

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, December 3, 2024

PROPOSED BOARD POLICIES FOR INITIAL IMPLEMENTATION OF PROPOSITION 2
FOR THE SCHOOL FACILITY PROGRAM

PURPOSE OF REPORT

To present the State Allocation Board (Board) with policy recommendations for initial implementation of 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, 2024¹.

DESCRIPTION

On November 5, a majority of California's 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

Proposition 2 also makes numerous changes to the SFP, including:

- Requires submittal of a five-year school facilities master plan as a condition of participating in the SFP;
- Establishes a points-based methodology for calculating the local contribution a school district is required to make to be eligible to receive state funding;

¹ Subject to certification of the election results by the California Secretary of State by December 13, 2024.

- Requires school districts participating in the SFP New Construction or Modernization programs after November 5, 2024, to submit an updated report of the school district's existing school building capacity;
- Authorizes additional state funding for the replacement of school buildings that are at least 75 years old;
- Establishes several new supplemental grants and authorizes the Board to provide interim housing assistance following specified natural disasters;
- Provides specified assistance to school districts with a school facility on a military installation, small school districts, and for the testing and remediation of specified lead levels in water fountains and faucets used for drinking or preparing food on school sites; and
- Increases the maximum level of total bonding capacity allowable for a school district to be eligible for financial hardship assistance.

This item proposes to set Board policy on several aspects of Proposition 2 that need to be addressed immediately, until regulatory amendments are presented to the Board and approved by the Office of Administrative Law (OAL), to provide school districts and stakeholders necessary guidance for the continued submittal of applications for funding.

AUTHORITY

See Attachments A1 and A2.

BACKGROUND

Proposition 2 makes numerous changes to the SFP. These changes are applicable to all SFP applications received on or after October 31, 2024. Proposition 2 specifies that SFP applications received before October 31, 2024 will be processed to the Board in accordance with SFP statutes as they read on January 1, 2024.

Need for Immediate Action

Although it will take time for staff to process grandfathered applications received before October 31, 2024, staff has noted the need for early guidance from the Board to inform school districts who submitted applications on or after October 31, 2024, or who are currently planning to submit applications for funding. Staff has also determined the need for the Board to set some program parameters expeditiously so that Facility Hardship Program and Seismic Mitigation Program applications, which address imminent health and safety needs and receive expedited processing and funding under existing SFP regulations, are processed under Proposition 2 quickly and without delay.

Implementation Timing

This item is intended to seek Board guidance on the most critical components for initial implementation of Proposition 2 and it is not all-inclusive of all aspects of Proposition 2. Stakeholder input and feedback will be critical to inform implementation of many aspects of Proposition 2. This feedback is planned to occur beginning in early 2025 through a series of stakeholder meetings. Once stakeholders have had the opportunity to provide input and feedback, staff will present proposed recommended regulatory changes to the Board for consideration and approval. Attachment C presents estimated timelines for implementation of Proposition 2.

STAFF ANALYSIS/STATEMENTS

For purposes of the SFP, “school district” is defined as “a school district or a county office of education,” and hereafter the term “school district” in this item refers to this definition unless otherwise specified. This definition does not include charter school applicants that are eligible to apply for the Charter School Facility Program.

Proposition 2 defines “small school district” as “a school district with an enrollment of fewer than 2,501 pupils.”

Topic #1 – 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. 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.

Staff intends to present options to the Board at a future meeting regarding amounts to be set aside from the funding allocated by Proposition 2 for New Construction and Modernization for these purposes, as well as for necessary administrative costs.

Topic #2 – Unfunded Approvals and Priority Funding Apportionments

In recent years, the Board has been able to provide direct apportionments to New Construction and Modernization projects due to the availability of General Fund resources for the SFP from the Budget Acts of 2021-22 through 2023-24. The remaining General Fund proceeds available for SFP projects are anticipated to be exhausted by February 2025. With a return to bond funding for the SFP as the result of voter approval of Proposition 2, staff notes that once remaining General Fund proceeds are exhausted, staff will present processed SFP applications to the Board for consideration of Unfunded Approvals. Upon the Board’s Unfunded Approval, projects will be placed on the Unfunded List (Lack of AB 55 Loans) and must participate in the priority funding process as outlined in SFP Regulation Sections 1859.90.2 and 1859.90.3 to receive Proposition 2 bond funds. This process will apply to New Construction, Modernization, CSFP, and CTEFP projects. These

projects will also be subject to the regulations guiding non-participation in the priority funding process.

Topic #3 - Five-Year School Facilities Master Plans

Proposition 2 requires that, as a condition of participating in the SFP, school districts must submit to OPSC a five-year school facilities master plan, or an updated five-year school facilities master plan, approved by the governing board of the school district.

Proposition 2 requires:

- School districts to include specified minimum elements as part of the required five-year school facilities master plan, including an inventory of existing facilities, sites, and property.
- OPSC to develop guidelines, in consultation with CDE, that school districts may use to guide the development of the school facilities master plan.
- OPSC to develop guidelines or standards, in consultation with CDE, that school districts must use to develop and submit the inventory of existing facilities, sites, and property, which must include specified elements.
- The State Controller's Office (SCO) to include instructions in the K-12 audit guide to verify that all required components are reflected in participating school districts' school facilities master plans.
- School districts to update their school facilities master plans to reflect any changes in enrollment, capacity, or other areas, as appropriate for purposes of participating in the SFP.

Prior to the passage of Proposition 2, OPSC heard from some school districts and stakeholders who expressed concern regarding implementation of the five-year school facilities master plan requirement. In particular, concerns were expressed regarding whether the time necessary for OPSC and CDE to develop the required guidelines, and the time and potential cost for school districts to create or update a master plan, would preclude school districts from submitting otherwise complete applications for funding in the meantime.

Proposition 2 requires submittal of a five-year school facilities master plan with specified elements as a condition of SFP participation, but it does not specify when the required master plan must be submitted. OPSC recommends that the Board consider establishing expectations around the timelines for school districts to submit the required five-year master plan so that school districts have a clear understanding of how to fulfill the new statutory requirement while minimizing impact to timelines for current and upcoming projects. Additionally, OPSC recommends that the timelines consider the unique nature of Facility Hardship and Seismic Mitigation Program applications requesting funding to address imminent health and safety issues or to seismically retrofit the most vulnerable facilities. Specifically, OPSC recommends

that the Board adopt the following timelines and policies:

1. Facility Hardship Program and Seismic Mitigation Program Applications

- Under existing SFP regulations, applications for Facility Hardship and the Seismic Mitigation Program receive first priority for processing and presentation to the Board for funding consideration. Facility Hardship and Seismic Mitigation Program applications submitted on or after October 31, 2024 are subject to the Proposition 2 requirement to submit a five-year school facilities master plan.
- Accordingly, to allow submittal, processing, and approval of these applications without delay, submittal of the master plan will be required by the time the school district's substantial progress certification for construction of the project is due (18 months after fund release), or by the time of submittal of the 100 percent complete *Expenditure Report* (Form SAB 50-06), whichever occurs first.
- OPSC will contact all school districts that submitted applications between October 31, 2024 and December 3, 2024 to request a governing board resolution acknowledging the requirement to submit the master plan by the previously mentioned deadline. The governing board resolution must also acknowledge the project may be rescinded for failure to submit a master plan with the required components. These school districts will be provided 60 days to submit the resolution to OPSC or the application will be returned to the applicant.
- Applications submitted on or after December 4, 2024 will be required to include a governing board resolution acknowledging the requirement to submit the master plan by the previously mentioned deadline. The governing board resolution must also acknowledge the project may be rescinded for failure to submit a master plan with the required components. OPSC will provide applicants who submit an application without the resolution a corrective "24-hour letter" to request submittal of the resolution to OPSC within 24 hours or the application will be returned to the applicant.

2. New Construction and Modernization applications submitted on October 31, 2024 through 12 months following OAL's approval of regulations implementing these policies

- To allow continuous submittal of applications, submittal of the master plan will be required at the time the application is processed by OPSC, prior to presentation to the Board for approval. Consistent with current practice, OPSC will notify school districts 90 days in advance of commencing application processing.
- OPSC will contact all school districts that submitted applications between October 31, 2024 and December 3, 2024 to request a

governing board resolution acknowledging the requirement to submit the master plan at the time the application is processed by OPSC. The governing board resolution must also acknowledge the project may be rescinded for failure to submit a master plan with the required components. These school districts will be provided 60 days to submit the resolution to OPSC or the application will be returned to the applicant.

- Applications received on December 4, 2024 through 12 months following OAL's approval of regulations implementing these policies will be required to submit a governing board resolution acknowledging the requirement to submit the master plan by the time the application is processed by OPSC. The governing board resolution must also acknowledge the project may be rescinded for failure to submit a master plan with the required components. OPSC will provide applicants who submit an application without the resolution a corrective "24-hour letter" to request submittal of the resolution to OPSC within 24 hours or the application will be returned to the applicant.
3. New Construction and Modernization applications submitted more than 12 months following OAL's approval of regulations implementing these policies
- Applications received more than 12 months following OAL's approval of regulations implementing these policies will be required to submit the master plan at the time the application is submitted to OPSC. Applications submitted without the master plan will be provided a corrective "24-hour letter" to request submittal of the master plan to OPSC within 24 hours or the application will be returned to the applicant.

OPSC and CDE plan to begin a series of stakeholder meetings in early 2025 to clearly identify the five-year master plan components required by Proposition 2, develop additional guidance for the five-year master plans, and to discuss formal regulatory changes to make the previously mentioned timeline policies permanent. OPSC intends to present regulatory changes on this topic to the Board no later than June 30, 2025.

Following OAL approval of the regulations implementing these policies, OPSC will work with SCO to amend the K-12 audit guide instructions.

Topic #4 - Required Local Matching Share

Historically, SFP New Construction and Modernization projects have been eligible for a fixed state share percentage of the total approved project cost, except for school districts eligible for financial hardship funding, which may receive up to 100 percent state funding. School districts applying for New Construction funding must provide an equal matching share. When applying for Modernization funding, the state historically provides 60 percent of the total approved project cost, and the school district provides 40 percent of the total approved project cost.

Proposition 2 establishes a points-based determination and sliding scale for the required state and local matching shares for SFP projects that do not qualify for financial hardship assistance². Proposition 2 specifies the number of points awarded based on the school district’s gross bonding capacity per enrollment, the school district’s unduplicated pupil percentage as determined for purposes of the Local Control Funding Formula, whether the school district has an enrollment of 200 pupils or fewer, and whether the project includes the use of a project labor agreement. Based on the total number of points for a project, the required local matching share will be adjusted as follows, with no change to the total approved project cost. The range of total possible points is between 3 points and 16 points.

Points are assigned as follows:

Gross Bonding Capacity* per Total School District Enrollment

\$0 - \$9,999	4 points
\$10,000 - \$19,999	3 points
\$20,000 - \$54,999	2 points
\$55,000+	1 point

* Proposition 2 defines “gross bonding capacity” as “a school district’s capacity to issue debt,” which “is calculated by multiplying the applicable school district’s total assessed value [as defined] by the school district’s specified tax cap pursuant to [Education Code] Sections 15102, 15106, 15268, and 15270.” For unified school districts, the gross bonding capacity is equal to 2.5 percent of the assessed valuation. For non-unified school districts, the gross bonding capacity is 1.25 percent of the assessed valuation.

Unduplicated Pupil Percentage

75.00% - 100.00%	8 points
50.00% - 74.99%	6 points
25.00% - 49.99%	4 points
<= 24.99%	2 points

School District Enrollment <= 200 pupils = 2 points

Project includes the use of a Project Labor Agreement = 2 points

² School districts eligible for financial hardship assistance may qualify for additional state funding beyond the Proposition 2 points-based determination and sliding scale amounts and may receive up to 100 percent state funding.

Based on the number of points for a project, Proposition 2 specifies that the required SFP state and local matching shares will be adjusted as follows:

New Construction

Total Points	State Share	Local Share
>10 points	55%	45%
9 or 10 points	53%	47%
8 points	52%	48%
6 or 7 points	51%	49%
<6 points*	50%*	50%*

Modernization

Total Points	State Share	Local Share
>10 points	65%	35%
9 or 10 points	63%	37%
8 points	62%	38%
6 or 7 points	61%	39%
<6 points*	60%*	40%*

* School district projects with a total of fewer than 6 points receive the same state and local matching share percentages as SFP projects prior to Proposition 2.

OPSC will calculate the school district’s required matching share based on the following:

- A letter from the County Auditor-Controller submitted by the school district that certifies the school district’s current year assessed valuation. OPSC will contact the school district 90 days prior to application processing to request that they provide this letter. School districts that do not provide the information within the requested timelines will not be provided the associated points.
- A copy of the Project Labor Agreement, if applicable, submitted by the school district. OPSC will contact the school district 90 days prior to application processing to request that they provide a copy of the Project Labor Agreement, if applicable. School districts that do not provide the information within the requested timelines will not be provided the associated points.
- The most recent enrollment data for the school district at the time the application is processed for both New Construction and Modernization projects, which OPSC will obtain from CDE.
- The school district’s most recent unduplicated pupil percentage at the time the application is processed, which OPSC will obtain from CDE.

Upon availability, OPSC will provide hyperlinks to the CDE data sources that will be used by OPSC to obtain school districts’ most recent enrollment data and unduplicated pupil percentages, to facilitate school districts’ ability to estimate their required matching share under the Proposition 2 sliding scale.

Topic #5 - Financial Hardship

Under the current SFP regulations, a county office of education automatically qualifies for financial hardship status. School districts may qualify for financial hardship status if they are levying developer fees at the maximum rate justified under law, AND they meet one of four qualifying criteria:

1. The school district's current outstanding bonded indebtedness is at least 60 percent of the total bonding capacity of the school district, or
2. The school district has had a successful registered voter bond election for at least the maximum allowed under Proposition 39 within the previous two years, or
3. The school district has a total bonding capacity of \$5 million or less, or
4. The school district has provided "other evidence" of reasonable effort to fund its matching share to the satisfaction of the Board.

Proposition 2 increases the maximum total bonding capacity allowable for a school district to qualify for financial hardship funding from \$5 million to \$15 million, and provides an annual inflation adjustment to this amount beginning in the 2026-27 fiscal year.

No policy decisions are necessary for the Board related to this provision of Proposition 2. OPSC staff will apply the new threshold immediately to all applications requesting financial hardship assistance that are received on or after October 31, 2024. School districts that submitted an application on or before October 30, 2024 who wish to be considered for financial hardship assistance under the new Proposition 2 criteria must withdraw their existing application/s and resubmit.

Topic #6 – Modernization Supplemental Grants for Minimum Essential Facilities, Transitional Kindergarten Classrooms, and Career Technical Education

Proposition 2 provides the new ability for school districts to receive a supplemental grant under the Modernization program to expand an existing gymnasium, multipurpose room, library, or school kitchen if the facility is 60 percent or less than the recommended size to serve the enrollment of the school. School districts may also use this supplemental grant to construct a new gymnasium, multipurpose room, library, or school kitchen if the site lacks one or more of the specified facilities. However, Proposition 2 specifies that a school site may only receive a supplemental grant for one such project.

Proposition 2 also allows a school district to receive a supplemental grant under the Modernization program to adequately house transitional kindergarten pupils by either retrofitting an existing school facility or constructing new transitional kindergarten classrooms if the site is lacking sufficient facilities for this purpose. The transitional kindergarten supplemental grant cannot be used to purchase portable classrooms.

Finally, Proposition 2 establishes a supplemental grant of up to five percent of the Modernization base grant for Modernization projects on existing middle and high school campuses that include plan design and other project components promoting Career Technical Education (CTE). The grants are available for the modernization of facilities or reconfiguration of structures that will support CTE programs and enhance the educational opportunities for middle and high school pupils to pursue technical careers. The grant funding may also be used to purchase equipment with an average useful life expectancy of at least 10 years.

As the first applications to receive these supplemental grants are not expected to be processed by OPSC for two or three years if application processing rates remain at recent levels, OPSC will conduct stakeholder meetings to inform the determination of how funding of the supplemental grants will be calculated. However, to inform school districts of actions that will need to be taken now for consideration of these new supplemental grants so that Modernization applications incorporating these provisions can be submitted, OPSC staff recommends that the Board adopt the following policies until permanent regulations are in place:

- The CDE- and Division of the State Architect (DSA)-approved plans submitted with any *Application for Funding* (Form SAB 50-04) on or after October 31, 2024 must include the work eligible for any of the new supplemental grants requested.
- Scope change requests will not be approved by the Board to add the facilities, additional square footage, and the supplemental grant/s at a later date. School districts desiring to expand or add the identified facilities and/or Career Technical Education components to an existing Modernization application must withdraw their current application and resubmit a new application.
- School districts that have included the new or expanded facilities in their CDE/DSA approved plans will be allowed to amend the Form SAB 50-04 at the time of processing to request the supplemental grants. The school district must still be able to certify that it meets the 60-percent construction commensurate requirement at that time. OPSC staff anticipates Board approval and OAL approval of a revised Form SAB 50-04 well in advance of processing the funding applications.
- School districts requesting the supplemental grant for Career Technical Education must check Box #20 on the Form SAB 50-04 to indicate that CTE funds will be requested for work in the plans and specifications for the project.

Topic #7 - Energy Efficiency Supplemental Grants for New Construction and Modernization Projects

Proposition 2 establishes a supplemental grant of up to five percent of the base grant for New Construction and Modernization projects that include buildings with specified energy efficiency and renewable energy measures that exceed the nonresidential building energy efficiency standards specified in Title 24. Proposition

2 requires that the school district must certify that the cost for the project exceeds the amount of funding otherwise available to the applicant under the SFP.

As the first applications to receive these supplemental grants are not expected to be processed by OPSC for two or three years if application processing rates remain at recent levels, OPSC will conduct stakeholder meetings to inform determination of how funding of the supplemental grants will be calculated. However, to inform school districts of actions that will need to be taken now for consideration of these new supplemental grants so that funding applications incorporating these provisions can be submitted, OPSC staff recommends that the Board adopt the following policies until permanent regulations are in place:

- Any work must be included in the DSA-approved plans submitted with the initial Form SAB 50-04 on or after October 31, 2024.
- Scope change requests will not be approved by the Board to add additional work at a later date. School districts desiring to add additional work as part of their application must withdraw their current application and resubmit a new application.
- Staff recommends that supporting documentation be provided at the time of processing and will contact school districts 90 days prior to application processing to request the information.

Topic #8 – Funding for the Replacement of 75-Year Old Buildings

Proposition 2 provides Modernization program funding for the replacement of 75-year old buildings based on the “per pupil” grants provided for New Construction projects if the school district provides a cost-benefit analysis indicating the total cost to modernize the building is at least 50 percent of the current replacement cost.

OPSC staff recommends that the Board adopt the following policies until permanent regulations are in place:

- Work to demolish and replace a 75-year old building must be included in the DSA-approved plans submitted with the initial Form SAB 50-04.
- Scope change requests will not be approved by the Board to change from renovation work to replacement work at a later date. School districts desiring to add the replacement of a 75-year old building as part of their Modernization application must withdraw their current application and resubmit a new application.

During the stakeholder meeting process, OPSC will present proposals for the methodology for calculating the SFP grants for classrooms vs. other buildings on campus, impacts on modernization eligibility for replaced buildings, and parameters for the cost-benefit analysis that must be provided by the school district.

Topic #9 - Interim Housing for a Governor-Declared State of Emergency

Proposition 2 authorizes the Board to provide assistance under the SFP to procure interim housing, including, but not limited to, the leasing or acquisition of portable classrooms, and any work associated with placing them on a site, to school districts impacted by a natural disaster for which the Governor has declared a state of emergency. These funds will supplement funding from insurance or any other local, state, or federal government disaster assistance.

Proposition 2 also provides the Board the authority to provide any other assistance to a school district determined to be impacted by a natural disaster for which the Governor has declared a state of emergency.

Staff recommends that the Board review these requests on a case-by-case basis and require school districts to submit the *School District Appeal Request* (Form SAB 189) until staff has had the opportunity to seek stakeholder feedback and develop proposed regulations for implementation of this statute.

Topic #10 - Items Not Included in This Item to be Addressed Later

The following are additional topics established by Proposition 2. Staff will seek stakeholder feedback on these topics prior to presenting recommendations to the Board.

- Testing and Remediation of Lead Levels in Water at Schoolsites
- Small School District Preliminary Apportionments
- State Augmentation of Federal Supporting America's School Infrastructure Grant Program for Priority School Districts

Conclusion

As previously noted, this item is presented to seek Board guidance on the most critical components for initial implementation of Proposition 2 and it is not all-inclusive of all aspects of Proposition 2.

Staff sees a need for early guidance from the Board to inform school districts who are currently planning to submit applications for funding. Staff has also determined the need for the Board to set some program parameters early so that Facility Hardship Program and Seismic Mitigation Program applications that will receive expedited processing are processed under Proposition 2 without delay.

Additionally, staff will solicit initial stakeholder feedback from all school districts and interested parties on the topics within this item, and also those not yet discussed, for staff's consideration as we develop proposed regulations for the Board's future consideration. As previously noted, a tentative timeline for stakeholder meetings is available on Attachment C.

RECOMMENDATIONS

1. Adopt the Board policies in this item and as summarized on Attachment B for SFP applications received on or after October 31, 2024, until the effective date of regulations implementing the Board policies.
2. Request staff bring back proposed regulatory amendments for Board approval and submittal to OAL.

This Item was approved by the State Allocation Board on December 3, 2024.

ATTACHMENT A1

AUTHORITY

Education Code Section 17070.35 – Board’s duties

(a) In addition to all other powers and duties as are granted to the board by this chapter, other statutes, or the California Constitution, the board shall do all of the following:

(1) Adopt rules and regulations, pursuant to the rulemaking provisions of the Administrative Procedure Act, Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, for the administration of this chapter. However, the board shall have no authority to set the level of the fees of any architect, structural engineer, or other design professional on any project. The initial regulations adopted pursuant to this chapter shall be adopted as emergency regulations, and the circumstances related to the initial adoption are hereby deemed to constitute an emergency for this purpose. The initial regulations adopted pursuant to this chapter shall be adopted by November 4, 1998. If the initial regulations are not adopted by that date, the board shall report to the Legislature by that date, explaining the reasons for the delay.

(2) Establish and publish any procedures and policies in connection with the administration of this chapter as it deems necessary.

(3) Determine the eligibility of school districts to receive apportionments under this chapter.

(4) Apportion funds to eligible school districts under this chapter.

(b) The board shall review and amend its regulations as necessary to adjust its administration of this chapter to conform with the act that amended this section to add this subdivision. Regulations adopted pursuant to this subdivision shall be adopted by November 5, 2002, and shall be adopted as emergency regulations in accordance with the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). The adoption of any emergency regulation pursuant to this subdivision filed with the Office of Administrative Law shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare. Notwithstanding subdivision (e) of Section 11346.1 of the Government Code, any emergency regulation adopted pursuant to this section shall remain in effect for no more than 365 days unless the board has complied with Sections 11346.2 to 11348, inclusive, of the Government Code.

ATTACHMENT A2

AUTHORITY

Assembly Bill No. 247
CHAPTER 81

An act to amend Sections 17070.15, 17070.43, 17070.51, 17071.10, 17071.75, 17072.30, 17072.35, 17073.15, 17074.16, 17074.25, 17075.15, 17077.35, 17078.52, and 17078.58 of, to add Sections 17070.42, 17070.54, 17070.59, 17070.87, 17073.16, 17074.265, 17075.20, and 17078.74 to, to add Article 10.7 (commencing with Section 17077.60), Article 11.5 (commencing with Section 17078.35), and Article 11.7 (commencing with Section 17078.45) to Chapter 12.5 of Part 10 of Division 1 of Title 1 of, to add Part 72 (commencing with Section 101400) to Division 14 of Title 3 of, and to repeal and add Section 17075.10 of, the Education Code, relating to education finance, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of these funds, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor July 03, 2024. Filed with Secretary of State July 03, 2024.]

LEGISLATIVE COUNSEL'S DIGEST

AB 247, Muratsuchi. Education finance: school facilities: Kindergarten Through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair, and Safety Bond Act of 2024.

(1) The California Constitution prohibits the Legislature from creating a debt or liability that singly or in the aggregate with any previous debts or liabilities exceeds the sum of \$300,000, except by an act that (1) authorizes the debt for a single object or work specified in the act, (2) has been passed by a $\frac{2}{3}$ vote of all the Members elected to each house of the Legislature, (3) has been submitted to the people at a statewide general or primary election, and (4) has received a majority of all the votes cast for and against it at that election.

This bill would set forth the Kindergarten Through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair, and Safety Bond Act of 2024 as a state general obligation bond act that would provide \$10,000,000,000 to construct and modernize education facilities, including \$8,500,000,000 for elementary and secondary educational facilities and \$1,500,000,000 for community college facilities, as specified. This bond act would become operative only if approved by the voters.

(2) The Leroy F. Greene School Facilities Act of 1998 provides for the adoption of rules, regulations, and procedures, under the administration of the Director of General

Services, for the allocation of state funds by the State Allocation Board for the construction and modernization of public school facilities.

This bill would require a school district to submit to the Department of General Services a 5-year school facilities master plan as a condition of participating in the school facilities program under the act. The bill would amend the methodology for calculating the local contribution a school district is required to make in order to be eligible to receive state funding under the act, as specified. The bill would require a school district that seeks new construction or modernization funding under the act after November 5, 2024, to submit an updated report of the school district's existing school building capacity to the State Allocation Board.

The bill would authorize the allocation of state funds under the act for the replacement of school buildings that are at least 75 years old, for specified assistance to school districts with a school facility located on a military installation, as specified, and small school districts, as defined, and for the testing and remediation of lead levels in water fountains and faucets used for drinking or preparing food on schoolsites, as provided. The bill would authorize new construction and modernization grants to be used for seismic mitigation purposes, certain health and safety projects, and, among other things, to establish schoolsite-based infrastructure to provide broadband internet access. The bill would also authorize modernization grants to be used for the control, management, or abatement of lead.

The bill would increase the maximum level of total bonding capacity, as defined, that a school district could have and still be eligible for financial hardship assistance under the act from \$5,000,000 to \$15,000,000. The bill, commencing with the 2026–27 fiscal year, would increase that \$15,000,000 maximum by a specified inflation adjustment each fiscal year. The bill would authorize the State Allocation Board to provide assistance for purposes of 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. The bill would also make conforming changes.

The bill would make these provisions effective upon the adoption by the voters of the Kindergarten Through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair, and Safety Bond Act of 2024.

(3) This bill would declare that it is to take effect immediately as an urgency statute.

Bill Text

The people of the State of California do enact as follows:

SECTION 1.

Section 17070.15 of the Education Code is amended to read:

17070.15.

For purposes of this chapter, the following terms have the following meanings, unless a different meaning appears from the context:

- (a) "Apportionment" means an allocation of funds for the purpose of eligible new construction, modernization, or hardship approved by the board for an applicant school district.
- (b) "Assessed value" means the dollar value assigned to a property for purposes of measuring applicable taxes. An assessed valuation is used to determine the value of a residence for tax purposes and takes comparable sales of residential buildings and inspections into consideration.
- (c) "Attendance area" means the geographical area serving an existing high school and those junior high schools and elementary schools included therein.
- (d) "Authority" means the California School Finance Authority.
- (e) "Board" means the State Allocation Board as established by Section 15490 of the Government Code.
- (f) "Committee" means the State School Building Finance Committee established pursuant to Section 15909.
- (g) "County fund" means a county school facilities fund established pursuant to Section 17070.43.
- (h) "Department" means the Department of General Services.
- (i) "Fund" means the applicable 1998 State School Facilities Fund, the 2002 State School Facilities Fund, the 2004 State School Facilities Fund, established pursuant to Section 17070.40, the 2016 State School Facilities Fund established pursuant to Section 17070.41, or the 2024 State School Facilities Fund established pursuant to Section 17070.42.
- (j) "Good repair" has the same meaning as specified in subdivision (d) of Section 17002.
- (k) "Gross bonding capacity" means a school district's capacity to issue debt. Gross bonding capacity is calculated by multiplying the applicable school district's total assessed value by the school district's specified tax cap pursuant to Sections 15102, 15106, 15268, and 15270.
- (l) "Modernization" means any modification or replacement of a permanent structure that is at least 25 years old, or in the case of a portable classroom, that is at least 20 years old, that will enhance the ability of the structure to achieve educational purposes.
- (m) "Portable classroom" means a classroom building of one or more stories that is designed and constructed to be relocatable and transportable over public streets, and with respect to a single story portable classroom, is designed and constructed for relocation without the separation of the roof or floor from the building and when measured at the most exterior walls, has a floor area not in excess of 2,000 square feet.
- (n) "Property" includes all property, real, personal or mixed, tangible or intangible, or any interest therein necessary or desirable for carrying out the purposes of this chapter.

- (o) "Small school district" means a school district with an enrollment of fewer than 2,501 pupils.
- (p) "School building capacity" means the capacity of a school building to house pupils.
- (q) "School district" means a school district or a county office of education. For purposes of determining eligibility under this chapter, "school district" may also mean a high school attendance area.

SEC. 2.

Section 17070.42 is added to the Education Code, to read:

17070.42.

- (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.

SEC. 3.

Section 17070.43 of the Education Code is amended to read:

17070.43.

- (a) A county school facilities fund is hereby established in the county treasury within each county for each school district in the county.
- (b) The board may from time to time authorize the Controller to transfer any funds that the board may deem necessary from the 1998 State School Facilities Fund, the 2002 State School Facilities Fund, the 2004 State School Facilities Fund, the 2006 State School Facilities Fund, the 2016 State School Facilities Fund, or the 2024 State School Facilities Fund, as the case may be, to the corresponding county fund in the county treasury. Interest on all funds deposited in the county fund shall be retained in that fund.
- (c) Funds may be expended from the county fund by the recipient school district for qualifying school facilities expenditures set forth in Sections 17072.35 and 17074.25.

SEC. 4.

Section 17070.51 of the Education Code is amended to read:

17070.51.

- (a) If any certified eligibility or funding application related information is found to have been falsely certified by school districts, architects, or design professionals, hereinafter

referred to as a material inaccuracy, the Office of Public School Construction shall notify the board.

(b) The board shall impose the following penalties if an apportionment and fund release has been made based upon information in the project application or related materials that constitutes a material inaccuracy.

(1) Pursuant to a repayment schedule that is approved by the board of no more than five years, the school district shall repay to the board, for deposit into the 1998 State School Facilities Fund, the 2002 State School Facilities Fund, the 2004 State School Facilities Fund, or the 2024 State School Facilities Fund, as the case may be, an amount proportionate to the additional funding received as a result of the material inaccuracy including interest at the rate paid on moneys in the Pooled Money Investment Account or at the highest rate of interest for the most recent issue of state general obligation bonds as established pursuant to Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code, whichever is greater.

(2) The board shall prohibit the school district from self-certifying certain project information for any subsequent applications for project funding for a period of up to five years following the date of the finding of a material inaccuracy or until the district's repayment of the entire amount owed under paragraph (1). Although a school district that is subject to this paragraph may not self-certify, the school district shall not be prohibited from applying for state funding under this chapter. The board shall establish an alternative method for state or independent certification of compliance that shall be applicable in these cases. The process shall include, but shall not be limited to, procedures for payment by the school district of any increased costs associated with the alternative certification process.

(c) For school districts found to have provided material inaccuracies when a funding apportionment has occurred, but no fund release has been made, the board shall direct its staff to reduce the apportionment as necessary to reflect the actual nature of the project and to disregard the inaccurate information or material, and paragraph (2) of subdivision (b) shall apply.

(d) For those school districts found to have provided material inaccuracies when no funding apportionment or fund release has been made, the inaccurate information or materials shall not be considered, and paragraph (2) of subdivision (b) applies. The project may continue if the application, minus the inaccurate materials, is still complete.

SEC. 5.

Section 17070.54 is added to the Education Code, to read:

17070.54.

(a) As a condition of participating in the school facilities program, a school district shall submit to the department a five-year school facilities master plan, or updated five-year school facilities master plan, approved by the governing board of the school district.

(b) The school facilities master plan submitted pursuant to subdivision (a) shall include information on the school district's eligibility for state bond funding pursuant to this chapter.

(c) The school facilities master plan shall include, but is not limited to, all of the following information:

- (1) An inventory of existing facilities, sites, and property pursuant to subdivision (d).
 - (2) Existing classroom capacity, as determined pursuant to Sections 17071.10 and 17071.25.
 - (3) Projected enrollment growth for the applicable school district over the next five years, accounting for growth pursuant to Sections 17071.75 and 17071.76.
 - (4) A capital planning budget outlining the applicable school district's projects.
 - (5) The financing and other funding sources that would be used to support the acquisition of the applicable schoolsite, new construction project, modernization project, and lead testing and remediation projects.
 - (6) Verification of the applicable school district's current assessed value from the appropriate local government entity that collects and maintains this information.
 - (7) The school district's deferred maintenance plan certified pursuant to Section 17070.75.
 - (8) A narrative describing how the school facilities master plan is consistent with the goals, actions, and services identified in the school district's local control and accountability plan for the first state priority, as described in paragraph (1) of subdivision (d) of Section 52060, as it relates to school facilities.
- (d) The department, in consultation with the State Department of Education, shall develop guidelines that school districts may use to guide the development of the school facilities master plan required as a condition of participating in the school facilities program. The department, in consultation with the State Department of Education, shall develop guidelines or standards that school districts shall use to develop and submit the inventory required pursuant to paragraph (1) of subdivision (c) for every school in the school district, including, but not limited to, all of the following:
- (1) The year each building at the school that is currently used for instructional purposes was constructed.
 - (2) The square footage of each building that is currently used for instructional purposes.
 - (3) The year, if any, each building that is currently used for instructional purposes was last modernized.
 - (4) The pupil capacity of the school.
 - (5) The age and number of portable buildings at the school.
 - (6) Whether the school has any of the following:
 - (A) A cafeteria or multipurpose room.
 - (B) A library.
 - (C) A gymnasium.
- (e) The Controller shall include the instructions necessary to verify that all of the required components of this section are reflected in a participating school district's school facilities master plan in the audit guide required by Section 14502.1, as part of the audit procedures required pursuant to Section 41024.
- (f) The school district shall update its school facilities master plan to reflect any changes in enrollment, capacity, or other areas, as appropriate for purposes of participating in the school facilities program.

SEC. 6.

Section 17070.59 is added to the Education Code, to read:

17070.59.

For purposes of determining the points used to compute the required matching funds from local sources applied pursuant to Sections 17072.30 and 17074.16, the department shall compute the sum of the following point computations applicable to each school district:

(a) For each school district, the department shall divide the district's gross bonding capacity by the district's total enrollment, as determined for purposes of this chapter.

(1) A school district determined to have a gross bonding capacity per enrollment of zero dollars (\$0) to nine thousand nine hundred ninety-nine dollars (\$9,999), inclusive, shall receive four points.

(2) A school district determined to have a gross bonding capacity per enrollment of ten thousand dollars (\$10,000) to nineteen thousand nine hundred ninety-nine dollars (\$19,999), inclusive, shall receive three points.

(3) A school district determined to have a gross bonding capacity per enrollment of twenty thousand dollars (\$20,000) to fifty-four thousand nine hundred ninety-nine dollars (\$54,999), inclusive, shall receive two points.

(4) A school district determined to have a gross bonding capacity per enrollment of fifty-five thousand dollars (\$55,000) or more shall receive one point.

(b) (1) For each school district, the department shall identify each district's unduplicated pupil percentage as determined for purposes of the local control funding formula pursuant to Section 42238.02.

(2) (A) A school district determined to have an unduplicated pupil percentage of between 75 percent and 100 percent shall receive eight points.

(B) A school district determined to have an unduplicated pupil percentage of between 50 percent and 74.99 percent shall receive six points.

(C) A school district determined to have an unduplicated pupil percentage of between 25 percent and 49.99 percent shall receive four points.

(D) A school district determined to have an unduplicated pupil percentage that is 24.99 percent or less shall receive two points.

(c) A school district that has a pupil enrollment of 200 pupils or fewer shall receive two points.

(d) (1) A school district project that includes the use of a project labor agreement shall receive two points.

(2) For purposes of this subdivision, "project labor agreement" has the same meaning as defined in paragraph (1) of subdivision (b) of Section 2500 of the Public Contract Code.

(e) The department shall draft regulations for consideration by the board to further clarify the requirements of this section.

SEC. 7.

Section 17070.87 is added to the Education Code, to read:

17070.87.

New construction and modernization applications submitted before October 31, 2024, shall be processed and apportioned in accordance with this chapter, as it read on January 1, 2024.

SEC. 8.

Section 17071.10 of the Education Code is amended to read:

17071.10.

(a) The calculation determined by this article shall be made on a one-time basis, and will be used as the baseline for eligibility determinations pursuant to this chapter.

(b) (1) Each school district that elects to participate in the new construction program pursuant to this chapter shall submit to the board a one-time report of existing school building capacity.

(2) The information reflected in the report described in paragraph (1) shall be included in a school facilities master plan submitted pursuant to Section 17070.54.

(c) Notwithstanding subdivisions (a) and (b), a school district newly formed, reorganized, or affected by reorganization, pursuant to an election that occurred on or after November 4, 1998, shall calculate or recalculate its existing school building capacity pursuant to regulations adopted by the board.

(d) Notwithstanding subdivisions (a), (b), and (c), a school district that elects to participate in the new construction program or modernization program pursuant to this chapter after November 5, 2024, shall submit an updated report of the school district's existing school building capacity to the board.

SEC. 9.

Section 17071.75 of the Education Code is amended to read:

17071.75.

After a one-time initial report of existing school building capacity has been completed, the ongoing eligibility of a school district for new construction funding shall be determined by making all of the following calculations:

(a) A school district that applies to receive funding for new construction shall use the following methods to determine projected enrollment:

(1) A school district that has two or more schoolsites each with a pupil population density that is greater than 115 pupils per acre in kindergarten and grades 1 to 6, inclusive, or a schoolsite pupil population density that is greater than 90 pupils per acre in grades 7 to 12, inclusive, as determined by the Superintendent using enrollment data from the California Basic Educational Data System for the 2004–05 school year, may submit an application for funding for projects that will relieve overcrowded conditions. That school district may also submit an alternative enrollment projection for the fifth year beyond the fiscal year in which the application is made using a methodology other than the cohort survival enrollment projection method, as defined by the board pursuant to paragraph (2), to be reviewed by the Demographic Research Unit of the Department of Finance, in consultation with the department and the Office of Public School Construction. If the Office of Public School Construction and the Demographic

Research Unit of the Department of Finance jointly determine that the alternative enrollment projection provides a reasonable estimate of expected enrollment demand, a recommendation shall be forwarded to the board to approve or disapprove the application, in accordance with all of the following:

(A) Total funding for new construction projects using this method shall be limited to five hundred million dollars (\$500,000,000), from the Kindergarten-University Public Education Facilities Bond Act of 2004.

(B) The eligibility amount for proposed projects that relieve overcrowding is the difference between the alternative enrollment projection method for the year the application is submitted and the cohort survival enrollment projection method, as defined by the board pursuant to paragraph (2), for the same year, adjusted by the existing pupil capacity in excess of the projected enrollment according to the cohort survival enrollment projection method.

(C) The Office of Public School Construction shall determine whether each proposed project will relieve overcrowding, including, but not limited to, the elimination of the use of Concept 6 calendars, four track year-round calendars, or busing in excess of 40 minutes, and recommend approval to the board. The number of unhoused pupil grants requested in the application for funding from the eligibility determined pursuant to this paragraph shall be limited to the number of seats necessary to relieve overcrowding, including, but not limited to, the elimination of the use of Concept 6 calendars, four track year-round calendars, or busing in excess of 40 minutes, less the number of unhoused pupil grants attributed to that school as a source school in an approved application pursuant to Section 17078.24.

(D) A school district shall use the same alternative enrollment projection methodology for all applications submitted pursuant to this paragraph and shall calculate those projections in accordance with the same districtwide or high school attendance area used for the enrollment projection made pursuant to paragraph (2).

(2) A school district shall calculate enrollment projections for the fifth year beyond the fiscal year in which the application is made. Projected enrollment shall be determined by using the cohort survival enrollment projection system, as defined and approved by the board. The board may supplement the cohort survival enrollment projection with any of the following:

(A) The number of unhoused pupils that are anticipated as a result of dwelling units proposed pursuant to approved and valid tentative subdivision maps.

(B) Modified weighting mechanisms, if the board determines that they best represent the enrollment trends of the district. Mechanisms pursuant to this subparagraph shall be developed and applied in consultation with the Demographic Research Unit of the Department of Finance.

(C) An adjustment to reflect the effects on kindergarten and first grade enrollment of changes in birth rates within the school district or high school attendance area boundaries.

(3) (A) A school district may submit an enrollment projection for either a 5th year or a 10th year beyond the fiscal year in which the application is made. A school district that bases its enrollment projection calculation on a high school attendance area may use pupil residence in that attendance area to calculate enrollment. A school district that uses pupil residence shall do so for all high school attendance areas within the district.

A pupil shall not be included in a high school attendance area enrollment projection based on pupil residence unless that pupil was included in the California Basic Educational Data System (CBEDS) report of the district for the same enrollment year. The board may require a district to provide a reconciliation of the districtwide CBEDS and residency data. The board also may adopt regulations to specify the format and certification requirements for a school district that submits residency data.

(b) (1) Add the number of pupils that may be adequately housed in the existing school building capacity of the applicant school district as determined pursuant to Article 2 (commencing with Section 17071.10) to the number of pupils for whom facilities were provided from any state or local funding source after the existing school building capacity was determined pursuant to Article 2 (commencing with Section 17071.10). For this purpose, the total number of pupils for whom facilities were provided shall be determined using the pupil loading formula set forth in Section 17071.25.

(2) Subtract from the number of pupils calculated in paragraph (1) the number of pupils that were housed in facilities to which the school district or county office of education relinquished title as the result of a transfer of a special education program between a school district and a county office of education or special education local plan area, if applicable. For this purpose, the total number of pupils that were housed in the facilities to which title was relinquished shall be determined using the pupil loading formula adopted by the board pursuant to subparagraph (B) of paragraph (2) of subdivision (a) of Section 17071.25. For purposes of this paragraph, title also includes any lease interest with a duration of greater than five years.

(c) Subtract the number of pupils pursuant to subdivision (b) from the number of pupils determined pursuant to paragraph (2) of subdivision (a).

(d) The calculations required to establish eligibility under this article shall result in a distinction between the number of existing unhoused pupils and the number of projected unhoused pupils.

(e) Apply the increase or decrease resulting from the difference between the most recent report made pursuant to former Section 42268, as that section read on June 30, 2013, and the report used in determining the baseline capacity of the school district pursuant to subdivision (a) of Section 17071.25.

(f) For purposes of calculating projected enrollment pursuant to subdivision (a), the board may adopt regulations to ensure that the enrollment calculation of individuals with exceptional needs receiving special education services is adjusted in the enrollment reporting period in which the transfer occurs and three previous school years as a result of a transfer of a special education program between a school district and a county office of education or a special education local plan area. However, the projected enrollment calculation of a county office of education shall only be adjusted if a transfer of title for the special education program facilities has occurred. The regulations, if adopted, shall ensure that if a transfer of title to special education program facilities constructed with state funds occurs within 10 years after initial occupancy of the facility, the receiving school district or school districts shall remit to the state a proportionate share of any financial hardship assistance provided for the project pursuant to Section 17075.10, if applicable.

(g) For a school district with an enrollment of 2,500 or fewer, an adjustment in enrollment projections shall not result in a loss of ongoing eligibility to that school district for a period of five years from the date of the approval of eligibility by the board.

SEC. 10.

Section 17072.30 of the Education Code is amended to read:

17072.30.

(a) Subject to the availability of funds, the board shall apportion funds to an eligible school district only upon the approval of the project by the Department of General Services pursuant to the Field Act, as defined in Section 17281, and certification by the school district that the required matching funds from local sources have been expended by the district for the project, or have been deposited in the county fund, or will be expended by the district by the time the project is completed, in an amount at least equal to the proposed apportionment pursuant to this chapter, before release of the state funds.

(b) The board shall adjust a school district's required local contribution pursuant to this section and the school district's associated state contribution required pursuant to Article 4 (commencing with Section 17072.10), as follows:

(1) For a school district determined to have a score of more than 10 points pursuant to Section 17070.59, the school district's required local matching funds pursuant to subdivision (a) shall be 45 percent and the associated state contribution pursuant to Article 4 (commencing with Section 17072.10) shall be 55 percent.

(2) For a school district determined to have a score of 9 or 10 points pursuant to Section 17070.59, the school district's required local matching funds pursuant to subdivision (a) shall be 47 percent and the associated state contribution pursuant to Article 4 (commencing with Section 17072.10) shall be 53 percent.

(3) For a school district determined to have a score of eight points pursuant to Section 17070.59, the school district's required local matching funds pursuant to subdivision (a) shall be 48 percent and the associated state contribution pursuant to Article 4 (commencing with Section 17072.10) shall be 52 percent.

(4) For a school district determined to have a score of six or seven points pursuant to Section 17070.59, the school district's required local matching funds pursuant to subdivision (a) shall be 49 percent and the associated state contribution pursuant to Article 4 (commencing with Section 17072.10) shall be 51 percent.

(5) For a school district determined to have a score of less than six points pursuant to Section 17070.59, the required local matching funds pursuant to subdivision (a) shall be 50 percent and the associated state contribution pursuant to Article 4 (commencing with Section 17072.10) shall be 50 percent.

SEC. 11.

Section 17072.35 of the Education Code is amended to read:

17072.35.

(a) A grant for new construction may be used for any and all costs necessary to adequately house new pupils in any approved project, and those costs may only include the cost of design, engineering, testing, inspection, plan checking, construction management, site acquisition and development, evaluation and response action costs

relating to hazardous substances at a new or existing schoolsite, demolition, construction, acquisition and installation of portable classrooms, landscaping, necessary utility costs, utility connections and other fees, equipment including telecommunication equipment to increase school security, furnishings, and the upgrading of electrical systems or the wiring or cabling of classrooms in order to accommodate educational technology, including schoolsite-based infrastructure necessary to provide access to broadband internet within the schoolsite. A grant for new construction may also be used to acquire an existing government or privately owned building, or a privately financed school building, and for the necessary costs of converting the government or privately owned building for public school use. A grant for new construction may also be used for the costs of designs and materials that promote the efficient use of energy and water, the maximum use of natural lighting and indoor air quality, the use of recycled materials and materials that emit a minimum of toxic substances, the use of acoustics conducive to teaching and learning, and other characteristics of high performance schools. A grant for new construction may be used for the costs of design, materials, and construction to advance state energy goals pursuant to state law, support outdoor learning environments, or to directly shade and protect pupils from higher average temperatures, which may include incorporating nature and natural materials. A grant for new construction may be used for seismic mitigation purposes and for related design, study, and testing costs.

(b) This section does not preclude a school district from using a grant for new construction to support the construction of a school kitchen, a transitional kindergarten classroom, a facility to support a local educational agency-administered preschool program, including, but not limited to, a California state preschool program set forth in Article 2 (commencing with Section 8207) of Chapter 2 of Part 6, that is operated by a school district and located on a schoolsite operated by the district, or a facility to support school nurses and counselors to increase access to health care and mental health services.

(c) In developing guidelines and regulations for consideration by the board, the State Department of Education shall provide a school district with maximum flexibility in the design and new construction of school facilities.

SEC. 12.

Section 17073.15 of the Education Code is amended to read:

17073.15.

(a) A school district is eligible to receive an apportionment for the modernization of a permanent school building that is more than 25 years old or a portable classroom that is at least 20 years old. A school district is eligible to receive an additional apportionment for the modernization of a permanent school building every 25 years after the date of the previous apportionment or a portable classroom every 20 years after the previous apportionment.

(b) (1) Notwithstanding subdivision (a), a school district that has a school facility located on a military installation that is the recipient of a federal grant for facilities modernization that requires a local matching share is eligible to receive an apportionment for the modernization of a permanent or portable building that is at least 10 years old, or is at

least 10 years old after the date of the previous modernization apportionment under this chapter.

(2) Portable buildings modernized pursuant to paragraph (1) shall be replaced with a permanent structure.

SEC. 13.

Section 17073.16 is added to the Education Code, to read:

17073.16.

(a) A school district eligible for funding pursuant to this article may receive a supplemental grant for either of the following:

(1) Expanding an existing gymnasium, multipurpose room, library, or school kitchen, if the facility is 60 percent or less than the department's recommended size needed to serve the enrollment of the school.

(2) Constructing a new gymnasium, multipurpose room, library, or school kitchen if the site is lacking one or more of the specified facilities.

(b) A site may receive a supplemental grant for only one project described in subdivision (a).

(c) (1) A school district eligible for a modernization apportionment may also receive a supplemental grant for either of the following:

(A) Retrofitting an existing school facility to adequately house transitional kindergarten pupils.

(B) Constructing new transitional kindergarten classrooms if the site is lacking sufficient school facilities to house transitional kindergarten pupils.

(2) A school district that receives a supplemental grant to house transitional kindergarten pupils pursuant to paragraph (1) shall meet the requirements of subparagraphs (A) and (B) of paragraph (5) of subdivision (b) of, paragraphs (2) and (3) of subdivision (f) of, and subdivision (g) of, Section 17375.

(d) The funding provided under this section shall be in addition to any other funding provided pursuant to this article.

(e) The board, in consultation with the Superintendent, shall develop regulations implementing this section.

SEC. 14.

Section 17074.16 of the Education Code is amended to read:

17074.16.

(a) The board shall release disbursements to school districts with approved applications for modernization, to the extent state funds are available for the state's share, and the school district has provided its required local match. Subject to the availability of funds, the board shall apportion funds to an eligible school district only upon the approval of the project by the Department of General Services pursuant to the Field Act, as defined in Section 17281, including, but not limited to, a project that complies with the Field Act by complying with Section 17280.5, and evidence that the certification by the school district that the required matching funds from local sources have been expended by the district for the project, or have been deposited in the county fund or will be expended by the district by the time of completion of the project, and evidence that the district has entered into a binding contract for the completion of that

project. If state funds are insufficient to fund all qualifying school districts, the board shall fund all qualifying school districts in the order in which the application for funding was approved by the board.

(b) The board shall adjust a school district's required local contribution pursuant to this section and the school district's associated state contribution required pursuant to this article as follows:

(1) For a school district determined to have a score of more than 10 points pursuant to Section 17070.59, the school district's required local matching funds pursuant to subdivision (a) shall be 35 percent and the associated state contribution pursuant to this article shall be 65 percent.

(2) For a school district determined to have a score of 9 or 10 points pursuant to Section 17070.59, the school district's required local matching funds pursuant to subdivision (a) shall be 37 percent and the associated state contribution pursuant to this article shall be 63 percent.

(3) For a school district determined to have a score of eight points pursuant to Section 17070.59, the school district's required local matching funds pursuant to subdivision (a) shall be 38 percent and the associated state contribution pursuant to this article shall be 62 percent.

(4) For a school district determined to have a score of six or seven points pursuant to Section 17070.59, the school district's required local matching funds pursuant to subdivision (a) shall be 39 percent and the associated state contribution pursuant to this article shall be 61 percent.

(5) For a school district determined to have a score of less than six points pursuant to Section 17070.59, the required local matching funds pursuant to subdivision (a) shall be 40 percent and the associated state contribution pursuant to this article shall be 60 percent.

SEC. 15.

Section 17074.25 of the Education Code is amended to read:

17074.25.

(a) (1) A modernization apportionment may be used for an improvement to extend the useful life of, or to enhance the physical environment of, the school. The improvement may only include the cost of design, engineering, testing, inspection, plan checking, construction management, demolition, construction, the replacement of portable classrooms, necessary utility costs, utility connection and other fees, the purchase and installation of air-conditioning equipment and insulation materials and related costs, furniture and equipment, including telecommunication equipment to increase school security, fire safety improvements, playground safety improvements, the identification, assessment, or abatement of hazardous asbestos, seismic safety improvements, and the upgrading of electrical systems or the wiring or cabling of classrooms in order to accommodate educational technology, including schoolsite-based infrastructure necessary to provide access to broadband internet within the schoolsite. A modernization apportionment may be used for the costs of design, materials, demolition, and construction to advance state energy goals pursuant to state law, support outdoor learning environments, or to directly shade and protect pupils from higher average temperatures, which may include incorporating nature and natural

materials. A modernization grant may not be used for costs associated with acquisition and development of real property or for routine maintenance and repair.

(2) A modernization apportionment may also be used for any of the following:

(A) The cost of designs and materials that promote the efficient use of energy and water, the maximum use of natural lighting and indoor air quality, the use of recycled materials and materials that emit a minimum of toxic substances, the use of acoustics conducive to teaching and learning, and other characteristics of high-performance schools.

(B) Seismic mitigation purposes and related design, study, and testing costs.

(C) To remediate any water outlet used for drinking or preparing food with lead levels in excess of 15 parts per billion.

(D) The control, management, or abatement of lead.

(b) This section shall not preclude a school district from using a grant for modernization to support the modernization of a school kitchen, a transitional kindergarten classroom, a facility to support a local educational agency-administered preschool program, including, but not limited to, a California state preschool program set forth in Article 2 (commencing with Section 8207) of Chapter 2 of Part 6, that is operated by a school district and located on a schoolsite operated by the district, or a facility to support school nurses and counselors to increase access to health care and mental health services.

(c) (1) A modernization apportionment may be used to limit pupil exposure to harmful air pollutants by updating air filtration systems.

(2) (A) This subdivision is declaratory of existing law.

(B) It is the intent of the Legislature in enacting Chapter 714 of the Statutes of 2018 (Assembly Bill 2453 of the 2017–18 Regular Session) to encourage school districts to add air filtration systems to applications for modernization apportionments when air pollution occasionally or regularly exceeds levels known to be harmful to public health.

(d) Notwithstanding any other provision of this article, a school district that is apportioned funds pursuant to Section 17073.16 shall use the supplemental grant for expanding an existing, or constructing a new, gymnasium, multipurpose room, library, or school kitchen.

(e) In developing guidelines and regulations for consideration by the board, the department, in consultation with the State Department of Education, shall provide a school district with maximum flexibility in the design and modernization of school facilities.

SEC. 16.

Section 17074.265 is added to the Education Code, immediately following Section 17074.26, to read:

17074.265.

(a) Notwithstanding Article 6 (commencing with Section 17073.10), a school district shall be eligible to receive a modernization apportionment to demolish and construct a building or buildings on an existing schoolsite if both of the following conditions are met:

(1) The building or buildings to be replaced are at least 75 years old.

(2) The school district provides a cost-benefit analysis that indicates the total cost to modernize the building or buildings is at least 50 percent of the current replacement

cost, as defined by the board, of the building or buildings. The cost-benefit analysis may include applicable site development costs.

(b) A project that meets the requirements of subdivision (a) shall be eligible for a grant equal to the grant provided under Section 17072.10 multiplied by the capacity of the building or buildings calculated pursuant to Section 17071.25.

(c) The board may adopt regulations to implement this section.

SEC. 17.

Section 17075.10 of the Education Code is repealed.

SEC. 18.

Section 17075.10 is added to the Education Code, to read:

17075.10.

(a) (1) For health and safety projects for school facilities that are determined by the department to pose an unacceptable risk of injury to occupants in the event of a seismic event, a school district shall demonstrate both of the following to the satisfaction of the board:

(A) That due to unusual circumstances that are beyond the control of the school district, excessive costs need to be incurred in the construction of school facilities.

(B) That the facilities are needed to ensure the health and safety of pupils if the health and safety of pupils is at risk.

(2) For purposes of paragraph (1), health and safety projects include projects to replace the most vulnerable school facilities that are identified as a Category 2 building, as defined in the report submitted pursuant to Section 17317.

(b) (1) A school district is eligible for health and safety funding to replace, reconstruct, or construct new classrooms and related facilities if the school district demonstrates there is a threat to the health and safety of pupils. To determine the applicable grant amounts, the district shall prepare and submit to the department a cost-benefit analysis that compares the minimum cost to remain in the classroom or related facility and mitigate the health and safety problem with the current replacement cost.

(2) The project qualifies for modernization funding if the minimum cost is less than 50 percent of the current replacement cost of the classroom or related facility.

(3) The project qualifies for replacement facilities if the cost-benefit analysis prepared pursuant to paragraph (1) demonstrates that the cost to remain in the classroom or related facility and mitigate the problem is at least 50 percent of the replacement value.

(c) The department shall develop regulations to define eligible health and safety projects that meet the requirements of subdivisions (a) and (b) for purposes of project approval by the board.

SEC. 19.

Section 17075.15 of the Education Code is amended to read:

17075.15.

(a) From funds available from any bond act for the purpose of funding facilities for school districts with a financial hardship, the board may provide other construction, modernization, or relocation assistance as set forth in this chapter or Chapter 14 (commencing with Section 17085) to the extent that severe circumstances may require,

and may adjust or defer the local financial participation, as pupil health and safety considerations require to the extent that bond act funds are provided for this purpose.

(b) The board shall adopt regulations for determining the amount of funding that may be provided to a district, and the eligibility and prioritization of funding, under this article.

(c) The regulations shall define the amount, and sources, of financing that the school district could reasonably provide for school facilities as follows:

(1) Unencumbered funds available in all facility accounts in the school district, including, but not limited to, fees on development, redevelopment funds, sale proceeds from surplus property, funds generated by certificates of participation for facility purposes, bond funds, federal grants, and other funds available for school facilities, as the board may determine.

(2) The board may exclude from consideration all funds encumbered for a specific capital outlay purpose, a reasonable amount for interim housing, and other funds that the board may find are not reasonably available for the project.

(d) The regulations shall also specify a method for determining required levels of local effort to obtain matching funds. The regulations shall include consideration of at least all of the following factors:

(1) Whether the school district has passed a bond measure within the two-year period immediately preceding the application for funding under this article, the proceeds of which are substantially available for use in the project to be funded under this chapter, but remains unable to provide the necessary matching share requirement.

(2) Whether the principal amount of the current outstanding bonded indebtedness issued for the purpose of constructing school facilities for the school district and secured by property within the school district or by revenues of, or available to, the school district, which shall include general obligation bonds, Mello-Roos bonds, school facility improvement district bonds, certificates of participation, and other debt instruments issued for the purpose of constructing school facilities for the school district and for which owners of property within the school district or the school district are paying debt service is at least 60 percent of the school district's total bonding capacity, as determined by the board.

(3) (A) Whether the total bonding capacity, as defined in Section 15102 or 15106, as applicable, is fifteen million dollars (\$15,000,000) or less, in which case, the school district shall be deemed eligible for financial hardship.

(B) Commencing with the 2026–27 fiscal year, the amount described in subparagraph (A) shall be adjusted each fiscal year by the inflation adjustment computed pursuant to paragraph (2) of subdivision (d) of Section 42238.02.

(4) Whether the application for funding under this article is from a county superintendent of schools.

(5) Whether the school district submits other evidence of substantial local effort acceptable to the board.

(6) The value of any unused local general obligation debt capacity, and developer fees added to the needs analysis to reflect the district's financial hardship, available for the purposes of school facilities financing.

SEC. 20.

Section 17075.20 is added to the Education Code, immediately following Section 17075.15, to read:

17075.20.

(a) Notwithstanding any other law, the board may provide assistance under this chapter for purposes of procuring interim housing, including, but not limited to, the leasing or acquisition of portable classrooms and any work associated with placing them on a site, to school districts and county offices of education impacted by a natural disaster for which the Governor has declared a state of emergency. The allocated funds shall supplement funding from insurance or any other local, state, or federal government disaster assistance.

(b) For purposes of this section, and notwithstanding any other section of this chapter, school districts and county offices of education determined by the board to be impacted by a natural disaster as described in subdivision (a) are deemed to meet the requirements set forth in Section 17075.10.

(c) Notwithstanding any other law, a school district or county office of education that receives assistance under this section shall be entitled to retain savings from a project and use those savings for other high-priority capital outlay purposes consistent with the requirements of subdivision (c) of Section 17070.63.

(d) (1) A grant provided pursuant to this section shall not affect the applicant's eligibility for any other program under this chapter.

(2) Notwithstanding paragraph (1), a portable classroom purchased pursuant to subdivision (a) shall be included in the determination of eligibility for new construction funding pursuant to Section 17071.75.

(e) The board may provide any other assistance to a school district or county office of education determined by the board to be impacted by a natural disaster as described in subdivision (a).

SEC. 21.

Section 17077.35 of the Education Code is amended to read:

17077.35.

(a) An applicant school district may include plan design and other project components that promote school facility energy efficiency approaching the ultimate goal of school facility energy self-sufficiency and pollution reduction, and may seek a grant adjustment for the state's share of the increased costs associated with those components.

(b) Energy efficiency components that enable school facilities to advance state energy goals and adapt to higher average temperatures that pose a threat to the health and safety of pupils and staff are eligible for inclusion into a project pursuant to this section, including, but not limited to, all of the following:

(1) Electric heating, ventilation, and air conditioning (HVAC), school kitchen equipment, and water heating.

(2) The use of ground source temperatures for heating and cooling.

(3) Energy and water conservation, load reduction, peak-load shifting, and building energy efficiency measures.

(4) Solar water heating technologies.

(5) Onsite renewable energy and storage, such as photovoltaics and battery storage, microgrid controllers, and service panel upgrades.

(6) Shade structures and the conversion of ground and rooftop surfaces to materials with low absorption and reflection of heat, which may include, but are not limited to, natural surfaces.

(c) In order to be eligible for the grant adjustment pursuant to this section, the building proposed for the project, including the energy-efficiency and renewable energy measures used pursuant to this section, shall exceed the nonresidential building energy-efficiency standards specified in Part 6 (commencing with Section 100) of Title 24 of the California Code of Regulations. The applicant shall certify that the cost for the project exceeds the amount of funding otherwise available to the applicant under this chapter.

(d) The board shall provide an applicant for a new construction or modernization project with a grant adjustment to provide an increase not to exceed 5 percent of its state grants authorized by Sections 17072.10 and 17074.10 for the state's share of costs associated with design, purchase, and installation related to school facility energy efficiency as set forth in this article.

(e) The board may adopt regulations for purposes of this section.

SEC. 22.

Article 10.7 (commencing with Section 17077.60) is added to Chapter 12.5 of Part 10 of Division 1 of Title 1 of the Education Code, to read:

Article 10.7. Testing and Remediation of Lead Levels in Water at Schoolsites 17077.60.

(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.

SEC. 23.

Article 11.5 (commencing with Section 17078.35) is added to Chapter 12.5 of Part 10 of Division 1 of Title 1 of the Education Code, to read:

Article 11.5. Assistance to Small School Districts

17078.35.

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.

17078.36.

(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.

17078.37.

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.

17078.38.

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.

SEC. 24.

Article 11.7 (commencing with Section 17078.45) is added to Chapter 12.5 of Part 10 of Division 1 of Title 1 of the Education Code, to read:

Article 11.7. State Augmentation of Federal Supporting America's School Infrastructure Grant Program for Priority School Districts

17078.45.

For purposes of this article, the following definitions apply:

(a) "Centralized online resources" means an online portal or webpage dedicated to facilities maintenance and capital outlay in support of priority school districts.

(b) "Direct technical assistance" means professional support on facilities maintenance and capital outlay provided in person to a priority school district at the site.

(c) "Priority school district" means a school district that the State Department of Education determines is in need of capital outlay assistance. The State Department of Education's determination is based on the school district meeting one or more of the following criteria:

- (1) An enrollment of fewer than 2,501 pupils.
- (2) Low gross bonding capacity per enrollment.
- (3) A high percentage of unduplicated pupils.
- (4) Has not previously submitted an application for funding pursuant to the School Facility Program.
- (d) "SASI Grant" means the federal Supporting America's School Infrastructure Grant Program.
- (e) "State and county collaboration" means the joint efforts of the State Department of Education, county offices of education, and other state agencies, such as the Division of the State Architect and the Office of Public School Construction, to provide regional resource centers throughout the state to ensure priority school districts have access to local support.

17078.46.

(a) The board shall provide a grant of five million dollars (\$5,000,000) to the State Department of Education to expand the objectives of the SASI Grant and support priority school districts as described in this article. The grant funds shall be made available from the amounts allocated pursuant to paragraphs (1) and (2) of subdivision (a) of Section 101412 at the board's discretion.

(b) Any portion of the amount described in subdivision (a) that is not allocated pursuant to subdivision (a) by January 1, 2030, shall be available for the purposes described in paragraphs (1) and (2) of subdivision (a) of Section 101412, as determined by the board.

17078.47.

The bond funds allocated to the State Department of Education pursuant to Section 17070.46 shall be used for all of the following purposes:

(a) Direct technical assistance to priority school districts, including training in at least all of the following:

(1) Tools used to determine if a school facility is in "good repair" as defined in paragraph (1) of subdivision (d) of Section 17002 and rating a facility pursuant to paragraph (2) of subdivision (d) of Section 17002.

(2) Developing a schoolsite inventory.

(3) Assessing facility needs, estimating costs, and prioritizing projects.

(4) Identifying funding options, including eligibility to participate in the school facilities program.

(5) Developing facility contracts, including testing, architectural services, inspections, and construction.

(b) State and county collaboration efforts, including at least all of the following:

(1) Developing a regional network of facilities and maintenance staff at county offices of education throughout the state to sustain ongoing support for priority school districts.

(2) Conducting quarterly meetings throughout the state, in partnership with the Division of the State Architect and the Office of Public School Construction, designed to address the facilities challenges faced by priority school districts.

(3) Partnering with other state agencies and organizations representing priority school districts with limited expertise and capacity.

(c) Development and maintenance of centralized online resources, including at least all of the following:

- (1) Dedicating a portal or webpage to school facilities maintenance to support maintenance assessment, state and national funding programs, and contract development and management.
- (2) Providing standardized forms and tools for use by priority school districts.
- (3) Developing an on-demand library of resources, including webinars, videos, and additional learning tools.
- (d) State level expertise on facility maintenance, which may include both of the following:
 - (1) Building the capacity of the State Department of Education and county offices of education in supporting priority school districts.
 - (2) Establishing, in partnership with the Division of the State Architect and the Office of Public School Construction, a certification process for private construction consultants and maintaining an up-to-date list of certified consultants for use by priority school districts.

17078.48.

The State Department of Education shall adopt regulations setting forth the requirements and procedures for the allocation and use of bond funds pursuant to this article, including, but not limited to, all of the following:

- (a) The process for determining recipients of direct technical assistance.
- (b) The framework for state and county collaboration efforts.
- (c) The development, maintenance, and accessibility of centralized online resources.
- (d) Reporting and accountability measures to ensure the effective use of the allocated funds and the achievement of its intended outcomes.

SEC. 25.

Section 17078.52 of the Education Code is amended to read:

17078.52.

- (a) There is hereby established the Charter School Facilities Program to provide funding to qualifying entities for the purpose of establishing school facilities for charter school pupils.
- (b) (1) The 2002 Charter School Facilities Account is hereby established within the 2002 State School Facilities Fund established pursuant to subdivision (b) of Section 17070.40. The proceeds of bonds, as set forth in subparagraph (A) of paragraph (1) of subdivision (a) of Section 100620, shall be deposited into the 2002 Charter School Facilities Account for the purposes of this article. Notwithstanding Section 13340 of the Government Code, funds deposited into the account are hereby continuously appropriated for the purposes of this article.
- (2) The 2004 Charter School Facilities Account is hereby established within the 2004 State School Facilities Fund established pursuant to subdivision (c) of Section 17070.40. The proceeds of bonds, as set forth in subparagraph (A) of paragraph (1) of subdivision (a) of Section 100820, if approved by the voters, shall be deposited into the 2004 Charter School Facilities Account for the purposes of this article. Notwithstanding Section 13340 of the Government Code, funds deposited into the account are hereby continuously appropriated for the purposes of this article.
- (3) The 2006 Charter School Facilities Account is hereby established within the 2006 State School Facilities Fund established pursuant to subdivision (d) of Section

17070.40. The proceeds of bonds, as set forth in paragraph (2) of subdivision (a) of Section 101012, if approved by the voters, shall be deposited into the 2006 Charter School Facilities Account for the purposes of this article. Notwithstanding Section 13340 of the Government Code, funds deposited into the account are hereby continuously appropriated for the purposes of this article.

(4) The 2024 Charter School Facilities Account is hereby established within the 2024 State School Facilities Fund established pursuant to Section 17070.42. The proceeds of bonds, as set forth in paragraph (3) of subdivision (a) of Section 101412 and if approved by the voters at the November 5, 2024, statewide general election, shall be deposited into the 2024 Charter School Facilities Account for purposes of this article.

Notwithstanding Section 13340 of the Government Code, funds deposited into the account are hereby continuously appropriated for purposes of this article.

(c) As used in this article, the following terms have the following meanings:

(1) "Authority" means the California School Finance Authority established pursuant to Section 17172.

(2) "Account" means the pertinent account established under subdivision (b).

(3) "Preliminary apportionment" means an apportionment made 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. The process for making preliminary apportionments under this article shall be substantially identical to the process established for critically overcrowded schools pursuant to Sections 17078.22 to 17078.30, inclusive.

(4) "Financially sound" means a charter school that has demonstrated, over a period of time determined by the authority, but not less than 24 months immediately preceding the submission of the application, that it has operated as a financially capable concern in California, as measured by criteria established by the authority. A charter school that cannot demonstrate that it has been a financially capable concern for at least 24 months immediately preceding the submission of the application, due solely to not having operated as a charter school for at least 24 months, may meet this 24-month requirement if the charter school is managed by staff who have at least 24 months of documented experience, as measured by criteria established by the authority and the charter school has an educational plan, financial resources, facilities expertise, management expertise, and has been a financially capable concern for at least 24 months, as established by the authority.

(d) The board shall, from time to time, transfer funds within the account to the California School Finance Authority Fund for the purposes of this article pursuant to the request of the authority as set forth in this article.

SEC. 26.

Section 17078.58 of the Education Code is amended to read:

17078.58.

(a) Funding granted pursuant to this article may not exceed 100 percent of the total allowable project costs as determined by calculating double the per-pupil grant eligibility as set forth in Section 17072.10, and subdivision (e) of Section 17078.53, plus 100 percent of all other allowable construction project costs, as appropriate to the project, that would otherwise be available to school district projects as set forth in this chapter.

Funding granted for the purposes of rehabilitating buildings under Section 17078.54 shall be limited to the costs necessary to comply with subdivision (c) of Section 17078.54, and shall not exceed the maximum costs that would otherwise be allowable for a new construction project funded under this article.

(b) The local share equivalent shall be collected in the form of lease payments or otherwise as set forth in this article.

(c) Lease payments in lieu of local share payments, and any other local share payments made pursuant to this article, shall be made to the board for deposit into the respective 2002, 2004, 2006, or 2024 Charter School Facilities Account. Funds deposited into the account pursuant to this section may be used by the board only for a purpose related to charter school facilities pursuant to this article.

(d) When a preliminary apportionment under this article is converted to a final apportionment, any funds not needed for the final apportionment shall remain in the 2002, 2004, 2006, or 2024 Charter School Facilities Account for use by the board for any purpose related to charter school facilities pursuant to this article.

SEC. 27.

Section 17078.74 is added to the Education Code, immediately following Section 17078.72, to read:

17078.74.

(a) Except as otherwise provided in this section, a modernization grant adjustment provided pursuant to this section is not subject to the requirements of Section 17078.72.

(b) An applicant school district may include plan design and other project components that promote career technical education to enhance the educational opportunities for pupils in existing middle and high schools, and may seek a modernization grant adjustment for the state's share of the increased costs associated with those components.

(c) Career technical education components that enable school facilities to provide pupils with the skills and knowledge necessary for high-demand technical careers are eligible for inclusion into a project pursuant to this section, including, but not limited to, all of the following:

(1) Modernization of facilities to support career technical education programs.

(2) Reconfiguring a structure of any age that will enhance the educational opportunities for pupils in existing middle and high schools in order to provide them with the skills and knowledge necessary for high-demand technical careers.

(3) Purchasing equipment with an average useful life expectancy of at least 10 years.

(d) (1) In order to be eligible for the modernization grant adjustment pursuant to this section, the applicant shall certify that the cost for the project exceeds the amount of funding otherwise available to the applicant under this chapter and that the career technical education components are necessary to maintain industry standards.

(2) The applicant shall submit necessary plans and specifications for career technical education components to the State Department of Education for approval, ensuring compliance with eligibility criteria as stipulated, for modernization projects only, in Section 1859.192 of Title 2 of the California Code of Regulations, with the exception of paragraph (2) of subdivision (b) of Section 1859.192 of Title 2 of the California Code of Regulations.

(e) The board shall provide an applicant for a modernization project with a grant adjustment to provide an increase not to exceed 5 percent of its state grants authorized by Section 17074.10 for the state's share of costs associated with the design, purchase, and installation related to career technical education components as set forth in this section.

(f) An applicant career technical education program shall meet the criteria developed under subdivision (b) of Section 17078.72 and shall demonstrate all of the following:

(1) A clear and comprehensive career technical education plan for each course of study applicable to the instructional space.

(2) Projections of pupil enrollment.

(3) Identification of feeder schools, industry partners, and community colleges or institutions of higher education participating in the development, articulation, and review of the educational program.

(4) Evidence of approval of the plan described in paragraph (1) by the entities listed in paragraph (3) and the State Department of Education, including a determination by the State Department of Education that the application has scored at least 105 points as required under subdivision (c) of Section 1859.192 of Title 2 of the California Code of Regulations.

(5) The method by which accountability for pupil enrollments and outcomes will be maintained. Outcomes shall include, but are not limited to, certificate completion, successful entry of pupils to employment in the applicable industry, and successful transition to institutions of higher education for work in the applicable industry or other areas of study.

(6) Evidence of coordination with all feeder schools, middle schools, and high schools within the area to ensure that the project and programs complement career technical education offerings in the area.

(7) Evidence that upon completion of the project, the local educational agency will meet all of its obligations under Section 51228 relating to career technical education.

(g) The Office of Public School Construction shall develop regulations, subject to board approval, to implement this section. The regulations shall include procedures for the submission of State Department of Education-approved plans and specifications as a condition for the modernization grant adjustment, in alignment with subdivision (b) of Section 1859.197 of Title 2 of the California Code of Regulations.

(h) Projects shall be subject to a program accountability expenditure audit, consistent with State Department of Education guidelines, to ensure compliance with the funding regulations. Any repayments due back to the state as a result of these audits shall be subject to the repayment provisions in Section 1859.106.1 of Title 2 of the California Code of Regulations.

SEC. 28.

Part 72 (commencing with Section 101400) is added to Division 14 of Title 3 of the Education Code, to read:

PART 72. The Kindergarten Through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair, and Safety Bond Act of 2024

CHAPTER 1. General Provisions

101400.

This part shall be known, and may be cited, as the Kindergarten Through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair, and Safety Bond Act of 2024.

101401.

The Legislature finds and declares all of the following:

- (a) A University of California, Berkeley report estimates that 85 percent of the classrooms in California are more than 25 years old, 30 percent of the classrooms are between 50 to 70 years old, and about 10 percent of the classrooms are 70 years old or older.
- (b) Research on school building conditions and student outcomes finds a consistent relationship between poor facilities and poor performance by students. School facilities that are clean, in good repair, and designed to support high academic standards are more likely to support higher student achievement, regardless of student socioeconomic status. Students who receive instruction in buildings with good environmental conditions can earn test scores that are 5 to 17 percent higher than scores for students in substandard buildings.
- (c) About one-third of new jobs in California will require some training beyond high school but less than a four-year degree. Career technical education, also known as vocational training, connects students to these career opportunities by providing industry-based skills.
- (d) The School Facility Program is almost out of funding. School districts across California have submitted a total of \$3,300,000,000 in new construction and modernization projects and they are waiting to be funded.
- (e) There are over 1,000 charter schools in California, and those charter schools are primarily located in urban areas. Charter schools often face significant financial challenges in securing adequate facilities. Therefore, supporting charter school facilities is essential to ensuring that all students have access to high-quality learning environments. By investing in the construction and rehabilitation of charter school buildings, we can help ensure these schools can provide safe, modern, and conducive learning environments. This support is important for fostering educational innovation and providing equitable educational opportunities for all students.
- (f) Small and disadvantaged school districts often face significant challenges in maintaining and upgrading their facilities. These districts serve some of the most vulnerable student populations and frequently lack the resources to address critical infrastructure needs.
- (g) The California Community Colleges is the largest postsecondary educational system in the United States, historically serving approximately 2,100,000 students annually. The California Community Colleges have billions of dollars in need for construction of new facilities for enrollment growth and for modernization of existing facilities.

101402.

- (a) The incorporation of, or reference to, any provision of state statutory law in this part includes all acts amendatory thereof and supplementary thereto.
- (b) For purposes of this part, "State General Obligation Bond Law" means the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), as it may be amended from time to time.

101403.

Bonds in the total amount of ten billion dollars (\$10,000,000,000), not including the amount of any refunding bonds issued in accordance with Sections 101430 and 101451, may be issued and sold for the purposes set forth in Sections 101420 and 101442. The bonds, when sold, issued, and delivered, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of the principal of, and interest on, the bonds as the principal and interest become due and payable.

CHAPTER 2. Kindergarten through Grade 12**Article 1. Kindergarten Through Grade 12 School Facilities Program Provisions****101410.**

The proceeds of bonds issued and sold pursuant to this chapter, not including the proceeds of any refunding bonds issued in accordance with Section 101430, shall be deposited in the 2024 State School Facilities Fund established in the State Treasury under Section 17070.42, and shall be allocated by the State Allocation Board pursuant to this chapter.

101411.

All moneys deposited in the 2024 State School Facilities Fund for the purposes of this chapter shall be available to provide aid to school districts, county superintendents of schools, and county boards of education of the state in accordance with the Leroy F. Greene School Facilities Act of 1998 (Chapter 12.5 (commencing with Section 17070.10) of Part 10 of Division 1 of Title 1), to provide funds to repay any money advanced or loaned to the 2024 State School Facilities Fund under any act of the Legislature, together with interest provided for in that act, and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code.

101412.

(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.

Article 2. Kindergarten Through Grade 12 School Facilities Fiscal Provisions 101420.

(a) Of the total amount of bonds authorized to be issued and sold pursuant to Chapter 1 (commencing with Section 101400), bonds in the amount of eight billion five hundred million dollars (\$8,500,000,000), not including the amount of any refunding bonds issued in accordance with Section 101430, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this chapter and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code.

(b) Pursuant to this section, the Treasurer shall sell the bonds authorized by the State School Building Finance Committee established pursuant to Section 15909 at any times necessary to service expenditures required by the apportionments.

101421.

The State School Building Finance Committee, established by Section 15909 and composed of the Governor, the Controller, the Treasurer, the Director of Finance, and the Superintendent, or their designated representatives, all of whom shall serve thereon without compensation, and a majority of whom shall constitute a quorum, is continued in existence to act as the committee, as defined in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), for purposes of this chapter. The Treasurer shall serve as chairperson of the committee. Two Members of the Senate appointed by the Senate Committee on Rules, and two Members of the Assembly appointed by the Speaker of the Assembly, shall meet with and provide advice to the committee to the extent that the advisory participation is not incompatible with their respective positions as Members of the Legislature. For purposes of this chapter, the Members of the Legislature shall constitute an interim investigating committee on the subject of this chapter and, as that committee, shall have the powers granted to, and duties imposed upon, those committees by the Joint Rules of the Senate and the Assembly. The Director of Finance shall provide assistance to the committee as it may require. The Attorney General is the legal adviser of the committee.

101422.

(a) The bonds authorized by this chapter shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code). The provisions of that law, including all acts amendatory thereof and supplementary thereto, apply to those authorized bonds and this chapter, and are hereby incorporated into this chapter as though set forth in full within this chapter, except that subdivisions (a) and (b) of Section 16727 of the Government Code shall not apply to the bonds authorized by this chapter.

(b) For purposes of the State General Obligation Bond Law, the State Allocation Board is designated the “board” for purposes of administering the 2024 State School Facilities Fund.

101423.

(a) Upon request of the State Allocation Board, the State School Building Finance Committee shall determine by resolution whether or not it is necessary or desirable to issue bonds authorized pursuant to this chapter in order to fund the related apportionments and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to fund those apportionments progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

(b) A request of the State Allocation Board pursuant to subdivision (a) shall be supported by a statement of the apportionments made and to be made for the purposes described in Section 101412.

101424.

There shall be collected each year, in the same manner and at the same time as other state revenue is collected and in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds each year. It is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do and perform each and every act that is necessary to collect that additional sum.

101425.

Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this chapter, an amount that equals the total of the following:

(a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this chapter, as the principal and interest become due and payable.

(b) The sum necessary to carry out Section 101428, appropriated without regard to fiscal years.

101426.

The State Allocation Board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account or any other approved form of interim financing, in accordance with Section 16312 of the Government Code, for the purpose of carrying out this chapter. The amount of the request shall not exceed the amount of the unsold bonds that the committee, by resolution, has authorized to be sold for the purpose of carrying out this chapter excluding any refunding bonds authorized pursuant to Section 101430, less any amount loaned and not yet repaid pursuant to this section and withdrawn from the General Fund pursuant to Section 101428 and not yet returned. The State Allocation Board shall execute any documents required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the 2024 State School Facilities Fund to be allocated by the State Allocation Board in accordance with this chapter.

101427.

Notwithstanding any other provision of this chapter, or of the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this chapter that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes under designated conditions or is otherwise entitled to any federal tax advantage, the Treasurer may maintain separate accounts for the investment of bond proceeds and for the investment earnings on those proceeds. The Treasurer may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law or take any other action with respect to the investment and use of those bond proceeds required or desirable under federal law to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

101428.

For purposes of carrying out this chapter, the Director of Finance may authorize the withdrawal from the General Fund of an amount not to exceed the amount of the unsold bonds, excluding any refunding bonds authorized pursuant to Section 101430, less any amount loaned and not yet repaid pursuant to Section 101426 and withdrawn from the

General Fund pursuant to this section and not yet returned, that have been authorized by the State School Building Finance Committee to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the 2024 State School Facilities Fund and allocated by the State Allocation Board in accordance with this chapter. Any money made available under this section shall be returned to the General Fund, plus an amount equal to the interest that the money would have earned in the Pooled Money Investment Account, from proceeds received from the sale of bonds for purposes of carrying out this chapter.

101429.

All moneys deposited in the 2024 State School Facilities Fund that are derived from premium and accrued interest on bonds sold pursuant to this chapter shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest, except those amounts derived from premium may be reserved and used to pay the cost of the bond issuance before any transfer to the General Fund.

101430.

The bonds issued and sold pursuant to this chapter may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code, which is a part of the State General Obligation Bond Law. Approval by the voters of the state for the issuance of the bonds described in this chapter includes the approval of the issuance of any bonds issued to refund any bonds originally issued under this chapter or any previously issued refunding bonds. Any bond refunded with the proceeds of refunding bonds as authorized by this section may be legally defeased to the extent permitted by law in the manner and to the extent set forth in the resolution, as amended from time to time, authorizing that refunded bond.

101431.

The proceeds from the sale of bonds authorized by this chapter are not “proceeds of taxes” as that term is used in Article XIII B of the California Constitution, and the disbursement of these proceeds is not subject to the limitations imposed by that article.

CHAPTER 3. California Community College Facilities

Article 1. General Provisions

101440.

(a) The 2024 California Community College Capital Outlay Bond Fund is hereby established in the State Treasury for deposit of funds from the proceeds of bonds, not including the proceeds of any refunding bonds issued in accordance with Section 101451, issued and sold for the purposes of this chapter.

(b) The Higher Education Facilities Finance Committee established pursuant to Section 67353 is hereby continued in existence to act as the committee, as defined in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), for purposes of this chapter and to provide funds to aid the California Community Colleges.

**Article 2. California Community College Program Provisions
101441.**

(a) From the proceeds of bonds issued and sold pursuant to Article 3 (commencing with Section 101442), the sum of one billion five hundred million dollars (\$1,500,000,000) shall be deposited in the 2024 California Community College Capital Outlay Bond Fund for purposes of this chapter. When appropriated, these funds shall be available for expenditure for purposes of this chapter.

(b) The purposes of this chapter include assisting in meeting the capital outlay financing needs of the California Community Colleges.

(c) Proceeds from the sale of bonds issued and sold for purposes of this chapter may be used to fund construction on existing campuses, including the construction of buildings and the acquisition of related fixtures; construction of intersegmental facilities; the renovation and reconstruction of facilities; site acquisition; the equipping of new, renovated, or reconstructed facilities, which equipment shall have an average useful life of 10 years; and to provide funds for the payment of preconstruction costs, including, but not limited to, preliminary plans and working drawings for facilities of the California Community Colleges.

(d) For purposes of this section, “intersegmental” means may be used by more than one segment of public higher education.

**Article 3. California Community College Fiscal Provisions
101442.**

(a) Of the total amount of bonds authorized to be issued and sold pursuant to Chapter 1 (commencing with Section 101400), bonds in the total amount of one billion five hundred million dollars (\$1,500,000,000), not including the amount of any refunding bonds issued in accordance with Section 101451, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this chapter and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code.

(b) Pursuant to this section, the Treasurer shall sell the bonds authorized by the Higher Education Facilities Finance Committee established pursuant to Section 67353 at any different times necessary to service expenditures required by the apportionments.

101443.

(a) The bonds authorized by this chapter shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code). The provisions of that law, including all acts amendatory thereof and supplementary thereto, apply to those authorized bonds and this chapter, and are hereby incorporated into this chapter as though set forth in full within this chapter, except that subdivisions (a) and (b) of Section 16727 of the Government Code shall not apply to the bonds authorized by this chapter.

(b) For purposes of the State General Obligation Bond Law, each state agency administering an appropriation of the 2024 Community College Capital Outlay Bond Fund is designated as the “board” for projects funded pursuant to this chapter.

(c) The proceeds of the bonds issued and sold pursuant to this chapter shall be available for the purpose of funding aid to the California Community Colleges for the

construction on existing or new campuses, and their respective off-campus centers and joint use and intersegmental facilities, as set forth in this chapter.

101444.

The Higher Education Facilities Finance Committee established pursuant to Section 67353 shall authorize the issuance of bonds under this chapter only to the extent necessary to fund the related apportionments for the purposes described in this chapter that are expressly authorized by the Legislature in the annual Budget Act. Pursuant to that legislative direction, the committee shall determine by resolution whether or not it is necessary or desirable to issue bonds authorized pursuant to this chapter in order to carry out the purposes described in this chapter and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

101445.

There shall be collected each year and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds each year. It is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do and perform each and every act that is necessary to collect that additional sum.

101446.

Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this chapter, an amount that equals the total of the following:

(a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this chapter, as the principal and interest become due and payable.

(b) The sum necessary to carry out Section 101449, appropriated without regard to fiscal years.

101447.

The board, as defined in subdivision (b) of Section 101443, may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account or any other approved form of interim financing, in accordance with Section 16312 of the Government Code, for the purpose of carrying out this chapter. The amount of the request shall not exceed the amount of the unsold bonds that the Higher Education Facilities Finance Committee, by resolution, has authorized to be sold for the purpose of carrying out this chapter excluding any refunding bonds authorized pursuant to Section 101451, less any amount loaned and not yet repaid pursuant to this section and withdrawn from the General Fund pursuant to Section 101249 and not yet returned. The board, as defined in subdivision (b) of Section 101443, shall execute any documents required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the 2024 California Community College Capital Outlay Bond Fund to be allocated by the board in accordance with this chapter.

101448.

Notwithstanding any other provision of this chapter, or of the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this chapter that include a bond

counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes under designated conditions or is otherwise entitled to any federal tax advantage, the Treasurer may maintain separate accounts for the investment of bond proceeds and for the investment earnings on those proceeds. The Treasurer may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law or take any other action with respect to the investment and use of those bond proceeds required or desirable under federal law to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

101449.

(a) For purposes of carrying out this chapter, the Director of Finance may authorize the withdrawal from the General Fund of an amount not to exceed the amount of the unsold bonds, excluding any refunding bonds authorized pursuant to Section 101451, less any amount loaned and not yet repaid pursuant to Section 101447 and withdrawn from the General Fund pursuant to this section and not yet returned, that have been authorized by the Higher Education Facilities Finance Committee to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the 2024 California Community College Capital Outlay Bond Fund consistent with this chapter. Any money made available under this section shall be returned to the General Fund, plus an amount equal to the interest that the money would have earned in the Pooled Money Investment Account, from proceeds received from the sale of bonds for purposes of carrying out this chapter.

(b) Any request forwarded to the Legislature and the Department of Finance for funds from this bond issue for expenditure for the purposes described in this chapter by the California Community Colleges shall be accompanied by the five-year capital outlay plan that reflects the needs and priorities of the community college system and is prioritized on a statewide basis. Requests shall include a schedule that prioritizes the seismic retrofitting needed to significantly reduce, in the judgment of the particular college, seismic hazards in buildings identified as high priority by the college.

101450.

All moneys deposited in the 2024 California Community College Capital Outlay Bond Fund that are derived from premium and accrued interest on bonds sold pursuant to this chapter shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest, except those amounts derived from premium may be reserved and used to pay the cost of the bond issuance before any transfer to the General Fund.

101451.

The bonds issued and sold pursuant to this chapter may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code, which is a part of the State General Obligation Bond Law. Approval by the voters of the state for the issuance of the bonds described in this chapter includes the approval of the issuance of any bonds issued to refund any bonds originally issued under this chapter or any previously issued refunding bonds. Any bond refunded with the proceeds of refunding bonds as authorized by this section may be legally defeased to the extent permitted by law in the manner and to the extent set forth in the resolution, as amended from time to time, authorizing that refunded bond.

101452.

The proceeds from the sale of bonds authorized by this chapter are not “proceeds of taxes” as that term is used in Article XIII B of the California Constitution, and the disbursement of these proceeds is not subject to the limitations imposed by that article.

CHAPTER 4. Transparency and Accountability Provisions

101460.

(a) (1) The governing board of a school district, the governing board of a community college district, a county superintendent of schools, or the governing body of a charter school shall ensure that an independent performance audit of any project funded in whole or in part from the proceeds of bonds authorized by this part is conducted to ensure that the use of the applicable funds has been reviewed for expenditure consistent with the requirements of all applicable laws.

(2) A performance audit conducted for any project funded in whole or in part from the proceeds of bonds authorized by this part and required by any other law, including, but not limited to, an audit conducted pursuant to Section 41024, shall be deemed to satisfy the requirement of paragraph (1).

(3) The result of any audit required by this subdivision shall be posted on the internet website of the applicable school district, community college district, county office of education, or charter school.

(b) (1) (A) Before approving a project or projects seeking funds from this part, the governing board of a school district, a county board of education, or the governing body of a charter school shall hold at least one public hearing to solicit input from members of the public regarding the project or projects being proposed for submission.

(B) Before approving a request for the consideration of a project or projects by the Legislature that would be funded by the proceeds of bonds authorized by this part, the governing board of a community college district shall hold at least one public hearing to solicit input from members of the public regarding the project or projects being requested for consideration.

(2) The public hearing required pursuant to paragraph (1) may occur at the same public hearing in which the applicable governing board or body approves the project or projects seeking funds from this part. The public hearing may be conducted as part of a regularly scheduled and publicly noticed hearing of the applicable governing board or body.

(3) (A) A school district, county office of education, charter school, or community college district shall post information regarding a project or projects seeking, or requesting, funds from this part that have been approved by the applicable governing board or body on its public internet website.

(B) The project information reflected on the internet website pursuant to subparagraph (A) shall include, but not be limited to, the location of the project or projects, estimated project costs, and the estimated timeline for the completion of the project or projects.

(4) (A) A school district, county office of education, charter school, or community college district shall retain all financial accounts, documents, and records necessary for the audit required pursuant to subdivision (a).

(B) For purposes of this paragraph, a school district, county office of education, charter school, or community college district may maintain records electronically in compliance with any applicable state and federal laws.

SEC. 29.

The provisions of this act are severable. If any provision of this act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

SEC. 30.

Sections 1 to 28, inclusive, of this act shall take effect upon the adoption by the voters of the Kindergarten Through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair, and Safety Bond Act of 2024, as set forth in Section 28 of this act.

SEC. 31.

This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:
In order to provide for the submission of the Kindergarten Through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair, and Safety Bond Act of 2024 at the November 5, 2024, statewide general election to provide funding for public education facility projects as soon as possible, it is necessary for this act to take effect immediately.

ATTACHMENT B

Proposition 2 Initial Implementation – Recommended Board Policies

The following is a summary of staff’s recommended State Allocation Board’s (Board) policies and procedures for initial implementation of Proposition 2 following voter approval. The policies and procedures would be in effect for applications received on or after October 31, 2024, and would be applied until the Office of Public School Construction (OPSC) has conducted stakeholder meetings, the Board has adopted formal regulations for each item, and the regulations are approved by the Office of Administrative Law.

Topic	Proposition 2 Requirements	Informational Updates and Recommended Board Policies
<p>Topic #1 New Construction and Modernization Program Authority Set Asides</p>	<ul style="list-style-type: none"> • Up to 10 percent of the funding allocated for both New Construction and Modernization shall be available for small school districts. • Up to \$115 million from Modernization authority shall be available to address the remediation of lead in water. • \$5 million shall be provided as a grant to the California Department of Education (CDE) from New Construction and/or Modernization authority for specified purposes. 	<p><i>Informational Update:</i></p> <ul style="list-style-type: none"> • Staff will present options to the Board at a future meeting regarding amounts to be set aside from funding authorized by Proposition 2 for these purposes, as well as for necessary administrative costs.

Topic	Proposition 2 Requirements	Informational Updates and Recommended Board Policies
<p>Topic #2 Unfunded Approvals and Priority Funding Apportionments</p>	<p>N/A</p>	<p><i>Informational Update:</i></p> <ul style="list-style-type: none"> • Once remaining General Fund proceeds for the School Facility Program (SFP) are exhausted, staff will present applications to the Board for consideration of Unfunded Approvals. • Upon the Board’s Unfunded Approval, projects will be placed on the Unfunded List (Lack of AB 55 Loans) and must participate in the existing priority funding process, including regulations guiding non-participation in the priority funding process.
<p>Topic #3 Five-Year School Facilities Master Plans</p>	<p>Requires a five-year school facilities master plan to be submitted as a condition of participating in the SFP.</p>	<p><i>Recommended Board Policies:</i></p> <ul style="list-style-type: none"> • Districts must submit a governing board resolution acknowledging the submittal timeline and that the project may be rescinded for failure to submit with the required components. • Facility Hardship and Seismic Mitigation Program projects must submit the master plan with the substantial progress certification for construction of the project or the 100 percent complete <i>Expenditure Report</i> (For SAB 50-06), whichever occurs first. • New Construction and Modernization applications received October 31, 2024 through 12 months following the Office of Administrative Law’s (OAL) approval of regulations must submit the master plan at time of processing. • New Construction and Modernization applications received more than 12 months following OAL approval of regulations must submit the master plan with the application.

Topic	Proposition 2 Requirements	Informational Updates and Recommended Board Policies
Topic #4 Required Local Matching Share	Provides a sliding scale for the required matching share for New Construction and Modernization projects.	<p><i>Recommended Board Policies:</i></p> <ul style="list-style-type: none"> • When the application is ready to be processed, school districts must provide a letter from the County Auditor-Controller certifying the school district's current year assessed valuation and a copy of the project's Project Labor Agreement, if applicable. • OPSC will obtain the school district's most recent enrollment data and unduplicated pupil percentage from CDE for purposes of computing the matching share requirement.
Topic #5 Financial Hardship	Increases the maximum bonding capacity a school district may have to qualify for financial hardship funding from \$5 million to \$15 million.	<p><i>Informational Update:</i></p> <ul style="list-style-type: none"> • OPSC staff will apply the new threshold immediately to all applications received on or after October 31, 2024. • School districts that submitted an application on or before October 30, 2024 who wish to be considered for financial hardship assistance under the new criteria must withdraw their existing application/s and resubmit.

Topic	Proposition 2 Requirements	Informational Updates and Recommended Board Policies
<p>Topic #6 Modernization Supplemental Grants for Minimum Essential Facilities, Transitional Kindergarten Classrooms, and Career Technical Education</p>	<p>Establishes a supplemental grant for Modernization projects to expand an existing gymnasium, multipurpose room, library, or school kitchen if the facility is 60 percent or less than the recommended size to serve the enrollment of the school.</p> <p>School districts may also construct a new gymnasium, multipurpose room, library, or school kitchen if the site lacks one of more of the specified facilities.</p> <p>Allows a school district to receive a supplemental grant under the Modernization program to adequately house transitional kindergarten pupils by either retrofitting an existing school facility or constructing new transitional kindergarten classrooms if the site is lacking sufficient facilities for this purpose.</p> <p>Establishes a supplemental grant of up to five percent of the Modernization base grant for Modernization projects on existing middle and high school campuses for Career Technical Education (CTE) facilities and equipment.</p>	<p><i>Recommended Board Policies:</i></p> <ul style="list-style-type: none"> • The CDE- and Division of the State Architect (DSA)-approved plans submitted with an <i>Application for Funding</i> (Form SAB 50-04) on or after October 31, 2024 must already include the work. • Scope change requests will not be approved by the Board to add the facilities, additional square footage, and/or the supplemental grant without reapplying for a new received date. • School districts that have included the new or expanded facilities in their CDE/DSA approved plans will be allowed to amend the Form SAB 50-04 at the time of processing to request the supplemental grants. • School districts requesting the supplemental grant for Career Technical Education must check Box #20 on the Form SAB 50-04 to indicate that CTE funds will be requested.

Topic	Proposition 2 Requirements	Informational Updates and Recommended Board Policies
<p>Topic #7 Energy Efficiency Supplemental Grants for New Construction and Modernization Projects</p>	<p>Establishes a supplemental grant of up to five percent of the base grant for New Construction and Modernization projects that include buildings with specified energy efficiency and renewable energy measures that exceed the nonresidential building energy efficiency standards specified in Title 24.</p>	<p><i>Recommended Board Policies:</i></p> <ul style="list-style-type: none"> • Any work must be included in the DSA-approved plans submitted with the initial Form SAB 50-04. • Scope change requests will not be approved by the Board to add additional work without reapplying for a new received date. • Supporting documentation must be provided at the time of processing.
<p>Topic #8 Funding for the Replacement of 75-Year Old Buildings</p>	<p>Provides Modernization program funding for the replacement of 75-year old buildings based on the “per pupil” grants provided for New Construction projects.</p>	<p><i>Recommended Board Policies:</i></p> <ul style="list-style-type: none"> • Work to demolish and replace a 75-year old building must be included in the DSA-approved plans submitted with the initial Form SAB 50-04. • Scope change requests will not be approved by the Board to change from renovation work to replacement work without reapplying for a new received date.
<p>Topic #9 Interim Housing for a Governor-Declared State of Emergency</p>	<p>Authorizes the Board to provide assistance for procuring interim housing or any other assistance to a school district impacted by a natural disaster for which the Governor has declared a state of emergency.</p>	<p><i>Recommended Board Policies:</i></p> <ul style="list-style-type: none"> • Review these requests on a case-by-case basis and require school districts to submit the <i>School District Appeal Request</i> (Form SAB 189) until staff has had the opportunity to seek stakeholder feedback and develop proposed regulations for implementation of this statute.

ATTACHMENT C Estimated Timelines for Implementation of Proposition 2

With the passage of Proposition 2, the Office of Public School Construction (OPSC) will conduct a series of collaboration meetings in early 2025 to engage and discuss the implementation of Proposition 2. These meetings will be held in person and via Zoom to allow all interested parties the ability to participate. Dates are subject to change based on scheduling availability and the number of comments received.

At each meeting, OPSC will present initial staff proposals, followed by an open discussion. Each meeting will be recorded and posted to OPSC's website and YouTube channel and interested parties will be able to submit written comments for OPSC's consideration following each meeting.

Upon conclusion of each series of discussions on a topic, OPSC will batch proposals for presentation to the State Allocation Board (SAB) for approval, then submit regulatory packages to the Office of Administrative Law.

If interested parties would like to submit comments in advance, please email OPSCcommunications@dgs.ca.gov.

