

Stuart & Associates

Governmental Consultants

TO: Dr. Joe Ovick

FROM: Susan Stuart

DATE: December 21, 2005

RE: December 15, 2005 State Allocation Board Meeting

State Allocation Board Meeting of December 15, 2005

The SAB met for a very brief meeting. They approved the consent and special consent items, staff reported on the Status of Funds, and the SAB took comments from the audience. There were no “Special” appeal items before the Board this month.

Executive Officer Statement

The last of the Modernization funds should be apportioned at either the April or May 2006 SAB meeting.

Status of Funds

SFP Bond Funds (Propositions 47 and 55)

- ◆ New Construction
 - New Construction - Approximately \$4.19 Billion
 - Charter School
 - Applications – approximately \$500,000
 - Relocation/DTSC fees – approximately \$13.1 Million
 - Hazardous Waste Removal – approximately \$2.6 Million
 - Energy – Approximately \$13.7 Million
 - Small High School – \$20 Million
- ◆ Modernization
 - Modernization - Approximately \$589.2 Million
 - Energy – Approximately \$6.9 Million
 - Small High School – \$5 Million

Note: It is estimated that modernization applications submitted after January 1, 2006 will be unfunded.

- ◆ Critically Overcrowded Schools
 - Applications - Approximately \$269 Million
 - 15% reserve – Approximately \$301.6 Million
- ◆ Joint Use – Approximately \$32.1 Million

Prior Bond Funds

- ◆ Proposition 1A (SFP) Bonds
 - New Construction - Approximately \$800,000
 - Hardship – Approximately \$2.5 Million
- ◆ Lease-Purchase Bonds – Approximately \$17.9 Million

Note: OPSC indicated that these funds could be used for AB 1795 Joint Use Projects or, with legislation, could be moved to fund new construction or modernization projects.

SB 6 (Williams Settlement)

- ◆ Needs Assessment Program – \$2.2 Million
- ◆ Emergency Repair Program (ERP)– \$201Million

Grant Adequacy

Tom Duffy indicated that CASH is working collaboratively with OPSC on the possible SFP grant adequacy. When calculating the original grants, some items previously funded under the Lease-Purchase Program may have been omitted and thus grants under the SFP program are inadequate. Clearly, this is only one reason the grants are inadequate. Cost of materials is a major contributing factor.

Updating New Construction Eligibility

Under previous operating practices, districts were allowed to submit applications until December 31st using the prior year's CBEDS information. In 2001, OPSC removed this option and, currently, districts must wait to submit applications until the new CBEDS is filed (which can be in January of the following year). The net result is that districts are prohibited from filing applications for several months. Richard Gonzalez (RGA Consulting) brought this issue before the SAB and asked that it be brought to the Implementation Committee. Staff responded that this new interpretation is required under law and regulation. This issue is worthy of future discussion.