

*To enrich the lives of California's school children as stewards  
of the taxpayers' commitment to education.*

# School Facility Program Handbook

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# Preface

## Introduction

This handbook was developed by the Office of Public School Construction (OPSC) to assist school districts in applying for and obtaining grant funds under the provisions of the Leroy F. Greene School Facilities Act of 1998 (Senate Bill 50). It is intended to serve as an overview of the program for the use by school districts, architects, the Legislature, the public, and other interested parties on how a school district, county superintendent of schools, or charter school can determine program eligibility and apply for state funding. This handbook provides: instruction on the procedures to seek project approvals, insights on the various features of the School Facility Program (SFP), and suggestions on how to make the funding application process as efficient as possible. For information not contained in this handbook, school districts should refer to additional project specific information contained in SFP Regulations and consult an OPSC project manager. The most current SFP Regulations are located on OPSC's website at [www.dgs.ca.gov/opsc](http://www.dgs.ca.gov/opsc). A complete listing of project manager and program assignments, including telephone numbers and e-mail addresses, are also included on our website.

## Things to Know

This updated version of the handbook includes program changes as a result of statutory and regulatory changes that occurred between 2005 and 2018, as well as new sections for programs not previously included such as:

- » New Construction Eligibility Process Changes
- » Processing New Construction and Modernization Projects that are on Unfunded Lists
- » Financial Hardship Review Process Changes
- » Facility Hardship Program – Historic Buildings
- » Seismic Mitigation Program
- » Career Technical Education Facilities Program

## Where to Begin

Section 1, “School Facility Program Overview” and Section 2, “The State Allocation Board, the Office of Public School Construction and Other Involved Agencies” will provide general information. The remaining sections can be reviewed as needed.

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## Section 1

# School Facility Program Overview

## Introduction

The School Facility Program (SFP) was created in 1998. The SFP funding is provided in the form of per-pupil grants, with supplemental grants for site development, site acquisition, and other specific project costs when an application is eligible for them. In most cases, applications are reviewed once and presented to the State Allocation Board (SAB) for approval to obtain funding, regardless of project size. Before the SFP, under the Lease Purchase Program (LPP), projects were awarded grants incrementally in multiple phases.

The SFP allows school districts independence and flexibility to determine the scope of new construction or modernization projects. In return, the SFP requires that the school district accept responsibility for the outcome of the project. All state grants are considered to be a full and final apportionment by the SAB. For the most part, cost overruns, legal disputes, and other unanticipated costs are the responsibility of the district. On the other hand, savings resulting from school district's efficient management of certain projects accrue to the school district alone, unless financial hardship assistance was provided. Interest earned on the state and local funds also belongs to the district unless financial hardship assistance was provided. Savings and interest may be used by the school district for any other capital outlay project in the school district. See Section 13, "Additional SFP Requirements and Features" for more information on project savings and which programs allow for the district to retain savings.

The SFP provides funding grants for school districts to acquire school sites, construct new school facilities, and modernize existing school facilities. The two major funding types available are "new construction" and "modernization." The new construction grant provides funding on a 50/50 state and local match basis. The modernization grant provides funding on a 60/40 state and local match basis. School districts that are unable to provide some or all of the local match requirement, and meet financial hardship criteria, may qualify for additional State funding (see Section 10 "Financial Hardship").

Approval by the Division of the State Architect (DSA) is required before signing a contract for any new construction, modernization and/or alteration projects for which State funding is provided in order to ensure that districts are providing adequately safe facilities to students. Education Code Section 17072.30 requires that school districts obtain DSA approval of their project's plans and specifications before submitting a funding application to OPSC. DSA approval ensures that plans and specifications comply with Title 24 of the California Building Code, which defines California's requirements for structural safety, fire and life safety, and accessibility. School districts that sign construction contracts before obtaining DSA approval risk their project's eligibility for state funding. The only exceptions to this requirement are for relocatable buildings and certain construction delivery methods, such as design-bid-build, for which school districts may enter into a contract to acquire the plans and specifications; however, construction cannot commence until DSA approves the final plans and specifications. The date of DSA's approval letter, not the DSA stamp, is considered a valid approval.

## Implementation and Evolution of the School Facility Program

Senate Bill 50 (Greene) was chaptered into law on August 27, 1998, establishing the SFP. The following November, Proposition 1A was approved by voters and legislation required that regulations be approved and in place for acceptance and processing of applications. The SFP continues to evolve through legislative and regulatory changes.

Significant changes took effect with Assembly Bills (AB) 16 and the voter-approved Proposition 47 in November 2002 which included funding for charter school facilities, critically overcrowded schools, and joint-use projects. Additional changes to the program impacted new construction funding including the suspension of priority points, an additional grant for energy efficiency, and several modifications to the determination of eligibility. Added changes that impacted modernization funding include the change of the funding ratio between the state and the school district from 80 percent state and 20 percent school district to 60 percent state and 40 percent school district and included additional grants for energy efficiency and the modernization of buildings 50-years old or older. The passage of Proposition 55 in March 2004 provided additional funding for the programs previously established by AB 16.

AB 127 was signed into law in May 2006 and was approved by the voters in November 2006 as Proposition 1D. As with the prior bonds, these funds were provided to accommodate future enrollment growth, renovate and modernize older school buildings, charter school facilities, and joint-use projects. Proposition 1D also provided new funding for career technical education projects, seismic mitigation projects, environmentally friendly “high-performance” enhancements, and portable classroom building replacements.

Most recently, California voters approved Proposition 51 in November 2016. Proposition 51 was the result of a voter initiative and provides additional funding to continue the new construction and modernization of K–12 public school facilities. This funding is designated for K–12 school districts and charter schools to accommodate future enrollment growth, renovate and modernize older school buildings, and construct and modernize career technical education facilities.

## Funding for the School Facility Program

**Helpful Hint:**

A listing of school districts that have received SFP funding is available on OPSC's website at [www.dgs.ca.gov/opsc](http://www.dgs.ca.gov/opsc).

Funding for projects approved through the SFP comes exclusively from statewide general obligation bonds approved by the voters of California. The first source of funding for the program was Proposition 1A, approved in November 1998 and the most recent was Proposition 51, approved in November 2016. A summary of the voter-approved funding for all general obligation bonds is listed below by the source of authority and program.

Proposition 1A – Nov 1998	Bond Allocation
New Construction	\$2,900,000,000
Modernization	\$2,100,000,000
Hardship Assistance	\$1,000,000,000
Class Size Reduction	\$ 700,000,000
<b>TOTAL</b>	<b>\$6.7 Billion</b>

Proposition 47 – Nov 2002	Bond Allocation
New Construction	\$6,250,000,000
Modernization	\$3,300,000,000
Critically Overcrowded Schools	\$1,700,000,000
Charter School Facilities	\$ 100,000,000
Joint-Use Program	\$ 50,000,000
<b>TOTAL</b>	<b>\$11.4 Billion</b>

Proposition 55 – Mar 2004	Bond Allocation
New Construction	\$4,960,000,000
Modernization	\$2,250,000,000
Critically Overcrowded Schools	\$2,440,000,000
Charter School Facilities	\$ 300,000,000
Joint-Use Program	\$ 50,000,000
<b>TOTAL</b>	<b>\$10.0 Billion</b>

Proposition 1D – Nov 2006	Bond Allocation
New Construction (includes Seismic Mitigation)	\$1,900,000,000
Modernization	\$3,300,000,000
Overcrowding Relief Grant	\$1,000,000,000
Career Technical Education Facilities	\$ 500,000,000
Charter School Facilities	\$ 500,000,000
High Performance Incentive Grant	\$ 100,000,000
Joint-Use Program	\$ 29,000,000
<b>TOTAL</b>	<b>\$7.329 Billion</b>

Proposition 51 – Nov 2016	Bond Allocation
New Construction	\$3,000,000,000
Modernization	\$3,000,000,000
Career Technical Education Facilities	\$ 500,000,000
Charter School Facilities	\$ 500,000,000
<b>TOTAL</b>	<b>\$7.0 Billion</b>

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## Section 2

# The State Allocation Board, the Office of Public School Construction, and Other Involved Agencies

## State Allocation Board

Created in 1947 by the State Legislature, the State Allocation Board (SAB) is responsible for determining the allocation of state resources including proceeds from general obligation bonds and other designated state funds used for the new construction and modernization of public school facilities.

The SAB is scheduled to meet monthly, typically at the State Capitol on the fourth Wednesday of each month. At each meeting, the SAB approves applications for eligibility and funding, acts on appeals, and adopts policies and regulations as they pertain to the programs that the SAB administers.

The SAB consists of ten members:

- » The Director of the Department of Finance or designee (SAB Chair)
- » The Director of the Department of General Services or designee
- » The Superintendent of Public Instruction or designee
- » One member appointed by the Governor
- » Three State Senators; appointed by the Senate Rules Committee
- » Three State Assembly Members; appointed by the Speaker of the Assembly

A current list of SAB members is available on the State Allocation Board page of the Office of Public School Construction's (OPSC) website at [www.dgs.ca.gov/opsc/](http://www.dgs.ca.gov/opsc/).

## Office of Public School Construction

The Office of Public School Construction (OPSC) serves over 1,000 K–12 public school districts in California. OPSC serves as staff to the SAB who are responsible for the administration of state funding for eligible new construction and modernization projects to provide safe and adequate facilities for California public school students. It is also incumbent on OPSC to prepare regulations, policies, and procedures for approval by SAB to reflect any new state legislation impacting the School Facility Program (SFP).

### OPSC Responsibilities

OPSC is responsible for verifying that all applicant school districts meet specific criteria based on the type of eligibility or funding which is being requested and facilitating the application process. OPSC ensures that funds are appropriately allocated per the law and the actions taken by the SAB. Since November 1998, OPSC has processed over \$35 billion in state apportionments to the SAB.

OPSC prepares agendas for the SAB meetings. These agendas keep the SAB members, school districts, staff, and other interested parties apprised of all actions taken by the SAB. The agenda serves as the underlying

**OPSC Mission:**

"As staff to the State Allocation Board, the Office of Public School Construction facilitates the processing of school applications and makes funding available to qualifying school districts. These actions enable school districts to build safe and adequate school facilities for their children in an expeditious and cost-effective manner."

source document used by the State Controller's Office for the appropriate release of funds. The agenda further provides a historical record of all the SAB decisions and is used by school districts, facilities planners, architects, consultants, and members of the public who are interested in tracking the progress of specific projects, the availability of funds, and the SFP regulations.

**Management of the Office of Public School Construction**

OPSC is led by an Executive Officer who is appointed by the Governor. The appointee also serves as the Executive Officer to the SAB. A Deputy Executive Officer is selected by the Executive Officer subject to the approval of the Director of General Services. The Deputy oversees the daily operations of the office.

**Other Agencies Involved**

School districts planning to construct or modernize existing schools require the assistance of several local, state, and federal agencies. It is essential that those involved in the school construction process have an understanding of the role each agency plays. In addition to the SAB and OPSC, the four primary state agencies that will be referred to in this handbook, are the Department of General Services (DGS), Division of the State Architect (DSA), the California Department of Education (CDE), School Facilities and Transportation Services Division (SFTSD), and the Department of Toxic Substances Control (DTSC). District representatives may also come into contact with other involved agencies.

**Helpful Hint:**

The Directory of Services provides information regarding project manager county assignments, including telephone numbers and other contact information.

The agency information provided in this section is meant to serve as a tool for school district representatives to become familiar with the primary State agencies involved in the school construction process. OPSC encourages district representatives to contact each agency to obtain more information about their unique processes and procedures. To contact the agencies listed below, please see Appendix 1, "State Agency Contact Information."

**Department of General Services, Division of the State Architect**

The primary role of DSA in the school construction process is to review plans and specifications to ensure that they comply with California's building codes. The review commences when the school district's architect submits plans to DSA. DSA reviews the plans to ensure that the proposed structures meet codes and requirements for access compliance, structural safety (seismic), fire and life safety, and universal design compliance.

DSA approval of all plans and specifications is required before a construction contract is signed for new construction, modernization or alteration of any school building for which a district is seeking State funding. The only exception to this requirement is for relocatable buildings, for which school districts may enter into a contract to acquire the plans and specifications; however, the construction cannot be entered into until DSA approval has been obtained. The date of the DSA approval letter, not the DSA stamp, is considered a valid approval. Please refer to the Education Code, Section 17072.30, for further information.

**California Department of Education, School Facilities and Transportation Services Division**

The role of SFTSD is to review and approve school district sites and construction plans. The SFTSD review begins when a school district plans to acquire a new school site. Before approving a site for school purposes, SFTSD reviews many factors including, but not limited to, environmental hazards and proximity to airports, freeways, and power transmission lines. The review of construction plans by the SFTSD focuses mainly on the educational adequacy of the proposed facility and whether the needs of students and faculty will be met. The review of construction plans is for new sites as well as for existing sites. See Section 3, "Project Development Activities."

### Department of Toxic Substances Control

The role of DTSC in the school construction process begins with the site approval process. DTSC will assist the school district with an assessment of any possible contaminants and, if necessary, with the development and implementation of a mitigation plan.

### Department of Industrial Relations

All applicants need to ensure labor compliance with the current prevailing wage laws mandated by the Department of Industrial Relations (DIR). These laws have changed over the course of the SFP, and in some cases additional grants can be awarded for Labor Compliance Program (LCP) and Prevailing Wage Monitoring (PWM). Below you will find a brief history of the applicable labor law changes, and resulting changes to the SFP regulations.

#### Former Labor Compliance Program

(Applies to construction contracts awarded on or before December 31, 2011, AND Notice to proceed on or after April 1, 2003. Fund Release Authorization (Form SAB 50-05) submittal on or after July 1, 2013)

On September 30, 2011, legislation for Assembly Bill AB 436 (Solorio) was approved by the Governor, and the legislation became effective January 1, 2012. This bill required DIR to monitor and enforce prevailing wage requirements for every state bond-funded project, pursuant to Labor Code section 1771.7 (AB 1506), SAB can increase the grant consideration of the state share of the new DIR costs.

For projects for which the initial public works construction contract was awarded before January 1, 2012, Section 1771.7 of California Labor Code requires districts to certify that a DIR-approved LCP has been initiated and enforced for a project apportioned under SFP if both of the following conditions exist:

- » The project is apportioned from either Proposition 47 or 55; and
- » The construction phase of the project commences on or after April 1, 2003, as signified by the date of the Notice to Proceed.

#### Former Labor Compliance Program Regulations

(Applies to any projects with construction contracts awarded on or before December 31, 2011, that also have a Notice to Proceed on or after April 1, 2003. It also applies for projects submitting a *Fund Release Authorization* (Form SAB 50-05) submittal on or after July 1, 2013)

Regulatory amendments were approved by the SAB clarifying LCP's written finding requirement, pursuant to Labor Code Section 1771.7(d)2(B), and provides an alternative method for school districts to qualify for funding in cases where a school district initiated and enforced an LCP after the construction contract was signed for the project.

All school districts that are subject to the LCP requirements would provide a written verification indicating that the school district or the third party provider submitted an applicable LCP application to DIR when submitting a *Fund Release Authorization* (Form SAB 50-05). The written verification would also indicate that the district or third party's LCP is approved by DIR and has not been revoked.

Districts that contracted with a third party LCP provider or obtained DIR approval of its LCP after the construction contract was signed would be required to submit a report to OPSC and DIR from a third party LCP provider that includes the following:

- » Verification that the applicable duties of an LCP were performed on the project.
- » Verification that the performance of the applicable LCP began within one month after commencement of the construction work.
- » A written record of LCP's confirmation of monthly payroll records for the project.

These school districts would also provide a notice to each worker that the school district has submitted the report and that they may contact OPSC and DIR concerning the accuracy of the findings. The report would not be acceptable if DIR notifies OPSC within 60 calendar days that it has determined it to be incorrect. The third party provider that completes the report could not be the same third party with whom the school district has contracted to implement its LCP for the project.

The SAB approved regulatory amendments requiring the applicable school districts to submit the third party LCP report to OPSC and DIR at least 60 days before submitting a Form SAB 50-05. Districts would indicate this in a written statement that specifies the desire to participate in a priority funding round. To allow districts sufficient time to comply, the requirement to submit the third party LCP report at least 60 days prior only applies if the Form SAB 50-05 is submitted on or after July 1, 2013.

#### Former Prevailing Wage Monitoring Laws and Regulations

(Applies to any construction contracts awarded on or after January 1, 2012, AND on or before June 19, 2014)

On March 26, 2012, amended SFP regulations became effective, authorizing the SAB to provide the PWM Grant for all public works projects with a construction contract awarded after January 1, 2012. This requirement applies to all state bond funding sources.

Section 1771.3 of California Labor Code required DIR to monitor and enforce compliance with applicable prevailing wage requirements for any public works project paid for in whole or in part from state bond funds.

School districts were required to notify DIR within five days of awarding a contract on any public works projects. A copy of the form, along with a copy of DIR's email confirmation, was submitted to OPSC with the *Fund Release Authorization* (Form SAB 50-05). DIR provided the prevailing wage monitoring capped at one-quarter of one percent of total bond proceeds received for the project. There were limited exceptions to the DIR monitoring as follows:

- » The school district elected to continue to use a previously DIR-approved in-house Labor Compliance Program (LCP).
- » The school district had entered into a collective bargaining agreement (or project labor agreement) that met certain conditions detailed in Labor Code section 1771.4(b)(2).

Additional information regarding this new requirement is available on the Compliance Monitoring Unit page of DIR's website at [www.dir.ca.gov](http://www.dir.ca.gov).

#### Current Prevailing Wage Monitoring/Labor Compliance Program Requirements

(Applies to any construction contracts awarded on or after June 20, 2014)

The SAB approved regulatory amendments to implement Senate Bill 854, Chapter 28, Statutes of 2014, which became effective January 1, 2015. The regulatory amendments remove the additional prevailing wage monitoring grant for projects with a public works contract awarded on or after June 20, 2014. The bill repealed provisions in Labor Code Section 1771.3, which required school districts to provide payment to DIR for prevailing wage monitoring. As a result, school districts awarding a construction contract on or after June 20, 2014 are not mandated to provide payment for DIR monitoring and enforcement of prevailing wage requirements. However, school districts are still required to provide notice to DIR of any public works contract within five days of the award.

### Section 3

## Project Development Activities

### Introduction

The School Facility Program (SFP) provides funding to projects that have completed the design phase and are ready to commence construction. With the exception of advanced planning and site applications for financial or environmental hardship situations, applications for funding require plan approval by the Division of the State Architect (DSA) and by the California Department of Education (CDE). Applications for new construction funding may also require CDE approval of the project's site if land is being acquired.

In most cases, time, money, and effort have already been expended before the project reaches the Office of Public School Construction (OPSC). Most of the tasks involved in this section are not a part of SFP and are not under the jurisdiction of the State Allocation Board (SAB). However, it is important that school district representatives be aware of the options and requirements that may affect the school district's project.

### Establishing Eligibility

One of the first steps a school district should consider in the school construction process is establishing eligibility for SFP funding on either a district-wide or high school attendance area basis when building new facilities, or on a site-specific basis when modernizing existing facilities. This will provide the school district with the information needed to determine the possibility and scope of state funding assistance, the types of facilities needed, and the appropriate project site size. See Section 4, "Application for Eligibility" for more information about establishing eligibility.

### Selecting Professional Services

The SFP grants include funding for many professional services related to the development of the school project. Commonly used services are provided by architects, civil and structural engineers, cost estimators and construction managers. Under the law, these professional services are different from the services provided by general contractors, painters, site grading subcontractors, and similar construction related work. Unlike construction contracts, professional service contracts are obtained through a qualification-based selection process rather than a competitive bidding process.

Because the design professional or another service provider will be engaged long before the application for project funding is submitted to OPSC, it is critical that district representatives are aware that professional services used on projects funded through SFP must be obtained by a qualification-based selection process. Failure to do so could jeopardize project funding as all applicable laws and regulations must be followed in order for the project to be eligible for funding through SFP.

### The Selection Process

The SFP requires that school districts certify that service contracts for any architects, structural engineers, or other design professionals are entered into on or after November 4, 1998, for work related to the project, and were obtained through a qualification-based selection process.

Neither the SAB nor OPSC is qualified to interpret the Government Code requirements pertaining to the selection of professional services. The school district is advised to seek legal counsel assistance to ensure that the process used fully complies with this requirement as well as other legal requirements such as Disabled Veterans Business Enterprise requirements and the Public Contract Code.

The school district will be required to certify that the professional design services for the project were selected using a qualification-based selection process. This certification is made on the Application for Funding (Form SAB 50-04).

### Compliance

The selection requirement applies to a new construction or modernization projects if:

- » Project is funded under SFP, and
- » Professional services of an architect, structural engineer, or other design professional were used to complete the work in the project, and
- » Contracts for services that were signed on or after November 4, 1998.

Compliance with this requirement is important. SFP governing statutes stipulate that SAB shall not apportion funds to a school district unless the qualification-based selection process for professional services has been used. If during an audit at the project completion it is determined that the qualification-based selection process was not used, the entire project grant could be rescinded.

Districts that are unfamiliar with the process of hiring an architect should be aware that the American Institute of Architects (AIA) California Council has sample contracts available to assist school districts. For more information, please contact AIA at: (916) 448-9082.

### Project Responsibilities

During the planning, design, and construction of a school facilities project, many individuals and firms come together to contribute to the project in specific ways. Unless responsibility is contractually assigned otherwise, the decision about who should perform a given task generally rests with the district as owner.

The Grant Agreement, which will be provided to the school district upon receiving an unfunded approval from SAB, will state the responsibilities, timelines and other important information related to the project and its timelines. The Grant Agreement must be reviewed, signed and returned to OPSC prior to or concurrently with the school district's *Fund Release Authorization* (Form SAB 50-05).

### Cost Reduction

The SAB has developed cost reduction guidelines to assist school districts in reducing project construction costs. In April 2000, SAB made available the Public School Construction Cost Reduction Guidelines. The guidelines are a compilation of ideas introduced and discussed at a series of statewide meetings. The input into these guidelines comes from various sources, such as school district representatives, state agencies, architects, building industry representatives, construction managers, and consultants. The guidelines provide

school districts with ideas and methods to contain and reduce costs and to maximize the return on expenditures. Along with cost reduction guidelines, other incentives within the program, such as the retention of savings for projects not requesting financial hardship assistance, exist to promote efficiency in the design and construction of school facility projects.

See Section 13, “Additional SFP Requirements and Features” for more information on project savings. The Public School Construction Cost Reduction Guidelines are accessible on OPSC’s website at [www.dgs.ca.gov/opsc](http://www.dgs.ca.gov/opsc).

## Design with Flexibility in Mind

The SAB approval is based on the plans and specifications that accompany the *Application for Funding* (Form SAB 50-04) and is considered a full and final approval. Therefore, it is crucial that the apportionment is used for the scope of work contained in that specific set of plans. The SAB does not provide increases in project grants after the full and final approval; removal of scopes of work from the SAB-approved project may jeopardize project funding.

The scope of work included in the plans may contain classrooms and minimum essential facilities (MEF), meaning libraries, gymnasiums, multi-purpose rooms, and toilets which are necessary and support the classroom environment. In certain circumstances, a project may deviate from the scope of work outlined in the plans that were included with the application and approved by SAB (see “Change of Scope,” in Section 13, “Additional SFP Requirements and Features,” for more information on this topic). Because of this, it is important to structure bids with flexibility so that projects can be modified according to positive or negative fluctuations in the bid climate and costs of materials. By including additive and deductive alternates in the plans and specifications, your project will be able to accommodate both situations within the proposed budget for your SFP project in a manner that is consistent with SFP laws and regulation.

## Reusable Plans

The SFP requires the SAB to develop recommendations regarding the use of cost-effective, efficient, and reusable facility plans. Many school districts have found that reusing a portion or an entire school plan previously constructed within the school district or in another district can lead to efficiencies in the preparation time and the cost of constructing the facility. Reuse of plans is not always feasible, and may require considerable redesign work for the new site; however, in many circumstances the advantages are significant.

## Project Financing

A school district has several options available to meet its 50 percent funding requirement for new construction and 40 percent funding requirement for modernization projects. Some financing mechanisms the school district may consider are:

- » General obligation bond funds
- » Mello-Roos
- » Developer fees
- » Proceeds from the sale of surplus property
- » Federal grants

Once a school district has received an SFP apportionment and is ready for funds to be released for a project, it must certify on the *Fund Release Authorization* (Form SAB 50-05) that its contribution to the project has been expended, is on deposit, or will be expended prior to the notice of completion for the project. (See section 13, “Additional SFP Requirements and Features” for more information on the fund release process.)

## Site Selection

In addition to the basic grant for a new construction project, the school district may also receive up to 50 percent of the cost of site acquisition (see Section 5, “New Construction Funding”). In most cases, the district must have completed the process of identifying the site and must have CDE approval of the site prior to applying for site acquisition funding. Some separate site applications for financial or environmental hardships do not need this approval at the time of application. See further discussion under those topics in Section 5, “New Construction Funding.” The identification and approval processes fall under the jurisdiction and responsibility of agencies other than the SAB and OPSC and is therefore outside the scope of this handbook.

Because the processes required can be a major factor in a timely application submittal for project funding, district representatives should be aware of some of the basic requirements for site selection as follows:

### Identifying a Site

Selecting a site for a new construction project to be funded under the SFP is primarily a local process. The SAB has guidelines and regulations relating only to the funding limits related to site acquisition. CDE has the authority in law to develop standards for school site acquisition related to the educational merit and the health and safety issues of the site. CDE uses these standards to review a site and to determine if the site is an appropriate location for a school facility. CDE approval is a requirement before the application for site acquisition funding can be submitted to OPSC.

### Site Approval

There are many components that make up the review and approval of a proposed school site. CDE’s Guide to School Site Analysis and Development (<https://www.cde.ca.gov/ls/fa/sf/guideschoolsite.asp>), addresses these components more completely than this handbook can. School districts should consult CDE’s field staff or reference their publications on the site approvals.

## Section 4

# Application for Eligibility

## Introduction

The School Facility Program (SFP) provides State funding assistance for two main types of facilities construction projects: new construction and modernization. The process to attain State funding is a two-step process consisting of an application for eligibility and an application for funding. Applications for eligibility are approved by the State Allocation Board (SAB) to establish that the school district or county office of education meets the criteria under law to receive assistance for new construction or modernization. Eligibility applications alone do not result in state funding. To receive funding for eligible projects, the school district representative must file a funding application with the Office of Public School Construction (OPSC) for approval by SAB. See Section 5, “New Construction Funding” and Section 6, “Modernization Funding” for additional information on submitting applications for funding. Please note that throughout this section any references to “the school district” also refers to county offices of education, unless otherwise noted.

The discussions in this section are intended to describe the basic processes a school district will encounter when establishing eligibility. Every possible situation cannot be expressed within this overview. When preparing an application, the district representative should consult an OPSC project manager to confirm that the school district’s approach is correct and to ensure the school district will receive the most eligibility possible for state assistance. To learn more about SFP, visit OPSC’s website at [www.dgs.ca.gov/opsc](http://www.dgs.ca.gov/opsc).

An application for eligibility is the first step toward funding assistance through SFP. The process to establish eligibility for the school district (under new construction) or for a school site (under modernization) is required only once. Thereafter, the school district updates the eligibility information, as required to support new construction funding applications, or only for updates that will increase the school district’s eligibility if applying for modernization funding.

After the application for eligibility is reviewed by OPSC, it is presented to SAB for approval. The SAB’s action establishes that the school district has met the criteria outlined in law and regulation to receive state funding assistance for the construction of new facilities or the modernization of existing facilities.

## New Construction Eligibility

The underlying concept behind eligibility for new construction is straightforward. A school district must demonstrate that existing seating capacity is insufficient to house the projected amount of pupils by the using either a five-year or a ten-year enrollment projection. Once the new construction eligibility is determined, a “baseline” is created that remains in place as the basis of all future applications. The baseline is adjusted for changes in enrollment, for facilities added, and may also be adjusted for other factors such as: errors, omissions or regulatory amendment changes to SFP. For a complete list of adjustments, refer to SFP Regulations, Section 1859.51.

### Establishing Eligibility on a District-Wide or High School Attendance Area Basis

School districts generally establish eligibility for new construction funding on a district-wide basis. In some circumstances, it may be more beneficial to establish eligibility if capacity and enrollment are based on High School Attendance Areas (HSAA). This occurs when the building capacity in one attendance area (or HSAA) offsets another attendance area from receiving maximum eligibility. For example, one attendance area may have a surplus classroom capacity while another has a shortage of seats that are needed to meet the current projected enrollment. If the school district were to file on a district-wide basis, there might be little or no overall eligibility, even though the students in one attendance area are “unhoused” by the definitions described in the SFP Regulations. In this case, filing on a HSAA basis may result in an increase of eligibility for a specific area within the school district’s boundaries to allow for funding of facilities for unhoused students.

The school district may file applications using one high school for each attendance area, or at the school district’s discretion, may combine two or more adjacent HSAAs, commonly called a “Super High School Attendance Area” with multiple high schools contained within the Super HSAA. In either case, the attendance areas must serve an existing, operating high school, and the school district must demonstrate negative eligibility at any grade level in at least one HSAA. Continuation or proposed high schools may not be used for this methodology. Once a school district receives funding using a high school attendance area as the basis of its eligibility, it must continue to file future new construction applications on that basis for the next five years.

### Eligibility Process

The SAB has adopted three forms to assist school districts in collecting the information needed to establish eligibility. The following table outlines the three-step process a school district uses to establish new construction eligibility:

#### Process for Establishing New Construction Eligibility

STEP	DOCUMENTATION	PURPOSE
1	Enrollment Certification/Projection Form SAB 50-01	Used to collect information about the school district’s current and historical enrollment and to project that data five years into the future.
2	Existing School Building Capacity Form SAB 50-02	Used to record all the teaching stations in the school district that are adequate to house students.
3	Eligibility Determination Form SAB 50-03	Used to compare the information from the first two forms and to determine if the school district is eligible for new construction or modernization grants.

The forms referred to in the table can be downloaded from OPSC’s website at [www.dgs.ca.gov/opsc](http://www.dgs.ca.gov/opsc). OPSC’s website also includes an enrollment projection calculator that allows school districts to calculate their eligibility projections and populate the most current version of the Enrollment Certification/Projection (Form SAB 50-01).

### Step One—Enrollment Projections

It may take several years to complete a new construction project. Because of this, the SFP funding is based on a projection of enrollment, five years or ten years into the future. The Form SAB 50-01 is used to generate these projections. This form assists the school district with determining future needs, planning, calculating potential state funding, and constructing the project before the students to be served arrive. The method to project future enrollment uses current and historical California Basic Educational Data System (CBEDS) enrollment data for the school district. The data collected is then projected into the future for

five years or ten-years using a method known as a Cohort Survival Projection (Cohort). A school district reports its annual enrollment to the California Department of Education (CDE) each October and can also obtain historic CBEDS data from CDE.

School districts with a current enrollment of less than 300 students have the option of reporting their previous five-year enrollment average for any grade level for any year when the enrollment for that grade level decreased by more than 50 percent from the previous year enrollment. For more information on this option, please refer to the Form SAB 50-01, Part A.

If the school district chooses to file an application on a HSAA basis, the current and three previous years' enrollment data in the HSAA or HSAAs will need to be included on the Form SAB 50-01.

**Helpful Hints:**

- Make sure the maps being used are tentative tract maps, final maps or parcel maps (parcel maps can be used only for either apartment or condominium projects).
- Work closely with your local planning commission to ensure the maps are approved and valid.
- When reporting dwelling units on the Form SAB 50-01, be sure to reduce the number of proposed dwelling units by the number of homes that have been occupied or have had construction permits pulled that are twelve months or older from the date the permit was pulled.
- Use the dwelling unit spreadsheet provided on OPSC website to ensure timely processing of the district's application.
- If you are unsure if you can include a tract map, or you have other evidence of approval not previously mentioned, please contact your Project Manager.

An enrollment calculator is available on OPSC's website, for calculating the school district's enrollment projection. The enrollment calculator also allows the use of alternate methods of projecting enrollment for comparison to see which way benefits the school district the most. You can find the enrollment calculator at the following location: <https://www.dgsapps.dgs.ca.gov/opsc/ab1014/>

**Supplemental Enrollment Methodology**

A school district establishing or updating its new construction eligibility using the five-year enrollment projection method may supplement the cohort survival enrollment projection in several ways, including:

- » **Modified Weighting Mechanisms:** The Cohort weights the changes from one year to the next based on the assumption that recent changes in the school district's enrollment will have the most effect on the school district's future projection. Education Code Section 17071.75(a)(2)(b) allows for school districts to replace this weighting with one that best represents the trends of the school district's enrollment, whenever the alternate weighting method more accurately represents the school district's five-year enrollment projection. To use a modified or alternate weighting mechanism, a school district is required to provide 18 years of historical enrollment data.
  - » 1-2-3 is the standards weighting mechanism and is best suited for the majority of school districts. This method placed the most weight (3) on the most recent enrollment year.
  - » 3-2-1 is better for some school districts that have experienced recent trends contrary to the long-term trends of the district.
  - » 1-1-1 is a mechanism designed for school districts that have fluctuations in enrollment from year to year and do not grow or decline predictably.
  - » An alternate weighting mechanism consisting of any three positive whole numbers (i.e., 3-4-8 or 3-2-8) may be used if it can be shown to be mathematically consistent with the school district's enrollment history.
- » **Birth-Attendance Rate Adjustment:** The regulations allow for the use of an average birth-attendance rate to supplement the projection by replacing the calculation of future kindergarten enrollment. Typically, the Cohort projects the kindergarten enrollment through an average change which compares current kindergarten enrollment to the previous year's kindergarten enrollment. The birth-attendance rate supplement replaces this calculation by comparing historical birth numbers to past kindergarten enrollment to determine how many children born could potentially attend school within the school district. The rate is then applied to birth numbers corresponding to each projection year to reflect how many children could potentially attend school in the school district in the future.
- » **Student Yield Factor:** Reflects the number of students each dwelling unit will generate for purposes of an enrollment augmentation. The statewide average Student Yield Factor per Dwelling Unit is 0.5 for an Elementary School District, 0.2 for a High School District, and 0.7 for a Unified School District. Should the district wish to use its own student yield factor, a copy of the school district's study that justifies the student yield factor must be submitted with the Form SAB 50-01. The school district's study should determine the elementary, middle and high school pupils generated by new residential units, in each category of pupils enrolled in the school district. This study should be based on the historical student generation rates of new residential

units constructed during the previous five years that are of a similar type of unit to those anticipated to be constructed in which the school district is located.

- » Dwelling Unit Augmentation: Determined by the number of unhoused pupils that are anticipated as a result of dwelling units proposed to be built in the school district or HSAA pursuant to approved and valid tentative subdivision maps. A school district that is experiencing unusual residential growth can factor in these additional students into the enrollment projection.

#### Submittal Requirements for Dwelling Unit Augmentation

In order for school districts to account for the additional students that will reside in new subdivisions represented by the maps listed above, a school district will need to submit a Form SAB 50-01 and report the number of dwelling units to be constructed in the approved proposed subdivision. Additionally, the school district must provide the dates the maps were approved by the local planning commission or approval authority; the number of dwelling units to be built in the subdivision; and one of the following:

- » An acceptable map with the local planning commission or approval authority stamp approving the map; or,
- » An acceptable map with the appropriate supporting documentation; or,
- » A spreadsheet listing all of the subdivisions reported on the Form SAB 50-01 with the appropriate supporting documentation.

When submitting supporting documentation it must include one of the following:

- » Local planning commission or approval authority meeting minutes detailing the approval of the map; or,
- » A letter from the local planning commission or approval authority indicating that the tract map is approved and valid at the time of the submittal; or,
- » Any other reasonable documentation from the local planning commission or approval authority that indicates the tract map is approved and valid.

OPSC recognizes that local processes vary from county to county; thus the information provided by each planning authority varies. School districts still need to be aware that by signing the Form SAB 50-01, the school district representative is certifying that the information provided meets the criteria set forth by law and regulation. If there is any confusion about the information provided by the planning authority, school districts are encouraged to work with their OPSC project manager.

A supplement to the enrollment projection for proposed housing units is not available for county superintendent applications.

- » When reporting dwelling units on the Form SAB 50-01, be sure to reduce the number of proposed dwelling units by the number of homes that have been occupied or that have construction permits that are twelve months or older from the date the permit was issued.
- » Use the dwelling unit spreadsheet provided on OPSC's website to ensure timely processing of the school district's application.
- » If you are unsure if you can include a tract map, or you have other evidence of approval not previously mentioned, please contact your OPSC Project Manager.

#### What is an Approved and Valid Tentative Subdivision Map?

California law provides a framework by which city or county planning authorities process residential development projects. Typically, this process begins at the Specific Map stage, then proceeds to the Tentative Tract Map stage and concludes at the Final Map stage. OPSC recognizes that each city or county planning authority process may not entirely follow this process. However, state law requires a tentative subdivision map be approved and valid at the time of submittal to augment the enrollment projection. The

SAB and OPSC will permit the use of the following maps to augment enrollment projections:

- » Tentative Tract Map
- » Final Map
- » Parcel Map—only when the construction involves an apartment complex or condominium building.
- » Other tract maps will be reviewed on a case-by-case basis.

**Helpful Hint:**

All of OPSC's worksheets are available on OPSC's website.

### Step Two—Existing School Building Capacity

The second part in determining the school district's eligibility for new construction assistance is to document the capacity of the school district at the time the first application for eligibility is filed under the SFP. This capacity calculation is done only once. School districts may file capacity information on a district-wide basis or using a HSAA.

#### Calculation of Capacity

The *Existing School Building Capacity* (Form SAB 50-02) is used to capture the information needed to calculate existing capacity. The Form SAB 50-02 is a record of all the school district's facilities. The SFP Regulations provide instructions on what facility spaces are to be included or excluded in the calculation of the school district's capacity. Any project funded with local sources must be counted as existing capacity if the contract for construction of the project is signed before the original application for eligibility determination is made.

The process of calculating a school district's existing school building capacity is as follows:

1. The school district completes a gross inventory of all spaces constructed or reconstructed to serve as an area to provide pupil instruction. The grade level of each classroom is also identified.
2. The gross inventory is adjusted by excluding certain spaces that are not considered available teaching stations under law or regulation. The remaining classrooms contained in the inventory are multiplied by a loading factor of 25 pupils for elementary, 27 pupils for middle and high school, 13 pupils for non-severe, and 9 pupils for severe classrooms to determine the pupil capacity.
3. A final calculation is done to increase the capacity by a specified amount if the school district does not have a substantial number of students enrolled in multi-track year-round education. The calculation is referred to as the "Substantial Enrollment Requirement" adjustment or "SER" Adjustment for short. High school districts are not subject to the SER adjustment. The school district may request a waiver from this adjustment from CDE's School Facilities and Transportation Services Division.

#### School Site Evaluations

The school district must submit records of the teaching stations existing in the school district or HSAA as part of the inventory process. These records generally consist of the following:

- » Diagrams of the facilities at each site in the school district. These diagrams need not be highly detailed but must include and label all permanent and relocatable classrooms at the site. Many school districts use simple "fire-drill" maps for this purpose. The diagrams must be submitted with the application.
- » A corresponding list of classrooms and other areas is also very helpful as each classroom must also include information on what grade level is served, and each of the non-classroom spaces should be labeled for their type of use (gym, administration space, theater, bathroom, etc.).
- » Supporting documentation is required for any exclusions claimed on the gross inventory. For instance, if the school district claims that a portable is excluded because it has been leased for less than five years, a copy of the lease must be in the school district's possession as supporting documentation.

To assist in collecting a gross inventory the school district may elect to use OPSC's Site Analysis Worksheet to record all classrooms, and any reasons for exclusions (if necessary). This document is not mandatory but may make the inventory process easier. It also streamlines OPSC's review of the eligibility application.

### Step Three—Determining Eligibility

The last step in the new construction eligibility determination process is the *Eligibility Determination* (Form SAB 50-03). The existing school building capacity calculated in step two is subtracted from the enrollment projection determined in step one. The number of remaining pupils, if any, are considered “unhoused” for the purposes of SFP and represent the school district’s eligibility for new construction grant funding.

#### Eligibility Application Approval

Once the school district has completed steps one through three, they are ready to submit the eligibility application package. OPSC will conduct a preliminary review of the package to ensure that it is complete prior to adding the application to the workload list. A more detailed review will be completed prior to presentation to SAB that may include an on-site visit to review the information included in the site diagrams. When the review is complete and OPSC has validated the eligibility calculations, an item is presented to SAB for consideration of approval.

In some cases, OPSC may find that an application lacks required information. If this is the case, the school district is asked to provide the needed information within a specified time. If the school district is unable to comply, the application may be returned unprocessed. If this occurs, the school district may resubmit the application at any time after the needed information is available.

School districts should review the SFP Application Submittal Requirements worksheet, located on OPSC’s website, to ensure all required information is included with their application.

### Updating New Construction Eligibility

Districts must submit a Form SAB 50-01 for the enrollment year in which their new construction funding application is being processed by OPSC. School districts with applications on OPSC’s workload list will receive a notification 90 days in advance of when their new construction funding application will be processed and must submit their updated eligibility information within the 90-day period. The outcome of the eligibility update is used to support the request being made for the funding application.

### Modernization Eligibility

Establishing eligibility for modernization funding under SFP is site specific rather than district-wide, and is also more simplified than establishing new construction eligibility. Applications are submitted on a site basis, rather than district-wide or HSAA, as is the case for new construction. To be considered eligible, permanent buildings must be at least 25 years of age, and relocatable buildings must be at least 20 years old. To determine the age of the building, the 20 and 25-year period shall begin 12 months after the plans for the building were approved by the Division of State Architect (DSA). If the facility has previously been modernized with state funding, then the 20 or 25-year period begins on the date of the last SAB approved apportionment for modernization funding at the site.

If the facility is currently unused, such as a closed school, it may also be eligible for modernization funding if the school district intends to reopen it and assign students immediately.

### Step One—Establishing Modernization Eligibility

The SAB has adopted a single form to calculate eligibility for modernization and new construction. The Form SAB 50-03 is available for download on OPSC’s website and is enabled for editing or may be printed

as a blank form. Completed forms must be printed and receive a handwritten signature before submission to OPSC. In order to complete the Form SAB 50-03, the school district representative will need to provide a completed site diagram for the applicable school which contains the following information:

**Helpful Hint:**

Did you know that OPSC provides the current workload list on our website?

- » The number of permanent classrooms.
- » The number of portable classrooms.
- » The ages of all permanent and portable classrooms.
- » The grade level of each classroom, i.e., K–6, 7–8, 9–12, non-severe, or severe.
- » The square footage of each facility on the site, if requesting square footage based eligibility.

Note SFP Regulations that provide exclusions to the gross classroom inventory for establishing new construction eligibility do not apply for modernization eligibility. This exclusion provides an advantage to school districts by allowing the school district to take credit for older classrooms that were undersized or have been repurposed. For modernization eligibility, school districts should include the following in the reported classroom count:

- » Classrooms that are used for non-classroom purposes, including storage, administration, conference rooms, or libraries.
- » Classrooms for which a contract was signed for construction or acquisition of facilities for which construction work has commenced at the time the eligibility application is submitted to OPSC.
- » Science labs, shops, computer classrooms, etc.
- » Any undersized Resource Specialist Program or Pull-Out rooms
- » Pre-school classrooms and community school classrooms.

The instructions on the Form SAB 50-03 will guide the school district through the process of calculating the eligibility at that site for modernization. If all the buildings are over 25/20 years old for permanent/relocatable buildings respectively, and therefore eligible for modernization, the grant eligibility is the number of children that are enrolled at the site, or can be housed at a site based on state loading standards, whichever is less. However, for cases where there is a combination of classrooms that are under and over the modernization age limits, two alternative calculation methods are available. One option is to count those facilities that are over the age requirement and the amount of children that can be housed in them. The second option is to develop a ratio based on either the square footage of all buildings on site, or the number of classrooms on site, by comparing the square footage of overage to under age buildings or the number of overage to under age classrooms on the site. The ratio is then applied to the enrollment at the site.

### Step Two—Updating Modernization Eligibility

Unlike new construction eligibility, modernization eligibility does not require school districts to update modernization eligibility when submitting a funding application, although school districts may choose to submit a modernization eligibility update and a funding application concurrently if it is to their benefit.

For modernization eligibility, a school district is permitted to update CBEDS for a site when enrollment has increased in the reporting year, but if the CBEDS for the site remains the same or has decreased, the school district may choose to keep the CBEDS reported on the previous Form SAB 50-03. In most cases a school district should only update its modernization eligibility for a given site to report additional facilities becoming of age or in a year in which enrollment has increased (note that even when reporting additional facilities of age, a district is not required to update the enrollment if it has not increased and may instead use the last reported enrollment on file with OPSC).

### Eligibility Application Approval

Once the school district has completed part three of the Form SAB 50-03, they are ready to submit the modernization eligibility application package. OPSC will conduct a preliminary review of the package to ensure that it is complete before adding it to the workload list. A more detailed review will then be completed that may include an on-site visit to review the information included on the site diagrams. When the review is complete, and OPSC has validated the eligibility calculations, an item is presented to the SAB for consideration of approval.

School districts should review the SFP Application Submittal Requirements worksheet, located on OPSC's website, to ensure all required information is included with their application.

Application for modernization eligibility establishment or adjustment can only be used to support funding applications that were submitted concurrently with or after the eligibility level was determined. For example, a modernization funding application submitted in 2019 cannot draw on eligibility that will not be realized until 2021, even if the application is not processed until 2021. The eligibility on file at the time the modernization funding application was initially submitted will be used for that application.

In some cases, OPSC may find that an application lacks required information. If this is the case, the school district is asked to provide the needed information within a specified time. If the school district is unable to comply, the application may be returned unprocessed. If this occurs, the school district may resubmit the application at any time after the needed information is available. When the application is resubmitted, it will be added to the workload list with the new received date.

### Eligibility Process Change – June 2017

A school district is required to submit a new construction eligibility establishment or update document to OPSC prior to or concurrently with a funding application. A 2018 regulatory change affects the submittal process and processing timeline for establishing and updating eligibility. Historically, New Construction applications were funded based on eligibility available when the application was submitted. However, the SAB now requires New Construction eligibility to be updated at the time the application is processed by OPSC. This ensures that state general obligation bond funds are expended on projects that are able to demonstrate a current housing need. The SAB directed OPSC staff to implement the policy change at its June 2017 meeting and approved conforming regulations in January 2018.

School districts with applications on OPSC's workload list will receive a notification 90-days prior to when their new construction funding application will be processed and must submit their updated eligibility information to OPSC within 90 days of the notification. The outcome of that eligibility adjustment is used to support the funding application request.

School districts may still update modernization eligibility, up to the date the funding application is received by OPSC. Any eligibility updates after the initial funding application submittal will be available only for future modernization funding applications at the school site.

## Section 5

# New Construction Funding

### Introduction

After a school district has established eligibility for a project, as described in Section 4, the school district may request funding for the design and construction of the facility. In most circumstances, the funding is approved after the school district has acquired or identified a site for the project and after the plans for construction are approved by the Division of the State Architect (DSA) and the California Department of Education (CDE). The request for new construction funding must be submitted prior to occupancy of any classroom in the construction contract for the project.

The funding for new construction projects is provided in the form of a state grant. State grants consist primarily of a new construction funding (per-pupil grant) and additional funding through various supplemental grants.

### New Construction Grant

The new construction grant is intended to fund design, construction, testing, inspection, furniture and equipment, and other costs closely related to the actual construction of the school buildings. This amount is specified in law, and updated annually by the State Allocation Board (SAB), based on the grade level of the pupils served.

### Supplemental Grants

Supplemental grants are intended to provide an augmentation to project funding that recognizes unique types of projects, geographic location impacts, and other special project needs. These grants are based on formulas outlined in the School Facility Program (SFP) Regulations. There are several types of supplemental grants that will be discussed later in this section. The two more commonly used supplemental grants are:

- » Site Acquisition Grant—Funding for site purchase, relocation, escrow, hazardous waste removal, and other site acquisition-related costs.
- » Site Development Grant—Funding for costs related to preparing a site for construction, including grading and drainage. This grant also includes funding for off-site development items, such as sidewalks, curbs and gutters, streets, and related improvements. General site work, such as onsite driveways, curbs and gutters, and parking are also allowable for new school projects and additions to existing school sites when additional acreage is acquired.

Each new construction project is reviewed, and eligibility for grants is verified by the Office of Public School Construction (OPSC). All new construction grants must be equally matched with the school district's local funding sources. In some cases, school districts that are unable to contribute some or all of the local match may be eligible for financial hardship assistance. A school district requests financial hardship assistance on the funding application and will submit the necessary documentation for consideration of approval upon request by OPSC. See Section 10, "Financial Hardship" for more information on this subject. Once the types of grants are determined for a project, a request is sent to the SAB for an unfunded approval, followed by an apportionment. After the apportionment is approved, the school district must enter into a contract for the

construction of the facility, if it has not already done so, and must request a release of the funds within 90 days of the apportionment, pursuant to priority funding regulations. See Section 11, Application Approval and the Funding Process.

In some cases, when a school district has been approved for financial hardship assistance, the school district may request a separate site or design apportionment. In this situation, the request may be made before plans are completed and approved by DSA and CDE. Site and design funding is discussed later in this section. In addition, see Section 10, “Financial Hardship” for more information.

This section explains the funding application process, typical requirements, and how to determine the new construction grant amount. The information in this section focuses on the most common situations. School district representative may meet with OPSC staff to discuss the school district’s plan in detail prior to submittal of an application. Pre-submittal meetings are encouraged and often result in an efficient application process for the school district and OPSC.

## New Construction Funding Types

There are multiple options for requesting funding under the new construction program. The school district may request site and design apportionments separately when it meets Financial Hardship requirements or as a combined application. A school district may also qualify for advanced site acquisition funding due to necessary hazardous materials clean up.

### New Construction Adjusted Grant

A new construction adjusted grant is intended to provide funding for necessary project costs. It includes the new construction grant (pupil grants), site acquisition grants, and site development grants for site utilities, off-site, and service site development. The new construction adjusted grant also includes applicable supplemental grants and adjustments as described later in this section. This grant is approved only after the site has been approved and the plans are also complete and fully approved.

### Separate Design

School districts that qualify for financial hardship status may receive a separate apportionment for design costs. Design funding provides a portion (25 percent) of the per-pupil base grant in advance to allow school districts to hire an architect and prepare project plans for DSA approval. Once the plans are completed and receive approval, the school district may request the remaining balance of any eligible new construction funding, subject to available bond authority. The new construction grant will then be offset by the design apportionment previously apportioned for the project.

### Separate Site

School districts that qualify for financial hardship status may also receive a separate apportionment for site acquisition. The site funding allows a school district to acquire a site for the project. When the school district is ready to request the remaining new construction funding, the new construction adjusted grant will be offset by the site apportionment previously apportioned for the project.

### Separate Site—Environmental Hardship

If the Department of Toxic Substances Control (DTSC) certifies by letter that the time necessary to complete the remediation or removal of hazardous waste on the site to be acquired will exceed 180 days, the

school district may qualify for environmental hardship funding. This allows the school district to apply for a separate apportionment for site acquisition, even if the school district does not qualify for financial hardship which is normally a prerequisite for receiving advance funding for site acquisition.

## Funding Process

The process of applying for funding is as follows:

- » The school district submits a funding application package;
- » Upon notification of application processing, the school district updates its new construction eligibility for the year in which it is processed. Please see Section 4 for further information on updating new construction eligibility;
- » OPSC reviews the package;
- » The SAB grants an unfunded approval for the project;
- » OPSC provides the grant agreement to the school district;
- » The school district participates in the next available Priority Funding Filing Round;
- » The SAB approves the apportionment;
- » The school district requests a fund release and submits the executed grant agreements to OPSC (the district must sign and return the grant agreement prior to or concurrently with a request for fund release);
- » OPSC returns the signed and executed copy of the grant agreement to the school district after the SAB Executive Officer signs it;
- » The school district constructs the project (except in cases of reimbursement);
- » The school district submits expenditure report to OPSC;
- » The school district hires an auditor to conduct an audit of the expenditures.

The application for new construction funding is completed in a single form (Form SAB 50-04). This form collects the necessary information to calculate the amount of grants available for the project, and also serves as school district certification of compliance with requirements of the law and SFP Regulations. The school district must submit the Form SAB 50-04 only after the school district has received approval by the California Department of Education (CDE) and the Department of State Architecture (DSA) of the proposed new construction project and the project site plans when applicable.

The funding application is reviewed by OPSC to ensure all required documents have been submitted and is then placed on a workload list in order of the date the application was received by OPSC. School district representatives can view the status of projects by referencing the workload list on OPSC's website at [www.dgs.ca.gov/opsc](http://www.dgs.ca.gov/opsc). The applications for funding are then processed in date order for presentation to the SAB for consideration of an unfunded approval.

In some cases, OPSC may find that an application lacks required information to process the application. OPSC will ask the school district to provide the needed information within a specified time. If the school district is unable to comply, the application may be returned unprocessed, and the school district may resubmit the application, if eligible, once the needed information is available. When the application is resubmitted, it will be added to the workload list with the new receipt date.

## Preparing an Application

A complete application package is an essential element of the process of receiving funding for the school district's project. The information provided is the basis for determining the grant amounts that the school district will receive. The following discussion outlines the major elements of a complete application for a new construction adjusted grant. Note that the same information is not necessary for all application types.

The complete application for new construction funding must be submitted and accepted by OPSC prior to occupancy of any classroom in the construction contract for the project in order to be eligible for funding.

New construction funding applications require the Form SAB 50-04 and must be based on current eligibility approval (see Section 4, “Application for Eligibility”). Also, please note that school districts requesting financial hardship assistance must receive that status prior to being presented to SAB for an approval (see Section 10, “Financial Hardship” for further information). The table below delineates the supporting documents necessary for each type of new construction funding request.

#### New Construction Funding Required Documents

DOCUMENT	TYPE OF FUNDING			
	DESIGN ONLY	SITE ONLY	SITE AND DESIGN	CONSTRUCTION
Appraisal of property to be acquired when appropriate* (preliminary appraisal of property for separate site)		✘	✘	✘
Escrow closing statement or court order				✘
CDE approval of site* (contingent CDE approval of site for separate site)		✘	✘	✘
Final DSA plan approval				✘
CDE approval of plans				✘
Cost estimate for site development†				✘
Plan‡ and cost estimate for off-site development when funding is requested				✘

\* If this document has been submitted previously, it need not be resubmitted.

† SFP Regulations, Section 1859.76, “Additional Grant for Site Development Costs.”

‡ Plan must be approved by the local entity, see *Architectural Submittal Guidelines* for further information.

#### Helpful Hint:

When a school district seeks SFP funding, the law stipulates that a school district must hold title or an acceptable lease to all property acquired, constructed, or improved.

#### Application for Funding (Form SAB 50-04)

School districts use the Form SAB 50-04 to request funding for design, site and/or construction for all new construction projects. The form provides OPSC with specific project information to determine the new construction adjusted grant including, but not limited to: the type of application, the grade level of the project, the number of pupils the project will house, whether or not a site is being acquired, and if any additional or supplemental grants are being requested. To complete the Form SAB 50-04 with the required certifications, the school district representative will need to supply the following supporting informational documents:

#### Appraisal, Escrow Closing Statement, CDE Site Approval

An appraisal, escrow closing statement and/or court order, and CDE site approval letter are required if the application includes site purchase.

#### DSA-Approved Plans and Specifications

All new construction plans and specifications must be approved by DSA. DSA approval must be current and valid at the time the application for funding is submitted to OPSC. All final plans and specifications for new construction, modernization, or alteration of any school building requires DSA approval prior to signing a

construction contract. If DSA approval expires before the SAB apportions the funding application, the school district must obtain a new, updated approval from DSA prior to the project being apportioned. An unfunded approval for the project may be approved prior to obtaining the updated DSA approval, but it cannot receive an apportionment without having a valid DSA approval per statute.

If a school district enters into a contract for construction prior to receiving DSA approval of the plans and specifications, the project may not be eligible for state funding. The date of the DSA approval letter, not the DSA stamp, is considered the valid approval date. For more information, please refer to Education Code, Section 17072.30 or contact DSA.

### Cost Estimate for Site Development

A detailed cost estimate is required if the school district is requesting additional grants for site development in its new construction funding application. OPSC encourages all school districts to submit their cost estimates in electronic format to facilitate the review process. For more information, please refer to the heading “Site Development” in the section titled “Supplemental Grants”, discussed later in this section.

### School District Certifications

As previously mentioned, the Form SAB 50-04 is also an official certification to a number of SFP requirements. The form and the instructions to the form provide specific detail about the certifications. Some certifications the school district representative will make by signing the Form SAB 50-04 follow:

- » The school district has established a “Restricted Maintenance Account” (see Section 13, “Additional SFP Requirements and Features” for more information).
- » Contracts for the services of an architect, structural engineer, or another design professional who signed after November 4, 1998, and were obtained pursuant to a qualification-based selection process (see Section 3, “Project Development Activities”).
- » The school district will fund their share of the project.
- » If this request is for a large new construction or a large modernization project, the school district has consulted with the career technical advisory committee established pursuant to Education Code, Section 8070, and it has considered the need for vocational and career technical facilities to adequately meet its program needs in accordance with Education Code, Sections 51224, 51225.3(b) and 52336.1.
- » All large new construction funding applications for comprehensive high schools must be accompanied by evidence of compliance with Education Code, Section 17070.95. Documentation may include any of the following:
  - *Minutes from a public meeting by the school district’s governing board documenting the discussion with and the recommendations of the local Career Technical Education Advisory Committee (CTEAC) regarding the CTE facility needs assessment.*
  - *Minutes from the meeting with the local CTEAC regarding the CTE facility needs assessment and recommendations.*
  - Letter from the local CTEAC to the school district that identifies the subject of the discussion, the CTE facility needs assessment, and recommendations.

Finally, to reduce the need to submit extensive supporting documentation, OPSC will ask that the architect of record or other design professional certify to the following:

- » The date that DSA approved the plans and specifications.
- » That the cost estimate as submitted to the DSA for the work in the plans and specifications is at least 60 percent of the total grant provided by the total State and district matching share excluding any site acquisition costs provided.

### CDE Approval of Final Plans

The plans submitted to OPSC must have the approval of the CDE. The final plan approval letter from CDE must accompany the funding application.

## New Construction Grant Amounts

The SFP was designed as a per-pupil grant program where each pupil, depending on the grade level, would receive a specific dollar amount in grant funding. The minimum new construction adjusted grant will consist of the new construction grant as prescribed in law relative to the grade level of the pupils. The grant can be increased by certain supplemental grants for which the school district may be eligible. The following are the types of grants:

- » New Construction Grant (pupil grants)
- » Supplemental Grants

## New Construction Grant

The new construction grant is intended to provide the state's share for necessary project costs including, but not limited to, funding for design, costs related to the approval of the plans and specifications by all required agencies, the construction of the buildings, general site development, educational technology, unconventional energy, change orders, tests, inspections, and furniture and equipment. The new construction grant does not provide for site acquisition, site utilities, off-site, and service site development, as these costs vary due to location, size, topography, etc. OPSC will review and determine these costs on a case-by-case basis, as discussed later in this section.

The new construction grant is based on the number of pupils in the project. There are a number of ways that the school district can determine how many pupils will be assigned to a project, and therefore what the new construction grant will be. The first step is by determining the grade level and the number of classrooms included in the project. Under the SFP Regulations, K–6 classrooms are loaded with 25 pupils, 7–12 classrooms are loaded with 27 pupils, Special Day Class severe classrooms are loaded with 9 pupils, and Special Day Class non-severe classrooms are loaded with 13 pupils. Assuming that the school district has enough eligibility, it might decide to construct a ten-classroom addition along with bathrooms and other support facilities at an existing elementary school. The ten classrooms will house 250 children using the loading standards specified in the program statutes. If the school district has already established eligibility for at least that number of elementary students, the district could request 250 grants for the project.

There may be a situation where the school district may wish to ask for fewer grants than the classroom capacity of the project. For instance, the project described in the previous paragraph may be of relocatable construction and may be estimated to cost less than the number of grants that would be generated by 250 pupils.

In this situation, the school district may elect to use the following strategies:

- » The school district may reduce the grant request to fewer pupils, and request just enough pupil grants to completely fund the State share of the project. The advantage is that the school district will retain the unused grants for a future project, perhaps at another site.
- » The school district may ask for all 250 grants, and use the grant amount not only to construct classrooms at the site but also to construct other facility needs of the school district at the site, such as administration, multi-purpose rooms, gymnasium, etc.

- » The school district may ask for all 250 grants, and use the savings from the project for other capital facilities projects in the school district, provided the project is not receiving financial hardship assistance. The advantage to the school district is that the project is built as planned, while other facilities needs are also met within the State funding for the original project.

There are many variations on these approaches to determining grant amounts for a particular project. It is important that the school district consults with an OPSC project manager to be sure that a specific approach is possible and within the program laws and regulations.

### **New Construction Grant Calculation**

The new construction grant is determined by multiplying the pupils assigned to the project by the per-pupil grant amount established in law. The new construction grant amount is adjusted by SAB annually (every January) based on the adopted Construction Cost Index. The amounts as of 2019 are as follows:

#### **New Construction Basic Grant Amount**

<b>CLASSIFICATION</b>	<b>BASIC GRANT AMOUNT</b>	<b>COMMENTS</b>
Elementary Pupil	\$ 12,197	
Middle School Pupil	\$ 12,901	Include grade six pupils if part of a 6–8 grade school.
High School Pupil	\$16,415	
Special Day Class—Non-Severe	\$22,922	
Special Day Class—Severe	\$34,274	

The Special Day Class grant allowances are established at a level higher than basic new construction grant allowances as a means to cover building cost items such as enhanced or added electrical and plumbing fixtures, more accessible doors and grab bars, extra sinks, casework, restrooms, changing areas, living skills space and other facilities for students with exceptional needs.

### **Supplemental Grants**

Supplemental grants are intended to recognize unique types of projects, geographic locations, and special project needs. These grants are based on formulas outlined in the SFP Regulations. Available supplemental grants include:

- » Fire Code Requirements
- » Geographic Location
- » Prevailing Wage Monitoring
- » Multi-level Construction
- » New School Projects
- » Project Assistance
- » Replacement with Multi-Story Construction
- » Site Acquisition
- » Site Development
- » Small Size Projects
- » Special Education—Therapy
- » Urban Locations, Impacted Sites, Security Requirements

**Fire Code Requirements**

The new construction grant will be increased for each pupil in a project that includes an automatic fire detection and alarm system. The current increase is as follows:

**New Construction Grant Increase—Automatic Fire Detection and Alarm System**

CLASSIFICATION	GRANT INCREASE	CLASSIFICATION	GRANT INCREASE
Elementary Pupil	\$15	Special Day Class—Non-Severe	\$43
Middle School Pupil	\$20	Special Day Class—Severe	\$61
High School Pupil	\$33		

The new construction grant will be increased for each pupil in a project that includes an automatic sprinkler system. The current increase is as follows:

**New Construction Grant Increase—Automatic Sprinkler System**

CLASSIFICATION	GRANT INCREASE	CLASSIFICATION	GRANT INCREASE
Elementary Pupil	\$205	Special Day Class—Non-Severe	\$433
Middle School Pupil	\$243	Special Day Class—Severe	\$646
High School Pupil	\$253		

The amounts shown above are the 50 percent state share and are adjusted annually in the same manner as the New Construction Grant.

**Geographic Location**

A school district may qualify and request an augmentation to the new construction grant due to their geographic location. The Geographic Location supplemental grant is available to school districts with projects that are located in areas of California that are remote, difficult to access, or lack a pool of contractors.

**Prevailing Wage Monitoring (PWM)**

Depending on the date of the contract award for the project, a supplemental grant may be available to cover additional costs associated with Prevailing Wage Monitoring. Each project will be evaluated on a case-by-case basis for eligibility for the supplemental grant.

**Multi-Level Construction**

The SFP recognizes that school districts face additional costs to construct multi-level school facilities on small sites. A supplemental grant is available for projects in densely populated areas, where site acquisition costs are high and land is scarce, to provide funds to alleviate and mitigate the impact of these small sites. If the usable site acreage for the project is less than 75 percent of the site size recommended by CDE for the master-planned project capacity, the new construction grant can be increased by 12 percent for each pupil housed in a multi-level building that will house pupils in all levels of the building.

**New School Projects**

School districts that will construct an entirely new school on a site without existing school facilities may qualify for a supplemental grant. This grant is intended to provide additional funds for the construction of a

new school that will be constructed in phases to help construct core facilities such as multi-purpose rooms, gymnasiums, libraries, kitchens, etc., for projects that initially have a minimal amount of classrooms in the project. The SAB also provides a separate new school allowance to meet the specific facility needs of alternative education schools, which are defined as community day, county community, county community day, and continuation high schools for SFP. The Alternative Education New School Allowance applies to all alternative education schools for which the plans and specifications were accepted by DSA or after March 24, 2004. Please refer to OPSC's website for the current grant amounts. Any subsequent funding awarded at the same site will be offset by the new school grant amount provided for the site's first application.

### **Project Assistance**

The SAB may provide additional grant funding for project assistance to small school districts with enrollment of 2,500 pupils or less. As of January 2019, this additional grant of \$7,460 may be used for costs associated with the preparation and submission of the SFP eligibility and funding applications, including costs related to supplying the support documentation such as site diagrams. This grant amount will be adjusted annually.

### **Replacement with Multi-Story Construction**

As part of an SFP new construction project, a school district may demolish a single-story facility and replace it with a multi-story facility on the same site. This supplemental grant is given in addition to the new construction grant allowance. The SAB will provide a supplemental grant for 50 percent of the replacement cost for a single story facility(s) whenever the site size is less than 75 percent the recommended CDE site size, the pupil capacity at the site will increase, and the cost of the demolition and replacement is less than the cost of providing a new facility at a new site to house the pupil capacity.

### **Site Acquisition**

The site acquisition grant can be used to acquire and develop new school sites or, under some circumstances, to reimburse or credit the school district for a portion of the site acquisition costs originally borne by the school district or in specific circumstances the current appraised value. Eligible costs for site acquisition are:

- » Fifty percent of the lesser of the actual cost or the appraised value of the site.
- » Fifty percent of the relocation cost.
- » Two percent of the value of the site determined above, with a minimum of \$25,000.
- » Fifty percent of certain costs related to the DTSC review and oversight.
- » Hazardous waste removal (within 50 percent of one and one half times the appraised value).

Site acquisition grants have restrictions on their use. For example, if the district intends to use a site that was acquired in a priority one project under the Lease-Purchase Program (LPP), OPSC will use the appraised value of the site, as established under LPP, for the appraised value of the site under SFP. The SFP apportionment will be offset by the LPP apportionment. Any project that received site acquisition funds under LPP as a priority two project is not eligible for site acquisition funds under SFP.

The school district representative should consult the SFP Regulations and/or OPSC staff if (s)he is unsure if a particular item is an allowable cost before including the work in the project.

#### Interdependent Appraisal Requirement

The school district is required to submit one site appraisal report with the Form SAB 50-04. A California-licensed, and duly-qualified appraiser must issue a current appraisal report for the proposed site using the Uniform Standards of Professional Appraisal Practice. To maintain partiality, the appraisal must be prepared by legal counsel on behalf of the school district.

The site must be appraised as if it were a clean site, safe from all contaminants in accordance with SFP Regulations, Section 1859.74.1, CDE guidelines, and Title 5, California Code of Regulations. The appraisal report must evaluate both the gross and net usable acreage and any severance damages.

Site improvements associated with grading the site to a mass graded or construction-ready condition without foundation or paving and proposed utilities stubbed to the site may be included in the appraisal. Other site improvements must be finished before the close of escrow or 100 percent covered by a performance bond.

The appraisal date of valuation, or an update, may not predate the school district's funding application by more than six months. An SFP project which had the site funded as a LPP project shall use the value funded under LPP.

#### DTSC Costs

Site acquisition costs may include up to 50 percent of the cost for the review, approval, and oversight of the Phase One Environmental Site Assessment (POESA) and the Preliminary Endangerment Assessment (PEA). Note that these costs are prior to the actual clean-up costs, if any. In certain circumstances, actual clean-up costs may be included under Hazardous Waste Removal costs.

#### Hazardous Waste Removal

Site acquisition costs may be increased by up to 50 percent of one-half of the costs associated with the removal or remediation of hazardous waste on the site to be acquired. These costs may include the actual implementation of the response action required in the PEA, the cost of the preparation of the Response Action, and the cost for the DTSC review and oversight of the preparation and implementation of the Response Action. The increase in site acquisition may not exceed the difference between one and one-half times the appraised value of the site as if no contamination existed and the actual cost of the contaminated site.

#### Relocation Expenses

Reasonable and necessary costs to relocate residential occupants and businesses from the proposed new school site, including purchasing fixtures and equipment, personal property, new machinery and equipment, and the installation of any improvements at the replacement residences or business locations are permitted as site acquisition costs.

#### Incidental Site and Hazardous Waste Removal for Leased Sites

If the application for funding includes a vacant leased site that was never used for school purposes, the site acquisition costs may be increased by up to 50 percent of one-half of the costs associated with the removal or remediation of hazardous waste on the site to be leased. These costs may include approved relocation expenses, the actual implementation of the Response Action required in the PEA, the cost of the preparation of the Response Action, and the cost for the DTSC review and oversight of the preparation and implementation of the Response Action. The increase in site acquisition may not exceed 50 percent of one and one-half times the appraised value of the site determined by an appraisal made or updated no more than six months prior to the date the application was received by OPSC.

#### Hazardous Waste Removal Required on an Existing School Site

Site acquisition funding may be available for the evaluation and response action in connection with hazardous substances at an existing school site in advance of submittal of the DSA approved plans. If the school district has this circumstance, please contact an OPSC Project Manager.

#### Acquiring Title

Title to all property acquired, constructed, or improved with funds made available under SFP must be held by the school district to which the SAB grants the funds. The title to the site need not be actually held by the school district before funding; however, one of the following must be demonstrated:

- » Purchase will be made from one or more private parties, companies, developers, or other entities, as evidenced by an escrow showing the pending transfer of ownership to the school district.
- » Court orders, especially orders of condemnation through the county court where the proposed new site lies, which include a Final Judgment, Stipulated Judgment and Order of Immediate Possession to allow occupancy, or Order of Prejudgment Possession.
- » An escrow for the transfer of property in lieu of other legally required payments or fees due to the school district. (Example: School districts sometimes obtain proposed new school site parcels from developers, with all or part of the “purchase” price comprised of the school district forbearing from collecting school mitigation fees from the developers.)

#### Funding on Leased Land

The school district may utilize sites leased from governmental agencies for certain specified periods of time. To receive new construction grants for facilities that are or will be located on real property leased by the school district, the property must be leased from the federal government for a period of 25 years or another governmental agency for a period of 40 years. If the lease is with a governmental agency other than the federal government, a 30-year lease may be considered if there are no other educationally adequate sites available under a 40-year lease, the cost per year for a 30-year lease is not greater than a 40-year lease, or the school district can provide satisfactory evidence to the SAB that a shorter term lease is necessary.

### Site Development

The SFP provides a supplemental grant for the purpose of developing the site where the project is to be located. Site development costs are available for both new sites and for existing sites where additional facilities are being constructed. Additionally, funding for General Site Development, in accordance with SFP Regulation Section 1859.76(d) is allowable for new school projects and additions to existing sites, however, only when additional acreage is acquired. Funding provided is based on 50 percent of OPSC verified costs for the project. The other 50 percent is provided by a district matching share or by Financial Hardship supplementation. These development costs fall under four categories:

- » Service site development improvements are performed within school property lines and may include eligible site clearance, rough grading, soil compaction, drainage, erosion control and multi-level, single level subterranean or under building parking structures. This portion of the site preparation is accomplished prior to the general site development and construction of buildings.
- » Off-site improvements are located along the perimeter of two sides of the site including street grading and paving, storm drainage lines, curbs, gutters, sidewalks, and street lighting. These improvements are commonly dedicated for public use. If a district is requesting off-site improvements, the local entities having jurisdiction of areas where the off-site development is proposed must approve the related plans and specifications. These approved plans and specifications must be submitted to OPSC at the time the application for funding is submitted.
- » Utility service developments include improvements of water, sewer, gas, electric, and telephone from the closest existing utility connection.

- » General site development includes onsite driveways, walks, parking, curbs and gutters, tennis/handball courts, running tracks, baseball, football, and soccer fields, etc. Funding for general site work is limited to \$18,827 per usable acre (as of 2018) plus a percentage of the base grant including specific additional grants (multi-level, automatic fire detection/alarm system, automatic sprinkler system, and excessive cost hardship grants). The percentage increase provided is 6 percent for elementary and middle school projects and a 3.75 percent increase for high school projects.

If a school district is requesting a supplemental grant associated with site development on the Form SAB 50-04, verification must be submitted to support the request with the exception of general site development. To assist in gathering the supporting detail, OPSC has developed a “Site Development Worksheet for Additional Grants” that is located on OPSC’s website. The school district may use this worksheet or similar method to submit this information to OPSC.

### Small Size Projects

A supplemental grant is available to school districts with projects that house no more than 200 pupils. This grant provides additional funds for core facilities to accommodate for economies of scale for school districts building small projects. The new construction grant can be increased by 12 percent for a project that will house 100 or fewer pupils. Projects that will house between 101 and 200 pupils can receive an increase of four percent to the new construction grant.

### Special Education—Therapy

A supplemental grant is available for therapy rooms, not to exceed 3,000 square feet, plus 750 square feet per additional Special Day Class classroom needed for severely disabled individuals with exceptional needs. As of 2019, the current unit cost per square foot of therapy area is as follows:

- » \$359 per square foot for toilet facilities
- » \$200 per square foot for other facilities

The amounts shown above are the 50 percent State share and are adjusted annually in the same manner as the new construction grant.

### Urban Locations, Security Requirements and Impacted Sites

School districts with projects in urban locations on impacted sites may request a supplemental grant if all of the following conditions are met:

- » The useable site acreage for the project is 60 percent or less of the site size recommended by CDE for the net school building capacity for the project plus any existing enrollment at the site if any.
- » At least 60 percent of the classrooms in the project construction plans are in multi-story facilities.
- » For new construction of a new school site, the value of the site being acquired is at least \$750,000 per useable acre. This condition does not apply to new construction additions to existing school sites.

Urban locations on impacted sites are generally in areas of high property values or high population density, creating an environmental difficulty for school districts to acquire ample property, which causes increased project costs uniquely associated with urban construction. School districts with projects on these impacted sites are also faced with extra security requirements. The supplemental grant provides funds for security fences, watchpersons, increased premiums for insurance for contractors, and storage or daily delivery of

construction materials to prevent theft and vandalism. If a school district requests grants due to these circumstances, OPSC will verify the school district’s eligibility pursuant to the CDE Final Plan Approval letter and by OPSC’s review of the project construction plans and site appraisal.

If the above criteria are met, the urban supplemental grant is calculated on a sliding scale as follows:

**New Construction Urban Grant Adjustment**

IF...	THEN...
the useable acres are 60 percent of the CDE recommended site size, as described above...	the urban grant adjustment is 15 percent of the New Construction Grant and of the funding for additional grants for replaced facilities*, small size projects† and new school projects‡, and a 1.166 percent increase to the urban grant adjustment for each percentage decrease in the CDE recommended site size below 60 percent.

For new construction of a new school site, the adjustment shall not exceed 50 percent of the cost avoided with the purchase of a site smaller than the CDE recommended site size for the number of the pupil grants requested in the application§. This limit does not apply to new construction additions to existing school sites.

\* SFP Regulations, Section 1859.73.2, “New Construction Additional Grant for Replaced Facilities”

† SFP Regulations, Section 1859.83(b), “Excessive Cost for Projects that House No More than 200 Pupils (Small Size Project)”

‡ SFP Regulations, Section 1859.83(c), “Excessive Cost to Construct a New School Project”

§ SFP Regulations, Section 1859.83(d)(2)(A), “Excessive Cost Due to Urban Location, Security Requirements and Impacted Site”

**District Project Contribution**

Every new construction application is jointly funded between the school district and the state through the SFP. The state grant is discussed in the subsection entitled “New Construction Grant Amounts,” earlier in this section. The total state grant represents 50 percent of the total project cost, with the school district contributing the remaining 50 percent of the total project cost. The school district contribution may come from virtually any source. The only exception would be when savings is applied from another SFP project as the local match, which requires that the savings come from a previous new construction project. This restriction exists due to legal requirements pertaining to the bond funds, which the state uses as a program-funding source.

The school district is not required to have the entire 50 percent local contribution on deposit at the time of the project approval is made. However, when the project fund release is requested, the school district must certify that: the school district’s matching share has been deposited in the County School Facility Fund, has been expended by the school district for the project, or will be expended by the school district prior to the Notice of Completion for the project. Therefore, the school district has considerable flexibility in how the local share is arranged and contributed.

The school district representative should be aware, that regardless of when the share is contributed to the project, at project closeout the district must be able to show that 50 percent of the expenditures on the project were from local sources. If the school district is unable to demonstrate the 50 percent expenditure requirement has been met, the apportionment may be rescinded..

### Unable to Meet the Contribution

Any School district that is unable to contribute the 50 percent local matching share of a project may pursue financial assistance through the financial hardship provisions of SFP. School districts must submit financial data to OPSC for approval of financial hardship status (see Section 10, “Financial Hardship”) upon request by OPSC, after submitting a funding application. As noted previously, school districts may request a separate apportionment for site acquisition and/or design costs any time after the application for eligibility determination has been filed.

### Effects of Reorganization

School districts who are affected by a reorganization election may not file a funding application for new construction until after the notification of the reorganization election has been announced by the school board. If the school district had established new construction eligibility prior to reorganization, it must adjust the baseline eligibility on the *Eligibility Determination* (Form SAB 50-03) prior to the filing of new applications. Alternatively, the school district can choose to certify that the reorganization does not result in a loss of eligibility for the project requesting funding. School districts that are newly created by the result of a reorganization can submit a funding application after approval of the election by the CDE.

### SAB Approval Process

The applications for funding are presented to SAB for approval in the order of their OPSC receipt date. The SAB approval (action) can either be an unfunded approval or an apportionment, depending on the availability of funds for new construction. Usually, the first SAB approval that a project receives will place the project on the “Unfunded List (Lack of AB 55 Loans).” A project will receive an apportionment after placement on the Unfunded List (Lack of AB 55 Loans), provided it meets Priority Funding requirements including a Grant Agreement described in greater detail in Section 11 “Application Approval and the Funding Process.”

## Section 6

# Modernization Funding

## Introduction

The School Facility Program (SFP) provides funding assistance to school districts for the modernization of school facilities. Modernization grant funding is approved by the State Allocation Board (SAB), and requires a 40 percent local contribution. A school site generates eligibility for grants when students are housed in permanent buildings 25 years old or older or in portable classrooms 20 years old or older; or in the case of classrooms that were previously modernized with State funds or rehabilitated under the Charter School Facilities Program, the 25/20-year period begins on the date of its previous apportionment. The per-pupil grant amount is increased, and funding for specific utility upgrades is allowed if permanent buildings to be modernized are 50 years old or over. See Section 4, “Application for Eligibility.”

The modernization grant (per-pupil grant) amount is set in law (updated annually by SAB). In addition to the basic grant amount, a school district may be eligible for supplemental grants depending on the type and location of the project. In some cases, school districts unable to contribute some or all of the local match may be eligible for financial hardship assistance. See Section 10, “Financial Hardship” for more information on this subject. Once the grants are determined for a project, a request is sent to SAB for a modernization adjusted grant apportionment.

The modernization grant is provided for improvements that extend the useful life of, or enhance the physical environment of, the school. Modernization grants can be used for the cost of designs and materials that promote the efficient use of energy and water, the maximum use of natural lighting and indoor air quality, the use of recycled materials and materials that emit a minimum of toxic substances, the use of acoustics conducive to instructing and learning, and other characteristics of high-performing schools. Air conditioning, insulation, roof replacement, as well as the purchase of new furniture and equipment are just a few other eligible expenditures of modernization grants. A school district may choose to use grant funding to demolish and replace building area of like kind. However, modernization funding may not be spent for construction of a new facility.

This section explains the funding application process, typical requirements, and how to determine the modernization grant amount. The information in this section focuses on the most common situations. District representative may meet with Office of Public School Construction (OPSC) staff to discuss the school district’s plan in detail prior to submittal of an application. Pre-submittal meetings are encouraged and often result in an efficient application process for the school district and OPSC.

## Available Modernization Funding

There are two types of funding applications which may be made under the modernization program:

### Modernization Grant

A modernization grant is intended to provide the State's share for necessary project costs. In a typical project, a modernization grant includes the modernization grant (per-pupil grant) and any applicable supplemental grants as described in this section under "Supplemental Grants."

### Advance Funding for Design

A design apportionment is available in advance for school districts that qualify for financial hardship. This apportionment represents 25 percent of the modernization grant. Separate design funding is intended to enable a school district to hire an architect to prepare the project plans for Division of the State Architect (DSA) approval. When the plans are complete and approved, and the school district is ready to request the remaining modernization grant.

### Funding Process

After the school district submits an eligibility application (see Section 4, "Application for Eligibility") the process of applying for funding is as follows:

- » The school district submits a funding application package;
- » OPSC reviews the package;
- » The SAB grants an unfunded approval for the project;
- » OPSC provides the grant agreement to the school district;
- » The school district participates in the next available Priority Funding Filing Round;
- » The SAB approves the apportionment;
- » The school district requests a fund release and submits the created grant agreement to OPSC (the district must sign and return the grant agreement prior to or concurrently with a request for fund release);
- » OPSC returns the signed and executed grant agreement to the school district after the SAB Executive Officer signs it;
- » The school district constructs the project (except in cases of reimbursement);
- » The school district submits expenditure report to OPSC;
- » The school district hires an auditor to conduct an audit of the expenditures.

The application for modernization funding is completed in a single form, the *Application for Funding* (Form SAB 50-04). This form collects the necessary information to calculate the amount of grants available for the project, and also serves as district certification of compliance with requirements of the law and SFP Regulations. The school district must submit the application for funding only after the school district has received approval by the California Department of Education (CDE) and by the Department of State Architecture (DSA) for the proposed modernization project plans. In most cases, the school district has determined its eligibility for modernization grants on the *Eligibility Determination* (Form SAB 50-03) before applying for funding. However, if the school district has not established eligibility for the project previously, it may submit the eligibility application concurrently with the funding application (see Section 4, "Application for Eligibility.")

The funding application is reviewed by OPSC for completeness and placed on a workload list in order of the date the application was received by OPSC. School district representatives can view the status of projects by referencing the workload list on OPSC's website at [www.dgs.ca.gov/opsc](http://www.dgs.ca.gov/opsc). The applications for funding are then processed in date order for presentation to SAB for consideration of unfunded approval.

In some cases, OPSC may find that an application lacks required information to process the application. The school district is asked to provide the needed information within a specified time. If the school district

is unable to comply, the application may be returned unprocessed, and the school district may resubmit the application, if eligible, once the needed information is available. When the application is resubmitted, it will be added to the workload list with the new receipt date.

## Preparing An Application

A complete application package is an essential element of the process of receiving funding for the school district's project. The information provided is the basis for determining the grant amounts that the school district will receive. The following discussion outlines the major elements of a complete application for a modernization adjusted grant. This information is not necessary for a separate design funding request, unless noted.

All applications require a complete Form SAB 50-04 and must be based on a previous establish eligibility, or an approved eligibility update submitted concurrently with the funding application (see Section 3, "Project Development Activities"). Eligibility for 50-year old buildings is not separate from the other eligibility at the site. If the school district is requesting increased funding for pupils housed in 50-year old buildings, site diagrams with the ages and square footages of the buildings in the project must be provided with the application package. To complete the Form SAB 50-04 and to make the required certifications, the school district representative will need at least the following supporting information.

## Final DSA Approved Plans and Specifications

All modernization plans and specifications must be approved by DSA. DSA approval must be current and valid at the time the application for funding is submitted to OPSC. All final plans and specifications for new construction, modernization, or alteration of any school building requires DSA approval prior to signing a construction contract. If DSA approval expires before OPSC begins processing the funding application, the district must obtain a new, updated approval from DSA prior to the project being apportioned. An unfunded approval for the project may be approved prior to obtaining the updated DSA approval, but it cannot receive an apportionment without having a valid DSA approval per statute.

If a school district enters into a contract for construction prior to receiving DSA approval of the plans and specifications, the project may not be eligible for State funding. The date of the DSA approval letter, not the DSA stamp, is considered the valid approval date. For more information, please refer to Education Code, Section 17072.30 or contact DSA.

## Assessability/Fire Code Requirements Checklist

School Districts can request an additional grant to cover required accessibility and fire code costs that are included in a modernization project. There are two options available to the school district when requesting this grant. If the School district chooses the option and the grant is based on 60 percent of the minimum cost required by DSA, the school district must submit the completed checklist for this work that was signed by DSA as part of the DSA-plan approval process. Alternatively, the school district can request three percent of the base grant which does not require submission of a checklist. Please see the Supplemental Grants Section below for more details about this grant.

## Cost Estimate

A complete, detailed construction cost estimate signed by the architect or design professional is required for the modernization project. The construction cost estimate should match the one submitted to DSA and must equal at least 60 percent of the total project cost (school district and state share).

### CDE Plan Approval Letter

CDE must approve plans for modernization projects before they can be considered for funding under SFP. The school district should contact the School Facilities and Transportation Services Division (SFTSD) of CDE as early as possible in the planning process. For non-Financial Hardship projects, the CDE letter is valid if construction commenced within two years from the date of the letter. If CDE approval expires before a project is received by OPSC, the district must obtain a new, updated approval from CDE prior to the project being apportioned.

### School District Certifications

As previously mentioned, the online application submittal and Form SAB 50-04 submittal includes official certification to a number of SFP requirements. The online system, form and the instructions to the form provide specific detail about the certifications; however, some of the issues to which the school district representative will have to certify are as follows:

- » The school district has established a "Restricted Maintenance Account" (see Section 13, "Additional SFP Requirements and Features" for more information).
- » The facilities to be modernized were not previously modernized under the LPP.
- » Contracts for the services of an architect, structural engineer, or another design professional who signed after November 4, 1998, and were obtained pursuant to a qualification-based selection process (see Section 3, "Project Development Activities" for more information).
- » The property to be modernized using SFP funds is either owned by the school district or county superintendent or it is leased from another governmental entity. If the property is leased, the lease is for at least 40 years from a non-federal governmental agency or 25 years from a federal governmental agency. The cost of the lease is not an eligible cost under SFP.
- » The school district has consulted with the career technical advisory committee established pursuant to Education Code, Section 8070, and it has considered the need for vocational and career technical facilities to adequately meet its program needs in accordance with Education Code, Sections 51224, 51225.3(b), 51228(b), and 52336.1.
- » Beginning with the 2005/2006 fiscal year, the school district has complied with Education Code, Section 17070.75(e), by establishing a facilities inspection system to ensure that each of its schools is maintained in good repair (see Section 13, "Additional SFP Requirements and Features" for more information).
- » Beginning with the 2005/2006 fiscal year, the school district has complied with Education Code, Section 17070.75(e), by establishing a facilities inspection system to ensure that each of its schools is maintained in good repair (see Section 13, "Additional SFP Requirements and Features" for more information).
- » The school district has considered the potential for the presence of lead-containing materials in the modernization project and will follow all relevant federal, state, and local standards for the management of any identified lead.

### Career Technical Education Advisory Committee Compliance

All projects submitted for modernization funding must comply with the vocational and career technical education facilities requirements as outlined in Education Code (EC) 17070.955. The school district must demonstrate compliance with the EC by submitting one of the following:

- » Minutes from a public meeting by the school district's governing board documenting the discussion with the local Career Technical Education Advisory Committee (CTEAC) regarding the local career technical education (CTE) facility needs assessment. The minutes must specify the recommendation by the CTEAC and that the need for career technical facilities is being adequately met by the school district. The minutes must also reference the modernization project(s) for which the school district is requesting funding.
- » Minutes from the meeting with the local CTEAC regarding the local CTE facility needs assessment. The minutes must specify the recommendation by the CTEAC and that the need for career technical facilities is being adequately met by the school district. The meeting notes must also reference the modernization project(s) for which the school district is requesting funding.

- » A letter from the local CTEAC to the school district that identifies the local CTE facility needs assessment and that the need for career technical facilities is being adequately met by the school district relative to this project.
- » A written statement certifying that school district is not subject to EC 17070.955 in lieu of the above requirements. It is recommended that the school district consult with their legal counsel before making this determination.

Finally, to reduce the need to submit extensive supporting documentation, OPSC will ask that the architect of record or other design professional certify to the following:

- » The date that DSA approved the plans and specifications.
- » The number of classrooms demolished and not replaced and the number of classrooms constructed. (This is necessary to verify that no new construction, except the replacement of demolished facilities, is done with modernization funds.)
- » That the cost estimate for the work in the plan and specifications as submitted to the DSA is at least 60 percent of the total grant provided by the state's and school district's matching shares.

## Modernization Grant Amounts

The modernization grant is based on the number of pupils assigned to the project. This number may be the number of students enrolled at the site where the modernization will occur. This is usually true when all of the buildings at the site are 25 years or older for permanent buildings and 20 years or older for relocatable structures. In cases where only some of the buildings at the site are over age and therefore eligible for modernization, the number of pupils assigned to the modernization project will probably be less than the total pupils on the site. The Form SAB 50-04 will assist the school district in determining the proper number of pupils to be included in the application. When this number is determined, it is then possible to calculate the modernization grant amount as described in the next section. The following are the types of grants:

- » Modernization Grant
  - *Modernization Grant for 50-Year-Old Buildings*
- » Supplemental Grants

### Modernization Grant Calculation

The modernization grant for each pupil housed in buildings to be modernized is established by law.<sup>1</sup> The grant amount is adjusted annually every January by action of SAB, based on changes to the Class B Construction Cost Index. As of January 2018, the modernization grants, which represent the state's 60 percent share of the project, are as follows:

#### Modernization Grant Amount

CLASSIFICATION	MODERNIZATION GRANT AMOUNT	COMMENTS
Elementary Pupil	\$ 4,644	
Middle School Pupil	\$ 4,912	Include grade six pupils if part of a 6–8 grade school.
High School Pupil	\$ 6,431	
Special Day Class – Non-Severe	\$ 9,903	
Special Day Class – Severe	\$14,802	
State Special School	\$24,672	

#### Modernization Grant for 50-Year-Old Buildings

CLASSIFICATION	BASIC GRANT AMOUNT	CLASSIFICATION	BASIC GRANT AMOUNT
Elementary	\$ 6,452	Special Day Class—Non-Severe	\$13,752
Middle School	\$ 6,824	Special Day Class—Severe	\$20,565
High School	\$ 8,933	State Special School	\$34,273

When requesting modernization pupil grants at the K-6, 7-8, or 9-12 grade levels, the request must be for at least 101 pupil grants, or the remaining modernization eligibility if fewer than 101 pupils remain. When requesting pupil grants at the Special Day Class (SDC) Non-Severe level, the request must be for at least 52 pupil grants, or the remaining modernization eligibility if fewer than 52 pupils remain. When requesting pupil grants at the SDC Severe level, a grant request must be for at least 36 Severe pupil grants, or the remaining modernization eligibility if less than 36 pupils remain.

### Supplemental Grants

Supplemental grants are provided to accommodate special costs associated with projects based on type or location. The district also uses the online application system or Form SAB 50-04 to supply information related to the supplemental grants. Supplemental grants are available for the following circumstances:

- » DSA Required Elevators
- » Fire Code Requirements
- » Geographic Location
- » Handicap Access and Fire Code Compliance
- » Prevailing Wage Monitoring
- » Project Assistance
- » Site Development for 50-Year-Old Buildings

<sup>1</sup> Education Code, Section 17074.10.

- » Small Size Projects
- » Urban Locations, Impacted Sites, Security Requirements

The following is a brief explanation of the supplemental grants:

### Elevators

If the DSA requires two-stop elevators in the modernization project, the modernization grant will be increased by \$124,082 for each two-stop elevator (as of January 2019). The school district must attach the DSA letter that requires the elevators be included in the project for handicap access compliance. The modernization grant will be increased by \$22,335 for each additional stop required<sup>2</sup>. The grant amount will be adjusted annually using the Class B index.

### Fire Code Requirements

The modernization grant will be increased for each pupil in a project that includes an automatic fire detection and alarm system. The current increase is as follows:

#### Modernization Grant increase—Automatic Fire Detection and Alarm System

CLASSIFICATION	GRANT INCREASE	CLASSIFICATION	GRANT INCREASE
Elementary	\$151	Special Day Class—Non-Severe	\$278
Middle School	\$151	Special Day Class—Severe	\$415
High School	\$151		

The amounts shown above are the 60 percent State share and are adjusted annually in the same manner as the Modernization Grant.

### Geographic Location

A supplemental grant is available to school districts with projects that are located in areas of California that are remote, difficult to access, or lack a pool of contractors. A school district may qualify and request an augmentation grant because of their geographic location.

### Handicap Access and Fire Code Compliance

There are two options available to school districts when requesting this supplemental grant for accessibility and fire code requirements. One option is for the school district to request this supplemental grant and base it on three percent of the requested pupil grant amount. No additional documentation is required when selecting this option.

The second option is for the supplemental grant to be based on 60 percent of the minimum required access compliance and fire code work. This option of the excessive cost hardship grant for access compliance<sup>3</sup> is based on actual hard costs as reported by the school district on the accessibility/fire code requirements checklist. These costs must be the minimum work necessary to receive approval from the Access Compliance Unit of DSA and must be verified by DSA and OPSC. The grant is calculated by taking the difference of the verified actual hard costs and subtracting seven percent of the sum of the state and school district

<sup>2</sup> SFP Regulations, Section 1859.83(f), (1) and (3), "Excessive Cost Hardship Grant."

<sup>3</sup> SFP Regulations, Section 1859.83(f), "Excessive Cost Hardship Grant."

## 6: Modernization Funding

shares of the project's modernization base grant (when the Lease Purchase Program converted to SFP, statute provided seven percent of the modernization base grant to cover access compliance work). However, there is a cap that may not be exceeded.

If the construction costs of a modernization project exceed 50 percent of its replacement cost, the building must be brought into compliance with the current building code as part of the Title 24 requirements. Therefore, the maximum a district can receive for access compliance is the difference between the new construction base grant (which represents approximately 50 percent of the replacement cost) and the sum of the state and school district share of the modernization project's base grant.

The chart below illustrates how the excessive cost hardship grant cap is calculated based on one pupil grant, and how the seven percent is applied:

#### Calculation of Maximum Grant (Cap)—Based on One Elementary Pupil

STATE AND DISTRICT SHARE OF NEW CONSTRUCTION BASE GRANT AT 50 PERCENT	<i>subtract</i>	STATE AND DISTRICT SHARE OF MODERNIZATION BASE GRANT	<i>equals</i>	MAXIMUM GRANT ALLOWABLE FOR ACCESSIBILITY REQUIREMENTS
\$12,197		\$7,740		\$4,457

This chart provides examples of the calculation of the excessive cost hardship grant:

#### Examples of Calculation of the Excessive Cost Hardship Grant

IF THE MINIMUM ACCESSIBILITY WORK VERIFIED BY DSA IS:		7 PERCENT OF STATE AND DISTRICT SHARE OF MODERNIZATION BASE GRANT		DIFFERENCE	EXCESSIVE COST @ 100 PERCENT
\$2,000	<i>subtract</i>	\$ 542	<i>equals</i>	\$1,458	\$1,458
\$6,000	<i>subtract</i>	\$ 542	<i>equals</i>	\$5,458	\$4,457 (cap)
\$ 350	<i>subtract</i>	\$ 542	<i>equals</i>	-\$ 192	\$ 0

The three percent of the modernization base grant option can be requested for any modernization project that include an accessibility or fire and life safety component.

#### Project Assistance

The SAB may provide additional grant funding under project assistance to small school districts with enrollment of 2,500 pupils or less. As of January 2019, the additional grant of \$3,978 may be used for costs associated with the preparation and submission of SFP eligibility and funding applications, including costs related to support documentation such as site diagrams. The grant amount will be adjusted each year using the Class B index. The school district can find the current amount on OPSC's website.

#### Site Development for 50-Year-Old Buildings

A supplemental grant is provided to accommodate for upgrading existing utilities as necessary for the modernization of existing 50-year or older permanent buildings. The school district is eligible for the lesser of the following: Sixty percent of the estimated utility costs or twenty percent of the Modernization Grants (pupil grant). Allowable utility cost fall under five categories<sup>4</sup>:

<sup>4</sup> SFP Regulations, Section 1859.78.7, "Modernization Additional Grant for Site Development Necessary for 50 Years or Older Permanent Buildings."

- » Water
- » Sewage
- » Gas
- » Electric
- » Communication systems

If a school district is requesting a supplemental grant associated with site development for utility upgrades with its online application or on the Form SAB 50-04, verification must be submitted to support the request. To assist in gathering the supporting detail, OPSC has developed a Site Development Worksheet for Additional Grants that is located on OPSC’s website. The school district may use this worksheet or similar method to submit this information to OPSC.

**Small Size Projects**

A supplemental grant is available to school districts with projects that house no more than 200 pupils. This grant provides additional funds to modernize core facilities and to accommodate for economies of scale for school districts building small projects. The modernization grant can be increased by 12 percent for a project that will house 100 or fewer pupils. Projects that will house between 101 and 200 pupils can receive an increase of four percent to the modernization grant. For additional details on eligibility for this grant, please see SFP Regulation Section 1859.83(b).

**Urban Locations, Security Requirements and Impacted Sites**

School districts with projects in urban locations on impacted sites may request a supplemental grant if:

- » The useable site acreage for the project is 60 percent or less of the site size recommended by the CDE based on current CBEDS Report at the site at the time of the CDE final plan approval for the modernization project.

Urban locations on impacted sites are generally in areas of high property values or high population density, creating an environmental difficulty for school districts to acquire ample property, which cause increased project costs uniquely associated with urban construction. School districts with projects on these impacted sites are also faced with extra security requirements. The supplemental grant provides funds for security fences, watchpersons, increased premiums for insurance for contractors, and storage or daily delivery of construction materials to prevent theft and vandalism. If a school district requests grants due to these circumstances, OPSC will verify the school district’s eligibility pursuant to the CDE Final Plan Approval letter.

If the above criterion is met, the urban supplemental grant is calculated on a sliding scale as follows:

**Modernization Urban Grant Adjustment**

IF...	THEN...
the useable acres are 60 percent of the CDE recommended site size, as described above...	the urban grant adjustment is 15 percent of the Modernization Grant and of the funding for small size projects† and new school projects*, and  a 0.333 percent increase to the urban grant adjustment for each percentage decrease in the CDE recommended site size below 60 percent.

\* SFP Regulations, Section 1859.83(b), “Excessive Cost for Projects that House No More than 200 Pupils (Small Size Project)”

## School District Project Contribution

Every modernization application is a joint funding effort between the local school district and the state through the SFP. The total state grant represents 60 percent of the total project cost, with the school district contributing the remaining 40 percent of the necessary funding. To calculate the school district's modernization share, multiply the state's modernization grant by 0.6667. The school district contribution may come from virtually any source.

The school district need not have the entire 40 percent local contribution on deposit at the time of the project approval is made. However, when the project fund release is requested, the school district must certify that: the school district's matching share has been deposited in the County School Facility Fund, has been expended by the school district for the project, or will be expended by the school district prior to the Notice of Completion for the project. Therefore, the school district has considerable flexibility in how the local share is arranged and contributed.

The school district representative should be aware, however, that, regardless of when the share is contributed to the project, at project closeout the school district must be able to show that 40 percent of the expenditures on the project were from local sources. If the school district is unable to demonstrate the 40 percent expenditure requirement has been met, the apportionment may be rescinded.

### Unable to Meet the Contribution

School districts that are unable to contribute the 40 percent local share of a project may pursue financial assistance through the financial hardship provisions of SFP. Districts must submit financial data to OPSC for approval of financial hardship status (see Section 10, "Financial Hardship") upon request by OPSC after submitting a funding application. As noted previously, school districts may request a separate apportionment for design costs any time after the application for eligibility determination has been filed.

## SAB Approval Process

Applications for funding are presented to SAB for approval in the order of their OPSC receipt date. The SAB approval can either be an unfunded approval or an apportionment, depending on the availability of funds for modernization. Typically, the first SAB approval that a project receives will place the project on the "Unfunded List (Lack of AB 55 Loans)." A project will receive an apportionment sometime after placement on the Unfunded List (Lack of AB 55 Loans), provided it meets Priority Funding requirements including a Grant Agreement described in greater detail in Section 11 "Application Approval and the Funding Process."

### Additional Information

See Section 11, "Application Approval to Funding Process," for additional information on fund release requirements.

## Section 7

# Charter School Facilities

## Introduction

In 2002, Assembly Bill 14 created the Charter School Facilities Program (CSFP). With the passage of Propositions 47, 55, 1D and 51, \$1.4 billion has been made available for the construction of new charter school facilities or the rehabilitation of existing school district facilities that are at least 15 years old for charter school use. This program allows charter schools that provide classroom-based instruction to access state facility funding directly or through the school district where the project is to be located and that serves the same grade level as the students housed in the project. Applications are accepted only during specified filing rounds.

## Program Requirements

The CSFP provides successful applicants with a preliminary apportionment (also known as a reservation of bond authority). A request to convert a preliminary apportionment to a final apportionment meeting all the School Facility Program (SFP) criteria must be submitted within a four-year period unless a single one-year extension is granted. The applicant must be deemed financially sound by the California School Finance Authority (CSFA) to qualify for funding.

For both new construction and rehabilitation projects, the applicant must provide a 50 percent matching contribution. This match can come from the applicant's resources, or it can be borrowed from the state, provided the applicant requests a loan at the preliminary apportionment phase. Loans are repaid over a period up to 30 years starting one year from the date of occupancy for the project. For more information on the financial soundness and loan process, please refer to CSFA's website:  
<http://www.treasurer.ca.gov/csfa/charter.asp>.

The charter school must have an approved charter petition, offer classroom-based instruction and have either a minimum of two years operating experience or a management team with a minimum of two years experience managing a charter school in California to qualify for state funding. Both school district dependent and school district independent charter schools may apply. Applications for dependent charter schools must be submitted by the school district, while applications for independent charter schools may be submitted by either the school district or the charter school.

Applications may only be submitted during specified filing rounds. Rounds occur when a bond is approved that includes funding for the CSFP or if enough bond authority returns to the program to provide for a new round. Bond authority returns through repayment on loans, projects converting under the reserved amount, and project rescissions and reductions to cost incurred. If a new round is scheduled, it will be announced on the Office of Public School Construction's (OPSC) website and through email notifications. To sign up to receive email notifications from our office please refer to OPSC's website:  
<http://www.dgs.ca.gov/opsc/Home/subscribe.aspx>.

## Types of Projects

There are three types of projects in the CSFP: new construction, rehabilitation, and combination new construction and rehabilitation. A new construction project builds a new school, adds capacity and square footage to an existing site or purchases an existing building, such as an office building, and retrofits it to meet all program requirements for use as a school. A rehabilitation project modernizes or demolishes and

replaces existing school district owned buildings. Rehabilitation projects do not result in added capacity or square footage to the site. Combination projects would consist of both new construction and rehabilitation at the same site.

Title to the site and facilities for new construction projects must be held by a school district, governmental entity, or the charter school may request to hold title. Title to the site and facilities for projects that include rehabilitation work must be held by a school district. If a school district holds title, it must be the school district where the charter school project is physically located and that serves the same grade levels as the students housed in the project.

## Eligibility

New construction eligibility under the SFP is not required to apply for new construction funding. However, the school district in which the charter school is physically located must certify to the number of unhoused students within the school district where the charter school will house the new construction project. A charter school applying on its own behalf may apply once it has notified the superintendent and governing board of the school district, where the project is physically located and that serves the same grade level, of its intent to apply in writing (with proof of delivery) 30 days prior to submitting the preliminary application to OPSC. The notice to the school district shall include the grade level and number of pupils the charter intends to house in the project, a request that the school district certify to the number of the school district's unhoused pupils that the charter project will house and a request that the school district update its SFP new construction eligibility for current enrollment.

To apply for modernization funding the Charter facilities must be school district-owned and at least 15 years of age. The age of the facilities begins 12 months after the plans for the building were approved by DSA; or in the case of facilities that were previously modernized under the Lease Purchase Program, the 15-year-old period begins on the date of its previous modernization apportionment. Like new construction, modernization eligibility at the site is not required, unless the project consists of the rehabilitation of facilities that were previously modernized under SFP). A project may receive funding for facilities that were modernized under the SFP, subject to State Allocation Board (SAB) approval if the site has remaining modernization eligibility. However, the rehabilitation apportionment will be offset by the previous amount of modernization funding received for the facilities in the rehabilitation project.

## Application Process

A complete application package is an essential element in the process of receiving a preliminary apportionment. The information provided is the basis for determining the apportionment amounts that the applicant will receive. The *Application for Charter School Preliminary Apportionment* (Form SAB 50-09) provides OPSC with the general project information to determine the amount of bond authority to reserve for the project: the grade level and number of pupils the project will serve, whether or not a site is to be acquired, and if any supplemental grants are requested. A project narrative is also required and allows for the applicant to explain the project components in detail. OPSC will use the narrative in conjunction with the Form SAB 50-09 to ensure the applicant is maximizing its funding request. To be considered a complete application package, the applicant will need to submit a Form SAB 50-09, and all other supporting documents (i.e., project narrative, supporting documents for allowances requested on the application, architect's drawing of existing facilities to be rehabilitated, etc.).

Once OPSC receives the preliminary application, it will be reviewed to ensure that the pupil grants or rehabilitation square footage and additional allowances requested are commensurate with the project being built. In conjunction with CSFA's review to determine the financial soundness of the applicant.

For additional information on the components of a complete application, please review the instructions on the Form SAB 50-09 and the application submittal requirements available on OPSC's website.

## Funding Criteria

If the estimated total apportionments of all financially sound applicants exceed the funds available, the SAB shall provide preliminary apportionments using the following four categories:

- » Geographical regions of the State
- » Urban, rural, and suburban areas
- » Large, medium, and small charter schools
- » Grade levels of the pupils served by charter school applications

Within each category above, preference will be granted to charters in: overcrowded school districts, low-income areas, not-for-profit charters, and for the use of existing school district facilities. A preference point calculation system, based on the criteria set above, will be used in determining the projects that will be funded from each category. If more than one application is received that meets the same criteria within a category, SAB will fund based on which project has the highest preference points.

To determine the amount of preference points given to projects in overcrowded school districts, the school district where the charter project will be physically located and that serves the same grade level as the charter project will need to submit an *Enrollment Certification/Projection* (Form SAB 50-01), and any required supporting documents. An *Existing School Building Capacity* (Form SAB 50-02), and *Eligibility Determination* (Form SAB 50-03) will not be necessary unless the school district has not established new construction eligibility under the SFP. If eligibility has not been established, the eligibility documents necessary to establish new construction eligibility must be submitted prior to the end of the filing period (see Section 4, "Application for Eligibility.")

For more information on the categories and preference points, please review SFP Regulation Section 1859.164 and 1859.164.1.

## Preliminary Apportionment Components

A preliminary apportionment is calculated using the following grants that are requested by the applicants on the Form SAB 50-09:

NEW CONSTRUCTION	REHABILITATION
<ul style="list-style-type: none"> <li>• Per Pupil base grant amount</li> <li>• Multi-level Construction Grant Amount</li> <li>• Site Acquisition</li> <li>• Site Development General Site Development</li> <li>• Urban/Security/Impacted Site</li> <li>• Small Size Project</li> <li>• Geographic Percent Factor Inflater Factor*</li> </ul>	<ul style="list-style-type: none"> <li>• Square footage base grant amount</li> <li>• Elevators</li> <li>• Urban/Security/Impacted Site</li> <li>• Small Size Project</li> <li>• Geographic Percent Factor</li> <li>• Inflater Factor*</li> </ul>

\*The preliminary apportionment is increased in anticipation of cost increases in future years by an inflator factor. Site acquisition costs are not subject to the inflator factor.

Please see Section 5, “New Construction Funding,” for a full explanation of the grants.

## Preliminary Apportionment Determination for New Construction

To determine the funding for a new construction project, first calculate the new construction base grant by multiplying the capacity of the project, based on the grade level of the classrooms to be constructed and the SFP loading standard, by the applicable pupil grant amount(s).

SFP Classroom Loading Standards:

CLASSIFICATION	SFP CLASSROOM LOADING STANDARDS	CLASSIFICATION	SFP CLASSROOM LOADING STANDARDS
Elementary (K-6)	25	Special Day Class—Non-Severe	13
Middle School (7-8)	27	Special Day Class—Severe	9
High School (9-12)	27		

CSFP Pupil Grant Amounts:

CLASSIFICATION	CSFP PUPIL GRANTS (2019)	CLASSIFICATION	CSFP PUPIL GRANTS (2019)
Elementary	\$ 12,260	Special Day Class—Non-Severe	\$23,030
Middle School	\$ 12,980	Special Day Class—Severe	\$34,438
High School	\$ 16,473		

The new construction base grant is then added to any additional grants requested on the Form SAB 50-09 and the sum, less any costs for site acquisition is increased by an inflator factor.

## CSFP Specific Requirements for Additional Grants

To qualify for additional grants at the time of conversion, an applicant must meet the applicable requirements in SFP Regulation. However, when applying for a Preliminary Apportionment, some of the requirements for multilevel construction, site development costs and site acquisition have been modified. This has been done to account for the fact that most applications will not have approved plans and/or a purchased site and allows OPSC to reserve funding for these costs.

If the request for a preliminary apportionment includes a reservation of funds for multi-level classroom construction, the entire CSFP per-pupil base grant will be increased by 12 percent to reserve the maximum allowance. To qualify for this grant at the time of conversion, the project must include multilevel construction and have usable site acreage for the project that is less than 75 percent of the site size recommended by the California Department of Education. The CSFP per-pupil base grant will then only be increased by 12 percent for each pupil housed in a multilevel building.

If the request for a preliminary apportionment includes a reservation for site development costs, the allowance shall be determined based upon either the State default amount of \$70,000 per proposed net useable acre, actual acquisition cost, or historical cost. The estimated site development cost shall be the amount for anticipated service-site, off-site and/or utilities for the project. For projects that are acquiring acreage, a general site allowance may be requested. For more information on the type of work funded by site development, see Section 5 “New Construction Funding.”

The preliminary apportionment for the estimated site acquisition shall be determined by the submittal of an appraisal or preliminary appraisal, when available. In addition, a separate allowance is available for sites that need hazardous waste cleanup. The appraisal or preliminary appraisal should be made or updated no more than six months prior to the application submittal to OPSC and comply with the requirements in SFP Regulation Section 1859.74. In cases where a specific site has not been identified for the project, the median cost of the consummated sales transactions within the general location multiplied by the proposed net useable acreage to be acquired shall determine the property value reservation. In either case, the applicant must obtain a preliminary recommended site size letter from CDE. Before determining the median cost, the information for recorded sale transactions should be expressed in a per acre amount. Additionally, the property value will be increased by four percent for the title, escrow and survey fees. An allowance for estimated relocation and Department of Toxic Substance Control (DTSC) costs may be included.

## Preliminary Apportionment Determination for Rehabilitation

The preliminary apportionment for a rehabilitation project will be determined by first adding the square footage of all non-toilet enclosed area and the square footage for the toilet area. The amount of square footage in the project is then multiplied by the current rehabilitation square footage grant amount. As of January 2019, grant amounts are \$200 per non-toilet area square foot and \$359 per toilet area square foot. This results in the rehabilitation base grant. This grant amount cannot exceed what a new construction project would receive based on the number and grade level of classrooms included in the rehabilitation project. The rehabilitation base grant would then be added to any additional grants requested on the Form SAB 50-09, and the sum is then increased by an inflator factor.

## Apportionment Conversion

The preliminary apportionment for a CSFP project must be converted within a four-year period to a final adjusted grant apportionment meeting all the SFP program requirements unless a single one-year extension is granted. Applicants may convert a preliminary apportionment once the project has received final plan

approval from DSA and CDE, final site approval from CDE (for new construction projects) and escrow has been opened on a site (for new construction projects with site acquisition). A complete conversion application package includes an *Application for Funding* (Form SAB 50-04) and all other documentation required under the SFP provisions (see Section 5, “New Construction Funding”). The applicant will also need a current financial soundness determination to receive a final apportionment. When a new construction project is converted; the pupil request cannot exceed the number of pupils requested at the time of preliminary apportionment. Likewise, when a rehabilitation project is converted, the square footage cannot exceed the square footage requested at the time of preliminary apportionment.

For additional information, please review the instructions on the Form SAB 50-04 and the conversion application submittal requirements available on OPSC’s website:

<http://www.dgs.ca.gov/opsc/Programs/charterschoolfacilitiesprogram.aspx>

## Project Reductions/Increases

Once an application is submitted for a final apportionment, the project costs may be adjusted. If the application supports a higher project cost than what was reserved at the preliminary apportionment phase the applicant may receive additional funding if additional bond authority is available and the applicant can be found financially sound by CSFA for the increase. Likewise, if at the time of conversion, the project no longer qualifies for, or needs the entire amount of funding that was originally reserved, the applicant may remove grants or reduce the number of pupil grants or amount of square footage requested. The excess bond authority would then be returned to CSFP.

## Advance Funding for Design and Site Acquisition

The program includes provisions to allow advanced fund releases for design costs and site acquisition funding for the preliminary apportionments provided that the Charter Agreement(s) and the Grant Agreement(s) have been executed, the applicant has a current financial soundness determination from CSFA and all other program requirements for advance fund release have been met. The total advance fund release for design funding can equal up to 20 percent of the state grant for total construction costs. The advanced fund release for site acquisition may be for up to the amount requested for the purchase of the site on the Form SAB 50-09.

## Charter Agreements

There are three Charter School Agreements: Memorandum of Understanding (MOU), Funding Agreement and Use Agreement. The MOU identifies the respective roles and responsibilities of all parties involved: the state, the charter school and possibly the school district, and is required for all CSFP projects. The Funding Agreement pertains to the loan provided by the state for the 50 percent matching share, and is only required if a loan is requested. A Use Agreement is between the school district and charter school and pertains to the use of the charter facility if the school district holds the title. The MOU and Funding Agreement are created by CSFA and the Use Agreement is created by the school district. All Charter School Agreements must be executed as a condition of fund release.

## Fund Release and Priority Funding

To receive an advance fund release for design or site acquisition or a final fund release for an adjusted grant after conversion, the applicant must participate in the Priority Funding process. The first step in this process is to receive unfunded approval and placement on the Unfunded List (Lack of AB 55 Loans). Advances for

design and site are placed on this list when a Preliminary Apportionment is awarded. Adjusted grants are placed on this list when the conversion application is approved by SAB. Next, applicants will need to request to participate in the Priority Funding Process to access funding. This process is described in greater detail in Section 11 “Application Approval and the Funding Process.” Once funding becomes available, applicants will receive an apportionment. Applicants will then have 90 days from the date of apportionment to submit a valid fund release request for design and adjusted grants and 180 days to submit a valid fund release request for site acquisition. Please refer to the Charter School Facilities Program page on OPSC’s website for a CSFP fund release checklist that outlines the required items for a valid fund release request:  
<http://www.dgs.ca.gov/opsc/Programs/charterschoolfacilitiesprogram.aspx>

Applicants must return the signed grant agreement to OPSC for projects subject to the grant agreement as a condition of fund release. Please refer to section 11, “Application Approval and the Funding Process,” and the Priority Funding page on OPSC’s website for more information on the Priority Funding process, including certification filing round dates and required certification language:  
<http://www.dgs.ca.gov/opsc/Home/PriorityFunding.aspx>

## Closeout

When a CSFP project converts to a final apportionment, it will be subject to all SFP progress and auditing standards. A substantial progress report will be required at 18 months from the date the final apportionment was made. Annual expenditure reports will be required beginning one year from the date of the first fund release after conversion until the project is complete. The project is considered complete when three years elapse from the date of the final fund release for an elementary school project, or four years for a middle or high school project, or when the school district declares the project complete (whichever occurs first), at which time the final expenditure report must be submitted. Any project savings in a CSFP project must be returned to the state.

See Section 12, “Accountability,” for more information on reporting expenditures, substantial progress, and the local audit and reporting requirements.

To learn more about the CSFP program, contact your OPSC project manager or visit OPSC’s website at:  
[www.dgs.ca.gov/opsc](http://www.dgs.ca.gov/opsc).

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## Section 8

# Career Technical Education Facilities Program

## Introduction

The Career Technical Education Facilities Program (CTEFP) was established by Assembly Bill 127, Chapter 35, Statutes of 2006, (Nunez/Perata). The passage of the Kindergarten-University Public Education Facilities Bond Act of 2006 in November 2006 provided the program with \$500,000,000 in bond authority. The purpose of CTEFP is to provide funding to qualifying local educational agencies to construct new facilities or reconfigure existing facilities. The resulting facilities must enhance the educational opportunities for pupils and provide them with the skills and knowledge necessary for the high-demand technical careers of today and tomorrow.

More recently, California voters approved Proposition 51 in November 2016. Proposition 51 provided an additional \$500,000,000 for the CTEFP.

## Eligibility

CTEFP funding may be requested for new construction or modernization projects.

- » For New Construction, the applicant must be a local educational agency (LEA) operating a comprehensive high school that meets the requirements of Education Code (EC) Sections 51224, 51225.3 and 51228. The LEA must have an active career technical advisory committee pursuant to EC Section 8070.
- » For Modernization, the applicant must be a LEA operating a comprehensive high school that meets the requirements of Education Code Sections 51224, 51225.3 and 51228 or a joint powers authority (JPA) operating career technical education programs as of May 20, 2006. The applicant must have an active career technical advisory committee pursuant to EC Section 8070.

In both cases, the applicant is not required to have School Facility Program New Construction eligibility or Modernization eligibility. Projects funded exclusively under the CTEFP will not affect an applicant's SFP eligibility. A classroom constructed as a stand alone project with CTEFP funds will not be counted as additional capacity and the applicant's New Construction eligibility will not be reduced. Existing facilities modernized or reconfigured with CTEFP funds will still be eligible to receive or generate modernization funding based on the original eligibility date.

## Application Process

Receiving funding under the CTEFP is a two-step application process; first an applicant submits a grant application to the California Department of Education (CDE), and second, a funding application to the Office of Public School Construction (OPSC).

An applicant must first submit a grant application to the CDE that details the relevant career technical education curriculum and facility needs to increase student achievement. CDE will review and score each application based on guidelines developed in cooperation with the Chancellor's Office of the Community Colleges, the Labor and Workforce Development Agency, and business and industry groups. The grant application guidelines identify the criteria and pupil outcome measures that are used to evaluate the applicant's CTE program and are designed to ensure equity, program relevance to industry needs, and articula-

tion with more advanced coursework at partnering community colleges or private institutions. The grant application must meet all mandatory criteria and achieve a minimum score of 105 points in order to be eligible for funding.

Each application must be under one of 15 Career Technical Education (CTE) sectors recognized by the CDE in the Career Technical Educational Model Curriculum Standards. The Standards specify learning goals in 58 career pathways organized in the following industry sectors:

- » Agriculture and Natural Resources
- » Arts, Media, and Entertainment
- » Building and Construction Trades
- » Business and Finance
- » Education, Child Development, and Family Services
- » Energy, Environment and Utilities
- » Engineering and Architecture
- » Fashion and Interior Design
- » Health Science and Medical Technologies
- » Hospitality, Tourism, and Recreation
- » Information and Communication Technology
- » Manufacturing and Product Development
- » Marketing, Sales, and Services
- » Public Services
- » Transportation

The CDE guidelines and grant application may be found on the CDE's webpage.

After receiving a passing score, the applicant may file an Application for *Career Technical Education Facilities Funding* (Form SAB 50-10) with OPSC during an open CTEFP funding cycle. OPSC uses the plan score, in part, to determine the funding order of projects submitted during a cycle.

## Grant Amounts

A CTEFP grant may be requested for a project that constructs a new facility or modernizes or reconfigures an existing facility.

- » The maximum CTEFP grant for a New Construction project is \$3 million.
- » The maximum CTEFP grant for a Modernization project is \$1.5 million.

The grant amount requested will be verified using information provided by the applicant. The applicant provides the construction and equipment costs, as well as the square footage of the CTE facility being constructed, modernized, reconfigured, or equipped. All costs are subject to verification by OPSC. The applicant must provide a detailed cost estimate of construction cost and an itemized list of equipment for each project. Eligible equipment must have an average life expectancy of at least ten years. A CTEFP project may consist entirely of equipment.

By statute, the CTEFP funding is “per project per school site”, which allows for multiple projects at a single school site. Funding may be requested for each industry sector, or even distinct pathway, offered at a school. Each project would be eligible for the maximum grant amount and would require a separate CTEFP application.

CTEFP funding may be requested in one of three ways:

### **CTEFP with a Qualifying SFP New Construction project**

The Education Code allows for CTEFP grants to supplement SFP New Construction grants for CTE classrooms in a new construction project. In this situation, the applicant may request CTEFP grants for the costs associated with a CTEFP facility that are above and beyond the funding provided by the SFP New Construction grants. The CTEFP grant is determined by subtracting SFP New Construction grants from the actual or projected construction cost of the CTE facilities. The CTEFP grant is 50 percent of the resulting amount, not to exceed \$3 Million.

For every classroom in the CTEFP project that is included in the SFP New Construction funding request, a deduction will be made from the total eligible costs to ensure the facilities are not funded under both programs. This deduction is determined by multiplying the square footage in a standard classroom (960 square feet) by the Current Replacement Cost for non-Toilet facilities for each classroom in the CTEFP project. The offset of the 960 square foot standard applies regardless of the actual square footage of the CTE facility.

Site development costs associated with the CTEFP facilities must be requested on the SFP New Construction application.

### **Standalone New Construction Project**

When an applicant requests funding to construct a new CTE facility without using SFP New Construction grants, it is considered a stand alone new construction project. The eligible cost is determined by adding the cost of construction, the cost of equipment, and necessary site development costs. If the CTE facility is part of a larger project, site development costs will be prorated to the amount attributable to the CTE facility being constructed. The CTEFP grant is 50 percent of the resulting amount, not to exceed \$3 Million. Site development costs are allowed in accordance with SFP Regulation Section 1859.76.

### **Modernization Project**

CTEFP funding may be requested to modernize or reconfigure an existing CTE facility for a facility being converted for the purposes of housing a CTE program. The CTEFP grant is 50 percent of the eligible construction and equipment costs, not to exceed \$1.5 million.

Reconfigure means to remodel an existing building within its current confines and/or the expansion of the square footage of the existing building. Reconfiguring an existing school building must not displace a minimum essential facility, such as a library or multi-purpose room. In any case involving the reconfiguration of an existing minimum essential facility for CTE purposes, the replacement of the minimum essential facility must be part of the plans submitted in support of the Career Technical Education Facilities Application. Replacement of the minimum essential facility must occur concurrently and SFP grants cannot be used for the reconstruction of the displaced minimum essential facility.

### **Qualifying SFP Project**

A CTEFP project may be part of a SFP new construction or modernization project that is submitted concurrently. A CTEFP project may also be a part of a SFP new construction or modernization project that is on OPSC Workload list, or has been fully funded, provided the following criteria are met:

- » The plans and specifications for the Career Technical Education Project were included in the original DSA approved plans and specifications for the Approved Application for new construction or modernization funding.
- » The classrooms constructed for the Career Technical Education Project were not occupied prior to May 20, 2006.

## Matching Share

The CTEFP is a 50-50 program, meaning the applicant must provide a matching contribution equal to the state grant. The matching share can not be waived under any circumstances and may come from various sources, including but not limited to, private industry groups or partners, school district funds, or a JPA. However, a grant recipient's local match shall not include funding from any state or federal sources that provide funding for Career Technical Education including, but not limited to the Career Technical Education Incentive Grant Program, the Career Technical Education Pathways Trust Program, the Career Technical Education Initiative and the Perkins Federal Career and Technical Education Grant Program. The matching funds must be a monetary expenditure. Donations of "in kind" labor or equipment do not count toward the matching contribution.

Financial Hardship status is not available for the CTEFP projects; however, this does not prevent a Financial Hardship school district from applying for CTEFP funding. Funds specifically earmarked and used for the express purpose of matching a CTEFP grant will not count toward a school district's available funds for the purposes of a Financial Hardship review.

If matching funds are not immediately available to an applicant, the applicant may enter into a loan agreement with OPSC for all or part of the required match. The matching share will be repaid to the state over time and all returned funds will be deposited into the CTEFP fund. The loan repayment term will be ten years with the possibility of a one-time five-year extension. The interest rate will be determined by the rate earned by the Pooled Money Investment Board on the date of apportionment.

## Required Documents

When submitting a funding request, applicants have two options. If a project is "construction ready", meaning the applicant has DSA-approved plans and specifications and the CDE has approved the plans, the applicant may request full funding of the project. Alternatively, if a project lacks DSA approved plans and specifications and/or CDE plan approval, the applicant can request a reservation of funds. In the latter scenario, funds will be reserved, but not released, for a period of up to 12 months from the date of apportionment during which time the DSA approved plans and specifications and/or CDE plan approval must be submitted to OPSC. If the applicant fails to submit the required approvals within the 12-month period, the application will be rescinded.

Documents Required for Full Funding:

- » *Application for Career Technical Education Facilities Funding (Form SAB 50-10)*
- » CDE's CTE Score Letter
- » Copy of the submitted CDE grant application
- » Facility Plan Approval letter from CDE
- » DSA-approved plans and specifications
- » Detailed Cost estimate of construction and site development
- » Itemized equipment list with costs and quantities
- » If requesting a loan, the completed CTEFP Funding Availability Worksheet (available on OPSC's website)

Documents Required for Reservation of Funds:

- » *Application for Career Technical Education Facilities Funding (Form SAB 50-10)*
- » CDE's CTE grant application Approval Letter
- » Copy of the submitted CDE grant application
- » Detailed Cost estimate of construction and site development

- » Itemized equipment list with costs and quantities
- » If requesting a loan, the completed CTEFP Funding Availability Worksheet

Please see Section 5, “New Construction Funding,” for a full explanation of the grants.

## Funding Cycles

Applications are submitted and processed during CTEFP funding cycles that are established by the State Allocation Board (SAB). As of December 2018, the Board has held four CTEFP funding cycles. The SAB approved projects during first three cycles using the \$500,000,000 from Proposition 1D between 2008 and 2014. Following the passage of Proposition 51, the Board established the fourth and fifth funding cycles and dedicated \$125,000,000 to each cycle, one leaving a remainder of \$250,000,000 to be established. Applications for the fourth funding cycle were accepted and processed in 2018. Applications for the fifth funding cycle will be accepted and processed in 2019. The remaining \$250,000,000 will be scheduled in future funding cycles.

## Funding Order

Within each funding cycle, the funding priority will be based on the numerical score for the applicant’s CTE grant application as determined by CDE and the locale of each project. The locale for each project shall be Urban, Suburban or Rural as determined by the National Center for Educational Statistics. In the first two cycles, funds available were distributed proportionately to the eleven California County Superintendents Educational Services Association Service Regions based on the current high school enrollment within each Service Region. Within each Service Region, the highest scoring project in each of the three locales is funded. The process continues above until all applications or funds are exhausted.

In accordance with SFP Regulations, the funding order in the third and subsequent funding cycles is based on the score and locale of each project, regardless of Service Region.

For each funding cycle, if a CTEFP project cannot be fully apportioned because of insufficient funding, the applicant may either accept the available funding as the full and final apportionment for the project or refuse funding entirely. If funding is refused, the application will be returned to the applicant and the Board shall consider funding the next project eligible for an apportionment based on the above funding order process. A CTEFP project returned to the applicant may be resubmitted during a subsequent funding cycle.

## Fund Release

CTEFP projects are subject to the same fund release requirements as SFP New Construction or Modernization projects. Funds that have been apportioned by the Board will be released after submittal of the *Fund Release Authorization* (Form SAB 50-05).

- » If the application was for a full funding, the school district or JPA must submit the Form SAB 50-05 within 90 days of apportionment.
- » If CTEFP funds were reserved, the applicant has one year from the date of apportionment to submit the necessary approvals and/or plans and specifications to OPSC. The 90-day time limit on the fund release commences upon receipt of the necessary documents.
- » If the applicant is requesting a loan for the entire matching share, the applicant may receive 10 percent of the State grant within 30 days of apportionment.

## Closeout

With a few important exceptions, a CTEFP project will be subject to all SFP progress and auditing standards. A substantial progress report will be required at 18 months from the date the final apportionment was made. Annual expenditure reports will be required beginning one year from the date of the first fund release until the project is complete. The project is considered complete when 4 years elapse from the date of the fund release for a high school project, or when the school district declares the project complete, at which time final expenditure reports must be submitted.

It is important to keep the following exceptions in mind:

- » Savings cannot be retained on a CTEFP project. Any unexpended funds must be returned to the state and will be available to fund future CTEFP projects.
- » CTEFP projects are not required to meet the 60% commensurate requirement.

To learn more about the CTEFP program, contact your OPSC project manager or visit OPSC's website at [www.opsc.dgs.ca.gov](http://www.opsc.dgs.ca.gov).

Refer to Section 11 – Application Approval Process for more detailed information on the Priority Funding Process, Fund Release, and Closeout

## Section 9

# Facility Hardship Grant

## Introduction

Under very limited circumstances, a need to replace or construct new facilities may exist for reasons other than enrollment growth. For instance, a classroom or support facility may no longer be safe to occupy due to structural failure or other severe health threat. To address these unusual situations, the State Allocation Board (SAB) has developed a facility hardship grant. The purpose of the grant is to assist school districts with funding where it has been determined that the school district has a critical need for pupil housing because the condition of the facilities, or the lack of facilities, presents an imminent threat to the health and safety of the pupils.

By definition, a facility hardship is an unusual, often unique situation. It is difficult to describe a “normal” process since each request must be reviewed and analyzed on a case-by-case basis. This section outlines the process, but by no means addresses all possible facility hardship situations. When a significant and serious threat exists to the health and safety of students or staff in any public school environment or if an existing facility has been destroyed by natural disaster, the school district should contact an Office of Public School Construction (OPSC) project manager for guidance.

The Seismic Mitigation Program is a subset of the Facility Hardship Program and provides funding for facilities most vulnerable in a seismic event. For more information on this program please visit OPSC’s website at: <http://www.dgs.ca.gov/opsc/Programs/seismicmitigationprogram>. There you will find a wealth of resources including the Seismic Mitigation Program Handbook and educational videos.

## Eligibility for Facility Hardship Grants

To be eligible for a facility hardship grant the school district must demonstrate that one of two conditions exists: facilities must be replaced due to an imminent health and safety threat, or existing facilities have been lost to fire, flood, earthquake or another disaster circumstance. If the school district is to qualify for a facility hardship grant under one of these two conditions, the district-wide enrollment must justify a continuing need for these facilities, pursuant to the School Facility Program (SFP) Regulation, Section 1859.82.

### Replacement Due to Imminent Health or Safety Hazard

In this case, existing facilities must be repaired or replaced to ensure the health and safety of the pupils because of circumstances such as the following:

- » The existing facilities have serious structural deficiencies, which must be repaired or corrected as specified by the Division of the State Architect (DSA); or
- » Environmental health hazards such as dangerous levels of mold contamination; or
- » Other situations exist which pose a threat to the health and safety of the pupils.

A facility hardship approval to replace facilities is limited to the most severe instances of need. A clear demonstration is needed that the health and safety of students and staff is in jeopardy.

### Facilities Lost or Destroyed as a Result of a Disaster

A school district may apply for the replacement of school facilities that were lost or destroyed as a result of a disaster, such as fire, flood or earthquake.

Qualifying facilities must be required to ensure the health and safety of the pupils and must no longer be useable for school purposes as recommended by the California Department of Education and approved by the SAB. The school district is also required to demonstrate satisfactorily to the SAB that the facility was uninsurable or the cost of insurance was prohibitive.

Documentation. In addition to the documentation required for a complete application listed below, supporting documentation for facility hardship requests for the replacement of lost or destroyed facilities could include the following:

- » Photos and written verification from the appropriate expert that documents the loss or the extent of damage to the school facility.
- » Copy of the school district's insurance policy that documents the level and type of coverage provided.
- » Written verification from the school district's insurance carrier that documents the amount of funds that the school district has and/or will recover as a result of the disaster.
- » If the facility is damaged, as opposed to destroyed, the school district must submit a licensed structural engineer's report, as outlined in this section, illustrating the extent of the damage and that the facility poses an immediate threat to the health and safety of the students and staff. The school district would also be required to submit a cost/benefit analysis, as outlined in this section, signed by the authoring licensed design professional. OPSC requires the school district to submit the DSA's concurrence with the report.

### Application and Approval Process

In addition to the documentation supporting the health and safety issue and the cost/benefit analysis, as applicable, all facility hardship requests must also include the following:

- » Facility Hardship Request - A checklist of all the required documents is available on OPSC's Programs and Services webpage under Facility Hardship (optional).
- » Industry Specialist Report - Identification and substantiation of the health and safety threat and the minimum work necessary to mitigate the threat.
- » Governmental Concurrence - A governmental agency's written concurrence with identified health and safety threat and the minimum work necessary to mitigate the threat as outlined in the industry specialist's report.
- » Mitigation Measures - A letter with narrative describing the corrective plan and alternatives. This component is typically part of the Industry Specialist Report.
- » Detailed Cost Estimate - Including a unit cost breakdown of the minimum work necessary to mitigate the health and safety threat and receive DSA approval for the project.
- » Site Development Worksheet - Including estimated service-site, off-site, and utility project costs (required for replacement site and replacement building applications only). A template is available on OPSC's website under Forms at: [http://www.documents.dgs.ca.gov/opsc/Forms/Worksheets/Site\\_Dev\\_Wrksht.xlsx](http://www.documents.dgs.ca.gov/opsc/Forms/Worksheets/Site_Dev_Wrksht.xlsx)
- » Cost/Benefit Analysis - A comparison of the cost of mitigation work to the Current Replacement Cost as defined in SFP Regulation Section 1859.82. See the "Cost/Benefit Analysis" section below for additional details (not required for applications for repair of a building, repair or replacement of a component such as septic or HVAC systems).
- » Site Diagram - A diagram indicating the age and square footage of buildings in the project including identification of all classrooms.
- » Photos - A demonstration of the affected area (recommended).
- » *Application for Funding* (Form SAB 50-04) - Available on OPSC's Programs and Services webpage under Facility Hardship. For assistance in completing this form, please contact your OPSC Project Manager.

- » DSA Plan Approval Letter - Letter from the DSA stating that the plans and specifications are approved. Some projects may not require DSA plan approval. In those instances, the school district must submit a letter from the DSA stating that plan approval is not required.
- » Department of Education - Site/Plan Approval Approval letter from the California Department of Education.
- » Career Technical Education (CTE) - Letter Documentation from your CTE Advisory Committee stating that your school district's CTE needs are being met.

### **Facilities Lost or Destroyed as a Result of a Disaster**

If the school district has substantiated a health and safety issue and wishes to replace existing facilities, a cost/benefit analysis must be prepared and submitted to OPSC. The analysis should include only the minimum work necessary to mitigate the identified health or safety problems and compare these with the SFP standard for Current Replacement Cost. The cost/benefit analysis may include applicable site development costs.

If the request is for replacement facilities that are needed as a result of structural deficiencies, the cost/benefit analysis must also include a report from a licensed design professional identifying the minimum work necessary to obtain the DSA's approval. The cost/benefit analysis must include a narrative of the structural deficiencies and a description of the repair approach required to perform the minimum work necessary to mitigate the health and safety threat to obtain DSA approval. The analysis must also include a detailed cost estimate for the minimum work necessary described in the narrative. "Soft costs" such as architect fees, testing and inspection may be included in the cost estimate as a separate line item but should not be included in the cost/benefit analysis. The analysis and detailed cost estimate must be signed by the licensed authoring design professional.

If the total cost to mitigate the health or safety problem to remain in the facility exceeds 50 percent of the Current Replacement Cost of the facility, it can be considered for abandonment and replacement funding. However, if the cost to remain in the facility is less than 50 percent of the Current Replacement Cost, the district may qualify for the minimum cost to rehabilitate the facility. A qualifying replacement project will receive 50 percent of the eligible total approved project cost, and a rehabilitation project will receive 60 percent of the total eligible project costs. Applications for the replacement of facility components such as septic systems, HVAC systems, or gas lines will be considered rehabilitation applications (rather than replacement applications even if the component is being replaced) because these systems help rehabilitate the facility or site. A qualifying application of this type will receive 60 percent of eligible project costs.

After the analysis of the report(s) and review of the cost is completed by OPSC, an item will be prepared for presentation to the SAB for consideration of approval. If the SAB approves the school district's request for new or replacement facilities, the school district is eligible for funding as a new construction project.

If the school district qualifies for Financial Hardship funding the school district can receive upfront grants for design funding; this would allow the school district to proceed with hiring an architect to complete plans, obtain DSA approval, and apply for grant funding at a later date. A school district that receives initial design approval has 18 months to submit a complete funding application, or 24 months if a new replacement school site is required. Funding for a facility hardship is subject to the availability of funds.

### **Interim Housing**

In the event of an emergency or for school districts in need of short-term interim housing to meet their facility needs, school districts may seek interim housing to alleviate need due to lack of classroom space to continue instruction. The Facility Hardship Program does not provide grant funding associated with the interim housing; however, the funds allocated for the construction of the project may be expended on interim housing.

### **District Project Contribution**

Every Facility Hardship application is a joint funding effort between the local school district and the state through the SFP. For Facility Hardship applications where a building(s) or site will be replaced the total State grant represents 50 percent of the total project cost (based on OPSC replacement formulas and applicable supplemental grants), with the school district contributing the remaining 50 percent of the necessary funding. For applications that qualify for Facility Hardship rehabilitation funding, the total state grant represents 60 percent of the total project cost (based on an OPSC verified cost estimate for the minimum work required to mitigate the threat and applicable supplemental grants), with the school district contributing the remaining 40 percent of the necessary funding.

The school district is not required have the entire local contribution on deposit at the time of the project approval is made. However, when the project fund release is requested, the school district must certify that: the school district's matching share has been deposited in the County School Facility Fund, has been expended by the school district for the project, or will be expended by the school district prior to the Notice of Completion for the project. Therefore, the school district has considerable flexibility in how the local share is contributed.

### **Unable to Meet the Contribution**

Any school districts that are unable to contribute all or some of the local share of a project, can pursue financial assistance through the financial hardship provisions of the SFP. School districts must submit financial data to OPSC for approval of financial hardship status (see Section 10, "Financial Hardship") upon request by OPSC after submitting a funding application. As noted previously, school districts may request a separate apportionment for design funding any time after the application for eligibility determination has been filed.

### **SAB Approval Process**

The applications for funding are presented to the SAB for approval within 90-120 days of receipt of a complete application. The SAB approval can either be an unfunded approval or an apportionment, depending on the availability of funds for facility hardship. For the most part, the first SAB approval that a project receives will place the project on the "Unfunded List (Lack of AB 55 Loans)." A project will receive an apportionment sometime after placement on the Unfunded List (Lack of AB 55 Loans), provided it meets Priority Funding requirements including a Grant Agreement described in greater detail in Section 11 "Application Approval and the Funding Process."

## Section 10

# Financial Hardship

### Introduction

Financial hardship assistance is available for those school districts that cannot provide all or part of their matching share of a School Facility Program (SFP) project. To receive financial hardship assistance, a school district must have made all reasonable efforts to raise local funding and must also demonstrate that it is unable to contribute all or a portion of the matching share requirement.

If the school district meets the financial hardship criteria, it is eligible for financial assistance for new construction, modernization, and/or facility hardship projects. It may also be eligible for a separate apportionment for the following:

- » For new construction, modernization or facility hardship projects, an early apportionment for design costs.
- » For new construction projects, an early apportionment for site acquisition.

A school district seeking financial assistance may submit a financial hardship application either before submitting an *Application for Funding* (Form SAB 50-04) for either a new construction, modernization or Facility Hardship grant request or as a part of the Form SAB 50-04 request by checking the appropriate box on the 50-04. To obtain this approval the school district must provide verification that a reasonable effort was made to meet the school district's matching share requirement, and must have confirmation from the Office of Public School Construction (OPSC) that the school district is unable to contribute some or all of the matching share requirement. After this is accomplished, OPSC will recommend that the school district is approved for Financial Hardship assistance and will send an approval letter notifying the school district.

### Qualifying for Financial Hardship Assistance

To apply for financial hardship, a school district or County Office of Education (COE) may send a letter to OPSC's Financial Hardship Audit Unit stating the reason why the school district is requesting financial hardship or check the appropriate box on the Form SAB 50-04. When OPSC is ready to process the Financial Hardship application, the school district will receive a letter requesting supporting documents. Approximately 60 days before processing the application commences, OPSC will request that the school district submit the following documents:

#### Documentation for Financial Hardship Application

LEGAL REQUIREMENT	FINANCIAL DOCUMENTATION REQUIRED
Levy maximum developer fee allowed	School Board Resolution levying developer fees
Demonstrate local effort to raise revenues	Evidence of at least one of the following: <ul style="list-style-type: none"> <li>• Debt level at 60 percent of bonding capacity</li> <li>• Total district bonding capacity less than \$5 million</li> <li>• The district had a successful registered voter bond election for at least the maximum allowed under Proposition 39 within the previous 2 years.</li> <li>• It is a County Office of Education (COE).</li> <li>• Other evidence which demonstrates that all reasonable local efforts have been made as approved by the State Allocation Board (SAB)</li> </ul>

LEGAL REQUIREMENT	FINANCIAL DOCUMENTATION REQUIRED
Financial inability to contribute the match	Evidence that facility funds are not available: <ul style="list-style-type: none"> <li>• Financial Hardship Project Worksheet</li> <li>• Financial Hardship Worksheet (Column 2 date within 30 days of submittal)</li> <li>• Latest independent audit reports</li> <li>• Encumbrances</li> <li>• Expenditure reports</li> <li>• Listing of the district's unused sites</li> <li>• Forms SAB 50-01 and SAB 50-02 for "interim housing" deduction calculation for new construction projects only</li> <li>• Written estimation of interim housing needs</li> </ul>

If the financial hardship package is incomplete, a letter will be sent to the school district requesting the necessary documentation to complete the request. If the requested information is not submitted promptly, the request will be returned unprocessed and the school district's Form SAB 50-04 will be processed for funding without financial hardship. Allowable response times vary depending on the processing timelines necessary for the funding application. County Offices of Education do not need to provide documentation regarding developer fees or evidence of reasonable effort to raise local funds.

## Financial Hardship Assistance Request

To qualify for financial hardship assistance, the school district must demonstrate that it has made all reasonable efforts at the local level to raise funds for the project. The school district must also provide evidence that it is unable to pay all or a portion of the school district's share of the project. The district must meet both provisions, or it will not qualify for financial hardship assistance. The process of providing the required evidence is discussed in this section.

### Evidence of Reasonable Effort to Fund Matching Share

As previously mentioned, the law requires that a school district seeking financial hardship assistance demonstrates that all reasonable efforts have been made to raise local revenues for the SFP matching requirement. The SAB has adopted regulations that set criteria to determine that this requirement is met. The school district must be levying developer fees at the maximum rate justified by law and must verify that it meets at least one of the following criteria:

#### Indebtedness Threshold

The current outstanding indebtedness of the school district, at time of financial hardship request, is at least 60 percent of the school district's total bonding capacity. Outstanding indebtedness includes General Obligation Bonds, Mello-Roos Bonds, School Facility Improvement District Bonds and Certificates of Participation (COP) that were issued for capital outlay school facility purposes for which the school district is paying debt service.

The school district must provide a certification from the county auditor-controller stating the school district's assessed valuation of taxable property within the school district, the outstanding indebtedness, and the remaining bonding capacity.

#### Bonding Capacity

A school district with a total bonding capacity of less than \$5 million meets this requirement regardless of the level of indebtedness. The school district must provide a certification from the county auditor-controller stating the school district's assessed valuation of taxable property within the school district.

#### Voter Bond Election

The school district had a successful registered voter bond election for at least the maximum amount allowed under Proposition 39 within the previous two years from the date of the financial hardship review. The proceeds from the bond election that represent the maximum amount allowed under the provisions of Proposition 39 must be used to fund the district's matching share requirement for SFP project(s).

The required documentation needed:

- » Copy of ballot issue.
- » Original bond election estimates that support the amount of bond for which the district sought election.
- » Documented proof of the date of the election, amount of bond, purpose of bond, and percent of "Yes" votes on bond.
- » Copy from County Auditor-Controller certifying the district's current bonding capacity and outstanding indebtedness.

#### County Superintendent of Schools

A county superintendent of schools automatically meets the reasonable effort. The County Superintendent must then complete a financial review to determine the level of financial assistance needed.

#### Other Evidence of Reasonable Effort

If the school district does not meet the reasonable effort requirements outlined above, the school district will receive written notification from OPSC. The school district has the option to present to the SAB other evidence of reasonable efforts to fund its matching share through submission of a *School District Appeal Request* (Form SAB 189). This form and instructions for completing the form are available on OPSC's website. In addition to the completed Form SAB 189, the school district must also submit updated Financial Hardship Worksheets for each fund within the Capital Project Funds and the latest independent audit report. If the hardship justification is approved by the SAB, the school district may then file its request for financial hardship using the approved SAB item as evidence of having met the reasonable effort test to fund its matching share for its projects. The school district must then submit all of the requested financial documents necessary for a final financial hardship review, as described in the table "Documentation for Financial Hardship Application" above.

### Financial Review

OPSC will analyze the school district's financial information to verify that the school district is unable to provide all or a portion of the necessary matching funds for an eligible project. The analysis will include the applicant's financial records including those maintained by the California Department of Education (CDE) and the county office of education. The review will determine whether available facilities funds, non-operational funds, and savings from other SFP Financial Hardship projects are sufficient to fund all or a portion of the matching share requirements on a project.

#### Financial Hardship Project Worksheet

This worksheet is used by OPSC to estimate the school district's share of the project. The school district must submit a separate Financial Hardship Project Worksheet for each project for which it is requesting financial hardship assistance. The worksheet is available on the Financial Hardship program page on OPSC's website at [http://www.documents.dgs.ca.gov/opsc/Forms/Checklists/Fin\\_Hrdshp\\_Chkfst.pdf](http://www.documents.dgs.ca.gov/opsc/Forms/Checklists/Fin_Hrdshp_Chkfst.pdf)

#### Financial Hardship Worksheet

This worksheet is used by OPSC to determine the amount of the cash contribution available to be provided by the school district. These worksheets are based on the latest independent audit report and are made current to the application date with any subsequent transactions that occurred in the fund. To be considered current, the information in column two on the worksheet must be dated no earlier than 30 days from the date of the financial hardship submittal. Detail of the expenditures made for the subsequent events must accompany this worksheet. If this is not submitted, all of the expenditures shown will be disallowed and deemed as “funds available.” On the worksheet, the district will identify restricted funds such as class size reduction, the purpose for any restrictions on funds, and will identify all bonds and COPs authorized and sold to date of financial hardship request. If the school district has unsold bonds or COPs, possible restrictions on the use of these funds should be noted.

#### Latest Developer Fee Information

The school district’s latest independent audit report is used by OPSC to verify the financial condition of the school district. The school district must submit the full audit report in its entirety.

### Developer Fee Information

The school district must be levying developer fees at the maximum rate justified under law or have an alternative revenue source equal to or greater than the developer fee otherwise justified. As evidence, submissions should include a copy of the resolution from the school district’s school board authorizing the levying of the fee. If the school district is not levying the maximum fee allowed by law in accordance with current statute, include a copy of the district’s recent Implementation Study and/or the Needs Analysis to support the amount being levied or justification for an alternative revenue source.

If the school district entered into an agreement with a city, county, or other government entity regarding developer fees, a copy of the agreement should be submitted. Additionally, documentation showing the amount of fees that could have been collected at the time of the agreement versus the amount that was actually collected, shown as revenue for the school district, should be submitted.

If the school district received any benefit, building, land, etc., in lieu of developer fees, submit documentation regarding the “in lieu” received and the value of the developer fees that were negated due to the “in lieu” agreement(s). If the school district did not enter into agreements regarding developer fees, please submit a written statement to that effect.

The current developer fees can be found on OPSC’s website at [www.dgs.ca.gov/opsc](http://www.dgs.ca.gov/opsc). Developer fee amounts are adjusted every even-numbered year at the January SAB meeting based on an index specified in law. In order to maintain financial hardship eligibility, school districts must implement the new developer fee within six months after an index change.

#### Encumbrances

The school district must provide contracts and all other documentation supporting any encumbrances or obligations the school district is claiming. All funds identified that have not been expended or encumbered by a contractual agreement for a specific capital outlay purpose prior to the initial request for financial hardship status shall be deemed available as a matching contribution.

#### Interim Housing Deduction from Available School District Funding

From the funds available as a matching contribution, the school district may retain \$40,898 per classroom in each enrollment reporting period for the cost to provide interim housing for the currently unhoused pupils of the school district. In addition, from the funds available as a matching contribution, the district may also retain \$40,898 per approvable portable toilet unit in each reporting period for the cost to provide interim toilet facilities for the currently unhoused pupils of the school district. Note this amount is adjusted annually, and the current amount can be found on OPSC’s website.

If the school district is requesting an “interim housing” deduction from available funds, it needs to submit in writing an estimation of the district’s interim housing needs for the year. The interim housing deduction and any related expenditures will be audited in the future.

#### Expenditure Reports

The school district must submit expenditure reports, *Expenditure Report* (Form SAB 50-06) and Detailed Listing of Project Expenditures (DLOPE), for every project the school district is requesting financial hardship assistance for. If no funds have been spent on a project, the school district must submit a written statement to that effect. OPSC will review any prior apportionment, and the expenditures reported. All expenditures above and beyond a prior apportionment will be considered for the matching contribution. The SAB will not reimburse the school district for expenditures made prior to the financial hardship approval. Expenditures made on a project prior to applying for Financial Hardship will be considered school district contribution due to expenditure unless the school district is executing Bridge Financing as described below.

#### Listing of the School District’s Unused Sites

The school district must submit a listing of the school district’s unused sites and intended use. If the school district has no unused sites, submit a written statement to that effect.

## Bridge Financing

A school district may have funds available from a source other than Facility Funds 21 through 50 to initiate a project prior to receiving state funding. If so, the district may consider requesting bridge financing and/or inter-fund borrowing approval from OPSC. Funds borrowed and expended on a financial hardship project under bridge financing are not considered school district contribution due to expenditure and do not reduce the amount of financial hardship assistance a school district receives. As part of a school district’s bridge financing request they should submit a school board resolution to OPSC that identifies the source of the funds, the intended use of those funds, the fund in which the funds borrowed is to be placed, and states a requirement to repay the borrowed funds within 60 days of receipt of state funding. The resolution should also state that the school board recognizes the risk of this borrowing as there is no guarantee of receiving state funding for the project(s) on the Financial Hardship application.

#### Source of Funds

The source of funds for bridge financing and/or inter-fund borrowing may be funded outside of Facility Funds 21 through 50 such as the General Fund or a restricted fund or a loan such as a Certificate of Participation (COP). The amount borrowed cannot exceed the unfunded state portion for a project on the unfunded list or the state share of the estimated cost for a project not yet on the unfunded list. Any funds borrowed beyond the state share of a project may be considered as available funds.

#### Use of Funds

The funds may be used for any expenditures that fall within the scope of eligible expenditures for projects on the Financial Hardship application and must be on a project for which Financial Hardship is being applied.

#### Placement of Funds

While the borrowed funds may be placed in any of the Capital Facilities Funds (21 through 50), the preferred placement is in the County School Facilities Fund (Fund 35).

#### Repayment of Borrowed Funds

Repayment of the borrowed funds must begin within 60 days of receipt of State funding for any or all of the projects contained in the school district’s Financial Hardship application until the borrowed funds have been repaid. For example, if a school district has five projects listed on the Financial Hardship application. The first project is funded, while the other four remain unfunded. Repayment of the borrowed funds begins within

60 days of receipt of the state funds for that project. Should the state funds for the first project not repay all funds borrowed, the payment of the balance would begin again within 60 days of receipt of state funds for the second project and so on until the borrowed funds are repaid.

#### Element of Risk

The school district should be aware of and recognize there is a risk element to bridge financing. The school district has no guarantee that the project(s) using bridge financing will receive state funding. While it is more likely that a project on an unfunded list will receive funding, there is still no guarantee. Thus the school district must have a statement recognizing this risk as a part of the school board resolution authorizing bridge financing that is submit to OPSC.

### Approval of Financial Hardship Assistance

Once the financial hardship review is complete, OPSC will send a letter to the school district stating the available funds and expenditures that will be considered available for matching contribution. If the school district disagrees with OPSC's findings, the school district may submit additional information for consideration. If the school district agrees with OPSC's findings, an approval letter will be issued.

When a school district is approved for financial hardship, the approval is valid for six months from the date of the approval letter. If within the six months, the school district wishes to submit additional applications or phases of a previously approved project, it must have an approval letter from OPSC for those additional projects or subsequent phases prior to filing the Form SAB 50-04 or as part of the Form SAB 50-04 request. The school district must submit a Financial Hardship Project Worksheet for the project along with expenditure reports to obtain approval within the six months. The school district does not need to update other financial information unless the six-month period is past.

#### Subsequent Financial Hardship Request

Once a school district receives funding as a financial hardship, the school district should be aware that for a period of three years, all capital facilities funding received by the school district from any source will be considered available for the matching share on a future financial hardship request. The exceptions are:

- » Approved interim housing expenditures;
- » Funding to pay for multi-year encumbrances approved at the initial financial hardship approval;

### Renewal of Financial Hardship Assistance

The approval of Financial Hardship is valid for six months from the date of the approval letter. Once the six months has passed, if a school district project has not been either placed on an unfunded list or apportioned, the school district must resubmit an application for Financial Hardship. The school district will need to update its financial information by providing all required documentation as listed in the table "Documentation for Financial Hardship Application" above.

#### Financial Hardship Review for Financial Hardship Projects on Unfunded List

If a school district's project(s) has been included on the unfunded list for more than 180 calendar days, a review of the school district's funds will be made to determine if additional school district funds are available to fund the school district's matching share of the project(s).

## Section 11

# Application Approval and the Funding Process

## Introduction

Applications for funding are presented to the State Allocation Board (SAB) for approval in order of receipt date. The SAB approval can either be an unfunded approval or an apportionment, depending on the availability of funds or the circumstances surrounding a project. In most cases, the first SAB approval that a project receives will place the project on the “Unfunded List (Lack of AB 55 Loans).” A project will be eligible to receive an apportionment after placement on the Unfunded List (Lack of AB 55 Loans), provided it meets priority funding requirements described below.

## Requirements for Participation in the Priority Funding Process

The priority funding process was created to allow projects that are approved for placement on the Unfunded List (Lack of AB 55 Loans) 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 during established 30-day filing periods that are open two times per year. As bond sales take place or cash becomes available, applicants that have submitted a request during a filing period will be eligible for an apportionment. When the applicant receives a priority funding apportionment, the applicant must submit a valid *Fund Release Authorization* (Form SAB 50-05) within 90 days from the date the apportionment is approved.

Applicants are required to participate in the priority funding process upon SAB approval for placement on the Unfunded List (Lack of AB 55 Loans). If an applicant does not participate, it will receive an occurrence for non-participation in priority funding. There are two ways for a school district applicant to choose not to participate in the priority funding process and receive an occurrence for nonparticipation as follows:

1. Not submit a valid priority funding request in the 30-day filing period.
2. Submit a valid priority funding request but fail to submit a valid Form SAB 50-05 to request the release of funds after the SAB approves an apportionment.

The first time an applicant does not participate in an available filing period, the project remains on the Unfunded List (Lack of AB 55 Loans) with no change. If an applicant participates in an open filing period and receives an apportionment but fails to submit to a valid Form SAB 50-05, the apportionment is rescinded and the project returns to the Unfunded List (Lack of AB 55 Loans) with a new approval date 90 calendar days from the date of apportionment.

However, any project that incurs two occurrences for nonparticipation will be rescinded. Rescission is removal from the Unfunded List (Lack of AB 55 Loans) and/or rescission of the priority funding apportionment without further SAB action. In either case, the eligibility will be returned to the applicant’s eligibility baseline (as applicable) and the bond authority will return to the program from which it originated. \*

\*Charter School Facility Program advances for design and site acquisition do not receive occurrences for not participating in a certification round or missing a deadline to request funds; however, applicants must request an apportionment through the priority funding process in order to receive these funds.

Any requests to participate in the priority funding 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. OPSC can only accept request letters during a filing period for projects that are on the Unfunded List (Lack of AB 55 Loans).

## Priority Funding Filing Rounds

SFP Regulations establish two priority funding filing periods per year for applicants to request an apportionment for a project on the Unfunded List (Lack of AB 55 Loans). Each period has a 30-day request submittal window. The two annual filing periods begin on the 2nd Wednesday of May and the 2nd Wednesday of November.

- » 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 physically received by OPSC on or before the close of the filing period by 5 p.m. and shall be mailed to:

Office of Public School Construction  
Subject: Priority Funding Round  
707 Third Street  
West Sacramento, CA 95605

Hand deliveries must be submitted at OPSC's Sixth Floor reception desk. It is recommended that applicants monitor any mailed requests by tracking the parcel and receiving delivery confirmation to ensure timely delivery to OPSC. OPSC will not accept requests after the end of the filing period.

## Requests Letters

The request to convert an unfunded approval to an apportionment must be signed by an authorized School District Representative. Please refer to OPSC's website for information on the contents of the priority funding request.

## Additional Information

### Design-Only Approvals

School districts/Applicants may request an apportionment for Design-Only applications under the Priority Funding 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 meets the requirements of SFP Regulation 1859.90.2.

### Financial Hardship

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 school district's funds will be made to determine if additional funds are available to fund the school district's matching share of the project(s).

### Grant Agreement

At its June 5, 2017 meeting, the Board approved the use grant agreements and conforming 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 was developed as a way to address audit findings by the Office of Statewide Audits and Evaluation (OSAE) to improve oversight and accountability and also includes changes that align with the Governor's 2017-18 Budget related to closeout audits. 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.

In order to receive a fund release, applicants must return the signed grant agreement to OPSC either before or concurrent with the completed, valid Form SAB 50-05.

### Fund Release Process

Upon receipt of a Priority Funding Apportionment, most school districts will submit a Form SAB 50-05 to request the release of funds within 90 days. For New Construction and Modernization projects, school districts must submit the Form SAB 50-05 upon entering into binding contracts for at least 50 percent of the construction in the project. Failure to submit a valid Form SAB 50-05 will result in the project receiving an occurrence for non-participation, rescission of the apportionment, and placement of the project at the bottom of the Unfunded List (Lack of AB 55 Loans). As noted earlier, a second occurrence for non-participation will result in rescission of the project.

The following is a summary of fund release requirements based on project type and apportionment type. All school district and charter school applicants are requested to send copies of construction contracts with the submittal of the Form SAB 50-05 to substantiate the certification that 50 percent of the construction in the project is under binding contracts, when applicable.

New Construction/Modernization Grant:

- » Return the signed grant agreement to OPSC before or concurrently with the submittal of the Form SAB 50-05.
- » Submittal of the Form SAB 50-05 within 90 days of apportionment.
- » Certification on the Form SAB 50-05 that the 50 percent of the construction in the project is under binding contracts.

New Construction/Modernization Grant - Separate Design:

- » Automatic fund release after return of the signed grant agreement to OPSC.

Charter School Facilities Program Grant:

- » Return the signed grant agreement to OPSC before or concurrently with the submittal of the Form SAB 50-05.
- » Submittal of the Form SAB 50-05 within 90 days of apportionment.
- » Certification on the Form SAB 50-05 that the 50 percent of the construction in the project is under binding contracts.
- » Certification on the Form SAB 50-05 that the applicant has entered into the Charter School Agreements.

Charter School Facilities Program Preliminary Apportionment – Separate Site Apportionment:

- » Return the signed grant agreement to OPSC before or concurrently with the submittal of the Form SAB 50-05.
- » Submittal of the Form SAB 50-05 within 180 days of Apportionment.
- » Certification on the Form SAB 50-05 that the applicant has entered into the Charter School Agreements.

Charter School Facilities Program Preliminary Apportionment – Separate Design Apportionment:

- » Return the signed grant agreement to OPSC before or concurrently with the submittal of the Form SAB 50-05.
- » Submittal of the Form SAB 50-05 within 90 days of Apportionment.
- » Certification on the Form SAB 50-05 that the applicant has entered into the Charter School Agreements.

Career Technical Facilities Education Program Grant:

- » Return the signed grant agreement to OPSC before or concurrently with the submittal of the Form SAB 50-05.
- » Submittal of the Form SAB 50-05 within 90 days of apportionment.

Career Technical Facilities Education Program Grant – Reservation of Funds:

- » Must submit evidence of Division of the State Architect (DSA) and California Department of Education (CDE) approved plans within 12 months of apportionment.
- » Return the signed grant agreement to OPSC before or concurrently with the submittal of the Form SAB 50-05.
- » Submittal of the Form SAB 50-05 within 90 days of providing the DSA/CDE plan approvals to OPSC.

Provided OPSC has received a valid Form SAB 50-05 in the required time frame, OPSC will request that the State Controller's Office issue a warrant to the school district's local county treasurer's office for deposit or to the charter program applicant. Generally, the turnaround time from receipt of the Form SAB 50-05 to delivery of the warrant is approximately 30 calendar days.

## Section 12

# Program Accountability

## Introduction

The School Facility Program (SFP) has significantly increased program flexibility and responsibility at the local level while reducing the state's oversight role. The state's fiscal concerns are limited to verifying that the expenditures and certifications made by the school district for the project comply with the program requirements, that the school district followed applicable state laws pertaining to construction to verify that the project progressed in a timely manner as specified in statute. To assist with this oversight, a school district is required to submit expenditure reports and evidence of progress during the construction of the project. On a project that requires less than a year to complete, only an expenditure report is required.

## Progress Report

The SFP requires that an approved project be constructed within a certain time frame. To ensure that this happens, evidence of progress is generally due after funds are released to the school district for the project.<sup>1</sup> The specific evidence required and the timeline for submitting such evidence varies depends on the type of funding received. The possible types of funding include Separate Design with Financial Hardship, Separate Site with Financial Hardship, Separate Site with Environmental Hardship, and/or Adjusted Grant. The following table defines the specific criteria for meeting the substantial progress requirement and indicates the filing time requirements based on the type of funding received.

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<sup>1</sup> In cases where separate environmental hardship funds are involved, the due date is based on the apportionment date instead of the fund release date.

## Substantial Progress Reports

FUNDING RECEIVED	EVIDENCE OF PROGRESS DUE DATE	EVIDENCE OF PROGRESS REQUIRED
<b>Separate Design</b> (Financial Hardship project only)	18 months from Fund Release	One of the following: <ul style="list-style-type: none"> <li>• Submittal of a complete construction grant funding application package to the Office of Public School Construction (OPSC).</li> <li>• Submittal of a school district certification that complete plans and specifications have been submitted to the Division of the State Architect (DSA).</li> <li>• Submittal of a complete Separate Site funding application package to OPSC.</li> </ul> Or: <ul style="list-style-type: none"> <li>• Submittal of a narrative of evidence, satisfactory to the State Allocation Board (SAB), detailing why complete plans have not been submitted to the DSA.</li> </ul>
<b>Separate Site</b> (Financial Hardship)	18 months from Fund Release*	Submittal of a progress report certifying that all of the following have been achieved: <ul style="list-style-type: none"> <li>• Obtain the final site appraisal.</li> <li>• Complete all California Environmental Quality Act (CEQA) requirements.</li> <li>• Obtain final California Department of Education (CDE) site approval.</li> <li>• Obtain final escrow instructions or evidence the school district has filed condemnation proceedings and intends to request an order of possession of the site.</li> </ul> Or: <ul style="list-style-type: none"> <li>• Submittal of a narrative of evidence, satisfactory to the SAB, detailing the circumstances (beyond school district control) which precluded progress from being achieved.</li> </ul>
<b>Separate Site</b> (Environmental Hardship)	12 months from the apportionment date or anniversary of conversion from Separate Site Financial Hardship, and on each subsequent anniversary if necessary.	Submittal of one of the following: <ul style="list-style-type: none"> <li>• A progress report satisfying the same criteria set forth for Separate Site (Financial Hardship) funding.</li> <li>• A request for an extension (which is supported by written letters of concurrence from the Department of Toxic Substance Control (DTSC) and the CDE).</li> <li>• Other reasonable evidence of effort the school district has made.</li> </ul>
<b>Adjusted Grant</b>	18 months from Fund Release†	Submittal of a progress report certifying one of the following: <ul style="list-style-type: none"> <li>• 75 percent of site development work necessary prior to construction is complete.</li> <li>• 90 percent of construction activities have been contracted for.</li> <li>• 50 percent of construction activities are complete.</li> </ul> Or: <ul style="list-style-type: none"> <li>• Submittal of a narrative of evidence, satisfactory to the SAB, detailing the circumstances (beyond school district control) which precluded progress from being achieved.</li> </ul>

\* If toxic substance issues are delaying site progress, the school district may convert the site apportionment to an Environmental Hardship apportionment. Environmental hardship projects may request annual extensions with appropriate substantiation.

† The progress-reporting requirement for Adjusted Grant funding can be suspended if one of the following occur before the reporting deadline:

- The district submits a Notice of Completion for the project. If more than one construction contractor is involved in the project, a Notice of Completion is required for each construction contract.
- The school district submits an *Expenditure Report* (Form SAB 50-06), which shows that the project is substantially close to 100 percent completion.

### Substantial Progress Audit

Upon receipt of the substantial progress report, the Office of Public School Construction (OPSC) will analyze the information and will notify the school district within 60 days if it intends to make a recommendation to the State Allocation Board (SAB) that the evidence submitted does not demonstrate substantial progress. If OPSC does not respond to the school district within 60 days of the submittal, this indicates OPSC's concurrence with the school district that substantial progress has been made.

### Expenditure Report

Throughout the construction period of a project, the school district will file one or more expenditure reports. The first expenditure report is due one year after the first fund release or upon completion of the project, whichever occurs first. Additional expenditure reports are due annually from the date the first report is due until the project completion. A project is considered complete when either of the following occur:

- » The notice of completion for the project has been filed.
- » Three years from the date of the final fund release for an elementary school project or four years from the date of the final fund release for a middle or high school project.

### Preparing the Expenditure Report

A school district is to submit a record of project expenditures by using the *Expenditure Report* (Form SAB 50-06). This form allows the school district to report all expenditures from district and state funds in summary form. To support the *Expenditure Report*, OPSC has developed an Expenditure Worksheet which is available on OPSC's website at [www.dgs.ca.gov/opsc](http://www.dgs.ca.gov/opsc). The school district is encouraged to use this worksheet to gather and record the expenditure detail and to accompany the Form SAB 50-06.

### Expenditure Audit – Fund Releases prior to April 1, 2017

The expenditure audit described in the following section applies to projects which received all SFP fund releases prior to April 1, 2017. Within two years of receipt of the final expenditure report from the school district, OPSC must initiate an audit of the expenditures. If the school district is not notified by OPSC within the specified time frame that an audit has been completed, the expenditures submitted by the school district and certifications made on the Forms SAB 50-04 and SAB 50-05 will be accepted. If OPSC has notified the school district that an audit will be made, OPSC must complete the audit within six months, unless additional documentation requested from the school district has not been received.

## 12: Program Accountability

**Eligible Expenditures**

The following table lists those expenditures that are typically eligible costs under the SFP:

**Eligible Expenditures**

EXPENDITURE	NEW CONSTRUCTION	MODERNIZATION
Acquisition and installation of portable classrooms	✓	✓*
Acquisition and conversion of an existing government or privately-owned building, or privately-financed school building	✓	
Construction	✓	✓
Construction management	✓	✓
Demolition	✓	✓
Design	✓	✓
Engineering	✓	✓
Fire safety improvement		✓
Force account labor costs that comply with Public Contract Code	✓	✓
Furniture and Equipment (including telecommunication equipment to increase school security)	✓	✓
Identification, assessment, or abatement of hazardous asbestos		✓
Inspection	✓	✓
Labor Compliance Program oversight costs	✓	✓
Landscaping	✓	
Legal fees associated with the reviews of bid documents, securing a site, and site condemnation	✓	✓
Necessary utility costs	✓	✓
Plan checking	✓	✓
Playground safety improvements		✓
Purchase and installation of air-conditioning equipment and insulation materials and related costs	✓	✓
Replacement of portable classrooms		✓
Seismic safety improvements		✓
Site acquisition	✓	
Site development	✓	✓†
Testing	✓	✓
Upgrading of electrical systems or the wiring or cabling of classrooms in order to accommodate educational technology		✓
Utility connection and other fees	✓	✓

\* Permissible if it is a like-kind replacement of a portable classroom.

† For 50 years or older modernization projects utilities work only, for permanent facilities, per SFP Regulations, Section 1859.78.7.

### Site Closeout Reviews

School districts that obtain additional grants for sites that require hazardous waste removal substantiated by a Response Action will be eligible to receive up to 50 percent of one and one-half times the value of the site to monitor and clean it. Additional costs beyond this new cap will be subject to provisions contained in section 1859.74.2 and following. For those projects where the *Application for Funding* (Form SAB 50-04), is received on or after January 1, 2004, additional costs beyond the cap are subject to adjustment whether or not the additional grant for hazardous waste removal was requested on the Form SAB 50-04.

### Ineligible Expenditures

School district representative should be aware that some expenditures are not permitted under the SFP. If the school district representative is uncertain about a specific expenditure, OPSC audit staff can assist the school district accordingly.

The following is a list of the expenditures that may potentially be disallowed during an SFP final expenditure audit:

- » Administrative and overhead costs.
- » School district force account labor that does not comply with the Public Contract Code.
- » Modernization expenditures for:
  - *New building area that does not replace building area of “like kind.”*
  - *New site development that is not for replacement, repair or additions to existing site development work.*
  - *Removal of hazardous waste from a modernization project that exceeds ten percent of the total modernization apportionment.*
  - *Costs on leased facilities unless owned by another district or county superintendent.*
  - *Acquisition and development of real estate.*
  - *Demolition costs not attributable to replacement of “like kind” building area.*
- » Any expenditure that cannot be reasonably attributed to a project.
- » Relocation costs that do not conform to Title 25, California Code of Regulations, Section 6000, et. seq. (see SFP Regulations, Section 1859.74(a)(1)).
- » Expenditures associated with a “use of grant” (see SFP Regulations, Section 1859.77.2) SAB approval that were not constructed as specified in the original approval.
- » Campus supervision that goes beyond construction site security.
- » Interim housing expenditures associated with a new construction project are subject to certain limitations.
- » Relocation costs such as goodwill that is not court ordered, and the difference between the salvage value and new value of furniture and equipment costs when the business vendor retains the furniture and equipment.
- » Legal fees not associated with securing a site and site condemnation, and contracts bid documentation.
- » Expenditures associated with facility hardship SAB approvals that were not constructed as originally approved (see SFP Regulations, Section 1859.82).

### Expenditure Audit – Fund Releases on or after April 1, 2017

The expenditure audit described in the following section applies to projects which received any SFP fund releases on or after April 1, 2017. Pursuant to Education Code Section 41024, school districts that receive any funds after April 1, 2017 will have their project audited as part of that local educational agency’s audit for the fiscal year in which the project is reported complete. To assist auditor conducting the local educational agency’s audit, please see OPSC’s K-12 Audit webpage for additional resources.

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### Section 13

# Additional SFP Requirements and Features

## Introduction

There are a number of miscellaneous topics related to the School Facility Program (SFP) that do not fit neatly into any of the other sections of this handbook. These topics are gathered here for easy reference. They may apply to new construction or modernization, as noted in the discussion.

## General Information

### Class B Index

The grant amounts in the SFP are adjusted each January based on the change in the Class B Index. This index is developed using cost data published by the RS Means Company relating to buildings of primarily steel and concrete construction and compares data from over 50 different materials and a wide variety of California cities.

### State Allocation Board Appeal Process

In some cases a school district's application may appear to be outside the standards of the SFP and the Office of Public School Construction (OPSC) is unable to recommend approval. When this occurs, a district can appeal directly to the State Allocation Board (SAB) using a *School District Appeal Request* (Form SAB 189). On this form, the school district states why the SAB should grant the school district's appeal based on law, regulation, or SAB policy.

Prior to the item being scheduled for SAB consideration, OPSC will review and analyze the appeal for legal issues, program impact, funding ramifications, and public policy implications. Based on the evidence submitted by the school district, OPSC may or may not support the school district's request, or provide alternative recommendations to the SAB. In any case, all recommendations made by OPSC to the SAB will be based on governing laws, regulations, or legal opinions. School districts generally should have a representative available at the SAB meeting to provide testimony, if needed. This process applies to all applications.

## Change of Scope

The constant fluctuation of costs in materials and labor may put pressure on school district staff who are planning construction projects, especially for qualifying financial hardship school districts that do not have additional funds available to cover cost overruns. Because SAB approval is based on the *Application for Funding* and the accompanying plans and specifications, there are limited circumstances where an SFP project may deviate from the scope of work outlined in the plans and application (see "Design with Flexibility in Mind" in Section 3, "Project Development Activities," for more information on this topic).

### Additions

It is important to keep in mind that the project should not include additional area not proposed in the plans approved by the SAB. This applies to areas such as: classrooms, MEF and non-classroom, non-MEF. As stip-

ulated in Regulation Section 1859.51(i)(5), the project may include the construction of more classrooms than needed to house the pupils requested in the application as specified, but these classrooms must be included in the plans submitted with the application. The flexible structuring of the bid documents will accommodate the school district's need to make decisions based on the bid results.

If a project does not receive financial hardship assistance, then any project savings declared at closeout may be retained by the school district for use on any future high priority capital facilities needs, or as part of the school district's contribution for a future SFP project. This approach would provide an alternative method to add to facilities later on if the district did not include the desired additional facilities in the original plans for the project as approved by the SAB. However, the law stipulates that classrooms provided by state or local funding shall be adjusted from the school district's SFP new construction baseline.

### Reductions, Deletions or Modifications

Allowance for flexibility in planning is a recognized part of all SFP construction projects. However, to continue with a project as approved by the SAB, the original intent or project scope must be maintained. If modifications are presented by a school district, it is critical that the affected state agencies are involved in the review process to ensure that project requirements continue to be met and that the SAB approves the proposed change to the project scope. When these situations arise, the state agencies will coordinate their efforts to further assist school districts. Some extenuating circumstances may be considered by the SAB, as outlined below.

#### Extenuating Circumstances

CHANGE PROPOSED	PROCEDURE
<b>Deletion of Classrooms</b>	Permitted if: <ul style="list-style-type: none"> <li>• The capacity (based on the State loading standard) is sufficient to house the pupils requested in the application</li> <li>• California Department of Education (CDE) and Division of State Architect (DSA) have approved the change</li> <li>• The project meets the 60 percent commensurate requirement</li> </ul>
<b>Reduction of Minimum Essential Facility (MEF) Area</b> Facility remains but the square footage is reduced	Permitted if: <ul style="list-style-type: none"> <li>• The remaining area proposed meets minimum MEF square footage requirements</li> <li>• DSA and CDE have approved the change</li> <li>• The project meets the 60 percent commensurate requirement</li> <li>• Original intent/purpose of project is maintained</li> </ul>
<b>Deletion of MEF Area</b> New School Allowance may be reduced or eliminated	Permitted if: <ul style="list-style-type: none"> <li>• Case-by-case review and approval by CDE</li> <li>• DSA has approved the change</li> <li>• Case-by-case consideration and approval by OPSC/SAB</li> <li>• The project meets the 60 percent commensurate requirement</li> </ul>
<b>Deletion of Non-Classroom, Non-MEF Area</b>	Permitted if: <ul style="list-style-type: none"> <li>• DSA and CDE have approved the change</li> <li>• The project meets the 60 percent commensurate requirement</li> </ul>
<b>Permanent to Modular Construction</b>	Permitted if: <ul style="list-style-type: none"> <li>• DSA and CDE have approved the changes</li> <li>• The project meets the 60 percent commensurate requirement</li> <li>• Original intent/purpose of project is maintained</li> </ul>
<b>Modular to Permanent Construction</b>	Not permitted as part of the original project, because the project would receive an inequitable funding advantage due to the timing of the DSA plan approval. Districts may consider reapplication, so the desired type of construction can be built.

CHANGE PROPOSED	PROCEDURE
<p><b>Changing the Placement of a Building</b>                      i.e., site conditions discovered in the footprint of construction warrant building placement alteration; however, the building size and function does not change</p>	<p>Permitted if:</p> <ul style="list-style-type: none"> <li>• DSA and CDE have approved the change</li> <li>• Original intent/purpose of project is maintained</li> </ul>

## Project Savings

School districts that do not receive financial hardship assistance may retain project savings achieved by utilizing cost-saving measures and efficient project management. A school district may utilize these project “savings” for use on other high priority facility capital outlay projects within the school district.

### Savings for Non-Financial Hardship School Districts

School districts may expend the savings on any of its high priority capital facility needs. A school district may also use the savings as a part of the match for other SFP projects, with the only requirement being that the state and school district’s shares of the savings must be used towards a project of like kind. For example, the state and school district’s shares of the savings on a new construction project may only be used to match another new construction project. Likewise, the state and school district’s shares of the savings from a modernization project may only be used to match another modernization project.

Once the savings have been expended on the other high priority capital facility need of the school district, this must be reported to OPSC on the Detailed Listing of Project Expenditures–Savings, pursuant to School Facility Program Regulation Section 1859.103. Education Code Section 17076.10(a) requires that the school district continue to submit expenditure reports annually, until all of the project funds including the state share plus the school district’s required matching share have been expended.

### Savings for Financial Hardship School Districts

Any savings from a project that received financial hardship assistance must be used to reduce the financial hardship grant of that project or a future financial hardship project within the school district. If the school district has no other financial hardship projects, the savings must be remitted to the state within a period of three years after the savings are declared. If the school district has other projects and retains the savings amount, but the savings is not applied to another financial hardship within three years from the date savings is determined through audit, the savings amount plus the interest earned must be returned to the state.

If the school district spends more than the state grant plus the school district matching share, including the earned interest for a financial hardship project, the school district must do one of the following:

- » Apply the overspent amount to reduce the financial hardship contribution on a future project within three years of project closeout; or
- » Retain the overspent amount if a financial hardship application is not submitted for a period of three years from the date of the last financial hardship apportionment.