

# Stuart & Associates

## Governmental Consultants

TO: Dr. Joe Ovick

FROM: Susan Stuart

DATE: September 6, 2005

RE: August 24<sup>th</sup> State Allocation Board Meeting

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### **State Allocation Board Meeting of August 24, 2005**

#### **Executive Officer Statement**

OPSC is working on a report examining whether districts in the financial hardship program have had to eliminate Minimum Essential Facilities in new schools due to budget constraints. The Executive Officer further reported that despite a request for school district input, little response had been received.

#### **Member Requests**

Assembly Member Goldberg, requested that staff revisit a previous item on the cohort projection method. She wanted to know why school districts can experience overcrowded sites (MTYRE, busing, etc.) yet have no eligibility. This item will be discussed at the October SAB meeting.

Senator Margett requested that the SAB review the role, responsibilities, and interrelationships among the SAB, OSPC, CDE and the Department of Finance in relation to the school construction program.

#### **Status of Funds**

##### **SFP Bond Funds (Propositions 47 and 55)**

- ◆ New Construction
  - New Construction - Approximately \$4.6 Billion
  - Charter School
    - Applications – approximately \$500,000
    - Relocation/DTSC fees – approximately \$13.1 Million
    - Hazardous Waste Removal – approximately \$2.6 Million

- Energy – Approximately \$15.4 Million
- Small High School – \$20 Million
- ◆ Modernization
  - Modernization - Approximately \$995 Million
  - Energy – Approximately \$8.5 Million
  - Small High School – \$5 Million

*Note: at the current rate of expenditure, modernization funds could be exhausted by May 2006.*

- ◆ Critically Overcrowded Schools
  - Applications - Approximately \$269 Million
  - 15% reserve – Approximately \$301.6 Million
- ◆ Joint Use – Approximately \$33.2 Million

#### **Prior Bond Funds**

- ◆ Proposition 1A (SFP) Bonds
  - New Construction - Approximately \$200,000
  - Hardship – Approximately \$600,000
- ◆ Lease-Purchase Bonds – Approximately \$17.5 Million

#### **SB 6 (Williams Settlement)**

- ◆ Needs Assessment Program – \$2.2 Million
- ◆ Emergency Repair Program (ERP)– \$188.5 Million

### **Job Order Contracting**

The Los Angeles Unified School District presented a report on projects using Job Order Contracting as a method of procuring contractors to perform work as authorized in Chapter 889 statutes of 2003 (AB 14 – Horton). It was requested that the district present a follow up report in December when dollar values may be applied to these contracts.

### **State Relocatable Classroom Program**

Last month, the SAB initiated discussion in relation to the future of the State Relocatable Classroom Program and its current financial status. The staff recommendation was to phase out of the program, but they indicated there are dire immediate needs to immediately renovate and move buildings which require an immediate infusing of funds. The SAB at this meeting approved \$6.0 million to permit OPSC to provide administrative functions of the program.

Board members had expressed dismay when they learned that rental income from the program had been transferred to the State's general fund for the past several years. This action was a Budget Action item, approved in the State Budget Process and should have been approved by the Budget Subcommittees. Five of the six legislative members of the SAB sit on Budget Subcommittees and claim the item was never agendaized.

SAB members also expressed concern that the transfer of lease income to the State's general fund was done without consulting the SAB. In response to this, a resolution was developed to represent this sentiment, and to send a direction for determining the amount and process of transferring the money. In addition, OPSC was directed to present an annual report on the needs for the next fiscal year (2007-08). Once the need is determined, the SAB would advise the Department of Finance of the availability of the excess funds.

Acting on the recommendations in the staff report, the SAB directed OPSC to present a phase-out of the program over intervals from 10-15 years in duration and to authorize the immediate disposal of over 20 year old portable classrooms. Staff was directed to bring a specific plan for implementing this directive for Board consideration in the near future. In addition the SAB accepted the recommendations of staff, which included the phase out of the State Program with no rental increases. The \$24 million would be retained for administration of the program. Districts will be able to purchase portables without impact to their baseline eligibility.

## **Vocational and Career Technical Programs**

### **OPSC Report**

As a result of a presentation from a representative from the Vocational Education Alliance, OPSC suggested measures that could be implemented to insure that districts comply with the requirements of Education Code 17070.95. The report suggested that OPSC would immediately require some form of written evidence that a district's Career Technology Education Advisory Committee (appointed by a district's governing board to assist in developing a career technical program in a district participating in this program) was consulted in projects involving a large new construction application or a large modernization application. This evidence would be reviewed at both the funding approval and audit phases of a project and may include minutes of meetings with the appropriate committees or letters from such committees indicating that they had been consulted. Members of the

audience pointed out that this requirement seemed to be exceeding the law and asked for some flexibility especially for small school districts. There will be no fiscal penalty for noncompliance. The SAB accepted the staff report. OPSC regulations have defined large new construction and large modernization projects as follows:

- ◆ Large New Construction Project – a new comprehensive high school or an addition to an existing comprehensive high school of 200 pupil grants or more.
- ◆ Large Modernization Project – modernization of a comprehensive high school where the pupil grants assigned is equal to least 50 percent of the current CBEDS enrollment of the campus.

### **CDE**

The CDE is amending the form SFPD 4.07 and form SFPD 4.08 to reflect that school districts have met this requirement.

For additional information on Career Technical Education Programs, call: Bernie Norton of the Department of Education at (916) 319-0669.

The next SAB meeting will be held on September 28, 2005 at 11:00 a.m. in the State Capitol, Room 4203.