ATTACHMENT A

AUTHORITY

Education Code Section 17070.35(a) states, “In addition to all other powers and duties as are granted to the board by this chapter, other statutes, or the California Constitution, the board shall do all of the following:

(1) Adopt rules and regulations, pursuant to the rulemaking provisions of the Administrative Procedure Act, Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, for the administration of this chapter…

(2) Establish and publish any procedures and policies in connection with the administration of this chapter as it deems necessary…”

Budget Letter 10-09 requires that if there are insufficient bond proceeds, departments and agencies are responsible for prioritizing the projects that will be funded consistent with the prioritization criteria outlined (including job creation). It also indicates that if bond proceeds are not managed efficiently, additional bonds may not be sold for the program.

Government Code Section 15503 states, “Whenever the board is required to make allocations or apportionments under this part, it shall prescribe rules and regulations for the administration of, and not inconsistent with, the act making the appropriation of funds to be allocated or apportioned. The board shall require the procedure, forms, and the submission of any information it may deem necessary or appropriate. Unless otherwise provided in the appropriation act, the board may require that applications for allocations or apportionments be submitted to it for approval.”

A financial hardship review is only valid for 180-day period. Regardless of the cause, if a project is unable to move forward or not funded in that period, a district must re-establish their financial hardship status. This ensures the California Education Code Section 17075.10(b) requirement that a district is making all reasonable effort to fund their matching share of their project.

California Education Code Section 17075.10(B) requires that the district has made all reasonable efforts to impose all levels of local debt capacity and development fees, and that the school district is unable to participate in the program pursuant to this chapter except as set forth in this article.

SFP Regulation Section 1859.81(f) states if a district has been included on the “Unfunded List (Lack of AB 55 Loans)” for more than 180 calendar days as a result of the State of California’s inability to provide interim financing from the Pooled Money Investment Account (AB 55 loans), the Board may suspend the unfunded review requirement as defined in Regulation Section 1859.81(e). Projects added to any other unfunded list shall be subject to the review detailed in Regulation Section 1859.81(e). Regulation Section 1859.81(f) shall become inoperative January 1, 2011, at which time the Board will have the option to extend the SFP emergency regulations (Regulation Sections 1859.96, 1859.148.2, and 1859.166.2) for another year or declare the State’s fiscal crisis is over.

SFP Regulation Section 1859.90.2 states that a priority funding round may be established pursuant to a public notice and announcement by the Board at one of its monthly meetings.

SFP Regulation Section 1859.129(b)(2) and 1859.197 (b)(2) state that If the district is requesting an Apportionment pursuant to Section 1859.90.1, the Board will require that this time limit be reduced to no more than 90 days from the date of the apportionment.

SFP Regulation Section 1859.153.1(a) "…a district that meets the following may request an advance release of funds from a preliminary apportionment: (c) A district is eligible for an amount, not to exceed the Preliminary Apportionment, for environmental hardship site acquisition pursuant to Section 1859.75.1 after submittal of a Form SAB 50-08 pursuant to Section 1859.141."

SFP Regulation Section 1859.164.2 states the following regarding advance fund releases:
"A Charter School receiving a Preliminary Charter School Apportionment from the Board after July 2, 2003 may request an advance release of funds for either of the following:

> (a) A separate advance release of funds for design equal to 20 percent of the amount determined in Section 1859.163.1(a)(1) through (9) or Section 1859.163.5(a) through (g).
>
> (3) are met for an amount not to exceed the Preliminary Charter School Apportionment for site acquisition. The Board shall release to the Charter School an amount up to the Preliminary Charter School Apportionment determined in Section 1859.163.1(b).
>
> Qualified Charter Schools may request a separate advance release of funds for the design and for the site acquisition for the same project. A Charter School seeking an advance release of funds pursuant to (a) and/or (b) must have been deemed and maintained financial soundness status from the Authority. Subject to the availability of financing provided by the Pooled Money Investment Board for bond-funded projects, the OPSC will release State funds included in a Preliminary Charter School Apportionment pursuant to (a) or (b) to the Charter School after submittal of the Form SAB 50-05."

Section 20 of Assembly Bill 127, Chapter 35, Statutes of 2006 (Pereta/Nunez) states:

> (1) The amount of one billion nine hundred million dollars ($1,900,000,000) for new construction of school facilities of applicant school districts under Chapter 12.5 (commencing with Section 17070.10) of Part 10. Of the amount allocated under this paragraph, up to 10.5 percent shall be available for purposes of seismic repair, reconstruction, or replacement, pursuant to Section 17075.10.
>
> (7) The amount of one billion dollars ($1,000,000,000) shall be available for providing new construction funding to severely overcrowded schoolsites pursuant to Article 14 (commencing with Section 17079) of Chapter 12.5 of Part 10.

ATTACHMENT B

STATE ALLOCATION BOARD
SUBCOMMITTEE ON PRIORITIES IN SCHOOL CONSTRUCTION, CASH MANAGEMENT
February 8, 2011

PURPOSE

To present options and viability of implementing a new cash management system.

AUTHORITY

Education Code Section 17070.35(a) states, "In addition to all other powers and duties as are granted to the board by this chapter, other statutes, or the California Constitution, the board shall do all of the following:

(1) Adopt rules and regulations, pursuant to the rulemaking provisions of the Administrative Procedure Act, Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, for the administration of this chapter…

(2) Establish and publish any procedures and policies in connection with the administration of this chapter as it deems necessary…"

Budget Letter 10-09 requires that if there are insufficient bond proceeds, departments and agencies are responsible for prioritizing the projects that will be funded consistent with the prioritization criteria outlined (including job creation). It also indicates that if bond proceeds are not managed efficiently, additional bonds may not be sold for the program.

Government Code Section 15503 states, "Whenever the board is required to make allocations or apportionments under this part, it shall prescribe rules and regulations for the administration of, and not inconsistent with, the act making the appropriation of funds to be allocated or apportioned. The board shall require the procedure, forms, and the submission of any information it may deem necessary or appropriate. Unless otherwise provided in the appropriation act, the board may require that applications for allocations or apportionments be submitted to it for approval."

SFP Regulation Section 1859.90.2 states that a priority funding rounds may be established pursuant to a public notice and announcement by the Board at one of its monthly meetings.

SFP Regulation Section 1859.129(b)(2) and 1859.197 (b)(2) state that If the district is requesting an Apportionment pursuant to Section 1859.90.1 or 1859.90.2, the Board will require that this time limit be reduced to no more than 90 days from the date of the apportionment.

BACKGROUND

The State is currently in a financial situation which requires a heightened awareness of cash management. The Board has taken steps to counteract the financial crisis and help expedite the flow of cash into the economy through priority funding rounds, establishing fiscal crisis regulations and the creation of the unfunded approvals list.

Due to the State's fiscal crisis in early 2009, the Board adopted emergency regulations that would allow the Board to make findings that certain apportionments are "inactive" to relieve school districts from meeting various statutory requirements. In December 2010 the Board took action to extend the Regulations for six months.

In March of 2009 the Board approved an item to create an Unfunded Approvals list up to the available bonding authority.

At the April 2010 Board meeting, the Board discussed the current system of making apportionments and providing fund releases to districts which is based on the date the complete application was received for processing and placed on the Unfunded List. The Board took action to establish the SAB Priorities in School Construction Funding Sub-Committee which met in May of 2010. At the May 2010 Board meeting, the Board established the first priority funding round based upon careful consideration of the subcommittee recommendations. Priority funding was created to provide a viable and valuable way to accelerate the flow of cash directly into the economy by creating a mechanism allowing projects that are ready to move forward and request a fund release within 90 days to receive an apportionment.

The first priority funding round is complete and successfully infused $408.1 million into the economy. Due to the success of the first round, the Board took action to adopt priority funding as a valid form of making apportionments. At the August 25, 2010 meeting, updated regulations were approved granting the Board the ability to create future priority funding rounds on an as needed basis. Through priority funding, the Board has established a system in which an Unfunded Approval moves to an apportionment to a district fund release in just over five months, approximately thirteen months faster than the eighteen month policy that had been in existence since the inception of the SFP.

On October 28, 2010, at the direction of the Board, the Subcommittee on Priorities in School Construction Funding Part II (Committee II) met to discuss options for expediting the flow of cash to districts ready to request funds for projects on the Unfunded Approvals list. The majority of options presented revolved around projects that currently have a standard apportionment which are on an 18 month fund release request timeline. The Committee II weighed options that would allow districts to “buy time” by switching from an active apportionment to and Unfunded Approval, allow districts to “swap projects” by placing a project with an apportionment back on the Unfunded Approvals and receive an apportionment for a project ready to move forward on the Unfunded Approvals list in exchange, and to allow districts to receive an apportionment for a project on the Unfunded Approvals list ready to request funds in exchange for the rescission of a project that had already received an apportionment. The final option discussed was a cash availability model based on providing apportionments in excess of available cash.

The ultimate determination of the Committee II was to develop a new cash management system based within the parameters of the current SFP allowing forward progress while honoring the desire of the Board to keep the current program intact.

DESCRIPTION

Since December 2008 the Board has taken actions on an emergency and/or temporary basis to continue to provide approvals and apportionments for School Facility Program (SFP) projects. It has been stated that the previous way of using AB 55 loans to manage cash within the program most likely will not resume again. The purpose of this meeting is to discuss options for management of available cash on hand, future bond sales and residual cash made available via rescissions, closeouts or other possible avenues of cash returning to the program.

Options for Managing Cash and Making Future Apportionments

Option 1: Modified Priority Funding – create an additional Unfunded Approvals “Priority List” detailing projects that are willing to request funds as soon as cash is available.

This option would create two separate Unfunded Approvals lists. The current Unfunded Approvals list would go unchanged. The major modification to the priorities in funding system under this option would be the creation of a second Unfunded Approvals list (Priority List) for applications ready to submit a *Fund Release Authorization* (Form SAB 50-05) within 90 days of apportionment regardless

of when cash is available. All applications receiving an apportionment approval would be placed on the Unfunded Approvals list. Districts would then have the option to submit a certification letter requesting placement on the Priority List. This would allow the Board to make apportionments on a flow basis in addition to keeping the 90 day fund release timeline. The benefits of this option appear to be substantial. The ability to provide apportionments on a flow basis allows for seamless processing, better prediction of cash need by bond and with the proper safeguards could be easier for districts and Staff.

Pros:

- The Priority List can be used to specify the exact cash need to the State Treasurer for use in determining which bonds to sell.
- Would help distribute cash in a quick manner while helping to stimulate the economy.
- Would help to reduce/eliminate any residual cash issues.
- Would greatly reduce the number of Staff hours currently assigned to priority funding rounds.
- Would release some of the restrictive burden of set priority funding rounds, allowing districts a much simpler method for requesting placement on the Priority List that coincides with actual or realistic project timelines.
- Transparency – districts would have easy access to the Priority List and would easily be able to see their place in line.
- District control – districts could be placed on or removed from the list at the district's discretion.

Cons:

- Districts could remain on the Unfunded Approvals list for an indefinite period of time if no request is submitted to place an apportionment on the Priority List.
- Two separate lists could create confusion for districts.

Questions:

- How do we keep the Priority List current?
    - The Office of Public School Construction checking in with districts on timed intervals of 3, 6 or 12 months in the form of survey reminders.
    - Re-certification from districts on timed intervals of 3, 6 or 12 months.
- If districts are eligible to be added or removed from the list at any time, what process timeframe be established for district removal from the Priority List (i.e. a Board action as part of the consent calendar every month)?
- What long term effects would the change have on school districts?
- Are districts only complying with the 90 day requirement for priorities in funding because there is currently no other way to receive cash?
- Are there districts that can not meet the 90 day requirement and therefore will never be able to request an apportionment?
- What process should be used if more cash becomes available than apportionments on the Priority List?
    - Example: Start funding down the Unfunded Approvals list based on the original 18 month timelines.
    - Should the Board want to make this determination now or if/when the situation presents itself?

Program Changes:

1) Regulations would need to be modified to outline the new procedures (possible update of Regulation Section 1859.90.2 or the addition of a new regulation section).
2) SFP Regulation Sections 1859.90 and 1859.197 would need to be modified to clarify the change of time limit for fund release if priority funding becomes permanent.

Option 2: Priority Funding – continue to use the current model, with clarification on timing of new rounds

The current system for priority funding has been a successful and fairly seamless process. To date the state has apportioned approximately $1.85 billion through priority funding. The success and demand for this method of cash disbursement has shown that priority funding is a viable and valuable way to accelerate cash directly into the economy. Any new program is a learning experience, and as with any new program priority funding could continue with a few modifications to make the process more efficient while keeping the core of the program intact. Specific rules should be determined concerning the frequency of priority funding rounds, minimum cash thresholds and the timing of priority funding rounds in relation to bond sales. Existing regulations allow the Board to establish priority funding rounds at Board meetings. The Board could direct staff to place new rounds on the agenda when a certain dollar threshold is reached, or when bond sales are anticipated. The Board could also set the threshold or timelines in regulation.

Pros:

- The program has allowed for efficient and effective distribution of cash.
- Process is established and would require minimal additional resources to continue.
- To date, the program has had a 100% success rate and the OPSC has not had to rescind any priority funding apportionments.

Cons:

- Under the current regulations priority funding can be viewed as temporary fix.
- Does not allow the Board the ability to apportion projects on a flow basis.

Questions:

- Should there be a minimum amount of cash available to institute new filing rounds (i.e. is $30 million in project rescissions enough to hold a new filing round)?
- Timing – how can the Board set up an effecting system for timing the funding round in accordance to bond sales, rescissions and project closeouts?
- Should a system be instituted to line up priority funding rounds with anticipated fall/spring bond sales?
- Should new timelines be established in regulation?

Program Changes:

1) SFP Regulation Sections 1859.90 and 1859.197 would need to be modified to clarify the change of time limit for fund release if priority funding becomes a permanent institution.

Option 3: Cash leveraging model

This option revolves mainly around $233 million in projects with an 18 month time limit expiration in October 2011. Under this option, without additional cash becoming available, the Board would provide apportionments through a priority funding round for $233 million allowing districts that are ready to submit fund releases to access the cash currently available for the 28 projects that currently have seven months left on their current fund release timeline. This model balances the need to have cash available with the rate at which it is being drawn down by districts. Under this option the Board would use proceeds from a future bond sale to replenish the cash pool to cover all 28 projects currently on an 18 month timeline. A similar option was presented at the Subcommittee on Priorities in School Construction Funding, Part II on October 28, 2010.

Pros:

- Would help distribute cash in a quick manner while helping to stimulate the economy.
- This option could be implemented for all applications that have not yet received an Apportionment.
- School construction needs for future bond sale consideration may be more accurately demonstrated.
- Districts with an Apportionment that is ready to move forward may act more quickly to access the cash to avoid waiting later on if the cash available is all released.

Cons:

- The Board could be liable as cash could not be available if all projects requested funding before cash to cover the additional $200 million in apportionments becomes available.
- In an item presented at the November 2010 Board meeting, Staff in conjunction with the DOF determined the course of action to be very risky.
- Selecting this option would only speed up the distribution of cash by four months. It would take three out of the remaining seven months for the item to be presented to the Board and have regulations approved by the Office of Administrative law allowing this course of action, thus providing little impact for the amount of possible liability.
- Currently there is no spring bond sale scheduled and as of this point in Staff can not be sure of when the next bond sale will take place. Therefore, it is unknown when cash would be available to cover the original apportionments.
- Would most likely be a temporary fix and not a long term option due to liability issues.

Program Changes:

- Regulations would be required to make future apportionments conditional.

Selective Ordering Based on the Ability to Provide Full Apportionments

In the current system and each of the new options above a dilemma is created if, for example, the Board has $1 million in cash and the next project in line requires a $100 million apportionment. Here the Board has three options: which include

- Wait until the full $100 million is available before moving down the appropriate list,
- Offer partial funding for the project, or
- Moving past projects in line that can not be fully funded in favor of the next project that can be fully apportioned out of the remaining cash. This would be a departure from the FIFO methodology and is something that has not been standard practice in the SFP, however it may be a concept that the Board would like to investigate.

Pros:

- The board would be able to fully apportion as many projects as possible up to the available cash.
- Builds on the Priority in Funding model to expedite moving cash out into the economy as quickly as possible.
- Cash does not remain idle.

Cons:

- Would be a departure from the standard FIFO practice, thereby compromising list integrity.
- The large projects may want partial funding or want cash to continue to accumulate until their project can be fully apportioned as opposed to having their project skipped.
- May be a liability to the State as this goes against current regulations.

Program Changes:

- SFP Regulation Section 1859.93 and 1859.93.1 would need to be modified or removed as projects may no longer be following a FIFO methodology.

ATTACHMENT C

STATE ALLOCATION BOARD
SUBCOMMITTEE ON PRIORITIES IN SCHOOL CONSTRUCTION FUNDING
CASH MANAGEMENT, PART II
March 1, 2011

PURPOSE

To present for discussion, options for implementing a new cash management system.

DESCRIPTION

The second meeting of the Subcommittee on Priorities in School Construction Funding/Cash Management (Subcommittee) seeks to continue the discussion on cash flow management and how to make apportionments moving forward. This meeting also introduces new issues including remaining bond authority and the Fiscal Crisis Regulations concerning the Charter School Facility Program (CSFP), the Critically Overcrowded Schools (COS) program, and Financial Hardship projects on the Unfunded Approvals list.

AUTHORITY

See Attachment A.

BACKGROUND

It has been almost nine months since the initial priority funding round was approved by the Board in an effort to combat the State's fiscal crisis. Since that time two priority funding rounds have taken place and multiple Subcommittee meetings have been held to discuss the Board's options moving forward with the ultimate goal of helping alleviate the burden placed on school districts by the State's current financial status.

On February 8, 2011, the Subcommittee met to discuss options for management of available cash on hand, cash from future bond sales and residual cash made available via rescissions and closeouts. Staff presented options centered on the forward progression of priority funding, the Unfunded Approvals list, and cash leveraging.

As several Subcommittee members were unable to attend the February 8th meeting, no votes were taken and no recommendations were ultimately decided upon. This item will summarize the Subcommittee meeting held on February 8, 2011 as well as introduce new issues concerning available bonding authority and the fiscal crisis regulations. All topics Subcommittee topics (new or old) are open for additional consideration and potential action by Subcommittee members.

Items Discussed at the February 8, 2011 Subcommittee Meeting

Below is a summary of each proposal discussed by the Subcommittee at its February 8th meeting as well as responses to the proposals from the Subcommittee and stakeholders. The original discussion item is included in its entirety as Attachment B.

Option 1: Modified Priority Funding – create an additional Unfunded Approvals "Priority List" detailing projects that are willing to request funds as soon as cash is available.

This option would create two separate Unfunded Approvals lists. The current Unfunded Approvals list would go unchanged. The major modification to the priorities in funding system under this option would be the creation of a second Unfunded Approvals list (Priority List) for applications ready to

submit a *Fund Release Authorization* (Form SAB 50-05) within 90 days of apportionment regardless of when cash is available, allowing the Board to make apportionments on a flow basis.
Discussion:

When discussing this option, Subcommittee members and stakeholders expressed a general desire to keep the priority funding process as simple as possible to avoid confusion while maintaining an efficient method of apportioning cash that would be released quickly. While some comments were heard on the proposed two list system, a Subcommittee member proposed to reduce the 18 month time limit on fund releases to 90 days on a permanent basis.

The Subcommittee member suggested that it may be time for a more permanent cultural change within the School Facility Program (SFP). Although the priority funding system has been successful, it would be less confusing and require less steps for both school districts and the State if the Board opted to cease using the priority funding system and return to making regular apportionments. The SFP regulations could be permanently modified by the Board to reduce the time limit on all fund releases to 90 days. It was requested that Staff include this concept for discussion at the second Subcommittee meeting.

Considerations for the regulation change option:

Benefits

- 90 day timeline promotes projects moving forward, good to continue
- Would help to provide a seamless system for cash distribution (flow basis possible, partial funding easy to do, no extra steps necessary as in priority funding rounds)
- Would help to limit the amount of time spent by districts and Staff in the preparation and process of requesting/making priority funding apportionments
- Does not require the creation of additional “lists” which may be confusing, particularly if another unfunded list is created by the Board if bonding authority is exhausted
- Has the potential to free up bond authority from those projects on the unfunded list that may never move forward (apportionments will be made, if the new time limit passes and a fund release is not requested the project will be rescinded and authority will return to the program – currently projects that do not request priority funding can remain on the list indefinitely)

Other Issues

- Stakeholders commented that the current priority funding process actually allows districts closer to 120-150 days to prepare to submit a fund release request (30 days for certification filing period + time from end of filing period to apportionment + 90 day fund release timeline). Some stakeholders suggested that a permanent regulation change reflect the additional preparation time to keep consistent with the current timelines in priority funding
- The issue of districts who are on the unfunded list but have not submitted requests for priority funding was discussed. Subcommittee members suggested that one option is for the Board to address on a case by case basis, those projects that cannot meet a 90 day timeline that received unfunded approvals prior to priority funding
- The issue of changing the rules on projects that have already received approvals was also discussed.
    - Consider new timelines only for those projects that have received an unfunded approval after new regulations are in effect
    - Consider new timelines for all projects receiving an apportionment after the new regulations are in effect regardless of when the unfunded approval was made
        - The majority of the projects currently on the unfunded approvals list were approved after the Board started moving towards a 90 day timeline, so the concept is not new
        - An unfunded approval is not the same as an apportionment nor is it a guarantee of future funding, thus the Board has flexibility in the terms of how the apportionment is provided– the Board could declare that to get the

apportionment districts must adhere to the new regulation (not a big departure from making apportionments in priority funding rounds).

- Consider allowing districts who are currently on the unfunded list and will not be able to submit a fund release request if the regulation is changed to address the Board on a case by case basis so that an exemption may be granted (this would require additional regulations to outline the process for making the exemption request, and should only be limited to those on the unfunded list within a certain timeframe such as prior to Board adoption of the new regulations)

Conclusion:
The permanent regulation change proposal was a concept that subcommittee members wanted to pursue at the second meeting. The concept of creating two lists received little support due to the potential for confusion.

Option 2: Priority Funding – continue to use the current model, with clarification on timing of new rounds

This option would keep the current priority funding method intact but specific rules should be determined concerning the frequency of priority funding rounds, minimum cash thresholds and the timing of priority funding rounds in relation to bond sales. Existing regulations allow the Board to establish priority funding rounds at Board meetings. The Board could direct staff to place new rounds on the agenda when a certain dollar threshold is reached, or when bond sales are anticipated. The Board could also set the threshold or timelines in regulation.

Discussion:

- Stakeholders believe that the current priority funding system is viable
- While priority funding has been successful, concerns have been raised about the amount of time/work is involved for districts and staff
- A stakeholder suggested contacting districts on a monthly basis to see if they would be ready to submit within 90 days if residual cash is available

Other issues:

- As part of the discussion of option one, a stakeholder posed an alternative option for using the current priority funding system. The goal of the option is to move the Unfunded Approvals list forward by starting the 18 month timeline on all applications on the Unfunded Approvals list, but freeze the timeline with three months left on the clock. Applications frozen at three months must then submit priority funding requests when money is available.

Conclusion:
Revisit this issue at the March 2011 Subcommittee meeting.

Option 3: Cash leveraging model

This model balances the need to have cash available with the rate at which it is being drawn down by districts by providing apportionments in excess of available cash.

Discussion:

- This option was determined to be extremely risky and would provide increased liability for the State
- Opposed by the Department of Finance

Conclusion:
The Subcommittee members suggested that this option not be pursued. This option is only represented as no votes were taken at the previous meeting.

Selective Ordering Based on the Ability to Provide Full Apportionments

This section outlined the possible steps available to make apportionments when the remaining available cash is not enough to fully fund the next project in line. Options included waiting until there is enough money to fully fund the next project, offering partial funding or moving past projects in line that can not be fully funded in favor of the next project that can be fully apportioned out of the remaining cash. This is a situation that can occur under either priority funding option presented above.

Discussion:

- List integrity is a fundamental issue
- Partial funding of projects would be acceptable
- In the future, this subject can be revisited to see if it is possible to find a feasible way to make selective ordering work, but may not be necessary if a permanent regulation change was made to reduce the time limit on fund releases.

Conclusion:
Views were split on the validity of moving past projects on the Unfunded Approvals list in order to make full apportionments, however it was determined that this is an issue that may be looked at in the future.

New Topics for Subcommittee Consideration

Remaining Non New Construction Bonding Authority

In the past, the Board and the legislature has considered options for the transfer of bonding authority and funds from programs with an abundance of bonding authority to programs of need. Some transfers can be made by Board action while others require legislative action with approval of two-thirds of the legislature. With new construction authority close to depletion, there have been questions related to whether the Board currently has options to transfer authority form other programs. Below are some programs within the SFP that have additional bond authority remaining, along with the action necessary to transfer the authority to new construction.

Seismic Mitigation Program (SMP)

As of January 26, 2011 there is approximately $194.8 million in un-used bonding authority under the SMP.

Assembly Bill (AB) 127 authorized up to $199.5 million to be used for seismic mitigation of school facilities. The SMP was approved by the Board at the September 26, 2007 meeting. Since the inception of the program the State has only received four seismic mitigation requests and to date has apportioned $4.13 million in seismic mitigation funds. Three applications have been apportioned and one application is currently in-house.

Due to the lack of participation, the Board approved regulation changes at the August 2009 meeting in an attempt to increase participation. However these updates have not yet produced many additional applications.

Recently, $200,000 was made available from the Seismic Safety Commission to evaluate buildings considered the highest risk to see if they qualified for the program. The results of these evaluations are not yet available, but could generate additional requests for the program in the future.

Based on the language in AB 127 the Board would have the ability to redistribute the bonding authority for the seismic program to other new construction. This change can be made through a policy shift as opposed to a Legislative change.

Overcrowding Relief Grant (ORG)

There is approximately $459.2 million in un-used bonding authority under the ORG program.

The ORG program was originally allocated $1 billion to help districts reduce the number of portable classrooms on overcrowded school sites and replace them with permanent classrooms. To date the Board has approved 6 funding cycles to fund approximately $547.2 in projects. Funding resulted in 1,084 portable classrooms being replaced with permanent classrooms. The program has consistently shown a need but the application requests have not yet exceeded available authority.

AB 127 states that the allocated money "shall" be available for providing new construction funding to severely overcrowded schoolsites. Based on this language, a Legislative change would be required to transfer the funding out of the ORG program.

Modernization
There is approximately $894.4 million in un-used Proposition 1D bonding authority under the Modernization Program.

The Modernization Program provides state funds on a 60/40 state and local sharing basis for eligible improvements to educationally enhance existing school facilities. It is a program in which eligibility is generated by aging buildings on specific school sites. The Modernization Program was originally allocated $3.3 billion and to date the Board has made apportionments totaling approximately $2.4 billion. The program has consistently shown a need.

AB 127 authorizes the amount of $3.3 billion for the modernization of school facilities. Based on this language, a Legislative change would be required to transfer the funding out of the Modernization Program.

Questions:

- Should the Board change the amount of authority available for the SMP?
- Is more research required to determine the need of the SMP?
- Should/can the Board institute a sunset date on the ORG program or SMP prior to making any transfers?

Fiscal Crisis Regulations

Due to the State's fiscal crisis in early 2009, the Board adopted emergency regulations that would allow the Board to make findings that certain apportionments are "inactive" to relieve school districts from meeting various statutory and/or regulatory requirements. The emergency regulations pertained to the New Construction/Modernization Program, the COS Program, the CSFP, and the Career Technical Education Facilities and Joint-Use Programs.

In December 2010 the Board approved an action to grant a six month extension to the "inactive" CSFP, COS and Financial Hardship Re-Review regulations, while allowing the remaining emergency regulations to sunset on January 1, 2011. That item is included for reference as Attachment C.

CSFP
As of this meeting, there are 50 "inactive" charter school preliminary apportionments.

A preliminary apportionment is a reservation of bond authority. Typically, preliminary apportionments have a four year timeline, with a possible one year extension, to convert to a final apportionment. The program was designed to allow applicants to draw down advance design and site acquisition funds off of the preliminary apportionment. This component is necessary because charter schools often do not have access to cash for their projects outside of the funds available within the program. The local match for the project can be provided in the form of a loan from the State. Charter schools do not have the ability to pass local bonds.

Until recently, cash was not available for the advance design and site acquisition amounts available for the preliminary apportionments. Without this component of the program, it was extremely difficult for projects to progress. It was in part for this reason that these projects were declared inactive. In recent months, the Board has made $96 million available to cover these needs. For those projects that received access to cash for both site (as appropriate) and design purposes, the effects of the fiscal crisis have been mitigated and project timelines can resume. The Board can take action to re-activate a preliminary apportionment at any time.

If cash is not available for the site and design needs of a project, the fiscal crisis effects have not been mitigated and re-activating the project timelines could put the project at a disadvantage.

Questions:

- Should the Board continue to extend the CSFP fiscal crisis regulations?
- Should the Board continue to extend the Financial Hardship Re-Review regulations?
- Should preliminary apportionments be re-activated once the advance funding cash has been received by the applicant?
- Should all preliminary apportionments be re-activated regardless of whether cash is available for advance fund releases?
- Under an inactive status, what should happen if cash became available for advance fund releases yet the CSFP applicants do not request it or request it and cannot meet the time limit to access it?
    - Of the $50 million made available most recently, only $47.5 million was requested.
    - If the applicants cannot meet the timelines to access cash made available for them, is that considered “waiving” the opportunity and is the preliminary apportionment then subject to re-activation?
- Some charter schools have asked for special consideration for cash for construction in addition to cash for design and site acquisition (carve out specific to charter projects on the unfunded list). Does this issue need to be resolved prior to re-activating the preliminary apportionments?
    - Some charter schools are looking for assurances that construction funds will be available if they proceed with converting preliminary apportionments.
    - Raises an issue of list integrity, would not be consistent with traditional First In-First Out approach.

COS

At the October 2004 meeting, Proposition 55 COS Preliminary Apportionments were made for 496 projects for a total of $1.8 Billion. As a result of the fiscal crisis, the Board took action on 344 projects and declared them Inactive Preliminary Apportionments as of December 17, 2008. The projects were declared inactive to protect the statutory time limits on the preliminary apportionments. Since that time, of the 344 projects declared inactive, 311 have met the requirements to convert to a Final Apportionment and have been placed on the Unfunded List, leaving 33 COS Inactive Preliminary Apportionments. If reactivated, these COS Preliminary Apportionments would have approximately ten months to convert or rescind their reservation of bond authority.

None of the districts representing the 33 remaining Inactive Preliminary Apportionments had financial hardship status for their projects, and therefore are not waiting for State funds to move the

project through the design and site acquisition stages of project development. These projects proceed in a similar manner as typical new construction projects. Re-activating these projects would subject them to the same requirements as other new construction projects.

New construction projects can qualify for a Separate Site Apportionment for Environmental Hardship when the best site available requires extensive clean up. The COS projects are provided similar consideration for these purposes with an advance fund release from the Preliminary Apportionment. Not all COS projects require this advance fund release, but of the 33 Inactive Preliminary Apportionments remaining, 11 projects (at one site) have been approved for a separate site apportionment for Environmental Hardship. As of this meeting, the 11 projects have not requested and advance fund release for site acquisition.

Questions:

- Should the Board continue to extend the COS fiscal crisis regulations?
- Should all preliminary apportionments without environmental hardship funding requests be re-activated? Should preliminary apportionments be re-activated once the advance funding cash has been received by the applicant?
- Should all preliminary apportionments be re-activated regardless of whether cash is available for environmental hardship advance fund releases and then have 10 months to convert their project or provide them a date certain to convert their project (July 1, 2011)?
- Under an inactive status, what should happen if cash became available for environmental hardship advance fund releases yet the COS applicants do not request it?

Financial Hardship Re-Review

At the May 2010 meeting, the Board adopted Regulations to waive the unfunded financial hardship re-review requirement for projects added to the Unfunded List due to the State's inability to provide AB 55 loans. In December of 2010 the Board approved an action to grant a six-month extension to the Financial Hardship Re-Review regulations.

Although several unfunded approvals have been converted to apportionments with the funds made available through the first two priorities in funding rounds, as of this meeting, there are 76 projects with financial hardship status remaining on the unfunded list.

Until the Board adopts a different cash management system, projects with financial hardship status will still remain on the Unfunded List (Lack of AB 55 Loans) until bond sale proceeds become available, which may trigger a re-review if this regulation is allowed to sunset. Allowing this to occur may not be in keeping with the Board's original intent in approving this regulation change and may cause school districts to have to go through additional reviews before accessing an apportionment. However, if the Board adopts the position that the fiscal "crisis" is in fact over and that methods of making apportionments have now changed, it may be appropriate to allow this regulation to sunset and consider a return to the original process.

Question:

- Should the Board continue to extend the Financial Hardship Re-Review regulations?

ATTACHMENT D

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, December 15, 2010

FISCAL CRISIS REGULATIONS

PURPOSE OF REPORT

To consider emergency amendments to School Facility Program (SFP) regulation sections relating to the State of California's current fiscal crisis as these regulation sections will become inoperative January 1, 2011.

DESCRIPTION

Due to the State's fiscal crisis in early 2009, the State Allocation Board (Board) adopted emergency regulations that would allow the Board to make findings that certain apportionments are "inactive" to relieve school districts from meeting various statutory requirements. The emergency regulations pertained to the New Construction/Modernization Program, the Critically Overcrowded Schools (COS) and Charter School Facilities Programs (CSFP), and the Career Technical Education Facilities and Joint-Use Programs.

At the March 2009 Board meeting, the Board made a finding that a fiscal crisis exists and at the July 2009 Board meeting, the Board declared that 441 projects representing $743.8 million were "Inactive Apportionments" as of December 17, 2008.

At the June 2009 Board meeting, the Board declared that COS projects representing $1.26 billion were "Inactive Preliminary Apportionments" and 41 CSFP projects representing $584.2 million were "Inactive Preliminary Charter School Apportionments" as of December 17, 2008.

At the September 2009 Board meeting, the Board extended the sunset dates of regulation sections pertaining to Inactive Apportionments, Inactive Preliminary Apportionments and Inactive Preliminary Charter School Apportionments. These regulation sections will become inoperative January 1, 2011 and this date applies to the Board's authority to make such findings.

Since the Pooled Money Investment Board freeze, the Board has made unfunded approvals for all new applications being presented. Unfunded approvals do not obligate school districts to meet deadlines that are required when apportionments are made.

At the May 2010 Board meeting, the Board adopted regulations to waive the unfunded financial hardship re-review requirement for projects added to the unfunded list due to the State's inability to provide AB 55 loans. This unfunded list was created in March 2009 and references any projects since added to that list. These regulations will sunset January 1, 2011, at which time, the Board will have the option to declare that the fiscal crisis has ended or extend this and all fiscal crisis SFP regulations for another year.

AUTHORITY

- Education Section 17070.35(a) states "In addition to all other powers and duties as are granted to the board by this chapter, other statutes, or the California Constitution, the board shall do all of the following:
    - (1) Adopt rules and regulations, pursuant to the rulemaking provisions of the Administrative Procedure Act, Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, for the administrative of this chapter. . . .
    - (2) Establish and publish any procedures and policies in connection with the administration of this chapter as it deems necessary.

(Continued on Page Two)

AUTHORITY (cont.)

- Government Code Section 15503 states "Whenever the board is required to make allocation or apportionments under this part, it shall prescribe rules and regulations for the administration of, and not inconsistent with, the act making the appropriation of funds to be allocated or apportioned. The board shall require the procedure, forms, and the submission of any information it may deem necessary or appropriate. Unless otherwise provided in the appropriation act, the board may require that applications for allocations or apportionments be submitted to it for approval."

- SFP Regulation Section 1859.2 defines an Inactive Apportionment as "an apportionment made to a project, based on a finding by the SAB, that meets all of the following criteria: 1) received a SAB apportionment prior to December 17, 2008; 2) State bond funds have not been released for that apportionment; and 3) the time limit under Education Code Section 17075.10(d) will expire on or after December 17, 2008."

- SFP Regulation Section 1859.2 defines an Inactive Preliminary Charter School Apportionment as "an apportionment for a project, based on a finding by the SAB, that meets all of the following criteria: 1) received a Preliminary Charter School Apportionment prior to December 17, 2008; 2) a complete request to convert a Preliminary Charter School Apportionment to a Final Charter School Apportionment has not been made; 3) the time limit under Education Code Section 17078.25(a) or (b) and 17078.52(c)(3) will expire on or after December 17, 2008."

- SFP Regulation Section 1859.96 allows the SAB to make a finding that certain apportionments are "inactive" to relieve school districts from meeting the 18-month time limit for the release of their SAB-approved apportionments as stipulated in Education Code Section 17076.10.

- SFP Regulation Sections 1859.148.2 and 1859.166.2 allow the SAB to make a finding that preliminary apportionments under the COS and the Charter School Facilities Programs are "inactive." This action temporarily suspends the time period for conversion to a Final Apportionment under these two programs. The regular time period is four years from the date of the preliminary apportionment plus an allowable one-year extension upon the Board's approval.

- SFP Regulation Section 1859.81(f) states "If a district has been included on the "Unfunded List (Lack of AB 55 Loans)" for more than 180 calendar days as a result of the State of California's inability to provide interim financing from the Pooled Money Investment Account (AB 55 loans), the Board may suspend the unfunded review requirement as defined in Regulation Section 1859.81(e). Projects added to any other unfunded list shall be subject to the review detailed in Regulation Section 1859.81(e). Regulation Section 1859.81(f) shall become inoperative January 1, 2011, at which time the Board will have the option to extend the SFP emergency regulations (Regulation Sections 1859.96, 1859.148.2, and 1859.166.2) for another year or declare the State's fiscal crisis is over."

STAFF COMMENTS

It is difficult to determine whether the fiscal crisis is indeed over, but the system in which the SFP is operating has certainly changed. While the SFP has received bond funds, and the Board has been able to make apportionments for some projects, there are still a large number of projects on the Unfunded List. There is also a concern that it may not be possible to return to the old method of making apportionments using AB 55 loans to ensure the continuous availability of cash. The Board has discussed and requested that Staff return in the future to discuss a new cash management method that can be used in the future. This new method, along

(Continued on Page Three)

STAFF COMMENTS (cont.)

with other actions the Board takes regarding the allocation of cash, may make some of the emergency regulations discussed as a part of this item unnecessary in the future.

There are four regulation sections that are scheduled to sunset on January 1, 2011. Staff has evaluated the need for extending each regulation section and provided below is an analysis of the status of the impacted projects as follows.

1. Status of Inactive Apportionments (SFP Regulation Section 1859.96)

This section was initially put in place to freeze the 18-month time limit on fund release for those projects that received apportionments prior to December 17, 2008. As a result of recent bond sale proceeds, all Inactive Apportionments have been reactivated. As the Board is now only making apportionments when cash is available, SFP Regulation section 1859.96 can be allowed to sunset with no negative effects.

2. Status of COS Inactive Preliminary Apportionments (SFP Regulation Section 1859.148.2)

The COS program allowed for school districts to receive Preliminary Apportionments for projects in advance of meeting requirements for a Final Apportionment. Districts that received Preliminary Apportionments are allowed in statute four years to submit full funding applications with a possible one-year extension.

At the October 2004 meeting, Proposition 55 COS Preliminary Apportionments were made for 496 projects for a total of $1.8 Billion. As a result of the fiscal crisis, the Board took action on 344 projects and declared them Inactive Preliminary Apportionments as of December 17, 2008. The projects were declared inactive to protect the statutory time limits on the preliminary apportionments. Since that time, of the 344 projects declared inactive, 311 have met the requirements to convert to a Final Apportionment and have been placed on the Unfunded List, leaving 33 COS Inactive Preliminary Apportionments. If reactivated, these COS Preliminary Apportionments would have approximately ten months to convert or rescind their reservation of bond authority.

Considerations:

Local Match Expected
It appears that most of the COS Inactive Preliminary Apportionments have been converted to full funding applications without state funds, due to the fact that the participating districts have a local match for the earlier stages of the project. None of the districts representing the 33 remaining Inactive Preliminary Apportionments had financial hardship status for their projects, and therefore are not waiting for State funds to move the project through the design and site acquisition stages of project development. These projects proceed in a similar manner as typical new construction projects. Generally speaking, re-activating these projects does not seem to cause districts any additional harm in regards to the statutory timelines unless they qualify for an Environmental Hardship fund release (discussed below).

(Continued on Page Four)

STAFF COMMENTS (cont.)

Environmental Hardship Component
New construction projects can qualify for a Separate Site Apportionment for Environmental Hardship when the best site available requires extensive clean up. The COS projects are provided similar consideration for these purposes with an advance fund release from the Preliminary Apportionment. Not all COS projects require this advance fund release, but of the 33 Inactive Preliminary Apportionments remaining, 11 have requested it and cash has not yet been made available for these purposes. The Board is considering the topic of Environmental Hardship fund releases for COS Preliminary Apportionments as part of this agenda; however, if cash is not made available for these purposes, districts may claim that lack of access to this cash has interfered with their ability to meet the statutory timelines on their Preliminary Apportionments.

3. Status of Inactive Preliminary Charter School Apportionments (SFP Regulation Section 1859.166.2)

The CSFP allowed for charter schools and school districts to receive Preliminary Apportionments for charter school projects in advance of meeting requirements for a Final Apportionment. Applicants that received Preliminary Apportionments are allowed in statute four years to submit full funding applications with a possible one year extension. The CSFP under Propositions 55 and 1D allows for the advance release of funds for design costs and site acquisition, regardless of a charter school or school district's financial hardship status.

At the February 2005 meeting, Proposition 55 Preliminary Charter School Apportionments were made for 28 projects for a total of $276.8 Million. At the May 2008 meeting, Proposition 1D Preliminary Charter School Apportionments were made for 29 projects for a total of $462.6 million. As a result of the fiscal crisis, the Board took action on 41 projects representing $584.2 million that had not yet converted to Final Apportionment status and declared them Inactive Preliminary Charter School Apportionments as of December 17, 2008. Since that point, only four additional projects have met the requirements to convert to a Final Apportionment.

If re-activated, the Proposition 55 Preliminary Charter School Apportionments would have approximately 14 months to convert or rescind their reservation of bond authority and Proposition 1D projects would have approximately three years and five months to convert (with a possible one-year extension) or rescind their reservation of bond authority.

Considerations:

Local Match Typically Not Available
Most of the Preliminary Charter School Apportionments granted also reserved funds for the local match to be paid through the use of a loan from the State. It appears that Charter Schools have been mostly unable to convert Inactive Preliminary Charter School Apportionments to full funding applications without State funds, due to the fact that many participating Charter Schools do not have funds available to start their projects. Very few applications have been able to submit an application for Final Apportionment at this point.

Advance Fund Releases for Design and Site Acquisition Costs
Charter School projects often rely on the early site and design fund release components of the Preliminary Charter School Apportionment in order to start their projects. The Board is considering the topic of advance fund releases for design and site costs for Preliminary Charter School Apportionments as part of this agenda; however, if cash is not made available for these purposes, charter schools and districts may claim that lack of access to this cash has interfered with their ability to meet the statutory timelines on their Preliminary Apportionments.

(Continued on Page Five)

STAFF COMMENTS (cont.)

4. Financial Hardship Re-Reviews [SFP Regulation Section 1859.81(f)]

At the May 2010 meeting, the Board adopted Regulations to waive the unfunded financial hardship re-review requirement for projects added to the unfunded list due to the State's inability to provide AB 55 loans. The regulation becomes inoperative on January 1, 2011 at which point the Board has the option to either declare the fiscal crisis over or extend the regulation for another year.

Although several unfunded approvals have been converted to apportionments with the funds made available through the first priorities in funding round, after the November 2010 meeting, there are 128 projects with financial hardship status remaining on the unfunded list.

Considerations:

Circumstances Have Not Changed But is the State Still in a Fiscal Crisis?
Until the Board adopts a different cash management system, projects with financial hardship status will still remain on the Unfunded List until bond sale proceeds become available, which may trigger a re-review if this regulation is allowed to sunset. Allowing this to occur may not be in keeping with the Board's original intent in approving this regulation change and may cause school districts to have to go through additional reviews before accessing an apportionment. However, if the Board adopts the position that the fiscal "crisis" is in fact over and that methods of making apportionments have now changed, it may be appropriate to allow this regulation to sunset and address this issue as part of the creation of a new cash management system.

OPTIONS

Option 1(A): Extend, for one year, the Inactive Preliminary Charter School Apportionment, the Inactive Preliminary Apportionments Regulations, and the Financial Hardship Re-Review Regulations until a future discussion on a cash management system takes place. Allow the Inactive Apportionments Regulations to Sunset.

Amend SFP Regulation Sections 1859.148.2, 1859.166.2 and 1859.81(f) by extending the date one year from January 1, 2011 to January 1, 2012 and authorize the Executive Officer to file the regulations on an emergency basis with the Office of Administrative Law.

Option 1(B): Extend, for six months, the Inactive Preliminary Charter School Apportionment, the Inactive Preliminary Apportionments Regulations, and the Financial Hardship Re-Review Regulations until a future discussion on a cash management system takes place. Allow the Inactive Apportionments Regulations to Sunset.

Amend SFP Regulation Sections 1859.148.2, 1859.166.2 and 1859.81(f) by extending the date six months from January 1, 2011 to July 1, 2011 and authorize the Executive Officer to file the regulations on an emergency basis with the Office of Administrative Law.

Pros:

- Allows districts and charter schools additional time to plan for any changes resulting from a new cash management system.
- Minimizes impact to districts and charter schools if cash is not made available for advance fund releases for design and site related needs and statutory timelines are not met (no risk of rescission).

(Continued on Page Six)

OPTIONS (cont.)

- Allows the Board additional time to find a more permanent solution to these situations as part of the larger cash management system discussion.

Cons:

- Extending the COS Inactive Preliminary Apportionment Regulations may not be necessary and delays the closeout of the program and the potential return of bond authority.
- Extending the Preliminary Charter School Apportionment Regulations also delays progress in the program.
- Extending the Financial Hardship Re-Review regulations may allow districts whose six month time period has expired and have additional contribution to their projects to receive financial hardship assistance that was not necessary for the project.

Option 2: Allow the Inactive Apportionment regulations to sunset and extend some, but not all of the remaining three regulation sections for one year. Authorize the Executive Officer to file the regulations on an emergency basis with the Office of Administrative Law for those regulation sections to be extended.

Listed below are specific pros and cons for extending or allowing a sunset on the Inactive Preliminary Charter School Apportionment regulations, the Inactive Preliminary Apportionments regulations (COS), and the Financial Hardship Re-Review regulations. For ease of making a motion, the Board may choose to adopt Option 2 and specify which of the remaining three regulation sections it would like to extend.

Inactive Preliminary Apportionments (COS) – SFP Regulation Section 1859.148.2

Pros of Extending:

- Allows COS projects more time to wait for funding to move their projects to a Final Apportionment application submittal with no rescission penalty until the projects are re-activated and the timeline expires.
- Still enables the Board to restart the statutory time clock requirement once State bond funds become available for either Environmental Hardship requests or to cover the full amount of the preliminary apportionment.
- Keeps with the Board's original desire to hold districts harmless for the State's fiscal crisis.
- Limits potential liability for re-activating projects when environmental hardship fund release cash is not available.
- Allows the Board more time to make cash available for environmental hardship fund releases and then re-activate the projects.

Cons of Extending:

- It does not appear that COS projects are experiencing delays in converting to a Final Apportionment application solely due to the State's fiscal crisis.
- Keeps bond authority for these projects reserved for additional time.
- Does not provide motivation to move projects forward

*Note – If these regulations are not extended, the Board must declare a date upon which these projects are considered re-activated (Staff suggests a date of either December 15, 2010 or December 31, 2010).

(Continued on Page Seven)

OPTIONS (cont.)

Inactive Preliminary Charter School Apportionments – SFP Regulation Section 1859.166.2

Pros of Extending

- Allows Charter School projects more time to wait for funding to start their projects with no rescission penalty until the projects are re-activated and the timeline expires.
- Still enables the Board to restart the statutory time clock requirement once State bond funds become available for advance fund release requests or for the entire preliminary apportionment amount.
- Keeps with the Board's original desire to hold districts and charter schools harmless for the State's fiscal crisis.
- Limits potential liability for re-activating projects when advance fund release cash is not available.
- Allows the Board more time to make cash available for advance fund releases and then re-activate the projects.

Cons of Extending

- Keeps bond authority for these projects reserved for additional time.
- Does not provide motivation to move projects forward.

*Note – If these regulations are not extended, the Board must declare a date upon which these projects are considered re-activated (Staff suggests a date of either December 15, 2010 or December 31, 2010).

Financial Hardship Re-Reviews – SFP Regulation Section 1859.81(f)

Pros of Extending

- Keeps with the Board's original desire to hold districts harmless for the State's fiscal crisis.

Cons of Extending

- State bond funds may be provided for financial hardship assistance when a re-review would have revealed that a district had other funds available to contribute to the project.

Option 3: Re-activate all preliminary apportionments and then allow all regulation sections related to the fiscal crisis to sunset.

If the Board takes no action, SFP Regulation Sections 1859.81(f), 1859.96, 1859.148.2, and 1859.166.2 become inoperative January 1, 2011. For pros and cons please reference the individual regulation sections above.

RECOMMENDATION

Seek Board direction.

BOARD ACTION

In considering this Item, the Board approved Option #1B extending the date for six months from January 1, 2011 until July 1, 2011 for Regulation Sections 1859.81(f), 1859.148.2, and 1859.166.2. In addition, the Board authorized the Executive Officer to file the regulations on an emergency basis with the Office of Administrative Law.

ATTACHMENT D

Attachment A

(Extend the Inactive Preliminary Charter School Apportionment, the Inactive Preliminary Apportionments Regulations, and the Financial Hardship Re-Review Regulations for one year)

Section 1859.148.2. Inactive Preliminary Apportionments Under a State of California Fiscal Crisis.

In the event the Board determines there is a fiscal emergency or crisis on the part of the State of California, the Board can make a finding that a project has an Inactive Preliminary Apportionment, as defined in Regulation Section 1859.2, that no longer meets the meaning of Preliminary Apportionment as defined in Education Code Section 17078.10(c), and that the four-year period with a possible one time one-year extension requirement set forth in Education Code Section 17078.25(a) and (b) is therefore suspended as of December 17, 2008 and until such time as the Board finds that State bond funds are available for the project, the balance of four-year period with a possible one time one-year extension period which existed on December 17, 2008 shall resume. Once the Board finds that State bond funds are available for the project, the four-year period with a possible one time one-year extension requirement set forth in Education Code Section 17078.25(a) and (b) shall resume but in no case shall that period of time exceed a total of four-year period with a possible one time one-year extension while the subject project has a Preliminary Apportionment. Each project will resume where its originating period of time was suspended, as of December 17, 2008.

This regulation section shall become inoperative January 1, 20~~11~~12.

Note: Authority cited: Sections 17070.35 and 17075.15, Education Code.

Reference: Section 17078.25, Education Code.

Section 1859.166.2. Inactive Preliminary Charter School Apportionments Under a State of California Fiscal Crisis.

In the event the Board determines there is a fiscal emergency or crisis on the part of the State of California, the Board can make a finding that a project has an Inactive Preliminary Charter School Apportionment, as defined in Regulation Section 1859.2, that no longer meets the meaning of Preliminary Charter School Apportionment as defined in Education Code Section 17078.52(c)(3), and that the four-year period with a possible one time one-year extension requirement set forth in Education Code Section 17078.25(a) and (b) is therefore suspended as of December 17, 2008 and until such time as the Board finds that State bond funds are available for the project, the balance of four-year period with a possible one time one-year extension period which existed on December 17, 2008 shall resume. Once the Board finds that State bond funds are available for the project, the four-year period with a possible one time one-year extension requirement set forth in Education Code Section 17078.25(a) and (b) shall resume but in no case shall that period of time exceed a total of four-year period with a possible one time one-year extension while the subject project has a Preliminary Charter School Apportionment. Each project will resume where its originating period of time was suspended, as of December 17, 2008.

This regulation section shall become inoperative January 1, 20~~11~~12.

Note: Authority cited: Sections 17070.35 and 17078.64, Education Code.

Reference: Sections 17078.52 and 17078.53, Education Code.

Section 1859.81. Financial Hardship.

(f) If the district submits Form SAB 50-04 within 180 calendar days of the OPSC notification of approval of financial hardship and the project(s) has been included on the "Unfunded List (Lack of AB 55 Loans)" for more than 180 calendar days as a result of the State of California's inability to provide interim financing from the Pooled Money Investment Account (AB 55 loans), the Board may suspend the unfunded review requirement as defined in Regulation Section 1859.81(e). Projects added to any other unfunded list shall be subject to the review detailed in Regulation Section 1859.81(e). Regulation Section 1859.81(f) shall become inoperative January 1, 20~~11~~12, at which time the Board will have the option to extend the SFP emergency regulations (Regulation Sections 1859.96, 1859.148.2, and 1859.166.2) for another year or declare the State's fiscal crisis is over.

Note: Authority cited: Sections 17070.35, 17075.15, 17078.72 and 17592.73, Education Code.

Reference: Sections 17071.75, 17075.10, 17075.15, and 17079.20, Education Code.

ATTACHMENT D

Attachment B

(Extend the Inactive Preliminary Charter School Apportionment, the Inactive Preliminary Apportionments Regulations, and the Financial Hardship Re-Review Regulations for six months)

Section 1859.148.2. Inactive Preliminary Apportionments Under a State of California Fiscal Crisis.

In the event the Board determines there is a fiscal emergency or crisis on the part of the State of California, the Board can make a finding that a project has an Inactive Preliminary Apportionment, as defined in Regulation Section 1859.2, that no longer meets the meaning of Preliminary Apportionment as defined in Education Code Section 17078.10(c), and that the four-year period with a possible one time one-year extension requirement set forth in Education Code Section 17078.25(a) and (b) is therefore suspended as of December 17, 2008 and until such time as the Board finds that State bond funds are available for the project, the balance of four-year period with a possible one time one-year extension period which existed on December 17, 2008 shall resume. Once the Board finds that State bond funds are available for the project, the four-year period with a possible one time one-year extension requirement set forth in Education Code Section 17078.25(a) and (b) shall resume but in no case shall that period of time exceed a total of four-year period with a possible one time one-year extension while the subject project has a Preliminary Apportionment. Each project will resume where its originating period of time was suspended, as of December 17, 2008.

This regulation section shall become inoperative ~~January~~ July 1, 2011.

Note: Authority cited: Sections 17070.35 and 17075.15, Education Code.

Reference: Section 17078.25, Education Code.

Section 1859.166.2. Inactive Preliminary Charter School Apportionments Under a State of California Fiscal Crisis.

In the event the Board determines there is a fiscal emergency or crisis on the part of the State of California, the Board can make a finding that a project has an Inactive Preliminary Charter School Apportionment, as defined in Regulation Section 1859.2, that no longer meets the meaning of Preliminary Charter School Apportionment as defined in Education Code Section 17078.52(c)(3), and that the four-year period with a possible one time one-year extension requirement set forth in Education Code Section 17078.25(a) and (b) is therefore suspended as of December 17, 2008 and until such time as the Board finds that State bond funds are available for the project, the balance of four-year period with a possible one time one-year extension period which existed on December 17, 2008 shall resume. Once the Board finds that State bond funds are available for the project, the four-year period with a possible one time one-year extension requirement set forth in Education Code Section 17078.25(a) and (b) shall resume but in no case shall that period of time exceed a total of four-year period with a possible one time one-year extension while the subject project has a Preliminary Charter School Apportionment. Each project will resume where its originating period of time was suspended, as of December 17, 2008.

This regulation section shall become inoperative ~~January~~ July 1, 2011.

Note: Authority cited: Sections 17070.35 and 17078.64, Education Code.

Reference: Sections 17078.52 and 17078.53, Education Code.

Section 1859.81. Financial Hardship.

(f) If the district submits Form SAB 50-04 within 180 calendar days of the OPSC notification of approval of financial hardship and the project(s) has been included on the "Unfunded List (Lack of AB 55 Loans)" for more than 180 calendar days as a result of the State of California's inability to provide interim financing from the Pooled Money Investment Account (AB 55 loans), the Board may suspend the unfunded review requirement as defined in Regulation Section 1859.81(e). Projects added to any other unfunded list shall be subject to the review detailed in Regulation Section 1859.81(e). Regulation Section 1859.81(f) shall become inoperative ~~January~~ July 1, 2011, at which time the Board will have the option to extend the SFP emergency regulations (Regulation Sections 1859.96, 1859.148.2, and 1859.166.2) for another year or declare the State's fiscal crisis is over.

Note: Authority cited: Sections 17070.35, 17075.15, 17078.72 and 17592.73, Education Code.

Reference: Sections 17071.75, 17075.10, 17075.15, and 17079.20, Education Code.

ATTACHMENT E

REPORT OF THE EXECUTIVE OFFICER

State Allocation Board Meeting, December 15, 2010

PRELIMINARY APPORTIONMENT ADVANCE FUND RELEASE OPTIONS

PURPOSE OF REPORT

To present options for making cash available for Charter School Facility Program (CSFP) preliminary apportionment advance fund releases and Critically Overcrowded Schools (COS) Environmental Hardship (EH) advance fund releases.

BACKGROUND

At its June 2009 meeting, the Board declared COS and CSFP Preliminary Apportionments inactive. Both programs allow for advance fund releases from the Preliminary Apportionment amount. Advance fund releases for the CSFP and COS EH are not considered separate apportionments in and of themselves; therefore, they are not placed on the Unfunded Approvals list. Since they are not Unfunded Approvals, there has been no mechanism to reserve bond sale proceeds for these requests and thus they have been ineligible to compete for funding. Even though these applications are not on the Unfunded Approvals list there is still a need for cash to move forward with the projects.

At its October 2010 meeting, the Board approved the allocation of $10 million in cash proceeds to the CSFP for purposes of advance fund releases for Proposition 55 and Proposition 1D filing round recipients. This resulted in a filing period in which 17 requests for consideration were submitted. After a lottery to determine who would receive the funding, two projects were approved in full and two others have been offered partial fund releases. However, this still leaves a need of over $178.3 million in CSFP advance fund releases. COS EH projects have never been allocated cash proceeds for advance fund releases. In total, there is a need of approximately $131.9 million in COS EH advance fund releases.

As of December 10, 2010, there is approximately $1.4 billion in bond sale proceeds available. Of this amount, approximately $116.5 million comes from taxable bonds which are eligible to be used for funding programs like the CSFP which contain a loan component.

AUTHORITY

SFP Regulation Section 1859.153.1(a) "…a district that meets the following may request an advance release of funds from a preliminary apportionment: (c) A district is eligible for an amount, not to exceed the Preliminary Apportionment, for environmental hardship site acquisition pursuant to Section 1859.75.1 after submittal of a Form SAB 50-08 pursuant to Section 1859.141."

SFP Regulation Section 1859.164.2 states the following regarding advance fund releases:

> "A Charter School receiving a Preliminary Charter School Apportionment from the Board after July 2, 2003 may request an advance release of funds for either of the following:
> (a) A separate advance release of funds for design equal to 20 percent of the amount determined in Section 1859.163.1(a)(1) through (9) or Section 1859.163.5(a) through (g).
> (b) A separate advance release of funds for site acquisition once the requirements in Section 1859.81.1(a)(2) and (3) are met for an amount not to exceed the Preliminary Charter School Apportionment for site acquisition. The Board shall release to the Charter School an amount up to the Preliminary Charter School Apportionment determined in Section 1859.163.1(b).
> Qualified Charter Schools may request a separate advance release of funds for the design and for the site acquisition for the same project. A Charter School seeking an advance release of funds pursuant to (a) and/or (b) must have been deemed and maintained financial soundness status from the Authority. Subject to the availability of financing provided by the Pooled Money Investment Board for bond-funded projects, the OPSC will release State funds included in a Preliminary Charter School Apportionment pursuant to (a) or (b) to the Charter School after submittal of the Form SAB 50-05."

(Continued on Page Two)

AUTHORITY (cont.)

Inactive Preliminary Apportionment….that no longer meets the meaning of a Preliminary Charter School Apportionment….and that the four-year period….is therefore suspended as of December 17, 2008."

Education Code Section 17070.35(a) states, "In addition to all other powers and duties as are granted to the board by this chapter, other statutes, or the California Constitution, the board shall do all of the following:

(1) Adopt rules and regulations, pursuant to the rulemaking provisions of the Administrative Procedure Act, Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, for the administration of this chapter…

(2) Establish and publish any procedures and policies in connection with the administration of this chapter as it deems necessary…"

Budget Letter 10-09 requires that if there are insufficient bond proceeds, departments and agencies are responsible for placing projects in priority order that will be funded consistent with the priority order criteria outlined (including job creation). It also indicates that if bond proceeds are not managed efficiently, additional bonds may not be sold for the program.

STAFF COMMENTS

CSFP Advance Fund Releases

Many charter schools that participate in the CSFP do not have the resources to move school construction projects forward without an infusion of State funding through advance fund releases. Of the 77 projects awarded Preliminary Apportionments or Unfunded Preliminary Apportionments since the inception of the program, 61 accepted 100% upfront funding. The local matching share provided in the form of a 30 year lease from the State, while another seven projects requested a 30 year lease for a portion of their local matching share. The lack of available funding for advance design and site acquisition fund releases prevents most CSFP recipients from reaching a point where they can compete for full funding and effectively halts almost all activity within the program.

The options presented below would only reserve bond sale proceeds for the amount of a recipient's advance fund release(s), not for the entire Preliminary Apportionment or Unfunded Preliminary Apportionment. However, since the Board approves a CSFP full conversion in the same manner as a regular SFP new construction or modernization project, the restoration of advance fund releases would put CSFP projects back on level ground with other SFP projects in the competition for available bond sale proceeds for full fund release requests.

Since all of the conditions and mechanisms of the pre-conversion process that existed prior to the fiscal crisis would now be available to CSFP participants, all Preliminary Apportionments that receive a set-aside could be re-activated and their statutory timelines could resume. Once a project converts it will receive an Unfunded Approval.

In deciding how to disburse the recent bond sale proceeds, it should be noted that the State Treasurer's Office has advised the OPSC that any loan amount awarded as part of a fund release request can only be funded through taxable bonds. Loans account for $78.3 million of the $178.2 million in eligible advance fund release requests, and the most recent bond sale included $116.5 million in taxable bond sale proceeds.

*CSFP Option 1: Make cash available for all possible advance fund releases and re-activate all projects (**Total Need: $178,263,870**)*

The Board could choose to reserve bond sale proceeds for all of the possible advance design and site funds releases for the remaining projects in all three filing rounds. This would allow a recipient to request and receive

(Continued on Page Three)

STAFF COMMENTS (cont.)

an advance fund release at any time, allowing them to work toward conversion. Projects from the 2009 Filing Round would be converted from Unfunded Preliminary Apportionments to Preliminary Apportionments.

Pros:
- Completely restores all CSFP projects to an active status
- Allows projects to move forward ensuring that bonding authority does not remain idle
- Avoids the need to re-visit activation issue at a later date
- Takes advantage of the availability of taxable bonds

Cons:
- Less cash would be available for the current priority funding round

CSFP Option 2: Make cash available to cover only requests related to the $10 million recently made available by the Board and place remaining advance fund release amounts on the Unfunded Approvals List. Re-activate Preliminary Apportionments once advance fund releases for both site acquisition and design costs have been granted. ***(Total Need: $45,989,455***)

This option would currently provide cash to cover only those requests that were submitted during the filing period for the $10 million in cash proceeds made available by the Board at the October 2010 meeting. The requests submitted for this filing round total approximately $56 million. When offset by the $10 million already available, the need from the most recent bond sale would be approximately $46 million. All projects that have received both design and (if applicable) site acquisition advance fund releases could then be re-activated as of December 15, 2010, but all other projects from all three filing rounds would have to remain inactive. Providing additional cash to the lottery would have the same effect as making the cash available through a priority funding round because the lottery process required submittal of a fund release within a required timeline.

Moving forward, the advance fund release amounts could be placed on the Unfunded Approvals list using the original date of the Preliminary Apportionment in place of the SAB Unfunded Approval Date. By placing these amounts on the Unfunded Approvals List applicants could participate in future priority funding rounds with the same timelines for submitting a fund release request as all other applications. Those who received priority funding for advance fund releases in a future priority funding round would receive a new unfunded approval date for their advance fund release if they failed to submit the fund release request by the deadline established.

Pros:
- Satisfies the known immediate funding need within the CSFP
- Provides a plan for addressing these needs in future priority funding rounds
- Does not require large cash reserves that may remain unused for an undetermined length of time
- Restores 17 projects to an active status
- Allows projects to move forward ensuring that bonding authority does not remain idle
- Takes advantage of the availability of taxable bonds

Cons:
- May be inequitable as potential applicants were not aware that submitting a request could impact the disbursal of future bond sale proceeds
- The majority of CSFP projects would remain inactive
- Less cash would be available for the current priority funding round

*CSFP Option 3: Make cash available for Proposition 55 (2005) and Proposition 1D (2008) advance fund release and re-activate (**Total Need: $168,435,047**)*

The Board could choose to reserve bond sale proceeds for all of the possible advance design and site fund releases for the remaining projects in these filing rounds. It would exclude the 2009 filing round so that the proceeds saved could be applied to the current priority funding round. This would allow a recipient in the earlier funding rounds to request and receive an advance fund release at any time, allowing them to work toward conversion.

(Continued on Page Four)

STAFF COMMENTS (cont.)

Pros:
- Restores to an active status all projects that have been inactive since the onset of the State's fiscal crisis
- Allows older projects to move forward ensuring that bonding authority does not remain idle
- Takes advantage of the availability of taxable bonds

Cons:
- Board would still need to set aside $9.8 million in future bond sale proceeds for the 2009 filing round recipients at a later date
- Preliminary Apportionments from the 2009 filing round would remain unfunded and inactive
- Less cash would be available for the current priority funding round

CSFP Option 4: Make cash available for only Proposition 55 advance fund releases and re-activate ***(Total Need: $40,335,148***)

This option would allow only Proposition 55 recipients to request and receive an advance fund release at any time, allowing them to work toward conversion. The Proposition 55 projects were declared inactive with 14 months left before the final conversion date. These projects are generally the furthest along and the closest to resolution via either conversion or rescission. They are also generally at the most critical juncture. Several of these are ready or nearly ready to submit an advance fund release request, pending the availability of cash.

Pros:
- Restores to an active status the projects with the earliest Preliminary Apportionment date
- Allows Proposition 55 projects to move forward ensuring that bonding authority does not remain idle
- Takes advantage of the availability of taxable bonds

Cons:
- Board would still need to set aside $137.9 million in future bond sale proceeds for other CSFP recipients at a later date
- The majority of CSFP projects would remain inactive
- Less cash would be available for the current priority funding round

CSFP Option 5: Set aside bond sale proceeds to cover only Proposition 1D and 2009 Filing Round advance fund releases and re-activate ***(Total Need: $137,928,722***)

Since Proposition 55 received the least amount of proceeds from the recent bond sale, the Board could choose to reserve bond sale proceeds for only the Proposition 1D and 2009 Filing Round, excluding the Proposition 55 projects

Pros:
- Restores to an active status all Proposition 47 and Proposition 1D projects
- Would allow bond sale proceeds from Proposition 55 to be used in other areas at the Board's discretion
- Allows projects to move forward ensuring that bonding authority does not remain idle
- Takes advantage of the availability of taxable bonds

Cons:
- May be inequitable as Proposition 55 projects have the earliest Preliminary Apportionment dates in the CSFP
- Board would still need to set aside $40.3 million in future bond sale proceeds for Proposition 55 recipients at a later date
- Proposition 55 projects would remain inactive
- Less cash would be available for the current priority funding round

(Continued on Page Five)

STAFF COMMENTS (cont.)

CSFP Option 6: Do not make cash available for the CSFP at this time ***(Total Need: $0***)

The Board could choose to not reserve any bond sale proceeds for the CSFP at this time in order to provide more cash for the current priority funding round.

Pros:

- Maximizes cash available for the current priority funding round

Cons:

- Board would still need to set aside $178.3 million in future bond sale proceeds for CSFP recipients at a later date
- All CSFP projects would remain inactive
- Does not take advantage of the availability of taxable bonds

COS EH advance site acquisition approvals

Under the COS program districts are eligible to request an advance fund release for site acquisition when excessive time for the remediation of hazardous waste is required. The advance site acquisition approvals are based on a cost estimate and are adjusted when the district submits a final adjusted grant funding application for the project. Currently, there are 12 projects with COS EH advance site acquisition approvals totaling approximately $131.9 million that have not received fund releases. All 12 projects are from the Los Angeles Unified School District (District) and each project received an advance COS EH site acquisition approval on or before July 31, 2009. Of the 12 projects, 10 have submitted a final adjusted grant application and have received an Unfunded Approval date; seven of the twelve projects will receive priority funding for the full grant amount as part of the October 2010 priority funding round, leaving a cash need for five COS EH advance site acquisition approvals. Each COS EH project approval received Proposition 55 bonding authority.

*COS Option 1: Make cash available for advance COS EH site acquisition approvals and re-activate projects not yet on the Unfunded Approvals list (****Total Need: $86,619,947)***

The Board could choose to reserve $86.6 million in Proposition 55 bond sale proceeds for each of the 5 COS EH site acquisition advanced approvals that are not receiving priority funding for the full grant amount.

Pros:

- The Board would be providing cash to applications that received approvals prior to 99% of the applications on the Unfunded Approvals list
- Restores an additional two projects to an active status
- The District will receive cash to get all 12 projects moving whereas not every COS project on the unfunded list will receive a priority funding apportionment
- Keeps with the intent of the COS program to provide cash for advance fund releases prior to full apportionment

Cons:

Less Proposition 55 cash would be available for the current priority funding round

*COS Option 2: Add COS EH site acquisition approvals to the Unfunded Approvals List for inclusion in priority funding rounds (including the October 2010 priority funding round)(****Total Need: $58,890,425)***

When a district requests a COS EH site acquisition approval, the OPSC sends an approval letter. The date of the approval letter would be used instead of the SAB Unfunded Approval Date to place these approvals on the Unfunded Approvals List. By adding these approvals to the Unfunded Approvals List, districts could participate in the October 2010 and future priority funding rounds. When Los Angeles Unified submitted its October 2010 priority funding round request, it requested consideration for nine of the twelve COS EH site acquisition approvals. Six of those nine projects will receive a full grant apportionment. The approval letter dates would place the three remaining COS EH site acquisition fund release requests early enough on the Unfunded Approvals List to be above the funding line, requiring $58,890,425. The other three approvals would be placed on the list for consideration in a future priority funding round. If the fund release requests are not submitted for a COS EH site acquisition approval by the priority funding round deadline, the COS EH site acquisition approvals will receive the new unfunded approval date required by the priority funding round.

(Continued on Page Six)

STAFF COMMENTS (cont.)

Those projects that have not already converted to a final apportionment could be re-activated once the cash is made available for the COS EH site acquisition approval.

Pros:

- This option would treat COS EH site acquisition approvals in an equal manner as other applications on the Unfunded Approvals List.
- Cash would be made available for approvals made prior to 99% of the applications on the Unfunded Approvals List
- Keeps with the intent of the COS program to provide cash for advance fund releases prior to full apportionment

Con:

- Less Proposition 55 cash would be available for the current priority funding round for full adjusted grant applications

*COS Option 3: Do not make cash available for advance COS EH site acquisition approvals (**Total Need: $0**)*

Providing advance fund releases for COS EH site acquisition approvals is not the only method available for these projects to receive funding, as some have been converted to full COS applications and been placed on the Unfunded Approvals list. However, based on the total amount of available cash for priority funding the District will not receive a priority funding apportionment for each COS adjusted grant application

Pros:

- This option would make more cash available to the current priority funding round

Cons:

- This option would be excluding a specific set of applications that received approvals prior to 99% of the applications on the Unfunded Approvals list
- Only a small portion of the District's COS applications would receive funding to move forward with the project

RECOMMENDATIONS

1. Approve CSFP option 1 to make cash available for all possible CSFP advance fund releases.
2. Approve COS option 1 to make cash available for all COS EH advance site acquisition approvals.

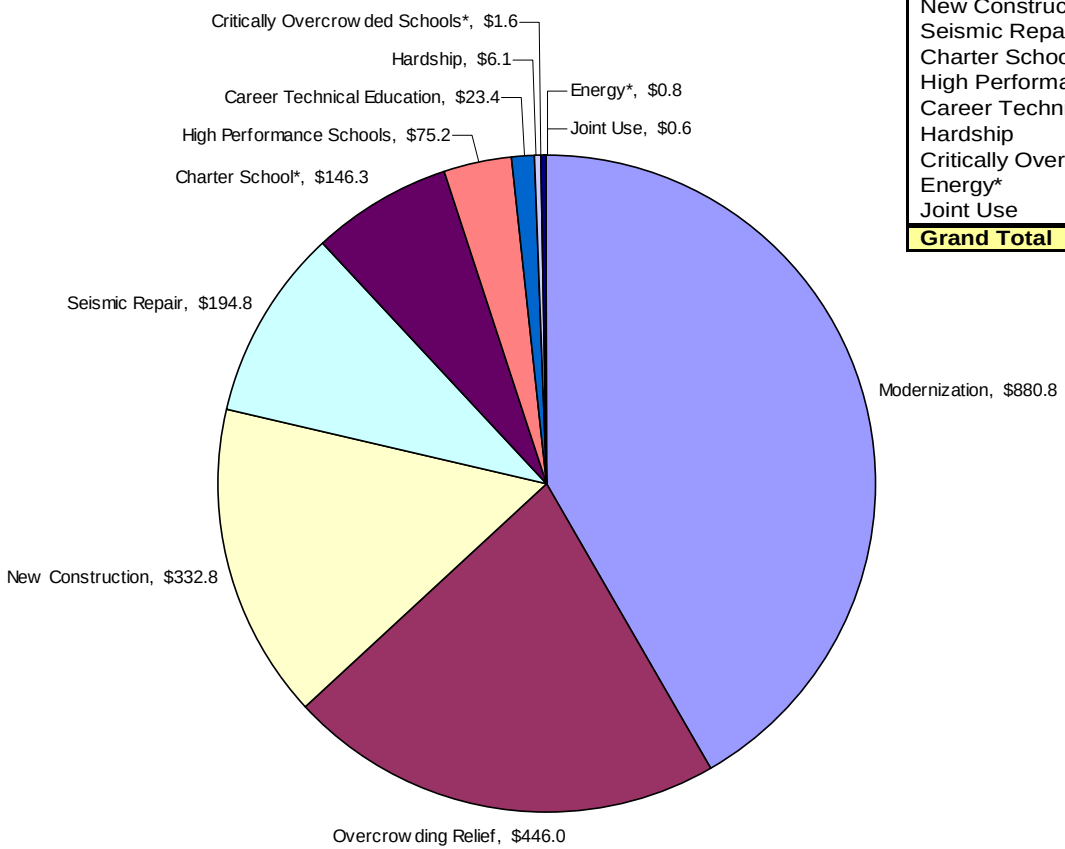
BOARD ACTION

In considering this Item, the Board approved Option #2, which would make cash available to cover only requests related to the $10 million recently made available by the Board and place remaining advance fund release amounts on the Unfunded Approvals List. The Board's approval would also reactivate Preliminary Apportionments once advance fund release for both site acquisition and design costs had been granted ($45,989,455). The approval provided the stipulation that staff would bring back options that could look at addressing the timeline issues to get charter schools on a faster timeframe based on a phase process, and having another opportunity to get into the funding queue (between 90 days and five years). Further, it was expressed that this action included the approval of Option #2 regarding the COS, which would add COS EH site acquisition approvals to the Unfunded Approvals List for inclusion in priority funding rounds (including the October 2010 priority funding round) [$58,890,425].

In addition to the above, the Board made available an additional $50 million for an additional filling round for charter schools with the same structure that the previous round ($10 million) was for site and plans and come back with a recommendation on the amount of time site and plans must be perfected (90 to 150 day timeline).

Remaining Bond Authority - $2.108 billion

(by program, in millions)
as of March 23, 2011



Remaining Bond Authority (in millions)		
Modernization	$	880.8
Overcrowding Relief	$	446.0
New Construction	$	332.8
Seismic Repair	$	194.8
Charter School*	$	146.3
High Performance Schools	$	75.2
Career Technical Education	$	23.4
Hardship	$	6.1
Critically Overcrowded Schools*	$	1.6
Energy*	$	0.8
Joint Use	$	0.6
Grand Total	**$**	**2,108**

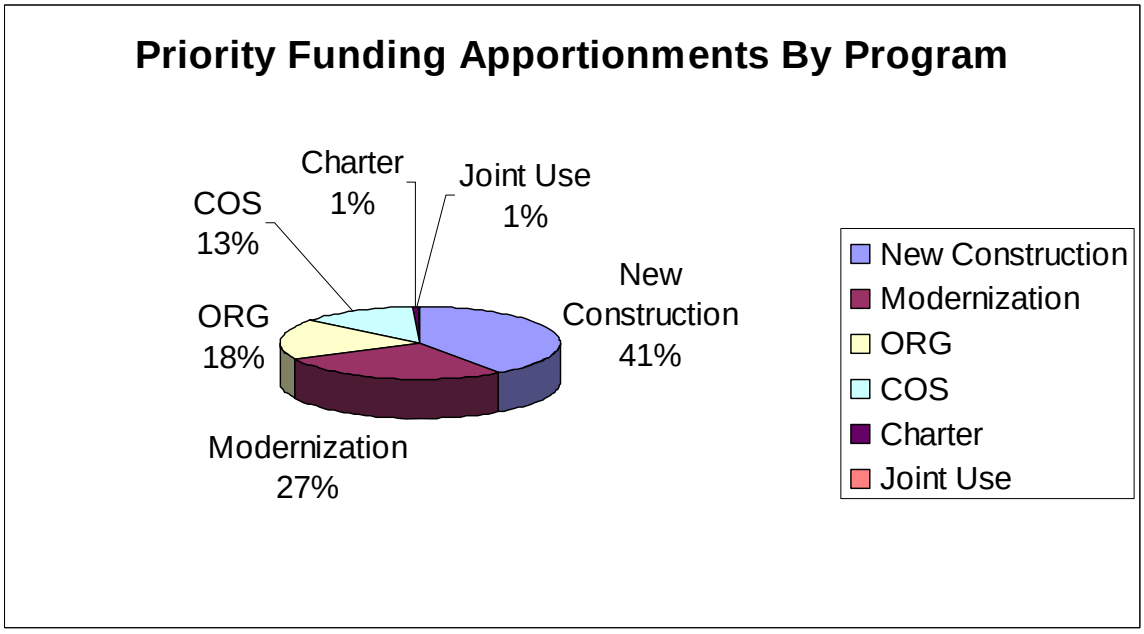
(Rev. 1)

ATTACHMENT G

Priority Funding Percentages

Priority Funding Apportionments by Program

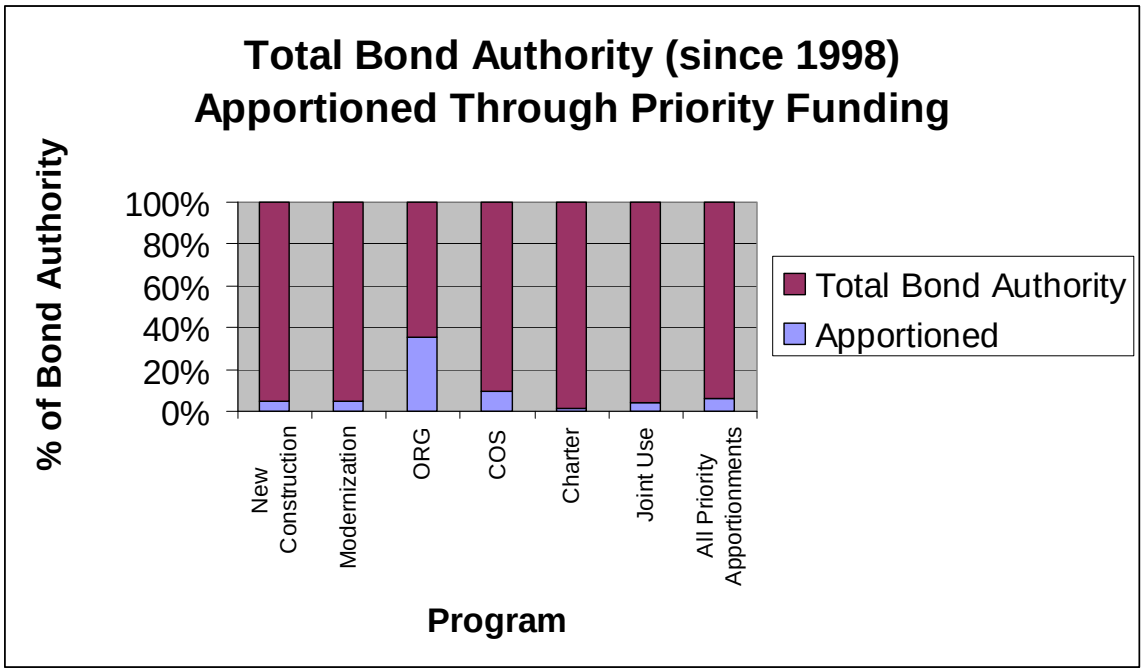
Program	Apportioned	% of Apportionments
New Construction	$803,250,423	40%
Modernization	$557,605,632	27%
ORG	$365,383,091	18%
COS	$270,490,987	13%
Charter	$12,109,894	1%
Joint Use	$7,395,599	1%
Total	**$2,016,235,626**	**100%**



Priority Funding Percentages

Total Bond Authority (since 1998) Apportioned Through Priority Funding

Program	Proportion of Total Bond Authority	Apportioned	Total Bond Authority	Proportion of Total Bond Authority Apportioned Through PIF	% of Program Bond Authority Apportioned through PIF
New Construction	50.7%	$803,250,423	$16,015,800,000	39.8%	5%
Modernization	34.6%	$557,605,632	$10,950,000,000	27.7%	5%
ORG	3.2%	$365,383,091	$1,000,000,000	18.1%	37%
COS	8.1%	$270,490,987	$2,581,539,197	13.4%	11%
Charter	2.8%	$12,109,894	$900,000,000	0.6%	1%
Joint Use	0.6%	$7,395,599	$174,200,000	0.4%	4%
All Priority Apportionments		$2,016,235,626	$31,621,539,197	**100%**	6%



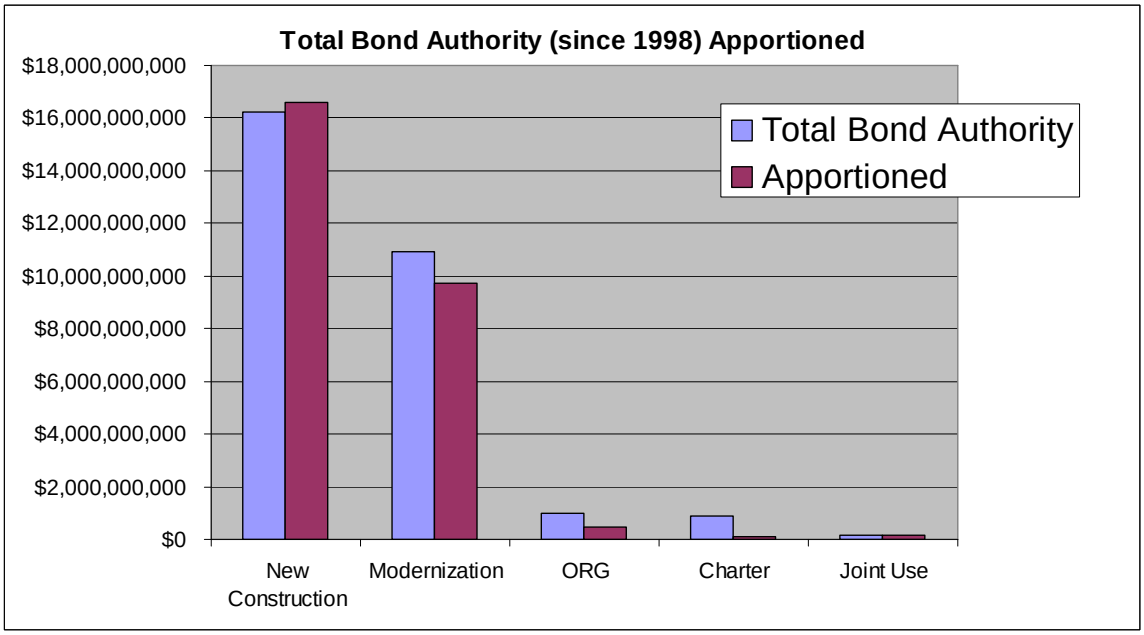
ATTACHMENT H

Total Apportionment Percentages

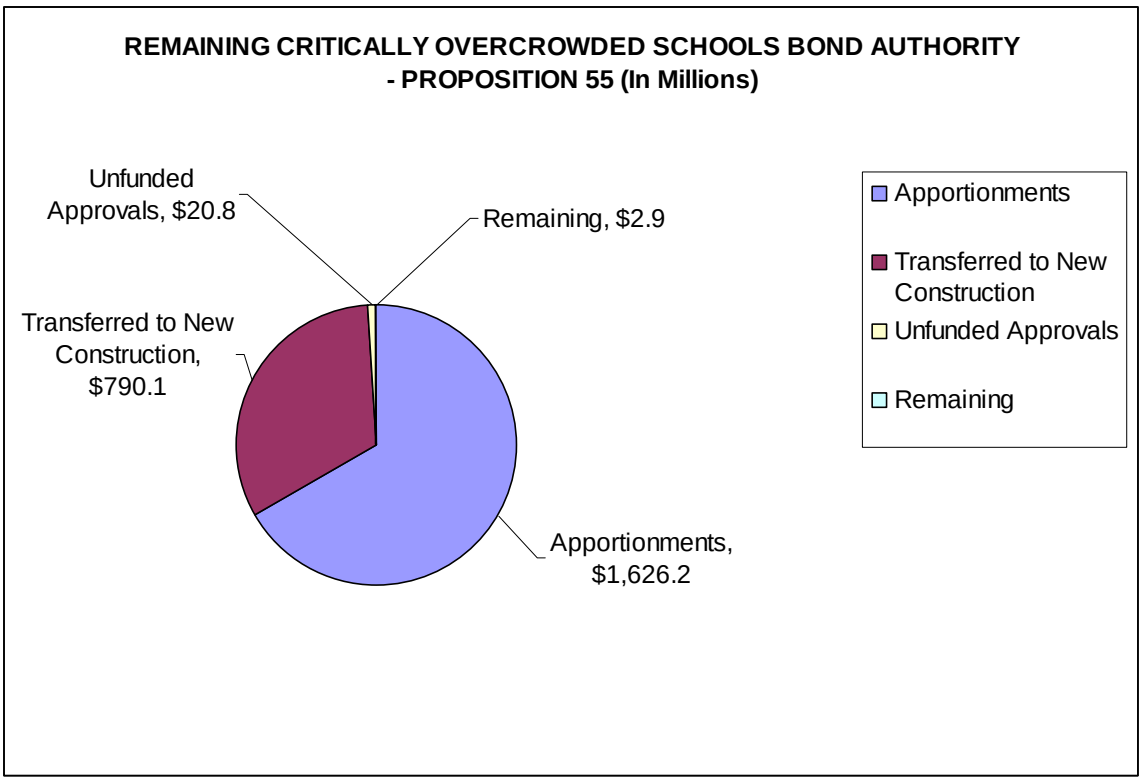
Total Bond Authority (since 1998) Apportioned

Program	Apportioned	Total Bond Authority	% of Bond Authority
New Construction	$16,619,256,262*	$16,227,500,000	103%
Modernization	$9,732,743,892	$10,950,000,000	89%
ORG	$487,176,545	$1,000,000,000	49%
Charter	$128,089,783	$900,000,000	15%
Joint Use	$173,800,703	$174,200,000	99%

*Apportionments exceed Total Bond Authority (TBA) for this chart due to authority transferred to the New Construction program which is not yet reflected in the TBA.



ATTACHMENT I

REMAINING CRITICALLY OVERCROWDED SCHOOLS BOND AUTHORITY PROPOSITION 55

Total Authority	**$2,440,000,000**
Less: Apportionments	$1,626,200,000
Less: Transferred to New Construction	$790,100,000
Less: Unfunded Approvals	$20,800,000
Remaining	**$2,900,000**