

STATE ALLOCATION BOARD

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<http://www.dgs.ca.gov/opsc>



Date: January 3, 2008
To: Interested Parties
Subject: **AMENDED NOTICE OF THE STATE ALLOCATION BOARD
IMPLEMENTATION COMMITTEE MEETING**

Notice is hereby provided that the State Allocation Board Implementation Committee will hold a meeting on **Friday, January 11, 2008** from 9:30 a.m. to 3:30 p.m. in the Legislative Office Building located at 1020 "N" Street, Room 100 in Sacramento.

The Implementation Committee's proposed agenda is as follows:

1. Convene Meeting
2. 2008 Implementation Committee Meeting Calendar
3. Career Technical Education Facilities Program
To discuss amendments to the SFP Career Technical Education Facilities Program (CTEFP) regulations, including revisions to the Application for Career Technical Education Facilities Funding (Form SAB 50-10)
4. *Update on Financial Hardship reforms*
5. *Update on Grant Adequacy study*

Any interested person may present public testimony or comments at this meeting regarding the issues scheduled for discussion. Any public input regarding unscheduled issues should be presented in writing, which may then be scheduled for a future meeting. For additional information, please contact Carrie Richter at (916) 445-3159.

A handwritten signature in cursive script that reads "MaVonne Garrity".

MAVONNE GARRITY, Chairperson
State Allocation Board Implementation Committee

MG:cr

Individuals who need auxiliary aids for effective participation are invited to make their requests and preferences known to Ms. Carrie Richter at (916) 445-3159 five days prior to the meeting.

STATE ALLOCATION BOARD
IMPLEMENTATION COMMITTEE

Pending Items List

January 11, 2008

A. Future Items

- Proposed regulations to AB 1014 (Bass), Chapter 691, Statutes of 2007
This bill allows certain alternative School Facility Program eligibility projection methodologies.
- Potential Proposed Amendments to the Financial Hardship Regulations
- Site Sale Proceeds
Discussion on proposed regulatory amendments regarding proceeds from the sale of a site funded in whole or part with State funds.
- Alternative Education Loading Standards and Funding
Discussion on the loading standards and adequacy of the funding provided for continuation high, community day, and county community day schools under the School Facility Program.

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CAREER TECHNICAL EDUCATION FACILITIES PROGRAM

PURPOSE

To discuss amendments to the School Facility Program (SFP) Career Technical Education Facilities Program (CTEFP) regulations, including revisions to the *Application for Career Technical Education Funding* (Form SAB 50-10)

BACKGROUND

The Office of Public School Construction (OPSC) received a total of 183 applications for CTEFP funding during the first funding cycle that ended October 31, 2007. As the OPSC staff began processing the applications, it was noted that some clarifications were necessary to SFP Regulation, Sections 1859.193 and 1859.193.1 and the Form SAB 50-10. The revisions are intended to clarify the Form for users and to improve the processing of applications to the State Allocation Board (SAB).

AUTHORITY

Education Code 17078.72(k) states that the OPSC shall develop the CTEFP and the SAB shall approve regulations to implement the CTEFP.

DISCUSSION

Revisions to Regulation Section 1859.193

Applicants asked whether prior expenditures are eligible in the CTEFP. The current Form SAB 50-10 includes a certification that contracts for construction and/or equipment must have been executed on or after May 20, 2006 for modernization projects. The proposed regulation amendment adds this requirement to Regulation Section 1859.193 for new construction and modernization projects. The proposed amendments also state that new construction projects combined with a qualifying SFP application and meet the requirements of Section 1859.193.1 are not subject to this requirement.

Revisions to Regulation Section 1859.193.1(b)(2)(B)

Currently, SFP Regulation Section 1859.193.1 states that CTEFP projects can be combined with a qualifying SFP modernization project, provided that "the classrooms constructed for the CTEFP Project were not occupied prior to May 20, 2006." The current regulation uses the classroom occupancy date to determine whether a CTEFP project can be combined with a qualifying SFP project for both new construction and modernization projects. The proposed amendment changes the regulation to state that CTEFP modernization projects can be combined with a qualifying SFP modernization project, provided that the construction contracts for the CTEFP project were executed on or after May 20, 2006. This amendment will provide clear distinction in the regulation between newly constructed classrooms in Section 1859.193.1(b)(1)(B) and modernized existing classrooms in Section 1859.193.1(b)(2)(B).

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Requirements for CTEFP Projects		
	New Construction	Modernization
Stand-Alone Projects	<ul style="list-style-type: none"> Construction contracts must be signed on or after May 20, 2006. Equipment must be purchased on or after May 20, 2006. The occupancy date for the CTE Classrooms must be on or after May 20, 2006. 	<ul style="list-style-type: none"> Construction contracts must be signed on or after May 20, 2006. Equipment must be purchased on or after May 20, 2006.
Projects Combined with a Qualifying SFP Application	<ul style="list-style-type: none"> The occupancy date for the CTE Classrooms must be on or after May 20, 2006. 	

Revisions to Regulation Section 1859.196

Currently SFP Regulation Section 1859.196 provides direction on how applications will be considered when insufficient funding is available to fully apportion a project. This section does not specify how to process applications when insufficient funds remain for a project within a service region and for the last project in any funding cycle. Staff proposes to amend Section 1859.196(a)(5) to provide additional steps in the funding order mechanism. Additionally, the proposed regulations require Staff to return the applications not apportioned during a funding cycle to the applicant. The applicant may resubmit to a future funding cycle.

Example:

Service Region 1		
	State Apportionment	Funds Available to Service Region
		\$ 4,999,017
1 st Project	\$ 1,500,000	\$ 3,499,017
2 nd Project	\$ 1,500,000	\$ 1,199,017
3 rd Project	\$ 1,500,000	\$ (300,983) Service Region is oversubscribed.
4 th Project	\$ 1,500,000	\$ (1,800,983)

- There is insufficient funding available in Service Region 1 to fully fund the 3rd project.
- The 3rd project is then considered for full funding out of the Reserve funds, based on the CDE grant application score.
- If the application qualifies for Reserve funding, the process above is repeated for the next eligible project in the Service Region until funds or applications are exhausted.
- If there is insufficient Reserve funding available to fund the entire 3rd project, the District is given the option to either (a) receive a partial funding of \$1,500,000 less the \$330,983, or (b) withdraw the application, with the option to resubmit in a subsequent funding cycle.

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Revisions to the Form SAB 50-10

Staff recommends revisions to the Form SAB 50-10 to clarify and streamline the information requested on the form. Applicants who have completed the Form SAB 50-10 have indicated to staff that parts of the existing Form instructions require clarification. Staff agrees that some sections of the Form require clarification and proposes the changes listed below.

General Information Page 1 of 3

- Differentiate between the CDE score letter and Plan Approval letter
- Add *DSA Plan Approval Letter* to the DSA Plans and Specifications.
- Add *Cost estimate for construction costs*.
- Add *Itemized equipment list including cost for equipment costs*.

It was intended for the DSA Approval Letter to be listed with the required documents on the Form SAB 50-10, as it is a standard document required for all SFP funding applications. Detailed cost estimates for construction and equipment have also been added to the list of required documents. A cost estimate for site development is already required. While a budget justification document is included in the CDE CTE Application with the Form SAB 50-10, staff needs additional information and detail to verify eligible equipment and construction costs.

Specific Instructions Page 1 of 3

- Locale and directions for identifying the locale of the project school site.
- Item 5, add a definition and code section reference to a qualifying SFP project.
- Item 6, delete all instructions for calculating Overall Score Percentage. Insert the Minimum Score required to be eligible for funding.
- Item 8, insert 50 percent in items a and b. Add items d and e.
- Item 9, clarify instructions for calculating the cost per square foot.
- Item 12, delete instructions.

SAB 50-10 Page 2 of 3

- Item 2, insert additional lines for Industry Sector and Pathway.
- Item 5, insert Minimum Score of 105. Delete Maximum Points Possible and Overall Score Percentage.
- Item 8, add 50 percent to a, b and c. Add a line item to account for the SFP combined project deduction and amend the total cost calculation.
- Delete Item 12 for Priority Order. The order of project funding is set in regulation based on region, score and locale; therefore, the district priority has no bearing on funding.

Certifications Page 3 of 3

- Add a certification statement that equipment purchases must be on or after May 20, 2006 for modernization projects.
- Add a certification statement that construction contracts must be executed on or after May 20, 2006 for stand-alone new construction projects.

See attachment for the complete revisions to the Form SAB 50-10.

Recommendation

Present changes at next SAB meeting.

SCHOOL FACILITY PROGRAM CAREER TECHNICAL EDUCATION FACILITIES PROGRAM

Proposed Amendments to Regulations

Article 16. Career Technical Education Facilities Program

Section 1859.190. General.

An applicant seeking Career Technical Education Facilities Project funding pursuant to the provisions of Education Code Section 17078.72, shall complete and file Form SAB 50-10.

An applicant may submit multiple Career Technical Education Facilities applications for different career technical education projects located at a single school site, pursuant to Education Code Section 17078.72(e), (f), and (i). Modernization of facilities under Article 16 shall not affect the Modernization Eligibility of the facility pursuant to Section 1859.60.

Note: Authority cited: Sections 17070.35 and 17078.72(k), Education Code.

Reference: Section 17078.72, Education Code.

Section 1859.191. Career Technical Education Facilities Project Application Submittal.

(a) The Board shall accept Approved Applications for Career Technical Education Facilities Project Funding and make apportionments as follows:

(1) All applications received in a six month cycle will be processed and prioritized for career technical education funding in the manner described in Section 1859.194.

(2) The funding cycles are established as follows:

(A) Approved Applications for Career Technical Education Facilities Project Funding for the first funding cycle must be submitted to the OPSC by October 31, 2007.

(B) Approved Applications for Career Technical Education Facilities Project Funding for the second funding cycle must be submitted to the OPSC by April 30, 2008.

(C) At the discretion of the Board, subsequent funding cycles may continue every six months thereafter until the Career Technical Education Facilities Program funds are exhausted or other funds become available.

(3) The Career Technical Education Facilities funds will be apportioned at the next available Board meeting after the end of each application cycle.

Note: Authority cited: Sections 17070.35 and 17078.72(k), Education Code.

Reference: Section 17078.72, Education Code.

Section 1859.192. Career Technical Education Facilities Program Eligibility.

An applicant requesting funding for a Career Technical Education Facilities Project may submit Form SAB 50-10 to the OPSC if all the following criteria are met:

(a) For a new construction project, the applicant:

(1) Is a local educational agency operating a comprehensive high school pursuant to Education Code Sections 51224, 51225.3 and 51228.

(2) Has an active career technical advisory committee pursuant to Education Code Section 8070.

(b) For a modernization project, the applicant:

(1) Is a local educational agency operating a comprehensive high school pursuant to Education Code Sections 51224, 51225.3 and 51228; or,

(2) Is a joint powers authority operating career technical education programs as of May 20, 2006.

(3) Has an active career technical advisory committee pursuant to Education Code Section 8070.

(c) The applicant's Career Technical Education Facilities Program application has met all the requirements in Education Code Section 17078.72(i) and scored at least 105 points.

An applicant need not demonstrate New Construction Eligibility or Modernization Eligibility in order to participate in the Career Technical Education Facilities Program.

Note: Authority cited: Sections 17070.35 and 17078.72(k), Education Code.

Reference: Sections 8070, 17078.72, 51224, 51225.3 and 51228, Education Code.

Section 1859.193. Career Technical Education Facilities Grant Determination.

A Career Technical Education Facilities Project may construct a new facility or modernize or Reconfigure an existing school building. The application for Career Technical Education Facility funding may accompany an application for new construction funding pursuant to Section 1859.70 or may be submitted independently.

The applicant must identify square footage of the Career Technical Education Facility being constructed, modernized, reconfigured or equipped, on the funding application. Equipment purchased under the Career Technical Education Facilities Program must have an average useful life expectancy of at least ten years pursuant to Education Code 17078.72(a). An application for a Career Technical Education Facilities Project may consist entirely of equipment. [All contracts for construction must be executed, and all equipment must be purchased on or after May 20, 2006, unless the Career Technical Education Facilities Project is combined with a qualifying SFP new construction project pursuant to Section 1859.193.1.](#)

- (a) For new construction of a Career Technical Education Facilities Project included in a qualifying New Construction Grant, the Career Technical Education Facilities grant amount shall be the lesser of either (1) or (2):
- (1) The sum of the costs uniquely related to facilities required to provide Career Technical Education as determined below:
 - (A) 50 percent of the cost of construction of the Career Technical Education Facilities Project, as determined by the project architect, subject to OPSC review and approval.
 - (B) 50 percent of the cost to equip the Career Technical Education Facilities Project with necessary equipment.
 - (C) Minus an allowance for New Construction Grants provided for Career Technical Education classrooms, determined by:
 1. Multiplying 960 square feet by the number of classrooms in the Career Technical Education Facilities Project that were included in the New Construction project.
 2. Multiplying the amount determined in (a)(1)(C)1 by 50 percent of the Current Replacement Cost for non-Toilet Facilities.
 - (2) \$3 million per Career Technical Education Facilities Project.
 - (3) Site development work is not allowed as part of a Career Technical Education Facilities Project included in a New Construction Grant. Site development work necessary pursuant to Section 1859.76, may be requested by the district under the qualifying SFP New Construction.
- (b) For stand-alone New Construction of a Career Technical Education Facilities Project, the grant amount shall be the lesser of either (1) or (2):
- (1) The sum of the costs uniquely related to facilities required to provide Career Technical Education as determined below:
 - (A) 50 percent of the cost of construction of the Career Technical Education Facilities Project, as determined by the project architect, subject to OPSC review and approval.
 - (B) 50 percent of the cost to equip the Career Technical Education Facilities Project with necessary equipment.
 - (C) 50 percent of site development work that meets the following criteria:
 1. It is necessary and applicable to the Career Technical Education Facilities Project.
 2. It meets the requirements for site development costs as outlined in Section 1859.76.
 - (2) \$3 million per Career Technical Education Facilities Project.
 - (3) If the district is requesting funding for site development work applicable to the Career Technical Education Facilities Project, the district must submit a detailed cost estimate and appropriate DSA approved plans with the Form SAB 50-10. The cost estimate must include appropriate justification documents that indicate the work is

necessary to complete the Career Technical Education Facilities Project and conform to the requirements in Section 1859.76.

- (4) Utility service(s) cost shall be prorated, if necessary, for any excess capacity not needed to service the Career Technical Education Facilities Project.
- (c) For Modernization of a Career Technical Education Facilities Project, the grant amount shall be the lesser of either (1) or (2):
 - (1) The sum of the costs uniquely related to facilities required to provide Career Technical Education Facilities Project as determined below:
 - (A) 50 percent of the cost to modernize or Reconfigure the Career Technical Education Facilities, as determined by the project architect, subject to OPSC review and approval.
 - (B) 50 percent of the cost to equip the Career Technical Education Facilities with necessary equipment.
 - (2) \$1.5 million per Career Technical Education Facilities Project.
- (3) Reconfiguring an existing school building must not displace a minimum essential facility. In any case involving the replacement of a minimum essential facility due to the reconfiguration of an existing building, the replacement must be part of the plans submitted in support of the Career Technical Education Facilities Application, must occur concurrently, and cannot be part of a SFP Application for new construction.
- (4) Utility service(s) cost shall be prorated, if necessary, for any excess capacity not needed to service the Career Technical Education Facilities Project.
- (d) If an applicant meets the eligibility criteria in Section 1859.192, but does not have the necessary approvals from the DSA and/or the CDE at the time of apportionment, the Board may apportion funds for the Career Technical Education Facilities Project and reserve them for a period of up to 12 months. The grant amount to be reserved for the project will be the maximum funding as determined above in (a), (b), or (c).

Note: Authority cited: Sections 17070.35 and 17078.72(k), Education Code.

Reference: Section 17078.72, Education Code.

Section 1859.193.1. Qualifying SFP Project.

For purposes of meeting the requirements in Sections 1859.193(a) or (c), the district may combine a Career Technical Education Facilities Project with any of the following applications in (a) or (b):

- (a) A new construction or modernization funding application that is submitted at the same time as the Career Technical Education Facilities Project application.
- (b) An Approved Application for new construction or modernization funding that has been approved, but has not received a full apportionment (i.e., currently on the workload list) or has been fully funded, if the following criteria are met:
 - (1) For new construction:
 - (A) The plans and specifications for the Career Technical Education Facilities Project were included in the original DSA approved plans and specifications for the Approved Application for new construction funding.
 - (B) The classrooms constructed for the Career Technical Education Facilities Project were not occupied prior to May 20, 2006.
 - (2) For modernization:
 - (A) The plans and specifications for the Career Technical Education Facilities Project were included in the original DSA approved plans and specifications for the Approved Application for modernization funding.
 - (B) ~~The classrooms constructed for the Career Technical Education Facilities Project were not occupied prior to May 20, 2006.~~ [The construction contracts for the Career Technical Education Facilities Project were executed on or after May 20, 2006.](#)
- (c) If the Career Technical Education Facilities Project application is submitted separately, there is no requirement that the Approved Application for new construction or modernization be withdrawn.

Note: Authority cited: Sections 17070.35 and 17078.72(k), Education Code.

Reference: Section 17078.72, Education Code.

Section 1859.194. Career Technical Education Facilities Program Matching Share Requirement.

Any funding provided by these regulations shall require an applicant matching share contribution on a dollar-for-dollar basis. The applicant matching share may come from any source including, but not limited to, private industry groups, school districts, county offices of education, and joint powers authorities.

If the applicant's available matching share does not equal the grant amount or the matching share is not immediately available, a loan may be made to the applicant. The amount of the loan shall be determined by compliance with (a) below. If the need for a loan is substantiated, it shall be paid over time through loan payments authorized by the Board.

(a) Require the applicant declare any local funds available for applicant contribution from any of the following sources:

- (1) Developer Fees
- (2) Certificates of Participation
- (3) Local General Obligation Bonds, Mello-Roos Bonds and School Facility Improvement District Bonds
- (4) Contribution from private industry groups or joint powers authority
- (5) Any other Capital Facility funding

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Upon apportionment, the OPSC will prepare a loan agreement on behalf of the Board for the applicant.

(b) The loan agreement shall stipulate the following:

- (1) The loan term shall be set at ten years with a one-time extension of five years if the applicant is in jeopardy of becoming financially insolvent and becoming subject to the requirements of Assembly Bill (AB) 1200, Chapter 1213, Statutes of 1991 (Eastin).
- (2) The loan agreement shall include interest on the unpaid principal balance at the same rate as that charged by the Pooled Money Investment Board. The interest rate will be set on the date that the project funding apportionment is approved by the Board.
- (3) Interest starts accruing on the fund release date.
- (4) The first payment is due no later than two years from the fund release date.
- (5) Should the district default on the loan payments, the OPSC will initiate collection procedures from the School Fund Apportionment pursuant to Education Code Section 17076.10(c).

Note: Authority cited: Sections 17070.35 and 17078.72(k), Education Code.

Reference: Sections 17076.10 and 17078.72, Education Code.

Section 1859.195. Career Technical Education Facilities Project Apportionment.

The Board shall apportion Career Technical Education Facilities Funds in the following manner:

(a) The Board may apportion up to a maximum of \$350 million for applications received in the first Career Technical Education Facilities funding cycle ending October 31, 2007.

(1) The amount of \$250 million shall be distributed proportionally to the Service Regions based on the high school enrollment within each Service Region. The proportional distribution of funds shall be determined by the current year CBEDS enrollment.

(2) If funding requested on qualifying applications exceeds the funds allotted to any Service Region, the amount of \$100 million shall be available for apportionment to the highest ranked projects regardless of Service Region.

(b) The Board may apportion up to the sum of \$150 million plus any funds not apportioned in the first cycle for applications received in the second Career Technical Education Facilities funding cycle ending April 30, 2008.

(1) The amount of \$150 million plus any funds remaining from (a)(2) shall be distributed proportionally to each of the Service Regions based on the high school enrollment within each Service Region.

(2) Any unused funds distributed under (a)(1) shall be added to the amount determined for each Service Region in (b)(1).

(3) The cumulative apportionments in each Service Region may not exceed the amount determined in (1) and (2) except as described in Section 1859.196(b).

(c) The Board may apportion any or all remaining available Career Technical Education Facilities funds in subsequent cycles, as deemed necessary and practical by the Board.

Note: Authority cited: Sections 17070.35 and 17078.72(k), Education Code.

Reference: Section 17078.72, Education Code.

Section 1859.196. Career Technical Education Facilities Program Funding Order.

(a) In the first funding cycle, the Board shall fund eligible Career Technical Education Facilities Projects as follows:
(1) Approved Applications for Career Technical Education Facilities Project Funding shall be sorted by Service Region.

(2) Within each Service Region, approved applications will be ranked from highest to lowest according to the numerical score for the applicant's Career Technical Education Facilities Program application pursuant to Education Code Section 17078.72(i).

(3) The locale of each project shall be identified as Urban, Suburban or Rural.

(4) The Board shall apportion funds within each Service Region to the highest ranked project in each locale. In order to continue this funding process, one project from each locale must be apportioned. If there are no applications in a given locale(s), projects will be apportioned in the remaining locale(s).

(5) The process will continue until the applications or funds are exhausted within each Service Region as prorated pursuant to Section 1859.195. If an application cannot be fully apportioned because insufficient funding remains within the Service Region, the application shall be considered for funding pursuant to Section 1859.195(a)(2). If there is insufficient funding under Section 1859.195(a)(2), the applicant may either accept the available funding within the Service Region as the full and final apportionment for the project or refuse funding entirely. If funding is refused, the Board shall consider funding the next project eligible for an apportionment pursuant to this Section.

(6) In the event two or more applications within a Service Region have the same career technical education plan score and are in the same locale, the applicant with the highest total points in all weighted areas identified in Education Code Section 17078.72(j) will be funded first.

(b) In the second funding cycle, the Board shall fund eligible Career Technical Education Facilities Projects as described in (a) until the applications or funds are exhausted within each Service Region or until the conditions in (1) and (2) are met:

(1) Funds remain after all applications in a given Service Region have been apportioned.

(2) Approved Applications remain in other Service Regions because the requests exceed the funds allotted to the Service Region(s) in Section 1859.195(b). If an application cannot be fully apportioned because insufficient funding remains within the Service Region, the application shall be considered for funding pursuant to (c). If there is insufficient funding under (c), the applicant may either accept the available funding within the Service Region as the full and final apportionment for the project or refuse funding entirely. If funding is refused, the Board shall consider funding the next project eligible for an apportionment pursuant to this Section.

(c) If (b)(1) and (b)(2) are met in the second funding cycle, the remaining available career technical education facilities funds shall be pooled and apportioned to the highest ranked project in each locale regardless of Service Region. One of each locale must be accounted for before a locale is repeated.

(ed) For the third and any subsequent cycles, the Board shall apportion funds regardless of Service Region.

(1) Funds shall be apportioned to the highest ranked project in each locale. In order to continue this funding process, one project from each locale must be apportioned. If there are no applications in a given locale(s), projects will be apportioned in the remaining locale(s).

(2) The process will continue until the applications or funds are exhausted, whichever comes first.

(3) In the event two or more applications have the same career technical education plan score and are in the same locale, the applicant with the highest total points in all weighted areas identified in Education Code Section 17078.72(j) will be funded first.

If ~~at the last~~ Career Technical Education Facilities Project within any funding cycle cannot be fully apportioned because insufficient funding is available, 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 Board shall consider funding the next project eligible for an apportionment ~~based on the above funding priority mechanism~~ pursuant to this Section. ~~If an applicant refuses funding, the application shall automatically carry over to the subsequent cycle or the applicant may request that the application be returned.~~

For any Career Technical Education Facilities Project not apportioned ~~under the funding mechanism described above~~ pursuant to this section, the application shall ~~automatically carry over to the subsequent cycle or the applicant may request that the application be returned~~ to the applicant. A Career Technical Education Facilities Project returned to the applicant may be resubmitted during a subsequent application acceptance period identified in Section 1859.191, provided the application meets the eligibility criteria in Section 1859.192.

Note: Authority cited: Sections 17070.35 and 17078.72(k), Education Code.

Reference: Section 17078.72, Education Code.

Section 1859.197. Fund Release Process.

The OPSC will release State funds that have been apportioned by the Board pursuant to Sections 1859.195 after submittal by the applicant of the Form SAB 50-05.

(a) If an apportionment was made for a Career Technical Education Facilities Project, the applicant must submit a Form SAB 50-05 within 18 months of the Apportionment as outlined in Education Code Section 17076.10 or the apportionment shall be rescinded without further Board action.

(b) If Career Technical Education Facilities funds were reserved for the applicant pursuant to Section 1859.193(d) of these Regulations, the applicant:

(1) Has one year from the date of apportionment to submit the CDE plan approval and DSA-approved plans and specifications, as required, to the OPSC for the Career Technical Education Facilities Project, otherwise the apportionment shall be rescinded without further Board action.

(2) Has 18 months from the date the CDE plan approval and DSA-approved plans and specifications, as needed, are submitted to the OPSC to submit a completed Form SAB 50-05 or the apportionment shall be rescinded without further Board action.

(c) If the applicant requires a loan for the entire matching share requirement pursuant to Section 1859.194(b) of these Regulations:

(1) The OPSC will release ten percent of the Career Technical Education Facilities grant to the applicant within 30 calendar days of the apportionment.

(2) The applicant has one year from the date of apportionment to submit the CDE plan approval and DSA-approved plans and specifications, as required, to the OPSC for the Career Technical Education Facilities Project, otherwise the apportionment shall be rescinded without further Board action

(3) The applicant has 18 months from the date in (c)(2) to submit a completed Form SAB 50-05 or the apportionment shall be rescinded without further Board action.

(d) The applicant is subject to substantial progress time limit on the apportionment as outlined in Education Code Section 17076.10(b).

Note: Authority cited: Sections 17070.35 and 17078.72(k), Education Code.

Reference: Sections 17078.72 and 17076.10 Education Code.

Section 1859.198. Time Limit on Apportionment and Substantial Progress.

The district is subject to the time limit on the apportionment as outlined in Education Code Section 17076.10 and substantial progress requirements pursuant to Section 1859.105.

Any Career Technical Education Facilities Project funds returned due to projects being rescinded or reduced to cost incurred shall be made available for apportionment in subsequent funding cycles.

Note: Authority cited: Sections 17070.35 and 17078.72(k), Education Code.

Reference: Section 17078.72, Education Code.

Section 1859.199. Program Accountability.

A project shall be deemed complete when either of the following occurs, whichever occurs first:

- (a) The final notice of completion is filed for the project; or,
- (b) Four years have elapsed from the final fund release for the project.

Projects will be subject to a Program Accountability Expenditure Audit pursuant to Section 1859.106. Any repayments due back to the state as a result of these audits will be subject to the repayment provisions identified in Section 1859.106.1.

An applicant district may not retain savings realized by a Career Technical Education Facilities Project.

Note: Authority cited: Sections 17070.35 and 17078.72(k), Education Code.

Reference: Section 17078.72, Education Code.

APPLICATION FOR CAREER TECHNICAL EDUCATION FACILITIES FUNDING

SCHOOL FACILITY PROGRAM
SAB 50-10 (new 1/07 Revised 1/08)

GENERAL INFORMATION

This Form is to be used by a district/joint powers authority (JPA) to request for Career Technical Education Facility Program (CTEFP) grants for school facilities. Requests for funding may be made as follows:

New construction or Modernization project pursuant to Regulation Section 1859.190. The following documents must be submitted with this form for purposes of this apportionment:

- California Department of Education's (CDE) Career Technical Education (CTE) ~~Plan Approval~~ score letter.
- A copy of the submitted CTEFP application that complies with the requirements of Education Code Section 17078.72.

- If applicable, Plan Approval letter from the ~~California Department of Education (CDE), School Facilities Planning Division.~~
- If applicable, Plans and Specifications (P&S) for the project that were approved by the Division of the State Architect (DSA) and the DSA Approval letter. Submittal of plans may be on CD-Rom or "Zip Drive" readable in AutoCAD 14. The specifications may be provided on a diskette that is IBM compatible.
- Cost estimate of proposed site development, if requesting site development funding.
- Detailed construction cost estimate, if requesting construction funding.
- Itemized list of equipment including cost, if requesting equipment funding.
- If requesting a loan, the applicant must attach the completed CTEFP Funding Availability Worksheet.

SPECIFIC INSTRUCTIONS

A Project Tracking Number must be assigned by the applicant for all applications submitted to the OPSC, the DSA, or the CDE. This number may be obtained from the OPSC Web site at www.opsc.dgs.ca.gov or the DSA or the CDE Web sites under "Project Tracking Number Generator." The locale must be entered for all CTE applications submitted to the OPSC.

1. Type of Application

Check the box that indicates the type of CTEFP funding requested. Refer to Section 1859.192 for the eligibility criteria.

2. CTE Industry Sector and Pathway

Enter the name of the Industry Sector and Pathway.

3. Reservation of Funds

Check the box for **Yes** if requesting for a reservation of funds pursuant to Section 1859.193(d). Otherwise, check the box "**No**".

4. Loan Request

Check the box for **Yes** if requesting for a loan pursuant to Section 1859.194. Otherwise, check the box "**No**".

5. Qualifying SFP Project Application Number

If the request is for a CTEFP Project ~~which that~~ will be part of a qualifying SFP project, indicate the SFP application number or the project tracking number of the qualifying SFP project. Enter the number of CTE classrooms specified in the CDE CTE Application. Refer to ~~Section 1859.193.1.~~ For a definition of a qualifying SFP project, refer to Section 1859.193.

6. CDE Application Overall Score

Enter the score from the CDE CTE plan approval score letter for this project. ~~Divide the Overall Score by the Max Points Possible and multiply by 100 to get the Overall Score Percentage.~~ (The applicant must have received a score of at least 105 points, as determined by the CDE per Regulation Section 1859.192(c).)

7. CTE Facility Square Footage

Enter the total eligible square footage of the CTE Facility in the project.

8. Eligible Costs

- Enter 50 percent of the construction cost, if constructing new building area, or modernizing or reconfiguring an existing building.
- Enter 50 percent the equipment cost pursuant to the Educational Code 17078.72(a).
- If the request is for a CTEFP Project ~~which that~~ is not a part of a qualifying SFP project, enter 50 percent of site development costs that meet the requirements of Section 1859.193.
- If the CTEFP Project is part of a qualifying SFP Project, enter 50 percent of the total SFP allowance for New Construction Grants for CTE classrooms pursuant to Section 1859.193(a)(1)(C).
- Enter the total of a plus b plus c minus d.

9. Cost Per Square Footage

Enter the cost per square ~~footage~~ by dividing the total eligible costs in Item 8 at 100 percent by the CTE facility square footage noted in Item 7.

10. Project Assistance

Check the box if the district is requesting project assistance pursuant to Section 1859.73.1. This grant is available only to a new construction or modernization CTE project that is not part of a qualifying SFP New Construction or Modernization project.

11. CTE Project Progress Dates

Enter the following project progress dates:

- Date the initial construction contract was signed for this project. If a construction contract has not been executed, enter N/A.
- Issue date of the Notice of Proceed for the construction phase of the project, or enter N/A if a Notice to Proceed has not been issued.

~~12. Priority Order~~

~~Enter the funding priority of this application in relation to other applications for Career Technical Education Facilities Apportionment submitted on the same date by the same applicant within the same school district.~~

APPLICATION FOR CAREER TECHNICAL EDUCATION FACILITIES FUNDING

SCHOOL FACILITY PROGRAM
SAB 50-10 (new 1/07 Revised 1/08)

The school district/JPA named below applies to the State Allocation Board via the Office of Public School Construction for a grant under the provisions of Chapter 35, Article 13, commencing with Section 17078.70, et seq, of the Education Code and the Regulations thereto.

School District/Joint Powers Authority		Application Number
School Name		Project Tracking Number
County	E-mail Address/Local	High School Attendance Area (IF APPLICABLE)

1. Type of Application – Check Only One

- New Construction Project – construct new school Buildings and/or equipment
- Modernization Project – reconfigure existing school Buildings and/or equipment

2. CTE Industry Sector and Pathway:

Sector: _____

Pathway(s): _____

3. Reservation of Funds Yes No

4. Loan Request Yes No

5. Qualifying SFP Project Application Number

Application Number: # _____

Project Tracking Number: # _____

Number of CTE Classrooms in the CTEFP Application: _____

6. CDE Application Overall Score _____

Minimum Score Maximum Points Possible 105165

Overall Score Percentage _____%

7. CTE Facility Square Footage _____

8. Eligible Costs

a. 50 Percent Construction \$ _____

b. 50 Percent Equipment \$ _____

c. 50 Percent Site Development \$ _____

d. (New Construction Only) 50 Percent SFP Allowance Deduction \$ _____

e. Total (a+b+c-d) \$ _____

9. Cost Per Square Footage \$ _____

10. Project Assistance

- CTE Project Only – not part of a qualifying SFP project

11. CTE Project Progress Dates

a. Construction Contract signed on: _____

b. Notice to Proceed issued on: _____

12. Priority Order _____ # _____

13. CERTIFICATION

I certify, as the Representative for the School District or JPA, that the information reported on this form is true and correct and that: I am the authorized representative of the District or JPA as authorized by the governing board of the district or JPA; and,

- A resolution or other appropriate documentation supporting this application under Article 13, Chapter 12.5, Part 10, Division 1, commencing with Section 17078.70, et. seq., of the Education Code was adopted by the applicant's Governing board on _____; and,
- The district has established a "Restricted Maintenance Account" for the exclusive purpose of providing ongoing and major maintenance of school buildings and has developed an ongoing and major maintenance plan that complies with and is implemented under the provisions of Education Code Sections 17070.75 and 17070.77 (Refer to Sections 1859.100 through 1859.102); if the applicant is a joint powers authority that is not required to establish a "Restricted Maintenance Account" under provisions of the Education Code Section 17070.75, the applicant certifies that it can maintain its facilities with a lesser annual deposit (refer to Section 1859.101); and,
- The matching funds required pursuant to Regulation Section 1859.194 has either been received and expended by the district, deposited in the County School Facility Fund or will be received and expended by the district prior to the notice of completion for the project; and,
- The participant has or will receive the necessary approval of the plans and specifications from the Division of the State Architect; and,
- The participant has or will receive the necessary approval of the plans and specifications from the CDE; and,
- The participant has complied with the provisions of Regulation Section 1859.76 and that the portion of the project funded by the State does not contain work specifically prohibited in that section; and,
- If the SFP grants will be used for a CTEFP project on school facilities on leased land, the participant has entered into a lease agreement for the leased property that meets the requirements of Regulation Section 1859.22; and,

APPLICATION FOR CAREER TECHNICAL EDUCATION FACILITIES FUNDING

SCHOOL FACILITY PROGRAM
SAB 50-10 (new 1/07 Revised 1/08)

- The participant has complied with the CTEFP eligibility criteria as outlined in Regulation Section 1859.192; and,
- The participant will comply with all laws pertaining to the construction of its CTE school building; and,
- The participant understands that funds not released within 18 months of apportionment shall be rescinded and the application shall be denied (refer to Regulation Section 1859.197); and,
- The participant understands that by reserving funds, the applicant must submit the necessary approvals and/or Plans and Specifications within one year of apportionment; otherwise the funds will be rescinded without further Board action (refer to Regulation Section 1859.197); and,
- The participant understands that the lack of substantial progress within 18 months of receipt of any funding shall be cause for the rescission of the unexpended funds (refer to Regulation Section 1859.198); and,
- The participant understands that some or all of the State funding for the project must be returned to the State as a result of an audit pursuant to Regulation Sections 1859.105 and 1859.106, and that the portion of the project funded by the State does not contain work specifically prohibited; and,
- All contracts for the service of any architect structural engineer or other design professional for any work under the project have been obtained pursuant to a competitive process that is consistent with the requirements of Chapter 10 (commencing with Section 4525) of Division 5, of Title 1, of the Government Code; and,
- The participant has or will comply with the Public Contract Code regarding all laws governing the use of force account labor; and,
- ~~If this request is for modernization of CTE facilities, contracts for construction and/or equipment were executed on or after May 20, 2006; and,~~
- If this request is for modernization of CTE facilities, all equipment was purchased on or after May 20, 2006; and,
- If this request is for new construction projects, the CTE classrooms constructed were not occupied prior to May 20, 2006; and,
- If this request is for a stand-alone new construction project, contracts for construction were executed on or after May 20, 2006; and,
- If the applicant is requesting a loan for the matching share, a CTEFP Loan Agreement will be executed pursuant to the requirements in Section 1859.194; and,
- The applicant has or will comply with Education Code Section 17076.11 regarding at least a 3 percent expenditure goal for disabled veteran business enterprises; and,
- This form is an exact duplicate (verbatim) of the form provided by the OPSC. In the event a conflict should exist, the language in the OPSC form will prevail; and,
- The statements set forth in this application and supporting documents are true and correct to the best of my knowledge and belief.

SIGNATURE OF DISTRICT REPRESENTATIVE

DATE

NAME OF DISTRICT REPRESENTATIVE (print)

TITLE

PHONE NUMBER

EMAIL ADDRESS

STATE ALLOCATION BOARD
IMPLEMENTATION COMMITTEE MEETING
JANUARY 11, 2008

FINANCIAL HARDSHIP PROGRAM UPDATE

PURPOSE OF REPORT

To provide an update on the progress that is being made to the Financial Hardship (FH) Program.

BACKGROUND

The Office of Public School Construction (OPSC) presented to the State Allocation Board (SAB) at its October 23, 2007 meeting its Work Plan for Improving the FH Program.

STAFF COMMENTS

The Office of Public School Construction (OPSC) is currently working on the following:

Revamping the FH Framework

The OPSC advisory panel consists of the Legislative Analyst Office (LAO), Office of Statewide Audits and Evaluations (OSAE), Assistant Executive Officer to the State Allocation Board (SAB), and the Department of Education (CDE). The Fiscal Crisis & Management Assistance Team (FCMAT) has been invited to join the advisory panel. However, to date, FCMAT has not responded to the meeting requests.

The group has discussed at great length the basis of measuring fiscal health. The advisory group has also beta tested a fiscal health measurement formula presented by the LAO. The advisory group is still in the infancy stage of developing a revised FH model.

Developing and implementing program policies

The OPSC has established policies to elevate issues to management for resolution to insure all reviews are treated in a fair and equitable manner. The OPSC has established Bi-monthly metric performance reports to track key components of the program.

Revamping the worksheets and instructions

The OPSC has recently revised the FH Checklist & Funding Certification and it was posted to the OPSC Web-Site. The checklist will provide a more comprehensive list of documents needed for a FH review and to assist districts in submitting complete packages to the OPSC.

In addition, OPSC is in the process of revising the FH worksheets that will be available in early 2008.

Implementing process improvements and training

The OPSC has implemented process improvements for the FH program and is currently implementing a training program for staff. The OPSC has redirected staff with prior audit and/or accounting experience to the FH program. Formal training has also been provided to the staff in performing financial reviews, and audit working papers.

STATE ALLOCATION BOARD
IMPLEMENTATION COMMITTEE MEETING
January 11, 2008

GRANT ADEQUACY UPDATE

PURPOSE OF REPORT

To provide an update on the study on the adequacy of the new construction grant.

BACKGROUND

Assembly Bill 127 authorizes the State Allocation Board (SAB), beginning January 1, 2008, to annually adjust the new construction per pupil base grant based on an analysis of the current costs of new school construction. Due diligence must be exercised in making this determination since an increase or decrease in the base grant can impact the ability of school districts to build schools.

Methodology

The Office of Public School Construction (OPSC) contracted with the Macias Consulting Group (MCG) to develop a methodology and complete an independent grant adequacy study. The MCG developed its methodology in consultation with the Legislative Analyst's Office, the Division of the State Architect, the Office of Statewide Audits and Evaluations, and the education section of the Department of Finance. The MCG has maintained regular methodology meetings with these advisors. The methodology was then presented at a publicly noticed open meeting on October 5, 2007. At the meeting, members of the Ad Hoc Committee, the Implementation Committee, and the public were given an opportunity to comment on the methodology. The methodology continues to be posted on the OPSC website and the MCG also accepted written comments on the methodology. The MCG presented its methodology to the SAB at the October 2007 meeting. Since then, the MCG utilized actual soft cost data from OPSC close-out audits to adjust the McGraw-Hill database to account for project soft costs, such as architect fees, etc. The MCG has continued its study on grant adequacy and provided an update to the SAB at the December meeting. They have continued to meet with the California Department of Education and other interested parties to further develop the study.

Providing Transparency

The Legislative Analyst's Office, as the nonpartisan fiscal and policy advisor to the Legislature, will be provided with the data sets so that an independent party can validate the study's findings without violating licensing agreements.

AUTHORITY

Education Code (EC) Section 17072.11(a)(3) states, "The board shall conduct an analysis of the relationship between the per-unhoused-pupil grant eligibility determined under this article and the per-pupil cost of new school construction for elementary, middle, and high school pupils."

Education Code (EC) Section 17072.11(b) states, "On or after January 1, 2008, the board shall increase or decrease the per-unhoused-pupil grant eligibility by amounts it deems necessary to cause the grants to correspond to costs of new school construction, provided that the increase in any fiscal year pursuant to this section shall not exceed 6 percent."

STAFF COMMENTS

The purpose of this report is to provide an update on the methodology and procedures utilized for the grant adequacy study in anticipation of presenting a report to the SAB at its January meeting. The MCG will be presenting the update.