September 25, 2026

TITLE 2. STATE ALLOCATION BOARD

NOTICE OF PROPOSED REGULATORY ACTION

THE STATE ALLOCATION BOARD PROPOSES TO ADOPT A NEW REGULATION SECTION AND AMEND TWO REGULATION SECTIONS, ALONG WITH THREE ASSOCIATED FORMS, TITLE 2, CALIFORNIA CODE OF REGULATIONS, RELATING TO THE CALIFORNIA PRESCHOOL, TRANSITIONAL KINDERGARTEN AND FULL-DAY KINDERGARTEN FACILITIES GRANT PROGRAM

PROPOSED AMENDMENTS TO THE FOLLOWING REGULATION SECTIONS:

- 1860.2 AND 1860.3

PROPOSED AMENDMENTS TO THE FOLLOWING FORMS:

- Form SAB 70-01, *Application for Funding,* (Rev. ~~09/23~~ 12/25), which is incorporated by reference and referenced in Regulation Section 1860.2
- Form SAB 70-02, *Fund Release Authorization,* (Rev. ~~09/23~~ 12/25), which is incorporated by reference and referenced in Regulation Section 1860.2
- Form SAB 70-03, *Expenditure Report,* (Rev. ~~09/23~~ 12/25), which is incorporated by reference and referenced in Regulation Section 1860.2

PROPOSED ADOPTION OF THE FOLLOWING REGULATION SECTION:

- 1860.3.1

NOTICE IS HEREBY GIVEN that the State Allocation Board (SAB) proposes to adopt a regulation section and amend the above-referenced regulation sections, including two associated forms, contained in Title 2, California Code of Regulations (CCR). A public hearing is not scheduled. A public hearing will be held if any interested person, or his or her duly authorized representative, submits a written request for a public hearing to the Office of Public School Construction (OPSC) no later than 15 days prior to the close of the written comment period. Following the public hearing, if one is requested, or following the written comment period if no public hearing is requested, OPSC, at its own motion or at the instance of any interested person, may adopt the proposals substantially as set forth above without further notice.

AUTHORITY AND REFERENCE CITATIONS

The SAB is proposing to amend the above-referenced regulation sections under the authority provided by Sections 17280, 17375, 17375(g) and 17375(h) of the Education Code. The proposal interprets and make specific reference Sections 17280, 17375, 17375(g) and 17375(h), Education Code; and Section 1771.5, Labor Code.

INFORMATIVE DIGEST/POLICY OVERVIEW STATEMENT

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.

Attached to this Notice is the specific regulatory language of the proposed regulations and the three associated forms. The proposed regulations and the three associated forms will be accessible and can be viewed on OPSC's website at: Laws, Regulations for School Construction Projects, scroll down to "California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program, Pending Regulatory Changes." Copies of the proposed regulations and the three associated forms will be mailed to any person requesting this information by using OPSC's contact information set forth below in this Notice. The proposed regulations implement the Program's Regulations under the California Code of Regulations, Title 2, Chapter 3, Subchapter 4, Group 1, State Allocation Board, Subgroup 5.8, Regulations relating to the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program.

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 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.

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.

Summary of the Proposed Regulatory Amendments

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 make clear that the three associated forms (SAB 70-01, SAB 70-02 and SAB 70-03) must be submitted via 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 over 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 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. Further, the proposed regulations will 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.

Forms Incorporated by Reference

- Form SAB 70-01, *Application for Funding,* (Rev. ~~09/23~~ 12/25), which is incorporated by reference and referenced in Regulation Section 1860.2
- Form SAB 70-02, *Fund Release Authorization,* (Rev. ~~09/23~~ 12/25), which is incorporated by reference and referenced in Regulation Section 1860.2
- Form SAB 70-03, *Expenditure Report,* (Rev. ~~09/23~~ 12/25), which is incorporated by reference and referenced in Regulation Section 1860.2

IMPACT ON LOCAL AGENCIES OR SCHOOL DISTRICTS

The Executive Officer of the SAB has determined that the proposed regulations, along with three associated forms, 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.

DISCLOSURES REGARDING THE PROPOSED REGULATORY ACTION

The Executive Officer of the SAB has made the following initial determinations relative to the required statutory categories:

- The SAB has made an initial determination that there will be no significant, statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.
- The SAB is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.
- There will be no non-discretionary costs or savings to local agencies.
- The proposed regulations create no costs to any local agency or school district requiring reimbursement pursuant to Section 17500 et seq., or beyond those required by law, except for the required district contribution toward each project as stipulated in statute.
- There will be no costs or savings in federal funding to the State.
- The proposed regulations create no costs or savings to any State agency beyond those required by law.
- The SAB has made an initial determination that there will be no impact on housing costs.

RESULTS OF THE ECONOMIC IMPACT ANALYSIS

Impact to Businesses and Jobs in California

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.

EFFECT ON SMALL BUSINESSES

It has been determined that the proposed regulations will not have a negative impact on small businesses in the ways identified in subsections (a)(1)–(4) of Section 4, Title 1, CCR. The proposed regulations allows school districts and applicants to electronically submit through OPSC Online requests for funding, and associated project documentation, for all SAB-administered programs. 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.

SUBMISSION OF COMMENTS, DOCUMENTS AND ADDITIONAL INFORMATION

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 OPSC no later than November 9, 2026. The express terms of the proposed regulations as well as the Initial Statement of Reasons are available to the public.

Written comments, submitted via U.S. mail, email or fax, regarding the proposed regulatory action, requests for a copy of the proposed regulatory action or the Initial Statement of Reasons, and questions concerning the substance of the proposed regulatory action should be addressed to:

Ryan Malloy, Regulations Coordinator

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

E-mail Address: Ryan.Malloy@dgs.ca.gov

AGENCY CONTACT PERSONS

General or substantive questions regarding this Notice of Proposed Regulatory Action may be directed to Ryan Malloy at (279) 946-8472. If Mr. Malloy is unavailable, these questions may be directed to the backup contact person, Ms. Lisa Jones, Administrative Services Operations Manager, at (279) 946-8459.

ADOPTION OF REGULATIONS

Please note that, following the public comment period, the SAB may adopt the regulations substantially as proposed in this notice or with modifications, which are sufficiently related to the originally proposed text and notice of proposed regulatory activity. If modifications are made, the modified text with the changes clearly indicated will be made available to the public for at least 15 days prior to the date on which the SAB adopts the regulations.

The modified regulation(s) will be made available and provided to: all persons who testified at and who submitted written comments at the public hearing, all persons who submitted written comments during the public comment period, and all persons who requested notification from the agency of the availability of such changes. Requests for copies of any modified regulations should be addressed to the agency's regulation coordinator identified above. The SAB will accept written comments on the modified regulations during the 15-day period.

SUBSTANTIAL CHANGES WILL REQUIRE A NEW NOTICE

If, after receiving comments, the SAB intends to adopt the regulations with modifications not sufficiently related to the original text, the modified text will not be adopted without complying anew with the notice requirements of the Administrative Procedure Act.

RULEMAKING FILE

Pursuant to Government Code Section 11347.3, the SAB is maintaining a rulemaking file for the proposed regulatory action. The file currently contains:

1. A copy of the text of the regulations for which the adoption is proposed in strikeout/underline.
2. A copy of this Notice.
3. A copy of the Initial Statement of Reasons for the proposed adoption.
4. The factual information upon which the SAB is relying in proposing the adoption.

As data and other factual information, studies, reports or written comments are received they will be added to the rulemaking file. The file is available for public inspection at OPSC during normal working hours. Items 1 through 3 are also available on OPSC's Internet Web site at: Laws, Regulations for School Construction Projects, scroll down to "California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program, then "California Preschool, Transitional Kindergarten and FDK Pending Regulatory Changes" and click on the linked documents for the 45-day Public Notice, the Initial Statement of Reasons, the proposed regulatory text, and the three associated forms.

ALTERNATIVES

In accordance with Government Code Section 11346.5(a)(13), the SAB must determine that no reasonable alternative it considered or that has otherwise been identified and brought to its attention would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, 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.

AVAILABILITY OF THE FINAL STATEMENT OF REASONS

Upon its completion, the Final Statement of Reasons will be made available and copies may be requested from the agency's regulation coordinator named in this notice or may be accessed on the website listed above.