
SENATE COMMITTEE ON EDUCATION

Senator Liu, Chair
2015 - 2016 Regular

Bill No: SB 111
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Urgency: No
Consultant: Kathleen Chavira
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Fiscal: Yes

Subject: School facilities: military installations

SUMMARY

This bill appropriates \$61 million from the General Fund (GF) to the California Department of Education (CDE) for apportionment to school districts to meet the matching share requirements of a specified federal school construction grant program.

BACKGROUND

Current law establishes the School Facility Program (SFP) under which the state provides general obligation bond funding for various school construction projects. AB 127 (Nunez and Perata), the Kindergarten-University Public Education Facilities Bond Act of 2006, authorized Proposition 1D a statewide general obligation bond proposal for \$10.4 billion. Proposition 1D, approved, by the voters in November 2006, provided \$7.3 billion for K-12 education facilities and allocated specified amounts from the sale of these bonds for modernization, new construction, charter schools, Career Technical Education Facilities, joint use projects, new construction on severely overcrowded school sites, and high performance incentive grants to promote energy efficient design and materials. In addition, portions of the amounts allocated for new construction and modernization were authorized for purposes of funding smaller learning communities and small high schools and for seismic retrofit projects. (Education Code § 17078.70-17078.72)

ANALYSIS

This bill appropriates \$61 million from the General Fund (GF) to the CDE for apportionment to school districts to meet the matching share requirements of the United States Department of Defense, Office of Economic Adjustment school construction grant program.

STAFF COMMENTS

1. ***Need for the bill.*** According to the author, California has 11 schools in six districts that are on a priority list for funds from the federal government to address the "serious condition or capacity deficiencies" of public schools on military installations. These schools are eligible to receive funds for this purpose

through the Public Schools on Military Installations Program (PSMI). The program requires a 20 percent non-federal match in order to receive federal funding.

According to the author, about \$61 million is necessary to cover the 20 percent match for the 11 California schools on the list. This bill would appropriate these funds to the California Department of Education for apportionment to the affected school districts and leverage approximately \$240 million in federal funds for the renovation, repair, or reconstruction of these schools.

2. ***Public Schools on Military Installations Program (PSMI)***. According to the Office of Economic Adjustment (OEA), in 2010 the Department of Defense (DOD) evaluated and reviewed the physical condition of the 160 public schools on military installations in the United States. Based on the findings of this assessment, the DOD developed a "Priority List" of public schools on military installations with the most serious condition and/or capacity deficiencies. The OEA was tasked with administering the PSMI program to provide funds to these schools to address these deficiencies.

Between 2011 and 2015, Congress has provided \$945 million to the OEA for the purposes of the PSMI. The last increase in funding for the PSMI (\$175 million) was provided in 2015 by House Resolution 83 (H.R. 83 Section 8017). In addition to the funding increase, H.R. 83 established the 20 percent match as a congressionally mandated requirement and stipulated that the non-federal match was the responsibility of the local education authority (LEA) and the State. The DOD has interpreted the new language to mean that the matching share must be provided by the local education authority (LEA) and or the State in which the school is located and that the OEA may skip eligible school projects on the Priority List if the match is not provided. According to the OEA, once a project on the list has been skipped it will no longer be considered for funding.

According to the OEA, there is approximately \$464 million remaining in the PSMI. The OEA estimates that as many as 33 schools on the list could be assisted.

3. ***Which school districts?*** According to information provided by the OEA, California has 11 schools in six districts that are within the top 33 on the Priority List. These include:
 - A. Murray Middle School at China Lake Naval Air Weapons Station, Sierra Sands Unified School District.
 - B. Forbes Elementary (Currently Branch Elementary) at Edwards Air Force Base, Muroc Joint Unified School District.
 - C. Sherman E. Burroughs High School at China Lake Naval Air Weapons Station, Sierra Sands Unified School District.
 - D. Mary Fay Pendleton Elementary at Marine Corp Base Camp Pendleton, Fallbrook Union Elementary School District.
 - E. San Onofre Elementary School at Marine Corp Base Camp Pendleton, Fallbrook Union Elementary School District.

- F. Miller Elementary School at Naval Base San Diego, San Diego Unified School District.
- G. Scandia Elementary at Travis Air Force Base, Travis School District.
- H. Akers Elementary School at Naval Air Station Lemoore, Central Union High School.
- I. Hancock Elementary School at Naval Base San Diego, San Diego Unified School District.
- J. Desert Junior-Senior High School at Edwards Air Force Base, Muroc Joint Unified School District.
- K. Irving L. Branch Elementary School at Edwards Air Force Base, Muroc Joint Unified School District.

4. ***Should GF monies be used for construction/modernization of school facilities?*** Since about 1978, after the passage of Proposition 13, the state has assisted school districts with their school facility projects through the issuance of voter approved state general obligation bonds. This bill proposes the use of General Fund dollars for the purpose of having the California Department of Education (CDE) apportion funds to meet the facilities needs of a subset of schools.

The committee may wish consider:

- A. Does the committee support a policy to shift the source of state funding for facilities needs from general obligation bonds to the general fund?
 - B. Is the use of GF dollars for the purpose of meeting the facilities needs of this subset of schools a priority for the use of GF monies in the 2015-16 budget?
5. ***Related Governor's budget activity.*** In his 2015-16 Budget Summary, the Governor notes concerns about the complexity and structure of the current School Facility Program and the state's increasing debt service obligations. The Governor has proposed significant changes to the way school facilities are funded with the intent that districts be better able to meet their facilities needs at the local level. The Governor proposes to expand local revenue generation tools by increasing caps on local bond indebtedness, restructuring developer fees, and expanding the allowable uses of Routine Restricted Maintenance Funding. The Governor has also indicated interest in a future state program focused on districts with the greatest need, including communities with low property values and few borrowing options, as well as overcrowded schools.
6. ***Related State Allocation Board activity.*** After an April 2012 briefing on this topic, the SAB took action to establish the Department of Defense Sub-Committee, convened in June 2012, to explore alternatives for assisting

districts with providing the required 20 percent local match for projects on the DOD Priority List.

Among other things, the sub-committee found that:

- A. Program funding from the federal government is based on a cost estimate of the actual work, whereas the School Facility Program (SFP) provides funding in the form of per pupil grants, with some supplemental grants.
- B. Based on the method of calculation, the 20 percent required is based upon a higher amount than the SFP calculations.

Options considered by the sub-committee included reservation of bond authority, transfer of bond authority, loans for the matching share, waiver of the local matching share requirement, and facility hardship funding. Each of these were determined not to be viable.

In August 2012, the State Allocation Board (SAB) considered the recommendations of the sub-committee. The SAB elected to recommend to the Legislature that funding be provided for military base schools in California in the next bond proposal in order to cover the total need for these types of projects.

- 7. ***Related/Prior Legislation.*** SB 121 (Fuller) also on the committee's agenda today, requires that school construction projects on military installations that are eligible for specified federal grants be given priority for funding under the State School Facility program.

SUPPORT

Antelope Valley Board of Trade
Brigadier General, Marine Corps Base Camp Pendleton
Central Union School District
Muroc Joint Unified School District
Sierra Sands Unified School District
Travis Unified School District
Numerous individual letters

OPPOSITION

None received.

-- END --