

September 25, 2026

TITLE 2. STATE ALLOCATION BOARD

NOTICE OF PROPOSED REGULATORY ACTION

THE STATE ALLOCATION BOARD PROPOSES TO
AMEND VARIOUS REGULATION SECTIONS, ALONG
WITH TWO ASSOCIATED FORMS,
TITLE 2, CALIFORNIA CODE OF REGULATIONS,
RELATING TO LEROY F. GREENE SCHOOL FACILITIES ACT OF 1998

PROPOSED AMENDMENTS TO THE FOLLOWING REGULATION SECTIONS:

- 1859.2, 1859.61, 1859.82, 1859.82.1, 1859.82.2, AND 1859.82.3

PROPOSED AMENDMENTS TO THE FOLLOWING TWO ASSOCIATED FORMS:

- *Application For Funding*, Form SAB 50-04, (Revised ~~02/26~~ 12/26), referenced in Regulation Section 1859.2 and incorporated by reference.
- *Facility Hardship Cost Estimate*, (Revised ~~05/20~~ 10/25), referenced in Regulation Section 1859.2 and incorporated by reference.

NOTICE IS HEREBY GIVEN that the State Allocation Board (SAB) proposes to amend the above-referenced regulation sections and 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 17070.35, 17075.10, 17075.20 and 17078.64 of the Education Code. The proposals interpret and make specific reference Sections 8974, 17009.5, 17017.6, 17017.7, 17021, 17047, 17050, 17051, 17070.15, 17070.51, 17070.51(a), 17070.54, 17070.59, 17070.71, 17070.77, 17071.10, 17071.25, 17071.30, 17071.33, 17071.35, 17071.40, 17071.75, 17071.76, 17072.10, 17072.12, 17072.15, 17072.18, 17072.20, 17072.30, 17072.33, 17073.15, 17073.16, 17073.25, 17074.10, 17074.16, 17074.30, 17075.10, 17075.15, 17077.30, 17077.35, 17077.40, 17077.42, 17077.45, 17078.52, 17078.56, 17078.72(k), 17079, 17079.10, 17079.30, 17280, 56026, 100420, 100620, 100820, 101012, 101012(a)(1), 101012(a)(8) and 101122 of the Education Code; Section 53311, Government Code; and Sections 1771.3 in effect on January 1, 2012 through June 19, 2014 and 1771.5, Labor Code.

INFORMATIVE DIGEST/POLICY OVERVIEW STATEMENT

The Leroy F. Greene School Facilities Act of 1998 established, through Senate Bill 50, Chapter 407, Statutes of 1998, the School Facility Program (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 October 22, 2025 meeting, the SAB adopted proposed amendments to both the Facility Hardship Program (FHP) and Seismic Mitigation Program (SMP) regulations. The successful passage of Proposition 2 made numerous statutory changes to the SFP, specifically to applications received on or after October 31, 2024. Proposition 2 repealed then added back an amended version of the Education Code relating to Hardship Applications, by amending the statutory basis for the existing FHP and the SMP. The proposed regulatory amendments provide further clarification and standardization of language for both programs and align the regulations with the statutory provisions of Proposition 2, all of which improve user readability of the regulations governing the two programs. In addition, the proposed regulatory amendments may limit funding opportunities by providing stricter accountability for State bond funds.

Bond Funds Impacted

- Class Size Reduction Kindergarten-University Public Education Facilities Bond Act of 1998 (Proposition 1A)
- Kindergarten-University Public Education Facilities Bond Act of 2002 (Proposition 47)
- Kindergarten-University Public Education Facilities Bond Act of 2004 (Proposition 55)
- Kindergarten-University Public Education Facilities Bond Act of 2006 (Proposition 1D)
- Kindergarten through Community College Public Education Facilities Bond Act of 2016 (Proposition 51)
- Kindergarten Through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair, and Safety Bond Act of 2024 (Proposition 2)

Attached to this Notice is the specific regulatory language of the proposed regulatory action and amendments to two associated forms. The proposed regulatory amendments and forms can be reviewed on OPSC's website at: [Laws, Regulations for School Construction Projects](#). Copies of the proposed regulatory amendments and 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 amend SFP Regulation sections under the California Code of Regulations, Title 2, Chapter 3, Subchapter 4, Group 1, State Allocation Board, Subgroup 5.5, Regulations relating to the Leroy F. Greene School Facilities Act of 1998.

Background and Problem Being Resolved

OPSC held two stakeholder meetings regarding the proposed regulations; one in June 2024 and one in March 2025. The June 2024 stakeholder meeting addressed amendments to regulation sections that included clarification, standardization, and improved user readability governing both the FHP and SMP. The Form SAB 58-01 was amended to align with calculations for contractor burden (currently labeled soft costs), with the applicable Sierra West publishing guide and industry standards. The March 2025 stakeholder meeting addressed changes based on Proposition 2 for FHP and SMP applications received on or after October 31, 2024, and the

addition of Education Code Sections 17070.59 and 17075.10. The proposed regulations are a result of that collaboration with stakeholders and other interested parties.

Under the FHP, projects can be repaired or replaced with new classrooms and related facilities and, under the SMP, it is work to address deficiencies in buildings of the Most Vulnerable Category 2 Buildings (which is defined in SFP Regulation Section 1859.2) that may not perform well in the event of an earthquake. Both programs provide funding calculated based on the minimum work necessary to mitigate health and safety issues.

The problem being resolved is clarifying, standardizing, and improving user readability of the FHP and SMP regulations, as well as to align them with statutory changes brought about by the provisions of Proposition 2. To qualify for Hardship funding, a school district must demonstrate 1) that there is a threat to the health and safety of pupils; 2) that health and safety projects include the replacement of the most vulnerable school facilities that are identified as Category 2 buildings by the report completed pursuant to Education Code Section 17317; and 3) that a cost-benefit analysis must be prepared by the school district to determine if the cost to remain in the facility and mitigate the problem is at least 50 percent of the replacement cost (if the cost is at least 50 percent, the school district qualifies for replacement facilities; if the cost is less than 50 percent, the school district qualifies for modernization funding).

Proposition 2 added new Education Code Section 17070.59, which establishes a points-based determination and sliding scale for the required state and local match for SFP projects. Education Code Section 17072.30 was also amended to outline the sliding scale and point allocation as it relates to New Construction projects, including FHP and SMP replacement funding. Further, Education Code Section 17074.16 added similar language for modernization projects, including FHP and SMP rehabilitation funding. When Education Code Section 17075.10 was added back into the Education Code, it reorganized the concepts for the two programs and created a single funding determination that applies to both FHP and SMP projects. Funding will be provided for both FHP and SMP replacement facilities on a 50 percent state and 50 percent local matching share basis as a new construction grant, subject to adjustment by the sliding scale (Education Code Section 17070.59). However, funding for facilities that qualify for either FHP or SMP rehabilitation funding will now be provided on a 60 percent state share and 40 percent local matching share basis as a modernization grant, subject to adjustment by the sliding scale (Education Code Section 17070.59).

OPSC performed a search on whether the proposed regulations were consistent and compatible with existing State laws and regulations. After performing the search, OPSC, on behalf of the SAB, determined that there are no other regulations addressing K-12 health and safety issues of school facilities and that the SFP is the primary funding program at the State level. Therefore, the proposed regulations are determined to be consistent and compatible with existing State laws and regulations and provide greater transparency to school districts. Proceeding with the implementation of the proposed regulations, along with the two associated forms, maintains a specific and consistent process for school districts to request state funding for critical needs of health and safety projects. Additionally, the proposed regulations maintain equity, consistency, the integrity of the SFP funding process, and ensures a prudent use of bond funds.

Anticipated Benefits of the Proposed Regulations

The proposed regulations promote a stricter accountability of State bond funds for health and safety projects, while streamlining processes that increase efficiencies for the programs. The

proposed regulations also promote the State's general welfare, including protection of public health and safety, by increasing the State's infrastructure investment of school facilities. In addition, there are benefits to health, safety, and welfare of California residents (school children and school faculty) because school facilities will be built stronger and safer. School districts utilize construction and trades employees to work on school construction projects and although the proposed regulations do not directly impact worker's safety, existing law provides for the availability of a skilled labor force. 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.

The proposed regulatory amendments are therefore determined to be consistent and compatible with existing State laws and regulations. Proceeding with the implementation of these proposed regulations will have a positive impact on public health and safety at public K-12 schools by providing school districts with the opportunity to continue to submit applications in order to address health and safety issues. These proposed regulatory amendments result in a positive impact to the State's economy and has the potential of creating an unknown number of jobs.

Summary of the Proposed Regulatory Amendments

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 regulatory amendments 1) correct Regulation Section 1859.82.1(c)(3)(C) to 1859.82.1(c)(3)(D) to align with rehabilitation costs; 2) expands the definition of "Seismic Rehabilitation Grant" for Approved Applications received by OPSC on or before October 30, 2024, and for Approved Applications received by OPSC on or after October 31, 2024; 3) revises the *Application For Funding*, Form SAB 50-04 (Rev. ~~02/26~~ 12/26), which is incorporated by reference, to align with the proposed regulation changes; and 4) revises the *Facility Hardship Cost Estimate*, Form SAB 58-01 (Rev. ~~05/20~~ 10/25) which is incorporated by reference, to ensure consistency with the Sierra West Publishing construction cost publications and by providing clear instructions for each item in the Form when calculating funding for projects.

Existing Regulation Section 1859.61 provides adjustment factors that increase or decrease a school district's baseline eligibility for modernization. The proposed regulatory amendments clarify the conditions for adjusting modernization eligibility for sites where school buildings and/or classrooms have received funding for replacement, have been demolished, or have been permanently removed from classroom use. School districts are only required to submit a school board resolution acknowledging the removal of school buildings from classroom use when the qualifying buildings remain on the site; a school board resolution is not required when qualifying buildings have been demolished. Subsection (m) has been restructured and renumbered for improved readability. There are minor edits that are considered non-substantive in nature.

Existing Regulation Section 1859.82 establishes that the FHP and SMP only provides funding in cases of extraordinary circumstances that have caused an imminent health and safety threat. The proposed amendments delineate between Approved Applications received by OPSC on or before October 30, 2024 and how Education Code Section 17075.10 will be applied to projects as it read on January 1, 2024, and how Education Code Section 17075.10 as it read on November 6, 2024 will be applied to Approved Applications received by OPSC on or after October 31, 2024. The dates are consistent with Education Code Section 17070.87.

Existing Regulation Section 1859.82.1, introductory paragraph, informs school districts what a “School Building” means for purposes of the FHP. The proposed amendments include defining two terms specific to this Section (“grade category” and “facility type”) to ensure the consistent meaning for purposes of this Section. The proposed amendments to the second opening paragraph clarify the meaning of “related required components” eligible for FHP funding. This paragraph also states that mitigation of asbestos that becomes friable during the course of school building maintenance, repairs or modernization do not meet the qualifying criteria under the FHP. There is a difference between encapsulated asbestos becoming friable in damaged buildings as a result of an earthquake, which would be considered an extraordinary circumstance, and asbestos that is exposed or disturbed and becomes friable during routine modernization, repair or maintenance work for fire or access compliance upgrades, or flooring replacement, which would be an eligible use of Modernization grants. Subsection (b)(1)(A) was added and (b)(1)(B) was amended to set forth the required documentation for Approved Applications for replacement funding received on or after October 31, 2024, or for Approved Applications received on or before October 30, 2024 for school buildings that were lost or damaged and are unable to be repaired as a result of a natural disaster that the SAB determined meet the requirements in Education Code Section 17075.20, or due to circumstances that are not the result of a natural disaster that the SAB determined meet the requirements of Education Code Section 17075.20. Subsections (c)(3)(A) was added and (c)(3)(B), (C), and (D)3 were amended to set forth the required documentation for Approved Applications received on or after October 31, 2024, or for Approved Applications received on and before October 30, 2024, for school buildings or components that were damaged as a result of a natural disaster that the SAB determined meet the requirements in Education Code Section 17075.20. Subsection (d)(1)(B) was amended to address the 50 percent reduction of any insurance proceeds collected by the school district for the replacement project for Approved Applications received by OPSC on and before October 30, 2024. For Approved Applications received by OPSC on or after October 31, 2024, a 50 percent reduction of any insurance proceeds collected for the replacement project, or a commensurate amount adjusted for the matching share. Subsection (d)(1)(C) was amended to address the 50 percent reduction of net proceeds available from the disposition of the property and/or facilities in the project for Approved Applications received by OPSC on and before October 30, 2024. For Approved Applications received by OPSC on or after October 31, 2024, a 50 percent reduction of net proceeds available from the disposition of the property and/or facilities in the project or a commensurate amount adjusted for the matching share. Subsection (d)(2)(A) was amended to address the 60 percent reduction of any insurance proceeds collected by the school district for the rehabilitation project for Approved Applications received by OPSC on and before October 30, 2024. For Approved Applications received by OPSC on or after October 31, 2024, a 60 percent reduction of any insurance proceeds collected for the rehabilitation project, or a commensurate amount adjusted for the matching share. Subsection (d)(2)(B) was amended to address the 60 percent reduction of net proceeds available from the disposition of the property and/or facilities in the project for Approved Applications received by OPSC on and before October 30, 2024. For Approved Applications received by OPSC on or after October 31, 2024, a 60 percent reduction of net proceeds available from the disposition of the property and/or facilities in the project, or a commensurate amount adjusted for the matching share. Subsection (f) was added to allow school districts to apply for Environmental Hardship site funding if the site has met specific criteria in Section 1859.75.1. Throughout this Section, there are minor edits that are considered non-substantive in nature.

Existing Regulation Section 1859.82.2, introductory paragraph, informs school districts what a “School Building” means for purposes of the Seismic Mitigation Program. The proposed

amendments include defining two terms specific to this Section (“grade category” and “facility type”) to ensure the consistent meaning for purposes of this Section. The proposed amendments to the third paragraph set forth the funding calculation for the replacement of school buildings (50 percent) and for the rehabilitation of school buildings (60 percent) for Approved Applications received by OPSC on or after October 31, 2024. Subsection (b)(2)(G) was added to inform school districts that an inventory of all school buildings on the affected site along with detailed information about the buildings would need to be submitted with their application in order to qualify for replacement funding. Subsection (b)(2)(H)5 was added to inform school districts when requesting site development funding that a detailed cost estimate including eligible site development costs contained in Regulation Section 1859.76 and any other justification documents that support the work are required to be submitted to be considered a complete Approved Application. Subsection (b)(4)(B)2 (includes a. through f.) was amended to clarify how the total eligible replacement square footage would be determined for qualifying school buildings and/or classrooms based on the facility type in the chart. Subsection (b)(4)(B)3.j. was added to ensure that qualifying SMP replacement applications may receive funding to properly account for added costs presented by urban construction that these new construction-type projects may face and that are not part of the base funding for SMP replacement funding. Subsection (c)(3)(A) was amended to set forth specificity in the licensed design professional’s report in order to fund the minimum work necessary to allow the continued use of unenclosed roofed structures (lunch shelters, shade structures, and covered walkways) or the minimum work to replace such structure(s) to obtain plan approval. Subsection (c)(3)(D)5 was added to allow flexibility funding for additional costs for replacement of what was existing but may include required safety upgrades for unenclosed roofed structure(s), including lunch shelters and covered walkways. Subsection (c)(4)(A) was amended to address SMP rehabilitation funding for Approved Applications received by OPSC on or before October 30, 2024, which will be funded at 50 percent of the eligible costs in the Form SAB 58-01. Subsection (c)(4)(B) was added to address SMP rehabilitation funding for Approved Applications received by OPSC on or after October 31, 2024, which will be funded at 60 percent of the eligible costs in the Form SAB 58-01. Subsection (c)(4)(D)3 was removed from the list of supplemental grants that qualifying SMP rehabilitation applications may request as it is duplicative. Such costs required by the Division of the State Architect are already eligible to be included in the cost estimate. Subsection (d)(1)(B) was amended to address the 50 percent reduction of any insurance proceeds collected by the school district for the replacement project for Approved Applications received by OPSC on or before October 30, 2024. For Approved Applications received by OPSC on or after October 31, 2024, a 50 percent reduction of any insurance proceeds collected for the replacement project, or a commensurate amount adjusted for the matching share. Subsection (d)(1)(C) was amended to address the 50 percent reduction of net proceeds available from the disposition of the property and/or facilities in the project for Approved Applications received by OPSC on or before October 30, 2024. Subsection (d)(1)(D) was added to address the 50 percent reduction of net proceeds available from the disposition of the property and/or facilities in the project or a commensurate amount adjusted for the matching share for Approved Applications received by OPSC on or after October 31, 2024. Subsection (d)(2)(A) was amended to address the 50 percent reduction of any insurance proceeds collected by the school district for the rehabilitation project for Approved Applications received by OPSC on or before October 30, 2024. Subsection (d)(2)(B) was added to address the 60 percent reduction of any insurance proceeds collected by the school district for the rehabilitation project, or a commensurate amount adjusted for the matching share for Approved Applications received by OPSC on or after October 31, 2024. Subsection (d)(2)(C) was amended to address the reduction of 50 percent of the net proceeds available from the disposition of any displaced facilities in the project for Approved Applications received by OPSC on or before October 30, 2024. Subsection (d)(2)(D) was added to address the 60 percent reduction of the net proceeds

available from the disposition of any displaced facilities in the project for Approved Applications received by OPSC on or after October 31, 2024. Subsection (f) was added to allow school districts to apply for Environmental Hardship site funding if the site has met specific criteria in Section 1859.75.1. Throughout this Section, there are minor edits that are considered non-substantive in nature.

Existing Regulation Section 1859.82.3 allows for FHP and SMP conceptual approvals and specifies that school districts may request SAB approval to determine FHP or SMP eligibility in advance of project funding. In addition, this section specifies the conceptual application submission requirements for potential FHP and SMP replacement or rehabilitation projects. The proposed amendments also make edits that are non-substantive in nature.

Existing Form SAB 50-04 *Application for Funding*, (Rev. ~~02/26~~ 12/26) and incorporated by reference, is submitted by school districts to apply for State funding for new construction and modernization projects, as well as FHP and SMP projects. The proposed regulatory amendments: 1) under Specific Instructions, page 3, left column, #2a: corrected a reference to the proper regulation sections for the FHP and the SMP; 2) page 4, left column, #5j: was added as an update to request this additional grant even though FHP and SMP projects are already eligible for this grant; 3) page 7, under #1, Type of Application, Facility Hardship and Seismic Mitigation: added 60 percent because rehabilitation costs can only be entered at 60 percent; 4) page 7, under #1, Separate Apportionment, lines 4-7: added Site Only and Site Only (District owned) for the FHP and SMP to facilitate the processing of the funding requests; and 5) page 8, left column, #5j: was added to conform with page 4 under Specific Instructions with lines added for the entry of Toilet square footage and Other square footage. In addition to these amendments, the revision date for this Form has been changed from 02/26 to 12/26 and includes the latest Office of Administrative Law (OAL) approval for emergency regulations, specifically OAL File #2026-0605-01E, that became effective June 15, 2026. The revision date of 12/26 is a projected date as this Form has been revised frequently through many regulatory actions in calendar years 2025 and 2026. As these regulations proceed through the Administrative Procedures Act, the final revision date will be the month/year OAL approves them.

Existing Form SAB 58-01, *Facility Hardship Cost Estimate*, (~~New 05/20~~ Rev. 10/25) and incorporated by reference, provides instructions to school districts on the use of this Form. It is the standardized form for the submission of rehabilitation cost estimates for the FHP and the SMP. This Form formalizes the calculation of grants provided for soft costs that a school district is eligible to request and will provide a consistent structure required by the two programs. The proposed amendments to this Form align the calculations for contractor burden (currently labeled soft costs), with the applicable Sierra West publishing guide and industry standards. OPSC reviewed these changes with the publisher on several occasions to ensure accuracy. The proposed amendments also clarify that costs for General Conditions, which are provided using a sliding scale based on the total project costs to account for economies of scale, will be calculated based on the total project cost reported to the Division of the State Architect (DSA) for the DSA-approved plan set, which may contain work beyond the minimum work required for the mitigation. This approach takes into account the economies of scale attributable to the total project and then applies it to the fundable portion of the project. In addition, the changes are consistent with an Excel version of the form that has been used by school districts to calculate the various allowances in Parts II and III of the Form.

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

As noted on page 3 above, the proposed regulations clarify, standardize, and improve user readability of the FHP and SMP regulations, as well as align them with statutory changes brought about by the provisions of Proposition 2. To qualify for Hardship funding, a school district must demonstrate 1) that there is a threat to the health and safety of pupils; 2) that health and safety projects include the replacement of the most vulnerable school facilities that are identified as Category 2 buildings by the report completed pursuant to Education Code Section 17317; and 3) that a cost-benefit analysis must be prepared by the school district to determine if the cost to remain in the facility and mitigate the problem is at least 50 percent of the replacement cost (if the cost is at least 50 percent, the school district qualifies for replacement facilities; if the cost is less than 50 percent, the school district qualifies for modernization funding).

Under the FHP, projects can be repaired or replaced with new classrooms and related facilities and, under the SMP, it is work to address deficiencies in buildings of the Most Vulnerable Category 2 Buildings (which is defined in SFP Regulation Section 1859.2) that may not perform well in the event of an earthquake. Both programs provide funding calculated based on the minimum work necessary to mitigate health and safety issues.

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.

Documents Incorporated by Reference

- *Application For Funding*, Form SAB 50-04, (Revised ~~02/26~~ 12/26), referenced in Regulation Section 1859.2 and is incorporated by reference.
- *Facility Hardship Cost Estimate*, Form SAB 58-01, (~~New 05/20~~ Rev. 10/25), referenced in Regulation Section 1859.2 and is incorporated by reference.

IMPACT ON LOCAL AGENCIES OR SCHOOL DISTRICTS

The Executive Officer of 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.

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 SFP is a \$54.5 billion school facilities construction program. Under the SFP, the FHP and the SMP exist. Under the FHP, projects can be repaired or replaced with new classrooms and related facilities and, under the SMP, it is work to address deficiencies in buildings of the Most Vulnerable Category 2 Buildings (which is defined in SFP Regulation Section 1859.2) that may not perform well in the event of an earthquake. Both programs provide funding calculated based on the minimum work necessary to mitigate health and safety issues.

Manufacturing and construction-related industries may be competing for construction jobs because of the demand on these industries. This is because the SFP consists of the New Construction and Modernization programs, which are the primary programs of the SFP, in addition to the FHP and SMP, for which applications are processed on a continuous basis for health and safety projects. Funds are released once the school districts submit the fund release form and associated grant agreement. It is anticipated that there will be a positive impact to the State's economy and the potential for job creation.

Therefore, the proposed regulations will likely have a positive effect on the State's economy, creation of jobs, creation of new businesses, expansion of businesses, and will not eliminate jobs or eliminate existing businesses within California.

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

- The proposed regulations promote the State's general welfare, including protection of public health and safety, by increasing the State's infrastructure investment of school facilities. In addition, the proposed regulations promote fairness by aligning calculations for contractor burden with the applicable Sierra West publishing guide and industry standards, while promoting transparency by standardizing language to make both the FHP and SMP equivalent where appropriate, and improving user readability of the regulations governing these programs.
- There are benefits to health, safety, and welfare of California residents (school children and school faculty) because school facilities will be built stronger and safer.
- There are continued benefits to the health and welfare of California residents and worker safety. School districts utilize construction and trades employees to work on school construction projects and although these proposed regulations do 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.

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. Although the proposed regulations only apply to school districts for purposes of funding school facility projects, the demand on the manufacturing and construction-related industries could potentially stimulate the creation of small businesses in these areas.

SUBMISSION OF COMMENTS, DOCUMENTS AND ADDITIONAL INFORMATION

Any interested person may present statements, arguments or contentions, in writing, submitted via U.S. mail, e-mail 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, end of day. 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:

Lisa Jones, Regulations Coordinator

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

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

Fax No.: (916) 375-6721

AGENCY CONTACT PERSONS

General or substantive questions regarding this Notice of Proposed Regulatory Action may be directed to Lisa Jones at (916) 376-1753. 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.

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](#), then scroll down to School Facility Program, Pending Regulatory Changes, October 22, 2025 Non-Emergency Regulations, and click on the links for the 45-Day Public Notice, Initial Statement of Reasons, Proposed Regulation Text, Form SAB 50-04, and Form SAB 58-01.

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. The proposed regulations clarify, standardize, and improve user readability of the FHP and SMP regulations, as well as align them with statutory changes brought about by the provisions of Proposition 2.

AVAILABILITY OF THE FINAL STATEMENT OF REASONS

Upon its completion, the Final Statement of Reasons will be 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.