

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: July 2, 2008  
POSITION: Oppose

BILL NUMBER: SB 1657  
AUTHOR: G. Romero

**BILL SUMMARY: School Facilities: Needs Assessment**

This bill would require the Office of Public School Construction (OPSC) to convene an advisory committee regarding the implementation of a data collection system and the establishment of an inventory of K-12 school facilities, and require OPSC to submit a report to the Legislature by January 15, 2010. Additionally, this bill would provide that the costs associated to implement its provisions be paid from education bond funds reserved for administrative expenses and approved subsequent to 1998. The advisory committee would consist of OPSC, the Legislative Analyst's Office (LAO), school district staff, as specified, and information technology specialists.

**FISCAL SUMMARY**

This bill would allow the costs associated with implementing its provisions to be paid from education bond funds approved after 1998 and reserved for OPSC's administrative expenses. However, it is unclear if these activities are allowable uses of bond funds. Further, while the language appears to restrict the fundable activities to the advisory committee's proceedings, it can reasonably be interpreted to also allow the committee's recommendations to be funded. Depending on the extent of these recommendations, this bill could add unknown cost pressure on existing education bond funds. Assuming, at a minimum, that a survey of public school construction needs is recommended to gather information for the facilities inventory, we estimate this cost pressure to be in the millions in one-time education bond funds.

**COMMENTS**

The Department of Finance is opposed to this bill for the following reason:

- This bill contains a provision allowing the costs associated with implementing its provisions to be paid from education bond funds. While the language appears to restrict the fundable activities to the advisory committee's proceedings, it can reasonably be interpreted to also allow the committee's recommendations to be funded, which could result in significant cost pressure in education bond funds. Given the limited amount of education bond funds at any given point in time, such changes with funding implications to the State School Facilities Program should be negotiated as part of a future education bond.

We note that this bill is consistent with a recommendation included in the LAO 2008-09 Analysis of the Budget which raised some policy issues in regards to school facilities. In the Analysis, the LAO contends that the state lacks sufficient data on the cost of constructing K-12 facilities and determining the amount of funding that is needed to meet the facility needs of K-12 schools. With better data, the LAO indicates that the Legislature can better determine the amount of bond funding needed to meet the needs of K-12 schools in the future. For these reasons, the LAO recommends that if the state is going to maintain its current facilities program, the Legislature should authorize the creation of a statewide database that includes detailed information for the benefit of addressing school facilities needs.

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| Analyst/Principal<br>(0350) L. Del Castillo | Date | Program Budget Manager<br>Jeannie Oropeza | Date |
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| Department Deputy Director | Date |
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| Governor's Office: | By: | Date: | Position Approved _____    |
|                    |     |       | Position Disapproved _____ |

**BILL ANALYSIS** Form DF-43 (Rev 03/95 Buff)

**BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)**

**Form DF-43  
BILL NUMBER**

**AUTHOR**

**AMENDMENT DATE**

G. Romero

July 2, 2008

SB 1657

| Code/Department<br>Agency or Revenue<br>Type | SO                                 | (Fiscal Impact by Fiscal Year) |    |           |                    |           |    |           | Fund<br>Code |
|--|------------------------------------|--------------------------------|----|-----------|--------------------|-----------|----|-----------|--------------|
|  | LA                                 | (Dollars in Thousands)         |    |           |                    |           |    |           |              |
|  | CO                                 | PROP                           |    |           |                    |           |    |           |              |
|  | RV                                 | 98                             | FC | 2008-2009 | FC                 | 2009-2010 | FC | 2010-2011 |              |
| 6350/Facil Aid                               | LA                                 | No                             |    | -----     | See Fiscal Summary | -----     |    |           | 6057         |
| <u>Fund Code</u>                             | <u>Title</u>                       |                                |    |           |                    |           |    |           |              |
| 6057   | School Facilities Fund, 2006 State |                                |    |           |                    |           |    |           |              |