REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, May 29, 1996

PRIORITY ADJUSTMENTS

PURPOSE OF REPORT

To develop a policy for projects currently assigned funding priorities three through eight, allow for funding priority adjustments and inclusion on the "unfunded" list.

DESCRIPTION

At the State Allocation Board (SAB) meeting on May 1, 1996 action was taken to fund all hardship projects and those projects in funding priorities one and two for all phases that were included on the "unfunded" list as of May 1, 1996. The SAB further directed staff to develop a policy which would allow districts with projects in lower priorities the opportunity to enhance their funding priority to either one or two. The information section of this agenda has an item which identifies the criteria for each of the various funding priorities. Projects identified in priorities three through eight on the "unfunded" list dated May 1, 1996 include requests for apportionments of approximately $48.2 million. Some projects included in the lower priorities should have been a priority one or two; however, the information was received too late to include on the May 1, 1996 agenda. Other projects, according to some districts, were misclassified as either a lower priority or a priority one when it should have been a priority two. Listed below are several issues regarding the priorities of projects:

1. Projects that qualify for priority one or two

   Some districts submitted evidence that their project qualified for a priority one or two status by certification of one of the criteria needed to be classified as either a priority one or two. This information was received too late to include on the May 1, 1996 agenda.

   Other projects were correctly classified as priorities three through eight; however, since it is unlikely that the SAB will provide funding for these projects, it is proposed that the Districts be given an opportunity to enhance the priority to either a priority one or two within a reasonable period of time. Allowing districts to change priorities on these projects will have the following effect:

   a) Projects in priorities three, five or seven are 50/50 financing. Moving to priority two would provide 100 percent State funding. These projects should be allowed to move to priority one only.

   b) Projects in priorities four, six and eight are 100 percent State funded. Movement to priority two would not affect the financing of the project; however, moving to priority one will require 50 percent financing form the district. These projects should be allowed to move to either priority one or two.

(Continued on Page Two)

DESCRIPTION (continued)

c) Enhancing the priority of the project to either a one or two will require that the District meet the Year Round Enrollment (YRE) requirements and the provision that the project will be loaded for purposes of future eligibility as if it were a year round school (i.e. 20 percent overload). Priorities three through six meet one of these provisions, priorities seven and eight meet none. Therefore, the YRE and 20 percent overload will result in the loss of area entitlement and possible reduction in the scope of the project.

Projects in lower priorities that were included on the "unfunded" list as of May 1, 1996 that can meet the priority one or two test should be funded for the appropriate phase request. Additionally, those projects that cannot move to either a priority one or two should be removed from the "unfunded" list and reduced to cost incurred.

2 Funding priority adjustments

Several districts have indicated that their project should have been assigned a different priority classification due to documentation submitted to the OPSC. An example is a project assigned a priority one (i.e. 50 percent District funding); however, the District believes it should have been a priority two (i.e. 100 percent State funding). Since these requests are contingent on specific information and events that occurred for that particular project, these requests should be addressed by the SAB on a case-by-case basis.

3. Projects which did not make the May 1, 1996 "unfunded" list

Many Districts have submitted requests for additional funding for either a Phase P, S or C that did not make the cutoff for the May 1, 1996 agenda because the submittal of the required documentation was too late or the OPSC processing priorities and associated workload prohibited the requests from inclusion on that agenda.

RECOMMENDATIONS

1. Allow those districts with projects classified in priorities three through eight on the "unfunded" list dated May 1, 1996 to convert the project to either a priority one or two, subject to the following:

a) The request and all supporting documentation to convert must be received by the OPSC no later than August 1, 1996.

b) Projects currently assigned priorities three, five or seven may only move to priority one.

c) Projects currently assigned priorities four, six or eight may move to either a priority one or two.

(Continued on Page Three)

RECOMMENDATIONS (continued)

~~d) Projects that meet the criteria for conversion to either a priority one or two will be recommended for funding for the appropriate phase as a consent item.~~

e) Projects in priorities three through eight that do not meet the criteria for conversion as of August 1, 1996 shall be removed from the unfunded list and reduced to cost incurred as a consent item at the next available SAB meeting.

2. Immediately discontinue the processing of any projects with a designated funding priority of three through eight. Any applications for priorities three through eight projects currently in house, but not yet processed, shall be returned to the district.

3. Any district that believes its project was misclassified on the "unfunded" list dated May 1, 1996, may appeal, on a case- by-case basis, for reclassification until August 1, 1996. It is anticipated that appeals for reclassification will be presented to the SAB for consideration at the September, 1996 meeting.

4. Provide that those projects that were not included on the May 1, 1996 "unfunded" list due to late submittal of information or because of OPSC processing priorities and/or workload may request a date change in accordance with the SAB "date change" policy.

BOARD ACTION

In considering this Item, the Board adopted staff recommendations with the exception of Recommendation No. 1(d). The Board removed this section of Recommendation No. 1 and directed staff to come before the Board with any changes to the priority status. This only relates to those projects that were on the "unfunded list" as of May 1, 1996 with a funding priority status of three through eight.