

## **With money running out, subcommittee recommends slowing facilities allocations**

**By Kimberly Beltran**

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With school construction funds set to run dry as early as April and no hope of seeking new voter-approved financing until 2014, an oversight panel is recommending the State Allocation Board slow its rate of appropriations to school districts to keep its facilities program running.

In a hearing late Tuesday, the New Construction Subcommittee also agreed to recommend the SAB ask the Legislature to suspend through the end of 2014 a law that allows districts to charge substantial developer fees to help pay for school construction projects if the state's coffers are empty.

A third strategy is to consolidate some of its funds to make them last longer – a move that might need legislation and some deal-making to execute.

The ideas are set to come before the full allocation board at its regular February meeting next week.

The dire character of such proposals reflect an increasingly difficult near-term for school facility managers who will need to harbor existing resources just to fulfill current construction needs, let alone address new ones – a dilemma members of the State Allocation Board are painfully aware of.

"For me, it's about how do we position ourselves to enhance our ability to pass the next [school construction] bond," Assemblywoman Joan Buchanan, D-San Ramon, said during a discussion about whether to go ahead and spend the remaining money as projects are approved or to try and stretch the funds until a construction bond makes it onto a ballot.

"If there's zero probability of having a bond this November, then are we in a better position to pass a bond at some point in the future if we keep the program going?" she asked rhetorically.

The School Facilities Program, created and funded by the passage of several statewide bonds starting in 1998, provides matching funds to school districts for new and remodeled facilities.

But the \$35 billion in bond authority granted by voters since that time has almost all been handed out, leaving SAB members and staff to figure out how to keep the program viable until more money becomes available.

While SAB members and school districts wanted lawmakers to place a school facilities bond measure on this November's ballot – legislative leaders and Gov. Jerry Brown have made it clear the state's top priority is passage of one of the proposed tax measures aimed at benefitting the general fund and schools.

That leaves the SAB and Office of Public School Construction little choice but to work with what money they have.

Brown already has endorsed much of what the board members are considering. In his January budget, the governor proposed pooling funds and slowing allocations to prevent enactment of new developer fees.

But Brown's idea of shifting money from the state's Overcrowding Relief Grant faces some opposition from lawmakers who believe the program should be left as is.

Instead, some have suggested bond authority be taken from the lesser-used Critically Overcrowded Schools fund to bolster the dwindling New Construction fund.

Either way, SAB members are focused on finding ways to extend the life of the New Construction fund set to run out in April.

Combining the Critically Overcrowded Schools fund with New Construction, as the subcommittee suggests, still only offers \$352 million, and how long that can be stretched will depend on whatever draw-down formula the SAB devises.

SAB members said Tuesday they hoped the New Construction fund and the \$410 million Modernization fund could be stretched into early 2014, just in time to start a public campaign for a November statewide bond election.

The subcommittee discussed the option of continuing to fund school projects as approved and just letting the funds run out, but that would trigger the developer fee law that allows districts to charge builders up to 100 percent of the state's half of project costs.

Suspending the law, committee members agreed, is necessary to protect the already fragile economy and housing market.

Shifting the bond monies and suspending the developer fee law both would require legislative action.