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DATE: February 18, 2009
 TO: Committee Members
 FROM: William J. Pavão, Executive Director
 RE: Establishing Minimum Point Score Thresholds for Nine Percent (9%) and Four-Percent-Plus-State-Credit (4%) Competitive Applications

Under authority provided in regulation Section 10305(h), the committee may establish minimum point requirements prior to a funding round. Staff is proposing that the committee do so for the first 9% and 4% competitive funding round in 2009.

Background:

Section 10305(h) states that:

The Committee may, at its sole discretion, reject an application if the proposed project fails to meet the minimum point requirements established by the Committee prior to that funding round. The committee may establish a minimum point requirement for competitive rounds under either Section 10325 (the 9% competition) or 10326 (the 4% plus state credits competition).

The Committee also has authority under Section 10325(c) to reject applications on a case-by-case basis for low scores. In past public forums, stakeholders clearly prefer the Committee to pre-establish a scoring floor, rather than exercise its authority on a case-by-case basis.

Recommendation

Staff is recommending, for the second year, establishing pass points for the first round 2009 competition as follows:

<u>Application Type</u>	<u>Minimum Score</u>	<u>Maximum Score</u>
9% Applications	121 Points	146 Points
4% Competitive Applications	110 Points	124 Points

Analysis: Since 2007, the Committee has adopted recommended pass points, and this had a helpful effect in (a) signaling prospective applicants that the Committee would not entertain weak applications, and (b) giving staff the ability to efficiently spend its efforts on more meritorious applications. A stronger applicant pool resulted, and funded applications had very high scores. The 121-point minimum would be applied to both rural and non-rural applications since both project types will now be scored using the same set of scoring factors. In essence, 9% applicants would have to earn over 83

percent of the available points to be considered for an award. Four-percent-plus-state-credit applicants would have to earn at least 89 percent of the available points. Staff believes this would ensure high quality and is confident that adequate demand will remain for the available credits. The 121-point and 110-point standards were used in 2008 to good effect.

Conclusion

Staff believes setting the recommended pass points for the first round of 2008 is prudent public policy. This would avoid expending precious federal resources on extremely low-scoring applications that meet relatively few public policy objectives.