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

School Facility Program Handbook
A guide to assist with applying for and obtaining grant funds

April 2018

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Preface

Introduction

This handbook was developed by the Office of Public School Construction (OPSC) to assist school districts in applying for and obtaining “grant” funds for the new construction and modernization of schools under the provisions of the Leroy F. Greene School Facilities Act of 1998 (Senate Bill 50). It is intended to be an overview of the program for use by school districts, parents, architects, the Legislature, and other interested parties on how a district or county superintendent of schools becomes eligible and applies for State funding. This handbook provides direction on the processes leading to project approvals, insight to the various features of the School Facility Program (SFP), and includes suggestions on how to make the funding application process as efficient as possible. For information not contained in this handbook, districts should consult with an OPSC project manager for assistance; or refer to additional project specific information contained in SFP Regulations. The most current SFP Regulations are located on OPSC’s website at www.dgs.ca.gov/opsc. OPSC project managers are also available to assist. A complete listing of project manager assignments, including telephone numbers and e-mail addresses, are also included on our website.

Things to Know

This updated version of the handbook includes various regulation changes that occurred between 2005 and 2018 and include:

- Changes to New Construction Eligibility Processing
- Processing New Construction and Modernization Projects that had been on Unfunded Lists
- Financial Hardship Review—Process Changes
- Facility Hardship Program

Where to Begin

Section 1, “School Facility Program Overview” and Section 2, “The State Allocation Board, the Office of Public School Construction and Other Involved Agencies” will provide general information. After reviewing these sections, the reader may want to review Section 4, “Application for Eligibility,” because establishing eligibility is the first step in applying for either new construction or modernization funding. The remaining sections can be reviewed as needed, depending on which programs or processes you are interested in learning more about.
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Section 1
School Facility Program Overview

Introduction

The School Facility Program (SFP) was created in 1998. SFP funding is provided in the form of per-pupil grants, with supplemental grants for site development, site acquisition, and other project specific costs when an application is eligible for them. In most cases, the application can be reviewed at one time and presented for State Allocation Board (SAB) approval to obtain funding, regardless of project size. In earlier program before SFP, the total grants for a project were given in multiple phases or increments.

The SFP provides independence and flexibility to school districts to determine the scope of new construction or modernization projects. In return, the SFP requires the school district to accept more responsibility for the outcome of the project. All State grants are considered to be a full and final apportionment by the SAB. For the most part, cost overruns, legal disputes, and other unanticipated costs are the responsibility of the district. On the other hand, savings resulting from the district’s efficient management of some projects accrue to the district alone, unless financial hardship assistance was provided. Interest earned on the funds, both State and local, also belongs to the district. Savings and interest may be used by the district for any other capital outlay project in the district. See Section 11, “Additional SFP Requirements and Features” for more information on project savings and which programs allow a district to retain savings.

The SFP provides funding grants for school districts to acquire school sites, construct new school facilities, and modernize existing school facilities. The two major funding types available are “new construction” and “modernization.” The new construction grant provides funding on a 50/50 State and local match basis. The modernization grant provides funding on a 60/40 basis. Districts that are unable to provide some or all of the local match requirement and are able to meet the financial hardship provisions may be eligible for additional State funding (see Section 8, “Financial Hardship”).

To ensure that districts are providing adequate safe facilities to students, approval by the Division of the State Architect (DSA) is required prior to signing a contract for any new construction, modernization and alteration projects for which State funding is requested. Education Code Section 17072.30 requires that school districts obtain DSA approval of their project’s plans and specifications prior to submitting a funding application to OPSC. DSA approval ensures that plans and specifications are in compliance with Title 24 of the California Building Code, which defines California’s requirements for structural safety, fire and life safety, and accessibility for the disabled. Districts that sign construction contracts prior to obtaining DSA approval risk their project’s eligibility for State funding, as they will not be in compliance with the requirements in Education Code. The only exceptions to this requirement are for relocatable buildings, and certain construction delivery methods, such as design-bid-build, for which districts may enter into a contract to acquire the plans and specifications; however construction cannot commence until DSA approval of the final plans and specifications has been obtained. The date of DSA’s approval letter, not the DSA stamp, is considered a valid approval.

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1 Education Code, Sections 17072.10 and 17074.10, establish the new construction grant and modernization grant, respectively.
Implementation and Evolution of the School Facility Program

Senate Bill 50 (Greene) was chaptered into law on August 27, 1998, establishing the SFP. The legislation required that regulations be approved and in place for accepting and processing applications as soon as Proposition 1A was approved by the voters that November. The SFP continues to evolve through legislative and regulatory changes. Assembly Bill (AB) 16 and AB 14 provided for significant changes by requiring that regulations be approved and in place for accepting and processing applications as soon as Proposition 47 was approved by the voters in November 2002. These changes included funding for charter school facilities, critically overcrowded schools and joint-use projects. Some of the changes that impacted new construction funding include the suspension of Priority Points, an additional grant for energy efficiency, and several changes that impact the determination of eligibility. Some of the changes that impacted modernization funding include the change of the funding ratio between the State and the school district from 80 percent State and 20 percent district to 60 percent State and 40 percent school district, and additional grants for energy efficiency and the modernization of buildings 50 years old or older.

The passage of Proposition 55 in March 2004 provided an additional funding for the construction and renovation of K–12 school facilities and higher education facilities, as well as funding to assist school districts with overcrowding. AB 127 was signed in May 2006 and was approved by the voters in November 2006 as Proposition 1d. In addition to providing funding for school districts to repair and modernize older facilities, accommodate future enrollment growth, for the charter school program, new programs were established under the School Facility Program. These programs relieve overcrowding, improve seismic safety of facilities, build, modernize and equip career technical education facilities, and add high performance attributes to new and existing facilities. (Descriptions of these new programs will be included in future edition of this publication.)

Most recently, California voters passed Proposition 51 in November 2016. Proposition 51 was the result of a voter initiative, and provides additional funding to continue the new construction, modernization, Career Technical Education and Charter School Facilities Programs.
Helpful Hint:
A listing of school districts that have received SFP funding is available on the OPSC website at www.dgs.ca.gov/opsc.

Funding for the School Facility Program

Funding for projects approved in through SFP comes exclusively from statewide general obligation bonds approved by the voters of California. The first funding for the program was from Proposition 1A, approved in November 1998 and the most recent was Proposition 51 in November 2016. Each bond is listed below along with the funding allocations provided to each program.

<table>
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<tr>
<th>Bond Allocation</th>
<th>Proposition 1A – Nov 1998</th>
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<tr>
<td>New Construction</td>
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<td>Hardship Assistance</td>
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<td>Class Size Reduction</td>
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<td>Charter School Facilities</td>
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<td>Joint-Use Program</td>
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<td>Joint-Use Program</td>
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<td>Career Technical Education Facilities</td>
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<td>Career Technical Education Facilities</td>
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<td>TOTAL</td>
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Section 2
The State Allocation Board, the Office of Public School Construction, and Other Involved Agencies

State Allocation Board

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

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

The SAB is comprised of ten members:

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

The current SAB members are:

» Mr. Michael Cohen, Director, Department of Finance
» Mr. Daniel Kim, Director, Department of General Services
» Mr. Tom Torlakson, Superintendent of Public Instruction
» Mr. Cesar Diaz, Governor’s Appointee
» Senator Benjamin Allen
» Senator Janet Nguyen
» Senator Richard Pan
» Assembly Member Adrin Nazarian
» Assembly Member Rocky Chavez
» Assembly Member Patrick O’Donnell

The current SAB officers are:

» Lisa Silverman, Executive Officer
» Barbara Kampmeinert, Deputy Executive Officer
Office of Public School Construction

OPSC serves over 1,000 K–12 public school districts in California. OPSC serves as staff to the SAB who are responsible for allocating state funding for eligible new construction and modernization projects to provide safe and adequate facilities for California public school students. OPSC is also responsible for the management of substantial progress and providing advice on eligible expenditures during the course of a project. It is also incumbent on OPSC to prepare regulations, policies, and procedures for approval by the SAB to reflect any new State legislation impacting the School Facility Program (SFP).

OPSC Responsibilities

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

OPSC prepares agendas for the SAB meetings. These agendas keep the SAB members, districts, staff, and other interested parties apprised of all actions taken by the SAB. The agenda serves as the underlying source document used by the State Controller’s Office for the appropriate release of funds. The agenda further provides a historical record of all the SAB decisions and is used by school districts, facilities planners, architects, consultants, and et al interested in tracking the progress of specific projects, the availability of funds, and the SAB regulations.

Management of the Office of Public School Construction

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

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

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

Department of General Services, Division of the State Architect

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

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

California Department of Education, School Facilities Planning Division

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

Department of Toxic Substances Control

The role of the Department of Toxic Substances Control (DTSC) in the school construction process begins with SFPD’s site approval process. DTSC will assist the district with an assessment of any possible contamination, and, if necessary, with the development and implementation of a mitigation plan.
Department of Industrial Relations

Prevailing Wage Monitoring/Labor Compliance Program Requirements
(Applies to any construction contracts awarded on or after June 20, 2014)
SFP regulatory amendments implementing Senate Bill 854, Chapter 28, Statutes of 2014, became effective January 1, 2015. The regulatory amendments remove the additional prevailing wage monitoring grant for projects with a public works contract awarded on or after June 20, 2014. The law repealed provisions in Labor Code Section 1771.3, which required school districts to provide payment to the Department of Industrial Relations (DIR) for prevailing wage monitoring. As a result, school districts awarding a construction contract on or after June 20, 2014 are not mandated to provide payment for DIR monitoring and enforcement of prevailing wage requirements. However, school districts are still required to provide notice within five days of the award to DIR of any public works contract.

Former Prevailing Wage Monitoring Laws and Regulations
(Applies to any construction contracts awarded on or after January 1, 2012 AND on or before June 19, 2014)
On March 26, 2012, amended SFP regulations became effective, authorizing the State Allocation Board (SAB) to provide the Prevailing Wage Monitoring Grant for all public works projects with a construction contract awarded after January 1, 2012. This requirement applies for all state bond funding sources including Propositions 1A and 1D.

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

Districts were required to notify DIR within five days of awarding a contract on any public works projects by submitting DIR Form PWC 100. A copy of the form, along with a copy of DIR’s email confirmation, was submitted to OPSC with the Fund Release Authorization (Form SAB 50-05). DIR provided the prevailing wage monitoring with a fee capped at one quarter of one percent of total bond proceeds. There were limited exceptions to the DIR monitoring as follows:

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

If the contract award date is prior to January 1, 2012 and the project(s) is funded from Propositions 47 or 55, the project(s) would fall under the Labor Compliance Program requirements.

Additional information regarding this new requirement is available on the Compliance Monitoring Unit page of the DIR website at www.dir.ca.gov.

Former Labor Compliance Program Regulations
(Applies to any construction contracts awarded on or before December 31, 2011 AND Notice to Proceed on or after April 1, 2003. Fund Release Authorization submittal on or after July 1, 2013)

Regulatory amendments were approved by the Office of Administrative Law clarifying the LCP written finding requirement, pursuant to Labor Code Section 1771.7(d)(2)(B), and provides an alternative method for districts to qualify for funding in cases where a district initiated and enforced an LCP after the construction contract was signed for the project.
All school districts that are subject to the LCP requirements would provide a written verification indicating that the district or the third party provider submitted an applicable LCP application to DIR, when submitting a Fund Release Authorization (Form SAB 50-05). The written verification would also indicate that the district or third party’s LCP is approved by DIR and has not been revoked.

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

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

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

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

Labor Compliance Program
(Applies to construction contracts awarded on or before December 31, 2011 AND Notice to proceed on or after April 1, 2003. Fund Release Authorization submittal on or after July 1, 2013)

On September 30, 2011, legislation for Assembly Bill (AB) 436 (Solorio) was approved by the Governor and the legislation became effective January 1, 2012. This bill required DIR to monitor and enforce prevailing wage requirements for every State bond-funded project, including, but not limited to, the SFP, pursuant to Labor Code section 1771.7 (AB 1506), with the following exceptions: projects that receive funds through Proposition 84 (Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006). The SAB can increase the grant consideration of the state share of the new DIR costs.

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

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

Additional information regarding this new requirement is available on the Compliance Monitoring Unit page of the DIR website at www.dir.ca.gov.
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Section 3
Project Development Activities

Introduction

The School Facility Program (SFP) provides funding to projects that are essentially through the design phase and are ready to begin construction. Except advanced planning and site applications for financial or environmental hardship situations, applications for funding require plans approved by the Division of the State Architect (DSA) and by the California Department of Education (CDE). Applications for new construction funding may also require CDE approval of the project site if the land is being acquired. In most cases, a great deal of time, money, and effort has already been expended before the project ever reaches the Office of Public School Construction (OPSC). Most of the tasks involved in this section are not a part of the SFP and are not under the jurisdiction of the State Allocation Board (SAB). However, it is important that district representatives are aware of the options and requirements that may affect the district’s project.

Establishing Eligibility

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

Selecting Professional Services

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

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

The Competitive Selection Process

The SFP requires that applicant districts certify that contracts for the services of any architect, structural engineer, or other design professional that were entered into on or after November 4, 1998, for work on the project were obtained through a competitive process. The term competitive does not mean that the selection has been bid, but rather that a formal qualifications-based selection process has occurred that resulted in the professional services contract.
Neither the SAB nor OPSC is qualified to interpret the Government Code requirements pertaining to the selection of professional services. The district is advised to seek legal counsel assistance to ensure that the process used fully complies with this requirement as well as other legal requirements such as Disabled Veterans Business Enterprise requirements, and the Public Contract Code.

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

**Compliance**

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

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

Compliance with this requirement is very important. The statutes governing the SFP specifically mandate that the SAB shall not apportion funds to a district unless the competitive process for professional services has been used. If during an audit at the project completion, it is determined that the competitive process was not used, the entire project grant could be found to have been obtained illegally.

Districts that are unfamiliar with the process of hiring an architect should be aware that the American Institute of Architects (AIA) California Council has sample contracts available to assist districts. For more information, please contact the AIA at 916.448.9082.

**Project Responsibilities**

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

The grant agreement, which will be provided to the District upon receiving an unfunded approval from the SAB, will spell out the responsibilities, timelines and other important information related to the project and its timelines. The grant agreement must be reviewed, signed and returned to OPSC prior to or concurrently with the district’s fund release request.

**Cost Reduction**

The SAB has developed cost reduction guidelines to assist school districts in reducing project construction costs. In April 2000, the SAB made available the Public School Construction Cost Reduction Guidelines. The guidelines are a compilation of hundreds of ideas introduced and discussed at a series of statewide meetings. The input into these guidelines comes from various sources, such as school district representatives, state agencies, architects, building industry representatives, construction managers, and consultants. The guidelines provide districts with ideas and new methods to contain and reduce costs and to maximize the return on expenditures. Along with cost reduction guidelines, other incentives within the program, such as the retention of savings, exist to promote efficiency in design and construction of school facility projects.
See Section 11, “Additional SFP Requirements and Features” for more information on project savings. The Public School Construction Cost Reduction Guidelines are accessible on the OPSC website at www.dgs.ca.gov/opsc.

Design with Flexibility in Mind

SAB approval is based on the plans and specifications that accompany the Application for Funding (Form SAB 50-04) and is considered a full and final approval. Therefore, it is imperative that the apportionment is used for the scope of work contained in that specific set of plans.

When it comes to classrooms and minimum essential facilities (MEF), meaning libraries, gymnasiums, multi-purpose rooms, and toilets which are necessary and support the traditional classroom environment, there are limited circumstances where a project may deviate from the scope of work outlined in the plans that were included with the application and approved by the SAB (see “Change of Scope,” in Section 11, “Additional SFP Requirements and Features,” for more information on this topic). Because of this, it is extremely important to structure bids with flexibility so that projects can be modified in the face of positive or negative fluctuations in the bid climate or costs of materials. By including additive and deductive alternatives in your plans and specifications, you will be able to handle both situations within the budget provided for your SFP project in a way that is consistent with SAB law and regulation.

Reusable Plans

The SFP requires the SAB to develop recommendations regarding the use of cost-effective, efficient, and reusable facility plans. Many districts have found that reusing some part or all of a school plan previously constructed in the district or in another district can lead to efficiencies in both the time required to prepare construction plans and the cost of constructing the facility. Such plan reuse is not always feasible, and, even when possible, may require considerable redesign work for the new site; however, in many circumstances the advantages can be significant.

Project Financing

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

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

Once a district has received an SFP apportionment and is ready for funds to be released on a project, they will need to certify on the Fund Release Authorization (Form SAB 50-05) that their contribution to the project has already been expended, is on deposit, or will be expended prior to the notice of completion for the project. (See section 11, “Additional SFP Requirements and Features” for more information on the fund release process.)
Site Selection

In addition to the basic grant for a new construction project, the district may also receive up to 50 percent of the cost of site acquisition (see Section 5, "New Construction Funding" or Section 8, "Financial Hardship"). In most cases, the district must have completed the process of identifying the site and must have the approval of the site by CDE prior to applying for site acquisition funding. Some separate site applications for financial or environmental hardships do not need this approval at the time of application. See further discussion under those topics in Section 5, "New Construction Funding." The identification and approval process falls under the jurisdiction and responsibility of agencies other than the SAB and OPSC and is therefore outside the scope of this guidebook. However, because the processes required can be a major factor in a timely application submittal for project funding, district representatives should be aware of some of the basic requirements for site selection as follows:

Identifying a Site

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

Site Approval

There are many components that make up the review and approval of a proposed school site. CDE's publication, School Site Selection and Approval Guide, addresses these components more completely than this guidebook can. Therefore, the district representative considering an application for a site under the SFP should consult CDE field staff or read their publications.
Section 4
Application for Eligibility

Introduction

The School Facility Program (SFP) provides State funding assistance for two major types of facilities construction projects: new construction and modernization. The process for accessing the State assistance for this funding is divided into two steps: an application for eligibility and an application for funding. Applications for eligibility are approved by the State Allocation Board (SAB) and this approval establishes that a school district or county office of education meets the criteria under law to receive assistance for new construction or modernization. Eligibility applications do not result in State funding. In order to receive the funding for an eligible project, the district representative must file a funding application with the Office of Public School Construction (OPSC) for approval by the SAB. See Section 5, “New Construction Funding” and Section 7, “Modernization Funding” for information on submitting applications for funding. Throughout this section, references to the district also include a county office of education unless otherwise noted.

The process and timing of establishing and updating eligibility has fundamentally changed recently. Previously, a district could submit new construction eligibility establishment/update documents to OPSC at the same time it submitted a new construction funding application that requested the per-pupil grants established/updated in those eligibility documents. In order to process new construction funding applications that districts submitted as far back as 2012, while at the same time working to ensure that state general obligation bond funds go to projects that need them, the SAB changed the submittal and processing timeframes mentioned above. The SAB adopted the policy change at its meeting in June 2017 and conforming regulatory amendments in January 2018.

For new construction eligibility, enrollment must now be updated and an adjustment made for the enrollment year in which the funding application is being processed by OPSC. Districts with applications on the OPSC workload list will receive a 90-day notification of when their new construction funding application will be processed and must submit updated eligibility information within the 90-day period. The result of that eligibility update will be used to support the pupil grant request being made on the funding application.

For modernization eligibility, OPSC will process submitted eligibility updates in date order received. Districts may request eligibility that would have been available at the time the modernization funding application was received by OPSC. Additional eligibility that has resulted from facilities coming of age or enrollment increases that were received after received date of the funding application will be available for a future modernization funding application at that school site.

In either case, an application for eligibility is the first step toward funding assistance through the SFP. The process of establishing eligibility for the district (new construction) or the school site (modernization) must be done only once. Thereafter, the district need only update the eligibility information as required or as updates will help increase the district’s eligibility.

After the application for eligibility is reviewed by OPSC, it is presented to the SAB for approval. The SAB’s action establishes that the district has met the criteria set forth in law and regulation to receive State funding assistance for the construction of new facilities or the modernization of existing facilities.
The discussions in this section are intended to describe the basic processes a district will encounter and use for establishing eligibility. Every possible situation cannot be dealt with in this overview. When preparing an application, the district representative should always contact an OPSC project manager to be sure that the district’s approach is correct and will result in the most eligibility possible for State assistance. To learn more about the SFP, visit OPSC’s website at www.dgs.ca.gov/opsc.

**New Construction Eligibility**

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

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

Districts generally establish eligibility for new construction funding on a district-wide basis. For most districts this is the most beneficial method, and the vast majority of applications are filed in this manner. However, under certain circumstances, the district may have more eligibility if the applications are made on a High School Attendance Area (HSAA) basis using several attendance areas. This circumstance occurs when the building capacity in one area within a district (or HSAA) prevents another from receiving maximum eligibility. For example, one attendance area may have surplus classroom capacity while another does not have the needed seats to meet the current and projected student enrollment. If the district were to file on a district-wide basis, there might be little or no overall eligibility, even though the students in one attendance area are “unhoused” by the definitions established in the SFP. In this case, by filing on a HSAA basis, the eligibility may increase in certain areas within the district’s boundaries to allow construction of adequate facilities for the unhoused students.

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

**Eligibility Process**

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

<table>
<thead>
<tr>
<th>STEP</th>
<th>DOCUMENTATION</th>
<th>PURPOSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Enrollment Certification/Projection Form SAB 50-01</td>
<td>Used to collect information about the district’s current and historical enrollment and to project that data five years into the future.</td>
</tr>
</tbody>
</table>
### Existing School Building Capacity

*Form SAB 50-02*

Used to record all the teaching stations in the district that are adequate to house students.

### Eligibility Determination

*Form SAB 50-03*

Used to compare the information from the first two forms and to determine if the district is eligible for new construction or modernization grants.

The forms referred to in the table can be downloaded from OPSC’s website at www.dgs.ca.gov/opsc. In addition, an enrollment calculator that allows districts to calculate their eligibility projections using the Enrollment Certification/ Projection (Form SAB 50-01) is available on the OPSC website.

#### Step One—Enrollment Projections

It may take several years to take a new construction project from the initial determination of need to final completion of construction and occupancy. Because of this, the SFP provides a projection of enrollment five years or ten years into the future to determine eligibility for funding. The Form SAB 50-01 is used to make these projections. This form assists the district with determining future needs, planning, arranging State and local funding, and constructing the project before the children to be served arrive. The method of projecting enrollment into the future involves using current and historical California Basic Educational Data System (CBEDS) enrollment data for the district. The data collected is then projected into the future for five years or ten-years using a method known as a Cohort Survival Projection. A district can obtain CBEDS data from the California Department of Education (CDE).

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

Once the district enters the required current and historical enrollment figures, the projection is done automatically on the Excel version of this form.

#### Supplemental Enrollment Figures

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

- **Modified Weighting Mechanisms**
- **Birth-Attendance Rate Adjustment**
- **Student Yield Factor**
- **Dwelling Unit Augmentation** - By the number of unhoused pupils that are anticipated as a result of dwelling units proposed to be built in the district or HSAA pursuant to approved and valid tentative subdivision maps. Essentially, districts that are experiencing unusual residential growth can factor in these additional students into the enrollment projection.

#### Approved and Valid Tentative Subdivision Map

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

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

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Helpful Hints:

- Make sure the maps being used are tentative tract maps, final maps or parcel maps (parcel maps can be used only for either apartment or condominium projects).
- Work closely with your local planning commission to ensure the maps are approved and valid.
- When reporting dwelling units on the Form SAB 50-01, be sure to reduce the number of proposed dwelling units by the number of homes that have been occupied or have had construction permits pulled that are twelve months or older from the date the permit was pulled.
- Use the dwelling unit spreadsheet provided on the OPSC website to ensure timely processing of the district’s application.
- If you are unsure if you can include a tract map, or you have other evidence of approval not previously mentioned, please contact your Project Manager.
Submittal Requirements
In order for districts to account for the additional students that will reside in new subdivisions represented by the maps listed above, a district will need to submit a Form SAB 50-01 and report the number of dwelling units to be constructed in the approved proposed subdivision. Additionally, the district must provide the approval dates of the maps by the local planning commission or approval authority; the number of dwelling units to be built in the subdivision; and one of the following:

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

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

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

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

Student Yield Factor
A yield factor from the various types of housing in the subdivision may be used to supplement the enrollment projection. As an alternative, the district may accept a state-wide average yield factor for calculation purposes. This factor is specified in the instructions on the Form SAB 50-01. Should the district wish to use its own student yield factors, a copy of the district’s study that justifies the student yield factors must be submitted with the Form SAB 50-01. The district’s study should determine the elementary, middle and high school pupils generated by new residential units, in each category of pupils enrolled in the district. This study should be based on the historical student generation rates of new residential units constructed during the previous five years that are of a similar type of unit to those anticipated to be constructed in which the school district is located.

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

Districts with current enrollment of less than 300 should be aware that they have an option for reporting their previous five year enrollment average for any grade level for any year when the enrollment for that grade level has decreased by more than 50 percent from the previous year enrollment. For more information on using this option please refer to the instructions on Form SAB 50-01.
Step Two—Existing School Building Capacity

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

The Calculation of Capacity

The Existing School Building Capacity (Form SAB 50-02) is used to capture the information needed for the calculations, and the accompanying instructions give a detailed guide of how to complete the form. The Form SAB 50-02 is essentially a record of all the district’s facilities. The SFP Regulations provide instructions on what spaces are to be included or excluded in the calculation of the district capacity.

Any project funded with local sources must be counted as existing capacity if the contract for construction of the project is signed before the original application for eligibility determination is made.

The process of calculating the districts’ existing school building capacity is as follows:

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

School Site Evaluations

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

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

The district may wish to use an OPSC Site Analysis Worksheet to assist with recording all the classrooms in the gross inventory as well as recording the reasons for exclusions, if any. This document is not mandatory but may make the inventory process easier. It also streamlines OPSC’s review of the eligibility application.

Helpful Hints:

All of the OPSC worksheets are available on the OPSC website.

1 SFP Regulations Section 1859.30, “Gross Classroom Inventory.”
Step Three—Determining Eligibility
The last part in the new construction eligibility determination process is done on the Eligibility Determination (Form SAB 50-03). The existing school building capacity calculated in step two is subtracted from the enrollment projection determined in step one. The number of pupils left, if any, are considered “unhoused” for the purposes of the SFP. They represent the district’s eligibility for new construction grant entitlement.

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

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

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

Step Four—Updating New Construction Eligibility
Districts must submit a Form SAB 50-01 for the enrollment year in which their new construction funding application is being processed by OPSC. Districts with applications on the OPSC workload list will receive a 90-day notification of when their new construction funding application will be processed and must submit their updated eligibility information within the 90-day period. The result of that eligibility update will be used to support the request being made on the funding application.

Modernization Eligibility
Establishing eligibility for modernization in the SFP is more simplified than new construction. Applications are submitted on a site by site basis, rather than district-wide or HSAA, as is the case for new construction. To be eligible, a permanent building must be at least 25 years old and a portable building must be at least 20 years old. For purposes of determining the age of the building, the 20 year and the 25 year period shall begin 12 months after the plans for the building were approved by the Division of State Architect. If the facility has been previously modernized with State funding the 20 or 25 year period begins from the date of the last SAB approved apportionment for modernization funding at the site.

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

Application Process
The SAB has adopted a single form to calculate modernization eligibility, the Form SAB 50-03. This is the same form used for new construction applications. It may be downloaded from the OPSC website in a format that allows it to be printed as a blank form or filled out and printed for submission to OPSC. In order to complete the Form SAB 50-03, the district representative will need a completed site diagram for the applicable school which contains the following information:
» The number of permanent classrooms.
» The number of portable classrooms.
» The ages of all permanent and portable classrooms.
» The grade level of each classroom, i.e., K–6, 7–8, 9–12, non-severe, or severe.
» The square footage of each facility on the site, if requesting square footage based eligibility.

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

Eligibility Application Approval

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

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

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

Application for modernization eligibility establishment or adjustment can only be used to support funding applications that were submitted prior to or concurrently with the eligibility level was determined. For example, a modernization funding application submitted in 2015 cannot draw on eligibility that will not be realized until 2018, even if the application is being processed in 2018. The eligibility available at the time the modernization funding application was initially submitted will be available for that application.
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Section 5
New Construction Funding

Introduction

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

The funding for new construction projects is provided in the form of grants. The grants are made up of a new construction grant (pupil grant) and a number of supplemental grants. A brief description follows:

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

Supplemental Grants
Supplemental grants are intended to provide an augmentation to project funding that recognizes unique types of projects, geographic location impacts, and other special project needs. These grants are based on formulas set forth in the School Facility Program (SFP) Regulations. There are many supplemental grants. All of them are discussed later in this section. Two of the most common are:

» Site Acquisition Grant—Funding for site purchase, relocation, escrow, hazardous waste removal and other site acquisition related costs.

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

Each new construction project is reviewed and eligibility for grants is verified by the Office of Public School Construction (OPSC). All new construction grants are matched equally by the district with local funding sources. In some cases, districts that are unable to contribute some or all of the local match may be eligible for financial hardship assistance. A district requests financial hardship assistance on a funding application and will submit the necessary documentation for consideration of approval upon request by OPSC. See Section 8, "Financial Hardship" for more information on this subject. Once the grants are determined for a project, a request is sent to the SAB for an unfunded approval, followed by an apportionment. After the
apportionment is approved, the district must enter into a contract for the construction of the facility, if it has not already done so, and must request a release of the funds within 90 days of the apportionment, pursuant to priority funding regulations.

In some cases, when a district has been approved for financial hardship assistance, the district may request a separate site or design apportionment. In this situation, the request may be made before plans are completed and approved by DSA and CDE. Site and design funding is discussed later in this section. In addition, see Section 8, “Financial Hardship” for more information.

This section explains the funding application process, typical requirements, and how to determine the new construction grant amount. It is important to understand that the discussion in this section focuses on the most common situations. There are many variations that may apply to specific projects that cannot be covered in this brief overview. As always, the district representative may meet with OPSC staff to discuss the district’s plan in detail. Pre-submittal meetings are encouraged and often result in a much smoother application process for the district and OPSC.

**New Construction Funding Types**

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

**New Construction Adjusted Grant**

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

**Separate Design**

Districts that qualify for financial hardship status may receive a separate apportionment for design costs. Design funding provides a portion of the pupil grant in advance in order to get the project design started and is intended to allow a district to hire an architect and prepare project plans for DSA approval. When the plans are complete and approved, the district may request the remaining balance of any eligible new construction funding. The new construction adjusted grant will then be offset by the design apportionment previously made for the project.

**Separate Site**

Districts that qualify for financial hardship status may also receive a separate apportionment for site acquisition. The site funding is intended to allow a district to acquire a site for the project. When the district is ready to request the remaining new construction funding, the new construction adjusted grant will be offset by the site apportionment previously made for the project.
Separate Site—Environmental Hardship

If the Department of Toxic Substances Control (DTSC) certifies by letter that the time necessary to complete the remediation or removal of hazardous waste on the site to be acquired will exceed 180 days, the district may qualify as an environmental hardship. This means that the district is eligible for a separate apportionment for site acquisition, even if the district does not qualify for financial hardship.

Funding Process

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

» The district submits a funding application package;
» OPSC reviews the package;
» The SAB grants an unfunded approval for the project;
» OPSC provides a grant agreement to the district;
» The district participates in the next available Priority Funding Filing Round;
» The SAB approves the apportionment;
» The district requests a fund release (the district must sign and return the grant agreement by the time they request a fund release) and makes expenditures;
» The district submits reports on expenditures;
» The district conducts a local audit of the expenditures.

The application for new construction funding is made on a single form, the Application for Funding (Form SAB 50-04). The form serves as a vehicle to collect the information necessary to calculate the amount of grants applicable to the project, and also is a certification from the district regarding compliance with requirements of the law and the SFP Regulations. The district must submit the Form SAB 50-04 only after the district has received approval by CDE and DSA of the proposed new construction project and the project site when applicable.

The funding application is reviewed by OPSC to ensure all required documents have been submitted and is then placed on a statewide workload list in order of receipt. District representatives can view the workload list on OPSC’s website at www.dgs.ca.gov/opsc. The applications for funding are then processed in date order for presentation to the SAB for consideration of an unfunded approval.

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

Preparing an Application

A complete application package is an essential element of the process of receiving funding for the district’s projects. The information provided is the basis for determining the grant amounts that the district will receive. The following discussion outlines the major elements of a complete application for a new construction adjusted grant. Note that the same information is not necessary for all application types.
The complete application for new construction funding must be accepted by OPSC prior to occupancy of any classroom in the construction contract for the project in order to be eligible for funding.

New construction funding applications require the Form SAB 50-04 and must be based on a previous eligibility approval (see Section 4, “Application for Eligibility”). Also, please note that districts requesting financial hardship assistance must receive that status prior to being presented to the SAB for apportionment (see Section 8, “Financial Hardship” for further information). The table below delineates the supporting documents necessary for each type of new construction funding request.

<table>
<thead>
<tr>
<th>DOCUMENT</th>
<th>TYPE OF FUNDING</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>DESIGN ONLY</td>
</tr>
<tr>
<td>Appraisal of property to be acquired when appropriate* (preliminary appraisal of property for separate site)</td>
<td></td>
</tr>
<tr>
<td>Escrow closing statement or court order</td>
<td></td>
</tr>
<tr>
<td>CDE approval of site* (contingent CDE approval of site for separate site)</td>
<td></td>
</tr>
<tr>
<td>Final DSA plan approval</td>
<td></td>
</tr>
<tr>
<td>CDE approval of plans</td>
<td></td>
</tr>
<tr>
<td>Cost estimate for site development†</td>
<td></td>
</tr>
<tr>
<td>Plan‡ and cost estimate for off-site development when funding is requested</td>
<td></td>
</tr>
</tbody>
</table>

* If this document has been submitted previously, it need not be resubmitted.
† SFP Regulations, Section 1859.76, “Additional Grant for Site Development Costs.”
‡ Plan must be approved by the local entity, see Architectural Submittal Guidelines for further information.

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

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

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

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

**DSA-Approved Plans and Specifications**

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

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**Helpful Hint:**

When a district seeks SFP funding, the law stipulates that a district must hold title or an acceptable lease to all property acquired, constructed, or improved.
construction contract. DSA approval must be current and valid at the time of submittal of the application for funding to OPSC. If DSA approval expires before a project is processed by OPSC, the district must obtain a new, updated approval from DSA prior to the project being apportioned. An unfunded approval for the project may be approved prior to obtaining the updated DSA approval, but it cannot receive an apportionment without having a valid DSA approval per statute.

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

Cost Estimate for Site Development

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

District Certifications

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

- The district has established a “Restricted Maintenance Account” (see Section 11, “Additional SFP Requirements and Features” for more information).
- Contracts for the services of an architect, structural engineer, or other design professional which were signed after November 4, 1998 were obtained pursuant to a qualifications based competitive process (see Section 3, “Project Development Activities”).
- The district will fund their share of the project.
- If this request is for a large new construction or a large modernization project, the district has consulted with the career technical advisory committee established pursuant to Education Code, Section 8070, and it has considered the need for vocational and career technical facilities to adequately meet its program needs in accordance with Education Code, Sections 51224, 51225.3(b) and 52336.1.
- All large new construction funding applications for comprehensive high schools must be accompanied by evidence of compliance with Education Code, Section 17070.95. Documentation may include any of the following:
  - Minutes from a public meeting by the school district’s governing board documenting the discussion with and the recommendations of the local Career Technical Education Advisory Committee (CTEAC) regarding the CTE facility needs assessment.
  - Minutes from the meeting with the local CTEAC regarding the CTE facility needs assessment and recommendations.
  - Letter from the local CTEAC to the school district that identifies the subject of the discussion, the CTE facility needs assessment, and recommendations.

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

- The date that DSA approved the plans and specifications.
- That the cost estimate as submitted to the DSA for the work in the plans and specifications is at least 60 percent of the total grant provided by the total State and district matching share excluding any site acquisition costs provided.
CDE Approval of Final Plans
The plans submitted to the OPSC must have the approval of the CDE. The final plan approval letter from CDE must accompany the funding application.

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

» New Construction Grant (pupil grants)
» Supplemental Grants

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

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

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

The district may elect either of the following strategies:

» The district may reduce the grant request to fewer grants, yet still enough to completely fund the State share of the project. The advantage is that the district will retain the unused grants for a future project, perhaps at another site.
» The district may ask for all 250 grants, and use the grant amount not only to construct classrooms at the site, but also to construct other facility needs of the district at the site, such as administration, multi-purpose rooms, gymnasium, etc.
» The district may ask for all 250 grants, and use the savings from the project for other capital facilities projects in the district, provided the project is not receiving financial hardship assistance. The advantage to the district...
is that the project is built as planned, while other facilities needs are also met within the State funding for the original project. In this case, the district must ensure that the amount spent on the work in the plans and specifications for the original project equals at least 60 percent of the total State and local share of the project grants excluding any site acquisition costs provided. With this condition met, the district may use the savings on other district projects.

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

**New Construction Grant Calculation**

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

**New Construction Basic Grant Amount**

<table>
<thead>
<tr>
<th>CLASSIFICATION</th>
<th>BASIC GRANT AMOUNT</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elementary Pupil</td>
<td>$ 11,567</td>
<td></td>
</tr>
<tr>
<td>Middle School Pupil</td>
<td>$ 12,234</td>
<td>Include grade six pupils if part of a 6–8 grade school.</td>
</tr>
<tr>
<td>High School Pupil</td>
<td>$15,567</td>
<td></td>
</tr>
<tr>
<td>Special Day Class—Non-Severe</td>
<td>$21,737</td>
<td></td>
</tr>
<tr>
<td>Special Day Class—Severe</td>
<td>$32,503</td>
<td></td>
</tr>
</tbody>
</table>

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

**Supplemental Grants**

Supplemental grants are intended to recognize unique types of projects, geographic locations and special project needs. These grants are based on formulas set forth in the SFP Regulations. A list of available supplemental grants follows:

- Fire Code Requirements
- Geographic Location
- Prevailing Wage Monitoring
- Multi-level Construction
- New School Projects
- Project Assistance
- Replacement with Multi-Story Construction
- Site Acquisition
- Site Development
- Small Size Projects
- Special Education—Therapy
- Urban Locations, Impacted Sites, Security Requirements
The following is a brief explanation of the supplemental grants:

**Energy Efficiency**

A supplemental grant is available to districts with projects that have increased costs associated with plan design and other project components for school facility energy efficiency. The facilities in the proposed new construction project must exceed the nonresidential building energy efficiency standards as specified in Title 24, Part 6 of the California Code of Regulations by 15 percent. Current all energy efficiency funds have been exhausted. At the September 2006 SAB the remaining modernization energy funds were re-designated to fund the new construction energy projects.

**Fire Code Requirements**

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

<table>
<thead>
<tr>
<th>Classification</th>
<th>Grant Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elementary Pupil</td>
<td>$14</td>
</tr>
<tr>
<td>Middle School Pupil</td>
<td>$19</td>
</tr>
<tr>
<td>High School Pupil</td>
<td>$31</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Classification</th>
<th>Grant Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elementary Pupil</td>
<td>$194</td>
</tr>
<tr>
<td>Middle School Pupil</td>
<td>$230</td>
</tr>
<tr>
<td>High School Pupil</td>
<td>$240</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Classification</th>
<th>Grant Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Day Class—Non-Severe</td>
<td>$41</td>
</tr>
<tr>
<td>Special Day Class—Severe</td>
<td>$58</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Classification</th>
<th>Grant Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Day Class—Non-Severe</td>
<td>$411</td>
</tr>
<tr>
<td>Special Day Class—Severe</td>
<td>$613</td>
</tr>
</tbody>
</table>

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

**Geographic Location**

A supplemental grant is available to districts with projects that are located in areas of California that are remote, difficult to access, or lack a pool of contractors. A district may qualify and request an augmentation to the new construction grant due to their geographic location.¹

¹ SFP Regulations, Section 1859.83, "Excessive Cost Hardship Grant."
**Prevailing Wage Monitoring (PWM)**
Depending on the date of the contract award for the project, a supplemental grant may be available. Each project will be evaluated on a case-by-case basis for eligibility for the supplemental grant.

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

**New School Projects**
Districts that will construct an entirely new school on a site without existing facilities may qualify for a supplemental grant. This grant is intended to provide funds to construct core facilities such as multi-purpose rooms, gymnasiums, libraries, kitchens, etc., for projects that have a minimal amount of classrooms, but not enough to generate a sufficient new construction grant to build these essential facilities. In March 2004, the SAB approved a separate new school allowance to meet the specific facility needs of alternative education schools, which are defined as community day, county community, county community day, and continuation high schools for the purposes of the SFP. The Alternative Education New School Allowance applies to all alternative education schools for which the plans and specifications were accepted by the DSA or after March 24, 2004. Please refer to the OPSC website for the current grant amounts.

**Project Assistance**
The SAB may provide additional project grants for project assistance to small school districts with enrollment of 2,500 pupils or less. The current additional grant of $7,074 may be used for costs associated with the preparation and submission of the SFP eligibility and funding applications, including costs related to support documentation such as site diagrams. The grant amount will be adjusted each year using the Class B index.

**Replacement with Multi-Story Construction**
As part of a SFP new construction project, a school district may demolish a single story facility and replace it with a multi-story facility on the same site. In addition to the new construction grant allowance, the SAB will provide a supplemental grant to fund 50 percent of the replacement cost of the single story facility(s) to be replaced provided that the site size is less than 75 percent of the recommended CDE site size, the pupil capacity at the site will be increased, the cost of the demolition and replacement is less than the cost of providing a new facility at a new site to house the increased pupil capacity, and the project has CDE approval.

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

- Fifty percent of the lesser of the actual cost or the appraised value of the site.
- Fifty percent of the relocation cost.
- Two percent of the value of the site determined above, with a minimum of $25,000.
- Fifty percent of certain costs related to the DTSC review and oversight.
- Hazardous waste removal (within 50 percent of one and one half times the appraised value).
Note that if the district intends to use a site that was acquired in a priority one project under the Lease-Purchase Program (LPP), the OPSC will use the appraised value of the site as established under the LPP for the appraised value of the site under the SFP. The SFP apportionment will be offset by the LPP apportionment. A project that received site acquisition funds under the LPP as a priority two project is not eligible for site acquisition funds under the SFP.

It is important to note that site acquisition costs have restrictions on their use. The district representative should consult the SFP Regulations and/or OPSC staff if he is unsure if a particular item is an allowable cost before including the work in the project.

Interdependent Appraisal Requirement
The district is required to submit one site appraisal with the Form SAB 50-04. A California licensed and duly-qualified appraiser must issue a current appraisal report for the proposed site using the Uniform Standards of Professional Appraisal Practice. The appraisal must be impartial and prepared for the district or its legal counsel.

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

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

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

DTSC Costs
Site acquisition costs may include up to 50 percent of the cost for the review, approval and oversight of the Phase One Environmental Site Assessment (POESA) and the Preliminary Endangerment Assessment (PEA). Note that these costs are prior to the actual clean-up costs, if any. Those costs may be included under some circumstances. See the paragraph entitled “Hazardous Waste Removal” below.

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

Relocation Expenses
Reasonable and necessary costs to relocate residential occupants and businesses from the proposed new school site, including purchasing fixtures and equipment, personal property, new machinery and equipment, and the installation of any improvements at the replacement residences or business locations are permitted as site acquisition costs.
Incidental Site and Hazardous Waste Removal for Leased Sites

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

Hazardous Waste Removal Required on an Existing School Site

Site acquisition funding may be available for the evaluation and response action in connection with hazardous substances at an existing school site in advance of submittal of the DSA approved plans.

Acquiring Title

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

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

Funding on Leased Land

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

Site Development

In addition to the new construction grant, the SFP provides a supplemental grant for the purpose of developing the site where the project is to be located. Fifty percent of the site development costs are available for both new sites and for existing sites where additional facilities are being constructed with the exception of general site development. Funding for general site is allowable for new school projects and additions to existing sites, however, only when additional acreage is acquired. These development costs fall under four categories:

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

» Utility service developments include improvements of water, sewer, gas, electric, and telephone from the closest existing utility connection.

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

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

Small Size Projects
A supplemental grant is available to districts with projects that house no more than 200 pupils. The grant is intended to provide additional funds for core facilities and to make up for the lack of economies of scale when districts build small projects. The new construction grant can be increased by 12 percent for a project that will house less than 101 pupils, or by four percent if the project will house over 100, but no more than 200 pupils.

Special Education—Therapy
The new construction grant will be increased for the area of therapy rooms, not to exceed 3,000 square feet, plus 750 square feet per additional Special Day Class classroom needed for severely disabled individuals with exceptional needs. The current unit cost per square foot of therapy area is as follows:

» $340 per square foot for toilet facilities
» $190 per square foot for other facilities

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

Urban Locations, Security Requirements and Impacted Sites
Districts with projects in urban locations on impacted sites may request a supplemental grant if all of the following conditions are met:

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

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

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

**New Construction Urban Grant Adjustment**

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

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

* SFP Regulations, Section 1859.73.2, “New Construction Additional Grant for Replaced Facilities”
† SFP Regulations, Section 1859.83(b), “Excessive Cost for Projects that House No More than 200 Pupils (Small Size Project)”
‡ SFP Regulations, Section 1859.83(c), “Excessive Cost to Construct a New School Project”
§ SFP Regulations, Section 1859.83(d)(2)(A), “Excessive Cost Due to Urban Location, Security Requirements and Impacted Site”

**District Project Contribution**

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

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

The district representative should be aware, however, that regardless of when the share is contributed to the project, at closeout the district must be able to show that 50 percent of the expenditures on the project were from local sources. If the district is unable to demonstrate the 50 percent expenditure requirement has been met, the apportionment will be reduced.
Unable to Meet the Contribution
Districts that are unable to contribute the 50 percent local share of a project can pursue financial assistance through the financial hardship provisions of the SFP. Districts must submit financial data to the OPSC for approval of financial hardship status (see Section 8, “Financial Hardship”) upon request by OPSC after submitting a funding application. As noted previously, districts may request a separate apportionment for site acquisition and/or design costs any time after the application for eligibility determination has been filed.

Effects of Reorganization
Districts who are affected by a reorganization election on or after November 4, 1998, may not file a funding application for new construction until after the notification of the reorganization election. If the district had established new construction eligibility prior to reorganization, it must adjust the baseline eligibility on the Eligibility Determination (Form SAB 50-03) prior to filing new applications. Alternatively, the district can choose to certify that the reorganization does not result in a loss of eligibility for the project requesting funding. Districts that are newly created by the result of a reorganization can submit a funding application after approval of the election by the CDE.

SAB Approval Process
The applications for funding are presented to the SAB for approval in the order of their OPSC receipt date. The SAB approval (action) can either be an unfunded approval or an apportionment, depending on the availability of funds for new construction. For the most part, the first SAB approval that a project receives will place the project on the “Unfunded List (Lack of AB 55 Loans).” A project will receive an apportionment sometime after placement on the Unfunded List (Lack of AB 55 Loans), provided it meets Priority Funding requirement, described below.

Grant Agreement
At its June 5, 2017 meeting, the SAB approved a template grant agreement and conforming SFP regulations as a result of the passage of the Kindergarten through Community College Public Education Facilities Bond Act of 2016 (Proposition 51) and the accountability measures in the Governor’s 2017-18 Budget.

The grant agreement was developed as a way to address audit findings by the Office of Statewide Audits and Evaluation (OSAE) to improve oversight and accountability and also includes changes that align with the Governor’s 2017-18 Budget related to closeout audits. The grant agreement serves as a binding document that defines the responsibilities of funding applicants and the state from the determination of the amount of eligible state funding to the reporting of all project funds, including any savings achieved. It is also designed as a useful tool to ensure that the grantees receiving funds have a thorough understanding of the requirements in receiving the funds.

Districts must return the signed grant agreement to OPSC for projects subject to the grant agreement as a condition of fund release.
Priority Funding Filing Rounds

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

- Filing periods are for 30 calendar days.
- Requests submitted during a filing period beginning with the 2nd Wednesday of May are valid from July 1 until December 31 of that year.
- Requests submitted during a filing period beginning with the 2nd Wednesday in November are valid from January 1 until June 30 of the following year.

Requests must be physically received by OPSC on or before the close of the filing period by 5 p.m. Hand deliveries must be submitted at the OPSC Sixth Floor reception desk. It is recommended that districts monitor any mailed requests by tracking the parcel and receiving delivery confirmation to ensure timely delivery to the OPSC. The OPSC will not accept requests after the end of the filing period.

If the project receives an apportionment, the District will have 90 days from the apportionment date to submit a complete and valid Fund Release Authorization (Form SAB 50-05). Districts opting to participate in subsequent rounds must file separate requests for each priority funding round.

Fund Release

After the funding application is apportioned by the SAB, the next step in the process is the actual fund release to the County School Facilities Fund for use by the district.

The SFP grant is processed for release when the district submits a Form SAB 50-05. The Form SAB 50-05 submitted by the district is an important document that cannot be altered or modified by OPSC. Therefore, an improperly completed Form SAB 50-05 will be returned with a letter of explanation to the school district for correction.

When a properly executed form is received, OPSC sends a School Facilities Fund Release notification to the district representative and county office of education. The notification indicates the type of grant released, amount, school district, application number, school name, and date processed. In addition, the SFP Fund Release Report is posted monthly on the OPSC website. This report indicates the claim schedule number, the date the funds were released, and the dollar amount released.

It is important to understand that a Form SAB 50-05 must be submitted within 90 days of a priority funding apportionment (districts receiving apportionments outside of the priority funding process have 18 months to submit their Form SAB 50-05). Two reminders:

- Districts must return a signed grant agreement to OPSC for projects subject to the grant agreement as a condition of fund release.
- Any project that incurs two nonparticipation occurrences will be removed from the Unfunded List (Lack of AB 55 Loans), and the priority funding apportionment will be rescinded without further SAB action. If this should happen, the pupils housed in the project will be added back to the district’s eligibility and the district may re-file the application at any future time.
The Form SAB 50-05 can be downloaded from the OPSC website. The properly executed Form SAB 50-05 should be submitted to:

Office of Public School Construction
Accounting
707 3rd Street
West Sacramento, CA 95605

Requirements for Participation in Priority Funding

Applicants are required to participate in the Priority Funding process. There are two ways for a school district to choose not to participate in the priority funding process: Not submitting a valid priority funding request in the 30-day filing period, or submitting a valid priority funding request but failing to submit a valid Form SAB 50-05 to request the release of funds after the SAB approves an apportionment. Any project that incurs two occurrences for nonparticipation will be removed from the Unfunded List (Lack of AB 55 Loans), and the priority funding apportionment will be rescinded without further SAB action. Upon rescission, the eligibility will be returned to the school district’s baseline and the bond authority will return to the program from which it originated.

References

» California Code of Regulations, Section 6000, et seq.
» SFP Regulations, Section 1859.74, “Additional Grant for Site Acquisition” and 1859.74.1, “Site Acquisition Guidelines.”
» SFP Regulations, Section 1859.83, “Excessive Cost Hardship Grant.”
Section 6
Charter School Facilities

Introduction

In 2002, Article 12 in Assembly Bill (AB) 14 established a pilot program to provide charter schools with funding to construct new facilities, known as the “Charter School Facilities Program” (CSFP). With the successful passage of Proposition 47, this program received $100 million in bond funding. In 2004, Senate Bill 15 was passed to make revisions to the CSFP in order to maximize the number of projects funded with an additional $300 million in bond funding made available with the passage of Proposition 55. In 2006, AB 127 was passed to further revise the CSFP and an additional $500 million was made available with the passage of Proposition 1D. Most recently, the Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (Proposition 51) was passed and an additional $500 million was made available. The CSFP permits a charter school or school district filing on behalf of a charter to apply for a preliminary apportionment (reservation of funds) for the construction of new facilities and/or rehabilitation of existing district owned facilities that are at least 15 years old. To qualify for funding, a charter must be deemed financially sound by the California School Finance Authority (CSFA).

The preliminary apportionment for a CSFP project must be converted within a four-year period to an adjusted grant apportionment meeting all the School Facilities Program (SFP) criteria, unless a single one-year extension is granted.

Eligibility

To apply for funding under Propositions 47 and 55, the school district in which the charter is physically located must have had SFP new construction eligibility. Proposition 1D removed this requirement. Now, new construction eligibility is no longer required. However, the school district in which the charter school is physically located must certify to the number of district unhoused students a charter school will house in a new construction project. A charter school applying on its own behalf may apply once it has notified the superintendent and governing board of the district, where it is physically located, of its intent to apply in writing (with proof of delivery) 30 days prior to submitting the preliminary application to the Office of Public School Construction (OPSC). The notice to the district shall include the number of pupils the charter intends to house, a request that the school district certify to the number of the district’s unhoused pupils that the charter project will house and a request that the district update its new construction eligibility for current enrollment.

The $100 million provided in Proposition 47 for the program was exhausted in July 2003. The $300 million provided in Proposition 55 was exhausted in February 2005. The $500 million provided in Proposition 1D was exhausted in May 2008. The $500 million provided in 2016 was exhausted in February 2018. In addition, if funds become available through over reservation of preliminary apportionment, lease payments or rescissions, the State Allocation Board (SAB) may establish additional application periods. This has occurred in the past in 2009 and 2014.
Application Process

A complete application package is an essential element in the process of receiving a preliminary apportionment for the charter school or district’s project. The information provided is the basis for determining the apportionment amounts that the charter school or district on behalf of the charter school will receive. The Application for Charter School Preliminary Apportionment (Form SAB 50-09) provides the OPSC with the general project information to determine the future new construction or rehabilitation adjusted grant; the grade level of the project, the number of SFP pupils the project will serve, whether or not a site is to be acquired, and if any supplemental grants are requested.

The applicant will need to submit a Form SAB 50-09, and all other supporting documents (i.e., supporting historical documents for allowances requested on application, architect’s drawing of existing facilities to be rehabilitated, etc.).

Once OPSC receives the preliminary application, an initial review will be conducted to ensure that the pupil grants or rehabilitation square footage requested is commensurate with the project being built. In addition, the allowance requested on the application will be subject to review. In conjunction, CSFA will be determining the financial soundness of the applicant. For further information regarding the criteria for financial soundness, please contact CSFA at www.treasurer.ca.gov/csfa.

For additional detail, please review the general and specific instructions on the Form SAB 50-09 and the application submittal requirements available on the OPSC website.

Funding Criteria

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

- Representative of the various geographical regions of the State.
- Representative of urban, rural, and suburban regions of the State.
- Representative of large, medium, and small charter schools throughout the State.
- Representative of the various grade levels of the pupils served by charter school applications.

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

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

The grants provided at the preliminary apportionment consist of the following:

<table>
<thead>
<tr>
<th>NEW CONSTRUCTION</th>
<th>REHABILITATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Per Pupil base grant amount</td>
<td>• Grant based on square footage</td>
</tr>
<tr>
<td>• Multi-level Construction Grant Amount</td>
<td>• Elevators</td>
</tr>
<tr>
<td>• Site Acquisition</td>
<td>• Supplemental Grants</td>
</tr>
<tr>
<td>• Site Development</td>
<td>• Inflator Factor</td>
</tr>
<tr>
<td>• Supplemental Grants</td>
<td></td>
</tr>
<tr>
<td>• Inflator Factor</td>
<td></td>
</tr>
</tbody>
</table>

This amount shall then be the recommended preliminary apportionment for the proposed CSFP project presented to the SAB for a reservation of funds.

Preliminary Apportionment Determination for New Construction

To determine the funding for a new construction project, the preliminary apportionment would be divided into "construction" costs and "site acquisition" costs, as shown below:

<table>
<thead>
<tr>
<th>CONSTRUCTION COSTS (FULL GRANT)</th>
<th>SITE ACQUISITION COSTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Base Grant</td>
<td>• Site purchase</td>
</tr>
<tr>
<td>• Multi-level Construction</td>
<td>• Site other 4 Percent</td>
</tr>
<tr>
<td>• Site Development</td>
<td>• Hazardous Material Clean-up</td>
</tr>
<tr>
<td>• General Site Development</td>
<td>• Relocation and Department of Toxic Substance Control fees</td>
</tr>
<tr>
<td>• Small Size Project</td>
<td></td>
</tr>
<tr>
<td>• Urban Allowance</td>
<td></td>
</tr>
<tr>
<td>• Geographic Percentage Factor</td>
<td></td>
</tr>
<tr>
<td>• Inflator Factor</td>
<td></td>
</tr>
</tbody>
</table>

Please see Section 5, “New Construction Funding,” for a full explanation of the construction costs grants. The OPSC also has a calculator on its website for estimating the CSFP grant.

The current CSFP grant amounts are as follows:

<table>
<thead>
<tr>
<th>CLASSIFICATION</th>
<th>CSFP PUPIL GRANTS (2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elementary</td>
<td>$11,626</td>
</tr>
<tr>
<td>Middle School</td>
<td>$12,309</td>
</tr>
<tr>
<td>High School</td>
<td>$15,622</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CLASSIFICATION</th>
<th>CSFP PUPIL GRANTS (2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Day Class—Non-Severe</td>
<td>$21,840</td>
</tr>
<tr>
<td>Special Day Class—Severe</td>
<td>$32,658</td>
</tr>
</tbody>
</table>

If a district requests a preliminary apportionment that includes a reservation for multi-level classroom construction, the CSFP pupil base grant will be increased by 12 percent to reserve the maximum allowance.

If the request for a preliminary apportionment includes estimated site development costs, the allowance shall be determined based upon either the State default amount of $70,000 per proposed net usable acre,
actual, or historical cost. The estimated site development cost shall be the amount for anticipated service-
site, off-site and/or utilities for the project. For projects that are acquiring additional acreage, a general site
allowance may be requested.

A district may request estimated excessive hardship costs for Geographic Location, Small Size Project or
Urban Location, Security Requirements and Impacted Site.

In 2018, the preliminary apportionments consisting of all applicable estimated allowances were increased by
13 percent in anticipation of cost increases in future years. This inflator factor was based upon the average
per year RS Means Class B Construction Cost Index. Site acquisition costs are not subject to the inflator
factor. This increase was not applicable to apportionments from the Proposition 55 round.

The preliminary apportionment for the estimated site acquisition shall be determined by the submittal of
an appraisal or preliminary appraisal, when available. In addition, a separate allowance is available for toxic
sites. The appraisal or preliminary appraisal should be made or updated no more than six months prior to
the application submittal to OPSC. In cases where a specific site has not been identified for the project, the
median cost of the consummated sales transactions within the general location multiplied by the proposed
net useable acreage to be acquired shall determine the property value reservation. In either case, the appli-
cant must obtain a preliminary recommended site size letter from the California Department of Educa-
tion (CDE). Before determining the median cost, the information for recorded sale transactions should be
expressed in a per acre amount.

Additionally, the property value will be increased by four percent for title, escrow and survey fees. An allow-
ance for estimated relocation and Department of Toxic Substance Control (DTSC) costs may be included.

### Preliminary Apportionment Determination for Rehabilitation

The preliminary apportionment for a rehabilitation project and supplemental grants, if eligible, are shown below:

- Grant based on the square footage in the project
- Small Size Project
- Urban Allowance
- Geographic Percentage Factor
- Elevators
- Inflator Factor

The amount of funding will be determined by first adding the square footage of all the minimum essential
facilities (multi-purpose room, library, gym or administration) and the square footage for the number of
classrooms the charter school is entitled to use based on the State loading standards. The square foot-
age in the project would then be multiplied by the current rehabilitation cost standard which is $190 per non-
toilet area square foot and $340 for toilet square footage. This grant amount cannot exceed what a new
construction project would receive based on the number and grade level of students to be served by the
rehabilitation charter school project.

A district may request estimated excessive hardship costs for Geographic Location, Small Size Project,
elevators or Urban Location, Security Requirements and Impacted Site.

The preliminary apportionment consisting of all applicable estimated allowances shall be increased in
anticipation of cost increases in future years. The inflator factor is based upon the average per year adopted
Class B Construction Cost Index.
Apportionment Conversion

The preliminary apportionment for a CSFP project must be converted within a four-year period to an adjusted grant apportionment meeting all the School Facilities Program (SFP) new construction program criteria required for such an apportionment, unless a single one-year extension is granted. A final apportionment request includes an Application for Funding (Form SAB 50-04) and all other documentation required for a complete adjusted grant application under the SFP provisions (see Section 5). At the time a new construction project is converted, the pupil request cannot exceed the number of pupils requested at the time of preliminary apportionment. Likewise, at the time a rehabilitation project is converted, the square footage cannot exceed the square footage requested at the time of preliminary apportionment.

Project Reductions/Increases

Once an application is submitted for a final apportionment, the project costs may be adjusted. If the application supports a higher project cost than what was reserved at the preliminary apportionment phase the applicant may receive additional funding if additional bond authority is available and the applicant can be found financially sound by CSFA for the increase.

Fund Release

The program currently includes provisions to allow advanced fund releases for site acquisition and separate design funding for the preliminary apportionments provided that the Charter School Agreements and the Grant Agreements have been executed. The total advanced fund release for design funding can equal up to 20 percent of the state grant for total construction costs. The advanced fund release for site acquisition may be for up to the amount requested on the preliminary apportionment.

To be eligible to receive advance funding applicants must participate in the Priority Funding process. Please refer to the OPSC website for Priority Funding for information specific to advance site and design fund releases for CSFP Preliminary Apportionments.

The Priority Funding process described in Section 5 - New Construction Funding applies to CSFP Final Apportionments.

Grant Agreement

At its June 5, 2017 meeting, the SAB approved a template grant agreement and conforming SFP regulations as a result of the passage of the Kindergarten through Community College Public Education Facilities Bond Act of 2016 (Proposition 51) and the accountability measures in the Governor’s 2017-18 Budget.

The grant agreement was developed as a way to address audit findings by the Office of Statewide Audits and Evaluation (OSAE) to improve oversight and accountability and also includes changes that align with the Governor’s 2017-18 Budget related to closeout audits. The grant agreement serves as a binding document that defines the responsibilities of funding applicants and the state from the determination of the amount of eligible state funding to the reporting of all project funds, including any savings achieved. It is also designed as a useful tool to ensure that grantees receiving funds have a thorough understanding of the requirements in receiving the funds.
Applicants must return the signed grant agreement to OPSC for projects subject to the grant agreement as a condition of fund release.

**Closeout**

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

To learn more about the CSFP program, contact your OPSC project manager or visit the OPSC website at: www.dgs.ca.gov/opsc.
Section 7
Modernization Funding

Introduction

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

The modernization grant (pupil grant) amount is set in law (and updated annually by the State Allocation Board) and is based on the number of students housed in the over-age facilities. In addition to the basic grant amount, a district may be eligible for supplemental grants depending on the type and location of the project. In some cases, districts unable to contribute some or all of the local match may be eligible for financial hardship. See Section 8, “Financial Hardship” for more information on this subject. Once the grants are determined for a project, a request is sent to the SAB for a modernization adjusted grant apportionment.

The modernization grant can be used to fund a large variety of work at an eligible school site. Air conditioning, insulation, roof replacement, as well as the purchase of new furniture and equipment are just a few of the eligible expenditures of modernization grants. A district may even use the grants to demolish and replace building area of like kind. However, modernization funding may not be spent for construction of a new facility.

This section explains the funding application process, typical requirements, and how to determine the modernization adjusted grant amount. It is important to understand that the discussion in this section focuses on the most common situations. There are many variations that may apply to specific projects that cannot be covered in this brief overview. As always, the district representative should meet with the Office of Public School Construction (OPSC) project manager and discuss the district plan in detail.

Available Modernization Funding

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

Modernization Adjusted Grant

A modernization adjusted grant is intended to provide the State’s full share for all necessary project costs. In a typical project, a modernization adjusted grant includes the modernization grant (pupil grant) and any applicable supplemental grants as described in this section under “Supplemental Grants.”
Separate Design

A separate design apportionment is available for districts that qualify for financial hardship. This apportionment represents 25 percent of the modernization grant.\(^1\) Separate design funding is intended to allow a district to hire an architect to prepare the project plans for Division of the State Architect (DSA) approval. When the plans are complete and approved, and the district is ready to request the remaining modernization adjusted grant, it will be reduced by the design apportionment previously made.

Funding Process

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

» The district submits a funding application package;
» OPSC reviews the package;
» The SAB grants an unfunded approval for the project;
» OPSC provides a grant agreement to the district;
» The district participates in the next available Priority Funding Filing Round;
» The SAB approves the apportionment;
» The district requests a fund release (the district must sign and return the grant agreement by the time they request a fund release) and makes expenditures;
» The district submits reports on expenditures;
» The district conducts a local audit of the expenditures.

The application for modernization funding is made on a single form, the Application for Funding (Form SAB 50-04). The form serves as a vehicle to collect the information necessary to calculate the amount of grants applicable to the project, and also is a certification from the district regarding compliance with requirements of law and SFP Regulations. The district is ready to submit the application for funding after receiving approval by the California Department of Education (CDE) and the DSA of the plans for the proposed modernization project. In most cases, the district has determined its eligibility for modernization grants on the Eligibility Determination (Form SAB 50-03) before applying for funding. However, if the district has not established eligibility for the project previously, it may submit the eligibility application with the funding application (see Section 4, "Application for Eligibility.")

The funding application is reviewed by OPSC for completeness and placed on a workload list by date order received. District representatives can view the status of projects from the workload list that can be found on the OPSC website at www.dgs.ca.gov/opsc. The funding applications are then processed in date order for presentation to the SAB for consideration of unfunded approval.

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

\(^1\) SFP Regulations, Section 1859.81.1, "Separate Apportionment for Site Acquisition and Design Cost."
Preparing An Application

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

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

Final DSA Approved Plans and Specifications
Education Code Section 17072.30 requires DSA approval of all final plans and specifications for new construction, modernization, or alteration of any school building. If a district enters into a construction contract prior to receiving DSA approval of the plans and specifications, the project may not be eligible for State Funding. The date of the DSA approval letter, not the DSA stamp, is considered the valid approval date. The DSA approval must be current and valid at the time of submittal of the application for funding to the OPSC. If DSA approval expires before a project is processed by OPSC, the district must obtain a new, updated approval from DSA prior to the project being apportioned. An unfunded approval for the project may be approved prior to obtaining the updated DSA approval, but it cannot receive an apportionment before approval is obtained per statute. Plans should include all work eligible for funding through the SFP.

Assessibility/Fire Code Requirements Checklist
This completed checklist must be submitted to DSA when submitting projects that contain access compliance and/or fire code work. Once the checklist has been signed by DSA, as part of the plan approval process, districts must submit it to OPSC as part of its complete application package.

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

CDE Plan Approval Letter
CDE must approve plans for modernization projects before they can be considered for funding under the SFP. The district should contact the School Facilities Planning Division (SFPD) of CDE as early as possible in the planning process.

District Certifications
As previously mentioned, the Form SAB 50-04 is also an official certification to a number of SFP requirements. The form and the instructions to the form provide specific detail about the certifications; however, some of the issues to which the district representative will have to certify are as follows:
The district has established a "Restricted Maintenance Account" (see Section 13, "Additional SFP Requirements and Features" for more information).

The facilities to be modernized were not previously modernized under the LPP.

Contracts for the services of an architect, structural engineer, or other design professional which were signed after November 4, 1998 were obtained pursuant to a qualifications based competitive process (see Section 3, "Project Development Activities" for more information).

The property to be modernized using SFP funds is either owned by the district or county superintendent or it is leased from another governmental entity. If the property is leased, the lease is for at least 40 years from a non-federal governmental agency or 25 years from a federal governmental agency. The cost of the lease is not an eligible cost under the SFP.

If this request is for a large new construction or a large modernization project, the district has consulted with the career technical advisory committee established pursuant to Education Code, Section 8070, and it has considered the need for vocational and career technical facilities to adequately meet its program needs in accordance with Education Code, Sections 51224, 51225.3(b) and 52336.1.

All large modernization funding applications for comprehensive high schools must be accompanied by evidence of compliance with Education Code, Section 17070.95. Documentation may include any of the following:

- Minutes from a public meeting by the school district’s governing board documenting the discussion with and the recommendations of the local CTEAC regarding the CTE facility needs assessment.
- Minutes from the meeting with the local CTEAC regarding the CTE facility needs assessment and recommendations.
- Letter from the local CTEAC to the school district that identifies the subject of the discussion, the CTE facility needs assessment, and recommendations.

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 (see Section 13, "Additional SFP Requirements and Features" for more information).

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.

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

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

## Modernization Grant Amounts

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

- **Modernization Grant**
Modernization Grant

The pupil grant amount is intended to provide the State’s share for all essential project costs, which include but are not limited to funding for design, the modernization of the building, education technology, unconventional energy, tests, inspections, and furniture and equipment. To calculate the district’s modernization share, multiply the modernization grant by 0.6667.

Modernization Grant Calculation

The modernization grant for each pupil housed in buildings to be modernized is established by law. The grant amount is adjusted every year in January, based on changes to the Class B construction cost index, by action of the SAB. As of January, the modernization grants, which represent the State’s 60 percent share of the project, are as follows:

<table>
<thead>
<tr>
<th>CLASSIFICATION</th>
<th>MODERNIZATION GRANT AMOUNT</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elementary Pupil</td>
<td>$ 4,404</td>
<td></td>
</tr>
<tr>
<td>Middle School Pupil</td>
<td>$ 4,658</td>
<td>Include grade six pupils if part of a 6–8 grade school.</td>
</tr>
<tr>
<td>High School Pupil</td>
<td>$ 6,099</td>
<td></td>
</tr>
<tr>
<td>Special Day Class – Non-Severe</td>
<td>$ 9,391</td>
<td></td>
</tr>
<tr>
<td>Special Day Class – Severe</td>
<td>$14,037</td>
<td></td>
</tr>
<tr>
<td>State Special School</td>
<td>$23,397</td>
<td></td>
</tr>
</tbody>
</table>

Modernization Grant for 50-Year-Old Buildings

<table>
<thead>
<tr>
<th>CLASSIFICATION</th>
<th>BASIC GRANT AMOUNT</th>
<th>CLASSIFICATION</th>
<th>BASIC GRANT AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elementary</td>
<td>$ 6,119</td>
<td>Special Day Class—Non-Severe</td>
<td>$13,041</td>
</tr>
<tr>
<td>Middle School</td>
<td>$ 6,471</td>
<td>Special Day Class—Severe</td>
<td>$19,502</td>
</tr>
<tr>
<td>High School</td>
<td>$ 8,471</td>
<td>State Special School</td>
<td>$32,502</td>
</tr>
</tbody>
</table>

When requesting pupil grants at the K-6, 7-8, or 9-12 grade levels, a modernization grant request must be for at least 101 pupil grants, or the remaining modernization eligible if less than 101 grants are available. When requesting pupil grants at the SDC Non-Severe level, a grant request must be for at least 52 pupil grants, or the remaining modernization eligible if less than 52 grants are available. When requesting pupil grants at the SDC Severe level, a grant request must be for at least 36 Severe grants, or the remaining modernization eligible if less than 36 grants are available.

2 Education Code, Section 17074.10.
Supplemental Grants

The supplements are intended to recognize special costs associated with projects of a certain type or located in certain areas. The district also uses the Form SAB 50-04 to supply information related to the supplemental grants. The supplemental grants are as follows:

- Elevators
- Fire Code Requirements
- Geographic Location
- Handicap Access and Fire Code Compliance
- Prevailing Wage Monitoring
- Project Assistance
- Rehabilitation
- Site Development for 50-Year-Old Buildings
- Small Size Projects
- Urban Locations, Impacted Sites, Security Requirements

The following is a brief explanation of the supplemental grants:

### Elevators
If the DSA requires two-stop elevators in the modernization project, the modernization grant will be increased by $117,667 for each two-stop elevator. The district must attach the DSA letter that requires the elevators be included in the project for handicap access compliance. The modernization grant will be increased by $21,181 for each additional stop required. The grant amount will be adjusted annually using the Class B index.

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

<table>
<thead>
<tr>
<th>Classification</th>
<th>Grant Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elementary</td>
<td>$143</td>
</tr>
<tr>
<td>Middle School</td>
<td>$143</td>
</tr>
<tr>
<td>High School</td>
<td>$143</td>
</tr>
<tr>
<td>Special Day Class—Non-Severe</td>
<td>$264</td>
</tr>
<tr>
<td>Special Day Class—Severe</td>
<td>$394</td>
</tr>
</tbody>
</table>

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

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

---

3 SFP Regulations, Section 1859.83(f), (i) and (j), “Excessive Cost Hardship Grant.”
**Handicap Access and Fire Code Compliance**

The excessive cost hardship grant for access compliance is based on actual hard costs as reported by the district on the accessibility/fire code requirements checklist. These costs must be the minimum work necessary to receive approval from the Access Compliance Unit of the DSA and must be verified by the DSA and the OPSC. The grant is calculated by taking the difference of the verified actual hard costs and subtracting seven percent of the sum of the State and district share of the project’s modernization base grant (when the Lease Purchase Program converted to the SFP, it was the intent that seven percent of the modernization base grant covered access compliance work). However, there is a cap that may not be exceeded.

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

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

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

<table>
<thead>
<tr>
<th>STATE AND DISTRICT SHARE OF NEW CONSTRUCTION BASE GRANT AT 50 PERCENT</th>
<th>subtract</th>
<th>STATE AND DISTRICT SHARE OF MODERNIZATION BASE GRANT</th>
<th>equals</th>
<th>MAXIMUM GRANT ALLOWABLE FOR ACCESSIBILITY REQUIREMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>$8,081</td>
<td>subtract</td>
<td>$5,437</td>
<td></td>
<td>$2,644</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th>IF THE MINIMUM ACCESSIBILITY WORK VERIFIED BY DSA IS:</th>
<th>7 PERCENT OF STATE AND DISTRICT SHARE OF MODERNIZATION BASE GRANT</th>
<th>DIFFERENCE</th>
<th>EXCESSIVE COST @ 100 PERCENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,000</td>
<td>subtract $381</td>
<td>equals $1,619</td>
<td>$1,619</td>
</tr>
<tr>
<td>$3,500</td>
<td>subtract $381</td>
<td>equals $3,119</td>
<td>$2,644 (cap)</td>
</tr>
<tr>
<td>$350</td>
<td>subtract $381</td>
<td>equals $-31</td>
<td>$0</td>
</tr>
</tbody>
</table>

Modernization projects that consist of replacement of buildings in like-kind instead of modernizing them will be eligible for an excessive cost hardship grant equal to three percent of the modernization base grant only.

### Project Assistance

The SAB may provide additional project grants for project assistance to small school districts with enrollment of 2,500 pupils or less. The current additional grant of $3,772 may be used for costs associated with the preparation and submission of the SFP eligibility and funding applications, including costs related to support documentation such as site diagrams. The grant amount will be adjusted each year using the Class B index. The district can find the current amount on the OPSC website.

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4 SFP Regulations, Section 1859.83(f), “Excessive Cost Hardship Grant.”
Rehabilitation
A district may apply for the rehabilitation of facilities that the SAB has determined are an imminent health and safety risk to the pupils, if the cost/benefit analysis to mitigate the problem and remain in the building is less than 50 percent of the current replacement cost. If the district qualifies, the district is eligible for funding of rehabilitation costs as a modernization project. For more information, see Section 9, Facility Hardship.

Site Development for 50-Year-Old Buildings
A supplement grant is provided for the purpose of upgrading existing utilities as necessary for the modernization of existing 50 year or older permanent buildings. The district is eligible for the lesser of the following: Sixty percent of the estimated utility costs or twenty percent of the Modernization Grants (pupil grant). Allowable utility cost fall under five categories:  

- Water
- Sewage
- Gas
- Electric
- Communication systems

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

Small Size Projects
A supplemental grant is available to districts with projects that house no more than 200 pupils. The grant is intended to provide additional funds to modernize core facilities and to make up for the lack of economies of scale for small projects. The modernization grant can be increased by 12 percent for a project that will house less than 101 pupils, or by four percent if the project will house over 100, but no more than 200 pupils.

Urban Locations, Security Requirements and Impacted Sites
Districts with projects in urban locations on impacted sites may request a supplemental grant if:

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

Urban locations on impacted sites are generally in areas of high population density. Districts with projects on these impacted sites are also faced with extra security requirements. The supplemental grant provides funds for security fences, watchpersons, increased premiums for insurance for contractors, and storage or daily delivery of construction materials to prevent theft and vandalism. If a district requests grants due to these circumstances, the OPSC will verify the district’s eligibility pursuant to the CDE Final Plan Approval letter.

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

---

5 SFP Regulations, Section 1859.78.7, "Modernization Additional Grant for Site Development Necessary for 50 Years or Older Permanent Buildings."
Modernization Urban Grant Adjustment

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

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

District Project Contribution

Every modernization application is a joint funding effort between the local school district and the State though the SFP. The State grant is discussed in the section entitled “Modernization Grant”, earlier in this section. The total State grant represents 60 percent of the total project cost, with the district contributing the remaining 40 percent of the necessary funding.

The district contribution may come from virtually any source. The sole exception is that when savings from another SFP project are used as match, it must be from a modernization project only. This restriction exists due to legal requirements pertaining to the bond funds, which the State uses as a program-funding source.

The district need not have the entire 40 percent local contribution on deposit at the time that the project approval is made. However, at the time of the project fund release, the district must certify that the district’s matching share has been deposited in the County School Facility Fund; has been expended by the district for the project; or will be expended by the district prior to the Notice of Completion for the project. Thus the district has considerable flexibility in how the local share is arranged and contributed. The district representative should be aware, however, that regardless of when the share is contributed to the project, the district must be able to show at closeout that 40 percent of the expenditures on the project were from local sources. If the district is unable to demonstrate the 40 percent expenditure requirement has been met, the apportionment will be reduced.

Unable to Meet the Contribution

Districts that are unable to contribute all of the 40 percent local share of a project, can pursue financial assistance through the financial hardship provisions of the SFP. Districts must submit financial data to the OPSC for approval of financial hardship status (see Section 8, ”Financial Hardship”) upon request by OPSC after submitting a funding application. As noted previously, districts may request a separate apportionment for design costs any time after the application for eligibility determination has been filed.

SAB Approval Process

The applications for funding are presented to the SAB for approval in the order of their OPSC receipt date. The SAB approval (action) can either be an unfunded approval or an apportionment, depending on the availability of funds for new construction. For the most part, the first SAB approval that a project receives
will place the project on the “Unfunded List (Lack of AB 55 Loans).” A project will receive an apportionment sometime after placement on the Unfunded List (Lack of AB 55 Loans), provided it meets Priority Funding requirement, described below.

**Grant Agreement**

At its June 5, 2017 meeting, the SAB approved a template grant agreement and conforming SFP regulations as a result of the passage of the Kindergarten through Community College Public Education Facilities Bond Act of 2016 (Proposition 51) and the accountability measures in the Governor’s 2017-18 Budget.

The grant agreement was developed as a way to address audit findings by the Office of Statewide Audits and Evaluation (OSAE) to improve oversight and accountability and also includes changes that align with the Governor’s 2017-18 Budget related to closeout audits. The grant agreement serves as a binding document that defines the responsibilities of funding applicants and the state from the determination of the amount of eligible state funding to the reporting of all project funds, including any savings achieved. It is also designed as a useful tool to ensure that the grantees receiving funds have a thorough understanding of the requirements in receiving the funds.

Districts must return the signed grant agreement to OPSC for projects subject to the grant agreement as a condition of fund release.

**Priority Funding**

The priority funding process was created to allow projects that receive unfunded approval from the SAB and are placed on the Unfunded List (Lack of AB 55 Loans) to receive an apportionment with accelerated timelines. SFP Regulation Section 1859.90.2 requires a school district to submit a written statement that requests to convert the unfunded approval to an Apportionment. Projects on the OPSC Workload List cannot make this request. Any priority funding requests received for projects on the OPSC Workload List will be returned to the district.

**Priority Funding Filing Periods**

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

- Filing periods are for 30 calendar days.
- Requests submitted during a filing period beginning with the 2nd Wednesday of May are valid from July 1 until December 31 of that year.
- Requests submitted during a filing period beginning with the 2nd Wednesday in November are valid from January 1 until June 30 of the following year.

Requests must be physically received by OPSC on or before the close of the filing period by 5 p.m. Hand deliveries must be submitted at the OPSC Sixth Floor reception desk. It is recommended that districts monitor any mailed requests by tracking the parcel and receiving delivery confirmation to ensure timely delivery to the OPSC. The OPSC will not accept requests after the end of the filing period.
If the project receives an apportionment, the District will have 90 days from the apportionment date to submit a complete and valid Fund Release Authorization (Form SAB 50-05). Districts opting to participate in subsequent rounds must file separate requests for each priority funding round.

**Fund Release**

After the funding application is apportioned by the SAB, the next step in the process is the actual fund release to the County School Facilities Fund for use by the district.

The SFP grant is processed for release when the district submits a Form SAB 50-05. The Form SAB 50-05 submitted by the district is an important document that cannot be altered or modified by OPSC. Therefore, an improperly completed Form SAB 50-05 will be returned with a letter of explanation to the school district for correction.

When a properly executed form is received, OPSC sends a School Facilities Fund Release notification to the district representative and county office of education. The notification indicates the type of grant released, amount, school district, application number, school name, and date processed. In addition, the SFP Fund Release Report is posted monthly on the OPSC website. This report indicates the claim schedule number, the date the funds were released, and the dollar amount released.

It is important to understand that a Form SAB 50-05 must be submitted within 90 days of a priority funding apportionment (districts receiving apportionments outside of the priority funding process have 18 months to submit their Form SAB 50-05). Two reminders:

- Districts must return a signed grant agreement to OPSC for projects subject to the grant agreement as a condition of fund release.
- Any project that incurs two nonparticipation occurrences will be removed from the Unfunded List (Lack of AB 55 Loans), and the priority funding apportionment will be rescinded without further SAB action. If this should happen, the pupils housed in the project will be added back to the district’s eligibility and the district may re-file the application at any future time.

The Form SAB 50-05 can be downloaded from the OPSC website. The properly executed Form SAB 50-05 should be submitted to:

Office of Public School Construction  
Accounting  
707 3rd Street  
West Sacramento, CA 95605

**Priority Funding Filing Periods**

Applicants are required to participate in the Priority Funding process. There are two ways for a school district to choose not to participate in the priority funding process: Not submitting a valid priority funding request in the 30-day filing period, or submitting a valid priority funding request but failing to submit a valid Form SAB 50-05 to request the release of funds after the SAB approves an apportionment. Any project that incurs two occurrences for nonparticipation will be removed from the Unfunded List (Lack of AB 55 Loans), and the priority funding apportionment will be rescinded without further SAB action. Upon rescission, the eligibility will be returned to the school district’s baseline and the bond authority will return to the program from which it originated.
Section 8

Financial Hardship

Introduction

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

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

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

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

Qualifying for Financial Hardship Assistance

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

<table>
<thead>
<tr>
<th>LEGAL REQUIREMENT</th>
<th>FINANCIAL DOCUMENTATION REQUIRED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Levy maximum developer fee allowed</td>
<td>School Board Resolution regarding developer fees</td>
</tr>
</tbody>
</table>
8: Financial Hardship

Documentation for Financial Hardship Application…

<table>
<thead>
<tr>
<th>LEGAL REQUIREMENT</th>
<th>FINANCIAL DOCUMENTATION REQUIRED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demonstrate local effort to raise revenues</td>
<td>Evidence of at least one of the following:</td>
</tr>
<tr>
<td></td>
<td>• Debt level at 60 percent of bonding capacity</td>
</tr>
<tr>
<td></td>
<td>• Total district bonding capacity less than $5 million</td>
</tr>
<tr>
<td></td>
<td>• The district had a successful registered voter bond election for at least</td>
</tr>
<tr>
<td></td>
<td>the maximum allowed under Proposition 39 within the previous 2 years.</td>
</tr>
<tr>
<td></td>
<td>• It is a County Office of Education (COE).</td>
</tr>
<tr>
<td></td>
<td>• Other evidence which demonstrates that all reasonable local efforts</td>
</tr>
<tr>
<td></td>
<td>have been made as approved by the State Allocation Board (SAB)</td>
</tr>
<tr>
<td>Financial inability to contribute the match</td>
<td>Evidence that facility funds are not available:</td>
</tr>
<tr>
<td></td>
<td>• Financial Hardship Project Worksheet</td>
</tr>
<tr>
<td></td>
<td>• Financial Hardship Fund Worksheet (Column 2 date within 30 days of</td>
</tr>
<tr>
<td></td>
<td>submittal)</td>
</tr>
<tr>
<td></td>
<td>• Latest independent audit reports</td>
</tr>
<tr>
<td></td>
<td>• Encumbrances</td>
</tr>
<tr>
<td></td>
<td>• Expenditure reports</td>
</tr>
<tr>
<td></td>
<td>• Listing of the district’s unused sites</td>
</tr>
<tr>
<td></td>
<td>• Forms SAB 50-01 and SAB 50-02 for “interim housing” deduction</td>
</tr>
<tr>
<td></td>
<td>calculation for new construction projects only</td>
</tr>
<tr>
<td></td>
<td>• Written estimation of interim housing needs</td>
</tr>
</tbody>
</table>

If the financial hardship package is incomplete, a letter will be sent to the district requesting the necessary documentation to make the request complete. If the requested information is not submitted in a timely manner, the request will be returned unprocessed and the district’s Form SAB 50-04 will be processed for funding without financial hardship.

County offices of education do not need to provide documentation regarding developer fees or evidence of reasonable effort to raise local funds.

Financial Hardship Assistance Request

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

Evidence of Reasonable Effort to Fund Matching Share

As previously mentioned, the law requires that a district seeking financial hardship assistance must demonstrate that all reasonable efforts have been made to raise local revenues for the SFP matching requirement. The SAB has adopted regulations that set criteria to determine that this requirement is met. The district must be levying developer fees at the maximum rate justified by law and must verify it meets at least one of the following:
Indebtedness Threshold
The current outstanding indebtedness of the district, at time of financial hardship request, is at least 60 percent of the district’s total bonding capacity. Outstanding indebtedness includes General Obligation Bonds, Mello-Roos Bonds, School Facility Improvement District Bonds and Certificates of Participation (COP) that were issued for capital outlay school facility purposes, on which the district is paying a debt service.

The required documentation needed is a certification from the county auditor controller stating the district’s assessed valuation of taxable property within the school district, outstanding indebtedness, and remaining bonding capacity.

Bonding Capacity
A district with a total bonding capacity of less than $5 million meets this requirement regardless of the level of indebtedness.

The required documentation needed is a certification from the county auditor controller stating the district’s assessed valuation of taxable property within the school district.

Voter Bond Election
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 the financial hardship review. The proceeds from the bond election that represent the maximum amount allowed under the provisions of Proposition 39 must be used to fund the district’s matching share requirement for SFP project(s).

The required documentation needed:

» Copy of ballot issue.
» Original bond election estimates that support the amount of bond for which the district sought election.
» Date of election; amount of bond; purpose of bond; percent of “Yes” vote on bond.
» Copy from County Auditor-Controller certifying the district’s current bonding capacity and outstanding indebtedness.

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

Other Evidence of Reasonable Effort
If the district does not meet the reasonable effort requirements outlined above, the district will be notified by letter by OPSC. The district may then present to the SAB other evidence of reasonable efforts to fund its matching share. This can be done using a School District Appeal Request (Form SAB 189). This form and instructions for completing the form are available on the OPSC website. In addition to the completed Form SAB 189, the district must also submit updated Financial Hardship Worksheets for each fund within the Capital Project Funds and the latest independent audit report. If the hardship justification is approved by the SAB, the district may then file its request for financial hardship using the approved SAB item as evidence of having met the reasonable effort test to fund its matching share for its projects. The district must then submit all of the requested financial documents necessary for a final financial hardship review, as described in the table “Documentation for Financial Hardship Application” above.
Financial Review
OPSC will conduct an analysis of the district’s financial information to verify that the district is unable to provide all or a portion of the necessary matching funds for an eligible project. The analysis will include the applicant’s financial records including those maintained by the California Department of Education (CDE) and the county office of education. The review will determine whether available facilities funds, non-operational funds, and savings from other SFP Financial Hardship projects are sufficient to fund all or a portion of the matching share requirements on a project. See SFP Regulations, Section 1859.81, for more information on the financial review.

Financial Hardship Project Worksheet
This is used by OPSC to estimate the district’s share of the project. The district must submit a separate Financial Hardship Project Worksheet for each project for which it is requesting financial assistance. The worksheet can be found on OPSC website.

Financial Hardship Worksheet
This worksheet is used by OPSC to determine the amount of the cash contribution to be provided by the district. These worksheets are based on the latest independent audit report and then brought current to application date with subsequent transactions that have occurred in the funds. To be considered current, the column two information in the worksheet must be dated no earlier than 30 days from the date of the financial hardship submittal. Detail of the expenditures made for the subsequent events must accompany this worksheet. If this is not submitted, all of the expenditures shown will be disallowed and deemed as “funds available”.

On the worksheet, the district will identify restricted funds such as class size reduction, as well as the purpose for any restrictions on funds, and will identify all bonds and COPs authorized and sold to date of financial hardship request. If the district has unsold bonds or COPs, possible restrictions on the use of these funds should be noted.

Latest Developer Fee Information
The district’s latest independent audit report is used by OPSC to verify the financial condition of the district. The district must submit the entire audit report.

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

If the district entered into an agreement with a city, county, or other government entity regarding developer fees, please submit a copy of that agreement. In addition, please submit documents showing the amount of fees that could have been collected during the time frame of the agreement versus the amount that was actually collected and shown as revenue for the district.

If the district received any benefit, building, land, etc., in lieu of developer fees please submit documentation regarding the “in lieu” received and the value of the developer fees that were negated due to the “in lieu” agreement(s). If the district did not enter into agreements regarding developer fees, please submit a statement to that effect.
The current developer fees can be found on the OPSC website at www.dgs.ca.gov/opsc. Developer fee amounts are adjusted every even numbered year at the January SAB meeting based on an index specified in law. In order to maintain financial hardship eligibility, districts must implement the new developer fee within six months after an index change.

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

Interim Housing Deduction from Available District Funding
From the funds available as a matching contribution, the district may retain $28,709 per classroom in each enrollment reporting period for the cost to provide interim housing for the currently unhoused pupils of the district. In addition, from the funds available as a matching contribution, the district may also retain $28,709 per approvable portable toilet unit in each reporting period for the cost to provide interim toilet facilities for the currently unhoused pupils of the district. This amount is adjusted annually. The current amount can be found on the OPSC website.

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

Expenditure Reports
The district must submit expenditure reports, Summary of Expenditures and Construction Progress (Form SAB 184) and Detailed Listing of Warrants Issued by the District (Form SAB 184A), for each project for which the district is requesting financial hardship. If no funds have been spent on a project, the district must submit a statement to that effect. OPSC will review any prior apportionment and the expenditures reported. All expenditures above and beyond a prior apportionment will be considered as a matching contribution. The SAB will not reimburse the district for expenditures made prior to the financial hardship approval.

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

Approval of Financial Hardship Assistance
Once the financial hardship review is complete, OPSC will send a letter to the district stating the available funds and expenditures that will be considered available for match purposes. If the district disagrees with the OPSC’s findings, the district may submit additional information for consideration. If the district agrees with the OPSC findings, an approval letter will be issued.

When a district is approved for financial hardship, the approval is valid for six months from the date of the approval letter. If, within the six months, the district wishes to submit additional applications or phases of a previously approved project, it must have an approval letter for those additional specific projects or subsequent phases prior to filing the Form SAB 50-04 or as part of the Form SAB 50-04 request. To obtain approval within the six months, the district must submit a Financial Hardship Project Worksheet for the project along with expenditure reports. The district does not need to update other financial information unless the six month period is past.
If the district’s request for financial hardship status is denied by the Board, the district may be 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 satisfactory to the Board that it is unable to afford the full rental amount.

**Subsequent Financial Hardship Request**

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

> Approved interim housing expenditures;
> Funding to pay for multi-year encumbrances approved at the initial financial hardship approval;
> Funding that is transferred into a Special Reserve Fund and is used for the purpose of the Federal Renovation Program;
> School Facilities Needs Assessment Grant Program; or the Emergency Repair Program.

**Renewal of Financial Hardship Assistance**

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

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

If a district’s project(s) has been included on an unfunded list for more than 180 calendar days, a review of the district’s funds will be made to determine if additional district funds are available to fund the district’s matching share of the project(s).
Section 9

Facility Hardship Grant

Introduction

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

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

Eligibility for Facility Hardship Grants

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

Replacement Due to Imminent Health or Safety Hazard

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

- The existing facilities have serious structural deficiencies, which must be repaired or corrected as specified by the Division of the State Architect (DSA); or
- An imminent hazard exists because the existing facilities are in close proximity to a major freeway, airport, electrical facility, high power transmission lines, dam, pipeline, industrial facility, adverse air quality emission source; or
- There are existing traffic safety problems or the pupils live in a remote area and transportation to existing facilities is not possible or poses a serious threat to the health and safety of the pupils; or
- Environmental health hazards such as dangerous levels of mold contamination; or
- Other situations exist which pose a threat to the health and safety of the pupils.

A facility hardship approval to replace facilities is limited to the most severe instances of need. Clear demonstration that the health and safety of the children is in jeopardy is required.
Documentation
Typical supporting documentation should be in the form of written statements/reports by a qualified industry expert or specialist appropriate for the specific area of concern. This documentation must then be reviewed and written concurrence provided by the appropriate State agency expert that has jurisdiction relating to the problem area. For example, air quality threats might involve a certified professional on staff at the State Department of Health; traffic problems might be supported by the California Highway Patrol, and so forth. If structural deficiencies are the basis of the health and safety threat, a licensed structural engineer’s report is required that substantiates the structural deficiencies which were out of compliance with codes in place at the time of original construction. The structural report must be accompanied by a letter of concurrence by DSA. In any case, the statement provided to OPSC must indicate how the problem poses an immediate threat to the health and safety of the children.

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

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

If the total cost to mitigate the health or safety problem and remain in the facility exceeds 50 percent of the current replacement cost of the facility, it can be considered for abandonment and replacement. However, if the cost to remain in the facility is less than 50 percent of the current replacement cost, the district may qualify for rehabilitation. A qualifying replacement project will receive 50 percent of the eligible cost. A rehabilitation project will receive 60 percent of eligible costs. For more information on rehabilitation, refer to Section 7, “Modernization Funding.”

Facilities Lost or Destroyed as a Result of a Disaster
A district may apply for the replacement of school facilities that were lost or destroyed as a result of a disaster, such as fire, flood or earthquake, for the following facility types:

» Classroom or related facility
» Library/media center
» Multi-purpose room
» School administration
» Gymnasium
» Toilet

Qualifying facilities must be required to ensure the health and safety of the pupils and must no longer be useable for school purposes as recommended by the California Department of Education and approved by the State Allocation Board (SAB). The district is also required to demonstrate satisfactorily to the SAB that the facility was uninsurable or the cost of insurance was prohibitive.
Documentation
Supporting documentation for facility hardship requests for the replacement of lost or destroyed facilities would include the following:

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

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

» An Application for Funding (Form SAB 50-04) completed as applicable to make the initial request for conceptual approval by the State Allocation Board for the specific facility hardship type.
» A School District Appeal Request (Form SAB 189) that summarizes the district’s request for a facility hardship including how the condition presents an imminent threat to the health and safety of the students and staff.
» A plot diagram that indicates the overall site layout, the facilities designation of the buildings and square footage. The diagram should indicate the specific structures at the school site for which the facility hardship request is being submitted.

After the analysis of the report(s) and review of the cost by OPSC, an item will be prepared for presentation to the SAB for consideration of conceptual approval. If the SAB approves the district’s request for new or replacement facilities, the district is eligible for funding as a new construction project. The district can then proceed with hiring an architect in order to complete plans, obtain DSA approval, and apply for funding grants. A district that receives a conceptual approval has 18 months, or 24 months if a new replacement school site is required, to submit a complete funding application (including DSA plan approvals, cost a facility hardship is subject to the availability of funds.

Interim Housing
In the event of an emergency or for districts in need of short-term interim housing to meet their facility needs, districts may seek assistance from OPSC. Our project managers will evaluate each request on a case-by-case basis and will work with districts to find them interim housing as the SAB has approved the phase out of the State Relocatable Classroom Program. If a district is in need of immediate facilities to replace those damaged by a natural disaster, OPSC can administratively expedite the approval of new construction funding applications through the Natural Disaster Plan, which allows districts to purchase relocatable classrooms quicker to address their facility needs. Again, our project managers will assist districts with processing these type of applications to ensure facilities are received in a timely fashion.
References

- SFP Regulations, Section 1859.76, “Additional Grant for Site Development Costs.”
- SFP Regulations, section 1859.82, “Facility Hardship Grant.”
- SFP Regulations, Section 1859.83, “Excessive Cost Hardship Grant.”
Section 10
Program Accountability

Introduction

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

Progress Report

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

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\(^1\) In cases where separate environmental hardship funds are involved, the due date is based on the apportionment date instead of the fund release date.
### Substantial Progress Reports

<table>
<thead>
<tr>
<th>FUNDING RECEIVED</th>
<th>EVIDENCE OF PROGRESS DUE DATE</th>
<th>EVIDENCE OF PROGRESS REQUIRED</th>
</tr>
</thead>
</table>
| **Separate Design**  
(Financial Hardship project only) | 18 months from Fund Release | One of the following:  
• Submittal of a complete Adjusted Grant funding application package to the Office of Public School Construction (OPSC).  
• Submittal of a district certification that complete plans and specifications have been submitted to the Division of the State Architect (DSA).  
• Submittal of a complete Separate Site funding application package to the OPSC.  
Or:  
• Submittal of a narrative of evidence, satisfactory to the State Allocation Board (SAB), detailing why complete plans have not been submitted to the DSA. |
| **Separate Site**  
(Financial Hardship) | 18 months from Fund Release* | Submittal of a progress report certifying that all of the following have been achieved:  
• Obtain the final site appraisal.  
• Complete all California Environmental Quality Act (CEQA) requirements.  
• Obtain final California Department of Education (CDE) site approval.  
• Obtain final escrow instructions or evidence the district has filed condemnation proceedings and intends to request an order of possession of the site.  
Or:  
• Submittal of a narrative of evidence, satisfactory to the SAB, detailing the circumstances (beyond district control) which precluded progress from being achieved. |
| **Separate Site**  
(Environmental Hardship) | 12 months from the apportionment date or anniversary of conversion from Separate Site Financial Hardship, and on each subsequent anniversary if necessary. | Submittal of one of the following:  
• A progress report satisfying the same criteria set forth for Separate Site (Financial Hardship) funding.  
• A request for an extension (which is supported by written letters of concurrence from the Department of Toxic Substance Control (DTSC) and the CDE).  
• Other reasonable evidence of effort the district has made. |
| **Adjusted Grant** | 18 months from Fund Release† | Submittal of a progress report certifying one of the following:  
• 75 percent of site development work necessary prior to construction is complete.  
• 90 percent of construction activities have been contracted for.  
• 50 percent of construction activities are complete.  
Or:  
• Submittal of a narrative of evidence, satisfactory to the SAB, detailing the circumstances (beyond district control) which precluded progress from being achieved. |

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

† The progress-reporting requirement for Adjusted Grant funding can be suspended if one of the following occur before the reporting deadline:  
• The district submits a Notice of Completion for the project. If more than one construction contractor is involved in the project, a Notice of Completion is required for each construction contract.  
• The district submits an Expenditure Report (Form SAB 50-06), which shows that the project is substantially close to 100 percent completion.
Substantial Progress Audit
Upon receipt of the substantial progress report, the Office of Public School Construction (OPSC) will analyze the information and will notify the district within 60 days if it intends to recommend to the State Allocation Board (SAB) that the evidence submitted does not demonstrate substantial progress. If OPSC does not respond to the district within 60 days of the submittal, it means that OPSC concurs with the district that substantial progress has been made.

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

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

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

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

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

### Eligible Expenditures

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

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

† For 50 years or older modernization projects utilities work only, for permanent facilities, per SFP Regulations, Section 1859.78.7.
Site Closeout Reviews
Districts that obtain additional grants for sites that require hazardous waste removal substantiated by a Response Action will be eligible to receive up to 50 percent of one and one-half times the value of the site to monitor and clean the site. Additional costs beyond this new cap will be subject to provisions contained in section 1859.74.2 and following. For those projects where the Application for Funding (Form SAB 50-04), is received on or after January 1, 2004, additional costs beyond the cap are subject to adjustment whether or not the additional grants for hazardous waste removal were requested on the Form SAB 50-04.

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

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

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

References
- SFP Regulations, Sections 17074.25 and 1859.79.2 for modernization projects (Expenditures).
- As provided in SFP Regulations, Sections 1859.74, 1859.74.1 and 1859.75 (Site Acquisition).
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Section 11
Additional SFP Requirements and Features

Introduction

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

General Information

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

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

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

Change of Scope

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

It is important to keep in mind that the project may not include the addition of area not proposed in the plans approved by the SAB. This applies to classrooms, MEF and non-classroom, non-MEF space. As stipulated in Regulation Section 1859.51(i)(5), the project may include the construction of more classrooms than needed to house the pupils requested in the application as specified, but these classrooms must have been in the plans submitted with the application. The flexible structuring of the bid documents will accommodate the districts’ need to make decisions based on the bid results.

If the project is nonfinancial hardship, then any project savings may be retained and used for any high priority capital facilities needs or as part of the district’s contribution to a future SFP project. This approach would provide an alternative method to later add facilities, if the district had not included the additional desired facilities in the plans for the project approved by the SAB. However, the law stipulates that classrooms provided by State or local funding shall be adjusted from the districts’ SFP new construction baseline.

Reductions, Deletions or Modifications

Some flexibility is a recognized part of SFP construction projects. However, to continue with a project as approved by the SAB, the original intent or project scope must be maintained. If modifications are considered by a district, it is critical that the affected State agencies be part of the process and that certain project requirements continue to be met. The State agencies are coordinating efforts in this area to assist districts when these situations arise. Some extenuating circumstances may be considered by the SAB, as outlined below.

Extenuating Circumstances

<table>
<thead>
<tr>
<th>CHANGE PROPOSED</th>
<th>PROCEDURE</th>
</tr>
</thead>
</table>
| Deletion of Classrooms | Permitted if:  
• The capacity (based on the State loading standard) is sufficient to house the pupils requested in the application  
• CDE and DSA have approved the change  
• The project meets the 60 percent commensurate requirement |
| Reduction of MEF Area  
Facility remains but the square footage is reduced | Permitted if:  
• The remaining area proposed meets minimum MEF square footage requirements  
• DSA and CDE have approved the change  
• The project meets the 60 percent commensurate requirement  
• Original intent/purpose of project is maintained |
| Deletion of MEF Area  
New School Allowance may be reduced or eliminated | Permitted if:  
• Case-by-case review and approval by CDE  
• DSA has approved the change  
• Case-by-case consideration and approval by the Office of Public School Construction (OPSC)/SAB  
• The project meets the 60 percent commensurate requirement |
| Deletion of Non-Classroom, Non-MEF Area | Permitted if:  
• DSA and CDE have approved the change  
• The project meets the 60 percent commensurate requirement |
| Permanent to Modular Construction | Permitted if:  
• DSA and CDE have approved the changes  
• The project meets the 60 percent commensurate requirement  
• Original intent/purpose of project is maintained |
CHANGE PROPOSED | PROCEDURE
---|---
Modular to Permanent Construction | Not permitted as part of the original project, because the project would receive an inequitable funding advantage due to the timing of the DSA plan approval. Districts may consider reapplication, so the desired type of construction can be built.

Changing the Placement of a Building (i.e., site conditions discovered in the footprint of construction warrant building placement alteration; however, the building size and function does not change) | Permitted if:
- DSA and CDE have approved the change
- Original intent/purpose of project is maintained

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### Project Savings

Districts that do not receive financial hardship assistance may retain project savings achieved by utilizing cost saving measures and efficient project management. A district may utilize these project “savings” for other high priority facility capital outlay purposes in the district.

### Savings for Non-Financial Hardship Districts

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

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

### Savings for Financial Hardship Districts

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

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

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

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**Extenuating Circumstances…**
References

» Education Code, Section 17070.75(a)
» SFP Regulations, Section 1859.91, “Implementation of Priority Points Due to Insufficient State Funds.”
» SFP Regulations, Section 1859.92, “Priority Points for New Construction Projects.”