

REPORT OF THE EXECUTIVE OFFICER  
State Allocation Board Meeting, January 22, 2025

IMPLEMENTATION OF PROPOSITION 2 NEW CONSTRUCTION AND MODERNIZATION  
SET ASIDES AND ADMINISTRATIVE COSTS FOR THE SCHOOL FACILITY PROGRAM

PURPOSE OF REPORT

To present the State Allocation Board (Board) with recommendations for New Construction and Modernization program set asides and state agency administrative costs for the Kindergarten Through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair, and Safety Bond Act of 2024 (Proposition 2), which was approved by a majority of California's voters on November 5, 2024.

DESCRIPTION

On November 5, 2024, California voters approved Proposition 2, which implements the provisions of Assembly Bill (AB) 247 (Muratsuchi, Chapter 81, Statutes of 2024). In part, Proposition 2 provides \$8.5 billion in proceeds from the sale of bonds for the construction and modernization of Transitional Kindergarten (TK) through Grade 12 school facilities.

Proposition 2 specifies that the \$8.5 billion is allocated to the School Facility Program (SFP) as follows:

- New Construction - \$3.3 billion
  - Up to 10 percent (\$330 million) shall be available to small school districts
- Modernization - \$4.0 billion
  - Up to 10 percent (\$400 million) shall be available to small school districts
  - Up to \$115 million shall be available to address the remediation of lead in water
- Charter School Facilities Program (CSFP) - \$600 million
- Career Technical Education Facilities Program (CTEFP) - \$600 million

This item requests the Board determine the amount to reserve from each program for the set asides permitted in statute, as well as for state agency costs to administer the program.

AUTHORITY

See Attachment A.

## BACKGROUND

### *New Construction and Modernization Program Authority Set Asides*

Proposition 2 allows up to 10 percent of the funding allocated for both New Construction and Modernization to be available for small school districts with an enrollment of fewer than 2,501 pupils. Proposition 2 also allows up to \$115 million from Modernization authority to be available to address the remediation of lead in water. Finally, Proposition 2 requires the Board to provide a grant of \$5 million to the California Department of Education (CDE) from the funding allocated for New Construction and/or Modernization to augment CDE's federal Supporting America's School Infrastructure grant and support priority school districts, as defined.

### *Reservation of Bond Authority for Administrative Costs*

Four state agencies typically rely on funding from bond measures for administration of the SFP: the Office of Public School Construction (OPSC), the California Department of Education (CDE), the State Controller's Office (SCO), and the California School Finance Authority (CSFA).

If recent processing rates continue, OPSC anticipates that distribution of bond funds authorized by Proposition 2 will take approximately five years; therefore, administrative costs are expected to be necessary from 2025-26 through 2029-30. There are additional administrative functions that continue long after funds are allocated, which will need to be addressed as part of a subsequent bond measure supporting the SFP and/or the Budget Acts for 2030-31 and beyond.

## STAFF ANALYSIS/STATEMENTS

### *Topic #1 - New Construction and Modernization Program Authority Set Asides*

If the maximum amounts authorized by Proposition 2 are set aside from New Construction and Modernization program authority, it will reduce the amount available for applications on the Workload List, the Applications Received Beyond Bond Authority List, and for future applications. The following table reflects the Proposition 2 bond authority available for New Construction and Modernization projects if the Board opts to set aside the maximum authorized amounts for small school districts and lead in water testing and remediation, as well as the \$5 million grant to CDE to support priority school districts. The total amount available for project funding may be reduced by administrative costs of the program for OPSC, CDE, SCO, and CSFA.

STAFF ANALYSIS/STATEMENTS (cont.)

New Construction - Total Available	\$	3,300,000,000
- Small School District Program	\$	(330,000,000)
- CDE <sup>1</sup>	\$	(2,500,000)
Subtotal	\$	2,967,500,000

Modernization - Total Available	\$	4,000,000,000
- Small School District Program	\$	(400,000,000)
- Lead in Water Testing & Remediation	\$	(115,000,000)
- CDE <sup>1</sup>	\$	(2,500,000)
Subtotal	\$	3,482,500,000

As of December 31, 2024, school districts have requested approximately \$1.8 billion in New Construction funding and approximately \$3.7 billion in Modernization funding, including approximately \$205.7 million in requests for Facility Hardship and Facility Hardship Seismic Mitigation Program funding. Of these amounts, \$158.7 million in New Construction funding and \$210.1 million in Modernization funding has been requested by small school districts.

As of January 22, 2025, approximately \$182.7 million in previously authorized General Fund resources remains available for SFP New Construction, Modernization, and Facility Hardship projects, in addition to available Proposition 2 bond authority. For additional details on available SFP funds, please refer to the Financial Reports section of the agenda, SFP Available Funds.

*Considerations*

According to the most recent Assembly Floor Analysis dated July 3, 2024, prepared by the Assembly Education Committee staff, components of Proposition 2 were intended to improve SFP equity:

*Equity in school facility funding.* Some stakeholders have raised equity concerns regarding the current school facility funding program... This bill addresses these concerns through several key provisions. It implements a sliding scale for state grant amounts, ensuring lower-wealth districts receive a higher proportion of state funding. The bill further enhances state funding via supplemental grants for specific needs such as school kitchens, gymnasiums, and transitional kindergarten facilities, and establishes a program for replacing outdated buildings at least 75 years old. This bill also establishes a process for assisting small and priority school districts by

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<sup>1</sup> The table reflects the \$5 million grant to CDE comprised of \$2.5 million from New Construction bond authority and \$2.5 million from Modernization bond authority. Pursuant to Proposition 2, the Board may select an alternate distribution for this grant.

## STAFF ANALYSIS/STATEMENTS (cont.)

leveraging a federal grant to provide in-person and ongoing regional support to priority school districts, particularly those new to the SFP, and setting aside 10% of funds specifically for small districts. This approach promotes equitable access to resources and includes requirements for school districts to maintain and update a five-year facilities master plan.

Therefore, providing the maximum set aside for small school district projects appears to meet the intent of the legislation by facilitating their ability to access this specific set of funding.

Later this year, OPSC staff will engage interested parties in the creation of a program for the testing and remediation of lead in water at school sites. Pursuant to Proposition 2, grants would be awarded by the Board in filing rounds with two phases of funding. The first phase could provide funding to any school district requesting funding for testing. The second phase could provide funding to any school district that demonstrates that testing resulted in lead levels in excess of 15 parts per billion. Funding demand for this program is currently unknown; therefore, it may be prudent for the Board to set aside the full \$115 million authorized by Proposition 2 at this time.

If the Board sets aside the full amount allowed in statute, approximately \$6.5 billion in Proposition 2 bond authority will be available for New Construction and Modernization projects beyond the total small school district set aside of \$730 million. At current processing rates by OPSC, it would take roughly five years to fully allocate the available authority. At that time, the Board could consider unencumbering any remaining set aside balances not yet requested by school districts to make those funds available to applicants for the New Construction and Modernization programs.

### *Topic #2 – Administrative Costs of the SFP*

Administrative costs of the SFP are funded from general obligation bonds and school site utilization fees. Four state agencies rely on funding directly from the bond measures for work activities tied to administration of the SFP.

OPSC administrative costs include those related to OPSC functions, such as application processing, Board agenda publication, and appeals. In addition, there are post-application approval functions that are required of OPSC after the Board provides the initial unfunded approval. These include converting unfunded approvals to apportioned projects as a result of general obligation bond sales, processing fund releases, substantial progress reviews, grant agreements, K-12 audit support, financial hardship support, and various accounting functions.

CDE administrative costs include those related to the role of the School Facilities and Transportation Services Division (SFTSD) to review and approve school district sites and construction plans. SFTSD review begins when a school district plans to

## STAFF ANALYSIS/STATEMENTS (cont.)

acquire a new school construction site. The review of construction plans by SFTSD focuses mainly on the educational adequacy of the proposed facility and whether the needs of students and faculty will be met. The review of construction plans is for new sites as well as for existing sites.

SCO administrative costs include those related to maintenance of the official State of California Book of Record for all accounting functions, disbursement of warrants to school districts, reviewing and approving local closeout audit reports.

CSFA administrative costs include those related to the SFP's Charter School Facility Program (CSFP). CSFA is responsible for making a financial soundness determination for CSFP applicants at the time of preliminary, advance and final apportionment; conducting on-going monitoring and due diligence of recipients' financial soundness before and after final apportionment; carrying out due diligence on guarantors or related organizations, when applicable; and developing, negotiating, and maintaining Program agreements (Memoranda of Understanding and Funding Agreements) on behalf of the State.

### *Prior Board Actions*

The Board has previously reserved bond authority for future administrative costs, most recently in August 2012, March 2014, and June 2019. In all prior actions, the amounts reserved are set asides that are subject to Budget Act approval, before the state agencies can draw down from the set aside. The purpose of the set asides is to ensure that program authority is available for administrative costs and to establish a common understanding of the amounts available for allocation to projects.

In prior Board actions, the Board was concerned that bond authority would be depleted before a new statewide school facilities general obligation bond measure could be placed on the ballot. In 2012, the Board reserved funds for administrative costs for fiscal years 2012-13 through 2014-15 to cover administrative costs beyond the time a potential 2014 bond measure could be considered.

In 2014, the Board reserved funds for administrative costs for fiscal years 2015-16 through 2019-20. Beginning in 2014, available revenue from the State School Site Utilization Fund began offsetting SFP administrative costs. In 2019, the Board reserved funds for administrative costs for fiscal years 2020-21 through 2022-23, after administrative costs were offset by staff's estimate of State School Site Utilization Fund revenues. In 2023-24 and 2024-25, administrative costs were funded from both the School Site Utilization Fund and the General Fund, as no new statewide school facilities bond funds were available and General Fund appropriations were made to support SFP New Construction and Modernization projects.

Before 2012, administrative costs were charged to one program, such as New Construction, Modernization, or the Overcrowding Relief Grant program. In 2012 and

STAFF ANALYSIS/STATEMENTS (cont.)

2014, the Board elected to draw bond authority for administrative costs from multiple programs using a workload-based proration. Following the passage of the last statewide school facilities bond in 2016, the Board opted in 2019 to reserve bond authority for administrative costs from each program based on the proportion of funds approved for each program in the bond (New Construction, Modernization, the Career Technical Education Facilities Program, and the Charter School Facilities Program).

Pursuant to Education Code Section 17070.65, the Board has the authority to make monies in the State School Facilities Funds available to the Director of the Department of General Services (DGS) in the amounts that the Board determines necessary for DGS to facilitate the construction, modernization, reconstruction, or alteration of, or addition to, school buildings. Therefore, the Board has the ability to specify the program(s) from which it wishes to reserve bond authority for administrative costs. However, any monies reserved by the Board must also be approved for this purpose in the annual Budget Act.

Staff is requesting the Board reserve bond authority for administrative costs for five fiscal years, from 2025-26 through 2029-30. This action would help ensure that the administration of the Board's programs can continue under the funding provided by Proposition 2, for the time period expected to be necessary to allocate the funding.

Currently, CSFA indicates it has adequate authority set aside in previous Board actions from prior bonds to meet its needs for joint administration of the CSFP. For this reason, staff has not included estimated administrative costs for CSFA in the following tables and recommendations.

Staff proposes reserving bond authority from the following programs, prorated based on the originally approved bond allocations for Proposition 2, as shown in the following table:

<b>Basis for Proration</b>		
<b>Program</b>	<b>Bond Authority</b>	<b>Percentage</b>
New Construction	\$ 3,300,000,000	39%
Modernization	\$ 4,000,000,000	47%
Career Tech	\$ 600,000,000	7%
Charter	\$ 600,000,000	7%
<b>Total Bond Authority</b>	<b>\$ 8,500,000,000</b>	<b>100%</b>

STAFF ANALYSIS/STATEMENTS (cont.)

Total SFP bond authority needed for administrative costs over a five-year period:

<b>Total Estimated SFP Administrative Costs for DGS/OPSC, CDE, and SCO FY 2025-26 through 2029-30</b>			
<b>DGS/OPSC</b>	<b>CDE</b>	<b>SCO</b>	<b>Total</b>
\$ 59,500,000 <sup>2</sup>	\$18,155,000	\$ 3,240,000	\$ 80,895,000

Summary of recommended reservation of bond authority by program:

<b>Program</b>	<b>Amount</b>
New Construction (39%)	\$ 31,549,050
Modernization (47%)	\$ 38,020,650
Career Technical Education (7%)	\$ 5,662,650
Charter School Facilities (7%)	\$ 5,662,650
<b>Total</b>	<b>\$ 80,895,000</b>

The actual amount authorized each fiscal year is subject to approval in the State Budget Act.

**Conclusion**

Staff recommends setting aside the full authority allowed in statute as a result of Proposition 2 to provide maximum opportunities for small school districts and the remediation of lead in water. The Board could choose to revisit the set asides at a later date if demand for the set aside amounts is low.

The combined administrative costs of all three agencies seeking a set aside from Proposition 2 bond authority is less than one percent of the total bond funds that will be administered over the next five years. Staff is requesting the Board consider reserving bond authority for administrative costs for the next five fiscal years from 2025-26 through 2029-30, because available bond authority is limited. This action would ensure that the administration of the Board's programs can continue for the estimated allocation period for Proposition 2 funds. Additionally, reserving bond authority for estimated administrative costs up-front provides transparency regarding the amount of funding available for school construction projects. Additional administrative cost funding beyond 2029-30 will need to be identified as part of future statewide school facilities bonds and/or future budget processes for long-term

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<sup>2</sup> Estimated five-year administrative cost for DGS/OPSC reflects the net amount after an offset of \$33.125 million in anticipated School Site Utilization Fund revenues available for SFP administration (approximately \$6.625 million annually). Subject to approval in the Budget Act, these fees are allocated to reduce the impact of SFP administrative costs to the bond program. This allows more funding to remain with the program for allocation to projects.

STAFF ANALYSIS/STATEMENTS (cont.)

costs to administer the program, which continue even after allocation of available resources for school construction projects.

RECOMMENDATIONS

1. Approve the set aside of \$330 million from New Construction bond authority and \$400 million from Modernization bond authority for Small School Districts.
2. Approve the set aside of \$115 million from Modernization bond authority for the testing and remediation of lead in water.
3. Approve a total of \$5 million (\$2.5 million from New Construction bond authority and \$2.5 million from Modernization bond authority) for the grant to CDE to augment an existing federal Supporting America’s School Infrastructure grant and support priority school districts, as defined.
4. Approve the reservation of bond authority in the amount of \$80,895,000 for fiscal years 2025-26 through 2029-30 for the estimated administrative costs of OPSC, CDE, and SCO, prorated based on the originally approved bond allocations for Proposition 2.

The following table reflects the amounts authorized by Proposition 2 per program and the amounts that would be available if the Board adopts all of the staff recommendations in this item.

Program/Purpose	Amount Authorized by Proposition 2	Amount Available if the Board Adopts All Recommendations
New Construction	Up to \$3,300,000,000	\$2,935,950,950
Small School District Set Aside	Up to \$330,000,000	\$330,000,000
Modernization	Up to \$4,000,000,000	\$3,444,479,350
Small School District Set Aside	Up to \$400,000,000	\$400,000,000
Lead in Water Remediation	Up to \$115,000,000	\$115,000,000
Career Technical Education	\$600,000,000	\$594,337,350
Charter School Facilities	\$600,000,000	\$594,337,350
Grant to the California Department of Education	\$5,000,000	\$5,000,000
SFP Administrative Costs of DGS/OPSC, CDE, and SCO	Subject to approval in the annual Budget Act	\$80,895,000
<b>TOTAL</b>	<b>\$8,500,000,000</b>	<b>\$8,500,000,000</b>



## BOARD ACTION

In considering this Item, the Board approved staff's recommendations, which: 1) approved the set aside of \$330 million from New Construction bond authority and \$400 million from Modernization bond authority for Small School Districts; 2) approved the set aside of \$115 million from Modernization bond authority for the testing and remediation of lead in water; 3) approved a total of \$5 million [\$2.5 million from New Construction bond authority and \$2.5 million from Modernization bond authority] for the grant to the California Department of Education (CDE) to augment an existing federal Supporting America's School Infrastructure grant and support priority school districts, as defined; and 4) approved the reservation of bond authority in the amount of \$80,895,000 for fiscal years 2025-26 through 2029-30 for the estimated administrative costs of OPSC, CDE, and the State Controller's Office, prorated based on the originally approved bond allocations for Proposition 2. The Executive Officer read into the record that an error was made in the table as part of the recommendations that inadvertently omitted the \$5 million set aside for CDE as delineated in Recommendation #3. The table has been revised (as noted above) to include the \$5 million set aside for CDE.

## ATTACHMENT A

### AUTHORITY

Education Code Section 17070.40 – General Provisions (Proposition 1A, 1998; Proposition 47, 2002; Proposition 55, 2004; and Proposition 1D, 2006)

(a) (1) A fund is hereby established in the State Treasury to be known as the 1998 State School Facilities Fund. All money in the fund, including any money deposited in that fund from any source whatsoever, and notwithstanding Section 13340 of the Government Code, is hereby continuously appropriated without regard to fiscal years for expenditure pursuant to this chapter.

(2) The board may apportion funds to school districts for the purposes of this chapter from funds transferred to the 1998 State School Facilities Fund from any source.

(3) The board may make apportionments in amounts not exceeding those funds on deposit in the 1998 State School Facilities Fund, and any amount of bonds authorized by the committee, but not yet sold by the Treasurer.

(4) The board may make disbursements pursuant to any apportionment made from any funds in the 1998 State School Facilities Fund, irrespective of whether there exists at the time of the disbursement an amount in the 1998 State School Facilities Fund sufficient to permit payment in full of all apportionments previously made. However, no disbursement shall be made from any funds required by law to be transferred to the General Fund.

(b) (1) A fund is hereby established in the State Treasury to be known as the 2002 State School Facilities Fund. All money in the fund, including any money deposited in that fund from any source whatsoever, and notwithstanding Section 13340 of the Government Code, is hereby continuously appropriated without regard to fiscal years for expenditure pursuant to this chapter.

(2) The board may apportion funds to school districts for the purposes of this chapter from funds transferred to the 2002 State School Facilities Fund from any source.

(3) The board may make apportionments in amounts not exceeding those funds on deposit in the 2002 State School Facilities Fund, and any amount of bonds authorized by the committee, but not yet sold by the Treasurer.

(4) The board may make disbursements pursuant to any apportionment made from any funds in the 2002 State School Facilities Fund, irrespective of whether there exists at the time of the disbursement an amount in the 2002 State School Facilities Fund sufficient to permit payment in full of all apportionments previously made. However, no disbursement shall be made from any funds required by law to be transferred to the General Fund.

(c) (1) A fund is hereby established in the State Treasury to be known as the 2004 State School Facilities Fund. All money in the fund, including any money deposited in that fund from any source whatsoever, and notwithstanding Section 13340 of the Government Code, is hereby continuously appropriated without regard to fiscal years for expenditure pursuant to this chapter.

(2) The board may apportion funds to school districts for the purposes of this chapter from funds transferred to the 2004 State School Facilities Fund from any source.

(3) The board may make apportionments in amounts not exceeding those funds on deposit in the 2004 State School Facilities Fund, and any amount of bonds authorized by the committee, but not yet sold by the Treasurer.

(4) The board may make disbursements pursuant to any apportionment made from any funds in the 2004 State School Facilities Fund, irrespective of whether there exists at the time of the disbursement an amount in the 2004 State School Facilities Fund sufficient to permit payment in full of all apportionments previously made. However, no disbursement shall be made from any funds required by law to be transferred to the General Fund.

(d) (1) A fund is hereby established in the State Treasury, to be known as the 2006 State School Facilities Fund. All money in the fund, including any money deposited in that fund from any source whatsoever, and notwithstanding Section 13340 of the Government Code, is hereby continuously appropriated without regard to fiscal years for expenditure pursuant to this chapter.

(2) The board may apportion funds to school districts for the purposes of this chapter from funds transferred to the 2006 State School Facilities Fund from any source.

(3) The board may make apportionments in amounts not exceeding those funds on deposit in the 2006 State School Facilities Fund, and any amount of bonds authorized by the committee, but not yet sold by the Treasurer.

(4) The board may make disbursements pursuant to any apportionment made from any funds in the 2006 State School Facilities Fund, irrespective of whether there exists at the time of the disbursement an amount in the 2006 State School Facilities Fund sufficient to permit payment in full of all apportionments previously made. However, no disbursement shall be made from any funds required by law to be transferred to the General Fund.

*(Amended by Stats. 2006, Ch. 35, Sec. 1. Effective May 20, 2006. Operative after*

Education Code Section 17070.41 – General Provisions (Proposition 51, 2016)

Creation of 2016 State School Facilities Fund.

(a) A fund is hereby established in the State Treasury, to be known as the 2016 State School Facilities Fund. All money in the fund, including any money deposited in that fund from any source whatsoever, and notwithstanding Section 13340 of the Government Code, is hereby continuously appropriated without regard to fiscal years for expenditure pursuant to this chapter.

(b) The board may apportion funds to school districts for the purposes of this chapter, as it read on January 1, 2015, from funds transferred to the 2016 State School Facilities Fund from any source.

(c) The board may make apportionments in amounts not exceeding those funds on deposit in the 2016 State School Facilities Fund, and any amount of bonds authorized by the committee, but not yet sold by the Treasurer.

(d) The board may make disbursements pursuant to any apportionment made from any funds in the 2016 State School Facilities Fund, irrespective of whether there exists at the time of the disbursement an amount in the 2016 State School Facilities Fund

sufficient to permit payment in full of all apportionments previously made. However, no disbursement shall be made from any funds required by law to be transferred to the General Fund.

#### Education Code Section 17070.42 – General Provisions (Proposition 2, 2024)

(a) A fund is hereby established in the State Treasury, to be known as the 2024 State School Facilities Fund. All money in the fund, including any money deposited in the fund from any source whatsoever, and notwithstanding Section 13340 of the Government Code, is hereby continuously appropriated without regard to fiscal years for expenditure pursuant to this chapter.

(b) The board may make apportionments in amounts not exceeding those funds on deposit in the 2024 State School Facilities Fund, and any amount of bonds authorized by the committee, excluding any amount of refunding bonds authorized by the committee in accordance with Section 101430, but not yet sold by the Treasurer.

(c) The board may make disbursements pursuant to any apportionment made from any funds in the 2024 State School Facilities Fund, irrespective of whether there exists at the time of the disbursement an amount in the 2024 State School Facilities Fund sufficient to permit payment in full of all apportionments previously made. No disbursement shall be made from any funds required by law to be transferred to the General Fund.

#### Education Code Section 17070.65 – General Provisions

From any moneys in one of the funds established pursuant to Section 17070.40, as appropriate, and approved for this purpose in the annual Budget Act, the board shall make available to the Director of General Services the amounts that the board determines necessary for the Department of General Services to provide the assistance, pursuant to this chapter, required pursuant to Section 15504 of the Government Code to facilitate the construction, modernization, reconstruction, or alteration of, or addition to, school buildings.

#### Education Code Section 17077.60 - Testing and Remediation of Lead Levels in Water at Schoolsites

(a) (1) With funds made available for this purpose, the board shall provide a grant to test for lead in water outlets used for drinking or preparing food on schoolsites serving kindergarten or any of grades 1 to 12, inclusive, that were constructed before January 1, 2010, and for the remediation of any water outlets with lead levels in excess of 15 parts per billion.

(2) The board shall release disbursements to school districts with approved applications for purposes of this article, to the extent state funds are available, consistent with the applicable school district's local and state contribution percentages determined pursuant to Section 17074.16. Subject to the availability of funds, the board shall apportion funds to an eligible school district only upon review of evidence that the required local matching funds, for the applicable school district determined pursuant to Section

17074.16, have been expended by the school district for the project, have been deposited in the county fund, or will be expended by the school district by the time of completion of the project, and upon review of evidence that the school district has entered into a binding contract for the completion of that project.

(b) (1) A school district that applies for funding to test lead levels in water outlets used for drinking or preparing food shall be required to test all outlets on the schoolsite, except outlets that have been tested or replaced since January 1, 2010.

(2) A school district shall provide the test results to the Office of Public School Construction and the community water system that serves the school district.

(c) (1) A school district may request a grant for the replacement of a water outlet used for drinking or preparing food if the test results indicate lead levels for that water outlet exceed 15 parts per billion.

(2) Additional testing shall be required upon completion of the remediation efforts specified in paragraph (1) to ensure that lead levels have fallen below 15 parts per billion.

(d) The board shall establish funding cycles for allocation of funds. If funds are available at the conclusion of the funding cycles, the board may adopt regulations to provide grants to replace any pipes or fixtures that are contributing to the elevated lead levels if lead levels do not fall below 15 parts per billion after additional testing has been performed, as specified in paragraph (2) of subdivision (c).

(e) The board may consider setting a maximum amount on the grant to be provided for testing and remediation.

#### Education Code Section 17078.35 - Assistance to Small School Districts

For purposes of this article, the following definitions apply:

(a) "Final apportionment" has the same meaning as "apportionment" as defined in subdivision (a) of Section 17070.15.

(b) "Preliminary application" means an application for a preliminary apportionment pursuant to this article.

(c) "Preliminary apportionment" means a reservation of bond authority for eligible applicants under this article in advance of full compliance with all of the application requirements otherwise required for an apportionment pursuant to this chapter.

(d) "Project and construction management grant" means a grant for purposes of obtaining the services from a county office of education, other local educational agency with applicable school facilities construction expertise, applicable state department, or a certified private construction consulting entity from the list maintained pursuant to paragraph (2) of subdivision (d) of Section 17078.47, to assist with the planning, site acquisition, preconstruction, construction, and closeout of a project.

(e) "Small school district" is a school district, as defined in Section 17070.15, with an enrollment of fewer than 2,501 pupils.

#### Education Code Section 17078.36 - Assistance to Small School Districts

(a) Unless this article expressly provides otherwise, the provisions contained in the other articles of this chapter shall apply with equal force to a project funded under this article. This article shall control over the provisions of this chapter contained in other articles only to the extent that this article expressly conflicts with those provisions.

(b) This article shall apply only to a small school district that is otherwise eligible under this chapter for a project that meets both of the following:

- (1) The project meets the criteria set forth in subdivision (a) of Section 17078.37.
- (2) The project is to be funded from proceeds of state bonds approved by the voters at the November 5, 2024, statewide general election that shall not exceed the amounts made available pursuant to paragraphs (1) and (2) of subdivision (a) of Section 101412.

#### Education Code Section 17078.37 - Assistance to Small School Districts

Notwithstanding subdivision (a) of Section 17072.30 and subdivision (a) of Section 17074.16, as applicable:

(a) Applicants for funding pursuant to this article shall do both of the following:

- (1) Submit preliminary applications to the board.
- (2) Meet the eligibility requirements described in Article 3 (commencing with Section 17071.75) and Article 6 (commencing with Section 17073.10), as applicable.

(b) The board shall do both of the following:

(1) Accept a preliminary application from, and make a preliminary apportionment to, a small school district for new construction grants pursuant to Article 4 (commencing with Section 17072.10) or modernization grants pursuant to Article 7 (commencing with Section 17074.10) in a manner substantially identical to the preliminary apportionment requirements established in Section 17078.24, except that the eligibility of the applicant shall be based on the criteria established in paragraph (2) of subdivision (a).

(2) If requested, provide a preliminary apportionment of a project and construction management grant equal to 5 percent of the state share of the preliminary apportionment.

#### Education Code Section 17078.38 - Assistance to Small School Districts

The board shall adopt regulations setting forth all of the following:

(a) The preliminary application and preliminary apportionment.

(b) The apportionment of design grants, project assistance grants pursuant to subdivision (e) of Section 17072.10 and subdivision (e) of Section 17074.10, as applicable, and project and construction management grants to applicants that qualify for financial hardship assistance pursuant to Section 17075.15, as part of the preliminary apportionment.

(c) The existence of substantial progress requirements on apportionments for design and site grants identical to the requirements set forth in Section 1859.105 of Title 2 of the California Code of Regulations.

(d) The requirements for a final apportionment for the project in a manner substantially identical to the requirements of subdivisions (a) and (b) of Section 17078.25.

Education Code Section 101412 - Kindergarten Through 12th Grade School Facilities Program Provisions

(a) The proceeds from the sale of bonds issued and sold for the purposes of this chapter shall be allocated in accordance with the following schedule:

(1) (A) The amount of three billion three hundred million dollars (\$3,300,000,000) for new construction of school facilities of applicant school districts pursuant to Chapter 12.5 (commencing with Section 17070.10) of Part 10 of Division 1 of Title 1. Of the amount allocated under this paragraph, up to 10 percent shall be available to small school districts pursuant to Article 11.5 (commencing with Section 17078.35) of Chapter 12.5 of Part 10 of Division 1 of Title 1.

(B) Of the amount allocated under this paragraph, up to the amount necessary to fund the applications on the Applications Received Beyond Bond Authority List shall be available to support applications for the new construction of school facilities submitted pursuant to the Leroy F. Greene School Facilities Act of 1998 on or before October 31, 2024.

(2) (A) The amount of four billion dollars (\$4,000,000,000) for the modernization of school facilities pursuant to Chapter 12.5 (commencing with Section 17070.10) of Part 10 of Division 1 of Title 1. Of the amount allocated under this paragraph, up to 10 percent shall be available to small school districts pursuant to Article 11.5 (commencing with Section 17078.35) of Chapter 12.5 of Part 10 of Division 1 of Title 1.

(B) Of the amount allocated under this paragraph, up to the amount necessary to fund the applications on the Applications Received Beyond Bond Authority List shall be available to support applications for the modernization of school facilities submitted pursuant to the Leroy F. Greene School Facilities Act of 1998 on or before October 31, 2024.

(C) Of the amount allocated under this paragraph, up to one hundred fifteen million dollars (\$115,000,000) shall be available to address the remediation of lead in water pursuant to Article 10.7 (commencing with Section 17077.60) of Chapter 12.5 of Part 10 of Division 1 of Title 1.

(3) The amount of six hundred million dollars (\$600,000,000) for providing school facilities to charter schools pursuant to Article 12 (commencing with Section 17078.52) of Chapter 12.5 of Part 10 of Division 1 of Title 1.

(4) The amount of six hundred million dollars (\$600,000,000) for facilities for career technical education programs pursuant to Article 13 (commencing with Section 17078.70) of Chapter 12.5 of Part 10 of Division 1 of Title 1.

(b) School districts may use funds allocated pursuant to paragraph (2) of subdivision (a) only for one or more of the following purposes in accordance with Chapter 12.5 (commencing with Section 17070.10) of Part 10 of Division 1 of Title 1:

(1) The purchase and installation of air-conditioning equipment and insulation materials, and related costs.

(2) Construction projects or the purchase of furniture or equipment designed to increase school security or playground safety.

(3) The identification, assessment, or abatement in school facilities of hazardous asbestos.

(4) Project funding for high-priority roof replacement projects.

(5) Any other modernization of facilities pursuant to Chapter 12.5 (commencing with Section 17070.10) of Part 10 of Division 1 of Title 1.

(c) Funds allocated pursuant to paragraph (1) of subdivision (a) may also be used to provide new construction grants for eligible applicant county boards of education under Chapter 12.5 (commencing with Section 17070.10) of Part 10 of Division 1 of Title 1 for funding classrooms for severely handicapped pupils, or for funding classrooms for county community school pupils.

(d) Of the amounts allocated under paragraphs (1) and (2) of subdivision (a), the State Allocation Board may provide a grant of five million dollars (\$5,000,000) to the State Department of Education pursuant to Section 17078.46.