

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, September 25, 1996

DISTRIBUTION OF PROPOSITION 203 FUNDS

PURPOSE OF REPORT

To present proposals for the distribution of the balance of funds available from Proposition 203 Bonds.

DESCRIPTION

The provisions of Proposition 203 authorize \$2.065 billion to fund eligible projects under the provisions of the Lease-Purchase Program and certain other programs administered by the State Allocation Board (SAB). A portion of these funds may be set aside for new programs as specified in the Proposition. The SAB has the authority to determine the funding for each of these programs up to the funding limitations outlined in the Proposition.

Proposition 203 provides that funds in the amount of \$900 million could be set aside to fund relocatables, air conditioning, schools impacted by prisons, child care facilities, County Office of Education pupils, districts of certain size, high priority roof replacement, security, asbestos/lead and seismic work to avert future earthquake damages. Additional amounts of up to \$100 million may be reserved for seismic retrofit projects, up to \$40 million for projects where the district pays at least 60 percent of the project costs and up to \$25 million for joint use projects. The SAB has provided funding for the Air-Conditioning Program [\$27.0 million] and the State Relocatable Classroom Program [\$21.6 million].

Educational Technology [Modernization]

Funding may be set aside for the reconstruction or modernization of any existing structure including the wiring and cabling of that structure to accommodate computers and other high technology equipment. The SAB has already implemented a program for educational technology in the Lease-Purchase New Construction and Modernization Program as a result of AB 1162 (Eastin); however, the funds provided for modernization were inadequate because of program constraints and legal requirements.

The following additional proposals have been submitted for educational technology funding:

- a. The California County Superintendents Educational Services Association (CCSESA) to provide funding in the amount of \$10 million to complete the statewide K-12 telecommunications backbone. The CCSESA backbone will connect California's educational community to each other and the Internet.
- b. The San Bernardino County Office of Education in the amount of \$25 million to assist in completing an educational technology infrastructure for service to all 33 school districts in that county.
- c. The Riverside County Office of Education in the amount of \$10.5 million to link the Riverside County schools to CitrusNet.

(Continued on Page Two)

Joint Use

The SAB may reserve up to \$25 million for this purpose. There have been requests for Joint Use funding as follows:

- a. Riverside County Office of Education to provide funding for a multi-purpose facility to serve specific districts in the County.
- b. San Dieguito Union High School District to provide funding for a library.
- c. Rio School District for a gymnasium.
- d. Pleasant Valley School District for a library.
- e. Oak Park School District for a library.
- f. Moorpark Unified School District for a gymnasium.
- g. Chaffey Joint Union High School District for a joint development project..

RECOMMENDATIONS

The SAB Implementation Committee's recommendations are as follows:

1. Distribute the balance of Proposition 203 funds as shown on Attachment A.
2. Accept the recommendations regarding specific criteria for program policy as shown on Attachment B.

The Staff recommends allocation of the remaining funds of \$480.9 million (previously reserved \$21.6 million for State Relocatable Program). See Attachment C.

1. Modify the Modernization Program to increase the educational technology allowance to a full five percent of replacement allowance for modernization projects funded for the construction phase out of bonds approved after 1992 (estimated costs \$51 million). *See Attachment D for program criteria.*
2. Set aside \$40 million for a roof replacement program. *See Attachment D for program criteria.*
3. Allow any district to convert its new construction or modernization project to 60/40 funding. *See Attachment D for program criteria.*
4. Reserve \$100 million to address the potential funding for appeals (over 150 requests) received by September 25, 1996. Direct staff to process all appeals received by September 25, 1996 to the SAB prior to processing any additional priority one application requests except for 60/40 projects. Any priority one projects already processed will be presented for consideration to the SAB for approval.
5. Authorize that the balance of funds available (\$289.7 million) be allocated as follows:
 - a. Reserve \$189.7 million for new construction projects for a total allocation of \$1,173.4 million.
 - b. Reserve \$100 million for modernization projects which will make the total allocation to modernization \$647.6 million.
6. Authorize staff to allocate the old bonds first and use a like amount from Proposition 203 to maintain the current reserve of \$117.7 million.

(Prepared as handout)

Dollar Value of Construction Plans in Progress as of September 18, 1996			
Priority	Growth/22 Plans		Total
	At OPSC	At DSA	
1	\$79,782,979	\$52,977,632	\$132,760,611
2	\$88,655,981	\$216,800,317	\$305,456,298
	\$168,438,960	\$269,777,949	\$438,216,909

Priority	Modernization/77 Plans		Total
	At OPSC	At DSA	
1	\$4,472,947	\$11,576,551	\$16,049,498
2	\$138,100,972	\$137,640,642	\$275,741,614
	\$142,573,919	\$149,217,193	\$291,791,112

The Office of Public School Construction is aware that there is an approximate need of \$305.4 million for new construction and \$275.7 million for modernization Priority #2. It is anticipated that districts will convert their projects to a Priority #1 in order to receive State funding.

ATTACHMENT D
Office of Public School Construction Recommendations
Specific Program Policies

EDUCATIONAL TECHNOLOGY ALLOWANCE [MODERNIZATION] *Provide that districts meet the following criteria:*

- a) Must specifically identify the educational technology allowance requested (not to exceed SAB maximum) and how it will be used for both new construction and modernization projects prior to bidding.
- b) May use the additional allowance for projects already bid for deferred construction items or change orders.
- c) All educational technology allowances must be used for wiring/cabling or building and power upgrades necessary to accommodate the added educational technology.

ROOF REPLACEMENT PROGRAM *Provide that districts meet the following criteria:*

- a) The district has identified roofing projects that need repair and the district agrees to fund 50 percent of the cost of those roofing projects with other district funds.
- b) The proposed roofing project(s) is/are included but unfunded on the district's Five-Year Deferred Maintenance Plan as of September 25, 1996.
- c) The district certifies that the roofing project(s) is/are a high priority on the district's Five-Year Deferred Maintenance Plan.
- d) All applications for funding must be received by the SAB no later than December 31, 1996.
- e) The \$40 million available will be prorated at the January SAB meeting based on the 1995/96 Fiscal Year California Basic Enrollment Date information for each eligible district with provisions that:
 - the minimum apportionment to a district shall be 50 percent of the eligible roofing project(s) identified for funding or \$25,000, whichever is lesser.
 - the maximum apportionment to a district is 50 percent of the eligible roofing project(s) identified for funding or the prorated amount, whichever is the lesser.
 - reimbursement will be made for any expenditure in accordance with the established SAB Reimbursement Policy.
- f) The district agrees to comply with all provisions of the Lease-Purchase Law including the two percent maintenance fund provision in Education Code Section 17714, the lien requirement per Education Code Section 17730, and the rent provision outlined in Education Code Section 17732.

60/40 PROGRAM *Provide that districts meet the following criteria:*

- a) The entire project costs are subject to the 60/40 split.
- b) The apportionment of Phase C funding and 60/40 approval of the project will be made upon acceptance of the complete final plans by the Division of State Architect for review and approval.
- c) Extend the time limitation policy to 18 months for all 60/40 projects.
- d) Allow 60/40 conversions up to the \$40 million for new construction and modernization projects, as appropriate.
- e) That 60/40 projects receive priority for processing.

BOARD ACTION

In considering this Item, the Board adopted the proposal presented by Board member Olsen as follows:

1. Set aside \$116.3 million for new construction.
2. Set aside \$25 million in reserve for new construction hardship projects.
3. Set aside \$65 million for modernization.
4. Set aside \$49.5 million for modernization to address the additional increase in allowances for Educational Technology.
5. Set aside \$45.5 million for specific Educational Technology programs for the following entities:
 - a. The California County Superintendents Educational Services Association - \$10.0 million
 - b. The San Bernardino County Office of Education - \$25.0 million
 - c. The Riverside County Office of Education - \$10.5 millionFunds will be limited to wiring/cabling needs and each entity must report to the Board on how the funds will be utilized.
6. Set aside \$95 million for relocatables that may address class size reduction. Staff will present a policy for distribution of the funds at the next State Allocation Board meeting that addresses release in \$25 million increments.
7. Set aside \$30 million for roof replacement.
8. Set aside \$40 million for those districts that will fund at least 60% of the project cost [60/40].
9. Set aside \$14.6 million in reserve for modernization projects.

Further, Attachment D [page 133] reflecting the specific program criteria for Educational Technology, Roof Replacement and the 60/40 Program was adopted by the Board.