

REPORT OF THE EXECUTIVE OFFICER  
State Allocation Board Meeting, January 22, 2014

STATE ALLOCATION BOARD PROGRAM REVIEW SUB-COMMITTEE REPORT

PURPOSE OF REPORT

To present the School Facility Program (SFP) Review Subcommittee (Subcommittee) report to the State Allocation Board (Board).

DESCRIPTION

At the September 19, 2012 Board meeting, the Program Review Subcommittee was established. The purpose of the Subcommittee was to discuss various aspects of the SFP and consider potential program-related improvements.

The Subcommittee Chair is presenting the attached report regarding the outcome of those discussions.

RECOMMENDATION

Accept this report.

The State Allocation Board accepted this report on January 22, 2014.

# Program Review Subcommittee

---

Report to the State Allocation Board

**January 22, 2014**

## Table of Contents

<u>Topic</u>	<u>Page Number (of report)</u>
Introduction	1
New Construction	2
• New Construction Eligibility	2
• New Construction Funding	5
Modernization	7
• Modernization Eligibility	7
• Modernization Funding	10
Consolidating Special Programs	12
Facility Maintenance	14
Statewide School Facilities Inventory	15
Financial Hardship Program	16
County Offices of Education	18
Future School Facility Needs	20
Attachment A – Links to Past Subcommittee Agendas	22
Attachment B – Letter from Senator Mark Wyland	23

# Program Review Subcommittee Report to the State Allocation Board

## Introduction

The purpose of the State Allocation Board Program Review Subcommittee (Subcommittee) was to discuss various aspects of the School Facility Program (SFP) and consider potential program-related improvements. Throughout the past year, the Subcommittee has completed both a broad overview of all programs, as well as the detailed mechanics of various aspects of the SFP. The Subcommittee then discussed potential options to incorporate into a future program bond program.\*

This item outlines the areas of concern with the current program along with proposed solutions that Subcommittee members have recommended for presentation to the full State Allocation Board (Board) for consideration.

The topics have been organized into the following broad categories:

- New Construction
- Modernization
- Special Programs
- Statewide School Facilities Inventory
- Financial Hardship Program
- County Offices of Education

\*For a more detailed review of all topics heard and discussed by the Subcommittee, Board members were previously provided copies of all Subcommittee meeting materials published and links to these materials are included in Attachment A.

## Structure of Proposed Solutions

Throughout this item, the consensus recommendations of the Subcommittee are indicated under the "Proposed Solutions" headings. The representative for the Department of General Services abstained from voting since there has been no official position taken by the Administration.

## New Construction

### New Construction Eligibility

#### *Area of Concern*

1. **Baseline eligibility information for new construction is outdated and/or not available.**

As part of the overall discussion on new construction eligibility, Subcommittee members expressed a concern that the original new construction baseline eligibility may need to be re-established to account for changes over time, including the significant impact of the housing recession on future growth. Baseline eligibility is updated when school districts apply for funding. However, school districts not requesting funding are not required to update their eligibility. Some school districts do update periodically in the current program, but there are no assurances that all changes that have occurred at the local level have been accurately captured as part of a school district's capacity. Subcommittee members agreed that the following solution should be considered:

#### **PROPOSED SOLUTION**

***Require all districts to re-establish the new construction eligibility baseline to be eligible to receive funding under a new bond.***

#### Program Changes Necessary

Education Code

Regulations

**New Construction Eligibility (cont.)***Area of Concern*

2. **The current program model does not allow for flexibility in designing different types of learning areas.**

The Subcommittee discussed the current new construction eligibility calculation, including how classrooms and other facilities are identified in the SFP and the resulting pupil capacity calculation. The Subcommittee also discussed how the definition of a classroom for purposes of funding and the current state loading standards affect the types of learning areas that are currently eligible for new construction funding.

The current calculation, which typically uses a standard 960 square foot classroom as a model, may not allow districts to create more flexible learning areas that are designed to meet 21<sup>st</sup> century learning goals. The California Department of Education provided examples where the same square footage allocated into different classroom configurations could generate different capacity calculations for the purposes of determining eligibility for funding. One example of an alternative design that may encounter this issue would be a large group area with smaller pull out areas for one-on-one or small group learning. Such a configuration may be designed to accommodate 75 students, but counted as one classroom under the current program and eligible for only 25 pupil grants.

As part of the discussion, Subcommittee members indicated a preference for allowing more flexibility in the types of learning areas that could be funded. However, members also want to balance flexibility with funding accountability for local decisions. They wanted assurances that the State would not be required to use future funds to correct classroom designs approved by local districts that did not achieve the desired results.

Subcommittee members proposed the following solution:

**PROPOSED SOLUTION**

***Align the SFP Regulations and the California Code of Regulations, Title 5 definition of a classroom for purposes of establishing a school district's Gross Classroom Inventory and providing new construction funding.***

***The definition of a classroom should be both flexible and structured in a way to hold districts accountable for local decisions for purposes of future funding requests.***

Program Changes Necessary

Education Code  Regulations

New Construction Eligibility (cont.)*Area of Concern*

3. **The SFP currently uses the same loading standard for continuation high school students as other high school students. However, most school districts load continuation high school classrooms with fewer students due to the unique needs of this student population.**

While discussing the need for alternate classroom loading standards for community school pupils served by county offices of education, the Subcommittee felt that the same concerns applied to continuation high school pupils served by school districts. According to the members, as with county offices' community day programs, school districts typically load continuation high school classrooms at fewer than the standard 27 students per classroom in order to have an effective program. The Subcommittee agreed that a new school facilities program should consider changing the loading standard for continuation high school programs based on typical district practices.

If a modified loading standard is implemented for continuation high school pupils, it would need to apply to new construction as well as other funding programs that use the state loading standards, such as modernization. In addition, the Subcommittee agreed that if the continuation high school classroom loading standard were decreased, then the per-pupil grant amount would need to be increased proportionally to provide a sufficient funding to construct or modernize a classroom.

**PROPOSED SOLUTION**

*The pupil loading standard for continuation high school classrooms should be more closely aligned with how school districts are typically loading the continuation high school classrooms.*

Program Changes Necessary

Education Code  Regulations

## New Construction Funding - Portable Classrooms

### *Area of Concern*

New construction funds are being used to pay for portable classrooms that are eligible for modernization funding at 20 years, versus 25 years for stick built construction. Portable classrooms often require replacement rather than modernization.

Currently, EC Section 17070.15(j) states, "Portable classroom' means a classroom building of one or more stories that is designed and constructed to be relocatable and transportable over public streets, and with respect to a single story portable classroom, is designed and constructed for relocation without the separation of the roof or floor from the building and when measured at the most exterior walls, has a floor area not in excess of 2,000 square feet."

The Subcommittee discussed the use of portable school facilities and whether it is a good use of new construction bond funds to pay for this type of construction. The concern stated by some members was that the debt service on the bond funds may actually last longer than the portable classroom itself. Also discussed were the various reasons school districts may have used this type of construction in the past (such as class size reduction requirements, prior requirements in the state funding programs that required a certain ratio of portable classrooms, budgetary concerns, etc.). The Subcommittee heard a variety of options to incentivize the construction of permanent facilities and the replacement of existing portable facilities with permanent construction.

One method of incentivizing permanent construction is for the State to cease being a partner in portable construction by disallowing the use of new construction grants for the purchase and installation of portable classrooms, and only allow new construction funding to be used for the construction of permanent facilities (including permanent modular). Subcommittee members agreed that this approach would be a better use of bond funds and proposed the following change:

### **PROPOSED SOLUTION**

*Disallow the use of new construction grants for the purpose of constructing portable classrooms (as defined above).*

#### Program Changes Necessary

Education Code

Regulations



## New Construction Funding – Supplemental Grants

### *Area of Concern*

**The current program structure is complex, in part, because there are many supplemental or “add on” grants in addition to the base per pupil grant amount.**

In the current SFP, the method for determining eligibility for funding is a combination of a base per pupil grant amount and supplemental grants. Supplemental grants are used to provide funding for project specific expenses (site development costs, site acquisition costs) or factors that create excessive cost (such as a project’s geographic location or the size of the project). Based on all new construction projects from 1998 to 2013, supplemental grants increased the per pupil grant amount by 55 percent on average.

In an effort to streamline the program, the Subcommittee discussed ways to consolidate the supplemental grants. After further review, it was determined that many supplemental grants were seen as too specific to individual circumstances to be considered for consolidation.

However, the grant for fire alarms and fire sprinklers was provided to the majority of projects due to the fire alarms and sprinklers being mandated by law for most projects. Subcommittee members agreed that these supplemental grants should be incorporated into the base grant.

### **PROPOSED SOLUTION**

***Combine supplemental grant amounts for fire alarms and fire sprinklers with the new construction base grant.***

#### *Program Changes Necessary*

Education Code  Regulations

## Modernization

### Modernization Eligibility

#### *Area of Concern*

1. **Modernization eligibility is determined by the age of the buildings and the current enrollment of the site, as opposed to the capacity of the classrooms.**

As part of the conversation on modernization eligibility, the Subcommittee considered whether improvements could be made to the current age-based method of calculating modernization eligibility. Currently, modernization eligibility is determined using the following factors:

- School buildings become eligible for modernization when a portable building is 20 years of age and when a permanent building is 25 years of age.
- Modernization eligibility is site specific.
- The enrollment of the site at the time modernization eligibility is established or updated is also taken into consideration. Under the current program, the eligibility is capped at either the capacity of the eligible facilities at the site or the enrollment at the site. School sites that are not operating at full capacity would not receive eligibility commensurate with the capacity of the classrooms of modernization age.

Subcommittee members discussed the basic concept of using age as a basis for eligibility and generally agreed to continue this method. However, members agreed that the current model could be improved, to account for school sites that operate near, but not at full capacity.

Members were concerned that, in reality, not all schools or programs operate at full capacity. For example, a special day class could have 10 students one year and 15 students the next. The current methodology makes it difficult to modernize because the cost of modernizing is the same regardless of the number of students in each classroom, and it is more cost effective to modernize all eligible classrooms under one contract.

Subcommittee members also expressed concern for modernizing facilities that may be underutilized when a school district could consider consolidating campuses. For example, if a district has many schools at 50 percent capacity, consolidation should be considered.

As a result of the discussion on this topic, Subcommittee members suggested the following change:

#### **PROPOSED SOLUTION**

***Modernization eligibility should generally be calculated based on the capacity of the facilities on the site that are of modernization age, provided that enrollment at the site is at some threshold amount of the capacity (thresholds suggested were between 80 and 90 percent).***

#### Program Changes Necessary

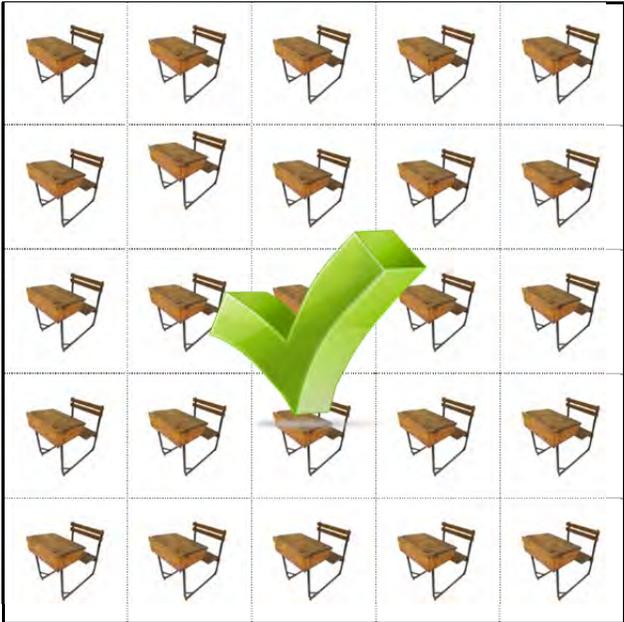
Education Code  Regulations

Modernization Eligibility (cont.)

Pupil Enrollment: 20



Pupil Capacity: 25



Modernization Eligibility (cont.)*Area of Concern*2. **Baseline eligibility information for modernization is outdated and/or not available.**

Like new construction eligibility, as part of the overall discussion on modernization eligibility Subcommittee members expressed a concern that the modernization baseline eligibility may need to be re-established to account for changes over time. Baseline eligibility is updated when school districts apply for funding. However, school districts not requesting funding are not required to update their eligibility. Some school districts do update periodically in the current program, but there is no assurance that all changes that have occurred at the local level have been accurately captured as part of a school district's capacity. Subcommittee members agreed that the following solution should be considered:

**PROPOSED SOLUTION**

***Require districts to re-establish the modernization eligibility baseline at a site in order to be eligible to receive funding for that site under a new bond.***

Program Changes Necessary

Education Code       Regulations

## Modernization Funding- Portable Classrooms

### *Area of Concern*

Bond funds are being used to modernize portable classrooms that become eligible at 20 years; although the portables may not have an additional 20-25 year lifespan and the bond funds have a 30-year repayment obligation.

Under the current program, districts may use modernization funds within the confines of EC Section 17074.10(a), which provides a broad list of allowances. Districts may use these funds to either modernize existing buildings or replace them with area of like kind, whether the buildings are permanent or portable.

The Subcommittee considered whether or not modernization funds should be used to *modernize* portable buildings or whether the funds should be limited only to the *replacement* of portables with permanent construction.

Some concerns about the current program included whether a portable can be truly modernized, as well as the concern that was also expressed in the new construction section that 30 year funds were being spent on buildings that would not have a 30 year life span.

As a result of these conversations, Subcommittee members recommend the following:

### PROPOSED SOLUTION

*Incentivize the replacement of portable classrooms that are eligible for modernization by limiting the use of modernization grants generated by those buildings to the replacement of those portable buildings with permanent construction and provide funding equal to that of new construction dollars.*

#### Program Changes Necessary

Education Code

Regulations



Portable



Permanent

Modernization Funding – Supplemental Grants*Area of Concern*

The current program structure is complex in part because there are many supplemental or “add on” grants in addition to the base per pupil grant amount.

The Subcommittee considered methods of streamlining the modernization funding process, which included reducing the number of supplemental grants by combining them into the base grant where possible. Like with new construction, many supplemental grants were seen as too project specific to accommodate combining into a base grant model. However, it was agreed that grants for fire alarms could be consolidated with the base grant.

Subcommittee members suggested the following change:

**PROPOSED SOLUTION**

*Combine supplemental grants for fire alarms into the modernization base grant.*

Program Changes Necessary

Education Code  Regulations

## Consolidating Special Programs

### Area of Concern

The SFP currently includes multiple special programs that have separate allocations of bond authority. Keeping this mechanism for certain programs may be of value, but unused bond authority that becomes “trapped” is an issue. In addition, multiple special programs add complexity to the SFP.

The Subcommittee considered whether there are ways to streamline the SFP by consolidating special programs. The discussion centered, in part, on whether the main programs of new construction and modernization could be broadened to address the facilities needs covered by the special programs. It was determined by Subcommittee members that some programs could be collapsed into the main programs, but that others were a better fit if left as a separate program.

As part of these discussions, the Subcommittee addressed the issue of bond funds that are allocated to a particular program that may go unused due to lack of demand. Currently, the bond authority allocations for most programs can only be amended by a two-thirds vote of the Legislature. The Subcommittee members suggested a solution to allow the Board the flexibility to amend the bond authority allocations to address the areas of the program with the most need.

In addition, the Subcommittee discussed the Charter School Facilities Program (CSFP) at two meetings. Conversation focused on keeping the program separate.

Recommendations from Subcommittee members related to special programs are listed below.

### PROPOSED SOLUTIONS

1. *Maintain allocations of bond authority separate from new construction and modernization for the following programs under a future bond with a stipulation that after a specified amount of time the authority could be transferred to another program by vote of the Board:*

- Career Technical Education Facilities Program (CTE)
- Joint Use Program (JU)
- High Performance Incentive Grant. (HPI)

#### Program Changes Necessary

Education Code  Regulations

2. *Provide funding for qualifying Seismic Mitigation projects from new construction or modernization authority, as applicable under a new bond.*

#### Program Changes Necessary

Education Code  Regulations



### Consolidating Special Programs (cont.)

3. *Continue the Charter School Facilities Program as a separate special program, with no option for the Board to transfer this bond authority to other programs.*

Program Changes Necessary – NONE

4. *If incentives for replacing portable facilities of modernization age with permanent facilities are provided in a new bond, do not continue the Overcrowding Relief Grant (ORG) program by allocating additional bond authority.*

Program Changes Necessary – NONE

5. *Since the last approved bond did not provide funding for the Critically Overcrowded Schools (COS) program, and remaining COS authority from Propositions 47 and 55 have been transferred to new construction, do not continue the COS program under a new bond.*

Program Changes Necessary: NONE

## Facility Maintenance

### Area of Concern

**Districts are no longer required to set aside funds for facility maintenance as a condition of receiving SFP funding.**

The Subcommittee discussed the issue of facility maintenance. Several Subcommittee members felt that a reasonable, minimum level of upkeep effort should be required for districts to participate in any SFP funding. One member felt that some sort of maintenance requirement would help protect the State's investment in school facilities. Although the Subcommittee members did not reach a consensus on the exact amount of maintenance funding that should be required, there was consensus that a future program should have a maintenance requirement. A summary of the prior SFP maintenance requirements are included below:

#### *SFP Maintenance Funding Requirement*

At this time, districts that participate in the SFP are not required to set aside funds for ongoing and major maintenance. However, from the start of the SFP in 1998 until the 2008/2009 fiscal year, districts that participated in the program were required to deposit a percentage of the district's general fund budget (or later, general fund expenditures) into a restricted account for school building maintenance in each fiscal year for 20 years. In 2009, in response to the economic recession and the state's fiscal crisis, districts were provided an exemption to the maintenance funding requirement, if facilities were maintained in good repair. After this period of flexibility ends, the required maintenance contribution will be restored to three percent.

Fiscal Year	Required Maintenance Contribution (Percent of General Fund)
1998/99	2.0%
1999/2000	2.5%
2000/01 – 2003/04	3.0%
2004/2005	2.0%
2005/06 – 2007/08	3.0%
2008/09 – 2014/15	1.0%, or 0%, if facilities maintained in good repair

#### *Deferred Maintenance Program*

Until it was discontinued July 1, 2013, the Deferred Maintenance (DM) program provided annual apportionments of State matching funds to school districts for major repairs and replacements of building systems. The apportionments were based in part on each district's average daily attendance. To participate in the program, districts were required to set aside a certain amount of funds for maintenance each year, in addition to contributing the district's DM matching funds. Between fiscal years 2003/2004 and 2012/2013, the total annual funding ranged from \$240.6 million to \$287.2 million.

In 2009, the program was changed to allow districts to use DM funding (as well as other categorical funding) for "...any educational purpose," to suspend the district matching share requirement, and to suspend funding for new extreme hardship projects through 2013. Currently, specific funding is no longer provided for categorical programs like DM.

Subcommittee members suggested the following change:

### PROPOSED SOLUTION

***Districts that receive State facilities funding in the future should be subject to a facility maintenance funding requirement.***

#### Program Changes Necessary

Education Code  Regulations

## Statewide School Facilities Inventory

### Area of Concern

California does not track the number of schools and classrooms available for use.

Subcommittee members expressed concern that decisions on future bonds are made without truly knowing the need for the State as a whole. Currently, data on the number of school sites and classrooms and/or the age of the facilities in the State is unknown. The Subcommittee considered whether a statewide facilities inventory database for all K-12 public school sites in California should be established.

Subcommittee members expressed a desire to consider the following change:

### PROPOSED SOLUTION

***A statewide school facilities inventory database for all K-12 public schools in California should be established.***

A key consideration in this discussion was the amount of information that would be collected. The list below was presented as a potential starting point.

#### *School Site Information*

1. CDS Code – County, District, School basic identifier. The system could use the CDS code to automatically populate the following:
  - i. School Name
  - ii. School Location (street address, city)
  - iii. School Type: Elementary, Middle, High, other (Continuation, etc.)
  - iv. Grades
  - v. Enrollment
  - vi. Status – Open, Closed, Leased, Surplus, other
2. Area of Site (acres)
3. Number of Buildings on Site
4. Total Area of All Buildings on Site (square feet)
5. Site Energy Use



#### *Individual Building Information*

1. Building name or numeric designation – “Jones Hall” “G Building” “Building 1”
2. Building Use - Classrooms, Library, Admin, Gym, Multi-purpose, Toilets, etc.
3. Building Area (square feet)
4. Number of stories
5. Year Built
6. Number of Classrooms/Teaching Stations
7. Grade Levels
8. Type of Construction

#### Program Changes Necessary

Education Code  Regulations

## Financial Hardship Program

### Area of Concern

1. **The current criteria to qualify for financial hardship assistance allow districts to receive funds without first using other local options. This may lead to inequities across districts. Members questioned whether the financial hardship program should be restructured so that it is available after all other options for funding have been exhausted.**

As part of the overall discussion on financial hardship, Subcommittee members discussed the criteria a district may use to qualify for financial hardship status. The qualifying criteria for a review include the following:

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

Members felt that there will always be a need for the program. However, there was concern expressed that the qualification process should be updated. Amongst other concerns, Subcommittee members stated that the level of bonded indebtedness should be raised. The Subcommittee objected to the inequity that leads to some communities continuing to pass local bonds to provide their matching share for projects to the maximum extent possible, while other districts may reach the 60 percent threshold and then seek assistance from the state program by submitting a financial hardship request. Subcommittee members expressed a desire for the program to ensure that local communities were making the maximum effort to fund projects locally.

In making changes to the level of bonded indebtedness, members also wanted to ensure that if the threshold was raised, the program also consider that the requirement be reasonable. For example, it may not be reasonable for a small district to pay the cost of an election if it has a very low bonding capacity, i.e. \$100,000, and project needs that exceed that amount.

Members were also concerned that the current program allows for districts to take actions that make it appear as though financial hardship assistance is needed when other local funds may have been available, and expressed a desire to review the entire financial hardship program to make it consistent with the goal of financial hardship assistance being provided only as an option after local communities have made the maximum effort to fund projects locally.

Overall, members wanted to ensure that a future financial hardship program is truly a program for districts that have exhausted all other options to fund their projects. To achieve this purpose, the Subcommittee recommended the following:

### PROPOSED SOLUTION

- *Review all four requirements/criteria of the Financial Hardship program to ensure it provides funds only after other options have been exhausted.*
- *Consider changing the criteria for the financial hardship program by increasing the level of bonded indebtedness a school district must reach before qualifying for financial hardship status to 100 percent, but in doing so; consider whether 100 percent is practical and reasonable.*

#### Program Changes Necessary

Education Code  Regulations

## Financial Hardship Program (cont.)

### *Area of Concern*

2. **Not all projects that receive design and site acquisition funds in advance of having a full construction project move forward and result in the construction of facilities.**

Some Subcommittee members raised concerns with the aspect that allows applicants to receive planning grants to design a project and advance funds for site acquisition purposes. Sometimes, applicants receive these funds and acquire the site without ultimately constructing any facilities.

One Subcommittee member stated that it is not practical to expect all design and/or site projects to move forward to construction and completion. Another member added that there should be some way to avoid a situation where there is no risk to the district when receiving planning grants for many different projects that do not move forward to construction.

Subcommittee members proposed the following:

### **PROPOSED SOLUTION**

***Review the requirements of the Financial Hardship program and potentially amend to promote site and/or design projects' continued progress toward construction and completion.***

*Program Changes Necessary - Undetermined*

## County Offices of Education

### Area of Concern

1. Districts still have an obligation to house students served by the county offices of Education (COE), but the current program does not provide mechanisms for districts to take financial responsibility. This structure can lead to a lack of coordination between districts and COEs which may result in special needs students not being housed in the least restrictive environment possible.

The Subcommittee had several discussions on how best to provide facilities under the SFP to the students that COEs typically serve. It was stated that COEs cannot pass local bonds to provide matching funds for their projects. COEs automatically qualify for a financial hardship review under the current program and often qualify for full or partial funding of their local match.

However, the topic of who is responsible for housing the students (district or COE) was also discussed. Members stated that school districts were ultimately responsible and should share in the financial cost of housing the students. It was noted that the current program provides no incentives for a district to do so. One member pointed out that if a district is its own Special Education Local Plan Area (SELPA), it must provide matching funds to participate in the SFP. However, school districts participating in county-run SELPA currently have no responsibility to provide matching funds for SELPA projects and often have no responsibility to provide facilities to accommodate SELPA students at district sites.

The Subcommittee also discussed how districts must comply with laws which require that special needs students be integrated into school campuses in the least restrictive environment possible. It was stated that the best time to accomplish this goal is during construction of a new school or during larger modernization projects and that the current program may not provide enough incentive for COEs and districts to work together to achieve these goals. It was noted that there are challenges to complying with these requirements because it requires more coordination between COEs and districts.

The Subcommittee proposed the following:

### PROPOSED SOLUTIONS

- *For those programs where districts and COEs have shared responsibility for the students, a future bond program should incorporate requirements that districts who are members of a multi-district SELPA have the same obligation as a single district SELPA to provide facilities funding for the students that they are responsible for, even if the educational program is provided by the COE.*
- *A future bond program should include policy which requires full coordination between school districts and COEs in developing facilities plans to meet the requirements of special needs students-including integrating special needs students into campuses in the least restrictive environment possible.*

#### Program Changes Necessary

Education Code  Regulations

## County Offices of Education (cont.)

### *Area of Concern*

2. The current program uses the same loading standard for community day students as other K-12 students, but COEs load the classes with fewer students due to the unique needs of this student population.

The Subcommittee discussed that students served by community day programs have unique needs. The practice of COEs is to load fewer than the standard 25 or 27 students into a classroom in order to have an effective program. The Subcommittee discussed that a new program may want to take into account how most COEs are running programs that serve these students when determining an appropriate loading standard. The Subcommittee also discussed the need for an alternative loading standard for continuation high schools. A summary of the discussion is included in the new construction eligibility section of this item.

### PROPOSED SOLUTION

*The loading standards for community day school classrooms should be more closely aligned with how COEs are loading the classrooms now.*

#### Program Changes Necessary

Education Code  Regulations

## Future School Facility Needs

### *Area of Concern*

#### **What are the future new construction and modernization funding needs for the School Facility Program?**

The Subcommittee discussed future funding needs of the School Facility Program. As a preface to the discussion, OPSC staff presented background information and the Assistant Executive Officer presented estimates of future school facility funding needs.

Staff's presentation included historical information on the School Facility Program, the amount of remaining new construction and modernization eligibility, and the potential dollar value of the eligibility. Staff cautioned that the remaining eligibility information is not a reliable estimate of future funding needs. The remaining eligibility does not capture needs of districts and sites that have not established eligibility, or changes in new construction and modernization eligibility that may have occurred after the last update which could have occurred from one to 15 years ago. The potential value of the remaining new construction eligibility is \$12.6 billion (State share). The potential value of the remaining modernization eligibility is nearly \$4.4 billion.

The Assistant Executive Officer presented several estimates of new construction and modernization funding needs using different methodologies. He noted that assessment of school facilities needs vary widely, and the methodologies presented highlight the need for a statewide school facilities inventory.

#### *New Construction*

- For one new construction estimate which totaled \$12.3 billion, the remaining new construction eligibility was multiplied by the average 2012 apportionment per pupil by grade category.
- A second new construction estimate used the total K-12 enrollment increases by county in the next ten years, as projected by the California Department of Finance. Then, the cost to house the projected 282,096 additional pupils was determined using average new school construction costs from a sample of Project Information Worksheet data. The second estimate of new construction funding need was \$6.6 billion.
- The third estimate of new construction funding need also used the projected K-12 enrollment increases, but multiplied the number of additional pupils by the average 2012 state apportionment per pupil. The estimated need was \$5.9 billion.

#### *Modernization*

The Assistant Executive Officer presented one estimate of modernization funding need. The remaining modernization eligibility was multiplied by the average 2012 apportionment per pupil, for a total of \$4.7 billion.

The Subcommittee did not reach a consensus on the amount of funding needed for a future bond. One member felt that the program has not truly funded modernization, and asked whether the future program policy should be to fund fewer modernization projects at higher grant amounts, or fund more projects at lower grant amounts. The member also requested future discussion on school districts' ability to raise the local contribution amounts at the current levels. The Subcommittee members asked whether there were estimates of funding needs for areas such as Career Technical Education Facilities, Charter School Facilities, Joint-Use, or technology upgrades. One member asked whether a future bond should have requirements for facility maintenance standards. Another member felt that the funding need for building replacement was underestimated and merits further exploration.

Several Subcommittee members reiterated a desire to implement a statewide school facilities inventory to determine statewide funding needs and to add flexibility to transfer unused funds between programs.

## Future School Facility Needs (cont.)

The Subcommittee did not come to a consensus on a total dollar amount needed for future school facilities or the exact structure of a future bond. However, the Subcommittee agreed with the following statement:

### SUBCOMMITTEE CONSENSUS

*There is demand for new construction and modernization funding. The Subcommittee recognizes that the State has appropriately been a partner in building new schools and modernizing aging facilities. To date, the School Facility Program has successfully provided \$33.93 billion for 11,106 projects and should be continued.*

#### Program Changes Necessary

Education Code  Regulations

## ATTACHMENT A

## STATE ALLOCATION BOARD PROGRAM REVIEW SUBCOMMITTEE AGENDAS

For a more detailed review of all topics heard and discussed by the Subcommittee, links to of all Subcommittee meeting materials published are included below.

[Program Review Subcommittee Agendas, Volume 1](#)

- October 24, 2012
- November 28, 2012
- January 15, 2013
- February 5, 2013

[Program Review Subcommittee Agendas, Volume 2](#)

- March 6, 2013
- May 21, 2013
- June 10, 2013
- August 13, 2013

[Program Review Subcommittee Agendas, Volume 3](#)

- September 5, 2013
- October 1, 2013
- October 24, 2013
- November 12, 2013
- November 25, 2013

ATTACHMENT B  
California State Senate

SENATOR  
MARK WYLAND

THIRTY EIGHTH SENATE DISTRICT

STATE CAPITOL  
SACRAMENTO, CA 95834  
(916) 651-6038  
(916) 446-7382 FAX

DISTRICT OFFICES  
1910 PALOMAR POINT WAY  
SUITE 105  
CARLSBAD, CA 92008  
(760) 931-2455  
(760) 931-2477 FAX

27106A DANFORTH LANE  
SUITE 1621  
SAN JUAN CAPISTRANO, CA 92075  
(949) 480-0839  
(949) 489-8354 FAX

COMMITTEES  
BUDGET &  
FISCAL REVIEW  
BUSINESS &  
PROFESSIONS  
EDUCATION  
LABOR & INDUSTRIAL  
RELATIONS  
TRANSPORTATION &  
HOUSING

November 15, 2013

Bill Savidge  
Assistant Executive Officer  
State Allocation Board

State of California  
Department of General Services  
Office of Public School Construction  
707 3rd Street, West Sacramento, CA 95605

Dear Mr. Savidge:

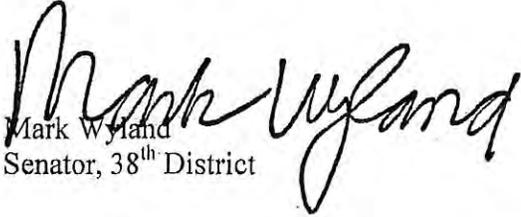
I have been following the work of the State Allocation Board's School Facility Program Review Subcommittee since its first meeting on October 24<sup>th</sup>, 2012. I appreciate the subcommittee's diligent work in reviewing numerous issues over the last year. As the subcommittee's review comes to a close and recommendations are prepared for presentation to the State Allocation Board, I would like to raise the following issues for consideration by the Subcommittee:

1. I believe there should be appropriate funding for Career Technical Education, separate from New Construction and Modernization funding.
2. There must be a separate and workable funding process developed for Charter Schools which will provide certainty to the charters, their students, and their creditors.
3. Any 2014 education bond package should allow for appropriate California Environmental Quality Act (CEQA) streamlining for the construction and modernization of school buildings, to contain costs, minimize delays and ensure a consistent and fair fee structure.
4. I would like to acknowledge the Design for Safety and Security presentation at the March 6, 2013 meeting of the Subcommittee. I believe that student and staff safety should be a primary consideration in every design plan.
5. Finally, I would like to stress the importance of the appropriate use of bond funds. Specifically, it is essential that long-term bond funds generate long-term benefits, consistent with voters' expectations. Assets with relatively brief useful lives should be purchased with operational funds rather than long-term bond funds.

## ATTACHMENT B

I appreciate the opportunity to weigh in on these issues, and I look forward to ongoing future discussion of these and other bond-related priorities as we move forward in 2014.

Sincerely,

  
Mark Wyland  
Senator, 38<sup>th</sup> District

cc: Assemblymember Joan Buchanan  
Assemblymember Curt Hagman