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[Read more](#)

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governor, state of california

FRED AGUIAR
*secretary, state and consumer
services agency*

WILL BUSH
*director, department of general
services*



Office of Public School Construction
STAFF TO THE STATE ALLOCATION BOARD

Welcome to *Building Blocks*: Your School Funding Information Source

By Rob Cook, Executive Officer



Welcome to the inaugural edition of *Building Blocks*, a monthly publication that provides an opportunity for us to share with you some of the important issues affecting school districts, the Office of Public School Construction (OPSC) and the State Allocation Board (SAB). Our goal is to provide you with timely and relevant information to help you succeed in the construction, maintenance and modernization of your school facilities. This information will be especially critical given the current fiscal environment. The OPSC and the SAB are currently taking steps to provide relief to school districts in this tough economy. We have developed emergency regulations for all school districts and additional relief measures for "Financial Hardship" districts. In addition, we are monitoring potential funding opportunities that may be included in a federal economic stimulus package under the Obama administration. We hope that *Building Blocks* serves as a valuable resource for school districts as we work together to meet our common goal of providing quality facilities for California's school children.

We welcome your comments and suggestions for future editions of *Building Blocks*. Please email opsnews@dgs.ca.gov.



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Office of Public School Construction
STAFF TO THE STATE ALLOCATION BOARD

Challenges – and – Reforms Lie Ahead for School Facility Funding

By Tom Sheehy, State Allocation Board Chair



It is an honor to chair the State Allocation Board (SAB) on behalf of California’s Director of Finance Michael Genest. In addition to this role, I serve as designee for Mr. Genest on more than 80 boards, commissions and authorities, including the Public Works Board and the State Teachers’ Retirement System.

The coming year will present many challenges to the state of California and the School Facility Program (SFP). School facilities bonds are limited, and there is no new bond in sight at this time.

In addition, the state’s precarious fiscal situation has resulted in California losing normal access to the capital bond markets.

The operation of the Office of Public School Construction (OPSC) has been highly effective in distributing funds to school districts. However, there is always room for improvement. In my position as SAB chair, I hope to make changes to improve the governance of the SAB and the operations of the OPSC. I would like to work toward the implementation of meaningful reforms to increase transparency and accountability, helping the SFP to operate more effectively. To accomplish this task, I look forward to working with all the various stakeholders involved in the school facilities industry.

Detailed information on my professional background is available [online](#).

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Board Members Go to Bat for Schools



In December 2008, California’s Pooled Money Investment Board (PMIB) temporarily stopped disbursing funds from the State’s Pooled Money Investment Account for capital projects, including construction of public schools. On March 5, 2009, members of the State Allocation Board sent a letter to the board requesting funding priority for school construction and modernization projects.

The funding freeze continued until the March 18 PMIB meeting where the board approved up to \$500 million in bond money for stalled infrastructure projects, subject to the sale of \$4 billion worth of bonds in the next week. Approximately \$22 million is earmarked for school projects with health and safety issues. Further updates on the PMIB and the funding process will be available on the [OPSC web site](#) in the “New Items” section.

Did You Know...

The Office of Public School Construction’s School Facility Program has succeeded in putting 3,729,650 students in new or modernized classrooms.

To date, funds awarded by the State Allocation Board have resulted in 143,449 new or modernized classrooms for our kids.

More than \$11 million in grants have been awarded to California schools for “greening” – new construction or modernization with designs and materials that:

- promote efficient use of energy and water
- maximize natural daylight
- improve indoor air quality
- use recycled materials
- use acoustics conducive to teaching and learning

Learn more on the [OPSC web site](#).

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State Fiscal Stabilization Fund Summary



American Recovery and Reinvestment Act to bring financial help to schools

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA) of 2009. The legislation has two features that may impact school facilities: One is in the stabilization section and the other is in the tax section [Page 166, Sec. 14002(b)]. A brief overview of the legislation follows:

Overview of ARRA

Principles: The overall goals of the ARRA are to stimulate the economy in the short term and invest in education and other essential public services to ensure the long-term economic health. The basic principles guiding the distribution and use of ARRA funds include:

- a. Spend funds quickly to save and create jobs.
- b. Improve student achievement through school improvement and reform.
- c. Ensure transparency, reporting and accountability.
- d. Invest one-time ARRA funds strategically.
- e. Use funds also to Support Public Safety and Other Government Services.

State Fiscal Stabilization Fund

The State Fiscal Stabilization Fund (SFSF) program is a new one-time appropriation of \$53.6 billion under the ARRA. Of the \$53.6 billion, the U. S. Department of Education will award governors approximately \$48.6 billion by formula under the SFSF program in exchange for a commitment to advance essential education reforms to benefit students from early learning through post-secondary education.

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These funds will help stabilize state and local government budgets in order to minimize reductions in education and other essential public services. The program may also help support the modernization, renovation and repair of school and college facilities. In addition, the law provides governors with significant resources to support education (including school modernization renovation and repair), public safety and other government services. SFSF is a key element of the ARRA and is guided by the principles of ARRA. A link to the legislation is provided below for your use.



Overview of SFSF:

Restores state cuts to education, prevents teacher layoffs.

- California will receive an estimated \$6 billion from the new \$53.6 billion State Stabilization Fund to help prevent education-related layoffs; upgrade, repair and modernize schools; and restore harmful cuts to education funding.

Modernize, renovate and repair schools and universities while creating green jobs.

- Allows school districts which receive stabilization funds to use them to modernize public schools and college facilities by upgrading classrooms and technology infrastructure, increasing energy efficiency, and making other improvements to the teaching and learning climate.
- School improvement. States are expected to comply with school improvement provisions of current law.

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California may gain percentage for school facility programs.

- The total for California is estimated at \$5.9 billion of which approximately \$4.9 billion must go to restore support for education. The governor can use the other 18.2 percent for government services such as education and public safety, which may include elementary-secondary education and modernization and renovation of both school facilities and institutions of higher education. The funds available for facility modernization, renovation or repair may be approximately \$887 million.

Funds will be available to the state soon.

- It is anticipated the funds will be available to the governors in late March or early April. An estimated timeline can be found at the [California Department of Education web site](#).

Use of funds may be subject to federal, state and local authority.

- Funds can be used for any activity allowed under the Elementary and Secondary Education Act, Individuals with Disabilities Education Act, the Adult and Family Literacy Act, or modernization, renovation or repair of school buildings.
- School improvement. States are expected to comply with school improvement provisions of current law.

Updated information will be posted as available on the [OPSC web site](#) in the “What’s New” section of the home page.

Below are links to the legislation and related resources:

- [American Recovery and Reinvestment Act of 2009](#)
- [American Recovery and Reinvestment Tax Act of 2009](#)
- [National Clearinghouse for Educational Facilities](#)
- [Federal Stimulus Funding for School Modernization](#)



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Fiscal Crisis – Relief Measures

#1 - STOP THE CLOCK: January 14, 2009 SAB



The Office of Public School Construction (OPSC) Staff has reviewed the programs it administers, on behalf of the State Allocation Board (SAB), to ensure that school districts can continue to meet statutory and regulatory requirements during this unprecedented fiscal crisis.

In order to provide relief to school districts, the SAB approved emergency regulatory amendments to Regulation Section 1859.90 and adoption of Regulation Section 1859.96. These emergency regulations enable the Board to find that certain apportionments are inactive. This finding of inactivity provides school districts relief from the 18-month time limit to request a fund release and associated requirements. Once these emergency regulations are in effect they will be noticed and posted to the [OPSC web site](#).

#2 – TIME LIMIT RELIEF

The current financial crisis has impacted some school districts' ability to proceed with facility projects. As a result, districts will not be able to submit approved project plans within the required deadlines. In order to provide relief to districts, the OPSC recommended and received approval to proceed with emergency regulations for the following programs: Charter School Facilities Joint-Use, Career Technical Education Facilities, and Critically Overcrowded Schools.

New and/or amended regulations approved by the SAB and the effective date of the regulations are two different things. Until the regulations become effective, the proposed emergency regulations are posted to the [OPSC SFP Proposed Regulations web page](#) as a helpful preview. The [approved regulations](#) will be noticed and posted to the web site upon approval by the Office of Administrative Law.

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#3 – DEFERRED MAINTENANCE – March 2009 SAB



The provisions of new legislation, Chapter 12, Statutes of 2009, (SBX3 4 – Ducheny), significantly impact the Deferred Maintenance (DM) Program. The DM Program provides annual funding to school districts for major repair or replacement of school building components. Funds are provided to districts for projects on districts' deferred maintenance five-year plans. The State Allocation

Board (SAB) may also reserve up to ten percent of the DM funds to fund Extreme Hardship projects.

Under the new law, districts have no obligation to expend these funds for DM or Extreme Hardship projects. Details of this [legislation](#) can be found on the California State Senate web site.

SUMMARY OF RECENTLY ENACTED LEGISLATION

Chapter 12, Statutes of 2009, (SBX3 4 – Ducheny) does the following:

- Establishes a funding baseline for DM through Fiscal Year (FY) 2012/2013 using the 08/09 FY funding amounts;
- Provides a flexibility clause allowing districts to use the funding for “...any educational purpose” through 2013;
- Considers a Local Educational Agency (LEA) to be in compliance with all program and funding requirements for five years;
- Eliminates the reporting requirement for five years when LEA's do not meet their match, and;
- Reduces the amounts appropriated to the DM for FY 08/09 and 09/10.
- Directs the Superintendent of Public Instruction to apportion DM funding from FY 09/10 through 12/13.

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OPTION

The SAB approved the following option at the March 25, 2009 meeting:

Distribute 93 percent of the DM funding proportionately to all participating school districts and provide 7 percent for Extreme Hardship projects – funding these projects at a rate of 21 percent each per year for five years.

Further information on the new legislation can be found on the OPSC web site under “New Items” and in the SAB Agenda.

#4 – SAB WEB CAST: March 11, 2009 SAB

The OPSC, in conjunction with the Department of General Services, Office of Public Affairs, is working towards providing greater transparency for SAB meetings through the use of web casting. The goal is to allow greater accessibility and transparency to the SAB meetings. The web cast of the March 25, 2009 SAB meeting was a success.

A web cast schedule will be posted to the OPSC web site for future board meetings.



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Upcoming Meetings

State Allocation Board
April 22, 2009
May 27, 2009
June 24, 2009



Implementation Committee

April 3, 2009
May 1, 2009
June 5, 2009

Program Applications

Overcrowding Relief Grant – Fourth Round July 31, 2009

Career Technical Education Facilities Program – Third Cycle

CDE Grant Application due to CDE by Sept. 18, 2009
OPSC Application for Funding (Form SAB 50-10) due March 31, 2010

Critically Overcrowded Schools Program

Projects apportioned in October 2004 that received an extension
Final conversion application due by Oct. 30, 2009

Reports

Certification of Unused Sites (Form SAB 423) June 30, 2009
Modification of Unused Site Status (Form SAB 424) June 30, 2009
Community School Facilities Report (Form 406C) Sept. 1, 2009
Expelled Pupils Facilities Report (Form SAB 406E) Sept. 1, 2009

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