

Update to the Deferred Maintenance Program

On April 24, 2002, the State Allocation Board adopted dramatic changes to the Deferred Maintenance Program regulations. The regulations have been approved by the Office of Administrative Law and filed with the Secretary of State with an effective date of January 13, 2003.

The State School Deferred Maintenance Program provides State matching funds, on a dollar-for-dollar basis, to assist school districts with expenditures for major repair or replacement of existing school building components. Typically this includes roofing, plumbing, heating, air conditioning, electrical systems, interior/exterior painting, floor systems, etc. Funds are also provided for emergency hardship projects where the work must be completed within one year.

Funding for the Deferred Maintenance Program is generated from the amount of school district repayments under the State School Building Aid Program that exceed the amount necessary to service the indebtedness on State General Obligation Bonds sold and loaned to the districts for that Program. Additional funds are available from certain State School Site Utilization Funds and may be appropriated from the State General Fund.

Pursuant to Education Code Section 17584.1 districts and county offices of education that do not deposit one-half of one percent into the district's or county office's Deferred Maintenance Fund will need to submit reports to the Legislature by March 1, 200X. The report is to include a schedule of the deferred maintenance needs for the current fiscal year, an explanation of the district's spending priorities for the current fiscal year, and an explanation of how the district plans on meeting its current need without depositing the maximum amount calculated by the California Department of Education.

County Offices of Education must complete form SAB 40-21, which is called the "Certification of Deposits" and mail it by December XX, 200X to the following address:

Office of Public School Construction
Attention: Accounting Unit
1130 K Street, Suite 400
Sacramento, CA 95814

After the Certification of Deposits is received by the Office of Public School Construction (OPSC), a fund release will be processed for Districts that do not have an extreme hardship project and forwarded to the appropriate County Offices of Education as soon as possible. Districts that have an extreme hardship project need to complete and send the form SAB 40-23 "Fund Release Authorization" along with supporting documentation before a fund release can be done. Deposits that are not certified to the OPSC by December XX, 200X, are subject to rescission.

If you have any questions, please do not hesitate to contact Business Advisory Services.