Message From The Chair

Clearer Skies But Rough Weather Ahead

Bill Savidge, C.A.S.H. Chair

Although the Governor and Legislature agreed on a State Budget after protracted deliberation, there are some signs that the California economy may be nearing a bottom, as the school facilities community continues to find it difficult to fund projects due to the ongoing freeze in state school facilities funding. Compounding this situation is the fact that school districts have had difficulty accessing local bond funding as a result of the national credit crisis and assessed values dropping throughout California. Unfortunately, we anticipate this cash flow crisis will continue in the near term.

When the funding crisis hit the school facilities community on December 17, 2008 as the Pooled Money Investment Board (PMIB) froze state infrastructure funding due to the state’s cash flow crisis, C.A.S.H. recognized the significance of the funding freeze for the school facilities community and responded immediately on behalf of our members. The first action C.A.S.H. took was to reach out to our state partners at the Office of Public School Construction (OPSC), the Division of the State Architect (DSA) and the Department of Education (CDE) on matters that would impact the review, approval and processing of applications. Specifically, C.A.S.H. advocated for OPSC to “unplug the clock” by suspending the 18-month statutory provision to enter into construction contracts and request a Fund Release, until the state had the ability to release funds. In addition, for projects being brought to the State Allocation Board (SAB) in January 2009 and there after, C.A.S.H. advocated that these projects be placed on an unfunded approval list in order to establish a project to establish its place in line while waiting for state funds to become available and to lock in project eligibility so districts are not required to re-justify their apportionment.

In addition, C.A.S.H. began to work closely with the PMIB, the State Treasurer’s Office (STO) and the Department of Finance (DOF) on the process and timeline for when the state would be able to sell bonds and replenish state infrastructure funding, as well as how much of the funding would be reserved for public K-12 school construction projects. In March 2009 the State Treasurer sold over $6 billion in tax-exempt bonds, and in April 2009 the State Treasurer sold $6.85 billion in taxable bonds, including $5.23 billion in Build America Bonds (BABs). In total, these two bond sales relieved $1.94 billion of the $2.4 billion in school construction projects that received a SAB apportionment on or before December 17, 2008, leaving $393 million worth of SAB apportioned projects without funding.

Concerning the availability of local funding sources, throughout this crisis C.A.S.H. has provided our members with timely information concerning what local options are available to school districts, including workshops and conference presentations on how to access local funds in the current fiscal

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C.A.S.H. will continue to work with the Governor, the Legislature and our state partners to ensure that funding is available to build and modernize schools, as well as keep our members up-to-speed concerning the most recent developments. For this reason, this year’s C.A.S.H. Fall Conference will focus on issues that are of utmost importance to the school facilities community in this time of economic turmoil to inform and equip attendees with information and techniques on how to survive this period of fiscal uncertainty. I highly encourage you to attend the C.A.S.H. Fall Conference so you are prepared for the challenges that lie ahead.

With the unyielding commitment to meeting the housing needs of California’s school children as our guide, C.A.S.H., with the strength of its members, will weather this storm.

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environment, and the availability of American Recovery and Reinvestment Act (AARA) programs and funding.

Looking forward, we understand that the STO may borrow up to $10 billion in short term bonds in the near future to even out the state general fund cash flow expenditures. The STO has not indicated when or how much more they will attempt to sell in long term state bonds to replenish state infrastructure funds. It is an open question whether or not the state will sell bonds sufficient to fund the $400 million in apportioned projects later in the year, and when projects submitted after the current SAB approved apportionment list is cleared will be funded.