

SAB moves deferred maintenance money out to districts

By Tom Chorneau

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The State Allocation Board approved \$216 million in deferred maintenance funding – some of which districts may be able to use for general fund spending as a result of the state budget agreement.

Saddled with a long and complex agenda, the board decided to put off a decision about transferring \$800 million in bond capacity into the new school construction fund. The panel has set March 11 for a special meeting to take up held over items.

Meanwhile, the board agreed to send a letter to the Pooled Money Investment Board, which is chaired by the state treasurer, urging them to give school construction projects priority once loans from a key state public works pool is running again. The PMIB shut down the construction pool in December in an effort to protect the state's cash reserves during the long budget standoff.

Now that the governor and Legislature have agreed on a 17-month spending plan, expectations are the investment panel will soon allow the construction pool to resume loaning money for public works projects.

Some officials, however, remain skeptical that the state can jump right back into a business as usual scenario. They note that the nation's credit market remains in some turmoil and California's credit rating is now so low that the state may have trouble finding buyers for any of its notes.

The deferred maintenance money will provide some relief to cash-strapped districts. The new state budget agreement, signed into law 10 days ago, includes a provision that allows local educational agencies to reduce required contributions into routine restricted maintenance accounts from 3 percent of their general fund to 1 percent for a five year period. It also eliminates the local match requirement for the deferred maintenance program for a five year period.

The board decided to hold off allocating an additional \$22 million in hardship funding because of uncertainty how division of the money would impact future allocations to some districts. The hardship question is also expected to be part of the special March agenda.