

CALIFORNIA PRESCHOOL, TRANSITIONAL KINDERGARTEN  
AND FULL-DAY KINDERGARTEN FACILITIES GRANT PROGRAM  
FUNDING ROUND PROPOSAL

PURPOSE

To present the State Allocation Board (Board) with recommendations to establish an additional funding round for the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program (Program).

DESCRIPTION

The Program currently has \$31.6 million in available funds. These funds became available as a result of reductions to project scope or full rescissions of projects that received apportionments in the third and fourth funding rounds. The funds were provided in the 2021-22 and 2022-23 Budget Act and must be encumbered by June 30, 2028. Therefore, Staff proposes that the Board consider establishing a fifth funding round to allocate the remaining funds before the statutory deadline.

AUTHORITY

See the Attachment.

BACKGROUND

*Program Funding Rounds History*

On June 27, 2018, Assembly Bill (AB) 1808 (Statutes of 2018, Chapter 32, Section 21) created the Full-Day Kindergarten Facilities Grant Program (FDKFGP), allocating \$100 million from the General Fund for one-time grants to eligible school districts. Funding was provided to construct new school facilities or retrofit existing school facilities for the purpose of providing full-day kindergarten classrooms. Funds available for the FDKFGP were apportioned by the Board to applications submitted during the first funding round in May 2019. Second round funding applications were apportioned in October 2019; March and June 2020; and March, May and June 2021.

On July 9, 2021, AB 130 (Statutes of 2021, Chapter 44, Section 15) was signed into law and expanded the Program purpose to additionally fund the construction or retrofit of classrooms for transitional kindergarten and California state preschool programs. Eligible applicants were also expanded to include county offices of education (COE), allowing them to apply for funding to build California state preschool program classrooms. AB 130 allocated \$490 million from the General Fund, which was later augmented with a \$100 million one-time General Fund allocation by AB 181 (Statutes of 2022, Chapter 52, Section 12) on June 30, 2022. AB 181 expanded eligible applicants to include community college districts that operate a preschool program on behalf of, or in lieu of, a school district or COE. Funds available for the expanded Program were apportioned by the Board to applications submitted during the third funding round in September, October and November 2022. Fourth funding round applications were apportioned in September, October and December 2023, and June 2024.

## BACKGROUND (cont.)

As each round was oversubscribed, applications were funded based on a point system prescribed by Program regulations, with preference given to applicants who qualify for Financial Hardship assistance and those located in underserved communities with a high population of students who qualify for free or reduced-price meals.

Program regulations also stipulate that any funds returned by June 30, 2028, will go back to the Program account for apportionment. As of the December 3, 2025 Board meeting, and inclusive of potential January 28, 2026 Board actions, \$31.6 million has returned to the Program as a result of reductions to project scope or full project rescissions. Funds remaining unencumbered after June 30, 2028, will revert to the General Fund.

## STAFF ANALYSIS/STATEMENTS

In accordance with Program regulations, staff is presenting a proposal for the Board's consideration to establish a fifth funding round to apportion the available funds. Program Regulation Section 1860.6 allows the Board to establish additional filing rounds as necessary. With \$31.6 million available, staff recommends a fifth funding round to apportion remaining funds prior to reversion to the General Fund.

Based on statutory timelines, Program Regulation Section 1860.4(c) states that "funds available to the Program from the 2022-23 Budget Act must be encumbered by the Board by June 30, 2028." It states further that funds returning to the Program may be used to provide additional apportionments. However, any funds not encumbered, i.e. apportioned, by this date "shall be returned to the General Fund." Additionally, Government Code provisions regarding liquidation periods for Budget Act appropriations effectively require the funds to be released by June 30, 2030. With these time limits in place, staff proposes a fifth funding round, with minor adjustments to the documents required at application submittal and to the fund release extension option to ensure that the funds will be awarded and released timely.

### *Fifth Funding Round Proposed Requirements and Key Dates*

In accordance with the Program statute and regulations, a grantee has three years from the initial apportionment date to complete the project. During the three-year period, the applicant must also meet specific progress dates to retain the funds. The standard process is as follows:

1. Applicants submit a complete and valid *Application for Funding* (Form SAB 70-01) and eligible projects are apportioned by the Board in the priority order prescribed in the Program regulations.
2. Within 18 months of apportionment, the grantee must submit a complete and valid *Fund Release Authorization* (Form SAB 70-02). The Form SAB 70-02 must include the award date of a contract for the construction of the project and the required project plan approvals from the California Department of Education and the Division of the State Architect. With Board approval, an extension to this date may be granted, not to exceed three years from the original apportionment date.

STAFF ANALYSIS/STATEMENTS (cont.)

3. Three years from apportionment, the grantee must submit a complete and valid *Expenditure Report* (Form SAB 70-03). Failure to submit a complete report may result in rescission of the apportionment, as there is no extension allowance for this requirement.

Should the Board wish to approve a fifth funding round, staff propose the following schedule:

<b>Fifth Round Program Events</b>	<b>Key Dates</b>
<b>Notification of Upcoming Round</b>	January 29, 2026
<b>Stakeholder Workshop(s)</b>	February/March 2026
<b>Fifth Round Application Filing Period</b>	April 1 - April 30, 2026
<b>Apportionments (proposed)</b>	October 28, 2026
<b>Fund Release Due Date (18 months)</b>	April 28, 2028
<b>Maximum Extension to Fund Release</b>	April 28, 2029
<b>Expenditure Report Due Date (3 years)</b>	October 28, 2029

This proposed schedule ensures that the funds are allocated within the required time limits for the appropriations. Staff anticipate that the round will be oversubscribed. Therefore, applications processed, but not funded, would be retained, so that any funds that return to the Program could be reallocated to the next funding application(s) on the list.

Due to the limited amount of funds available and time limits, staff also recommend that applicants be limited to a maximum of 12 months for extension requests to submit a fund release request to April 28, 2029, which is six months less than the typical timeline would allow. This limitation will allow time for staff to prepare funding adjustments for any applicants that may elect to reduce the original apportionment, resulting in funds returning to the Program. These funds would then be available for the Board to reallocate to the next application(s) on the list. Although extensions would be limited, applicants would still have the full three years to complete the project.

*Additional Apportionments*

As previously indicated, the deadline for Program funds to be apportioned to projects is June 30, 2028, and all Program funds must be liquidated (i.e., released) no later than June 30, 2030, pursuant to statutory timelines. If additional funds return to the Program following the initial round of apportionments from the fifth funding round, and the Board makes additional apportionments up to the June 30, 2028 deadline, grantees receiving these later apportionments will have a shorter period of time for any potential extension to the 18-month fund release deadline. To ensure that all apportioned Program funds are released by June 30, 2030, the grantees would be required to submit the fund release requests to OPSC no later than May 1, 2030, to ensure adequate processing time.

STAFF ANALYSIS/STATEMENTS (cont.)

Thus, staff are proposing the following final cutoff dates for the fifth funding round:

Potential Additional Apportionment(s)	Key Date
Final Date for Any Apportionment	June 30, 2028
Fund Release Due Date (18 months)	December 30, 2029*
Maximum Extension to Fund Release	May 1, 2030
Program Funds Liquidated	June 30, 2030
Expenditure Report Deadline	June 30, 2031*

\* Assumes apportionment date of June 30, 2028 for illustrative purposes. Actual deadlines would be established in the Board item in which apportionments are made.

*Requests for Financial Hardship Status*

To ensure that applications can be processed within the timelines necessary for funding availability, staff also recommend, for this filing round only, that all applicants seeking Financial Hardship assistance be required to submit a completed Phase 1 Financial Hardship Checklist and all required supporting documentation with the Form SAB 70-01 to be considered an Approved Application. Applicants with approved Financial Hardship status are given 40 preference points for purposes of determining the funding order of applications. The total possible points are 80. If the Phase 1 documentation is not submitted with Form SAB 70-01, the application will not receive the preference points. It is imperative that these documents are included with the initial submittal, as this information will enable staff to establish the funding order and process applications within the proposed time frame.

*Summary*

With the funds and the conditions described above, staff recommend the Board establish a fifth funding round for the Program.

RECOMMENDATIONS

1. Approve a fifth funding round for the Program using all available Program funds through June 30, 2028, and require applicants to submit an *Application for Funding* (Form SAB 70-01) to OPSC between April 1 and April 30, 2026.
2. Limit all extensions to the 18-month fund release time frame to no more than 12 additional months, or no later than May 1, 2030, whichever comes first.
3. Require applicants requesting Financial Hardship assistance on the Form SAB 70-01, as outlined in Regulation Section 1860.14, to submit a complete and valid Phase 1 Financial Hardship Checklist, and all required supporting documentation, with their Form SAB 70-01.

RECOMMENDATIONS (cont.)

4. Provide that all applications received in the fifth funding round, that are not apportioned by June 30, 2028, will be considered unprocessed and returned to the applicants.

This Item was approved by the State Allocation Board on January 28, 2026.

## ATTACHMENT

### AUTHORITY

Education Code Section 17375(a)(4)(A) states:

For the 2021–22 fiscal year, the sum of four hundred ninety million dollars (\$490,000,000) is hereby appropriated from the General Fund to the State Allocation Board to provide one-time grants as specified in this section. The funds appropriated in this subparagraph shall be available for encumbrance or expenditure by the State Allocation Board until June 30, 2027.

[Liquidated/Fund Release by June 30, 2029, pursuant to Government Code Section 16304.1]

EC Section 17375(a)(4)(B) states:

For the 2022–23 fiscal year, the sum of one hundred million dollars (\$100,000,000) is hereby appropriated from the General Fund in the 2021–22 fiscal year to the State Allocation Board to provide one-time grants as specified in this section. The funds appropriated in this subparagraph shall be available for encumbrance or expenditure by the State Allocation Board until June 30, 2028.

[Liquidated/Fund Release by June 30, 2030, pursuant to Government Code Section 16304.1]

Government Code Section 16304.1 states:

Disbursements in liquidation of encumbrances may be made before or during the two years following the last day an appropriation is available for encumbrance, except in the case of a fund made up of federal funds. Disbursements in liquidation of encumbrances may be made before or during the four years following the last day an appropriation of federal funds is available for encumbrance. Whenever, during either liquidation period, the Department of Finance determines the purpose for which the appropriation was made is completed and a portion of the appropriation is deemed not necessary, that portion shall, upon order of the Department of Finance, revert to and become a part of the fund from which the appropriation was made. Upon the expiration of two years, or four years in the case of a fund made up of federal funds, following the last day of the period of its availability for encumbrance, the balance in any appropriation shall revert to and become a part of the fund from which the appropriation was made. After reversion, any unpaid encumbrance against the appropriation may be paid from any current appropriations available for the same purposes.

To the extent that an appropriation is exempt from limitations as to periods of availability under Section 16304, it shall not be subject to the provisions of this section.

ATTACHMENT

AUTHORITY

Subgroup 5.8. Regulations Relating to the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program

Article 1. California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program

...

1860.4. Funding Guidelines

...

- (c) For the funding provided pursuant to Section 1860.3(c), funds available for the Program from the 2022-23 Budget Act must be encumbered by the Board by June 30, 2028. Funds that are not completely encumbered or that return to the Program through project rescissions may be applied as follows:
- (1) Any funds that return on or before June 30, 2028, shall be returned to the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program Account and may be used to provide additional Apportionments.
  - (2) Any funds that are returned and remain unencumbered by the Board, after June 30, 2028, shall be returned to the General Fund.

...

Section 1860.6. Application Submittals.

The Board shall accept Approved Applications for Program funding during specified funding rounds:

...

- (e) Additional filing rounds may be established by the SAB as necessary.