



CSFC Connection

CSFC Sets 2010-11 Goals & Priorities at Annual Summit

CSFC Members gathered at the Sheraton Grand Hotel in Sacramento for what many said was one of the most successful and informative Annual Summit's in memory. Attendees discussed the many issues impacting County Offices of Education (COE) and agreed that there would be more work to do to define, educate and defend the county office school construction process in the coming year.

On the afternoon of September 20, COEs met and hammered out the CSFC 2010-11 Goals and Priorities which were ratified by the entire group on September 21 and are stated in this article.

A dinner hosted by several CSFC Associate Members, at the well-known Esquire Grill provided more time to socialize and compare notes on school facilities issues.

Mission Statement

The County School Facilities Consortium (CSFC) advocates for California's State School Facility Program flexibility and equal access to funding for county offices of education to provide quality school facilities for all students.

Goals & Objectives

The following issues are identified as priorities by CSFC for advocacy in 2010-11.

- 2011 Bond Discussions - Particularly in terms of the programs run by COEs and the students we serve.
- Continued participation in the Special Education Facilities working group started in 2009 and development of final recommendations with the California Department of Education to create better relationships, educate and develop facilities solutions to serve special needs students.

• School Facility Program Audit Subcommittee Process & Implementation of Recommendations.

• Provide the county office of education perspective as the Office of Public School Construction's (OPSC) new School Facility Program (SFP) audit process development.

• Continued Financial Hardship (FH) Working Group meetings and recommendation to the Department of General Services (DGS) & OPSC coordinated with the State Program Review.

• Meeting requests to address recommendations and ongoing advocacy on legislative and administrative issues.

• COE participation in DGS State Program Review of OPSC and DSA, and Subcommittee Processes. Continuing advocacy and monitoring of this process.

(Continued on Page 7)

Save The Date!

The 2011 CSFC Annual Summit will be
September 19-20, 2011
at the Sheraton Grand Hotel in Sacramento.

Mark your calendars now!

What's Inside...

Future Funding for Facilities.....	2
CSFC 2010 Calendar.....	2
Actions to Review SFP.....	3
New CSFC Leadership.....	3
Financial Hardship.....	4
Budget, Green Tech, Etc.....	5
SB 1432 Vetoed.....	5
Special Education.....	6
QSCB Legislation Signed.....	8

Future Funding for School Facilities

School Facilities Bond

This year, was the year that a new school facilities bond would have been expected. Our last statewide bond, Proposition 1D, was approved in 2006 and despite our best efforts, the bill that would have made that happen in 2010. Assembly Bill 220 (Brownley) lost momentum and died after it was held in the Senate Appropriations Committee.

Politically, this was not a good year to ask voters to approve additional funding for anything, given the fiscal situation in the state and the mood of the voters who are struggling with their own personal financial crises.

Her staff reported that Assembly Member Brownley (D-Santa Monica) was gratified to see the long line of folks testifying in support at the committee hearings and was disappointed with the outcome. She has also pledged to continue her facilities work in the Legislature and on the State Allocation Board (SAB), and will continue to work behind

the scenes until the time is right to bring forth a vehicle for 2012 (or on other funding options). Brownley is expected to remain as Chair of the Assembly Education Committee for the foreseeable future.

Although the Legislature did not approve the bond bill, CSFC will continue to advocate for funding solutions to allow county schools to continue to build and modernize schools and have a path for state funding that takes into consideration their unique situation in terms of the students they serve, their administrative functions, their representation and oversight of the school districts within their boundaries and their very real challenges in raising funds at the local level.

The best way is to sell bonds and we will work diligently to develop language for a statewide school bond that could be passed in 2011. Existing bond authority for new construction is estimated to run out as early as February 2011.

Another option is to provide bonding authority for unfunded approvals and conversion of actual apportionments through a mechanism such as a lease-revenue bond.

The Priority Funding Model

Although we understand the need for getting the dollars out quickly, CSFC had been concerned that enough time is built in to allow for projects under Financial Hardship to proceed under these rules. Thus we successfully recommended a 90-day period (to submit fund releases. Separate allocations should be made for site and design purposes.

Some of the issues that arose under the previous bond that we will watch as new language is being formulated for the bond:

- Special Education Funding
- California High Performing Schools (CHPS)
- Career Technical Facilities Program
- Alternative Education Facilities

CSFC 2010 Meeting Calendar

Executive Board Meetings (open to all)

November 3, 2010 (in-person or conference call)

(Time TBD)

December 8, 2010 (in-person or conference call)

(Time TBD)

Executive Board Meetings: In-person meetings will be held at the office of Murdoch Walrath & Holmes, 1130 K Street, Suite 210, Sacramento. All meetings will be available via conference call. Meetings are also subject to change.

State Allocation Board Meetings

November 3 • 2:00 p.m.

December 8 • 2:00 p.m.

The SAB meets in different rooms within the State Capitol. Due to scheduling changes within the Legislature, some of the SAB meetings may be cancelled or changed with short notice.

Implementation Committee Meetings

November 10

December TBD

All Implementation Committee meetings are located at the State Capitol in Room 126, unless noted. Meeting times are scheduled from 9:30 a.m. to 3:30 p.m.

Actions to Review SFP

Background

The Department of General Services (DGS) is conducting a "Program Review" of the school construction activities handled by the Office of Public School Construction (OPSC) and the State Allocation Board (SAB): This endeavor that has been on a fast track, kept moving by the DGS Chief Deputy, Stephen Amos.

There has been a lot of discussion about the appropriateness and timing of this undertaking, mainly by the legislative members of the SAB who set up three subcommittees to look at SAB functions.

Two areas that the state appears to be focused on as these discussions go forward are audits and streamlining the process for funding. From our observations, it appears that the goal of streamlining may mean that audits become the primary function of the OPSC and that is how they intend to streamline the process!

Audits

Senator Alan Lowenthal agreed to chair the subcommittee on audits after a lengthy discussion at an SAB meeting. After concerns expressed by CSFC and school districts, Lowenthal asked to assemble a group of stakeholders who would provide recommendations to the SAB as they worked through changes to the current audit process and guide.

According to their materials, the charge of the audit working group is to review current and existing junctures of accountability at the state and local level, including at various

stages within the State Facilities Program (SFP) in order to avoid potential redundancies and limit inefficiencies within the SFP Expenditure Audit Program.

It is the objective of the audit working group to provide recommendations to the SAB subcommittee on audits that define the scope of the OPSC audit authority.

The Working Group has drafted initial recommendations for the audit subcommittee to consider as to what is the best use of state and local resources, including the junctures of accountability with the use of state bond proceeds to build a school and for establishing an audit appeals process that ensures a transparent, consistent and equitable appeals process for SAB consideration.

The specific issues addressed in the working group as requested by the SAB Audit Subcommittee included, but were not limited to:

- Process: law, regulation, policy and procedures
- Scope and types of audits being done and recommended
- Content of audits
- Transition issues
- Addressing redundancies
- Promoting best practices
- Communication with school districts

DGS Funding Sub-Group

Mission: To build safe, timely, cost effective, and educationally appropriate school facilities for the students of California.

Problems listed by the Subgroup: Lack of Minimum Essential Facilities (MIF) Definition; Grant Adequacy; Lack of Expertise and best practices education; Timing of eligibility and funding and funding restrictions; Complicated Process; Financial Hardship Program/Need; Total Costs (site development, timing, codes and process; Full and Final; COE specialists.

CSFC 2010-12 Leadership Announced

CSFC is happy to announce the new Chair and leadership for the next two years.

Jenny Hannah, Chair
Kern County
Supt. of Schools

Mamie Starr
San Joaquin COE

Lindsay Currier
Riverside COE

Jeff Becker
Fresno COE

Dave Keil
San Luis Obispo COE

Steve Turner
Mendocino COE

Immediate Past Chair:
Andrea Sullivan
Orange County Dept. of Ed.

All nominees were voted-in with no objection at the 2010 Annual Summit.

Financial Hardship

As county offices do not levy developer fees and are unable to run local bonds, they often apply for Financial Hardship (FH). This allows a project to be paid for with up to 100 percent state funding per their grant. Not all counties are hardship, and not all projects are 100 percent funded; but most are.

With this heightened commitment has come a higher level of state scrutiny that has been justified as protection of taxpayer dollars, although taxpayer dollars are also used as matching funds in the regular SFP program. No one has questioned this.

FH projects have been marked by a long wait for approval, the weight of the six-month renewal and all of its requirements, and the difficulty of completing complete schools under hardship. Recently, the process has lowed further as state bond dollars get closer to zero.

FH projects face a negative perception: That the state believes, because FH projects are 100% state funded, they are a “drain” on the School Facility Program.

CSFC’s Message: Heightened Scrutiny = Anti-Stimulus.

The state has spent some time talking about priority funding and putting in place a process that moved away from first in first out in favor of moving “shovel ready” projects with the goal of creating jobs. This

does not comport with slowing down FH projects as they repeatedly check and question and audit.

When the state disputes a project expenditure and wants to take back funding, county offices and school districts in financial hardship have no choice but to appeal to the State Allocation Board (SAB), thus slowing down the process.

This runs counter to the desire to get money on the street and projects going that will create jobs and stimulate the economy.

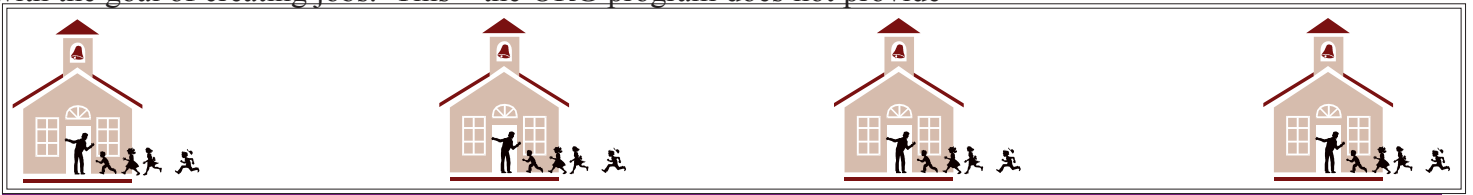
A few months ago when the program review process began, we noticed there were virtually no members on the DGS selected committees under the financial hardship program, much less a committee focused on that program.

Below is a summary of some of the issues we discussed at our first FH discussion/meeting regarding this concept:

- FH application approval and rescinding approvals are administrative actions taken by OPSC staff. Is this a function best handled by the SAB?
- FH Overcrowding relief (ORG) projects with SFP advanced site acquisition. ORG program regulations require that approved plans be submitted with the project application. However, unlike the regular SFP, the ORG program does not provide

separate advanced funding for plans and design work. Have others been denied or questioned on this?

- When FH applications are being processed COEs or districts cannot submit for projects as FH.
- The re-auditing of school districts with FH projects that have been listed on the unfunded list because the state froze the bond funds. What’s being done?
- Construction Application and Advanced Site Acquisition. We have heard that OPSC is taking the position that the SFP Regulation Section 1859.74 requires the district to provide an appraisal that has been made or updated no more than six months prior to submittal of the new construction funding application for the projects, even though the new construction application does not include a request for additional site acquisition funding. Others?
- Off-Site Development and FH Projects. We have heard that OPSC is taking the position that an LEA with FH status may only apply off-site development allowance to adjacent streets that are contiguous.
- Matching Funds: Career Technical Education, High Performing Schools and joint-use programs, whereby FH projects are essentially locked out due to the matching fund requirement.



Budget, New Technology, Green Efficiency & Other Maintenance

Budget Item: Williams Emergency Repair Program Update

Due to the lack of cumulative net state contributions to the ERP in 2007, 2008 and 2009, the ERP account is currently empty and ERP projects have not been funded since October 2009.

Furthermore, the 2008-09 Budget Act appropriated \$101 million to the ERP account, but only \$50 million was actually transferred.

The question for the Conference Committee and the Big 5 is the remaining \$51 million. The Governor's January Budget and May Re-

vision proposed \$51 million for the ERP to fulfill the State's obligation made in the Williams Settlement in general, and the commitment the state made in the 2008-09 budget in particular.

Concerning the Legislature's position, before the end of the Legislative Session the Assembly approved \$51 million for the ERP in ongoing funds, and the Senate approved \$25 million in one-time funds. The difference between the two houses will now be worked out through the budget process when deliberations commence.

Technology and Efficiency

As new resources remain scarce, county offices are seeking new ways to stretch their program facility and maintenance dollars while offering new and innovative ways for their students to learn.

Timing is also important as we maintain our facilities, maintenance schedules that require lighting to be replaced, for example, may be an opportunity for simple changes that could incur savings over time. This is an important activity as we "hunker down" during the extended fiscal and budget crisis we are currently facing.

Senate Bill 1432 (Hancock) Vetoed

The Coalition for Adequate School Housing (C.A.S.H.), sponsored bill on special education, SB 1432 (Hancock) and strongly supported by CSFC, was vetoed on September 29, 2010. CSFC had received communication from the Governor's Office during the Annual Summit that the bill was not necessary. CSFC respectfully disagreed and are exploring other ways to accomplish these discussion with CDE. We will continue to work on the intentions of this bill. Below is the veto message from Governor Schwarzenegger:

To the Members of the California State Senate:

I am returning Senate Bill 1432 without my signature.

This bill is not necessary. Current law already contains provisions and requirements for access to the least restrictive environment for children with disabilities. Both state and federal law is intended to ensure that students with disabilities are provided for in the least restrictive environment. As written, this bill intends to mandate that county offices of education and school districts have a meeting to discuss how special education facilities requirements are being met, and then certify that they had a meeting.

I am troubled that it was thought necessary that a bill was needed to require that adults from two entities meet together in order to appropriately serve the needs of special education children. Better enforcement of current law is appropriate. Common sense and decency is expected. Neither requires a statutory change.

For these reasons, I am unable to sign this bill.

*Sincerely,
Arnold Schwarzenegger*

Special Education Working Group

Working Group - Background

Last year CSFC raised the issue of special education facility approval and siting as members voiced concerns regarding questions about projects that had been subject to questions and discussions at CDE. Project issues raised by CDE surrounded inclusion and Least Restrictive Environment (LRE) regarding sites for students with special needs.

In response to issues raised by COEs, CDE encouraged early coordination between the Architect, LEA, School Facility Program Division (SFPD) and Special Education (SE) program staff – along with timely communication on any changes during the planning process. CSFC then sent a letter to CDE with an acknowledgment of the need for early involvement of CDE, but expressing concern with regard to broader issues that include working with districts and local SE staff on siting these classrooms.

CDE agreed that there needed to be better communication on this issue and, since that time, a working group was put together by CDE and is working to address some of the issues so that districts and County Offices may successfully move

through the process.

Working Group Established: Mission to be Completed Within Four Meetings.

First Meeting: CDE Policy office and Facilities Office along with local SELPA staff, county offices and district representatives discussed the state and federal rules regarding LRE, as well as some of the constraints that LEAs face as we try to build within the law at this time of greater accountability from the state and the very real fiscal crisis we face at all levels of government.

Federal Audit Review of the State's SE Program.

This was something we also learned in our first meeting. A federal review was expected this Fall – most likely October.

Federal review of the State's Special Education Program and Classroom Housing.

- How should LEAs prepare for this?
- How can we assist CDE in reporting back to the fed?

Second Meeting: Issues Continued. Work on the Draft Procedure for Non-Inclusive Sites – This process had not been clear.

Issues Discussed Raised by COEs in the Working Group:

- What would cause a project with contingent approval to be later rejected without any significant changes to the plans?
 - Should site visits by SFPD staff include SE policy staff so that issues may be identified earlier?
 - What can districts and COEs hope to expect from the Special Education Facility Appeals process?
 - A venue for addressing concerns and comments made by the reviewing agency and the LEAs? Convene a committee to approve plan (like CTE).
 - Flexibility: Difficulty in providing permanent space that caters to a very specific need as spelled out in IEPs that may change with students from year to year.
 - Urban areas, scarce resources and school site configurations make these projects difficult.
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Goals, Continued from Page 1

Specific Issues Related to 2010-11 Goals and Objectives

FUTURE FUNDING FOR SCHOOL FACILITIES

The Priority Funding Model

- CSFC would support another round with the 90-day period and separate allocation for site and design included.

Special Education Funding

- Monitor and participate in discussions so that COEs may clearly and actively participate in this program if it is considered in the next bond.

High Performing Schools

(CHPS, Energy Efficiency and Renewable Energy)

- We hope to conduct a survey to determine whether county offices are successfully utilizing this funding and whether they are building green schools.

Career Technical Facilities Program

- Statutory language that better serves COEs that want access to these funds. Strike complete school language for something that is more inclusive.

Alternative Education Facilities

- CSFC must play a key role in these discussions, and counties need to be prepared to make clear that the funding is not adequate, along with a proposal for an adjusted grant amount.

STATE ACTIONS TO REVIEW THE STATE'S SCHOOL CONSTRUCTION PROGRAM

- CSFC participates on the committees providing county office and financial hardship perspective. CSFC communicates recommendations and testifies in support or opposition to proposals that impact COEs' ability to move school projects efficiently.

Audits

- CSFC testified regarding their concern on the multi-part audit item under the "Streamlining Actions within the Audit Process" Section in the recommendation and we believe that is being re-worked. CSFC Past-Chair Andrea Sullivan and Lettie Boggs are both on this committee. They continue to monitor and communicate these recommendations and their implementation to our membership. We will also testify in support or opposition where appropriate.

DGS Funding Sub Group

- Work with representatives on this Sub Group to ensure that COE and Financial Hardship input is included. CSFC will continue to monitor and communicate these recommendations and their implementation to our membership. We will also testify in support or opposition where appropriate.

FINANCIAL HARDSHIP

Working Group

CSFC Past Chair Andrea Sullivan suggested we explore the idea of a

working group on this subject. We have just started this concept and gathered a few stakeholders, and would like to see it grow with the goal of identifying specific FH challenge areas where projects under are getting held up or scrutinized without a statutory or regulatory basis.

- Disseminate Working Group Paper to CSFC Membership for input then send letter and document to DGS with meeting request with SAB AEO and OPSC staff.

SPECIAL EDUCATION

- CSFC Supported Legislation. Individual COE support for Governor's signature.

BUDGET, NEW TECHNOLOGY, GREEN EFFICIENCY, AND OTHER MAINTENANCE

Budget Item: Williams Emergency Repair Program Update

- CSFC supports the Governor's and Assembly's proposal to fund the ERP at the higher \$51 million amount.

Technology & Efficiency

- Monitor and Communicate Funding, Pilot Programs and Technical Assistance Opportunities in this area for COEs.

Energy Efficiency and Maintenance

- Similar to technology – Communicate opportunities, work with Utilities that may offer rebates and other methods to ease funding for retrofits to lower energy costs for schools.

QSCB Legislation Signed: What's Next?

Qualified School Construction Bond (QSCB) Legislation is Signed by the Governor: State Application Process Will Now Move Quickly

California QSCB Authorization

Assembly Bill 2560 (Brownley), signed by the Governor on Friday, is the state legislation that provides the authority to the California Department of Education (CDE) for the 2010 QSCBs. Similar to its predecessor [(AB 205 (Brownley), Chapter 11, Statutes of 2010)], it authorizes the assignment and distribution of the QSCB Program statewide through the CDE and, for charter schools, the Treasurer's California School Finance Authority.

The bill also provides that a school district or county office of education may apply for these funds if

the project is funded by local voter-approved bonds, except for small school districts (with an enrollment of less than 2,500) and county offices of education that can use financing other than voter-approved bonds.

Schools that received a 2009 allocation, but did not make any issuance, may apply for 2010 federal tax credit bond volume cap for QSCBs nine months after the effective date of this bill. If you applied and received a QSCB allocation previously, you cannot apply again under these rules.

The QSCB allocation per applicant school district or county office of education is capped at \$25 million and the applicant must certify in its application that it will fulfill all of the federal program bond require-

ments, including the two following requirements:

- 1) The applicant will enter into a contract(s) for use of an amount of bond proceeds equal to 10 percent of the authorization within six months of date of issuance.
- 2) Within three years of the date of issuance, the school district or county office of education shall spend 100 percent of the bond proceeds for a qualified purpose.

Requires issuance of all federal QSCBs within six months of the date of authorization, requires reversion of any unused authorizations to the CDE, and prohibits provision of any extensions.

QSCB APPLICATION PROCESS: WHAT YOU NEED TO KNOW:

CDE is authorized to assign \$651,652,000 in QSCBs to LEAs.

Application Form Posted on Website: CDE must post the state's QSCB application form on its Internet Web site five business days after the enactment of the bill – We have heard from CDE it will be posted Friday, October 1, 2010.

Application Submittal: The QSCB application must then be submitted via certified mail and postmarked no sooner than 30 business days after bill enactment. Counting forward from September 24, 2010, that date should be Monday, November 5, 2010 – BUT, the CDE applica-

tion will clearly say what date the application gate will open.

Applications meeting these conditions will be accepted on a first-come, first-served basis by date of postmark – starting on the submittal due date given by CDE.

Other Information to be included on QSCB Application: Applicants must include:

- 1) The total overall enrollment for the 2008-09 school year; and
- 2) The total number of these students that qualify for the federal free-and reduced-priced meal program.

Oversubscription of Program: In the event the program is oversubscribed, order of allocation shall be based in priority order of the following:

- 1) The earliest date of postmark;
- 2) Prior project approval by the Division of the State Architect; and,
- 3) The greater percentage of students enrolled in the 2008-09 school year that qualify for free and reduced meals, to be certified as specified.

Charter school funding is handled in a separate account through the Treasurer's California School Finance Authority (CSFA).