

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, February 25, 2009

ADJUSTMENTS TO SCHOOL FACILITY PROGRAM GRANTS

PURPOSE OF REPORT

To present and discuss options regarding:

1. The annual adjustment to the School Facility Program (SFP) Grants based on the Class B Construction Cost Index (CCI) as provided in Education Code (EC) Section 17072.10(b) and Title 2 of the California Code of Regulations;
2. The annual adjustment to SFP Grants authorized by Assembly Bill (AB) 127;
3. Extending the General Site Development additional grant.

BACKGROUND

CCI Adjustment

Statute requires an annual adjustment to the per-unhoused-pupil grant amounts of the SFP based on the change in the Class B Construction Cost Index (CCI) each January. Prior to January 1, 2005, base grant amount adjustments were based on the Marshall & Swift (M&S) Ten Western States Index. At the March 2005 State Allocation Board (SAB) meeting, the Board adopted the M&S Eight California Cities Index as the index most closely reflecting the building climate in California. In December 2007, the Board used the M&S Ten Western States Index. At that time the Board requested that the issue be revisited in one year for further discussion. During the period of January 1, 2008 through January 1, 2009, the M&S Ten Western States and Eight California Cities indexes increased by 7.73 and 6.0 percent, respectively.

AB 127 Adjustment

AB 127 authorizes the SAB, beginning January 1, 2008, to annually increase or decrease the new construction per pupil base grant amount based on an analysis of current costs to build a school. An increase can be up to six percent; a decrease is unlimited. At the June 2008 SAB meeting, the Board approved the maximum six percent increase. The SAB adopted the use of the Project Information Worksheet (PIW) to collect project information to evaluate grant adequacy on an ongoing basis.

General Site Development Additional Grant

As part of grant adequacy discussions in 2006, after a preliminary analysis concluded that general site development was not considered in the base grant, the Board approved regulations to provide an additional grant for general site development for new construction projects that are new schools or additions to existing sites where additional acreage is being acquired. General site development work includes but is not limited to: finish grading, on-site hard surfaced areas for foot traffic, driveways, walkways, outdoor instructional play facilities, permanent playground equipment, athletic fields, and landscaping. The regulations sunsetted on December 31, 2008.

AUTHORITY

CCI Adjustment

EC Section 17072.10(b) states, "The board shall annually adjust the per-unhoused-pupil apportionment to reflect construction cost changes, as set forth in the statewide cost index for class B construction as determined by the board."

AUTHORITY (cont.)

CCI Adjustment (cont.)

EC Section 17072.11(a)(3) states, "The board shall conduct an analysis of the relationship between the per-unhoused-pupil grant eligibility determined under this article and the per-pupil cost of new school construction for elementary, middle, and high school pupils."

AB 127 Adjustment

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."

Additional Grant for General Site Development

EC Section 17072.12(b) states that "...the board may provide funding for assistance in site development and acquisition..." The SAB's Legal Counsel has opined that because the SFP does not define site development, the Board may adopt regulations to define and clarify the types and amounts of site development assistance that will be provided.

Regulation Section 1859.76 states, "...Subsection (d) of this section shall be suspended no later than January 1, 2008, unless otherwise extended by amendments as adopted by the Board."

STAFF COMMENTS

Staff recommends an adjustment to the per-unhoused-pupil grant amounts based on the 6.0 percent increase in the M&S Eight California Cities Index and as shown on the attachment. This index better reflects the current cost of construction in California.

Staff will be discussing a proposed methodology for evaluating PIW data at a future Implementation Committee meeting. The General Site Development additional grant will be evaluated in the context of overall grant adequacy. At this time, Staff is recommending that the Board extend the General Site Development additional grant to December 31, 2009 and defer making an adjustment pursuant to EC Section 17072.11(b) until a comprehensive PIW data analysis has been performed.

RECOMMENDATIONS

1. Approve a 6.0 percent increase, based on the M&S Eight California Cities Index, to the per-unhoused-pupil grant amounts as provided on Attachment A for the use of SFP applications approved on or after January 1, 2009.
2. Defer a grant adjustment pursuant to EC Section 17072.11(b) to a future SAB meeting.
3. Adopt the proposed regulations to extend the General Site Development additional grant to December 31, 2009, as shown on Attachment C.
4. Authorize the OPSC to file the attached regulations with the Office of Administrative Law.

BOARD ACTION

In considering this item, the State Allocation 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 Assembly Bill 127 be discussed at the April 2009 Implementation Committee meeting so the Board can address the issue at a future SAB meeting.

ATTACHMENT A

ANNUAL ADJUSTMENT TO SCHOOL FACILITY PROGRAM GRANTS

State Allocation Board Meeting, February 25, 2009

Grant Amount Adjustments

		Regulation Section	Current Adjusted Grant Per Pupil Effective 1-1-08*	Adjusted Grant Per Pupil Effective 1-1-09
New Construction	Elementary	1859.71	\$8,839	\$9,369
	Middle	1859.71	\$9,348	\$9,909
	High	1859.71	\$11,893	\$12,607
	Special Day Class – Severe	1859.71.1	\$24,834	\$26,324
	Special Day Class – Non-Severe	1859.71.1	\$16,608	\$17,605
	Automatic Fire Detection/Alarm System – Elementary	1859.71.2	\$10	\$11
	Automatic Fire Detection/Alarm System – Middle	1859.71.2	\$14	\$15
	Automatic Fire Detection/Alarm System – High	1859.71.2	\$24	\$25
	Automatic Fire Detection/Alarm System – Special Day Class – Severe	1859.71.2	\$45	\$48
	Automatic Fire Detection/Alarm System – Special Day Class – Non-Severe	1859.71.2	\$31	\$33
	Automatic Sprinkler System – Elementary	1859.71.2	\$149	\$158
	Automatic Sprinkler System – Middle	1859.71.2	\$177	\$188
	Automatic Sprinkler System – High	1859.71.2	\$183	\$194
	Automatic Sprinkler System – Special Day Class – Severe	1859.71.2	\$468	\$497
	Automatic Sprinkler System – Special Day Class – Non-Severe	1859.71.2	\$315	\$334
Modernization	Elementary	1859.78	\$3,366	\$3,568
	Middle	1859.78	\$3,560	\$3,774
	High	1859.78	\$4,660	\$4,940
	Special Day Class - Severe	1859.78.3	\$10,722	\$11,366
	Special Day Class – Non-Severe	1859.78.3	\$7,175	\$7,605
	State Special School – Severe	1859.78	\$17,878	\$18,950
	Automatic Fire Detection/Alarm System – Elementary	1859.78.4	\$107	\$114
	Automatic Fire Detection/Alarm System – Middle	1859.78.4	\$107	\$114
	Automatic Fire Detection/Alarm System – High	1859.78.4	\$107	\$114
	Automatic Fire Detection/Alarm System – Special Day Class – Severe	1859.78.4	\$300	\$318
	Automatic Fire Detection/Alarm System – Special Day Class – Non-Severe	1859.78.4	\$201	\$213
	Over 50 Years Old – Elementary	1859.78.6	\$4,675	\$4,955
	Over 50 Years Old – Middle	1859.78.6	\$4,945	\$5,242
	Over 50 Years Old – High	1859.78.6	\$6,474	\$6,863
	Over 50 Years Old – Special Day Class – Severe	1859.78.6	\$14,901	\$15,795
	Over 50 Years Old – Special Day Class – Non-Severe	1859.78.6	\$9,964	\$10,562
	Over 50 Years Old – State Special School – Severe	1859.78.6	\$24,834	\$26,324

*New Construction Elementary, Middle and High amounts shown are as of adjustment approved 5-28-08

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ANNUAL ADJUSTMENT TO SCHOOL FACILITY PROGRAM GRANTS

Grant Amount Adjustments

New Construction / Modernization / Joint-Use	Regulation Section	Current Adjusted Grant Per Pupil Effective 1-1-08	Adjusted Grant Per Pupil Effective 1-1-09
Therapy/Multipurpose Room/Other (per square foot)	1859.72 1859.73.2 1859.82 1859.125 1859.125.1	\$143	\$152
Toilet Facilities (per square foot)	1859.72 1859.73.2 1859.82 1859.125 1859.125.1	\$260	\$276
New Construction Only			
Parking Spaces	1859.76	\$11,238	\$11,913
General Site Grant (per acre for additional acreage being acquired)	1859.76	\$14,364	\$15,226
Project Assistance (for school district with less than 2,500 pupils)	1859.73.1	\$5,333	\$5,653
Modernization Only			
Two-stop Elevator	1859.83	\$89,900	\$95,294
Additional Stop	1859.83	\$16,180	\$17,151
Project Assistance (for school district with less than 2,500 pupils)	1859.78.2	\$2,843	\$3,013
Facility Hardship / Rehabilitation			
Current Replacement Cost - Other (per square foot)	1859.2	\$288	\$305
Current Replacement Cost - Toilets (per square foot)	1859.2	\$519	\$550
Interim Housing – Financial Hardship (per classroom)	1859.81	\$29,625	\$31,402
Charter School Facilities Program - Preliminary Apportionment Amounts			
Charter School Elementary	1859.163.1	\$8,379	\$8,882
Charter School Middle	1859.163.1	\$8,871	\$9,404
Charter School High	1859.163.1	\$11,587	\$12,282
Charter School Special Day Class - Severe	1859.163.1	\$26,699	\$28,301
Charter School Special Day Class - Non-Severe	1859.163.1	\$17,856	\$18,927

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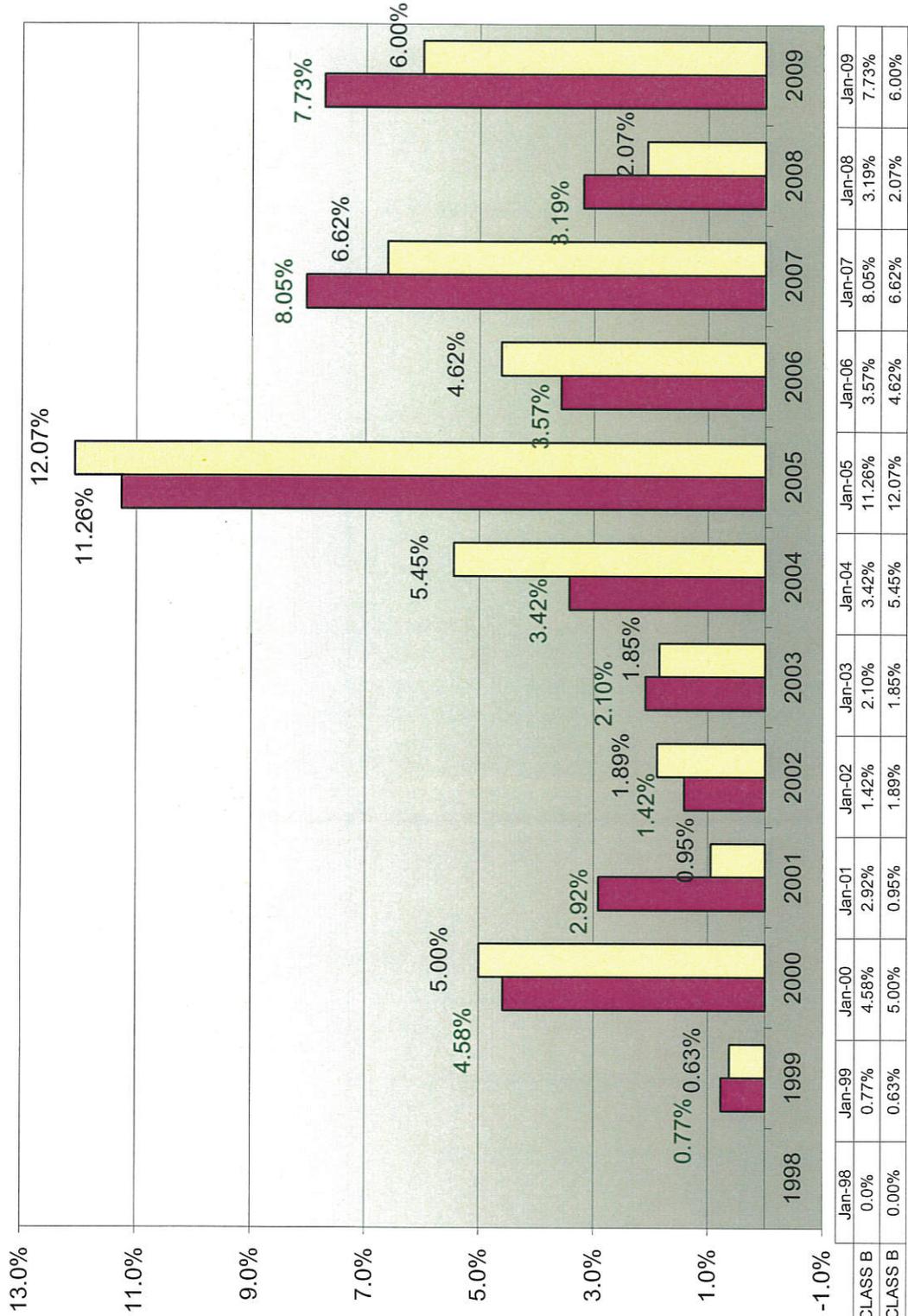
New School Adjustments (Regulation Section 1859.83)

Class-rooms in Project	Elementary School Previous Grant		Elementary School Adjusted Grant		Middle School Previous Grant		Middle School Adjusted Grant		High School Previous Grant		High School Adjusted Grant		Alternative Education New School		Alternative Education New School	
	Effective 1-1-08	1-1-08	Effective 1-1-09	1-1-09	Effective 1-1-08	1-1-08	Effective 1-1-09	1-1-09	Effective 1-1-08	1-1-08	Effective 1-1-09	1-1-09	Effective 1-1-08	1-1-08	Effective 1-1-09	1-1-09
1	\$239,736		\$254,120		\$1,009,891		\$1,070,484		\$2,196,583		\$2,328,378		\$651,334		\$690,414	
2	\$564,880		\$598,772		\$1,132,754		\$1,200,719		\$2,284,989		\$2,422,088		\$790,230		\$837,644	
3	\$848,066		\$898,950		\$1,258,616		\$1,334,133		\$2,824,396		\$2,993,860		\$1,381,421		\$1,464,306	
4	\$1,074,319		\$1,138,779		\$1,396,464		\$1,480,252		\$3,303,866		\$3,502,098		\$1,554,166		\$1,647,416	
5	\$1,261,611		\$1,337,308		\$1,540,306		\$1,632,724		\$3,638,000		\$3,856,280		\$1,726,913		\$1,830,527	
6	\$1,529,820		\$1,621,609		\$1,685,647		\$1,786,786		\$3,972,132		\$4,210,460		\$1,899,658		\$2,013,637	
7	\$1,801,020		\$1,909,082		\$1,830,987		\$1,940,846		\$4,306,264		\$4,564,640		\$2,072,401		\$2,196,745	
8	\$2,009,292		\$2,129,849		\$1,989,814		\$2,109,203		\$4,563,981		\$4,837,820		\$2,253,776		\$2,389,002	
9	\$2,009,292		\$2,129,849		\$2,157,628		\$2,287,085		\$4,770,752		\$5,056,997		\$2,441,085		\$2,587,550	
10	\$2,362,901		\$2,504,675		\$2,326,942		\$2,466,558		\$4,976,029		\$5,274,591		\$2,628,394		\$2,786,097	
11	\$2,362,901		\$2,504,675		\$2,496,255		\$2,646,030		\$5,182,799		\$5,493,767		\$3,355,246		\$3,556,560	
12	\$2,487,264		\$2,636,500						\$5,371,594		\$5,693,889		\$3,542,553		\$3,755,106	
13									\$5,557,387		\$5,890,830		\$3,729,863		\$3,953,655	
14									\$5,743,184		\$6,087,775		\$3,917,173		\$4,152,203	
15									\$5,930,480		\$6,286,309		\$4,104,481		\$4,350,750	
16									\$6,116,273		\$6,483,249		\$4,291,791		\$4,549,298	
17									\$6,303,569		\$6,681,783		\$4,479,099		\$4,747,845	
18									\$6,489,364		\$6,878,726		\$4,666,409		\$4,946,393	
19									\$6,675,160		\$7,075,669		\$4,853,717		\$5,144,940	
20									\$6,862,452		\$7,274,199		\$5,041,025		\$5,343,487	
21									\$7,048,251		\$7,471,146		\$5,228,470		\$5,542,178	
22									\$7,234,045		\$7,668,088		\$5,415,780		\$5,740,726	
23													\$5,603,089		\$5,939,274	
24													\$5,790,397		\$6,137,821	
25													\$5,977,704		\$6,336,366	
26													\$6,165,017		\$6,534,918	
27													\$6,352,325		\$6,733,464	

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Attachment B
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ANNUAL CONSTRUCTION COST INDEXES



Annual Inflation Percentage

■ M&S CCI % 10 W. STATES CLASS B
 □ M&S CCI % 8 CAL. CITIES CLASS B

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Attachment C

**PROPOSED AMENDMENTS TO THE
SCHOOL FACILITY PROGRAM REGULATIONS
State Allocation Board Meeting, February 25, 2009**

Title 2. Administration
Division 2. Financial Operations
Chapter 3. Department of General Services
Subchapter 4. Office of Public School Construction
Group 1. State Allocation Board
Subgroup 5.5. Regulations Relating to the Leroy F. Greene School Facilities Act of 1998:
(School Facility Program)

Section 1859.76. New Construction Additional Grant for Site Development Costs.

In addition to any other funding authorized by these Regulations, the Board shall provide funding equal to 50 percent of the following approved site development and applicable design costs:

. . . .

- (d) General Site Development costs within school property lines for an addition to an existing school site project wherein additional acreage is acquired, with the exception of existing school site acreage that is leased pursuant to Section 1859.22, or a new school project, determined as follows:
 - (1) \$19,200 per Useable Acre as approved by the CDE. This sum may be increased by the percentage identified in Section 1859.83(b). The per acre amount shown above shall be adjusted annually in the manner prescribed in Section 1859.71.
 - (2) 6 percent of the State and district share for Elementary School Pupils and Middle School Pupils and 3.75 percent of the State and district share for High School Pupils of the New Construction Grant. For purposes of this calculation, the percentage amount for Severely Disabled Individuals with Exceptional Needs and Non-Severely Disabled Individuals with Exceptional Needs pupils shall be based on the type of project selected by the district on the Form SAB 50-04.
 - (3) 6 percent of the State and district share for Elementary School Pupils and Middle School Pupils and 3.75 percent of the State and district share for High School Pupils of the funding provided by Sections 1859.71.2, 1859.72, 1859.73, 1859.73.2, 1859.82, 1859.83(a), (b) and (c) and 1859.125(a)(1) through (a)(2).

Subsection (d) of this section shall be suspended no later than January 1, ~~2009~~ 2010, unless otherwise extended by amendments as adopted by the Board.

The district must submit a detailed cost estimate for all requests for site development work, with the exception of General Site Development, and any justification documents that will support the work with the Form SAB 50-04.

The Board will approve reasonable and appropriate site development work which meet common engineering practices and industry standards that are consistent with the specific site conditions if the site development costs are consistent with the most current edition of the Saylor Current Construction Costs. The design professional must certify to the district that the site development work does not exceed the minimum requirements to develop the site to meet educational needs and/or standards.

General Site Development provided pursuant to 1859.76(d)(1), service site and off-site development costs shall be reduced, on a prorated basis, by the percentage of the excess acreage of the site that exceeds the master plan site acreage approved by the CDE.

Note: Authority cited: Section 17070.35, Education Code.

Reference: Sections 17070.35, 17072.12 and 17072.35, Education Code.

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