

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, June 23, 1999

NEW CONSTRUCTION COMMENSURATE REQUIREMENT

PURPOSE OF REPORT

To present a proposed amendment to the School Facility Program (SFP) Regulations requiring the district to demonstrate that the proposed construction work in the project is commensurate with the state and local funding grants provided for the project.

BACKGROUND

The SFP allows districts to apply for new construction per-pupil grants after establishing eligibility for that Program. This Program allows districts to use the per-pupil grant for any costs necessary to house new pupils including, but not limited to: design, construction, tests, inspection and furniture/equipment. Any savings realized from the construction of the project, with the exception of financial hardship districts, are retained by the district and may be used for other capital facility projects of the district.

The OPSC is concerned that some districts are requesting per-pupil new construction grants based on a district proposed construction plan that is considerably less than the state grant and local matching share for the project.

BOARD POLICY

The Board has established a Regulation that, in order for a district to be eligible to receive modernization grants, the district must demonstrate that the proposed construction work to be accomplished in the modernization project represented at least 60 percent of the combined state and local funding for that project. However, a specific regulation regarding this issue for new construction was not established.

STAFF COMMENTS

To assure that modernization funds were spent for the purposes intended, the Board requires the district to demonstrate that the proposed district plan for use of these funds is commensurate with the state and local funding provided for the project. This Regulation was developed as some districts were requesting state funding for modernization projects based on a construction plan that represented substantially less than the state and local matching share for the project. This would result in huge savings in the project, which the district could then use for other capital facility projects of the district. To assure that state funds are spent for purposes of the modernization project, the Board requires that the cost estimate of the proposed construction work in the project must be at least 60 percent of the combined state and local matching share for the project.

Similar events are beginning to occur regarding the funding of new construction grants as some districts seeking new construction grants have proposed construction plans that are far less than the state and local matching share for the project. To assure that new construction funding is spent for the purpose intended, the OPSC recommends that a similar policy be developed for new construction funding that requires the district to demonstrate that the proposed construction work for the project is commensurate with the state and local matching share for the project.

(Continued on Page Two)

RECOMMENDATIONS

1. Require that all requests for new construction funding must include a cost estimate certified by the architect of record for the project or other design professional of the estimated work in the plans & specifications and any deferred items of construction that is at least 60 percent of the state and local funding for the project, less site acquisition cost.
2. Authorize the Executive Officer to file a regulation change on an emergency basis as follows:

Amend page one of the *Application For Funding*, Form SAB 50-04, #3 as follows:

A New Construction Grant pursuant to Regulation 1859.70. All request for funding must be accompanied by the plans and specifications (P&S) for the project that have been approved by the Division of the State Architect (DSA) and the California Department of Education (CDE). The submittal of the plans must be on CD-ROM or "zip Drive" readable by Autocad 14. The specifications must be provided on a diskette that is IBM compatible. The architect of record or other appropriate design professional must certify by letter that the exact P&S on the CD/disc have been approved by the DSA. The P&S must include a cost estimate of the construction work represented in the P&S and any deferred construction items, certified by the architect of record or other appropriate design professional. Do not include the costs associated with planning, tests, inspection or furniture and equipment in the cost estimate. In order for the project to qualify for funding, the amount of the cost estimate must be at least 60% of the total grant provided by the state and the district's matching share contribution, less site any site acquisition cost. If the funding request includes site acquisition, the proposed site must either be owned by the district, in escrow or the district has filed condemnation proceedings and received an order of possession of the site.

This Item was approved by the State Allocation Board on June 23, 1999.