

STATE ALLOCATION BOARD

1130 K Street, Suite 400
Sacramento, CA 95814
<http://www.opsc.dgs.ca.gov>



Date: October 27, 2008

To: Interested Parties

Subject: **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, November 7, 2008** from 9:30 a.m. to 3:30 p.m. in the Legislative Office Building located at 1020 "N" Street, Room 100, Sacramento, California.

The Implementation Committee's proposed agenda is as follows:

- 1) Convene Meeting
- 2) Emergency Repair Program
Continue discussion on proposed regulatory amendments to the Emergency Repair Program
- 3) Financial Hardship Program
Continue discussion on the Financial Hardship Program
- 4) Accessibility and Fire Code Requirements for Modernization Projects
Discussion on proposed regulatory amendments to the Accessibility and Fire Code grant allowance

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 Danielle Burch at (916) 445-9383.

A handwritten signature in cursive script that reads "Katrina Valentine".

KATRINA VALENTINE, Chairperson
State Allocation Board Implementation Committee

STATE ALLOCATION BOARD
IMPLEMENTATION COMMITTEE

Pending Items List
November 7, 2008

A. Future Items

- Joint-Use Program Regulatory Amendments
- 60 Percent Commensurate Regulation
- 150 Percent Regulation
- Role of the Implementation Committee
- Alternative Education Loading Standards and Funding

STATE ALLOCATION BOARD
November 7, 2008

EMERGENCY REPAIR PROGRAM

PURPOSE

To discuss proposed changes to the Emergency Repair Program (ERP) Regulations, which include modifications to the ERP *Grant Request* (Form SAB 61-03) and *Expenditure Report* (Form SAB 61-04).

BACKGROUND

The ERP funding process begins with the Local Educational Agency's (LEA's) Form SAB 61-03 submittal, after which the Office of Public School Construction (OPSC) and State Allocation Board (SAB) determine whether the LEA will receive a grant apportionment. Within one year or 18 months from the apportionment date, the LEA must report its expenditures using the Form SAB 61-04. After reviewing the LEA's Form SAB 61-04, the OPSC may prepare an SAB Grant Adjustment item, pursuant to ERP Regulation Section 1859.324.1:

- If expenditures are *less* than the ERP Grant, the LEA has savings, and the adjustment will require the LEA to return those savings to the State. Under existing ERP regulations, the LEA is required to return savings to the OPSC within 60 days of SAB approval of the Grant Adjustment.
- If expenditures are *more* than the ERP Grant, the LEA may be entitled to an adjustment, which equates to an increase in the original grant.

Currently, LEAs do not return savings with the final ERP expenditure report, Form SAB 61-04. Therefore, the OPSC does not collect savings until after it presents an item to the SAB, or at least more than two months after the Form SAB 61-04 submittal. This length of time increases the amount of interest earned by the LEA on the ERP Grant funds, which correspondingly increases the amount of savings owed to the State. Additionally, during this period, the OPSC and LEA must engage in additional correspondence to collect the savings. By requiring LEAs to return savings with the Form SAB 61-04 submittal, OPSC and LEA workload will be reduced. Also, with the expeditious return of savings, the OPSC may fund more ERP projects more quickly.

AUTHORITY

Education Code Section 17592.73 states:

The State Allocation Board shall do all of the following:

- (a) Adopt regulations and review and amend its regulations, as necessary...for the administration of this article...
- (b) Establish and publish any procedures and policies in connection with the administration of this article as it deems necessary.

ERP Regulation Section 1859.324.1(a) states:

If the expenditures are less than the Grant, the Grant will be deemed the full and final apportionment for the project and the OPSC shall recommend to the Board that the Apportionment be reduced by the amount of savings realized by the LEA. The savings, *which include any interest earned on the Grant funds*, either declared by the LEA or determined by the OPSC, must be returned to the State.

DISCUSSION

Staff is presenting proposals designed to improve the OPSC's efficiency in collecting ERP savings. The proposed regulations will ensure the faster return of savings, which will allow the SAB to fund additional ERP projects more quickly than under current regulations.

Revisions to ERP Regulation Sections 1859.302 and 1859.324.1

Under proposed regulations (Attachment A), the LEA must return ERP Grant savings with the Form SAB 61-04. Since the proposed ERP Regulations require that LEAs return ERP project savings with the Form SAB 61-04, rather than within 60 days after the SAB approval of the Grant Adjustment, the OPSC has improved savings collection efficiency. This change provides a quicker turnaround of any savings amounts due to the State, and lowers the amount of correspondence exchanged between LEAs and the OPSC.

Revisions to ERP Regulation Section 1859.330

Under proposed regulations (Attachment A), the LEA must submit the Form SAB 61-04 within 15 months of Grant Apportionment when the Division of State Architect's (DSA) review and approval is not required, or within 21 months of the Grant Apportionment when the DSA's review and approval is required. This change provides the LEA with an additional three months to complete all the work outlined in the Form SAB 61-03 and prepare and submit the Form SAB 61-04 to the OPSC.

Proposed Form SAB 61-03

- Requires LEAs to report the application documentation preparation and submittal costs.
- Other minor changes and clarifications.

Proposed Form SAB 61-04

- Informs LEAs upfront that an amount may be due to the OPSC with the form.
- New Sections B through F assist the LEA in calculating the amount of the Grant Adjustment, and/or amount due, if any.
- **New section stating that the Form SAB 61-04 may be used as an invoice**
- Requires LEAs to complete and submit the Form SAB 184ERP
- Other minor changes (e.g. adds instructions for LEAs that submit the Form SAB 61-03 concurrently with the 61-04, and makes other clerical changes).

New Emergency Repair Program Detailed Listing of Warrants Worksheet

- **Divides expenditures into three categories: Planning, Construction, and Application Documentation Preparation and Submittal Costs.**
- **Emulates the Form SAB 184ADM, which many LEAs are already familiar with.**

ATTACHMENT A

PROPOSED AMENDMENTS TO THE
EMERGENCY REPAIR PROGRAM REGULATIONS

Section 1859.302. Definitions.

For the purposes of these Subgroup 5.7 regulations, the terms set forth below shall have the following meanings, subject to the provisions of the Act:

...

"Form SAB 61-03" means the *Grant Request*, Form SAB 61-03 (~~Rev. 01/07~~ Rev 11/08), which is incorporated by reference.

"Form SAB 61-04" means the *Expenditure Report*, Form SAB 61-04 (~~New 01/07~~ Rev 11/08), which is incorporated by reference.

...

Section 1859.324.1. Grant Adjustments

After review of a Form SAB 61-04, projects that require a Grant Adjustment will be presented to the Board for approval based upon one of the following review determinations:

- (a) If the expenditures are less than the Grant, the Grant will be deemed the full and final apportionment for the project and the OPSC shall recommend to the Board that the Apportionment be reduced by the amount of savings realized by the LEA. The savings, which include any interest earned on the Grant funds, either declared by the LEA or determined by the OPSC, must be returned to the State when the LEA submits the Form SAB 61-04 to the OPSC. ~~Upon the approval of the recommendation by the Board, the LEA must submit a warrant for any amount identified as being owed within 60 days of the Board's action.~~ If the LEA fails to make the required payment ~~within 60 days~~, the OPSC shall notify the Controller and the LEA in writing, and the Controller shall deduct an amount equal to the amount ~~received~~ due by the LEA under this subdivision from the LEA's next principal apportionment or apportionments of state funds to the LEA, other than basic aid apportionments required by Section 6 of Article IX of the California Constitution. Any amounts obtained pursuant to this Section shall be deposited into the School Facilities Emergency Repair Account and will be made available for the funding of future ERP Grants and Grant Adjustments.

...

Section 1859.324.2. Interest Earned on ERP Grants.

All interest earned on ERP Grant funds provided pursuant to Section 1859.324 shall be:

- (1) Applied to eligible project costs for the project, as approved by the SAB, and pursuant to Section 1859.323; or
(2) Returned to the State.

Note: Authority Cited: Section 17592.73, Education Code.

Reference: Sections 17592.72 and 17592.73, Education Code.

...

Section 1859.330. Time Limit on Grant Apportionment.

The LEAs that receive ERP Grants shall comply with all of the following provisions:

- (a) When the Division of the State Architect's review and approval is not required, within ~~12~~ 15 months of the Grant apportionment the LEA shall:
- (1) Complete the emergency repair or replacement; and
 - (2) Submit the Form SAB 61-04 to the OPSC.
- (b) When the Division of the State Architect's review and approval is required, within ~~18~~ 21 months of the Grant apportionment the LEA shall:
- (1) Complete the emergency repair or replacement; and
 - (2) Submit the Form SAB 61-04 to the OPSC.

...

GRANT REQUEST

EMERGENCY REPAIR PROGRAM

GENERAL INFORMATION AND REQUIRED DOCUMENTATION

The LEA shall use this form to apply for funding of Emergency Facilities Needs repairs under the Emergency Repair Program (ERP) at eligible schools sites as defined by Section 1859.321. An LEA must submit the following documentation with this form for each project requested on this application:

1. Documentation: Provide documentation that sufficiently substantiates the health and safety threat, which must include one or more of the following, as appropriate:

- Signed copy of the Interim Evaluation Instrument (IEI) identifying the project as a health and safety threat
- Copies of complaints made by parents, students, or staff referencing the problem
- Inspection report by qualified individual(s) or firm(s)
- Work orders that identify the health and safety threat
- Photos showing the condition of the project prior to the repair work being performed
- Other forms of documentation that substantiate the health and safety threat

2. Cost Estimate: All estimates must be as detailed as possible and no lump sum estimates will be accepted. Furthermore, the estimates must have been prepared by qualified individuals or firms. For force account labor projects, LEAs may provide an estimate by submitting a completed Force Account Labor Worksheet, which is available on the OPSC Web site.

The LEA must retain the following documents on file should the OPSC request them at the time of audit (see Part C. Certifications):

1. DSA-Approved Plans and Specifications, if required

2.3. For Replacement Projects (pursuant to Regulation Section 1859.323.1), LEAs must **retain** submit a cost comparison **on file** which must include all of the following:

- Estimate to Repair the system/component
- Estimate to Replace the system/component with a Like-Kind Material/System
- For alternative building material/system replacement projects, **the LEA must additionally retain** an Estimate to Replace the system/component with an alternative building material/system

All estimates must be as detailed as possible and no lump sum estimates will be accepted. Furthermore, the estimates must have been prepared by qualified individuals or firms but are not required to be prepared by the same person(s).

The LEA must retain pertinent documents on file should the OPSC request them at the time of audit (see Required Documentation to Retain on File section of the Form SAB 61-04).

SPECIFIC INSTRUCTIONS

Part A. Project Information

The LEA must complete one Project Detail box for each Type of Project that will be/has been repaired or replaced.

- **DSA Approval:** If any of the work indicated in any of the Project Detail boxes requires DSA approval, the LEA must check "Yes." Otherwise the LEA must check "No."
- **Type of Project:** Choose project type indicating the type of building system or structural component the project is addressing. The LEA may indicate only one building system or structural component per Project Detail box completed. Multiple Project Detail boxes may be completed. Use additional sheets if necessary.
- **Project(s) Cost:** Provide the total eligible cost based on the LEA's estimate(s) and/or actual cost(s). If the project has been completed and all expenditures have been made, check the "actual" cost box, complete the Expenditure Report (Form SAB 61-04) and submit to the OPSC with this form.
- **Statement of Health and Safety Condition:** Provide a concise statement of the condition(s) and how it posed/poses a threat to the health and safety of the students and staff at the school site.
- **Type of Health/Safety Document(s) Attached:** Check the box(es) that identifies the type of health/safety document(s) enclosed with the LEA's application submittal.

Part B. Total Grant Request

Provide the Total Grant Request based on the combined total of the LEA's estimate(s) and/or actual cost(s) for all Types of Projects requested on this application. If the Total Grant Request is less than \$5,000.00, the LEA must justify its request in the space provided.

Provide the Total Project Cost based on the combined total of the LEA's estimate(s) and/or actual cost(s) for all Types of Projects requested on this application.

Provide the amount of Application Documentation Preparation and Submittal Costs (if applicable), which shall not exceed two percent of the Total Project Cost (amount on the line above) or \$5,000, whichever is less.

Provide the Total Grant Request which shall be equal to the sum of the Total Project Cost and the Application Documentation Preparation and Submittal Costs. If the Total Grant Request is less than \$5,000, the LEA must justify its request for a smaller amount in the space provided.

Part C. Certifications

The LEA representative must complete this section.

LOCAL EDUCATIONAL AGENCY (LEA)	APPLICATION NUMBER (OPSC USE ONLY) 61/
SCHOOL NAME	FIVE-DIGIT DISTRICT CODE (SEE CALIFORNIA PUBLIC SCHOOL DIRECTORY)
COUNTY	SEVEN-DIGIT SITE CODE (SEE CALIFORNIA PUBLIC SCHOOL DIRECTORY)

PROJECT TYPES:

- Communication Systems • Electrical • Fire Detection/Alarm and/or Sprinkler System • Flooring Systems • Gas • Hazardous Materials • HVAC • Paving
- Pest/Vermin Infestation • Plumbing • Roofing • Structural Damage • Wall Systems • Windows/Doors/Gates • Other

A. PROJECT DETAIL (Complete one box for each type of project at this site. Use additional sheets if necessary.):

Will any of the work in the project(s) contained in this Grant Request require DSA approval? Yes No

1. Type of Project (choose one from Project Types above): _____
 Project(s) Cost: Estimate Actual (check all that apply) \$ _____
 Statement of Health and Safety Condition: _____
 Type of Health/Safety Document(s) Attached: Photo IEI/FIT Complaint Work Order Inspection Report Other _____

2. Type of Project (choose one from Project Types above): _____
 Project(s) Cost: Estimate Actual (check all that apply) \$ _____
 Statement of Health and Safety Condition: _____
 Type of Health/Safety Document(s) Attached: Photo IEI/FIT Complaint Work Order Inspection Report Other _____

3. Type of Project (choose one from Project Types above): _____
 Project(s) Cost: Estimate Actual (check all that apply) \$ _____
 Statement of Health and Safety Condition: _____
 Type of Health/Safety Document(s) Attached: Photo IEI/FIT Complaint Work Order Inspection Report Other _____

4. Type of Project (choose one from Project Types above): _____
 Project(s) Cost: Estimate Actual (check all that apply) \$ _____
 Statement of Health and Safety Condition: _____
 Type of Health/Safety Document(s) Attached: Photo IEI/FIT Complaint Work Order Inspection Report Other _____

B. TOTAL GRANT REQUEST

Total Project Cost: \$ _____
Application Documentation
Preparation and Submittal Costs: \$ _____
Total Grant Request: \$ _____

If the Total Grant Request is less than \$5,000.00, the LEA must justify this request in the space below.

C. CERTIFICATIONS

I certify, as the LEA Representative, that the information reported on this form is true and correct and that:

- I am designated as an authorized representative by the governing board of the LEA as of _____; and,
- The repairs in this project were/are necessary to mitigate conditions that pose(d) a threat to the health and safety of pupils or staff while at school; and,
- The LEA has/will complied/comply with all laws pertaining to the repair of its school facilities;
- The LEA has/will complied/comply with the Public Contract Code; and,
- The LEA has satisfied the supplement, not supplant requirement as defined in Section 1859.328; and,
- The contracts for services or work in this project were not entered into prior to the date specified in Section 1859.324; and,
- The LEA understands that some or all of the funding for the project may be returned to the State as a result of an audit finding pursuant to Regulation Section 1859.326 and 1859.327;
- The LEA will/has comply/complied with Regulation Section 1859.323.2(h) when making repairs to leased facilities; and
- The LEA has on file all cost estimates required for replacement projects as stipulated in the General Information and Required Documentation section on this form and will make these documents available in the event the OPSC requests them for purposes of audit; and,
- The LEA will/has obtain/obtained the Division of State Architect's approval of the plans and specifications, if required, which will be/are on file at the LEA office for OPSC review; and
- The LEA will/has retain/retained on file all appropriate support documentation for this project. For the list of necessary documents please refer to the **General Information and Required Documentation to Retain on File** section of the Form SAB 61-04.
- This form is an exact duplicate (verbatim) of the form provided by the Office of Public School Construction. In the event a conflict should exist, then the language in the OPSC form will prevail.

I certify under penalty of perjury under the laws of the State of California that the statements in this application and supporting documents are true and correct.

NAME OF LEA REPRESENTATIVE (PRINTED OR TYPED)	TITLE		
SIGNATURE OF LEA REPRESENTATIVE	DATE		
ADDRESS	CITY	STATE	ZIP
TELEPHONE NUMBER	E-MAIL ADDRESS		

EXPENDITURE REPORT EMERGENCY REPAIR PROGRAM

SAB 61-04 (NEW-01/07REV 11/08)

THE LOCAL EDUCATIONAL AGENCY (LEA) MAY BE REQUIRED TO SEND A CHECK TO THE OFFICE OF PUBLIC SCHOOL CONSTRUCTION (OPSC). PLEASE FOLLOW THE DIRECTIONS IN THIS FORM CAREFULLY TO DETERMINE THE AMOUNT OWED, IF ANY.

REQUIRED DOCUMENTATION TO SUBMIT TO OPSC

A LEA must use this form to report Emergency Repair Program (ERP) Grant expenditures from the previously received ERP Grant, or the ERP Grant yet to be received if the LEA is submitting this form concurrently with the Grant Request (Form SAB 61-03).

In addition to this form, the LEA must complete the Emergency Repair Program Detailed Listing of Warrants Worksheet. Alternatively, the LEA may provide its own version of the worksheet as long as it contains the same information. Note that the use of a transaction record, in lieu of warrant number, is acceptable for force account labor expenditures.

Additionally, for Force Account Labor Projects [pursuant to PCC Section 20114(a)], the LEA must submit the OPSC Force Account Labor Worksheet or other documentation that contains the following information:

- Employee name(s)
- Number of hours each employee spent on project
- Hourly wages

GENERAL INFORMATION AND REQUIRED DOCUMENTATION TO RETAIN ON FILE

A Local Educational Agency (LEA) may use this form to report expenditures under the Emergency Repair Program (ERP) that support the Grant previously received. The LEA must retain the following documents, as appropriate, on file should the OPSC request them at the time of audit:

- Construction Contract(s) and supporting documentation [pursuant to Public Contract Code (PCC) Section 20111(b)]
- Schedule of Values
- DSA Approved Plans and Specifications and any change orders
- Cost comparison pursuant to ERP Regulations Section 1859.323.1, if not previously submitted to the OPSC.
- Purchase Order(s) and/or Purchase Agreement(s)
- Architect Agreement(s) and Schedule of Fees
- Qualification Appraisal documents (pursuant to Government Code 4526)
- Copy of Vendor Invoices
- Copy of Warrant(s) or Payment Voucher(s)
- For Force Account Labor Projects [pursuant to PCC Section 20114(a)], the OPSC Force Account Labor Worksheet or other documentation that contains the following information:
 - Employee name(s)
 - Number of hours each employee spent on project
 - Hourly wages

SPECIFIC INSTRUCTIONS

Part A. Project Detail

The LEA must complete one Project Detail line for each corresponding Project Detail box that was previously, or concurrently, reported on the Form SAB 61-03. LEAs may print additional copies of page 2 as necessary to complete expenditure information.

- **Type of Project:** Choose project type indicating the type of building system or structural component for which the LEA previously, or concurrently, requested funding on the Form SAB 61-03. The LEA may indicate only one building system or structural component per line. The numbered lines must correspond with the numbered Project Detail boxes on the Form SAB 61-03.
- **Project(s) Cost:** Provide a breakdown of the total eligible cost based on the LEA's actual cost(s).
- **Total Project Cost:** For each Project Detail line, enter the grand total of all expenditures for that Project Detail from the Emergency Repair Program Detailed Listing of Warrants Worksheet. Do not include any of the "Application Documentation Preparation and Submittal Costs".
- **Application Documentation Preparation and Submittal Costs:** Enter the actual application documentation preparation and submittal costs up to the limit of the following, whichever is less:
 - Two percent of all other eligible costs; or
 - \$5,000.
- **Grand Total:** Enter the sum of the Total Project Cost(s) and Application Documentation Preparation and Submittal Costs.

Parts B. through F.

Enter N/A in Parts B through F if the LEA has not received its ERP Grant because it is submitting this form concurrently with the Form SAB 61-03. Otherwise, follow the directions below.

Part B. Total Expenditure Amount Total Grant Amount

Provide the total expenditures based on the combined Total Project Cost(s) as reported in the Project Details box(es); ERP Grant awarded to the LEA by the State Allocation Board for this application.

Part C. Interest Earned

Provide the total interest earned on the ERP Grant from the warrant release date to the date the Form SAB 61-04 was signed by the LEA representative.

Part D. Total Grant with Interest

Enter the sum of Parts B and C.

Part E.

If the Grand Total from Part A is more than the Total Grant with Interest from Part D, subtract Part D from Part A. This is the amount of the Grant Adjustment (increase to the ERP Grant).

Part F.

If the Total Grant with Interest from Part D is more than the Grand Total from Part A, subtract Part A from Part D. This is the amount of the Grant Adjustment (decrease to the ERP Grant), and the amount that the LEA owes. Follow the mailing instructions to submit the LEA's payment with the completed Form SAB 61-04.

Part G. Certifications

The LEA representative must complete this section.

STATE OF CALIFORNIA
EXPENDITURE REPORT
EMERGENCY REPAIR PROGRAM

SAB 61-04 (NEW 01/07 REV 11/08)

LOCAL EDUCATIONAL AGENCY (LEA)	APPLICATION NUMBER 61/
SCHOOL NAME	FIVE-DIGIT DISTRICT CODE (SEE CALIFORNIA PUBLIC SCHOOL DIRECTORY)
COUNTY	SEVEN-DIGIT SITE CODE (SEE CALIFORNIA PUBLIC SCHOOL DIRECTORY)

PROJECT TYPES:

- Communication Systems
- Electrical
- Fire Detection/Alarm and/or Sprinkler System
- Flooring Systems
- Gas
- Hazardous Materials
- HVAC
- Paving
- Pest/Vermin Infestation
- Plumbing
- Roofing
- Structural Damage
- Wall Systems
- Windows/Doors/Gates
- Other

A. PROJECT DETAIL

Complete one Project Detail line for each Type of Project as previously reported on the Form SAB 61-03. LEAs may print additional copies of this page as necessary to complete expenditure information.

TYPE OF PROJECT (INDICATE PROJECT TYPE FROM ABOVE)	DSA NUMBER (IF APPLICABLE)	PLANNING COST	REPAIR/REPLACEMENT COST	TESTING	INSPECTION	TOTAL PROJECT COST
1.		\$	\$	\$	\$	\$
2.		\$	\$	\$	\$	\$
3.		\$	\$	\$	\$	\$
4.		\$	\$	\$	\$	\$
5.		\$	\$	\$	\$	\$
6.		\$	\$	\$	\$	\$
7.		\$	\$	\$	\$	\$
8.		\$	\$	\$	\$	\$
9.		\$	\$	\$	\$	\$
10.		\$	\$	\$	\$	\$
11.		\$	\$	\$	\$	\$
12.		\$	\$	\$	\$	\$
13.		\$	\$	\$	\$	\$
14.		\$	\$	\$	\$	\$
APPLICATION DOCUMENTATION PREPARATION AND SUBMITTAL COSTS [ERP Regulation Section 1859.323.2(j)]						\$
GRAND TOTALS						\$

B. TOTAL EXPENDITURE AMOUNT (Combined Project Detail Totals): \$ _____

B. TOTAL GRANT AMOUNT \$ _____

C. INTEREST EARNED \$ _____

D. TOTAL GRANT WITH INTEREST (Add Parts B and C) \$ _____

E. If the GRAND TOTAL from Part A is more than the TOTAL GRANT WITH INTEREST from Part D, subtract Part D from Part A.

This is the amount of the Grant Adjustment (increase to the ERP Grant). \$ _____

F. If the TOTAL GRANT WITH INTEREST from Part D is more than the GRAND TOTAL from Part A, subtract Part A from Part D.

This is the amount of the Grant Adjustment (decrease to the ERP Grant), and the amount that the LEA owes. See below for payment instructions. \$ _____

Payment Instructions: Please consider this an invoice for payment, make the check payable to the State of California, and put the ERP application number on the check. Mail the amount due from Part F (if any), and the completed Form SAB 61-04, to:

Department of General Services
Office of Public School Construction
Attn: Accounting
1130 K Street, Suite 400
Sacramento, CA 95814-2928

- The construction activities for this project(s) are completed; and,
- The LEA has complied with [ERP Regulation Section 1859.323.1](#) when replacing systems or components and has obtained a cost comparison which is on file at the LEA office for OPSC review; and,
- The LEA has complied with [ERP Regulation Section 1859.323.2\(h\)](#) when making repairs to leased facilities; and,
- The contracts for services or work in this project were not entered into prior to the date specified in [ERP Regulation Section 1859.324](#); and,
- The LEA understands that expenditures occurring after the submittal of this Expenditure Report are ineligible for reimbursement; and,
- Unless the project is determined to require a Grant Adjustment pursuant to [ERP Regulations Section 1859.324.1](#), that the grant amount previously provided by the Board shall be deemed a full and final apportionment, and that all Grant Adjustments are full and final; and,
- The LEA understands that some or all of the funding for the project may be returned to the State as a result of an audit pursuant to [ERP Regulation Sections 1859.326 and 1859.327](#); and,
- The LEA has obtained the Division of State Architect's approval of the plans and specifications, if required, which are on file at the LEA office for OPSC review; and,
- This form is an exact duplicate (verbatim) of the form provided by the Office of Public School Construction. In the event a conflict should exist, then the language in the OPSC form will prevail.

I certify under penalty of perjury under the laws of the State of California that the statements in this application and supporting documents are true and correct.

C.G. CERTIFICATIONS

I certify, as the LEA Representative, that the information reported on this form is true and correct and that:

- I am designated as an authorized representative by the governing board of the LEA as of _____; and,
- The LEA has on file all appropriate support documentation as stipulated in the General Information and Required Documentation section on this form and will make these documents available in the event the OPSC requests them for purposes of audit; and,
- The repairs in this project were necessary to mitigate conditions that posed a threat to the health and safety of pupils or staff while at school; and,
- The expenditures reported are within the original scope of the work identified in the Grant Request for this project; and,
- The LEA has complied with all laws pertaining to the repair of its school facilities; and,
- The LEA has complied with the Public Contract Code; and,
- The LEA has satisfied the supplement, not supplant requirement as defined in [ERP Regulation Section 1859.328](#); and,
- The expenditures for this project did not duplicate expenditures included in a School Facility Program, Deferred Maintenance Program or ERP project; and,

NAME OF LEA REPRESENTATIVE (PRINTED OR TYPED)		TITLE	
SIGNATURE OF LEA REPRESENTATIVE		DATE	
ADDRESS	CITY	STATE	ZIP
TELEPHONE NUMBER	E-MAIL ADDRESS		

EMERGENCY REPAIR PROGRAM DETAILED LISTING OF WARRANTS WORKSHEET

(NEW 11/08)

INSTRUCTIONS

Enter the application number of the project (i.e., 61/99999-00-00).

List each warrant issued for project expenses. For each warrant, enter the Project Detail line number that corresponds to each Type of Project as previously reported on the Form SAB 61-03 and Form SAB 61-04. For each warrant also enter the fund source, the warrant number, date, payee, the amount under the appropriate classification column and a description of the work performed.

NOTE: A computer generated facsimile of this form is acceptable. **Such forms that do not contain the same information will not be accepted.**

DRAFT

STATE ALLOCATION BOARD
IMPLEMENTATION COMMITTEE MEETING
November 7, 2008

FINANCIAL HARDSHIP PROGRAM REGULATORY AMENDMENTS

PURPOSE OF REPORT

To provide proposed regulation changes for the Financial Hardship (FH) program.

BACKGROUND

At the April 23, 2008 State Allocation Board (SAB) meeting, the SAB requested the Office of Public School Construction (OPSC) to bring back to the May 28, 2008 meeting proposed regulatory amendments to the FH program for the SAB's consideration. Revisions were requested due to issues disclosed from OPSC's recent FH reviews.

Staff met with representatives from County Offices of Education (COE) on May 9, 2008 and the FH Advisory Group on May 12, 2008 to discuss broad concepts for reforming the FH program. Meeting participants discussed program integrity and process improvement concepts. These concepts were then incorporated into draft regulations that were presented at the May 16, 2008 Implementation Committee meeting. Some Implementation Committee members expressed concern that the regulation changes were too broad to consider in one meeting. After a lengthy discussion, Staff committed to scaling back the regulations for consideration at the May 28, 2008 SAB meeting.

Proposed regulations were presented at the May 28, 2008 SAB meeting. Based on the discussion at the meeting, the SAB requested that Staff bring the proposed regulations to the June 2008 Implementation Committee meeting for further discussion and clarification before the Board takes any further action on these regulations.

Instead of immediately taking the item back to the June 2008 Implementation Committee meeting, staff formulated a group consisting of representatives from COEs, school districts, the California Association of School Business Officials (CASBO) and members of the Coalition for Adequate School Housing (CASH) to further develop and clarify proposed regulation changes. This group (FH Reform Group) has had numerous meetings during the summer, resulting in the proposed changes which were presented at the September 5, 2008 and September 19, 2008 Implementation Committee meetings.

Some members claimed that they were not clear about the issues discussed by OPSC staff and why they were proposing changes to the FH program. In response, at the October 3, 2008 Implementation Committee meeting staff presented all the FH issues dating back to May 2005.

Based on input from four Implementation Committee meetings and numerous meetings with the reform group mentioned above staff are presenting the following regulation changes in an attempt to bring forward recommendations to provide integrity and bond accountability to the FH program.

AUTHORITY

Education Code Section 17075.15 and the School Facility Program (SFP) Regulation Section 1859.81 outline the requirements of the FH program; Education Code Section 17070.63(c) and SFP Regulation Section 1859.103 outline savings, and Education Code Section 17076.10(a) and SFP Regulation Section 1859.104 outline the SFP reporting requirements.

STAFF COMMENTS

The OPSC has drafted proposed regulation changes for the FH program (proposed regulations attached). These regulatory changes will improve integrity, clarity, and uniformity to the program. Staff has proposed draft regulations

that offer districts two tracks (options) when applying for FH status. One track would have a FH approval period of six months and the second track would offer a FH approval period of eighteen months.

TRACK 1 – SIX MONTH APPROVAL PERIOD:

1. PROGRAM REPORTING REQUIREMENTS / CONDITIONS – Section 1859.104 and 1859.81

Issue: (1) Tracking project expenditures and encumbrances is cumbersome and time consuming when unique account codes or sub-accounts are not used. This increases the time required to conduct a FH review; (2) Districts not fully disclosing all their capital facility funding sources regardless of what fund the revenue may be deposited in.

Solution: (1) As a condition of receiving any SFP grant, all applicants must follow the California Department of Education (CDE) California School Accounting Manual and create and maintain a sub-fund account or unique account code for each SFP project that accounts for all revenues and expenditures; (2) In addition, as a condition of receiving FH status and funding approval, all applicants shall fully disclose all financial information and resources for capital facilities funding.

2. SAVINGS – Section 1859.103

Issue: Tracking savings on multiple FH projects can be difficult for districts and OPSC. Districts which choose to apply savings to a future FH apportionment and do not move forward with any future FH projects are subjecting themselves to a greater amount of interest being charged on the savings before it is returned to the State. Returning the savings while the funds are available in Fund 35 would eliminate any burden on the district to pay back the savings from other funds.

Solution: All FH project savings must be returned when the final expenditure report (Form 50-06) is due, or apply savings to reduce the SFP FH grant on another FH project currently on the OPSC workload.

3. INITIAL REVIEW – Section 1859.81(b)(1)

Issue:

Encumbrances – In a recent review a district claimed the full encumbrance for construction projects even though they were scheduled to receive 50 percent funding from the State. Thereby the available funds reported by the district were understated.

Solution:

Encumbrances - For purposes of FH review, no encumbrances will be allowed for the State share of any SFP project.

TRACK 2 – EIGHTEEN MONTH APPROVAL PERIOD:

1. PROGRAM REPORTING REQUIREMENTS / CONDITIONS – Section 1859.104 and 1859.81

Note: The proposed regulation language in this section is the same as the Six month track.

2. SAVINGS – Section 1859.103

Note: The proposed regulation language in this section is the same as the Six month track.

3. INITIAL REVIEW – Section 1859.81(b)(1)

Issue:

- Revenues – Capital Facility Funding designated for capital facility purposes that is not deposited in a capital projects fund is not always reported by a district.
 - During the course of conducting FH reviews we have encountered instances when all capital facility funding was not disclosed. For example Certificate of Participation (COP) proceeds not being deposited into a capital project fund and being left off any of the Fund worksheets submitted with the FH package. When such funds are not disclosed this increases the burden on staff to insure all applicable capital facility funding is included in the FH review. Therefore, this again increases the time necessary to conduct a FH review.
- Encumbrances – District's control the timing of their FH submittals in order to encumber funds prior to their FH review. As a result the OPSC cannot recognize these funds as available for contribution towards their SFP FH projects. This permits districts to utilize their available funds for other district priorities and have the State fund up to 100 percent funding for their SFP project. Thereby the State ends up subsidizing non-required facilities.
 - Also, if these encumbered projects get reduced to costs incurred or rescinded no adjustments are made to the district's level of contribution.
 - In a recent review a district claimed the full encumbrance for construction projects even though they were scheduled to receive 50 percent funding from the State. Thereby the available funds reported by the district were understated.
- Expenditures – Districts spend down their available funds before applying for FH status so the State contributes up to 100 percent funding for their SFP projects.

Solution:

- Revenues - They are defined to include all capital facility funding for capital facility purposes regardless of what fund they are deposited into.
- Encumbrances - For purposes of FH review, encumbrances for non-required facilities will not be allowed. In addition, for purposes of FH review, no encumbrances will be allowed for the State share of any SFP project. Districts will be required to provide evidence that they are materially liquidating their encumbrances.
- Expenditures – For purposes of FH review, expenditures for non-required facilities will not be allowed.

4. APPROVAL PERIOD EXTENDED / RENEWAL REVIEW – Section 1859.81(b)(2)

Issue: For some districts the complexity of the FH review leaves the six month approval status as too short of a time period. In addition, the six month period is an insufficient time period to complete a SFP project.

Solution: The FH status will be extended from six to eighteen months on this track; a district will need to request to reestablish FH status at eighteen months. Staff will validate there are expenditures liquidating the encumbrances. If there are no material expenditures against the encumbrances within a twelve month period, then the encumbrances will be disallowed and considered as available district contribution. The increase in the approval period from six to eighteen months will be directly linked to the interim reporting requirements. Once a district chooses the 18 month track there will be a three year lockout between switching tracks.

5. INTERIM REPORTING REQUIREMENT – Section 1859.81(e)

Issue: For some districts the six month FH approval period is too short a period to work with therefore staff is proposing to give districts the option to request an eighteen month FH approval status. However, an increase in an approval period would also increase the potential for timing issues involving revenue, expenditures, and encumbrances. Therefore, there would have to be safe guards built in to insure the integrity of the bonds.

Solution: With the extension of the approval period from six to eighteen months, interim reporting will be required while in FH status. During the period of FH status, the district shall submit 1st and 2nd interim financial reports, and year-end reports (as required by the Department of Education) and other documentation as determined by OPSC that includes revenues, encumbrances and expenditures. Review of this information by OPSC could result in additional funds being available as district contribution. Failure to comply with this requirement may result in termination of FH status, suspension of fund releases, or remission of FH apportionments back to OPSC.

6. THREE YEAR RULE – Section 1859.81(b)(2)(J)

Issue: Under current regulations, after the initial request for FH status is granted, no further encumbrances of existing capital facility funds are approved by the OPSC, and all prospective capital facility revenue is deemed available on the subsequent FH review. The regulations provide for an exception to this requirement if the district stays out of the FH program for a period of three years from the date of the district's latest FH adjusted grant apportionment.

Under this three-year provision, some districts receive SFP FH approval for up to 100 percent State funding of their projects, and then later issue Certificates of Participation (COP), General Obligation (GO) bonds, or other funding mechanisms that are not recognized as district contribution towards their previously funded SFP projects. If the districts wait to file subsequent SFP funding applications until after the three years from the date of their last adjusted grant apportionment, the funds if spent or encumbered would not be available as contribution to the future SFP projects. This leaves a large timing loop-hole in the program.

In addition, if an SFP closeout audit finds that a project was overspent a district is given two choices: (1) apply the overspent amount to a future SFP project to reduce the FH apportionment accordingly; or (2) Stay out of the FH program for three years from the date of the district's latest FH adjusted grant apportionment. The issue is that districts are often not required to stay out for a true three year period. In fact, frequently a district only has to stay out of the FH program for a couple of months after the audit finding before they are past their three year period.

Solution: Change that recognizes that the three-year period begins with the latest of the following: (1) the date of the most recent financial hardship new construction or modernization adjusted grant funding; (2) the date of the most recent financial hardship approval status; or (3) the date the district elects to stay out of the financial hardship program per a School Facility Program (SFP) project audit finding. Each of these occurrences would restart the three year clock.

7. SMALL SCHOOL DISTRICTS – Section 1859.81(f)

Issue: In the course of conducting FH reviews on small school districts it has become apparent to staff that these districts are often contributing a higher percentage of their over all fund balances when compared to other districts. This creates an equity situation with the potential to knock smaller school districts into financial distress.

Solution: For small school districts (with ADA less than 2500), the maximum district contribution from non-bond funds shall not exceed the minimum reserve balance for economic uncertainty during the 12 month FH status.

Attachment A
Financial Hardship Proposed Regulations – Side by Side

SCHOOL FACILITY PROGRAM/FINANCIAL HARDSHIP – PROPOSED REGULATIONS		
Issues	Six Month Track	18 Month track
<i>Savings</i> – It can be difficult and cumbersome for districts and OPSC to track.	1. Savings – returned with the final expenditure report or used to reduce the FH apportionment on a future project currently in the OPSC workload. <i>(Stamp Page No. 30)</i>	1. Savings – returned with the final expenditure report or used to reduce the FH apportionment on a future project currently in the OPSC workload. <i>(Stamp Page No. 36)</i>
<i>Disclosure</i> - Districts not fully disclosing their financial information.	2. Program Reporting Requirements – a school district must create and maintain a sub-fund account or unique account code for each SFP project. <i>(Stamp Page No. 30)</i>	2. Program Reporting Requirements – a school district must create and maintain a sub-fund account or unique account code for each SFP project. <i>(Stamp Page No. 36)</i>
	3. Full Disclosure – all districts shall fully disclose all financial information and resources for capital facilities funding. <i>(Stamp Page No. 31)</i>	3. Full Disclosure – all districts shall fully disclose all financial information and resources for capital facilities funding. <i>(Stamp Page No. 37)</i>
<i>Timing Issues</i> – This includes transferring funding and/or closing capital accounts before applying for FH; quick encumbering of funds before applying; spending down revenue before applying; and issuing debt after the initial FH review, staying out for 3 years and encumbering the new funding source before applying for FH again.	4. 3 Year Rule – No Changes in this track	4. 3 Year Rule – the three year period begins with either; (1) the most recent FH adjusted grant, (2) the most recent FH approval status, or (3) the date the district agreed to stay out of the FH program for three years per an SFP project audit findings. Each of these occurrences would restart the three year clock. <i>(Stamp Page No. 40)</i>

Attachment A
Financial Hardship Proposed Regulations – Side by Side

Issues	Six Month Track	18 Month track
<p><i>Timing Issues</i> – This includes transferring funding and/or closing capital accounts before applying for FH; quick encumbering of funds before applying; spending down revenue before applying; and issuing debt after the initial FH review, staying out for 3 years and encumbering the new funding source before applying for FH again.</p>	<p>5. Initial FH Review –</p> <ul style="list-style-type: none"> • Revenues – Description of the types of revenue included in a FH review. • Encumbrances – (1) Evidence that the district is liquidating their encumbrances. (2) No encumbrances allowed for the State share of a project. (Stamp Page No. 32 & 33) 	<p>5. Initial FH Review –</p> <ul style="list-style-type: none"> • Revenues – Description of the types of revenue included in a FH review. • Encumbrances – (1) Evidence that the district is liquidating their encumbrances. (2) No encumbrances allowed for the State share of a project. (3) Encumbrances not allowed for non-required facilities. Will list out in the regulations. • Expenditures – For a FH review, expenditures for non-required facilities not allowed. (Stamp Page No. 38 & 39)
<p><i>Length of FH Status</i> – for some districts the complexity of the FH program means the six month approval period is too short of a time.</p>	<p>6. Renewal FH Review – No Changes in this track. Once the district chooses the six month track there will be a three year lockout between switching tracks.</p>	<p>5. Renewal FH Review – District may choose an 18 month track which is tied directly to the interim reporting requirement. Once a district chooses the 18 month track there will be a three year lockout between switching tracks. (Stamp Page No. 39)</p>
<p><i>Timing of Revenue</i> - districts applying for FH before revenue sources are available.</p>	<p>7. Interim Reporting – Not required in this track.</p>	<p>6. Interim Reporting – Requirement to submit interim reports for the period of the districts FH approval status and potentially capture additional funds. (Stamp Page No. 41 & 42)</p>
<p><i>Equity</i> – it has become apparent some small districts have contributed a higher percentage of their overall fund balance compared to other districts.</p>	<p>8. Small School Districts – Not an exception in this track.</p>	<p>7. Small School Districts – the maximum district contribution from non-bond funds shall not exceed the minimum reserve for economic uncertainty in a calendar year. (Stamp Page No. 42)</p>

6 Month Track

Section 1859.103. Savings

(a) A district may expend the non-FH savings not needed for a project on other high priority capital facility needs of the district including the relocation of district facilities necessary as a result of Subdivision (b) of Education Code Section 17072.12. The grants for the projects funded pursuant to Section 1859.70.2 or Section 1859.180 shall be limited to eligible expenditures, up to the State Apportionment for the project. Savings may be declared by the district in writing to the OPSC any time after the release of all funds for the project. With the exception of savings attributable to a site apportionment made pursuant to Section 1859.74.5:

(b) ~~The State's portion of any FH savings *and interest* declared by the district *pursuant to Section 1859.104(a)* or determined by the OPSC by audit must be used to reduce the SFP financial hardship grant of that project or other financial hardship projects within the district for a period of three years from the date the savings were declared by the district or determined by the OPSC audit. *must be returned to the OPSC with the final expenditure report or used to reduce the SFP financial hardship grant on another financial hardship project that has been accepted to OPSC workload as of the date SAB Form 50-06 is accepted. The submittal of the savings does not preclude any additional adjustments based on the OPSC final audit determination.*~~ Any interest earned on a financial hardship project not expended on eligible project expenditures will be treated as savings and will be used to reduce the SFP financial hardship grant for that project.

(c) The State's portion of any savings from a new construction project or a Joint-Use Project may be used as a district matching share requirement, only on another new construction project, and the State's share of any savings from a modernization project may be used as a district matching share requirement, only on another modernization project.

~~Any interest earned on a financial hardship project not expended on eligible project expenditures will be treated as savings and will be used to reduce the SFP financial hardship grant for that project.~~

Note: Authority cited: Section 17070.35, Education Code.

Reference: Sections 17070.63, 17072.12, 17077.40 and 17079.20, Education Code.

Section 1859.104. Program Reporting Requirements.

As a condition of receiving any SFP grant, a school district must follow the CDE California School Accounting Manual and create and maintain a sub-fund account or unique account code for each SAB SFP project that accounts for all revenues and expenditures including, but not limited to, SFP grants and school district contributions.

A district receiving funds in accordance with the Act shall submit the following:

(a) An expenditure report from the district on the Form SAB 50-06. The program reporting requirements are as follows:

(1) The first expenditure report shall be due one year from the date that any funds were released to the district for the project pursuant to Section 1859.90, or upon completion of the project, whichever occurs first. A project shall be deemed complete when either of the following occur:

(A) When the notice of completion for the project has been filed, all outstanding invoices, claims, change orders have been satisfied and the facility is currently in use by the district.

(B) 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.

(2) The second and subsequent expenditure reports, if necessary, shall be due annually beginning one year from the first report, or upon completion of the project, whichever occurs first. The final expenditure report must be made no later than 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.

6 Month Track

(b) With the exception of projects that qualify for an apportionment pursuant to Section 1859.75.1, a progress report, in the form of a narrative from the district, shall be due 18 months from the date any funds were released to the district for the project pursuant to Section 1859.90. The progress report shall include information regarding the progress the district has made towards substantial completion of the project. If the notice of completion has been filed within 18 months of the release of funds pursuant to Section 1859.90, or the expenditure reports required in (a)(1) or (2) indicate that substantial progress (as defined in Section 1859.105) on the project has occurred, no progress report is required.

(c) A progress report, in the form of a narrative from the district, shall be due 12 months from the date the site acquisition funds were apportioned to the district for the project pursuant to Section 1859.75.1. The progress report shall include information regarding the progress the district has made towards acquiring the site as outlined in Section 1859.105.1 and may contain other evidence of reasonable effort to substantiate progress towards acquiring the site for purposes of an extension of the site apportionment as authorized by Education Code Section 17072.13(c)(2).

(d) If an apportionment was made for a district-owned site pursuant to Section 1859.74.5, a certification that the non-school function currently taking place on the district-owned site has been discontinued or relocated. The certification must be submitted to the OPSC no later than the following dates:

(1) If the project is for an elementary school, 66 months from the date of the site apportionment.

(2) For all other projects, 78 months from the date of the site apportionment.

(e) If an Apportionment was made under the Small High School Program pursuant to:

(1) Section 1859.78.9 or Section 1859.93.2, a cost evaluation report shall be due to the OPSC no later than two complete school years after the Occupancy of the approved project.

(2) Section 1859.93.2, the district must provide a preliminary report on any academic data requested by CDE two complete school years after the Occupancy of the approved project. The final report shall be due no later than two complete school years after the OPSC notifies the district of the Occupancy of the last approved project.

(f) If an Apportionment was made under the Overcrowding Relief Grant pursuant to Section 1859.180, the School District must provide a certification that the replaced portables were removed from the eligible site and from service pursuant to Education Code Section 17079.30.

Note: Authority cited: Sections 17070.35, 17072.13, and 17079.30, Education Code.

Reference: Sections 17070.35, 17070.99, 17072.12, 17072.13, 17076.10 and 17079.30, Education Code.

Section 1859.81. Financial Hardship.

As a condition of receiving FH status and funding approval, all districts shall fully disclose all financial information and resources for capital facilities funding. In addition, districts must meet the program reporting requirements listed in regulation section 1859.104. Failure to meet this condition will result in the termination of the district's FH status. Upon proof of compliance with the condition, satisfactory to the OPSC, districts may reapply for FH status.

Except for Joint-Use Projects and Career Technical Educational Facilities Projects, a district is eligible for financial hardship to fund all or a portion of its matching share requirement after demonstrating the requirements of (a), (e)(b), and (e)(c) below:

(e) (a) The district has made all reasonable efforts to fund its matching share of the project by demonstrating it is levying the developer fee justified under law or an alternative revenue source equal to or greater than the developer fee otherwise justified under law at the time of request for hardship and the district meets at least one of the following:

(1) The current outstanding bonded indebtedness of the district issued for the purpose of constructing school facilities in accordance with Education Code Section 17072.35 or 17074.25 as appropriate, at the time of request for financial hardship status, is at least 60 percent of the district's total bonding capacity.

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Outstanding bonded indebtedness includes that part of general obligation bonds, Mello-Roos Bonds, School Facility Improvement District Bonds and certificates of participation which the district is paying a debt service that was issued for capital outlay school facility purposes.

- (2) The 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 request for financial hardship status. 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).
- (3) It is a County Superintendent of Schools.
- (4) The district's total bonding capacity at the time of the request for financial hardship status is \$5 million or less.
- (5) Other evidence of reasonable effort as approved by the SAB.

(a) The district is financially unable to provide all necessary matching funds for an eligible project. To determine this, an analysis shall be made of the district's financial records by the OPSC including data and records maintained by the CDE and the County Office of Education. The analysis shall consist of a review of the district's latest Independent Audit regarding funds available from all capital facility accounts, including, but not limited to, developer fees, funds generated from capital facility certificates of participation, federal grants, redevelopment funds, sale proceeds from surplus property, the appraised value of facilities approved for replacement pursuant to Section 1859.82, bond funds either encumbered, unencumbered or authorized but unsold, and savings from other SFP projects. All funds thus 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.

After the initial request for financial hardship status is granted, no further encumbrances will be approved by the OPSC and all prospective revenue made available to the district's capital facility accounts shall be deemed available as matching contribution on the subsequent financial hardship review, with the exception of:

(b) Review - The district is financially unable to provide all necessary matching funds for an eligible project. To determine this, a review of the school district's financial records will be performed by the OPSC, including, but not limited to, data and records maintained by the CDE and the County Office of Education and the school district's latest Independent Audit Reports.

(1) Initial Review shall include:

(A) Revenues – all capital facility funding that is designated for capital outlay purposes, including, but not limited to, apportioned state grants, developer fees, funds generated from capital facility certificates of participation, federal grants, redevelopment funds, sale proceeds from surplus property, the appraised value of facilities approved for replacement pursuant to Section 1859.82, bond funds either apportioned, in-excess of refinanced amounts, encumbered, unencumbered or authorized but unsold.

(B) Encumbrances allowed for purposes of FH review - The encumbrances must meet the definition as provided in the CDE California School Accounting Manual.

(i) The district will provide evidence that expenditures are materially liquidating the encumbrances through the life of the project to OPSC's satisfaction. If there are no

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material expenditures against the encumbrances within a 12 month period, then the district will be required to unencumber the funds and the OPSC will consider the unencumbered funds as district contribution.

(ii) No encumbrances will be allowed for the State share of any project

(2) Renewal Review is defined as a district's request to re-establish financial hardship status after their 6-month financial hardship approval has expired.

Revenues defined in subsection (1)(A) above shall be included in a renewal review.

After the initial request for financial hardship status is granted, no further No additional encumbrances will be approved by the OPSC beyond those approved at the initial FH approval. and all All prospective revenue as defined in subsection (d)(1) made available to the district's capital facility accounts project funds and/or capital facility funding designated for capital outlay purposes shall be deemed available as matching district contribution on the subsequent financial hardship review, with the exception of:

(A) Approved interim housing expenditures up to maximum allowance defined in subsection (f).

(B) Funding to pay for previously recognized multi-year encumbrances/contracts approved at the initial financial hardship approval. Expenditures that exceed the amount of the matching encumbrance approved at the initial FH approval will be disallowed and considered available as district contribution. The OPSC will validate the expenditures are materially liquidating the encumbrances through the life of the project. If there are no material expenditures against the encumbrances within a 12 month period, then the encumbrances will be disallowed and considered as available district contribution.

(C) Funding that is transferred into a Special Reserve Fund and is used for the express purpose of the Federal Renovation Program when the amount expended out of that fund does not exceed the maximum Federal Renovation Grant amount.

(D) Funding that is transferred into a Special Reserve Fund and is used for the express purpose of the School Facilities Needs Assessment Grant Program or Emergency Repair Program when the amount expended out of that fund does not exceed the maximum grant amount apportioned.

(E) Funding that is transferred into a Special Reserve Fund and is used for the express purpose of the Career Technical Education Facilities Program when the amount expended out of that fund does not exceed the applicant's share of the maximum grant amount apportioned.

(G) Funding that is transferred into a Special Reserve Fund and used for the express purpose of the Overcrowding Relief Grant when the amount expended out of that fund does not exceed the amount of the site acquisition and design costs of the project and the district has submitted an approved Form SAB 50-11.

(H) Funding that is used for the express purpose of reimbursing the State a proportionate share of financial hardship received when there has been a transfer of a special education program and title to the facility. In addition, the funding was used within five years of the title transfer.

(I) Funding to pay for obtaining a structural report pursuant to Section 1859.82 for an approvable and funded seismic mitigation project.

(J) All other capital facility funding for a period of three years when no subsequent financial hardship request is made during this period, with the exception of the funding identified in (6). The three-year period begins with the date of the most recent financial hardship new construction or modernization adjusted grant funding apportionment.

When Overcrowding Relief Grant funding is set aside pursuant to (G) and the School District has not submitted, or the OPSC has not accepted, a Form SAB 50-04 for an Overcrowding Relief Grant

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within three years from the date of deposit into the Special Reserve Fund, or the School District has not met the requirements in Sections 1859.90 or 1859.105, remaining funds plus interest accrued at the Pooled Money Investment Board rate at that time period shall be deemed available as matching contribution on a subsequent financial hardship project or be captured through an audit adjustment pursuant to Section 1859.106.

~~The financial hardship analysis is subject to approval by the Board.~~ This item has been moved to page 7.

~~(e)(c)~~ The district has not signed a contract for acquisition or construction of classrooms that replace existing facility(ies), which were included in the determination of the district's new construction eligibility pursuant to Education Code Section 17071.75, in a locally funded project during the five-year period immediately preceding the district's application for financial hardship assistance. This restriction may be lifted if the Board finds that unforeseen and extenuating circumstances existed that required the district to use local funds to replace the facility(ies). ~~If the district's request for financial hardship status is denied by the Board, the district may be deemed eligible for rental payments of \$2,000 per year per classroom under the Emergency School Classroom Law of 1979 for a two year period when relocatable classroom buildings are available and the district provides financial documentation that it is unable to afford the full rental amount and any other information satisfactory to the Board that the rental reduction is necessary. The number of classrooms eligible for the \$2,000 rental payments shall be the sum of the numbers determined in (c)(5)(B) as follows:~~

~~(A) Determine the number of pupils by grade level that the district requested a New Construction Grant on the Form SAB 50-04 that were denied financial hardship status.~~

~~(B) Divide the number by grade level determined in (c)(5)(A) by 25 for K-6, 27 for 7-12, 13 for Non-Severe and 9 for Severe and round up to the nearest whole number.~~

~~(b)(d)~~ From the funds deemed available as a matching contribution, the district may retain \$19,776 per classroom in each enrollment reporting period for the cost to provide interim housing for the currently unhoused pupils of the district. The amount shown shall be adjusted annually in the manner prescribed in Section 1859.71. The number of classrooms needed for interim housing for the currently unhoused pupils shall be the sum of the positive numbers determined in ~~(b)(d)(7)~~ as follows:

~~(1) Determine the current enrollment of the district by grade level as shown on the latest Form SAB 50-01.~~

~~(2) Determine the New Construction Grants apportioned by grade level for all SFP projects and LPP funded under the provisions of Sections 1859.12 or 1859.13 where the district has submitted Form SAB 50-06 indicating that the project is 100 percent complete.~~

~~(3) Subtract ~~(b)(d)(2)~~ from ~~(b)(d)(1)~~.~~

~~(4) Determine the number of classrooms by grade level reported in Part 1, Line 8 on Form SAB 50-02.~~

~~(5) Multiply the classrooms determined in ~~(b)(d)(4)~~ by 25 for K-6, 27 for 7-12, 13 for Non-Severe and 9 for Severe.~~

~~(6) Subtract the product determined in ~~(b)(d)(5)~~ from the difference determined in ~~(b)(d)(3)~~ by grade level.~~

~~(7) Divide the difference by grade level determined in ~~(b)(d)(6)~~ by 25 for K-6, 27 for 7-12, 13 for Non-Severe and 9 for Severe and round up to the nearest whole number.~~

From the funds deemed available as a matching contribution, the district may also retain \$19,776 per portable toilet unit in each reporting period for the cost to provide necessary interim toilet facilities for the currently unhoused pupils of the district. The amount shown shall be adjusted annually in the manner prescribed in Section 1859.71. The number of toilet facilities needed for interim housing shall be the sum of the positive numbers determined in ~~(b)(f)(7)~~ divided by eight rounded up to the nearest whole number.

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If the district's available funds, as determined by the OPSC analysis less costs for interim housing, is less than its matching share, the district will be deemed to have met the requirements of this Subsection.

If the district meets the financial hardship requirements in this Section, the amount of financial hardship is equal to the district's matching share less funds deemed available in (a)(b).

The financial hardship analysis is subject to approval by the Board.

Once a district has been notified by the OPSC that it meets the requirements of financial hardship in this Section, the district may file Form SAB 50-04 under the provisions of financial hardship anytime within a period of 180 calendar days from the date of the OPSC notification. If the district does not submit Form SAB 50-04 under the provisions of financial hardship within 180 calendar days of the OPSC notification of approval of financial hardship status, the district must re-qualify for financial hardship status under the provisions of this Section by submittal of a new request for financial hardship status.

If the district submits Form SAB 50-04 within 180 calendar days of the OPSC notification of approval of financial hardship and the project(s) has been included on an unfunded list for more than 180 calendar days a review of the district's funds pursuant to (a) (b) will be made to determine if additional district funds are available to fund the district's matching share of the project(s). Financial hardship approval status by the OPSC for a separate design and/or site apportionment does not apply to any subsequent funding for the project(s).

Note: Authority cited: Sections 17070.35, 17075.15, 17078.72 and 17592.73, Education Code.

Reference: Sections 17071.75, 17075.10, 17075.15, and 17079.20, Education Code.

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Section 1859.103. Savings

(a) A district may expend the non-FH savings not needed for a project on other high priority capital facility needs of the district including the relocation of district facilities necessary as a result of Subdivision (b) of Education Code Section 17072.12. The grants for the projects funded pursuant to Section 1859.70.2 or Section 1859.180 shall be limited to eligible expenditures, up to the State Apportionment for the project. Savings may be declared by the district in writing to the OPSC any time after the release of all funds for the project. With the exception of savings attributable to a site apportionment made pursuant to Section 1859.74.5:

(b) ~~The State's portion of any FH savings *and interest* declared by the district *pursuant to Section 1859.104(a)* or determined by the OPSC by audit must be used to reduce the SFP financial hardship grant of that project or other financial hardship projects within the district for a period of three years from the date the savings were declared by the district or determined by the OPSC audit. *must be returned to the OPSC with the final expenditure report or used to reduce the SFP financial hardship grant on another financial hardship project that has been accepted to OPSC workload as of the date SAB Form 50-06 is accepted. The submittal of the savings does not preclude any additional adjustments based on the OPSC final audit determination.*~~ Any interest earned on a financial hardship project not expended on eligible project expenditures will be treated as savings and will be used to reduce the SFP financial hardship grant for that project.

(c) The State's portion of any savings from a new construction project or a Joint-Use Project may be used as a district matching share requirement, only on another new construction project, and the State's share of any savings from a modernization project may be used as a district matching share requirement, only on another modernization project.

~~Any interest earned on a financial hardship project not expended on eligible project expenditures will be treated as savings and will be used to reduce the SFP financial hardship grant for that project.~~

Note: Authority cited: Section 17070.35, Education Code.

Reference: Sections 17070.63, 17072.12, 17077.40 and 17079.20, Education Code.

Section 1859.104. Program Reporting Requirements.

As a condition of receiving any SFP grant, a school district must follow the CDE California School Accounting Manual and create and maintain a sub-fund account or unique account code for each SAB SFP project that accounts for all revenues and expenditures including, but not limited to, SFP grants and school district contributions.

A district receiving funds in accordance with the Act shall submit the following:

- (a) An expenditure report from the district on the Form SAB 50-06. The program reporting requirements are as follows:
- (1) The first expenditure report shall be due one year from the date that any funds were released to the district for the project pursuant to Section 1859.90, or upon completion of the project, whichever occurs first. A project shall be deemed complete when either of the following occur:
 - (A) When the notice of completion for the project has been filed, all outstanding invoices, claims, change orders have been satisfied and the facility is currently in use by the district.
 - (B) 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.
 - (2) The second and subsequent expenditure reports, if necessary, shall be due annually beginning one year from the first report, or upon completion of the project, whichever occurs first. The final expenditure report must be made no later than 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.

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(b) With the exception of projects that qualify for an apportionment pursuant to Section 1859.75.1, a progress report, in the form of a narrative from the district, shall be due 18 months from the date any funds were released to the district for the project pursuant to Section 1859.90. The progress report shall include information regarding the progress the district has made towards substantial completion of the project. If the notice of completion has been filed within 18 months of the release of funds pursuant to Section 1859.90, or the expenditure reports required in (a)(1) or (2) indicate that substantial progress (as defined in Section 1859.105) on the project has occurred, no progress report is required.

(c) A progress report, in the form of a narrative from the district, shall be due 12 months from the date the site acquisition funds were apportioned to the district for the project pursuant to Section 1859.75.1. The progress report shall include information regarding the progress the district has made towards acquiring the site as outlined in Section 1859.105.1 and may contain other evidence of reasonable effort to substantiate progress towards acquiring the site for purposes of an extension of the site apportionment as authorized by Education Code Section 17072.13(c)(2).

(d) If an apportionment was made for a district-owned site pursuant to Section 1859.74.5, a certification that the non-school function currently taking place on the district-owned site has been discontinued or relocated. The certification must be submitted to the OPSC no later than the following dates:

(1) If the project is for an elementary school, 66 months from the date of the site apportionment.

(2) For all other projects, 78 months from the date of the site apportionment.

(e) If an Apportionment was made under the Small High School Program pursuant to:

(1) Section 1859.78.9 or Section 1859.93.2, a cost evaluation report shall be due to the OPSC no later than two complete school years after the Occupancy of the approved project.

(2) Section 1859.93.2, the district must provide a preliminary report on any academic data requested by CDE two complete school years after the Occupancy of the approved project. The final report shall be due no later than two complete school years after the OPSC notifies the district of the Occupancy of the last approved project.

(f) If an Apportionment was made under the Overcrowding Relief Grant pursuant to Section 1859.180, the School District must provide a certification that the replaced portables were removed from the eligible site and from service pursuant to Education Code Section 17079.30.

Note: Authority cited: Sections 17070.35, 17072.13, and 17079.30, Education Code.

Reference: Sections 17070.35, 17070.99, 17072.12, 17072.13, 17076.10 and 17079.30, Education Code.

Section 1859.81. Financial Hardship.

As a condition of receiving FH status and funding approval, all districts shall fully disclose all financial information and resources for capital facilities funding. In addition, districts must meet the program reporting requirements listed in regulation section 1859.104. Failure to meet this condition will result in the termination of the district's FH status. Upon proof of compliance with the condition, satisfactory to the OPSC, districts may reapply for FH status.

Except for Joint-Use Projects and Career Technical Educational Facilities Projects, a district is eligible for financial hardship to fund all or a portion of its matching share requirement after demonstrating the requirements of (a), (e)(b), and (e)(c) below:

(e) (a) The district has made all reasonable efforts to fund its matching share of the project by demonstrating it is levying the developer fee justified under law or an alternative revenue source equal to or greater than the developer fee otherwise justified under law at the time of request for hardship and the district meets at least one of the following:

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(1) The current outstanding bonded indebtedness of the district issued for the purpose of constructing school facilities in accordance with Education Code Section 17072.35 or 17074.25 as appropriate, at the time of request for financial hardship status, is at least 60 percent of the district's total bonding capacity.

Outstanding bonded indebtedness includes that part of general obligation bonds, Mello-Roos Bonds, School Facility Improvement District Bonds and certificates of participation which the district is paying a debt service that was issued for capital outlay school facility purposes.

(2) The 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 request for financial hardship status. 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).

(3) It is a County Superintendent of Schools.

(4) The district's total bonding capacity at the time of the request for financial hardship status is \$5 million or less.

(5) Other evidence of reasonable effort as approved by the SAB.

(a) ~~The district is financially unable to provide all necessary matching funds for an eligible project. To determine this, an analysis shall be made of the district's financial records by the OPSC including data and records maintained by the CDE and the County Office of Education. The analysis shall consist of a review of the district's latest Independent Audit regarding funds available from all capital facility accounts, including, but not limited to, developer fees, funds generated from capital facility certificates of participation, federal grants, redevelopment funds, sale proceeds from surplus property, the appraised value of facilities approved for replacement pursuant to Section 1859.82, bond funds either encumbered, unencumbered or authorized but unsold, and savings from other SFP projects. All funds thus 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.~~

After the initial request for financial hardship status is granted, no further encumbrances will be approved by the OPSC and all prospective revenue made available to the district's capital facility accounts shall be deemed available as matching contribution on the subsequent financial hardship review, with the exception of:

(b) Review - The district is financially unable to provide all necessary matching funds for an eligible project. To determine this, a review of the school district's financial records will be performed by the OPSC, including, but not limited to, data and records maintained by the CDE and the County Office of Education and the school district's latest Independent Audit Reports.

(1) Initial Review shall include:

(A) Revenues – all capital facility funding that is designated for capital outlay purposes including, but not limited to, apportioned state grants, developer fees, funds generated from capital facility certificates of participation, federal grants, redevelopment funds, sale proceeds from surplus property, the appraised value of facilities approved for replacement pursuant to Section 1859.82, bond funds either apportioned, in-excess of refinanced amounts, encumbered, unencumbered or authorized but unsold.

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(B) Encumbrances allowed for purposes of FH review – The encumbrances must meet the definition as provided in the CDE California School Accounting Manual.

- (i) Encumbrances for non-required facilities will not be allowed. Non-required facilities include athletic stadiums/complexes, aquatic centers, theater art centers and district administration buildings.
- (ii) The district will provide evidence that expenditures are materially liquidating the encumbrances through the life of the project to OPSC's satisfaction. If there are no material expenditures against the encumbrances within a 12 month period, then the district will be required to unencumber the funds and the OPSC will consider the unencumbered funds as district contribution.
- (iii) No encumbrances will be allowed for the State share of any project.

(C) Expenditures allowed - Expenditures for non-required facilities will not be allowed. Non-required facilities include athletic stadiums/complexes, aquatic centers, theater art centers, and district administration buildings. The expenditures must meet the definition as provided in the CDE California School Accounting Manual.

(2) Renewal Review is defined as a district's request to re-establish financial hardship status after their 18 months financial hardship approval has expired.

Revenues defined in subsection (1)(A) above shall be included in a renewal review.

After the initial request for financial hardship status is granted, no further ~~No additional~~ encumbrances will be approved by the OPSC beyond those approved at the initial FH approval, and all ~~All~~ prospective revenue as defined in subsection (d)(1) made available to the district's capital facility accounts project funds and/or capital facility funding designated for capital outlay purposes shall be deemed available as matching district contribution on the subsequent financial hardship review, with the exception of:

(A) Approved interim housing expenditures up to maximum allowance defined in subsection (f).
(B) Funding to pay for previously recognized multi-year encumbrances/contracts approved at the initial financial hardship approval. Expenditures that exceed the amount of the matching encumbrance approved at the initial FH approval will be disallowed and considered available as district contribution. The OPSC will validate the expenditures are materially liquidating the encumbrances through the life of the project. If there are no material expenditures against the encumbrances within 12 month period, then the encumbrances will be disallowed and considered as available district contribution.

(C) Funding that is transferred into a Special Reserve Fund and is used for the express purpose of the Federal Renovation Program when the amount expended out of that fund does not exceed the maximum Federal Renovation Grant amount.

(D) Funding that is transferred into a Special Reserve Fund and is used for the express purpose of the School Facilities Needs Assessment Grant Program or Emergency Repair Program when the amount expended out of that fund does not exceed the maximum grant amount apportioned.

(E) Funding that is transferred into a Special Reserve Fund and is used for the express purpose of the Career Technical Education Facilities Program when the amount expended out of that fund does not exceed the applicant's share of the maximum grant amount apportioned.

(G) Funding that is transferred into a Special Reserve Fund and used for the express purpose of the Overcrowding Relief Grant when the amount expended out of that fund does not exceed the amount

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of the site acquisition and design costs of the project and the district has submitted an approved Form SAB 50-11.

(H) Funding that is used for the express purpose of reimbursing the State a proportionate share of financial hardship received when there has been a transfer of a special education program and title to the facility. In addition, the funding was used within five years of the title transfer.

(I) Funding to pay for obtaining a structural report pursuant to Section 1859.82 for an approvable and funded seismic mitigation project.

(J) All other capital facility funding for a period of three years when no subsequent financial hardship request is made during this period, with the exception of the funding identified in (6). The three-year period begins ~~with the latest of the following: the date of the most recent financial hardship new construction or modernization adjusted grant funding apportionment.~~

(i) the date of the most recent financial hardship new construction or modernization adjusted grant funding apportionment,

(ii) the date of the most recent financial hardship approval status, or

(iii) the date the district agreed to stay out of the financial hardship program for three years per an SFP project audit findings.

When Overcrowding Relief Grant funding is set aside pursuant to (G) and the School District has not submitted, or the OPSC has not accepted, a Form SAB 50-04 for an Overcrowding Relief Grant within three years from the date of deposit into the Special Reserve Fund, or the School District has not met the requirements in Sections 1859.90 or 1859.105, remaining funds plus interest accrued at the Pooled Money Investment Board rate at that time period shall be deemed available as matching contribution on a subsequent financial hardship project or be captured through an audit adjustment pursuant to Section 1859.106.

~~The financial hardship analysis is subject to approval by the Board. This item has been moved to page 7.~~

~~(e)~~ (c) The district has not signed a contract for acquisition or construction of classrooms that replace existing facility(ies), which were included in the determination of the district's new construction eligibility pursuant to Education Code Section 17071.75, in a locally funded project during the five-year period immediately preceding the district's application for financial hardship assistance. This restriction may be lifted if the Board finds that unforeseen and extenuating circumstances existed that required the district to use local funds to replace the facility(ies). ~~If the district's request for financial hardship status is denied by the Board, the district may be deemed eligible for rental payments of \$2,000 per year per classroom under the Emergency School Classroom Law of 1979 for a two year period when relocatable classroom buildings are available and the district provides financial documentation that it is unable to afford the full rental amount and any other information satisfactory to the Board that the rental reduction is necessary. The number of classrooms eligible for the \$2,000 rental payments shall be the sum of the numbers determined in (c)(5)(B) as follows:~~

~~(A) Determine the number of pupils by grade level that the district requested a New Construction Grant on the Form SAB 50 04 that were denied financial hardship status.~~

~~(B) Divide the number by grade level determined in (c)(5)(A) by 25 for K-6, 27 for 7-12, 13 for Non-Severe and 9 for Severe and round up to the nearest whole number.~~

~~(b)~~ (d) From the funds deemed available as a matching contribution, the district may retain \$19,776 per classroom in each enrollment reporting period for the cost to provide interim housing for the currently unhoused pupils of the district. The amount shown shall be adjusted annually in the manner prescribed in

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Section 1859.71. The number of classrooms needed for interim housing for the currently unhoused pupils shall be the sum of the positive numbers determined in ~~(b)~~(d)(7) as follows:

- (1) Determine the current enrollment of the district by grade level as shown on the latest Form SAB 50-01.
- (2) Determine the New Construction Grants apportioned by grade level for all SFP projects and LPP funded under the provisions of Sections 1859.12 or 1859.13 where the district has submitted Form SAB 50-06 indicating that the project is 100 percent complete.
- (3) Subtract ~~(b)~~(d) (2) from ~~(b)~~(d) (1).
- (4) Determine the number of classrooms by grade level reported in Part 1, Line 8 on Form SAB 50-02.
- (5) Multiply the classrooms determined in ~~(b)~~(d) (4) by 25 for K-6, 27 for 7-12, 13 for Non-Severe and 9 for Severe.
- (6) Subtract the product determined in ~~(b)~~(d) (5) from the difference determined in ~~(b)~~(d) (3) by grade level.
- (7) Divide the difference by grade level determined in ~~(b)~~(d) (6) by 25 for K-6, 27 for 7-12, 13 for Non-Severe and 9 for Severe and round up to the nearest whole number.

From the funds deemed available as a matching contribution, the district may also retain \$19,776 per portable toilet unit in each reporting period for the cost to provide necessary interim toilet facilities for the currently unhoused pupils of the district. The amount shown shall be adjusted annually in the manner prescribed in Section 1859.71. The number of toilet facilities needed for interim housing shall be the sum of the positive numbers determined in ~~(b)~~(d) (7) divided by eight rounded up to the nearest whole number.

If the district's available funds, as determined by the OPSC analysis less costs for interim housing, is less than its matching share, the district will be deemed to have met the requirements of this Subsection.

(e) The district shall submit certified 1st Interim Financial, 2nd Interim Financial, and Year End (YE) Financial reports as required by Ed Code sections 1240(1)(1)(A)&(B), 42130, and 42131 and other documentation as determined by OPSC that cover the full term of FH status that include revenues and expenditures as defined in subsections (d)(1) and (3) above to the OPSC on the following dates:

1st Interim Financial due December 15 (July 1 through October 31);

2nd Interim Financial due March 15 (November 1 through January 31);

YE Financial due September 15 (July 1 through June 30)

Any available revenues as a result of the 1st Interim Financial, 2nd Interim Financial, and YE Financial report reviews shall be considered available as district contribution. The district contribution will reduce the FH apportionment on SFP projects that have: (1) not been apportioned, (2) been apportioned and not received a fund release, and/or (3) declared/applied as savings for those projects that have received a fund release. The district contribution shall not exceed the state's share of FH assistance. The district will provide evidence that expenditures are materially liquidating the encumbrances through the life of the project to OPSC's satisfaction. If there are no material expenditures against the encumbrances within a 12 month period, then the district will be required to disencumber the funds and the OPSC will consider the disencumbered funds as district contribution.

Failure to comply with the 1st Interim Financial, 2nd Interim Financial, and YE Financial reporting requirements may terminate the district's FH status and may suspend any fund releases. In addition, the district may be required to remit any FH apportionment(s) to the OPSC.

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(f) For small school districts (with ADA less than 2500) the maximum district contribution from non-bond funds (bonds as defined in E.C. Section 17075.15(d)(2)) shall not exceed the minimum reserve balance for economic uncertainty (as defined in CCR, Title 5, Div. 1, Ch. 14, Subch. 8, Art. 1, Sec. 15443) during the 18 month FH status.

If the district meets the financial hardship requirements in this Section, the amount of financial hardship is equal to the district's matching share less funds deemed available in (a)(b).

The financial hardship analysis is subject to approval by the Board.

Once a district has been notified by the OPSC that it meets the requirements of financial hardship in this Section, the district may file Form SAB 50-04 under the provisions of financial hardship anytime within a period of 18 months from the date of the OPSC notification. If the district does not submit Form SAB 50-04 under the provisions of financial hardship within 18 months of the OPSC notification of approval of financial hardship status, the district must re-qualify for financial hardship status under the provisions of this Section by submittal of a new request for financial hardship status.

If the district submits Form SAB 50-04 within 18 months of the OPSC notification of approval of financial hardship and the project(s) has been included on an unfunded list for more than 18 months a review of the district's funds pursuant to (a)(b) will be made to determine if additional district funds are available to fund the district's matching share of the project(s). Financial hardship approval status by the OPSC for a separate design and/or site apportionment does not apply to any subsequent funding for the project(s).

Note: Authority cited: Sections 17070.35, 17075.15, 17078.72 and 17592.73, Education Code.

Reference: Sections 17071.75, 17075.10, 17075.15, and 17079.20, Education Code.

**STATE ALLOCATION BOARD
IMPLEMENTATION COMMITTEE
November 7, 2008**

ACCESSIBILITY AND FIRE CODE REQUIREMENTS ON MODERNIZATION PROJECTS

PURPOSE

To discuss proposed amendments to the School Facility Program (SFP) regulations to replace the three percent option with the 60 percent minimum work necessary option for accessibility and fire code requirements under the Excessive Cost Hardship Grant.

BACKGROUND

At the August 2006 State Allocation Board (SAB) meeting, the SAB approved amendments to SFP Section 1859.83(f) as a trial to allow districts the option to choose an allowance based on three percent of the base grant or 60 percent of the minimum work necessary to meet accessibility and fire code requirements. The SAB requested Staff to bring back an item to present findings and recommendations after the trial period.

At the August 2008 SAB meeting, Staff reported back the results of the amendments to the SFP regulations. The report included one full year of data from projects that received the accessibility and fire code allowance from August 2007 to July 2008. Within these 12 months, a substantial amount of districts chose the 60 percent option over the three percent option. Those districts that took advantage of the 60 percent option received a significant increase in funding for accessibility and fire code requirements over the three percent option.

Staff recommended and the board approved at the August 2008 SAB meeting, to permanently replace the three percent option with the 60 percent option for accessibility and fire code requirements. The SAB requested Staff to provide proposed regulation amendments to present at a future SAB meeting.

DISCUSSION

From August 2007 to July 2008, there were 200 modernization applications that received a grant apportionment to meet accessibility and fire code requirements. An analysis of this information showed that at the August 2007 SAB meeting, all eleven modernization applications that received the accessibility and fire code allowance chose the three percent option. However, at the July 2008 SAB meeting, 32 or 78 percent of the 41 modernization applications selected the 60 percent option for their accessibility and fire code requirement work. Over the past year, a total of 126 or 63 percent of the 200 modernization applications that received the accessibility and fire code allowance under the excessive cost hardship selected the 60 percent option.

During the same timeframe, the SAB apportioned \$34 million for the accessibility and fire code allowance under the excessive cost hardship. Additionally, \$30.5 million, or 90 percent was allotted to the projects that chose the 60 percent option and only \$3.5 million, or ten percent was allotted to the projects that selected the three percent option. If the three percent was the only option that was used, the SAB would have allocated \$8.5 million versus \$34 million for the minimum work necessary for accessibility and fire code requirements. Districts that demonstrated the need for extensive accessibility and fire code improvements and selected the 60 percent option received a substantial grant increase over the three percent option. The average apportionment of the three percent option was \$63,901 per project, compared to \$241,855 apportioned for the 60 percent option.

Modernization projects approved by the SAB will receive a base grant that includes a seven percent allowance for accessibility and fire code requirements. If the seven percent is not sufficient, the 60 percent option will provide additional funding based on specifically the DSA approved cost estimate and, thus will not provide excessive funding seen sometimes with the three percent option.

The district with a DSA approved cost for the minimum work necessary that exceeds the seven percent provided in the base grant will receive an appropriate state modernization funding based on 60 percent state and 40 percent district share. The accessibility and fire code allowance under the 60 percent option cannot exceed the difference between 50 percent of the state and district share of a new construction base grant and the sum of the state and district share of the modernization base grant.

In addition to retaining savings from the excessive funding provided for some projects under the three percent option, the 60 percent option will actually provide more adequate funding to the districts for their minimum work necessary to meet accessibility and fire code requirements.

STAFF COMMENTS

Staff is presenting the proposed amendments to SFP Regulation 1859.83(f) as shown in Attachment A and to Form SAB 50-04 shown in Attachment B.

ATTACHMENT A

Section 1859.83 (f)

(f) Excessive cost due to accessibility and fire code requirements:

(1) The district is eligible for a Modernization Excessive Cost Hardship Grant equal to ~~three~~ 60 percent of the Modernization Grant for accessibility and fire code requirements. ~~In lieu of three percent, The district has the option of may requesting 60 percent of~~ the amount determined in (A), not to exceed 60 percent of the amount determined in (B):

(A) Determine the difference of the verified hard construction costs of the minimum accessibility and fire code work necessary to receive approval from the DSA minus seven percent of the sum of the Modernization Grant and the district matching share of the Modernization Grant pursuant to Section 1859.79.

(B) Determine the difference of 1. minus 2.:

1. Multiply the pupils requested in the application by the New Construction Grant.

2. The sum of the State and district share of the pupils requested on the Form SAB 50-04 multiplied by the grant determined pursuant to Section 1859.78 and 1859.78.3.

~~(2) Projects constructed pursuant to Section 1859.79.2(a)(1) may be provided a Modernization Excessive Cost Hardship Grant equal to three percent of the Modernization Grant.~~

~~(3)~~ (2) The district is eligible for a Modernization Excessive Cost Hardship Grant of:

(A) \$80,000 for each new two-stop elevator required to be included in the project by the DSA if the Approved Application was received on or before April 29, 2002.

(B) \$60,000 for each new two-stop elevator required to be included in the project by the DSA if the Approved Application is received after April 29, 2002.

The amounts shown in (A) and (B) above shall be adjusted annually in the manner prescribed in Section 1859.78.

~~(4)~~ (3) The district is eligible for a Modernization Excessive Cost Hardship Grant of:

(A) \$14,400 for each additional stop of the new elevator required in ~~(3)~~ (2) above if the Approved Application was received on or before April 29, 2002.

(B) \$10,800 for each additional stop of the new elevator required in ~~(3)~~ (2) above if the Approved Application was received after April 29, 2002.

The amounts shown in (A) and (B) above shall be adjusted annually in the manner prescribed in Section 1859.78.

Note: Authority cited: Sections 17070.35 and 17075.15, Education Code.

Reference: Sections 17072.32, 17074.15, 17074.16, 17075.10, 17075.15, 17077.40, 17077.42 and 17077.45, Education Code.

**APPLICATION FOR FUNDING
SCHOOL FACILITY PROGRAM****GENERAL INFORMATION**

Once the Board has determined or adjusted the district's eligibility for either new construction or modernization funding, the district may file an application for funding by use of this form. The Board will only provide new construction funding if this form is submitted prior to the date of occupancy of any classrooms included in the construction contract. If the district has a pending reorganization election that will result in the loss of eligibility for the proposed project, the district may not file an application for funding until the Board has adjusted the district's new construction baseline eligibility as required in Section 1859.51. This may be accomplished by completion of Form SAB 50-01, Form SAB 50-02 and Form SAB 50-03.

For purposes of Education Code Section 17073.25, the California Department of Education (CDE) is permitted to file modernization applications on behalf of the California Schools for the Deaf and Blind.

Requests for funding may be made as follows:

1. A separate apportionment for site acquisition for a new construction project for environmental hardship pursuant to Section 1859.75.1. For purposes of this apportionment, the following documents must be submitted with this form (as appropriate):
 - Form SAB 50-01, Form SAB 50-02 and Form SAB 50-03 (if not previously submitted).
 - Contingent site approval letter from the CDE.
 - Preliminary appraisal of property.
 - Approval letter from the Department of Toxic Substances Control.
2. A separate apportionment for site acquisition and/or design costs for a new construction project pursuant to Section 1859.81.1. This apportionment is available only to districts that meet the financial hardship criteria in Section 1859.81. Districts may apply for a separate apportionment for the design and for site acquisition on the same project. For purposes of this apportionment, the following documents must be submitted with this form (as appropriate):
 - Form SAB 50-01, Form SAB 50-02 and Form SAB 50-03 (if not previously submitted).
 - Contingent site approval letter from the CDE (site apportionment only).
 - Preliminary appraisal of property (site apportionment only).
3. A separate apportionment for district-owned site acquisition cost pursuant to Section 1859.81.2. For purposes of this apportionment, the following documents must be submitted with this form (as appropriate);
 - Form SAB 50-01, Form SAB 50-02 and Form SAB 50-03 (if not previously submitted).
 - Site approval letter from the CDE.
 - Appraisal of district-owned site.
 - Cost benefit analysis as prescribed in Section 1859.74.6 or a copy of the Board finding that the non-school function on the district-owned site must be relocated.
4. A separate apportionment for design cost for a modernization project pursuant to Section 1859.81.1. This apportionment is available only to districts that meet the financial hardship criteria in Section 1859.81. For purposes of this apportionment, the Form SAB 50-03 must accompany this form (if not previously submitted).
5. A New Construction Adjusted Grant pursuant to Section 1859.70 or 1859.180. If the funding request includes site acquisition, the proposed site must either be owned by the district, in escrow, or the district has filed condemnation proceedings and received an order of possession of the site. For purposes of this apportionment, the following documents must be submitted with this form (as appropriate):
 - Form SAB 50-01, Form SAB 50-02 and Form SAB 50-03 (if not previously submitted).
 - Site/plan approval letter from the CDE.
 - Appraisal of property if requesting site acquisition funds.
 - Plans and specifications (P&S) for the project that were approved by the DSA. 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.
 - If this request is pursuant to Section 1859.77.2 and the district's housing plan is other than those listed in the certification section of this form, a copy of the school board resolution and the approved housing plan.
 - If the site apportionment is requested pursuant to Regulation Section 1859.74.5, a cost benefit analysis as prescribed in Regulation Section 1859.74.6 or a copy of the Board finding that the non-school function on the district-owned site must be relocated.
 - If this is a request for funding under the Small High School Program, pursuant to Regulation Section 1859.93.2, the district must also provide a CDE Small High School academic reform strategy approval.
 - If this request is fully or partially based on eligibility derived from an Alternative Enrollment Projection, a justification of how the project relieves overcrowding, including but not limited to, the elimination of the use of Concept 6 calendars, four track year-round calendars, or bussing in excess of 40 minutes.
 - Written confirmation from the district's career technical advisory committee indicating that the need for vocational and career technical facilities is being adequately met within the district consistent with Education Code Sections 51224, 51225.3(b), 51228(b), and 52336.1.
6. For purposes of the Overcrowding Relief Grant (ORG), districts must submit the Overcrowding Relief Grant District-Wide Eligibility Determination (Form SAB 50-11) prior to the submittal of this funding application. In addition, districts must have had the CDE deem the site eligible for the ORG (pursuant to Section 1859.181) prior to the submittal of this application. For purposes of this apportionment, the following documents must be submitted with this form as well as the documents listed in section 5 above:
 - Overcrowding Relief Grant Eligibility Determination Form approved by the CDE.
 - Copies of the supporting documentation provided to the CDE when determining the density of the site, including the site diagram.

The district is not required to submit its current CBEDS enrollment data.

Modernization Adjusted Grant pursuant to Section 1859.70. For purposes of this apportionment, the following documents must be submitted with this form (as appropriate):

- Form SAB 50-03 (if not previously submitted).
- P&S for the project that were approved by the DSA.
- If the request includes funding for accessibility and fire code requirement pursuant to Section 1859.83(f), the DSA approved list of the minimum accessibility work required and a detailed cost estimate for the work in the plans.
- DSA approval letter for elevator to meet handicapped compliance, if funding is requested.
- Cost estimate of the proposed site development necessary for the Reconfiguration of an existing high school.
- Plan approval letter from the CDE.
- Districtwide enrollment data on Form SAB 50-01 when requesting project assistance (if not previously submitted).
- If the request includes funding for 50 year old permanent buildings pursuant to Section 1859.78.6, a site diagram identifying all buildings to be modernized in the project. The diagram must specify those buildings that are at least 50 years old.

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- Written confirmation from the district's career technical advisory committee indicating that the need for vocational and career technical facilities is being adequately met within the district consistent with Education Code Sections 51224, 51225.3(b), 51228(b), and 52336.1.

Prior to acceptance of an application for funding that includes a financial hardship request, the district must have its financial hardship status "pre-approved" by the Office of Public School Construction (OPSC). To apply for a financial hardship "pre-approval", consult the OPSC Web site at www.opsc.dgs.ca.gov.

If the district is requesting New Construction funding after the initial baseline eligibility was approved by the Board and the district's current CBEDS enrollment reporting year is later than the enrollment reporting year used to determine the district's baseline eligibility or adjusted eligibility, the district must complete a new Form SAB 50-01 based on the current year CBEDS enrollment data, and submit it to the OPSC with this form. In addition, if the district's request is fully or partially based on eligibility derived from an Alternative Enrollment Projection, the district must update the Alternative Enrollment Projection to correspond with the CBEDS enrollment data for the current year. A small district with 2,500 or less enrollment as defined in Section 1859.2 will not have its eligibility reduced for a period of three years from the date the district's baseline eligibility was approved by the Board as a result of reduction in projected enrollment.

For a list of the documents that must be submitted in order for the OPSC to deem a funding request for new construction or modernization complete and ready for OPSC processing, consult the SFP handbook and other information located on the OPSC Web site at www.opsc.dgs.ca.gov.

For purposes of completing this form for a Final Charter School Apportionment, a charter school shall be treated as a school district.

SPECIFIC INSTRUCTIONS

The district must assign a Project Tracking Number (PTN) to this project. The same PTN is used by the OPSC, the DSA and the CDE for all project applications submitted to those agencies to track a particular project through the entire state application review process. If the district has already assigned a PTN to this project by prior submittal of the P&S to either the DSA or the CDE for approval, use that PTN for this application submittal. If no PTN has been previously assigned for this project, a PTN may be obtained from the OPSC Web site at www.opsc.dgs.ca.gov "PT Number Generator."

1. Type of Application

Check the appropriate box that indicates the type of School Facility Program (SFP) grant the district is requesting for purposes of new construction, modernization, a separate design and/or site apportionment, site apportionment as an environmental hardship or New Construction (Final Apportionment). If the application is for the modernization of school facilities and includes facilities that are eligible for an additional apportionment pursuant to Section 1859.78.8, include a site diagram with this application that specifies the age of each facility eligible for modernization. The diagram should also indicate the date of its original DSA plan approval and the date the facility received its prior modernization apportionment. If known include the project modernization number on the diagram. If the application is for modernization of a California School for the Deaf or Blind, the CDE shall check the box identified as Modernization of California Schools for the Deaf/Blind. If the request is for a separate design apportionment, the CDE shall check the appropriate box. If the eligibility for this project was established as a result of the need for new

or replacement facilities pursuant to Section 1859.82 (a) and (b), seismic replacement or seismic rehabilitation for the Most Vulnerable Category 2 Buildings, or rehabilitation pursuant to Section 1859.83 (e), check the appropriate box(es).

If this request is for an addition to an existing site and advance funding for the evaluation and RA costs, check the appropriate box and refer to Section 1859.74.4.

If this request is for an Overcrowding Relief Grant, check the New Construction (Overcrowding Relief Grant) box.

If this request is to convert a Preliminary Apportionment or a Preliminary Charter School Apportionment to a Final Apportionment, check the New Construction Final Apportionment, New Construction Final Charter School Apportionment or the Rehabilitation Final Charter School Apportionment box, as appropriate.

If the district is requesting a separate site and/or design apportionment, complete boxes 2a, 3, 4, the site acquisition data in box 5 (d and e), and boxes 12, 13, 14, 15 and 23 only.

2. Type of Project

- Select the type of project that best represents this application request and enter the total number of pupils assigned to the project for each grade group. Include pupils to be housed in a new or replacement school authorized by Section 1859.82 (a). The amount entered cannot exceed the district's baseline eligibility determined on Form SAB 50-03 and will be the basis for the amount of the new construction or modernization grants provided for the project.

If this request is for a Final Apportionment, the pupils assigned to the project must be at least 75 percent, but not more than 100 percent, of the pupils that received the Preliminary Apportionment. Refer to Section 1859.147.

For ORG projects, the amount entered cannot exceed the Overcrowding Relief Pupil Eligibility (pursuant to Section 1859.182 and 1859.183) as reflected in the total number of eligible pupils determined by the Form SAB 50-11 or the CDE Overcrowding Relief Grant Eligibility Determination form.

- Check the box if the project is eligible for funding for 50 year or older permanent buildings and report, at the option of the district:
 - The total number of eligible classrooms or the total eligible square footage building area at the site. Refer to Section 1859.78.6(b)(1)(A) or (b)(2)(A).
 - The total number of permanent classrooms or the total permanent square footage building area that is at least 50 years old and not been previously modernized with state funds. Refer to Section 1859.78.6(b)(1)(B) or (b)(2)(B).
 - Enter the greater percentage as calculated under Regulation Section 1859.78.6(b)(1)(C) or Regulation Section 1859.78.6(b)(2)(C).
 - If this project includes eligible 50 year or older pupil grants, enter the appropriate number assigned to the project for each grade group. The number of pupils entered cannot exceed the cumulative number of 50 year or older permanent buildings pupil grants requested for all modernization funding applications for the site as determined by using the percentage factor above.
- If this request includes pupil grants generated by an Alternative Enrollment Projection Method, enter the number of pupils by grade level.
- Indicate if this request is for funding of a 6-8 school and/or an Alternative Education School.
- Check the applicable box if the district is requesting additional pupil grants assigned to the project that exceed the capacity of the project or if the pupils

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assigned represent eligibility determined at another grade level and check the appropriate box to indicate under which regulation the district is applying. The pupil capacity of the project may be determined by multiplying the classrooms reported in box 3 by 25 for K–6; 27 for 7–8, 9–12 grades; 13 for non-severe and 9 for severe.

- f. If the request is for replacement facilities pursuant to Section 1859.82 (a) or (b) on the same site, check the facility hardship box.
- g. Enter the square footage of the non-toilet area and toilet area contained in the rehabilitation project.
- h. Indicate the site scenario that best represents the project request.
- i. For ORG projects, the district must provide the following information in the space provided:
 - Name of the eligible school site(s) where portables will be replaced in this project
 - Number of portables being replaced at each school site
 - Number of site specific eligible pupils being requested for this project for each school site. The total number of site specific eligible pupils assigned to this project must equal the total number of pupils in Section 2a.

3. Number of Classrooms

Enter the:

- Number of classrooms as shown on the plans and specifications (P&S). If there was demolition at the site, report the net increase in the number of classrooms showing in the P&S.
- Master plan site size, as recommended by the California Department of Education.
- Recommended site size, as determined by the California Department of Education.
- Existing Useable Acres already owned at that location (if any).
- Proposed Useable Acres that was/will be purchased as part of the application (if any).

4. Financial Hardship Request

Check the box if the district is requesting financial hardship assistance because it is unable to meet its matching share requirement. Refer to Section 1859.81 for eligibility criteria. Districts requesting financial assistance must have received a pre-approval for financial hardship status by the OPSC. Consult the OPSC Web site at www.opsc.dgs.ca.gov for details and necessary documentation needed in order to determine eligibility.

5. New Construction Additional Grant Request

Check the appropriate box(es) if the district requests an augmentation to the new construction grant for "additional" grants for the items listed or for replacement facilities pursuant to Section 1859.82(a) and (b). Refer to Sections 1859.72 through 1859.76 and 1859.82(a) and (b) for eligibility criteria. Enter the:

- a. Therapy area in square feet as provided in Section 1859.72.
- b. Multilevel classrooms in the P&S pursuant to Section 1859.73.
- c. Check the box if the district is requesting project assistance pursuant to Section 1859.73.1. If the district has not submitted a request for new construction baseline eligibility on a district-wide basis, it must submit a current Form SAB 50-01 based on district-wide enrollment data with this form.
- d. If the project the district is requesting SFP funding for does not require an RA, refer to Section 1859.74. If a RA is required on a site that is not leased or an addition to an existing site, refer to Section 1859.74.2. If RAs are required on a leased site or an addition to an existing site, refer to Sections 1859.74.3 or 1859.74.4, respectively. The limitation of 50 percent may be exceeded when

unforeseen circumstances exist, the CDE determines that the site is the best available site, and substantiation that the costs are the minimum required to complete the evaluation and RA.

- 1) Enter 50 percent of the actual cost.
- 2) Enter 50 percent of the appraised value of the site. If the request is made pursuant to Regulation Section 1859.74.5, enter 50 percent of the appraised value.
- 3) Enter 50 percent of the allowable relocation cost.
- 4) Enter two percent of the lesser of the actual cost or appraised value of the site (minimum \$25,000).
- 5) Enter 50 percent of the Department of Toxic Substances Control (DTSC) fee for review and approval of the phase one environmental site assessment and preliminary endangerment assessment reports. Refer to Sections 1859.74, 1859.74.1, 1859.74.5, 1859.75, 1859.75.1 and 1859.81.1. If the district is submitting a funding request for new construction under the Small High School Program, enter the 60 percent values.

A project that received site acquisition funds under the Lease-Purchase Program (LPP) as a priority two project is not eligible for site acquisition funds under the SFR. A district-owned site acquired with LPP, SFP or Proposition 1A funds is not eligible for funding under Regulation Section 1859.74.5.

- e. Enter 50 percent of the amount allowable for hazardous materials/waste removal and/or remediation for the site acquired pursuant to Sections 1859.74.2, 1859.74.3, 1859.74.4, 1859.75.1 or 1859.81.1. If an RA is required, check the box.
- f. Enter 50 percent of eligible service-site development, off-site development including pedestrian safety paths and utilities costs allowed pursuant to Section 1859.76. If the district is submitting a funding request for new construction under the Small High School Program, enter the 60 percent values. Attach cost estimates of the proposed site development work which shall be supported and justified in the P&S. All cost estimates shall reflect 100 percent of the proposed work.

Check the box if the district is requesting an Additional Grant for General Site Development pursuant to Section 1859.76

- g. If the district is requesting replacement facilities on the same site, (including seismic replacement), enter the square footage requested as provided in Section 1859.82(a) or (b).
- h. If the request for seismic rehabilitation does not exceed 50 percent of the current replacement cost of the classroom or related facility, report 50 percent of the health/safety seismic mitigation cost and the ancillary costs as authorized by Section 1859.82(a).
- i. Enter the square feet of eligible replacement area as provided by Section 1859.73.2.
- j. If the district is requesting an Additional Grant for Energy Efficiency pursuant to Section 1859.71.3, enter the percentage of energy efficiency that exceeds Title 24 requirements as prescribed in Section 1859.71.3(a)(3).
- k. Check the box(es) if the district requests and the project qualifies for additional funding for fire code requirements authorized in Section 1859.71.2.
- l. If the district is requesting an Additional Grant for High Performance Incentive pursuant to Section 1859.70.4, enter the number of high performance points as prescribed in Section 1859.71.6.

6. Modernization Additional Grant Request

- Check the box if the district is requesting project assistance allowance pursuant to Section 1859.78.2. If the district has not submitted a request for new construction baseline eligibility on a district-wide basis, it must submit a current Form SAB 50-01 based on district-wide enrollment data with this form.
- If the district is requesting an Additional Grant for Energy Efficiency pursuant to Section 1859.78.5, enter the percentage of energy efficiently that exceeds Title 24 requirements as prescribed in Section 1859.78.5(a)(3).
- Check the box if the district requests an additional grant for site development utility cost necessary for the modernization of 50 years or older permanent building(s). Enter 60 percent of the eligible costs allowable pursuant to Section 1859.78.7(a).
- Check the box if the district is requesting a Separate Apportionment for Reconfiguration pursuant to Section 1859.78.9. Enter the full value of the Reconfiguration request, not to exceed an aggregate of \$500,000 for all high school entities created.
- Check the box(es) if the district requests and the project qualifies for additional funding for fire code requirements authorized in Section 1859.78.4.
- If the district is requesting an Additional Grant for High Performance Incentive pursuant to Section 1859.70.4, enter the number of high performance points as prescribed in Section 1859.77.4.

7. Excessive Cost Hardship Request

Check the appropriate box to request an augmentation to the New Construction, Modernization or Charter School Facility Program Rehabilitation Grants for an excessive cost hardship for the items listed. Refer to Section 1859.83 for eligibility criteria. Requests for excessive cost grants for accessibility requirements are allowed only if required by the Division of the State Architect (DSA). ~~At the district's option,~~ The district may request ~~three percent of the modernization base grant or enter~~ 60 percent of the amount calculated pursuant to Regulation Section 1859.83(f). Attach a copy of the DSA approved list that shows the minimum work necessary for accessibility requirements.

If the request is for the excessive cost grant for a new Alternative Education school pursuant to Section 1859.83(c)(2) and the district wishes to request less than the maximum allowance, please submit a letter along with application indicating the desired amount.

If the request is for rehabilitation mitigation, report 80 percent or 60 percent (as appropriate) of health/safety rehabilitation mitigation cost for a modernization project as authorized by Section 1859.83(e).

8. Project Priority Funding Order

Enter the priority order of this project in relation to other new construction applications submitted by the district on the same date. If applications are not received on the same date, the OPSC will assign a higher district priority to the application received first. Check the box(es) if the project meets the criteria outlined in Section 1859.92(c)(3),(4) and (6), as appropriate. This information is needed for purposes of priority points.

9. Prior Approval Under the LPP

If the project the district is requesting SFP grants for received a Phase P, S, or C approval under the LPP, report the application number of that project, regardless if the project actually received funding or was included on an "unfunded" list. Failure to report this information may delay the processing of the application by the OPSC.

10. Prior Apportionment Under the SFP

If the project received a separate apportionment under the SFP for either site and/or design, or site environmental hardship, enter the application number of the project. Failure to report this information may delay the processing of the application by the OPSC.

11. Preliminary Apportionment to a Final Apportionment

If this request is to convert a Preliminary Apportionment to a Final Apportionment, enter the application number of the Preliminary Apportionment. Failure to report this information may delay the processing of the application by the OPSC.

12. Alternative Developer Fee

The district must report certain alternative fees collected pursuant to Government Code Section 65995.7, as of the date of application submittal to the OPSC. Refer to Section 1859.77 for details. Districts are advised that the OPSC may perform an audit of the developer fees collected prior to application approval by the Board.

13. Adjustment to New Construction Baseline Eligibility

Pursuant to Section 1859.51 certain adjustments to the district's new construction baseline eligibility must be made each time a district submits Form SAB 50-04, to the OPSC for SFP new construction or modernization grants. These adjustments are made by the OPSC based on information reported by the district on this form.

- Report all classroom(s) provided after the district submitted its request for determination of its new construction baseline eligibility for the grades shown, or indicate N/A if there are none. Refer to Section 1859.51(i).

In the additional classroom column, indicate the number of additional net classrooms provided if not previously reported.

In the replacement classroom column, indicate the number of classrooms that were included in the determination of the district's new construction eligibility pursuant to Education Code Section 17071.75 but replaced in a locally funded project.

Enter the date the initial construction contract was signed for additional or replacement classrooms.

- If the eligibility for this project was determined on a high school attendance area (HSAA) or Super HSAA pursuant to Section 1859.41, enter the number of pupils by grade level type that were included in the latest report by the CDE pursuant to Education Code Section 42268 that received operational grants in that HSAA or Super HSAA.

14. Pending Reorganization Election

Complete only for new construction projects. Indicate if there is a pending reorganization election that will result in a loss of eligibility for this project. If the answer is "yes", the district must complete Form SAB 50-01, Form SAB 50-02 and Form SAB 50-03, to adjust the district's new construction baseline eligibility as a result of the reorganization and submit them with this form.

15. Joint-Use Facility/Leased Property

Check the box if:

- The facilities to be constructed/modernized as part of this project will be for joint use by other governmental agencies.
- The new construction or modernization grants will be used for facilities located or to be located on leased property.

16. Project Progress Dates

Complete this section for new construction/modernization projects:

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

17. Labor Compliance Program

Indicate whether the district is subject to a Labor Compliance Program that has been approved by the Department of Industrial Relations pursuant to Labor Code Section 1771.7 by checking the appropriate box.

18. Construction Delivery Method

Check the box that best represents the construction delivery method that the district has or will use for this project, if known.

19. Career Technical Education Funds Request

Indicate if Career Technical Education (CTE) funds will be requested for classroom(s) included in the plans and specifications for this project pursuant to Section 1859.193. If "Yes", enter the number of CTE classroom(s) shown on the P&S.

20. Overcrowding Relief Grant Narrative

The district must either provide an explanation in the space provided or attach a letter signed by the district representative detailing how this project will relieve overcrowding.

21. Architect of Record or Licensed Architect Certification

The architect of record or the licensed architect must complete this section.

22. Architect of Record or Design Professional Certification

The architect of record or the appropriate design professional must complete this section.

23. Certification

The district representative must complete this section. For additional information regarding district certifications, refer to the SFP handbook located on the OPSC web site at www.opsc.dgs.ca.gov.

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The school district named below applies to the State Allocation Board via the Office of Public School Construction for a grant under the provisions of Chapter 12.5, Part 10, Division 1, commencing with Section 17070.10, et seq., of the Education Code and the Regulations thereto.

Form with fields for SCHOOL DISTRICT, SCHOOL NAME, COUNTY, DISTRICT REPRESENTATIVE'S E-MAIL ADDRESS, APPLICATION NUMBER, PROJECT TRACKING NUMBER, and HIGH SCHOOL ATTENDANCE AREA (HSAA) OR SUPER HSAA (IF APPLICABLE).

1. Type of Application—Check Only One

- List of application types: New Construction, Rehabilitation, Modernization, etc.

Separate Apportionment

- List of separate apportionment options: Site Only, Design Only, Facility Hardship, etc.

2. Type of Project

- Project type options: Elementary School, Middle School, High School.

Total Pupils Assigned:

Form for reporting total pupils assigned by grade level (K-6, 7-8, 9-12, Non-Severe, Severe).

- Form for 50 Years or Older Building Funding (Modernization Only) including classroom/square footage and ratio calculations.

Form for reporting pupils generated by Alternative Enrollment Projection (New Construction Only) by grade level.

d. Is this a 6-8 school? Yes No

If you answered yes, how many K-6 pupils reported above are sixth graders? _____

Is this an Alternative Education School? Yes No

e. Is this a use of grant request pursuant to Section 1859.77.2? Yes No

Is this request pursuant to Section 1859.77.2(c)? Yes No

If yes, enter date of successful bond election: _____

Is this a use of grant request pursuant to Section 1859.77.3? Yes No

Is this request pursuant to Section 1859.77.3(c)? Yes No

If yes, enter date of successful bond election: _____

f. Facility Hardship (no pupils assigned)

g. Charter School Facility Program Rehabilitation Request:

Toilets (sq. ft.) _____

Other (sq. ft.) _____

h. Project to be located on:

- Options for project location: Leased Site, New Site, Existing Site with Additional Acreage Acquired, Existing Site with No Additional Acreage Acquired.

i. ORG Projects Only

Table with 3 columns: NAME OF ELIGIBLE SCHOOL SITE(S), NUMBER OF PORTABLES BEING REPLACED, NUMBER OF SITE SPECIFIC ELIGIBLE PUPILS BEING REQUESTED. Includes a Total row.

3. Number of Classrooms:

Form for reporting number of classrooms and acreage: Master Plan Acreage Site Size, Recommended Site Size, Existing Acres, Proposed Acres.

4. Financial Hardship Request—Must Have Pre-Approval by OPSC

5. New Construction Additional Grant Request—New Construction Only

- Options for additional grant request: Therapy, Multilevel Construction (CRS), Project Assistance, Site Acquisition (50% Actual Cost, 50% Appraised Value, 50% Relocation Cost, 2% min. \$25,000, 50% DTSC Fee).

APPLICATION FOR FUNDING
SCHOOL FACILITY PROGRAM

- e. 50 percent hazardous waste removal: \$
f. Site Development
g. Facility Hardship Section 1859.82(a) or (b)
h. Seismic Rehabilitation [Section 1859.82(a)]
i. Replacement area
j. Energy Efficiency: %
k. Automatic Fire Detection/Alarm System
l. High Performance Incentive (Indicate Points):

6. Modernization Additional Grant Request—Modernization Only

- a. Project Assistance
b. Energy Efficiency: %
c. Site Development—60 percent utilities: \$
d. Separate Apportionment for Reconfiguration
e. Automatic Fire Detection/Alarm System
f. High Performance Incentive (Indicate Points):

7. Excessive Cost Hardship Request

- New Construction Only
Geographic Percent Factor:
New School Project [Section 1859.83(c)(1)]
New School Project [Section 1859.83(c)(2)]
New School Project [Section 1859.83(c)(3)]
Small Size Project
Urban/Security/Impacted Site;
If a new site, \$ per Useable Acre [Section 1859.83(d)(2)(C)]

Modernization or Charter School Facility Program Rehabilitation Only

- Rehabilitation/Mitigation [Section 1859.83(e)]: \$
Geographic Percent Factor: %
Accessibility/Fire Code
3 percent of base grant; or,
60 percent of minimum work \$
Number of 2-Stop Elevators:
Number of Additional Stops:
Small Size Project
Urban/Security/Impacted site

8. Project Priority Funding Order—New Construction Only

- Priority order of this application in relation to other new construction applications submitted by the district at the same time: #
Project meets:
Density requirement pursuant to Section 1859.92(c)(3).
Stock plans requirement pursuant to Section 1859.92(c)(4).
Energy efficiency requirement pursuant to Section 1859.92(c)(6).

9. Prior Approval Under the LPP

New Construction: 22/
Modernization: 77/

10. Prior Apportionment Under the SFP

Site/Design—New Construction: 50/
Design—Modernization: 57/

11. Preliminary Apportionment to Final Apportionment

Preliminary Apportionment Application Number: #

12. Alternative Developer Fee—New Construction Only

Alternative developer fee collected and reportable pursuant to Regulation Section 1859.77: \$

13. Adjustment to New Construction Baseline Eligibility

Table with 2 columns: Classroom(s) provided, Replacement. Rows include K-6, 7-8, 9-12, Non-Severe, Severe.

Construction Contract(s) for the project signed on:

- b. Operational Grant (HSAA) only:
K-6:
7-8:
9-12:
Non-Severe:
Severe:

14. Pending Reorganization Election—New Construction Only Yes No

15. Joint-Use Facility/Leased Property

- a. Joint-Use Facility
b. Leased Property

16. Project Progress Dates

a. Construction Contract signed on:
b. Notice to Proceed issued on:

17. Labor Compliance Program

Will you be required to initiate and enforce a Labor Compliance Program pursuant to Labor Code Section 1771.7 for this project? Yes No

18. Construction Delivery Method

- Design-Bid-Build
Design-Build
Developer Built
Lease Lease-Back
Energy Performance Contract
This project includes or will include piggyback contract(s) as defined in Section 1859.2
Other:

19. Career Technical Education Funds Request

Will CTE Funds be requested for classroom(s) included in the plans and specifications for this project? Yes No
Number of CTE classroom(s):

20. Overcrowding Relief Grant Narrative

21. Architect of Record or Licensed Architect Certification

I certify as the architect of record for the project or as a licensed architect that:

- The P&S for this project were submitted to the OPSC by electronic medium (i.e., CD-ROM, zip disk or diskette) or as an alternative, if the request is for a modernization Grant, the P&S were submitted in hard copy to the OPSC.
- Any portion of the P&S requiring review and approval by the Division of the State Architect (DSA) were approved by the DSA on _____ (enter DSA approval date).
- Any portion of the P&S not requiring review and approval by the DSA meets the requirements of the California Code of Regulations, Title 24, including any handicapped access and fire code requirements.
- If the request is for a Modernization or Charter School Facility Program Rehabilitation Grant, the P&S include the demolition of more classrooms than those to be constructed in the project, the difference is _____ classroom(s). (Indicate N/A if there are none.)
- If the request is for a Modernization or Charter School Facility Program Rehabilitation Grant, the P&S include the construction of more classrooms than those to be demolished in the project, the difference is _____ classroom(s). (Indicate N/A if there are none.)

ARCHITECT OF RECORD OR LICENSED ARCHITECT (PRINT NAME)

SIGNATURE

DATE

22. Architect of Record or Design Professional Certification

I certify as the architect of record for the project or the appropriate design professional, that:

- If the request is for a New Construction Grant, I have developed a cost estimate of the proposed project which indicates that the estimated construction cost of the work in the P&S including deferred items (if any) relating to the proposed project, is at least 60 percent of the total grant amount provided by the State and the district's matching share, less site acquisition costs. This cost estimate does not include site acquisition, planning, tests, inspection, or furniture and equipment and is available at the district for review by the OPSC.
- If the request is for a Modernization or Charter School Facility Program Rehabilitation Grant, I have developed a cost estimate of the proposed project which indicates that the estimated construction cost of the work in the P&S, including deferred items and interim housing (if any) relating to the proposed project, is at least 60 percent of the total grant amount provided by the State and the district's matching share. This cost estimate does not include planning, tests, inspection or furniture and equipment and is available at the district for review by the OPSC.

ARCHITECT OF RECORD OR DESIGN PROFESSIONAL (PRINT NAME)

SIGNATURE

DATE

23. Certification

I certify, as the District Representative, that the information reported on this form, with the exception of items 21 and 22, is true and correct and that:

- I am an authorized representative of the district as authorized by the governing board of the district; and,
- A resolution or other appropriate documentation supporting this application under Chapter 12.5, Part 10, Division 1, commencing with Section 17070.10, et. seq., of the Education Code was adopted by the school district's governing board or the designee of the Superintendent of Public Instruction on, _____; and,
- The district has established a "Restricted Maintenance Account" for 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 Section 17070.75 and 17070.77 (refer to Sections 1859.100 through 1859.102); and,
- Pursuant to Education Code Section 17070.755, the district has made a priority of the funds in the restricted maintenance account, established pursuant to Education Code Section 17070.75, to ensure that facilities are functional and meet local hygiene standards; and,
- The district has considered the feasibility of the joint use of land and facilities with other governmental agencies in order to minimize school facility costs; and,
- If this funding request is for the modernization of portable classrooms eligible for an additional apportionment pursuant to Education Code Section 17073.15, the district certifies that (check the applicable box below):
 - 1. The state modernization funds will be used to replace the portable classrooms and permanently remove the displaced portables from the classroom use within six months of the filing of the Notice of Completion for the project; or,
 - 2. It has provided documentation to the Office of Public School Construction which indicates that modernizing the portable classrooms eligible for an additional apportionment is better use of public resources than the replacement of these facilities.
- Facilities to be modernized have not been previously modernized with Lease-Purchase Program, Proposition 1A Funds or School Facility Program state funds; and,
- Facilities to be rehabilitated under the Charter School Facility Program previously funded with School Facility Program State funds meet the requirements of Section 1859.163.6; and,
- All contracts entered on or after November 4, 1998 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,
- If this request is for new construction funding, the district has received approval of the site and the plans from the CDE. Plan approval is not required if request is for separate design apportionment; and,
- If this request is for modernization or Charter School Facility Program Rehabilitation funding, the district has received approval of the plans for the project from the CDE. Plan approval is not required if request is for separate design apportionment; and,
- The district has or will comply with the Public Contract Code regarding all laws governing the use of force account labor; and,
- This district has or will comply with Education Code Section 17076.11 regarding at least a 3 percent expenditure goal for disabled veteran business enterprises; and,

APPLICATION FOR FUNDING SCHOOL FACILITY PROGRAM

- The district matching funds required pursuant to Sections 1859.77.1 or 1859.79 has either been expended by the district, deposited in the County School Facility Fund or will be expended by the district prior to the notice of completion for the project; and,
- The district has received the necessary approval of the plans and specifications from the Division of the State Architect unless the request is for a separate site and/or design apportionment; and,
- If the district is requesting site acquisition funds as part of this application, the district has complied with Sections 1859.74 through 1859.75.1 as appropriate; and,
- With the exception of an apportionment made pursuant to Section 1859.75.1, the district understands that the lack of substantial progress toward increasing the pupil capacity or renovation of its facilities within 18 months of receipt of any funding shall be cause for the rescission of the unexpended funds (refer to Section 1859.105); and,
- If the apportionment for this project was made pursuant to Section 1859.75.1, the district understands that the lack of substantial progress toward increasing the pupil capacity or renovation of its facilities within 12 months of receipt of any funding shall be cause for the rescission of the unexpended funds (refer to Section 1859.105.1); and,
- The district understands that funds not released within 18 months of apportionment shall be rescinded and the application shall be denied (refer to Section 1859.90); and,
- The statements set forth in this application and supporting documents are true and correct to the best of my knowledge and belief; and,
- All school facilities purchased or newly constructed under the project for use by pupils who are individuals with exceptional needs, as defined in Education Code Section 56026, shall be designed and located on the school site so as to maximize interaction between those individuals with exceptional needs and other pupils as appropriate to the needs of both; 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 district 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 Sections 1859.105, 1859.105.1, 1859.106; and,
- The district has complied with the provisions of Sections 1859.76 and 1859.79.2 and that the portion of the project funded by the State does not contain work specifically prohibited in those Sections; and,
- If the SFP grants will be used for the construction or modernization of school facilities on leased land, the district has entered into a lease agreement for the leased property that meets the requirements of Section 1859.22; and,
- If the application contains a "Use of New Construction Grant" request, the district has adopted a school board resolution and housing plan at a public hearing at a regularly scheduled meeting of the governing board on _____ as specified in Sections 1859.77.2, or 1859.77.3, as appropriate. The district's approved housing plan is as indicated (check all that apply):
 - 1. The district will construct or acquire facilities for housing the pupils with funding not otherwise available to the SFP as a district match within five years of project approval by the SAB and the district must identify the source of the funds. [Applicable for Sections 1859.77.2(a) and (b) and 1859.77.3(a) and (b)]
 - 2. The district will utilize higher district loading standards providing the loading standards are within the approved district's teacher contract and do not exceed 33:1 per classroom. [Applicable for Sections 1859.77.2(a) and (b) and 1859.77.3(a) and (b)]
 - 3. The pupils requested from a different grade level will be housed in classrooms at an existing school in the district which will have its grade level changed, to the grade level requested, at the completion of the proposed SFP project. [Applicable for Sections 1859.77.2(b) and 1859.77.3(b)]
- If the district requested additional funding for fire code requirements pursuant to Sections 1859.71.2 or 1859.78.4, the district will include the automatic fire detection/alarm system and/or automatic sprinkler system in the project prior to completion of the project; and
- The district has consulted with the career technical advisory committee established pursuant to Education Code Section 8070 and the need for vocational and career technical facilities is being adequately met in accordance with Education Code Sections 51224, 51225.3(b), and 51228(b), and 52336.1; and,
- If the district is requesting an Additional Grant for Energy Efficiency pursuant to Sections 1859.71.3 or 1859.78.5, the increased costs for the energy efficiency components in the project exceeds the amount of funding otherwise available to the district; and,
- If this application is submitted after January 1, 2004 for modernization funding, the 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; and
- The district has or will initiate and enforce a Labor Compliance Program that has been approved by the Department of Industrial Relations, pursuant to Labor Code Section 1771.7, if the project is funded from Propositions 47 or 55 and the Notice to Proceed for the construction phase of the project is issued on or after April 1, 2003; and,
- Beginning with the 2005/2006 fiscal year, the 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; and
- If this application is submitted pursuant to Section 1859.93.2, the district certifies that it has an academic reform strategy scored by the CDE, and is available at the district office for OPSC verification; and
- If this application is submitted pursuant to Section 1859.93.2, the district certifies the enrollment at the Small High School will not exceed 500 pupils for a minimum of two complete school years after the Occupancy of the last Small High School funded, as outlined in Section 1859.104(e)(2); and
- If this application is submitted pursuant to Section 1859.78.9, the district certifies the enrollment at the resulting Small High Schools will not exceed 500 pupils for a minimum of two complete school years after the Occupancy of the Small High Schools; and
- If this application is submitted pursuant to Section 1859.78.9 or Section 1859.93.2, the district certifies that it will meet all reporting requirements as specified in Section 1859.104(e)(1) and/or (2); and
- If this application is submitted pursuant to Section 1859.180, the district certifies that within six months of occupancy of the permanent classrooms, it will remove the replaced portables from the eligible school site and K-12 grade classroom use with the exception of schools described in Education Code Section 17079.30(c), and
- The district has considered the feasibility of using designs and materials for the new construction or modernization project that promote the efficient use of energy and water, maximum use of natural light and indoor air quality, the use of recycled materials and materials that emit a minimum of toxic substances, the use of acoustics conducive to teaching and learning, and the other characteristics of high performance schools.