

STATE ALLOCATION BOARD

1130 K Street, Suite 400
Sacramento, CA 95814
<http://www.dgs.ca.gov/opsc>



February 7, 2007

Ms. Diane F. Boyer-Vine
Legislative Counsel
State Capitol, Room 3021, B-30
Sacramento, CA 95814

Dear Ms. Boyer-Vine:

Pursuant to the requirements of Education Code (EC) Section 42263(d) (3) the State Allocation Board is submitting the biennial report entitled "School Facility Program Costs Avoided Per Pupil By Use of Year-Round Education."

EC Section 42263(d) (3) directs the State Allocation Board to calculate and report to the Legislature, no later than December 1, 2006, on the Statewide average costs avoided per pupil due to the use of year-round multi-track school systems. These figures were calculated by analyzing elementary, middle, and high school construction costs separately using data from the 2004/2005 and 2005/2006 Fiscal Years. Factors utilized included the useful life of the facility, the average construction and land costs per pupil and the total interest cost to fully amortize bonds at 4.6627 percent.

In keeping with our commitment to encourage conservation, we have posted this report to our website. The report can be viewed at <http://www.legi.dgs.ca.gov/Publications/2004LegislativeReports.htm>. The report is entitled "School Facility Program Costs Avoided Per Pupil By Use of Year-Round Education."

If you wish to receive a printed copy of this report, please contact me at (916) 445-3377 or you may contact Ms. Kathy Hicks, Chief of Program Services, Office of Public School Construction, at (916) 322-0327.

Sincerely,

LUISA M. PARK
Executive Officer

LMP:KH:lj

Attachments

cc: See distribution list #2
State Allocation Board Members
Ms. Kathy Hicks, Chief of Program Services, Office of Public School Construction

**REPORT TO THE LEGISLATURE
FROM THE
STATE ALLOCATION BOARD**

**SCHOOL FACILITY PROGRAM COSTS AVOIDED
PER PUPIL BY USE OF YEAR-ROUND EDUCATION**

STATE ALLOCATION BOARD MEMBERS

Mr. Michael Genest	Director of Finance (Chair)
Mr. Ron Joseph	Director of General Services
Mr. Jack O'Connell	Superintendent of Public Instruction
The Honorable Bob Margett	Senator, 29 th District
The Honorable Alan Lowenthal	Senator, 27 th District
The Honorable Jack Scott	Senator, 21 st District (Vice Chair)
The Honorable Lynn Daucher	Assembly Member, 72 nd District
The Honorable Jackie Goldberg	Assembly Member, 45 th District
Assembly Member Seat - VACANT	
Ms. Rosario Girard	Governor's Appointee

LUISA M. PARK
Executive Officer

Prepared By:
Department of General Services
Office of Public School Construction

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

SCHOOL FACILITY PROGRAM COSTS AVOIDED
PER PUPIL BY USE OF YEAR-ROUND EDUCATION

PURPOSE OF REPORT

To present yearly per pupil costs avoided in construction costs typically found by using year-round school programs and to approve this report for presentation to the Legislature.

DISCUSSION

Education Code Section 42263(d) requires that the State Allocation Board (SAB) report to the Legislature, no later than December 1 on even years, the statewide savings per pupil in school construction costs resulting from the operation of multi-track year-round education (MTYRE) programs. The average savings per pupil is the amount the State would have had to spend to house a pupil per year if that pupil had not been attending a year-round school, which is the funding basis for the MTYRE Operational Grant Program administered by the California Department of Education (CDE).

To provide the yearly cost savings per pupil figure, the Office of Public School Construction (OPSC) utilized an average of all project cost data collected from the School Facility Program during 2004/2005 and 2005/2006 Fiscal Years as provided by law. By factoring in the useful life of a facility and amortizing bond costs over 30 years at an interest rate of 4.6627 percent, the OPSC is reporting the yearly cost savings per pupil, as shown in the table below. This table also includes the amounts reported two years ago for the 2002/03 and 2003/04 Fiscal Years for reference.

USEFUL LIFE OF A FACILITY	2002/03 & 2003/04 FY YEARLY COST SAVINGS PER PUPIL	2004/05 & 2005/06 FY YEARLY COST SAVINGS PER PUPIL
20 Years	\$1,809	\$ 2,212
30 Years	\$1,206	\$1,475
40 Years	\$ 905	\$1,106

STAFF COMMENTS

The methodology used to determine the new cost savings figures is identical to that used in the reports presented to the SAB biennially since 1992. The SAB has historically requested that the cost savings per pupil be presented to the Legislature reflecting the 20-year, 30-year and 40-year useful life of facility savings. The Legislature analyzes the Useful Life figures and makes a determination of how to utilize this information for purposes of appropriating funds for the MTYRE Operational Grant Program, which is administered by the CDE. If a district elects to receive Operational Grants for eligible projects on MTYRE schedules, the district's eligibility in the SFP is reduced in a like amount.

RECOMMENDATION

Direct the OPSC to present this report for the 2004/2005 and 2005/2006 Fiscal Years to the Legislature on the average yearly cost savings using the 20-year (\$2,212/pupil), 30-year (\$1,475/pupil) and 40-year (\$1,106/pupil) useful life figures.

This Item was approved by the State Allocation Board on September 27, 2006.