- force them to do it by  
14 legislation or within the master plan. We could force them  
15 to participate or what would be a nicer, gentler way of  
16 doing that.

17           CHAIRPERSON BUCHANAN: And let me piggyback on  
18 that. It seems to me that County Offices should have some  
19 eligibility, but if I can say those students aren't my  
20 students because Curt runs the county and he's --  
21 Mr. Hagman -- Assemblymember Hagman and he has the  
22 eligibility, then it seems to me that that's an easy way to  
23 say I don't have to take care of those kids. Their  
24 eligibility remains with the county. I don't have to  
25 provide any matching share, I don't have to provide any

1 facilities because they're the county's responsibility.

2 And we've got to have some way of changing that.

3 ASSEMBLYMEMBER HAGMAN: So basically we want the  
4 school districts to participate somehow and we want to  
5 incentivize the county and the districts to co-locate and  
6 work together. So how do you put those together?

7 MR. MIRELES: We didn't take a look at it from  
8 that perspective. We don't have suggestions for you at this  
9 point. We could certainly take a look at it, but, you know,  
10 we didn't take a look at what kind of incentives could we  
11 suggest. So at this point, we don't really have any staff  
12 point.

13 ASSEMBLYMEMBER HAGMAN: Will you come back with  
14 maybe some suggestions on that at a later time. And I guess  
15 we're going to be getting together quite a few times this  
16 month or next month.

17 And I was also -- I've been approached before in  
18 the past about whose responsibility are the ones who are  
19 incarcerated and how about those facilities. Is it the  
20 sheriff's responsibility? Is it the district where they  
21 come from responsibility? But basically those facilities  
22 are not being -- no one's spending money on them.

23 Obviously, the district gets no benefit for  
24 spending their money or eligibility on those facilities. At  
25 the same time, the sheriff's department probably has other

1 things they'd rather spend their money on as well and they  
2 don't get money from us for that.

3 So the ones who are in custody, who takes kind of  
4 charge of the facilities and making sure they're compliant  
5 and all the rest of it for that too.

6 And I guess it goes back to Ms. Buchanan's point  
7 of if they start -- originate from a district, at some  
8 point, wherever they end up, should that district -- what  
9 should that district's responsibility for that student be,  
10 wherever they're going, you know, special classroom or  
11 incarcerated, and those type of things.

12 What responsibility does that district have for  
13 that student and how do we get them to be a partner in that  
14 solution for that student.

15 MR. ALMANZA: Well, we're raising significant  
16 issues and how we educate and how we ought to fund education  
17 and that I would defer to the Legislature to propose some  
18 solutions to, not the State Allocation Board.

19 CHAIRPERSON BUCHANAN: Right. Except how we --  
20 and we recognized from the very beginning that some  
21 solutions are going to fall with the Legislature and some  
22 are going to fall with the State Allocation Board, but right  
23 now how we fund it depends on how we count -- how the State  
24 Allocation Board determines eligibility.

25 I don't know if we need a legislative change for

1 that. I mean we can certainly identify that as we make  
2 recommendations or whether we need a policy change for that.

3 But I personally do believe that districts are  
4 responsible for their students' education whether they're  
5 placed in a traditional, whether they're placed in a special  
6 day classroom, whether they're placed in a community day  
7 school because those are students -- the intent of community  
8 day, as you mentioned from the very beginning is to get  
9 students back into the traditional classroom and -- or even,  
10 you know, the court schools.

11 Districts are responsible and so how do we make  
12 sure that we're not shifting responsibility to another  
13 entity.

14 ASSEMBLYMEMBER HAGMAN: So I mean for me, this --  
15 you have a lot more experience. I defer to your experience  
16 a lot, but I'm a district. I have to provide certain  
17 requirements for my students in my district.

18 CHAIRPERSON BUCHANAN: Right.

19 ASSEMBLYMEMBER HAGMAN: If we hold those  
20 requirements to a certain level, I must have a facility,  
21 wherever that student is --

22 CHAIRPERSON BUCHANAN: Right.

23 ASSEMBLYMEMBER HAGMAN: -- to fit that need. And  
24 we try to match that up with our program of funding,  
25 whatever percentages, whatever criteria it is, but

1 ultimately it comes down to that district making a deal with  
2 maybe another entity to manage that student, but they're  
3 still responsible for -- something like that.

4           CHAIRPERSON BUCHANAN: This is the issue that I  
5 see and I guess we can sort of outline it in a report and  
6 then do our final editing here.

7           The issue that I see is if you're big enough to be  
8 your own SELPA -- and I'm going to stick with that example  
9 for right now -- then you should be, since you're your own  
10 SELPA -- as part of your district and your school site  
11 planning, you should be including the facilities you need to  
12 comply with IDEA and Title 5 and everything else in housing  
13 programs for your students.

14           The reason you have 70 multi-district SELPAs is  
15 because some of these districts have 500, 1,000, 5,000  
16 students and they're not big enough and it's not cost  
17 effective to be their own SELPA.

18           So for them, they might only have two or three  
19 students who need a particular program and it's much more  
20 cost effective to be part of a broader countywide SELPA and  
21 have those facilities provided -- or those programs provided  
22 by the SELPA.

23           So the question comes in, okay, you know, the  
24 SELPA then is going -- needs to go out and find a facility  
25 to provide a certain program. And the question that we're

1 dealing with is should the district -- should the State fund  
2 a hundred percent of that program through the Facilities  
3 Hardship -- or Financial Hardship Program or should there be  
4 some responsibility on the SELPA to provide some of the  
5 matching cost and then how do you -- you know, do you then  
6 allocate that from the districts in terms of, you know, the  
7 percent of total population that they represent in the SELPA  
8 or not.

9           And the question in my mind -- and now I'm  
10 probably beating a dead horse here -- is, you know, if there  
11 is more responsibility placed there then, will that then  
12 also encourage the SELPAs -- you know, all the districts and  
13 the SELPAs to work together more to provide these facilities  
14 because it certainly needs to be part of the master  
15 planning, but there's a disincentive if you don't have to --  
16 if you're part of a bigger SELPA and you don't actually have  
17 to provide those facilities.

18           We'll take one more comment and then we've got to  
19 move on to the next item.

20           MR. CARDONI: Good morning, honorable  
21 Subcommittee. Paul Cardoni, San Francisco. You touched a  
22 little bit on districts fronting money for court schools.

23           No school district owns a court school. They're  
24 run by the sheriffs. So the School Facility Program won't  
25 provide any money for those specific programs. I just

1 wanted you to know that.

2 CHAIRPERSON BUCHANAN: Right. And I think the  
3 question there is when you plan your juvenile detention  
4 facilities, you know, clearly I think part of the  
5 requirement should be the classrooms. I mean it's -- so  
6 what -- your responsibility as a district, but --

7 MR. CARDONI: Well -- you go ahead.

8 ASSEMBLYMEMBER HAGMAN: I'm just curious. Do you  
9 feel it's your responsibility since that student's part of  
10 your district to have -- let's say you ran a local bond and  
11 you're fixing up your facilities for the rest of your kids.

12 Do you feel like they're still your students --

13 MR. CARDONI: Yes. Absolutely.

14 ASSEMBLYMEMBER HAGMAN: -- or do you have some  
15 kind of responsibility to make sure that --

16 MR. CARDONI: Absolutely.

17 ASSEMBLYMEMBER HAGMAN: -- that student has  
18 adequate facilities.

19 MR. CARDONI: There were a number of school to  
20 career projects we would have loved to taken -- taken to  
21 your Board for court schools. We couldn't.

22 One of our community day schools was included  
23 under a 2006 bond measure and that was completed, so -- yes.  
24 Absolutely.

25 ASSEMBLYMEMBER HAGMAN: So it comes back to me

1 that the student -- what the student -- whatever that  
2 special needs student, whatever the definition of student  
3 is, they ultimately belong to this district and those same  
4 matching for whatever facilities they end up going to should  
5 be part of the same responsibility for that district.

6 But because of just practicality reasons, they  
7 will naturally have to work with obviously the county  
8 sheriff's department, other schools, the SELPAs, things like  
9 that to make things more pragmatic. Otherwise they'll spend  
10 too much resources on a student then they would want to  
11 unless they work together on it.

12 CHAIRPERSON BUCHANAN: And they can't -- and the  
13 court schools are the one area where you've got the shades  
14 of gray because, you know, on -- the county's responsible  
15 for delivering the actual education. The County Office of  
16 Education, right? I mean I know San Francisco is its own  
17 city and county --

18 MR. CARDONI: Yes.

19 CHAIRPERSON BUCHANAN: -- so it's unique. The  
20 courts are responsible for the facility and so we'd want to  
21 be sure that we don't have a situation where one is looking  
22 at the other and the kids are caught in the middle.

23 So we've got to figure out who actually is  
24 responsible for the actual facility there.

25 MR. CARDONI: Thank you.

1           CHAIRPERSON BUCHANAN: Yeah. So I'm going to go  
2 back to where I think I've summarized it: that we want to  
3 provide more incentives for districts, even if the districts  
4 are part of a multi-district SELPA, to take responsibility  
5 of the funding.

6           We recognize that there will still have to be  
7 financial hardship for counties, that we need to take a look  
8 at what the loading standards are based on type of  
9 classroom, and grant adequacy will fall in, and any  
10 incentives -- or you know, incentives or policy we can have  
11 that encourages districts and County Offices or SELPAs to  
12 work together to make sure that we're meeting all the  
13 requirements of the federal laws.

14           ASSEMBLYMEMBER HAGMAN: And Esteban basically  
15 stated that the administration's fully onboard with all  
16 this; right?

17           CHAIRPERSON BUCHANAN: Yeah. Acknowledging and  
18 identifying which would -- you know, based on consensus of  
19 ultimately the State Allocation Board, we want to identify  
20 which would require policy changes to the bond program and  
21 which actually would require statutory changes.

22           Is that -- anything you want to add?

23           MR. ALMANZA: Well, again, you know, looking at  
24 consensus in regard to what may not be working in the  
25 current program and that -- but in regard to making

1 recommendations, what changes ought to be in any future  
2 bond, I would abstain from --

3 CHAIRPERSON BUCHANAN: Right.

4 MR. ALMANZA: -- from the consensus there.

5 CHAIRPERSON BUCHANAN: Okay. So now hopefully we  
6 can work through. We've got about an hour. We want to try  
7 and finalize some items that we've talked about at length in  
8 other meetings and give direction so we can actually put  
9 together a draft -- as complete a draft as possible for the  
10 Committee to review at a future meeting.

11 So maybe we can try and as we summarize, summarize  
12 it as high a level as possible since some of this stuff  
13 we've gone over at multiple meetings.

14 MS. KAMPMEINERT: All right. So there's two  
15 pieces to this discussion.

16 The first on page 19 and 20 are two concepts that  
17 were discussed previously that there doesn't seem to be one  
18 thought that was moving forward.

19 And the first issue was related to consolidating  
20 the special programs. There was a lot of discussion about  
21 how special programs might fit into new construction or  
22 modernization, but the discussion didn't get to the point of  
23 deciding if all of the special programs that we currently  
24 have would actually be necessary moving forward.

25 So there was a desire it seemed to decide whether

1 or not all of these programs should in fact continue on in  
2 the future bond.

3           And then the second piece to finalize related to  
4 modernization and whether or not modernization eligibility  
5 should be based on the capacity of the school at the time it  
6 was built or the enrollment of the students that are there  
7 at the time the facility is eligible for modernization.

8           And then that's the first piece of it and then if  
9 I could summarize the second.

10           CHAIRPERSON BUCHANAN: So let's -- yeah, let's  
11 start -- I mean I -- my recollection is that we pretty much  
12 agreed that the Critically Overcrowded Schools and the  
13 Overcrowded Relief Grants -- I mean Critically Overcrowded  
14 Schools weren't even part of the 1D bond, if I recall  
15 correctly and the ORG was, but that if we do decide that we  
16 want deal with portables and have incentives to replace  
17 them, since both of these programs were targeted at getting  
18 rid of all the portables -- excuse me -- on the playgrounds  
19 or whatever so that we could have -- free up spaces and the  
20 schools could function better, that those -- that we're  
21 recommending based on that that these programs be eliminated  
22 or not be included in the next bond.

23           Is there --

24           MR. DIAZ: Do you want to go through the programs?

25           CHAIRPERSON BUCHANAN: Well, the Critically

1 Overcrowded Schools and the Overcrowded Relief Grant --  
2 Critically Overcrowded Schools wasn't part of the last bond.  
3 So we've just been dealing with the trickle down, so I don't  
4 know why we're -- why our recommendation would be to include  
5 that.

6           And the ORG was specifically targeted basically  
7 replacing portables on campuses.

8           So if we have some agreement that we'd like to  
9 provide some kind of incentives so that we replace portables  
10 instead of modernize portables, then the question is, is --  
11 I think we've had consensus -- then the ORG grants would not  
12 be needed. Am I --

13           ASSEMBLYMEMBER HAGMAN: Um-hmm.

14           MR. DIAZ: I agree.

15           CHAIRPERSON BUCHANAN: Okay. And the others I  
16 think the Seismic Mitigation, I mean my own personal feeling  
17 on that is that it should be a qualifying --

18           ASSEMBLYMEMBER HAGMAN: Factor?

19           CHAIRPERSON BUCHANAN: -- qualifying category  
20 under the new construction or the modernization.

21           ASSEMBLYMEMBER HAGMAN: But we -- the problems we  
22 had in the past was that it wasn't really pragmatic in both  
23 having the money to figure if you had seismic issues and  
24 then if you did --

25           CHAIRPERSON BUCHANAN: Right.

1 ASSEMBLYMEMBER HAGMAN: -- you're not going to do  
2 one building. So it's like a point system. If you had that  
3 part of your modernization, you should get some points for  
4 it or maybe extra dollars, whatever the way to deal with it.

5 But the program on its own didn't really function  
6 very well.

7 CHAIRPERSON BUCHANAN: Right. Well, we changed  
8 the program to saying if an engineer and DGS agree that the  
9 school is not safe to be occupied and that school qualifies  
10 for seismic, then it will get funding.

11 It seems to me that if a school's not -- if you  
12 keep that criteria, then you ought to be able then to fund  
13 that project either under new construction or modernization  
14 and it shouldn't be that if I've a hundred million dollars,  
15 I'm done.

16 If a school can't be -- is not safe to be occupied  
17 by kids, you've got to do something. So you either have to  
18 modernize or you have to replace it, but you can't -- so  
19 that's -- my own recommendation would be that we make that a  
20 qualifying condition under one of the other two programs and  
21 not carve out a separate grant amount for it.

22 ASSEMBLYMEMBER HAGMAN: Exactly.

23 CHAIRPERSON BUCHANAN: So I think there's  
24 consensus that Career Technical Education would remain a  
25 separate program. HPI would remain a separate program.

1 Joint-Use and Facility Hardship -- now whether ultimately  
2 the next bond includes carve-outs for all these or the bond  
3 gets narrowed more, that's a separate discussion.

4           But those programs should remain separate. Is  
5 there --

6           ASSEMBLYMEMBER HAGMAN: Yep.

7           CHAIRPERSON BUCHANAN: And we did basically agree  
8 that the Charter School Program would be -- there would be a  
9 separate funding amount there.

10           So in Modernization -- if I'm going to fast,  
11 just -- you know, I don't know what the answer is, but I do  
12 think we have the problem that was brought up a little bit  
13 earlier.

14           I don't know how you base it on original capacity  
15 because schools could have changed, but at the same time,  
16 you know, very few schools are at a hundred percent of -- or  
17 enrollment is a hundred percent of capacity at every single  
18 school and yet when you go in and modernize, you want to go  
19 in and modernize the whole school.

20           You can't -- I mean it makes no sense to modernize  
21 all but two classrooms or all but three classrooms and the  
22 reality is, is all the classrooms -- you know, if I'm -- my  
23 example, if a school capacity is 720 students and my  
24 enrollment is 690, okay, that's a 30 student difference, I'm  
25 probably using every single classroom in the school.

1           It's just that the class size might be one less in  
2 the classroom because I'm not at capacity and I need to  
3 modernize the entire school.

4           So I don't know exactly how we adjust for this,  
5 but I do believe that, you know, currently if you're only  
6 using -- if your enrollments at half or whatever, but I do  
7 think there's got to be some way that we are smart about  
8 going in and modernizing an entire school.

9           ASSEMBLYMEMBER HAGMAN: Right. I agree with you  
10 on the principle, but if I am a school district trying to  
11 keep all my sites open because there's definitely incentive  
12 to do that --

13          CHAIRPERSON BUCHANAN: Right.

14          ASSEMBLYMEMBER HAGMAN: -- and so I'm at  
15 50 percent capacity at each one, do I take all my money and  
16 put it in one campus. Another campus where I got 50 percent  
17 of my students aren't getting any modernization.

18          CHAIRPERSON BUCHANAN: Well, that may be --

19          ASSEMBLYMEMBER HAGMAN: And I don't think they  
20 should get more.

21          CHAIRPERSON BUCHANAN: Maybe if you're at  
22 90 percent -- I don't know what the threshold -- maybe if  
23 you're at 90 percent of enrollment to capacity, then we will  
24 fund based on the capacity of the school.

25          I don't know. I agree with you on the 50 because

1 then the district should be making other decisions, but --

2 ASSEMBLYMEMBER HAGMAN: Yeah. And I've seen  
3 campuses where they have like one daytime program just to  
4 keep it on the books. You know, but --

5 CHAIRPERSON BUCHANAN: Yeah.

6 ASSEMBLYMEMBER HAGMAN: -- the rest of it's not  
7 being utilized at all. And they actually have on the next  
8 page, they actually have some bullets and I'm not sure if  
9 we're making sense on those or we need to go through each  
10 one individually.

11 CHAIRPERSON BUCHANAN: Right. That gets into the  
12 New Construction, so --

13 ASSEMBLYMEMBER HAGMAN: Okay.

14 MR. ALMANZA: So in regard to the modernization --

15 CHAIRPERSON BUCHANAN: Right. I know. But that  
16 was based on age and baseline and supplemental grants. This  
17 is based on how did we want to -- so Modernization -- go  
18 ahead.

19 MR. ALMANZA: In assessing the program's  
20 performance, do we have evidence that it's had some adverse  
21 outcomes for schools in the way that this program funds  
22 modernization and is performed?

23 MS. KAMPMEINERT: I'm not sure that we have any  
24 data either way on that.

25 CHAIRPERSON BUCHANAN: I think what happens is,

1 you know, if you were at a hundred percent that the district  
2 matching share can change dramatically, although it can  
3 change based on the quality, but I do think there's a  
4 disincentive for some districts to go ahead and -- you know,  
5 they may modernization part of the school but not all of the  
6 school because of the grant eligibility and we --

7           So I mean we saw that with special day students.  
8 If you're not at your full loading capacity and the grant  
9 amounts are significantly higher, then the burden on the  
10 district is higher to modernize that classroom even though  
11 it costs the same to modernize, whether you have -- whether  
12 you're at a hundred percent capacity or not.

13           So I feel that -- I don't know if there's any  
14 consensus on it. It's an issue that's been brought up a  
15 number of times.

16           Yeah. Go ahead. We'll -- we're trying to get  
17 Board consensus on this.

18           MR. HANSON: Again there's a quick answer and  
19 you're applying for new construction usually at the same  
20 time you're applying for modernization and when you're going  
21 to modernization, of course you want to claim all of your  
22 facilities. When you're going to new construction, you want  
23 to claim as few as possible.

24           So you're caught in that as a school district. I  
25 worked at the district level also and you -- and so you

1 can't game the system. You got to go one way or the other.

2 So it's a simple check and balance. It just  
3 happens because people are applying for new construction  
4 usually at the same time as --

5 CHAIRPERSON BUCHANAN: But not all districts are  
6 even qualifying for new construction. There are districts  
7 with declining enrollment where their whole facilities  
8 program is modernization.

9 MR. HANSON: Sure.

10 CHAIRPERSON BUCHANAN: So is there any consensus?  
11 If there's not, we'll just either drop it or report it out.

12 ASSEMBLYMEMBER HAGMAN: I'm confused what we're  
13 even on.

14 CHAIRPERSON BUCHANAN: What?

15 ASSEMBLYMEMBER HAGMAN: I'm confused what we're  
16 even on anymore.

17 CHAIRPERSON BUCHANAN: Well, what we were on was  
18 taking a look at modernization eligibility whether it should  
19 be determined by the capacity of the school or the  
20 enrollment at the site which is really not determined at  
21 enrollment at the site. You take your modernization  
22 eligibility, don't you, from your -- do you base it solely  
23 on your enrollment in the site?

24 MS. KAMPMEINERT: It's -- you don't have to adjust  
25 it every year --

1           CHAIRPERSON BUCHANAN: Right.

2           MS. KAMPMEINERT: -- but if you lock in at a  
3 particular year, if your highest year is still less than  
4 what you built the school for, it may still not be the  
5 capacity of the school.

6           So let's say you built for 700 and you applied for  
7 modernization and at the time you had 675 students. You  
8 would not have to continue to adjust that unless you wanted  
9 to and maybe you've gone up to 680 students. You could come  
10 in to adjust upwards, but it's not required every year like  
11 new construction eligibility.

12          CHAIRPERSON BUCHANAN: How often do you have to  
13 adjust?

14          MS. KAMPMEINERT: Only when the district chooses  
15 to do so, once you've established that initial number.

16          CHAIRPERSON BUCHANAN: But you have to adjust when  
17 you come in with an application I guess to -- you have to  
18 base it on your actual.

19          MS. KAMPMEINERT: Right. That comes up  
20 automatically when an application --

21          CHAIRPERSON BUCHANAN: So you're saying once you  
22 put in the application, you can lock it in.

23          MS. KAMPMEINERT: For the -- yes, the initial  
24 application locks it in.

25          ASSEMBLYMEMBER HAGMAN: I think what I agree with

1 you, Joan, is if they're at, let's say, 80 percent capacity  
2 when they apply, we may want to look at doing the whole  
3 school. You know, if it looks like -- if you look at your  
4 history and numbers, it's not a game of switching pupils  
5 from one school site to another for one year or the other  
6 because you don't want to go back and do 20 percent five  
7 years from now or ten years --

8 CHAIRPERSON BUCHANAN: Right.

9 ASSEMBLYMEMBER HAGMAN: -- from now go through  
10 that process. It doesn't make sense fiscally for the  
11 taxpayers and the dollars. It's much cheaper to do that  
12 whole campus at once. It doesn't make sense for the school  
13 district nor does it do the school justice to, you know,  
14 modernize 80 percent of it.

15 But whatever that line is, you know, once you  
16 cross that threshold of capacity, I think that whole campus  
17 needs to be done and, yeah, it's going to cost us a little  
18 more now, but I think it saves us more money later if we do  
19 the whole campus.

20 So I'm open to that suggestion. I don't know what  
21 that number should be. 80 percent, 85 percent, 90 percent,  
22 but to do it based on the full capacity of that campus and  
23 hopefully we're all doing the right things.

24 If there is a percentage of matching funds anyway,  
25 the school's going to want to do that and it's not going to

1 want to go back and try to retrofit part of it later and  
2 they're going to want to try to maximize their local  
3 resources as well to make sure it makes sense.

4 MR. MIRELES: Something to consider also is that  
5 there are a lot of school districts that have already used  
6 up most if not all of their eligibility which means that  
7 when they come in to establish eligibility, most of the  
8 classrooms were of age. Some may not.

9 So over the years -- and they used a funding  
10 application to house -- to modernize them, but they may have  
11 some eligibility because one or two or three classrooms are  
12 now of age.

13 So they may have some eligibility remaining, but  
14 they already had a previous modernization application. So  
15 in these particular cases, again they already received the  
16 modernization funding, but they only have a few pupil grants  
17 left.

18 In those particular cases, you know, again I think  
19 the Subcommittee should consider whether they're -- you  
20 know, you're not talking about modernizing the whole campus,  
21 just the classrooms that are of age.

22 ASSEMBLYMEMBER HAGMAN: And I'm not even sure if I  
23 agree with just going with age anymore because if I don't  
24 have students in there, you know, why am I modernizing the  
25 campus.

1           And that goes back to my previous griping of  
2 finding campuses being leased out for non-primary student,  
3 you know, care anymore. It's, you know, either a private  
4 entity's leasing it out or there is, you know, a private  
5 school or something like that.

6           And that may be few and far between, but I have  
7 seen some of them. So I think there has to be a combination  
8 of having, you know, students that they're responsible for  
9 and, you know, certain other criteria in there.

10           So I want to just be straight across the board age  
11 agreement anyway. If it's not going to be utilized for  
12 their mission, why are we fixing it up.

13           CHAIRPERSON BUCHANAN: Maybe -- I'm not sure  
14 that's part of the bond because there's dollars for  
15 modernization, but I do -- maybe we can come up with some  
16 sort of what might be reasonable criteria. I don't want it  
17 to go backwards. I want us to move forward on it and have  
18 it apply to new projects, but -- you know, it's -- if you're  
19 going in, by the time you have your -- you know, when you go  
20 in a construction project in a school district school, it's  
21 a big project.

22           Between your staging areas and your interim  
23 housing and everything else that you're doing, there are so  
24 many costs that are tied up that it just doesn't make sense  
25 to me to incur them twice if you're at say 90 percent of

1 capacity. It's makes sense to me to --

2 ASSEMBLYMEMBER HAGMAN: 90? You want to go for  
3 90?

4 CHAIRPERSON BUCHANAN: Well, I don't know what the  
5 right number is, but --

6 ASSEMBLYMEMBER HAGMAN: Well, let's make a number  
7 and let the staff give us a recommendation on the two,  
8 but --

9 CHAIRPERSON BUCHANAN: I think 90 would be --

10 ASSEMBLYMEMBER HAGMAN: 90? 85?

11 CHAIRPERSON BUCHANAN: -- you know, but -- I don't  
12 know, but --

13 MR. DIAZ: Going once, going twice.

14 CHAIRPERSON BUCHANAN: Yeah. Let's -- we'll move  
15 on, but I -- moving on to New Construction on page 21, the  
16 question is all school districts should be required to  
17 reestablish eligibility. I think we've all agreed to that  
18 in the past. So that's yes on that.

19 SFP regulations should be in line with California  
20 Code of Regulations, Title 5. If a new school statewide  
21 bond is passed, I think that -- yes on that.

22 MR. ALMANZA: Again I'm going to abstain from any  
23 recommendations --

24 CHAIRPERSON BUCHANAN: Right.

25 MR. ALMANZA: -- for future bond.

1           CHAIRPERSON BUCHANAN: That's fine. Right.

2           ASSEMBLYMEMBER HAGMAN: You should have just call  
3 in sick today.

4           CHAIRPERSON BUCHANAN: We will so note that, you  
5 know. It just says if a new school bond is passed. It's  
6 not saying we're having -- you know.

7           ASSEMBLYMEMBER HAGMAN: Yeah.

8           CHAIRPERSON BUCHANAN: And then on the portable  
9 classrooms, what we -- let's see. School district should  
10 count portable classrooms as existing inventory.

11          MS. KAMPMEINERT: That was a take-off from the  
12 discussion of how to handle --

13          CHAIRPERSON BUCHANAN: Right.

14          MS. KAMPMEINERT: -- portables and this would just  
15 basically maintain that yes, portables would still be  
16 counted as inventory in the future.

17          CHAIRPERSON BUCHANAN: Well, I think we've agreed  
18 that we want to replace portables, don't we?

19          MS. KAMPMEINERT: Right. But when -- and this  
20 was -- I think one of the options is whether you even count  
21 them. So there was a -- there's a follow-up to that in --

22          ASSEMBLYMEMBER HAGMAN: I think you count them and  
23 then if you have money to replace them, you do, but --

24          CHAIRPERSON BUCHANAN: Well, I think what -- yeah,  
25 we're going to count them -- okay. But what I think we

1 agreed to on portables is that when it comes time to  
2 modernize, we're not going to modernize portables. So we  
3 will allow districts new construction funds to replace  
4 portables with permanent facilities.

5 ASSEMBLYMEMBER HAGMAN: Yeah. But this just is  
6 asking do you count them.

7 CHAIRPERSON BUCHANAN: And that -- right. And  
8 we're not going to -- yeah. So we're not going to replace  
9 portables that are five years old, but when it comes time to  
10 modernize, we will take them out of inventory and give them  
11 dollars to replace them with permanent facilities so they  
12 last longer.

13 And we also I think --

14 ASSEMBLYMEMBER HAGMAN: That's kind of number 3  
15 and number 1 put together.

16 CHAIRPERSON BUCHANAN: Right. Right. Yep.

17 ASSEMBLYMEMBER HAGMAN: Basically you can use it  
18 to be modular --

19 CHAIRPERSON BUCHANAN: Right.

20 ASSEMBLYMEMBER HAGMAN: -- as long as it lasts the  
21 length of the bond we're paying for it, but not for what we  
22 used to define as portables --

23 CHAIRPERSON BUCHANAN: Right.

24 ASSEMBLYMEMBER HAGMAN: -- that were meant to only  
25 last ten years and we --

1 CHAIRPERSON BUCHANAN: Right.

2 ASSEMBLYMEMBER HAGMAN: -- but they're staying out  
3 there. So we're not -- for all the modular construction  
4 people, I'm not trying to lump you together. There's  
5 obviously a case for modular, pre-fab buildings, every other  
6 type --

7 CHAIRPERSON BUCHANAN: Right.

8 ASSEMBLYMEMBER HAGMAN: -- of construction model  
9 out there.

10 CHAIRPERSON BUCHANAN: Right.

11 ASSEMBLYMEMBER HAGMAN: Just we want the  
12 construction to last as long as we're paying on the debt.

13 CHAIRPERSON BUCHANAN: Right. So we -- right.  
14 And I do agree with counting them.

15 So we move to New Construction. We -- I think  
16 we've agreed that we're not going to use new construction  
17 grants for portable classrooms.

18 MR. DIAZ: Yes.

19 CHAIRPERSON BUCHANAN: Okay. Supplemental grants  
20 for fire alarms and sprinkler systems should be combined  
21 with the new construction base grant. I think those were  
22 the two areas where we agreed that it made sense to combine  
23 them?

24 ASSEMBLYMEMBER HAGMAN: Yeah.

25 CHAIRPERSON BUCHANAN: Modernization eligibility,

1 all school districts should be required to reestablish  
2 modernization eligibility baseline at each site in order to  
3 be eligible to receive funding under the new bond. Yes.

4 ASSEMBLYMEMBER HAGMAN: Yes.

5 CHAIRPERSON BUCHANAN: Modernization eligibility  
6 should continue with current age-base model. I --

7 ASSEMBLYMEMBER HAGMAN: With modification. You  
8 know, straight -- you're six years old or four years old,  
9 whatever the criteria is now, I think it has to look at the  
10 other parts of it. Just like you brought up the example  
11 they modernize 80 percent of it, now they get new dollars  
12 for that.

13 Are they utilizing it for the primary purpose. I  
14 mean all those different kind of things.

15 CHAIRPERSON BUCHANAN: Well, I'm going to put yes  
16 for now unless you have other specific criteria because we  
17 also don't want to have a situation where now we have --  
18 one, we don't want to incentivize construction that doesn't  
19 last at least 25 years and, two, looking statewide, I don't  
20 know how you have anything better than a 25-year unless  
21 you're looking at a facility hardship situation.

22 ASSEMBLYMEMBER HAGMAN: Let's say it's a  
23 completely concrete building and it doesn't need  
24 modernization. I think there should be criteria --

25 CHAIRPERSON BUCHANAN: Okay.

1 ASSEMBLYMEMBER HAGMAN: -- that says that it  
2 actually --

3 CHAIRPERSON BUCHANAN: Right.

4 ASSEMBLYMEMBER HAGMAN: -- needs to be modernized.  
5 It's a school building that's been built by, you know, brick  
6 and mortar by our fine mortar people and it's still in good  
7 shape -- yeah, you may need some upgrades, but -- you know,  
8 I don't know.

9 You know, I think you have to look at the building  
10 not just automatically get money to be spent on some other  
11 part of the facility. That's what I'm saying.

12 CHAIRPERSON BUCHANAN: Okay. Well, certainly the  
13 better you build it, the more likely you're -- it's going to  
14 cost you less for modernization.

15 ASSEMBLYMEMBER HAGMAN: Um-hmm.

16 CHAIRPERSON BUCHANAN: Okay. But I'm going to say  
17 overall, that yes, we may want to figure out some  
18 exceptions.

19 Supplemental grants for fire alarms should be  
20 included. I think we've agreed with that. Right?

21 MR. DIAZ: Yes.

22 CHAIRPERSON BUCHANAN: Modernization funding  
23 grants may continue to be used for modernizing or replacing  
24 portable classrooms. We want to -- I think we want to  
25 incentivize replacing portable classrooms not modernizing

1 them.

2 ASSEMBLYMEMBER HAGMAN: Yeah, we don't want to  
3 modernize them. That's for sure. Alternative these  
4 modernization grants be limited to incentivizing -- yeah.  
5 So --

6 CHAIRPERSON BUCHANAN: So it's yes to two is what  
7 we want is the alternative.

8 Charter school facilities, a separate allocation,  
9 I think we're yes, and facilities inventory, I think we'd  
10 like to have some sort of database, preferably an  
11 off-the-shelf program.

12 Those are -- the rest of this I think is --

13 MS. KAMPMEINERT: The rest is just background.

14 CHAIRPERSON BUCHANAN: The rest is just background  
15 information.

16 MS. KAMPMEINERT: In case there were questions.

17 CHAIRPERSON BUCHANAN: So anything else we need to  
18 discuss?

19 ASSEMBLYMEMBER HAGMAN: I just want to make sure  
20 it's clear that Esteban is representing that we're not sure  
21 we're going to have a bond yet. You can't vote on it,  
22 right?

23 MR. ALMANZA: That's right.

24 ASSEMBLYMEMBER HAGMAN: There we go.

25 CHAIRPERSON BUCHANAN: There will be discussions,

1 but hopefully when it comes time to discuss it, we'll be  
2 able to do it.

3 Are there any other comments from anyone in the  
4 audience before we --

5 MR. HANSON: Out of all the things you talked  
6 about what some people have called boutique programs or the  
7 specialized programs, is closing them out if they're not  
8 performing.

9 I think that's the most important thing, if the  
10 money is not getting out.

11 We do the priority in funding. I think that's an  
12 excellent program of getting those construction projects  
13 going that are ready to go. I think the same thing with any  
14 program that isn't getting the money out, get it out.

15 CHAIRPERSON BUCHANAN: Thank you.

16 All right. We're adjourned.

17 (Whereupon, at 11:23 a.m. the proceedings were  
18 recessed.)

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REPORTER'S CERTIFICATE

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