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CALIFORNIA STATE ALLOCATION BOARD

PUBLIC MEETING

(TELECONFERENCE)

ZIGGURAT BUILDING
707 3RD STREET
BOARD ROOM 6-300
WEST SACRAMENTO, CALIFORNIA 95605

DATE: WEDNESDAY, AUGUST 25, 2021

TIME: 4:00 P.M.

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APPEARANCES:

MEMBERS OF THE BOARD PRESENT:

GAYLE MILLER, Chief Deputy Director, Policy, Department of Finance

ANA LASSO, Director, Department of General Services

JEREMY SMITH, Appointee of Gavin Newsome, Governor of the State of California

JUAN MIRELES, Director, School Facilities and Transportation Services Division, California Department of Education, designated representative for Tony Thurmond, Superintendent of Public Instruction

SENATOR CONNIE LEYVA

SENATOR SCOTT WILK

ASSEMBLYMEMBER PATRICK O'DONNELL

ASSEMBLYMEMBER AUTUMN BURKE

REPRESENTATIVES OF THE STATE ALLOCATION BOARD PRESENT:

LISA SILVERMAN, Executive Officer

BARBARA KAMPMEINERT, Deputy Executive Officer

LISA JONES, Secretary

MICHAEL WATANABE

SAM GUARDADO

Transcribed by: Melissa Reid,
eScribers, LLC
Phoenix, Arizona

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1 from March 12, 2020, the meeting is being conducted by
2 way of teleconference. It's being physically webcast
3 from Room 6-300 at 707 Third Street in West Sacramento
4 for anyone that would like to provide public comment in
5 person.

6 In order for the meeting to run efficiently, please
7 note the following guidelines. All participants will be
8 muted during the meeting. If a Board member or the
9 public would like to make a comment, please use the
10 raised hand feature in Zoom meeting, and I will call your
11 name at the appropriate time. If you have updated to the
12 latest version of Zoom, that's under the reactions tab,
13 and then you just hit the raise hand. If you are calling
14 into the meeting and not using the Zoom app,
15 unfortunately, you will not be able to provide public
16 comment.

17 And the first action item is -- are the minutes from
18 the June 23rd, 2021 meeting. Are there any questions or
19 public comments? Seeing none. May we have a motion and
20 a second to approve the minutes?

21 SENATOR WILK: Moved.

22 SENATOR LEYVA: Second.

23 MS. MILLER: Moved by Senator Wilk. Seconded by
24 Senator Leyva. Seeing no public comments.

25

1 Mr. Guardado, can you please call the roll?

2 MR. GUARDADO: Yes.

3 Senator Wilk.

4 SENATOR WILK: Aye.

5 MR. GUARDADO: Senator Leyva.

6 SENATOR LEYVA: Aye.

7 MR. GUARDADO: Senator Roth.

8 Assemblymember O'Donnell.

9 ASSEMBLYMEMBER O'DONNELL: Aye.

10 MR. GUARDADO: Assemblymember Cunningham.

11 ASSEMBLYMEMBER CUNNINGHAM: Aye.

12 MR. GUARDADO: Assemblymember Burke.

13 ASSEMBLYMEMBER BURKE: Aye.

14 MR. GUARDADO: Juan Mireles.

15 MR. MIRELES: Aye.

16 MR. GUARDADO: Jeremy Smith.

17 MR. SMITH: Aye.

18 MR. GUARDADO: Ana Lasso.

19 MS. LASSO: Aye.

20 MR. GUARDADO: Gayle Miller.

21 MS. MILLER: Aye. The minutes are approved. Thank
22 you.

23 The next item is the executive officer's statement,
24 please, Ms. Silverman.

25

1 MS. SILVERMAN: Well, we have lots to report
2 tonight. So we just wanted to provide some updates
3 related to our budget. And as a result of the governor's
4 budget being signed, we have some great news for the
5 program, so we're happy to announce there's \$490 million.
6 And that was the -- this expansion of the full-day kinder
7 program. So now it also includes the California State
8 preschools and transitional kindergarteners, so super
9 excited about that opportunity and we're actually going
10 to have stakeholder meetings beginning September 8th, so
11 again looking out for some more opportunities for
12 funding. So please participate in this process.

13 And the second item we wanted to share with the --
14 with the Board is, if you didn't follow, there's
15 \$250 million additional from the General Fund that's
16 going to be allocated for new construction and
17 modernization projects this year. So we're super excited
18 about that funding opportunity. General Fund money
19 coming to the program, we'll welcome that any time. So
20 again, we will have some additional guidelines presented
21 at the September Board meeting. And we also have a
22 facility inspection tool that we actually will be
23 updating as well, and that tool will be used effectively
24 with school districts July 1st of 2022. So during that

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1 process of updating and having revisions, we'll be
2 working with the stakeholder community, and our first
3 meeting will be September 30th. So we're looking for
4 some input and we anticipate a few meetings related to
5 the inspection tool update.

6 And the next item we wanted to share is the
7 apportionments that were provided in March. So the Board
8 did award nearly \$520 million in cash to projects. So
9 with that, we had a July 27th deadline, and since we did
10 not have a Board meeting in July to report, but we're
11 happy to share that there was over \$347 million that were
12 allocated, plus an additional \$1.8 million that didn't
13 require a fund release request. So if those folks who
14 didn't come in for their cash, they may have a new date
15 to their project. If it's a second strike, they actually
16 do lose their project apportionment, so to that extent,
17 we wanted to provide some updates with -- related to the
18 release of cash.

19 And we actually had a filing round for the
20 certification that actually closed June 10th, and we're
21 happy to share there's over \$766 million in requests that
22 came in. So that's great news for folks who are waiting
23 for the fall bond sale. So again, that's \$776 million in
24 unfunded approval requests for the certification round.

25

1 And we do have a fall bond sale to announce. So the
2 week of September 12th we'll be coordinating with the
3 Treasurer's Office and that bond sale expects to close on
4 the 20th. And to that extent, we'll be bringing those
5 apportionments to the Board in October, and again, those
6 certifications that came in are valid from July 1st
7 through December 31st. So again, those projects that
8 came in for the cert are valid for the bond
9 apportionments in October.

10 And we have some additional news with the virtual
11 training announcements. We actually had, on August 3rd,
12 the financial hardship training program that was also the
13 workshop online. And to that extent we -- for folks who
14 wanted to know about the eligibility requirements for the
15 financial hardship program and how to qualify for
16 additional program funds if you don't have a match. That
17 was a great opportunity for folks to learn some more
18 education in that area. And to that extent, I know there
19 is -- we actually had 90 external folks that joined us,
20 which is great news. And, again, we're actually happy to
21 report that we have over 825 external participants since
22 the beginning of January, and this is the twelfth
23 workshop we held.

24 And we have another workshop announcement, so that
25

1 is actually September 9th. And that workshop really
2 entails about site development worksheets, and that is
3 the cost worksheets for the program and the estimates
4 related to the facility hardship program. So some
5 worksheets have been updated and, again, that's a great
6 tool on how to provide cost estimates with your grant
7 projects, and again, if you want to be successful in the
8 program, you need to definitely know how to get these
9 worksheets completed in a streamlined effect so you can
10 be successful the first time through. So we're looking
11 forward to having some more participants in this area.
12 And actually that was actually a stakeholder request to
13 have this cost estimate worksheet workshop. So again,
14 this is great news that we're actually incorporating some
15 requests from our field.

16 And the next thing we wanted to announce, was there
17 was a legal filing related -- on August 23rd by the
18 Deputy Attorney General, and that's a combined appellate
19 reply brief and cross-respondent brief to the Court of
20 Appeals at the Fourth District and that's related to the
21 active litigation for the Coalition for Adequate School
22 Housing. And so we just want to provide the Board an
23 update that a brief was filed on our behalf.

24 And our next meeting is September 22nd at 1 p.m.
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1 And I'm happy to answer any questions.

2 MS. MILLER: Thank you, Ms. Silverman. Any
3 questions? Seeing none. Okay. Great. Thank you so
4 much. And we look forward to that future bond sale as
5 well.

6 Next, we will move the consent calendar,
7 Ms. Silverman.

8 MS. SILVERMAN: The consent calendar is ready for
9 your approval.

10 MS. MILLER: Any questions or comments?

11 ASSEMBLYMEMBER O'DONNELL: O'Donnell moves.

12 MS. MILLER: Moved by O'Donnell.

13 SENATOR LEYVA: Second.

14 MS. MILLER: Seconded by Senator Leyva. Any public
15 comment on the consent calendar? Seeing none.

16 Mr. Guardado, can you please call the roll for the
17 consent calendar?

18 MR. GUARDADO: Senator Wilk.

19 SENATOR WILK: Aye.

20 MR. GUARDADO: Senator Leyva.

21 SENATOR LEYVA: Aye. Sorry.

22 MR. GUARDADO: Assemblymember O'Donnell.

23 ASSEMBLYMEMBER O'DONNELL: Aye.

24 MR. GUARDADO: Assemblymember Cunningham.

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1 ASSEMBLYMEMBER CUNNINGHAM: Aye.

2 MR. GUARDADO: Assemblymember Burke.

3 ASSEMBLYMEMBER BURKE: Aye.

4 MR. GUARDADO: Juan Mireles.

5 MR. MIRELES: Aye.

6 MR. GUARDADO: Jeremy Smith.

7 MR. SMITH: Aye.

8 MR. GUARDADO: Ana Lasso.

9 MS. LASSO: Aye.

10 MR. GUARDADO: And Gayle Miller.

11 MS. MILLER: Aye. The consent calendar is adopted.

12 Thank you.

13 Any financial reports to report, Ms. Silverman?

14 MS. SILVERMAN: Yes. On page 158, we wanted to

15 share the release of cash, which is great news. It's

16 tied to the March apportionments. And so combined June

17 and July, we actually released \$58.3 million plus

18 \$77.3 million in July and June. So again, pretty busy

19 month with release in cash, so that's great news for the

20 program.

21 And then on stamped page 161, we just want to draw

22 your attention as part of the consent agenda, the Board

23 did approve over \$227 million in program grants, so

24 that's great news. We are really busy over the summer.

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1 So that's 86 projects, so that's great for the program.
2 And we actually had about \$3.1 million that came back to
3 the program as a result of closeout. So that's all we
4 have to report.

5 MS. MILLER: Great. Thank you. Thank for all that
6 work, and hopefully there'll be lots of schools that
7 benefit as all of our kids go back to school this year.

8 With that, we all know that the appeal was
9 postponed. We will move to Ms. Kampmeinert and the
10 potential regulations for the COVID-19 impacts on
11 enrollment.

12 Ms. Kampmeinert?

13 MS. KAMPMEINERT: Thank you. Good afternoon,
14 everybody. Yeah. So our action item today is actually a
15 topic that OPSC has been looking into since about this
16 time last year, and we are happy to report that we have
17 sufficient data at this point to bring this before the
18 Board for discussion and a potential decision.

19 But what we are looking at here is the impact of the
20 COVID-19-related enrollment decreases that school
21 districts have been facing and how that connects to new
22 construction eligibility. And what we have been hearing
23 from districts and what we're seeing as we're processing
24 the new construction eligibility applications is that

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1 there are more applications from more districts this year
2 where enrollment information from 2021 being included in
3 the enrollment projection is resulting in a loss of new
4 construction eligibility. And for some districts, this
5 is making it so the projects cannot move forward at all.
6 For others, they're having to take large reductions, and
7 others are having to consider borrowing pupil grants from
8 other grade levels in the planned project.

9 So we are seeing some impacts now. In the item --
10 in the attachments, we have pointed out that there are a
11 number of factors that have come into this discussion
12 that we've been having because just overall in
13 California, if you look statewide, we are seeing some
14 declining enrollment trends, just declines in population
15 and birth rates, and just a host of other things that are
16 probably a factor in many of these cases. But we are
17 also seeing some districts where they've been a growth
18 district for a number of years. And we see growth year
19 after year after year and then suddenly in 2021 with the
20 COVID-related drop, it's dropping so much that it is
21 actually having an impact on the new construction
22 eligibility.

23 So what we've been doing over the past months, is we
24 have been encouraging districts to submit their

1 enrollment-related information early if we were going to
2 be processing and using 2021 enrollment information. We
3 worked last fall with any of our small school districts
4 that have the ability to lock in their enrollment
5 information based on the '19/'20 school year. They had
6 an opportunity to lock it in for three years, so we were
7 able to assist a number of districts in that manner,
8 because in '20/'21 if things improved, they could always
9 lock again, but at least we could get that '19/'20 number
10 locked in. So we have done that, and now at this point,
11 we are able to report to the Board that while we're not
12 finished processing all the applications that will use
13 '20/'20 (sic) enrollment, we have the information on the
14 majority of them. And we've included a chart on page 242
15 of the item, and it's referencing the number of
16 applications and districts that were processed using this
17 '20/'21 enrollment information. The number of
18 applications is 92 and that's for 52 different districts,
19 so we have some districts with multiple applications.
20 And of that number -- of the 92 applications, 45 were
21 able to move forward, either through that three-year lock
22 or through just the '20/'21 normal enrollment update, and
23 that's just districts that had sufficient eligibility for
24 the projects that they were requesting at this time. So

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1 they may have had a decline in enrollment, but it was not
2 impacting new construction eligibility.

3 But that leaves us with 47 applications that did not
4 have sufficient eligibility with the '20/'21 update to
5 move forward in the way that they originally intended the
6 application. So we took a look at some options for how
7 to address this, because that was a large number of
8 districts and we did see that the data was showing that
9 this does appear to be related to COVID. We can't say
10 how much of it or with a hundred percent certainty that
11 it's entirely related to COVID, but we can definitely see
12 some patterns here statewide where this is having an
13 impact that districts otherwise would not have seen.

14 So we started to look at some ways to fix that, and
15 explored various options with our cohort projections,
16 landed ideally on not tinkering with the math on that too
17 much, because it -- there was some decent math behind it.
18 We didn't want to break anything while trying to fix this
19 particular issue. We also were looking towards what was
20 done for school districts with the average daily
21 attendance for purposes of the local control funding
22 formula amounts and also responding to what we were
23 hearing from many stakeholders. And what we have landed
24 on for a recommendation for the Board's consideration is

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1 similar to how LCFF was treated and is, what we're
2 hearing from a lot of stakeholders, is their preferred
3 approach as well, and that is, it's basically a basically
4 a whole term list. We could use the '19/'20 year,
5 basically use it as the current year enrollment. So
6 rather than changing the numbers around in the cohort,
7 just don't require the '20/'20 (sic) enrollment
8 information to be considered the current year. Have
9 districts use '19/'20 if they normally would have been
10 required to use the '20/'21 enrollment information. And
11 what that does, is it gets us as close as we can to
12 current time.

13 And so the -- as you all are very familiar from
14 appeals and past conversations, the Board had wanted in
15 2017 to ensure that we were looking at the most accurate
16 information that we have, which as far as updates,
17 '20/'21 might not be reflective of what's really going on
18 for school districts. So '19/'20 is the next time point
19 that is closest to before the pandemic and the time
20 period in which we were processing the application. So
21 it gets us to a reasonable estimation of need for school
22 districts that have these new construction projects.

23 Now, the outcome of that, if you go to page 244 of
24 the item, one of the things that we did discover as well

1 in doing the research, is that there was not a one-size-
2 fits-all solution. Nothing we tried was going to be
3 perfect for all applications, but using the '19/'20
4 information resolves quite a few of the applications that
5 did not have eligibility. And that chart there in about
6 the top third of the page there shows of the 47
7 applications, 19 of them would be fully resolved by using
8 '19/'20 enrollment information and be able to request
9 their application at the original pupil grant amount that
10 they were hoping for. An additional 16 applications
11 would be partially resolved, so it would be able to move
12 forward at a better eligibility level than '20/'21 would
13 have been for the district, or perhaps move forward with
14 '19/'21 and '20/'21 would not have resulted in anything
15 for the project. So those are both great outcomes. We
16 do show initially that 12 applications would not be
17 resolved by this, so we know that this isn't going to be
18 a fix for everyone. We also know that there is a chance
19 that by using '19/'20, districts that would otherwise
20 have been impacted in '20/'21 may not have eligibility
21 even if the pandemic had not happened. We may have one
22 or two projects that does get funded because of the
23 '19/'20 solution. But we felt that it was more important
24 to address this larger issue that was caused by the

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1 pandemic and this large number of applications that were
2 not able to move forward. So we felt that was still the
3 best course.

4 So what we are recommending, if the Board would like
5 to provide some relief to districts that are facing this,
6 we are recommending that districts be allowed to use the
7 '19/'20 enrollment information as the current year when
8 they are reporting their enrollment for purposes of new
9 construction eligibility. And this would be for those
10 districts that would normally be required to use '20/'21
11 per the regulations. This is a one-year fix. We are
12 looking just at the '20/'21 information at this point.
13 We don't yet have enough information about future years
14 to know if we still have a problem with eligibility.
15 That's certainly something we can talk about if -- you
16 know, we can certainly bring that back to the Board as we
17 get more information. But we won't have those numbers
18 until after the official count happens in October.

19 So yeah. So that is what we are recommending. It's
20 the best solution that we have come up with for this
21 unusual year. And we think it will help a lot of
22 districts move forward with these projects.

23 MS. MILLER: Thank you, Ms. Kampmeinert.

24 Mr. O'Donnell?

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1 ASSEMBLYMEMBER O'DONNELL: Yeah. Just a comment.
2 First of all, I just want to share that I appreciate that
3 we are appreciating the impact of COVID on attendance,
4 enrollment, et cetera, because it is real. It is real.
5 Hopefully, we'll see a change in a different direction
6 shortly. Hopefully, a lot of it was just impacted by
7 kindergarten, which of course, is permissive, voluntary.

8 But one thing I think we need to look at going
9 forward as a Board is the advent of TK. The legislature
10 essentially added a grade level this year, and that is
11 going to -- or should, in my view, impact eligibility
12 going forward too. And I don't know if staff knows
13 today -- we can have a conversation. We need to solve
14 this not today, of course, but we should have a
15 conversation whether that's going to require a statutory
16 change to address the TK issue or a regulatory change.
17 But, again, if we can engage on that topic, not today,
18 but maybe my offices and staff could talk about that,
19 because that is something I think we should think about.

20 MS. MILLER: Yeah. That's a great idea. Thank you
21 for that. We'll take that as an action item and make
22 sure we understand how to incorporate now that we've
23 added TK, I assume once fully implemented, how we include
24 that in the enrollment data that we analyzed for

1 qualification. That's great. Thank you.

2 Any other comments or questions? Is there any
3 public comment on this issue? We do want to thank -- a
4 lot of stakeholders did help us in providing the data we
5 needed from the districts and we're grateful that we have
6 that. I do just want to make it clear just in case,
7 given that we know that not -- this won't solve the issue
8 for everyone and there are other circumstances, everyone
9 is still eligible to appeal an award if they don't
10 receive it. So this doesn't change any of it, it just
11 tries to acknowledge that there was an issue and we tried
12 to solve it.

13 So just making sure, Mr. Guardado, that there's no
14 public comment. I don't see anyone with a raised hand.

15 MR. GUARDADO: Yeah. I don't see any either.

16 MS. MILLER: Okay.

17 Ms. Lasso?

18 MS. LASSO: I just wanted to publically acknowledge
19 Lisa and Barbara on their thoughtful and very thorough
20 analysis. Barbara always provides a great presentation
21 and makes it very clear. This is very difficult and
22 complex data, ever-changing. So kudos to our team at
23 OPSC.

24 MS. MILLER: I completely agree with that. Yay.

25

1 Absolutely. It is so true and our students are well
2 served with the deep analysis and the thoughtfulness that
3 goes into everything.

4 Seeing no -- Mr. O'Donnell, you don't have another
5 question, right? Your hand is just still raised? No.

6 Okay. May we have a motion and a second, please?

7 SENATOR LEYVA: So moved.

8 MS. MILLER: Moved by Senator Leyva.

9 MS. LASSO: Second.

10 MS. MILLER: Seconded by Ms. Lasso.

11 Mr. Guardado, can you take the roll, please?

12 MR. GUARDADO: Certainly. Thank you.

13 Senator Wilk.

14 SENATOR WILK: Aye.

15 MR. GUARDADO: Senator Leyva.

16 SENATOR LEYVA: Aye.

17 MR. GUARDADO: Assemblymember O'Donnell.

18 ASSEMBLYMEMBER O'DONNELL: Aye.

19 MR. GUARDADO: Assemblymember Cunningham.

20 ASSEMBLYMEMBER CUNNINGHAM: Aye.

21 MR. GUARDADO: Assemblymember Burke.

22 Juan Mireles.

23 MR. MIRELES: Aye.

24 MR. GUARDADO: Jeremy Smith.

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1 MR. SMITH: Aye.

2 MR. GUARDADO: Ana Lasso.

3 MS. LASSO: Aye.

4 MR. GUARDADO: And Gayle Miller.

5 MS. MILLER: Aye.

6 Ms. Burke, I don't think I heard you. Could you
7 just give your vote one more time? Did you hear her?

8 ASSEMBLYMEMBER BURKE: Sorry. I'm having technical
9 difficulties. Aye.

10 MS. MILLER: Perfect. Thank you so much. The item
11 is adopted. Thank you very much.

12 And now we will look at the work ahead,
13 Ms. Silverman, and then we will be adjourned.

14 MS. SILVERMAN: Workload reports are ready for your
15 view. And just to remind folks that we have our next
16 meeting September 22nd at 1 o'clock.

17 MS. MILLER: Great. Thank you.

18 Are there any public comments on any of the
19 projected workload? Seeing none.

20 Any other comments from Board members? Seeing none.
21 Thank you all very much. We will work on the TK
22 enrollment, Mr. O'Donnell. And have a great day,
23 everyone. This meeting is adjourned. Take care. Bye.

24 (End of recording)

25

