

# PROGRAM CHALLENGES



Roy Romer MS, also known as East Valley Area New MS #1, was completed on December 18, 2007

## Eligibility for State Funds

The current New School Construction Program scope and associated budget is predicated on the ability to qualify for state matching funds for relevant projects. Approximately \$500 million of state matching funds are not accessible to LAUSD for planned new construction program scope. Applications for state funded grants requires state funds eligibility, which is generated when enrollment projections exceed the current state-recognized capacity. If the District's eligibility is not sufficient to enable future projects to apply for state funds, then the currently anticipated program sources of funds would decrease. A reduction in state funding would very likely necessitate a reduction in program scope unless other funding sources are identified.

## Legislative Priorities

The New School Construction Program generally operates within the guidelines of the state's School Facilities Program (SFP). State legislation and administrative regulations define the programs and policies that affect funds available for building schools. In 2007, the LAUSD Board made state matching fund eligibility its top legislative priority. The most significant areas of focus were revising the methodology that determines eligibility to provide greater alignment with the New School Construction Program and increasing the grant amount to reflect market-based price escalation. Four bills were introduced in 2007 to address state matching fund eligibility. Only one of them passed, resulting in nominal impact to eligibility as a result of legislative initiatives in 2007. The following sections describe the legislation proposed and the result in greater detail.

### SB 121 - Multi-Track Year-Round Education (MTYRE) Operational Grant Funding Programs

This bill would allow a school district to file for Multi-Track Year-Round Operations Grant funding even if that district is maintaining eligibility for School Facilities Program new construction funding, provided the district filed for the operations grant funding during the 2006-07 school year. A district would be required to submit a report to the California Department of Education of the anticipated projects that would allow the reduction on dependency of year-round programs in the future. The LAUSD currently receives approximately \$70 million in operations grants each year.

The District has previously maintained eligibility for this funding because current law allows the dual funding for any school site that has more than 200 pupils per acre within a district that has at least 40% of its total enrollment in multi-track schools. The need for SB 121 is based on the fact the LAUSD is going to drop below the 40% requirement within the next year because of the success of the building program combined with declining enrollment.

This bill was vetoed by the Governor on October 14, 2007. The District's legislative team is committed to pursuing this issue again in the second year of the legislative session. It is likely that some form of this measure will be reintroduced and will become the top facility-related legislative priority for 2008.

**Did you know?**  
LAUSD was responsible for introducing four bills to the California legislature in 2007.

## AB 1014 - School Facilities Eligibility

This bill authorizes the State Allocation Board to supplement the current methodology with a modified weighting mechanism that also reflects the effect birth rates have on the kindergarten and first grade levels. In addition, AB 1014 would authorize the use of residency location data instead of California Basic Educational Data System (CBEDS) location data in order to ensure that schools are built where students live, not where eligibility is granted. This, in turn, would allow school districts to reduce mandatory busing currently affecting many urban school districts.

This bill passed out of the legislature and was signed by the Governor on October 14, 2007. Although this bill could potentially benefit the District in the future, it likely will not provide access to additional state matching funds for the current New School Construction Program without the future passage of SB 121 or its provisions.

## AB 1450 - Better Site Utilization of Facilities

This bill would require the State Allocation Board to allow school districts to utilize existing school sites to build new schools that provide additional capacity, and to replace the existing school on a different site, provided there is an overall cost savings compared to the purchase of additional land for the new school project. Current law only allows districts to replace existing single-story construction and only on the same site.

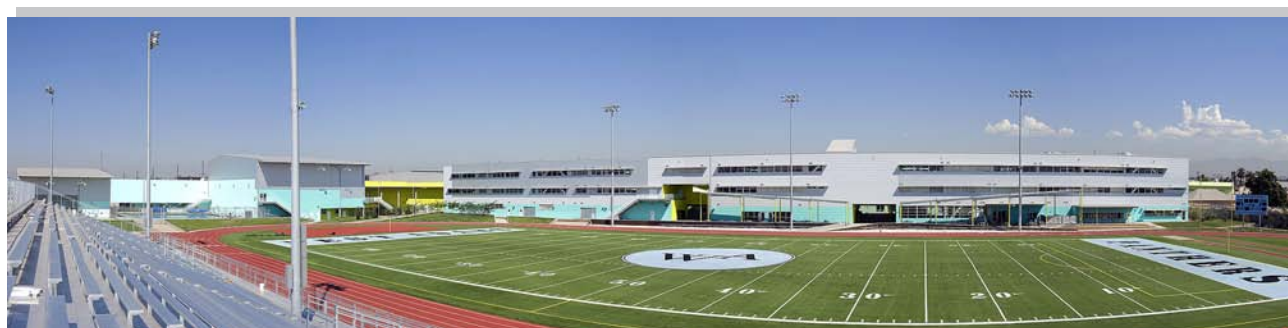
This bill also made it the Governor's desk but was vetoed on October 14, 2007. The Governor acknowledged that there was merit to the intent of the proposal but specified concern over language that eliminates a current provision in law which requires an increase in pupil capacity on the site of a multi-story replacement building. While AB 1450 did attempt to modify existing law and change the current provision which maximizes capacity at the site, the bill also requires a district to increase capacity on a District-wide basis as a result of the project.

The District's legislative team plans to work with the state to address some of the concerns and pursue the issue as part of the bond discussions as cited by the Governor in his veto message.

## AB 818 - Cost Escalation

This bill would require the State Allocation Board (SAB) to make cost indexing adjustments to the per pupil grant on a quarterly basis (instead of the current annual adjustment) and to base those adjustments on an index that reflected bid amounts instead of just labor and material changes. The bill also authorizes the SAB to make a one-time adjustment to be effective on January 1, 2008 to reflect the current per pupil grant amount necessary to provide 50% of construction costs.

This bill is currently being held in the Senate Appropriations Committee and is considered a two-year bill. This bill is a candidate for inclusion in the 2008 bond negotiations.



Panoramic view of West Adams Preparatory HS, previously known as Central LA Area New HS #2, opened on September 4, 2007