

**STATE ALLOCATION BOARD**

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**Date:** November 24, 2009

**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 **Monday, December 7, 2009** from 9:00 a.m. to 4:00 p.m. in the California State Capitol, Room 126, Sacramento, California.

The Implementation Committee's proposed agenda is as follows:

- 1) Convene Meeting
- 2) Change of Scope for School Facility Program Projects  
*Discuss process for a change of project scope in a SFP project.*
- 3) Alternative Education Loading Standards and Funding  
*Resume discussions on the Alternative Education Loading Standards and Funding.*
- 4) Career Technical Education Facilities Program Changes  
*Continue discussions on proposed regulatory changes for Career Technical Education Facilities Program Changes.*
- 5) *Expenditure Report, Form SAB 50-06,*  
*Discuss clarifications to the Form SAB 50-06 to clarify the instructions regarding interest reporting.*
- 6) Role of the Implementation Committee  
*Discuss the current framework of the Implementation Committee.*

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 Sue Genera at (916) 445-4320.

A handwritten signature in black ink, appearing to read "Lisa Kaplan".

LISA KAPLAN, Chairperson  
State Allocation Board Implementation Committee

Individuals who need auxiliary aids for effective participation are invited to make their requests and preferences known to Sue Genera at (916) 445-4320 five days prior to the meeting.

STATE ALLOCATION BOARD  
IMPLEMENTATION COMMITTEE

Pending Items List  
December 7, 2009

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A. Future Items

- Joint-Use Program
  - Implementation of SB 592
  - Implementation of SB 334
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STATE ALLOCATION BOARD  
IMPLEMENTATION COMMITTEE MEETING  
December 7, 2009

CHANGE OF SCOPE GUIDELINES

PURPOSE OF REPORT

To clarify guidelines for school districts to follow in order to avoid a potential Material Inaccuracy (MI) due to a change of scope in a project.

BACKGROUND

At the September 23, 2009 State Allocation Board (SAB) meeting, Board members asked how a district can proceed with a change of scope and how it can be handled without resulting in an MI.

Staff has identified two issues of concern for SFP projects that are apportioned, but later result in a scope change. First, these projects may result in a disadvantage to other projects that are in line for funding. Second, since the scope change might affect the funding that a district would have received; this may result in a funding advantage.

AUTHORITY

Education Code (EC) Section 17072.20(b) states, "The application shall include, but not be limited to, the school district's determination of the amount of state funding that the district is otherwise eligible for relating to site acquisition, site development, new construction, and hardship funding provided pursuant to Article 8 (commencing with Section 17075.10), if any."

SFP Regulation Section 1859.21 states, "A School District seeking funding for a modernization or new construction project shall complete and file with the OPSC, the Form SAB 50-04."

EC Section 17070.51 states, "If any certified eligibility or funding application related information is found to have been falsely certified by school districts, architects or design professionals, hereinafter referred to as a material inaccuracy, the Office of Public School Construction shall notify the board..."

EC Section 17072.30 states, "...the board shall apportion funds to an eligible school district only upon the approval of the project by the Department of General Services (DGS) pursuant to the Field Act..."

EC Section 17072.32 states, "For any project that has received an apportionment pursuant to Section 17072.30, funding shall be released in amounts equal to the amount of the local match upon certification by the school district that the school district entered into a binding contract for completion of the approved project."

EC Section 17072.35 states, "A grant for new construction may be used for any and all costs necessary to adequately house new pupils in any approved project..."

EC Section 17074.16 states, "The board shall release disbursements to school districts with approved applications for modernization, to the extent state funds are available for the state's 60-percent share, and the school district has provided its 40-percent local match."

EC Section 17267 requires that the governing board of a school district shall, before letting any contract for the construction of a school building as defined in EC Section 17283 according to the plans and specifications, file a set of the plans and specifications with the DGS, accompanied by a fee in the amount fixed by EC Section 17300.

EC Section 17297 states, "...before letting any contract for any construction or alteration of any school building, the written approval of the plans, as to safety of design and construction, by the Department of General Services shall be first had and obtained."

EC Section 17307 states that no contract for the construction of any school building is valid and no public money shall be paid for any work done under a contract unless the plans and specifications and estimates comply with the provisions and requirements of the Division of the State Architect (DSA), as representative of the Department of General Services, and that approval has first been obtained in writing.

## DISCUSSION

In 2005, the Office of Public School Construction (OPSC) published an article in the Advisory Actions newsletter about how to proceed with change of scope requests. The article discusses what steps a district should take if a change of scope exists for a School Facility Program (SFP) modernization or new construction project.

A change of scope in any project receiving new construction grants includes, but is not limited to, any of the following:

- Addition/Deletion of Classrooms
- Addition/Reduction of Minimum Essential Facilities (MEF) Area
- Addition/Deletion of MEF Area
- Addition/Deletion of Non-Classroom Non-MEF Area
- Permanent to Modular Construction
- Modular to Permanent Construction
- Changing the Placement of a Building
- Site Re-configuration
- Any other material changes which affect funding (An example would be changing multi-story buildings to single story).

If a district has an upcoming change of scope to a project there are steps that should be taken to ensure that the change is brought to the OPSC's attention and that the project doesn't result in an MI finding. Below are some general guidelines as to the process a district should follow depending on which phase the project is in:

### Scenario A. Change of scope after original California Department of Education (CDE) and/or DSA Approval(s), but prior to OPSC submittal:

The district must obtain the appropriate DSA approval of the revisions related to the scope change. Also, a district may need to receive a revised CDE approval, if the original plans were already CDE approved. This will establish an approval of the new project scope and it will be ready for submittal to OPSC.

### Scenario B. After submittal to OPSC, prior to SAB approval:

The OPSC can only review and recommend approval based on the final scope of the project as it will be constructed; therefore, a district in this situation must withdraw and resubmit the application for funding when it is able to obtain the necessary DSA and/or CDE approvals capturing the new scope of the project. If a district does not withdraw and resubmit the project, it disadvantages others waiting for apportionment and makes the project subject to a potential MI.

### Scenario C. After apportionment, prior to fund release:

It is recommended that a district notify the OPSC immediately. So that the OPSC can best aid the district in navigating the change of scope process at this point in the project timeline, districts must notify the OPSC of the scope change, and receive DSA/CDE scope change approvals, prior to the

fund release. If a district does not notify OPSC prior to the fund release, it risks a potential MI related to the information entered on the *Fund Release Authorization* (Form SAB 50-05). If a district cannot obtain the DSA/CDE scope change approvals prior to the time limit on fund release, it must rescind the application, and re-apply.

At this stage, any scope changes that decrease the funding amount associated with the final scope must be decreased from the original apportionment accordingly. The district must provide the OPSC with the proper DSA and CDE approvals related to the new scope of the project. The revised item containing the new scope of the project would be presented to the SAB for an adjustment to the original apportionment.

If the changes increase the scope of a project, the district can opt to rescind the original apportionment to then reapply for the increased funding, or accept the original apportionment as-is. If a district chooses to resubmit the application, the classrooms in the project cannot yet be occupied. The district will also need to provide the OPSC with the proper DSA and CDE approvals related to the new scope of the project. After these approvals are received, Staff will review the scope change, determine the effects to the original apportionment, and present the application (with scope changes) to the SAB for approval.

#### Scenario D. After fund release:

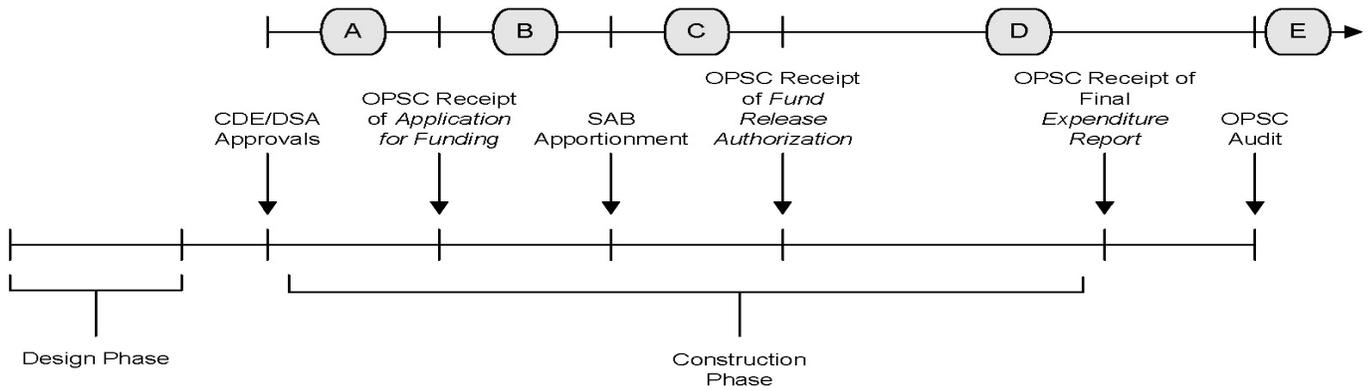
As soon as the district is aware that there will be a change of scope at this point in the project's timeline, the district must notify the OPSC as quickly as possible so that the OPSC can assist in keeping the project moving forward without the danger of a potential MI. The OPSC must be notified no later than 60 days after the change of scope is approved by the district. If the district does not notify OPSC within 60 days, Scenario E will apply.

- If the project would have received *fewer* funds due to the scope change, then a district would be required to return the excess funds associated with the change, plus interest. The district must also provide the appropriate DSA and/or CDE approvals associated with the new scope. Staff would prepare an SAB item to request the return of the excess funds, and the seek approval of the amended application.
- If the project would have an *increased* apportionment due to the scope change, then a district can either rescind the original project, and resubmit the project for processing once again, or accept the apportionment as-is without the additional funds. In either case, the district must also provide the appropriate DSA and/or CDE approvals associated with the new scope. Note that if a district chooses to resubmit the project, the classrooms in the project cannot yet be occupied. Also, the original project must be rescinded, and a district must return the funds, plus interest.

#### Scenario E. After OPSC audit begins:

Education Code Section 17072.35 states that, "A grant for new construction may be used for any and all costs necessary to adequately house new pupils in any approved project...." If the OPSC audit determines 1) that a school district did not construct the *approved* project (i.e. the project requested on the *Application for Funding*), or 2) the DSA/CDE/SAB did not approve the scope change, then Staff will recommend that the school district return any funding associated with the unapproved scope change. For example, when a school district does not construct all approved classrooms for which it received funding, and does not receive the necessary scope change approvals, Staff would recommend that a district return the excess funding associated with the unhoused pupils, including interest, and that the SAB restore the pupil grants to a district's baseline eligibility. Finally, during the audit, if Staff concludes that a school district received a funding advantage and that it falsely certified the *Application for Funding*, then Staff is required by law to notify the Board of a potential MI.

The following illustration depicts the major stages of a typical State funded project. The letters at the top correspond to the scenarios discussed in the item.



STATE ALLOCATION BOARD  
IMPLEMENTATION COMMITTEE MEETING  
December 7, 2009

ALTERNATIVE EDUCATION LOADING  
STANDARDS AND FUNDING

PURPOSE OF REPORT

To provide a status update on issues related to Alternative Education schools within the School Facility Program (SFP). Alternative Education is a term commonly used to reference Continuation High, Community Day, County Community and County Community Day schools.

BACKGROUND

1999	Assembly Bill (AB) 695, Chapter 858, Statutes of 1999, required a study be conducted by the Department of General Services (DGS) to review the method of funding the construction and modernization of school facilities for Alternative Education Schools and authorized the State Allocation Board (SAB) to revise the per classroom loading standards.
March 2003	The results of the study required by AB 695 were released by DGS and distributed by the Office of Public School Construction (OPSC) to all State Allocation Board (SAB) members and school districts in a report entitled the <i>Review of the Funding Methods for Continuation High, Community Day and County Community Schools</i> . The report also stated that “DGS Legal Counsel opined that to modify the funding for these schools will require further legislation.”
March 2004	The SAB approved regulations to change the Alternative Education New School allowance. The SAB directed the OPSC to report on the effects of the new grant one year after the regulations took effect.
February 2006	<p>The OPSC presented an update to the SAB which indicated that there were an insufficient number of projects funded under the new regulations to determine the impacts of the change to the Alternative Education New School allowance. The SAB provided the OPSC additional time to gather information.</p> <p>In response to additional discussion on other aspects related to Alternative Education funding, the SAB requested that all relevant parties meet to discuss and resolve the loading standard issue and the overall funding model for Alternative Education.</p>
August 2006	The OPSC presented an additional status update to the SAB on the Alternative Education New School allowance and loading standards. Due to the continued lack of project data, the OPSC still could not evaluate the impact of the regulation and could not present a loading standard recommendation because it would require information from the discussion of funding. It was decided that the OPSC would resume the Alternative Education funding

	and loading standards discussions at the Implementation Committee when the OPSC had sufficient funding data to review and staff resources were available.
August, 2009	Implementation Committee members inquired about the status of the Alternative Education item listed on the Pending Items list.

## AUTHORITY

Education Code (EC) Section 17071.25(a)(2)(C), amended by AB 695, authorizes the SAB “to revise the capacity standards after consideration of the recommendations developed by the Director of General Services” for alternative education schools.

EC Section 17072.17, established pursuant to AB 695, directed the DGS, in conjunction with the California Department of Education, the Department of Finance and the Legislative Analyst’s Office “to review the method of funding the construction and modernization of school facilities” for alternative education schools, and to “recommend modifications” as deemed appropriate.

## DISCUSSION

At the February 22, 2006 SAB meeting, OPSC reported that there was insufficient data to make a determination whether the Alternative Education New School Grant amount was sufficient. At the time, only eleven projects received apportionment that requested this grant augmentation. The SAB directed Staff to bring back more information when it was available. To date, only one of the original 11 projects has been audited. Overall, there are 25 Alternative Education school projects that have been closed out between 2000 and 2008. Of those, 17 projects were stand alone projects and 8 projects were additions to existing sites.

In the *Review of the Funding Methods for Continuation High, Community Day and County Community Schools* report was the recommendation that the SAB consider changing the classroom loading standard for Alternative Education schools to 18 pupils per classroom. This recommendation was based upon a total of 91 surveys mailed to 33 school districts throughout the State to gather information on existing space/uses and facility needs. The responses showed that an average of 18 pupils per classroom existed in the Alternative Education Schools. The survey also differentiated between the different types of programs (i.e., continuation high, community day) to address the needs of each specific program, but the results were nearly the same. Although AB 695 provided the SAB authority to adjust the Alternative Education loading standards, no adjustment has been made. OPSC would need further data for analysis to develop a recommendation to the SAB. The OPSC lacks expertise on stipulating loading standards.

Any change in the loading standard for Alternative Education schools would lead to a change in the amount of funding per classroom. At this point in time, the SAB does not have the authority to adjust the per pupil grant amount for Alternative Education pupils. Such significant changes in the funding model can be addressed via legislation, such as a future bond bill.

**STATE ALLOCATION BOARD  
IMPLEMENTATION COMMITTEE  
Draft for December 7, 2009 Meeting**

CAREER TECHNICAL EDUCATION FACILITIES PROGRAM CHANGES

PURPOSE

To continue discussion on proposed changes to the Career Technical Education Facilities Program.

BACKGROUND

The following proposals were discussed at the September and October Implementation Committee meetings.

*1. Increase to reservation of funds timeline*

To increase the time period districts have to submit applicable Division of the State Architect (DSA) and/or California Department of Education (CDE) approvals from 12 to 15 months after the reservation of funds apportionment date. This revised timeline would apply to third cycle and any subsequent application acceptance periods.

*2. Adjustment to CTEFP apportionment*

To establish a mechanism to adjust a CTEFP reservation of funds apportionment when 50 percent of the verified project costs are less than the apportionment. This revised timeline would apply to third cycle and any subsequent application acceptance periods.

*3. Remittance of savings*

To change the expenditure reporting procedure to provide a mechanism to remit savings and interest earlier. This change would be applicable to all CTEFP funding cycles.

STAFF COMMENTS

*1. Increase to reservation of funds timeline*

Some committee members expressed support for the increase to the reservation of funds timeline. Staff will prepare the proposal for the State Allocation Board for consideration.

*2. Adjustment to CTEFP apportionment*

Staff recommends adjusting the apportionment upon completion of the plan review and cost verification in the event that 50 percent of the verified project costs are less than the apportionment. Some members of the Implementation Committee expressed concern that these reductions are based on cost estimates. Projects may not have been bid, therefore do not represent the actual cost of the project, thus putting additional risk on the districts. Staff proposes applying an additional five percent to the verified project cost. If the verified project cost including the additional five percent is below the amount the apportionment was based on, a reduction would occur. This method would ensure equity between reservation of funds projects and construction ready projects. It is the intent that the same criteria be applied to both types of requests: applications that require a reservation of funds and projects that have approved plans and specifications at the time of apportionment. Staff recommends the proposed regulation changes and the attached proposed changes to the Form SAB 50-10.

### Example 1: Reduction

- a) A conceptual cost estimate is submitted to the OPSC for \$2,000,000 in total project costs. The reservation of funds apportionment would be \$1,000,000.
- b) The OPSC reviews DSA approved plans and specs. The OPSC verified project cost (\$1,500,000) plus a 5% allowance (\$75,000).  
 $\$1,500,000 + \$75,000 = \$1,575,000$   
Result: State grant would be reduced to \$787,500.

### Example 2: No Reduction

- a) A conceptual cost estimate is submitted to the OPSC which equals \$2,000,000 in total project costs. The reservation of funds apportionment would be \$1,000,000.
- b) The OPSC reviews DSA approved plans and specs. The OPSC verified project cost (\$1,950,000) plus a 5% allowance (\$97,500).  
 $\$1,950,000 + \$97,500 = \$2,047,500$   
Result: Half of total amount cannot exceed original apportionment. No reduction would occur. State grant amount would be \$1,000,000.

### 3. *Remittance of savings*

The concept of the third item was met with general approval. Concerns were raised on how to determine interest on project savings and how it must be tracked. Different methods of determining interest were discussed. In response to the discussion, staff proposes the following clarifications:

- Districts should only report interest on state funds.
- The savings, which includes any unspent interest earned on State funds, would be returned to the State when the district submits the final Form SAB 50-06 to the OPSC for the CTEFP project.
- Should the district not earn interest on State funds, the district shall provide an explanation (i.e. reimbursement of expenses, over expended project).
- If no explanation is provided, the OPSC shall calculate interest based on the Pooled Money Investment Board (PMIB) rate.
- Upon receipt of the final Form SAB 50-06, the OPSC would recommend to the Board that the Apportionment will be reduced by the amount of savings realized by the district.

In addition, some changes are proposed to the SFP regulations for Savings and Program Accountability to include applicable references to the CTEFP.

## Attachment A

### Proposed Regulation Changes

#### Section 1859.103. Savings

A district may expend the 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, or Section 1859.190 shall be limited to eligible expenditures, up to the State Apportionment, including interest earned on State funds, for the project except as specified in Section 1859.184.1(d). Savings may be declared by the district in writing to the OPSC any time after the release of all funds for the project.

...

Note: Authority cited: Section 17070.35, Education Code.

Reference: Sections 17070.63, 17072.12, 17077.40, 17078.72 and 17079.20, Education Code.

#### Section 1859.106. Program Accountability Expenditure Audit

The projects will be audited to assure that the expenditures incurred by the district were made in accordance with the provisions of Education Code Section 17072.35 for new construction projects, Section 1859.120 for Joint-Use Projects, Section 1859.140 for Critically Overcrowded School projects, Section 1859.160 for Charter School projects, Section 1859.190 for Career Technical Education Facilities projects, and Education Code Section 17074.25 and Section 1859.79.2 for modernization projects. The audit will also assure that the district complied with all site acquisition guidelines as provided in Education Code Sections 17072.13 and 17072.14 and Sections 1859.74, 1859.74.1, 1859.74.2, 1859.74.3, 1859.74.4, 1859.75 and 1859.75.1.

...

Note: Authority cited: Section 17070.35, Education Code.

Reference: Sections 17070.35, 17070.50, 17071.75, 17072.13, 17072.14, 17072.18, 17072.35, 17074.25, 17076.10, 17077.40, 17078.52, 17078.72 and 17251, Education Code.

#### Section 1859.193. Career Technical Education Facilities Grant Determination.

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

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

- (a) For new construction of a Career Technical Education Facilities Project included in a qualifying New Construction Grant, the Career Technical Education Facilities grant amount shall be the lesser of either (1) or (2):
- (1) The sum of the costs uniquely related to facilities required to provide Career Technical Education as determined below:
    - (A) 50 percent of the cost of construction of the Career Technical Education Facilities Project, as determined by the project architect, subject to OPSC review and approval.
    - (B) 50 percent of the cost to equip the Career Technical Education Facilities Project with necessary equipment.
    - (C) Minus an allowance for New Construction Grants provided for Career Technical Education classrooms, determined by:
      1. Multiplying 960 square feet by the number of classrooms in the Career Technical Education Facilities Project that were included in the New Construction project.
      2. Multiplying the amount determined in (a)(1)(C)1 by 50 percent of the Current Replacement Cost for non-Toilet Facilities.
    - (2) \$3 million per Career Technical Education Facilities Project.
    - (3) Site development work is not allowed as part of a Career Technical Education Facilities Project included in a New Construction Grant. Site development work necessary pursuant to Section 1859.76, may be requested by the district under the qualifying SFP New Construction.
  - (b) For stand-alone new construction of a Career Technical Education Facilities Project, the grant amount shall be the lesser of either (1) or (2):
    - (1) The sum of the costs uniquely related to facilities required to provide Career Technical Education as determined below:
      - (A) 50 percent of the cost of construction of the Career Technical Education Facilities Project, as determined by the project architect, subject to OPSC review and approval.
      - (B) 50 percent of the cost to equip the Career Technical Education Facilities Project with necessary equipment.
      - (C) 50 percent of site development work that meets the following criteria:
        1. It is necessary and applicable to the Career Technical Education Facilities Project.
        2. It meets the requirements for site development costs as outlined in Section 1859.76.
      - (2) \$3 million per Career Technical Education Facilities Project.
      - (3) If the district is requesting funding for site development work applicable to the Career Technical Education Facilities Project, the district must submit a detailed cost estimate and appropriate DSA approved plans with the Form SAB 50-10. The cost estimate must include appropriate justification documents that indicate the work is necessary to complete the Career Technical Education Facilities Project and conform to the requirements in Section 1859.76.
    - (4) Utility service(s) cost shall be prorated, if necessary, for any excess capacity not needed to service the Career Technical Education Facilities Project.
  - (c) For Modernization of a Career Technical Education Facilities Project, the grant amount shall be the lesser of either (1) or (2):
    - (1) The sum of the costs uniquely related to facilities required to provide Career Technical Education Facilities Project as determined below:
      - (A) 50 percent of the cost to modernize or Reconfigure the Career Technical Education Facilities, as determined by the project architect, subject to OPSC review and approval.
      - (B) 50 percent of the cost to equip the Career Technical Education Facilities with necessary equipment.
      - (2) \$1.5 million per Career Technical Education Facilities Project.
      - (3) Reconfiguring an existing school building must not displace a minimum essential facility. In any case involving the replacement of a minimum essential facility due to the reconfiguration of an existing building, the replacement must be part of the plans submitted in support of the Career Technical Education Facilities Application, must occur concurrently, and cannot be part of a SFP Application for new construction.
      - (4) Utility service(s) cost shall be prorated, if necessary, for any excess capacity not needed to service the Career Technical Education Facilities Project.

~~(d) If an applicant meets the eligibility criteria in Section 1859.192, but does not have the necessary approvals from the DSA and/or the CDE at the time of apportionment, the Board may apportion funds for the Career Technical Education Facilities Project and reserve them for a period of up to 12 months. The grant amount to be reserved for the project will be the maximum funding as determined above in (a), (b), or (c).~~

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

Reference: Section 17078.72, Education Code.

### Section 1859.193.2. Reservation of Funds Apportionment

- (a) If an applicant meets the eligibility criteria in Section 1859.192, but does not have the necessary approvals from the DSA and/or the CDE at the time of submittal, the Board may apportion funds for the Career Technical Education Facilities Project and reserve them as follows:
- (1) Applications that are accepted by the OPSC on or prior to April 30, 2008 shall have funds reserved for a period of up to 12 months. The grant amount to be reserved for the project will be the maximum funding as determined in Section 1859.193 (a), (b), or (c).
  - (2) Applications that are accepted by the OPSC on or after May 1, 2008 shall have funds reserved for a period of up to 15 months. The grant amount to be reserved for the project will be the maximum funding as determined in Section 1859.193 (a), (b), or (c).
- (b) The applicant shall submit a CDE plan approval, DSA-approved plans and specifications, and a final detailed cost estimate within the applicable time period defined in either (a)(1) or (2). The cost estimate shall be subject to OPSC review and approval. The reservation of funds apportionment shall be subject to a reduction if the OPSC verified project costs are less than the apportionment. The reduction shall be the difference between 52.5 percent of the verified project costs and the reservation of funds apportionment amount. If the apportionment includes a loan, pursuant to Section 1859.194 for the District's matching share, a commensurate reduction shall be made to the loan amount, such that the loan does not exceed the reduced State share. The reduced apportionment shall be taken to the next available State Allocation Board meeting for approval.

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

Reference: Section 17078.72, Education Code.

### Section 1859.197. Fund Release Process

The OPSC will release State funds that have been apportioned by the Board pursuant to Sections 1859.195 and 1859.196 after submittal by the applicant of the Form SAB 50-05.

- (c) If an apportionment was made for a Career Technical Education Facilities Project, the applicant must submit a Form SAB 50-05 within 18 months of the Apportionment as outlined in Education Code Section 17076.10 or the apportionment shall be rescinded without further Board action.
- (d) If Career Technical Education Facilities funds were reserved for the applicant and verified by the OPSC pursuant to Section 1859.193.2(b) of these Regulations, the applicant:
  - (1) Has one year or 15 months, as defined in Section 1859.193.2 (a)(1) or (2), from the date of apportionment to submit the CDE plan approval and DSA-approved plans and specifications, as required, to the OPSC for the Career Technical Education Facilities Project, otherwise the apportionment shall be rescinded without further Board action.
  - (2) Has 18 months from the date the CDE plan approval and DSA-approved plans and specifications, as needed, are submitted to the OPSC to submit a completed Form SAB 50-05 or the apportionment shall be rescinded without further Board action.

- (e) If the applicant requires a loan for the entire matching share requirement pursuant to Section 1859.194(b) of these Regulations:
- (1) Subject to the availability of financing provided by the Pooled Money Investment Board for bond-funded projects, the OPSC will release ten percent of the Career Technical Education Facilities grant to the applicant within 30 calendar days of the apportionment.
  - (2) The applicant has one year or 15 months as defined in Section 1859.193.2 (a)(1) or (2) from the date of apportionment to submit the CDE plan approval and DSA-approved plans and specifications, as required, to the OPSC for the Career Technical Education Facilities Project, otherwise the apportionment shall be rescinded without further Board action.

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

Reference: Sections 17078.72 and 17076.10 Education Code.

#### Section 1859.199. Program Accountability

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

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

Projects will be subject to Program Reporting Requirements pursuant to Section 1859.104 and a Program Accountability Expenditure Audit pursuant to Section 1859.106. Any repayments due back to the state as a result of these audits will be subject to the repayment provisions identified in Section 1859.106.1.

An applicant district may not retain savings realized by a Career Technical Education Facilities Project. The savings, which includes any unspent interest earned on State funds, must be returned to the State when the district submits the final Form SAB 50-06 to the OPSC as set forth in Section 1859.104(a).

Should the district not earn interest on State funds, the district shall provide a written explanation. If an explanation is not provided, the OPSC shall calculate interest on the savings amount from the date the warrant was released from the State Controller to the date of the Form SAB 50-06 submittal to OPSC at the Pooled Money Investment Account interest rate at the time the warrant was released.

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

Reference: Section 17078.72, Education Code.

**GENERAL INFORMATION**

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

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

- California Department of Education's (CDE) Career Technical Education (CTE) score letter.
- A copy of the submitted CTEFP application that complies with the requirements of Education Code Section 17078.72.
- If applicable, Plan Approval letter from the CDE School Facilities Planning Division.

**SPECIFIC INSTRUCTIONS**

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

**1. Type of Application**

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

- Check the box if the district is requesting new construction funding. Refer to Section 1859.192 for the eligibility criteria.
- Check the box if the district is requesting modernization funding. Refer to Section 1859.192 for eligibility criteria.
- Check the box if this is a reduction to a prior reservation of funds apportionment, pursuant to Section 1859.193.2 (b).

**2. CTE Industry Sector and Pathway(s)**

Enter the name of the Industry Sector and Pathway(s).

**3. Reservation of Funds**

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

**4. Loan Request**

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

**5. Number of CTE Classrooms**

Enter the number of CTE classrooms specified in the CDE CTE Application.

**6. Qualifying SFP Project Application Number**

If the request is for a CTEFP Project that is part of a qualifying SFP project, indicate the SFP application number or the project tracking number of the qualifying SFP project. Refer to Section 1859.193.1 for a definition of a qualifying SFP project.

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

**7. CDE Application Overall Score**

Enter the score from the CDE CTE score letter for this project. (The applicant must have received a score of at least 105 points, as determined by the CDE pursuant to Section 1859.192(c).)

**8. CTE Facility Square Footage**

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

**9. Eligible Costs**

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

**10. Cost Per Square Footage**

Enter the cost per square foot by dividing the total eligible costs in Item 9 at 100 percent by the CTE facility square footage noted in Item 8.

**11. Project Assistance**

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

**12. Project Progress Dates**

Enter the following project progress dates:

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

The school district/JPA named below applies to the State Allocation Board via the Office of Public School Construction for a grant under the provisions of Article 13, Chapter 12.5, Part 10, Division 1, commencing with Section 17078.70, et seq, of the Education Code and the Regulations thereto.

SCHOOL DISTRICT/JOINT POWERS AUTHORITY		APPLICATION NUMBER
SCHOOL NAME		PROJECT TRACKING NUMBER
COUNTY	LOCALE	HIGH SCHOOL ATTENDANCE AREA (HSAA) (IF APPLICABLE)

**1. Type of Application—Check Only One**

- a.  New Construction Project—construct new school buildings and/or equipment
- b.  Modernization Project—reconfigure existing school buildings and/or equipment
- c.  Adjustment to a prior reservation of funds apportionment

**2. CTE Industry:**

**Sector:** \_\_\_\_\_

**Pathway(s):** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**3. Reservation of Funds:**

Yes  No

**4. Loan Request:**

Yes  No

**5. Number of CTE Classrooms in the CTEFP application**

\_\_\_\_\_

**6. Qualifying SFP Project Application Number**

Application Number: # \_\_\_\_\_

Project Tracking Number: # \_\_\_\_\_

**7. CDE Application Overall Score:**

Minimum Score: 105

**8. CTE Facility Square Footage:**

\_\_\_\_\_

**9. Eligible Costs**

- a. 50 Percent Construction: \$ \_\_\_\_\_
- b. 50 Percent Equipment: \$ \_\_\_\_\_
- c. 50 Percent Site Development: \$ \_\_\_\_\_
- d. 50 Percent SFP Allowance (New Construction Only) \$ \_\_\_\_\_
- e. Total (a+b+c-d): \$ \_\_\_\_\_

**10. Cost Per Square Foot:**

\$ \_\_\_\_\_

**11. Project Assistance**

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

**12. Project Progress Dates**

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

**13. Certification**

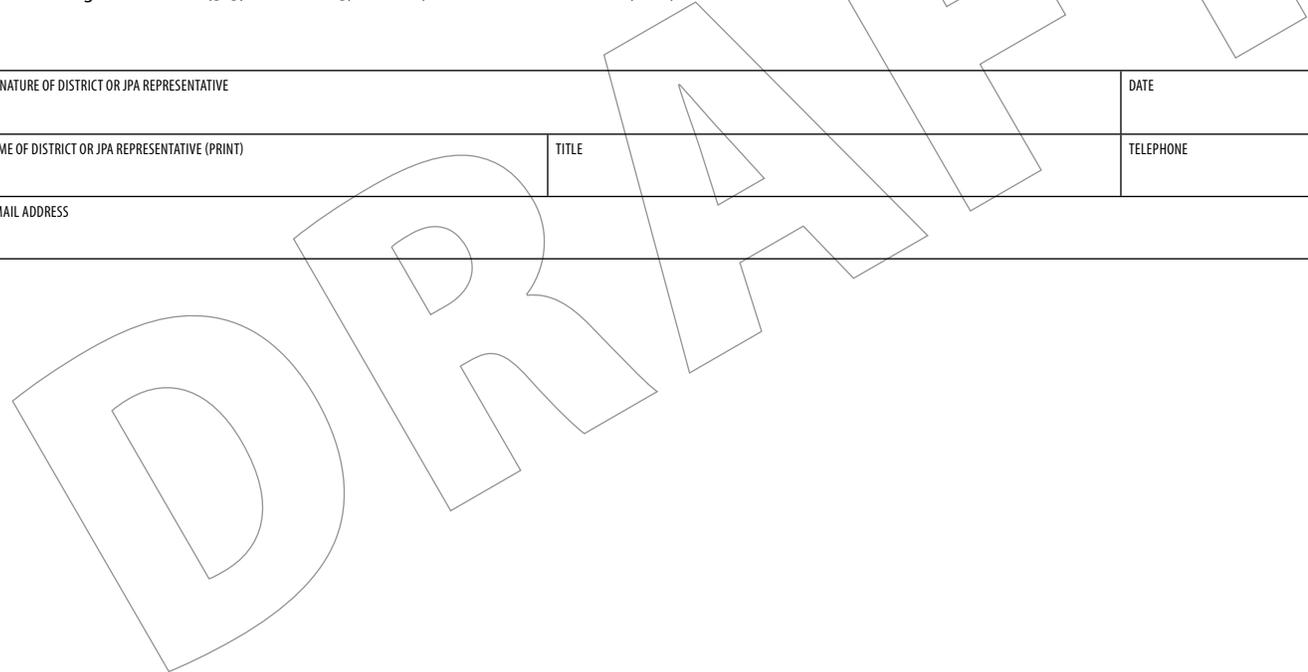
I certify, as the Representative for the School District or JPA, that the information reported on this form is true and correct and that: I am the authorized representative of the District or JPA as authorized by the governing board of the district or JPA; and,

- A resolution or other appropriate documentation supporting this application under Article 13, Chapter 12.5, Part 10, Division 1, commencing with Section 17078.70, et. seq., of the Education Code was adopted by the applicant's Governing board on \_\_\_\_\_; and,
- The district has established a "Restricted Maintenance Account" for the exclusive purpose of providing ongoing and major maintenance of school buildings and has developed an ongoing and major maintenance plan that complies with and is implemented under the provisions of Education Code Sections 17070.75 and 17070.77 (refer to Sections 1859.100 through 1859.102); if the applicant is a joint powers authority that is not required to establish a "Restricted Maintenance Account" under the provisions of Education Code Section 17070.75, the applicant certifies that it can maintain its facilities with a lesser annual deposit (refer to Section 1859.101); and,
- The matching funds required pursuant to Section 1859.194 has either been received and expended by the district, deposited in the County School Facility Fund or will be received and expended by the district prior to the notice of completion for the project; and,
- The participant has or will receive the necessary approval of the plans and specifications from the Division of the State Architect; and,
- The participant has or will receive the necessary approval of the plans and specifications from the CDE; and,
- The participant has complied with the provisions of Section 1859.76 and that the portion of the project funded by the State does not contain work specifically prohibited in that section; and,
- If the SFP grants will be used for a CTEFP project on school facilities on leased land, the participant has entered into a lease agreement for the leased property that meets the requirements of Section 1859.22; and,
- The participant has complied with the CTEFP eligibility criteria as outlined in Section 1859.192; and,
- The participant will comply with all laws pertaining to the construction of its CTE school building; and,

**APPLICATION FOR CAREER TECHNICAL EDUCATION FACILITIES FUNDING  
SCHOOL FACILITY PROGRAM**

- The participant understands that funds not released within 18 months of apportionment shall be rescinded and the application shall be denied (refer to Section 1859.197); and,
- The participant understands that by reserving funds, the applicant must submit the necessary approvals and/or Plans and Specifications within **one-year 15 months** of apportionment; otherwise the funds will be rescinded without further Board action (refer to Section 1859.197); and,
- The participant understands that the lack of substantial progress within 18 months of receipt of any funding shall be cause for the rescission of the unexpended funds (refer to Section 1859.198); and,
- The participant understands that some or all of the State funding for the project must be returned to the State as a result of an audit pursuant to Sections 1859.105 and 1859.106, and that the portion of the project funded by the State does not contain work specifically prohibited; and,
- All contracts for the service of any architect structural engineer or other design professional for any work under the project have been obtained pursuant to a competitive process that is consistent with the requirements of Chapter 10 (commencing with Section 4525) of Division 5, of Title 1, of the Government Code; and,
- The participant has or will comply with the Public Contract Code regarding all laws governing the use of force account labor; and,
- If this request is for modernization of CTE facilities, contracts for construction were executed on or after May 20, 2006; and,
- All equipment was purchased on or after May 20, 2006, unless the project is combined with a qualifying SFP new construction project pursuant to Section 1859.193.1; and,
- If this request is for new construction projects, the CTE classrooms constructed were not occupied prior to May 20, 2006; and,
- If the applicant is requesting a loan for the matching share, a CTEFP Loan Agreement will be executed pursuant to the requirements in Section 1859.194; and,
- The applicant has or will comply with Education Code Section 17076.11 regarding at least a 3 percent expenditure goal for disabled veteran business enterprises; and,
- This form is an exact duplicate (verbatim) of the form provided by the OPSC. In the event a conflict should exist, the language in the OPSC form will prevail; and,
- The statements set forth in this application and supporting documents are true and correct to the best of my knowledge and belief.

SIGNATURE OF DISTRICT OR JPA REPRESENTATIVE		DATE
NAME OF DISTRICT OR JPA REPRESENTATIVE (PRINT)	TITLE	TELEPHONE
E-MAIL ADDRESS		



**CAREER TECHNICAL EDUCATION FACILITIES PROGRAM**

(This worksheet may be used for Career Technical Education Facilities Program to submit the Final Expenditure Report Form SAB 50-06 – SFP Regulation 1859.199)

- A. Name of School District: \_\_\_\_\_
- B. Name of School: \_\_\_\_\_
- C. Project Number: \_\_\_\_\_
- D. SAB Apportionment Date: \_\_\_\_\_
- E. Date of Warrant Release: \_\_\_\_\_
- F. District Share (50%): \_\_\_\_\_
- G. State Share (50%): \_\_\_\_\_
- H. Total Expenditures:  
(To Column 6 on Form SAB 50-06) \_\_\_\_\_
- I. Total Savings:  
(Add Parts F and G, subtract part H) \_\_\_\_\_
- 1. Total State Savings:  
(50% Part I) \_\_\_\_\_
- 2. Interest on State Funds\*:  
(Insert under Column 6, Form SAB 50-06) \_\_\_\_\_
- 3. Total Savings to be returned to the State:  
(Add lines 1 and 2; Insert on Line 7, Form SAB 50-06) \_\_\_\_\_

Attach amount due from Part 3 above to worksheet. **Mail check, worksheet and the completed Form SAB 50-06 to:**

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

**Note:** Savings returned is based on the district's estimate. This report is subject to audit which could result in adjustments.

Name of Preparer: \_\_\_\_\_

\*Report interest earned from the date warrant was released by the State Controller's Office to the date of Form SAB 50-06 submittal. If no interest is reported, please provide an explanation.

**STATE ALLOCATION BOARD  
IMPLEMENTATION COMMITTEE  
December 7, 2009**

EXPENDITURE REPORT UPDATE

PURPOSE

To add instructions and clarify information requested on the Expenditure Report (Form SAB 50-06).

DISCUSSION

Stakeholders have expressed concern that Form SAB 50-06 does not clearly specify how interest should be reported. Some districts may be reporting interest earned by both the District and the State, while others report only the State's interest. In addition, there is inconsistency in reporting project expenditures due to lack of specific instructions. Some districts report only those expenditures that add up to the State apportionment and required local share, which provides incomplete reporting on the project.

- For tracking purposes, districts are only required to report interest earned on State funds. Reporting both State and District interest could result in an unequal division of project savings, especially if the interest accrual period differs between State and District Funds.
- For accuracy of the audit, expenditures for the entire SFP project must be reported. School districts should not limit expenditure reporting to the amount of State Apportionment and required local share.

To simplify matters, the OPSC proposes adding "Interest on State Funds" to the reporting table on the Form SAB 50-06, and has updated the instructions to clarify both requirements.

**INSTRUCTIONS (Refer to Title 2, California Code of Regulations Sections 1859.104 and 1859.106)**

For purposes of completing this form enter the total amount spent for the project, including expenditures that may exceed the State and district shares authorized by the State Allocation Board.

1. Enter the estimated percentage of the project completed at the time of this report.
  2. Enter the earliest issue date of the notice to proceed to the construction contractor.
  3. Enter the date construction was completed as stated in the notice of completion on the last working contract.
  4. If this is the first report submitted, enter "so" in this column. If there are prior reports, **the amount reported in this column is the amount reported in column 6 of the preceding report:**
    - [Enter cumulative School Facility Program \(SFP\) project expenditures.](#)
    - [Enter cumulative interest earned on State funds.](#)
  5. Enter the transaction amounts during the current report period.
    - [Enter all SFP project expenditures accrued during this reporting period.](#)
    - [Enter all interest accrued on State funds during this reporting period.](#)
  6. Enter the sum of the corresponding line items in columns 4 and 5.
  7. If applicable, enter the district's future SFP financial hardship project(s) that savings from this project will be applied.
- Provide a detailed listing of each expenditure listing items by:
- Warrant, date of warrant, payee, warrant number, and description/purpose of the expenditure.
  - Identify any savings and the purposes for which it will be used. Identify expenditures made with district force account labor separately.
  - The use of a transaction record, in lieu of warrant number, is acceptable for force account expenditures.
  - Identify amounts applied to the project for incentive grants or rebates received by the district pursuant to Public Utilities Code Section 381. Refer to Sections 1859.77.1 and 1859.79.
- Go to the OPSC Web site at [www.opsc.dgs.ca.gov](http://www.opsc.dgs.ca.gov) for the Project Information and Expenditure Worksheets (an Excel worksheet) which may be used to assist in reporting these expenditures.
- Submit completed form to: **Department of General Services  
Office of Public School Construction  
Attn: SFP Audit  
1130 K Street, Suite 400  
Sacramento, CA 95814**

DRAFT

STATE OF CALIFORNIA  
**EXPENDITURE REPORT**  
**SCHOOL FACILITY PROGRAM**

SAB 50-06 (REV 02/07/01/10)

SCHOOL DISTRICT		COUNTY	APPLICATION NUMBER
BUSINESS ADDRESS/CITY			REPORT NUMBER
SCHOOL NAME		DSA NUMBER	CDS NUMBER
PERIOD ENDING			
PREPARER'S NAME (TYPED)	PREPARER'S TITLE (TYPED)	TELEPHONE NUMBER/E-MAIL ADDRESS	
DISTRICT REPRESENTATIVE NAME (TYPED)	DISTRICT REPRESENTATIVE TITLE (TYPED)	TELEPHONE NUMBER/E-MAIL ADDRESS	

1. **Percent of Project Complete:** \_\_\_\_\_
2. **Notice to Proceed Issue Date:** \_\_\_\_\_
3. **Notice of Completion Date:** \_\_\_\_\_

	4. Previous Report	5. Report Period	6. Total to Date
District Funds or Joint-Use Partner(s) Contribution			
State Funds			
Interest Earned on State funds			
Project Expenditures			

**7. If applicable, list the amount of savings from this financial hardship project that will be used to reduce the grant of a future School Facility Program financial hardship project which has not yet been apportioned. Attach written declaration of savings pursuant to Section 1859.103.**

Project Number \_\_\_\_\_ Amount of Savings \$ \_\_\_\_\_  
 Project Number \_\_\_\_\_ Amount of Savings \$ \_\_\_\_\_

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

- I am designated as an authorized district representative by the governing board of the district; and,
- under penalty of perjury, under the laws of the State of California, the foregoing statements are true and correct, and that the Public Contract Code was adhered to in the construction of this project; and,
- this form is an exact duplicate (verbatim) of the form provided by Office of Public School Construction. In the event a conflict should exist, then the language in the OPSC form will prevail.

SIGNATURE OF DISTRICT REPRESENTATIVE	DATE
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STATE ALLOCATION BOARD  
IMPLEMENTATION COMMITTEE MEETING  
December 7, 2009

IMPLEMENTATION COMMITTEE OVERVIEW

PURPOSE OF REPORT

To provide an overview of the current framework of the Implementation Committee.

CURRENT STRUCTURE AND FUNCTIONS OF THE COMMITTEE

*Membership*

The current Committee membership is as follows:

- State Allocation Board Assistant Executive Officer
- Office of Public School Construction
- Division of the State Architect
- Department of Finance
- Department of Education
- Suburban School Districts
- Small School Districts Association
- Los Angeles Unified School District
- California Association of School Business Officials
- California County Superintendents Educational Services Association
- Council of Educational Facilities Planners, International
- American Institute of Architects
- California Building Industry Association
- Coalition for Adequate School Housing
- State Building Construction Trades Council

There is no defined process for adding or changing members.

*Functions*

Currently the Implementation Committee serves as an informal advisory board to the OPSC to provide input as OPSC develops its recommendations for the Board for legislation implementation and regulatory changes. The discussion at the Committee meetings assists OPSC Staff in vetting proposed regulations and procedures through practitioners and stakeholders in the field. The Committee does not take a vote or provide formal recommendations to the SAB; consensus is a goal, but not a requirement. Feedback from discussions at the meetings is included in OPSC staff reports to the Board.

There are currently no rules or guidelines defining participation or responsibilities of members.

COMPARISON TO OTHER ORGANIZATIONS

To assist the Committee in its discussion of this item and for comparison purposes, OPSC staff has researched the authority, purpose and/or function, and procedures of other similar organizations. The results are in the attachment.

ATTACHMENT

	Authority		Purpose/ Function			Organizational Procedures						
	<i>Established in Statute</i>	<i>Established in Regulations</i>	<i>Advisory Role</i>	<i>Administrative Role</i>	<i>Decision Making Body</i>	<i>Voting Members</i>	<i>Term Limits</i>	<i>On-going Membership Composition Criteria</i>	<i>Subject to Conflict of Interest Requirements</i>	<i>Operating Rules</i>	<i>Minutes</i>	<i>Meetings are Web Cast</i>
State Allocation Board	X				X	X		X	X		X	X
Office of Public School Construction	X			X		n/a	n/a	n/a	X	n/a	n/a	n/a
State Allocation Board Implementation Committee			X									X
Division of State Architect Advisory Board		X	X			X	X	X	X	X	X	?
Division of State Architect Advisory Board Subcommittees		X	X			?	X	X	?	X	?	?
California Department of Education School Facility Planning Division's Advisory Committee			X					X	?		?	?