

Yearly Report on the

**State General Obligation Bond Measures
for the School Facility Program**

2013 Report to the Legislature and Department of Finance

State of California

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EXECUTIVE SUMMARY

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

Since January 1, 2004, two bonds have been approved by California voters for school facilities. 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 the prior bond, these funds were provided to relieve overcrowding, accommodate future enrollment growth, build charter schools and renovate and modernize older school buildings and joint-use projects. Proposition 1D also provided funding for career technical education projects, seismic mitigation projects and for high performance construction.

Total Proposition 55 and 1D Authorized Funding¹

	Amount
New Construction	\$8,034,631,911
Modernization	5,550,000,000
Charter Schools	800,000,000
Joint-Use	124,279,457
Critically Overcrowded Schools	1,271,200,000
Career Technical Education Facilities	500,000,000
Overcrowding Relief Grant	1,000,000,000
High Performance	100,000,000
TOTAL	\$17,380,111,368

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.

¹ Reflects the funds transferred to the New Construction fund from the Critically Overcrowded Schools fund (\$1,174.6 million), the State School Building Aid Fund (\$15.5 million) and from prior bonds (\$1.2 million).

Of the funding amount authorized in Propositions 55 and 1D, the SAB has approved approximately \$16 billion for school construction projects, as of June 30, 2012. The following illustrates the statewide distribution of these funds:

Proposition 55 and 1D State Funding Approved¹

Per Career Technical Education Service Regions², in Millions

Total State Apportionment	
North Coast	\$238.4
Northeastern	152.2
Capitol	912.1
Bay	1,525.7
South Bay	567.7
Delta Sierra	762.3
Central Valley	1,026.1
Costa Del Sol	791.7
Southern	2,549.7
Riverside, Inyo, Mono, San Bernardino	3,008.6
Costa Del Sol	4,529.4
TOTAL	\$16,063.9

¹ Includes funded projects and projects that have unfunded approval status (approved but awaiting state funds).

² See Attachment Z for the counties located within each Service Region.

This report was prepared by the 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. The report also includes each project's geographical location, school district, school/project name, total funds apportioned including financial hardship, and the status of the project.

Through the 2011/12 Fiscal Year, the SAB has apportioned a cumulative total of approximately \$5.8 billion for new construction projects¹ and \$2.2 billion for modernization projects from Proposition 55, representing more than 404,288 new seats² for California's schoolchildren, and safe, accessible, and updated school facilities for 666,412 pupils³. Apportionments from Proposition 1D in the same timeframe have totaled approximately \$1.7 billion for new construction projects and \$2.5 billion for modernization projects, representing 146,828 new seats² for California's schoolchildren, and safe, accessible, and updated school facilities for 461,579 pupils³.

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, 2012, almost \$265 million remain in unfunded approvals from Proposition 55 and over \$676 million in Proposition 1D.

¹ Including funds provided for site acquisition.

² Based on the number of pupil grants provided for "unhoused" pupils.

³ Based on the number of pupil grants provided for SFP Modernization projects.

BACKGROUND

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

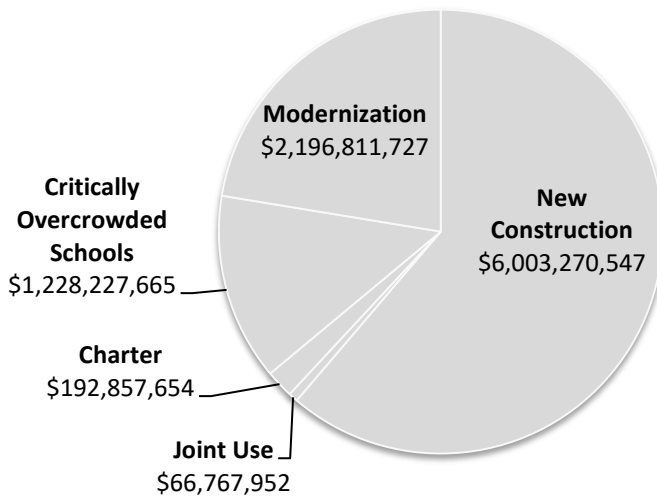
This bond measure was approved by California’s voters in March 2004 and was the third measure authorizing the state to issue bonds for the SFP since its inception in 1998.

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

Purpose	Bond Allocation
New Construction	\$6,134,631,911 ¹ 2
Modernization	2,250,000,000 ¹
Joint-Use	66,779,457 ³
Charter Schools	300,000,000
Critically Overcrowded Schools	1,271,200,000 ²
TOTAL	\$10,022,611,368

As of June 30, 2012, the following funds have been approved by the SAB for K-12 school construction projects:

Proposition 55 State Funding Approved⁴
Total: \$9,687,935,545



¹ Includes \$14.2 million that may be used to increase the grants for projects with qualifying energy efficiency provisions for new construction and \$5.8 million for modernization.

² Includes \$1,174.6 million transferred from the Critically Overcrowded School Facilities Program Funds.

³ Includes \$15.5 million transferred from the State School Building Aid Fund and \$1.2 million from prior bonds.

⁴ Includes funded projects and projects that have unfunded approval status (approved but awaiting state funds).

New Construction: A total of \$4.96 billion was made available to buy land and construct new school buildings. An additional \$1.17 billion was transferred from the Critically Overcrowded Schools fund for a total of \$6.13 billion available for new construction projects. Districts are 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. Districts are 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.

Charter Schools: The measure made \$300 million available for new construction for charter school facilities. Charter schools are public schools that operate independently of many of the requirements of regular public schools. Applicants are 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 state loan to cover the local share.

Joint-Use Projects: The measure made a \$50 million available to fund joint-use projects. An additional \$16.7 million was transferred from the State School Building Aid Fund and prior bond funds for a total of \$66.7 million provided for 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. Districts are required to match state funding on a 50-50 basis. The proposition prescribed that funds apportioned to projects that were not used by certain deadlines were to be transferred. As a result, a total of \$1.17 billion was transferred to the New Construction fund.

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

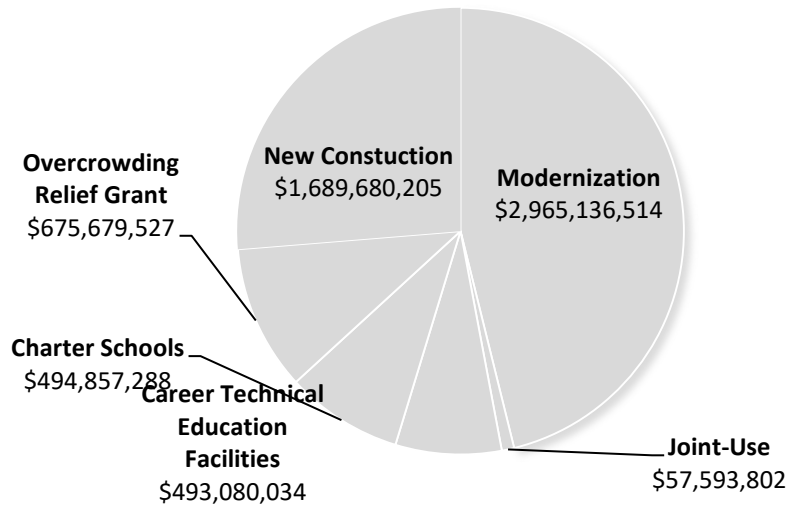
Proposition 1D, the most recent bond measure, was approved by California’s voters in November 2006 and provided the following funding:

Purpose	Bond Allocation
New Construction ¹	\$1,900,000,000 ²
Modernization ¹	3,300,000,000
Joint-Use	57,500,000 ³
Charter Schools	500,000,000
Career Technical Education Facilities	500,000,000
Overcrowding Relief Grant	1,000,000,000
High Performance	100,000,000
TOTAL	\$7,357,500,000

As of June 30, 2012, the following funds have been approved by the SAB for K-12 school construction projects:

Proposition 1D State Funding Approved⁴

Total: \$6,376,027,370



¹ 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.

² Up to 10.5 percent shall be available for purposes of seismic repair, reconstruction, or replacement, pursuant to Education Code Section 17075.10.

³ Includes \$28.5 million in Prior Bond Funds made at the June 2007 and July 2008 SAB meetings pursuant to Assembly Bill 127, Chapter 35, Statutes of 2006 (Perata/Nunez).

⁴ Includes funded projects and projects that have unfunded approval status (approved but awaiting state funds).

New Construction: A total of \$1.9 billion was made available to buy land and construct new school buildings. Districts provide 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. Districts provide a matching contribution on the same basis as under Proposition 55.

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. Applicants provide a matching contribution on the same basis as under Proposition 55, including the ability to obtain a state loan for the matching share.

Joint-Use: Proposition 1D continued the existing Joint-Use Program, providing \$29 million from the current measure and authorizing the transfer of \$28.5 million from prior bond measures, resulting in a total of \$57.5 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. The costs to build these facilities are shared by the state, the school district, and the joint-use partner.

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. Districts are 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 state 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. Districts are 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.

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. Funds are provided as an additional grant to qualifying projects on a 50-50 basis for

new construction projects. For modernization projects, districts are required to match state funding on a 60 percent state and 40 percent local share basis.

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OVERVIEW OF THE SAB AND THE 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 the OPSC web site at 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 the 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, the 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.

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DEFINITION OF TERMS

The following terms and abbreviations are used in the Attachments:

“Apportioned” - The project funds have been apportioned but not released.

“Classrooms” – The number of classrooms constructed or modernized in a project.

“Closed” – A project is considered closed when the construction is complete and the project expenditures have been confirmed by the OPSC.

“Funds Released” – The state funds for the project have been released but the district has not yet submitted an expenditure report, which is required one year after the funds have been released and each year thereafter. Funds are released when a district has entered into a contract for at least 50 percent of the project. (Project design funds for financial hardship funding are automatically released within 30 days of apportionment).

Grade Level – The following abbreviations are used in the Grade Level column:

“EL” – Indicates the project is comprised mostly of grades K-6.

“MI” – Indicates the project is comprised mostly of grades 7-8.

“HI” – Indicates the project is comprised mostly of grades 9 -12.

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

“Proposed Acres” – The new acreage acquired to complete a new construction project.

“State Construction Funds” - The state’s matching funds for the projects, including funds for Design-Only phase but excluding any site acquisition funds.

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

“Site Funds Per Acre” – The Total Site Acquisition funds for each Proposed Acre.

“Total Site Acquisition” - 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.

“Unfunded Approval” - The project has been approved by the SAB but state funds are not yet available for an apportionment.

“__% Complete” – The percentage of the project’s completion as reported on the annual expenditure reports submitted for each project.

ATTACHMENT A

GOVERNMENT CODE SECTION 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.