

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, June 26, 1996

EDUCATIONAL TECHNOLOGY

PURPOSE OF REPORT

To propose an adjustment to the Educational Technology (ET) allowance for modernization projects.

DESCRIPTION

In accordance with the provisions of Chapter 758 Statutes of 1992 (AB 1162 Eastin), the State Allocation Board (SAB) approved a 5 percent increase to its building allowance for ET for new construction and modernization projects funded for the construction phase (i.e. Phase C) with bond funds approved after November, 1992. The augmentation to the building allowance for new construction projects represents a full 5 percent increase to the building allowance; however, since the building allowance for modernization is 25 percent of the current replacement value of the facility, the increase for modernization projects is technically only 1.25 percent. Many Districts, including some members of the SAB Implementation Committee believe that both new construction and modernization projects should receive the same full 5 percent allowance for ET; however, due to the interpretation of the wording in the SAB policy, this did not occur.

The additional allowance is to be used for, but not limited to, furniture and equipment, cabinetry, air conditioning, wiring/cabbling, cable trays and additional power needs. In accordance with the SAB policy, the Office of Public School Construction (OPSC) has increased the allowances accordingly for all projects eligible for Phase C funding after the 1992 bonds.

Subsequent to the development of the initial 5 percent increase in the allowance for ET, a committee composed of representatives from the California Department of Education, the OPSC and other interested parties have indicated that the 5 percent increase for ET for new construction projects is proper; however, the increase for modernization projects is inadequate due to unique wiring and cabling needs of old buildings (i.e. at least 30 years old). This committee recommends that the ET allowance for modernization projects be increased to a full 5 percent of the current replacement value of the facility which would provide the same percentage value as new construction. This increase represents approximately a \$51 million augmentation for the modernization projects apportioned for Phase C on May 29, 1996. Additionally, all future modernization total projects costs will be increased by approximately 14 percent based on this adjustment.

The proposed ET augmentation is outside of the modernization allowance and is not considered to be part of that allowance, but rather a separate allowance provided in conjunction with the modernization allowance.

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LEGAL ANALYSIS

Education Code Section 17721.4 limits approval of modernization projects that exceed 25 percent of the replacement cost of the facility unless the excess is funded from other than State programs. However, the Public School Facilities Bond Act of 1996 (Proposition 203) added Education Code Section 100020 (b) which reads, in part, as follows: "...In addition to the current program requirements, the State Allocation Board may allocate funding pursuant to this subdivision for the reconstruction or modernization of any existing structure, including the wiring and cabling in that structure, to enable that structure to accommodate computers and other high technology equipment".

ALTERNATIVE #1

Since provisions of Proposition 203 provide for the development of an ET program for *any* existing structures, allocating funds for ET which is restricted to buildings at least 30 years old may be premature. Additional time is needed to develop a separate ET program that addresses the needs of all facilities and not just those at least 30 years old.

The State Allocation Board's Implementation Committee met and discussed this issue on June 7, 1996. The Committee recommends adoption of this alternative.

ALTERNATIVE #2

Approve an augmentation of the ET allowance for modernization projects as follows:

1. Increase the ET allowance to a full five percent of the current replacement value of the facility for modernization projects funded for the construction phase with bond funds approved after November, 1992.
2. Provide that the augmentation to the ET allowance may be made as a modification to the plans and specifications, by change order or deferred construction item.
3. Require that all requests for the ET allowance for new construction and modernization projects will not be provided until the district has specifically identified the amount and how the ET allowance will be used.

RECOMMENDATION

Adopt Alternative #1.