

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, January 25, 2012

ANNUAL ADJUSTMENT TO SCHOOL FACILITY PROGRAM GRANTS

PURPOSE OF REPORT

To adopt the annual adjustment in the School Facility Program (SFP) Grants based on the change in construction costs pursuant to the Education Code (EC) and SFP Regulations.

DESCRIPTION

This item provides a comparison of several construction cost indices and shows the rate of change for the current year. The Board must select an index to be used to adjust the SFP grants amounts for calendar year 2012.

AUTHORITY

For New Construction grant, EC Section 17072.10(b) states, "The board annually shall 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."

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."

For Modernization funding, EC Section 17074.10(b) states, "The board shall annually adjust the factors set forth in subdivision (a) according to the adjustment for inflation set forth in the statewide cost index for class B construction, as determined by the board."

SFP Regulations Section 1859.71 states, "The new construction per-unhoused-pupil grant amount, as provided by Education Code Section 17072.10(a), will be adjusted annually based on the change in the Class B Construction Cost Index as approved by the Board each January. The new construction per-unhoused-pupil grant amount, as provided by Education Code Section 17072.10(a), may be increased by an additional amount not to exceed six percent in a fiscal year, or decreased, based on the analysis of the current cost to build schools as reported on the Project Information Worksheet (New 09/07) which shall be submitted with the Forms SAB 50-05 and 50-06 and as approved by the Board."

For the assistance on Small School Districts' new construction projects, SFP Regulations Section 1859.73.1 and Section 1859.78.2 both states the amount will be adjusted annually based on the change in the Class B Construction Cost Index as approved by the Board each January.

SFP Regulations Section 1859.78 states, "The modernization per-unhoused-pupil grant amount, as provided by Education Code Section 17074.10(a), will be adjusted annually based on the change in the Class B Construction Cost Index as approved by the Board each January."

BACKGROUND

Statute requires an annual adjustment to the per-unhoused-pupil grant amounts of the SFP based on the change in the statewide Class B Construction Cost Index (CCI) each January.

(Continued on Page Two)

BACKGROUND (cont.)

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 (Board) 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. The 2009, 2010, and 2011 adjustments were made according to the M&S Eight California Cities Index.

STAFF ANALYSIS/STATEMENTS

Staff recommends the M&S Eight California Cities Index since it most accurately reflects the conditions under which districts will be building their schools with the SFP. The M&S Eight California Cities Index is the only Class B index that uses exclusively California cities to capture material and prevailing wage costs in California.

Attachment A shows the CCI for three indices: M&S Eight California Cities, M&S Ten Western States and Lee Saylor Index (LSI). While the LSI reflects a slightly higher increase, the LSI uses up to 20 U.S. cities nationwide, only two of which (San Francisco and Los Angeles) are in California. Staff would not consider the LSI because it does not satisfy the Board's intention to adopt the index that is most closely aligned with California school construction costs.

The M&S Eight California Cities CCI increased by 3.76 percent during the period of January 1, 2011 through December 31, 2011. The figures shown on Attachment B reflect the calculated increase. Attachment B also notes the specific regulation sections.

RECOMMENDATION

Adopt the M&S Eight California Cities CCI adjustment for 2012 SFP grants.

BOARD ACTION

In considering this Item, the SAB approved the staff's recommendation, which adopted the Marshall & Swift Eight California Cities Construction Cost Index adjustment for 2012 SFP grants. The Class B Construction Cost Index increased by 3.76 percent. In addition, the SAB discussed making the Marshall & Swift Eight California Cities Index the permanent Index and not compare the Marshall & Swift Ten Western States Index because the cost of construction should only be based on the cost of construction in California.

ATTACHMENT A

ANNUAL ADJUSTMENT TO SCHOOL FACILITY PROGRAM GRANTS

State Allocation Board Meeting, January 25, 2012

Grant Amount Adjustments

		Regulation Section	Current Adjusted Grant Per Pupil Effective 1-1-11	Current Grant Per Pupil Effective 1-1-12
New Construction	Elementary	1859.71	\$9,112	\$9,455
	Middle	1859.71	\$9,637	\$9,999
	High	1859.71	\$12,260	\$12,721
	Special Day Class – Severe	1859.71.1	\$25,601	\$26,564
	Special Day Class – Non-Severe	1859.71.1	\$17,121	\$17,765
	Automatic Fire Detection/Alarm System – Elementary	1859.71.2	\$11	\$11
	Automatic Fire Detection/Alarm System – Middle	1859.71.2	\$15	\$16
	Automatic Fire Detection/Alarm System – High	1859.71.2	\$24	\$25
	Automatic Fire Detection/Alarm System – Special Day Class – Severe	1859.71.2	\$47	\$49
	Automatic Fire Detection/Alarm System – Special Day Class – Non-Severe	1859.71.2	\$32	\$33
	Automatic Sprinkler System – Elementary	1859.71.2	\$153	\$159
	Automatic Sprinkler System – Middle	1859.71.2	\$182	\$189
	Automatic Sprinkler System – High	1859.71.2	\$189	\$196
	Automatic Sprinkler System – Special Day Class – Severe	1859.71.2	\$484	\$502
	Automatic Sprinkler System – Special Day Class – Non-Severe	1859.71.2	\$324	\$336
Modernization	Elementary	1859.78	\$3,470	\$3,600
	Middle	1859.78	\$3,671	\$3,809
	High	1859.78	\$4,804	\$4,985
	Special Day Class - Severe	1859.78.3	\$11,054	\$11,470
	Special Day Class – Non-Severe	1859.78.3	\$7,396	\$7,674
	State Special School – Severe	1859.78	\$18,429	\$19,122
	Automatic Fire Detection/Alarm System – Elementary	1859.78.4	\$111	\$115
	Automatic Fire Detection/Alarm System – Middle	1859.78.4	\$111	\$115
	Automatic Fire Detection/Alarm System – High	1859.78.4	\$111	\$115
	Automatic Fire Detection/Alarm System – Special Day Class – Severe	1859.78.4	\$310	\$322
	Automatic Fire Detection/Alarm System – Special Day Class – Non-Severe	1859.78.4	\$208	\$216
	Over 50 Years Old – Elementary	1859.78.6	\$4,819	\$5,000
	Over 50 Years Old – Middle	1859.78.6	\$5,098	\$5,290
	Over 50 Years Old – High	1859.78.6	\$6,674	\$6,925
	Over 50 Years Old – Special Day Class – Severe	1859.78.6	\$15,360	\$15,938
	Over 50 Years Old – Special Day Class – Non-Severe	1859.78.6	\$10,272	\$10,658
	Over 50 Years Old – State Special School – Severe	1859.78.6	\$25,601	\$26,564

(Continued on Page Two)

ANNUAL ADJUSTMENT TO SCHOOL FACILITY PROGRAM GRANTS

Grant Amount Adjustments

New Construction / Modernization / Joint-Use	Regulation Section	Current Adjusted Grant Per Pupil Effective 1-1-11	Current Grant Per Pupil Effective 1-1-12
Therapy/Multipurpose Room/Other (per square foot)	1859.72 1859.73.2 1859.82 1859.125 1859.125.1	\$148	\$154
Toilet Facilities (per square foot)	1859.72 1859.73.2 1859.82 1859.125 1859.125.1	\$268	\$278
New Construction Only			
Parking Spaces	1859.76	\$11,586	\$12,022
General Site Grant (per acre for additional acreage being acquired)	1859.76	\$14,808	\$15,365
Project Assistance (for school district with less than 2,500 pupils)	1859.73.1	\$5,498	\$5,705
Modernization Only			
Two-stop Elevator	1859.83	\$92,675	\$96,160
Additional Stop	1859.83	\$16,680	\$17,307
Project Assistance (for school district with less than 2,500 pupils)	1859.78.2	\$2,930	\$3,040
Facility Hardship / Rehabilitation			
Current Replacement Cost - Other (per square foot)	1859.2	\$296	\$307
Current Replacement Cost - Toilets (per square foot)	1859.2	\$535	\$555
Interim Housing – Financial Hardship (per classroom)	1859.81	\$30,539	\$31,687
Charter School Facilities Program - Preliminary Apportionment Amounts			
Charter School Elementary	1859.163.1	\$8,638	\$8,963
Charter School Middle	1859.163.1	\$9,145	\$9,489
Charter School High	1859.163.1	\$11,944	\$12,393
Charter School Special Day Class - Severe	1859.163.1	\$27,524	\$28,559
Charter School Special Day Class - Non-Severe	1859.163.1	\$18,406	\$19,098

(Continued on Page Three)

ANNUAL ADJUSTMENT TO SCHOOL FACILITY PROGRAM GRANTS

New School Adjustments (Regulation Section 1859.83)

Class- rooms in Project	Elementary School Adjusted Grant	Elementary School Adjusted Grant	Middle School Adjusted Grant	Middle School Adjusted Grant	High School Adjusted Grant	High School Adjusted Grant	Alternative Education New School	Alternative Education New School
	Effective 1-1-11	Effective 1-1-12	Effective 1-1-11	Effective 1-1-12	Effective 1-1-11	Effective 1-1-12	Effective 1-1-11	Effective 1-1-12
1	\$247,135	\$256,427	\$1,041,062	\$1,080,206	\$2,264,383	\$2,349,524	\$671,438	\$696,684
2	\$582,315	\$604,210	\$1,167,718	\$1,211,624	\$2,355,517	\$2,444,084	\$814,622	\$845,252
3	\$874,243	\$907,115	\$1,297,464	\$1,346,249	\$2,911,575	\$3,021,050	\$1,424,060	\$1,477,605
4	\$1,107,480	\$1,149,121	\$1,439,568	\$1,493,696	\$3,405,844	\$3,533,904	\$1,602,137	\$1,662,377
5	\$1,300,552	\$1,349,453	\$1,587,849	\$1,647,552	\$3,750,292	\$3,891,303	\$1,780,215	\$1,847,151
6	\$1,577,040	\$1,636,337	\$1,737,677	\$1,803,014	\$4,094,737	\$4,248,699	\$1,958,293	\$2,031,925
7	\$1,856,612	\$1,926,421	\$1,887,502	\$1,958,472	\$4,439,182	\$4,606,095	\$2,136,368	\$2,216,695
8	\$2,071,311	\$2,149,192	\$2,051,232	\$2,128,358	\$4,704,854	\$4,881,757	\$2,323,341	\$2,410,699
9	\$2,071,311	\$2,149,192	\$2,224,225	\$2,307,856	\$4,918,006	\$5,102,923	\$2,516,432	\$2,611,050
10	\$2,435,835	\$2,527,422	\$2,398,765	\$2,488,959	\$5,129,621	\$5,322,495	\$2,709,522	\$2,811,400
11	\$2,435,835	\$2,527,422	\$2,573,305	\$2,670,061	\$5,342,772	\$5,543,660	\$3,458,809	\$3,588,860
12	\$2,564,037	\$2,660,445			\$5,537,394	\$5,745,600	\$3,651,898	\$3,789,209
13					\$5,728,922	\$5,944,329	\$3,844,990	\$3,989,562
14					\$5,920,454	\$6,143,063	\$4,038,081	\$4,189,913
15					\$6,113,532	\$6,343,401	\$4,231,170	\$4,390,262
16					\$6,305,059	\$6,542,129	\$4,424,261	\$4,590,613
17					\$6,498,136	\$6,742,466	\$4,617,352	\$4,790,964
18					\$6,689,666	\$6,941,197	\$4,810,443	\$4,991,316
19					\$6,881,196	\$7,139,929	\$5,003,533	\$5,191,666
20					\$7,074,270	\$7,340,263	\$5,196,623	\$5,392,016
21					\$7,265,804	\$7,538,998	\$5,389,853	\$5,592,511
22					\$7,457,333	\$7,737,729	\$5,582,944	\$5,792,863
23							\$5,776,035	\$5,993,214
24							\$5,969,125	\$6,193,564
25							\$6,162,213	\$6,393,912
26							\$6,355,308	\$6,594,268
27							\$6,548,397	\$6,794,617

**Attachment B
State Allocation Board Meeting, January 25, 2012**

2011 Construction Cost Indices Comparison Chart

Marshall and Swift 8 California Cities CCI		Regulation Section	Current Adjusted Grant Per Pupil Effective 1-1-11	Current Grant Per Pupil Effective 1-1-12		
Index change from 2011 to 2012	Increase 3.76%	Resulting Base Grants	Elementary	1859.71	\$9,112	\$9,455
			Middle	1859.71	\$9,637	\$9,999
			High	1859.71	\$12,260	\$12,721
			Special Day Class – Severe	1859.71.1	\$25,601	\$26,564
			Special Day Class – Non-Severe	1859.71.1	\$17,121	\$17,765

Lee Saylor Index CCI		Regulation Section	Current Adjusted Grant Per Pupil Effective 1-1-11	Current Grant Per Pupil Effective 1-1-12		
Index change from 2011 to 2012	Increase 4.31%	Resulting Base Grants	Elementary	1859.71	\$9,112	\$9,505
			Middle	1859.71	\$9,637	\$10,052
			High	1859.71	\$12,260	\$12,788
			Special Day Class – Severe	1859.71.1	\$25,601	\$26,704
			Special Day Class – Non-Severe	1859.71.1	\$17,121	\$17,859

Marshall and Swift 10 Western States CCI		Regulation Section	Current Adjusted Grant Per Pupil Effective 1-1-11	Current Grant Per Pupil Effective 1-1-12		
Index change from 2011 to 2012	Increase 3.09%	Resulting Base Grants	Elementary	1859.71	\$9,112	\$9,394
			Middle	1859.71	\$9,637	\$9,935
			High	1859.71	\$12,260	\$12,639
			Special Day Class – Severe	1859.71.1	\$25,601	\$26,392
			Special Day Class – Non-Severe	1859.71.1	\$17,121	\$17,650