

Hall Pass

California School Business and Facilities

Eric Hall & Associates LLC

Helping your school facility program measure up

May 10, 2010

Funding Priorities: SAB Sub-Committee to Discuss Options

The Unfunded Approvals list in April totaled \$2,205,704,990. The board approved funding for 199 projects in the amount of \$961 million. Another \$415 million remained available for apportionment by the SAB at a future meeting. This additional funding became the subject of a SAB sub-committee formed at this meeting. The sub-committee will meet on May 12, 2010 in Sacramento and discuss ways to implement a process that might help stimulate the State's economy.

Option One will have the program remain status quo by continuing to fund all projects remaining on the Unfunded Approvals list in date order, first-in first-out. Some board members are concerned this process is not stimulating the State economy.

Option Two grants *conditional* apportionments to all projects on the list up to the amount of bonding authority. The premise here is this would allow more districts to submit fund releases right away. The effect of this might be to have more cash flow more quickly to projects on the list. A possible effect might be that the State would award more than the available cash backing the apportionments. Districts would be asked to assume all liability when the State is out of funds. This would also activate the 18 month time limit on apportionment. Funds would only be released up to the amount of available cash and once the cash is liquidated the 18 month clock would be frozen again.

Option Three changes the order to require districts submit "preliminary" fund releases before an apportionment is granted. Districts would be required to certify they would submit full fund release requests within 60 days of the apportionment. The State would make apportionments to districts for projects that are able to submit the fund release in the specified time after apportionment. This option requires all districts with projects on the unfunded approval list submit a preliminary fund release. OPSC would only accept these requests up to the amount of cash available. Districts that cannot submit a fund release within the specified time would remain on the unfunded approval list.

Under this option apportionments would be made in date order at monthly SAB meetings. OPSC intends to present projects that submit a fund release within the specified time frame each month in the order listed by unfunded approval date. OPSC recognized this option would also require regulation changes and would delay implementation. Districts would still be required to assume all the risks and costs associated with loans or if the State runs out of money.

We will continue to monitor this process and provide timely feedback. Stay tuned!