

## INITIAL STATEMENT OF REASONS

### **Section 1859.90.2. Priority Funding Process.**

#### **Specific Purpose of the Regulation**

To provide guidance for Career Technical Education Facilities Program (CTEFP) projects when participating in the Priority Funding process.

#### **Need for the Regulation**

Subsection (a)(2): It was necessary to state that the process for CTEFP projects would be explained elsewhere in this Section because the mechanics of this particular Program works differently compared to other programs under the SFP.

New subsections (a)(5)(A) and (a)(5)(B): It was necessary to set forth the specific mechanics of the process by which CTEFP projects shall follow when participating in the Priority Funding process. This will ensure that the process is applied consistently and fairly to all CTEFP applicants while ensuring integrity for the Priority Funding process. Since the Priority Funding process is the primary manner by which all SFP administered programs are funded, process integrity must be maintained.

Throughout this Regulation Section, it was necessary to make minor grammatical changes in order to maintain consistency throughout the SAB's regulations. These are considered non-substantive changes.

### **Section 1859.90.3. Participation in the Priority Funding Process.**

#### **Specific Purpose of the Regulation**

To include additional programs under the SFP that must participate in the Priority Funding process.

#### **Need for the Regulation**

Introductory Paragraph: It was necessary to specify which program applications would be affected by the proposed regulatory amendments:

- Overcrowding Relief Grant (ORG),
- CTEFP,
- Charter School Facilities Program (CSFP), excluding advance release of design and/or site acquisition funds from a Preliminary Charter School Apportionment

It was also necessary to remove a portion of the language in the last line as this language is no longer applicable.

Subsection (a): It was necessary to specify that after the effective date of the regulations, projects on the Unfunded List (Lack of AB 55 Loans) would be limited in the number of "occurrences" of either (1) choosing not to participate in the priority funding 30-calendar day application filing period, or (2) participating in the priority funding process, receiving an Apportionment, and then failing to meet the fund release requirements. This was needed because projects on the Unfunded List (Lack of AB 55 Loans) have reservations of school bond authority, and if they choose not to request their Apportionment and thus fail to progress toward construction, they hinder the Legislative intent and voter approval for the school bond propositions - - that is, to build and renovate classrooms for pupils. As a result of these regulations, jobs will be created in construction-related trades and industries, and the State's economy will continue to be stimulated. The SAB intends to limit the number of

“occurrences” (1) or (2) by school districts in order to incentivize projects with bond authority to move forward to construction, or alternatively, for that bond authority to become available for other projects that are ready to move forward to construction.

Throughout this Regulation Section, it was necessary to make minor grammatical changes in order to maintain consistency throughout the SAB’s regulations. These are considered non-substantive changes.

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

**Specific Purpose of the Regulation**

To make non-substantive changes.

**Need for the Regulation**

Introductory Paragraph and subsection (d): It was necessary to make minor grammatical changes in order to maintain consistency throughout the SAB’s regulations. These are considered non-substantive changes.

**Section 1859.197. Fund Release Process.**

**Specific Purpose of the Regulation**

To provide guidance to CTEFP applicants whose projects did not require specific project approvals at the time the SAB granted an unfunded approval, and to make non-substantive changes.

**Need for the Regulation**

Subsections (c), (c)(1) and (c)(2): It was necessary to set forth the required approvals and timeline by which CTEFP projects must submit for purposes of the Priority Funding process. This ensures integrity is maintained for the Priority Funding process. It was also necessary to specify the resulting impact to CTEFP projects should the required approvals and timeline not be met. This is an existing program requirement.

It was also necessary to make minor grammatical changes and correct subsection lettering throughout this Section in order to maintain improved readability. These are considered non-substantive changes.

**Technical Documents Relied Upon**

The State Allocation Board’s Action item, dated March 26, 2014, entitled “Consideration of Additional Programs Required to Participate in the Priority Funding Process.”

The Economic Impact Assessment prepared pursuant to Government Code Section 11346.3(c).

**Alternatives to the Proposed Regulatory Action that would be as Effective and Less Burdensome to Private Persons**

The SAB finds that no alternatives it has considered would be more effective in carrying out the purpose of the proposed regulations or would be as effective and less burdensome to affected private persons than the proposed regulations, or would be more cost-effective to affected

private persons and equally effective in implementing the statutory policy or other provision of law.

### **Alternatives to the Proposed Regulatory Action that would Lessen any Adverse Economic Impact on Small Business**

The SAB has determined that the proposed regulations do not affect small businesses.

### **Finding of Significant Adverse Economic Impact on Businesses**

The SAB has determined that the adoption of the proposed regulations will not affect businesses, including small businesses, because they are not required to comply with or enforce the regulations, nor will they benefit from or be disadvantaged by the regulations.

### **Impact on Local Agencies or School Districts**

The SAB has determined that the proposed regulations do not impose a mandate or a mandate requiring reimbursement by the State pursuant to Part 7 (commencing with Section 17500) of Division 4 of the Government Code. They will not require local agencies, school districts or charter schools to incur additional costs in order to comply with the proposed regulatory amendments.