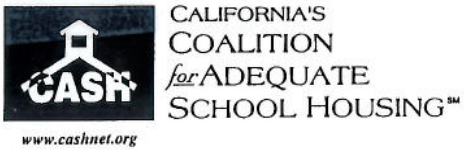
ATTACHMENT F



Question: "How Do You Fund Shovel-Ready Projects?"

Answer: SELL BONDS.

Discussions on how and when to fund school construction projects undoubtedly need to be had, particularly as it becomes clear that the seemingly extraordinary state fiscal crisis is now the norm. Such discussions, however, should be part of a comprehensive review of the School Facility Program (SFP) and potential structural reforms.

The recent murmurs of alternatives to allocating SFP funds outside of the *legal* "First In-First Out" process do little if anything to stimulate the state's slumping economy and spur new jobs. Yet these discussions and the one to be had at a special meeting of the Implementation Committee on March 4, 2010 threaten to undermine a fundamental safeguard of the SFP and erode what little confidence school districts have left in the program.

The proposals – both radical and modest – to change the established funding process have serious consequences that must be considered, including:

- **Temporary Solutions Are Usually Permanent** – What may seem sensible under duress may not make sense or be the fairest and best solution for the long-term. Districts need to ask themselves if this is the beginning of a new form of Priority Points that we were exposed to with *Godinez v. SAB*? Districts need to understand that projects currently in line for funding may *never* get funded because there is no assurance if the safeguard is removed that they will qualify under new priority funding criteria. Funding "shovel-ready" projects assumes that school districts that fronted State dollars and completed their projects do not get funded before districts that have yet to break ground.

- **State Exposure to Litigation** – Any district that is harmed by a change in the funding process may have grounds to sue the State for damages as SFP Apportionments by law entitle a district to State funds. Any major change to the apportionment policy could require review of voter-approved bond act requirements.

- **Equity Issues** – "Shovel-Ready" projects will reside only with districts with healthy local resources that have been able to bridge the state funding crevice.

What Does Line Jumping, that is Shuffling the Deck, Get Us?
Shuffling the deck for the $530 million in apportionments after the game began is not a solution to sustained jobs creation. The solution to creating new jobs for California is to sell the school bonds the voters have already approved. Rather than focusing on how the deck of apportioned projects can be shuffled, the effort should be put into doling out more cards.

If the State sold **$2.3 billion** in education bonds to fund the backlog on the Approved but Unfunded list, school construction projects on that list can create over **100,000 jobs** for California *without trifling with the funding process legally established by the SAB.*