Title 2. Administration
Division 2. Financial Operations
Chapter 3. Department of General Services
Subchapter 4. Office of Public School Construction
Group 1. State Allocation Board
Subgroup 12. State School Deferred Maintenance

These Subgroup 12 regulations became inoperative on July 1, 2013 and January 1, 2015 in accordance with AB 97, Chapter 47, Statutes of 2013 and Senate Bill (SB) 971, Chapter 923, Statutes of 2014 respectively.

Article 1. Definitions

Section 1866. Definitions.

(a) In connection with the administration of the provisions of California Education Code (EC) Sections 17582 through 17588 and 17591 through 17592.5, inclusive, of Article 1, Chapter 5, Part 10.5, Division 1, Title 1, and for the purpose of these regulations, the terms set forth below shall have the following meanings:
"The Act" means EC Sections 17582 through 17588 and 17591 through 17592.5, above.
"Board" means the State Allocation Board.
"Complete Application" means a district has submitted with the application, all documents to the Office of Public School Construction (OPSC) that are required as identified in the General Information Section of the Form SAB 40-22 and the OPSC has accepted and completed a preliminary approval review.
"Critical Project" shall have the meaning set forth in Section 1866.5.
"Deferred Maintenance" means the repair or replacement work performed on school facility components that is not performed on an annual or on-going basis but planned for the future and part of the Form SAB 40-20.
"District or Applicant School District" shall mean an entity identified in Section 1866.1(a).
"Division of the State Architect" means the State office within the Department of General Services that reviews school building plans and specifications for structural, fire safety, and access compliance.
"Extreme Hardship Grant" means a grant provided by the State to complete the critical project, as provided by EC Section 17587 and Regulation Section 1866.5.2.
"Financial Test" shall have the meaning set forth in Section 1866.5(a).
"Five Year Plan" shall have the meaning set forth in Section 1866.4.
"Form SAB 40-20" means the *Five Year Plan*, Form SAB 40-20 (Rev. 01/05), which is incorporated by reference.
"Form SAB 40-21" means the *Certification Of Deposits*, Form SAB 40-21 (Rev. 02/05), which is incorporated by reference.
"Form SAB 40-22" means the *Extreme Hardship Funding Application*, Form SAB 40-22 (Rev. 10/07), which is incorporated by reference.
"Form SAB 40-23" means the *Fund Release Authorization*, Form SAB 40-23 (New 04/02), which is incorporated by reference.
"Form SAB 40-24" means the *Expenditure Report*, Form SAB 40-24 (New 04/02), which is incorporated by reference.
"Like-Kind Material/System" means a building material or system that is substantially identical in function to the existing building material or system to be replaced.
"Matching Funds" means an amount of funds the district deposits into the "district deferred maintenance fund" to receive either a maximum or prorated basic grant.
"Maximum Basic Grant" means an amount of State funds apportioned by the Board for purposes of the Form SAB 40-20. This amount is based on the formula specified in EC Section 17584(a).
"Prorated Basic Grant" means the prorated amount of the maximum basic grant apportioned by the Board due to insufficient funding for the Deferred Maintenance Program (DMP).
"Office of Public School Construction (OPSC)" means the State office within the Department of General Services that assists the Board as necessary and administers the DMP.
"OPSC Deferred Maintenance Extreme Hardship Workload List" means a list of extreme hardship funding applications authorized by EC Section 17587 for which the district has submitted all necessary application documents to the OPSC that are required to be submitted as identified in the General Information Section of the Form SAB 40-22 but not yet included on the DMP Extreme Hardship Unfunded List.
"OPSC Extreme Hardship Unfunded List" means an information list of unfunded critical projects awaiting an Extreme

Hardship Grant under the provisions of the DMP.

"OPSC Modernization Workload List" means a list of School Facility Program (SFP) modernization projects for which the district has submitted all necessary application documents to the OPSC that are required to be submitted as identified in the General Information Section of Form SAB 50-01, *Enrollment Certification/Projection,* (Revised 03/05); Form SAB 50-02, *Existing School Building Capacity,* (Revised 09/02); Form SAB 50-03, *Eligibility Determination,* (Revised 09/06); and Form SAB 50-04, *Application for Funding,* as appropriate, under the SFP.

"Repair" means the work necessary to restore deteriorated or damaged building systems such as plumbing, heating, air conditioning, electrical, roofing, flooring, and wall systems. The exterior and interior painting of school buildings, asphalt paving, the inspection, sampling and analysis of building materials to determine the presence of asbestos-containing materials, the encapsulation or removal of asbestos-containing materials, the inspection, identification, sampling, and analysis of building materials to determine the presence of lead-containing materials, the control, management, and removal of lead-containing materials, or such other items as may be approved by the Board, to such condition that the school buildings may be effectively utilized for their designated purposes.

"Replacement" means the work necessary to replace those school building systems itemized in "Repair" above, which are either worn out or obsolete to the extent that they no longer effectively perform their functions.

"Routine Maintenance" means the school facility component work performed on an annual or on-going basis each year to keep building facilities in proper operating condition.

"School Facility Program (SFP)" means the Leroy F. Greene School Facilities Act of 1998.

"SFP Modernization Unfunded List" means an information list of unfunded modernization projects approved under the provisions of the SFP.

"Total Estimated Cost" means an estimated cost of the critical project on which the extreme hardship grant is calculated.

Note: Authority cited: Section 15503, Government Code.

Reference: Sections 17582-17592.5, Education Code.

Article 2. Eligibility to Receive DMP Grants

Section 1866.1. Prerequisites to Receiving a Basic or Extreme Hardship Grant.

The prerequisites to receiving a grant, as provided by the Act and these regulations, include the following:

(a) Operate as one of the following:

(1) A public elementary, unified, or high school district that serves any combination of kindergarten through twelfth grade pupils; or

(2) A County Superintendent of Schools (CSS) that serves any combination of kindergarten through twelfth grade pupils; or

(3) A regional occupational center identified in EC Section 17592.5; and

(b) That the governing board of an applicant school district has established a restricted fund to be known as the "district deferred maintenance fund" for the specific purposes as specified in EC Section 17582(a) and these regulations; and

(c) That the applicant school district has a Board approved Form SAB 40-20 complying with Section 1866.4, which includes the fiscal year of funding.

Note: Authority cited: Section 15503, Government Code.

Reference: Sections 17582, 17584, 17587, 17591, 17592.5, Education Code.

Article 3. DMP Application Procedure

Section 1866.2. DMP Application for Basic Grant.

An eligible district seeking funding for a DMP Basic Grant shall complete and file with the OPSC, the Form SAB 40-20.

Note: Authority cited: Section 15503, Government Code.

Reference: Section 17591, Education Code.

Section 1866.3. DMP Application for Extreme Hardship Grant.

An eligible district seeking funding for a DMP extreme hardship grant shall complete and file with the OPSC, the Form SAB 40-22.

Note: Authority cited: Section 15503, Government Code.

Reference: Section 17587, Education Code.

Article 4. Basic Grant Request and Apportionment

Section 1866.4. Five Year Plan Requirements.

EC Section 17591 establishes the need of filing with the Board a five year plan for deferred maintenance needs of the district. The Form SAB 40-20 is a summary of proposed projects the district plans on completing annually over the next five fiscal years using the basic grant. The fiscal year the plan commences is determined by the fiscal year in which it was filed. New and revised plans are accepted on a continuous basis for the current fiscal year up to the last working day in June. Revisions are not accepted for prior fiscal years.

(a) Under the following circumstances, a revised plan would need to be submitted to the OPSC:

(1) The plan has expired.

(2) Work will be performed that is not listed on the plan or at a school not listed on the plan.

(3) If work listed on the plan was performed using an SFP modernization, CSFP Rehabilitation (as defined in SFP Regulation Section 1859.2) or Federal Renovation Program (FRP) grant, pursuant to Section 1866.13.

(b) A district submitting a new plan or revising a plan under (a) above must be able to certify that the plans and proposals for expenditures of funds, listed on the Form SAB 40-20 submitted to the OPSC, were discussed at a public hearing at a regularly scheduled meeting with the district's governing board, pursuant to EC Section 17584.1(a).

Note: Authority cited: Section 15503, Government Code.

Reference: Sections 17582, 17584.1, 17591, Education Code.

Section 1866.4.1. Permissible Use of the DMP Basic Grant.

The district may include on its Form SAB 40-20 a repair or replacement project, provided it meets all the following criteria:

(a) Conforms to the deferred maintenance activities authorized in EC Section 17582(a) or these regulations, which has approached or exceeded its normal life expectancy or has a history of continued repairs indicating a shortened life expectancy, and;

(b) Performed at a district owned facility, which is used for school purposes. A district that is currently leasing relocatables from the State Relocatable Classroom Program may include deferred maintenance work on the Form SAB 40-20 for these facilities.

(c) Facilities owned by a CSS or leased facilities that are required to be maintained by the CSS, which it is authorized to use pursuant to Article 3 commencing with EC Section 17280, Chapter 3, may be included on the Form SAB 40-20.

Note: Authority cited: Section 15503, Government Code.

Reference: Sections 17280, 17582 and 17591, Education Code

Section 1866.4.2. Calculation of Basic Grant and Apportionment of Basic Grant.

After December 1 of each year, the Board shall apportion to districts a DMP basic grant for the preceding fiscal year. A maximum basic grant is calculated as stated for each of the following:

(a) School districts and regional occupational centers using the formula set forth in EC Section 17584(a).

(b) CSSs who meet the provisions of EC Sections 17584, 17591 and, if applicable, 17585, an amount equal to one dollar ($1.00) for each one dollar ($1.00) of local funds up to a maximum of one-half percent of the total general funds and adult education funds budgeted by the CSSs for the fiscal year, exclusive of any amounts budgeted for capital outlay, debt service or revenues that are passed through to other local educational agencies, to the extent of funds legally available pursuant to EC Section 17080.

If sufficient State funding is not available, the Board shall apportion to all districts except those that are receiving a basic grant with an extreme hardship grant, a prorated amount of the maximum. This amount is known as the prorated basic grant.

A district's unresolved complaints, pursuant to EC Section 35292.5, will be presented to the Board prior to the annual basic grant apportionment for the fiscal year in which the complaint was filed. If the Board determines that a violation of EC Section 35292.5 has occurred, the district will receive a 30 day notice to correct the violation. Districts that do not correct the violation within 30 days of the date of the written notice shall be deemed ineligible for the basic grant and the funds may be distributed to other eligible districts.

Note: Authority cited: Section 15503, Government Code.

Reference: Sections 2553 and 17584 Education Code.

Section 1866.4.3. District Deposit of Matching Share.

To receive the basic grant pursuant to Section 1866.4.2, districts are required to deposit a matching share into their District Deferred Maintenance Fund established pursuant to EC Section 17582(a). The State will match this amount dollar-for- dollar not to exceed the basic grant apportioned by the Board. The district's deposit must be a cash contribution from unmatched carryover pursuant to Section 1866.4.4, or from the district's restricted Ongoing and Major Maintenance Account, or from any source not otherwise prohibited by law or regulation.

If the district has established an Ongoing and Major Maintenance Account under the provisions of EC Section 17070.75(b)(1), any annual deposits in excess of 2 ½ percent into that fund may be used towards the district's matching share. Districts may either:

(a) Report the excess amount in the Ongoing and Major Maintenance Account being used towards the match on the Form SAB 40-21. These funds are not available for eligible deferred maintenance projects listed on the Form SAB 40-20, until transferred into the District Deferred Maintenance Fund.
(b) Transfer the excess funds from the Ongoing and Major Maintenance Account to the District Deferred Maintenance Fund and report the total dollar matching share on the Form SAB 40-21. These funds are available to the district to perform work on the Form SAB 40-20.

Note: Authority cited: Section 15503, Government Code

Reference: Sections 17070.75, 17582, and 17584, Education Code.

Section 1866.4.4. Carryover of Unmatched State Funds.

Any funds deposited and not matched by the State can be carried over to the next fiscal year. A district can apply unexpended, unmatched balances past the next fiscal year under the provisions of EC Section 17583, and then reaffirm by specific action of the district's governing board the encumbrance of such funds for deferred maintenance purposes.

Carryover that has been reported on the Form SAB 40-21 is considered matched and therefore cannot be applied as carryover in subsequent fiscal years.

Note: Authority cited: Section 15503, Government Code.

Reference: Sections 17582 and 17583, Education Code.

Section 1866.4.5. County Superintendents of Schools Funding Limitations.

Note: Authority cited: Section 15503, Government Code.

Reference: Sections 2553, 39618-39619.2 and 39620, Education Code; and Sections 15502-15503, Government Code.

Section 1866.4.6. Release of State Funds.

The CSSs shall report the district's deposit on the Form SAB 40-21. The Form is due to the OPSC no later than 60 days after the maximum or prorated basic grant is apportioned by the Board. Any Form SAB 40-21 received after 60 days will be brought to the Board on a case-by-case basis to determine if the funds will be released.

Note: Authority cited: Section 15503, Government Code.

Reference: Sections 17584, Education Code.

Section 1866.4.7. Failure to Deposit Matching Funds.

A total deposit less than the maximum amount will require the district to comply with the reporting requirements of EC Section 17584.1. The OPSC will present to the Board in March reports received annually and request that any unmatched apportionments be adjusted to reflect actual amount of funds deposited.

Note: Authority cited: Section 15503, Government Code.

Reference: Sections 17584 and 17584.1, Education Code.

Article 5. Extreme Hardship Grant Application and Apportionment

Section 1866.5. Eligibility Requirements.

(a) A district may be eligible for an extreme hardship grant, provided the district demonstrates to the Board that there is a critical project on the Form SAB 40-20, which meets all the following criteria:

(1) Financial Test.
The total estimated cost of the critical project is greater than two times the district's maximum basic grant.

(2) Health and Safety Test.
The project if not completed in one year could result in serious damage to the remainder of the facility or would result in a serious hazard to the health and safety of the pupils attending the facility.

(b) An extreme hardship grant is available to repair or replace an existing school building component, authorized by EC Section 17582 or these regulations, located within existing district owned classrooms and/or subsidiary facilities (corridors, toilets, kitchens and other non-classroom space located on a school site), if the district can demonstrate to the satisfaction of the Board that the health and safety of the pupils is at risk. Replacement of a school facility component shall be limited to the use of a Like-Kind Material/System except in the following circumstances and with the concurrence of the OPSC:

(1) the work in the project proposes to use an alternative building material or system that performs the same function as a no longer available building material or system, or

(2) the work in the project proposes to use an alternative building material or system that performs the same function as a building material or system which is uneconomical to replace, or

(3) the work in the project proposes to use an alternative building material or system which is requested by the district and is less costly than a Like-Kind Material/System Replacement.

Note: Authority cited: Section 15503, Government Code.

Reference: Sections 17582, 17587, and 17588, Education Code.

Section 1866.5.1. Application Submittals.

(a) For the OPSC to deem an application complete, a district requesting an extreme hardship grant shall submit to the OPSC the Form SAB 40-22, along with all documents requested in the General Information Section of the Form. Additional documentation identifying how the request meets the requirements of EC Section 17587 may be required.

(b) More than one Form SAB 40-22 may be submitted by a district in a fiscal year provided each project meets the eligibility requirements set forth in Section 1866.5. The OPSC will present projects to the Board in the order of date received. Complete applications are accepted on a continuous basis; those received prior to the last working day in June are ensured consideration for funding by the Board in the next funding cycle.

(c) The district shall submit a detailed cost estimate supporting the construction costs and any justification documents that will support the work with the Form SAB 40-22. If the extreme hardship grant request contains work on relocatable facilities, a cost/benefit analysis must be prepared by the district and submitted to the OPSC that indicates the total cost to remain and mitigate the problem is less than 50 percent of the current replacement cost of the facility. The Board will approve reasonable and appropriate funds to mitigate the conditions, which makes the project qualify as a hardship under EC Section 17587, if the costs are consistent with the Saylor Current Construction Costs.

(d) If the work detailed in the cost estimate is for other than a Like-Kind Material/System Replacement the district may be required to submit substantiating evidence to the OPSC demonstrating that the alternative material or system meets the requirements of Section 1866.5(b)(1), (2), or (3). All costs of work in the project which exceed the cost of a Like-Kind Material/System Replacement or when appropriate, the cost of an acceptable alternative material or system replacement, shall be paid by the district.

Note: Authority cited: Section 15503, Government Code.

Reference: Section 17587, Education Code.

Section 1866.5.2. Determination of Extreme Hardship Grant Amount and District Contribution.

(a) An extreme hardship grant for the first critical project in any given fiscal year for a district with a maximum Basic Grant and State matching share that is less than $1,000,000, shall be determined by either of the following:

(1) For a total project cost that is less than $1,000,000, the extreme hardship grant will be determined by taking the total project cost less the district's maximum basic grant, less the State's matching share.

(2) For a total project cost that exceeds $1,000,000, the extreme hardship grant will be determined by taking $1,000,000 less the district's maximum basic grant, less the State's matching share. The total of that amount plus 50 percent of any project costs above $1,000,000 will be the State's hardship contribution. The district's contribution will be 50 percent of the remaining excess above $1,000,000 and the district's maximum basic grant.

(b) An extreme hardship grant for the first critical project in any given fiscal year for a district with a maximum basic grant and State matching share that exceeds $1,000,000, shall be determined by the following:

(1) From the total project cost deduct the district's maximum Basic Grant and State matching share. The remaining amount will be divided in half between the district and the State.

The district shall be required to contribute the maximum basic grant and State's matching share at the time the Board apportions funding for the project.

(c) An extreme hardship grant for each additional hardship project beyond one in any given fiscal year shall be determined by dividing the total project cost in half. A cash contribution of 50 percent will be required from the district.

(d) A district with only one school may include other major repair or replacement work deemed essential for basic utilization and functioning of the school, without being subject to subsection (c).

If a district receives an unfunded approval pursuant to Section 1866.5.3, the extreme hardship grant will be an estimate based on the current maximum basic grant and state matching share and will be re-calculated using the maximum basic grant and state matching share at the time of funding by the Board.

Note: Authority cited: Section 15503, Government Code and Section 17588, Education Code.

Reference: Sections 17587 and 17588, Education Code.

Section 1866.5.3. Project Priorities Due to Insufficient State Funds.

(a) When funds are not available, project requests that meet the criteria for funding are presented to the Board on a continuous basis throughout the fiscal year and are included on an unfunded list based on the date the complete critical hardship application was received by the OPSC.

(b) The Board shall utilize the following prioritized list to apportion extreme hardship grants for critical projects when funds become available:

Priority Description	Priority No.
A project that meets the requirements of (c) below.	1
All other eligible projects as defined in EC Section 17582(a) or these regulations.	2

(c) At the time the complete application is filed with the OPSC, a district requesting Priority One status shall submit a resolution passed by the district's governing board that includes the following:
(1) Describe in detail the health and safety or structural problems present that preclude the pupils from remaining in the facility and the proposed action by the district's governing board.
(2) Identify the facility or facilities on the school site that will be affected by the closure and the dates of closure.
(3) Identify how the board plans on housing the pupils until the facility can be re-opened.

An assessment will be made by the OPSC and the Board to determine if the critical project meets the Priority One requirements.

(d) When funds become available, the requests included on the OPSC Extreme Hardship Unfunded List will receive funding in the following order, provided the project still meets Section 1866.5(a):
(1) Increases, if the original request has already received an apportionment.
(2) Priority One Projects.
(3) All other eligible projects as defined in EC Section 17582(a) or these regulations.

Within each category, projects will be funded in the order the project was placed on the unfunded list. Projects that do not receive funding will remain on the unfunded list for a future funding cycle.

(e) The Board may make exceptions to the priorities on a case-by-case basis for the benefit of the pupils affected.
(f) The Board shall maintain a sufficient reserve for unexpected emergencies and on-going cost increases.

Note: Authority cited: Section 15503, Government Code

Reference: Sections 17587 and 17588, Education Code.

Section 1866.5.4. Reimbursement.

(a) Reimbursement of eligible architect/engineering expenditures will be allowed up to five months prior to the date that the hardship project is accepted for processing by the OPSC.
(b) After written determination by the OPSC that the project is approvable, reimbursement of eligible construction expenditures will be allowed. If a district incurs construction costs prior to that date, all construction expenditures for the project will not be reimbursed.
(c) In the case where a project meets the criteria of priority one hardship pursuant to Section 1866.5.3(c), districts can contact the OPSC to request an expedited determination of the eligibility of the hardship project. The OPSC will respond within five working days. If OPSC does not respond within five working days, the project will be deemed approvable for eligible construction expenditures.

Note: Authority cited: Section 15503, Government Code.

Reference: Section 17587, Education Code.

Section 1866.5.5. Permissible Uses of Extreme Hardship Grant Funds.

The extreme hardship grant shall be used for the critical project approved by the Board and only expenditures relating to the minimum work necessary to mitigate the problem shall be recognized as eligible project costs. Architect or engineer's fees up to 12 percent of the construction costs will be deemed eligible as well as reasonable testing, inspection, and plan checking fees. The grant may not be used for any of the following:

(a) Construction costs incurred prior to the OPSC determining that the project is approvable, except for costs associated with temporary measures necessary to immediately mitigate the problem.
(b) Expenditures required by local mandate that are not prescribed in State law.
(c) Asbestos abatement, sampling, testing necessary as a result of a SFP modernization project or a Federal Renovation Program project.
(d) Non-owned facilities.

Note: Authority cited: Section 15503, Government Code.

Reference: Section 17587, Education Code.

Section 1866.5.6. Ongoing Project Cost Increase.

A district may request an increase in funding for ongoing project costs under either one of the following conditions:

(a) The additional construction costs are a result of the lowest bidder exceeding the cost of the work approved by the Board for the extreme hardship grant. The OPSC may request that the project be re-bid prior to processing the increase for funding.

(b) Additional related work is encountered within the scope of the work originally approved by the Board for the extreme hardship grant.

Any Board approved increase to the extreme hardship grant will be subject to the requirements of Section 1866.5.2.

Note: Authority cited: Section 15503, Government Code.

Reference: Sections 17587 and 17588, Education Code.

Section 1866.5.7. Release of State Funds.

The OPSC will release State funds that have been apportioned by the Board to the district after submittal by the district of the Form SAB 40-23, and supporting documentation requested in the General Instruction Section of the form. A district must submit the Form SAB 40-23 within one year of the apportionment of the extreme hardship grant for the project. After reviewing the submittal, the OPSC may request to the Board, based on the supporting documentation, that the extreme hardship grant be adjusted to reflect the actual project costs.

Should the district only provide documentation to support the release of funding for a portion of the project, the OPSC shall prorate the fund release based on the supporting documentation.

Note: Authority cited: Section 15503, Government Code.

Reference: Section 17587 ,Education Code.

Section 1866.5.8. Progress Report and Time Limit on Extreme Hardship Grant Apportionment.

Within one year of the extreme hardship grant apportionment by the Board the district shall:

(a) Complete the critical project; and

(b) Submit the Form SAB 40-23 and supporting documentation pursuant to Section 1866.5.7.

(c) If (b) above has not been met within six months of Board apportionment, the district is required to submit a progress report in the form of a narrative to the OPSC. The report shall contain a timeline of the project showing the progress that has been made and how the district plans on completing the project by the one year deadline. Should the district not meet the one year deadline, the entire extreme hardship grant shall be presented to the Board for rescission and, if applicable, the portion of the Basic Grant the district received due to the extreme hardship grant funding unless the district submits a request for time extension.

(d) The Board may approve a time extension for the project based on the following:

(1) A provision for a six-month time extension if the district has completed the plans and they have been submitted to the DSA for approval.

(2) A provision for a six-month time extension when the plans are DSA approved and the project is currently out to bid.

(3) A provision for up to a nine-month time extension when the district can demonstrate to the Board that circumstances exists beyond the district's control.

Note: Authority cited: Section 15503, Government Code.

Reference: Sections 17587 and 17588, Education Code.

Section 1866.5.9. Exemptions to District Contribution.

Monitoring costs required by a public agency relating to the removal of an underground toxic tank that cannot be funded by any other source, shall be exempted from a project's total cost for the purpose of determining the district contribution as required in Section 1866.5.2(a)(2) or (b)(1).

Note: Authority cited: Section 15503, Government Code.

Reference: Section 17587, Education Code.

Section 1866.6. Method of Payment to School District.

Note: Authority cited: Section 15503, Government Code.

Reference: Section 39618-39621, Education Code.

Article 6. Miscellaneous

Section 1866.7. Control of Expenditures.

EC Section 17582(c) provides that the governing board of each school district shall have complete control over the apportioned funds and the earnings of funds once deposited in the district deferred maintenance fund, provided that no funds deposited in the district deferred maintenance fund pursuant to EC Section 17584(a) may be expended by the governing board for any purpose except those specified in EC Section 17582(a).

Note: Authority cited: Section 15503, Government Code.

Reference: Section 17582, Education Code.

Section 1866.8. Expenditures by Districts Subject to Public Contract Code.

Any expenditures by a district from the proceeds of an apportionment made for the purposes set forth in EC Sections 17582 and 17587 must comply with all laws, specifically the Public Contract Code (PCC) and the California Code of Regulations (Title 24). An “emergency” contract must be awarded under the provisions of the PCC Section 20113.

Note: Authority cited: Section 15503, Government Code.

Reference: Sections 17582, 17584, and 17587, Education Code.

Section 1866.9. Program Reporting Requirements.

A district receiving funds in accordance with Section 1866.5.2 shall submit an expenditure report from the district on the Form SAB 40-24. The expenditure report shall be due no later than two years from the date any funds were released.

Note: Authority cited: Section 15503, Government Code.

Reference: Section 17587, Education Code.

Section 1866.9.1. Expenditure Audit.

When the district has received funds pursuant to Section 1866.5.2 the project will be audited to assure that the expenditures incurred by the district were made in accordance with the provisions of EC Sections 17582(a) and 17587, and Section 1866.5.5

When the OPSC receives the final expenditure report from the district on the Form SAB 40-24, an audit of the expenditures by the OPSC shall commence within one year of the report for all extreme hardship grant apportionments made by the Board after these regulations become effective. The OPSC shall complete the audit within six months, unless additional information requested by the district has not been received.

The district shall be required to maintain all appropriate records that support all district certifications and expenditures for all costs associated with the extreme hardship grant for a period of not less than four years from the date the notice of completion is filed for the project in order to allow other agencies, including, without limitation, the Bureau of State Audits and the State Controller to perform their audit responsibilities.

Note: Authority cited: Section 15503, Government Code.

Reference: Sections and 17587, Education Code.

Section 1866.10. Limitation of State Responsibility.

In making an apportionment, neither the State nor any department or agency thereof, shall be required to assume any responsibility not otherwise imposed upon it by law.

Note: Authority cited: Section 15503, Government Code.

Reference: Sections 17582-17592.5, Education Code.

Section 1866.11. Payment and Performance Bonds.

Note: Authority cited: Section 15503, Government Code.

Reference: Sections 39618-39621, Education Code.

Section 1866.12. Earned Interest on DMP Grants.

Earned interest on State funds received in accordance with the Act shall be treated as follows:

(a) One half of any interest earned on DMP grant funds provided pursuant to Section 1866.4.2 may be applied towards the district match in any given fiscal year.
(b) All interest earned on DMP grant funds provided pursuant to Section 1866.5 shall be applied to eligible project costs for the project pursuant to Section 1866.5.5 or returned to the State.

Note: Authority cited: Section 15503, Government Code.

Reference: Sections 17582, 17584, and 17587, Education Code.

Section 1866.13. Duplication of Applications.

If the district's application for an extreme hardship grant involves proposed work also included in a SFP modernization project currently included on the SFP Modernization Unfunded List or the OPSC Modernization Workload List or in a CSFP Rehabilitation project, the district must certify that, after reducing the work to be funded with the extreme hardship grant from the SFP modernization or CSFP Rehabilitation project, the cost estimate for the remaining work in the modernization or CSFP Rehabilitation project is at least 60 percent of the total SFP or CSFP grant amount provided by the state and the district's matching share. The cost estimate may not include planning, tests, inspection or furniture or equipment. If the district cannot make this certification, the SFP modernization or CSFP Rehabilitation project must be withdrawn prior to the release of any extreme hardship grants to the district.

If the district's application for FRP grants, SFP modernization grants, or CSFP Rehabilitation grants involves work currently included on the district's Form SAB 40-20, pursuant to Education Code Section 17591, the district must eliminate the projects that will be funded with the FRP grants, SFP modernization grants, or CSFP Rehabilitation grants from the Form prior to the release of any FRP grants, SFP modernization grants, or CSFP Rehabilitation grants to the district.

Note: Authority cited: Section 15503, Government Code.

Reference: Sections 17582, 17587 and 17591, Education Code.

Section 1866.14. Amending and Withdrawal of Extreme Hardship Funding Applications.

The district may not amend the Form SAB 40-22 submitted to the OPSC that has not received Board approval to increase the scope of work. At the option of the district, the funding application may be withdrawn and resubmitted to include the additional work. The district must request that the application be withdrawn and removed from the OPSC Deferred Maintenance Extreme Hardship Workload List. The resubmitted application will receive a new processing date by the OPSC.

Note: Authority cited: Section 15503, Government Code.

Reference: Section 17587, Education Code.

Title 2. Administration
Division 2. Financial Operations
Chapter 3. Department of General Services
Subchapter 4. Office of Public School Construction
Group 1. State Allocation Board
Subgroup 5.5. Regulations Relating to the Leroy F. Greene School Facilities Act of 1998:
(School Facility Program)

Article 1. General Provisions and Definitions

…

Amend Regulation Section 1859.2

Section 1859.2. Definitions.

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

…

"Form SAB 50-04" means the *Application For Funding*, Form SAB 50-04 (Revised ~~05/14~~ 04/15), which is incorporated by reference.

…

Article 11. Miscellaneous School Facility Program Requirements

…

Amend Regulation Section 1859.102

Section 1859.102. Maintenance Plan.

A district shall certify on the Form SAB 50-04, the Form SAB 50-07 or the Form SAB 50-08, that it has developed and implemented an on-going and major maintenance plan in accordance with Education Code Section 17070.75 and 17070.77. In each fiscal year following the fiscal year in which the district received funds as a result of an application funded on or after January 1, 2002, the district shall certify that the plan has been reviewed and updated as required in Education Code Section 17070.77. ~~The certification shall be made on the Deferred Maintenance Five Year Plan, which shall be required annually from those districts receiving such funding.~~

~~Any maintenance plan developed in accordance with Education Code Section 17070.75(b)(3) shall be deemed to meet the requirements for an additional basic apportionment as provided under Education Code Section 17585.~~

Note: Authority cited: Section 17070.35, Education Code.

Reference: Sections 17070.75, 17070.77, and 17077.40 ~~and 17585~~, Education Code.

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