

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: January 15, 2010
POSITION: Oppose

BILL NUMBER: AB 220
AUTHOR: J. Brownley

BILL SUMMARY: School Facilities

This bill would allow: (1) school districts to calculate their school facilities program eligibility based on 10-year enrollment projections; (2) the release of bond funds to eligible local educational agencies upon entering into a binding contract for either professional services or construction; and (3) the State Allocation Board (SAB) to extend the timeline a district has between receiving an apportionment and requesting their funds for the project from 18 months to indefinitely.

FISCAL SUMMARY

In its current form, this bill could delay the release of billions of dollars in bond funds intended for the construction or modernization of school facilities indefinitely. Additionally, this bill may also shift current state bond funds from the hard construction of school facilities to the planning of school facilities.

COMMENTS

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

- This bill would allow facilities bond funds intended for K-12 public school construction be used on professional services contracts, without assurances that state school facilities bond dollars provide for at least 50 percent of the hard construction costs of constructing a school facility.
This bill would allow districts to use a 10-year enrollment projection and augment that projection using dwelling units, modified weighting mechanisms, and/or birth rate data.
This bill would authorize the SAB to reserve school district bond appropriations indefinitely, which may inadvertently delay the new construction or modernization of school facilities.
This bill could inadvertently remove existing school building capacity currently used when calculating school district baseline eligibility to participate in the school facilities program by removing relocatable classrooms from the calculation of unhoused pupils.

Analyst/Principal Date Program Budget Manager Date
(0341) T. Todd Jeannie Oropeza

Department Deputy Director Date

Governor's Office: By: Date: Position Approved
Position Disapproved

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

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Critically Overcrowded Schools and Overcrowded Relief Grant programs. Both programs provide bond funds to districts who build permanent facilities to replace portable space.

The School Facilities Program (SFP) has provided approximately \$28.2 billion dollars in apportionments for Public School Construction from Propositions 1D, 55, 47, and 1A for eligible local educational agencies. In November of 2006, voters approved Proposition 1D, which authorized a total of \$10.4 billion in state General Obligation bonds for education facilities, with \$3.1 billion for higher education and the remaining \$7.3 billion for K-12 facilities. Funds are allocated by the SAB under the statutory rules of the School Facilities Program to eligible education agencies as the state's share of school construction costs, are targeted to areas of the greatest need, and must be spent according to strict accountability measures. The \$3.1 billion for higher education was available for upgrading and building new classrooms in the California Community College, the California State University, and the University of California systems to provide adequate facilities to accommodate the growing student enrollment in higher education.

Under the existing SFP for K-12, funding for the construction of new schools and modernization of old school buildings comes from both state and local resources. State funding comes from voter-approved General Obligation bonds and is allocated to school districts by the SAB pursuant to the Leroy F. Greene School Facilities Act of 1998 Chapter 407, Statutes of 1998 (SB 50). Local funding may come from a variety of sources, including local General Obligation bonds, Mello-Roos bonds, and developer fees.

Existing law requires a school district that applies for new construction funding to utilize the cohort survival enrollment projection (cohort) system to calculate enrollment projections for the fifth year or optionally the tenth year beyond the fiscal year in which the application is made. According to information available from the Office of Public School Construction, the cohort system utilizes current and historical California Basic Educational Data System enrollment data for a district or high school attendance area. Alternatively, a school district may use a supplemental modified weighting system that incorporates the number of unhoused pupils anticipated as a result of dwelling units and birth rates among various categories. The cohort system involves calculating the number of students in one grade during a school year compared to the number of students who complete the year and enroll in the next grade in the following years. More specifically, the current enrollment year plus the enrollment from the three previous years is analyzed to observe enrollment trends between grade levels and then that trend is projected out five years or ten years. If the seating capacity of the school district is less than the projected enrollment, the school district has new construction eligibility equal to the difference between the two calculations, and this difference signifies the number of pupils that are considered "unhoused."

Code/Department Agency or Revenue Type	SO		(Fiscal Impact by Fiscal Year)						Fund Code
	LA	CO	(Dollars in Thousands)						
	RV	PROP 98	FC	2009-2010	FC	2010-2011	FC	2011-2012	
6350/Facil Aid	LA	No	-----	See Fiscal Summary	-----	-----	-----	-----	6057
6350/Facil Aid	LA	No	-----	See Fiscal Summary	-----	-----	-----	-----	6044
6350/Facil Aid	LA	No	-----	See Fiscal Summary	-----	-----	-----	-----	6036
<u>Fund Code</u>	<u>Title</u>								
6036	School Facilities Fund, 2002 State								
6044	School Facilities Fund, 2004 State								
6057	School Facilities Fund, 2006 State								