

Funding Order under the Career Technical Education Facilities Program

PURPOSE OF REPORT

To discuss the funding order of the Career Technical Education Facilities Program (CTEFP) for potential future amendments to the School Facility Program (SFP) Regulations.

DESCRIPTION

The funding order for CTEFP applications is outlined in SFP Regulations by funding cycle. From the third funding cycle forward, regulations stipulate that CTEFP funds be apportioned based on the career technical education (CTE) plan score and locale (Urban, Suburban or Rural). The applications are ordered by highest overall plan score and locale. One application in each locale is selected for funding and then the pattern is repeated until applications or funds are exhausted.

The CTE plan score is assigned by the California Department of Education (CDE) based on statutory criteria. The locale is verified using the National Center for Education Statistics (NCES) to determine if the project's school site is in an urban, suburban or rural area.

Stakeholders have expressed concern about the equity of this funding order, specifically about the assignment of the NCES Town Locale codes to the SFP definition of a Suburban Area. In addition, stakeholders have expressed an interest in considering a return to the Service Region funding model that was used in the first and second CTEFP funding cycles.

In order to facilitate discussion on the topic of the CTEFP funding order, Staff has developed multiple funding scenarios relative to these concerns for a future funding cycle.

AUTHORITY

See Attachment A

BACKGROUND

The current regulations for the CTEFP were developed as a collaborative effort between the Office of Public School Construction (OPSC), CDE and the State Allocation Board's (Board) Implementation Committee at stakeholder meetings in August (Attachment C), October (Attachment D) and December 2006 (Attachment E) prior to being adopted by the Board in January 2007 (Attachment G). In developing the regulatory funding order, the goal was to achieve equitable distribution of funding across the state in accordance with the originating statute.

Education Code Section 17078.72(b) states:

The State Department of Education, in cooperation with the Chancellor's Office of the California Community Colleges, the Labor and Workforce Development Agency, and industry groups, shall develop criteria and pupil outcome measures to evaluate the program. The criteria shall ensure *equity*, program relevance to industry needs, and articulation with more advanced coursework at the partnering community colleges or private institutions. (*Emphasis added*)

At the time, equity was achieved through the assignment of locales and distributing the funding in the first two funding cycles by Service Regions. In anticipation of strong interest in the program during the first two funding cycles that could exhaust the available funds, the third funding cycle did not utilize the Service Region distribution method.

*History of Service Region Allocation in Cycles 1 and 2*

In the first and second CTEFP funding cycles, the total funding allocated to each funding cycle was prorated among 11 Service Regions based on the total high school attendance of each service region. The 11 Service Regions align with the California County Superintendents Educational Services Region as shown on Attachment B. Service Regions are comprised of a group of counties, except one which is a single county. All applications within a Service Region are ranked in order of highest CTE plan score and locale. The highest ranked application in each of the three locales is apportioned, and then the pattern is repeated until funds or applications are exhausted.

A virtual 12<sup>th</sup> region is used to pool funds remaining from a Service Region that was undersubscribed and applications that could not be apportioned in a Service Region(s) that was oversubscribed. The funds were apportioned in the same manner as described above.

*Current Methodology - Locale Codes*

To determine each applicant's locale, OPSC uses codes determined by NCES. The NCES assigns a locale code to each school site in the United States. NCES uses 12 Locale Codes to classify the location of the site in relation to urban centers and population of each school district and individual school sites as follows:

11- City, Large	21- Suburb- Large	31- Town, Fringe	41- Rural, Fringe
12- City, Midsize	22- Suburb Midsize	32- Town Distant	42- Rural, Distant
13- City, Small	23- Suburb, Small	33- Town, Remote	43- Rural, Remote

In a September 2006 Board item (Attachment F), SFP Regulations were amended to align with numbering changes (single digit to double digit designations) adopted by NCES. The following SFP Regulation Definitions were adopted for this purpose:

“Rural Area” shall be a school with a locale code of 41, 42 or 43 as classified by the National Center for Education Statistics (NCES).

“Suburban Area” shall be a school with a locale code of either 21, 22, 23, 31, 32 or 33 as classified by the NCES.

“Urban Area” shall be a school with a locale code of 11, 12 or 13 as classified by the NCES.

*Stakeholder Feedback*

During the fourth and fifth funding cycles, Stakeholders expressed concerns that smaller funding cycles in conjunction with the current funding order results in applications with lower qualifying scores from Rural Area locales receiving funding before higher scoring applications from Suburban and Urban Area locales. Specifically, stakeholders opined that the inclusion of the Town locale in the Suburban Area definition inhibited higher scoring applications from receiving funding due to the high number of applicants in the Suburban Area locales and the low number of applicants in the Rural Area locales. Stakeholders also expressed an interest in funding using the Service Region Model as used in CTEFP cycles one and two.

## STAFF ANALYSIS/STATEMENTS

Staff has developed several scenarios that incorporate the recommendations submitted by stakeholders. Each scenario presented in Attachments J and K demonstrate the changes in funding order based on alterations to the funding matrix. The scenarios include changes to the locale code groupings for the Town locale, the addition of Service Regions as additional criteria for funding order determination, and the inclusion of funding limits based on the percentage of High School Student Enrollment in each Service Region. Staff acknowledges that the scenarios provided do not take in to account that future funding cycles may be completely different due to the variation of projects being submitted.

## DISCUSSION

Staff is requesting stakeholder feedback on topics outlined as part of this item. The scenarios created are not the only options for future funding models, and stakeholder feedback on these scenarios is encouraged.

Staff has included the following attachments for reference and a brief description of each:

### **Attachment A – CTEFP Authority**

The relevant excerpts of SFP Regulations and the Education Code are included for reference in this attachment.

### **Attachment B – Service Region Map**

This map of California Counties demonstrates the 11 Service Regions and the counties that make up each region.

### **Attachment C – Implementation Committee Meeting Report, August 18, 2006**

### **Attachment D – Implementation Committee Meeting Report, October 6, 2006**

### **Attachment E – Implementation Committee Meeting Report, November 30-December 1, 2006**

The full meeting reports are included for reference. Some original attachments to these items have not been included due to length, such as the originating statute, because it is included in the current Attachment A.

### **Attachment F – State Allocation Board AB 127 Item, September 27, 2006**

### **Attachment G – State Allocation Board CTEFP Item January 24, 2007**

### **Attachment H – State Allocation Board CTEFP Item January 2008**

### **Attachment I – Narrative Description of Potential Scenarios**

A narrative description of each scenario is provided as an overview to the charts presented in Attachments J and K.

### **Attachment J – Comparison of Funding Scenarios by Locale Distribution**

For purposes of presentation, Staff is using the universe of projects submitted in Cycle 5 as a sample to demonstrate the distribution of funding when the designations of specific NCES locale codes are changed.

### **Attachment K – Comparison of Funding Order Scenarios with Service Region Distribution**

Similar to Attachment J, Staff is using the universe of projects submitted in Cycle 5 as a sample to demonstrate the distribution of funding when the Service Region funding model is applied and in some cases the designations of specific NCES locale codes are also changed.

**Attachment L – Distribution of funding if only unfunded applications from Cycle 5 were submitted in Cycle 6.**

CTEFP - ATTACHMENT A

AUTHORITY

**School Facility Program (SFP) Regulations**

**SFP Regulation Section 1859.2 Definitions** state in part:

...

“Rural Area” shall be a school with a locale code of 41, 42 or 43 as classified by the National Center for Education Statistics (NCES).

...

“Service Region” means one of the eleven service regions of the California County Superintendents Educational Services Association.

...

“Suburban Area” shall be a school with a locale code of either 21, 22, 23, 31, 32 or 33 as classified by the NCES.

...

“Urban Area” shall be a school with a locale code of 11, 12 or 13 as classified by the NCES.

...

**SFP Regulation Section 1859.196** states in part:

(d) For the third and any subsequent cycles, the Board shall apportion funds regardless of Service Region.

(1) Funds shall be apportioned to the highest ranked project in each locale. In order to continue this funding process, one project from each locale must be apportioned. If there are no applications in a given locale(s), projects will be apportioned in the remaining locale(s).

(2) The process will continue until the applications or funds are exhausted, whichever comes first.

(3) In the event two or more applications have the same career technical education plan score, the Board shall approve the applications in the following order:

(A) The application with the highest total score in all weighted areas of the career technical education plan score identified in Education Code Section 17078.72(j).

(B) The applicant without a Career Technical Education Facilities Project in the immediate prior funding cycle or without an Approved Application for Career Technical Education Facilities Project Funding that will receive funding in the current cycle.

(C) After the above criteria have been applied, a lottery system may be used to determine the final funding order.

(e) If an Approved Application for Career Technical Education Facilities Project Funding within any funding cycle cannot be fully apportioned because insufficient funding is available, the applicant may either accept the available funding as the full and final apportionment for the project or refuse funding entirely. If funding is refused, the Board shall consider funding the next project eligible for an apportionment pursuant to this Section.

(f) For any Approved Application for Career Technical Education Facilities Project Funding not apportioned pursuant to this Section, the application shall be returned to the applicant. An Approved Application for Career Technical Education Facilities Project Funding returned to the applicant may be resubmitted during a subsequent application acceptance period identified in Section 1859.191, provided the application meets the eligibility criteria in Section 1859.192.

CTEFP - ATTACHMENT A

AUTHORITY

**EDUCATION CODE**

**CHAPTER 12.5., ARTICLE 13. Career Technical Education Facilities Program [17078.70 - 17078.72]**

(Article 13 added by Stats. 2006, Ch. 35, Sec. 11)

**17078.70.**

(a) For the purposes of this article, "reconfiguration" means any modification of a structure of any age that will enhance the educational opportunities for pupils in existing middle and high schools in order to provide them with the skills and knowledge necessary for high-demand technical careers.

(b) "Reconfiguration" may include limited new construction necessary to accommodate the reconfiguration.

*(Added by Stats. 2006, Ch. 35, Sec. 11. Effective May 20, 2006. Operative after November 7, 2006, pursuant to Sec. 25 of Ch. 35 and adoption of Prop. 1D.)*

**17078.72.**

(a) The Career Technical Education Facilities Program is hereby established 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, to enhance educational opportunities for pupils in existing high schools in order to provide them with the skills and knowledge necessary for the high-demand technical careers of today and tomorrow.

(b) The State Department of Education, in cooperation with the Chancellor's Office of the California Community Colleges, the Labor and Workforce Development Agency, and industry groups, shall develop criteria and pupil outcome measures to evaluate the program. The criteria shall ensure equity, program relevance to industry needs, and articulation with more advanced coursework at the partnering community colleges or private institutions.

(c) The program shall be based on grant applications administered by the board.

(d) Grants shall be allocated on a per-square-foot basis for the applicable type of construction proposed or deemed necessary by the board consistent with the approved application for the project.

(e) New construction grants shall not exceed three million dollars (\$3,000,000) per project per schoolsite, inclusive of equipment, and shall only be allocated to comprehensive high schools that have an active Career Technical Advisory Committee pursuant to Section 8070, in either of the following methods:

(1) For a stand-alone project on a per-square-foot basis for the applicable type of construction proposed, based on the criteria established pursuant to subdivision (b), consistent with the approved application for the project.

(2) For new school projects, as a supplement to the per pupil allocation pursuant to Section 17072.10. The supplement is intended to cover excess costs uniquely related to the facilities required to provide the career technical education program or programs.

(f) Modernization grants shall not exceed one million five hundred thousand dollars (\$1,500,000) per project per schoolsite, inclusive of equipment and may be awarded to comprehensive high schools or joint power authorities currently operating career technical education programs that have an active Career Technical Advisory Committee pursuant to Section 8070 for the purpose of reconfiguration. For comprehensive high schools, the grant shall be supplemental to the per pupil allocation pursuant to Section 17074.10. The supplement is intended to cover excess costs uniquely related to the facilities required to provide the career technical education program or programs.

(g) (1) A school district shall contribute from local resources a dollar amount that is equal to the amount of the grant of state funds awarded under subdivisions (d), (e), and (f). The required local contribution may be provided by private industry groups, the school district, or a joint powers authority.

## CTEFP - ATTACHMENT A

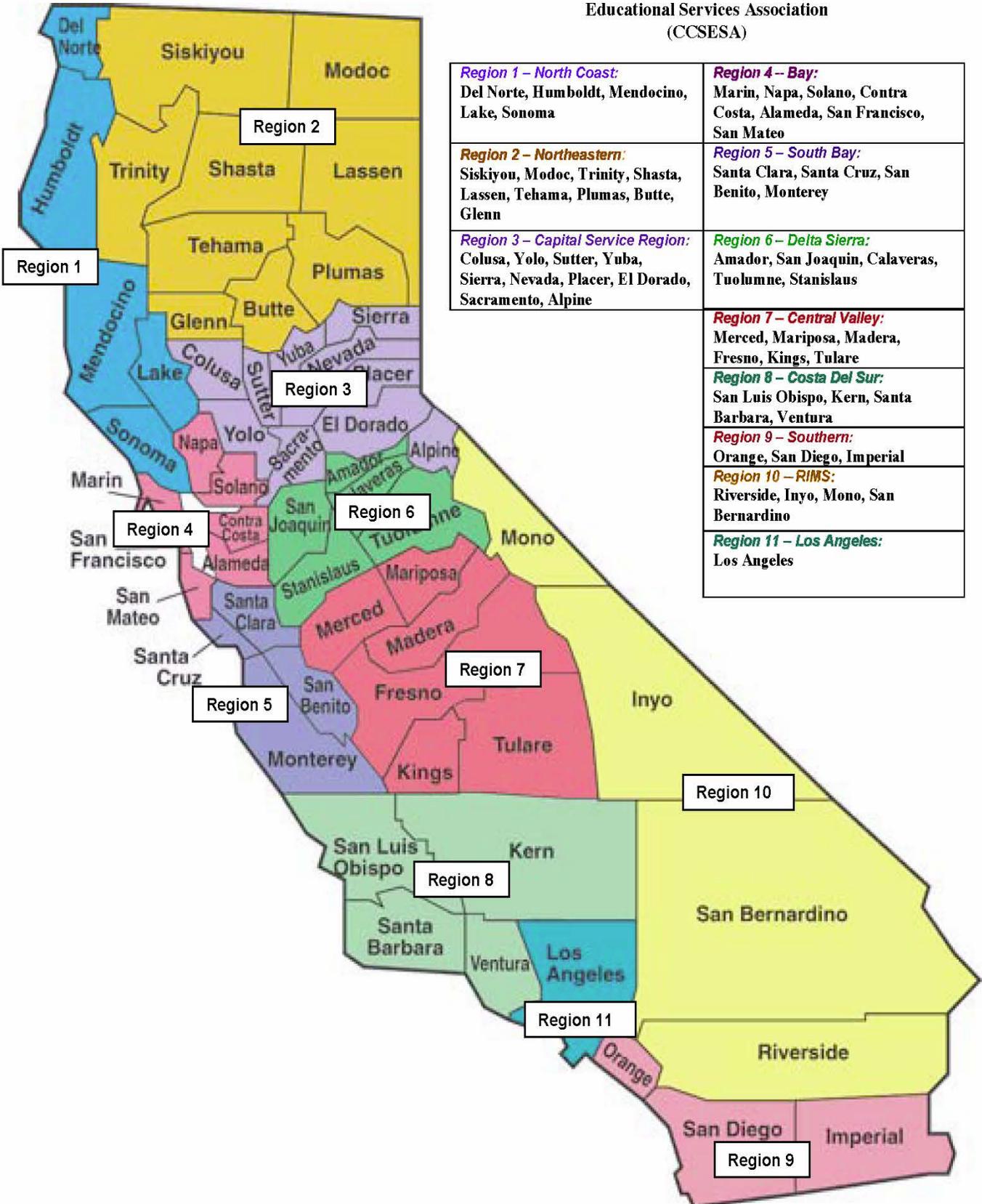
### AUTHORITY

- (2) A school district shall not be required to demonstrate that it has unhoused pupils or that a permanent school building is more than 25 years old in order to receive a grant under the program.
- (h) The program shall allow the required local contribution to be paid over time if sufficient local funds are not immediately available. The board may provide for a repayment schedule consistent with subparagraphs (C) and (D) of paragraph (1) of subdivision (a) of Section 17078.57. The board shall not waive the required local contribution on the basis of financial hardship or on any other basis.
- (i) Applications shall meet the criteria developed under subdivision (b) and shall require all of the following:
- (1) A clear and comprehensive career technical education plan for each course of study applicable to the instructional space.
  - (2) Projections of pupil enrollment.
  - (3) Identification of feeder schools, industry partners, and community colleges or other postsecondary schools participating in the development, articulation, and review of the educational program.
  - (4) Evidence of approval of the plan by the entities listed in paragraph (3).
  - (5) The method by which accountability for pupil enrollments and outcomes will be maintained. Outcomes shall include, but are not limited to, certificate completion, the successful entry of pupil to employment in the applicable industry, and successful transition to post-secondary institutions for work in the applicable industry or other areas of study.
  - (6) Evidence of coordination with all feeder schools, middle schools, and high schools within the area to ensure that the project and programs complement career technical education offerings in the area.
  - (7) Evidence that upon completion of the project the local educational agency will meet all of its obligations under Section 51228 relating to career technical education.
- (j) Applications shall give weight to the number of pupils expected to attend, the cost per pupil, financial participation by industry partners in the construction and equipping of the facility, commitment to accountability for outcomes and participation, the strength and relevance of the educational plans to the needs of industry for qualified technical employees applicable to the economic development needs of the region in which the project will be located, and coordination and articulation with feeder schools, other high schools, and community colleges.
- (k) The Office of Public School Construction shall develop and the board shall approve regulations to implement this article on or before April 19, 2007, and the board may promulgate those regulations first on an emergency basis, which shall be effective for no more than 12 months, after which any permanent regulations shall be promulgated in accordance with the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).
- (l) Notwithstanding paragraphs (e) and (f), a project approved pursuant to this section is also eligible for an incentive grant from the funds specified in paragraph (8) of subdivision (a) of Section 101012 if the project meets the criteria prescribed in that section.

*(Amended by Stats. 2011, Ch. 622, Sec. 2. (SB 128) Effective January 1, 2012.)*

ATTACHMENT B

The Eleven Service Regions of California County Superintendents Educational Services Association (CCSESA)



**Region 1 – North Coast:**  
Del Norte, Humboldt, Mendocino, Lake, Sonoma

**Region 2 – Northeastern:**  
Siskiyou, Modoc, Trinity, Shasta, Lassen, Tehama, Plumas, Butte, Glenn

**Region 3 – Capital Service Region:**  
Colusa, Yolo, Sutter, Yuba, Sierra, Nevada, Placer, El Dorado, Sacramento, Alpine

**Region 4 – Bay:**  
Marin, Napa, Solano, Contra Costa, Alameda, San Francisco, San Mateo

**Region 5 – South Bay:**  
Santa Clara, Santa Cruz, San Benito, Monterey

**Region 6 – Delta Sierra:**  
Amador, San Joaquin, Calaveras, Tuolumne, Stanislaus

**Region 7 – Central Valley:**  
Merced, Mariposa, Madera, Fresno, Kings, Tulare

**Region 8 – Costa Del Sur:**  
San Luis Obispo, Kern, Santa Barbara, Ventura

**Region 9 – Southern:**  
Orange, San Diego, Imperial

**Region 10 – RIMS:**  
Riverside, Inyo, Mono, San Bernardino

**Region 11 – Los Angeles:**  
Los Angeles

STATE ALLOCATION BOARD  
IMPLEMENTATION COMMITTEE  
August 18, 2006

CAREER TECHNICAL EDUCATION FACILITIES PROGRAM

BACKGROUND

Assembly Bill 127, Chapter 35, Statutes of 2006, (Nunez/Perata) will enact the Kindergarten-University Public Education Facilities Bond Act of 2006 pending the November 4, 2006 ballot. This bill establishes the Career Technical Education Facilities Program (CTEFP) and provides \$500,000,000 to fund the program. The purpose of CTEFP is to provide funding to qualifying local educational agencies for the purpose of constructing new facilities or reconfiguring existing facilities to enhance the educational opportunities for pupils in order to provide them with the skills and knowledge necessary for the high-demand technical careers of today and tomorrow.

AUTHORITY

Article 13, Assembly Bill 127, Chapter 35, Statutes of 2006, (Nunez/Perata). See Attachment A.

DISCUSSION

*Basic Program Components*

The CTEFP was created to provide students with the skills and knowledge necessary to prepare them for high demand technical careers. CTEFP funds may be provided to qualifying local education agencies for the purposes of constructing new facilities. Funds may be allocated to comprehensive high schools and/or joint powers authorities (JPA) in order to modernize existing facilities to enhance educational opportunities for pupils. The funding includes, but is not limited to, purchasing equipment that has an average useful life expectancy of at least ten years. Facilities that include instructional space for one or more of the 15 Career Technical Education Industry Sectors recognized by California Department of Education (CDE) (Attachment B) will be considered for the program.

The CTEFP grants may be used for new construction or the modernization of existing facilities. Grants for new construction shall not exceed \$3 million per project per school site and grants for modernization shall not exceed \$1.5 million per project per school site.

*Funding*

CTEFP funding will be available for different types of projects, including new school construction, stand alone new construction, and modernization. Grants allocated under this program shall be determined on a per square foot basis and the per square foot allowance shall include construction and equipment costs.

The applicant contribution shall be equal to the state funds awarded for the CTEFP, regardless of the application type. The matching funds may come from private industry groups, the school district, or a joint powers authority. The match may be repaid over a period of time if sufficient local funds are not immediately available.

Staff is evaluating the length of repayment for the district's CTEFP match, but it is expected to be between five to 30 years.

### *Financial Hardship*

Financial Hardship status does not apply to CTEFP funding; the matching local contribution may not be waived under any circumstance. A Financial Hardship school district may apply to the regular School Facility Program (SFP), but if requesting CTEFP funds, the district or their partners will have to supply the CTEFP matching contribution.

### *New Construction*

Grants shall be allocated for facilities included in a new school project or constructed as a stand-alone project. The grant shall not exceed \$3 million per project per school site and shall be awarded only to comprehensive high schools that have an active Career Technical Advisory Committee (CTAC), pursuant to EC Section 8070 (Attachment C).

- New School Project
  - CTEFP grants, on a square foot basis, provide a supplement to the per pupil grant (pursuant EC Section 17072.10).
  - Grants are intended to cover excess costs uniquely related to the facilities required to provide CTE program or programs.
- Stand-alone project
  - Grants are determined on per square foot basis

### *Modernization*

CTEFP grants may be awarded to a comprehensive high school or JPA currently operating a Career Technical Education (CTE) program that has an active CTAC. The grants shall not exceed \$1.5 million per project per school site.

- Modernization projects
  - For comprehensive high schools, the grant shall supplement any per pupil allocation pursuant to section 17074.10.
  - CTEFP grants are intended to cover excess cost uniquely related to the facilities required to provide CTE program or programs.

Statute specifically recognizes “reconfiguration” as a method to provide CTE facilities and states that limited new construction may be included in the plans. Similar to the Joint-Use program, if reconfiguration includes removal or displacement of classrooms or existing minimum essential facilities (MEF), then the modernization project must also include limited new construction to replace those MEF. If there is no modernization eligibility, the project can not displace classrooms or MEF.

### *Grant amount*

CTEFP grants are to be allocated on a per-square-foot basis. It is anticipated that the grant amount will be calculated by multiplying the square footage of CTE facilities in the project by an appropriate multiplier for each CTE sector. The resulting grant will be inclusive of CTE equipment. There is substantial variation in the facilities and equipment requirements among the CTE industry sectors so it is anticipated that more than one per-square-foot allowance will be established, based on the industry sector identified for the facility.

Square footage allowances are currently being researched.

Site development costs may be included in the CTEFP grant if not requested on an accompanying new construction funding application. If requesting CTEFP funding for a New

Construction, New School project, all site development costs should be included on the Form SAB 50-04 for the associated school. If requesting CTEFP funding for a New Construction, Stand Alone project, only site development for the CTE facility should be included on the CTEFP application.

Separate site development costs are not available for CTEFP Modernization projects. These costs are considered in the CTEFP square footage allowance.

CTEFP applications will be eligible for excess cost allowances, such as small size, geographic, or urban/security, if not requested on an associated Form SAB 50-04 for the same CTE facility.

#### *Career Technical Education Program Evaluation*

Pursuant to Section 17078.72(b), CDE will work with the Chancellor's Office of the Community Colleges, the Labor and Workforce Development Agency, and industry groups, and shall develop criteria and pupil outcome measures to evaluate the program. The criteria shall ensure equity, program relevance to industry needs, and articulation with more advanced coursework at the partnering community colleges or private institutions.

Prior to applying for CTEFP funds, the applicant must develop a plan that incorporates the standards identified in Section 17078.72(b) and includes the following specific requirements per Section 17078.72(i):

- A CTE plan for each course of approved study applicable to the instructional space;
- Projections of pupil enrollment;
- Identification of feeder schools, industry partners, and community colleges or other postsecondary schools participating in the development, articulation, and review of the education program;
- Evidence of approval of the plan by the entities listed above;
- Method of accountability for pupil enrollments and outcomes;
- Evidence of coordination with all feeder schools, middle schools, and high schools within the area to ensure that the project and programs complement CTE offerings in the area;
- Evidence that upon completion of the project the local educational agency will meet all of its obligations under Section 51228 relating to CTE.

The document will be evaluated and used, in part, to establish funding priority of applications requesting the CTEFP funding.

#### *Eligibility Requirements*

Demonstration of new construction or modernization eligibility is not a requirement to participate in the CTEFP. However, if the school district has new construction eligibility or the school site has modernization eligibility, then the District is encouraged to utilize the available eligibility.

Facilities that generate modernization eligibility will be considered modernized if reconfigured with CTEFP funds and the age of the building will start over. Further, districts that use CTEFP reconfiguration funds on a facility that does not generate eligibility will have the date of the facility updated. Therefore, it is to their advantage to use available modernization eligibility.

### *Application Process*

CTEFP will use a separate form in conjunction with the *Application for Funding* (Form SAB 50-04), similar to *Application for Joint-Use Funding* (Form SAB 50-07) used for Joint-Use program. The separate application form will allow for multiple CTEFP requests associated with single Form SAB 50-04. The separate form will also facilitate comparison of applications for determination of funding order.

The CTEFP Form will identify, at a minimum, the type of project, square footage of CTE facilities in the project, excessive costs, and district priority. The application will designate the type of project as one of the following:

- New Construction, New School Project
- New Construction, Stand Alone Project
- Modernization Project

The application will also include DSA approved plans that identify the CTE facilities.

### *Funding Cycle and Project Priority*

Section 17078.72(j) requires that “weight” be given to applications based on several factors. This “weighing” of applications requires comparison of applications and assignment of funding priority. This will be accomplished through an annual funding cycle.

Funding priority within each cycle will be determined by an analysis of the CTE plan developed pursuant to Section 17078.72(b) and (i). Additional factors to be considered are outlined in Section 17078.72(j) and include:

- Number of pupils expected to attend;
- Cost per pupil;
- Financial participation by industry partners in the construction and equipping of facility;
- Commitment to accountability for outcomes and participation;
- Strength and relevance of the educational plans to the needs of industry for qualified technical employees; and
- Coordination and articulation with feeder schools, other high schools, and community colleges.

A matrix will be used to score applications on the various criteria. The cumulative score will determine the rank for each application. The funding order will be dependent on the resulting rank and district priority. Districts will assign priority to their projects, if submitting more than one application within the funding cycle. If a district does not assign priority to multiple projects, priority will be determined by date received. Within a funding cycle, the highest ranked applications from each district will be funded, followed in descending order by the lower priority applications.

No funding preference will be given for new construction or modernization.

## ATTACHMENT D

### STATE ALLOCATION BOARD IMPLEMENTATION COMMITTEE October 6, 2006

#### CAREER TECHNICAL EDUCATION FACILITIES PROGRAM

##### BACKGROUND

Assembly Bill 127, Chapter 35, Statutes of 2006, (Nunez/Perata) will enact the Kindergarten-University Public Education Facilities Bond Act of 2006 pending the November 4, 2006 ballot. This bill establishes the Career Technical Education Facilities Program (CTEFP) and provides \$500,000,000 to fund the program. The purpose of CTEFP is to provide funding to qualifying local educational agencies for the purpose of constructing new facilities or reconfiguring existing facilities to enhance the educational opportunities for pupils in order to provide them with the skills and knowledge necessary for the high-demand technical careers of today and tomorrow.

Staff introduced the CTEFP at the August 18, 2006 meeting of the Implementation Committee to obtain feedback on the program components. The initial presentation focused largely on the facility aspect of the CTEFP, whereas the current item includes a detailed discussion of the educational component of the program. This presentation also addresses several issues raised at the last meeting and provides several proposed CTEFP revisions.

##### AUTHORITY

Article 13, Assembly Bill 127, Chapter 35, Statutes of 2006, (Nunez/Perata). See Attachment A.

##### DISCUSSION

###### *Application Guidelines*

The first step of the CTEFP will be to submit an application to the California Department of Education (CDE) (Attachment B) that details the applicant's Career Technical Education (CTE) plan. The CDE will review each application as described in the Attachment. Upon approval, the CDE will present an overall score to the Office of Public School Construction (OPSC). The score will be used, in part, to establish funding priority within the program.

Staff from CDE will be discussing the draft application guidelines.

###### *Design Funding and Preliminary Apportionment*

Members of the Implementation Committee and audience were concerned about expending funds on the design of plans without any reassurance that the CTE funds would be available at the time they submit their funding application. Staff was requested to evaluate the possibility of providing design funding.

Therefore, Staff proposes the following:

- Once an applicant's education plan has been reviewed and scored by the CDE, the applicant will be able to submit a design funding request to the OPSC. Upon approval of the application by the State Allocation Board, ten percent of the State's share will be released to the applicant. The remaining funds will be reserved for the applicant's full funding application.

## ATTACHMENT D

- The applicant has 18 months from the time of design funding release to submit their funding application for final approval.
- If the applicant has not submitted their full funding application within 18 months of design funding release, the reserved funds will be returned to the CTEFP fund. The design funds will be reduced to costs incurred, of which the district will be responsible for 50 percent.

Examples of the design apportionment are presented in Attachment C.

### *Funding Priority*

Two funding cycles per year are planned for the CTEFP. Funding priority within each CTEFP funding cycle will be determined by the adequacy of the applicant's CTE plan and the project priorities of each applicant.

The review of the CTE plan by CDE will result in a score for each plan. If an applicant submits multiple projects within a funding cycle, the applicant must indicate the priority of the projects. The applicant's priority of the project determines which round the project will be funded in; lower priority projects will be funded after all higher priority projects have been funded. Equitable distribution of the funding will be ensured by using the eleven Service Regions of California County Superintendents Educational Services Association (included in Attachment B).

The funding sequence follows:

- The first-priority project with the highest CTE plan score within each region will be given first consideration.
- Regional order will be determined by the highest overall score, followed by next highest CTE plan score in a *different* Region, until all regions used.
- After the highest-scored, first-priority projects are funded in each Region, the first-priority project with the next highest CTE plan score will be funded within each region. The regional order may change each time through.
- This sequence continues until all first-priority projects are funded.
- Once all first-priority projects are funded, the same sequence will be used to fund second-priority projects, and so on.
- The sequence will continue until all the applications are apportioned or the funding is exhausted.
- In the event of a tie, a yet-to-be-determined item will be the deciding factor. Suggestions include need-based factors (i.e. dropout rates) or particular items within CTE app.

This sequence rewards the applicants with the CTE plans with most merit within regions. The sequence also provides equal footing for all applicants with high priority projects. The eleven regions additionally provide maximum geographic distribution.

A sample funding sequence is presented in Attachment D.

### *Grant Amounts*

AB 127 established that the CTEFP grant is to be allocated on a per-square-foot basis. In the previous presentation, it was proposed that a multiplier would be determined for each Career Technical Education (CTE) industry sector and that multiplier would be applied to the eligible square footage of the project. Given the considerable variation in facility and equipment needs between, and within, the CTE industry sectors, this approach proved to be very cumbersome and problematic.

## ATTACHMENT D

It is now proposed that the funding be determined on a case-by-case basis. The applicant will supply the anticipated costs and square footage of each individual project. These costs will be subject to confirmation and the project will be bound by the funding limits delineated in law.

### *Modernization Eligibility*

Previously, it was suggested that a district's modernization eligibility would be adjusted for facilities modernized under the CTEFP even if SFP modernization funds were not used. This was considered a strong disincentive to participate in the CTEFP. The OPSC recognizes the problems created by this approach and is now proposing that the use of CTEFP funds exclusively on a facility will not affect the modernization eligibility generated by that facility.

### RECOMMENDATION

Present proposed regulations at the next available Committee meeting.

## ATTACHMENT E

### STATE ALLOCATION BOARD IMPLEMENTATION COMMITTEE November 30 and December 1, 2006

#### CAREER TECHNICAL EDUCATION FACILITIES PROGRAM

##### BACKGROUND

Assembly Bill 127, Chapter 35, Statutes of 2006, (Nunez/Perata) enacts the Kindergarten-University Public Education Facilities Bond Act of 2006. This bill establishes the Career Technical Education Facilities Program (CTEFP) and provides \$500,000,000 to fund the program. The purpose of CTEFP is to provide funding to qualifying local educational agencies for the purpose of constructing new facilities or reconfiguring existing facilities to enhance the educational opportunities for pupils in order to provide them with the skills and knowledge necessary for the high-demand technical careers of today and tomorrow.

Staff introduced the CTEFP at the August 18, 2006 meeting of the Implementation Committee and returned to the October 6, 2006 meeting to further discuss the program. The second meeting included a presentation by the California Department of Education (CDE) which included discussion of the application process. Additionally, stakeholders meetings on October 23 and November 13 discussed the components necessary for a Career Technical Education (CTE) plan.

This presentation incorporates issues raised at the previous meetings and provides several proposed CTEFP revisions.

##### AUTHORITY

Article 13, Assembly Bill 127, Chapter 35, Statutes of 2006, (Nunez/Perata). See Attachment A.

##### DISCUSSION

###### *Revised Application Guidelines*

The first step of the CTEFP will be to submit an application to the CDE (Attachment B) detailing the applicant's CTE plan. The CDE will review each application as described in the Attachment. Upon approval, an overall score will be presented to the Office of Public School Construction (OPSC). The score will be used, in part, to establish funding priority within the program.

Staff from CDE will be discussing the revised draft application guidelines.

###### *Eligible Entities*

Districts may apply for CTEFP funding for new construction or modernization if they are operating a high school meeting the definition of a comprehensive high school pursuant to the Education Codes 51224, 51225.3, and 51228.

A joint power authority (JPA) in existence as of May 20, 2006 may apply for CTEFP funds for the purposes of modernization provided the JPA is expressly for CTE and meets the other requirements identified in law. The JPA may include one or more local educational agencies.

## ATTACHMENT E

### *Grant Amounts*

AB 127 established that the CTEFP grant is to be allocated on a per-square-foot basis. In the initial presentation, it was proposed that a multiplier would be determined for each CTE industry sector and that multiplier would be applied to the eligible square footage of the project. Given the considerable variation in facility and equipment needs between, and within, the CTE industry sectors, this approach proved to be very cumbersome and problematic. Thus, a revised method to calculate the CTE grants was proposed in which the funding was determined on a case-by-case basis with the applicant supplying the anticipated costs and square footage of each project. These costs will be subject to confirmation and the project will be bound by the funding limits set forth in the law.

Grants for the CTEFP are supplementary to allocations made under the School Facility Program (SFP) for new construction or modernization. However, the law also allows CTE funding for facilities and applicants that are not permissible under the SFP. In instances where there is no SFP new construction or modernization grant, the entire project is eligible for CTEFP funding. Accordingly, the following recommendations are presented regarding the determination of the CTE grant under the various circumstances:

- On a new construction project, if *any* SFP grants are requested, an amount will be deducted from the project cost to account for the new construction base grant allocated to build the facility. For every CTE classroom identified in the project, the deduction will be the standard per square foot allowance of \$130 multiplied by 960 square feet for a typical classroom, regardless of the actual size of the proposed classroom. The remaining cost of the facility, subject to the maximum allowance, will be the CTEFP allocation accounting for “excess costs uniquely related to facilities required to provide” CTE. In this situation, there will be no additional charge to a district’s eligibility, since the new construction grants are being used to construct the capacity.
- If no SFP new construction grants are requested for a CTE project, there will be no deduction for the basic construction of a classroom. The cost of the entire facility may constitute the CTEFP allocation, subject to the maximum allowance. In this instance, the additional capacity of the facility will be charged against a district’s new construction eligibility, as is required of any capacity added after the new construction baseline is established. In the event a district has not established new construction eligibility, any classroom provided under the CTEFP would be captured in the baseline when new construction eligibility is established.
- On a modernization project, no deduction will be made regardless if SFP modernization grants are used or not. Any modernization of existing facilities for the purpose of creating CTE classroom could reasonably be assumed to be “uniquely related to facilities required to provide” CTE. Thus, costs associated with a project could be eligible CTE expenditures.

### *Local Contribution and State Loan*

A local contribution equal to the State contribution shall be required on any CTEFP project. This matching share may come from the applicant, applicant’s partners, or other sources. Partners and monetary contribution may be identified on the CTE application.

In the event local funds are not immediately available for the project, the applicant may apply for a loan from the State. Ability to receive a loan will be subject to financial review, currently expected to be a checklist or certification identifying partners and available monetary contribution.

## ATTACHMENT E

The loan for the local contribution shall be paid back over time with interest collected at the rate paid on monies in the Pooled Money Investment Account. The recovered loan principal and interest will return to the CTEFP fund. Staff is recommending a repayment schedule of ten years for any loan made for the local match. This timeframe is consistent with the required lifespan of durable equipment that may be purchased under the CTEFP and staff believes it is impractical to exceed the ten-year requirement. The relatively short repayment schedule will also minimize applicant obligations and interest expenditures (Attachment C). Additionally, Staff is recommending that there be no prepayment interest penalty. However, should the applicant default on the loan, the outstanding debt may be deducted from payments to the applicant pursuant to Education Code Section 17076.10(c).

### *Reservation of Funds*

Previous discussions raised concerns about expending funds to design CTE facilities without assurance that CTEFP funding would be available at the time a funding application was submitted. Staff evaluated the possibility of reserving funds and proposes the following:

- An applicant will be able to submit a funding request to the OPSC if the applicant's education plan has been reviewed and scored by the CDE.
- If the application is approved by the State Allocation Board (SAB), funds will be reserved for the project and the applicant will have twelve months to submit a complete funding application.
- If the applicant submits the full funding application within twelve months, the apportionment will be released to the applicant subject to the requirements specified on the Fund Release Authorization (Form SAB 50-05).
- If the applicant fails to submit a complete application within twelve months, the apportionment is returned to the program and the applicant will be able to resubmit the application.

### *Design Funding*

Design funds are not available under the CTEFP unless the applicant is requesting a loan from the State for the entire local match.

If an applicant does require a loan for the matching contribution, upon approval of the application by the SAB, ten percent of the total project will be released to the applicant. The remaining funds will be reserved for twelve months or receipt of the applicant's full funding application.

### *Funding Cycles and Funding Priority*

Two funding cycles per year are planned for the CTEFP. The first two cycles will split the funds provided under AB 127 with a maximum of \$250 million allocated in each funding cycle. Dividing the funds for the first two cycles has two benefits. First, it prevents the majority of available funds from being locked up in projects that are in preliminary stages and may not come to fruition. Second, it allows applicants additional time to prepare for the second round with the assurance that funds will be available. Any funds remaining after the first two cycles will carry over to subsequent funding cycles.

Staff anticipates the first funding cycle to end in October 2007, with allocations for the CTEFP projects occurring at the February 2008 SAB meeting. The second cycle would end in April 2008.

Within each cycle CTEFP funds will be allotted for each of the eleven Service Regions of the California County Superintendents Educational Services Association based upon the total high

## ATTACHMENT E

school enrollment with each region. Attachment D shows the distribution of funds by Service Region.

Funding priority within each Service Region will be determined by the adequacy of the applicant's CTE plan score and the project locality of each application. The CDE will review and score each applicant's CTE plan, resulting in higher scores for the CTE plans most likely to proceed. Should an applicant submit multiple projects within a funding cycle, the score of the projects will be considered independently; multiple high-ranked projects from a single applicant may be funded before lower-ranked projects from other applicants. The locality for each project, identified as Urban, Suburban or Rural, shall be determined by the National Center for Education Statistics.

Applications within each region will be funded in rounds, accounting for all localities in each round until the funds or applications are exhausted. In the initial round, if the funding requests exceed the available funds in a region, all applications will be compared and the project with the highest CTE plan score will be funded regardless of locality, then the highest scoring plan in a different locality will be funded, followed by the highest scoring plan in the remaining locality. The process will be repeated in the subsequent rounds; the order of the localities may change and will be determined based on the remaining applications (Attachment E).

In the event two or more applicants have the same CTE plan score and are of the same locality, the application received first by the OPSC will be funded. In the event the applicants have the same CTE plan score, are of the same locality, and were received by the OPSC on the same day, the applicant with the highest dropout rate will be funded. If the remaining funds are inadequate to fund the entire project, the applicant will have the option to accept the reduced amount or reapply for the subsequent funding cycle. Funds not apportioned in a region will carryover to the next cycle for that region.

### *Fund Release*

The applicant has 18 months from the time of project approval to submit their fund release. If the applicant has not submitted their fund release within 18 months of the allocation, the funds will be returned to the CTEFP fund.

In the event an applicant received design funding but does not submit a fund release for the remainder, the project will be reduced to costs incurred. The applicant is still responsible for 50 percent of the expenditures and is still be obligated to repay the loan amount in full.

### *Savings*

The applicant may not retain savings on a CTEFP project. Any unused funds return to the program and are available for subsequent projects.

## RECOMMENDATION

Present proposed regulations at the next available Committee meeting.

## ATTACHMENT F

### REPORT OF THE EXECUTIVE OFFICER State Allocation Board Meeting, September 27, 2006

#### ASSEMBLY BILL (AB) 127 AMENDMENTS TO PROGRAM REGULATIONS

#### PURPOSE OF REPORT

To request:

1. Adoption of the proposed emergency regulations to implement and administer statutory amendments as follows:
  - Small High School
  - High Performance Schools (Resource Conservation Measures)
  - Charter School
  - Grant Increases
2. Authorization to file the proposed emergency regulations with the Office of Administrative Law (OAL).

#### DESCRIPTION

Assembly Bill (AB) 127, Chapter 35, Statutes of 2006 (Perata/Nunez) was chaptered on May 20, 2006, establishing the Kindergarten-University Public Education Facilities Bond Act of 2006 (Act). The Act provides \$10.416 billion in bonds for educational facilities, of which \$7.329 billion is earmarked for kindergarten through twelfth grade projects, to be placed before the voters on the November 2006 ballot as Proposition 1D. The law, of which nearly all the provisions are effective only upon the passage of the Act, makes modifications to certain School Facility Program (SFP) features, adds several new grant programs, provides funding for existing and new grant programs, and requires that emergency regulations be adopted. Major changes and amendments to the SFP and Deferred Maintenance Program regulations (Attachment) as a result of Chapter 35 are summarized below.

Included in this package:

- *New Construction, Modernization, Small High School, and Joint Use Programs*  
Additional funding is provided to continue the programs.
- *High Performance Schools*  
Up to \$100 million is made available for districts with projects that meet high performance rating criteria for components such as energy, water, natural lighting, air quality, and the use of recycled materials for construction projects.
- *Charter School*  
The program, in addition to \$500 million made available, includes funding changes and alternatives to the impact on a district's new construction baseline eligibility when a charter school receives funding for the construction of a school.
- *Grant Increases*  
The new construction per-pupil grant is increased by seven percent for the elementary and middle school, and four percent for the high school, effective July 1, 2006. In addition, after January 1, 2008, the Board can increase (by no more than six percent) or decrease the per pupil grant to correspond to the actual costs to construct new schools.

(Continued on Page Two)

DESCRIPTION (cont.)

Anticipated for a future SAB meeting:

- *Seismic Mitigation*  
The facility hardship program has been expanded to include up to a total of \$199.5 million for the mitigation of the State's most vulnerable Category 2 school facilities.
- *Career Technical Education Facilities Program*  
This program is established for the purpose of constructing new facilities or reconfiguring existing ones to provide facilities for students to learn the skills and knowledge necessary for today's high-demand technical careers.
- *Overcrowding Relief Grants*  
A new grant is added to provide funding to relieve overcrowding for districts with sites that have a high pupil population density and a significant number of portable classrooms.

STAFF COMMENTS

By utilizing the SAB Implementation Committee meetings as a forum to gather input from interested parties, the Office of Public School Construction (OPSC) has developed proposed regulations contained in the Attachment to implement the changes detailed above. During the discussion on several items, issues were raised that Staff agreed to include in its report to the Board as follows:

*High Performance Schools Grant (HPSG)*

The HPSG is based on High Performance Rating Criteria (HPRC) mirroring the adopted guidelines of the Green Action Team. The HPRC will be used to determine if a project qualifies for the grant and the amount of the grant for the costs of design and materials that promote the efficient use of energy and water, the maximum use of natural lighting and indoor air quality, the use of recycle materials and materials that emit a minimum of toxic substances, other uses of acoustics conducive to teaching and learning, and other characteristics of high performance schools. Typically, energy/high performance incentive programs are designed on a shared cost basis, in consideration of recouped costs through operational savings. AB 127 does not specify a prescribed method of grant determination but does authorize the grants in order to promote high performance schools. As a result, the Board has flexibility in considering options in providing the HPSG. Staff, with input from technical experts, has developed two options as follows:

Option 1 - HPSG

While the HPSG is an incentive-based program, the Board may consider the State and district sharing 50 percent of the costs for designs and materials that include the attributes of high performance schools. The costs of the remaining 50 percent will be borne by the district upfront, but recouped through operational savings. For example, energy savings should be sufficient enough to pay for the related design and materials several times over during the lifetime of the school. Additionally, districts may be able to receive additional grants from their utility provider that will pay for the cost of the same design and materials already funded by the State.

Other performance improvements, while not quantifiable, can be reasonably assumed. High Performance Schools may experience improvements such as a reduction in potable water use, reduction in waste water production, and reduction in construction waste to the landfill. Additional improvements will be realized in student and staff productivity to include increased student performance, reduction of teacher turnover, and reduction in absenteeism.

(Continued on Page Three)

STAFF COMMENTS (cont.)

The advantage of this option is that the \$100 million will be available for a longer period of time to fund more projects. The disadvantage of this option is that upfront costs are expensive and must be borne by the district, thereby likely limiting the participation of districts that have limited financial resources. In addition, cost savings cannot be achieved in every category and operational savings realized by a district do not return to the capital facilities fund, but remain in a district's funds for operation.

Option 2 - HPSG

Since the HPSG is an incentive-based grant, the Board may consider covering the entire upfront costs of design and materials of a high performance school to be shared equally between the State and the district. The advantage of this option is that upfront costs would be fully covered and the district would not have to wait for the life cycle (savings resulting from the inclusion of these high performance attributes) to cover the additional expenses incurred. This option would also result in greater district participation in the use of designs and materials that include the attributes of high performance schools. The disadvantage of this option is that the \$100 million made available could be exhausted quickly and would leave many districts that had planned to include high performance projects unfunded.

The regulations for these two proposals are included in the Attachment for the Board's consideration. Regardless of the preferred option, Staff will monitor the adequacy of this grant and if necessary, bring forward a recommendation to adjust the grant if it is warranted at a future SAB meeting.

*Grant Increase*

EC Section 17072.11 requires the "*per-unhoused-pupil grant eligibility*" as determined under subdivision (a) of Section 17072.10 to be increased by seven percent for elementary and middle school pupils, and four percent for high school pupils, effective July 1, 2006. If the November election is successful, the new construction grant amounts will be:

<b>NEW CONSTRUCTION GRANT</b>				
<b>Grade Level</b>	<b>1998 Per Pupil Base Grant in Law</b>	<b>Adjusted 1998 Per Pupil Base Grant w/ Percentage Increase</b>	<b>CURRENT 2006 Per Pupil Base Grant</b>	<b>NEW 2006 Per Pupil Base Grant</b>
<b>Elementary</b>	\$5,200	\$5,564	\$7,082	<b>\$7,579</b>
<b>Middle</b>	\$5,500	\$5,885	\$7,490	<b>\$8,015</b>
<b>High</b>	\$7,200	\$7,488	\$9,805	<b>\$10,198</b>

Apportionments made by the Board beginning with the July 26, 2006 SAB meeting will be increased accordingly provided Proposition 1D is approved by California's voters in November.

Starting January 1, 2008, the Board has the authority to annually increase the per pupil base grant amount by up to six percent, or reduce the per pupil base grant, by an amount determined based on an analysis of the current costs to build a school. To capture the most current costs to construct schools, Staff is developing a worksheet to be submitted to the OPSC with the *Fund Release Authorization* (Form SAB 50-05) and the *Expenditure Report* (Form SAB 50-06). Staff anticipates presenting the worksheet at a future SAB meeting. The information

STAFF COMMENTS (cont.)

requested on the worksheet will provide the data necessary for Staff to analyze current construction costs. Further, Staff will likely recommend that the Board take into account the current Construction Cost Index (CCI) adjustment when determining the percentage increase/decrease of the new construction base grant as the CCI measures the change in costs of labor and materials which will also be captured in Staff's independent analysis. The Implementation Committee expressed concerns with this approach, and therefore, the proposed regulation clarifies that the Board's authority is not limited to the Staff's recommendations and can adjust the new construction base grant independent from the yearly CCI adjustment.

In addition, Staff may consider conducting a random sampling of schools recently constructed that are considered complete and adequate to support the data captured on the Form SAB 50-05 and Form SAB 50-06.

Upon adoption by the Board, the OPSC will submit these regulations as emergency regulations to the OAL.

RECOMMENDATIONS

1. Direct Staff to proceed with either option 1 or 2 for the high performance schools grant.
2. Adopt the proposed amendments to the regulations as shown on the Attachment and begin the regulatory process.
3. Authorize the OPSC to file these emergency regulations with the OAL.

BOARD ACTION

In considering this Item, the State Allocation Board on September 27, 2006 approved Staff's recommendations. The Board approved Option 2 regarding the High Performance Schools Grant, and corrected "(a)" to "(a)(1)" in the final line of Regulation Section 1859.163.1.

In addition, the Board requested Staff to revisit the issues raised by Global Green in the working group and report back on the findings.

The Board also requested that CDE work with OPSC to collect project cost and construction information relative to future grant increases and to report on the findings.

## ATTACHMENT G

### REPORT OF THE EXECUTIVE OFFICER State Allocation Board Meeting, January 24, 2007

#### ASSEMBLY BILL (AB) 127 AMENDMENTS TO PROGRAM REGULATIONS

#### PURPOSE OF REPORT

To request:

1. Adoption of the proposed emergency regulations to implement and administer the Career Technical Education Facilities Program.
2. Authorization to file the proposed emergency regulations with the Office of Administrative Law (OAL).

#### DESCRIPTION

AB 127, Chapter 35, Statutes of 2006 (Perata/Nunez) was chaptered on May 20, 2006, establishing the Kindergarten-University Public Education Facilities Bond Act of 2006 (Proposition 1D). Proposition 1D provides \$10.416 billion in bonds for educational facilities, of which \$7.329 billion is earmarked for kindergarten through twelfth grade projects, which were approved on the November 2006 ballot. The law, of which nearly all the provisions were effective upon the passage of Proposition 1D, makes modifications to certain School Facility Program (SFP) features, adds several new grant programs, and provides funding for existing and new grant programs. Attachment A represents the major changes and amendments to the SFP regulations for the new Career Technical Education Facilities Program. This program is established for the purpose of constructing new facilities or reconfiguring existing ones to provide facilities for students to learn the skills and knowledge necessary for today's high-demand technical careers. For the Board's information, Attachment B contains the California Department of Education (CDE) Application Guidelines and Application Scoring Guide. Applicants will be required to submit an application detailing their career technical education plan and project for the review and approval of the CDE.

#### STAFF COMMENTS

By utilizing the State Allocation Board Implementation Committee meetings as a forum to gather input from interested parties, the Office of Public School Construction (OPSC) has developed proposed regulations contained in Attachment A to implement the Career Technical Education Facilities Program. Upon adoption by the Board, the OPSC will submit these regulations as emergency regulations to the OAL.

AB 127 also provides new grant programs for Overcrowding Relief Grants and Seismic Mitigation. It is anticipated that regulations for these programs will be presented at a future SAB meeting.

#### RECOMMENDATIONS

1. Adopt the proposed amendments to the regulations as shown on Attachment A and begin the regulatory process.
2. Authorize the OPSC to file the emergency regulations shown on Attachment A with the OAL.

This Item was approved by the State Allocation Board on January 24, 2007.

## ATTACHMENT H

### REPORT OF THE EXECUTIVE OFFICER State Allocation Board Meeting, January 30, 2008

#### PROPOSED AMENDMENTS TO THE CAREER TECHNICAL EDUCATION FACILITIES PROGRAM REGULATIONS

##### PURPOSE OF REPORT

To request:

1. Adoption of proposed emergency regulatory amendments to the School Facility Program (SFP) Career Technical Education Facilities Program (CTEFP).
2. Authorization to file the proposed amendments on an emergency basis with the Office of Administrative Law (OAL).

##### BACKGROUND

At the January 2007 State Allocation Board (SAB) meeting, the Board adopted the current SFP CTEFP regulations on an emergency basis. Staff began receiving and processing applications for the first funding cycle of the CTEFP on October 31, 2007. Staff noted that some areas of the regulations and the *Application for Career Technical Education Facilities Funding Application* (Form SAB 50-10) require clarification based on numerous questions received from applicants. Staff presented proposed amendments at the January Implementation Committee meeting, which resulted in the proposed regulations being presented for adoption today.

##### AUTHORITY

Education Code (EC) Section 17078.72(k) authorizes the Board to adopt the current SFP CTEFP regulations on an emergency basis that would be effective for no more than 12 months. Secondly, the Board is authorized to promulgate permanent regulations pursuant to this Section.

##### STAFF COMMENTS

###### *Grant Determination*

Staff proposes an amendment to Regulation Section 1859.193 stating that equipment purchases are eligible for CTEFP funding if purchased on or after May 20, 2006, which was the effective date of the law. Staff also proposes to amend the definition of a qualifying SFP project for modernization in Regulation Section 1859.193.1 to state that the contracts for the modernization project were executed on or after May 20, 2006.

###### *Funding Order*

Staff proposes amendments to Regulation Section 1859.196 in order to further define the funding order process when insufficient funds remain to fully apportion a CTEFP project in all funding cycles. These regulations provide specific direction on how to process applications when insufficient funds remain to apportion a project within a Service Region and for the last project in any funding cycle.

STAFF COMMENTS (cont.)*SAB Forms 50-04, 50-05 and 50-10*

In addition, Staff proposes amendments to the Form SAB 50-10 to clarify instructions for the applicants and provide consistency between the regulation text and the form. Staff proposes adding required documents in order to ensure sufficient information is provided with the application to recommend funding to the Board. The additional documents include the Division of the State Architect Plan Approval letter, a detailed cost estimate of construction, and an itemized list of requested equipment. Amendments corresponding to the proposed regulation text are also made to the Certification section of the form.

Upon adoption by the Board, the OPSC will submit these regulations to the OAL on an emergency basis, which is specifically authorized in law. Staff anticipates having the new regulations in effect in advance of the final file date for the second CTEFP funding cycle, which is April 30, 2008.

RECOMMENDATIONS

1. Adopt the proposed amendments to the regulations as shown on Attachment A and begin the regulatory process.
2. Authorize the Staff to file the proposed regulations shown on Attachment A with the OAL on an emergency basis.

This Item was approved by the State Allocation Board on January 30, 2008.

ATTACHMENT I

Career Technical Education Facilities Program – Funding Scenarios

Actual Funding	This shows the actual funding results for Cycle 5, which used the funding order currently in regulations.
Scenario 1	<p>Projects that have a NCES Locale code of 31, 32, 33 (Town) are moved from the Suburban Area locale category to the Rural Area locale category.</p> <p>Funding order then follows the current method prescribed in SFP Regulations; The project with the highest CTE plan score in each locale (three) is funded, then the pattern repeats until funds or projects are exhausted.</p>
Scenario 2	<p>The total funding available for the cycle is prorated among the 11 Service Regions by the High School Enrollment. Within each Service Region. Funding order then follows the current method prescribed in SFP Regulations; The project with the highest CTE plan score in each locale (three) is funded, then the pattern repeats until funds or projects are exhausted. This scenario mirrors the original funding order from Cycles 1 and 2.</p> <p>The total number of projects funded in each Service Region is based on the enrollment funding cap for each region. In this scenario, some projects may not be a fully funded.</p>
Scenario 3a	Funding order is based on score alone. Projects are placed in order of highest score, without consideration Service Region or Locales.
Scenario 3b	<p>Projects that have a NCES Locale code of 31, 32, 33 (Town) are moved from the Suburban Area locale category to the Rural Area locale category.</p> <p>Then projects are funded by score alone, from highest to lowest without the consideration of Service Region or Locales.</p>
Scenario 5	<p>Projects with an NCES locale code of 31, 32, and 33 (Town) are moved to the Rural Area locale and funding is prorated by High School Enrollment in the 11 Service Regions.</p> <p>The total number of projects funded in each Service Region is based on the enrollment funding cap for each region. In this scenario, some projects may not be a fully funded.</p>

**Distribution of Actual Cycle 5 Funding by Locale**

Locale	# of Projects Funded	\$ Value	# Projects Submitted	% of Projects Funded
Urban	24	\$43,627,315.00	91	26.4%
Suburban	24	\$41,357,185.00	106	22.6%
Rural	22	\$37,378,447.00	23	95.7%

**Scenario 1: Move Town (Locale Codes 31, 32, & 33) from Suburban to Rural Locale**

Locale	# of Projects Funded	\$ Value	# Projects Submitted	% of Projects Funded
Urban	20	\$36,025,021.00	91	22%
Suburban	21	\$36,340,243.00	78	27%
Rural	21	\$51,271,272.00	51	41%

**Scenario 2: Funding is Prorated by High School Enrollment within each Service Region, then Projects are Ordered by Highest Score in each Locale (Urban, Suburban, Rural)**

Locale	# of Projects Funded	\$ Value	# Projects Submitted	% of Projects Funded
Urban	26	\$51,123,890.00	91	29%
Suburban	26	\$44,102,668.00	106	25%
Rural	8	\$24,796,195.00	23	35%

**Scenario 3a: Fund Projects in Order of Highest Score Only**

Locale	# of Projects Funded	\$ Value	# Projects Submitted	% of Projects Funded
Urban	18	\$33,484,597.00	91	20%
Suburban	36	\$65,467,483.00	106	34%
Rural	9	\$26,089,728.00	23	39%

**Scenario 3b: Move Town from Suburban to Rural Locale, then Fund Projects in Order of Highest Score Only**

Locale	# of Projects	\$ Value	Total Projects Submitted	% of Projects Funded
Urban	18	\$33,484,597.00	91	20%
Suburban	25	\$40,715,127.00	78	32%
Rural	20	\$50,842,084.00	51	39%

**Scenario 4: Funding is Prorated by High School Enrollment within each Service Region, then Projects are Ordered by Highest Score in each Locale (Urban, Suburban, Rural) with all Town Codes moved to Rural Area Locale**

Locale	# of Projects Funded	\$ Value	# Projects Submitted	% of Projects Funded
Urban	27	\$49,433,258.00	91	30%
Suburban	24	\$40,811,971.00	78	31%
Rural	12	\$35,056,728.00	51	24%

ATTACHMENT K

**Distribution of Actual Cycle 5 Funding By Service Region**

Service Region	# of Projects Submitted	# of Projects Funded	\$ Value	% of Projects Funded
1. North Coast	6	0	\$0	0%
2. Northeastern	8	3	\$5,289,221	38%
3. Capital	22	7	\$15,553,748	32%
4. Bay	20	5	\$11,931,338	25%
5. South Bay	13	2	\$6,339,238	15%
6. Delta Sierra	6	0	\$0	0%
7. Central Valley	30	14	\$24,371,249	47%
8. Costa Del Sol	22	6	\$11,227,212	27%
9. Southern	29	5	\$7,888,562	17%
10. RIMS	18	7	\$16,348,360	39%
11. Los Angeles	46	14	\$23,414,019	30%
<b>Total</b>	<b>220</b>	<b>63</b>	<b>\$122,362,947</b>	

**Scenario 1: Move Town (Locale Codes 31, 32, & 33) from Suburban Area to Rural Area Locale**

Service Region	# of Projects Submitted	# of Projects Funded	\$ Value	% of Projects Funded
1. North Coast	6	1	\$1,500,000	17%
2. Northeastern	8	1	\$835,527	13%
3. Capital	22	7	\$18,633,887	32%
4. Bay	20	6	\$12,107,626	30%
5. South Bay	13	3	\$5,217,092	23%
6. Delta Sierra	6	0	\$0	0%
7. Central Valley	30	14	\$30,784,394	47%
8. Costa Del Sol	22	5	\$9,300,635	23%
9. Southern	29	5	\$7,167,842	17%
10. RIMS	18	6	\$15,716,438	33%
11. Los Angeles	46	14	\$22,373,095	30%
<b>Total</b>	<b>220</b>	<b>62</b>	<b>\$123,636,536</b>	

ATTACHMENT K

**Scenario 2:** Funding is Prorated by High School Enrollment within each Service Region, then Projects are Ordered by Highest CTE Score in each Locale (Urban, Suburban, Rural)

Service Region	HS Enrollment '17/18	# of Projects Submitted	# of Projects Funded	\$ Value of Projects	Region Cap Amount Based on HS Enrollment*	% of Projects Funded
1. North Coast	35,150	6	2	\$2,654,970	\$2,260,230	33%
2. Northeastern	27,514	8	2	\$1,835,527	\$1,769,217	25%
3. Capital	133,079	22	2	\$8,372,610	\$8,557,303	9%
4. Bay	213,006	20	6	\$12,107,626	\$13,696,803	30%
5. South Bay	122,345	13	3	\$7,100,066	\$7,867,081	23%
6. Delta Sierra	84,931	6	3	\$4,327,829	\$5,461,270	50%
7. Central Valley	126,710	30	3	\$6,137,885	\$8,147,761	10%
8. Costa Del Sol	131,967	22	5	\$9,671,590	\$8,485,799	23%
9. Southern	333,154	29	12	\$21,844,723	\$21,422,612	41%
10. RIMS	263,719	18	5	\$16,500,000	\$16,957,772	28%
11. Los Angeles	472,364	46	17	\$29,469,927	\$30,374,153	37%
<b>Total</b>	<b>1,943,939</b>	<b>220</b>	<b>60</b>	<b>\$120,022,753</b>	<b>\$125,000,000</b>	

**Scenario 3:** Fund in Order of Highest Score Only

Service Region	# of Projects Submitted	# of Projects Funded	\$ Value	% of Projects Funded
1. North Coast	6	1	\$1,500,000	17%
2. Northeastern	8	1	\$835,527	13%
3. Capital	22	7	\$18,633,887	32%
4. Bay	20	6	\$12,107,626	30%
5. South Bay	13	3	\$5,217,092	23%
6. Delta Sierra	6	0	\$0	0%
7. Central Valley	30	13	\$30,355,206	43%
8. Costa Del Sol	22	6	\$11,284,645	27%
9. Southern	29	5	\$7,167,842	17%
10. RIMS	18	6	\$14,339,207	33%
11. Los Angeles	46	15	\$23,600,776	33%
<b>Total</b>	<b>220</b>	<b>63</b>	<b>\$125,041,808</b>	

ATTACHMENT K

**Scenario 4: Funding is Prorated by High School Enrollment, then Fund Urban, Suburban, Rural (with Town moved to Rural Locale) within each Service Region**

Service Region	HS Enrollment '17/18	# of Projects Submitted	# of Projects Funded	\$ Value of Projects	Region Cap Amount Based on HS Enrollment*	% of Projects Funded
1. North Coast	35,150	6	1	\$1,500,000	\$2,260,230	17%
2. Northeastern	27,514	8	2	\$1,835,527	\$1,769,217	25%
3. Capital	133,079	22	2	\$8,372,610	\$8,557,303	9%
4. Bay	213,006	20	7	\$13,789,092	\$13,696,803	35%
5. South Bay	122,345	13	3	\$6,925,008	\$7,867,081	23%
6. Delta Sierra	84,931	6	3	\$4,327,829	\$5,461,270	50%
7. Central Valley	126,710	30	6	\$14,669,563	\$8,147,761	20%
8. Costa Del Sol	131,967	22	5	\$8,171,590	\$8,485,799	23%
9. Southern	333,154	29	11	\$20,469,809	\$21,422,612	38%
10. RIMS	263,719	18	5	\$16,108,891	\$16,957,772	28%
11. Los Angeles	472,364	46	18	\$29,132,038	\$30,374,153	39%
<b>Total</b>	<b>1,943,939</b>	<b>220</b>	<b>63</b>	<b>\$125,301,957</b>	<b>\$125,000,000</b>	

\*Alternative to Scenario- Ensure at least one project is fully funded in each Service Region.

ATTACHMENT L

If only the unfunded projects from Cycle 5 were resubmitted during Cycle 6, below is how \$250,000,000.00 would be distributed.

Locale	# of Projects Funded	\$ Value	Total Projects Submitted	% of Projects Funded
Urban	62	\$119,066,867.00	66	94%
Suburban	76	\$130,756,745.00	81	94%
Rural	0	\$0.00	0	0%

Service Region	# of Projects Submitted	# of Projects Funded	Value	% of Projects Funded
1. North Coast	6	6	\$7,116,294	100%
2. Northeastern	3	3	\$3,167,157	100%
3. Capital	14	13	\$23,219,352	93%
4. Bay	14	13	\$20,059,866	93%
5. South Bay	10	10	\$27,210,709	100%
6. Delta Sierra	6	5	\$8,147,581	83%
7. Central Valley	13	12	\$28,969,248	92%
8. Costa Del Sol	15	15	\$21,134,921	100%
9. Southern	24	22	\$38,365,294	92%
10. RIMS	11	11	\$21,457,175	100%
11. Los Angeles	31	28	\$50,976,015	90%
<b>Total</b>	<b>147</b>	<b>138</b>	<b>\$249,823,612</b>	