

REPORT OF THE EXECUTIVE OFFICER  
State Allocation Board Meeting, June 26, 1996

REIMBURSEMENT POLICY WAIVER

PURPOSE OF REPORT

To discuss a partial waiver of the Reimbursement Policy's requirement for Phase C approval prior to incurring commitments for the construction phase of a project.

DESCRIPTION

The Coalition for Adequate School Housing (CASH) has raised a concern that some priority one projects are ready for construction, but, due to the Office of Public School Construction's (OPSC) workload priorities, have not received a Phase C zero apportionment. The OPSC's present workload priorities are to process fund releases and bid approvals for projects that have already been apportioned from Proposition 203 funds.

The projects in question are priority one projects that will have received a Phase P approval prior to entering into a contract for construction and had Division of State Architect (DSA) stamped approved plans by May 1, 1996. Approval of CASH's proposal would require the State Allocation Board (SAB) to waive a portion of the SAB's Reimbursement Policy.

BOARD POLICY

The current Reimbursement Policy provides that: "Expenditures or commitments for construction (Phase C) from any source of funds are eligible for reimbursement only if the project receives a Phase C zero apportionment prior to the expenditures or commitments being made."

BACKGROUND

In the past, when the OPSC has had workload priorities that prevented it from processing zero apportionments, "conditional" approvals have been granted by the SAB prior to the actual establishment of project eligibility. Of those projects that received conditional approvals, 30% to 40% were not eligible for the phase for which they received the conditional approval and the apportionment had to be rescinded. By giving a "conditional" approval, there is a false appearance of eligibility. In addition, monitoring of the conditional approvals by the OPSC staff creates an additional workload on already taxed staff. Conditionally approved projects must be tracked separately from other projects. Because of these problems, the OPSC does not support "conditional" approvals as an alternative solution to the problem.

LEGAL ANALYSIS

In order to be eligible for reimbursement, the Education Code Section 17736 requires only an initial approval of the project prior to incurring construction commitments. Since this proposal retains the provision for an initial approval, there is no legal impediment to the proposal.

(Continued on Page Two)

ALTERNATIVE # 1

Continue with the current Reimbursement Policy that requires a Phase C approval prior to incurring commitments for construction.

ALTERNATIVE # 2

Approve a waiver of the SAB Reimbursement Policy regarding the Phase C approval prior to commitment of construction subject to the following conditions:

1. The project is a construction or modernization priority one project.
2. The project has a Phase P approval no later than December 1, 1996, but prior to a construction commitment.
3. The DSA approved plans are dated no later than May 1, 1996.

The State Allocation Board's Implementation Committee met and discussed this issue on June 7, 1996. The Implementation Committee recommends Alternative # 2.

ALTERNATIVE # 3

Direct staff to begin processing applications for construction/modernization Priority #1 (All Phases), in date order received, for actual apportionment commencing with the July 1996 Board.

RECOMMENDATION

Approve Alternatives # 2 and #3.

BOARD ACTION

In considering this Item, the Board adopted staff's recommendation. In addition, the Board advised that if anyone was not agreeable with this policy, they could appeal on a case-by-case basis.