

Office of Public School Construction
Stakeholder Meeting
August 14, 2019

Funding Distribution Order under the Career Technical Education Facilities Program

PURPOSE OF REPORT

To discuss funding order of the Career Technical Education Facilities Program (CTEFP) for potential future amendments to the School Facility Program (SFP) Regulations.

DESCRIPTION

The funding order for CTEFP applications is outlined in SFP Regulations by funding cycle. From the third funding cycle forward, regulations stipulate that CTEFP funds be apportioned based on the career technical education (CTE) plan score and locale (Urban, Suburban, or Rural). The applications are ordered by highest overall plan score and locale. One application in each locale is selected for funding and then the pattern is repeated until applications or funds are exhausted.

The CTE plan score is assigned by the California Department of Education (CDE) based on statutory criteria. The locale is verified using the National Center for Education Statistics (NCES) to determine if the project's school site is in an urban, suburban or rural area.

Stakeholders have expressed concern about the equity of this funding order, specifically about the assignment of the NCES Town Locale codes to the SFP definition of a Suburban Area. In addition, stakeholders have expressed an interest in considering a return to the Service Region funding model that was used in the first and second CTEFP funding cycles.

In order to facilitate discussion on the topic of the CTEFP funding order, Staff developed multiple funding scenarios relative to these concerns for a future funding cycle.

On July 24, 2019, Staff held a meeting with stakeholders to discuss this funding order. This report provides a summary of the comments received at that meeting.

STAFF ANALYSIS/STATEMENTS

The July 24, 2019 meeting report is available at the following location:

https://www.dgs.ca.gov/-/media/Divisions/OPSC/Agenda-Items/2019/07-July/CTE-Stakeholder-Meeting-Item_ADA.ashx?la=en&hash=A0AEDCAF66D610E99461759CFAA38E8BB2AEB3CC

The Authority, Background and Staff Analysis Sections, as well as the original attachments, are included in the link to the July 24, 2019 stakeholder meeting item and not reprinted here. The following provides a summary of the feedback received from stakeholders on July 24, 2019.

DISCUSSION

Staff is requesting continued stakeholder feedback as it relates to the item presented on July 24, 2019 on this topic with the corresponding scenarios. The scenarios presented here only reflect the conversations on options for future funding models we have had thus far.

Summary of Stakeholder Feedback from July 24, 2019

At the July 24, 2019 meeting, Stakeholders expressed a desire for Staff to develop options that may result in a different funding distribution methodology for the proposed future funding round than is currently existing in CTEFP Regulations. Feedback was favorable of the Board's decision to apportion the entire remaining \$250 million in bond authority from Proposition 51 in one final round, as this would allow additional lower-scoring applications (among all locales) to have a greater probability of receiving funding. Stakeholders also offered suggestions for changing the equitable funding distribution approach with the remaining CTEFP bond authority, including funding based on a proportion of overall high school enrollment, by district or region population, by industry needs, through analysis of labor market trends and community impact, or by the overall merit of the specific project. Stakeholders also reiterated the importance of remaining focused on the ultimate benefactors of the CTE program, the students.

Stakeholder feedback from the July 24, 2019 meeting emphasized that rural districts often have fewer available resources than their urban or suburban counterparts in preparing and submitting a CTEFP application, and yet find themselves in direct competition against better-resourced suburban districts due to the current inclusion of the NCES Town designation within the Suburban Locale. Additionally, due to a historically larger applicant pool and greater competition within the Suburban locale category, districts assigned a Town locale designation would have a greater likelihood of receiving funding if they were to be reclassified under the Rural locale.

Stakeholders also noted that the NCES classification is designated by school site and not district, which results in the possibility of larger districts having schools that are able to compete in all locale categories (Rural, Suburban, Urban), whereas smaller districts, by virtue of fewer eligible school sites concentrated in a smaller geographical area, may only be able to compete in one or two locale categories. In addition, stakeholders indicated that the Rural classification, and to some extent the Suburban classification, are typically temporary locale designations. Over time, increasing development on the lands abutting a school site could lead to a reclassification of a particular site from Rural to Suburban (as the urban center develops and grows closer in proximity to a fixed school site location) and, later, from Suburban to Urban. It was further noted the locale designation methodology used by NCES could potentially place older sites, built in smaller communities, at a disadvantage, as they would potentially be classified as Suburban regardless of the size of the community or district.

Support for Moving Town Locale to Rural, and for Enrollment Based Proration of Funds

In evaluating the various funding scenarios presented at the July 24, 2019 meeting, many stakeholders indicated support for Scenario 1 whereby projects assigned an NCES locale code of 31, 32 or 33 (Town designations) would be shifted from the Suburban Area locale to the Rural Area locale and compete for CTEFP funding along more competitively balanced lines.

Other stakeholders supported Scenario 4, as a variation whereby, after shifting the Town designation to Rural, project funding would be prorated by high school enrollment totals within each Service Region, then ordered by highest score within each locale.

Another idea that was discussed by a few other stakeholders expressed support for funding solely by CDE grant application score, regardless of locale, and noted the CDE application score already considers and incorporates such factors as high school enrollment, industry needs, labor market trends, and the number of students in the program.

Stakeholder feedback also included consideration to discontinue funding by Service Regions over concerns regarding the method used to determine service region boundaries.

Lastly, stakeholders expressed concern regarding Scenario 3a which would provide funding on CDE plan score alone. Further discussion was offered regarding the transparency of CDE's grant application scoring process and noted scoring discrepancies for the same application between Cycle 4 and Cycle 5. Stakeholders also requested more real-time data from OPSC regarding the number of applications received and processed for funding in any given cycle and communicating this data to all stakeholders.

New Option to Consider

In addition to the scenarios already presented for stakeholder consideration during the first meeting, a new idea was presented that is a hybrid model of Scenario 1. The separate scenario, labeled Scenario 1b, shifts the Town locale designation codes into the Rural category and then distributes the available funding on a prorated basis according to the number of applications submitted within each locale against total applications received (in all locales). Therefore, Scenario 1b ties the funding distribution directly and proportionally to the number of applications received per locale, proportional to total applications received, with the corresponding funding distributed accordingly. Please see Attachment 1 for the proposed distribution of funds based on actual funding data from Cycle 5, and charts showing how Scenario 1b compares to Scenario 1 from the July 24, 2019 meeting.

Any additional stakeholder feedback on any of the funding model scenarios presented thus far, or new funding model scenarios, is encouraged.

Attachment 1

Scenario 1b - Move Town from the Suburban Locale to the Rural Locale. Total available funding for each locale is based on a proration determined by the number of grant submitted in each locale.

Locale	# of Projects Funded	\$ Value	Total Projects Submitted	Grant cap	% of Projects Funded
Urban*	30	\$ 53,730,253.00	91	\$ 51,704,545.45	33%
Suburban*	29	\$ 44,745,665.00	78	\$ 44,318,181.82	37%
Rural*	10	\$ 27,449,839.00	51	\$ 28,977,272.73	20%
	69	\$ 125,925,757.00		\$ 125,000,000.00	
Total Projects: 220	31% funded	\$125,000,000.00			

Service Regions	# of Projects Submitted	# of Projects Funded	\$ Value	% of Projects Funded
1. North Coast	6	0	\$ 0.00	0%
2. Northeastern	8	3	\$ 2,699,449.00	38%
3. Capital	22	7	\$ 18,620,916.00	32%
4. Bay	20	9	\$ 15,288,816.00	45%
5. South Bay	13	1	\$ 2,991,332.00	8%
6. Delta Sierra	6	0	\$ 0.00	0%
7. Central Valley	30	13	\$ 25,870,370.27	43%
8. Costa Del Sol	22	7	\$ 10,264,611.00	32%
9. Southern	29	7	\$ 12,260,092.00	24%
10. RIMS	18	7	\$ 13,402,929.73	39%
11. Los Angeles	46	15	\$ 23,601,484.00	33%
	220	69	\$ 125,000,000.00	

* A partial grant would need to be awarded to stay under the grant cap.

For ease of comparison to Scenario 1b above, Scenario 1 as presented at the July 24, 2019 meeting is included below.

Scenario 1 - Move Town (Locale Codes 31, 32, & 33) from Suburban Area to Rural Area Locale.

Service Region	# of Projects Submitted	# of Projects Funded	\$ Value	% of Projects Funded
1. North Coast	6	1	\$ 1,500,000.00	17%
2. Northeastern	8	1	\$ 835,527.00	13%
3. Capital	22	7	\$ 18,633,887.00	32%
4. Bay	20	6	\$ 12,107,626.00	30%
5. South Bay	13	3	\$ 5,217,092.00	23%
6. Delta Sierra	6	0	\$ 0.00	0%
7. Central Valley	30	14	\$ 30,784,394.00	47%
8. Costa Del Sol	22	5	\$ 9,300,635.00	23%
9. Southern	29	5	\$ 7,167,842.00	17%
10. RIMS	18	6	\$ 15,716,438.00	33%
11. Los Angeles	46	14	\$ 22,373,095.00	30%
Total	220	62	\$ 123,636,536.00	