

INITIAL STATEMENT OF REASONS

Section 1859.2. Definitions.

Specific Purpose of the Regulation

To make amendments to an existing definition and form and to define the new Form SAB 195 and two new Grant Agreements.

Need for the Regulation

Existing Regulation Section 1859.2 represents a set of defined words and terms used exclusively for these regulations. It was necessary to expand the definition of “Interim Housing” to align with Education Code Section 17075.20(a). It was also necessary to correct the revision date of the Form SAB 50-05 as it has been amended and to define the new Form SAB 195 and two Grant Agreements for purposes of implementing the natural disaster assistance provisions in the SFP Regulations.

Section 1859.31. Gross Classroom Inventory

Specific Purpose of the Regulation

To delete language that no longer applies to modernization projects and to make non-substantive changes.

Need for the Regulation

It was necessary to delete the reference in subsection (i) “for a modernization project” in order to align with the proposed amendments for “Interim Housing” in Regulation Section 1859.2 above. The proposed regulations make clear that all classrooms acquired for interim housing are included in the gross classroom inventory unless an exception is made. It was also necessary to capitalize defined words and terms, such as School District, Classroom, and Interim Housing throughout this section for purposes of consistency. These are considered non-substantive changes

Section 1859.51. Adjustments to the New Construction Baseline Eligibility.

Specific Purpose of the Regulation

To incorporate and align provisions related to natural disaster assistance.

Need for the Regulation

It was necessary to capitalize defined words and terms, such as School District and Classrooms throughout this section for purposes of consistency. It was also necessary to provide clarification to subsection (i)(5) regarding the exemption from the New Construction baseline eligibility adjustment for leased portable classrooms used for purposes of interim housing is not limited to a maximum eight-year period if the portable classroom was funded with a grant provided by Education Code Section 17075.20(a). In addition, the language “in a modernization or new construction project” was deleted to align with the amended definition of “Interim Housing” in Regulation Section 1859.2 above. Subsection (i)(13) was added to specify that

classrooms constructed with a grant provided by Education Code Section 17075.20 are exempt from New Construction baseline eligibility adjustments unless the classroom is a portable classroom purchased pursuant to Education Code Section 17075.20(a). New subsections (u), (u)(1), (u)(2), and (v) are baseline eligibility adjustments and are necessary for: subsection (u)(1) functions as a placeholder adjustment specifically for portable classrooms purchased for purposes of interim housing following a natural disaster; subsection (u)(2) functions as a reversal of the placeholder adjustment once the school district permanently removes the purchased portable classrooms within eight years of occupancy as interim housing; and subsection (v) allows an adjustment to a school district's New Construction baseline eligibility for any classrooms destroyed or rendered unsafe to occupy due to a natural disaster declared on or after July 3, 2024, that will not be replaced. Subsection (v) ensures that portables purchased for interim housing are counted as classroom capacity in the school district until they are removed from use. This subsection would also permit the SAB to consider relevant factors, (i.e., funding from insurance, governmental assistance and/or other sources; enrollment patterns in the school district), for classrooms destroyed or rendered unsafe to occupy due to a natural disaster that occurred prior to July 3, 2024 that the school district elected not to replace.

Section 1859.80. General.

Specific Purpose of the Regulation

To set forth a new type of hardship assistance for which a school district may apply and specify the general requirements a school district must meet to qualify for the funding.

Need for the Regulation

It was necessary to provide an additional type of hardship assistance and to specify that school districts shall qualify for hardship assistance provided they qualify for natural disaster assistance pursuant to new Regulation Sections 1859.84.1 or 1859.84.2. These two sections refer to interim housing assistance following a natural disaster and other assistance following a natural disaster, respectively. This is in alignment with Education Code Section 17075.20. In addition, there are minor edits that are considered non-substantive changes.

Section 1859.81.1. Separate Apportionment for Site Acquisition and Design Costs.

Specific Purpose of the Regulation

To specify the limits for separate site acquisition and design grant amounts for those school districts meeting the financial hardship requirements.

Need for the Regulation

It was necessary to add subsection (f) to allow the SAB to apportion an amount not to exceed 25 percent of the state share of the grant less any school district funds available for the project pursuant to Regulation Section 1859.81(a) for applications for other assistance following a natural disaster. This amount would be offset from the full grant amount the school district would be eligible for pursuant to Regulation Section 1859.84.2 when the school district submits an additional Form SAB 195 to request additional funding. The separate design apportionment of 25 percent of costs supported by documentation is sufficient given that there are no base grants to provide compared to New Construction and Modernization programs. In addition, there are minor edits that are considered non-substantive changes.

Section 1859.84. Natural Disaster Assistance Program.

Specific Purpose of the Regulation

To set forth the circumstances by which school districts and county offices of education may apply for interim housing and/or any other assistance for purposes of the Natural Disaster Assistance Program.

Need for the Regulation

It was necessary to introduce the concepts of interim housing and any other assistance. This section specifically delineates the criteria that the state of emergency must be “open” at the time of application submittal, further defines what a natural disaster may include for purposes of this section, and indicates that applications received on or after October 31, 2024 are subject to matching share requirements in accordance with Regulation Sections 1859.77.1 (New Construction District Matching Share Requirement) or 1859.79 (Modernization District Matching Share Requirement). The Office of Public School Construction (OPSC) will validate with the Governor’s Office of Emergency Services that the state of emergency is still “open” at the time of application submittal. This places a limitation on the length of time a school district may be eligible to seek funding for assistance and provides equity for school districts in immediate need as well as school districts who have submitted requests for funding.

Section 1859.84.1. Interim Housing Assistance Following a Natural Disaster.

Specific Purpose of the Regulation

To introduce the eligibility criteria and process for a school district or county office of education to request interim housing assistance following a natural disaster.

Need for the Regulation

It was necessary to identify the funding source for interim housing assistance and provide specificity regarding the mechanics of this section. This ensures that the information collected by OPSC is transparent and that applicants are aware of what information must be submitted to substantiate the request(s). The eligibility to request interim housing assistance is contingent upon facilities lost or damaged by a natural disaster for which the Governor declared a state of emergency and the state of emergency must be “open” on the date the applicant submits the Form SAB 195. Subsection (a) instructs applicants to submit the Form SAB 195 to request funding for interim housing. Subsection (b) informs applicants of the specific documentation demonstrating that interim housing assistance will supplement funding from insurance or any other government disaster assistance. Applicants will need to demonstrate that the costs associated with interim housing have not been covered by insurance proceeds or any other local, state or federal government disaster assistance if the applicant will not receive insurance proceeds or other government disaster assistance for interim housing. If the applicant expects to receive future insurance proceeds or other government disaster assistance attributable to the costs of interim housing specific documentation must be provided: 1) an estimate of expected insurance proceeds or any other government disaster assistance for interim housing; 2) a narrative indicating the necessity for interim housing assistance prior to receipt of insurance proceeds or any other government disaster assistance for this purpose; and 3) an acknowledgement of the reporting requirement and potential future adjustment to any apportionment. Subsection (c) informs applicants that any apportionment provided through this

section shall be adjusted for funding received from insurance proceeds or government disaster assistance for interim housing. The apportionment will be reduced by 50 percent of the funding received from insurance proceeds and/or government disaster assistance for interim housing, or a commensurate amount adjusted for the district matching share pursuant to Regulation Section 1859.77.1 (New Construction District Matching Share Requirement). Applicants are also required to report insurance proceeds and/or government disaster assistance collected to OPSC by means of an annual narrative from the date the application was submitted to OPSC until all claims for insurance proceeds and requests for government disaster assistance are closed. This makes certain that apportionments provided for this purpose supplement funding from insurance proceeds and other government disaster assistance.

Section 1859.84.2. Other Assistance Following a Natural Disaster.

Specific Purpose of the Regulation

To introduce the eligibility criteria and process for a school district or county office of education to request other assistance following a natural disaster.

Need for the Regulation

It was necessary to identify the funding source for other assistance and provide specificity regarding the mechanics of this section. This ensures the information collected by OPSC is transparent and that applicants are aware of what information must be submitted to substantiate the request(s). The eligibility to request funding for other assistance is based on whether the applicant is determined to be impacted by a natural disaster for which the Governor declared a state of emergency, and the state of emergency was “open” on the date the applicant submits the Form SAB 195. Subsection (a) sets forth criteria for the SAB to consider in determining whether to provide other assistance following a natural disaster. Subsection (b) instructs applicants to submit the Form SAB 195 to request other assistance funding following a natural disaster. Subsection (c) informs applicants that specified documentation must be submitted to demonstrate that funding provided by this section will supplement funding from insurance or any other government disaster assistance. Applicants are to provide documentation demonstrating that the costs associated with the scope of work in the Form SAB 195 have not been covered by insurance proceeds or any other local, state or federal government assistance if the applicant will not receive insurance proceeds or other government disaster assistance for this purpose. If the applicant expects to receive future insurance proceeds or other government disaster assistance attributable to the costs associated with the scope of work in the Form SAB 195, specific documentation must be provided: 1) an estimate of expected insurance proceeds or any other government disaster assistance; 2) a narrative indicating the necessity for other assistance following a natural disaster prior to receipt of insurance proceeds or other government assistance; and 3) an acknowledgement of the reporting requirement and potential future adjustment to any apportionment. Subsection (d) adjusts an apportionment provided for funds received from insurance proceeds or government disaster assistance for the same purpose or scope of work funded by the apportionment. The apportionment will be reduced by 50 percent of the funding received from insurance proceeds and/or government disaster assistance, or a commensurate amount adjusted for the district matching share pursuant to Regulation Section 1859.77.1 (New Construction District Matching Share Requirement) or reduced by 60 percent of the funding received from insurance proceeds and/or government disaster assistance, or a commensurate amount adjusted for the district matching share pursuant to Regulation Section 1859.79 (Modernization District Matching Share Requirement). Subsection (e) stipulates that any insurance proceeds and/or government disaster assistance collected will be reported to OPSC in the form of an annual narrative from the date the

application was submitted to OPSC until all claims for insurance proceeds and requests for government disaster assistance are closed. This ensures that apportionments provided for this purpose supplement funding from insurance proceeds and other government disaster assistance.

Subsections (f) and (g) are part of the standard process by which unfunded approvals have been turned into cash. Applicants must submit specific documents within a specified timeframe in order to release funds. This is consistent with all projects in the School Facility Program. Subsection (h) is also part of the standard process. All projects in the School Facility Program are subject to program reporting and audit requirements outlined in Regulation Section 1859.104 and 1859.105.

Section 1859.90. Fund Release Process.

Specific Purpose of the Regulation

To include separate apportionments for site acquisition and design costs for applications requesting other assistance following a natural disaster.

Need for the Regulation

Subsections (a) and (d): It was necessary to reference timelines and requirements for fund release of apportionments made for applications requesting other assistance following a natural disaster. All projects in the School Facility Program are subject to the fund release process. There are non-substantive changes throughout this section.

Section 1859.93. Modernization Project Funding Order.

Specific Purpose of the Regulation

To revise the funding order by including applications for modernization projects that request other assistance following a natural disaster.

Need for the Regulation

It was necessary to add new subsection (b) to this section in order to ensure that applications for modernization projects that request other assistance following a natural disaster would be processed as a second priority to imminent health and safety projects. Because new subsection (b) was added, it was necessary to renumber the “old (b)” to subsection (c). There is one minor edit that is considered a non-substantive change.

Section 1859.83.1. New Construction Project Funding Order.

Specific Purpose of the Regulation

To revise the funding order by changing the order of application processing priorities.

Need for the Regulation

It was necessary to make applications requesting Interim Housing assistance following a natural disaster the first priority, then imminent health and safety projects second, and then applications requesting other assistance following a natural disaster. Because of new subsections (b) and

(c), it was necessary to renumber the “old b, c, d, and e” to subsections (d), (e), (f), and (g). These are considered non-substantive changes.

Section 1859.104. Program Reporting Requirements.

Specific Purpose of the Regulation

To establish a specific timeframe for the completion of a project receiving natural disaster assistance and make non-substantive changes.

Need for the Regulation

This section requires applicants to submit annual expenditure reports using the *Expenditure Report*, Form SAB 50-06, following the release of funds. Subsection (a)(1)(C): It was necessary to specify when the Form SAB 50-06 would no longer be required for projects receiving funding pursuant to Regulation Sections 1859.84.1 or 1859.84.2. For a project funded pursuant to Regulation Section 1859.84.1, subsections (h), (h)(1), and (h)(2) were added to track the usage of the interim housing portable classrooms an applicant has either leased or purchased and to also process eligibility adjustments as needed. The reason for 60 months or five years from the date of the lease is that portable classrooms leased beyond five years to provide interim housing are subject to an adjustment on the applicant’s new construction baseline eligibility [Regulation Section 1859.51(i)(5)]. Qualifying projects that receive SAB approval for an extension of up to three years, the applicant must provide an additional certification no later than the approval date of the extension as approved by the SAB. The reason for 96 months or eight years from the date of the purchase is to state that the maximum amount of time that portable classrooms purchased for purposes of interim housing (Education Code Section 17075.20) can be retained is eight years to be eligible for a reversal adjustment [Regulation Section 1859.51(t)(2)]. In addition, there are minor edits that are considered non-substantive changes.

Section 1859.106. Program Accountability Expenditure Audit.

Specific Purpose of the Regulation

To establish the review criteria by which a determination that proper expenditure of funds has been made for a project receiving natural disaster assistance and to make non-substantive changes.

Need for the Regulation

Subsection (c): It was necessary to make adjustments for insurance proceeds and disaster assistance adjustments for projects that received funding pursuant to Regulation Sections 1859.84.1(c) or 1859.84.2(d) for purposes of proper accounting. References were made specifying that if an audit finding determines that some or all expenditures were not made in accordance with the provisions for projects following a natural disaster (Regulation Sections 1859.84, 1859.84.1 or 1859.84.2), OPSC shall recommend to the SAB that the apportionment be adjusted based upon audit findings. It was also necessary to inform applicants that insurance proceeds or other government disaster assistance received after the project has been audited, is the responsibility of the applicant to report any proceeds to OPSC within 60 days. There are minor edits made throughout this section that are considered non-substantive changes.

OPSC performed a search on whether the proposed regulations were consistent and compatible with existing State laws and regulations and did not identify any inconsistent or

incompatible existing State laws or regulations. The proposed regulatory amendments are consistent with and implement several provisions of statutory changes enacted with the passage of Proposition 2. Proceeding with the implementation of the proposed regulations will provide a positive impact on the state's economy, as well as the creation of an unknown number of jobs in the school construction industry. Once school districts request the release of state funds, manufacturing and construction-related industries such as architecture, engineering, trades and municipalities may expand based on the demand on these industries. School districts will also have the ability to take advantage of the new Proposition 2 provisions. The proposed regulations will maintain equity, consistency, and the integrity of the SFP.

SCHOOL FACILITY PROGRAM FORMS

Application for Funding, Form SAB 50-05 (Rev. ~~06/17~~08/25).

Specific Purpose of the Form

To incorporate projects for natural disaster assistance (Part X on the form) to request a fund release. The revision date for this Form changes from "06/17" to "08/25."

Need for the Form

It was necessary to update this Form with Proposition 2 provisions that are related to natural disaster assistance. This Form is not required for fund release of advance design applications; only a signed grant agreement is required for submittal for purposes of fund release. This process is similar to New Construction and Modernization design applications. Because of the addition of Part X, it was necessary to renumber Parts X and XI to Parts XI and XII. The renumbering changes are considered non-substantive changes.

Application for Natural Disaster Assistance, Form SAB 195 (New 08/25).

Specific Purpose of the Form

To introduce a new form and to instruct applicants how to use the form.

Need for the Regulation

It was necessary to create and set forth the specificity of how to utilize this form for submittal to OPSC. This form will be used by applicants when applying for funding under either interim housing assistance following a natural disaster or other assistance following a natural disaster. The form incorporates all the regulatory requirements and provides sections where the applicant will need to provide a narrative for each respective interim housing assistance or other assistance request. The information collected on this form will serve as a form of supporting documentation for each project and is in alignment with Education Code Section 17075.20.

Grant Agreement [Interim Housing Assistance Following A Natural Disaster] (New 08/25).

Specific Purpose of the Form

To introduce a new grant agreement specifically for interim housing assistance applications and to instruct applicants how to use the form.

Need for the Regulation

It was necessary to create and set forth the specificity of how this form will be utilized for submittal to OPSC. It is the intent that the grant agreement will be entered into for every funding application requesting interim housing assistance that is processed. The grant agreement was developed to improve program oversight and expenditure accountability. The grant agreement serves as a binding document and a key resource that defines the responsibilities of the state and school districts from the determination of the amount of eligible state funding to the reporting of all project funds, including any savings achieved. This will ensure greater transparency and accountability for the program grants being awarded under the SFP.

Grant Agreement [Other Assistance Following A Natural Disaster] (New 08/25).

Specific Purpose of the Form

To introduce a new grant agreement specifically for other assistance applications and to instruct applicants how to use the form.

Need for the Regulation

It was necessary to create and set forth the specificity of how this form will be utilized for submittal to OPSC. It is the intent that the grant agreement will be entered into for every funding application requesting other assistance that is processed. The grant agreement was developed to improve program oversight and expenditure accountability. The grant agreement serves as a binding document and a key resource that defines the responsibilities of the state and school districts from the determination of the amount of eligible state funding to the reporting of all project funds, including any savings achieved. This will ensure greater transparency and accountability for the program grants being awarded under the SFP.

Anticipated Benefits and Economic Impact of the Proposed Regulations

There are benefits associated with the proposed regulations. The SAB has the opportunity to administer the SFP with new Proposition 2 provisions that make program modifications beneficial to school districts and to replenish the SFP with \$8.5 billion in bond authority. The proposed regulations provide specificity and clarity to significant and timely provisions of Proposition 2 that authorize the SAB to better assist school districts and county offices of education impacted by natural disasters. By implementing Education Code Section 17075.20, the proposed regulations establish a specific, consistent process for school districts to apply for state funding for critical needs following a natural disaster, which may include procurement of portable classrooms necessary to resume in-person instruction of students displaced by a natural disaster. In addition, there is a positive impact on the state's economy, as well as the creation of an unknown number of jobs in the school construction industry. Once school districts request the release of state funds, manufacturing and construction-related industries such as architecture, engineering, trades and municipalities may expand based on the demand on these industries.

The proposed regulations are therefore determined to be consistent and compatible with existing State laws and regulations. Proceeding with the implementation of the proposed regulations maintains the integrity of the SFP funding process, as well as equity amongst school district projects.

Technical Documents Relied Upon

- The SAB's Action item, dated August 19, 2025, REPORT OF THE EXECUTIVE OFFICER, entitled "Proposed Emergency Regulatory Amendments for the School Facility Program."
- The SAB's Action Item, dated December 3, 2025, REPORT OF THE EXECUTIVE OFFICER, entitled "Proposed Regulatory Amendments for the School Facility Program."

Alternatives to the Proposed Regulatory Action that would be as Effective and Less Burdensome to Private Persons

The SAB finds that no alternatives it has considered would be more effective in carrying out the purpose of the proposed regulations or would be as effective and less burdensome to affected private persons than the proposed regulations or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provisions of law. The alternative to these proposed regulatory amendments would be the SAB take no action, thereby violating the provisions contained in AB 247 (Muratsuchi, Chapter 81, Statutes of 2024) wherein it states that these provisions would become effective upon the adoption by the voters of the Kindergarten Through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair, and Safety Bond Act of 2024 (Proposition 2).

Alternatives to the Proposed Regulatory Action that would Lessen any Adverse Economic Impact on Small Business

The SAB has determined that the proposed regulations will not have a negative impact on small businesses.

Finding of Significant Adverse Economic Impact on Businesses

The SAB has determined that the adoption of the proposed regulations will not have a negative economic impact on businesses/small businesses because they are not required to directly comply with or enforce the regulations, nor will they be disadvantaged by the regulations. Proceeding with the implementation of the proposed regulations will not negatively impact the creation of jobs, the creation of new businesses, and the expansion of businesses in California. It is not anticipated that the proposed regulations will result in the elimination of existing businesses or jobs within California. Further, the proposed regulations maintain equity amongst school districts projects and the integrity of the SFP funding process.

Impact on Local Agencies or School Districts

The SAB has determined that the proposed regulations do not impose a mandate or a mandate requiring reimbursement by the State pursuant to Part 7 (commencing with Section 17500) of Division 4 of the Government Code. It will not require local agencies or school districts to incur additional costs in order to comply with the proposed regulations.

Office of Administrative Law Regulations, Title 1, Section 20(c)(1)

Because the State Allocation Board's SFP Forms are cumbersome documents, it would be unduly expensive and otherwise impractical to publish the Forms in the California Code of Regulations. Therefore, it is not necessary to publish the Forms in the California Code of Regulations.

Office of Administrative Law Regulations, Title 1, Section 20(c)(2)

The State Allocation Board's SFP Forms are made available upon request and through our website and continue to be made available upon request and through our website.

ECONOMIC IMPACT ASSESSMENT OF REGULATIONS
“Proposed Emergency Regulatory Amendments for the School Facility Program” and
“Proposed Regulatory Amendments for the School Facility Program”

Proposed State Allocation Board Regulations

At its meeting on August 19, 2025, the State Allocation Board (SAB) adopted proposed regulatory amendments, on an emergency basis, that implement provisions of Assembly Bill (AB) 247 (Muratsuchi, Chapter 81, Statutes of 2024) into the School Facility Program (SFP) regulations. In part, this bill incorporates Education Code Section 17075.20 into the Education Code and specifies that the SAB has the authority to provide assistance for purposes of procuring interim housing, including, but not limited to, the leasing or acquisition of portable classrooms and any work associated with placing them on a site, for school districts and county offices of education impacted by a natural disaster for which the Governor has declared a state of emergency. Education Code Section 17075.20(e) also provides other assistance to school districts and county offices of education impacted by a natural disaster for which the Governor has declared a state of emergency. In the proposed regulatory amendments adopted by the SAB on August 19, 2025, OPSC refers to these provisions as Natural Disaster Assistance/Interim Housing and Other Assistance for purposes of the SFP.

The Office of Public School Construction (OPSC) submitted the emergency regulations to the Office of Administrative Law (OAL) and the OAL approved the emergency regulations and filed them with the Secretary of State with an effective date of October 20, 2025. After the emergency regulations were approved by the OAL, OPSC identified the need to address a clarity issue relating to the “case-by-case” language in SFP Regulation Section 1859.51(v). At its meeting on December 3, 2025, the SAB adopted clarifying language changes to SFP Regulation Section 1859.51(v) that specify relevant factors the SAB may consider in cases where a school district elected not to replace classrooms that were destroyed or rendered unsafe to occupy due to a natural disaster that occurred prior to July 3, 2024.

Background and Problem Being Resolved

Within the last decade, the State of California has encountered devastating wildfires in numerous communities statewide from Alpine County to Ventura County, destroying buildings, school facilities, and communities. Since the November 2018 Camp Fire in Paradise, at least five California school districts in three counties have had one or more entire public schools destroyed in wildfires.

Historically, the Facility Hardship Program, which was statutorily created by Education Code Section 17075.10 as it read on January 1, 2024, was the primary SFP mechanism for school districts to seek state funding for the replacement or repair of school facilities lost or destroyed as a result of a disaster. The Facility Hardship Program includes the Seismic Mitigation Program, which provides grants for the most vulnerable school facilities at risk for collapse in a seismic event. Funding assistance may be provided in cases of extraordinary circumstances that have caused an imminent health and safety threat to students and staff. One of the qualifying criteria for both programs is to have governmental concurrence of the existence of a health and safety threat. The prior statutory authority for these programs did not authorize grants for interim housing but did allow expenditures for interim housing.

Proposition 2 makes numerous changes to the SFP, including authorizing the SAB to provide interim housing assistance and other assistance to school districts and county offices of education impacted by a natural disaster for which the Governor declared a state of emergency.

The problem being resolved by the proposed regulations is a lack of specificity, consistency, and accountability mechanisms to implement the new natural disaster assistance provisions in Proposition 2. The proposed regulations implement Education Code Section 17075.20, which specifies that the SAB has the authority to provide assistance for purposes of procuring interim housing, including, but not limited to, the leasing or acquisition of portable classrooms and any work associated with placing them on a site, for school districts and county offices of education impacted by a natural disaster for which the Governor has declared a state of emergency. Education Code Section 17075.20(e) also provides other assistance to school districts and county offices of education impacted by a natural disaster for which the Governor has declared a state of emergency. In the proposed regulatory amendments adopted by the SAB on August 19, 2025, OPSC refers to these provisions as Natural Disaster Assistance/Interim Housing and Other Assistance for purposes of the SFP. The proposed regulations implement the new statutory authority for the SAB to better assist school districts and county offices of education that are impacted by natural disasters, by establishing a consistent form and process for school districts to request this assistance, factors for the SAB's consideration of requests for other assistance following a natural disaster, and accountability mechanisms including Grant Agreements, fund release requirements, and reporting requirements to facilitate compliance with statutory provisions requiring SFP natural disaster assistance funds to supplement funds from insurance proceeds and other government disaster assistance.

OPSC performed a search on whether the proposed regulatory amendments were consistent and compatible with existing State laws and regulations and did not identify any inconsistent or incompatible existing State laws or regulations. The proposed regulatory amendments are consistent with and implement several provisions of statutory changes enacted with the passage of Proposition 2. Proceeding with the implementation of the proposed regulations will provide a positive impact on the state's economy, as well as the creation of an unknown number of jobs in the school construction industry. Once school districts request the release of state funds, manufacturing and construction-related industries such as architecture, engineering, trades and municipalities may expand based on the demand on these industries. School districts will also have the ability to take advantage of the new Proposition 2 provisions. The proposed regulations will maintain equity, consistency, and the integrity of the SFP.

Description of Regulations to Implement Law

The Leroy F. Greene School Facilities Act of 1998 established, through Senate Bill 50, Chapter 407, Statutes of 1998, the SFP. The SFP provides a per-pupil grant amount to qualifying school districts for purposes of constructing school facilities and modernizing existing school facilities. The SAB adopted regulations to implement the Leroy F. Greene School Facilities Act of 1998, which were approved by the Office of Administrative Law and filed with the Secretary of State on October 8, 1999.

At its meeting on August 19, 2025, the SAB adopted proposed regulatory amendments, on an emergency basis, that implement provisions of AB 247 (Muratsuchi, Chapter 81, Statutes of 2024) into the SFP regulations. In part, this bill incorporates Education Code Section 17075.20 into the Education Code and specifies that the SAB has the authority to provide assistance for purposes of procuring interim housing, including, but not limited to, the leasing or acquisition of portable classrooms and any work associated with placing them on a site, for school districts and county offices of education impacted by a natural disaster for which the Governor has

declared a state of emergency. Education Code Section 17075.20(e) also provides other assistance to school districts and county offices of education impacted by a natural disaster for which the Governor has declared a state of emergency. In the proposed regulatory amendments adopted by the SAB on August 19, 2025, OPSC refers to these provisions as Natural Disaster Assistance/Interim Housing and Other Assistance for purposes of the SFP.

Anticipated Benefits of the Proposed Regulations

The primary benefit associated with the proposed regulations is that they implement and add specificity and clarity to significant and timely provisions of Proposition 2 that authorize the SAB to better assist school districts and county offices of education impacted by natural disasters. By implementing Education Code Section 17075.20, the proposed regulations establish a specific, consistent process for school districts to apply for state funding for critical needs following a natural disaster, which may include procurement of portable classrooms necessary to resume in-person instruction of students displaced by a natural disaster.

In addition, the proposed regulations may have a positive impact on the state's economy, as well as the creation of an unknown number of jobs in the school construction industry, by facilitating funding for school construction. Once school districts request the release of state funds, manufacturing and construction-related industries such as architecture, engineering, trades and municipalities may expand based on the demand on these industries.

Summary of the Proposed Regulations

A summary of the proposed regulations is as follows:

Existing Regulation Section 1859.2 represents a set of defined words and terms used exclusively for these regulations. The proposed amendments: 1) update the revision date of the *Fund Release Authorization*, Form SAB 50-05; 2) define a new form; and 3) expand the definition of an existing term, "Interim Housing," essential to these regulations for purposes of implementing Proposition 2 Natural Disaster Assistance provisions in the SFP Regulations.

Existing Regulation Section 1859.31 delineates the types of classrooms that must be identified in a school district's gross classroom inventory. The proposed amendments make non-substantive changes that capitalize defined words and terms, such as School District, Classroom, and Interim Housing throughout this section. In addition, the proposed amendment removes "for a modernization project" in subsection (i) to align with the proposed amendments in the definition of Interim Housing reflected in Section 1859.2 above.

Existing Regulation 1859.51 outlines the criteria for adjusting a district's new construction baseline eligibility. The proposed amendments: 1) make non-substantive changes that capitalize defined words and terms, such as School District, Classroom, and Portable Classroom throughout this section; 2) subsection (i)(5) clarifies that the exemption from the New Construction baseline eligibility adjustment for leased Portable Classrooms used for purposes of Interim Housing is not limited to a maximum eight-year period if the Portable Classroom was funded with a grant provided pursuant to Education Code Section 17075.20(a). In addition, "in a modernization or new construction project" was struck out to align with the proposed amendments in the definition of Interim Housing reflected in Section 1859.2 above; 3) subsection (i)(13) specifies that classrooms constructed with a grant provided pursuant to Education Code Section 17075.20 are exempt from the New Construction baseline eligibility adjustment, unless the classroom is a Portable Classroom purchased pursuant to Education Code Section 17075.20(a); and 4) subsections (u)(1), (u)(2), and (v): subsection (u)(1) functions

as a placeholder adjustment specifically for Portable Classrooms purchased for purposes of Interim Housing following a natural disaster; subsection (u)(2) provides a reversal of the placeholder adjustment once the school district permanently removes the purchased Portable Classrooms within eight years of occupancy as Interim Housing; and subsection (v) allows an adjustment to a district's New Construction eligibility for any classrooms destroyed or rendered unsafe to occupy due to a natural disaster declared on or after July 3, 2024, that will not be replaced. This subsection would also permit the SAB to consider adjustments based on relevant factors for classrooms destroyed or rendered unsafe to occupy due to a natural disaster that occurred prior to July 3, 2024, that the district elected not to replace.

Existing Regulation Section 1859.80 sets forth the types of hardship assistance for which a school district may apply and specifies the general requirements a school district must meet to qualify for the funding. The proposed amendments provide an additional type of hardship assistance and specify that school districts shall qualify for hardship assistance provided they qualify for natural disaster assistance pursuant to new Sections 1859.84.1 or 1859.84.2. Additionally, there are several minor edits that are considered non-substantive changes.

Existing Regulation Section 1859.81.1 specifies the limits for separate site acquisition and design grant amounts for those school districts meeting the financial hardship requirements. This section also provides for an offset in certain circumstances and establishes the procedure for a school district seeking a separate site and/or design apportionment. The proposed amendments add subsection (f) that allows the SAB to apportion an advance site and design amount not to exceed 25 percent of the state share of the grant less any school district funds available for the project pursuant to Section 1859.81(a) for applications for other assistance following a natural disaster, for which the applicant is eligible for financial hardship assistance. The amount shall be offset from the full grant amount the school district would be eligible for pursuant to new Section 1859.84.2 when the school district submits an additional *Application for Natural Disaster Assistance* (Form SAB 195) to request additional funding. The separate design apportionment of 25 percent of costs supported by documentation is sufficient given that there are no base grants to provide compared to the New Construction and Modernization programs.

Proposed adoption of Regulation Section 1859.84 introduces the circumstances under which a school district may apply for interim housing and any other assistance pursuant to Education Code Section 17075.20. This section stipulates that the state of emergency must be open at the time of application submittal, further defines what a natural disaster may include for purposes of this section, and indicates that applications received on or after October 31, 2024 are subject to matching share requirements applicable to New Construction or Modernization projects, in accordance with Sections 1859.77.1 (New Construction District Matching Share Requirement) or 1859.79 (Modernization District Matching Share Requirement).

Proposed adoption of Regulation Section 1859.84.1 introduces the eligibility criteria and process for a school district to request interim housing assistance following a natural disaster. In part, this proposed section specifies that interim housing assistance is subject to the availability of New Construction bond authority and shall supplement insurance, local, state, and federal disaster funding. This section also specifies that eligibility to request interim housing assistance is contingent upon facilities lost or damaged by a natural disaster for which the Governor declared a state of emergency, and the state of emergency must be open on the date the school district submits the new Form SAB 195. School districts must provide documentation to demonstrate that the costs associated with interim housing have not been covered by insurance proceeds or any other local, state or federal government disaster assistance if the school district will not receive insurance proceeds or other government disaster assistance for interim housing. If the school district expects to receive future insurance proceeds or other government disaster

assistance attributable to the costs of interim housing, the school district must provide: 1) an estimate of expected insurance proceeds or any other government disaster assistance for interim housing expenses; 2) a narrative statement indicating the necessity for interim housing assistance prior to receipt of insurance proceeds or any other government disaster assistance for this purpose; and 3) acknowledgement of the reporting requirement and potential future adjustment to any apportionment. Any apportionment provided under this section shall be adjusted for funding received from insurance proceeds or government disaster assistance for interim housing. The apportionment shall be reduced by 50 percent of the funding received from insurance and/or government disaster assistance for interim housing, or a commensurate amount adjusted for the school district matching share. Further, a Grant Agreement is required as a condition of receiving interim housing funding, the school district is subject to the program reporting and audit requirements of Sections 1859.104 and 1859.105, and the school district is subject to fund release and priority funding requirements in Sections 1859.90 and 1859.90.2. Additionally, school districts receiving funding pursuant to this section must report the receipt of any insurance proceeds and/or government disaster assistance collected in the form of an annual narrative, from the date the school district submitted the application to OPSC until all claims for insurance proceeds and requests for government disaster assistance are closed. This ensures that apportionments provided for this purpose supplement funding from insurance proceeds and other government disaster assistance.

Proposed adoption of Regulation Section 1859.84.2 introduces the eligibility criteria and process for a school district to request other assistance following a natural disaster. This section specifies that the funding provided is subject to the availability of New Construction or Modernization bond authority as it applies to the scope of work in the request, and shall supplement insurance, local, state, and federal disaster funding. The eligibility for this funding is at the SAB's discretion if the school district is determined to be impacted by a natural disaster for which the Governor declared a state of emergency, and the state of emergency was open on the date the school district submitted the new Form SAB 195. In determining whether to provide other assistance following a natural disaster, the SAB may consider previous SFP Approved Applications that received an apportionment for the impacted site as it relates to the natural disaster and all information required on the new Form SAB 195. School districts are required to provide documentation demonstrating that the costs associated with the scope of work on the new Form SAB 195 have not been covered by insurance proceeds or any other local, state or federal government disaster assistance if the school district will not receive insurance proceeds or other government disaster assistance for this purpose. If the school district expects to receive future insurance proceeds or other government disaster assistance attributable to the costs associated with the scope of work on the Form SAB 195, the school district must provide: 1) an estimate of expected insurance proceeds or any other government disaster assistance for this purpose; 2) a narrative statement indicating the necessity for other assistance following a natural disaster prior to receipt of insurance proceeds or other government assistance for this purpose; and 3) acknowledgement of the reporting requirement and potential future adjustment to any apportionment. Any apportionment provided under this section will be adjusted for funds received from insurance proceeds or government disaster assistance for the same purpose or scope of work funded by the apportionment, as follows: reduced by 50 percent of the funding received or a commensurate amount adjusted for the New Construction district matching share pursuant to Section 1859.77.1, or reduced by 60 percent of the funding received or a commensurate amount adjusted for the Modernization district matching share pursuant to Section 1859.79. Further, a Grant Agreement is required as a condition of receiving funding, the school district is subject to the program reporting and audit requirements of Sections 1859.104 and 1859.105, and the school district is subject to fund release and priority funding requirements in Sections 1859.90 and 1859.90.2. Additionally, school districts receiving funding pursuant to this section must report the receipt of any insurance proceeds and/or government

disaster assistance collected in the form of an annual narrative, from the date the school district submitted the application to OPSC until all claims for insurance proceeds and requests for government disaster assistance are closed. This ensures that apportionments provided for this purpose supplement funding from insurance proceeds and other government disaster assistance.

Existing Regulation Section 1859.90 aligns the Apportionment process with the timelines of the existing Priority Funding process in order for school districts to submit a valid Form SAB 50-05 and Grant Agreement within 180 days of apportionment to request the release of funds for non-financial hardship school districts and 365 days for those school districts approved with financial hardship status. This section also allows flexibility for the SAB to determine whether to authorize an 18-month fund release deadline for a school district that has a school facility located on a military installation that is the recipient of a federal grant that requires a local matching share. The proposed amendments in subsections (a) and (d) reference timelines and requirements for fund release of advance design apportionments made for applications for other assistance following a natural disaster. In addition, there are also minor edits that are considered non-substantive changes.

Existing Regulation Section 1859.93 sets forth the project funding order for Modernization applications. The proposed amendments incorporate reference to the funding order of applications requesting Modernization funding for other assistance following a natural disaster. Because of the new reference to include this additional type of application, a subsequent subsection was renumbered, which is considered a non-substantive change.

Existing Regulation Section 1859.93.1 sets forth the project funding order for New Construction applications. The proposed amendments incorporate reference to the funding order of applications requesting New Construction funding following a natural disaster. Specifically, the proposed amendments make applications requesting interim housing assistance following a natural disaster the first priority, then applications requesting funding for Facility Hardship or Seismic Mitigation as second, then applications requesting funding for other assistance following a natural disaster as third. Because of the new references to include these additional types of applications, subsequent subsections were renumbered, which is considered a non-substantive change.

Existing Regulation Section 1859.104 requires an annual submittal of the *Expenditure Report* (Form SAB 50-06) following the release of funds. This section also specifies the format to be used to report all relevant expenditure information as well as the time frame to provide project progress reports. Further, this section defines when projects shall be deemed complete for purposes of program reporting requirements and specifies when the final expenditure report must be made. The proposed amendments add paragraph (a)(1)(C) which specifies that a project shall be deemed complete eight years from the date of the final fund release for projects receiving funding for interim housing assistance following a natural disaster or other assistance following a natural disaster. Existing SFP regulations require the annual submittal of expenditure reports using the Form SAB 50-06 following the release of funds. The addition of new subsections (h), (h)(1), and (h)(2) relate to interim housing assistance following a natural disaster and specify that school districts must provide certifications: 1) that upon project completion or no later than five years (60 months) from the date the lease was signed for purposes of interim housing, the leased portable classrooms have either been removed or will remain in use within the school district; 2) that for leased portables that receive a time extension from the SAB, the district shall provide an additional certification no later than the approval date of the extension; and 3) that upon project completion or no later than eight years (96 months) from the date of the apportionment, portables purchased for interim housing have either been

removed or will remain in use within the school district. Additionally, there are minor edits that are considered non-substantive changes.

Existing Regulation Section 1859.106 requires that expenditures for SFP program projects be made in accordance with certain Education Code sections and that an adjustment be made in the SFP grant for specific factors, including, but not limited to the difference in the value of the site, relocation costs, Department of Toxic Substances Control fees, and hazardous waste/materials removal costs that were used to determine the New Construction Adjusted Grant and the actual amount paid by the school district or insurance proceeds collected by a school district for displaced facilities, to name a few. The proposed amendments add subsection (c) that will adjust the SFP grant for insurance proceeds or other government disaster assistance collected by the school district for any project that received funding for interim housing assistance following a natural disaster or other assistance following a natural disaster. The proposed amendments also add references to regulatory sections pertaining to natural disaster assistance (Sections 1859.84, 1859.84.1, and 1859.84.2), to specify that if an audit finding determines that some or all school district expenditures were not made in accordance with these provisions for projects following a natural disaster, OPSC shall recommend to the SAB that the apportionment be adjusted based on the audit findings. At the end of this section, a paragraph was added that specifies school districts must report to OPSC the receipt of any insurance or other government disaster assistance proceeds received after the completion of the expenditure audit within 60 days for any project that received funding for interim housing assistance following a natural disaster or other assistance following a natural disaster. Additionally, there are minor edits that are considered non-substantive changes.

Existing Form SAB 50-05, *Fund Release Authorization* (Rev. 06/17 08/25), (incorporated by reference), is used by school districts and charter schools to request the release of State funds that have been apportioned by the SAB, upon the school district's and charter school's certification of compliance with specific legal and SFP requirements. The proposed amendments add a new Part X recognizing natural disaster assistance projects and the applicable components under the SFP. Because of the new Part X, there are minor renumbering edits that are considered non-substantive changes. This form is not required to be submitted for advance design applications; only a signed Grant Agreement is necessary for submittal. This is in alignment with the process for SFP New Construction and Modernization program advance applications.

Proposed adoption of the Form SAB 195, *Application for Natural Disaster Assistance*, (New 08/25), (incorporated by reference) is introduced and is required to be submitted by school districts to apply for funding for either interim housing assistance following a natural disaster or other assistance following a natural disaster, pursuant to Education Code Section 17075.20. This form incorporates all of the proposed regulatory requirements and provides sections wherein a school district may provide a narrative for each respective interim housing or other assistance request.

Proposed adoption of the *Grant Agreement [Interim Housing Assistance Following A Natural Disaster]* (New 08/25), (incorporated by reference) is required for projects approved by the SAB requesting this type of funding. This document is streamlined compared to the existing *Grant Agreement [Proposition 2]* as it is in alignment with the description of the scope of work and other requested information on the new Form SAB 195.

Proposed adoption of the *Grant Agreement [Other Assistance Following A Natural Disaster]* (New 08/25), (incorporated by reference) is required for projects approved by the SAB requesting this type of funding. This document is streamlined compared to the existing *Grant*

Agreement [Proposition 2] as it is in alignment with the description of the scope of work and other requested information on the new Form SAB 195.

Statutory Authority and Implementation

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.

Government Code Section 15503. Whenever the board is required to make allocations or apportionments under this part, it shall prescribe rules and regulations for the administration of, and not inconsistent with, the act making the appropriation of funds to be allocated or apportioned. The board shall require the procedure, forms, and the submission of any information it may deem necessary or appropriate. Unless otherwise provided in the appropriation act, the board may require that applications for allocations or apportionments be submitted to it for approval.

Determination of Inconsistency or Incompatibility with Existing State Regulations

Proposition 2 makes numerous changes to the SFP, including authorizing the SAB to provide interim housing assistance and other assistance to school districts and county offices of education impacted by a natural disaster for which the Governor declared a state of emergency. The proposed regulations implement Education Code Section 17075.20, which specifies that the SAB has the authority to provide assistance for purposes of procuring interim housing, including, but not limited to, the leasing or acquisition of portable classrooms and any work associated with placing them on a site, for school districts and county offices of education impacted by a natural disaster for which the Governor has declared a state of emergency. Education Code Section 17075.20(e) also provides other assistance to school districts and county offices of education impacted by a natural disaster for which the Governor has declared a state of emergency. The proposed regulations establish a consistent form and process for school districts to request this assistance, factors for the SAB's consideration of requests for other assistance following a natural disaster, and accountability mechanisms including Grant Agreements, fund release requirements, and reporting requirements to facilitate compliance with statutory provisions requiring SFP natural disaster assistance funds to supplement funds from insurance proceeds and other government disaster assistance.

After conducting a review, the SAB has concluded that these are the only regulations on this subject area, and therefore, the proposed regulations are neither inconsistent nor incompatible with existing State laws and regulations. The proposed regulations are within the SAB's authority to enact regulations for the SFP under Education Code Section 17070.35 and Government Code Section 15503.

Impact to California Businesses and Jobs

The proposed regulations promote transparency because school districts and the school district community have been collaborating on the proposed regulations through a series of stakeholder meetings. The SAB has the authority to provide interim housing assistance and other assistance to school districts and county offices of education impacted by a natural disaster for which the Governor declared a state of emergency. The proposed regulations implement Education Code Section 17075.20, which specifies that the SAB has the authority to provide assistance for

purposes of procuring interim housing, including, but not limited to, the leasing or acquisition of portable classrooms and any work associated with placing them on a site, for school districts and county offices of education impacted by a natural disaster for which the Governor has declared a state of emergency. Education Code Section 17075.20(e) also provides other assistance to school districts and county offices of education impacted by a natural disaster for which the Governor has declared a state of emergency.

In addition, the proposed regulations will not negatively impact the creation of jobs, the creation of new businesses, and the expansion of businesses in California. It is not anticipated that the proposed regulations will result in the elimination of existing businesses or jobs within California. Additionally, the proposed regulations expand the SFP while aligning with the statute, maintaining program integrity, and equity amongst school district projects.

Benefits to Public Health and Welfare, Worker's Safety, and the State's Environment

- The proposed regulations promote transparency because school districts and the school district community have been collaborating on the proposed regulations through a series of stakeholder meetings. The SAB has the authority to provide interim housing assistance and other assistance to school districts and county offices of education impacted by a natural disaster for which the Governor declared a state of emergency.
- There are continued benefits to the health and welfare of California residents and worker safety. School districts, charter schools, and local educational agencies utilize construction and trades employees to work on school construction projects and although this proposed regulation does not directly impact worker's safety, existing law provides for the availability of a skilled labor force and encourages improved health and safety of construction and trades employees through proper apprenticeship and training. Further, public health and safety is enhanced because a properly paid and trained workforce will build school construction projects that are higher quality, structurally code-compliant and safer for use by pupils, staff, and other occupants on the site.
- There is no impact to the State's environment from the proposed regulations.

The SAB finds the proposed regulations fully consistent with the stated purposes and benefits.