

Brown backs plan to shift facility money and avoid new developer fees

SI&A Cabinet Report

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Protecting California's anemic building industry from an enormous hike in developer fees is at the heart of a budget proposal from Gov. Jerry Brown to eliminate a little-used state fund created to help schools replace portable classrooms.

At issue is a state law allowing districts to increase building fees if Sacramento is unable to provide its share of new school construction costs. As things stand today, the state's only source of cash for new school construction is set to run out this summer, a scenario that likely would lead to fee hikes to cover the state's obligations.

With hundreds of approved – but unfunded – projects in the state pipeline, such fees could cripple an already struggling building industry.

Brown's plan, which requires legislative approval, would prevent this by transferring the remaining \$254.8 million from the Overcrowding Relief Grant program to the New Construction fund.

He also wants to slow the rate at which new construction funds are doled out by the State Allocation Board in hopes of extending the life of the fund through the end of the year.

Of the \$14.9 billion authorized through voter-approved bonds for new construction since 2002, just \$152.9 million remains. While \$574.2 million was allocated to the overcrowding program to begin with, just less than half has been used.

Still, urban districts with limited school footprints, like Los Angeles, would prefer to see another approach to saving the New Construction program.

"We feel the ORG program is a valuable program focused on a specific and current need," said Eric Bakke, a facilities representative for LAUSD, which schools about 200,000 kids in portable classrooms.

This issue isn't as much about overcrowded classrooms, however, as it is about a lack of open space for outdoor activities, and money from the program provides a vehicle for building atop existing school buildings and removing the portables.

Bakke said the district understands the governor doesn't want to worsen the economic climate "by strapping our developers with additional construction costs."

But, he added, "We have an interest in the ORG program so we'd like to try to preserve it, and we're willing to work with everyone involved to ensure the ORG program as well as the entire School Facility Program continues."

Alternatives to draining the portables program could include drastically reducing the rate of new construction funding, as suggested by Brown, or temporarily suspending the developer fee law.

Neither of those options, however, would solve the state's long-term funding commitment to school construction.

Several members of the State Allocation Board, along with public school advocates, say a bond ballot measure is needed to refill the state's school construction coffers.

But a bill sponsored by Assembly member Julia Brownley that would have indicated the Legislature's intent to put such a bond on the November ballot wasn't taken up by the Appropriations Committee this week, indicating a lack of interest in the proposal.

Brownley, chair of the Assembly Education Committee as well as a State Allocation Board member, said she didn't understand the lack of support for the bill, given Brown's focus on infrastructure investment.

"Investment in infrastructure in schools is equally as important as some of the infrastructure projects the governor talked about in his State of the State address," Brownley said. "School districts up and down the state are going to be gravely disappointed when they find out the money isn't there to support their projects."