

Report of the Executive Officer
State Allocation Board Meeting, May 29, 1996

DISTRIBUTION OF THE REMAINING PROPOSITION 203 FUNDS

PURPOSE OF REPORT

To discuss the distribution of remaining Proposition 203 funds.

DESCRIPTION

At the State Allocation Board (SAB) meeting on May 1, 1996, action was taken to authorize the apportionment of approximately \$1.36 billion of Proposition 203 funds for hardship, priority one and two projects for new and modernization projects on the "unfunded" list dated May 1, 1996. The SAB also directed staff to develop recommendations for distribution of the \$705 million balance of the proposition 203 funds still available. Provisions of this Bond Act allow up to \$1.065 billion of the proceeds to be used for multiple programs other than new construction. To date, \$518 million of the \$1.065 billion has been dedicated for modernization; therefore \$547 million of the remaining \$705 million could be set aside for these programs and at least \$158 million must be used for new construction.

Shown below are various alternatives available for the distribution of the remaining funds:

Alternative #1

Do not reserve or make apportionments for any programs until consideration is given to fund those projects on the May 1, 1996 "unfunded" list where the district is electing to enhance its priority and also to address those projects where the district believes its project should have been included on that list and funded. Direct the funds to the contingency reserve and reconsider distribution of the remaining funds when these issues have been addressed.

Alternative #2

Reserve the balance of funds for hardship and priority one new construction and modernization projects only. Consideration should be given for continued funding for projects with specific hardship needs and for those projects that become eligible for a phase zero after May 1, 1996. Since the emphasis and direction is towards more district financial contribution, funding of hardships and priority one projects appears reasonable at this time. Reservation of the remaining \$705 million could be prorated to new construction and modernization based on previous funding requests (i.e. 62% for new construction or \$437 million and 38% for modernization or \$268 million).

Alternative #3

Reserve funds for the various programs as outlined on Attachment A.

Attachment B is an analysis of the remaining bond funds including the projected need and funds available for apportionment based on the alternatives noted above.

RECOMMENDATION

Adopt Alternative #1