EXECUTIVE OFFICER STATEMENT
State Allocation Board Meeting, January 23, 2019

GOVERNOR'S BUDGET PROPOSAL FOR 2019/2020

On January 10, 2019, Governor Newsom released his first budget proposal for the 2019/20 fiscal year. The proposal includes the following recommendations contingent on them being approved through the annual budget approval process:

- Increase general obligation bond sales to $1.5 billion for the School Facility Program (SFP),
- Ten additional positions for the Office of Public School Construction (OPSC),
- An additional $750 million for the Full-Day Kindergarten Facilities Program.

FULL-DAY KINDERGARTEN FACILITIES GRANT PROGRAM FILING ROUND

The first filing round for the Full-Day Kindergarten Facilities Grant Program opened on January 2, 2019 and closes January 31, 2019. As of January 16th, 49 applications requesting over $68 million have been submitted.

CAREER TECHNICAL EDUCATION FACILITIES PROGRAM UPDATE

The fifth Career Technical Education Facilities Program (CTEFP) funding cycle is in progress. In October 2018, the California Department of Education (CDE) received 299 applications requesting a total of $571 million in state funding for this funding cycle. CDE is scheduled to release scores to the applicants by January 24, 2019. Those applicants that receive a passing score of 105 must submit a funding application to OPSC by close of business on **February 15, 2019** to be considered for funding. OPSC Staff anticipates a presentation to the State Allocation Board (Board) for the fifth cycle of CTEFP funding in May 2019.

After this cycle, $250 million in bond authority from Proposition 51 will remain to be allocated. Staff intends to present an item to the Board to establish additional cycles in the coming months. Additionally, Staff is planning future public meetings to obtain stakeholder input on a proposal to reinstate the funding order model based on service region for future CTEFP funding cycles.

PRIORITY FUNDING APPORTIONMENTS

At the October 24, 2018 meeting, the Board approved $441.9 million in priority funding apportionments for 226 projects representing 105 school districts, including 41 CTEFP projects approved as a reservation of funds. Of the 226 projects that received an Apportionment, 152 are required to submit a valid *Fund Release Authorization* (Form SAB 50-05) containing an original signature of an Authorized District Representative to OPSC by close of business on **Tuesday, January 22, 2019**.

For the 41 CTEFP projects that were approved as a reservation of funds, the school districts have 12 months from the apportionment date to submit the required CDE and/or Division of the State Architect approvals to OPSC, which is **October 24, 2019**. If an applicant does not submit the required approvals the project will be rescinded without further Board action. Once the required documents are submitted, the applicant has 90 days to submit a valid Form SAB 50-05 to OPSC.

As of January 11, 2019, OPSC has received 116 of the required 152 Forms SAB 50-05 for a total of $255.3 million. In addition, OPSC released funds for 22 projects in the amount of $8.8 million that did not require a Form SAB 50-05.

If an applicant does not submit a valid fund release request by close of business **January 22, 2019**, the project will be given an occurrence and will receive a new Unfunded Approval date of January 22, 2019. If a second occurrence is received, the project will be rescinded without further action by the Board.

CURRENT PRIORITY FUNDING FILING ROUND

The current priority funding filing period began on November 14, 2018 and closed on December 13, 2018. At the close of the filing period, OPSC received valid requests from 54 applicants for 105 unique projects totaling $225.8 million. These requests are valid from January 1, 2019 through June 30, 2019.

Requirements for Participation in Priority Funding
OPSC reminds applicants that the requirements for Participation in the Priority Funding Process are in effect (SFP Regulation Section 1859.90.3). There are two ways for an applicant to not participate in the priority funding process as follows:

- Not submit a valid priority funding request in the 30-day filing period, or
- Submit a valid priority funding request but fail to submit a valid Form SAB 50-05 to request the release of funds after the Board approves an apportionment.

The second time that either of these occurs, the funding for the project will be rescinded without further action by the Board. For additional information, please refer to the Procedures for School Facility Program Funding.

UPCOMING JOINT AGENCY WORKSHOPS

OPSC and the Education Audit Appeals Panel (EAAP) have been conducting free workshops to provide information to Certified Public Accountant (CPA) firms and Local Education Agencies (LEA) regarding the new performance audit process which began July 1, 2018 for all SFP projects funded on or after April 1, 2017 as required by Education Code Section 41024.

Audit training will be provided related to audit procedures to perform and audit reports to prepare with Generally Accepted Government Auditing Standards (GAGAS), also known as Yellow Book, performance audit standards and the audit instructions contained in the "2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting – Appendix B" contained on the California Education Audit Appeals Panel website (www.eaap.ca.gov). CPAs who attend the training will receive 4 hours of continuing professional education (CPE). The next workshop is as follows:

Tuesday, January 29, 2019 – 10:00 a.m. – 3:00 p.m. – El Cajon, CA – Audit Training

NEXT STATE ALLOCATION BOARD MEETING

The next meeting is scheduled for February 27, 2019, at 4:00 pm