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C.A.S.H. Maintenance Network Regional Workshop

Friday, November 13, 2009

12:00 p.m. to 4:00 p.m.

Contra Costa County Office of Education

77 Santa Barbara Road

Pleasant Hill, CA

STATE BUDGET AND LEGISLATIVE UPDATE

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Handout materials are available online after the workshop. To download the materials, visit www.cashnet.org/meetings and click on the link labeled "Workshop and Conference Handouts."



Maintenance Network Regional Workshops

Budget and Legislative Update

Ian Padilla
C.A.S.H.

Contra Costa COE
November 13, 2009

State Budget and its Implications for School Facilities

- Legislation – Few School Facilities Bills Survive The Process
- Pooled Money Investment Board – SFP Funding Freeze
- State Agencies – Furloughs and Workload
- School Bond 2010 – Will It Happen?



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Short History of M&O Programs and Funding

- School maintenance funding and programs were in various levels of jeopardy throughout 2008 and into 2009.
- Legislation and budget proposals were introduced which would have reduced the amount school districts are required to contribute to the RRMA, as were budget proposals to completely eliminate DMP funding.



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Short History of M&O Programs and Funding cont.

- Governor and Legislature developed a “Categorical Flexibility” proposal.
- Intended to provide greater local flexibility for districts as compensation for deep funding cuts to education programs by allowing districts to move funding from one categorical program to fund another according to local priorities.



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Short History of M&O Programs and Funding cont.

- The Legislature proposed targeted elimination of particular categorical programs with no flexibility, but proposed to eliminate the DMP funding altogether.
- The Governor proposed full funding of the DMP and across-the-board 15.4% cuts to categorical programs (but did not eliminate programs), and included the flexibility provision.
- In the end, the Governor's approach won out and was included in the final version of the budget that was signed into law.



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Short History of M&O Programs and Funding cont.

- By allowing flexibility for school districts to use categorical funding according to local priorities, including school maintenance funding, retention of sufficient funding to adequately fund schools will be an ongoing challenge.
- C.A.S.H. is committed to full-funding of the Deferred Maintenance Program, the 3% contribution to the RRMA, district contribution of the local match, and full-funding of the ERP.



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Summary of M&O Program and Funding

Deferred Maintenance Program

- The State Budget includes \$234,722,000 in 2008-09 and \$250,806,000 in 2009-10 to fund the DMP.
- These amounts reflect full funding of the DMP less the 15.4% reduction that all categorical programs received.



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Summary of M&O Program and Funding cont.

Routine Restricted Maintenance Account

- State Budget reduces the amount that school districts are required to set aside in the RRMA from 3% of the district General Fund to zero.
- This requirement will be in effect for 5 years beginning in 2008-09.



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Summary of M&O Program and Funding cont.

School District Local Match

- State Budget eliminates the requirement that school districts must set at least a half percent of the “current-year revenue limit ADA” funding for maintenance of facilities and submit a related report to the Legislature.
- This requirement will be in effect for 5 years beginning in 2008-09.



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Summary of M&O Program and Funding cont.

Use of Net Ending Balances for Maintenance Funding

- Allows LEAs to access prior-year fund balances in 2009-10 beyond those provided in February, and includes the DMP.
- The February State Budget did not allow LEA's to access prior-year fund balances.



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Summary of M&O Program and Funding cont.

Deferred Maintenance Extreme Hardship

- For 2008-09 through 2012-13, authorizes the SAB to release “extreme hardship” deferred maintenance funding in advance of the normal timeline to avoid serious facility damage or hazard to the health and safety of students.
- Repeals the extreme hardship set aside in 2008-09 through 2012-13 and reinstates it commencing 2013-14.



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Emergency Repair Program

- The 2008-09 State Budget provides \$101 million for the Emergency Repair Program (ERP).
- To date only \$50 million has been deposited into the ERP account due to the State’s cash flow issues.
- This has caused some to question when the remaining \$51 million will be transferred to the ERP account.



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Emergency Repair Program cont.

- SAB reported that the ERP has received \$338 million from the appropriations by the Legislature.
- OPSC staff reported that the SAB has allocated \$330 million, including \$12 million on the August 2009 agenda, leaving \$13 million available.



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Emergency Repair Program cont.

- Concerning the 2008-09 fiscal year appropriation, OPSC staff reported that the remaining \$51 million will be provided when there are sufficient funds in the Proposition 98 Reversion Account to do so.
- That will bring the level of funding to nearly half of the \$800 million committed to the ERP as a result of the *Williams* settlement legislation.



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Emergency Repair Program cont.

- Department of Finance staff stated that they are working with the Legislature to secure the remaining \$51 million contained in the 2008-09 State Budget.
- It is anticipated that unused funds from the Class Size Reduction program will revert back to the Proposition 98 Reversion Account, which is a potential source of the \$51 million owed to the ERP account.



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