

STATE ALLOCATION BOARD  
IMPLEMENTATION COMMITTEE MEETING  
September 9, 2010

AB 127

PURPOSE OF REPORT

To present and discuss options regarding, the annual adjustment to School Facility Program (SFP) Grants authorized by Assembly Bill (AB) 127, as authorized by Education Code Section 17072.11(b).

BACKGROUND

At the January 27, 2010 SAB meeting the Board directed the Implementation Committee to discuss AB 127 and return to the State Allocation Board (SAB) with recommendations. The following table provides an overview on the history of the SAB, Implementation Committee, and the Grant Adequacy Ad Hoc Committee discussions regarding AB 127:

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| December 2005 | <p>The Grant Adequacy Ad Hoc Committee was assembled and comprised of representatives from several school districts, architectural, construction and construction management firms, consultants, the California Building Industry Association, the Department of Finance (DOF), the California Department of Education (CDE), and Board Staff Members.</p> <p>Several meetings took place in December 2005, and devised goals and objectives for the Committee. The first objective, to determine if the SFP new construction base grant was equitable at the time of conversion from the LPP, was complete. The second objective, determining if the grants are sufficient to build new schools today, was still under development.</p>                     |
| March 2006    | <p>Staff and the Grant Adequacy Ad Hoc Committee developed a survey to send to school districts to gather data on current costs to build schools. The survey was sent to 231 school districts and 52 percent were returned, however, the majority were incomplete. Staff reported it would be unable to make conclusive recommendations regarding the adequacy of the grants absent comprehensive data.</p>  |
| April 2006    | <p><b>Purpose:</b> To provide a status on the review of the adequacy of the new construction grant to build new schools under the SFP.</p> <p><b>Board Action:</b> The Board accepted the report and Staff's recommendation to bring a report back to the Board when the analysis of the entire funding model is complete. In addition, the Board requested that a proposal and recommendations regarding general site additional grants be presented at the May SAB meeting.<br/><a href="http://www.documents.dgs.ca.gov/opsc/SAB_Agenda_Items/Archives/2006/Apr26.pdf">http://www.documents.dgs.ca.gov/opsc/SAB_Agenda_Items/Archives/2006/Apr26.pdf</a></p>  |
| May 2006      | <p>Assembly Bill (AB) 127, Chapter 35, Statutes of 2006 (Perata/Nunez) added Education Code (EC) Section 17072.11 which provided for an increase of seven percent for elementary and middle school projects and a four percent increase for high school projects beginning July 1, 2006. AB 127 also stated that beginning January 1, 2008, the SAB has the authority to increase the base grant up to six percent or decrease it by an amount determined every fiscal year based on the current construction costs.</p> <p>Staff and the Grant Adequacy Ad Hoc Committee developed a project information worksheet (PIW). Various drafts of this worksheet were presented to the SAB Implementation Committee beginning in July through September 2006.</p> |

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| July 2006 - February 2007 | Discussions began to implement EC Section 17072.11, added pursuant to Assembly Bill 127, Chapter 35, Statutes of 2006 (AB 127), which provides an adjustment to the New Construction Base Grant. The IMP held several meetings to discuss the following programs: Small High Schools, High Performance Schools, Grant Increase, Charter School Facility Program, Seismic Mitigation/Replacement, <b>and the</b> Overcrowding Relief Grant.   |
| September 2006            | <p><b>Purpose:</b></p> <ol style="list-style-type: none"> <li>1. Adopt proposed emergency regulations to implement and administer statutory amendments as follows: <ul style="list-style-type: none"> <li>• Small High School</li> <li>• High Performance Schools (Resource Conservation Measures)</li> <li>• Charter School</li> <li>• Grant Increases</li> </ul> </li> <li>2. Authorization to file the proposed emergency regulations with the Office of Administrative Law (OAL).</li> </ol> <p><b>Board Action:</b> The Board approved Option 2 regarding the High Performance Schools Grant, and corrected "(a)" to "(a)(1)" in the final line of Regulation Section 1859.163.1. The Board also requested that The California Department of Education (CDE) work with OPSC to collect project cost and construction information relative to future grant increases and to report on the findings.<br/> <a href="http://www.documents.dgs.ca.gov/opsc/SAB_Agenda_Items/Archives/2006/Sep27.pdf">http://www.documents.dgs.ca.gov/opsc/SAB_Agenda_Items/Archives/2006/Sep27.pdf</a></p> |
| October 2006              | <p><b>Purpose:</b> Amendments to the School Facility Program for the General Site Development Grant, Small High School Program, and Charter School Facilities Program.</p> <ol style="list-style-type: none"> <li>1. Adoption of technical and non-substantive amendments to the SFP regulations for the additional grant for general site development, the Small High School Program, and the Charter School Facilities Program.</li> <li>2. Authorization to file the proposed regulations on an emergency basis with the OAL.</li> </ol> <p><b>Board Action:</b> This item was approved by the Board.<br/> <a href="http://www.documents.dgs.ca.gov/opsc/SAB_Agenda_Items/Archives/2006/Oct25.pdf">http://www.documents.dgs.ca.gov/opsc/SAB_Agenda_Items/Archives/2006/Oct25.pdf</a></p>  |
| March 2007                | <p><b>Purpose:</b> To provide a status on the review of the adequacy of the new construction grant to build new schools under the SFP.</p> <p><b>Board Action:</b> This report was accepted by the Board. CDE indicated that they could supply staff within 30 days, projects that have met Title 5 and are complete schools, and would subsequently provide a definition of a complete school. It was emphasized that the definition of a complete school is necessary as soon as possible in order to have a basis of comparison for the construction project and cost data collected and in ample time to meet the statutory timeline of January 2008.<br/> <a href="http://www.documents.dgs.ca.gov/opsc/SAB_Agenda_Items/Archives/2007/Mar28.pdf">http://www.documents.dgs.ca.gov/opsc/SAB_Agenda_Items/Archives/2007/Mar28.pdf</a></p>   |
| June 2007                 | <p><b>Purpose:</b> To provide information requested by the SAB on the components of a complete school consistent with the <i>California Code of Regulations, Title 5</i> and a representative sample of such schools.</p> <p><b>Board Action:</b> This item was approved by the Board.<br/> <a href="http://www.documents.dgs.ca.gov/opsc/SAB_Agenda_Items/Archives/2007/Jun27.pdf">http://www.documents.dgs.ca.gov/opsc/SAB_Agenda_Items/Archives/2007/Jun27.pdf</a></p>  |
| July 2007                 | <p><b>Purpose:</b> To present the proposed PIW that will be used to gather data for the purpose of determining the annual increase or decrease to the New Construction Base Grant per EC Section 17072.11.</p> <p><b>Board Action:</b> The Board requested that Staff return to the August SAB meeting with a revised PIW. In addition, the Board requested that Staff meet with the stakeholders and practitioners for input on the worksheet.<br/> <a href="http://www.documents.dgs.ca.gov/opsc/SAB_Agenda_Items/Archives/2007/Jul25.pdf">http://www.documents.dgs.ca.gov/opsc/SAB_Agenda_Items/Archives/2007/Jul25.pdf</a></p>   |

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| August<br>2007    | <p><b>Purpose:</b> To present the proposed PIW that will be used to gather data for the purpose of determining the annual increase or decrease to the New Construction Base Grant per EC Section 17072.11 and for bond accountability.</p> <p><b>Board Action:</b> The Board delayed action for 30 days.<br/> <a href="http://www.documents.dgs.ca.gov/opsc/SAB_Agenda_Items/Archives/2007/Aug22.pdf">http://www.documents.dgs.ca.gov/opsc/SAB_Agenda_Items/Archives/2007/Aug22.pdf</a></p>   |
| September<br>2007 | <p><b>Purpose:</b> To present the proposed PIW that will be used to gather data for the purpose of determining the annual increase or decrease to the New Construction Base Grant pursuant to EC Section 17072.11, for bond accountability, and the status of the bid climate.</p> <p><b>Board Action:</b> The Board approved to move forward and use the PIW until the end of the calendar year, monitor the results, and revisit it in January 2008, if necessary.<br/> <a href="http://www.documents.dgs.ca.gov/opsc/SAB_Agenda_Items/Archives/2007/Sep26.pdf">http://www.documents.dgs.ca.gov/opsc/SAB_Agenda_Items/Archives/2007/Sep26.pdf</a></p>   |
| December<br>2007  | <p><b>Purpose:</b> To provide an update on the study on the adequacy of the new construction grant.</p> <p><b>Board Action:</b> The Board requested that Staff continue to keep open lines of communication regarding the process being utilized and to provide updates to the Board. Additionally, the Board requested Staff to follow up with the County Superintendent of Schools for purposes of conducting a separate study on the costs to construct county schools.<br/> <a href="http://www.documents.dgs.ca.gov/opsc/SAB_Agenda_Items/Archives/2007/Dec12.pdf">http://www.documents.dgs.ca.gov/opsc/SAB_Agenda_Items/Archives/2007/Dec12.pdf</a></p>   |
| January<br>2008   | <p><b>Purpose:</b> To present the findings made by the Macias Consulting Group (MCG) on the adequacy of the New Construction Grant.</p> <p><b>Board Action:</b> There was much discussion by the SAB regarding this final report. The Board requested that a working group be started to delve into the report to try to achieve a better understanding and come back with a recommendation to the Board.<br/> <a href="http://www.documents.dgs.ca.gov/opsc/SAB_Agenda_Items/2008-01/GA.pdf">http://www.documents.dgs.ca.gov/opsc/SAB_Agenda_Items/2008-01/GA.pdf</a><br/><br/> <a href="http://www.documents.dgs.ca.gov/opsc/SAB_Agenda_Items/2008-01/MCG_Final_Rpt.pdf#search=grant%20adequacy%20survey&amp;view=FitH&amp;pagemode=none">http://www.documents.dgs.ca.gov/opsc/SAB_Agenda_Items/2008-01/MCG_Final_Rpt.pdf#search=grant%20adequacy%20survey&amp;view=FitH&amp;pagemode=none</a></p>  |
| May<br>2008       | <p><b>Purpose:</b> To discuss the adequacy of the New Construction Grants and to recommend a grant adjustment, in accordance with EC Section 17072.11.</p> <p><b>Board Action:</b> The Board approved staff's recommendations and requested staff to present this item on an annual basis. In addition, the Board requested staff to collect sound data in order to satisfy the need to know the costs to construct schools.<br/> <a href="http://www.documents.dgs.ca.gov/opsc/SAB_Agenda_Items/2008-05/hcg.pdf">http://www.documents.dgs.ca.gov/opsc/SAB_Agenda_Items/2008-05/hcg.pdf</a></p>   |
| February<br>2009  | <p><b>Purpose:</b> To present and discuss options regarding:</p> <ol style="list-style-type: none"> <li>1. The annual adjustment to the SFP Grants based on the Class B Construction Cost Index (CCI) as provided in EC Section 17072.10 (b) and Title 2 of the California Code of Regulations;</li> <li>2. The annual adjustment to SFP Grants authorized by Assembly Bill (AB) 127;</li> <li>3. Extending the General Site Development additional grant.</li> </ol> <p><b>Board Action:</b> The Board approved staff's recommendations, including the date change in Recommendation No. 3 to extend the General Site Development additional grant to "January 1, 2010." In addition, the Board requested that the six percent grant adjustment provided through AB 127 be discussed at the April 2009 Implementation Committee meeting so the Board can address the issue at a future SAB meeting.<br/> <a href="http://www.documents.dgs.ca.gov/opsc/SAB_Agenda_Items/2009-02/SFP_GA.pdf">http://www.documents.dgs.ca.gov/opsc/SAB_Agenda_Items/2009-02/SFP_GA.pdf</a></p> |

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| April - June 2009 | Discussed the methodology for analyzing data obtained from the Project Information Worksheets at the IMP meeting.   |
| June 2009         | <p><b>Purpose:</b> To discuss the proposed methodology for the analysis of new construction grant adjustments as required by AB 127 [Chapter 35, Statutes of 2006 (Nunez)].</p> <p><b>Board Action:</b> The Board took no action but requested the OPSC to initiate a meeting with the authors of a June 2008 <i>University of California-Berkeley Report</i> on school construction costs to ask their advice on the new construction grant methodology. In addition, the Board requested the OPSC to work with Los Angeles Unified School District to address OPSC data collection and its transparency.<br/> <a href="http://www.documents.dgs.ca.gov/opsc/SAB_Agenda_Items/2009-06/SABagenda06_24_09.pdf">http://www.documents.dgs.ca.gov/opsc/SAB_Agenda_Items/2009-06/SABagenda06_24_09.pdf</a></p>   |
| July 2009         | <p><b>Purpose:</b> To present a report prepared by University of California – Berkeley that addresses research findings of school construction costs and factors that affect California.</p> <p><b>Board Action:</b> The Board took no action</p> <p>An electronic copy of this report is available on the OPSC website at: <a href="http://www.opsc.dgs.ca.gov">www.opsc.dgs.ca.gov</a></p>  |
| January 2010      | <p><b>Purpose:</b> To present an analysis of the relationship between the SFP new construction grant amounts and the cost of new construction along with options for adjusting the SFP new construction pupil grant amounts.</p> <p><b>Board Action:</b> The Board requested that staff recommend a process resolving the mass of reports and provide a timeline for the Board that includes discussion at the Implementation Committee so it can be presented at a future SAB meeting.<br/> <a href="http://www.documents.dgs.ca.gov/opsc/SAB_Agenda_Items/2010-01/January_27_2010.pdf">http://www.documents.dgs.ca.gov/opsc/SAB_Agenda_Items/2010-01/January_27_2010.pdf</a><br/> <a href="http://www.documents.dgs.ca.gov/opsc/SAB_Agenda_Items/200911/New_Construction_Grant_Adjustment_Report.pdf">http://www.documents.dgs.ca.gov/opsc/SAB_Agenda_Items/200911/New_Construction_Grant_Adjustment_Report.pdf</a></p> |

## AUTHORITY

EC Section 17072.11(b) states, “On or after January 1, 2008, the board shall increase or decrease the per-unhoused pupil grant eligibility by amounts it deems necessary under this article and the per-pupil cost of new school construction, provided that the increase in any fiscal year pursuant to this section shall not exceed 6 percent.”