

*Yearly Report on the*  
**State General Obligation  
Bond Measures for the  
School Facility Program**

2012 Report to the Legislature and  
Department of Finance

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## Table of Contents

Executive Summary .....	3
Background .....	5
Proposition 55 (Kindergarten-University Public Education Facilities Bond Act of 2004) .....	5
Proposition 1D (Kindergarten-University Public Education Facilities Bond Act of 2006) .....	6
Overview of the SAB and OPSC .....	7
State Allocation Board .....	7
Office of Public School Construction.....	7
Definition of Terms .....	8

Attachment A – Government Code	
Attachment B – Proposition 55 Summary	
Attachment C – Proposition 55 New Construction Program	
Attachment D – Proposition 55 Modernization Program	
Attachment E – Proposition 55 Joint-Use Program	
Attachment F – Proposition 55 Charter Schools Facilities Program	
Attachment G – Proposition 55 Critically Overcrowded Schools Program	
Attachment H - Proposition 1D Summary	
Attachment I – Proposition 1D New Construction Program	
Attachment J – Proposition 1D Modernization Program	
Attachment K – Proposition 1D Joint-Use Program	
Attachment L – Proposition 1D Charter School Facilities Program	
Attachment M – Proposition 1D Career Technical Education Facilities Program	
Attachment N – Proposition 1D Overcrowding Relief Grant Program	
Attachment O – Unfunded Proposition 55 Summary	
Attachment P – Unfunded Proposition 55 New Construction Program	
Attachment Q – Unfunded Proposition 55 Modernization Program	
Attachment R – Unfunded Proposition 55 Charter Schools Facilities Program	
Attachment S – Unfunded Proposition 55 Critically Overcrowded Schools Program	
Attachment T – Unfunded Proposition 1D Summary	
Attachment U – Unfunded Proposition 1D New Construction Program	
Attachment V – Unfunded Proposition 1D Modernization Program	
Attachment W – Unfunded Proposition 1D Charter School Facilities Program	
Attachment X – Unfunded Proposition 1D Overcrowding Relief Grant Program	
Attachment Y – Unfunded Proposition 1D Career Technical Education Facilities	

## **Executive Summary**

Government Code (GC) Section 16724.4 (for full text see Attachment A) requires the Department of General Services (DGS) to provide to the Legislature and the Department of Finance a report that contains a list of all projects and their geographical location that have been funded with bonds approved after January 1, 2004.

Since January 1, 2004, two bonds have been approved by California voters. The first, Proposition 55, was approved by California voters in March 2004 and authorized the State to issue \$12.3 billion in General Obligation Bonds for construction and renovation of K–12 school facilities and higher education facilities. Of the \$12.3 billion, \$10 billion was earmarked for K–12 school districts to address overcrowding, accommodate future enrollment growth, build charter schools, renovate and modernize older school buildings, and allow participation from the community through joint-use partnerships.

The second, Proposition 1D, was approved in November 2006 and authorized the issuance of \$10.4 billion in General Obligation Bonds for construction and renovation of K–12 school facilities and higher education facilities. Of the \$10.4 billion, \$7.3 billion was designated for K–12 school districts. As with prior bonds, these funds were projected to accommodate future enrollment growth and renovate and modernize older school buildings. The Proposition 1D bond is also intended to continue the existing joint-use program, construct or modernize career technical education facilities, build charter schools, relieve overcrowding, promote high performance construction measures, fund the construction and modernization of small high schools, and repair, reconstruct, or replace facilities that are the most vulnerable to seismic damage.

The State Allocation Board (SAB) is responsible for determining the allocation of proceeds from General Obligation Bond issues used for the various public school facilities funding programs. The Office of Public School Construction (OPSC), within DGS, is staff to the SAB and is responsible for the management of these funds.

This report was prepared by OPSC and includes a summary of Propositions 55 and 1D, and a brief introduction to the SAB and OPSC. The primary portion of this report is the mandated listing of all districts, county offices of education, charter schools and joint power authorities that have been appropriated bond funds from Propositions 55 and 1D, and includes each project's geographical location, school district, school/project name, total funds apportioned including financial hardship, and the status of the project.

Prior years' reports provided this data through December 31 of each year, which did not provide sufficient time to complete the report by January 1 because the SAB typically makes its final General Obligation Bond apportionment for each year in December. Therefore, this year's report provides data through the end of the fiscal year, June 30, 2011 in order to meet the January 1 deadline, as specified in GC Section 16724.4. The

DGS will continue to use fiscal year data for future reports.

Through the 2010/11 Fiscal Year, the SAB has apportioned a cumulative total of approximately \$5.2 billion for new construction projects\* and \$2.2 billion for modernization projects from Proposition 55, representing more than 375,866 new seats<sup>1</sup> for California's schoolchildren, and safe, accessible, and updated school facilities for 664,097 pupils.<sup>2</sup> Apportionments from Proposition 1D in the same timeframe have totaled more than \$1.6 billion for new construction projects and \$2.2 billion for modernization projects, representing 137,775 new seats<sup>1</sup> for California's schoolchildren, and safe, accessible, and updated school facilities for 347,661 pupils.<sup>3</sup>

The Pooled Money Investment Board (PMIB), comprised of the State Treasurer, the State Controller, and the Department of Finance, designs an effective cash management and investment program for the State and designates the amount of money temporarily available for investment. Historically, the PMIB provided short term loans to fund the State's share of school construction projects until State bond sales provided sufficient funds for the apportioned project amounts. Due to the State's fiscal crisis, the PMIB took action on December 17, 2008 to cease making these short term loans for General Obligation Bond programs, including public school construction bonds. As a result, the SAB has only been able to apportion projects as funds become available from bond sales or other sources, such as project rescissions or post award audits. However, since March 2009, the SAB has been granting "unfunded approvals" for projects.

An unfunded approval is not an apportionment, but an indication that a project meets program requirements and is eligible for funding when funds become available. In addition to listing the projects that have been appropriated bond funds, this report lists all districts, county offices of education, charter schools and joint power authorities for which the SAB has made unfunded approvals, including each project's geographical location, school district, school/project name, total unfunded approval dollar amounts including financial hardship, and the status of the project. The SAB converts unfunded approvals to apportionments as funds become available to the School Facility Program (SFP). As of June 30, 2011, over \$818 million remain in unfunded approvals from Proposition 55 and over \$1.2 billion in Proposition 1D.

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<sup>1</sup> Including funds provided for site acquisition.

<sup>2</sup> Based on the number of pupil grants provided for "unhoused" pupils.

<sup>3</sup> Based on the number of pupil grants provided for SFP Modernization projects.

## Background

### *Proposition 55 (Kindergarten-University Public Education Facilities Bond Act of 2004)*

This bond measure was approved by California's voters in March 2004 and was the third measure authorizing the State to issue bonds for the SFP since its inception in 1998.

The K-12 portion of the measure is summarized as follows:

<b>Purpose</b>	<b>Bond Allocation</b>
New Construction <sup>4</sup>	\$4,960,000,000
Modernization <sup>4</sup>	\$2,250,000,000
Critically Overcrowded Schools	\$2,440,000,000
Charter Schools	\$300,000,000
Joint-Use	\$50,000,000
Total K-12	\$10,000,000,000

**New Construction:** A total of \$4.96 billion was made available to buy land and construct new school buildings. A district is required to match State funding on a 50-50 basis, unless it qualifies for State financial hardship funding, whereby the State can contribute up to 100 percent of the total project costs.

**Modernization:** The proposition made \$2.25 billion available for the reconstruction or modernization of existing school facilities. A district is required to match State funding on a 60 percent State and 40 percent local share basis, unless it qualifies for State financial hardship funding, as described above.

**Joint-Use Projects:** The measure made a total of \$50 million available to fund joint-use projects. These funds are available to encourage partnerships between school districts and local communities to share facilities such as libraries, gymnasiums, multi-purpose rooms, childcare, and teacher education facilities. Costs to build these facilities are shared by the State, the school district, and the joint-use partner.

**Critically Overcrowded Schools:** The proposition provided an additional \$2.44 billion to districts with schools which are considered critically overcrowded. These funds are for districts to construct new classrooms to relieve the overcrowded school sites.

**Charter Schools:** The measure made \$300 million available for new construction for charter school facilities. Charter schools are public schools that operate independently

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<sup>4</sup> Includes \$14.2 million that may be used to increase the grants for projects with qualified energy efficiency provisions for new construction and \$5.8 for modernization.

of many of the requirements of regular public schools.

### ***Proposition 1D (Kindergarten-University Public Education Facilities Bond Act of 2006)***

Proposition 1D, the most recent bond measure, was approved by California's voters in November 2006 and provided the following funding:

<b>Purpose</b>	<b>Bond Allocation</b>
New Construction <sup>5 6</sup>	\$1,900,000,000
Modernization <sup>5</sup>	\$3,300,000,000
Joint-Use	\$29,000,000
Charter Schools	\$500,000,000
Career Technical Education	\$500,000,000
Overcrowding Relief Grant	\$1,000,000,000
High Performing Schools	\$100,000,000
Total	\$7,329,000,000

**New Construction:** A total of \$1.9 billion was made available to buy land and construct new school buildings. A district provides a matching contribution on the same basis as under Proposition 55. Proposition 1D provides that up to \$199.5 million of the new construction funds be available for repair, reconstruction, or replacement of school facilities that are the most vulnerable to seismic damage.

**Modernization:** Proposition 1D made \$3.3 billion available for the reconstruction or modernization of existing school facilities. A district provides a matching contribution on the same basis as under Proposition 55.

**Joint-Use:** Proposition 1D continued the existing Joint-Use Program, providing \$29 million from the current measure and authorizing the transfer of up to \$21 million from prior bond measures, resulting in a total of \$50 million available to fund joint-use projects. The program promotes partnerships and cost sharing between school districts and local communities for facilities such as libraries, gymnasiums, multi-purpose rooms, childcare, and teacher education facilities.

**Charter Schools:** This measure made \$500 million available for charter school facilities, either through the construction of new school buildings, the retrofitting of non-school buildings, or the rehabilitation of existing school buildings.

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<sup>5</sup> Up to \$200,000,000 of the sum of the appropriations for new construction and modernization shall be used to fund smaller learning communities and small high schools.

<sup>6</sup> Up to 10.5 percent shall be available for purposes of seismic repair, reconstruction, or replacement, pursuant to Education Code Section 17075.10.

**Career Technical Education:** This bond measure made \$500 million available to local educational agencies and joint powers authorities for the construction or modernization of facilities that will enhance career technical education opportunities. An applicant is required to contribute 50 percent of the eligible costs from local resources unless local funds are not immediately available, in which case the district may request a loan to cover the local share.

**Overcrowding Relief Grant:** Proposition 1D provided \$1 billion to relieve overcrowding at qualifying campuses. These funds are for districts to reduce school site pupil population density by replacing portable classrooms with permanent classrooms.

**High Performance:** A total of \$100 million was provided as incentive to incorporate high performance attributes in new construction and modernization projects. Such attributes include using designs and materials that promote energy and water efficiency, maximizing the use of natural lighting, improving indoor air quality, using recycled materials and materials that emit a minimum of toxic substances, and employing acoustics that are conducive to teaching and learning. As of June 30, 2011, the SAB has approved funding for 197 projects for a High Performance Incentive grant.

## **Overview of the SAB and OPSC**

### *State Allocation Board*

Created in 1947 by the State Legislature, the SAB is responsible for determining the allocation of State resources including proceeds from General Obligation Bond issues and other designated State funds used for the new construction and modernization of public school facilities. The SAB is also charged with the responsibility for allocating funds for the Deferred Maintenance Program, Emergency Repair Program, State Relocatable Classroom Program, and several other facilities related programs. Handbooks on these programs are located on OPSC Web site at [www.dgs.ca.gov/opsc](http://www.dgs.ca.gov/opsc). The SAB typically meets monthly at the State Capitol, where it reviews and approves applications for eligibility and funding, acts on appeals, and adopts policies and regulations as they pertain to the programs under the SAB.

### *Office of Public School Construction*

The primary function of OPSC is to enrich the lives of California's schoolchildren as stewards of the taxpayers' commitment to education by administering the school facility funding programs and monetary resources available to the SAB. As staff to the SAB, OPSC is responsible for providing the assistance necessary to carry out the law, regulations, policies, and programs of the SAB, and administer all programs that are under the purview of the SAB with equity and integrity.

## Definition of Terms

The following terms and abbreviations are used in the Attachments.

Abbreviations found in the Grade Level column:

“EL” Grade level of classrooms in project is comprised mostly of grades K-6

“MI” Grade level of classrooms in project is comprised mostly of grades 7 -8

“HI” Grade level of classrooms in project is comprised mostly of grades 9 -12

“State Construction Funds” Represent the State’s match for the projects, including funds for Design-Only phase, minus site acquisition funds

“Total Site Acquisition” Represents the State’s portion of site acquisition funds, including, as applicable: lesser of acquired land’s actual or appraised value, Department of Toxic Substances Control fees, costs associated with relocation, and costs associated with hazardous waste remediation

“Classrooms” Number of classrooms constructed or modernized in project

“State Share Funds Per CR” State Construction Funds per classroom, not including site acquisition or financial hardship funds

“Proposed Acres” New acreage acquired to complete new construction project

“Site Funds Per Acre” Total Site Acquisition funds per Proposed Acre

“M.E.F. Square Feet” Square feet of Minimum Essential Facilities (multipurpose rooms, administrative facilities, gymnasiums, and libraries) included in project

Definitions for terms found in the “Status” column of the Attachments reflect project status as of June 30, 2011, and are as follows:

“Apportioned” The project has received an apportionment, but the funds have not yet been released.

“Funds Released” Funds have been released for the project; however, the district has not yet been required to submit an expenditure report, which is required one year after the funds have been released. In order to have the funds released, a district must certify that it has entered into a binding contract for at least 50 percent of the construction in the plans. Note that design funds are automatically released to a financial hardship district within 30 days of the apportionment. For



more information regarding which funds have been released for a specific project, please check project tracking on the OPSC Web site.

“\_\_% Complete” The district has submitted an expenditure report detailing the percentage of the project completed. The project currently is not closed.

“Closed” The district has submitted the final expenditure report stating the project is 100 percent complete, and the expenditures reported by the district have been deemed appropriate pursuant to SFP Regulation Section 1859.106.

“Unfunded Approval” The project is ready for apportionment, but no funds are available to be released.

## **Attachment A – Government Code**

**16724.4.** Any state bond measure approved by the voters on or after January 1, 2004, shall be subject to an annual reporting process, as follows:

(a) The head of the lead state agency administering the bond proceeds shall report to the Legislature and the Department of Finance no later than January 1, 2005, or the January 1 of the second year following the enactment of the bond measure, whichever is later, and at least once a year thereafter. The annual report shall contain all of the following:

(1) A list of all projects and their geographical location that have been funded or are required or authorized to receive funds.

(2) The amount of funds allocated on each project.

(3) The status of any project required or authorized to be funded.

(b) Costs of the report may be included in the cost of administering the bond measure unless the measure specifically prohibits those expenses.