

PROCEDURES FOR SCHOOL FACILITY PROGRAM PRIORITY FUNDING

Priority Funding Background

The priority funding (PF) process was created to allow projects that are approved for placement on the Unfunded List (Lack of AB 55 Loans) by the State Allocation Board (SAB) to receive an apportionment with accelerated timelines.

School Facility Program (SFP) Regulation Section 1859.90.2 requires applicants to submit a written statement that requests to convert the unfunded approval to an apportionment.

As bond sales take place or cash becomes available, applicants that have submitted a request for the appropriate six-month period will be eligible for PF apportionments. When the applicant receives a PF apportionment, the applicant must submit a *Fund Release Authorization* (Form SAB 50-05) within 90 days.

For CTEFP projects that were provided an unfunded approval as a reservation of funds, applicants are allowed an additional 12-month period from the date of apportionment to acquire California Department of Education (CDE) and Division of the State Architect (DSA) approvals pursuant to Section 1859.193(d). Receipt of the CDE and DSA-approved plans and specifications by the Office of Public School Construction (OPSC) triggers the start of the 90-day period for the application to meet the requirements of a PF apportionment fund release. If an applicant does not submit the required CDE and DSA approvals within the 12-month period, the apportionment will be rescinded without further SAB action.

At its June 5, 2017 meeting, the State Allocation Board (SAB) approved a template grant agreement and conforming School Facility Program (SFP) regulations as a result of the passage of the Kindergarten through Community College Public Education Facilities Bond Act of 2016 (Proposition 51) and the accountability measures in the Governor's 2017-18 Budget. The grant agreement serves as a binding document that defines the responsibilities of funding applicants and the state from the determination of the amount of eligible state funding to the reporting of all project funds, including any savings achieved. It is also designed as a useful tool to ensure that the grantees receiving funds have a thorough understanding of the requirements in receiving the funds.

All projects that are approved for placement on the Unfunded List (Lack of AB 55 Loans) on or after June 5, 2017 are subject to the Grant Agreement requirement.

Participation in Priority Funding - Requirements

SFP regulations currently include requirements for applicants with projects on the Unfunded List (Lack of AB 55 Loans) to participate in the PF process or risk having their project(s) rescinded. The purpose is to avoid having limited bond authority reserved for projects that are not moving forward.

There are two ways for a school district to choose not to participate in the PF process as follows:

1. Not submitting a valid PF request in the 30-day filing period.
2. Submitting a valid PF request but failing to submit a valid *Fund Release Authorization* (Form SAB 50-05) to request the release of funds within 90 days after the SAB approves an Apportionment.

Either one of these will be considered an “occurrence” for non-participation, as specified in SFP Regulation Section 1859.90.3.

Any project that incurs two occurrences for nonparticipation will be removed from the Unfunded List (Lack of AB 55 Loans), or the PF Apportionment will be rescinded without further SAB action.

PF Request Periods

SFP regulations establish two PF filing periods per year for applicants to request an apportionment for a project(s) on the Unfunded List (Lack of AB 55 Loans). Each period has a 30-day request submittal window.

The two annual PF filing periods begin on the 2nd Wednesday of May and the 2nd Wednesday of November.

- Filing periods are for 30 calendar days.
- Requests submitted during a filing period beginning with the 2nd Wednesday of May are valid from July 1 until December 31 of that year.
- Requests submitted during a filing period beginning with the 2nd Wednesday in November are valid from January 1 until June 30 of the following year.
- Requests must be received by the Office of Public School Construction (OPSC) on or before the final day of the filing period to be considered valid.

Procedure for Participation in the PF Process

The procedures and requirements for districts to take advantage of the PF process are as follows:

1. Applicants opting to participate in the PF process must submit a request to convert an unfunded approval to an Apportionment during the established 30-day filing period.

OPSC accepts PF requests via email to Haley.Jensen@dgs.ca.gov. Districts may include the request as an attachment or in the body of the email. Requests must be emailed by an authorized District Representative.

2. The request to convert an unfunded approval to an Apportionment, emailed by an authorized District Representative, must include each of the project application numbers and must state the following:

The District/Applicant requests to convert the unfunded approval to an Apportionment.

OR

The District/Applicant requests to receive an approved advance release of funds.

Include the following statements in your Priority Funding request for all projects, except those for the Career Technical Education Facilities Program.

OPSC accepts the Form SAB 50-05 and the Grant Agreement via email with electronic signatures. The Form SAB 50-05 should be emailed to ApplicationReviewTeam@dgs.ca.gov. The Grant Agreement should be emailed to OPSCGrantAgreements@dgs.ca.gov.

- The District/Applicant acknowledges that a valid, original signature Form SAB 50-05 must be received by OPSC within 90 calendar days of Apportionment. Failure to do so will result in the rescission of the Apportionment without further Board action.
- The District/Applicant acknowledges that a Grant Agreement must be submitted pursuant to SFP Regulation Section 1859.90.4 and received by OPSC prior to, or concurrently with, the Form SAB 50-05.
- The District/Applicant acknowledges that by participating in the priority funding round, the district is waiving its right to a standard 18-month timeline for fund release submittal.

If applicable, include this acknowledgement:

- The District/Applicant acknowledges that, if the district submits the Form SAB 50-05 on or after July 1, 2013 and is required to submit a Labor Compliance Program third party report, pursuant to Section 1859.97(b), the report will be submitted to OPSC and the DIR at least 60 days prior to submitting the Form SAB 50-05.
3. Districts/Applicants may request an apportionment for Design-Only applications under the PF process. Design-Only applications receiving an apportionment will receive an automatic fund release without submitting a Form SAB 50-05; however, Design-Only applications must still submit a request to convert an unfunded approval to an Apportionment which contains all of the statements outlined above.
 4. If a Financial Hardship project has been included on the Unfunded List (Lack of AB 55 Loans) for more than 180 calendar days, a review of the district's funds will be made to determine if additional funds are available to fund the district's matching share of the project(s).
 5. Any requests to participate in the PF process not converted to Apportionments shall retain their date order position on the Unfunded List (Lack of AB 55 Loans). Request letters of projects not converted to Apportionments will not be returned nor held for the next filing round. Each filing round requires a separate request.
 6. OPSC cannot accept request letters during a PF request period for any project that is not on the Unfunded List (Lack of AB 55 Loans).

Use these four statements in your Priority Funding request for Career Technical Education Facilities Program projects granted an approval without CDE and/or DSA approved plans.

OPSC accepts the Form SAB 50-05 and the Grant Agreement via email with electronic signatures. The Form SAB 50-05 should be emailed to ApplicationReviewTeam@dgs.ca.gov. The Grant Agreement should be emailed to OPSCGrantAgreements@dgs.ca.gov.

- The District/Applicant acknowledges that it must submit the required approval(s) to OPSC within 12 months from the date of Apportionment. If the required submittal(s) is not received within 12 months, the Apportionment shall be rescinded without further Board action pursuant to SFP Regulation Section 1859.197(c)(1).

(Note: The District/Applicant has *up to* 12 months to submit the CDE plan approval and DSA approved plans to the OPSC, but may submit them prior to 12 months. Regardless of when the approved plans are received by the OPSC (during the 12-month period), the district/applicant has 90 days from the OPSC received date of the CDE and DSA approved plans to meet the requirements of a Priority Funding apportionment fund release.)

- The District/Applicant acknowledges that by participating in the priority funding round, the district is waiving its right to a standard 18-month timeline for fund release submittal.
- The District/Applicant acknowledges that a valid, original signature Form SAB 50-05 must be received by OPSC within 90 calendar days of Apportionment. Failure to do so will result in the rescission of the Apportionment without further Board action.
- The District/Applicant acknowledges that a Grant Agreement must be submitted pursuant to SFP Regulation Section 1859.90.4 and received by OPSC prior to, or concurrently with, the Form SAB 50-05.

For additional information please contact Haley Jensen at 916-376-5135 or at Haley.Jensen@dgs.ca.gov.

Fund Release Authorizations (Form SAB 50-05)

7. *For all applicable programs except CTEFP:* From the date that the SAB approves an Apportionment, the district/applicant will have 90 days to submit a valid, completed Form SAB 50-05 that meets all requirements.

For CTEFP projects approved as a reservation of funds: From the date that the SAB approves an Apportionment, the district/applicant will have 12 months to submit CDE and DSA approved plans and specifications for the project. From the date the OPSC receives the CDE and DSA approved plans and specifications, the district/applicant will have 90 days to submit a completed Form SAB 50-05 that meets all requirements.

The Form SAB 50-05 submittal must contain a signature from a designated District Representative.

OPSC accepts the Form SAB 50-05 with electronic signatures via email to ApplicationReviewTeam@dgs.ca.gov.

The Form SAB 50-05 must be received by OPSC on or before the 90th day. Projects that fail to meet this deadline shall be rescinded with no further action by the SAB. A rescinded application will revert back to the Unfunded List (Lack of AB 55 Loans) at the bottom. The new unfunded approval date will be equivalent to the due date of the Form SAB 50-05.