REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, March 26, 2014

SCHOOL DISTRICT DATA	
School District: .....SAN FRANCISCO UNIFIED	County:..... SAN FRANCISCO
Application Number(s):..... 54/68478-13-001	School Name:..... LEADERSHIP CHARTER HIGH
Total District Enrollment: 56,970	Project Grade Level: 9-12
Financial Hardship…..……..……..N/A	Date of Financial Hardship Status...……..…….N/A

PURPOSE OF REPORT

To request that the State Allocation Board (Board) award an unfunded approval to a Charter School Facilities Program (CSFP) Rehabilitation funding application using modified grant calculations to conform to Education Code (EC) requirements, and to seek direction on developing conforming School Facility Program (SFP) regulatory amendments to align CSFP Rehabilitation grant calculations with these EC requirements.

DESCRIPTION

The San Francisco Unified School District (District) recently submitted an *Application for Funding* (Form SAB 50-04) for a CSFP Rehabilitation project. The District requested the prevailing wage monitoring (PWM) grant and Excessive Cost Hardship Grant for accessibility and fire code requirements (actual cost option). EC Section 17078.54(d) requires CSFP grants to be provided on a 50 percent State and 50 percent local basis. However, the calculations in the SFP regulations for Excessive Cost Hardship Grant for accessibility and fire code requirements (actual cost option) and PWM grant were established based on a 60 percent State share and 40 percent local share. Providing CSFP Rehabilitation projects with these grants using the calculations outlined in the SFP regulations is not consistent with the EC for the CSFP.

This item requests that the Board award an unfunded approval for Office of Public School Construction (OPSC) application number 54/68478-13-001 with the PWM and Excessive Cost Hardship Grant for accessibility and fire code requirements calculated on a 50/50 basis. This item also seeks Board direction to present conforming regulatory changes to these and potentially other CSFP Rehabilitation grants to ensure consistency with statute.

AUTHORITY

See Attachment A.

BACKGROUND

SFP modernization projects and CSFP Rehabilitation projects are eligible to receive many of the same grants, as both types of projects provide funding to extend the useful life or enhance the physical environment of existing facilities. These grants include additional funding for the costs associated with accessibility and fire code requirements and the PWM grant to cover the costs associated with Department of Industrial Relations prevailing wage monitoring. While these grants are available for CSFP Rehabilitation projects, they were designed as part of the SFP modernization program and the SFP regulations use a specific formulaic calculation based on a 60 percent State share and 40 percent local matching share.

However, EC Section 17078.54(d) requires CSFP grants to be provided on a 50 percent State and 50 percent local basis.

(Continued on Page Two)

STAFF ANALYSIS/STATEMENTS

Staff believes that while it is appropriate to provide CSFP Rehabilitation projects with the supplemental grants for the PWM grant and the Excessive Cost Hardship Grant for accessibility and fire code requirements, the calculations currently outlined in the SFP regulations are not consistent with the EC for the CSFP. Therefore, Staff is presenting OPSC Application Number 54/68478-13-001 for an unfunded approval, as shown on Attachment B. The request includes the PWM grant and the Excessive Cost Hardship Grant for accessibility and fire code requirements, but they have been calculated on a 50 percent State and 50 percent local matching share basis. A more detailed explanation of the grant calculations is provided below.

Excessive Cost Hardship Grant for Accessibility and Fire Code Requirements

Currently, applicants may choose one of two options for the Excessive Cost Hardship Grant for accessibility and fire code requirements. The applicant may elect to take three percent of the base grant. The other option is for the applicant to choose the following, as stated in SFP Regulation Section 1859.83(f)(2) (*emphasis added*):

> In lieu of three percent funding provided in (1) above, the district has the option of requesting *60 percent* of the amount determined in (A), not to exceed *60 percent* of the amount determined in (B):
> (A) Determine the difference of the verified hard construction costs of the minimum accessibility and fire code work necessary to receive approval from the DSA minus seven percent of the sum of the Modernization Grant and the district matching share of the Modernization Grant pursuant to Section 1859.79.
> (B) Determine the difference of 1. minus 2.:
> 1. Multiply the pupils requested in the application by the New Construction Grant.
> 2. The sum of the State and district share of the pupils requested on the Form SAB 50-04 multiplied by the grant determined pursuant to Section 1859.78 and 1859.78.3.

Since the EC restricts funding for CSFP rehabilitation funding to 50 percent of the total project costs, the grant calculation must be reduced from 60 percent to 50 percent.

Prevailing Wage Monitoring Grant

SFP Regulation Section 1859.78.1(b) states, "The Board shall increase the grant by *60 percent* of one-fourth of one percent of the Total Projected Bond Apportionment for any project for which the construction contract is awarded on or after January 1, 2012" (*emphasis added*). To conform to the EC, the grant should only be increased by 50 percent of one-fourth of one percent. In order to provide the correct amount for the PWM grant, Staff has calculated the District's grant at the 50 percent amount.

RECOMMENDATIONS

1. Award an unfunded approval for OPSC Application Number 54/68478-13-001 as shown in Attachment B.

2. Direct Staff to present conforming regulatory amendments for these and other CSFP Rehabilitation grants, as appropriate, at a future meeting.

The State Allocation Board approved this item on March 26, 2014.

ATTACHMENT A

AUTHORITY

Education Code Section 17070.35 states:

(a) In addition to all other powers and duties as are granted to the board by this chapter, other statutes, or the California Constitution, the board shall do all of the following:

(1) Adopt rules and regulations, pursuant to the rulemaking provisions of the Administrative Procedure Act, Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, for the administration of this chapter....

(2) Establish and publish any procedures and policies in connection with the administration of this chapter as it deems necessary.

Education Code Section 17071.25(a)(2)(A) states:

The assumed capacity of each calculated teaching station pursuant to paragraph (1) shall be 25 pupils for each teaching station used for kindergarten or for grades 1 to 6, inclusive, and 27 pupils for each teaching station used for grades 7 to 12, inclusive.

Education Code Section 17078.54(d) states:

Facilities funded pursuant to this article shall have a 50 percent local share matching obligation that may be paid by the applicant through lease payments in lieu of the matching share, or as otherwise set forth in this article, including, but not limited to, Section 17078.58.

SFP Regulation Section 1859.2 states in part:

"Charter School Facilities Program Rehabilitation" shall mean work that includes, but will not be limited to, structural changes or other types of work on an existing district facility that extends the useful life of or enhances the physical environment of the school, as provided in Education Code Section 17078.58(a).

….

"Total Projected Bond Apportionment" means the total State bond funds to be apportioned for the project, including any Financial Hardship apportionment pursuant to Section 1859.81, any funds authorized by the Authority pursuant to Section 1859.168, and any funds provided pursuant to Section 1859.194, but excluding the prevailing wage monitoring and enforcement costs grant amount provided pursuant to Section 1859.71.4(c) or 1859.78.1(b)

….

"Financially Sound" shall have the meaning set forth in Education Code Section 17078.52(d)(4) and Title 4, California Business Regulations commencing with Section 10151, et seq.

SFP Regulation Section 1859.78.1, "Modernization Additional Grant for Labor Compliance Program or Prevailing Wage Monitoring and Enforcement Costs" states in part:

(b) After determining all other funding authorized by these Regulations, the Board shall increase the grant by 60 percent of one-fourth of one percent of the Total Projected Bond Apportionment for any project for which the construction contract is awarded on or after January 1, 2012.

(c) Pursuant to Labor Code Section 1771.3, any public works project paid in whole or in part from public funds that are derived from bonds issued by the State and for which the construction contract is awarded on or after January 1, 2012, is subject to the DIR monitoring and enforcement of compliance with applicable prevailing wage requirements, unless the project is exempt from this requirement pursuant to Labor Code Section 1771.3(b).....

SFP Regulation Section 1859.83(f) states:

(f) Excessive cost due to accessibility and fire code requirements:

(1) The district is eligible for a Modernization Excessive Cost Hardship Grant equal to three percent of the Modernization Grant for accessibility and fire code requirements.

(2) In lieu of three percent funding provided in (1) above, the district has the option of requesting 60 percent of the amount determined in (A), not to exceed 60 percent of the amount determined in (B):

(A) Determine the difference of the verified hard construction costs of the minimum accessibility and fire code work necessary to receive approval from the DSA minus seven percent of the sum of the Modernization Grant and the district matching share of the Modernization Grant pursuant to Section 1859.79.

(B) Determine the difference of 1. minus 2.:

1. Multiply the pupils requested in the application by the New Construction Grant.

2. The sum of the State and district share of the pupils requested on the Form SAB 50-04 multiplied by the grant determined pursuant to Section 1859.78 and 1859.78.3.

(3) The district is eligible for a Modernization Excessive Cost Hardship Grant of:

(A) $80,000 for each new two-stop elevator required to be included in the project by the DSA if the Approved Application was received on or before April 29, 2002.

(B) $60,000 for each new two-stop elevator required to be included in the project by the DSA if the Approved Application is received after April 29, 2002.

The amounts shown in (A) and (B) above shall be adjusted annually in the manner prescribed in Section 1859.78.

(4) The district is eligible for a Modernization Excessive Cost Hardship Grant of:

(A) $14,400 for each additional stop of the new elevator required in (3) above if the Approved Application was received on or before April 29, 2002.

(B) $10,800 for each additional stop of the new elevator required in (3) above if the Approved Application was received after April 29, 2002.

The amounts shown in (A) and (B) above shall be adjusted annually in the manner prescribed in Section 1859.78.

SFP Regulation Section 1859.167. Final Charter School Apportionment.

(a) With the exception of Charter School Preliminary Apportionments provided by the Board on February 23, 2005, the amount of the Final Charter School Apportionment will be based on the provisions of any amended or new regulations that are effective at the time the Form SAB 50-04, for the Final Charter School Apportionment is submitted and accepted for processing by the OPSC. Prior to the Board providing a Final Charter School Apportionment, the Charter School will need to have a current Financial Soundness certification from the Authority. The Board shall convert the amounts determined below from the Preliminary Charter School Apportionment to the Final Charter School Apportionment:

(1) If the Final Charter School Apportionment request is equal to or less than the Preliminary Charter School Apportionment, the Final Charter School Apportionment shall be funded entirely. The difference in the Final Charter School Apportionment and the Preliminary Charter School Apportionment shall be transferred to the Unrestricted Charter School Fund in the appropriate Charter School Facilities Account. The Final Charter School Apportionment shall become the full and final apportionment for the project.

(2) If the Final Charter School Apportionment request is greater than the Preliminary Charter School Apportionment, the Board shall convert the Preliminary Charter School Apportionment to a Final Charter School Apportionment by either of the following:

(A) If the balance in the Unrestricted Charter School Fund in the appropriate Charter School Facilities Account is greater than the difference in the Final Charter School Apportionment and the Preliminary Charter School Apportionment, fund the Final Charter School Apportionment entirely. The Final Charter School Apportionment shall become the full and final apportionment for the project.

(B) If the balance in the Unrestricted Charter School Fund in the appropriate Charter School Facilities Account is less than the difference in the Final Charter School Apportionment and the Preliminary Charter School Apportionment, fund the Final Charter School Apportionment using any remaining balance in the Unrestricted Charter School Fund in the appropriate Charter School Facilities Account. The Final Charter School Apportionment shall become the full and final apportionment for the project.

ATTACHMENT B

SAB Meeting: **March 26, 2014** **CSFP Rehabilitation - Adjusted Grant Approval**

SCHOOL DISTRICT DATA

Application No: 54/68478-13-001
School District: San Francisco Unified
High School Attendance Area: Balboa
County: San Francisco
School Name: Leadership High

PROJECT DATA

Type of Project:	High School
Toilet Square Footage:	1,361
Other Square Footage:	29,569
Application Filing Basis:	High School Attendance Area
Number of Classrooms:	12
Master Acres:	1.62
Existing Acres:	1.62
Proposed Acres:	
Recommended Acres:	19.5
Facility Hardship (a):	No
Financial Hardship Requested:	No
Alternative Education School:	No
Addition to Existing Site:	

ADJUSTED GRANT DATA

CSFP Rehabilitation Grant	$	4,350,996.00
Two Stop Elevators		100,898.00
Additional Elevator Stops		18,160.00
Accessibility/Fire Code Req.		598,142.00
Urban/Security/Impacted Site		1,400,272.00
Prevailing Wage Monitoring		8,086.00
Total State Share (50%)		6,476,554.00
Charter School Share (50%)		6,476,554.00
Total Project Cost	$	**12,953,108.00**

PROJECT FINANCING

State Share	
This Project	6,476,554.00
Charter School Share	
CSFA Lease Amount	
Cash Contribution	6,476,554.00
Total Project Cost	**12,953,108.00**

HISTORY OF PROJECT COST AND APPORTIONMENT

	Fund Code	Proposition	Preliminary Apportionment	Preliminary Apportionment This Action	Authorized This Action	Unfunded Approval This Action
State Share						
CSFP Rehabilitation/Additional Grant	**057-540**	**1D**	$ 1,823,506.60	$ (1,823,506.60)	$ 1,823,506.60	
CSFP Rehabilitation/Additional Grant	**957-540**	**1D**	7,294,026.40	(7,294,026.40)	4,653,047.40	$ 4,653,047.40
Charter School Share						
CSFA Lease Amount						
Cash Contribution			9,117,533.00	(9,117,533.00)	6,476,554.00	
Total			$ **18,235,066.00**	$ **(18,235,066.00)**	$ **12,953,108.00**	$ **4,653,047.40**

Funding Source: Proposition 1D Bonds/2006-Nov.
Pursuant to the Board's action on March 11, 2009, this application has been approved and placed on the Unfunded List.
This approval does not constitute a guarantee or commitment of future State funding.

Assembly Bill 436 (Solorio), Chapter 378, Statutes of 2011, requires school districts to notify the Department of Industrial Relations (DIR) of School Facility Program (SFP) projects with a public works contract awarded on or after January 1, 2012. Except for projects exempt pursuant to Labor Code Section 1771.3(b)(3), the DIR is required to provide prevailing wage monitoring services for the projects.

The Applicant shall ensure that it is in compliance with all applicable laws, regulations and certifications it made on the program forms.

The Applicant received $1,823,506.60 for advance design costs.

Per Education Code Section 17078.58 and SFP Regulation Section 1859.163.5, the rehabilitation base grant for this project has been capped at the new construction base grant for the pupil capacity of the project.

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, March 26, 2014

CONSIDERATION OF ADDITIONAL PROGRAMS REQUIRED TO PARTICIPATE IN THE PRIORITY FUNDING PROCESS

PURPOSE OF REPORT

To present additional information regarding options for the State Allocation Board's (Board) consideration to include the Overcrowding Relief Grant (ORG) program, Career Technical Education Facilities Program (CTEFP), and Charter School Facilities Program (CSFP) in School Facility Program (SFP) regulations that outline the criteria for participation in the priority funding process.

DESCRIPTION

Staff is presenting additional information regarding options for the inclusion of the ORG program, CTEFP, and CSFP in the priority funding participation requirements outlined in the SFP Regulation Section 1859.90.3, with additional considerations for CTEFP. The priority funding process was adopted by the Board previously to promote activity on the unfunded list so that construction-ready projects would receive funding. Per the Board's request, Staff has included information regarding the number of projects and the impact of any changes to the affected applicants. Additional options have been prepared for the potential implementation of these proposed regulatory amendments specifically for CTEFP projects.

AUTHORITY

See Attachment A.

BACKGROUND

At the January 22, 2014 meeting, Staff presented to the Board options for the inclusion of ORG program, CTEFP, and CSFP projects in the participation requirements for the priority funding process, excluding advance release of design and/or site acquisition funds from a Preliminary Charter School Apportionment. The Board requested that Staff bring back additional information related to the applicants impacted by the proposed changes. In addition, the Board also requested information on the timelines for the implementation of the proposed regulation changes. The January 2014 item is included as Attachment F for reference.

STAFF ANALYSIS/STATEMENTS

As requested by the Board at the January 22, 2014 meeting, Staff is presenting an analysis of the applicants affected by the proposed regulation changes and the potential timelines for the implementation for the regulatory amendments with additional considerations for CTEFP projects that were approved with a "reservation of funds".

Affected Applicants and Projects

As of the January 22, 2014 Board meeting, there are a total of 37 applicants that have one or more projects on the Unfunded List (Lack of AB 55 Loans) for the ORG program, CTEFP, and CSFP that would be affected by the proposed regulatory amendments. These 78 projects represent a total of $241.8 million in bond authority. The OPSC has notified these applicants of the Board's consideration of changes in participation requirements that may affect their projects.

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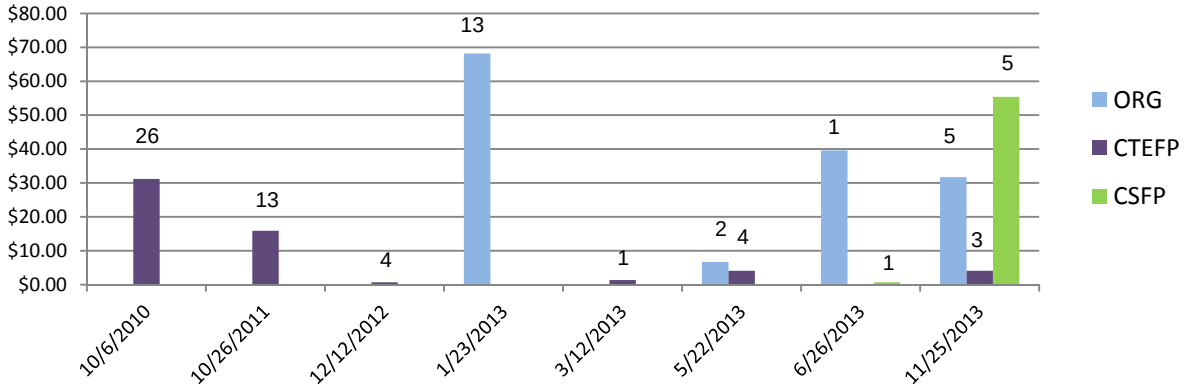
STAFF ANALYSIS/STATEMENTS (cont.)

Attachment B provides a list of the projects currently on the Unfunded List (Lack of AB 55 Loans) by applicant and program, and the amount of bond authority reserved for each project. The CSFP projects included here are limited to unfunded approvals that will become a Final Charter School Apportionment when the priority funding apportionment is granted. The proposed regulations would only apply to this type of CSFP Application.

Number of ORG, CTEFP, and CSFP Projects on the Unfunded List (Lack of AB 55 Loans), Reserved Bond Authority (in Millions), and Date of Board Approval



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STAFF ANALYSIS/STATEMENTS (cont.)

At the January meeting, Members expressed concern for applicants' ability to meet the requirements of the priority funding process without adequate notice and planning time. If the amendments are approved at the March 2014 Board meeting on an emergency basis, the potential effective date for the proposed regulation amendments would be May 9, 2014. If approved on a non-emergency basis, the proposed regulations would be effective October 1, 2014. Staff has included four scenarios below to demonstrate how the participation requirements could affect the applicants.

Emergency Timeline

If the proposed Regulations are in effect by May 9, 2014, the first priority funding filing period following the effective date would begin on May 14, 2014, and the next would begin on November 12, 2014. Two occurrences of non-participation in these filing periods could result in a rescission by December 2014 as shown in Scenario 1 below. This would give the affected applicants about **eight weeks** from the Board's approval date of the regulations before being required to participate in their first priority funding filing round. These timeframes correspond with Option 1(A) in the **OPTIONS** Section.

Scenario 1

TWO OCCURENCES OF NON-PARTICIPATION IN A FILING ROUND: EMERGENCY TIMELINE

ESTIMATED OAL EMERGENCY REGULATION EFFECTIVE DATE	FIRST PRIORITY FUNDING FILING PERIOD	SECOND PRIORITY FUNDING FILING PERIOD	RESCISSION
May 9, 2014	NO May 14, 2014	NO November 12, 2014	**December 2014**

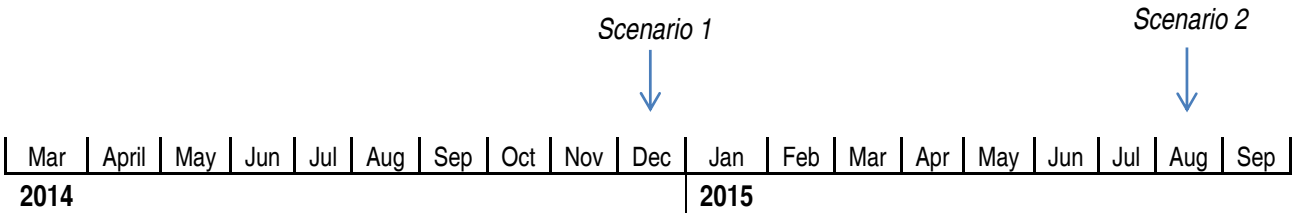
If the applicant participates in the second filing round and receives an apportionment in May 2015, but does not submit a Fund Release request within 90 days, a possible rescission would occur in August 2015 as seen below.

Scenario 2

ONE OCCURRENCE OF NON-PARTICIPATION + ONE OCCURRENCE OF NO SUBMITTAL OF A VALID FUND RELEASE: EMERGENCY TIMELINE

ESTIMATED OAL EMERGENCY REGULATION EFFECTIVE DATE	FIRST PRIORITY FUNDING FILING PERIOD	SECOND PRIORITY FUNDING FILING PERIOD	APPORTIONMENT GRANTED	VALID FUND RELEASE NOT RECEIVED RESCISSION
May 9, 2014	NO May 14, 2014	YES November 12, 2014	YES May 2015	**August 2015**

POTENTIAL RESCISSION DATES



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STAFF ANALYSIS/STATEMENTS (cont.)

Non-Emergency Timeline

If approved on a non-emergency basis, the regulation amendments would likely be effective on October 1, 2014. The first priority funding filing period would begin on November 12, 2014, and the second on May 13, 2015. Two occurrences of non-participation in these filing periods could result in a rescission by June 2015 as shown in the chart below. This would give the affected applicants about **seven months** from the Board's approval before being required to participate in their first priority funding filing round. These timeframes correspond with Option 1(B) in the **OPTIONS** Section.

Scenario 3

TWO OCCURENCES OF NON-PARTICIPATION IN A FILING ROUND: NON-EMERGENCY TIMELINE

ESTIMATED OAL REGULATION EFFECTIVE DATE	FIRST PRIORITY FUNDING FILING PERIOD	SECOND PRIORITY FUNDING FILING PERIOD	RESCISSION
October 1, 2014	NO November 12, 2014	NO May 13, 2015	**June 2015**

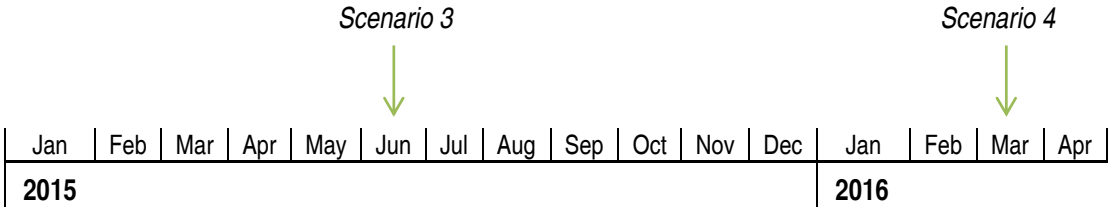
If the applicant does not participate in the first filing round, participates in the second filing round and receives an apportionment in December 2015, but does not submit a Fund Release request within 90 days, a possible rescission would occur in March 2016 as shown below in Scenario 4.

Scenario 4

ONE OCCURRENCE OF NON-PARTICIPATION + ONE OCCURRENCE OF NO SUBMITTAL OF A VALID FUND RELEASE

ESTIMATED OAL REGULATION EFFECTIVE DATE	FIRST PRIORITY FUNDING FILING PERIOD	SECOND PRIORITY FUNDING FILING PERIOD	APPORTIONMENT GRANTED	VALID FUND RELEASE NOT RECEIVED RECISSION
October 1, 2014	NO November 12, 2014	YES May 13, 2015	YES December 2015	**March 2016**

POTENTIAL RESCISSION DATES



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STAFF ANALYSIS/STATEMENTS (cont.)

Additional Considerations for the Career Technical Education Facilities Program
Of the 51 CTEFP projects on the Unfunded List (Lack of AB 55 Loans), 48 have funds reserved pursuant to SFP Regulation Section 1859.193(d), also known as a "reservation of funds". This regulation section allowed these projects to be approved without having California Department of Education (CDE) approval and Division of the State Architect (DSA) approved plans and specifications. The applicant is allowed the 12 months to submit these documents to the Office of Public School Construction (OPSC) after an apportionment has been approved. Once the required approvals have been submitted the applicant is eligible to receive a fund release. The current priority funding process does not allow for this additional time to obtain the necessary approvals.

In addition, all CTEFP projects are currently exempt from the requirements for participation in the priority funding process. They could remain on the Unfunded List (Lack of AB 55 Loans) indefinitely, which affords the applicant maximum flexibility in planning for the execution of the project. If the Board adopts amendments proposed in this item to include all CTEFP projects in the participation requirements for priority funding, these "reservation of funds" projects will have only 90 days after apportionment to submit the approvals required to receive a fund release. In an effort to honor the timelines previously provided for the "reservation of funds" projects, the Board may wish to consider allowing additional time for these projects to obtain the necessary approvals.

The Board could establish a maximum time period to allow the applicant to submit the necessary approvals before the 90-day requirement to request a fund release becomes effective. For example, the Board could provide an apportionment and then allow the applicant up to the original 12 months or a lesser time period, such as six months to obtain and submit the necessary approvals. The 90 day requirement to submit a fund release would begin on the received date. This additional time would allow applicants more flexibility in adapting to the proposed regulatory amendments. The options below account for that prior allowance to obtain the necessary approvals from CDE and DSA. However, allowing this additional time may conflict with the goals of the priority funding process, which is to distribute cash to construction-ready projects. With a six or 12 month allowance, cash could be reserved for up to 15 months, versus the current 90 days.

This illustration shows the current timeline for CTEFP project apportionments. Cash is reserved for **90 days**.

This illustration corresponds with Option 2 in the **OPTIONS** Section. Cash would be reserved for up to **6 months** + **90 days**.

This illustration corresponds with Option 3 in the **OPTIONS** Section. Cash would be reserved for up to **12 months** + **90 days**.

(Continued on Page Six)

OPTIONS

Staff has compiled the following options for the Board's consideration to promote activity on the list of unfunded approvals and equity among the various programs for participation in the priority funding process. The first option provided below adds ORG program, CTEFP and CSFP to the list of programs required to participate in the priority funding process with options for emergency and non-emergency implementation timelines. Options #2 and #3 add the three programs and provide additional time extensions to specified CTEFP projects.

Option #1 - Approve regulatory amendments to SFP Regulation Section 1859.90.3 to include ORG, CTEFP, and CSFP projects, excluding CSFP advance release of design and/or site acquisition funds from a Preliminary Charter School Apportionment, **as shown in Attachment C.**

A) Emergency
If the regulatory amendments are approved on an **emergency timeline**, ORG program, CTEFP, and CSFP, excluding advance release of design and/or site acquisition funds from a Preliminary Charter School Apportionment, project applicants would be subject to the priority funding participation requirements set forth in SFP Regulation Section 1859.90.3 as soon as May 9, 2014. If applicants do not meet the participation requirements, possible rescissions could occur as early as **December 2014**. Returning authority could be used for other projects of the same program currently on the Unfunded List (Lack of AB 55 Loans).

B) Non-emergency
If the regulatory amendments are approved on a **non-emergency timeline**, ORG program, CTEFP, and CSFP, excluding advance release of design and/or site acquisition funds from a Preliminary Charter School Apportionment, project applicants would be subject to the priority funding participation requirements set forth in SFP Regulation Section 1859.90.3 of October 1, 2014. If applicants do not meet the participation requirements, possible rescissions could occur as early as **June 2015.** Returning authority could be used for other projects of the same program currently on the Unfunded List (Lack of AB 55 Loans).

Considerations
Cash would be made available for projects that are construction-ready.

Applicants may not be ready to move forward before the second occurrence of non-participation in the priority funding process.

If a district is required to submit a priority funding request while the State does not have cash available, districts may need to plan without knowing when they can expect funds.

(Continued on Page Seven)

OPTIONS (cont.)

Option #2 – Priority Funding Participation for All Programs – Six Month Consideration for CTEFP

This option would be similar to Option 1, except it would allow CTEFP reservation of funds projects currently on the Unfunded List (Lack of AB 55 Loans) up to six months from the date of apportionment to submit the required CDE plan approval and DSA-approved plans and specifications to OPSC, plus 90 days to meet the requirements of a priority funding apportionment fund release. The proposed regulatory amendments to SFP Regulation Sections 1859.90.2, 1859.90.3, 1859.193 and 1859.197 for this option are shown in Attachment D.

Considerations
Applying the participation requirements of priority funding to CTEFP projects currently on the Unfunded List (Lack of AB 55 Loans) would prevent non-construction ready projects from reserving bond authority indefinitely and allow construction-ready projects to receive funding.

Applicants may not be ready to move forward before the second occurrence of non-participation in the priority funding process.

Cash could be reserved for these projects for up to nine months.

Option #3 – Priority Funding Participation for All Programs – Twelve Month Consideration for CTEFP

This option would be similar to Option 1, except it would allow CTEFP reservation of funds projects currently on the Unfunded List (Lack of AB 55 Loans) up to 12 months from the date of apportionment to submit the required CDE plan approval and DSA-approved plans and specifications to the OPSC, plus 90 days to meet the requirements of a priority funding apportionment fund release. The proposed regulatory amendments to SFP Regulation Sections 1859.90.2, 1859.90.3, 1859.193 and 1859.197 for this option are shown in Attachment E.

Considerations
Applying the participation requirements of priority funding to CTEFP projects currently on the Unfunded List (Lack of AB 55 Loans) would prevent non-construction ready projects from reserving bond authority indefinitely and allow construction-ready projects to receive funding.

Applicants may not be ready to move forward before the second occurrence of non-participation in the priority funding process.

Cash could be reserved for these projects for up to 15 months.

Option #4 – Take no action

RECOMMENDATION

Seek Board direction.

BOARD ACTION

In considering this Item, the SAB approved Option #3 on a non-emergency basis. This Option requires ORG, CTEFP, and CSFP projects (excluding CSFP advance release of design and/or site acquisition funds from a Preliminary Charter School Apportionment) to participate in the Priority Funding process. Applicants would be subject to the Priority Funding participation requirements set forth in SFP Regulation Section 1859.90.3 as soon as October 1, 2014. In addition, the Option provides 12 months for CTEFP projects to obtain CDE and Division of the State Architect plan approvals once the SAB has approved a Priority Funding apportionment and submit the plans to the OPSC, upon which CTEFP applicants would have 90 days to meet the requirements of a Priority Funding apportionment fund release.

ATTACHMENT A

AUTHORITY

Education Code Section 17070.35

(a) In addition to all other powers and duties as are granted to the board by this chapter, other statutes, or the California Constitution, the board shall do all of the following:
(1) Adopt rules and regulations, pursuant to the rulemaking provisions of the Administrative Procedure Act, Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, for the administration of this chapter. However, the board shall have no authority to set the level of the fees of any architect, structural engineer, or other design professional on any project. The initial regulations adopted pursuant to this chapter shall be adopted as emergency regulations, and the circumstances related to the initial adoption are hereby deemed to constitute an emergency for this purpose. The initial regulations adopted pursuant to this chapter shall be adopted by November 4, 1998. If the initial regulations are not adopted by that date, the board shall report to the Legislature by that date, explaining the reasons for the delay.
(2) Establish and publish any procedures and policies in connection with the administration of this chapter as it deems necessary.
(3) Determine the eligibility of school districts to receive apportionments under this chapter.
(4) Apportion funds to eligible school districts under this chapter.
(b) The board shall review and amend its regulations as necessary to adjust its administration of this chapter to conform with the act that amended this section to add this subdivision. Regulations adopted pursuant to this subdivision shall be adopted by November 5, 2002, and shall be adopted as emergency regulations in accordance with the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). The adoption of any emergency regulation pursuant to this subdivision filed with the Office of Administrative Law shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare. Notwithstanding subdivision (e) of Section 11346.1 of the Government Code, any emergency regulation adopted pursuant to this section shall remain in effect for no more than 365 days unless the board has complied with Sections 11346.2 to 11348, inclusive, of the Government Code.

SFP Regulation Section 1859.2. Definitions.

"Application" means a request pursuant to the Act to receive an eligibility determination and/or funding for a school project.
….
"Final Charter School Apportionment" shall mean a Preliminary Charter School Apportionment that has been converted to a Final Charter School Apportionment in accordance with Section 1859.165.
….
"Preliminary Charter School Apportionment" means an apportionment made pursuant to Education Code Section 17078.52(d)(3).
….
"Unfunded List (Lack of AB 55 Loans)" means an information list of unfunded projects that was created due to the State's inability to provide interim financing from the Pooled Money Investment Account (AB 55 loans) to fund school construction projects as declared in the Department of Finance Budget Letter #33 issued on December 18, 2008.

Section 1859.90.2. Priority Funding Process.

The priority funding process allows the Board to distribute available funds to districts or charter schools that request, pursuant to (a) or (b) below, as applicable, an Apportionment or an advance release of funds from a Preliminary Apportionment or Preliminary Charter School Apportionment, during specific 30-calendar day filing periods beginning with July 27, 2011 and continuing with the 2nd Wednesday of January and the 2nd Wednesday of July of 2012. Requests submitted during the filing periods described above are valid until the next filing period begins. The specific 30-calendar day filing periods subsequent to 2012 begin with January 9, 2013 and continue with the 2nd Wednesday of May and the

2nd Wednesday of November, each calendar year. Requests submitted during the filing period beginning with January 9, 2013 are valid until June 30, 2013. Requests submitted during a filing period beginning with the 2nd Wednesday of May are valid from July 1 until December 31 of that year. Requests submitted during a filing period beginning with the 2nd Wednesday in November are valid from January 1 until June 30 of the following year. Requests must be physically received by the OPSC by the 30th calendar day of each filing period to be considered valid.

(a) In order to be considered for an Apportionment, approved advance release of design funds from a Preliminary Charter School Apportionment, or approved advance release of environmental hardship site acquisition funds from a Preliminary Apportionment, the district or charter school must provide a priority funding request in the form of a written statement signed by an authorized representative that includes each of the project application numbers, and the type of apportionment request (e.g., Apportionment, separate apportionment for design or site acquisition), within the 30-calendar day filing period, and shall contain all of the following:

(1) Statement that the request is to convert the unfunded approval to an Apportionment or to receive an approved advance release of funds; and

(2) Acknowledgement that a valid, original signature Form SAB 50-05 must be submitted and physically received by the OPSC within 90 calendar days of Apportionment or approved advance release of funds request and that failure to do so will result in the rescission of the Apportionment or approved advance release of funds request without further Board action; and

(3) Acknowledgement that, if the district submits the Form SAB 50-05 on or after July 1, 2013 and is required to submit an LCP third party report, pursuant to Section 1859.97(b), the report will be submitted to the OPSC and the DIR at least 60 days prior to submitting the Form SAB 50-05; and

(4) For those receiving an Apportionment, acknowledgement that by participating in the priority funding process, the district or charter school is waiving its right to the 18 month timeline for fund release submittal described in Section 1859.90.

(b) In order to be considered for an approved advance release of site acquisition funds from a Preliminary Charter School Apportionment, the district or charter school must provide a priority funding request in the form of a written statement signed by an authorized representative within the 30-calendar day filing period, and shall contain all of the following:

(1) Statement that the request is to convert the advance release of funds to an approved advance release of funds request; and,

(2) Acknowledgement that a valid, original signature Form SAB 50-05 must be submitted and physically received by the OPSC within 180 calendar days of the approved advance release of funds request and that failure to do so will result in the rescission of the approved advance release of funds request without further Board action; and

(3) Acknowledgement that it must provide evidence that it has entered into the Charter School Agreements within 90 calendar days of approval of the advance release of funds request and that failure to do so will result in the rescission of the approval without further Board action.

(c) If a district or charter school receives an Apportionment or approved advance release of funds request through the priority funding process, the OPSC must receive a valid, original signature copy of the Form SAB 50-05 within the specified time period, pursuant to (a)(2) or (b)(2) as applicable. If the OPSC does not receive a valid, original signature copy of the Form SAB 50-05 within the time period:

(1) The priority funding Apportionment or approved advance release of funds request shall be rescinded without further Board action, and

(2) If the application is not subject to rescission pursuant to Section 1859.90.3(c) as defined in Section 1859.90.3(d), the application shall return to the Unfunded List (Lack of AB 55 Loans) with a new unfunded approval date that is 90 calendar days from the date of Apportionment or approval of the advance release of funds request.

(d) In the event that the amount of requests received during a specific 30-calendar day filing period exceeds the funds available, the Board shall apportion based on the unfunded approval date and the application received date up to the available cash from each bond source. Projects that have requested to participate in the priority funding process for which an Apportionment cannot be provided shall retain their date order position on the Unfunded List (Lack of AB 55 Loans). Requests not converted to apportionments will not be returned to the district or kept by the OPSC.

(e) For purposes of this section “rescinded” or “rescission” shall mean that the apportionment or approved advance release of funds request returns to unfunded approval status with a new unfunded approval date. The new unfunded

approval date will be 90 calendar days from the apportionment date. The district or charter school will not be required to re-submit the application and no further application review will be required.

SFP Regulation Section 1859.90.3. Participation in the Priority Funding Process.

This section applies only to applications for new construction, modernization, Facility Hardship pursuant to Section 1859.82 and rehabilitation pursuant to Section 1859.83(e), and specifically excludes applications for the Charter School Facilities and Career Technical Education Facilities Programs.

(a) For each application on the Unfunded List (Lack of AB 55 Loans) for new construction, modernization, Facility Hardship pursuant to Section 1859.82 or rehabilitation pursuant to Section 1859.83(e), the occurrences of (1) or (2) below shall be limited after the effective date of this regulation section [March 25, 2013]:
(1) The district abstains from participating in a priority funding 30-calendar day filing period described in Section 1859.90.2 for the application on the Unfunded List (Lack of AB 55 Loans).
(2) The application receives a priority funding Apportionment pursuant to Section 1859.90.2(a), and the district fails to meet the fund release requirements pursuant to Section 1859.90.2(c).
(b) The first occurrence of (a)(1) or (a)(2) shall result in the following, as applicable:
(1) If (a)(1) occurs, the application shall retain its place on the Unfunded List (Lack of AB 55 Loans).
(2) If (a)(2) occurs, the priority funding Apportionment shall be rescinded and the application shall be returned to the Unfunded List (Lack of AB 55 Loans) pursuant to Section 1859.90.2(c)(2).
(c) If subsection (b) has occurred, a subsequent occurrence of either (a)(1) or (a)(2) shall result in the rescission of the application's Apportionment and/or unfunded approval, as applicable, and the removal of the application from the Unfunded List (Lack of AB 55 Loans) without further Board action. The application shall be returned to the applicant.
(d) For purposes of subsection (c), "rescinded" or "rescission" of an unfunded approval shall mean that the bond authority associated with the Apportionment or unfunded approval, as applicable, returns to the appropriate School Facility Program bond authority source for reallocation. If applicable, the pupils housed in the project will be added back to the district's baseline eligibility pursuant to Sections 1859.51(d) for new construction or 1859.61(d) for modernization.

SFP Regulation Section 1859.193

A Career Technical Education Facilities Project may construct a new facility or modernize or Reconfigure an existing school building. The application for Career Technical Education Facility funding may accompany an application for new construction funding pursuant to Section 1859.70 or may be submitted independently.
The applicant must identify square footage of the Career Technical Education Facility being constructed, modernized, reconfigured or equipped, on the funding application. Equipment purchased under the Career Technical Education Facilities Program must have an average useful life expectancy of at least ten years pursuant to Education Code 17078.72(a). An application for a Career Technical Education Facilities Project may consist entirely of equipment.
All equipment must be purchased on or after May 20, 2006, unless the Career Technical Education Facilities Project is combined with a qualifying SFP new construction project pursuant to Section 1859.193.1.
(a) For new construction of a Career Technical Education Facilities Project included in a qualifying New Construction Grant, the Career Technical Education Facilities grant amount shall be the lesser of either (1) or (2):
(1) The sum of the costs uniquely related to facilities required to provide Career Technical Education as determined below:
(A) 50 percent of the cost of construction of the Career Technical Education Facilities Project, as determined by the project architect, subject to OPSC review and approval.
(B) 50 percent of the cost to equip the Career Technical Education Facilities Project with necessary equipment.
(C) For public works projects awarded on or after January 1, 2012, the prevailing wage monitoring and enforcement costs as prescribed in Section 1859.71.4(c), if required by the Labor Code.
(D) Minus an allowance for New Construction Grants provided for Career Technical Education classrooms, determined by:

ATTACHMENT A

1. Multiplying 960 square feet by the number of classrooms in the Career Technical Education Facilities Project that were included in the New Construction project.
2. Multiplying the amount determined in (a)(1)(C)1 by 50 percent of the Current Replacement Cost for non-Toilet Facilities.
(2) $3 million per Career Technical Education Facilities Project.
(3) Site development work is not allowed as part of a Career Technical Education Facilities Project included in a New Construction Grant. Site development work necessary pursuant to Section 1859.76, may be requested by the district under the qualifying SFP New Construction.
(4) Pursuant to Labor Code Section 1771.3, any public works project paid in whole or in part from public funds that are derived from bonds issued by the State and for which the construction contract is awarded on or after January 1, 2012, is subject to DIR monitoring and enforcement of compliance with applicable prevailing wage requirements, unless the project is exempt from this requirement pursuant to Labor Code Section 1771.3(b).
(5) Any school district failing to meet the requirements of (a)(4) shall return to the State any State funding for the project, including interest, at the rate paid on moneys in the Pooled Money Investment Account or at the highest rate of interest for the most recent issue of State general obligation bonds as established pursuant to the Chapter 4 (commencing with Section 16720), of Part 3 of Division 4 of Title 2 of the Government Code, whichever is greater. Interest to be returned shall be calculated from the date at which funds were received by the school district until the date of the Board's finding.
(6) If the DIR revokes the district's internal LCP's approval and the district fails to provide appropriate prevailing wage monitoring through the DIR or other exemptions as specified in Labor Code Section 1771.3, the school district shall return to the State any State funding received for the project, including interest, as calculated in subsection (a)(5) above, for any construction projects for which the violations occurred.
(b) For stand-alone new construction of a Career Technical Education Facilities Project, the grant amount shall be the lesser of either (1) or (2):
(1) The sum of the costs uniquely related to facilities required to provide Career Technical Education as determined below:
(A) 50 percent of the cost of construction of the Career Technical Education Facilities Project, as determined by the project architect, subject to OPSC review and approval.
(B) 50 percent of the cost to equip the Career Technical Education Facilities Project with necessary equipment.
(C) 50 percent of site development work that meets the following criteria:
1. It is necessary and applicable to the Career Technical Education Facilities Project.
2. It meets the requirements for site development costs as outlined in Section 1859.76.
(D) For public works projects awarded after January 1, 2012, the prevailing wage monitoring and enforcement costs as prescribed in Section 1859.71.4(c), if required by the Labor Code.
(2) $3 million per Career Technical Education Facilities Project.
(3) If the district is requesting funding for site development work applicable to the Career Technical Education Facilities Project, the district must submit a detailed cost estimate and appropriate DSA approved plans with the Form SAB 50-10. The cost estimate must include appropriate justification documents that indicate the work is necessary to complete the Career Technical Education Facilities Project and conform to the requirements in Section 1859.76.
(4) Utility service(s) cost shall be prorated, if necessary, for any excess capacity not needed to service the Career Technical Education Facilities Project.
(5) Pursuant to Labor Code Section 1771.3, any public works project paid in whole or in part from public funds that are derived from bonds issued by the State and for which the construction contract is awarded on or after January 1, 2012, is subject to DIR monitoring and enforcement of compliance with applicable prevailing wage requirements, unless the project is exempt from this requirement pursuant to Labor Code Section 1771.3(b).
(6) Any school district failing to meet the requirements of (b)(5) shall return to the State any State funding for the project, including interest, at the rate paid on moneys in the Pooled Money Investment Account or at the highest rate of interest for the most recent issue of State general obligation bonds as established pursuant to the
Chapter 4 (commencing with Section 16720), of Part 3 of Division 4 of Title 2 of the Government Code, whichever is greater. Interest to be returned shall be calculated from the date at which funds were received by the school district until the date of the Board's finding.

(7) If the DIR revokes the district's internal LCP's approval and the district fails to provide appropriate prevailing wage monitoring through the DIR or other exemptions as specified in Labor Code Section 1771.3, the school district shall return to the State any State funding received for the project, including interest, as calculated in subsection (b)(6) above, for any construction projects for which the violations occurred.
(c) For Modernization of a Career Technical Education Facilities Project, the grant amount shall be the lesser of either (1) or (2):
(1) The sum of the costs uniquely related to facilities required to provide Career Technical Education Facilities Project as determined below:
(A) 50 percent of the cost to modernize or Reconfigure the Career Technical Education Facilities, as determined by the project architect, subject to OPSC review and approval.
(B) 50 percent of the cost to equip the Career Technical Education Facilities with necessary equipment.
(C) For public works projects awarded on or after January 1, 2012, the prevailing wage monitoring and enforcement costs as prescribed in Section 1859.71.4(c), if required by the Labor Code.
(2) $1.5 million per Career Technical Education Facilities Project.
(3) Reconfiguring an existing school building must not displace a minimum essential facility. In any case involving the replacement of a minimum essential facility due to the reconfiguration of an existing building, the replacement must be part of the plans submitted in support of the Career Technical Education Facilities Application, must occur concurrently, and cannot be part of a SFP Application for new construction.
(4) Utility service(s) cost shall be prorated, if necessary, for any excess capacity not needed to service the Career Technical Education Facilities Project.
(5) Pursuant to Labor Code Section 1771.3, any public works project paid in whole or in part from public funds that are derived from bonds issued by the State and for which the construction contract is awarded on or after January 1, 2012, is subject to DIR monitoring and enforcement of compliance with applicable prevailing wage requirements, unless the project is exempt from this requirement pursuant to Labor Code Section 1771.3(b).
(6) Any school district failing to meet the requirements of subsection (c)(5) above, shall return to the State any State funding for the project, including interest, at the rate paid on moneys in the Pooled Money Investment Account or at the highest rate of interest for the most recent issue of State general obligation bonds as established pursuant to the Chapter 4 (commencing with Section 16720), of Part 3 of Division 4 of Title 2 of the Government Code, whichever is greater. Interest to be returned shall be calculated from the date at which funds were received by the school district until the date of the Board's finding.
(7) If the DIR revokes the district's internal LCP's approval and the district fails to provide appropriate prevailing wage monitoring through the DIR or other exemptions as specified in Labor Code Section 1771.3, the school district shall return to the State any State funding received for the project, including interest, as calculated in subsection (c)(6) above, for any construction projects for which the violations occurred.
(d) If an applicant meets the eligibility criteria in Section 1859.192, but does not have the necessary approvals from the DSA and/or the CDE at the time of apportionment, the Board may apportion funds for the Career Technical Education Facilities Project and reserve them for a period of up to 12 months. The grant amount to be reserved for the project will be the maximum funding as determined above in (a), (b), or (c).
(e) Funding provided as prescribed in Section 1859.71.6 and Section 1859.77.4 shall not be affected by the maximum funding determinations listed above.

Section 1859.197 Fund Release Process.

The OPSC will release State funds that have been apportioned by the Board pursuant to Sections 1859.195 and 1859.196 after submittal by the applicant of the Form SAB 50-05.
(a) If an apportionment was made for a Career Technical Education Facilities Project, the applicant must submit a Form SAB 50-05 within 18 months of the Apportionment as outlined in Education Code Section 17076.10 or the apportionment shall be rescinded without further Board action.
(b) If Career Technical Education Facilities funds were reserved for the applicant pursuant to Section 1859.193(d) of these Regulations, the applicant:

(1) Has one year from the date of apportionment to submit the CDE plan approval and DSA-approved plans and specifications, as required, to the OPSC for the Career Technical Education Facilities Project, otherwise the apportionment shall be rescinded without further Board action.
(2) Has 18 months from the date the CDE plan approval and DSA-approved plans and specifications, as needed, are submitted to the OPSC to submit a completed Form SAB 50-05 or the apportionment shall be rescinded without further Board action. If the district is requesting an apportionment pursuant to Section 1859.90.1 or 1859.90.2, the Board will require that this time limit be reduced to no more than 90 days from the date of the apportionment.
(c) If the applicant requires a loan for the entire matching share requirement pursuant to Section 1859.194(b) of these Regulations:
(1) Subject to the availability of financing provided by the Pooled Money Investment Board for bond-funded projects, the OPSC will release ten percent of the Career Technical Education Facilities grant to the applicant within 30 calendar days of the apportionment.
(2) The applicant has one year from the date of apportionment to submit the CDE plan approval and DSA-approved plans and specifications, as required, to the OPSC for the Career Technical Education Facilities Project, otherwise the apportionment shall be rescinded without further Board action.
(3) The applicant has 18 months from the date in (c)(2) to submit a completed Form SAB 50-05 or the apportionment shall be rescinded without further Board action.
(d) If the district is requesting an Apportionment pursuant to Section 1859.90.1 or 1859.90.2 and if the district is requesting funding as prescribed in Section 1859.71.6 or Section 1859.77.4, as applicable, then the district must submit the necessary approvals from the DSA and/or the CDE, as applicable, at least 90 days prior to requesting an Apportionment.
(e) If the district receives an Apportionment pursuant to (a) or (b) and if the district is requesting funding as prescribed in Section 1859.71.6 or Section 1859.77.4, as applicable, then the district must submit the necessary approvals from the DSA and/or the CDE, as applicable, at least 90 days prior to receiving an Apportionment.
(f) The applicant is subject to substantial progress time limit on the apportionment as outlined in Education Code Section 17076.10(b).
(g) In the event the Board determines there is a fiscal emergency or crisis on the part of the State of California, the Board may grant an extension not to exceed 12 months to the time limit prescribed in (b)(1) and (c)(2) above and Section 1859.193(d). Regulation Section 1859.197(g) shall become inoperative January 1, 2010.

ATTACHMENT B

Unfunded List (Lack of AB 55 Loans) as of January 22, 2014

County	Applicant	Application Number	SAB Unfunded Approval Date	State Unfunded Approval
ALAMEDA	NEW HAVEN UNIFIED	59/61242-00-001	10/6/2010	$ 394,342
CONTRA COSTA	PITTSBURG UNIFIED	59/61788-00-001	3/12/2013	$ 1,411,417
CONTRA COSTA	SAN RAMON VALLEY UNIFIED	55/61804-00-005	10/6/2010	$ 818,151
CONTRA COSTA	SAN RAMON VALLEY UNIFIED	55/61804-00-005	8/22/2012	$ 1,021
CONTRA COSTA	SAN RAMON VALLEY UNIFIED	55/61804-00-006	10/26/2011	$ 412,085
CONTRA COSTA	SAN RAMON VALLEY UNIFIED	55/61804-00-006	8/22/2012	$ 515
CONTRA COSTA	WEST CONTRA COSTA UNIFIED	54/61796-03-001	6/26/2013	$ 886
EL DORADO	EL DORADO UNION HIGH	59/61853-00-001	10/6/2010	$ 821,617
EL DORADO	EL DORADO UNION HIGH	59/61853-00-001	8/22/2012	$ 1,027
FRESNO	CLOVIS UNIFIED	55/62117-00-006	11/25/2013	$ 1,502,980
FRESNO	FRESNO UNIFIED	56/62166-00-013	1/23/2013	$ 5,586,836
FRESNO	FRESNO UNIFIED	56/62166-00-013	3/20/2013	$ 112,240
FRESNO	FRESNO UNIFIED	56/62166-00-013	3/20/2013	$ 168,157
FRESNO	KINGS CANYON JOINT UNIFIED	55/62265-00-002	10/26/2011	$ 3,000,000
IMPERIAL	HOLTVILLE UNIFIED	55/63149-00-001	11/25/2013	$ 2,016,088
KERN	KERN COUNTY OFFICE OF EDUCATION	55/10157-98-001	10/6/2010	$ 723,600
KERN	KERN HIGH	59/63529-00-016	12/12/2012	$ 426,190
KERN	KERN HIGH	59/63529-00-017	10/6/2010	$ 434,224
KERN	KERN HIGH	59/63529-00-017	5/22/2013	$ 543
KERN	KERN HIGH	59/63529-00-020	10/26/2011	$ 826,720
KERN	KERN HIGH	59/63529-00-020	8/22/2012	$ 1,033
KERN	KERN HIGH	59/63529-00-022	10/6/2010	$ 192,803
KERN	KERN HIGH	59/63529-00-022	8/22/2012	$ 241
KERN	KERN HIGH	59/63529-00-024	11/25/2013	$ 629,141
KERN	KERN HIGH	59/63529-00-028	12/12/2012	$ 149,901
KERN	KERN HIGH	59/63529-00-029	10/26/2011	$ 723,188
KERN	KERN HIGH	59/63529-00-029	8/22/2012	$ 904
KERN	KERN HIGH	59/63529-00-030	10/6/2010	$ 152,203
KERN	KERN HIGH	59/63529-00-030	8/22/2012	$ 190
LOS ANGELES	ARCADIA UNIFIED	55/64261-00-002	8/22/2012	$ 2,895
LOS ANGELES	ARCADIA UNIFIED	55/64261-00-002	10/6/2010	$ 2,316,200
LOS ANGELES	BELLFLOWER UNIFIED	59/64303-00-003	12/12/2012	$ 76,990
LOS ANGELES	GLENDALE UNIFIED	56/64568-00-005	3/20/2013	$ 155,168
LOS ANGELES	GLENDALE UNIFIED	56/64568-00-005	1/23/2013	$ 5,413,431
LOS ANGELES	GLENDALE UNIFIED	56/64568-00-006	3/20/2013	$ 122,268

ATTACHMENT B

Unfunded List (Lack of AB 55 Loans) as of January 22, 2014

County	Applicant	Application Number	SAB Unfunded Approval Date	State Unfunded Approval
LOS ANGELES	GLENDALE UNIFIED	56/64568-00-006	1/23/2013	$ 4,565,089
LOS ANGELES	GLENDALE UNIFIED	56/64568-00-007	3/20/2013	$ 194,870
LOS ANGELES	GLENDALE UNIFIED	56/64568-00-007	1/23/2013	$ 6,607,033
LOS ANGELES	GLENDALE UNIFIED	56/64568-00-008	3/20/2013	$ 51,073
LOS ANGELES	GLENDALE UNIFIED	56/64568-00-008	1/23/2013	$ 2,101,391
LOS ANGELES	GLENDALE UNIFIED	56/64568-00-009	3/20/2013	$ 219,130
LOS ANGELES	GLENDALE UNIFIED	56/64568-00-009	1/23/2013	$ 7,503,496
LOS ANGELES	GLENDALE UNIFIED	56/64568-00-010	3/20/2013	$ 128,891
LOS ANGELES	GLENDALE UNIFIED	56/64568-00-010	1/23/2013	$ 4,514,173
LOS ANGELES	GLENDALE UNIFIED	56/64568-00-011	3/20/2013	$ 196,891
LOS ANGELES	GLENDALE UNIFIED	56/64568-00-011	1/23/2013	$ 6,889,539
LOS ANGELES	GLENDALE UNIFIED	56/64568-00-012	3/20/2013	$ 165,967
LOS ANGELES	GLENDALE UNIFIED	56/64568-00-012	1/23/2013	$ 5,740,704
LOS ANGELES	GLENDALE UNIFIED	56/64568-00-013	3/20/2013	$ 102,445
LOS ANGELES	GLENDALE UNIFIED	56/64568-00-013	1/23/2013	$ 3,598,189
LOS ANGELES	GLENDALE UNIFIED	56/64568-00-014	3/20/2013	$ 287,370
LOS ANGELES	GLENDALE UNIFIED	56/64568-00-014	1/23/2013	$ 9,783,471
LOS ANGELES	GREEN DOT PUBLIC SCHOOLS	54/64733-00-017	11/25/2013	$ 11,985,916
LOS ANGELES	GREEN DOT PUBLIC SCHOOLS	54/64733-00-070	11/25/2013	$ 7,177,288
LOS ANGELES	LONG BEACH UNIFIED	56/64725-00-001	11/25/2013	$ 19,665,867
LOS ANGELES	LOS ANGELES UNIFIED	55/64733-00-007	10/6/2010	$ 1,963,579
LOS ANGELES	LOS ANGELES UNIFIED	55/64733-00-007	8/22/2012	$ 2,454
LOS ANGELES	LOS ANGELES UNIFIED	55/64733-00-009	10/6/2010	$ 1,774,734
LOS ANGELES	LOS ANGELES UNIFIED	55/64733-00-009	10/26/2011	$ 1,225,266
LOS ANGELES	LOS ANGELES UNIFIED	55/64733-00-011	10/26/2011	$ 2,413,880
LOS ANGELES	LOS ANGELES UNIFIED	55/64733-00-011	5/22/2013	$ 3,017
LOS ANGELES	LOS ANGELES UNIFIED	55/64733-00-013	10/6/2010	$ 1,533,959
LOS ANGELES	LOS ANGELES UNIFIED	55/64733-00-013	5/22/2013	$ 1,917
LOS ANGELES	LOS ANGELES UNIFIED	56/64733-00-016	6/26/2013	$ 39,623,990
LOS ANGELES	LOS ANGELES UNIFIED	56/64733-00-019	11/25/2013	$ 3,031,304
LOS ANGELES	LOS ANGELES UNIFIED	56/64733-00-020	11/25/2013	$ 3,282,478
LOS ANGELES	LOS ANGELES UNIFIED	56/64733-00-021	11/25/2013	$ 2,596,673
LOS ANGELES	LOS ANGELES UNIFIED	59/64733-00-028	10/6/2010	$ 1,401,783
LOS ANGELES	LOS ANGELES UNIFIED	59/64733-00-028	8/22/2012	$ 1,752
RIVERSIDE	DESERT SANDS UNIFIED	55/67058-00-005	8/22/2012	$ 1,301

ATTACHMENT B

Unfunded List (Lack of AB 55 Loans) as of January 22, 2014

County	Applicant	Application Number	SAB Unfunded Approval Date	State Unfunded Approval
RIVERSIDE	DESERT SANDS UNIFIED	55/67058-00-005	10/6/2010	$ 1,040,611
RIVERSIDE	DESERT SANDS UNIFIED	55/67058-00-006	8/22/2012	$ 3,333
RIVERSIDE	DESERT SANDS UNIFIED	55/67058-00-006	10/6/2010	$ 2,666,732
RIVERSIDE	RIVERSIDE UNIFIED	59/67215-00-001	10/6/2010	$ 579,687
RIVERSIDE	RIVERSIDE UNIFIED	59/67215-00-001	8/22/2012	$ 725
SACRAMENTO	LANGUAGE ACADEMY OF SACRAMENTO	54/67439-00-005	11/25/2013	$ 9,394,806
SACRAMENTO	LANGUAGE ACADEMY OF SACRAMENTO	54/67439-00-006	11/25/2013	$ 1,330,064
SAN BERNARDINO	COLTON-REDLANDS-YUCAIPA ROP	59/74138-00-015	10/26/2011	$ 2,050
SAN BERNARDINO	RIALTO UNIFIED	56/67850-00-002	1/23/2013	$ 1,509,707
SAN BERNARDINO	RIALTO UNIFIED	56/67850-00-002	3/20/2013	$ 44,867
SAN BERNARDINO	RIALTO UNIFIED	56/67850-00-003	1/23/2013	$ 2,117,786
SAN BERNARDINO	RIALTO UNIFIED	56/67850-00-003	3/20/2013	$ 298,458
SAN BERNARDINO	RIALTO UNIFIED	56/67850-00-003	5/22/2013	$ 295
SAN BERNARDINO	RIALTO UNIFIED	56/67850-00-004	5/22/2013	$ 1,663,899
SAN BERNARDINO	SNOWLINE JOINT UNIFIED	55/73957-00-001	10/6/2010	$ 1,093,051
SAN BERNARDINO	SNOWLINE JOINT UNIFIED	55/73957-00-002	10/6/2010	$ 1,031,968
SAN DIEGO	ESCONDIDO UNION HIGH	59/68106-00-001	12/12/2012	$ 20,137
SAN DIEGO	SAN DIEGO UNIFIED	55/68338-00-001	10/6/2010	$ 2,918,735
SAN DIEGO	SAN DIEGO UNIFIED	55/68338-00-001	8/22/2012	$ 3,648
SAN DIEGO	SAN DIEGO UNIFIED	55/68338-00-002	10/26/2011	$ 986,812
SAN DIEGO	SAN DIEGO UNIFIED	55/68338-00-002	8/22/2012	$ 1,234
SAN DIEGO	SAN DIEGO UNIFIED	55/68338-00-004	10/6/2010	$ 1,470,162
SAN DIEGO	SAN DIEGO UNIFIED	55/68338-00-004	8/22/2012	$ 1,838
SAN DIEGO	SAN DIEGO UNIFIED	59/68338-00-001	10/26/2011	$ 1,427,767
SAN DIEGO	SAN DIEGO UNIFIED	59/68338-00-001	8/22/2012	$ 1,785
SAN DIEGO	SAN DIEGO UNIFIED	59/68338-00-005	5/22/2013	$ 539,214
SAN DIEGO	SAN DIEGO UNIFIED	59/68338-00-006	10/6/2010	$ 473,110
SAN DIEGO	SAN DIEGO UNIFIED	59/68338-00-006	8/22/2012	$ 591
SAN DIEGO	SAN DIEGO UNIFIED	59/68338-00-007	10/6/2010	$ 1,022,484
SAN DIEGO	SAN DIEGO UNIFIED	59/68338-00-007	8/22/2012	$ 1,278
SAN FRANCISCO	SAN FRANCISCO UNIFIED	56/68478-13-001	11/25/2013	$ 3,153,723
SAN JOAQUIN	STOCKTON UNIFIED	55/68676-00-002	10/26/2011	$ 3,000,000
SAN JOAQUIN	TRACY JOINT UNIFIED	59/75499-00-007	10/6/2010	$ 514,087
SAN JOAQUIN	TRACY JOINT UNIFIED	59/75499-00-007	8/22/2012	$ 643
SANTA CLARA	CAMPBELL UNION HIGH	55/69401-00-007	8/22/2012	$ 782

ATTACHMENT B

Unfunded List (Lack of AB 55 Loans) as of January 22, 2014

County	Applicant	Application Number	SAB Unfunded Approval Date	State Unfunded Approval
SANTA CLARA	CAMPBELL UNION HIGH	55/69401-00-007	10/26/2011	$ 625,964
SANTA CLARA	CAMPBELL UNION HIGH	59/69401-00-001	8/22/2012	$ 1,254
SANTA CLARA	CAMPBELL UNION HIGH	59/69401-00-001	10/26/2011	$ 1,003,238
SANTA CLARA	CAMPBELL UNION HIGH	59/69401-00-002	8/22/2012	$ 763
SANTA CLARA	CAMPBELL UNION HIGH	59/69401-00-002	10/26/2011	$ 610,353
SANTA CLARA	CAMPBELL UNION HIGH	59/69401-00-003	5/22/2013	$ 1,068,335
SANTA CLARA	PALO ALTO UNIFIED	55/69641-00-001	10/6/2010	$ 3,000,000
SANTA CLARA	VOICES COLLEGE - BOUND LANGUAGE ACAI	54/69450-00-001	11/25/2013	$ 8,211,721
SISKIYOU	SISKIYOU UNION HIGH	55/70466-00-002	10/6/2010	$ 296,772
SISKIYOU	SISKIYOU UNION HIGH	59/70466-00-001	10/6/2010	$ 143,380
STANISLAUS	CERES UNIFIED	59/71043-00-003	8/22/2012	$ 1,502
STANISLAUS	CERES UNIFIED	59/71043-00-003	10/6/2010	$ 1,201,300
STANISLAUS	PATTERSON JOINT UNIFIED	55/71217-00-001	5/22/2013	$ 2,467,386
SUTTER	SUTTER UNION HIGH	59/71449-00-001	5/22/2013	$ 123,289
SUTTER	YUBA CITY UNIFIED	59/71464-00-001	10/26/2011	$ 839,622
VENTURA	SANTA PAULA UNION HIGH	56/72595-00-001	5/22/2013	$ 4,996,625
				$ 241,839,649

*This list represents 78 unique projects. Some may be shown on more than one line.

n/a indicates that an application was not on the list of unfunded approvals in time to participate in a specific filing period

Overcrowding Relief Grant Program

Career Technical Education Facilities Program

Charter School Facilities Program (Conversions only)

ATTACHMENT C

Proposed Regulatory Amendments

SFP Regulation Section 1859.90.3. Participation in the Priority Funding Process.

This section applies ~~only~~ to ~~a~~Applications for funding for new construction, modernization, Overcrowding Relief Grant, Career Technical Education Facilities Program, Facility Hardship pursuant to Section 1859.82 and rehabilitation pursuant to Section 1859.83(e), and Charter School Facilities Program, excluding advance release of design and/or site acquisition funds from a Preliminary Charter School Apportionment ~~and specifically excludes applications for the Charter School Facilities and Career Technical Education Facilities Programs~~.

(a) For each ~~a~~Application on the Unfunded List (Lack of AB 55 Loans) for new construction, modernization, Facility Hardship pursuant to Section 1859.82 or rehabilitation pursuant to Section 1859.83(e), the occurrences of (1) or (2) below shall be limited after the effective date of this regulation section [March 25, 2013]. For each Application on the Unfunded List (Lack of AB 55 Loans) for Overcrowding Relief Grant, Career Technical Education Facilities Program, and Charter School Facilities Program, excluding advance release of design and/or site acquisition funds from a Preliminary Charter School Apportionment, the occurrences of (1) or (2) below shall be limited after the effective date of this regulation section [XXX, 2014]:
(1) The district abstains from participating in a priority funding 30-calendar day filing period described in Section 1859.90.2 for the ~~a~~Application on the Unfunded List (Lack of AB 55 Loans).
(2) The ~~a~~Application receives a priority funding Apportionment pursuant to Section 1859.90.2~~(a)~~, and the district fails to meet the fund release requirements pursuant to Section 1859.90.2(c).
(b) The first occurrence of (a)(1) or (a)(2) shall result in the following, as applicable:
(1) If (a)(1) occurs, the ~~a~~Application shall retain its place on the Unfunded List (Lack of AB 55 Loans).
(2) If (a)(2) occurs, the priority funding Apportionment shall be rescinded and the ~~a~~Application shall be returned to the Unfunded List (Lack of AB 55 Loans) pursuant to Section 1859.90.2(c)(2).
(c) If subsection (b) has occurred, a subsequent occurrence of either (a)(1) or (a)(2) shall result in the rescission of the ~~a~~Application's Apportionment and/or unfunded approval, as applicable, and the removal of the ~~a~~Application from the Unfunded List (Lack of AB 55 Loans) without further Board action. The ~~a~~Application shall be returned to the applicant.
(d) For purposes of subsection (c), "rescinded" or "rescission" of an unfunded approval shall mean that the bond authority associated with the Apportionment or unfunded approval, as applicable, returns to the appropriate School Facility Program bond authority source for reallocation. If applicable, the pupils housed in the project will be added back to the district's baseline eligibility pursuant to Sections 1859.51(d) for new construction or 1859.61(d) for modernization.

ATTACHMENT D

Proposed Regulatory Amendments

Section 1859.90.2. Priority Funding Process.

The priority funding process allows the Board to distribute available funds to districts or charter schools that request, pursuant to (a) or (b) below, as applicable, an Apportionment or an advance release of funds from a Preliminary Apportionment or Preliminary Charter School Apportionment, during specific 30-calendar day filing periods beginning with July 27, 2011 and continuing with the 2nd Wednesday of January and the 2nd Wednesday of July of 2012. Requests submitted during the filing periods described above are valid until the next filing period begins. The specific 30-calendar day filing periods subsequent to 2012 begin with January 9, 2013 and continue with the 2nd Wednesday of May and the 2nd Wednesday of November, each calendar year. Requests submitted during the filing period beginning with January 9, 2013 are valid until June 30, 2013. Requests submitted during a filing period beginning with the 2nd Wednesday of May are valid from July 1 until December 31 of that year. Requests submitted during a filing period beginning with the 2nd Wednesday in November are valid from January 1 until June 30 of the following year. Requests must be physically received by the OPSC by the 30th calendar day of each filing period to be considered valid.

(a) In order to be considered for an Apportionment, approved advance release of design funds from a Preliminary Charter School Apportionment, or approved advance release of environmental hardship site acquisition funds from a Preliminary Apportionment, the district or charter school must provide a priority funding request in the form of a written statement signed by an authorized representative that includes each of the project ~~a~~Application numbers, and the type of ~~a~~Apportionment request (e.g., Apportionment, separate ~~a~~Apportionment for design or site acquisition), within the 30-calendar day filing period, and shall contain ~~all of~~ the following:
(1) Statement that the request is to convert the unfunded approval to an Apportionment or to receive an approved advance release of funds; and
(2) Acknowledgement that a valid, original signature Form SAB 50-05 must be submitted and physically received by the OPSC within 90 calendar days of Apportionment or approved advance release of funds request, except for a Career Technical Education Facilities Project in (a)(5), and that failure to do so will result in the rescission of the Apportionment or approved advance release of funds request without further Board action; and
(3) Acknowledgement that, if the district submits the Form SAB 50-05 on or after July 1, 2013 and is required to submit an LCP third party report, pursuant to Section 1859.97(b), the report will be submitted to the OPSC and the DIR at least 60 days prior to submitting the Form SAB 50-05; and
(4) For those receiving an Apportionment, acknowledgement that by participating in the priority funding process, the district or charter school is waiving its right to the 18 month timeline for fund release submittal described in Section 1859.90.
(5) For a Career Technical Education Facilities Project that was granted an unfunded approval without the required CDE plan approval and/or required DSA-approved plans and specifications, the applicant's request must include:
(A) Acknowledgement that the applicant must submit the required approval(s) to the OPSC within six months from the date of the Apportionment. If the required submittal(s) is not received within six months, the Apportionment shall be rescinded without further Board action pursuant to Section 1859.197 (c)(1); and
(B) Acknowledgment that a valid, original signature Form SAB 50-05 must be submitted and physically received by the OPSC within 90 calendar days of the submittal described in (5)(A) and that failure to do so will result in the rescission of the Apportionment without further Board action.
(b) In order to be considered for an approved advance release of site acquisition funds from a Preliminary Charter School Apportionment, the district or charter school must provide a priority funding request in the form of a written statement signed by an authorized representative within the 30-calendar day filing period, and shall contain all of the following:

(1) Statement that the request is to convert the advance release of funds to an approved advance release of funds request; and,
(2) Acknowledgement that a valid, original signature Form SAB 50-05 must be submitted and physically received by the OPSC within 180 calendar days of the approved advance release of funds request and that failure to do so will result in the rescission of the approved advance release of funds request without further Board action; and
(3) Acknowledgement that it must provide evidence that it has entered into the Charter School Agreements within 90 calendar days of approval of the advance release of funds request and that failure to do so will result in the rescission of the approval without further Board action.
(c) If a district or charter school receives an Apportionment or approved advance release of funds request through the priority funding process, the OPSC must receive a valid, original signature copy of the Form SAB 50-05 within the specified time period, pursuant to (a)(2), (a)(5) or (b)(2) as applicable. If the OPSC does not receive a valid, original signature copy of the Form SAB 50-05 within the time period:
(1) The priority funding Apportionment or approved advance release of funds request shall be rescinded without further Board action, and
(2) If the ~~a~~Application is not subject to rescission pursuant to Section 1859.90.3(c) as defined in Section 1859.90.3(d), the ~~a~~Application shall return to the Unfunded List (Lack of AB 55 Loans) with a new unfunded approval date that is 90 calendar days from the date of Apportionment or approval of the advance release of funds request.
(d) In the event that the amount of requests received during a specific 30-calendar day filing period exceeds the funds available, the Board shall apportion based on the unfunded approval date and the ~~a~~Application received date up to the available cash from each bond source. Projects that have requested to participate in the priority funding process for which an Apportionment cannot be provided shall retain their date order position on the Unfunded List (Lack of AB 55 Loans). Requests not converted to ~~a~~Apportionments will not be returned to the district or kept by the OPSC.
(e) For purposes of this section "rescinded" or "rescission" shall mean that the ~~a~~Apportionment or approved advance release of funds request returns to unfunded approval status with a new unfunded approval date, except for (a)(5)(A). The new unfunded approval date will be 90 calendar days from the ~~a~~Apportionment date. The district or charter school will not be required to re-submit the ~~a~~Application and no further ~~a~~Application review will be required.

SFP Regulation Section 1859.90.3. Participation in the Priority Funding Process.

This section applies ~~only~~ to ~~a~~Applications for funding for new construction, modernization, Overcrowding Relief Grant, Career Technical Education Facilities Program, Facility Hardship pursuant to Section 1859.82 and rehabilitation pursuant to Section 1859.83(e), and Charter School Facilities Program, excluding advance release of design and/or site acquisition funds from a Preliminary Charter School Apportionment,~~, and specifically excludes applications for the Charter School Facilities and Career Technical Education Facilities Programs~~.

(a) For each ~~a~~Application on the Unfunded List (Lack of AB 55 Loans) for new construction, modernization, Facility Hardship pursuant to Section 1859.82 or rehabilitation pursuant to Section 1859.83(e), the occurrences of (1) or (2) below shall be limited after the effective date of this regulation section [March 25, 2013]. For each Application on the Unfunded List (Lack of AB 55 Loans) for Overcrowding Relief Grant, Career Technical Education Facilities Program, and Charter School Facilities Program, excluding advance release of design and/or site acquisition funds from a Preliminary Charter School Apportionment, the occurrences of (1) or (2) below shall be limited after the effective date of this regulation section [XXX, 2014]:
(1) The district abstains from participating in a priority funding 30-calendar day filing period described in Section 1859.90.2 for the ~~a~~Application on the Unfunded List (Lack of AB 55 Loans).

(2) The ~~a~~Application receives a priority funding Apportionment pursuant to Section 1859.90.2(a), and the district fails to meet the fund release requirements pursuant to Section 1859.90.2(c).
(b) The first occurrence of (a)(1) or (a)(2) shall result in the following, as applicable:
(1) If (a)(1) occurs, the ~~a~~Application shall retain its place on the Unfunded List (Lack of AB 55 Loans).
(2) If (a)(2) occurs, the priority funding Apportionment shall be rescinded and the ~~a~~Application shall be returned to the Unfunded List (Lack of AB 55 Loans) pursuant to Section 1859.90.2(c)(2).
(c) If subsection (b) has occurred, a subsequent occurrence of either (a)(1) or (a)(2) shall result in the rescission of the ~~a~~Application's Apportionment and/or unfunded approval, as applicable, and the removal of the ~~a~~Application from the Unfunded List (Lack of AB 55 Loans) without further Board action. The ~~a~~Application shall be returned to the applicant.
(d) For purposes of subsection (c), "rescinded" or "rescission" of an unfunded approval shall mean that the bond authority associated with the Apportionment or unfunded approval, as applicable, returns to the appropriate School Facility Program bond authority source for reallocation. If applicable, the pupils housed in the project will be added back to the district's baseline eligibility pursuant to Sections 1859.51(d) for new construction or 1859.61(d) for modernization.

SFP Regulation Section 1859.193

A Career Technical Education Facilities Project may construct a new facility or modernize or Reconfigure an existing school building. The ~~a~~Application for Career Technical Education Facility funding may accompany an ~~a~~Application for new construction funding pursuant to Section 1859.70 or may be submitted independently. The applicant must identify square footage of the Career Technical Education Facility being constructed, modernized, reconfigured or equipped, on the funding ~~a~~Application. Equipment purchased under the Career Technical Education Facilities Program must have an average useful life expectancy of at least ten years pursuant to Education Code 17078.72(a). An ~~a~~Application for a Career Technical Education Facilities Project may consist entirely of equipment. All equipment must be purchased on or after May 20, 2006, unless the Career Technical Education Facilities Project is combined with a qualifying SFP new construction project pursuant to Section 1859.193.1.
….
(d) If an applicant meets the eligibility criteria in Section 1859.192, but does not have the necessary approvals from the DSA and/or the CDE at the time of ~~a~~Apportionment, the Board may apportion funds for the Career Technical Education Facilities Project and reserve them for a period of up to 12 months. The grant amount to be reserved for the project will be the maximum funding as determined above in (a), (b), or (c).
(e)Funding provided as prescribed in Section 1859.71.6 and Section 1859.77.4 shall not be affected by the maximum funding determinations listed above.

Section 1859.197. Fund Release Process.

The OPSC will release State funds that have been apportioned by the Board pursuant to Sections 1859.195 and 1859.196 after submittal by the applicant of the Form SAB 50-05.

(a) If an ~~a~~Apportionment was made for a Career Technical Education Facilities Project, the applicant must submit a Form SAB 50-05 within 18 months of the Apportionment as outlined in Education Code Section 17076.10 or the ~~a~~Apportionment shall be rescinded without further Board action.
(b) If Career Technical Education Facilities funds were reserved for the applicant pursuant to Section 1859.193(d) of these Regulations, the applicant:
(1) Has one year from the date of ~~a~~Apportionment to submit the CDE plan approval and DSA-approved plans and specifications, as required, to the OPSC for the Career Technical Education Facilities Project, otherwise the ~~a~~Apportionment shall be rescinded without further Board action.

(2) Has 18 months from the date the CDE plan approval and DSA-approved plans and specifications, as needed, are submitted to the OPSC to submit a completed Form SAB 50-05 or the ~~a~~Apportionment shall be rescinded without further Board action. If the district is requesting an ~~a~~Apportionment pursuant to Section 1859.90.1 or 1859.90.2, the Board will require that this time limit be reduced to no more than 90 days from the date of the ~~a~~Apportionment.

(c) For an Apportionment received pursuant to Section 1859.90.2 where submittal of the necessary CDE plan approval and/or DSA-approved plans and specifications were not required at the time the Board granted an unfunded approval, then the applicant:

(1) Has up to six months to submit the required approvals from the date of Apportionment. If the required submittal(s) is not received within six months, the Apportionment shall be rescinded without further Board action and the Career Technical Education Facilities bond authority will return to the program for reallocation.

(2) The submittal date in (c)(1) shall start the 90 calendar day fund release process in Section 1859.90.2.

~~(c)~~(d) If the applicant requires a loan for the entire matching share requirement pursuant to Section 1859.194(b) of these Regulations:

(1) Subject to the availability of financing provided by the Pooled Money Investment Board for bond-funded projects, the OPSC will release ten percent of the Career Technical Education Facilities grant to the applicant within 30 calendar days of the ~~a~~Apportionment.

(2) The applicant has one year from the date of ~~a~~Apportionment to submit the CDE plan approval and DSA-approved plans and specifications, as required, to the OPSC for the Career Technical Education Facilities Project, otherwise the ~~a~~Apportionment shall be rescinded without further Board action.

(3) The applicant has 18 months from the date in ~~(c)(2)~~(d)(2) to submit a completed Form SAB 50-05 or the ~~a~~Apportionment shall be rescinded without further Board action.

~~(d)~~(e) If the district is requesting an Apportionment pursuant to Section 1859.90.1 or 1859.90.2 and if the district is requesting funding as prescribed in Section 1859.71.6 or Section 1859.77.4, as applicable, then the district must submit the necessary approvals from the DSA and/or the CDE, as applicable, at least 90 days prior to requesting an Apportionment.

~~(e)~~(f) If the district receives an Apportionment pursuant to (a) or (b) and if the district is requesting funding as prescribed in Section 1859.71.6 or Section 1859.77.4, as applicable, then the district must submit the necessary approvals from the DSA and/or the CDE, as applicable, at least 90 days prior to receiving an Apportionment.

~~(f)~~(g) The applicant is subject to substantial progress time limit on the ~~a~~Apportionment as outlined in Education Code Section 17076.10(b).

~~(g)~~(h) In the event the Board determines there is a fiscal emergency or crisis on the part of the State of California, the Board may grant an extension not to exceed 12 months to the time limit prescribed in (b)(1) and ~~(c)~~(d)(2) above and Section 1859.193(d). Regulation Section 1859.197~~(g)~~(h) shall become inoperative January 1, 2010.

ATTACHMENT E

Proposed Regulatory Amendments

Section 1859.90.2. Priority Funding Process.

The priority funding process allows the Board to distribute available funds to districts or charter schools that request, pursuant to (a) or (b) below, as applicable, an Apportionment or an advance release of funds from a Preliminary Apportionment or Preliminary Charter School Apportionment, during specific 30-calendar day filing periods beginning with July 27, 2011 and continuing with the 2nd Wednesday of January and the 2nd Wednesday of July of 2012. Requests submitted during the filing periods described above are valid until the next filing period begins. The specific 30-calendar day filing periods subsequent to 2012 begin with January 9, 2013 and continue with the 2nd Wednesday of May and the 2nd Wednesday of November, each calendar year. Requests submitted during the filing period beginning with January 9, 2013 are valid until June 30, 2013. Requests submitted during a filing period beginning with the 2nd Wednesday of May are valid from July 1 until December 31 of that year. Requests submitted during a filing period beginning with the 2nd Wednesday in November are valid from January 1 until June 30 of the following year. Requests must be physically received by the OPSC by the 30th calendar day of each filing period to be considered valid.

(a) In order to be considered for an Apportionment, approved advance release of design funds from a Preliminary Charter School Apportionment, or approved advance release of environmental hardship site acquisition funds from a Preliminary Apportionment, the district or charter school must provide a priority funding request in the form of a written statement signed by an authorized representative that includes each of the project ~~a~~Application numbers, and the type of ~~a~~Apportionment request (e.g., Apportionment, separate ~~a~~Apportionment for design or site acquisition), within the 30-calendar day filing period, and shall contain ~~all of~~ the following:
(1) Statement that the request is to convert the unfunded approval to an Apportionment or to receive an approved advance release of funds; and
(2) Acknowledgement that a valid, original signature Form SAB 50-05 must be submitted and physically received by the OPSC within 90 calendar days of Apportionment or approved advance release of funds request, except for a Career Technical Education Facilities Project in (a)(5), and that failure to do so will result in the rescission of the Apportionment or approved advance release of funds request without further Board action; and
(3) Acknowledgement that, if the district submits the Form SAB 50-05 on or after July 1, 2013 and is required to submit an LCP third party report, pursuant to Section 1859.97(b), the report will be submitted to the OPSC and the DIR at least 60 days prior to submitting the Form SAB 50-05; and
(4) For those receiving an Apportionment, acknowledgement that by participating in the priority funding process, the district or charter school is waiving its right to the 18 month timeline for fund release submittal described in Section 1859.90.
(5) For a Career Technical Education Facilities Project that was granted an unfunded approval without the required CDE plan approval and/or required DSA-approved plans and specifications, the applicant's request must include:
(A) Acknowledgement that the applicant must submit the required approval(s) to the OPSC within 12 months from the date of the Apportionment. If the required submittal(s) is not received within 12 months, the Apportionment shall be rescinded without further Board action pursuant to Section 1859.197 (c)(1); and
(B) Acknowledgment that a valid, original signature Form SAB 50-05 must be submitted and physically received by the OPSC within 90 calendar days of the submittal described in (5)(A) and that failure to do so will result in the rescission of the Apportionment without further Board action.
(b) In order to be considered for an approved advance release of site acquisition funds from a Preliminary Charter School Apportionment, the district or charter school must provide a priority funding request in the form of a written statement signed by an authorized representative within the 30-calendar day filing period, and shall contain all of the following:

(1) Statement that the request is to convert the advance release of funds to an approved advance release of funds request; and,
(2) Acknowledgement that a valid, original signature Form SAB 50-05 must be submitted and physically received by the OPSC within 180 calendar days of the approved advance release of funds request and that failure to do so will result in the rescission of the approved advance release of funds request without further Board action; and
(3) Acknowledgement that it must provide evidence that it has entered into the Charter School Agreements within 90 calendar days of approval of the advance release of funds request and that failure to do so will result in the rescission of the approval without further Board action.
(c) If a district or charter school receives an Apportionment or approved advance release of funds request through the priority funding process, the OPSC must receive a valid, original signature copy of the Form SAB 50-05 within the specified time period, pursuant to (a)(2), (a)(5) or (b)(2) as applicable. If the OPSC does not receive a valid, original signature copy of the Form SAB 50-05 within the time period:
(1) The priority funding Apportionment or approved advance release of funds request shall be rescinded without further Board action, and
(2) If the ~~a~~Application is not subject to rescission pursuant to Section 1859.90.3(c) as defined in Section 1859.90.3(d), the ~~a~~Application shall return to the Unfunded List (Lack of AB 55 Loans) with a new unfunded approval date that is 90 calendar days from the date of Apportionment or approval of the advance release of funds request.
(d) In the event that the amount of requests received during a specific 30-calendar day filing period exceeds the funds available, the Board shall apportion based on the unfunded approval date and the ~~a~~Application received date up to the available cash from each bond source. Projects that have requested to participate in the priority funding process for which an Apportionment cannot be provided shall retain their date order position on the Unfunded List (Lack of AB 55 Loans). Requests not converted to ~~a~~Apportionments will not be returned to the district or kept by the OPSC.
(e) For purposes of this section "rescinded" or "rescission" shall mean that the ~~a~~Apportionment or approved advance release of funds request returns to unfunded approval status with a new unfunded approval date, except for (a)(5)(A). The new unfunded approval date will be 90 calendar days from the ~~a~~Apportionment date. The district or charter school will not be required to re-submit the ~~a~~Application and no further ~~a~~Application review will be required.

SFP Regulation Section 1859.90.3. Participation in the Priority Funding Process.

This section applies ~~only~~ to ~~a~~Applications for funding for new construction, modernization, Overcrowding Relief Grant, Career Technical Education Facilities Program, Facility Hardship pursuant to Section 1859.82 and rehabilitation pursuant to Section 1859.83(e), and Charter School Facilities Program, excluding advance release of design and/or site acquisition funds from a Preliminary Charter School Apportionment~~, and specifically excludes applications for the Charter School Facilities and Career Technical Education Facilities Programs~~.

(a) For each ~~a~~Application on the Unfunded List (Lack of AB 55 Loans) for new construction, modernization, Facility Hardship pursuant to Section 1859.82 or rehabilitation pursuant to Section 1859.83(e), the occurrences of (1) or (2) below shall be limited after the effective date of this regulation section [March 25, 2013]. For each Application on the Unfunded List (Lack of AB 55 Loans) for Overcrowding Relief Grant, Career Technical Education Facilities Program, and Charter School Facilities Program, excluding advance release of design and/or site acquisition funds from a Preliminary Charter School Apportionment, the occurrences of (1) or (2) below shall be limited after the effective date of this regulation section [XXX, 2014]:

(1) The district abstains from participating in a priority funding 30-calendar day filing period described in Section 1859.90.2 for the ~~a~~Application on the Unfunded List (Lack of AB 55 Loans).
(2) The ~~a~~Application receives a priority funding Apportionment pursuant to Section 1859.90.2(a), and the district fails to meet the fund release requirements pursuant to Section 1859.90.2(c).
(b) The first occurrence of (a)(1) or (a)(2) shall result in the following, as applicable:
(1) If (a)(1) occurs, the ~~a~~Application shall retain its place on the Unfunded List (Lack of AB 55 Loans).
(2) If (a)(2) occurs, the priority funding Apportionment shall be rescinded and the ~~a~~Application shall be returned to the Unfunded List (Lack of AB 55 Loans) pursuant to Section 1859.90.2(c)(2).
(c) If subsection (b) has occurred, a subsequent occurrence of either (a)(1) or (a)(2) shall result in the rescission of the ~~a~~Application's Apportionment and/or unfunded approval, as applicable, and the removal of the ~~a~~Application from the Unfunded List (Lack of AB 55 Loans) without further Board action. The ~~a~~Application shall be returned to the applicant.
(d) For purposes of subsection (c), "rescinded" or "rescission" of an unfunded approval shall mean that the bond authority associated with the Apportionment or unfunded approval, as applicable, returns to the appropriate School Facility Program bond authority source for reallocation. If applicable, the pupils housed in the project will be added back to the district's baseline eligibility pursuant to Sections 1859.51(d) for new construction or 1859.61(d) for modernization.

SFP Regulation Section 1859.193

A Career Technical Education Facilities Project may construct a new facility or modernize or Reconfigure an existing school building. The ~~a~~Application for Career Technical Education Facility funding may accompany an ~~a~~Application for new construction funding pursuant to Section 1859.70 or may be submitted independently. The applicant must identify square footage of the Career Technical Education Facility being constructed, modernized, reconfigured or equipped, on the funding ~~a~~Application. Equipment purchased under the Career Technical Education Facilities Program must have an average useful life expectancy of at least ten years pursuant to Education Code 17078.72(a). An ~~a~~Application for a Career Technical Education Facilities Project may consist entirely of equipment. All equipment must be purchased on or after May 20, 2006, unless the Career Technical Education Facilities Project is combined with a qualifying SFP new construction project pursuant to Section 1859.193.1.
….
(d) If an applicant meets the eligibility criteria in Section 1859.192, but does not have the necessary approvals from the DSA and/or the CDE at the time of ~~a~~Apportionment, the Board may apportion funds for the Career Technical Education Facilities Project and reserve them for a period of up to 12 months. The grant amount to be reserved for the project will be the maximum funding as determined above in (a), (b), or (c).
(e)Funding provided as prescribed in Section 1859.71.6 and Section 1859.77.4 shall not be affected by the maximum funding determinations listed above.

Section 1859.197. Fund Release Process.

The OPSC will release State funds that have been apportioned by the Board pursuant to Sections 1859.195 and 1859.196 after submittal by the applicant of the Form SAB 50-05.

(a) If an ~~a~~Apportionment was made for a Career Technical Education Facilities Project, the applicant must submit a Form SAB 50-05 within 18 months of the Apportionment as outlined in Education Code Section 17076.10 or the ~~a~~Apportionment shall be rescinded without further Board action.

(b) If Career Technical Education Facilities funds were reserved for the applicant pursuant to Section 1859.193(d) of these Regulations, the applicant:
(1) Has one year from the date of ~~a~~Apportionment to submit the CDE plan approval and DSA-approved plans and specifications, as required, to the OPSC for the Career Technical Education Facilities Project, otherwise the ~~a~~Apportionment shall be rescinded without further Board action.
(2) Has 18 months from the date the CDE plan approval and DSA-approved plans and specifications, as needed, are submitted to the OPSC to submit a completed Form SAB 50-05 or the ~~a~~Apportionment shall be rescinded without further Board action. If the district is requesting an ~~a~~Apportionment pursuant to Section 1859.90.1 or 1859.90.2, the Board will require that this time limit be reduced to no more than 90 days from the date of the ~~a~~Apportionment.
(c) For an Apportionment received pursuant to Section 1859.90.2 where submittal of the necessary CDE plan approval and/or DSA-approved plans and specifications were not required at the time the Board granted an unfunded approval, then the applicant:
(1) Has up to 12 months to submit the required approvals from the date of Apportionment. If the required submittal(s) is not received within 12 months, the Apportionment shall be rescinded without further Board action and the Career Technical Education Facilities bond authority will return to the program for reallocation.
(2) The submittal date in (c)(1) shall start the 90 calendar day fund release process in Section 1859.90.2.
~~(c)~~(d) If the applicant requires a loan for the entire matching share requirement pursuant to Section 1859.194(b) of these Regulations:
(1) Subject to the availability of financing provided by the Pooled Money Investment Board for bond-funded projects, the OPSC will release ten percent of the Career Technical Education Facilities grant to the applicant within 30 calendar days of the ~~a~~Apportionment.
(2) The applicant has one year from the date of ~~a~~Apportionment to submit the CDE plan approval and DSA-approved plans and specifications, as required, to the OPSC for the Career Technical Education Facilities Project, otherwise the ~~a~~Apportionment shall be rescinded without further Board action.
(3) The applicant has 18 months from the date in ~~(c)(2)~~(d)(2) to submit a completed Form SAB 50-05 or the ~~a~~Apportionment shall be rescinded without further Board action.
~~(d)~~(e) If the district is requesting an Apportionment pursuant to Section 1859.90.1 or 1859.90.2 and if the district is requesting funding as prescribed in Section 1859.71.6 or Section 1859.77.4, as applicable, then the district must submit the necessary approvals from the DSA and/or the CDE, as applicable, at least 90 days prior to requesting an Apportionment.
~~(e)~~(f) If the district receives an Apportionment pursuant to (a) or (b) and if the district is requesting funding as prescribed in Section 1859.71.6 or Section 1859.77.4, as applicable, then the district must submit the necessary approvals from the DSA and/or the CDE, as applicable, at least 90 days prior to receiving an Apportionment.
~~(f)~~(g) The applicant is subject to substantial progress time limit on the ~~a~~Apportionment as outlined in Education Code Section 17076.10(b).
~~(g)~~(h) In the event the Board determines there is a fiscal emergency or crisis on the part of the State of California, the Board may grant an extension not to exceed 12 months to the time limit prescribed in (b)(1) and ~~(c)~~(d)(2) above and Section 1859.193(d). Regulation Section 1859.197~~(g)~~(h) shall become inoperative January 1, 2010.

ATTACHMENT F

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, January 22, 2014

CONSIDERATION OF ADDITIONAL PROGRAMS REQUIRED TO PARTICIPATE IN THE PRIORITY FUNDING PROCESS

PURPOSE OF REPORT

To present options for the State Allocation Board's (Board) consideration to include the Overcrowding Relief Grant (ORG), Career Technical Education Facilities Program (CTEFP), and Charter School Facilities Program (CSFP) applications in the School Facility Program (SFP) Regulations that outline the criteria for participation in the priority funding process.

DESCRIPTION

The Board adopted regulations in January 2013 that established the requirement for participation in the priority funding process for projects funded from new construction and modernization bond authority, as bond authority for these programs was exhausted. The projects on the Unfunded List (Lack of AB 55 Loans) from these programs are subject to a limited number of times an applicant may not to participate in priority funding cycles without being rescinded. CSFP and CTEFP projects are currently specifically excluded from this requirement while ORG projects are not addressed in the regulation. Bond authority for the ORG and CTEFP are nearly depleted. Another filing round for the CSFP was recently established in order to allocate available authority. Staff is seeking Board direction on whether to add these program projects to the priority funding participation requirements outlined in SFP Regulation Section 1859.90.3.

AUTHORITY

See Attachment A.

BACKGROUND

At the June 2012 meeting, Staff presented a report providing information on projects on the Unfunded List (Lack of AB 55 Loans) that have not participated in the priority funding process. At the October 2012 meeting, the Board discussed options and directed Staff bring back regulatory amendments to address this issue. This item is included as Attachment B for reference. On January 23, 2013, the Board approved regulatory amendments to add SFP Regulation Section 1859.90.3, which outlines the participation requirements for the priority funding process for new construction and modernization applications, including Facility Hardship and Rehabilitation. The bond authority for these programs was exhausted. The goal of the new regulations was to ensure that the bond authority reserved by these projects would be used for construction-ready projects or be made available for other projects that are construction-ready.

Beginning with the May 2013 priority funding cycle, an applicant electing to not participate in priority funding by either not submitting a valid priority funding request in the 30-day filing period or by submitting a valid priority funding request, but failing to submit a valid *Fund Release Authorization* (Form SAB 50-05) to request the release of funds after the Board approves an apportionment, is subject to the application being rescinded without further Board action upon the second occurrence of either of the scenarios. The first time an application fails to submit a fund release request within the required time frame after receiving a priority funding apportionment, it returns to the Unfunded List (Lack of AB 55 Loans) and with a new unfunded approval date equal to the fund release request submittal deadline.

(Continued on Page Two)

BACKGROUND (cont.)

As required by statute (Education Code (EC) Section 101012) and regulations, funds are returned to the programs from which they were originally allocated. This may result in funds being available for additional projects. CSFP and CTEFP projects are specifically excluded from these participation regulations. ORG projects are not addressed in the regulation.

Status of the Overcrowding Relief Grant Program
The Office of Public School Construction (OPSC) received 14 applications for the twelfth funding cycle on July 31, 2013. They were processed based upon the highest density of the eligible schools that have submitted an approved application, pursuant to SFP Regulation Section 1859.184. There was approximately $40.4 million in bond authority available for this cycle. On November 25, 2013, the Board approved $31.7 million in unfunded approvals for five projects. This included $29.9 million in ORG program grants and $1.8 million in High Performance Incentive grants. There is one additional project that will be presented in a future agenda. After that project is approved, the remaining funds will be insufficient to fully fund the next project on the list. Therefore, Staff is presenting options to the Board at a future meeting to address the remaining eight applications.

Status of the Career Technical Education Facilities Program
The third CTEFP funding cycle is currently oversubscribed by 55 applications totaling a requested amount of $78.1 million. As funds from rescissions and loan payments have been returning to the CTEFP, Staff has been presenting additional third cycle projects for unfunded approval. There is approximately $3.5 million currently available to allocate in the future.

Status of the Charter School Facilities Program
On November 25, 2013, the Board approved a new filing round for the CSFP. The application filing period will open on April 1, 2014 and close on May 30, 2014. There is approximately $87.7 million in bond authority currently available to allocate in the future.

STAFF ANALYSIS/STATEMENTS

Staff is presenting the ORG, CTEFP and CSFP programs for consideration to include in the participation requirements for the priority funding process to promote activity on the Unfunded List (Lack of AB 55 Loans) and equity among the programs. In January 2013, the Board approved the initial regulation amendments, and the CTEFP and CSFP were specifically excluded due to their unique timelines. At that time, the ORG program had two funding cycles scheduled and bond authority available for them. Currently, however, the ORG and CTEFP are oversubscribed; there are more funding applications than bond authority available to allocate. The specific circumstances of each program are presented below.

Overcrowding Relief Grant Program
As of November 25, 2013, bond authority for the ORG program was nearly exhausted. There are currently 23 individual ORG funding applications on the Unfunded List (Lack of AB 55 Loans) totaling $153.1 million.* Of those, 15 projects received an unfunded approval in 2013 and nine submitted requests to participate in the upcoming priority funding round.* At this time, ORG projects are not addressed in SFP Regulation Section 1859.90.3 and are not subject to any participation requirements in the priority funding process.

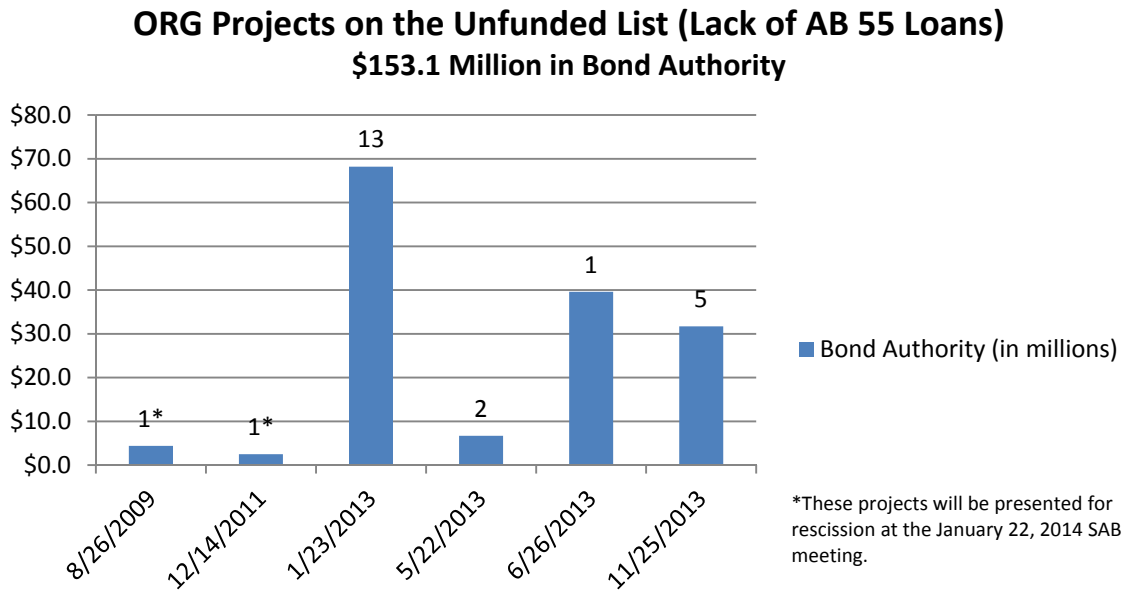
*Funding applications may appear more than once on the Unfunded List (Lack of AB 55 Loans) due to adjustments received after the initial approval. These statements include only counts based on the date of the initial approval.

(Continued on Page Three)

STAFF ANALYSIS/STATEMENTS (cont.)

The addition of ORG projects to this Regulation would prevent the possibility of stagnant projects remaining on the Unfunded List (Lack of AB 55 Loans) indefinitely. While the majority of the ORG projects on the Unfunded List (Lack of AB 55 Loans) received an approval in 2013, 12 out of the 23 have already not participated in three priority funding filing rounds. The Board could amend SFP Regulation Section 1859.90.3 to include ORG projects on the list of project types that are subject to the priority funding participation requirements set forth therein. This action would help to ensure that limited bond authority is used for construction ready projects and would be consistent with the Board's past action for new construction and modernization when bond authority was exhausted.

The chart below illustrates the number of ORG projects currently on the Unfunded List (Lack of AB 55 Loans), the amount of bond authority reserved and the dates these projects were approved by the Board. From August 2009 to November 2013, eight priority filing periods were open for 30 calendar days each.



Career Technical Education Facilities Program

There are currently 51 individual CTEFP projects on the Unfunded List (Lack of AB 55 Loans) totaling $57.5 million.* More than half of these projects have been on the list since October 2010. The remainder was subsequently added on various dates as CTEFP bond authority returned from loan repayments and rescissions. The Board originally excluded these projects from the participation requirements for priority funding due to the unique timelines afforded some of these projects to obtain the necessary DSA and CDE approvals of plans and specifications. SFP Regulation Section 1859.193(d) allows the applicant to request 12 months to submit the required approvals from the date of an *apportionment* by the Board (emphasis added).

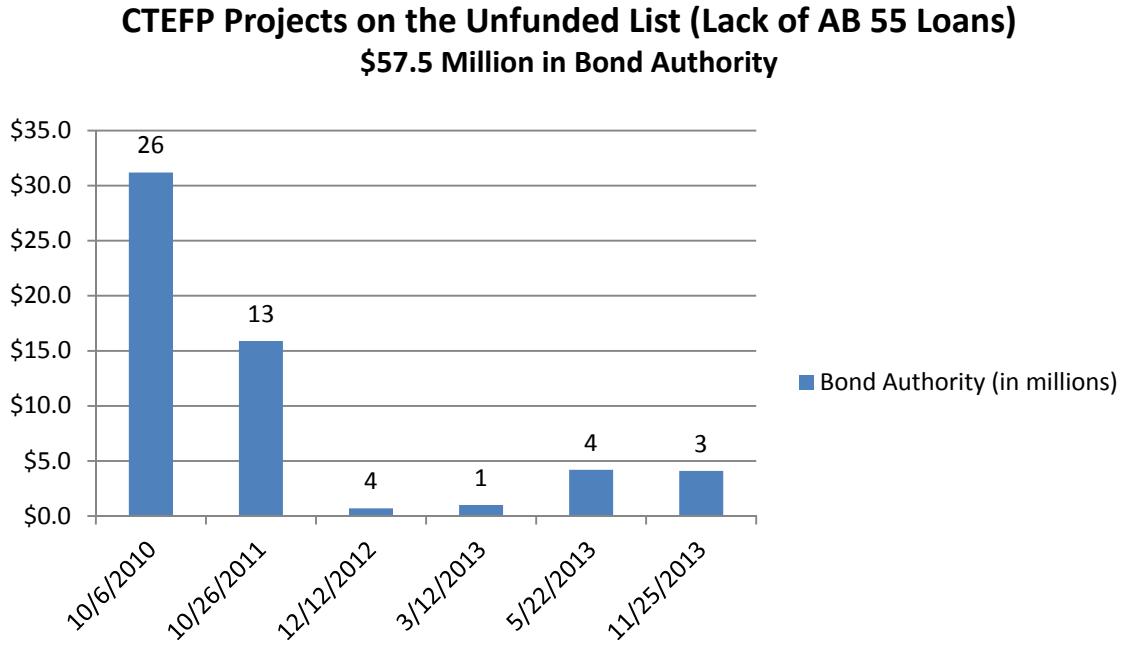
*Funding applications may appear more than once on the Unfunded List (Lack of AB 55 Loans) due to adjustments received after the initial approval. These statements include only counts based on the date of the initial approval.

(Continued on Page Four)

STAFF ANALYSIS/STATEMENTS (cont.)

Without an apportionment, there is not a trigger to begin the 12-month timeline to submit the required documents. The only way to receive an apportionment is to participate in priority funding, which is voluntary. Without participation in the priority funding process, these projects could remain on the Unfunded List (Lack of AB 55 Loans) indefinitely. Including CTEFP projects in SFP Regulation Section 1859.90.3 would help to ensure that limited bond authority is used for construction ready projects and would be consistent with the Board's past action for new construction and modernization when bond authority was exhausted.

The chart below illustrates the number of CTEFP projects currently on the Unfunded List (Lack of AB 55 Loans), the amount of bond authority reserved and the dates these projects were approved by the Board. From October 2010 to November 2013, eight priority funding filing periods were open for 30 calendar days each.



Charter School Facilities Program

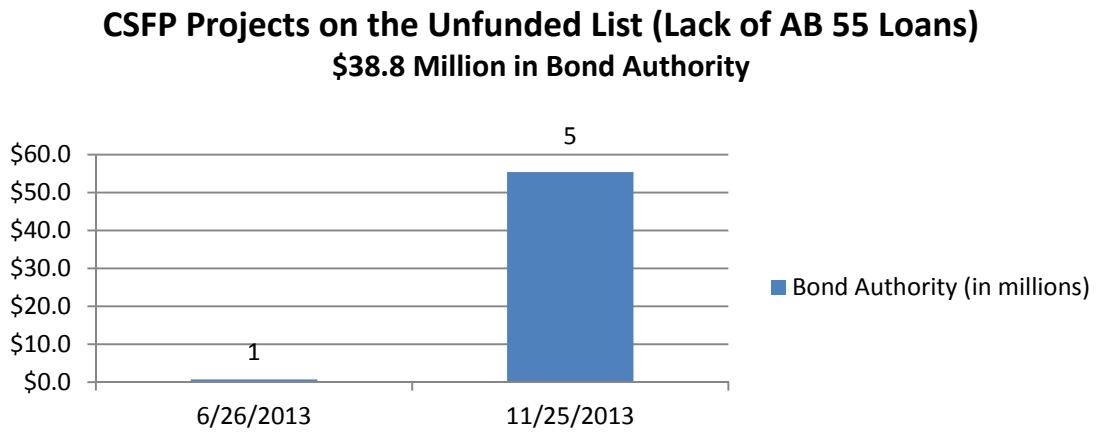
Currently there are six CSFP conversion project unfunded approvals totaling $38.8 million on the Unfunded List (Lack of AB 55 Loans). The Board originally excluded CSFP projects due to the unique timelines of the program. However, these timelines only apply to the period between preliminary apportionment and conversion to a full grant application. At the time of conversion, these projects are similar to new construction or modernization unfunded approvals, as they have met all of the same requirements. While CSFP applicants must meet additional requirements prior to receiving a fund release, the projects were held to the same 18 month time limit on fund release as new construction and modernization projects prior to the onset of the fiscal crisis.

(Continued on Page Five)

STAFF ANALYSIS/STATEMENTS (cont.)

There is currently no mechanism to require participation in priority funding for a CSFP conversion project. Without such a requirement, a CSFP conversion project could remain on the Unfunded List (Lack of AB 55 Loans) indefinitely, tying up authority that could be used for other CSFP purposes. While the unfunded approvals for these projects were recently provided, the Board may wish to consider amending the SFP Regulations to require these projects to participate in the priority funding process to promote equity for all programs under the SFP.

The chart below illustrates the number of CSFP projects currently on the Unfunded List (Lack of AB 55 Loans), the dates they were approved by the Board, and the amount of bond authority reserved. From June to November 2013, one priority funding filing round was open for 30 calendar days.



There are also eight design and site advance fund releases totaling $17.8 million on the Unfunded List (Lack of AB 55 Loans). Staff is not proposing to include these items in the requirements for participation in the priority funding process. The existing statutory time limits already act as a mechanism to rescind the entire preliminary apportionment if an applicant does not request the funds.

Summary

The ORG and CTEFP are currently oversubscribed. Subjecting projects in these two programs to the participation requirements for the priority funding process could ensure that bond authority is available for construction ready projects. It would also prevent projects that are not moving forward from reserving bond authority indefinitely. In addition, this action would be consistent with the action taken when bond authority was exhausted for new construction and modernization. Finally, adding CSFP conversion projects to these requirements would promote equity in the priority funding process by establishing the same rules for all projects.

(Continued on Page Six)

STAFF ANALYSIS/STATEMENTS (cont.)

The chart below provides summary of the projects on the Unfunded List (Lack of AB 55 Loans) for the three programs. In addition, the complete Unfunded List (Lack of AB 55 Loans) as of November 25, 2013 is included as Attachment C with the three programs' applications highlighted in distinctive colors for reference.

Program	# of Projects on Unfunded List (Lack of AB 55 Loans)	Number of Requests Received during recent PF Filing Round	Number of PF Filing Rounds Bypassed	Remaining Bond Authority as reported on the Status Of Funds
ORG	15	9	3	$18.9 million
CTEFP	51	9	7	$3.5 million
CSFP	6 (conversions)	6	0	$87.7 million

OPTIONS

Staff has compiled the following options for the Board's consideration to promote activity on the list of unfunded approvals and equity among the various programs. These options address each program separately. Therefore, the Board may choose one or more of the following options.

Option #1 – Approve regulatory amendments to SFP Regulation Section 1859.90.3 to include ORG projects.
This option would include ORG projects in the priority funding participation requirements set forth in SFP Regulation Section 1859.90.3. Returning authority could be used for other ORG projects.

Issues and Concerns

- Projects currently on the unfunded list were approved in accordance with the regulations in effect at the time the applications were submitted.
    - If the Board wished to apply the change prospectively, the impact would be minimal as ORG bond authority is all but depleted.
- If a district is required to submit a priority funding request while the State does not have cash available, districts may need to plan without knowing when they can expect funds.
- Some districts may have limited time to start the bid process if the cannot go out to bid without a guarantee of State cash.

Option #2 - Approve regulatory amendments to SFP Regulation Section 1859.90.3 to include CTEFP projects.
This option would include all CTEFP projects in the priority funding participation requirements set forth in SFP Regulation Section 1859.90.3. All CTEFP projects, including reservation of funds projects, would be subject to Priority Funding participation guidelines immediately upon placement on the Unfunded List (Lack of AB 55 Loans). Returning authority could only be used for CTEFP projects.

(Continued on Page Seven)

OPTIONS (cont.)

Issues and Concerns

- Projects currently on the unfunded list were approved in accordance with the regulations in effect at the time the applications were submitted.
    - If the Board wished to apply the change prospectively, the impact would be minimal as CTEFP bond authority is all but depleted.
- If a district is required to submit a priority funding request while the State does not have cash available, districts may need to plan without knowing when they can expect funds.
- Some districts may have limited time to start the bid process if the cannot go out to bid without a guarantee of State cash.

Option #3 – Approve regulatory amendments to SFP Regulation Section 1859.90.3 to include CSFP conversion projects (not including advance design and/or site).
This option would include CTEFP projects in the priority funding participation requirements set forth in SFP Regulation Section 1859.90.3. Returning authority could only be used for charter school purposes.

Issues and Concerns

- Projects currently on the unfunded list were approved in accordance with the regulations in effect at the time the applications were submitted.
- If a district is required to submit a priority funding request while the State does not have cash available, districts may need to plan without knowing when they can expect funds.
- Some districts may have limited time to start the bid process if the cannot go out to bid without a guarantee of State cash.

Option #4 – Take no action

RECOMMENDATION

Seek Board direction.

BOARD ACTION

In considering this Item, the State Allocation Board directed staff to bring the item back with a timeline reflecting proposed effective dates for the regulations for further policy discussion.

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, March 26, 2014

OPTIONS FOR ADMINISTRATIVE COSTS

PURPOSE OF REPORT

To present the State Allocation Board (Board) with options to reserve available bond authority for the Office of Public School Construction's (OPSC) administration of the Board's programs.

DESCRIPTION

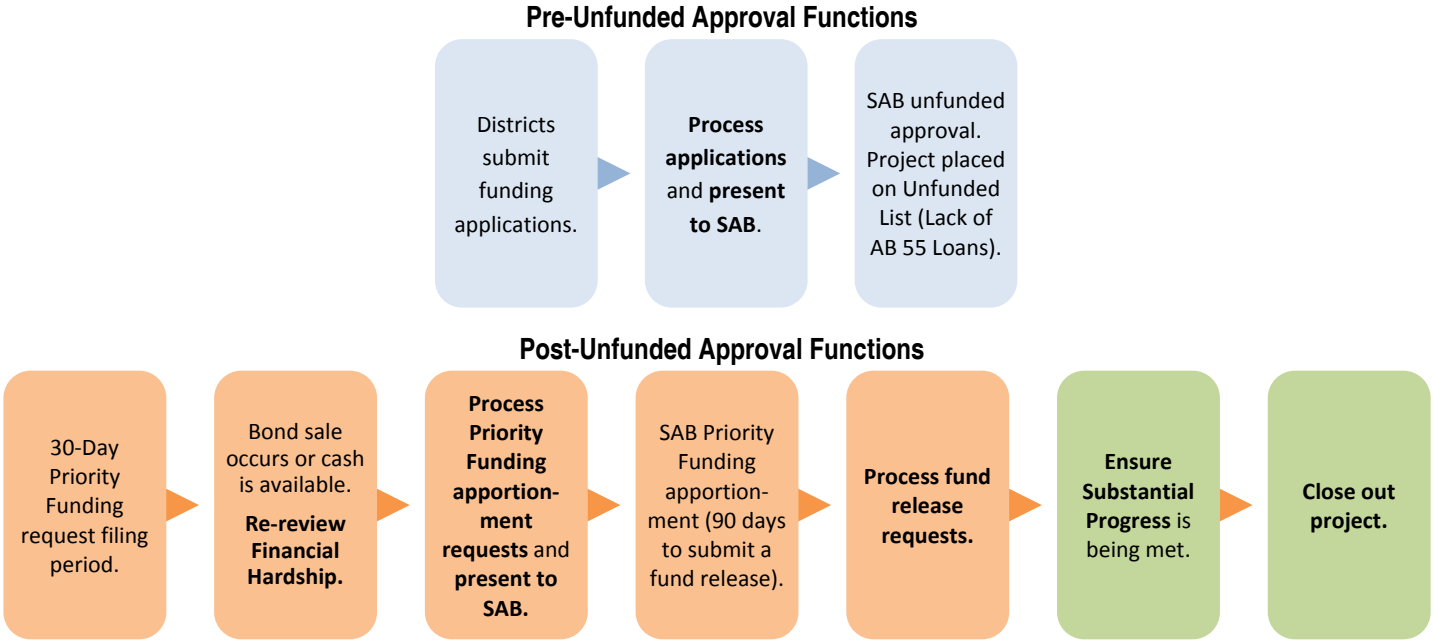
At the January 22, 2014 meeting, a Board member requested discussion of options to reserve bond authority for future School Facility Program (SFP) administrative costs before bond authority is depleted. Staff is presenting options for reserving bond authority for SFP administrative costs for the OPSC for the fiscal years from 2015/2016 through 2024/2025.

AUTHORITY

See Attachment F.

BACKGROUND

SFP administrative costs are funded from the general obligation bonds and include costs related to OPSC functions, such as application processing and Board agenda publication. In addition, there are post-application approval functions that are required of OPSC after the Board provides the initial unfunded approval. These include converting unfunded approvals to apportioned projects as a result of general obligation bond sales, processing fund releases, substantial progress reviews; closeout expenditure reviews and various accounting functions. OPSC's primary administrative activities are illustrated below:

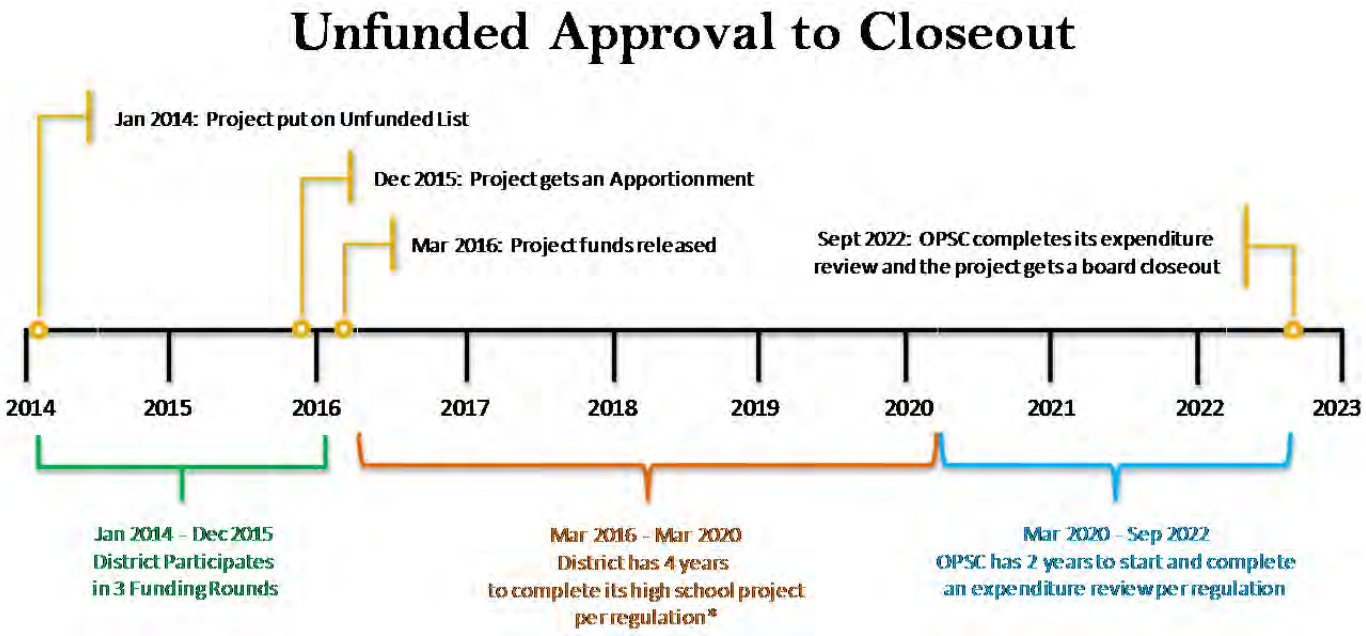


(Continued on Page Two)

BACKGROUND (cont.)

Post-Unfunded Approval Functions

School construction projects take time to receive funding, construct the school, and perform a closeout review. The entire process can take up to 8.5 years from an unfunded approval to a project closeout. The following illustration shows a simplified version of the entire project lifecycle. A more in-depth timeline follows the simple illustration.



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STAFF ANALYSIS/STATEMENTS

Past Board Action

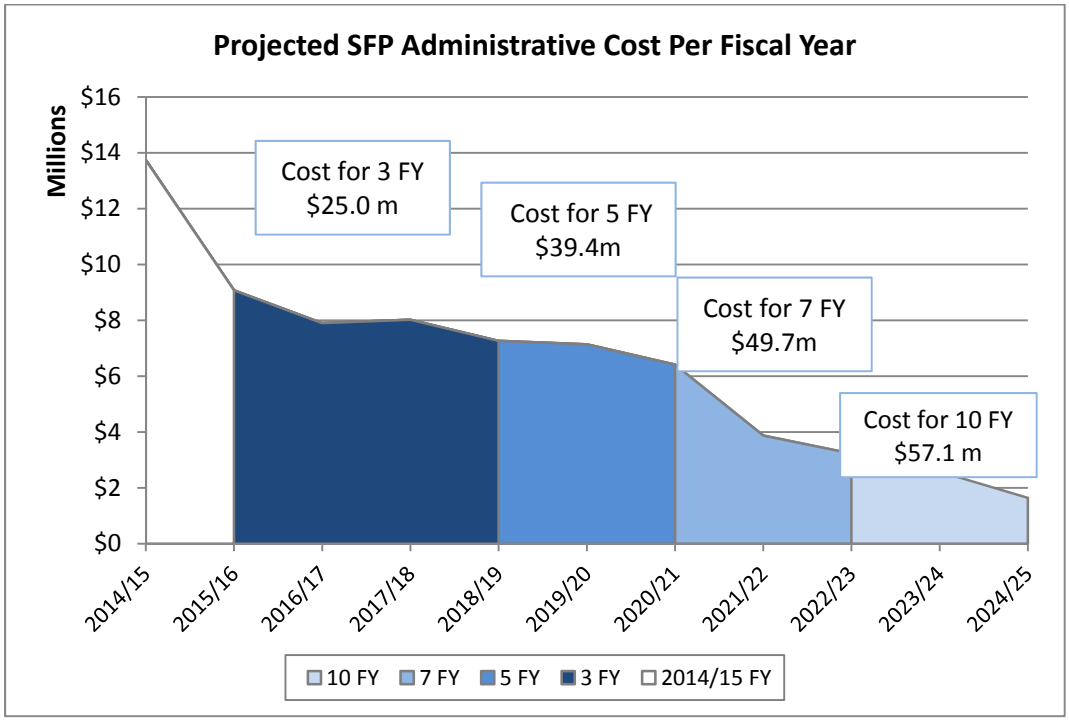
The Board previously reserved bond authority for future SFP administrative costs in September 2001 and August 2012. In both cases, the Board was concerned that bond authority would be depleted before a new statewide school facilities general obligation bond measure could be placed on the ballot. Therefore, in 2001, the Board reserved funds for administrative costs for the entire fiscal year 2002/2003, or until approximately seven months after a potential general obligation bond ballot measure. In 2012, the Board reserved funds for administrative costs for the 2012/2013, 2013/2014, and 2014/2015 fiscal years to cover administrative costs beyond a potential 2014 bond measure.

Before 2012, administrative costs for a single fiscal year were charged to one program, such as new construction, modernization or Overcrowding Relief Grant (ORG). In 2012, the Board elected to draw bond authority for administrative costs from multiple programs using a workload-based proration.

Future Administrative Costs

The Board may wish to consider reserving bond authority for administrative costs for up to an additional ten fiscal years from 2015/2016 through 2024/2025, because available bond authority is limited. This action would ensure that the administration of the SFP, including post-application functions, can continue.

Staff has evaluated workload projections to estimate administrative costs that may be needed in the future. Staff has determined that a total of $57.1 million in bond authority would be needed for SFP administrative costs for the ten fiscal years from 2015/2016 through 2024/2025.



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STAFF ANALYSIS/STATEMENTS (cont.)

Although the chart above goes out ten years, Staff's analysis indicates that workload will continue beyond that point. The options following this chart include bond authority reservations for ten, seven, five, and three additional years. Administrative costs beyond the ten years would need to come from a different funding source than school facilities bond proceeds.

Pursuant to Education Code Section 17070.65, the Board has the authority to make any moneys in the State School Facilities Funds available to the director of the Department of General Services (DGS) in the amounts that the Board determines necessary for DGS to facilitate the construction, modernization, reconstruction, or alteration of, or addition to, school buildings. Therefore, the Board has the ability to specify the program(s) from which it wishes to reserve bond authority for administrative costs for fiscal years 2015/2016 through 2024/2025. However, any moneys must also be approved for this purpose in the annual Budget Act.

Programs with Remaining Bond Authority

Programs with current remaining bond authority include:

- New Construction
- Modernization
- Seismic Mitigation Program (SMP)
- Career Technical Education Facilities Program (CTEFP)
- High Performance Incentive (HPI)
- ORG
- Charter School Facilities Program (CSFP)

The table below lists available bond authority as of March 26, 2014.

Program	Remaining Authority as of March 26, 2014 (in millions)
New Construction	$ 20.6
Modernization	15.4
Seismic Mitigation	159.1
Career Technical Education	3.7
Charter	100.5
High Performance	35.2
Overcrowding Relief	16.6
Total	**$ 351.1**

(Continued on Page Five)

STAFF ANALYSIS/STATEMENTS (cont.)

Historical Demand by Program

In an effort to estimate demand for funding in each program, the requests received by the OPSC have been compared to the funds available in each program to produce the historical funding request rates listed below. CSFP, ORG, and CTEFP are funded during specific filing periods rather than on a flow basis; therefore, the figures for the requests received and funds available are from all previous application filing periods. For SMP and HPI, the figures represent the requests and funds available since the programs were established. The Board could consider historical demand in each program when determining the amounts of bond authority and programs from which to reserve administrative costs.

Program	Requests (in millions)	Overall Bond Authority Available for Projects (in millions)	Percent Subscribed
New Construction	$ 18,048.3**	$ 17,711.4	101.9%
Modernization	11,048.1**	10,897.5	101.4%
Charter	2,402.0	877.5	273.7%
Career Technical Education	644.4	499.1	129.1%
Overcrowding Relief	925.9	915.5	101.1%
High Performance (Approvals to date)	63.3	98.5	64.3%
Seismic Mitigation (Approvals to date)	37.8	197.1	19.3%

** Represents requests received through October 31, 2012.

OPTIONS

In attachments A-E, Staff is presenting options for reserving administrative costs for OPSC for fiscal years 2015/2016 through 2024/2025. Within each option, the calculations are shown for ten, seven, five, and three additional years. Reserving authority for future years will ensure that the administration of the SFP, including post-applications functions, can continue. It is important to note that Staff projects workload will exist after ten years. If no additional SFP bond authority is available for future years that are not reserved, other funding sources may be necessary for the continued administration of the program.

Charter School Facilities Program (CSFP)

As shown in the chart above, the CSFP has historically been largely oversubscribed. In consideration of this and the upcoming CSFP filing round, the Board may also wish to consider specific methods of reserving authority from this program for administrative costs. Staff has researched this issue and proposes a methodology based on how the California School Finance Authority (CSFA) receives administrative costs for their role in the CSFP. Statute provides CSFA with up to 2.5 percent of the CSFP bond authority subject to the approval of the Department Finance for its administrative costs. The same percentage could be applied to the remaining CSFP bond authority to provide for OPSC administrative costs.

$100.5 million (Remaining Bond Authority) X 2.5% = $2.51 million

Staff has used the amount of $2.51 million figure for the CSFP in Options 2 and 3 of this item.

(Continued on Page Six)

OPTIONS (cont.)

Option 1 (Attachment A):

All Programs Pro-rated

Under Option 1, the administrative costs would be reserved from all programs with remaining bond authority pro-rated according to the proportion of remaining bond authority in each program.

Pros:

- Reduces the bond authority and spreads the impact of the administrative costs to all programs with remaining bond authority.
- Ensures continued administration of the SFP.

Cons:

- Reduces bond authority for higher-demand programs that have funding requests in-house that exceed bond authority, such as new construction, modernization, CTEFP and ORG.
- Reduces bond authority for the upcoming CSFP filing round which has historically been oversubscribed.

Option 2 (Attachment B):

All Programs Pro-rated, calculate CSFP reservation at 2.5% of Remaining Bond Authority

Under Option 2, the administrative costs would be reserved from all programs with remaining bond authority pro-rated according to the proportion of remaining bond authority in each program, with the exception of the CSFP. The amount of bond authority reserved from the CSFP is $2.51 million, which is 2.5% of the remaining bond authority.

Pros:

- Reduces the bond authority and spreads the impact of the administrative costs to all programs with remaining bond authority.
- Ensures continued administration of the SFP.
- Leaves more authority for the upcoming CSFP filing round than Option 1.

Con:

Reduces bond authority for higher-demand programs that have funding requests in-house that exceed bond authority, such as new construction, modernization, CTEFP and ORG.

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(Continued on Page Seven)

Option 3 (Attachment C):

All Programs Pro-rated except New Construction and Modernization, calculate CSFP reservation at 2.5% of Remaining Bond Authority

Under Option 3, the administrative costs would be reserved from all programs with remaining bond authority pro-rated according to the proportion of remaining bond authority in each program, with the exception of new construction, modernization, and the CSFP. New construction and modernization would be excluded entirely. The amount of bond authority reserved from the CSFP is $2.51 million, which is 2.5% of the remaining bond authority.

Pros:

- Reduces the bond authority and spreads the impact of the administrative costs to all programs with remaining bond authority except new construction and modernization.
- Ensures continued administration of the SFP.
- Leaves more authority for the upcoming CSFP filing round than Option 1.

Con:

Reduces bond authority for higher-demand programs that have funding requests in-house that exceed bond authority, such as CTEFP and ORG.

Option 4 (Attachment D):

All Programs Pro-rated except New Construction, Modernization, and CSFP

Under Option 4, the administrative costs would be reserved from all programs with remaining bond authority pro-rated according to the proportion of remaining bond authority in each program, with the exception of new construction, modernization, and the CSFP which would be excluded entirely.

Pros:

- Reduces the bond authority and spreads the impact of the administrative costs to all programs with remaining bond authority except new construction, modernization, and CSFP.
- Ensures continued administration of the SFP.
- Leaves the maximum amount of authority for the upcoming CSFP filing round.

Cons:

- Reduces bond authority for higher-demand programs that have funding requests in-house that exceed bond authority, such as CTEFP and ORG.

(Continued on Page Eight)

Option 5 (Attachment E):

Reserve Authority Only from the Seismic Mitigation Program and the High Performance Incentive Grant Program

Under Option 5, the administrative costs would be reserved from the Seismic Mitigation Program and the High Performance Incentive grant program. Currently, the SMP and HPI do not have funding requests in-house that exceed the available bond authority. Requests for CTEFP, ORG, new construction, and modernization exceed the available bond authority, and CSFP is expected to be oversubscribed.

Pros:

- Administrative costs are paid from programs with the least current demand.
- Ensures continued administration of the SFP.

Con:

Administrative costs are drawn from a smaller number of programs.

RECOMMENDATION

Seek Board direction.

BOARD ACTION

In considering this Item, the SAB approved the reservation of bond authority in the amount of $52.7 million for administrative costs to administer the SFP over a five-year period. Bond authority would be reserved as follows:

All Programs Prorated; 5 Years Reserved (15% of $351.1 million); Use New Construction and Modernization First.

Program	Percentage of Remaining Authority as of March 26, 2014	Remaining Authority as of March 26, 2014 (in millions)	Reservation for Administrative Costs (in millions)	Remaining Authority After Admin. Cost Reserved (in millions)
NC		$ 20.6	$ 20.6	$ -
Mod		15.4	15.4	-
Subtotal:		36.0	36.0	-
SMP	50.49%	159.1	8.4	150.7
CTE	1.17%	3.7	0.2	3.5
HP	11.17%	35.2	1.9	33.3
ORG	5.27%	16.6	0.9	15.7
Charter	31.89%	100.5	5.3	95.2
Subtotal	100.00%	315.1	16.7	298.4
Total		**$ 351.1**	**$ 52.7**	**$ 298.4**

This amount includes administrative costs for the OPSC, CDE, State Controller's Office, and the California School Finance Authority. In addition and as part of the budget process, the SAB could adjust on a year-to-year basis the reservation of remaining bond authority in program categories for administrative costs.

ATTACHMENT A

Option 1A - All Programs Prorated; 10 Years Reserved

Program	Percentage of Remaining Authority as of March 26, 2014	Remaining Authority as of March 26, 2014 (in millions)	Reservation for Administrative Costs (in millions)	Remaining Authority After Admin. Cost Reserved (in millions)
New Construction	5.87%	$ 20.6	$ 3.4	$ 17.2
Modernization	4.39%	15.4	2.5	12.9
Seismic Mitigation	45.31%	159.1	25.9	133.2
Career Tech.	1.05%	3.7	0.6	3.1
High Performance	10.03%	35.2	5.7	29.5
Overcrowding Relief	4.73%	16.6	2.7	13.9
Charter	28.62%	100.5	16.3	84.2
Total	**100.00%**	**$ 351.1**	**$ 57.1**	**$ 294.0**

Option 1B - All Programs Prorated; 7 Years Reserved

Program	Percentage of Remaining Authority as of March 26, 2014	Remaining Authority as of March 26, 2014 (in millions)	Reservation for Administrative Costs (in millions)	Remaining Authority After Admin. Cost Reserved (in millions)
New Construction	5.87%	$ 20.6	$ 2.9	$ 17.7
Modernization	4.39%	15.4	2.2	13.2
Seismic Mitigation	45.31%	159.1	22.5	136.6
Career Tech.	1.05%	3.7	0.5	3.2
High Performance	10.03%	35.2	5.0	30.2
Overcrowding Relief	4.73%	16.6	2.3	14.3
Charter	28.62%	100.5	14.2	86.3
Total	**100.00%**	**$ 351.1**	**$ 49.7**	**$ 301.4**

Option 1C - All Programs Prorated; 5 Years Reserved

Program	Percentage of Remaining Authority as of March 26, 2014	Remaining Authority as of March 26, 2014 (in millions)	Reservation for Administrative Costs (in millions)	Remaining Authority After Admin. Cost Reserved (in millions)
New Construction	5.87%	$ 20.6	$ 2.3	$ 18.29
Modernization	4.39%	15.4	1.7	13.7
Seismic Mitigation	45.31%	159.1	17.9	141.2
Career Tech.	1.05%	3.7	0.4	3.3
High Performance	10.03%	35.2	4.0	31.2
Overcrowding Relief	4.73%	16.6	1.9	14.7
Charter	28.62%	100.5	11.3	89.2
Total	**100.00%**	**$ 351.1**	**$ 39.4**	**$ 311.7**

Option 1D - All Programs Prorated; 3 Years Reserved

Program	Percentage of Remaining Authority as of March 26, 2014	Remaining Authority as of March 26, 2014 (in millions)	Reservation for Administrative Costs (in millions)	Remaining Authority After Admin. Cost Reserved (in millions)
New Construction	5.87%	$ 20.6	$ 1.5	$ 19.13
Modernization	4.39%	15.4	1.1	14.3
Seismic Mitigation	45.31%	159.1	11.3	147.8
Career Tech.	1.05%	3.7	0.3	3.4
High Performance	10.03%	35.2	2.5	32.7
Overcrowding Relief	4.73%	16.6	1.2	15.4
Charter	28.62%	100.5	7.2	93.3
Total	**100.00%**	**$ 351.1**	**$ 25.0**	**$ 326.1**

ATTACHMENT B

Option 2A - CSFP 2.5% of Remaining CSFP Bond Authority; All Other Programs Prorated; 10 Years Reserved

Program	Percentage of Remaining Authority as of March 26, 2014 (Less Charter)	Remaining Authority as of March 26, 2014 (in millions)	Reservation for Administrative Costs (in millions)	Remaining Authority After Admin. Cost Reserved (in millions)
New Construction	8.22%	$ 20.6	$ 4.5	$ 16.1
Modernization	6.15%	15.4	3.3	12.1
Seismic Mitigation	63.49%	159.1	34.7	124.4
Career Tech.	1.48%	3.7	0.8	2.9
High Performance	14.05%	35.2	7.7	27.5
Overcrowding Relief	6.62%	16.6	3.6	13.0
Subtotal	100.00%	250.6	54.6	196.0
Charter		100.5	2.5	98.0
Total		**$ 351.1**	**$ 57.1**	**$ 294.0**

Option 2B - CSFP 2.5% of Remaining CSFP Bond Authority; All Other Programs Prorated; 7 Years Reserved

Program	Percentage of Remaining Authority as of March 26, 2014 (Less Charter)	Remaining Authority as of March 26, 2014 (in millions)	Reservation for Administrative Costs (in millions)	Remaining Authority After Admin. Cost Reserved (in millions)
New Construction	8.22%	$ 20.6	$ 3.9	$ 16.7
Modernization	6.15%	15.4	2.9	12.5
Seismic Mitigation	63.49%	159.1	30.0	129.1
Career Tech.	1.48%	3.7	0.7	3.0
High Performance	14.05%	35.2	6.6	28.6
Overcrowding Relief	6.62%	16.6	3.1	13.5
Subtotal	100.00%	250.6	47.2	203.4
Charter		100.5	2.5	98.0
Total		**$ 351.1**	**$ 49.7**	**$ 301.4**

Option 2C - CSFP 2.5% of Remaining CSFP Bond Authority; All Other Programs Prorated; 5 Years Reserved

Program	Percentage of Remaining Authority as of March 26, 2014 (Less Charter)	Remaining Authority as of March 26, 2014 (in millions)	Reservation for Administrative Costs (in millions)	Remaining Authority After Admin. Cost Reserved (in millions)
New Construction	8.22%	$ 20.6	$ 3.0	$ 17.6
Modernization	6.15%	15.4	2.3	13.1
Seismic Mitigation	63.49%	159.1	23.4	135.7
Career Tech.	1.48%	3.7	0.5	3.2
High Performance	14.05%	35.2	5.2	30.0
Overcrowding Relief	6.62%	16.6	2.5	14.1
Subtotal	100.00%	250.6	36.9	213.7
Charter		100.5	2.5	98.0
Total		**$ 351.1**	**$ 39.4**	**$ 311.7**

Option 2D - CSFP 2.5% of Remaining CSFP Bond Authority; All Other Programs Prorated; 3 Years Reserved

Program	Percentage of Remaining Authority as of March 26, 2014 (Less Charter)	Remaining Authority as of March 26, 2014 (in millions)	Reservation for Administrative Costs (in millions)	Remaining Authority After Admin. Cost Reserved (in millions)
New Construction	8.22%	$ 20.6	$ 1.8	$ 18.8
Modernization	6.15%	15.4	1.4	14.0
Seismic Mitigation	63.49%	159.1	14.3	144.8
Career Tech.	1.48%	3.7	0.3	3.4
High Performance	14.05%	35.2	3.2	32.0
Overcrowding Relief	6.62%	16.6	1.5	15.1
Subtotal	100.00%	250.6	22.5	228.1
Charter		100.5	2.5	98.0
Total		**$ 351.1**	**$ 25.0**	**$ 326.1**

ATTACHMENT C

Option 3A - CSFP 2.5% of Remaining CSFP Bond Authority; SMP, CTE, HPI, and ORG Prorated; 10 Years Reserved

Program	Percentage of Remaining Authority as of March 26, 2014 (Less Charter)	Remaining Authority as of March 26, 2014 (in millions)	Reservation for Administrative Costs (in millions)	Remaining Authority After Admin. Cost Reserved (in millions)
Seismic Mitigation	74.14%	$ 159.1	$ 40.5	$ 118.6
Career Tech.	1.72%	3.7	0.9	2.8
High Performance	16.40%	35.2	9.0	26.2
Overcrowding Relief	7.74%	16.6	4.2	12.4
Subtotal	100.00%	214.6	54.6	160.0
Charter		100.5	2.5	98.0
Total		**$ 315.1**	**$ 57.1**	**$ 258.0**

Option 3B - CSFP 2.5% of Remaining CSFP Bond Authority; SMP, CTE, HPI, and ORG Prorated; 7 Years Reserved

Program	Percentage of Remaining Authority as of March 26, 2014 (Less Charter)	Remaining Authority as of March 26, 2014 (in millions)	Reservation for Administrative Costs (in millions)	Remaining Authority After Admin. Cost Reserved (in millions)
Seismic Mitigation	74.14%	$ 159.1	$ 35.0	$ 124.1
Career Tech.	1.72%	3.7	0.8	2.9
High Performance	16.40%	35.2	7.7	27.5
Overcrowding Relief	7.74%	16.6	3.7	12.9
Subtotal	100.00%	214.6	47.2	167.4
Charter		100.5	2.5	98.0
Total		**$ 315.1**	**$ 49.7**	**$ 265.4**

Option 3C - CSFP 2.5% of Remaining CSFP Bond Authority; SMP, CTE, HPI, and ORG Prorated; 5 Years Reserved

Program	Percentage of Remaining Authority as of March 26, 2014 (Less Charter)	Remaining Authority as of March 26, 2014 (in millions)	Reservation for Administrative Costs (in millions)	Remaining Authority After Admin. Cost Reserved (in millions)
Seismic Mitigation	74.14%	$ 159.1	$ 27.4	$ 131.7
Career Tech.	1.72%	3.7	0.6	3.1
High Performance	16.40%	35.2	6.1	29.1
Overcrowding Relief	7.74%	16.6	2.9	13.7
Subtotal	100.00%	214.6	36.9	177.7
Charter		100.5	2.5	98.0
Total		**$ 315.1**	**$ 39.4**	**$ 275.7**

Option 3D - CSFP 2.5% of Remaining CSFP Bond Authority; SMP, CTE, HPI, and ORG Prorated; 3 Years Reserved

Program	Percentage of Remaining Authority as of March 26, 2014 (Less Charter)	Remaining Authority as of March 26, 2014 (in millions)	Reservation for Administrative Costs (in millions)	Remaining Authority After Admin. Cost Reserved (in millions)
Seismic Mitigation	74.14%	$ 159.1	$ 16.7	$ 142.4
Career Tech.	1.72%	3.7	0.4	3.3
High Performance	16.40%	35.2	3.7	31.5
Overcrowding Relief	7.74%	16.6	1.7	14.9
Subtotal	100.00%	214.6	22.5	192.1
Charter		100.5	2.5	98.0
Total		**$ 315.1**	**$ 25.0**	**$ 290.1**

ATTACHMENT D

Option 4A - SMP, CTE, HPI, and ORG Prorated; 10 Years Reserved

Program	Percentage of Remaining Authority as of March 26, 2014	Remaining Authority as of March 26, 2014 (in millions)	Reservation for Administrative Costs (in millions)	Remaining Authority After Admin. Cost Reserved (in millions)
Seismic Mitigation	74.14%	$ 159.1	$ 42.3	$ 116.8
Career Tech.	1.72%	3.7	1.0	2.7
High Performance	16.40%	35.2	9.4	25.8
Overcrowding Relief	7.74%	16.6	4.4	12.2
Total	**100.00%**	**$ 214.6**	**$ 57.1**	**$ 157.5**

Option 4B - SMP, CTE, HPI, and ORG Prorated; 7 Years Reserved

Program	Percentage of Remaining Authority as of March 26, 2014	Remaining Authority as of March 26, 2014 (in millions)	Reservation for Administrative Costs (in millions)	Remaining Authority After Admin. Cost Reserved (in millions)
Seismic Mitigation	74.14%	$ 159.1	$ 36.8	$ 122.3
Career Tech.	1.72%	3.7	0.9	2.8
High Performance	16.40%	35.2	8.2	27.0
Overcrowding Relief	7.74%	16.6	3.8	12.8
Total	**100.00%**	**$ 214.6**	**$ 49.7**	**$ 164.9**

Option 4C - SMP, CTE, HPI, and ORG Prorated; 5 Years Reserved

Program	Percentage of Remaining Authority as of March 26, 2014	Remaining Authority as of March 26, 2014 (in millions)	Reservation for Administrative Costs (in millions)	Remaining Authority After Admin. Cost Reserved (in millions)
Seismic Mitigation	74.14%	$ 159.1	$ 29.2	$ 129.9
Career Tech.	1.72%	3.7	0.7	3.0
High Performance	16.40%	35.2	6.5	28.7
Overcrowding Relief	7.74%	16.6	3.0	13.6
Total	**100.00%**	**$ 214.6**	**$ 39.4**	**$ 175.2**

Option 4D - SMP, CTE, HPI, and ORG Prorated; 3 Years Reserved

Program	Percentage of Remaining Authority as of March 26, 2014	Remaining Authority as of March 26, 2014 (in millions)	Reservation for Administrative Costs (in millions)	Remaining Authority After Admin. Cost Reserved (in millions)
Seismic Mitigation	74.14%	$ 159.1	$ 18.5	$ 140.6
Career Tech.	1.72%	3.7	0.4	3.3
High Performance	16.40%	35.2	4.1	31.1
Overcrowding Relief	7.74%	16.6	1.9	14.7
Total	**100.00%**	**$ 214.6**	**$ 25.0**	**$ 189.6**

ATTACHMENT E

Option 5A - SMP and HPI Prorated; 10 Years Reserved

Program	Percentage of Remaining Authority as of March 26, 2014 (Less Charter)	Remaining Authority as of March 26, 2014 (in millions)	Reservation for Administrative Costs (in millions)	Remaining Authority After Admin. Cost Reserved (in millions)
Seismic Mitigation	81.88%	$ 159.1	$ 46.8	$ 112.3
High Performance	18.12%	35.2	10.3	24.9
Total	**100.00%**	**$ 194.3**	**$ 57.1**	**$ 137.2**

Option 5B - SMP and HPI Prorated; 7 Years Reserved

Program	Percentage of Remaining Authority as of March 26, 2014 (Less Charter)	Remaining Authority as of March 26, 2014 (in millions)	Reservation for Administrative Costs (in millions)	Remaining Authority After Admin. Cost Reserved (in millions)
Seismic Mitigation	81.88%	$ 159.1	$ 40.7	$ 118.4
High Performance	18.12%	35.2	9.0	26.2
Total	**100.00%**	**$ 194.3**	**$ 49.7**	**$ 144.6**

Option 5C - SMP and HPI Prorated; 5 Years Reserved

Program	Percentage of Remaining Authority as of March 26, 2014 (Less Charter)	Remaining Authority as of March 26, 2014 (in millions)	Reservation for Administrative Costs (in millions)	Remaining Authority After Admin. Cost Reserved (in millions)
Seismic Mitigation	81.88%	$ 159.1	$ 32.3	$ 126.8
High Performance	18.12%	35.2	7.1	28.1
Total	**100.00%**	**$ 194.3**	**$ 39.4**	**$ 154.9**

Option 5D - SMP and HPI Prorated; 3 Years Reserved

Program	Percentage of Remaining Authority as of March 26, 2014 (Less Charter)	Remaining Authority as of March 26, 2014 (in millions)	Reservation for Administrative Costs (in millions)	Remaining Authority After Admin. Cost Reserved (in millions)
Seismic Mitigation	81.88%	$ 159.1	$ 20.5	$ 138.6
High Performance	18.12%	35.2	4.5	30.7
Total	**100.00%**	**$ 194.3**	**$ 25.0**	**$ 169.3**

ATTACHMENT F

AUTHORITY

Government Code (GC) Section 15490 states:

(a) There is in the state government the State Allocation Board, consisting of the Director of Finance, the Director of General Services, a person appointed by Governor, and the Superintendent of Public Instruction. The board shall also include three Members of the Senate appointed by the Senate Committee on Rules, two of whom shall belong to the majority party and one of whom shall belong to the minority party, and three Members of the Assembly appointed by the Speaker of the Assembly, two of whom shall belong to the majority party and one of whom shall belong to the minority party.

(b) The members of the board and the Members of the Legislature meeting with the board shall receive no compensation for their services but shall be reimbursed for their actual and necessary expenses incurred in connection with the performance of their duties.

(c) The Director of General Services shall provide assistance to the board as the board requires. The board may, by a majority vote of all members, do one or more of the following:

(1) Appoint an employee to report directly to the board as assistant executive officer.

(2) Fix the salary and other compensation of the assistant executive officer.

(3) Employ additional staff members, and secure office space and furnishings, as necessary to support the assistant executive officer in the performance of his or her duties."

GC Section 15500 states, "This part may be cited as the Local Agency Allocation Law."

GC Section 15501 states, "As used in this part:.(c) "Board" means State Allocation Board."

GC Section 15504 states, "The Director of General Services shall provide the board with the assistance it may require in order to carry out the provisions of this part."

Education Code (EC) Section 17070.20 states, "The Director of General Services shall administer this chapter [Leroy F. Greene School Facilities Act of 1998] and shall provide assistance to the board as it requires."

EC Section 17070.40 states,

(a)(1) A fund is hereby established in the State Treasury to be known as the 1998 State School Facilities Fund. All money in the fund, including any money deposited in that fund from any source whatsoever, and notwithstanding Section 13340 of the Government Code, is hereby continuously appropriated without regard to fiscal years for expenditure pursuant to this chapter.

(2) The board may apportion funds to school districts for the purposes of this chapter from funds transferred to the 1998 State School Facilities Fund from any source.

(3) The board may make apportionments in amounts not exceeding those funds on deposit in the 1998 State School Facilities Fund, and any amount of bonds authorized by the committee, but not yet sold by the Treasurer.

(4) The board may make disbursements pursuant to any apportionment made from any funds in the 1998 State School Facilities Fund, irrespective of whether there exists at the time of the disbursement an amount in the 1998 State School Facilities Fund sufficient to permit payment in full of all apportionments previously made. However, no disbursement shall be made from any funds required by law to be transferred to the General Fund.

(b) (1) A fund is hereby established in the State Treasury to be known as the 2002 State School Facilities Fund. All money in the fund, including any money deposited in that fund from any source whatsoever, and notwithstanding Section 13340 of the Government Code, is hereby continuously appropriated without regard to fiscal years for expenditure pursuant to this chapter.

ATTACHMENT F

AUTHORITY (cont.)

(2) The board may apportion funds to school districts for the purposes of this chapter from funds transferred to the 2002 State School Facilities Fund from any source.

(3) The board may make apportionments in amounts not exceeding those funds on deposit in the 2002 State School Facilities Fund, and any amount of bonds authorized by the committee, but not yet sold by the Treasurer.

(4) The board may make disbursements pursuant to any apportionment made from any funds in the 2002 State School Facilities Fund, irrespective of whether there exists at the time of the disbursement an amount in the 2002 State School Facilities Fund sufficient to permit payment in full of all apportionments previously made. However, no disbursement shall be made from any funds required by law to be transferred to the General Fund.

(c) (1) A fund is hereby established in the State Treasury to be known as the 2004 State School Facilities Fund. All money in the fund, including any money deposited in that fund from any source whatsoever, and notwithstanding Section 13340 of the Government Code, is hereby continuously appropriated without regard to fiscal years for expenditure pursuant to this chapter.

(2) The board may apportion funds to school districts for the purposes of this chapter from funds transferred to the 2004 State School Facilities Fund from any source.

(3) The board may make apportionments in amounts not exceeding those funds on deposit in the 2004 State School Facilities Fund, and any amount of bonds authorized by the committee, but not yet sold by the Treasurer.

(4) The board may make disbursements pursuant to any apportionment made from any funds in the 2004 State School Facilities Fund, irrespective of whether there exists at the time of the disbursement an amount in the 2004 State School Facilities Fund sufficient to permit payment in full of all apportionments previously made. However, no disbursement shall be made from any funds required by law to be transferred to the General Fund.

(d) (1) A fund is hereby established in the State Treasury, to be known as the 2006 State School Facilities Fund. All money in the fund, including any money deposited in that fund from any source whatsoever, and notwithstanding Section 13340 of the Government Code, is hereby continuously appropriated without regard to fiscal years for expenditure pursuant to this chapter.

(2) The board may apportion funds to school districts for the purposes of this chapter from funds transferred to the 2006 State School Facilities Fund from any source.

(3) The board may make apportionments in amounts not exceeding those funds on deposit in the 2006 State School Facilities Fund, and any amount of bonds authorized by the committee, but not yet sold by the Treasurer.

(4) The board may make disbursements pursuant to any apportionment made from any funds in the 2006 State School Facilities Fund, irrespective of whether there exists at the time of the disbursement an amount in the 2006 State School Facilities Fund sufficient to permit payment in full of all apportionments previously made. However, no disbursement shall be made from any funds required by law to be transferred to the General Fund.

EC Section 17070.65 states, “From any moneys in one of the funds established pursuant to Section 17070.40, as appropriate, and approved for this purpose in the annual Budget Act, the board shall make available to the Director of General Services the amounts that the board determines necessary for the Department of General Services to provide the assistance, pursuant to this chapter, required pursuant to Section 15504 of the Government Code to facilitate the construction, modernization, reconstruction, or alteration of, or addition to, school buildings.”

All Programs Prorated; 5 Years Reserved (15% of $351.1 million)				
Program	**Percentage of Remaining Authority as of March 26, 2014**	**Remaining Authority as of March 26, 2014 (in millions)**	**Reservation for Administrative Costs (in millions)**	**Remaining Authority After Admin. Cost Reserved (in millions)**
NC	5.87%	20.6	$ 3.1	$ 17.5
Mod	4.39%	15.4	2.3	13.1
SMP	45.31%	159.1	23.9	135.2
CTE	1.05%	3.7	0.6	3.1
HP	10.03%	35.2	5.3	29.9
ORG	4.73%	16.6	2.5	14.1
Charter	28.62%	100.5	15.1	85.4
Total	**100%**	**351.1**	**$ 52.7**	**$ 298.4**

All Programs Prorated; 5 Years Reserved (15% of $351.1 million); Use New Construction and Modernization First.				
Program	**Percentage of Remaining Authority as of March 26, 2014**	**Remaining Authority as of March 26, 2014 (in millions)**	**Reservation for Administrative Costs (in millions)**	**Remaining Authority After Admin. Cost Reserved (in millions)**
NC		20.6	$ 20.6	$ -
Mod		15.4	15.4	-
Subtotal:		36.0	36.0	-
SMP	50.49%	159.1	8.4	150.7
CTE	1.17%	3.7	0.2	3.5
HP	11.17%	35.2	1.9	33.3
ORG	5.27%	16.6	0.9	15.7
Charter	31.89%	100.5	5.3	95.2
Subtotal	100.00%	315.1	16.7	298.4
Total		**351.1**	**$ 52.7**	**$ 298.4**

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, March 26, 2014

DISBURSING RESIDUAL CHARTER SCHOOL FACILITIES PROGRAM FUNDS

PURPOSE OF REPORT

To request the State Allocation Board (Board) determine the funding allocation available for the 2014 Charter School Facilities Program (CSFP) filing round.

DESCRIPTION

At its November 2013 meeting, the Board approved a new CSFP filing round, scheduled for April 1, 2014 through May 30, 2014. This item requests the Board to determine how much bond authority to set aside for the round and if unfunded applications should remain valid for eight months after awarding Preliminary Charter School Apportionments (PA).

AUTHORITY

See Attachment A.

BACKGROUND

There is approximately $100.5 million available in CSFP bond authority from the Kindergarten-University Public Education Facilities Bond Acts of 2002 (Proposition 47), 2004 (Proposition 55) and 2006 (Proposition 1D). This is residual bond authority that has returned to the program though project rescissions and from project conversions that were less than the amount reserved for the project when the PA was Board approved. Statute requires that bond authority designated for the CSFP remain in the CSFP for charter school purposes such as awarding new PA, or providing Final Charter School Apportionments above the reserved PA when the charter school is eligible.

The item presented at the November 2013 meeting requested to use all Proposition 47, 55, and 1D bond authority available as of the date the Board awarded the PA for the new filing round. Consistent with prior rounds, the item also requested the Board leave the filing round open for eight months after the date the PA were awarded to enable the Board to continue awarding PA during that time if additional bond authority returned to the program. In response to the item, a stakeholder expressed concern (Attachment B) with allocating all available bond authority to the new round and requested that a portion of the available funds be set aside for future Final Charter School Apportionments that may need the additional bond authority to fund their additional eligible project costs. The Board approved the new application filing period, but declared that the amount of bond authority made available for the round, as well as whether or not to retain the applications for eight months, would be determined at a future Board meeting.

STAFF ANALYSIS/STATEMENTS

There are currently 28 remaining active PA in the CSFP that have already reserved $313.5 million in CSFP bond authority. The amount of bond authority needed for future Final Charter School Apportionments cannot be accurately assessed because final apportionment amounts are not known until a project is reviewed by the Office of Public School Construction (OPSC) and approved by the Board. In an effort to obtain an approximation of what a future need might be, on December 18, 2013, the OPSC sent a survey letter to the respective charter schools and school districts to request that they provide the following information:

- Estimated Conversion Date of their PA to a Final Charter School Apportionment; and
- Need for additional bond authority at time of conversion.

(Continued on Page Two)

STAFF ANALYSIS/STATEMENTS (cont.)

The OPSC received responses for 23 projects. Two of the charters indicated they may rescind their projects, possibly returning $59.0 million to the CSFP. Of the remaining charters that indicated they planned to convert, seven indicated they would need additional bond authority to convert; nine indicated they would be converting at or below their reserved amount and five indicated they could not determine a project cost at this time.

To date, approximately $287.0 million in bond authority has returned to the program through rescissions and conversions under the reserved PA amount. The following table shows the current statistics for projects from the Proposition 1D and 2009 Filing Rounds that have converted from a PA to a Final Charter School Apportionment:

Filing Round	Conversions Over PA (QTY)	Conversions Over PA (%)	Conversions Under PA (QTY)	Conversions Under PA (%)	Remaining PAs to Convert	Deadline to Convert to Final Apportionment
Prop 1D	0	0%	8	100%	19	5/7/15; 11/13/15
2009 Round	3	43%	4	57%	9	10/26/15; 5/2/16
Total CSFP	**3**	**20%**	**12**	**80%**	**28**	

The exact amount of bond authority that may be returned or requested by the charter schools in the future cannot accurately be reported until the time that the application for final apportionment has been submitted and processed by the OPSC. Until that time, the OPSC is unable to determine the actual bond authority need.

New Construction Grant Adjustments

Assembly Bill (AB) 127, Chapter 35, Statutes of 2006 (Perata/Nunez) authorizes the Board to annually increase or decrease the new construction per pupil base grant amount based on an analysis of the current costs to build a school. An increase can be up to six percent; a decrease is unlimited. At the May 2008 meeting, the Board approved an increase to the new construction per pupil grant of six percent.

The six percent increase was never applied to the preliminary apportionment calculation for previously approved CSFP projects approved on or after the May 2008 meeting, which are funded based on new construction grant amounts. Of the 28 projects remaining to convert to a Final Charter School Apportionment, 17 are either rehabilitation projects or projects that voluntarily reduced their PA request at the time of approval. The majority of the projects that voluntarily reduced their PA request did so to be found Financially Sound for their PA by the California School Finance Authority. This leaves 11 projects that would have been eligible for higher PA amounts, totaling approximately $7.6 million.

The variance between the original PA and the proper reserve with the six percent increase only exists for the projects at the PA phase. Once a project converts to a Final Charter School Apportionment, the project will receive funding for the project costs reviewed and verified by the OPSC. If the OPSC approved total project cost is higher than the amount reserved for the PA, the charter school may receive a final apportionment for this higher amount. The increased allowance would only be granted if the charter can meet the financial soundness test and bond authority is available to fund the increase. The Board could approve amended PA for these projects; however, this would trigger the need for another financial soundness review for each project. Staff proposes setting aside authority to augment the projects, if eligible, when they convert to Final Charter School Apportionments.

(Continued on Page Three)

STAFF ANALYSIS/STATEMENTS (cont.)

These projects would be able to access their individual increase amount at the time of conversion, if needed. If the applicant does not require the additional authority, it could immediately be made available for other charter school purposes once that project has received an unfunded approval, so that the authority does not remain unnecessarily reserved. Other charter school purposes include the augmentation of future conversions, future or current filing rounds, or administrative costs. The projects eligible to receive additional authority are shown on Attachment C.

Summary of Bond Authority	
Remaining Bond Authority	~ $100.5 million
PA Variance to Fund 6% Increase	~ 7.6 million
Net Available Bond Authority	~ $92.9 million

Administrative Costs

The Board may also wish to consider reserving an amount of authority for future administrative costs for the program. Statute provides the California School Finance Authority with up to 2.5 percent of the CSFP bond authority subject to the approval of the Department Finance for its administrative costs. The same percentage could be applied to the remaining CSFP bond authority to provide for OPSC administrative costs.

$100.5 million (Remaining Bond Authority) X 2.5% = $2.51 million

Summary of Bond Authority	
Remaining Bond Authority	~ $100.5 million
PA Variance to Fund 6% Increase	~ 7.6 million
2.5% reserve for OPSC admin cost	~ 2.51 million
Net Available Bond Authority	~ $90.4 million

Timeline for the 2014 Filing Round

For the 2009 Filing Round, the Board elected to keep the filing round open for a period of eight months after the first PA awards were made, and retain the applications that were not originally provided a PA due to a lack of bond authority. This action allowed these applications to be processed for a PA if bond authority returned to the program during that eight month period. The application process for the CSFP can be time consuming for applicants as they prepare applications and work through a detailed review process with both OPSC for the funding application, and the California School Finance Authority for the financial soundness determination. Additionally, filing rounds are only opened on an intermittent basis as sufficient authority becomes available to warrant a new round. The actions of the Board allowed the projects an opportunity to move forward without having to re-apply. The eight months was chosen as a timeframe during which information used to rank the projects would still be current and relevant.

(Continued on Page Four)

RECOMMENDATIONS

Staff recommends that the Board take the following actions:

Recommendation #1

A. Reserve $7.6 million to augment the 11 projects with a PA variance to reflect the six percent increase;
B. Reserve $2.51 million for future OPSC administrative costs;
C. Use all remaining Proposition 47, 55 and 1D bond authority currently available (~$90.4 million) and any additional authority returning to the CSFP to fund PA for the upcoming filing round.

This will allow the Board to reserve appropriate authority for projects that did not receive the May 2008 new construction grant increase, and ensure bond authority is available for future OPSC administration of the program. This action will maximize the bond authority available for the 2014 filing round by using the balance of all remaining authority.

Recommendation #2

Stipulate that upon conversion or rescission of any of the 11 projects shown on Attachment C, any authority previously reserved for but not needed by that project be made available immediately for other charter school purposes.

Recommendation #3

Declare that unfunded applications shall remain valid for eight months after awarding PA.

This enables the Board to fund additional PA using the CSFP authority in Action 1 without creating a new round and is consistent with prior Board Action.

BOARD ACTION

In considering this Item, the SAB approved staff's Recommendations #1, #2, and #3 which would provide the following:

Recommendation #1 would:

a. Reserve $7.6 million to augment the 11 projects with a PA variance on Attachment C to reflect the six percent increase;

b. Reserve $5.3 million for future OPSC administrative costs;

c. Use all remaining Proposition 47, 55 and 1D bond authority currently available [~$87.6 million] and any additional authority returning to the CSFP to fund PA for the upcoming filing round.

Recommendation #2 stipulates that upon conversion or rescission of any of the 11 projects shown on Attachment C any authority previously reserved for but not needed by that project be made available immediately for other charter school purposes.

Recommendation #3 declares that unfunded applications would remain valid for eight months after awarding PA.

ATTACHMENT A

AUTHORITY

Education Code (EC) Section 17078.52(a) There is hereby established the Charter Schools Facilities Program to provide funding to qualifying entities for the purpose of establishing school facilities for charter school pupils.

(b) (1) The 2002 Charter School Facilities Account is hereby established within the 2002 State School Facilities Fund established pursuant to subdivision (b) of Section 17070.40. The proceeds of bonds, as set forth in subparagraph (A) of paragraph (1) of subdivision (a) of Section 100620, shall be deposited into the 2002 Charter School Facilities Account for the purposes of this article. Notwithstanding Section 13340 of the Government Code, funds deposited into the account are hereby continuously appropriated for the purposes of this article.

(2) The 2004 Charter School Facilities Account is hereby established within the 2004 State School Facilities Fund established pursuant to subdivision (c) of Section 17070.40. The proceeds of bonds, as set forth in subparagraph (A) of paragraph (1) of subdivision (a) of Section 100820, if approved by the voters, shall be deposited into the 2004 Charter School Facilities Account for the purposes of this article. Notwithstanding Section 13340 of the Government Code, funds deposited into the account are hereby continuously appropriated for the purposes of this article.

(3) The 2006 Charter School Facilities Account is hereby established within the 2006 State School Facilities Fund established pursuant to subdivision (d) of Section 17070.40. The proceeds of bonds, as set forth in paragraph (2) of subdivision (a) of Section 101012, if approved by the voters, shall be deposited into the 2006 Charter School Facilities Account for the purposes of this article. Notwithstanding Section 13340 of the Government Code, funds deposited into the account are hereby continuously appropriated for the purposes of this article.

EC Section 17078.52(c)(3) “Preliminary apportionment” means an apportionment made for eligible applicants under this article in advance of full compliance with all of the application requirements otherwise required for an apportionment pursuant to this chapter. The process for making preliminary apportionments under this article shall be substantially identical to the process established for critically overcrowded schools pursuant to Section 17078.22 to 17078.30, inclusive.

EC Section 17078.58(c) Lease payments in lieu of local share payments, and any other local share payments made pursuant to this article, shall be made to the board for deposit into the respective 2002, 2004, or 2006 Charter School Facilities Account. Funds deposited into the account pursuant to this section may be used by the board only for a purpose related to charter school facilities pursuant to this article.

(d) When a preliminary apportionment under this article is converted to a final apportionment, any funds not needed for the final apportionment shall remain in the 2002, 2004, or 2006 Charter School Facilities Account for use by the board for any purpose related to charter school facilities pursuant to this article.

School Facility Program (SFP) Regulation Section 1859.2 “Final Charter School Apportionment” shall mean a Preliminary Charter School Apportionment that has been converted to a Final Charter School Apportionment in accordance with 1859.165.

SFP Regulation Section 1859.2 “Preliminary Charter School Apportionment” means an apportionment made pursuant to Education Code Section 17078.52(c)(3).

SFP Regulation Section 1859.164. Application Funding Criteria.
If the estimated total apportionments of all Financially Sound Preliminary Charter School Applications received in either filing period specified in Section 1859.161 exceed the funds available, the applications shall be identified in each of the following four categories:
(a) Geographical Region One, Two, Three, or Four.
(b) Urban, Rural, or Suburban areas.
(c) Large, Medium, or Small Charter Schools.
(d) K-6, 7-8, or 9-12 grade levels.

The Board shall first apportion one project of each possible type, a maximum of four in category (a) and a maximum of three in categories (b) through (d), starting with (a) and continuing through (d). If more than one application is received of the same type within a category, the Board will apportion based on which project has the highest preference points, calculated in Section 1859.164.1. If a project has the highest preference points but was previously apportioned, the project with the next highest preference points will be apportioned. The same process will continue for the remaining categories until the Board has apportioned a project within each type in categories (a) through (d), or until no funding remains. If after funding one project in each category (a) through (d), funding remains available, the process shall be repeated until no funding remains.

All funds approved as a Preliminary Charter School Apportionment shall be transferred to the Restricted Charter School Fund within the appropriate Charter School Facility Account. Any funds not approved as a Preliminary Charter School Apportionment shall be transferred to the Unrestricted Charter School Fund within the appropriate Charter School Facility Account.

All Preliminary Charter School Applications received from a Charter School will be processed in the date order received by the OPSC. If more than one Preliminary Charter School Application is received on the same day from the same entity for a Charter School project located within the geographical jurisdiction of same district, those applications will be processed by the OPSC based on the priority order assigned to those applications by the applicant on Form SAB 50-09.

If two or more Preliminary Charter School Applications have the same preference points, the Board shall first apportion that Preliminary Charter School Application that was received first by the OPSC. In the event that the applications were received on the same day, applications will be funded in the following order:
(a) Projects submitted by entities that have not previously received funding under the SFP, the CSFP or the State Charter School Facilities Grants Incentives Program will be funded before those that have received said funding;
(b) Projects proposing to utilize existing facilities will be funded before projects that propose to build new facilities;
(c) As applicable, projects that provide more seats to relieve overcrowding will be funded over those that provide fewer seats (as determined by dividing the number of unhoused pupils pursuant to Section 1859.50 that the project will house by the remaining new construction eligibility in the district);

In the event that a tie remains after the previous criteria have been applied, a lottery system will be used to select the project that is funded.

Any applications the SAB is unable to provide a Preliminary Charter School Apportionment to will be returned to the Charter School.

Section 1859.164.1. Calculation of Preference Points.
Preference points will be calculated for all Preliminary Charter School Applications. An application shall receive preference points based on the total of (a), (b), (c) and (d), up to a maximum of 160 points, as follows:
(a) Low Income: Up to 40 points based on the percentage of pupils at either the Charter School or school district where the Charter School is or will be located, or any public school within the Charter School General Location meeting the definition of Low-income. The Charter School may report the highest percentage of the three. Use the following sliding scale to determine the number of preference points:

Percentage Receiving Free/Reduced Lunch	Preference Points Assigned
5–15%	4
16-30%	8
31-39%	12
40-47%	16
48-55%	20
56-64%	24
65-73%	28
74-82%	32
83-92%	36
93%	36.5
94%	37
95%	37.5
96%	38
97%	38.5
98%	39
99%	39.5
100%	40

(b) Overcrowded School District: Up to 40 points if the school district where the Charter School is physically located is determined to be overcrowded by dividing the remaining New Construction Eligibility (prior to the reduction from this application) by the district's current enrollment and multiplying the product by 100. The following sliding scale determines the maximum number of preference points available for the degree of overcrowding:

Percentage Overcrowded	Preference Points Assigned
2-9%	4
10-13%	8
14-16%	12
17-19%	16
20-22%	20
23-25%	24
26-33%	28
34-41%	32
42-49%	36
50% and above 40	40

The method of allocating preference points to applicants will utilize the percentage overcrowded chart for a maximum point distribution. Next, each application will be assigned an "effort" percentage which further allocates points within each overcrowding point category. The percentage generated by the number of unhoused pupils that the project will house, divided by the project capacity will represent the effort made to relieve overcrowding in the district. The "effort" percentage will be assigned the following point distribution:

% Effort to Relieve Overcrowding	Ratio of Overcrowded Points Awarded
40% or more	100% of the points for the overcrowded category
30-39%	90% of the points for the overcrowded category
20-29%	80% of the points for the overcrowded category
10-19%	70% of the points for the overcrowded category
1-9%	60% of the points for the overcrowded category
0	No points for the overcrowded category

The total points assigned for overcrowding will be calculated by applying the appropriate “effort” percentage and its corresponding ratio of points to the percentage overcrowded category for the district in which the project will be physically located.

(c) Non-Profit Entity: If the entity operating the Charter School meets the definition of a Non-Profit Entity, the project will receive 40 preference points.

(d) Existing Facilities: If the project proposes to rehabilitate existing facilities, the project will receive 40 preference points.

ocean charter school

November 18, 2013

State Allocation Board, Chair
Eraina Ortega
Ziggurat Building
707 Third Street
West Sacramento, CA 95605

Dear Eraina;

On behalf of The Ocean Charter School, I would like to provide input on the SAB agenda item concerning charter school funds.

Under Proposition 1-D, Ocean Charter School was fortunate to receive an allocation to purchase property and build a school within the Westside region of Los Angeles.

We have already received a preliminary apportionment of about 7 million dollars for both planning and site acquisition in April 2012. However, our site property value estimated at the time of our application was done in 2007/2008 when property values were significantly lower.

Unfortunately, the property that we intended to purchase and build a school on is no longer available. Based upon land values in this area of L.A., we are unable to find property that is large enough to support our school. We are only trying to find about two acres to support our 500-student school which is below CDE recommended school site standards.

The California Department of Education has already reviewed a number of alternatives, but unfortunately we cannot offer the property owners a high enough dollar amount to make any of these options possible.

Since SAB regulations allows for an adjustment in land purchase costs when the construction funds are requested, we would like to recommend that a portion of the available Charter funds remain in the reserve account to help accommodate difficult situations such as ours.

Thank you for your considerations. Please contact me if you have any questions.

Sincerely,

Stephanie Edwards

Stephanie Edwards

c.c :

Eraina Ortega
Esteban Almanza
Kathleen Moore
Cesar Diaz
Senator Carol Liu
Senator Mark Wyland
Senator Loni Hancock
Assembly Member Curt Hagman
Assembly Member Adrin Nazarian
Assembly Member Joan Buchanan
Lisa Silverman
Bill Savidge

12606 Culver Blvd., Los Angeles, CA 90066 phone 310 827-5511 fax 310 827-2012
7400 Manchester Blvd., Los Angeles, CA 90045
www.oceancharterschool.org

ATTACHMENT C

PROPOSITION 1D AND 2009 FILING ROUNDS PRELIMINARY APPORTIONMENT AUGMENTATION NEED

OPSC Application Number	School District	County	Charter School	Original Preliminary Apportionment Amount	Preliminary Apportionment Amount that Should have been Awarded	Amount Needed to Reserve	4 Year Deadline	5 Year Deadline
54/61259-09-005	Oakland Unified	Alameda	Leadership Public Schools - College Park	$2,556,172	$2,637,350	$81,178	5/2/16	5/2/17
54/64733-00-047	Los Angeles Unified	Los Angeles	College Ready Academy High #9	$34,172,028	$35,916,944	$1,744,916	5/7/15	5/7/16
54/64733-00-049	Los Angeles Unified	Los Angeles	College Ready Academy High #8	$33,050,312	$34,795,228	$1,744,916	5/7/15	5/7/16
54/64733-00-053	Los Angeles Unified	Los Angeles	Stella Academy Building	$23,926,544	$24,494,322	$567,778	5/7/15	5/7/16
54/64733-00-082	Los Angeles Unified	Los Angeles	Monsenor Oscar Romero Charter Middle	$13,464,960	$14,267,910	$802,950	10/26/15	10/26/16
54/69179-00-001	College Elementary	Santa Barbara	Santa Ynez Valley Charter	$10,662,248	$10,857,319	$195,071	5/7/15	5/7/16
54/70912-00-001	Santa Rosa Elementary	Sonoma	Santa Rosa Charter School for the Arts	$5,591,224	$5,908,152	$316,928	5/7/15	5/7/16
54/70920-00-002	Santa Rosa	Sonoma	Roseland Charter School	$13,470,182	$14,167,432	$697,250	5/2/16	5/2/17
54/76505-00-001	Twin Rivers Unified	Sacramento	Higher Learning Academy	$17,103,884	$17,668,800	$564,916	11/13/15	11/13/16
54/76505-00-004	Twin Rivers Unified	Sacramento	Futures High	$10,205,824	$10,650,624	$444,800	11/13/15	11/13/16
54/76505-00-008	Twin Rivers Unified	Sacramento	Higher Learning Academy	$18,067,134	$18,544,864	$477,730	11/13/15	11/13/16
					TOTAL NEED:	**$7,638,433**		