

INITIAL STATEMENT OF REASONS

Section 1859.83 Excessive Cost Hardship Grant

Specific Purpose of the Regulation

To provide changes to the calculation of the excessive cost hardship grant.

Need for the Regulation

It was necessary to provide an option to school districts when requesting an excessive cost hardship for accessibility and fire code requirements. The current regulation provides a three percent increase to the modernization base grant for access and fire code requirements. However, a study was completed by the Division of the State Architect (DSA) and the results were presented to the State Allocation Board (SAB). The study indicated that the additional three percent increase to the grant may be insufficient to fund the minimum work necessary for districts to meet accessibility requirements for some modernization projects and may be over-funding other projects. The cost and amount of work necessary to meet accessibility and fire code requirements varies from project to project; therefore, it is necessary to amend the regulations to allow school districts the option of requesting funding for accessibility and fire code requirements based on actual eligible hard costs.

Subsection (f): It was necessary to make this non-substantive change in order to provide clarity and consistency throughout these regulations.

Subsection (f)(1): It was necessary to amend this subsection in order to provide school districts with the option to request 60 percent of the actual verified hard construction costs not to exceed 50 percent of the replacement value, in lieu of the three percent.

Subsection (f)(1)(A): It was necessary to add this subsection in order to provide the calculation to determine the excessive cost hardship grant for which a school district may be eligible. An example of the calculation based on one elementary pupil grant is:

If the minimum accessibility work verified by the DSA is:	\$ 2,000
Minus the seven percent of the State and District Share of Modernization Base Grant (\$5,437)	= - 381
The Excessive Cost Hardship Grant at 100 percent is:	= \$1,619

60 percent of the excessive cost hardship grant is equal to \$971.

Subsection(f)(1)(B) through (f)(1)(B)2.: It was necessary to add these subsections in order to provide the calculation to determine the 50 percent replacement cost which is the maximum amount a school district may receive. For example (based on one elementary pupil grant):

State and District Share of New Construction Base Grant at 50 percent	=	\$8,081
Minus the State and District Share of Modernization Base Grant	=	<u>-\$5,437</u>
Maximum Grant Allowable for Accessibility Requirements	=	\$2,644

60 percent of the maximum grant allowable for accessibility requirements is equal to \$1,586.

Subsection(f)(2): It was necessary to amend this subsection in order to provide the calculation for the excessive cost hardship grant for accessibility and fire code requirements for modernization projects that are replacement in like kind. Further, it was necessary to correct the consecutive numbering for consistency.

Technical Documents Relied Upon

The State Allocation Board's Action item, dated August 23, 2006, entitled "Excessive Cost Hardship Grant for Accessibility Requirements on Modernization Projects."

Alternative 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 regulations or would be as effective and less burdensome to affected private persons than the proposed regulations.

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

The SAB has determined that the proposed regulations do not affect small businesses.

Finding of Significant Adverse Economic Impact on Businesses

The SAB has determined that the adoption of the regulations will not affect 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 regulations do 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 regulations.

SCHOOL FACILITY PROGRAM FORM

Application for Funding, Form SAB 50-04 (Revised 08/06).

Specific Purpose of the Form

To make clarifying language changes.

Need for the Form

Page 1, 2nd column: It was necessary to instruct school districts on the additional documents that must be submitted as they relate to a request for modernization funding.

Page 3, 2nd column, #7, Under Modernization Only: It is necessary to make this change in order to provide clarity to ensure clear direction to school districts as to when they are eligible to request this excessive cost hardship grant and how to request the grant.

Page 6, 1st column, #7, Under Modernization Only: It was necessary to add the data fields in order to allow school districts to choose what additional funding method they want to use when eligible to request the additional grant for accessibility and fire code requirements.

Technical Documents Relied Upon

The State Allocation Board's Action item, dated August 23, 2006, entitled "Excessive Cost Hardship Grant for Accessibility Requirements on Modernization Projects."

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