

## Assembly Bill No. 1465

### CHAPTER 894

An act to amend Section 17070.15 of, to amend, repeal, and add Sections 17072.10, 17072.30, and 17072.32 of, to add Section 17070.99 to, and to add and repeal Section 17074.32 of, the Education Code, relating to school facilities.

[Approved by Governor September 29, 2004. Filed with Secretary of State September 29, 2004.]

#### LEGISLATIVE COUNSEL'S DIGEST

AB 1465, Chan. School facilities: new construction and modernization: small high schools.

Existing law, the Leroy F. Greene School Facilities Act of 1998, requires the State Allocation Board to allocate to applicant school districts, prescribed per-unhoused-pupil state funding for construction and modernization of school facilities, including hardship funding, and supplemental funding for site development and acquisition. Existing law requires the board to determine an applicant's maximum total new construction grant eligibility under a specified calculation and requires the board to annually adjust the per-unhoused-pupil apportionment to reflect construction cost changes.

Existing law precludes reduction of enrollment projections for a 3-year period, and requires the board to approve a supplemental apportionment, for an applicant school district having an enrollment of 2,500 or less.

This bill would provide that, commencing January 1, 2006, for a small high school, as defined, that meets certain criteria to be established by regulations adopted by the board, the maximum total new construction grant shall be adjusted to reflect 120% of the amounts determined pursuant to the above calculations, except as provided. The bill would establish this adjustment on a pilot program basis until January 1, 2008, and would require the board to set aside \$20,000,000 for this purpose from the proceeds of certain state bonds.

Existing law prohibits the board from apportioning funds for new construction unless certain conditions are met, including, but not limited to, the requirement that the school district, prior to the release of state funds, certify that the required 50% local matching funds will be deposited or expended.

This bill would, instead, until January 1, 2008, for a project for construction of a small high school, as provided, authorize



apportionment to a school district only if the school district certifies that the required 40% local matching funds will be deposited or expended.

Existing law authorizes the release of funds equal to the local match upon certification by the school district that it has entered into a binding contract for completion of the project.

This bill would, until January 1, 2008, for a project to construct a small high school, as provided, authorize the release of funds equal to 60% of the total approved project costs.

Existing law requires the board to determine an applicant's total modernization funding eligibility under a specified calculation and requires the board to annually adjust the calculation factors to reflect inflation, as provided.

This bill would, until January 1, 2008, authorize additional modernization funding for a high school with an enrollment of 1,000 or more pupils that is seeking to reconfigure into 2 or more small high schools, to assist with costs generated by the reconfiguration. The bill would require the board to set aside \$5,000,000 for this purpose from the proceeds of certain state bonds and to adopt implementing regulations, and would limit the amount of funding for a single project.

This bill would require the board to conduct an evaluation on the cost of new construction and modernization of small high schools, as provided, and would require the State Department of Education to conduct an evaluation that focuses on pupil outcomes at the small high schools, as provided, and on the reasons school districts do not currently opt to build small high schools.

*The people of the State of California do enact as follows:*

SECTION 1. (a) The Legislature finds and declares all of the following:

(1) Research has shown that school size is an important predictor of pupil success, second only to socioeconomic status. The research literature clearly states the superiority of small schools as learning environments. In small schools all of the following occur:

(A) Dropout and truancy rates dramatically decrease and graduation rates and postsecondary education enrollment rates increase.

(B) Parents are much more likely to be involved in the school and to have greater participation in decisionmaking.

(C) Pupils experience a greater sense of belonging and are more satisfied with their schools.

(D) Fewer discipline problems occur.

(E) Crime, violence, and gang participation decrease.

(F) Incidences of alcohol and tobacco abuse decrease.



(G) Pupil attendance increases.

(2) A recent study of large and small schools in four states has shown that smaller schools reduce the damaging effects of poverty and help pupils narrow the achievement gap between them and pupils from more affluent communities.

(3) Reducing school size has also been shown to significantly increase the likelihood of success of school reform efforts. Small schools are more effective at staff development and in implementing new curriculum.

(4) Based upon the research on the benefits of small schools, the United States Department of Education has created the Smaller Learning Communities Program and is currently providing a small number of planning and implementation grants to school districts across the country to support the development of small schools and small learning communities.

(5) Other states have recognized the value of small schools and have developed state policy to encourage small schools development. In Florida, for example, all schools built after 2003 will be small schools.

(6) Many parent groups and school districts in the state, including Oakland, Sacramento, San Jose, Los Angeles, and San Francisco, have initiated efforts to create small schools. These efforts include the creation of new small schools on new sites as well as the reconfiguration of existing schools into small schools and small learning communities.

(7) The trend in California, over the last few decades, has been to build larger and larger schools. For example, in 2000, more than 73 percent of California high schools had more than 1,000 pupils and more than 57 percent of middle schools had more than 800 pupils.

(8) The trend to build large schools has been driven by California's rapidly growing population and by the assumption that large schools are more cost effective.

(9) Research, however, has also shown that small schools, due to lower dropout rates and factors such as reduced school violence, can be more cost effective in per pupil spending than large schools.

(b) It is therefore the intent of the Legislature to enact changes in state law to create an incentive for school districts to establish smaller learning communities through increasing the state's share of schools facilities funding for the construction of new small schools and for the reconfiguration of existing schoolsites to support smaller learning communities.

SEC. 2. Section 17070.15 of the Education Code is amended to read:



17070.15. The following terms, wherever used or referred to in this chapter, shall have the following meanings, respectively, unless a different meaning appears from the context:

(a) “Apportionment” means a reservation of funds for the purpose of eligible new construction, modernization, or hardship approved by the board for an applicant school district.

(b) “Attendance area” means the geographical area serving an existing high school and those junior high schools and elementary schools included therein.

(c) “Board” means the State Allocation Board as established by Section 15490 of the Government Code.

(d) “Department” means the Department of General Services.

(e) “Committee” means the State School Building Finance Committee established pursuant to Section 15909.

(f) “Modernization” means any modification of a permanent structure that is at least 25 years old, or in the case of a portable classroom, that is at least 20 years old, that will enhance the ability of the structure to achieve educational purposes.

(g) “Property” includes all property, real, personal or mixed, tangible or intangible, or any interest therein necessary or desirable for carrying out the purposes of this chapter.

(h) “School district” means a school district or a county office of education. For purposes of determining eligibility under this chapter, “school district” may also mean a high school attendance area.

(i) “Fund” means the 1998 State School Facilities Fund, the 2002 State School Facilities Fund, or the 2004 State School Facilities Fund, as the case may be, established pursuant to Section 17070.40.

(j) “County fund” means a county school facilities fund established pursuant to Section 17070.43.

(k) “Portable classroom” means a classroom building of one or more stories that is designed and constructed to be relocatable and transportable over public streets, and with respect to a single story portable classroom, is designed and constructed for relocation without the separation of the roof or floor from the building and when measured at the most exterior walls, has a floor area not in excess of 2,000 square feet.

(l) “School building capacity” means the capacity of a school building to house pupils.

(m) “Small high school” means a high school with a total enrollment of no more than 500 pupils.

SEC. 3. Section 17070.99 is added to the Education Code, to read:

17070.99. (a) The board shall conduct an evaluation on the cost of new construction and modernization of small high schools in



conjunction with the pilot program established pursuant to subdivision (c) of Section 17072.10, as it read on January 1, 2005.

(b) The State Department of Education shall conduct an evaluation that focuses on pupil outcomes, including, but not limited to, academic achievement and college attendance rates, at the small high schools constructed pursuant to subdivision (c) of Section 17072.10, as it read on January 1, 2005, and on the reasons school districts do not currently opt to build small high schools.

(c) The evaluations required pursuant to subdivisions (a) and (b) shall be completed no later than two years after the opening of the last small high school constructed pursuant to subdivision (c) of Section 17072.10, as it read on January 1, 2005.

(d) The evaluations conducted pursuant to subdivisions (a) and (b) shall be used to inform the direction of future school facilities construction and related bond measures.

SEC. 4. Section 17072.10 of the Education Code is amended to read:

17072.10. (a) The board shall determine the applicant's maximum total new construction grant eligibility by multiplying the number of unhoused pupils calculated pursuant to Article 3 (commencing with Section 17071.75) in each school district with an approved application for new construction, by the per-unhoused-pupil grant as follows:

(1) Five thousand two hundred dollars (\$5,200) for elementary school pupils.

(2) Five thousand five hundred dollars (\$5,500) for middle school pupils.

(3) Seven thousand two hundred dollars (\$7,200) for high school pupils.

(b) The board shall annually adjust the per-unhoused-pupil apportionment to reflect construction cost changes, as set forth in the statewide cost index for class B construction as determined by the board.

(c) (1) Commencing January 1, 2006, notwithstanding subdivisions (a) and (b), for a small high school, the maximum total new construction grant shall be adjusted to reflect 120 percent of the amounts determined pursuant to subdivisions (a) and (b). The board shall adopt regulations, in consultation with the Superintendent of Public Instruction, to establish criteria to ensure that this adjustment is available to multiple small high schools on a pilot program basis and only for those applicant school districts that propose to build a small high school as part of an academic reform strategy that focuses on the positive outcomes that small high schools encourage. The board shall set aside a total amount of twenty million dollars (\$20,000,000) for this purpose from the proceeds of state bonds approved by the voters pursuant to the



Kindergarten-University Public Education Facilities Bond Act of 2002 (Part 68.1 (commencing with Section 100600)) and the Kindergarten-University Public Education Facilities Bond Act of 2004 (Part 68.2 (commencing with Section 100800)). The board shall also adopt regulations, in consultation with the Superintendent of Public Instruction, to implement the pilot program, including, but not limited to, allowing a sufficient filing period for applications in order to ensure that the pilot program encompasses school districts from the northern, southern, and central regions of the state and from urban, suburban, and rural areas so that the pilot program participants are broadly representative of the state.

(2) Paragraph (1) does not apply in those circumstances where a small high school would otherwise have been built because of sparse population in the geographical area.

(d) The board may adopt regulations to be effective until July 1, 2000, that adjust the amounts identified in this section for qualifying individuals with exceptional needs, as defined in Section 56026. The regulations shall be amended after July 1, 2000, in consideration of the recommendations provided pursuant to Section 17072.15.

(e) The board may establish a single supplemental per-unhoused-pupil grant in addition to the amounts specified in subdivision (a) based on the statewide average marginal difference in costs in instances where a project requires multilevel school facilities due to limited acreage. The district's application shall demonstrate that a practical alternative site is not available.

(f) For a school district having an enrollment of 2,500 or less for the prior fiscal year, the board may approve a supplemental apportionment of up to seven thousand five hundred dollars (\$7,500) for any new construction project assistance. The amount of the supplemental apportionment authorized pursuant to this subdivision shall be adjusted in 2001 and every year thereafter by an amount equal to the percentage adjustment for class B construction.

(g) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2008, deletes or extends that date.

SEC. 5. Section 17072.10 is added to the Education Code, to read:

17072.10. (a) The board shall determine the applicant's maximum total new construction grant eligibility by multiplying the number of unhoused pupils calculated pursuant to Article 3 (commencing with Section 17071.75) in each school district with an approved application for new construction, by the per-unhoused-pupil grant as follows:

(1) Five thousand two hundred dollars (\$5,200) for elementary school pupils.



(2) Five thousand five hundred dollars (\$5,500) for middle school pupils.

(3) Seven thousand two hundred dollars (\$7,200) for high school pupils.

(b) The board shall annually adjust the per-unhoused-pupil apportionment to reflect construction cost changes, as set forth in the statewide cost index for class B construction as determined by the board.

(c) Any regulations adopted by the board prior to July 1, 2000, that adjust the amounts identified in this section for qualifying individuals with exceptional needs, as defined in Section 56026, as amended after July 1, 2000, in consideration of the recommendations provided pursuant to Section 17072.15, shall continue in effect.

(d) The board may establish a single supplemental per-unhoused-pupil grant in addition to the amounts specified in subdivision (a) based on the statewide average marginal difference in costs in instances where a project requires multilevel school facilities due to limited acreage. The district's application shall demonstrate that a practical alternative site is not available.

(e) For a school district having an enrollment of 2,500 or less for the prior fiscal year, the board may approve a supplemental apportionment of up to seven thousand five hundred dollars (\$7,500) for any new construction project assistance. The amount of the supplemental apportionment authorized pursuant to this subdivision shall be adjusted in 2008 and every year thereafter by an amount equal to the percentage adjustment for class B construction.

(f) This section is operative January 1, 2008.

SEC. 6. Section 17072.30 of the Education Code is amended to read:

17072.30. (a) Subject to the availability of funds, and to the determination of priority pursuant to Section 17072.25, if applicable, the board shall apportion funds to an eligible school district only upon the approval of the project by the Department of General Services pursuant to the Field Act, as defined in Section 17281, and certification by the school district that the required 50 percent matching funds from local sources have been expended by the district for the project, or have been deposited in the county fund, or will be expended by the district by the time the project is completed, in an amount at least equal to the proposed apportionment pursuant to this chapter, prior to release of the state funds.

(b) Notwithstanding subdivision (a), subject to the availability of funds, the board shall, for a project to construct a small high school pursuant to subdivision (c) of Section 17072.10, apportion funds to an eligible school district only upon approval of the project by the Department of General Services pursuant to the Field Act, as defined in



Section 17281, and certification by the school district that the required 40 percent matching funds from local sources have been expended by the district for the project, or have been deposited in the county fund, or will be expended by the district by the time the project is completed, in an amount at least equal to 40 percent of the total project costs pursuant to this chapter, prior to release of the state funds.

(c) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2008, deletes or extends that date.

SEC. 7. Section 17072.30 is added to the Education Code, to read:

17072.30. (a) Subject to the availability of funds, and to the determination of priority pursuant to Section 17072.25, if applicable, the board shall apportion funds to an eligible school district only upon the approval of the project by the Department of General Services pursuant to the Field Act, as defined in Section 17281, and certification by the school district that the required 50 percent matching funds from local sources have been expended by the district for the project, or have been deposited in the county fund, or will be expended by the district by the time the project is completed, in an amount at least equal to the proposed apportionment pursuant to this chapter, prior to release of the state funds.

(b) This section is operative January 1, 2008.

SEC. 8. Section 17072.32 of the Education Code is amended to read:

17072.32. (a) For any project that has received an apportionment pursuant to subdivision (a) of Section 17072.30, funding shall be released in amounts equal to the amount of the local match upon certification by the school district that the school district has entered into a binding contract for completion of the approved project.

(b) Notwithstanding subdivision (a), for any project for construction of a small high school, pursuant to subdivision (c) of Section 17072.10, that has received an apportionment pursuant to subdivision (b) of Section 17072.30, funding shall be released in amounts equal to 60 percent of the total project costs upon certification by the school district that the school district has entered into a binding contract for completion of the approved project.

(c) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2008, deletes or extends that date.

SEC. 9. Section 17072.32 is added to the Education Code, to read:

17072.32. (a) For any project that has received an apportionment pursuant to Section 17072.30, funding shall be released in amounts equal to the amount of the local match upon certification by the school



district that the school district has entered into a binding contract for completion of the approved project.

(b) This section is operative January 1, 2008.

SEC. 10. Section 17074.32 is added to the Education Code, to read:

17074.32. (a) A high school with an enrollment of 1,000 or more pupils that is seeking to reconfigure into two or more small high schools, as defined in subdivision (m) of Section 17070.15, shall be eligible for additional modernization funding to assist with costs generated by the reconfiguration. Reconfiguration can specifically allow some limited new construction necessary to accommodate the reconfiguration. The board shall set aside a total amount of five million dollars (\$5,000,000), from the proceeds of state bonds approved by the voters pursuant to the Kindergarten-University Public Education Facilities Bond Act of 2002 (Part 68.1 (commencing with Section 100600)) and the Kindergarten-University Public Education Facilities Bond Act of 2004 (Part 68.2 (commencing with Section 100800)), for purposes of this additional modernization funding and no single project shall be granted, in the aggregate, more than five hundred thousand dollars (\$500,000).

(b) The board shall adopt regulations to implement this section.

(c) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2008, deletes or extends that date.

