ASSEMBLY EDUCATION COMMITTEE
Report to the Infrastructure Bond Conference Committee

NEW CONSTRUCTION

The New Construction program provides State funds on a 50/50 state and local sharing basis for public school capital facility projects. Eligibility for State funding is based on a district's need to house pupils and is determined by criteria set in School Facility Program legislation (SB50).

The New Construction grant amount is intended to provide the State's share for all necessary project cost with the exception of site acquisition, utilities, off-site and service-site development. The necessary project costs include, but are not limited to, funding for design, the construction of the building, general-site development, education technology, unconventional energy, tests, inspections and furniture/equipment.

The grant amounts are adjusted annually for changes in construction costs, based on the change in the Class B Construction Cost Index as approved by the SAB each January.

Issue A: Overview and Estimate of Needs

What is the projected amount of unmet need in new construction projects? Should the Legislature approve bond proposals that fund an estimated two-year need? Four-year need? Eight-year need?

Recommendation 1: To survey local districts on their projected facility needs.

Recommendation 2: The K-12 education bond should cover two election cycles for a total of four years of funding.

Background. The Office of Public School Construction (OPSC) projects an unmet need of $11.02 billion in new construction eligibility. This amount of unmet new construction need is based on a five-year projection of enrollment in comparison to the seating capacity for each district in the State. This figure is based on all SFP eligibility applications filed, processed, and approved by the SAB. Some districts may not have updated their enrollment data or seating capacity for new classrooms constructed with local funds so this estimate is based on the data that is currently available. Applications received but not processed are not included.

As of February 22, 2006, there are $4.097 billion remaining in new construction funds from Propositions 47 and 55. Based on OPSC's estimates, even after the depletion of Propositions 47 and 55 funds by 2007, there remains a need of $6.8 billion for new construction projects.

Issue B: Grant Adequacy

Adjustment of base per-pupil grant calculation: *Does the committee wish to recommend the base per-pupil grant amounts be adjusted? If so, how? Should they be adjusted according to the deficiency reported by the C.A.S.H. task force?*

Recommendation: The committee recognized that this is a growing problem that needs to be addressed. The Education Committee encourages an increase in the per pupil grants and that the bond include either an adjusted amount for facilities grants or that it prescribe a process to adjust the current grants.

Adjustment for increased cost of construction: *Should the committee recommend changes to the way the per pupil grant amounts for new construction and modernization are indexed to adjust for inflation?*

Recommendation: The committee recommends semi-annual adjustments to the per pupil grants.

Background. SB 50 (L. Greene), Chapter 407, Statutes of 1998 established the current School Facilities Program (SFP) and specified amounts for new construction and modernization per-pupil apportionment. To adjust for inflation and changes in construction costs, SB 50 requires the SAB to adjust the per-pupil amounts by a cost index for class B construction annually.

The current new construction grant amounts are as follows:

- $6,769 for each elementary school pupil.
- $7,159 for each middle school pupil (include 6 grade, if part of a 6-8 school).
- $9,372 for each high school pupil.

New construction funding for each special education pupil included in an approved project is as follows:

- $21,575 for each pupil that is a Severely Disabled Individual with Exceptional Needs
- $14,429 for each pupil that is a Non-Severely Disabled Individual with Exceptional Needs

Adjustment of base per-pupil grant calculation. The Coalition for Adequate School Housing (C.A.S.H.) convened a task force and invited representatives from various state agencies, legislative staff, local school districts, architects, the construction industry, and others to assess whether the current base per-pupil new construction grants were equal to the project apportionments under the previous school facilities program, the State School Building Lease-Purchase Law of 1976, also called the Lease Purchase Program (LPP). The LPP funded projects based on allowable square footage per student while SFP is a per-pupil grant program.

Using data provided by the Office of Public School Construction and after excluding both LPP and SFP projects that were not comparable, the task force evaluated 300 LPP and 1,240 projects

and concluded that current grants are deficient by 8.8 percent for elementary schools, 27.7 percent for middle schools, and 14.6 percent for high schools.

According to C.A.S.H., current grant levels are not sufficient to build complete schools. Based on construction bids received, school districts throughout the state have had to modify their construction plans to bring their projects within the state-allocated funding levels. Specifically, districts have had to redesign their plans from permanent construction to modular design in an effort to meet state funding limits. Other districts have had to modify their plans to eliminate certain building characteristics or use alternative, less expensive materials.

If the current grant amounts were to be adjusted by the percentages listed above the new construction grants would be increased as follows:

	Current grant level	**Adjusted per % deficiency**
New Construction		
Elementary schools	$6,769	$ 7,365
Middle schools	$7,159	$ 9,142
High schools	$9,372	$10,736

Adjustment for increased cost of construction. The grant amounts are adjusted annually for changes in construction costs, based on the change in the Class B Construction Cost Index as approved by the SAB each January.

Class B buildings is a classification of buildings constructed primarily of reinforced concrete, steel frames, concrete floors and roofs. Until October, 2004, SAB regulations specified the use of the construction index produced by Marshall and Swift for the Western area. This index is measured by 12 building material types and six trade labors of 10 cities in the western United States.

At the October, 2004 SAB meeting, the SAB voted to seek emergency regulation change to delete the requirement to use Marshall and Swift's index and directed staff to bring forth options of other indices for consideration. At the March, 2005 SAB meeting, staff recommended and the SAB approved using the Marshall and Swift index based on construction costs in 8 California cities, which more accurately reflects construction costs in California.

Issue C: Overcrowded Schools

Overcrowded schools. *Should a school facilities bond address overcrowded schools? If the answer is yes, how should the state define "overcrowding?" Is the portable classroom exclusion the approach that should be taken?*

Recommendation: The committee recommends that the bond define overcrowded schools as schools that have both high density and portable classrooms. For these sites, seats in portable classrooms would be excluded from the count of existing capacity for the purpose determining school facilities funding eligibility on overcrowded schoolsites.

MTYRE. *Should the operational grants program be phased-out over time and should school construction funding eligibility for districts that currently receive operational grants be restored? Should the Substantial Enrollment Requirement adjustment be eliminated for districts in MTYRE?*

Recommendation: The committee recommends that the Conference committee include in the bond, statutory changes needed to phase-out both penalties and incentives in existing law that are designed to promote the implementation of MTYRE schedules.

AB 491.*Should the provisions of AB 491 (Goldberg) apply to future bonds?*

Recommendation: The committee recommends that the flexibility provided in AB 491 to seek approval of alternative enrollment projection methodologies be extended to future bonds.

Critically Overcrowded Schools. *Should the COS program be extended in order to provide additional time for school districts with overcrowded schools to meet project funding requirements?*

Recommendation: The COS program does not need to be extended but eligibility issues need to be addressed.

Background. While one of the main issues that school facility bond proposals try to address is overcrowding in schools, the state does not have an official definition of an "overcrowded school."

Under the Critically Overcrowded Schools (COS) Program, an overcrowded facility is defined as a facility where the number of students per acre is double the state standard. The threshold for being a critically overcrowded school is 115 pupils per acre for grades K-6, and 90 pupils per acre for grades 7-12.

According to a 2005 report by Policy Link[1] and the Mexican American Legal Defense and Educational Fund (MALDEF), the State Department of Education counted approximately one

[1] Policy Link is a national nonprofit research, communications, capacity building and advocacy organization dedicated to advancing policies to achieve economic and social equity.

million California school children attending severely overcrowded schools, based on the definition used in the COS program. Policy Link and MALDEF contend that this definition fails to fully capture the use of multitrack year-round education, the use of portable classrooms, and busing students outside their neighborhoods, which have all been strategies that schools have employed to temporarily increase capacity in response to overcrowding.

Relieving overcrowding: Site density/portable classrooms exclusions. There is no definition of "overcrowding" outside of the Critically Overcrowded Schools (COS) program, which defines an overcrowded school as having a density double the state standard. This definition of "overcrowding" indirectly captures the use of portable classrooms because their use on a school site increases that schools site's density.

It is estimated that about 80,000 to 85,000 portables are currently in use as classrooms in California, but it is uncertain just how many of these are accounted for in the definition of "overcrowding."

Based on a Department of Health Services (DHS) survey of school districts, just under one-third (about 30%, or 80,000) of the State's 268,000 kindergarten to 12th grade (K-12) public school classrooms in the 2000- 2001 school year were portable classrooms.

In November 2004, the Air Resources Board (ARB) and DHS completed a comprehensive study of the environmental health conditions in portable (relocatable) classrooms.

The study investigated classrooms in kindergarten through 12th grade public schools and included a large representative sample: two portable classrooms and one traditional classroom were evaluated at several hundred schools throughout the state. A number of environmental problems were found in portable throughout California.

The primary problems identified in the study included: inadequate ventilation, high classroom noise, poor thermal comfort, moisture problems, toxic residues in floor dust, and inadequate lighting.

AB 58 (Nuñez) establishes new eligibility for new construction funds based on the number of portable classrooms on a school site, if the school site is at least 175 percent of the school site pupil population density recommended by the SPI.

The proposal allows for districts with eligible sites to exclude from school building capacity either all portable classrooms at each eligible site or the number of portables necessary to bring down the site density to 150% of the recommended standard, whichever is less but no more than the number of portables included in the original eligibility determination done prior to January 1, 2006.

This bill sets aside $1 billion for funding of new construction projects that will house pupils from the additional eligibility created from the exclusion of portables. The new construction applications must demonstrate how the project will relieve overcrowding at eligible sites and must fund the construction of permanent facilities either as replacement of excluded portable classrooms or additional classrooms for pupils on MTYRE or pupils on double session.

Multitrack Year Round Education (MTYRE): Eliminating penalties and incentives.
MTYRE schedules are used by overcrowded school districts to increase capacity at school sites as an alternative way to construct a school's calendar so that students have blocks of instruction separated by short vacation periods. Students attend shorter academic schedules of 45, 60, or 90 days interspersed by vacations of 15, 20, or 30 days. Under this system, students are divided into tracks and while one track is on vacation, the other tracks are in school. There are currently 751 schools in multitrack programs serving 804,189 students.

The most severely overcrowded schools operate Concept 6 multitrack calendars. On this calendar, three tracks rotate throughout the school year, with two tracks in session at any given time and a third on vacation. This calendar provides for the maximum enrollment given a school's existing space.

However, research has shown that students who attend schools operating on the Concept 6 calendar suffer several disadvantages. These schools remain large, even with the implementation of this calendar. Students at Concept 6 schools also lose instructional time, since they have 163 days of school compared to the 180 days for all other calendars. Furthermore, it has been documented that students in Concept 6 schools have poorer academic performance than their peers in other schools.[2]

Research has further shown that MTYRE programs are implemented in schools with predominantly minority and low-income students and offer inferior educational programs when compared with traditional school calendars.

Current law encourages the development of MTYRE programs. The Year-Round Grant Program provides assistance to school districts to start new or maintain existing MTYRE programs. As a condition for receipt of funds, school districts must forfeit an equivalent amount of eligibility for state school construction funding, the argument being that the increased capacity at a school site averts the need to build new seats for these students at a new school. In 2003-04, 17 districts lost eligibility for 29,955 students as a result of receipt of Grant funds.

The Grant program is administered by the State Department of Education (SDE) and it provides funding to districts based on the additional number of students housed above the school's capacity due to the use of a MTYRE calendar.

Districts seeking to initiate or continue MTYRE Operational Grants must self-certify that:

- There is substantial district-level overcrowding (five percent over facility capacity); and
- The district is eligible to construct new facilities absent the use of MTYRE programs.

[2] Oaks, Jeannie. Concept 6 and Busing to Relieve Overcrowding: Structural Inequality in California Schools" (October 1, 2002). *UCLA's Institute for Democracy, Education, & Access. Williams Watch Series: Investigating the Claims of Williams v. State of California*.

The program is funded by an annual budget allocation. If the funding appropriated annually in the Budget Act for Operational Grants is insufficient to meet the demand of a particular fiscal year, then the grants are proportionately reduced. For the past six years, significantly less than full funding has been provided to school districts participating in this program. Since the 1998-99 fiscal year, participating school districts have received the following percentage of their full grant entitlements:

1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
86%	65%	35%	26%	44%	24%	40%*
*Payment prior to final certification.						*Source: SDE*

According to SDE, in 2004-2005, 16 districts participated in the program claiming 147,339 excess students for funding purposes. A total of $84 million was appropriated.

Current law also penalizes districts without "substantial enrollment" of students in MTYRE programs, defined as enrollment of at least 30 percent of pupils in kindergarten through 6th grade, or 40 percent of pupils in K-12, by requiring a 6 percent decrease in new construction eligibility.

AB 58 (Nuñez) proposes the elimination of the Substantial Enrollment Requirement adjustment. This will increase the new construction eligibility for districts that did not meet a substantial enrollment requirement and received a "hit" on the new construction baseline eligibility.

Substantial Enrollment Requirement Adjustment. The Advancement Project, MALDEF, and Policy Link developed estimates concerning the impact of changing the current new construction eligibility rules relating to MTYRE calendars. The estimates are as follows:

- If the 6% K-6 MTYRE discount (the Substantial Enrollment Requirement Adjustment) were to be eliminated, it is estimated that new construction eligibility would be increased over current levels by approximately 68,582 pupil eligibility units. The state share of cost to satisfy this increased eligibility would be about $891 million based on state average K-6 project apportionment amounts adjusted for inflation through 2007. The eligibility would affect approximately 270 districts, with an average benefit per district of $3,325,000 of increased eligibility over current levels.

- If the MTYRE Operational Grant eligibility reduction ("Op Grant hit") were to be eliminated in 2006, new construction eligibility would be increased over current levels by approximately 15,715 student eligibility units. It is also estimated that if the Op Grant hit was eliminated, the cost in terms of new construction eligibility for SAB apportionments in 2007 would be $187,585,230. The eligibility increases caused by the elimination of the Op Grant Hit would be generally concentrated in districts experiencing high levels of overcrowding.

Alternative enrollment projection methods: Extension of AB 491 (Goldberg). New construction eligibility is predicated on a district demonstrating that existing seating capacity is insufficient to house the pupils existing and anticipated in the district using a five-year projection

of enrollment known as the Cohort Survival Enrollment Projection (CSEP) system. Once the new construction eligibility is determined, a "baseline" is created that remains in place as the basis of all future pending applications. The baseline is adjusted for changes in enrollment and for facilities added.

AB 491 (Goldberg), Chapter 710, Statutes of 2005 authorizes eligible school districts, with the approval of the Department of Finance (DOF), OPSC, and the State Allocation Board (SAB), to use an alternative enrollment projection method to determine eligibility for SFP new construction projects and adds Critically Overcrowded School (COS) program projects funded from Proposition 55 to use an alternative method to determine eligibility for a final apportionment.

Critically Overcrowded Schools (COS) Program: Extension of the program. Propositions 47 and 55 established the Critically Overcrowded Schools (COS) program, which set aside $4.14 billion to address overcrowding and provide extra time to qualify for apportionments to build new schools (e.g., urban areas without easily accessible land). The COS allows apportionments for overcrowded school districts to be awarded in advance of full compliance with all the application requirements otherwise required for an apportionment. Upon the completion of preliminary process procedures required by the Act, the apportionments made in advance of full compliance are converted into final apportionment when the preliminary applicant complies with all the conditions required for a final apportionment.

While eligible districts have found the extra time to be extremely helpful, they encountered a problem with eligibility using the CSEP model. In short, while overcrowding continues to exist, the CSEP, which does not take into consideration overcrowding factors, shows declining enrollment for some districts and therefore, makes them ineligible for preliminary or final apportionments. To address these problems under the COS program, AB 2950 (Goldberg), Chapter 898, Statutes of 2004, allows districts to use current enrollment for final apportionment eligibility and AB 491 (Goldberg), Chapter 710, Statutes of 2005, authorizes school districts to use an alternative projection methodology if approved by the Department of Finance, the OPSC, and the SAB.

Issue D: Developer Issues

Should the committee consider recommending changes to the provisions of statute that authorize local agencies to consider the adequacy of school facilities when approving development projects in the event that a statewide school facilities bond fails to be approved?

Recommendation: Forward the issue to the Conference Committee without recommendation.

Should the committee recommend a change to existing law that requires school districts to consider sources of revenue other than fees when preparing a needs analysis?

Recommendation: Forward the issue to the Conference Committee without recommendation

Repeal of *Mira, Hart, Murrieta* Line of Cases. Prior to the enactment of SB 50 (L. Greene), Chapter 407, Statutes of 1998, home builders were assessed a mitigation fee of $1.50 per square foot of livable space for each newly constructed house. This fee provided a share of the funds needed for the construction of new schools to serve the pupil population of the school district within which the development occurred. In addition to this fee, local governments also had the authority, confirmed by the courts through litigation popularly known as the *Mira, Hart* and *Murrieta* line of cases, to require developers to pay for additional school-related expenses as identified in local environmental impact reports (EIR).

SB 50 changed the method for determining the share of school construction costs that developers would pay. SB 50 established per pupil grant amounts that local school districts are entitled to receive from the state to build new schools, equal to 50% of the estimated average cost per pupil for school construction. The school district provides the remaining 50% from local revenue sources. In general, SB 50 specified that home builders should pay school districts their local share of the per pupil construction costs for new schools needed because of new housing built within a school districts boundaries. In the event that a state bond for school facilities fails passage, home builders would be required to pay 100% of the per pupil amount (that is, both the state and local share) required for school facilities construction.

Finally, SB 50 also prohibited local government agencies and school districts from using the EIR process to require developers to pay additional costs for schools over and above those required by statute. This moratorium on local agencies authority to assess additional school costs against development projects extended until 2006. In 2006 and after, if a statewide general obligation bond measure for K-12 facilities fails to be approved, then local agencies are again allowed to consider mitigation of environmental effects related to the adequacy of school facilities when approving a development project. Homebuilder advocates contend that this provision should be repealed because the per pupil grant method of funding school facilities that was first instituted through SB 50 has been demonstrated to work effectively, and this alternative is no longer needed.

School facility needs analysis: Credit for local revenue. The Government Code requires school districts to prepare and adopt a school facility needs analysis to determine the need for new schools to accommodate "unhoused" pupils resulting from new residential development, as projected for a five-year period. As part of this analysis, when a school district is determining the funds necessary to meet its facility needs, it must consider local sources other than fees or other requirements imposed on new residential construction that may be available to finance the construction of new school facilities.

Proposition 39 of 2000 authorized local school districts to put before the voters facilities bond measures that would require a super-majority vote of 55% of the electorate for approval. This authority supplemented then existing authority for bond measures that required approval by at least two-thirds of the voters. Homebuilder advocates contend that the lower voter-approval threshold authorized by Proposition 39 should make it easier for school districts to raise local funds from taxpayers, and that the committee should consider recommending that school districts be required to do more than consider other sources of local revenue for meeting facility needs. Instead, advocates contend that school districts should be required to credit against the fees assessed to homebuilders some share of local bonding authority provided through voter-approved bond measures.

Charter Schools

What is the Need? How much should be allocated for charter schools in the next round of funding? What is the projected need? Should use of new construction funding be expanded for charter schools? What is the difference between "rehabilitation" and modernization? Should limits (caps) be placed on the funding? If so, what limits are appropriate? Should an inflation factor be included? Should charter school eligibility be based on district eligibility? If so, should districts be consulted (rather than just notified) on the establishment of the facilities?

Recommendation(s): The committee recommends the committee adopt the following principles related to charter school facilities: (1) Promote the best use of existing school facilities for charter schools through the provision of appropriate incentives; by assuring the availability of funding to renovate and improve existing facilities to meet the needs of a charter school; and by requiring that, when existing facilities are offered but rejected by a charter school, that the charter school document for the SAB why the existing facilities were unsuitable prior to receiving eligibility for new construction funding. (2) New charter school facilities must not exacerbate overcrowding and must be approved within the context of a school districts master facilities plan. The committee further recommends that this should not be a separate allocation.

Background[3]**.** AB 14 (Goldberg), Chapter 935, Statutes of 2002, created a pilot program within the existing State School Facility Program (SFP) that allows the State Allocation Board (SAB) to provide funding for the new construction of charter school facilities. Within Proposition 47, approved by the voters in November of 2002, $100 million was made available for the Charter School Facility Program (CSFP). Senate Bill 15 (Alpert), Chapter 587, Statutes of 2003 modified the CSFP to address some of the concerns raised after the first round of funding. With the passage of Proposition 55, in March 2004, an additional $300 million was made available for the CSFP.

The CSFP allows charter schools to access new construction state facility funding directly or through the school district where the charter school is physically located. The pupils attending the charter school must be classroom-based and not independent study, internet-based, or home school. In addition, the school district where the charter school is physically located must have demonstrated to the SAB that pupils are “unhoused” and, thus, the district is eligible for new construction funding. The new construction funding to be provided consists of a 50% state grant amount and a 50% local matching share amount. The charter school has the option to meet the 50% local matching share requirement by entering into a lease agreement with the state for a period of up to 30 years. Prior to the SAB providing any funding for the project, the California School Finance Authority (CSFA) must determine whether the charter school is financially sound, meaning that the applicant charter school has demonstrated financial and operational

[3] Source of background information: "Charter School Facility Funding: Joint Report to the Legislature" prepared by the SAB and the CSFA (July, 2005)

capability in running a charter school that will allow them to commit to and fulfill the 50% local matching contribution requirement.

The CSFP is set up to provide charter schools with a reservation of funding known as a Preliminary Apportionment, which is an estimation of the funds that will be needed to build the project. This approval allows a charter school time to receive the necessary approvals from other state entities (California Department of Education (CDE), Division of the State Architect (DSA), and Department of Toxic Substance Control (DTSC)) that are required prior to converting the project to a Final Apportionment and, ultimately, to construct the facility. The charter school has four years to design the project, acquire a site, and convert the Preliminary Apportionment to a Final Apportionment. Advance fund releases are available to the charter school to assist with the costs associated with designing the project and acquiring a site. The Final Apportionment provided by the SAB will be based on actual eligible project costs as defined in the SFP regulations. The CSFA must determine whether the applicant is financially sound at the Preliminary Apportionment stage, at the time of any advance releases of funds, and at the time of the Final Apportionment.

Charter School Funding. The following table outlines prior facility funding for charter schools and current proposals for funding.

Prior Funding	
Prop. 47 (2002)	$100 million (funded 6 of 17 eligible projects)
Prop. 55 (2004)	$300 million (funded 28 of 32 eligible projects)
Proposed Funding	
Governor's Proposal	$1 billion in 2006; $2.4 billion over 10 years
AB 58 Nunez	Up to $450 million of the $2.1 billion for new construction

Use of Grant Funds. Currently, charter school facility funding may only be used for new construction of a charter school facility or to purchase and retrofit an existing building. The funding can also be used to retrofit an existing building that is not Field Act compliant so that, upon completion, the project meets Field Act requirements. A charter school can also use SFP grant funds to build a charter school facility on leased land as long as the lease terms meet the requirements of SFP regulations and the property is leased from a governmental agency.

The Governor's proposal expands the use of new construction funding to a new category named "rehabilitation funds", which may be used to purchase and retrofit an existing private or public school building. Rehabilitation projects are required to be for facilities that were not previously funded with SFP grants and that are not less than 15 years old. *Staff notes*: This is 10 years less than what is required for school districts to qualify for modernization funding. Funds may be used for rehabilitation of an existing school district building so long as the costs of rehabilitation do not exceed the costs of a new construction project to meet the same need.

Caps on Funding. SB15 modified the CSFP to address some of the concerns raised after the first round of funding. One of the main goals in modifying the CSFP was to try to fund the maximum number of projects with the limited funding available. With the $100 million available under Proposition 47, the SAB was only able to provide funding to six out of 17 eligible projects (35%).

In order to maximize the number of projects funded in the second round, the CSFP regulations were revised to include limits (caps) on certain things that could be requested within a funding application. The revised regulations limited the number of pupil grants that could be requested; the amount of acreage allowed for site acquisition and the total project construction cost as a whole. In addition, the per-pupil grant amount was made static, not to change with future construction cost index increases and no inflation factor was added to the projects. These funding caps resulted in the ability of the SAB to fund 28 out of 34 eligible projects (82%).

***Committee consideration*:** The committee may wish to consider the following proposal *(Source: Ernie Silva – Murdoch, Walrath & Holmes)*: Remove all caps except for the Pupil Grant Limits. This would prevent larger projects from monopolizing the funds but allows for flexibility to account for construction cost inflation. It is also recommended that relevant current grant levels be used but a COS-like inflator be included.

Summary of current limits on the CSFP

1) The pupil grant amounts are as follows:

- Elementary - $5,870
- Middle - $6,214
- High - $8,116
- Non-severe - $12,509
- Severe - $18,703

2) Limit on the number of pupil grants that can be requested:

- 350 Pupils for Elementary Projects (K-6)
- 450 Pupils for Middle School Projects (7-8, K-8 inclusive, or any combination of 7-12 non-inclusive)
- 600 Pupils for High School Projects (9-12, K-12, 7-12 inclusive)

3) Limits on the amount of construction funding that was provided:

- Non-Urban Elementary - $5 million
- Non-Urban Middle - $7 million
- Non-Urban High - $10 million
- Urban Elementary - $6.6 million
- Urban Middle - $9 million
- Urban High - $12.9 million

Eligibility. According to the California Department of Education, there are currently 573 charters in operation. Of those charters, 234 (41%) have been in operation for 5 or more years. Since the beginning of the program, 118 charter schools have closed, and 43 charters have been revoked by the chartering authority.

A charter school uses the district in which the charter school facility is physically located for the purposes of establishing eligibility. If the charter serves K-12 pupils and the school will be built in an area served by both an elementary school district and a high school district, the eligibility comes from both the elementary and the high school districts serving that area, proportionate to the number of pupils being used for each grade level.

If the school district where the charter facility will be located has not established eligibility, the appropriate documentation to establish new construction eligibility is required to be submitted at the time the Application for Preliminary Apportionment is submitted. Charter schools are encouraged to work with the district to establish eligibility since a good working relationship between the two parties can result in a school facility that is satisfactory for all parties involved. However, if the district has never participated in the SFP program and does not wish to participate, the OPSC cannot require the district to establish new construction eligibility.

A charter school can submit an application for funding on its own behalf but the charter school must notify both the superintendent and the governing board of the school district in which it is physically located of its intent to do so in writing at least 30 days prior to the submission of the preliminary application. This notification must be done by certified mail. The school district has no say in the establishment of the facility (ie. where it is located), yet if a charter school closes, the district assumes responsibility for the facility and any outstanding funding obligations.

***Committee Considerations*:** The committee may wish to hear recommendations from LAUSD (issue 1) and charter school representatives (issue 2) on the following issues related to eligibility:

1) Issue: The current program allows charter schools to "take" a district's SFP eligibility simply by notification, which creates substantial problems for most districts. Charter schools that use this eligibility may not be addressing the chartering district's needs or may not build in the area of district need. *(Source: LAUSD*)

   Proposal: Charter schools should have separate eligibility calculations from the school district. Only those charter schools that address the needs of the overlapping school district, as demonstrated by a long range facility plan, should be charged against the districts eligibility. In addition, those facilities should not be charged to the districts eligibility until the charter school has filed an application for a final apportionment.

2) Issue: Many of the eligibility conflicts occur in overcrowded districts. The following proposal could address eligibility conflicts between charters and districts with Critically Overcrowded Schools (COS). (*Source: Ernie Silva – Murdoch, Walrath & Holmes)*

   Proposal: Allow charter schools in neighborhoods with COS schools to earn facility grants without decreasing the eligibility of the school districts where the overcrowded schools are housed. Limit the availability of this provision to charter schools operating for more than 5 years and on the event that the charter school does close, count the seats towards the district's unhoused allocation (prevents double counting).

Career Technical Education

Does the committee wish to make a recommendation on an amount for a Career Technical Education Facilities program? How much should be allocated? How would funds be allocated? Does the committee wish to include modernization funding? What would the eligibility calculation be for modernization?

Recommendation(s):The committee recommends allocating up to $1 billion for CTE, but to be available for allocation only after appropriation by the Legislature pursuant to the development of state CTE policy that addresses several issues: Ensuring that ROC/ROP's have access to facilities funds; ensuring that low income areas in the state have equitable access; ensuring that we are not creating a system where we isolate students into non-college tracks; ensuring there is a sequence of courses; addressing flexibility in categories for eligibility; and considering other issues that will need to be addressed such as teacher supply.

Background. The movement to expand Career Technical Education (CTE) in California is growing. Last year, the State adopted California Career Technical Education Model Curriculum Standards, the *05-06 Budget Act* included $20 million to expand and improve CTE course offerings, and this year there is a proposal for an additional $30 million for CTE in the *06-07 Budget Ac*t.

Furthermore, the Governor's School Facility Bond proposal includes $1 billion to build and reconfigure CTE and vocational education facilities schools, and to purchase equipment with an average useful life expectancy of at least 10 years.

There is no current statewide data available to demonstrate and quantify the State's need for CTE facilities.

In 2003, the State Department of Education contracted with WestEd to conduct a study of Career Technical Education (CTE) equipment and facility needs. The report, "A Statewide Needs Assessment Study of California's Career Technical Education Programs" found that "California's CTE programs face widespread needs for equipment and facility upgrades to effectively prepare students for career entry and postsecondary opportunities." Nevertheless the report concluded that, "the diversity of local conditions makes it extremely difficult to generalize and quantify the needs beyond the local context."

The WestEd study further found that the CTE facility and equipment needs cannot be isolated from an array of other issues to which they are intimately connected. Those other issues include staffing, professional development, high-stakes testing, and equipment, including software in some cases.

New requirement for districts regarding CTE facilities. Assembly Bill (AB) 16, Chapter 33, Statutes of 2002, required that for large construction and modernization projects, school districts certify, in consultation with the local career technical education advisory committee (CTEAC)

that it has considered the need for vocational and career technical facilities to adequately meet its program needs.

At a couple SAB meetings in the past year, the SAB heard testimony regarding school district compliance with CTE requirements. The SAB directed staff to provide a report to determine whether school districts are complying with the requirements in current law for considering the need for CTE facilities, and to report back with suggestions to improve the process in order to verify compliance with this requirement.

On August 24, 2005 the SAB asked the Office of Public School Construction (OPSC) to review districts' compliance in meeting the requirements for CTE facilities at the time an application for funding is accepted.

As of November 1, 2005, school districts have been required to submit documentation to demonstrate compliance with the vocational and career technical education facilities requirements as set forth in current law for large projects at a comprehensive high school with the submission of its funding application in order to be accepted by the OPSC. Moreover, the California Department of Education has also changed its plan submission forms accordingly.

AB 1836 (Daucher) includes $1 billion for the establishment of a competitive grant Career Technical Education Facilities Program to provide funding to qualifying local educational agencies for the purpose of constructing new facilities or reconfiguring existing facilities, including, but not limited to purchasing equipment with an average useful life expectancy of at least 10 years.

Under this program, grants would be allocated on a per-square foot basis and would be based on a 50/50 state and local match. The proposal outlines an application and eligibility process.The proposal does not include funding for modernization.

Proposed Amounts for Career Technical Education		
	AB 58 (Nuñez)	**AB 1836 (Daucher)**
2006 K-16 Bond	$100 million	$1 billion
2008 K-12 Bond	N/A	$0
2010 K-16 Bond	N/A	$468 million
2012 K-16 Bond	N/A	$468 million
2014 K-12 Bond	N/A	$468 million

AB 58 (Nuñez) allocates $100 million for career technical education facilities but details on the program are unspecified.

Small High Schools

How does the new program proposed by the Governor relate to the existing pilot program?

<u>Recommendation(s)</u>: The committee recommends addressing the operational cost issues. Ensure that expanding the program is a thoughtful process and that we look at the evaluations of the existing pilot program as we move forward. Look at the numbers and what the need is. The committee supports the concept of small schools.

What research tells us about small schools. The benefits of small schools have been widely studied. Research has demonstrated that small schools are safer and better places for students to work with adults who know them and whom they trust. Other benefits to small schools include less violence, better attendance, greater teacher satisfaction, more parental and community involvement, more student participation in extracurricular activities, and a heightened sense of belonging. Furthermore, small schools graduate a higher percentage of students, and more students who graduate from small schools attend post-secondary education than their counterparts who graduate from large schools[4].

According to PICO California, a statewide community-organizing network that sponsored legislation in 2004 to develop incentives to build small schools, Oakland Community Organizations (OCO) led the state's first community-driven small school reform effort. To date, more than 25 new small schools have opened in Oakland and there are efforts currently in progress in Sacramento, San Jose, Oakland, San Francisco, Union City, and Los Angeles to make small schools an integral part of the districts' school-reform strategy[5].

Status on Small High Schools Pilot Program Legislation. Assembly Bill (AB) 1465 (Chan), Chapter 894, Statutes of 2004, created a pilot program within the School Facilities Program known as the Small High School Program.

The program provides school districts access to $20 million of new construction funding to build small high schools, based upon an approved academic reform strategy by the California Department of Education (CDE), and $5 million of modernization funding to reconfigure existing high schools into two or more small high schools. The pilot program is effective from January 1, 2006, to January 1, 2008.

For eligible projects the program provides a 20% increase to the state's new construction per-pupil grant, and changes the State and local matching share from 50/50 to 60/40, respectively. For purposes of this program, a small high school is defined as a high school with an enrollment of 500 pupils or less.

4 Kent Lawrence, Barbara, et al. Dollars & Sense: The Cost Effectiveness of Small Schools. Knowledge Works Foundation. 2002.

5 Press Release. "PICO California Applauds Governor's New Small Schools Proposal." PICO California, January 10, 2006

The bill requires the State Allocation Board (SAB) to conduct an evaluation on the cost of new construction and modernization of small high schools funded under this program. The State Department of Education (SDE) is required to conduct an evaluation, no later than two years after the opening of the last small high school, focused on pupil outcomes such as academic achievement and college attendance rates of pupils from small high schools as well as the reasons districts do not currently opt to build small high schools. The bill requires the information gained from these evaluations to be used to inform the direction of future school facilities construction and related bond measures.

The SAB, at its July 27, 2005 meeting, approved regulations to implement the pilot program. The regulations are currently being vetted through the Office of Administrative Law.

AB 1836 (Daucher) proposes changes to the current pilot program and establishes a new Small High Schools Program.

Proposed Amounts for Small High Schools		
	AB 58 (Nuñez)	**AB 1836 (Daucher)**
2006 K-16 Bond	$100 million	$500 million (from new construction and modernization allocations)
2008 K-12 Bond	N/A	$420 million (from new construction and modernization allocations)
2010 K-16 Bond	N/A	$416.4 million (from new construction and modernization allocations)
2012 K-16 Bond	N/A	$406.8 million (from new construction and modernization allocations)
2014 K-12 Bond	N/A	$406.8 million (from new construction and modernization allocations)

Energy Efficiency

Recommendation: See Green Schools Recommendation.

The Governor's proposal authorizes up to $20 million from the new construction and modernization allocations to be used for energy efficiency. This committee has passed legislation in the past two years which would require the development of green building standards for public schools and the Governor has issued an executive order with a similar goal. ***The committee may wish to have this discussion together with the Green Schools discussion.***

Current Energy Efficiency Supplemental Grants. Propositions 47 and 55 provided $20 million each for the increased costs for the design and new construction or modernization of projects to improve school facility energy efficiency. School districts may obtain this additional funding for eligible new construction and modernization projects that exceed non-residential energy efficiency standards. The facilities in the proposed new construction project must exceed the non-residential building energy efficiency standards as specified in Title 24, Part 6 of the California Code of Regulations by 15% and for modernization projects by at least 10 percent.

California Environmental Quality Act (CEQA)

<u>Recommendation</u>: The committee recommends this issue be addressed in separate legislation, not the bond bill

Background on CEQA. The goal of the California Environmental Quality Act (CEQA) is to develop and maintain a high-quality environment by ensuring that California's public agencies:

1) Identify the significant environmental effects of their actions; and, either

2) Avoid those significant environmental effects, where feasible; or

3) Mitigate those significant environmental effects, where feasible.

CEQA applies to "projects" proposed to be undertaken or requiring approval by State and local government agencies. Projects are activities which have the potential to have a physical impact on the environment, and may include the enactment of zoning ordinances, the issuance of conditional use permits and the approval of tentative subdivision maps. Governmental reorganizations, including those of school districts, fall within the scope of projects for the purposes of CEQA. This interpretation has been supported by the courts.

An agency responsible for a project must complete the environmental review process required by CEQA, beginning with an initial study to identify the environmental impacts of the project and determine whether the identified impacts are "significant". Based on its findings of "significance", the lead agency prepares one of the following environmental review documents:

1) Negative Declaration if it finds no "significant" impacts;

2) Mitigated Negative Declaration if it finds "significant" impacts but revises the project to avoid or mitigate those significant impacts;

3) Environmental Impact Report (EIR) if it finds "significant" impacts.

The purpose of an EIR is to provide State and local agencies and the general public with detailed information on the potentially significant environmental effects which a proposed project is likely to have and to list ways which the significant environmental effects may be minimized and indicate alternatives to the project.

According to SDE staff, proposed reorganizations generally result in negative declarations. Recent court decisions have resulted in the need for more comprehensive initial studies to support a negative declaration, imposing an additional workload on SDE. The agency has requested authorization from the Department of Finance (DOF) through the budget process to increase personnel for this purpose. DOF instead proposes to eliminate school district reorganizations from CEQA review. *Staff recommends* that the committee ask for additional information that would justify this request. Addressing this issue in separate legislation, rather than in a bond bill, may be more appropriate.

Seismic Safety

Does the committee wish to recommend that an amount be included in a school facilities bond for seismic safety evaluation and retrofit?

Recommendation: Authorize a "downpayment" of $400 million for seismic retrofitting of the most vulnerable school buildings identified by the DSA in the AB 300 report.

The Field Act. The Field Act was established in 1933, one month after the Long Beach Earthquake in which 70 schools were destroyed and 120 schools suffered major damage. The Legislature approved legislation authored by C. Don Field, commonly known as the Field Act, which established minimum structural standards for the design and construction of K-12 school buildings.

The Field Act requires schools to be built to more stringent seismic safety requirements than standard buildings, and are subject to review by the Division of the State Architect (DSA), and to rigorous inspections throughout the construction process. The strict review and inspections required by the Field Act have been practiced in the construction of school building since the Field Act became law.

AB 300 Report. In 1999 the Legislature approved, and the Governor signed, AB 300 (Corbett), Chapter 622, Statutes of 1999. AB 300 required the Department of General Services (DGS) to conduct a seismic safety inventory of California's K-12 school buildings that are concrete tilt-up school buildings and school buildings with nonwood frame walls that do not meet the minimum requirements of the 1976 Uniform Building Code.

On November 15, 2002, DGS and DSA completed a paper review of school facilities on file with DSA, and released the report "*Seismic Safety Inventory of California Schools*" which evaluated 9,659 schools built before 1978 for structural safety. The report concluded that 7,537 schools require a detailed seismic evaluation to determine their ability to withstand an earthquake. These buildings were classified as seismic vulnerability Category 2.

The report estimated that the preliminary cost for seismic rehabilitation of these buildings approached $4.7 billion, including evaluation costs. The most vulnerable of Category 2 buildings, based on the schoolsites proximity to an active fault, consisted of 1,229 schools and represented a total estimated cost of $800 million for seismic upgrade. It must be noted that the costs are not based on site visits or detailed analysis of individual buildings nor do they take into consideration any recent alterations made through bond measures.

The table below shows the number of buildings relative to distance from an active fault and the estimated costs for rehabilitation to a "Damage Control" performance objective, which is equivalent to the performance objective for new public school construction.

Number of School Buildings and Total Estimated Costs for Seismic Evaluation and Rehabilitation for Category 2 Buildings[6]					
Distance from active fault:	**Less than 2 km**	**2 - 5 km**	**5 -10 km**	**More than 10 km**	**Total all buildings**
# of buildings	1,229	1,602	1,896	2,810	7,537
Estimated cost in millions	$808	$1,051	$1,204	$1,636	$4,699

The report suggested that a ranking strategy would be needed prior to an expenditure of funds on the evaluation and rehabilitation of school buildings identified to be at risk.
The specific recommendations included:

a) Performing detailed evaluations of school buildings located within 2 kilometers of an active fault;

b) Ranking school buildings in need of rehabilitation based on the outcome of the building-specific evaluations;

c) Funding rehabilitation projects in order of ranking;

d) Beginning evaluation of schools located between 2 and 5 kilometers of an active fault when evaluation of school buildings within 2 kilometers is complete;

e) Ranking these buildings and begin funding these projects in the order of ranking as funding becomes available; and

f) Repeating the process of evaluating, ranking and rehabilitating school buildings located between 5 and 10 kilometers from an active fault, as well as school buildings located over 10 kilometers from an active fault.

The Seismic Safety Commission. The California Seismic Safety Commission released a report titled, *Seismic Safety in California's Schools.* The report included findings and recommendations on seismic safety policies and requirements for public, private and charter schools. Among its findings, the report pointed out that private schools are not required by law to meet the Field Act standards; that only some charter school buildings are subject to the Field Act provisions; and that public school buildings constructed prior to 1978 have the potential to be a life-safety risk to their occupants.

One of the recommendations in this report was to explore options for funding of the seismic upgrading of the public schools identified as hazardous under AB 300 and to support private schools in their efforts to improve the seismic safety of their buildings.

AB 58 (Nuñez) includes $500 million to fund seismic upgrades for school facilities. The provisions necessary to administer the program are pending development.

[6] *Seismic Inventory of California Public School: A Report to the Governor of California and the California State Legislature.* Prepared by the Department of General Services. November 19, 2002.

Americans with Disabilities Act of 1990 compliance

Should the committee recommend that modernization funding be adjusted for the extraordinary costs of compliance with ADA requirements? Should the adjustment be a maximum of 15%?

Recommendation: Provide funding necessary for compliance with ADA and provide an adjustment to the modernization grants, determined based on the report currently being compiled by DSA.

American with Disabilities Act Requirements. Federal and state law requires that all state facilities comply with the provisions of the Americans with Disabilities Act (ADA) assuring access for disabled individuals to all public buildings.

School districts may receive state matching funds for projects that will modernize existing school facilities. Matching funds are calculated using a fixed per pupil amount for those projects eligible for funding. Since 1990, the Division of the State Architect has required that school district modernization projects include changes needed, if any, for a facility to meet ADA requirements.

The costs of meeting ADA requirements can vary dramatically from one project to another. These costs were not contemplated when the per pupil modernization state grant amounts were established.

AB 58 (Nuñez) allows the State Allocation Board to increase the modernization project apportionments by no more than 15% for projects that require extraordinary expenditures for compliance with the federal Americans with Disabilities Act of 1990. The Governor's proposal does not include any adjustments for the extraordinary costs of compliance with ADA.

Green Schools

Does the committee wish to make a recommendation for future bonds to include funding for all new school facilities be built to CHPS standards?

<u>Recommendation</u>: Require all new schools to be built to CHPS standards and encourage incentives for school districts to incorporate CHPS standards in modernization projects.

School facilities and student performance. A growing body of research shows that school facilities affect learning and student performance. A report prepared by PG&E in 1999 showed a statistically compelling connection between day lighting and student performance. It found that students with the most day lighting in their classrooms progressed 20% faster on math tests and 26% on reading tests in one year than those with the least. It was also identified that students in classrooms where windows could be opened were found to progress 7-8% faster than those in rooms with fixed windows.

Poor indoor air quality can trigger asthma attacks, spread disease, and expose occupants to toxic substances, and cause drowsiness, headaches and dizziness which in turn increase student absenteeism. The American Lung Association found that American children miss more than 10 million school days each year because of asthma aggravated by poor indoor air quality.

The Collaborative for High Performance Schools (CHPS). CHPS is a nonprofit organization initiated by an informal collaborative comprised of representatives from state agencies, including the Department of Education, the Division of State Architect and California Integrated Waste Management Board; investor-owned and municipal utilities, including Pacific Gas and Electric, Los Angeles Department of Water and Power, San Diego Gas and Electric, and Sacramento Municipal Utilities District; school districts; and nongovernmental organizations. The goal of CHPS is to facilitate the design of high performance schools, focusing on elements that will provide learning environments that are energy efficient, healthy, comfortable, and well lit.

The Collaborative for High Performing Schools (CHPS) has developed sustainable design criteria that foster energy efficiency, water conservation, material reuse, indoor environmental quality, siting issues and a comprehensive maintenance and operations plan. School designs can be labeled “high performance” if they meet the minimum building performance criteria developed by CHPS.

For new construction projects, CHPS' Best Practices Manual identifies six criteria for a high performance school: site selection, water efficiency, energy efficiency, materials (e.g., use of recyclable materials), indoor environmental quality, and adoption of district resolutions that promote and maintain high performance schools (e.g., require the use of EnergyStar equipment). For each criterion, CHPS identifies prerequisites that all facilities designs must meet and provides additional options with assigned points that meet the goal of that criterion. For example, under energy, the school design must exceed state energy efficiency standards by 10% as a prerequisite and will receive one point if it also includes installation of interlocks to turn off air conditioning systems when windows or doors are opened. To meet CHPS' minimum

requirement, a newly constructed school must meet the prerequisites and receive 28 out of 81 possible points, with at least two points from the energy category.

The following twelve districts have adopted resolutions to ensure all future school buildings meet CHPS guidelines: Los Angeles USD, Santa Ana USD, San Rafael City Schools, Coast Unified School District, Coast Community College District, Dry Creek Joint Elementary SD, San Marcos USD, San Francisco USD, San Diego USD, Burbank USD, Visalia USD and New Haven USD.

Costs. According to a report to the State Sustainable Building Task Force (2003), the average premium for green buildings is slightly less than 2% (or $4/ ft2 in California), substantially lower than is commonly perceived and it would yield life cycle savings of over 10 times the initial investment[7].

According to CHPS, the majority of this cost is due to the increased architectural and engineering design time necessary to integrate sustainable building practices into projects. Generally, the earlier green building concepts get incorporated into the design process, the lower the cost, and the more experience a design team has, the less the additional cost should be.

Governor's Executive Order S-20-04. Governor Schwarzenegger issued Executive Order S-20-04 on December 14, 2004 which directed state agencies to take aggressive action to reduce electricity usage by retrofitting, building and operating the most energy and resource efficient buildings by taking all cost-effective measures described in the Green Building Action Plan for facilities owned, funded or leased by the state, and encouraged cities, counties and schools to do the same. The Executive Order also recognized that high-performance schools reduce energy and resource consumption, while creating safer and healthier learning environments; and directed the Department of General Services, Division of State Architect (DSA), to adopt guidelines by December 31, 2005 to enable and encourage schools built with state funds to be resource and energy efficient.

Current Energy Efficiency Supplemental Grants. Propositions 47 and 55 provided $20 million each for the increased costs for the design and construction of project components associated with school facility energy efficiency. School districts may obtain this additional funding for eligible new construction and modernization projects that exceed non-residential energy efficiency standards. The facilities in the proposed new construction project must exceed the non-residential building energy efficiency standards as specified in Title 24, Part 6 of the California Code of Regulations by 15% and for modernization projects by at least 10 percent. AB 315 (Hancock) pending on the Senate floor would require the State Allocation Board (SAB) to adopt regulations for design standards for school facilities built with state funds that meet the minimum design and construction criteria established by the Collaborative for High Performance Schools (CHPS) by July 1, 2007.

[7] *The Cost and Financial Benefits of Green Buildings.* A Report to California's Sustainable Building Task Force. October 2003.

Proposed Amounts for Energy Efficiency		
	AB 58 (Nuñez)	**AB 1836 (Daucher)**
2006 K-16 Bond	$0	$20 million (from new construction and modernization allocations)
2008 K-12 Bond	N/A	$20 million (from new construction and modernization allocations)
2010 K-16 Bond	N/A	$20 million (from new construction and modernization allocations)
2012 K-16 Bond	N/A	$20 million (from new construction and modernization allocations)
2014 K-12 Bond	N/A	$20 million (from new construction and modernization allocations)

Minimum Essential Facilities

Does the committee wish recommend that proposed bonds take into account the funding necessary to build complete schools and the funding needed to provide for new construction or renovation of existing sites to meet minimum essential facility standards, as defined pursuant to future legislation?

Recommendation(s):The committee requested OPSC to provide information on current policy and on any information available on whether school districts may or may not be putting facility resources to best use. The committee further recommended having a more extensive discussion on this subject when the bill on Minimum Essential Facilities (AB 1846) comes to the Assembly Education Committee.

Background. The state does not have a definition of "minimum essential facilities." Concern has been raised that many school districts around the state have been unable to build "complete schools," although there is also no definition of a complete school.

In many cases, gymnasiums, multi-purpose rooms, cafeterias, libraries and other essential facilities cannot be provided to students as part of the school site due to funding deficiencies. Historically, because of low assessed valuation, small, rural school districts were not able to generate sufficient funds to build a complete school in their community. For many urban school districts, although funds may have been available, sufficient land was not available for the facility, or the student population grew so quickly that planned minimum essential facilities had to be converted to classrooms. Since the conversion of the state facilities program to a per pupil matching grant, some evidence suggests that the grant amount is, in many cases, not sufficient to build a comprehensive school.

While this problem may be addressed through grant adequacy adjustments if this committee's recommendation to the conference committee is adopted, the state still lacks a definition of "minimum essential facilities."

Current Legislative Proposal. Assembly Bill 1846 introduced by Assemblywoman Patty Berg would establish a new Minimum Essential Facilities (MEF) program within the State School Facility Program to provide funding to assure that essential facilities can be provided at all school sites.

The bill proposes $100 million from existing bond funds be reserved for the purposes of establishing a minimum essential facilities program. The bill also directs the State Allocation Board to review and establish appropriate square footage standards for minimum essential facilities, as defined in the bill. The bill defines "minimum essential facilities" to include, but not be limited to, a cafeteria, a library, a gymnasium, a multi-purpose room, and a media/technology center.

Labor Compliance Programs

Should the provisions of AB 1506 (Wesson) apply to future bonds?

<u>Recommendation</u>: Yes the provisions requiring school districts to ensure that prevailing wages are being paid to the construction workers building schools with state bond money should apply to future bonds.

Background. AB 1506 (Wesson), Chapter 868, Statutes of 2002 required school districts to ensure that prevailing wages are being paid to the construction workers building their schools with state bond money. This can be accomplished through an internal Labor Compliance Program or by a third party Labor Compliance Program.

AB 1506 required districts to make a certification that a labor compliance program (LCP), that has been approved by the Department of Industrial Relations (DIR), for a project apportioned under the School Facilities Program has been initiated and enforced if both of the following conditions exist:

- The district has a project which received an apportionment from the funding provided in The Kindergarten-University Public Education Facilities Bond Act of 2002 (Proposition 47) or The Kindergarten-University Public Education Facilities Bond Act of 2004 (Proposition 55); and,

- The construction phase of the project commences on or after April 1, 2003, as signified by the date of the Notice to Proceed.

Joint-Use[8]

<u>Recommendation</u>: The committee recommends $50 million set aside for Joint-Use and recommends expanding slightly the allowable uses of this funding to include land acquisition and redesign expenses for joint use projects.

Background. The Joint Use program allows a school district to utilize funds from a joint-use partner to build a joint-use project the district would not otherwise be able to build due to lack of financial resources.

There are two types of joint-use projects that the district may apply for, which are referred to as Type I and Type II. A Type I joint-use project is part of a qualifying new construction project that will increase the size, creates extra cost or does both beyond that necessary or school use of the: multipurpose room, gymnasium, childcare facility, library, teacher education facility.

A Type II joint-use project is a stand-alone project or part of a modernization project located at a school site that does not have the type of facility or the existing facility is inadequate and will reconfigure existing school buildings, construct new school buildings, or both to provide for: multipurpose room, gymnasium, childcare facility, library, teacher education facility.

Funding for joint-use projects is provided in the form of grants. The state share for a joint-use project is 50% of the eligible project costs, the joint partner is to contribute a minimum of 25% and the district contributes 25% of the eligible project costs. If the district has passed a bond that specifies that the monies are to be used specifically for the joint-use project, the district may provide up to the full 50% share.

In July 2003 $50 million were made available for joint-use projects and another $50 million dollars was made available through Proposition 55.

[8] School Facility Program Handbook. Office of Public School Construction. June, 2005.