



UPCOMING EVENTS

**Fall Conference and
Pre-Conference**

Workshop

October 14-16, 2019

*Hyatt Regency Newport
Beach*

CASH July Workshops

Planning in Anticipation
of a Local Bond in 2020:
Part 1

7/23/19, Sacramento

7/30/19, Ontario

CASH August

Workshops

Planning in Anticipation
of a Local Bond in 2020:
Part 2

8/27/19, Sacramento

8/29/19, Ontario

Save the Date!

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UPDATE

AB 48 (O'Donnell) – 2020 and 2022 State School Bond Bill

AB 48 – Status

On Wednesday June 19, 2019 the Senate Education Committee approved AB 48 (O'Donnell), which makes improvements to the School Facility Program (SFP) and places the Kindergarten-Community Colleges Public Education Facilities Bond Acts on the March 3, 2020 primary ballot and November 8, 2022 general election ballot. The final vote was 7-0. AB 48 will be heard next in the Senate Governance and Finance Committee on July 3, 2019.

During the hearing Cathy Allen, Chief Operations Officer for Facility Support Services at the Sacramento Unified School District and former CASH Chair, testified on behalf of CASH and highlighted the need for the new resources and program improvements in AB 48, as well as the need to continue to improve access to the program for all districts going forward. In addition to this testimony, the Committee's analysis listed 90 letters of support from school districts, county offices of education, state education organizations, labor organizations, developers, and businesses. Many of these organizations testified in support of AB 48, demonstrating the broad and deep coalition that supports the need for a state school bond. Senator Durazo noted the strong coalition and her support, but urged Assemblyman O'Donnell to address access to modernization funding. There was no opposition.

In his closing, Assemblyman O'Donnell stated that the Financial Hardship provisions in the SFP and that are included in AB 48 are designed to address unequal access to funding, and that there is placeholder language in AB 48 to continue the discussion. CASH notes that there is broad concern that the state agencies have restricted and limited the access that was supposed to be provided through the Hardship statutes. CASH believes the Hardship provisions need to be interpreted to increase access rather than restrict access. We have not seen an alternative proposal that would work as well as Hardship reforms.

AB 48 – New Programs

The following is a summary of the major provisions of AB 48, including existing and new SFP programs developed by CASH and other members of the AB 48 working group. The bill:

- Authorizes \$13 billion for the construction and modernization of kindergarten through 12th grade (K-12) and California community college facilities to be placed on the 2020 primary statewide election ballot and an unspecified amount for the statewide general 2022 election.
- Establishes the 2020 and 2022 State School Facilities Funds within the state treasury.
- Requires school district applicants for projects funded after January 1, 2020 to submit to the California Department of Education the following information:
 - a) The year each building used for instructional purposes in the district was constructed.
 - b) The square footage of each building used for instructional purposes.
 - c) The year in which each building was last modernized.
 - d) The pupil capacity of each school.
 - e) The age and number of portable buildings at each school.
 - f) Whether the school has a cafeteria, library, or gymnasium.
- Extends the eligibility protection period for school districts with enrollment of 2,500 or less that adjust their enrollment projections downward from three to five years.



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- Establishes school district eligibility under the modernization program for a supplemental grant for either of the following:
 - a) Expanding an existing gymnasium, multipurpose room, library, or school kitchen, as prescribed.
 - b) Constructing a new gymnasium, multipurpose room, library, or school kitchen if the site does not have one.
- Specifies that a school district shall be eligible to receive modernization apportionment to demolish and build on an existing schoolsite if both of the following conditions are met:
 - a) The buildings to be replaced are at least 75 years old.
 - b) The school district provides a cost-benefit analysis that indicates the total cost to modernize the buildings are at least 50 percent of the current replacement cost, as defined by the SAB, of the buildings.
- Allows the SAB to provide assistance in procuring interim housing to school districts and county offices of education impacted by a natural disaster for which the Governor has declared a state of emergency, as prescribed.
- Allows the SAB to adopt regulations to allow operational and staffing contributions of a joint use partner to be considered local match funding.
- Requires the SAB to provide a grant to test for lead in water fountains and faucets used for drinking or preparing food on school sites serving kindergarten or any of grades 1 to 12, inclusive, that were constructed before January 1, 2010, and for the remediation of any water fountain or faucet with lead levels in excess of 15 parts per billion, as prescribed.
- Establishes new construction and modernization eligibility requirements and funding specifically for small school districts, defined as those with enrollment of less than 2,501 pupils.
- Establishes new construction and modernization eligibility requirements and funding specifically for local educational agencies operating a state or federal preschool program.
- Establishes the Community College Construction Act of 2020, with the Board of Governors of the California Community Colleges preparing a capital outlay spending plan to provide recommendations for available funding in the annual Budget Act using specified guidelines for funding priorities.
- Establishes the Kindergarten-Community College Public Education Facilities Bond Act of 2020, with \$13 billion in bond funds authorized to be issued for the following purposes:
 - a) An unspecified amount for the Kindergarten-Grade 12 School Facilities Program, with funds allocated by the SAB in accordance with the existing State School Facilities Program, as amended.
 - b) An unspecified amount for the Community Colleges Capital Outlay Bond Fund program, administered by the Higher Education Facilities Finance Committee.
- Establishes the Kindergarten-Community College Public Education Facilities Bond Act of 2022, with an unspecified amount in bond funds authorized to be issued for the following purposes:
 - a) An unspecified amount for the Kindergarten-Grade 12 School Facilities Program, with funds allocated by the SAB in accordance with the existing State School Facilities Program, as it reads by an unspecified date, 2022.
 - b) An unspecified amount for the Community Colleges Capital Outlay Bond Fund program, administered by the Higher Education Facilities Finance Committee.



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Full-Day Kindergarten Facilities Grant Program

The 2019-20 budget includes \$300 million (one-time General Fund) for the Full-Day Kindergarten Facilities Grant Program (FDKFGP). SB 75, the education omnibus trailer bill, includes detail to implement the second year of the program. SB 75 was passed by the Legislature and as of this writing is pending the Governor's signature; we do not expect the Governor to veto this bill as it is part of the negotiated budget package.

Details in SB 75 include:

- Classrooms added through the FDKFGP will not be charged to a school district's baseline eligibility.
- Schools can apply for funds to construct or retrofit classrooms; both options receive a 75% state match and require a 25% local match. It appears this match will apply retroactively to projects funded by the 2018-19 appropriation. Financial hardship is available.
- Project savings may be used for professional development, instructional materials, or other higher priority capital outlay purposes. Financial hardship applicants may also keep and use their savings for these purposes.
- Projects funded in 2019-20 and 2020-21 shall be limited to schoolsites that did not offer a full-day kindergarten program as of July 1, 2019 and will use the funds to convert to a full day program.
- To verify eligibility, applicants must provide enrollment data for the year in which the application is processed and the three immediately preceding years.

State Water Board Developing Groundwater Treatment and Remediation Grant Program

Proposition 68, approved by voters in June 2018, establishes a program to allow the State Water Board to administer \$74 million for grants for treatment and remediation activities that prevent or reduce the contamination of groundwater that serves as a source of drinking water.

The program will be administered by the State Water Board's Division of Financial Assistance (DFA) who has drafted the *Proposition 68 Groundwater Treatment and Remediation Grant Program Guidelines*, and are in the process of soliciting public input. Public comments are due by Wednesday July 3, 2019 at noon. The State Water Board also held three public outreach meetings in the last week of June in Sacramento, Lakewood and Fresno.

While eliminating lead from school drinking water has rightfully received significant attention from lawmakers (AB 746, 2017) and is currently being discussed in the school bond bill (AB 48, O'Donnell), in many regions of California groundwater contamination is a significant threat to clean drinking water. Many districts have old lead pipes and drinking fountains, as well as groundwater contamination. The Proposition 68 Groundwater Treatment and Remediation Grant Program could provide much needed funding for districts looking to ensure students and staff have access to clean drinking water.

For more information, including the funding program guidelines, you can visit the State Water Board's website at:

www.waterboards.ca.gov/water_issues/programs/grants_loans/propositions/prop68.html.



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Legislative Update

SB 268 (Wiener) – Elections Transparency

SB 268 (Wiener) was recently introduced to address the issues created by AB 195 (Obernolte), which was chaptered in 2017. AB 195 requires local bonds and other tax measures to state the rate, duration, and amount anticipated to be raised annually on the ballot label. It is very challenging to accurately provide this information for bonds, because these factors fluctuate annually for a variety of reasons. Placing this information on the ballot label creates voter confusion and ultimately makes it more difficult for some schools and other local agencies to bring local bonds before voters.

CASH is working with a large coalition of public agencies, non-profit organizations, labor, and others to revise the requirements of AB 195. SB 268 is the vehicle to make these revisions, and CASH is actively supporting the bill. SB 268 would remove the requirement for local bonds and “tiered taxes” (i.e. tax measures with more than one rate, which is not an option available to schools) to place the new AB 195 provisions on the ballot label; instead, these measures would include the statement “See Voter Guide for information” on the ballot label, pointing voters to the tax rate statement for detailed cost information. Additionally, SB 268 would enhance transparency by creating additional financial disclosures in the tax rate statement in the Voter Information Guide, such as a plain language description of why the tax rate may change year to year.

SB 268 is scheduled to have its first hearing in the Assembly Elections and Redistricting Committee on Wednesday, July 3. CASH is prepared to provide testimony in support of the bill.

Proposition 51

The 2019-20 State Budget directs the sale of \$1.5 billion in voter-approved Proposition 51 bonds. As of May 31st, there was over \$4.4 billion in New Construction and Modernization projects on the Office of Public School Construction (OPSC) Workload List. At the rate of \$1.5 billion per year, Proposition 51 funds won’t be fully allocated until 2023. A backlog has already begun for New Construction and Modernization projects. There is now \$627 million in applications for these programs at OPSC in excess of bond authority.

Housing

Over the course of the year, SB 50 (Wiener) became the primary housing bill. It would have spurred development of housing in “jobs rich” and “transit rich” areas but waiving local zoning requirements. The bill failed passage in the Senate. CASH closely monitors housing bills as they often propose to divert local property taxes away from education.

SB 50 represented the “stick” approach, whereas the Governor’s housing package in the State Budget contains the “carrot” approach, which ultimately prevailed. In the May Revision, the Governor proposed to allow local educational agencies to access \$250 million in housing planning grants. A small but diverse group of school districts across the state have developed or are planning to develop residential projects to provide affordable housing to their employees, or to homeless students and their families. Some districts are also pursuing mixed use projects for purposes of revenue generation.



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While the Low-Income Housing Tax Credit can be used to fund production of low-income units, LEAs have been forced to their General Funds for the planning phase and other expenses. CASH is supporting the Governor's proposal as the Legislature continues to develop Budget Trailer Bills.

CASH Lawsuit

- In September 2017, the State Allocation Board (SAB) made apportionments from Proposition 51 at 2012 grant amounts rather than the 2017 grant levels.
- Several districts filed appeals in 2017 and 2018 challenging the SAB action as inconsistent with statute.
- The SAB Chair rejected each of the appeals.
- CASH and four school districts, including Cypress, Savanna, Bakersfield and Central, filed suit in late October 2018.
- Val Verde and Santa Ana joined in the lawsuit.
- The rationale for the litigation: CASH and districts are challenging state manipulation of statute for purposes of limiting funding owed to each district.
- All the lawsuits have been consolidated in the Orange County Superior Court.
- The matter will be heard in Orange County on September 12, 2019.

SAB Appeals: June 26, 2019

- Two school districts filed appeals with the SAB on the matter of retention of savings from financial hardship projects.
- The Office of Public School Construction (OPSC) disagreed that Farmersville should retain savings of \$248,324 from a new construction project and also disagreed that San Bernardino City Unified School District should retain savings of \$3,256,487 from an Overcrowding Relief Grant (ORG) project.
- Each district believes that OPSC has misinterpreted statute in the development of the Financial Hardship regulations.
- Each district believes that the "full and final" statute gives authority of the districts to retain savings.

Networking Mixers

Join your fellow school facility professionals at a CASH Networking Mixer! These mixers are open to all school facilities professionals, no RSVP required.

Bagby Beer Co., Oceanside

Thursday, July 18

5:30-7:30 p.m.

601 South Coast Highway

Oceanside, CA 92054

Sponsored by: Lusardi Construction

Camp di Bocce, Fremont

Tuesday, July 30

5:00-7:00 p.m.

4020 Technology Pl

Fremont, CA 94538

Sponsored by: Blach Construction



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Ballast Point Brewing, Miramar

Thursday, August 15

5:30-7:30 p.m.

9045 Carroll Way

San Diego, CA 92121

Sponsored by: Mohawk Group / BakerNowicki Design Studio

Questions about the CASH Networking Mixers? Please contact Mike Vail at (949) 498-8993 or mgvailsancllemente@sbcglobal.net.

For the latest updates on important matters affecting school facilities, be sure to check out the CASH website: www.cashnet.org.

Connect with CASH on Facebook or follow us on Twitter at @CASHFacilities.