INITIAL STATEMENT OF REASONS

Section 1860.2. Definitions.

Specific Purpose of the Regulation

To define the new term "OPSC Online" and to revise the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program's (Program) forms and require these forms to be submitted via OPSC Online.

Need for the Regulation

It was necessary to revise the Program's three forms (SAB 70-01, SAB 70-02, and SAB 70-03) to align with the proposed amendments to the Program's regulations. With the forms being revised, the revision dates must change.

Section 1860.3. General.

To require school districts to submit information through OPSC Online when seeking funding for a new construction or retrofit project.

Need for the Regulation

It was necessary to add the words "through" and "Online" in this section to align the regulations with the new submittal process when seeking funding under the Program.

Section 1860.3.1. Program Forms and Supporting Documentation Submittal.

To introduce school districts to the timeline for submitting documents for this Program and to set forth the process when technology challenges arise.

Need for the Regulation

It was necessary to specify the timeline for implementing the use of OPSC Online for school districts so that they submit applications, correspondence, and supporting documentation timely utilizing the OPSC Online portal. It was also necessary to inform school districts of the likelihood of technology challenges and what process would need to be followed at the immediate time and after once OPSC Online is back up and operational.

CALIFORNIA PRESCHOOL, TRANSITIONAL KINDERGARTEN AND FULL-DAY KINDERGARTEN FACILITIES GRANT PROGRAM FORMS

Application for Funding, Form SAB 70-01 (Rev. ~~09/23~~ 12/25).

Specific Purpose of the Form

To provide instructions to school districts when using this Form.

Need for the Form

Under "General Instructions," 1st paragraph: It was necessary to inform school districts that OPSC Online must be used when submitting applications, correspondence, and supporting

documentation as this is the new process to submit information to OPSC. In addition, under "Specific Instructions," end of 1st paragraph: it was necessary to remove mention of the OPSC website and redirect school districts to where they can obtain a Project Tracking Number in OPSC Online. This aligns and is consistent with the proposed regulations.

***Fund Release Authorization*, Form SAB 70-02 (Rev. ~~09/23~~ 12/25).**

Specific Purpose of the Form

To provide instructions to school districts when using this Form.

Need for the Form

Under "General Information," introductory paragraph: It was necessary to inform school districts that OPSC Online must be used when submitting applications, correspondence, and supporting documentation as this is the new process when submitting information to OPSC. Additionally, under "General Information," first line of 3rd paragraph: It was necessary to add the words "through OPSC Online" so school districts know to submit documents with this Form through OPSC Online. This aligns and is consistent with the proposed regulations.

***Expenditure Report*, Form SAB 70-03 (Rev. ~~09/23~~ 12/25).**

Specific Purpose of the Form

To provide instructions to school districts when using this Form.

Need for the Form

Under "Instructions," first sentence: It was necessary to inform school districts that OPSC Online must be used when submitting applications, correspondence, and supporting documentation as this is the new process when submitting information to OPSC. It was also necessary to provide clarifying language to #2 by adding the words "have elapsed" as this indicates one of two ways a project is complete and grammatically completes the structure of the sentence. Column on the right: It was necessary to remove the physical address and email address for OPSC submittals as school districts will submit information through the OPSC Online portal.

Anticipated Benefits and Economic Impact of the Proposed Regulations

There are benefits associated with the proposed amendments. The proposed regulations promote transparency as OPSC held two stakeholder meetings between July and October of 2025 to inform the development of these proposed regulations. The proposed regulations also promote fairness and social equity because school districts participating in SAB-administered programs will have the same access to OPSC Online at any time to submit applications and associated documentation in order to support their projects. The information in OPSC Online is in real-time so school districts can follow their project(s) in real-time as the project(s) progress through the review/approval processes. The State of California benefits from the proposed amendments by reducing the carbon footprint of OPSC and school districts participating in SAB-administered programs by transitioning to a paperless, web-based application portal. There is a positive impact to the State's environment from the proposed regulations by promoting environmental sustainability and minimizing the environmental impact of administrative operations. With the implementation of digital processes and reducing paper usage, the Online application not only lowers emissions associated with traditional paperwork but also encourages energy-efficient practices for all SAB-administered programs. The proposed regulations will also

significantly reduce OPSC's administrative staff time spent keying in submitted paper applications, as well as emailed applications.

OPSC conducted 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 determined to be consistent and compatible with existing State laws and regulations. Therefore, proceeding with the implementation of the proposed regulatory amendments and the three associated forms will enhance applicants' awareness when partnering with the State and will help maintain the integrity of the OPSC Online portal.

The proposed regulations and the three associated forms will not have an impact to various business, manufacturing, and construction-related industries such as architecture, engineering, trades and municipalities. In addition, the proposed regulations will not 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.

Technical Documents Relied Upon

The State Allocation Board's Action item, dated December 3, 2025, entitled "REPORT OF THE EXECUTIVE OFFICER, Proposed Regulatory Amendments for the School Facility Program; the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program; and the School Sites: Nonuse Payments 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 provision of law. No alternatives were considered. School districts participating in SAB-administered programs will have the same access to OPSC Online at any time to submit applications and associated documentation and monitor their projects in real-time.

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 regulation, nor will they be disadvantaged by the regulations.

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 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 California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program 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 California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program Forms are made available upon request and through our website and continue to be made available upon request and through our website.

Proposed State Allocation Board Regulations

Between July and October 2025, OPSC held two stakeholder meetings to inform the development of proposed regulations implementing the mandatory use of OPSC Online. At its meeting on December 3, 2025, the SAB adopted proposed regulatory amendments that implement additional provisions.

Funds Impacted

- General Fund dollars in the amount of approximately $34 million remaining from the 2021/2022 and 2022/2023 fiscal years.

Background and Problem Being Resolved

OPSC created the OPSC Online web-based application portal eight years ago and, since that time, has completed testing and programming of numerous expansions and improvements. OPSC Online allows for the paperless administration of the School Facility Program, the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program, and the Unused Sites Program, with the availability of all program functionality in the online application. OPSC has held a series of virtual workshops in 2021 to provide an overview of the capabilities of OPSC Online to external stakeholders.

OPSC Online allows school districts and applicants to electronically submit requests for funding, and associated project documentation, for all SAB-administered programs. The online platform allows applicants to draft, review, and submit required forms at any time. OPSC has also developed an OPSC Online User Guide, which is available on OPSC's website here Online Application Links for School Construction Projects. This document is a live document and as improvements and/or program expansions happen, it will be updated and re-posted to the website to keep stakeholders and users informed. In addition to updating the User Guide, release dates and scheduled system maintenance are posted to OPSC's website so users and stakeholders know the status of the OPSC Online application.

The problem being resolved is reducing the carbon footprint of OPSC and school districts participating in SAB-administered programs by transitioning to a paperless, web-based application portal. This change promotes environmental sustainability and minimizes the environmental impact of administrative operations. By implementing digital processes and reducing paper usage, the Online application not only lowers emissions associated with traditional paperwork but also encourages energy-efficient practices for all SAB-administered programs. The proposed regulations also recognize that technical challenges may occasionally happen in which case an extension to deadlines will be granted if the submittal of information in OPSC Online is precluded due to circumstances beyond the control of a school district. Specifically, the proposed regulations allow school districts to submit outstanding items by the next business day following restoration of access to OPSC Online. The proposed regulations will also significantly reduce OPSC's administrative staff time spent keying in submitted paper applications, as well as emailed applications.

OPSC conducted 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 determined to be consistent and compatible with existing State laws and regulations. Therefore, proceeding with the implementation of the proposed regulatory amendments and the three associated forms will enhance applicants' awareness when partnering with the State and will help maintain the integrity of the OPSC Online portal.

Anticipated Benefits of the Proposed Regulations

There are benefits associated with the proposed amendments. Some of the benefits include less paper usage, which reduces impacts on the environment; faster turnaround times for school district submittals as well as reducing time for the usual back-and-forth between staff and school districts, consultants, and stakeholders; allows for more efficient processing; and a lower chance of human error, leading to greater accuracy. The proposed regulations will also significantly reduce OPSC's administrative staff time spent keying in submitted paper applications, as well as emailed applications.

The proposed regulations promote transparency, fairness and social equity because school districts participating in SAB-administered programs will have the same access to OPSC Online at any time to submit applications and associated documentation in order to support their projects. The information in OPSC Online is in real-time so school districts can follow their project(s) in real-time as the project(s) progress through the review/approval processes.

The proposed regulations and the three associated forms will not have an impact to various business, manufacturing, and construction-related industries such as architecture, engineering, trades and municipalities. In addition, the proposed regulations will not 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.

Description of Regulations to Implement Law

A summary of the proposed regulatory amendments, including the three associated forms, are as follows:

Existing Regulation Section 1860.2 represents a set of defined words and terms used exclusively for these regulations. The proposed amendments define the new term "OPSC Online" and require the three associated forms (SAB 70-01, SAB 70-02 and SAB 70-03) to be submitted through OPSC Online. Because of the proposed amendments on the three forms, the revision dates change from Rev. ~~09/23~~ to 12/25 on all three forms.

Existing Regulation Section 1860.3 sets forth general requirements that all school districts seeking program funding must meet. Specifically, participating school districts are required to complete and file with OPSC the Form SAB 70-01, *Application for Funding*, (which is incorporated by reference), and all required documents as identified in the Specific Instructions section of the Form SAB 70-01. The proposed amendments incorporate the new term OPSC Online which is in alignment with this regulatory action. There is also grammatical changes that are considered non-substantive in nature.

Proposed adoption of Regulation Section 1860.3.1 requires the submittal of forms and supporting documentation through OPSC Online beginning January 1, 2027. This section also provides guidance for which application documents and formal correspondence are subject to

this requirement, as well as submittal processes if OPSC Online cannot be accessed due to circumstances beyond the control of the school district.

Existing Form SAB 70-01, *Application for Funding,* (which is incorporated by reference) is used by school districts to apply for program funding. The form also serves as a certification from the school district regarding compliance with requirements of the law and Program Regulations. School districts must submit this form during the funding rounds described in Regulation Section 1860.6. OPSC will use this form in order to collect the information necessary to calculate the amount of grants applicable to the project and to determine project funding order. On page 1, under "General Instructions," 1st paragraph: the proposed amendments align with the requirements in new Regulation Section 1860.3.1, and under "Specific Instructions," end of 1st paragraph: the proposed amendments instruct school districts where to obtain a PTN in OPSC Online.

Existing Form SAB 70-02, *Fund Release Authorization,* (which is incorporated by reference) is used by school districts to request the release of funds when projects have received an apportionment by the SAB. The applicant will certify on this form that it has already submitted the signed grant agreement, or the signed grant agreement is accompanying the Form SAB 70-02. On page 1, under "General Instructions," introductory paragraph: the proposed amendments align with the requirements in new Regulation Section 1860.3.1 and the 3rd paragraph: this language was added to align with the proposed regulations for consistency purposes.

Existing Form SAB 70-03, *Expenditure Report,* (which is incorporated by reference) is used by school districts to report their project savings and unexpended funds. Expenditure reports must be submitted within one year of final fund release or at the completion of the Program project. A final savings report must be submitted within one year of the completion of the project. Financial hardship projects must submit their unexpended funds at the completion of their project. OPSC will use the information provided on this form to ensure that expenditures made by the school districts for Program projects comply with statute and other applicable State requirements pertaining to construction. On page 1, directly under "Instructions," the proposed amendments align with the requirements in new Regulation Section 1860.3.1; the clarification of deeming a project complete in #1 and #2: the addition of the words "have elapsed" completed the sentence in #2; and the "Submit completed form to:" this information is no longer applicable as it contradicts the mandatory use of OPSC Online.

Statutory Authority and Implementation

Education Code Section 17375(h). The State Allocation Board may adopt regulations to implement this section. Any regulations adopted pursuant to this section may be adopted as emergency regulations in accordance with the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of the Title 2 of the Government Code). The adoption of these regulations shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare.

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

OPSC created the OPSC Online web-based application portal seven years ago and, since that time, has completed testing and programming of numerous expansions and improvements. OPSC Online allows for the paperless administration of the School Facility Program, the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program, and the Unused Sites Program, with the availability of all program functionality in the online application. OPSC has held a series of virtual workshops in 2021 to provide an overview of the capabilities of OPSC Online to external stakeholders.

OPSC Online allows school districts and applicants to electronically submit requests for funding, and associated project documentation, for all SAB-administered programs. The online platform allows applicants to draft, review, and submit required forms at any time. OPSC has also developed an OPSC Online User Guide, which is available on OPSC's website here Online Application Links for School Construction Projects. This document is a live document and as improvements and/or program expansions happen, it will be updated and re-posted to the website to keep stakeholders and users informed. In addition to updating the User Guide, release dates and scheduled system maintenance are posted to OPSC's website so users and stakeholders know the status of the OPSC Online application.

The proposed amendments reduce the carbon footprint of OPSC and school districts participating in SAB-administered programs by transitioning to a paperless, web-based application portal. This change promotes environmental sustainability and minimizes the environmental impact of administrative operations. By implementing digital processes and reducing paper usage, the Online application not only lowers emissions associated with traditional paperwork but also encourages energy-efficient practices for all SAB-administered programs. The proposed regulations also recognize that technical challenges may occasionally happen in which case an extension to deadlines will be granted if the submittal of information in OPSC Online is precluded due to circumstances beyond the control of a school district. Specifically, the proposed regulations allow school districts to submit outstanding items by the next business day following restoration of access to OPSC Online. The proposed regulations will also significantly reduce OPSC's administrative staff time spent keying in submitted paper applications, as well as emailed applications.

After conducting a review, the SAB has concluded that these are the only regulations on this subject, 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, fairness and social equity because school districts participating in SAB-administered programs will have the same access to OPSC Online at any time to submit applications and associated documentation in order to support their projects. The information in OPSC Online is in real-time so school districts can follow their project(s) in real-time as the project(s) progress through the review/approval processes.

The proposed regulations and the three associated forms will not have an impact to various business, manufacturing, and construction-related industries such as architecture, engineering, trades and municipalities. 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.

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

- The proposed regulations promote transparency as OPSC held two stakeholder meetings between July and October of 2025 to inform the development of these proposed regulations.
- The proposed regulations promote fairness and social equity because school districts participating in SAB-administered programs will have the same access to OPSC Online at any time to submit applications and associated documentation in order to support their projects. The information in OPSC Online is in real-time so school districts can follow their project(s) in real-time as the project(s) progress through the review/approval processes.
- The State of California benefits from the proposed amendments by reducing the carbon footprint of OPSC and school districts participating in SAB-administered programs by transitioning to a paperless, web-based application portal.
- There is a positive impact to the State's environment from the proposed regulations by promoting environmental sustainability and minimizing the environmental impact of administrative operations. With the implementation of digital processes and reducing paper usage, the Online application not only lowers emissions associated with traditional paperwork but also encourages energy-efficient practices for all SAB-administered programs.

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