

INITIAL STATEMENT OF REASONS

Section 1859.104.1. Material Inaccuracy Penalties.

Specific Purpose of the Regulation

To make “Material Inaccuracy” penalties inapplicable to submittals of the Project Information Worksheet.

Need for the Regulation

This Worksheet is used to report current school construction costs to be analyzed by the State Allocation Board (SAB) to determine annual adjustments to the School Facility Program (SFP) new construction grant amount. The Worksheet is submitted throughout the construction of the school project, and may have to contain some estimated costs at various times. Accordingly, the proposed amendment adds protections for school districts from the penalties for materially inaccurate certifications, and facilitates the gathering of school construction cost data.

The proposed amendment makes Material Inaccuracy penalties inapplicable to submittals of the Project Information Worksheet by school districts when reporting “the best available information at the time of filing.”

Material Inaccuracies are defined as falsely certified information submitted by school districts that allows them an advantage in the SFP funding process. Penalties which may be imposed by the SAB against school districts include reducing their SFP apportionments; prohibiting them from self-certifying that they have complied with applicable laws and regulations; and imposing \$100 per hour fees to review their applications and verify compliance with laws and regulations.

Technical Documents Relied Upon

The SAB’s Action item, dated June 25, 2008, entitled “Project Information Worksheet Material Inaccuracy Regulations.”

Alternatives to the Proposed Regulatory Action that would be as Effective and Less Burdensome to Private Persons

The SAB finds that no alternatives it has considered would be more effective in carrying out the purpose of the proposed regulation or would be as effective and less burdensome to affected private persons than the proposed regulation.

Alternatives to the Proposed Regulatory Action that would Lessen any Adverse Economic Impact on Small Business

The SAB has determined that the proposed regulation does not affect small businesses.

Finding of Significant Adverse Economic Impact on Businesses

The SAB has determined that the adoption of the regulation will not affect businesses, including small businesses, because they are not required to comply with or enforce the regulations, nor will they benefit from or be disadvantaged by the regulations.

Impact on Local Agencies or School Districts

The SAB has determined that the proposed regulation does not impose a mandate or a mandate requiring reimbursement by the State pursuant to Part 7 (commencing with Section 17500) of Division 4 of the Government Code. It will not require local agencies or school districts to incur additional costs in order to comply with the proposed regulation.