

CASH ALERT from CASH Staff for November 2019

Today the State Allocation Board (Board) met to hear a number of business items, including approval of Full-Day Kindergarten Facilities Grant Program apportionments and regulatory changes for that program and the Charter School Facilities Program.

CASH Lawsuit – 2017 CCI Adjustment

Gayle Miller, the Board chair, made a statement at the top of the meeting regarding the recent lawsuit filed by CASH and a number of school districts. The lawsuit challenged the Board's decision not to apply the 2017 Construction Cost Index (CCI) adjustment to projects on the Unfunded List that were submitted in 2012 and received an apportionment in 2017. A recent ruling by the Orange County court went against the Board's action, identifying a disparity in how projects were treated. Ms. Miller indicated that the Attorney General objects to the proposed scope filed by petitioners in response to the ruling, and that the objection will be considered at a hearing on November 15, with final judgment expected after that.

During public comment, Terry Tao (attorney for lawsuit petitioners) urged the Board to provide equitable treatment to all districts on the 2012 Unfunded List by applying the 2017 CCI adjustment to all, not just the six districts who brought the lawsuit. He recognized that several of the current Board members were not present during prior conversations on this matter.

Executive Officer Statement

In her Executive Officer statement, Lisa Silverman provided the following updates:

- Assembly Bill 48 – Governor Gavin Newsom signed AB 48 on Monday, Oct. 7, 2019. The bill will provide \$15 billion to construct and modernize education facilities, including \$9 billion for the School Facility Program.
- Priority Funding Apportionments – At the September 25, 2019 meeting, the Board approved \$771.7 million in apportionments for 193 projects representing 106 school districts. Applicants that are required to submit a Fund Release Authorization (Form SAB 50-05) must do so by Tuesday, December 24, 2019 to the Office of Public School Construction.
- Full-Day Kindergarten Facilities Grant Program (FDKFGP) Regulation Amendments – OPSC recently held two FDKFGP stakeholder meetings to discuss amendments needed as a result of Senate Bill 75 (2019). Staff developed and presented proposed amendments and solicited feedback at stakeholder meetings in Sacramento on September 26, 2019 and October 9, 2019.
- Sixth Career Technical Education Facilities Program (CTEFP) Filing Round is Open – CTE Grant Applications are due to CDE on or before December 2, 2019, and the Application for Career Technical Education Funding (Form SAB 50-10) is due to OPSC on or before April 6, 2020. CDE will be providing scores on a flow basis. OPSC encourages applications with a score of 105 or higher to submit the funding application immediately upon receipt of CDE's score letter.

Appeal Items

Three appeals originally agendized for the meeting were pulled from consideration and not heard:

- Los Angeles Unified/Los Angeles
- San Bernardino City Unified/San Bernardino
- Washington Unified/Fresno

Full-Day Kindergarten Facilities Grant Program Apportionments

The Board approved apportionments for the second funding cycle of the Full-Day Kindergarten Facilities Grant Program (FDKFGP). The Board approved 34 projects totaling \$56,736,710.

OPSC received 349 applications from 98 school districts requesting a total of \$432 million (including Financial Hardship funding) in the second FDKFGP funding cycle. In accordance with program regulations, these applications were ranked by preference points for financial hardship and the percentage of district pupils eligible for Free and Reduced-Price School Meals. Funding order was based on each district's first priority project.

Of the 34 projects receiving apportionments:

- 33 of the applications requested new construction funding, and one requested retrofit funding.
- 29 of the project sites previously offered full-day kindergarten instruction but lacked kindergarten facilities.
- 20 of the school districts have requested and been approved for Financial Hardship funding.
- 20 school districts had a Free and Reduced-Price School Meals percentage of 85 percent or higher.

Full Day Kindergarten Facilities Grant Program Proposed Regulations

The Board approved amendments to the regulations, forms, and Grant Agreement for the Full-Day Kindergarten Facilities Grant Program (FDKFGP) as a result of Senate Bill 75, chaptered in 2019. This bill allocated \$300 million from the General Fund for the 2019-20 fiscal year for one-time grants to school districts to construct new school facilities or retrofit existing school facilities for the purpose of providing full-day kindergarten classroom programs. The amendments include:

- Eligibility for Rounds 3 (April 1- April 30, 2020) and 4 (Jan. 4-Feb. 2, 2021) are limited to projects that convert programs from part-day to full-day.
- The state share for projects converting from part-day to full-day programs will be 75%, with a 25% local match. Non-conversion projects funded in future rounds would remain at a state share of 50% for new construction and 60% for retrofitting. School districts that received funding during the first two FDKFGP funding rounds and were converting a part-day program to a full-day program will be adjusted retroactively for the new 25% local match requirement.
- All school districts, including those that receive financial hardship assistance, may retain project savings and interest for professional development and instructional materials to implement full-day kindergarten programs or other high priority capital facility needs of the district. Savings and interest not expended or encumbered after one year of project completion must be returned to the state.
- New facilities built with any FDKFGP funds will not reduce a school district's School Facility Program new construction eligibility. This also applies retroactively to projects that already received an apportionment under the first year of funding.

Regulatory Amendments to the Charter School Facilities Program

The Board approved regulatory amendments for changing the timeline for an application filing round that is the result of an election authorizing additional funding for the Charter School Facilities Program (CSFP). The regulations currently stipulate that a CSFP application filing round must open 90 days after the election and remain open for 120 calendar days. These regulatory amendments removed the 90 and 120-day timelines, allowing the Board to determine the start and duration for all future application filing rounds. The Board also declared its intent to make necessary regulation changes associated with AB 48 on a timeline that will allow the Board to open the filing round within 12 months of the election date. AB 48 places a new state school bond on the March 2020 ballot and, if approved by voters, it will authorize additional funding for the CSFP.

School Facility Program Approvals and Workload List

The Board approved Unfunded Approvals (Lack of AB 55 Loans) at the October 23, 2019 meeting worth the following:

- New Construction: \$41,839,757
- Modernization: \$2,209,734.10
- Charter: \$38,689,468
- Total: \$82,738,959.10

The Unfunded Approvals List (Lack of AB 55 Loans) dated September 25, 2019 contains projects worth \$634,332,559.50.

The Workload List dated September 30, 2019 contains projects worth the following:

- New Construction: \$1,657,805,855
- Modernization: \$2,253,816,415
- Total: \$3,911,622,270

The Acknowledged List dated September 30, 2019 contains projects worth the following:

- New Construction: \$465,144,092
- Modernization: \$611,093,168
- Total: \$1,076,237,260

The next State Allocation Board meeting is scheduled for Monday, December 9, 2019 at 2:00 pm.

~CASH Staff