



CALIFORNIA
DEPARTMENT OF
EDUCATION

1430 N STREET
SACRAMENTO, CA
95814-5901

JACK O'CONNELL

State Superintendent of
Public Instruction

PHONE: (916) 319-0800

**Little Hoover Commission Hearing
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Governance Structure of the State Allocation Board**

**Testimony of Kathleen Moore
State Allocation Board Member and Director of School Facilities Planning
Division of the California Department of Education**

Thank you for this opportunity to provide testimony concerning the State Allocation Board (SAB) governance structure. I serve on the SAB as the designee of Superintendent of Public Instruction Jack O'Connell, and I am the Director of the School Facilities Planning Division of the California Department of Education (CDE). Prior to serving with the CDE, I was Director of Planning and Development for Elk Grove Unified School District for 15 years, during which time I had the first-hand opportunity to implement school facilities laws and regulations as enacted by the Legislature and promulgated by the SAB. My testimony will reflect this unique perspective as both a policy maker and practitioner, and I will include the perspective of the Superintendent of Public Instruction.

The Commission staff has requested testimony in the following four areas: Governance Structure, Board Composition, Rules of Operation and Fiscal Relationship between the SAB and the State. I would like to begin with an initial observation as a student of political science and public administration.

In 1949, the voters of California approved through a constitutional amendment, the first statewide school facilities bond measure in the amount of \$350 million to implement a state-controlled loan and grant program to those school districts unable to provide what was needed within the legal limitations placed on school districts for financing facilities. Along with its first appropriation for state funds to assist impoverished school districts, the Legislature established a SAB to control the program and to make the allotments. It is fascinating to note that the literature of the day indicates the Legislature and policy makers grappled with the very same issues we are discussing today: 1) who should chair the SAB; 2) jurisdictional issues between the then Bureau of School Planning (later to become the School Facilities Planning Division) and the Local Allocation Division of the Department of Finance (later to become the Office of Local Assistance in the Department of General Services and today's Office of Public School Construction);

and 3) the presence of legislators as members of the SAB. As political and practical decisions were made in 1949, we again face or perhaps have never truly mastered the tension between jurisdictions for control, and its ultimate impact upon the very stakeholder in this process – California public school students.

SAB Governance Structure

Commission staff has requested comments on the position of Assistant Executive Officer appointed and accountable to the SAB, its chain of command, its strengths and weaknesses and alternative or like governance structures.

Recommendations

1. Change the name of the SAB Assistant Executive Officer to the Executive Officer of the SAB.
2. Clarify roles of the SAB Assistant Executive Officer (current title) and the SAB Executive Officer.

Discussion

It is my understanding that the Assistant Executive Officer began as a position within the Local Allocation Division (now Office of Public School Construction) and it was not until 1984 that statute created a direct reporting line to the SAB. This structure provided for an Executive Officer of the SAB to administratively implement the program with a direct reporting line to the Department of General Services, and an Assistant Executive Officer with the responsibility of responding mainly to the legislative members of the SAB. Structurally, all members of the SAB have access to the resources of this position.

The Superintendent of Public Instruction (SPI), as one member of the SAB, strongly believes and supports the position of Assistant Executive Officer, but acknowledges its existence and structural placement creates a potential for conflict. The benefit for the SPI is an additional conduit for information related to items, particularly those that are complex and perhaps controversial. The Office of Public School Construction (OPSC) executive staff has many reporting requirements and relationships that indeed require administrative acumen --- reporting to the Department of General Services, the Chair of the SAB, and to all members of the SAB; while the Assistant Executive Officer has only direct line responsibilities to the SAB members, particularly those not in direct line authority of the OPSC.

The title of the SAB Assistant Executive Officer position is confusing to the field. The title perhaps made sense when the position originally had reporting requirements to the Executive Officer as the title portends, but that has not been the case since 1984. The existence of a Deputy Executive Officer that reports to the Executive Officer further

confounds the structure to the outside observer. At minimum, title changes are necessary to provide clear structural relationships to the constituencies of the state school facilities program. We recommend the SAB Assistant Executive Officer position be retitled to Executive Officer to the SAB and the existing Executive Officer position retain the existing title of Executive Officer of the OPSC (this position currently holds two titles: Executive Officer of the OPSC and SAB Executive Officer).

A similar governmental structure is the Independent Analysis Unit of the Los Angeles Unified School District (LAUSD). While the sure breath of program responsibility and depth of staff is quite different as one may imagine with all departments associated with LAUSD, the same governmental checks and balances may be observed. The Independent Analysis Unit (IAU) is the Los Angeles City Board of Education's independent research arm. The IAU reports directly to the Board of Education. I know of its existence from reports that the unit writes periodically on the LAUSD building program, reports independent of the information provided by the LAUSD Facilities Services Division. For instance, in 2003, the IAU provided a report to the LAUSD board concerning the environmental impact document that would ultimately be approved by the LAUSD board as lead agency. The report addressed concerns of the unit that may or may not have been raised by the Facilities Services Division. In essence, it provided a third party observation that the board could consider at the same time the Superintendent's staff report would be forthcoming.

Traditionally, the current Executive Officer position has reported on all SAB items except regulations. Proposed regulations have been reported by the SAB Assistant Executive Officer in his or her capacity as Chair of the Implementation Committee. We recommend these traditions be more formalized in job descriptions so that is clear to the field which position is responsible for which items.

SAB Board Composition

Recommendations

None

Discussion

The composition of the SAB was changed by Assembly Bill 16, Chapter 33, Statutes of 2002, from a seven-member board, including the Director of Finance, the Director of General Services, the Superintendent of Public Instruction, four legislators – two appointed by the Senate Rules Committee and two appointed by the Speaker of the Assembly – to a ten-member board with an increase in two legislative members and one appointee of the Governor. AB 16 also specified that two of the Senators and Assembly members would belong to the majority party and one of the Senators and Assembly members would belong to the minority party.

The Superintendent of Public Instruction believes the SAB has a balanced composition between legislators, Governor appointee and agency representatives; however, the growth of the board and the even number of representatives have caused some quorum problems, and have the potential for tie votes.

Rules of Operation

Recommendations

1. Adopt formal rules of operations.
2. SAB members should elect a Chair annually from their membership.

Discussion

We believe formal rules of operation would increase the transparency of the SAB, and that a rotating chair would provide a collaborative structure with shared leadership. Effective governance is structured on board-adopted policies and procedures including voting rules. This model can be seen in both the legislative and education arenas. Local boards of education govern within board-adopted policies and procedures and according to their bylaws rotate the president of the board. The strength of this rotation is a shared leadership and power structure; the weakness may be that executive staff must adjust annually to different styles of leadership.

Traditionally, the SAB Chair has been the Department of Finance Director. This tradition began when the Office of Public School Construction (then known as the Local Allocation Division) was located within this department and assigned the administrative functions of the SAB. However, the OPSC is now located within the Department of General Services, and yet the Department of Finance has retained the Chair position of the Board, but no longer has direct administrative responsibilities for the program. By remaining Chair, the Department of Finance has significant input and control of the monthly SAB agendas. A rotating chair would provide shared leadership within the SAB,

and as noted above is an effective governance structure for the over 1,000 school boards statewide.

We do not believe the Governor should appoint the Chair, as the Governor already has three positions within his control on the SAB: The Director of Finance, the Director of the Department of General Services and the Executive Officer of the SAB who is appointed by the Governor.

Fiscal Relationship between the SAB and the State

Recommendations

1. The OPSC report directly to the SAB.
2. Conduct an in-depth study of the best governance structure to meet the facilities financing needs of 21st century learners.

Discussion

In order to address the issue of the best governmental structure for this program, a foundational look at the mission of the program, the agencies involved and the recipients of policy decisions and funding may be instructive.

The Leroy F. Green School Facilities Act of 1998 was established by Assembly Bill 50, Chapter 407, Statutes of 1998. This act is the most recent reform of the state school building program and is predicated on a facilities cost sharing between the state and Local Education Agencies (LEA), including school districts, county offices of education, and charter schools. It is also predicated on four main agency approval requirements for state funding: the California Department of Education, the Division of State Architect, the Office of Public School Construction and the Department of Toxic Substance Control. However, the OPSC has ultimate fiscal control for the program. The Green Act was also predicated on the enactment of the electorate of state general bond measures to fund the state share of school construction and modernization projects. The most recent bond measure, the \$10.416 Proposition 1D, was enacted by 56.9 percent yes votes in November 2006.

School districts, county offices of education, and charter schools are the direct participants in the state school facilities program, and for the most part are more than equal partners in the projects. The policy decisions of the SAB and the administrative decisions of the OPSC impact the ability of LEAs to build and modernize their schools to ensure that every California student has access to a world class education. Research shows that the condition of the school facility has a direct impact, between 5 and 17 percentage points, on student performance. That being said, it is of interest that the capital funding program for K-12 educational institutions is administered by the

Department of General Services, a state agency that has no education program experience. All other K-12 funding is appropriated by the Legislature and administered through the Department of Education (with minor exceptions). This is not meant as a statement against our colleagues in the Department of General Services and the Office of Public School Construction. Rather it is the opportunity and perhaps the time to reflect on what is best for the ultimate consumer of our work --- California public school children. Currently, we have a finance-driven education facilities program, instead of the other way around. If California is to compete effectively in the global economy, we need not only world class education standards and support, but world class facilities and support.

The school facilities program is complex, and the oversight that the SAB provides is important when subjective decisions are required. In the short term, we believe that the SAB would be best served by the Office of Public School Construction reporting directly to the SAB and not through the Department of General Services. The strength of a direct report is that the executive staff would no longer have to administer between three entities ---the Department of General Services, the Department of Finance and the SAB. Rather, the OPSC could directly serve the SAB as their mission states: "As staff to the SAB, the Office of Public School Construction facilitates the processing of school applications and makes funding available to qualifying school districts. These actions enable school districts to build safe and adequate school facilities for their children in an expeditious and cost-effective manner."

In the long term, the Superintendent of Public Instruction calls for a review of the entire structure of the administration of the program, particularly as it impacts the ability of local school districts to secure funding to build and modernize facilities to meet 21st century academic and performance standards.