

October 2, 2025

TO: ALL SCHOOL DISTRICTS, COUNTY SUPERINTENDENTS, AND OTHER INTERESTED PARTIES

TITLE 2. STATE ALLOCATION BOARD

NOTICE OF PROPOSED EMERGENCY REGULATORY ACTION

In accordance with Assembly Bill 1302, Chapter 713, Statutes of 2006, enclosed are proposed emergency regulations adopted by the State Allocation Board (SAB) at its meeting on August 19, 2025. The proposed regulations, including two associated forms, the Finding of Emergency, and two new Grant Agreements are attached to this Notice. These documents can also be accessed on the Office of Public School Construction's (OPSC) website at: [Laws, Regulations for School Construction Projects](#).

On November 5, 2024, a majority of California's voters approved the Kindergarten through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair, and Safety Bond Act of 2024 (Proposition 2). In addition to providing \$8.5 billion in bond authority for public Transitional Kindergarten through grade 12 school facilities, there are many provisions contained in Proposition 2 that require interpretation and inclusion in the existing School Facility Program (SFP) Regulations. Voter approval of Proposition 2 made provisions of Assembly Bill (AB) 247 (Muratsuchi, Chapter 81, Statutes of 2024) operative. In part, this bill added Education Code Section 17075.20 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.

On December 3, 2024, the SAB took action to adopt several policies for initial implementation of Proposition 2, until regulatory amendments are presented to the SAB and approved by the Office of Administrative Law (OAL). In part, the SAB's action specified that school districts and county offices of education seeking assistance from the SAB under the new disaster assistance provisions of Proposition 2 can submit a *School District Appeal Request* (Form SAB 189) and the SAB will consider the requests on a case-by-case basis until OPSC has had the opportunity to seek stakeholder feedback and develop proposed regulations for implementation of this statute.

Between February and July 2025, OPSC held four stakeholder meetings to inform the development of proposed regulations implementing the natural disaster assistance provisions of Proposition 2. Within this same time period, two school districts submitted Forms SAB 189 seeking natural disaster assistance funding under the interim policy for initial implementation that the SAB had adopted in December 2024. The Pioneer Union Elementary School District in Butte County submitted a request in February 2025 related to other assistance funding for natural disaster assistance [Education Code Section 17075.20(e)] to complete the remainder of the school to replace the school previously destroyed by the North Complex Fire. The Los

Angeles Unified School District submitted a request in June 2025 related to two projects for Interim Housing assistance following a natural disaster [Education Code Section 17075.20(a)].

At its meeting on August 19, 2025, the SAB adopted proposed regulatory amendments, on an emergency basis, that implement the new provisions of Education Code Section 17075.20. In the proposed regulatory amendments, OPSC refers to these provisions as Natural Disaster Assistance/Interim Housing and Other Assistance for purposes of the SFP. In the same meeting, the SAB approved both of the first two appeal requests for natural disaster assistance.

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.

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. As indicated on page 1, 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, on behalf of the SAB, will notify school districts and other interested parties of its intent to submit the proposed regulatory amendments to the OAL in October, pursuant to Government

Code Section 11346.1(a)(2). The proposed regulations will be attached, including two forms (an existing form and a new form), and two new Grant Agreements. The documents may also be viewed on OPSC's website at: [Laws, Regulations for School Construction Projects](#), then scroll down to "SFP," Pending Regulatory Changes under August 19, 2025 Emergency Regulations, and click on the AB 1302 Emergency Notice, Finding of Emergency, the proposed regulation text, the two forms (SAB 50-05 and the new SAB 195), and the two Grant Agreements.

Summary of the Proposed Regulations

A summary of the proposed regulations are as follows:

Existing Regulation Section 1859.2 represents a set of defined words and terms used exclusively for these regulations. The proposed amendments define a new form and expand on 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) in subsection (i)(5), clarify 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) add subsection (i)(13) to specify 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) add 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, on a case-by-case basis, 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 specifies 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 a subsection 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. This 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.

Proposed adoption of Regulation Section 1859.84 provides 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 or 1859.79.

Proposed adoption of Regulation Section 1859.84.1 provides 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 provides 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 direct 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 amendment to add paragraph (a)(1)(C) 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. 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 a new 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, 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.

Proposed adoption of the Form SAB 195, *Application for Natural Disaster Assistance*, (New 08/25), (incorporated by reference) establishes a new form 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.

SUBMISSION OF COMMENTS

Government Code Section 11346.1(a)(2) requires that, at least five working days prior to submission of the proposed emergency action to the OAL, the adopting agency provide a Notice of the Proposed Emergency Action to every person who has filed a request for notice of regulatory action with the agency. After submission of the proposed regulation to the OAL, the OAL shall allow interested persons five calendar days to submit comments on the proposed regulation as set forth in Government Code Section 11349.6.

Any interested person may present statements, arguments or contentions, in writing, submitted via U.S. mail, email or fax, relevant to the proposed regulatory action. Written comments submitted via U.S. mail, email or fax must be received at the OAL within five days after the SAB submits the regulation to the OAL for review.

Please reference submitted comments as regarding "Proposed Emergency Regulatory Amendments for the School Facility Program," addressed to:

Reference Attorney

Mailing Address: Office of Administrative Law
300 Capitol Mall, Suite 1250
Sacramento, CA 95814

E-mail Address: staff@oal.ca.gov

Fax No.: (916) 323-6826

For the status of the SAB submittal to the OAL for review, and the end of the five-day written submittal period, please consult the website of 1) the OAL at www.oal.ca.gov under the heading "Emergency Regulations," and 2) OPSC at: [Laws, Regulations for School Construction Projects](#), then scroll down to School Facility Program "Pending Regulatory Changes."

Pursuant to Title I, Section 55, please send a copy of written comments regarding the proposed regulatory action, as well as requests for a copy of the proposed regulatory action, and questions concerning the substance of the proposed regulatory action, addressed to:

Lisa Jones, Regulations Coordinator

Mailing Address: Office of Public School Construction
707 3rd Street, 3rd Floor
West Sacramento, CA 95605

E-mail Address: lisa.jones@dgs.ca.gov

AGENCY CONTACT PERSONS

General or substantive questions regarding this Notice of Proposed Emergency Regulatory Action may be directed to Ms. Lisa Jones at (279) 946-8459. If Ms. Jones is unavailable, these questions may be directed to the backup contact person, Mr. Michael Watanabe, Deputy Executive Officer, at (279) 946-8463.