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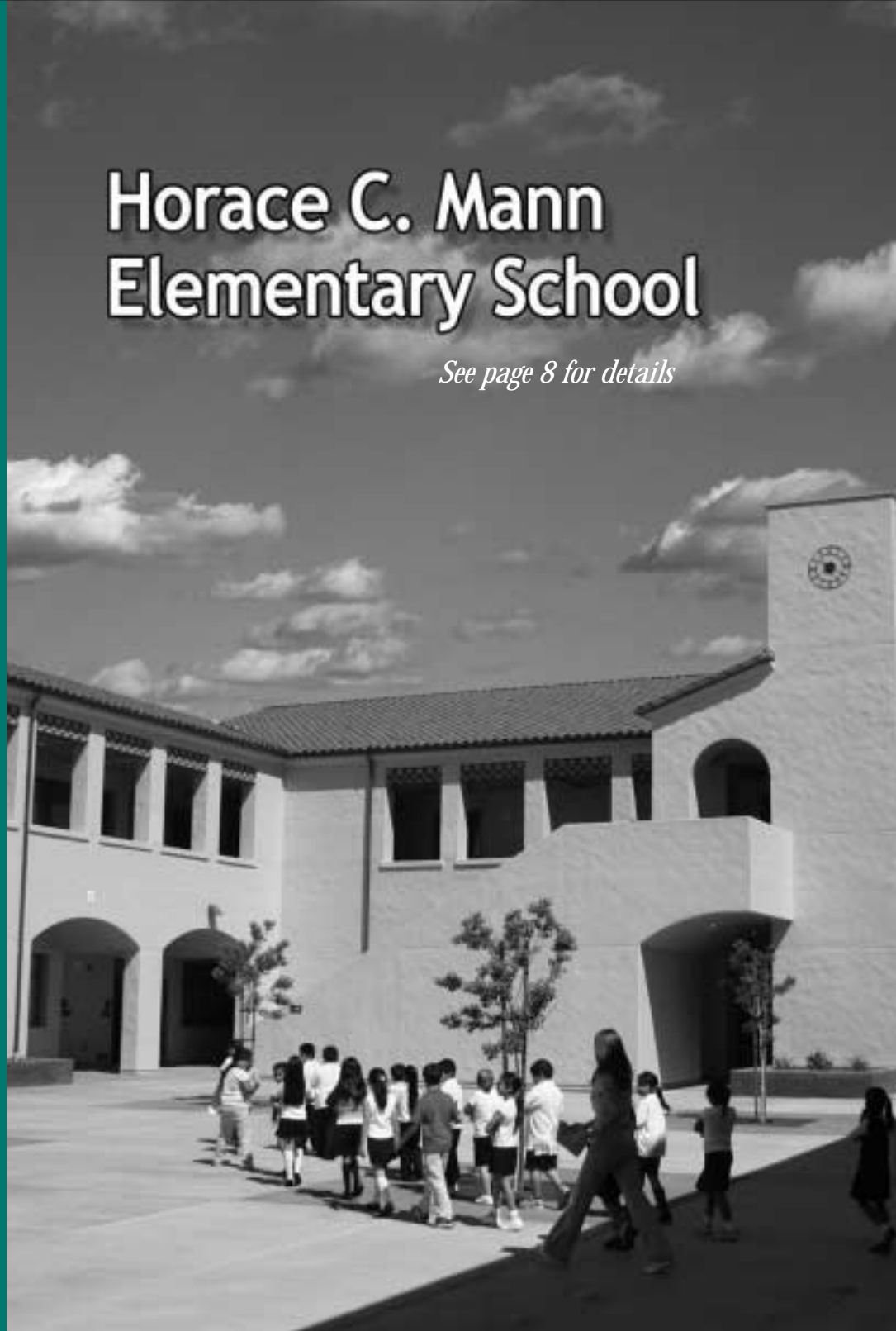
THE NEWSLETTER OF THE COALITION FOR ADEQUATE SCHOOL HOUSING

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Horace C. Mann Elementary School

See page 8 for details



Message From The Chair



Ted E. Rozzi, C.A.S.H. Chair

C.A.S.H.'s Position on AB 2832 (Fuller): Routine Restricted Maintenance Account

In light of California's significant budget deficit, the Governor's proposed reductions to K-12 education and school districts facing the unenviable task of making significant cuts to existing programs at the local level, districts are looking for alternative funding sources to help them stabilize their budgets and retain programs.

AB 2832 (Fuller) is a bill that proposes to provide "budget flexibility" by reducing the amount districts are required to contribute to the Routine Restricted Maintenance Account (RRMA) from 3% to 1.5% of their General Fund for the 2008-09 and 2009-10 fiscal years. The result would be more funding available for operations but a reduction in funding available to maintain schools. For this reason, C.A.S.H. opposes AB 2832, since it would erode the traditional firewall between capital outlay and operations funding, which we believe is a critical distinction.

Many of our friends in the education community support AB 2832, and this has caused some to question why C.A.S.H. would oppose a bill that many in the education community support.

The answer is that C.A.S.H. has always believed that well-maintained schools are a critical component of the educational process conducted in healthy and safe classrooms and support facilities. Specifically, C.A.S.H. believes that sufficient funding to maintain schools is particularly important in light of the voter approval of Propositions 47, 55 and 1D, where proper maintenance is mandatory to protect the State's significant investment in school facilities. In addition, funding to maintain schools is critical in light of the *Williams* settlement, where the plaintiffs successfully argued that the State had not made sufficient funding available to maintain schools.

C.A.S.H. understands that districts are seeking increased flexibility during these difficult budget times in order to preserve spending priorities. Nevertheless, experience has shown that funding allocated for maintaining schools is among the first cut when districts encounter budgetary constraints at both the state and local levels. Furthermore, C.A.S.H. believes that this "Rob Peter to Pay Paul" approach is not a sustainable long-term solution to the fiscal constraints districts are currently facing and would halt the progress made in addressing the health and safety concerns highlighted and addressed by the *Williams* settlement and the legislative goal of well-maintained healthy schools.

C.A.S.H.'s position on AB 2832 (Fuller) has been thoroughly reviewed and discussed by your C.A.S.H. Board

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The CASH Register solicits articles on school facility-related topics from the membership. If you are interested in submitting an article, please send it or a letter of inquiry to: Editor, CASH Register editorial office, 1130 K Street - Suite 210, Sacramento, CA 95814. Sorry, we are unable to return or acknowledge unpublished manuscripts. The views expressed herein are those of the authors and not necessarily those of the Coalition for Adequate School Housing, its board, staff or general membership.

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Sale of Surplus Property

If a district sells a school site, is it locked out of the SFP for 10 years? This issue is controlled by ECS 17462, and the short answer is “no,” as long as the proceeds from the sale of the surplus property are placed in the district’s capital outlay fund or special reserve fund for capital outlay as specified in ECS 17462.

ECS 17462 requires funds derived from the sale of surplus property to be used for capital outlay or the costs of maintenance that will not recur within a five-year period. The proceeds may also be deposited in a special reserve for capital outlay, for maintenance that will not recur within a five-year period, or for future maintenance and renovation of school sites if the district and the State Allocation Board (SAB) determine that the district has no anticipated need for school sites or building construction or major deferred maintenance projects for ten years.


If the district and the SAB determine that the district has no anticipated need for additional sites or building construction for the ten-year period following the sale or lease and no major deferred maintenance requirements, the district may deposit the proceeds in the

general fund and may use the proceeds for one-time expenditures, but may not use the funds for ongoing expenditures.

If the district deposits the proceeds in the general fund, it can apply for new construction or modernization funds after 5 years from the date of sale or lease with option to purchase if the SAB determines there was enrollment growth or need for additional sites that the district could not have easily anticipated when it said it wouldn’t have such needs for 10 years.

What may be causing the confusion is the way ECS 17462 is written. Subsection (d) is the section that refers to the prohibition from participating in the SFP for a specified number of years. Subsection (d) refers back to subsection (a), which is the section that allows the proceeds to be deposited in the general


fund under specified conditions. If someone were to miss the reference in (d) back to subsection (a), he/she might interpret (d) as requiring you to stay out of the SFP for the specified number years from the date of sale or lease with option to purchase the surplus property regardless of whether you deposited the proceeds in the capital outlay fund or the general fund.

However, the correct interpretation of ECS 17462 is the prohibition on participation in the SFP applies only if the proceeds are deposited in the general fund. There’s no restriction on participating in the SFP if the proceeds are deposited in the capital outlay fund or special reserve fund for capital outlay as specified. 

– C.A.S.H. Staff

Message From The Chair

Continued from page 2

on several occasions. As you will recall, the C.A.S.H. Board faced a similar situation a few years ago during California’s previous economic downturn concerning its opposition to SB 409 (Hollingsworth), a bill similar to AB 2832 in that it would have reduced funding available to maintain schools. The consensus of both the C.A.S.H. Board’s previous discussion over SB 409 and the current discussion over AB 2832 is that the focus of our organization is and has always been on adequate safe school facilities. 


Monthly Membership Meetings

Did you know that C.A.S.H. provides monthly membership update meetings at no cost to you?

Every fourth Wednesday of the month (the same day the State Allocation Board meets), C.A.S.H. holds an informative meeting in Sacramento from 11:00 a.m. – 12:15 p.m. which updates its members on a variety of topics. At the recent March 26 meeting, updates were provided from the Office of Public School Construction (OPSC), California Department of Education School Facilities Planning Division, and, most notably, an update from David Thorman, State Architect. Other updates were given by C.A.S.H. leadership and staff on legislative and regulatory actions, as well as key committees.

This is one way school districts and county offices can stay up-to-date on key school facility issues at little or no cost. Many people attending the C.A.S.H. monthly membership meeting stay for the State Allocation Board (SAB) meeting to hear directly from OPSC and the SAB members about the new school facility programs, regulation and policy changes, and critical state funding issues.

For a copy of the minutes from the March 26 meeting, visit the C.A.S.H. website at www.cashnet.org in the latest news section.

We look forward to seeing you in Sacramento at the April 23 meeting. For a full list of meetings that day, click on “C.A.S.H. Calendar” in the Meetings, Workshop and Conference section on the C.A.S.H. website. 

– CASH Staff

C.A.S.H. Champions Two Bills to Restore the Spirit of SB 50 and Proposition 1A

C.A.S.H. set an aggressive legislative agenda earlier this year when it committed to pursuing two critical pieces of legislation that go to the heart of SB 50 (Greene) and Proposition 1A, which created the current state facilities funding program.

The bills address the larger issue of facilities funding deficiencies inherent in the School Facility Program (SFP) and related laws and the subsequent erosion of the spirit of the SB 50 “deal” to provide sufficient funding to build new, complete schools under a simpler funding construct.

What school districts have experienced as the SFP nears its 10-year anniversary is a burdensome and complex state bureaucratic structure coupled with diminishing state contributions to cover the cost of building schools. School districts share anecdotally and empirically that they freight a greater share of school construction costs, upwards of 65 percent in many cases. This increased burden on local resources and local communities progressively has forced school districts to make tough decisions, including pouring resources into today’s projects while cannibalizing future projects or excluding whole buildings essential to educational adequacy in order to pencil their projects. While C.A.S.H. engages in statewide discussions on grant adequacy – or rather, inadequacy – the organization is sponsoring two significant bills to help districts that face this situation.

SENATE BILL 1354, authored by Senator Tom Torlakson (D-Antioch), who chairs the Senate Appropriations


Committee and the Select Committee on Schools and the Community, would restore the state’s commitment to fund 50 percent of new school construction by allowing school districts to request state facilities funding after a project has received an apportionment, and before project completion, if the district cannot build the project approved by the California Department of Education for educational adequacy with the state apportionment matched by local dollars. What SB 1354 (Torlakson) means for school districts is that they would be able to build the complete schools that they committed to their governing boards, the students that they educate, and the voters in their communities.

Senator Torlakson has spoken publicly, even before authoring SB 1354, about the state’s failure to live up to the promise it made to the people of California, who overwhelmingly supported to reform the state funding program and provided an initial \$9 billion to it. He is a crusader for public education and the need to ensure that we build and equip our schools with all of the necessary tools to deliver a world-class education.

ASSEMBLY BILL 2173, authored by Assembly Member Anna Caballero (D-Salinas), who chairs the Assembly Local Government Committee, would update the level 2 developer fee laws to reflect the current climate in California. Assembly Member Caballero became interested in this policy area when she was contacted by a constituent district and city council asking her to make improvements to current law that would enable the district to build neighborhood schools. Like Senator Torlakson on SB 1354, Assembly Member Caballero is an author com-

mitted to the policy area and to helping school districts close the funding gaps and empower them to build new, complete schools for their students and local communities.

AB 2173 addresses several areas of law governing level 2 developer fees, including the pre-requisites school districts must meet before they can impose level 2 fees, such as operating multitrack year-round education calendars and ensuring that 20 percent of their teaching stations are portable classrooms. C.A.S.H. believes these requirements are anachronistic and countervail state education policy direction. The other critical component of the bill is the provision that ties level 2 fees to the state per-pupil new construction grants, which we believe are inadequate. Calculating fees on an already depressed value results in a depressed developer fee. School districts are doubly disadvantaged by the inability to raise sufficient local funds to match insufficient state funds to meet their facility needs.

This systemic deficiency and the disadvantage school districts face is the reason why C.A.S.H. is aggressively pursuing these two measures; the healthy symbiotic relationship between local and state resources and effort is critical to a successful building program for school districts and the State of California. The hard fact is that SB 1354 (Torlakson) and AB 2173 (Caballero) are difficult pursuits because they force the state to re-evaluate a 10-year old deal and how well it has lived up to the bargain that was sold to the people of California, who in the end are the beneficiaries of a preserved agreement – the spirit of SB 50 and Proposition 1A. 

– C.A.S.H. Staff

March 7 SAB Implementation Committee Notes

The Implementation Committee Chair introduced two new Implementation Committee members; Rob Pierce from Elk Grove School District replaced Connie Baranoff as the representative for suburban school districts, and Dean Tatsuno with BFGC Architects replaced Brian Wiese as the AIA representative.

The committee had a lengthy discussion regarding what level of detail should be reflected in the committee minutes. OPSC stated that the minutes are not intended to be a detailed transcript of the meetings. Committee and audience members stated that the minutes should be detailed enough to capture the major issues and specific concerns raised. The committee will review the minutes of the previous meeting at the beginning of each meeting, and members can suggest additions if they believe critical information was not addressed.

Future Items

Alternative Education Loading Standards and Funding

Site Sale Proceeds – This item is different from the site sale proceeds issue on the March 7th agenda. This item refers to proposed regulatory amendments regarding proceeds from the sale of a site funded in whole or part with state funds.

The following items were on the agenda for the March 7, 2008 SAB Implementation Committee Meeting.

1. Use of Site Sale Proceeds
2. Material Inaccuracy Penalties
3. Material Inaccuracy Regulations
4. AB 1014 (Bass)

Use of Site Sale Proceeds

This item addressed proposed regulatory amendments to Section 1700 defining “Ongoing Expenditures” for purposes of ECS 17462. The proposed

regulation change added the following statement to Section 1700: “if approved by the SAB a school district may make a single and one-time only payment to the district’s insolvent health or retirement program, which for purposes of EC Section 17462 will not be considered an ‘Ongoing Expenditure.’”

Fred Yeager stated that the CDE Fiscal Services Division was working on a definition of “insolvent” to ensure the audit guide is compatible with language adopted by the SAB. Several committee members expressed concern that the use of site sale proceeds for insolvent health or retirement plans blurred the lines between capital and operational budgets. The CASBO representative on the committee did not have a problem with the use of site sale proceeds for those purposes. A representative from Senator Scott’s office, who authored the amendments to the ECS regarding the use of site sale proceeds, said the intent of the amendment was to tighten the law and put a cap on the use of site sale proceeds used to bail out the general fund, not create a source of future funding for the general fund.

OPSC will review the issues raised in today’s meeting and will discuss the issue with Senator Scott’s office. OPSC then will decide if the item will come back to the SAB Implementation Committee for further discussion or be taken to the SAB with the comments made at today’s Imp Committee.

Material Inaccuracy Penalties

Lori Morgan stated that at this point in time OPSC was not proposing any regulatory changes. Instead they wanted to dialogue with the Imp Committee and identify issues that needed to be addressed. They will provide a status report to the SAB (probably in March) and bring the item back to the April Imp Committee for further discussion.

Issues discussed at today’s Imp Committee included the following:

1. SAB regulations state that a funding advantage must occur in order for there to be a material inaccuracy, but the Ed Code does not mention funding advantage.
2. What is meant by “material”?
3. Define “advantage.”
4. Should the SAB develop regulations or just have policies so they have flexibility in the application of penalties? Can regulations be developed that provide clear guidance to school districts on what is and is not allowable while still providing the SAB flexibility to consider extenuating circumstances?
5. When does the interest penalty period stop?
6. Where in the law (not regs) does it say that the SAB can only provide new construction funding if the approved application was received by OPSC prior to the date of occupancy for any classrooms included in the construction contract?
7. Where in the law (not regs) does it say that when a modernization project is rescinded and the district files a new 50-04, the new apportionment is limited to the original amount of the project?

The OPSC write-up for the Imp Committee agenda stated that material inaccuracy (MI) penalties include, but are not limited to:

1. Repayment of additional funding received beyond the amount the district was entitled to for the project
2. Repayment of interest earned on the funding received beyond what the district was entitled to for the project
3. Prohibition of self-certification for a period of up to 5 years.

The most common form of MI is premature or invalid certification on the Fund Release Authorization form that the district has entered into a contract for at least 50 percent of the construc-

tion included in the plans applicable to the State-funded project. To be determined to be a MI the falsely certified application allowed the district an advantage in the funding process.

At the February 27 SAB meeting, the board expressed an interest in possible changes to the current MI regulations. A concern was expressed to the board regarding the method used to calculate the number of days in which the district received a funding advantage when it has a premature fund release and the district exceeded the 18-month time limit on fund release. The OPSC write-up states that the number of days is calculated from the date the warrant was released to the date the district concurs with the audit finding or the date the item is presented to the SAB, whichever occurs first. OPSC stated that the district's concurrence with the contract audit finding is merely of the facts associated with the dates and amounts and does not preclude the district from appealing to the SAB.

Material Inaccuracy Regulations

OPSC proposed a change to regulation 1859.104.1 by adding the following statement: "Information provided in good faith, for the purposes of the Project Information Worksheet only, shall not provide in and of itself the basis for a Material Inaccuracy."

The consensus of the Imp Committee was the statement should be amended to delete "in good faith" and "in and of itself," so the statement should read, "Information provided for the purposes of the Project Information Worksheet only, shall not provide the basis for a Material Inaccuracy."

OPSC stated that it would talk to its legal staff, then decide whether to take the item to the SAB for approval or bring it back to the Imp Committee for further discussion. The Imp Committee chair requested that if OPSC did not accept the Imp Committee amended language, the item be presented to the SAB with the Imp Committee language as an option to whatever OPSC was

recommending. OPSC stated it was not prepared to commit to the chair's suggestion. The chair stated that if the Imp Committee's comments were not reflected in the OPSC report to the SAB an alternative report would be presented to the SAB reflecting the Imp Committee's proposed language.

AB 1014: Eligibility Projection Augmentations

OPSC stated that this would be the first of several discussions it wanted to have on the implementation of AB 1014. The report discussed at this meeting describes the current process and the major components of AB 1014. The next discussion planned for the April 4 Imp Committee will discuss in more detail how to implement the changes mandated by AB 1014.

Several questions were raised regarding whether each district is expected to develop options to the current enrollment projection methodology and obtain state approval for that method, or whether the state would develop a menu of alternative enrollment projection methodologies that could be used by school districts. A representative of the sponsor of the bill (LAUSD) stated that the intent of the sponsor was not to have the State evaluate a thousand different methodologies proposed by school districts, but to have

a menu of 5 or 6 State-approved alternatives that school districts could use and also allow school districts that have the capability of developing alternatives develop those alternatives and be approved by the State.

The OPSC Imp Committee agenda write-up stated that AB 1014 requires the SAB to augment the enrollment projection calculation method used to establish eligibility for new construction. Specifically, AB 1014 does the following:


1. Authorizes the SAB to supplement the projection with modified weighting mechanisms to reflect specified changes in birth rates.
2. School districts could submit an enrollment projection for either a fifth year or 10th year beyond the fiscal year in which the application is made.
3. A school district that bases its enrollment projection calculation on a HSAA basis would be authorized to use pupil residence in that attendance area to calculate enrollment.
4. The SAB would adopt regulations to specify the format and certification requirements for a school district that submits residency data.

The next SAB Implementation Committee meeting will be on Friday, April 4, 2008.  - C.A.S.H. Staff

CHPS to Hold Second Annual Greentools Conference

The Collaborative for High Performance Schools, Inc. (CHPS) presents the second annual Greentools for Healthy Schools Conference, Training and Expo on September 11th and 12th, 2008 in Sacramento, CA. The conference will bring together experts in green, healthy school design, construction and operations for two days of workshops, featured speakers, awards, a CHPS school tour and exhibitions. This

year's event will focus on three central themes: climate change, high performance school policy, and turning existing schools into high performance schools. Greentools for Healthy Schools aims to make high performance schools a feasible, affordable reality for school districts across the nation.

For more information, please visit www.chps.net/greentools or call (415) 957-9888. 



The Whole is Greater Than the Sum of its Parts...

...or so is the case with the Horace C. Mann Elementary School. The Orange County Office of Education (OCOE), California Children's Services (CCS), and the Anaheim City School District (ACSD) have come together to create a comprehensive learning center that *integrates* medically fragile special education and pre-school students into one K-6 campus.

To bring together three separate public agencies in one building project required a true *shared vision*. As a critically overcrowded school replacement project, the solution was to place 1,336 students on 8.7 acres of land. A dense two-story solution helped accommodate the diverse enrollment types and sizes, schedules and circulation needs of the campus. While working through the joint-use agreements and operational issues, the three agencies built relationships that became the basis for a successful planning and implementation process.


With circulation outdoors, the interior "corridor" is available as a central resource space – a space that connects the classrooms and encourages pull-out activity for project-based learning. The resource space augments the teaching stations with storage spaces and water access and is visually connected by interior windows *linking the*

classrooms and *enhancing team teaching opportunities*. The medically fragile unit has classrooms supported by a therapy unit and separate entry and administration. The pre-school and kindergarten become a separate, child-scaled facility with its own entry and administration space.

A strong *central courtyard* became the main organizing principle, with the two-story buildings creating a sound, visual and safety buffer to the busy adjacent arterial roads. A raised outdoor stage is a focal point for presentation and performance. As the campus

evolves, outdoor seating and tables add to the courtyard's ambience and welcoming atmosphere, encouraging student gathering and interaction.

The main building's primary north-south axis supports quality daylighting within the classrooms, while arcades create natural shading from harsh direct sunlight. Interior courtyards provide *outdoor space* that is buffered from the noise of the adjacent urban streets.

The exterior circulation model became an opportunity where the arcaded walkways and exterior stairs enhance the California Mission Style of the architecture and reflect neighborhood buildings. In a large, diverse facility, creating a sense of community and student interaction was paramount. The small things, colorful tile work and a clock tower, for example, contribute to the warmth and sense of place of this new neighborhood school. This project contributed so greatly to the community renewal that it was recognized with an "Anaheim Beautiful" award. 

Architect – Lionakis



March 26 State Allocation Board Meeting Notes

Executive Officer Statement

The Executive Officer (EO) informed the State Allocation Board (SAB) of the following:

1. The agenda includes the first round of funding for the Career Technical Education Facilities applications.
2. Six Critically Overcrowded Schools (COS) applications, totaling \$65.7 million, are being funded today.
3. The Governor's office hosted a meeting on Grant Adequacy including a discussion of the Macias Report. The EO stated that the issues are not yet resolved and are still being discussed. Kathleen Moore asked when the SAB might expect a resolution to the 6% grant increase issue. The Chair stated that staff would look at the C.A.S.H. Report on Grant Adequacy that was presented to the SAB in February, work with the legislative staff, and hopefully come back to the SAB in April.

Minutes of February 2008 SAB Meeting

Tom Duffy, representing C.A.S.H., addressed the SAB and stated that he believed the minutes of the February 2008 SAB meeting did not accurately or completely reflect the presentation he made to the board regarding the recent C.A.S.H. study and Macias Report on grant adequacy. He said the C.A.S.H. study provided figures that were significantly different than the figures in the Macias Report, clearly justifying the maximum 6 percent increase to the grants allowed by law. He also stated that developers were referencing the Macias Report in discussions with school districts regarding the appropriate level of developer fees and requested that the SAB reject the Macias report.

The Chair stated that the SAB would consider his request regarding the Macias Report and will defer approval of the February minutes to the next meeting to give staff time to review the requested changes to the minutes.

Status of Funds

- New Construction – \$246 million was apportioned, leaving \$2.17 billion
- Modernization – \$57 million was apportioned, leaving \$2.6 billion
- Emergency Repair Program – \$22.7 million was apportioned, leaving \$124.5 million. The \$124.5 million includes \$100 million that was recently transferred from the Prop 98 Reversion Account to the ERP pursuant to AB 4, Statutes of 2007. OPSC stated that they have approximately \$300 million in ERP applications on the workload list. The Chair stated that they are looking at whether additional funds can be transferred to the ERP account to fund eligible applications.

Career Technical Education Facilities Program Projects

The SAB approved 174 applications from 75 Local Educational Agencies (LEA's) for the first round of funding. Seven applications for two LEA's will be presented to the SAB at the April meeting. The SAB apportioned \$198.7 million. There are sufficient funds in the first round to fund all eligible applications.

Caliente Union Elementary – Appeal for Joint-Use Funding

When the district's joint-use application was presented to the SAB in July 2007, staff determined that the project was ineligible because of the joint-use

partner, Twin Oaks Four Square Gospel Church. The district clarified the details of the joint-use agreement and modified the agreement so portions of the facility are no longer exclusively used by the church. The SAB legal counsel no longer has concerns and the church now is an acceptable joint-use partner. The SAB approved the district's joint-use application.

Buellton Union Elementary – Request to defer a portion of the offset of Excessive Cost Hardship Grant

At the February 2008 SAB meeting, the SAB directed staff to work with the district to identify alternatives to offsetting an Excessive Cost Hardship Grant of \$908,399 from an application to construct an additional nine classrooms at the school site that received the Excessive Cost Hardship Grant. At the February 2008 meeting, the district stated that paying the entire offset on this project would require using funds from its three percent reserve and would result in a Negative Certification from CDE.

Although the item was withdrawn from the March 26, 2008 SAB agenda, the OPSC write-up provided the SAB with 3 options.

- Option A – Defer 50 percent of the offset to a future project.
- Option B – Revise existing regulations so that projects that received a new school grant for funding applications accepted prior to the effective date of the offset regulation (April 5, 2001) would not be subject to the offset on subsequent applications. The amended regulation would apply to all projects with applications accepted prior to the effective date of the offset regulation (April 5, 2001). Nineteen projects, totaling \$26 million in new construction grants, have been apportioned prior to the effective date of the offset. To date, none of the projects have had an offset to a subsequent application.

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The proposed new regulation would ensure that an offset would not occur in subsequent projects at the same site for the 19 projects.

- Option C – Apply the entire offset to the Buellton project for the nine additional classrooms at the school site that received the Excessive Cost Hardship Grant.

Reports

Emergency Repair Program Expenditure Report

ECS 17592.73 requires that a report on ERP expenditures and projections of future ERP expenditures be presented to the Governor and Legislature by June 30, 2008.

OPSC prepared a report on behalf of the SAB. Some of the report highlights are:

1. As of December 12, 2007, a total of \$89.8 million was approved and apportioned by the SAB.
2. A total of 4,496 projects were approved and apportioned from September 28, 2005 through December 12, 2007.
3. The average apportionment for that timeframe was \$3.9 million per SAB meeting.
4. Out of the 4,496 projects 4,334 projects were repairs, 57 were replacements, and 105 were projects for various system types and components.
5. The report states that OPSC has projected the estimated State funding needed through July 2008 and has projected the number of grant requests that will be received and processed at the August, September, and October 2008 SAB meeting dates. However, the chart presented in the report does not contain a figure that represents the number of grant requests that will be received, and it simply shows that the funding needed appears to

peak on February 27, 2008 at approximately \$50 million, declines in March 2008 and flattens out to about \$30 million for each of the SAB meetings from April 2008 through October 22, 2008.

The SAB approved the report for submittal to the Governor and the Legislature.

San Bernardino City USD – Financial Hardship Review

In January 2008 OPSC sent a financial hardship approval letter to the district which was rescinded in February 2008 after “additional information came to light regarding irregularities in encumbrances that required a deeper review,” i.e., issues with the district’s listed encumbrances (legal commitments in contracts or obligations). OPSC requested additional information from the district.

The write-up states that OPSC still believes the district is eligible for Financial Hardship status, but the issue is the amount of local funds available as the district’s contribution. The write-up states that two open issues still need to be resolved: 1) review of past financial hardship projects that appear to have encumbrances in excess of approved project amounts; and 2) review of a sample of contracts related to current encumbrances to determine appropriateness. The write-up states that if the district expeditiously provides the requested information, OPSC can move the projects forward to the April 2008 SAB meeting.

There was significant discussion regarding what information is required to consider an application complete, at what point in time is an application considered complete, how long should it take OPSC to review an application, and what should be considered as available district contribution before, during, and after the application is reviewed.

The district stated that part of the confusion relates to the timing of changes OPSC made to the Financial

Hardship Checklist and what the laws and SAB regulations actually require. The district stated that OPSC is applying new rules in the form of a new checklist to an application that was submitted before the checklist was changed by OPSC. The district questioned whether the changes on the new checklist had properly gone through the rule-making process and whether they were compliant with the financial hardship laws. OPSC stated that the checklist was merely a document used to see if all the necessary pieces are present, not to see if all the pieces are complete or whole.

Senator Simitian stated that the SAB must make it clear to applicants what is required by statute, regulations, or administrative action. If the information provided by applicants is not accurate or complete, then prior decisions made by staff based on “bad” information provided by applicants should be changed.

OPSC stated that there’s no dispute regarding the district being eligible for Financial Hardship status. The issue is how much is available as the district contribution. The SAB directed staff and the district to work with the SAB legal counsel to determine what funds are to be considered available as the district contribution in accordance with legislation and regulations and to bring the item back to the April SAB meeting.

Public Comment at the end of the SAB meeting


1. Tom Duffy, representing C.A.S.H., stated that since the Macias Report on the internal OPSC operations of the Financial Hardship Program was issued, OPSC was making changes to the rules that are not being vetted at the SAB Implementation Committee. School districts are not sure what the current requirements are and why changes are being made to the Financial Hardship Checklist. He stated that the role of the Implementation Committee is to vet these

types of issues with the practitioners in the field so solutions, rather than problems like the San Bernardino issue on the agenda, are brought to the SAB.

2. Kathleen Moore stated that the Financial Hardship Program is broken. School districts are confused about how much and what type of information must be provided to determine their Financial Hardship eligibility. She requested that the issue be taken to the SAB Implementation Committee. The EO agreed that the structure is flawed and that OPSC has been following the recommendations in the Macias Financial Hardship report to improve the processes. He stated that processes, not policies, are being changed. He said they are anticipating that by the end of June they will be ready to take the issues to the SAB Implementation Committee.

3. Assembly Member Fuller stated that the first issues that must be resolved are those that came up as part of the discussion of the San Bernardino issue, i.e., at what point is a financial hardship application complete and what documents are required to declare the application complete.

4. Kathleen Moore reminded the OPSC staff that in April 2007 an issue with Vaughn Street Charter School in Los Angeles was brought to the SAB and the board asked staff to review the issue and try to find an administrative remedy that did not require legislation. To date the item has not come back to the SAB. The EO stated that it was a difficult issue to resolve. The chair directed staff to work with the SAB legal counsel to see if there is an administrative remedy and report back to the SAB in April.

The public meeting ended at 5:45, and the SAB went into Executive Session. 

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This year, C.A.S.H. is offering the Spring Pre-Conference Workshop on Protecting and Maximizing Your Assets on Tuesday, May 12 in San Diego and Tuesday, May 27 in Sacramento. This will allow our members from Northern California who can't make it to San Diego to attend this important educational workshop.

Following is a list of our upcoming educational events you won't want to miss:

Using Local Funds to Sustain Facilities Staff, Projects, and Programs Workshops

April 22 in Sacramento and April 25 in Ontario

Protecting and Maximizing Your Assets Workshop

C.A.S.H. Spring Pre-Conference, May 12 in San Diego

C.A.S.H. Spring Conference

May 13 in San Diego

(two one-hour breakout sessions that will be repeated)

- Preparing, Issuing, Reviewing, and Awarding Bid Documents
- Public Works Contracting

C.A.S.H. Spring Conference

May 14 in San Diego

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Protecting and Maximizing Your Assets Workshop

May 27 in Sacramento

DSA Annual Update Workshop

June 24 in Sacramento and June 27 in Ontario

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Tuesday

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April 23, 2008

Wednesday

General Membership Meeting

1020 11th Street, 2nd Floor

April 25, 2008

Friday

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May 13-14, 2008

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Westin Gaslamp Quarter, (formerly Westin Horton Plaza)
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May 27, 2008

Tuesday

9:00 a.m. – 3:00 p.m.

Protecting and Maximizing Your Assets Workshop

Hyatt Regency
1209 L Street, Sacramento, CA

May 28, 2008

Wednesday

General Membership Meeting

1020 11th Street, 2nd Floor

Monthly C.A.S.H. meetings are held from 11:00 a.m. to Noon in Sacramento. The monthly meetings are always scheduled to coincide with the monthly meetings of the State Allocation Board on the fourth Wednesday of the month, except in November and December, to enable C.A.S.H. members to attend the SAB's afternoon session. Both SAB meetings and General membership meetings are subject to change.



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