

Assembly Bill No. 48

CHAPTER 530

An act to amend Sections 14503, 15102, 15106, 15268, 15270, 17070.15, 17070.43, 17070.51, 17070.65, 17071.10, 17071.25, 17071.75, 17072.30, 17072.35, 17073.15, 17073.25, 17074.10, 17074.16, 17074.25, 17075.15, 17077.35, 17078.52, 17078.53, 17078.54, 17078.58, 17078.62, 17219, and 41024 of, to amend, repeal, and add Section 17070.75 of, to add Sections 17070.415, 17070.54, 17070.56, 17070.57, 17070.59, and 17075.20 to, to add Article 10.7 (commencing with Section 17077.60) and Article 11.5 (commencing with Section 17078.40) to Chapter 12.5 of Part 10 of Division 1 of Title 1 of, to add Article 7 (commencing with Section 89776) to Chapter 6 of Part 55 of Division 8 of Title 3 of, to add Article 7 (commencing with Section 92170) to Chapter 2 of Part 57 of Division 9 of Title 3 of, to add Part 71 (commencing with Section 101200) to Division 14 of Title 3 of, to repeal Sections 17070.53, 17070.76, 17070.766, 17070.99, 17072.15, 17072.17, 17072.25, 17072.32, 17074.15, 17074.27, and 17078.66 of, and to repeal and add Section 17075.10 of, the Education Code, and to add Chapter 4.95 (commencing with Section 65998.5) and Chapter 4.97 (commencing with Section 65999) to Division 1 of Title 7 of the Government 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.

[Approved by Governor October 7, 2019. Filed with Secretary
of State October 7, 2019.]

LEGISLATIVE COUNSEL'S DIGEST

AB 48, O'Donnell. Education finance: school facilities: Public Preschool, K-12, and College Health and Safety Bond Act of 2020.

(1) Existing law authorizes the governing board of any school district or community college district to order an election and submit to the electors of the district the question of whether the bonds of the district shall be issued and sold to raise money for specified purposes. Existing law generally requires, to pass a school bond measure, that either at least $\frac{2}{3}$ of the votes cast on the proposition of issuing bonds be in favor of issuing the bonds to pass the measure, or, if certain conditions are met, at least 55% of the votes cast on the proposition of issuing bonds be in favor of issuing the bonds. Existing law prohibits the total amount of bonds issued by a school district or community college district from exceeding 1.25% of the taxable property of the district, as provided.

This bill would raise that limit to 2%.

(2) Existing law also authorizes a unified school district to issue bonds receiving at least 55% of the votes cast on the proposition of issuing the

bonds that, in aggregation with bonds issued with a $\frac{2}{3}$ favorable vote, do not exceed 2.5% of the taxable property of the district, as provided.

This bill would raise that limit to 4%. The bill would make a similar percentage increase for community college districts.

(3) 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, among other things, require a school district to submit to the Department of General Services a 5-year school facilities master plan or updated 5-year school facilities master plan, as provided, as a condition of participating in the school facilities program under the act, would require the school district to submit specified information in the school district's application for an apportionment of state funds, and would make other changes to requirements a school district is required to comply with before participating in programs under the act. The bill would require the department to process applications to participate in the program, as specified, and would make other changes to the method by which the board makes apportionments of moneys under the act.

This bill would establish the 2020 State School Facilities Fund, and authorize the board to apportion, and make disbursements of, moneys in the fund, as provided. The bill would require, for bonds approved by voters in 2020 or thereafter, the board to adjust a school district's required local and state contribution, as specified. The bill would authorize new construction and modernization grants to be used for seismic mitigation purposes and, among other things, to establish schoolsite-based infrastructure to provide broadband internet access. The bill would also authorize modernization grants to be used, among other things, for the control, management, or abatement of lead and for the demolition and construction of a building on an existing schoolsite that meets specified conditions. The bill would prohibit the use of new construction and modernization grants for the purchase of portable electronic devices with a useful life of less than 3 years.

This bill would authorize funding for health and safety projects by a school district, as provided.

This bill would authorize the board to 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, as provided. The bill would specify procedures that small school districts, as defined, may use to obtain project and construction management, new construction grants, and modernization grants.

The bill would also make conforming changes in, and remove inoperative provisions from, the act.

(4) The act also requires the board to adopt regulations for determining the amount of funding and the eligibility and prioritization of funding that school districts with a financial hardship may receive from bond acts for

construction, modernization, or relocation assistance. The act requires those regulations to include consideration of various factors, including whether the school district's total bonding capacity is \$5,000,000 or less, in which case the school district shall be deemed eligible for financial hardship.

This bill, for purposes of the regulations related to financial hardship eligibility, would increase the total bonding capacity cap to \$15,000,000, to be adjusted as specified.

(5) 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 (A) authorizes the debt for a single object or work specified in the act, (B) has been passed by a $\frac{2}{3}$ vote of all the Members elected to each house of the Legislature, (C) has been submitted to the people at a statewide general or primary election, and (D) has received a majority of all the votes cast for and against it at that election.

This bill would set forth the Public Preschool, K-12, and College Health and Safety Bond Act of 2020 as a state general obligation bond act that would provide \$15,000,000,000 to construct and modernize education facilities, as specified. This bond act would become operative only if approved by the voters at the March 3, 2020, statewide primary election. The bill would also provide for the submission of the bond act to the voters at that election.

(6) Existing law establishes the California State University, which is administered by the Board of Trustees of the California State University, and the University of California, under the administration of the Regents of the University of California, as segments of public postsecondary education in this state.

This bill would require the Board of Trustees and the Regents to comply with certain conditions, as provided, before receiving funds from the 2020 University Capital Outlay Bond Fund established pursuant to the Public Preschool, K-12, and College Health and Safety Bond Act of 2020.

(7) Existing law authorizes the governing board of a school district to impose, as specified, an alternative fee, charge, dedication, or requirement on developers to fund school facilities, until the date new construction bond proceeds authorized by the Preschool-College Public Education Bond Act of 2016 are expended, or December 31, 2020, whichever is earlier.

This bill would remove this authority beginning the earlier of January 1, 2021, or the date new construction bond proceeds authorized by the 2016 bond act are expended or apportioned, until January 1, 2028. The bill would also exempt multifamily housing developments that are located no further than $\frac{1}{2}$ mile from a major transit stop, and reduce by 20% from specified amounts for any other multifamily housing developments, as specified, from any fee, charge, dedication, or other requirement for the construction or reconstruction of school facilities, as provided.

(8) This bill, except for the provision making the provisions of the bill severable, would become effective upon the adoption of the Public Preschool,

K-12, and College Health and Safety Bond Act of 2020 by the voters at the March 3, 2020, statewide primary election.

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

SECTION 1. Section 14503 of the Education Code is amended to read:

14503. (a) Audits conducted pursuant to Section 41020 or 41024 shall be performed in accordance with General Accounting Office standards for financial and compliance audits. The audit guide prepared by the Controller shall be used in the performance of these audits until an audit guide is adopted by the Education Audits Appeal Panel pursuant to Section 14502.1. When an audit guide is adopted by that panel, the adopted audit guide shall be used in the performance of these audits. Every audit report shall specifically and separately address each of the state program compliance requirements included in the audit guide, stating whether or not the district is in compliance with those requirements. For each state program compliance requirement included in the audit guide, every audit report shall further state that the suggested audit procedures included in the audit guide for that requirement were followed in the making of the audit, if that is the case, or, if not, what other procedures were followed. If a local educational agency is not in compliance with a requirement that is a condition of eligibility for the receipt of state funds, the audit report shall include a statement of the number of units of average daily attendance, if any, that were inappropriately reported for apportionment.

(b) An independent auditor shall not engage in financial or compliance audits unless, within three years of commencing the first of the audits, and every successive three years thereafter, the auditor completes a quality control review in accordance with General Accounting Office standards. The time period between commencement of the first audit, or completion of a quality control review, and completion of a subsequent quality control review shall be calculated from the first day of the month following commencement of the audit or completion of the quality control review. Notwithstanding this subdivision, independent auditors may continue to perform any financial and compliance audits until January 1, 1994.

SEC. 2. Section 15102 of the Education Code is amended to read:

15102. The total amount of bonds issued pursuant to this chapter and Chapter 1.5 (commencing with Section 15264) shall not exceed 2.0 percent of the taxable property of the school district or community college district, or the school facilities improvement district, if applicable, as shown by the last equalized assessment of the county or counties in which the district is located. For purposes of this section, the taxable property of a district for any fiscal year shall be calculated to include, but not be limited to, the assessed value of all unitary and operating nonunitary property of the district, which shall be derived by dividing the gross assessed value of the unitary and operating nonunitary property within the district for the 1987–88 fiscal year by the gross assessed value of all unitary and operating nonunitary

property within the county in which the district is located for the 1987–88 fiscal year, and multiplying that result by the gross assessed value of all unitary and operating nonunitary property of the county on the last equalized assessment roll.

SEC. 3. Section 15106 of the Education Code is amended to read:

15106. (a) (1) A unified school district or community college district may issue bonds that, in aggregation with bonds issued pursuant to Section 15270, shall not exceed 4.0 percent of the taxable property of the school district or community college district, or the school facilities improvement district, if applicable, as shown by the last equalized assessment of the county or counties in which the district is located.

(2) In computing the outstanding bonded indebtedness of a unified school district or community college district for all purposes of this section, any outstanding bonds shall be deemed to have been issued for elementary school purposes, high school purposes, and community college purposes, respectively, in the respective amounts that the proceeds of the sale of those outstanding bonds, excluding any premium and accrued interest received on that sale, were or have been allocated by the governing board of the unified school district or community college district to each of those purposes respectively.

(b) For purposes of the State School Building Aid Law of 1952 (Chapter 6 (commencing with Section 16000)) with respect to applications for apportionments and apportionments filed or made before September 15, 1961, and to the repayment thereof, Chapter 4 (commencing with Section 15700), inclusive, only, a unified school district shall be considered to have a bonding capacity in the amount permitted by law for an elementary school district and a bonding capacity in the amount permitted by law for a high school district.

(c) For purposes of this section, the taxable property of a district for a fiscal year shall be calculated to include, but not be limited to, the assessed value of all unitary and operating nonunitary property of the district, which shall be derived by dividing the gross assessed value of the unitary and operating nonunitary property within the district for the 1987–88 fiscal year by the gross assessed value of all unitary and operating nonunitary property within the county in which the district is located for the 1987–88 fiscal year, and multiplying the result by the gross assessed value of all unitary and operating nonunitary property of the county on the last equalized assessment roll. In the event of the unification of two or more school districts or community college districts subsequent to the 1987–88 fiscal year, the assessed value of all unitary and operating nonunitary property of the unified district or community college district shall be deemed to be the total of the assessed value of the taxable property of each of the unifying districts as that assessed value would be determined under Section 15102.

SEC. 4. Section 15268 of the Education Code is amended to read:

15268. The total amount of bonds issued, including bonds issued pursuant to Chapter 1 (commencing with Section 15100), shall not exceed 2.0 percent of the taxable property of the district as shown by the last equalized

assessment of the county or counties in which the district is located. The bonds may only be issued if the tax rate levied to meet the requirements of Section 18 of Article XVI of the California Constitution in the case of indebtedness incurred by a school district pursuant to this chapter, at a single election, would not exceed thirty dollars (\$30) per year per one hundred thousand dollars (\$100,000) of taxable property when assessed valuation is projected by the district to increase in accordance with Article XIII A of the California Constitution. For purposes of this section, the taxable property of a district for any fiscal year shall be calculated to include, but not be limited to, the assessed value of all unitary and operating nonunitary property of the district, which shall be derived by dividing the gross assessed value of the unitary and operating nonunitary property within the district for the 1987–88 fiscal year by the gross assessed value of all unitary and operating nonunitary property within the county in which the district is located for the 1987–88 fiscal year, and multiplying that result by the gross assessed value of all unitary and operating nonunitary property of the county on the last equalized assessment roll.

SEC. 5. Section 15270 of the Education Code is amended to read:

15270. (a) Notwithstanding Sections 15102 and 15268, a unified school district may issue bonds pursuant to this article that, in aggregation with bonds issued pursuant to Chapter 1 (commencing with Section 15100), may not exceed 4.0 percent of the taxable property of the district as shown by the last equalized assessment of the county or counties in which the district is located. The bonds may only be issued if the tax rate levied to meet the requirements of Section 18 of Article XVI of the California Constitution in the case of indebtedness incurred pursuant to this chapter at a single election, by a unified school district, would not exceed sixty dollars (\$60) per year per one hundred thousand dollars (\$100,000) of taxable property when assessed valuation is projected by the district to increase in accordance with Article XIII A of the California Constitution.

(b) Notwithstanding Sections 15102 and 15268, a community college district may issue bonds pursuant to this article that, in aggregation with bonds issued pursuant to Chapter 1 (commencing with Section 15100), may not exceed 4.0 percent of the taxable property of the district as shown by the last equalized assessment of the county or counties in which the district is located. The bonds may only be issued if the tax rate levied to meet the requirements of Section 18 of Article XVI of the California Constitution in the case of indebtedness incurred pursuant to this chapter at a single election, by a community college district, would not exceed twenty-five dollars (\$25) per year per one hundred thousand dollars (\$100,000) of taxable property when assessed valuation is projected by the district to increase in accordance with Article XIII A of the California Constitution.

(c) In computing the outstanding bonded indebtedness of any unified school district or community college district for all purposes of this section, any outstanding bonds shall be deemed to have been issued for elementary school purposes, high school purposes, and community college purposes, respectively, in the respective amounts that the proceeds of the sale of those

outstanding bonds, excluding any premium and accrued interest received on that sale, were or have been allocated by the governing board of the unified school district or community college district to each of those purposes respectively.

(d) For purposes of this section, the taxable property of a district for any fiscal year shall be calculated to include, but not be limited to, the assessed value of all unitary and operating nonunitary property of the district, which shall be derived by dividing the gross assessed value of the unitary and operating nonunitary property within the district for the 1987–88 fiscal year by the gross assessed value of all unitary and operating nonunitary property within the county in which the district is located for the 1987–88 fiscal year, and multiplying the result by the gross assessed value of all unitary and operating nonunitary property of the county on the last equalized assessment roll. In the event of the unification of two or more school districts subsequent to the 1987–88 fiscal year, the assessed value of all unitary and operating nonunitary property of the unified district shall be deemed to be the total of the assessed value of the taxable property of each of the unifying districts as that assessed value would be determined under Section 15268.

(e) For purposes of this article, “general obligation bonds,” as that term is used in Section 18 of Article XVI of the California Constitution, means bonds of a school district or community college district the repayment of which is provided for by this chapter and Chapter 1 (commencing with Section 15100) of Part 10, and includes bonds of a school facilities improvement district the repayment of which is provided for by this chapter and Chapter 2 (commencing with Section 15300).

SEC. 6. Section 17070.15 of the Education Code is amended to read:

17070.15. The following terms, wherever used or referred to in this chapter, shall have the following meanings, respectively, 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 State Allocation 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, or the 2006 State School Facilities Fund established pursuant to Section 17070.40, the 2016 State School Facilities Fund established pursuant to Section 17070.41, or the 2020 State School Facilities Fund established pursuant to Section 17070.415.

(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. 7. Section 17070.415 is added to the Education Code, immediately following Section 17070.41, to read:

17070.415. (a) A fund is hereby established in the State Treasury, to be known as the 2020 State School Facilities Fund. All money in the fund, including any money deposited in that fund from any source whatsoever, and notwithstanding Section 13340 of the Government Code, is hereby continuously appropriated without regard to fiscal years for expenditure pursuant to this chapter.

(b) The board may make apportionments in amounts not exceeding those funds on deposit in the 2020 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 101230, but not yet sold by the Treasurer.

(c) The board may make disbursements pursuant to any apportionment made from any funds in the 2020 State School Facilities Fund, irrespective

of whether there exists at the time of the disbursement an amount in the 2020 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. 8. 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, or the 2020 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. 9. 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 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 2020 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 the 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) shall apply. The project may continue if the application, minus the inaccurate materials, is still complete.

SEC. 10. Section 17070.53 of the Education Code is repealed.

SEC. 11. 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.

(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 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.

(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. 12. Section 17070.56 is added to the Education Code, to read:

17070.56. (a) (1) On a quarterly basis, the department shall prioritize the processing and review of modernization applications to participate in the school facilities program, and associated materials submitted by school districts, consistent with the following priorities:

(A) First, the department shall process applications for school facilities projects that are determined to pose a health or life safety hazard pursuant to Section 17075.10.

(B) Second, the department shall process applications for school facilities projects by a school district requesting financial hardship pursuant to Section 17075.15.

(C) Third, the department shall process applications requesting a grant pursuant to Section 17077.60.

(D) Fourth, the department shall process applications for projects that were submitted, but not reviewed in the two immediately preceding quarters, based on the order of those projects from the immediately preceding quarter.

(E) Fifth, the department shall process applications for projects designed to eliminate existing severe overcrowding, as measured by pupil population density and as determined by the board, for purposes of Article 14 (commencing with Section 17079).

(F) Sixth, the department shall process applications from school districts based upon the computation of points pursuant Section 17070.59, ranked by the highest number of points to lowest number of points.

(2) Within each of the priorities identified pursuant to paragraph (1), the department shall further prioritize projects that include the use of a project labor agreement.

(3) The department shall rank the processing of projects that generate the same priority, based upon a school district's unduplicated pupil percentage computed pursuant to Section 42238.02.

(4) Applications for projects that have not been processed in a given quarter shall be retained and processed pursuant to paragraphs (1), (2), and (3).

(b) (1) On a quarterly basis, the department shall prioritize the processing and review of new construction applications to participate in the school facilities program, and associated materials submitted by school districts, consistent with the following priorities:

(A) First, the department shall process applications for school facilities projects that are determined to pose a health or life safety hazard pursuant to Section 17075.10.

(B) Second, the department shall process applications for school facilities projects by a school district requesting financial hardship pursuant to Section 17075.15.

(C) Third, the department shall process applications for projects that were submitted, but not reviewed in the two immediately preceding quarters and those applications shall be moved to the top of the list and shall be processed based upon the date order of their submittal.

(D) Fourth, the department shall process applications for projects designed to eliminate existing severe overcrowding, as measured by pupil population density and as determined by the board, for purposes of Article 14 (commencing with Section 17079).

(E) Fifth, the department shall process applications from school districts based upon the computation of points pursuant Section 17070.59, ranked by the highest number of points to lowest number of points.

(2) Within each of the priorities identified pursuant to paragraph (1), the department shall further prioritize projects that include the use of a project labor agreement.

(3) The department shall rank the processing projects that generate the same priority, based upon a school district's unduplicated pupil percentage computed pursuant to Section 42238.02.

(4) Applications for projects that have not been processed in a given quarter shall be retained and processed pursuant to paragraphs (1), (2) and (3).

(c) (1) For purposes of subdivisions (a) and (b), each quarter the department shall process applications for new construction that represent 35 percent of the total funding requests to be processed, and applications for modernization that represent 65 percent of the total funding requests to be processed.

(2) The department may adjust the percentages reflected in paragraph (1) should the amount of new construction or modernization applications be insufficient to meet the specified percentages.

SEC. 13. Section 17070.57 is added to the Education Code, to read:

17070.57. (a) A school district submitting an application for an apportionment shall include all of the following as part of the school district's application package:

(1) A school facilities master plan adopted pursuant to Section 17070.54.

(2) A certification by the governing board of the school district acknowledging the applicable school facilities program grant agreement and the school facilities program's associated audit requirements.

(3) Any information and forms required by the board and department required pursuant to law.

(4) Written approval from the State Department of Education that the site selection, and the building plans and specifications, comply with the standards adopted by the State Department of Education pursuant to subdivisions (b) and (c), respectively, of Section 17251.

(5) Plan approval of the project by the Department of General Services pursuant to the Field Act, as defined in Section 17281.

(6) A certification by the governing board of the school district indicating that upon receiving an apportionment, the school district will have entered into construction contracts within 90 days for at least 50 percent of the work included in the scope of the application.

(7) For modernization projects, a certification that the school district complied with the requirements of Section 116277 of the Health and Safety Code.

(8) The applicable grant agreement associated with the school district's applicable project.

(b) Subject to the availability of funds, the board shall disburse apportionment funds to an eligible school district only upon a 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.

(c) As a condition of participating in the school facilities program, a school district shall certify that it has submitted a five-year school facilities master plan pursuant to Section 17070.54 and that the school facilities master plan is consistent with the goals, actions, and services identified in the school district's applicable fiscal year'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. In developing its required school facilities master plan, a school district shall review any data that is publicly reported for the school accountability report card related to the safety, cleanliness, and adequacy of school facilities pursuant to paragraph (8) of subdivision (b) of Section 33126.

(d) (1) New construction and modernization applications submitted before August 30, 2019, shall be processed in accordance with this chapter, as it read on August 30, 2019.

(2) New construction and modernization applications submitted before August 30, 2019, that are withdrawn and subsequently resubmitted by a school district shall be processed in accordance with this chapter, as it read on August 30, 2019.

SEC. 14. Section 17070.59 is added to the Education Code, to read:

17070.59. For purposes of determining the points used to compute the adjustments 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 between 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 between 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 between 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 more than fifty-five thousand dollars (\$55,000) shall receive one point.

(b) 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.

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

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

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

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

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

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

SEC. 15. Section 17070.65 of the Education Code is amended to read:

17070.65. The board shall make available to the Department of General Services, the California School Finance Authority, the State Department of Education, and the Controller the amount appropriated for each agency in the annual Budget Act for purposes of providing, pursuant to this chapter, the assistance required to facilitate the construction, modernization, reconstruction, or alteration of, or addition to, school buildings.

SEC. 16. Section 17070.75 of the Education Code is amended to read:

17070.75. (a) The board shall require the school district to make all necessary repairs, renewals, and replacements to ensure that a project is at all times maintained in good repair, working order, and condition. All costs incurred for this purpose shall be borne by the school district.

(b) In order to ensure compliance with subdivision (a) and to encourage school districts to maintain all buildings under the school district's control, the board shall require an applicant school district to do all of the following before the approval of a project:

(1) Establish a restricted account within the general fund of the school district for the exclusive purpose of providing moneys for ongoing and major maintenance of school buildings, according the highest priority to funding for the purposes set forth in subdivision (a). Funds in the account may be used for drought mitigation purposes related to the implementation of Executive Order B-29-15.

(2) (A) Agree to deposit into the account established pursuant to paragraph (1), in each fiscal year for 20 years after receipt of funds under this chapter, a minimum amount equal to or greater than 3 percent of the total general fund expenditures of the applicant school district, including other financing uses, for that fiscal year.

(B) Notwithstanding subparagraph (A), for the 2015–16 and 2016–17 fiscal years, the minimum amount required to be deposited into the account established pursuant to paragraph (1) shall be the lesser of the following amounts:

(i) Three percent of the total general fund expenditures for that fiscal year.

(ii) The amount that the school district deposited into the account in the 2014–15 fiscal year.

(C) Notwithstanding subparagraph (A), for the 2017–18 to 2019–20 fiscal years, inclusive, the minimum amount required to be deposited into the account established pursuant to paragraph (1) shall be the greater of the following amounts:

(i) The lesser of 3 percent of the general fund expenditures for that fiscal year or the amount that the school district deposited into the account in the 2014–15 fiscal year.

(ii) Two percent of the total general fund expenditures of the applicant school district for that fiscal year.

(D) A school district contribution to the account may be provided in lieu of meeting the ongoing maintenance requirements pursuant to Section 17014 to the extent the funds are used for purposes established in that section. A school district that serves as the administrative unit for a special education local plan area may elect to exclude from its total general fund expenditures, for purposes of this paragraph, the distribution of revenues that are passed through to participating members of the special education local plan area.

(E) This paragraph applies only to the following school districts:

(i) High school districts with an average daily attendance greater than 300 pupils.

(ii) Elementary school districts with an average daily attendance greater than 900 pupils.

(iii) Unified school districts with an average daily attendance greater than 1,200 pupils.

(F) It is the intent of the Legislature that a school district shall be required to comply with the requirements of subparagraph (A) in the year in which the local control funding formula is fully implemented.

(3) Certify that it has publicly approved an ongoing and major maintenance plan that outlines the use of the funds deposited, or to be deposited, pursuant to paragraph (2). The plan may provide that the school district need not expend all of its annual allocation for ongoing and major maintenance in the year in which it is deposited if the cost of major maintenance requires that the allocation be carried over into another fiscal year. However, any state funds carried over into a subsequent year may not be counted toward the annual minimum contribution by the school district.

(c) A school district to which paragraph (2) of subdivision (b) does not apply shall certify to the board that it can reasonably maintain its facilities with a lesser level of maintenance.

(d) For purposes of calculating a county office of education requirement pursuant to this section, the applicable maintenance requirement specified in paragraph (2) of subdivision (b) shall be based upon the county office of education general fund less any restricted accounts.

(e) (1) This subdivision shall only apply to a school district that received funds pursuant to this chapter equal to or greater than 10 percent of the State School Facilities Funds of 1998, 2002, 2004, and 2006.

(2) Notwithstanding subparagraphs (B) and (C) of paragraph (2) of subdivision (b), a school district shall comply with the requirements of subparagraph (A) of paragraph (2) of subdivision (b) if the amount available in any fiscal year for the public school system pursuant to Section 8 of Article XVI of the California Constitution is equal to or greater than the amount available in the prior fiscal year, unless a school district has locally negotiated an alternative minimum annual deposit percentage in a collective bargaining agreement with the representatives of the school district's skilled crafts employees.

(3) Under no circumstances shall a school district deposit less than the amounts required in subparagraphs (B) and (C) of paragraph (2) of subdivision (b).

(4) This subdivision shall be operative from July 1, 2015, until June 30, 2020.

(f) As a condition of participation in the school facilities program, for a fiscal year after the 2004–05 fiscal year, a school district shall establish a facilities inspection system to ensure that each of its schools is maintained in good repair.

(g) For purposes of this section, "good repair" has the same meaning as specified in subdivision (d) of Section 17002.

(h) This section shall remain in effect only until July 1, 2020, and as of that date is repealed.

SEC. 17. Section 17070.75 is added to the Education Code, to read:

17070.75. (a) The board shall require the school district to make all necessary repairs, renewals, and replacements to ensure that a project is at all times maintained in good repair, working order, and condition. All costs incurred for this purpose shall be borne by the school district.

(b) In order to ensure compliance with subdivision (a) and to encourage school districts to maintain all buildings under the school district's control, the board shall require an applicant school district to do all of the following before the approval of a project:

(1) Establish a restricted account within the general fund of the school district for the exclusive purpose of providing moneys for ongoing and major maintenance of school buildings, according the highest priority to funding for the purposes set forth in subdivision (a). Funds in the account may be used for drought mitigation purposes related to the implementation of Executive Order B-29-15.

(2) (A) Agree to deposit into the account established pursuant to paragraph (1), in each fiscal year for 20 years after receipt of funds under this chapter, a minimum amount equal to or greater than 3 percent of the total general fund expenditures of the applicant school district, including other financing uses, for that fiscal year.

(B) A school district contribution to the account may be provided in lieu of meeting the ongoing maintenance requirements pursuant to Section 17014 to the extent the funds are used for purposes established in that section. A school district that serves as the administrative unit for a special education local plan area may elect to exclude from its total general fund expenditures, for purposes of this paragraph, the distribution of revenues that are passed through to participating members of the special education local plan area.

(C) This paragraph applies only to the following school districts:

(i) High school districts with an average daily attendance greater than 300 pupils.

(ii) Elementary school districts with an average daily attendance greater than 900 pupils.

(iii) Unified school districts with an average daily attendance greater than 1,200 pupils.

(3) Certify that it has publicly approved an ongoing and major maintenance plan that outlines the use of the funds deposited, or to be deposited, pursuant to paragraph (2). The plan may provide that the school district need not expend all of its annual allocation for ongoing and major maintenance in the year in which it is deposited if the cost of major maintenance requires that the allocation be carried over into another fiscal year. However, any state funds carried over into a subsequent year may not be counted toward the annual minimum contribution by the school district.

(c) A school district to which paragraph (2) of subdivision (b) does not apply shall certify to the board that it can reasonably maintain its facilities with a lesser level of maintenance.

(d) For purposes of calculating a county office of education requirement pursuant to this section, the applicable maintenance requirement specified in paragraph (2) of subdivision (b) shall be based upon the county office of education general fund less any restricted accounts.

(e) As a condition of participation in the school facilities program established pursuant to this chapter, a school district shall establish a facilities inspection system to ensure that each of its schools is maintained in good repair.

(f) For purposes of this section, “good repair” has the same meaning as specified in subdivision (d) of Section 17002.

(g) This section shall become operative July 1, 2020.

SEC. 18. Section 17070.76 of the Education Code is repealed.

SEC. 19. Section 17070.766 of the Education Code is repealed.

SEC. 20. Section 17070.99 of the Education Code is repealed.

SEC. 21. 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) 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. The information reflected in this report shall be included in a school facilities master plan, as required 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 June 30, 2020, 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 or modernization program pursuant to this chapter after June 30, 2020, shall submit an updated report of the district's existing school building capacity to the board.

SEC. 22. Section 17071.25 of the Education Code is amended to read:

17071.25. (a) The existing school building capacity in the applicant school district or, where appropriate, in the attendance area, at the time of initial application shall be calculated pursuant to the following formula:

(1) Identify by grade level all permanent teaching stations existing in the school district or, where appropriate, the attendance area. For purposes of this section, "teaching station" means any space that was constructed or reconstructed to serve as an area in which to provide pupil instruction, but shall not include portable buildings, except as provided in Section 17071.30.

(2) (A) The assumed capacity of each calculated teaching station pursuant to paragraph (1) shall be 25 pupils for each teaching station used for kindergarten or for grades 1 to 6, inclusive, and 27 pupils for each teaching station used for grades 7 to 12, inclusive.

(B) On or after January 1, 2000, the board may adopt or amend regulations adjusting the assumed capacity set forth in this subparagraph as appropriate for each teaching station used for nonsevere or severe special day class purposes after considering the recommendations of the Legislative Analyst's Office pursuant to Section 17072.15. These special day class capacity adjustments and any adjustment of existing school capacity related to changes in the assumed capacity of special day class teaching stations shall be approved by the Director of Finance before implementation.

(C) On or after January 1, 2001, the board may adopt regulations establishing assumed capacity standards after consideration of the recommendations developed by the Director of General Services for continuation high school, community day school, county community school, and county community day school, teaching stations pursuant to Section 17072.17. Teaching station assumed capacity adjustments pursuant to these regulations and any other adjustments of existing school capacity related to changes in the assumed capacity of continuation high school, community day school, county community school, and county community day school,

teaching stations shall be approved by the Director of Finance before implementation.

(3) Multiply the assumed capacity of each teaching station as specified in paragraph (2) by the number of teaching stations calculated under paragraph (1).

(4) The result of this computation shall be the number of pupils housed by grade level in the existing school building capacity of the applicant school district.

(b) The existing school building capacity of the applicant school district calculated under this section shall not include, in any school operated on a year-round schedule, any teaching station that has been in continuous use during the preceding five-year period primarily for the operation of a preschool program or programs.

(c) A school district shall update the school district's existing school building capacity computed pursuant to subdivision (a) when submitting a new construction application to participate in the school facilities program.

SEC. 23. Section 17071.75 of the Education Code is amended to read:

17071.75. After the updated, initial report of existing school building capacity has been completed pursuant to Section 17071.10, the ongoing eligibility of a school district for new construction funding shall be determined by making all of the following calculations:

(a) (1) To determine the projected enrollment for a school district applying to receive funding for new construction, 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 through regulations developed 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.

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

SEC. 24. Section 17072.15 of the Education Code is repealed.

SEC. 25. Section 17072.17 of the Education Code is repealed.

SEC. 26. Section 17072.25 of the Education Code is repealed.

SEC. 27. 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 50 percent 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 between 11 and 13 points pursuant to Section 17070.59, the school district's required local matching funds pursuant to subdivision (a) shall be reduced to 45 percent and the associated state contribution pursuant to Article 4 (commencing with Section 17072.10) shall be increased to 55 percent.

(2) For a school district determined to have a score of between 9 and 10 points pursuant to Section 17070.59, the school district's required local matching funds pursuant to subdivision (a) shall be reduced to 47 percent and the associated state contribution pursuant to Article 4 (commencing with Section 17072.10) shall be increased to 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 reduced to 48 percent and the associated state contribution pursuant to Article 4 (commencing with Section 17072.10) shall be increased to 52 percent.

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

(5) The required local matching funds pursuant to subdivision (a) and the associated state contribution pursuant to Article 4 (commencing with Section 17072.10) for school districts with less than six points shall not be adjusted pursuant to this subdivision.

SEC. 28. Section 17072.32 of the Education Code is repealed.

SEC. 29. 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 seismic mitigation purposes and for related design, study, and testing costs.

(b) A grant for a new construction project shall not be used to purchase portable electronic devices with a useful life of less than three years, including, but not limited to, laptop computers and tablet computers.

(c) This section shall 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, the California state preschool program set forth in Article 7 (commencing with Section 8235) 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.

(d) 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. 30. 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. 31. Section 17073.25 of the Education Code is amended to read:

17073.25. (a) Notwithstanding any law to the contrary, the State Department of Education is eligible for modernization grants pursuant to this article for facilities of the California School for the Deaf (Chapter 1 (commencing with Section 59000) of Part 32) and the California School for the Blind (Chapter 2 (commencing with Section 59100) of Part 32).

(b) The department is eligible for per-pupil funding under this article to the same extent and in the same manner as a school district, except that the hardship provisions do not apply. However, notwithstanding the maximum funding amount for modernization projects, as set forth in Section 17074.16, the project shall be funded at 100 percent of the project costs, subject to per-pupil eligibility.

(c) The board shall establish a process specifically tailored to consideration of the unique aspects of applications presented by the department pursuant to this section.

(d) This section applies only to projects for expenditure of the proceeds of state bonds approved by the voters after January 1, 2002.

SEC. 32. Section 17074.10 of the Education Code is amended to read:

17074.10. (a) The board shall determine the total funding eligibility of a school district for modernization funding by multiplying the following amounts by each pupil of that grade level housed in school buildings that satisfy the requirements of Section 17073.15:

(1) Two thousand two hundred forty-six dollars (\$2,246) for each elementary pupil.

(2) Two thousand three hundred seventy-six dollars (\$2,376) for each middle school pupil.

(3) Three thousand one hundred ten dollars (\$3,110) for each high school pupil.

(b) The board shall annually adjust the factors set forth in subdivision (a) according to the adjustment for inflation set forth in the statewide cost index for class B construction, as determined by the board.

(c) The board may adopt regulations to be effective until July 1, 2000, that adjust the amounts identified in this section for qualifying individuals with exceptional needs, as defined in Section 56026. The regulations shall be amended after July 1, 2000, in consideration of the recommendations provided pursuant to Section 17072.15.

(d) It is the intent of the Legislature that the amounts provided pursuant to this article for school modernization do not include funding for administrative and overhead costs.

(e) For a school district having an enrollment of 2,500 pupils or fewer for the prior fiscal year, the board may approve a supplemental apportionment of up to two thousand five hundred dollars (\$2,500) for any modernization project assistance. The amount of the supplemental apportionment shall be adjusted in 2001 and every year thereafter by an amount equal to the percentage adjustment for class B construction.

(f) For a portable classroom that is eligible for a second modernization, the board shall require the school district to use the modernization funds to replace the portable classroom with a permanent structure and to certify that the existing eligible portable classroom will be removed from any classroom use, unless the school district is able to document that modernizing the portable classroom is a better use of public resources. The capacity and eligibility of the school district shall not be adjusted for replacing a portable classroom pursuant to this subdivision and Section 17073.15.

(g) (1) The board may increase the per-pupil grants identified in subdivision (a) by up to 10 percent to reflect the costs to remediate any water outlet used for drinking or preparing food with lead levels in excess of 15 parts per billion.

(2) An adjustment provided to a school district for a modernization project pursuant to this subdivision shall be provided in lieu of a grant for the same purpose pursuant to Section 17077.60.

(3) The department shall draft regulations for consideration by the board regarding the qualifications a school district shall meet to receive a per-pupil grant enhancement pursuant to paragraph (1) and the process for determining the amount of a per-pupil grant enhancement that a district may qualify to receive.

SEC. 33. Section 17074.15 of the Education Code is repealed.

SEC. 34. 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 60-percent share, and the school district has provided its 40-percent 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 40-percent 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) This section shall apply only to an application that was filed after April 29, 2002.

(c) 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 17074.10) as follows:

(1) For a school district determined to have a score of between 11 and 13 points pursuant to Section 17070.59, the school district's required local matching funds pursuant to subdivision (a) shall be reduced to 35 percent and the associated state contribution pursuant to Article 4 (commencing with Section 17074.10) shall be increased to 65 percent.

(2) For a school district determined to have a score of between 9 and 10 points pursuant to Section 17070.59, the school district's required local matching funds pursuant to subdivision (a) shall be reduced to 37 percent and the associated state contribution pursuant to Article 4 (commencing with Section 17074.10) shall be increased to 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 reduced to 38 percent and the associated state contribution pursuant to Article 4 (commencing with Section 17074.10) shall be increased to 62 percent.

(4) For a school district determined to have a score of between six and seven points pursuant to Section 17070.59, the school district's required local matching funds pursuant to subdivision (a) shall be reduced to 39 percent and the associated state contribution pursuant to Article 4 (commencing with Section 17074.10) shall be increased to 61 percent.

(5) The required local matching funds pursuant to subdivision (a) and the associated state contribution pursuant to Article 4 (commencing with Section 17074.10) for school districts with less than six points shall not be adjusted pursuant to this subdivision.

SEC. 35. 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 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.

(E) The demolition and construction of a building or buildings on an existing schoolsite, if all of the following conditions are met:

(i) The building or buildings to be replaced are at least 50 years old.

(ii) The school district provides to the department 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 of the building or buildings. The cost-benefit analysis may include applicable site development costs.

(3) A project that meets the requirements of subparagraph (E) of paragraph (2) shall be eligible for a grant equal to the grant provided under Section 17072.10.

(4) A modernization apportionment shall not be used to purchase portable electronic devices with a useful lifespan of less than three years, including, but not limited to, laptop computers and tablet computers.

(b) This section shall 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, the California State Preschool Program set forth in Article 7 (commencing with Section 8235) 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 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) 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. 36. Section 17074.27 of the Education Code is repealed.

SEC. 37. Section 17075.10 of the Education Code is repealed.

SEC. 38. Section 17075.10 is added to the Education Code, to read:

17075.10. (a) (1) A school district shall demonstrate, for health and safety projects that are determined by the department to pose an unacceptable risk of injury to its occupants in the event of a seismic event, 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 the pupils if the health and safety of the 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 the pupils. In order to determine the applicable grant amounts, a cost-benefit analysis that indicates the minimum cost to remain in the classroom or related facility and mitigate the health and safety problem compared to the current replacement cost, shall be prepared by the district and submitted to the department.

(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. 39. 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) Further, 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 2020–21 fiscal year, the amount reflected in subparagraph (A) shall be adjusted 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.

(e) The department shall develop regulations, for consideration by the board, establishing timeframes for determining what local funds are available to support a project. The regulations shall require, at a minimum,

consideration of funds available in the preceding 12 months to the hardship request and the 12 months following apportionment.

SEC. 40. 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 determined to meet the requirements set forth in Section 17075.10.

(c) Notwithstanding any other law, school districts and county offices of education that receive 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) Grants provided pursuant to this section shall not affect the applicant's eligibility for any other program under this chapter.

(2) Notwithstanding paragraph (1), portable classrooms 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 school districts or county offices of education determined by the board to be impacted by a natural disaster as described in subdivision (a).

SEC. 41. Section 17077.35 of the Education Code is amended to read:

17077.35. (a) An applicant school district is encouraged to include plan design and other project components that seek school facility energy efficiency approaching the ultimate goal of school facility energy self-sufficiency, and may seek a grant adjustment for the state's share of the increased costs associated with those components.

(b) Energy efficiency components that are eligible for inclusion into a project pursuant to this section include, but are not limited to, conservation, load reduction technologies, peakload shifting, solar water heating technologies as described in subparagraph (A) of paragraph (2) of subdivision (b) of Section 25619 of the Public Resources Code and as rated and certified by the Solar Rating and Certification Corporation, the use of ground source temperatures for heating and cooling, photovoltaics, and technologies that meet the emerging technology eligibility criteria established by the State Energy Resources Conservation and Development Commission pursuant to Section 383.5 of the Public Utilities Code. A project that received funding from the renewable energy program administered by the State

Energy Resources Conservation and Development Commission is not eligible for a grant adjustment under this section.

(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 by an amount not less than 15 percent for new construction projects and not less than 10 percent for modernization projects, and shall be shown to provide sufficient energy savings to return the cost of the initial investment in the project over a period not to exceed seven years. 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 10 percent of its state grants authorized by Sections 17072.10 and 17074.10 for the state's share of costs associated with design and other plan components related to school facility energy efficiency as set forth in this article.

(e) A school district shall not be eligible to receive a grant pursuant to subdivision (c) or (d) if the school district incorporates energy efficiency components that individually decrease the overall amount of energy savings that would result from the project.

SEC. 42. 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 outlet used for drinking or preparing food 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 district by the time

of completion of the project, and upon review of evidence that the 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 school district’s local community water system.

(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 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.

(f) Grants provided to a school district pursuant to this section shall be in lieu of a grant enhancement pursuant to subdivision (f) of Section 17074.10.

SEC. 43. Article 11.5 (commencing with Section 17078.40) 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

17078.40. The following definitions apply to this article:

(a) “Final apportionment” has the same meaning as “apportionment” as set forth 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, or applicable state department 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.

17078.41. (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 17078.42.

(2) The project is to be funded from proceeds of state bonds approved by the voters at the March 3, 2020, statewide primary election and that shall not exceed the amounts made available pursuant to subdivisions (a) and (b) of Section 101212.

17078.42. 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 calculated pursuant to 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) of this section.

(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.

17078.43. 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 subparagraph (B) of paragraph (1) of subdivision (b) of Section 17075.10, 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 5 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. 44. Section 17078.52 of the Education Code is amended to read:

17078.52. (a) There is hereby established the Charter Schools 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 2020 Charter School Facilities Account is hereby established within the 2020 State School Facilities Fund established pursuant to Section 17070.415. The proceeds of bonds, as set forth in subdivision (c) of Section 101212 and if approved by the voters at the March 3, 2020, statewide primary election, shall be deposited into the 2020 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. 45. Section 17078.53 of the Education Code is amended to read:

17078.53. (a) The initial preliminary applications for projects to be funded pursuant to this article shall be submitted to the board by March 31, 2003. Thereafter, the board may establish subsequent application periods as needed.

(b) Preliminary applications may be submitted by eligible applicants as set forth in this article by either of the following:

(1) A school district on behalf of a charter school that is physically located within the geographical jurisdiction of the school district.

(2) A charter school on its own behalf if the charter school has notified both the superintendent and the governing board of the school district in which it is physically located of its intent to do so in writing at least 30 days before submission of the preliminary application.

(c) A preliminary application shall demonstrate either of the following:

(1) That a charter petition for the school for which the application is submitted has been granted by the appropriate chartering entity before the application deadline determined by the board.

(2) That an already existing charter has been amended to include the school for which the application is submitted and approved by the appropriate chartering entity before the deadline determined by the board.

(d) A preliminary application shall include either of the following:

(1) For a preliminary application submitted pursuant to paragraph (1) of subdivision (b), the number of unhoused pupils determined pursuant to Article 3 (commencing with Section 17071.75) that will be housed by the project for which the preliminary application has been submitted.

(2) For a preliminary application submitted pursuant to paragraph (2) of subdivision (b), a certification from the governing board of the district within which the charter school is physically located of the number of unhoused pupils for that district determined pursuant to Article 3 (commencing with Section 17071.75) that will be housed by the project for which the preliminary application has been submitted.

(e) Before submitting a preliminary application, the school district and charter school shall consider existing school district facilities in accordance with Section 47614.

(f) The board, after consideration of the recommendations of the authority regarding whether a charter school is financially sound, shall approve the preliminary application and shall make the preliminary apportionment for funding pursuant to this article.

(g) (1) The board shall establish a process to ensure that pupil attendance in a charter school that is physically located within the geographical jurisdiction of a school district is counted as per-pupil eligibility for that school district and to ensure that the same per-pupil attendance is not so counted for any other school district or other applicant under this chapter.

(2) (A) Except as provided pursuant to subparagraph (B) and notwithstanding subdivision (b) of Section 17071.75, the number of pupils for which facilities are provided under this article shall not be included in the sum determined under subdivision (b) of Section 17071.75.

(B) The number of unhoused pupils determined pursuant to subdivision (d) that will be housed by the project for which a preliminary application has been submitted shall be included in the sum determined under subdivision (b) of Section 17071.75.

(h) The board shall establish a process to be used for release of funds for approved projects pursuant to this article. Notwithstanding Section 17072.30, the board may provide for the release of planning and site acquisition funds before the approval of the project by the Department of General Services pursuant to the Field Act, as defined in Section 17281.

(i) Notwithstanding subdivision (c) of Section 17070.63, savings achieved shall be returned to the Charter School Facilities Account for purposes of this article.

SEC. 46. Section 17078.54 of the Education Code is amended to read:

17078.54. (a) An eligible project under this article shall include funding, as permitted by this chapter, for new construction or modernization of a school facility for classroom-based instruction of charter school pupils, as set forth in this article. A project may include, but is not limited to, the cost of retrofitting an existing building for charter school purposes, purchasing a building, or retrofitting a building that has been purchased by the charter school, if those costs have not been previously funded under this chapter, but may not exceed the amounts set forth in subdivision (b). Existing school buildings made available by a school district that will be rehabilitated for the purposes of this article are not subject to Article 6 (commencing with Section 17073.10). An allocation of funds shall not be made for a school facility that is less than 15 years old.

(b) The maximum amount of the funding pursuant to this article shall be determined by calculating the charter school's per-pupil grant amount plus other allowable costs as set forth in this chapter. Funding shall be provided by the authority for new facility construction or modernization as set forth in Section 17078.58.

(c) To be funded under this article, a project shall comply with all of the following:

(1) It shall meet all the requirements regarding public school construction, plan approvals, toxic substance review, site selection, and site approval, as would any noncharter school project of a school district under this chapter, including, but not limited to, regulations adopted by the State Architect pursuant to Section 17280.5 relating to the retrofitting of existing buildings, as applicable.

(2) Notwithstanding any law to the contrary, including, but not limited to paragraph (1), the board, after consulting with the relevant regulatory agencies, shall, to the extent feasible, adopt regulations establishing a process for projects to be subject to a streamlined method for obtaining regulatory approvals for all requirements described in paragraph (1), except for the requirements of the Field Act as defined in Section 17281, which shall be complied with in the same manner as any other project under this chapter.

(3) The board shall fund only new construction to be physically located within the geographical jurisdiction of a school district.

(d) (1) Facilities funded pursuant to this article shall have a 50 percent local share matching obligation that may be paid by the applicant through lease payments in lieu of the matching share, or as otherwise set forth in this article, including, but not limited to, Section 17078.58.

(2) Notwithstanding paragraph (1), the required local matching obligation shall be adjusted consistent with the revised local matching contributions for school districts pursuant to Section 17072.30 based upon the adjustment that would apply to the school district in which the charter school is physically located which serves the same grade levels as the facilities funded.

(e) The authority may charge its administrative costs against the respective 2002, 2004, or 2006 Charter School Facilities Account, or the amount described in paragraph (2) of subdivision (a) of Section 101122, which shall be subject to the approval of the Department of Finance and which may not exceed 2.5 percent of the account or amount.

(f) It is the intent of the Legislature to consider the development of a financial hardship assistance process for charter schools seeking to participate in the Charter School Facilities Program.

SEC. 47. 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 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 the costs to remediate any water outlet for drinking and preparing food with lead levels in excess of 15 parts per billion, 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 2020 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 2020 Charter School Facilities Account for use by the board for any purpose related to charter school facilities pursuant to this article.

SEC. 48. Section 17078.62 of the Education Code is amended to read:

17078.62. (a) As a first priority, the existing charter school shall be permitted to continue to use the facility until it is no longer needed by the charter school for charter school purposes.

(b) If the charter school occupying a facility funded pursuant to this article ceases to use the facility for a charter school purpose, all of the following apply:

(1) If the charter school is no longer using the facility because the authorizing school district has revoked or declined to renew the charter, the school district in which the charter school is located, as a necessary component of the first priority established in subdivision (a), may not immediately occupy the facility, but shall allow a reasonable time, not to exceed six months, for completion of the review process contemplated in Section 47607 or 47607.5.

(2) As a second priority, any qualifying successor charter school shall be permitted to meet its facility needs by occupying the facility on equal terms as the prior charter school occupant, including, but not limited to, assumption of fee simple title to the facility, as described in paragraph (3) of subdivision (a) of Section 17078.63.

(3) As a third priority, the school district in which the charter school is physically located may notify the authority and take possession and take title to the facility, if the title is not already held by the district, and make the facility available for continued use as a public school facility.

(4) If the school district in which the charter school is physically located elects to take possession of a facility pursuant to paragraph (3), it shall pay the balance of the unpaid local matching share or demonstrate that it is willing and able to continue to make the lease payments in lieu of the local matching share on the same terms. However, the payments shall be reduced

or eliminated, as appropriate, if the school district complies with all of the following:

(A) It demonstrates that it would have been eligible for hardship funding under Article 8 (commencing with Section 17075.10) at the time that the application for funding the facility under this article was originally submitted.

(B) It certifies to the board that it will use the facilities for public school purposes for a period of at least five years from the date that it occupies the facility.

(5) (A) If the school district declines to take possession pursuant to paragraph (3), or if the facility is subsequently no longer needed for public school purposes, the school district shall dispose of the facilities in a manner otherwise applicable to the disposal of surplus public schoolsites. Any unpaid local matching share shall be paid from the net proceeds, if any, of the disposition and shall be deposited into the respective 2002, 2004, 2006, or 2020 Charter School Facilities Account. To the extent that funds remain from the proceeds of the disposition after repayment of the local matching share, any security interest granted to a person or entity pursuant to subparagraph (B) of paragraph (3) of subdivision (a) of Section 17078.57 shall be satisfied. Funds remaining from the proceeds after any security interest has been satisfied shall be paid to the school district in which the facility is located to be used for capital improvements in the school district.

(B) If title to the facility is held by a charter school or a local governmental entity other than the school district, and the school district declines to dispose of the facility, the board shall dispose of the facility in accordance with the provisions that would otherwise apply to the disposal of surplus school property by the school district, including, but not limited to, Chapter 4 (commencing with Section 17385) of Part 10.5. The proceeds of the disposition shall be distributed in accordance with subparagraph (A).

(6) If the lease payments in lieu of the local matching share are fully paid, the school district shall continue to hold title to the facility, in trust, for the benefit of the state public school system. The school district shall permit continued use of the facility for charter school purposes as long as the facility is needed for those purposes.

SEC. 49. Section 17078.66 of the Education Code is repealed.

SEC. 50. Section 17219 of the Education Code is amended to read:

17219. (a) Commencing July 1, 2020, a school district shall annually notify the State Allocation Board whenever the school district acquires or has acquired a site for school purposes, as determined by the State Allocation Board, and the site is unused. A site is unused when the school district does not use the site within (1) five years of the date of acquisition for the kindergarten, if any, and any of grades 1 to 8, inclusive, maintained by an elementary school district or a unified school district, or, (2) seven years of the date of acquisition for any of grades 7 to 12, inclusive, maintained by a high school district or a unified school district, or if a school district has a site at any grade level that has previously been used but has not been used for school purposes within the preceding five years. The school district shall be subject to nonuse payments for unused sites, unless the State Allocation

Board, from time to time, makes a determination that the school district will use the property for the purpose for which it was intended within a reasonable period of time, in a specific amount for each additional year in which the site is retained and not used by the school district beyond the foregoing specified periods.

(b) Payment shall not be required under this section as to any site having a value of forty thousand dollars (\$40,000) or less. Commencing on July 1, 2020, and annually thereafter, the State Allocation Board shall increase this exemption figure by the amount of the current fiscal year inflation adjustment specified in subdivision (d) of Section 42238.02, if any.

(c) The payments required shall be computed by the Executive Officer of the State Allocation Board and certified to the Controller, and payments shall be equal to one one-hundredth (1/100) of the original purchase price of the site modified by either a factor reflecting the change in assessed value of all lands in the state from the date of purchase of the site to the current date or any other factor that in the determination of the State Allocation Board is applicable to the site under consideration.

(d) Whenever the State Allocation Board has determined that a school district in good faith has, within the preceding year, advertised the schoolsite for sale to the highest bidder pursuant to the provisions of Article 4 (commencing with Section 17455) of Chapter 4 and has received no bids that in the judgment of the State Allocation Board reflect the fair market value of the property, the Executive Officer of the State Allocation Board shall not compute any nonuse payments for the site for a period of one year beyond the date of the determination.

(e) Nonuse payments shall not be required for any year with respect to a schoolsite that for one-half or more of the number of days of that year has been used for any of the following purposes:

(1) By the school district, or by any other governmental entity pursuant to agreement with the school district, for school purposes, for use as a civic center, or for community playground, playing field, or other outdoor recreational purposes. "Civic center," for this purpose, means a site used for one or more of the purposes described in Section 38134.

(2) By the State Allocation Board, pursuant to agreement with the school district, for the storage of emergency portable classrooms.

(3) By the school district, or by any other public or private entity pursuant to agreement with the school district, for the operation of a childcare program.

(f) Nonuse payments shall not be required for any year with respect to a schoolsite that was leased at least one-half of the days in that year in a manner that subjected the site to property taxes equal to the taxes that would have been paid if the site had been sold.

(g) The State Allocation Board may waive, for up to three years, the required nonuse payments for a school district directly impacted by a natural disaster for which the Governor has declared a state of emergency.

SEC. 51. Section 41024 of the Education Code is amended to read:

41024. (a) (1) Commencing April 1, 2017, a local educational agency that receives any funds pursuant to 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) shall annually report a detailed list of all expenditures of state funds, including interest, and of the local educational agency's matching funds for completed projects until all state funds, including interest, all of the local educational agency's matching funds, and savings achieved, including interest, pursuant to Section 17070.63, are expended in accordance with the requirements of the Leroy F. Greene School Facilities Act of 1998, associated regulations, and any accompanying grant agreement signed by a local educational agency. A local educational agency's detailed list of expenditures shall identify expenditures on a project-by-project basis, reflect completed projects that were reimbursed within that fiscal year, and shall clearly indicate the list of projects that have been completed.

(2) For purposes of this section, the determination that a project is complete shall be in accordance with the regulations adopted pursuant to 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).

(3) The total amount of interest earned on the state funds shall be reported on the final expenditure report upon completion of a project. For purposes of determining the total amount of interest earned on the state funds, interest shall be considered to accrue from the time state funds are deposited in the local educational agency's account until the time the local educational agency submits the final expenditure report to the Office of Public School Construction.

(4) Commencing April 1, 2017, a local educational agency participating in the school facilities program shall ensure that it retains all financial accounts, documents, and records necessary for an audit of completed projects pursuant to Section 16026 of Title 5 of the California Code of Regulations. For purposes of this paragraph and in compliance with any applicable state and federal standards, a local educational agency may maintain records electronically.

(5) Any project identified on a local educational agency's detailed list of expenditures pursuant to paragraph (1) that is reported complete during the 2017–18 fiscal year shall be audited in accordance with the audit guide required by Section 14502.1 for the 2018–19 fiscal year. All other completed projects shall be audited in accordance with the audit guide required by Section 14502.1 for the fiscal year in which the project is reported complete.

(6) The audit described in this section shall be completed within one year of project completion as determined by Section 1859.104 of Title 2 of the California Code of Regulations.

(b) (1) Commencing with audits of the 2018–19 fiscal year, the Controller shall include instructions in the audit guide required by Section 14502.1 that include, but are not necessarily limited to, procedures for determining all of the following:

(A) Whether funds identified by a local educational agency on its detailed list of expenditures pursuant to paragraph (1) of subdivision (a) have been expended in accordance with the requirements of 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), associated regulations, and any accompanying grant agreement signed by a local educational agency. Any funds not expended in accordance with these requirements shall be disallowed and considered an audit finding.

(B) That savings achieved, including interest, pursuant to Section 17070.63, are used for other high priority capital outlay purposes identified by the local educational agency or returned to the Office of Public School Construction, and in accordance with the requirements of 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), associated regulations, and as specified in any accompanying grant agreement.

(C) Adjustments to the grant amounts received by a local educational agency for site acquisition costs based upon the local educational agency's final approved expenditures as required pursuant to Sections 1859.105 and 1859.106 of Title 2 of the California Code of Regulations.

(D) If there are any unspent funds associated with the completion of a Charter School Facilities Program project that must be returned to the Office of Public School Construction as required pursuant to Section 1859.169.1 of Title 2 of the California Code of Regulations.

(E) If there are any unspent funds associated with the completion of a Career Technical Education Facilities Program project that must be returned to the Office of Public School Construction as required pursuant to Section 1859.199 of Title 2 of the California Code of Regulations.

(F) If there are any unspent funds associated with the completion of a project, where the local educational agency received hardship funding as described in Sections 1859.81, 1859.81.1, 1859.81.2, and 1859.81.3 of Title 2 of the California Code of Regulations, that must either be returned to the Office of Public School Construction or expended consistent with the requirements pursuant to Section 1859.103 of Title 2 of the California Code of Regulations.

(G) Adjustments to the grant amounts received by a local educational agency associated with the substantial progress requirements reflected in the program reporting requirements pursuant to Section 1859.104 of Title 2 of the California Code of Regulations.

(2) Any amounts or adjustments identified pursuant to subparagraphs (C) to (G), inclusive, of paragraph (1) shall be identified within a local educational agency's audit, but shall not be considered an audit finding for purposes of this section.

(c) (1) The auditor conducting the audit pursuant to this section shall file the audit with the Controller within 60 days of the completion of the audit. The Controller shall be allowed access to audit working papers. Adjustments pursuant to paragraph (2) of subdivision (b) shall not be appealable to the Education Audit Appeals Panel pursuant to this section.

(2) Within 60 days of the receipt of the certified audit, and after determining that the audit conforms with the reporting standards contained in the audit guide, the Controller shall do both of the following:

(A) Notify the department of any audit findings identified pursuant to this section and any amounts or adjustments identified pursuant to clause (iii) of subparagraph (B).

(B) Provide the Office of Public School Construction with a copy of the certified audit identifying the amounts to be adjusted if, as a result of the audit conducted in accordance with the requirements of subdivisions (a) and (b), the auditor determines any of the following:

(i) A local educational agency has unspent funds for the project not identified as savings pursuant to Section 17070.63 that must be returned pursuant to subparagraphs (C) to (G), inclusive, of paragraph (1) of subdivision (b), and any accompanying grant agreement signed by a local educational agency.

(ii) A local educational agency is subject to an increase or decrease in funds provided pursuant to subparagraphs (C) to (G), inclusive, of paragraph (1) of subdivision (b), and any accompanying grant agreement signed by a local educational agency.

(iii) A local educational agency did not expend funds 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) and any accompanying grant agreement signed by a local educational agency.

(3) Upon receipt of the certified audit, the Office of Public School Construction shall present any grant adjustments required pursuant to clauses (i) and (ii) of subparagraph (B) of paragraph (2) for a specified project to the State Allocation Board for an adjustment to the project apportionment. Funds identified for purposes of clauses (i) and (ii) of subparagraph (B) of paragraph (2) shall be apportioned from, or returned to, the appropriate funds, as established in the State Treasury pursuant to Section 17070.40 or 17070.41, as applicable. If a school district is required to return unspent funds, the source for returned funds shall be the county school facilities fund established pursuant to subdivision (a) of Section 17070.43.

(4) A local educational agency may appeal the audit finding pursuant to the timelines and process established in subdivision (d) of Section 41344. The procedures set out in subdivision (d) of Section 41344.1 do not apply to the audit required by this section.

(5) The department shall ensure that the local educational agency has corrected the audit finding by implementing a required repayment of funds equal to the amount of funds disallowed in the audit finding pursuant to the process specified in subdivision (d).

(d) (1) If, as the result of the audit, a local educational agency is required to pay funds pursuant to clause (iii) of subparagraph (B) of paragraph (2) of subdivision (c), the department shall recover the funds from the local educational agency.

(2) If the local educational agency has submitted an appeal to the Education Audit Appeals Panel pursuant to subdivision (d) of Section 41344,

the department shall not recover funds until following the determination of the appeal.

(3) A local educational agency may use any local fund source to pay the disallowed amount pursuant to clause (iii) of subparagraph (B) of paragraph (2) of subdivision (c) so long as there is no legal prohibition regarding the use of those funds for this purpose.

(4) A local educational agency may request from the department a repayment plan within 90 days of receiving the final audit report, or within 30 days of withdrawing or receiving a final determination regarding an appeal pursuant to subdivision (d) of Section 41344 and subdivision (b) of Section 41344.1, as applicable. The department and the Director of Finance, or their designees, jointly shall establish a plan for payment. The payment plan shall be established in accordance with the following:

(A) If the department and the Director of Finance, in consultation with the Executive Officer of the Office of Public School Construction, concur that repayment of the disallowed amount in the current fiscal year would constitute a severe financial hardship for the local educational agency, they may jointly approve a plan of equal annual payments over a period of up to eight years. The plan may include interest on each year's outstanding balance at the rate earned on the state's Pooled Money Investment Account during that year. The department and the Director of Finance jointly shall establish this plan. At the time the local educational agency is notified, the Controller also shall be notified of the plan by the department. The Controller shall withhold the annual amount established pursuant to the plan from the local educational agency's principal apportionment or Education Protection Account payments.

(B) Notwithstanding subparagraph (A), if the department and the Director of Finance, in consultation with the Executive Officer of the Office of Public School Construction, concur that repayment of the disallowed amount over an eight-year period would require the local educational agency to request an emergency apportionment pursuant to the provisions of Article 2 (commencing with Section 41320) of, and Article 2.5 (commencing with Section 41325) of, Chapter 3, they may approve a plan of equal annual payments over a period of up to 20 years. The plan shall include interest on each year's outstanding balance at the rate earned on the state's Pooled Money Investment Account during that year. The Controller shall withhold the annual amount established pursuant to the plan from the local educational agency's principal apportionment or Education Protection Account payments.

(C) If a payment plan submitted pursuant to this section is not approved by the department and the Director of Finance, in consultation with the Executive Officer of the Office of Public School Construction, or is not requested by the local educational agency, the department shall invoice the local educational agency for the entire disallowed amount. If the local educational agency does not remit payment for the invoice within 120 days of issuance, the department shall request that the Controller withhold the entire disallowed amount from the local educational agency's principal apportionment or Education Protection Account payments.

(D) (i) Funds recovered by the department or withheld by the Controller pursuant to this section shall be deposited into the appropriate state school facilities fund, as established in the State Treasury pursuant to Section 17070.40 or 17070.41, as applicable.

(ii) Funds remitted to the Office of Public School Construction by a local educational agency from local fund sources, as authorized by paragraph (3), shall be deposited into the appropriate state school facilities fund, as established in the State Treasury pursuant to Section 17070.40 or 17070.41, as applicable.

(e) As used in this section, “audit or review” and “local educational agency” shall have the same meaning as the terms are defined in paragraphs (1) and (2) of subdivision (e) of Section 41344.

(f) The State Allocation Board shall not waive all or any part of this section, any grant agreement or provisions of a grant agreement signed by a local educational agency that receives any funds pursuant to 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), or any regulation adopted that implements a provision of this section.

(g) In any appeal filed pursuant to Section 41344 and this section, the Office of Public School Construction, the Department of Finance, and the department may timely move to intervene as a party.

(h) If the Office of Public School Construction chooses not to intervene in an appeal, the administrative law judge conducting the hearing, or the Education Audit Appeals Panel, may request that the Office of Public School Construction issue and file in the appeal an objective interpretation of any applicable law, regulation, or term of the grant agreement within 30 days of the request or such longer period as the administrative law judge or the Education Audit Appeals Panel deems reasonable. The Office of Public School Construction’s filing shall not argue or seek to resolve issues of fact, but may state how a particular law, regulation, or grant agreement term applies to competing factual contentions. The agent of the Office of Public School Construction shall be precluded from acting as a party once a request pursuant to this subdivision is made.

(i) Notwithstanding subdivision (a), this section shall not apply to any school facilities project that was apportioned before July 1, 2017.

SEC. 52. Article 7 (commencing with Section 89776) is added to Chapter 6 of Part 55 of Division 8 of Title 3 of the Education Code, to read:

Article 7. 2020 University Capital Outlay Bond Fund Conditions

89776. (a) As a condition of receiving funds from the 2020 University Capital Outlay Bond Fund established in Section 101300, the Board of Trustees of the California State University shall adopt a five-year affordable student housing plan for each campus covering the 2020–21 to 2024–25 fiscal years, inclusive. Each campus’s plan shall include all of the following:

(1) A description of current student housing capacity, including the number of on-campus housing units, the demonstrated demand for those units, and the availability of off-campus alternatives for students who are denied student housing or are otherwise unable to access student housing. This data shall be disaggregated to detail the number of units in demand by, and occupied by, low-income students.

(2) The cost of on-campus and off-campus student housing, including how on-campus housing compares to local market rates and the availability of affordable off-campus housing located near the main campus.

(3) A description of campus efforts, over the last five years, to increase the availability of affordable student housing to a larger percentage of the campus's student body.

(4) A goal for additional affordable student housing units and a detailed plan for campus efforts within the next five years to prospectively construct, acquire, or develop collaboratively with their local communities, including their local community colleges, additional affordable student housing.

(5) A description of campus institutional aid distribution policies to assist full-time students that meet the family income and asset qualifications to receive either a Cal Grant A financial aid award or Cal Grant B financial aid award to afford student housing.

(b) Commencing October 1, 2020, the Board of Trustees of the California State University shall submit an updated report for each campus on the progress toward its goal to the Department of Finance and the Legislature by October 15 of each year. A final summative and systemwide report shall be submitted to the Department of Finance and the Legislature by October 15, 2025.

(c) (1) In developing a list of capital projects for consideration in the annual Budget Act that are proposed to be funded from the 2020 University Capital Outlay Bond Fund, the Board of Trustees of the California State University shall use each campus's five-year affordable student housing plan as a key input in prioritizing projects from campuses that the Board of Trustees determines are improving, or will improve, access to affordable on-campus and off-campus student housing. Other key inputs in prioritizing the bond fund list shall include projects that address critical fire and life safety issues, projects that address seismic deficiencies, and projects that address critical deferred maintenance issues.

(2) The final prioritization and schedule of projects, including the extent to which the key inputs required pursuant to paragraph (1) were used by the Board of Trustees to prioritize the Board of Trustees' list of submitted projects, shall be subject to review and consideration through the annual budget process.

(d) For purposes of this section, the following definitions apply:

(1) "Affordable student housing" means housing for low-income students for which the rental rate is either below the local market rate or the rent could be paid with the equivalent of 15 hours per week of federal work student wages in conjunction with financial aid.

(2) “Low-income student” means a full-time student that meets the family income and asset qualifications needs to receive either a Cal Grant A financial aid award or Cal Grant B financial aid award.

(e) It is the intent of the Legislature that each campus reflect local conditions, such as the percentage of local commuter students and the availability of affordable off-campus housing located near the campus, when developing the campus’s five-year affordable student housing plan.

(f) Reports submitted to the Legislature pursuant to this section shall be submitted in compliance with Section 9795 of the Government Code.

SEC. 53. Article 7 (commencing with Section 92170) is added to Chapter 2 of Part 57 of Division 9 of Title 3 of the Education Code, to read:

Article 7. 2020 University Capital Outlay Bond Fund Conditions

92170. (a) As a condition of receiving funds from the 2020 University Capital Outlay Bond Fund established in Section 101300, the Regents of the University of California shall adopt a five-year affordable student housing plan for each campus covering the 2020–21 to 2024–25 fiscal years, inclusive. Each campus’s plan shall include all of the following:

(1) A description of current student housing capacity, including the number of on-campus housing units, the demonstrated demand for those units, and the availability of off-campus alternatives for students who are denied student housing or are otherwise unable to access student housing. This data shall be disaggregated to detail the number of units in demand by, and occupied by, low-income students.

(2) The cost of on-campus and off-campus student housing, including how on-campus housing compares to local market rates and the availability of affordable off-campus housing located near the main campus.

(3) A description of campus efforts, over the last five years, to increase the availability of affordable student housing to a larger percentage of the campus’s student body.

(4) A goal for additional affordable student housing units and a detailed plan for campus efforts within the next five years to prospectively construct, acquire, or develop collaboratively with their local communities, including their local community colleges, additional affordable student housing.

(5) A description of campus institutional aid distribution policies to assist full-time students that meet either the family income and asset qualifications to receive a Cal Grant A financial aid award or Cal Grant B financial aid award to afford student housing.

(b) Commencing October 1, 2020, the Regents of the University of California shall submit an updated report for each campus on the progress toward its goal to the Department of Finance and the Legislature by October 15 of each year. A final summative and systemwide report shall be submitted to the Department of Finance and the Legislature by October 15, 2025.

(c) (1) In developing a list of capital projects for consideration in the annual Budget Act that are proposed to be funded from the 2020 University

Capital Outlay Bond Fund, the Regents of the University of California shall use each campus’s five-year affordable student housing plan as a key input in prioritizing projects from campuses that the Regents determine are improving, or will improve, access to affordable on-campus and off-campus student housing. Other key inputs in prioritizing the bond fund list shall include projects that address critical fire and life safety issues, projects that address seismic deficiencies, and projects that address critical deferred maintenance issues.

(2) The final prioritization and schedule of projects, including the extent to which the key inputs required pursuant to paragraph (1) were used by the Regents to prioritize its list of submitted projects, shall be subject to review and consideration through the annual budget process.

(d) For purposes of this section, the following definitions apply:

(1) “Affordable student housing” means housing for low-income students for which the rental rate is either below the local market rate or the rent could be paid with the equivalent of 15 hours per week of federal work student wages in conjunction with financial aid.

(2) “Low-income student” means a full-time student that meets the family income and asset qualifications needs to receive either a Cal Grant A financial aid award or Cal Grant B financial aid award.

(e) It is the intent of the Legislature that each campus reflect local conditions, such as the percentage of local commuter students and the availability of affordable off-campus housing located near the campus, when developing the campus’s five-year affordable student housing plan.

(f) Reports submitted to the Legislature pursuant to this section shall be submitted in compliance with Section 9795 of the Government Code.

SEC. 54. Part 71 (commencing with Section 101200) is added to Division 14 of Title 3 of the Education Code, to read:

PART 71. THE PUBLIC PRESCHOOL, K–12, AND COLLEGE HEALTH AND SAFETY BOND ACT OF 2020

CHAPTER 1. GENERAL PROVISIONS

101200. This part shall be known, and may be cited, as the Public Preschool, K–12, and College Health and Safety Bond Act of 2020.

101201. The incorporation of, or reference to, any provision of state statutory law in this part includes all acts amendatory thereof and supplementary thereto.

101202. Bonds in the total amount of fifteen billion dollars (\$15,000,000,000), not including the amount of any refunding bonds issued in accordance with Sections 101230, 101251, and 101339, may be issued and sold for the purposes set forth in Sections 101220, 101242, 101310, and 101320. 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.

101203. It is the intent of the Legislature to address the crisis of school facilities for all California students attending public preschool, K–12, community colleges, and Universities to:

(a) Upgrade public school facilities for earthquakes and other emergencies.

(b) Provide emergency funding to reopen schools following major disasters, including fires.

(c) Remove mold, asbestos, and other hazardous materials from classrooms and lead from school drinking water.

(d) Repair and replace aging public school buildings.

(e) Provide space for school nurses and counselors to increase student access to health care and mental health services.

(f) Modernize job, career, and vocational training facilities, including for veterans returning from duty.

(g) Require independent audits and public hearings to provide accountability for taxpayer dollars.

(h) Cap administrative costs at 5 percent.

101204. Not more than 5 percent of the funds allocated pursuant to this part may be used to support the costs to administer the programs authorized by this act.

CHAPTER 2. PRESCHOOL-GRADE 12

Article 1. Preschool-Grade 12 School Facilities Program Provisions

101210. The proceeds of bonds issued and sold pursuant to this chapter, not including the proceeds of any refunding bonds issued in accordance with Section 101230, shall be deposited in the 2020 State School Facilities Fund established in the State Treasury under Section 17070.415, and shall be allocated by the State Allocation Board pursuant to this chapter.

101211. All moneys deposited in the 2020 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 2020 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.

101212. 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:

(a) (1) The amount of two billion eight hundred million dollars (\$2,800,000,000) 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.

(2) Of the amount allocated under this subdivision, up to 10 percent shall be available to small school districts pursuant to Article 11.5 (commencing with Section 17078.40) of Chapter 12.5 of Part 10 of Division 1 of Title 1.

(3) Of the amount allocated in this subdivision, up to the amount necessary to fund the list of acknowledged applications due to a lack of authority from general obligation bonds passed before 2018 that support the new construction of school facilities pursuant to the Leroy F. Greene School Facilities Act (Chapter 12.5 (commencing with Section 17070.10) of Part 10 of Division 1 of Title 1) shall be available to support applications for the new construction of school facilities submitted pursuant to the Leroy F. Greene School Facilities Act (Chapter 12.5 (commencing with Section 17070.10) of Part 10 of Division 1 of Title 1) before February 29, 2020.

(b) (1) The amount of five billion two hundred million dollars (\$5,200,000,000) 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.

(2) Of the amount allocated under this subdivision, up to 10 percent shall be available to small school districts pursuant to Article 11.5 (commencing with Section 17078.40) of Chapter 12.5 of Part 10 of Division 1 of Title 1.

(3) Of the amount allocated in this subdivision, up to the amount necessary to fund the list of acknowledged applications due to a lack of authority from general obligation bonds passed before 2018 that support the modernization of school facilities pursuant to the Leroy F. Greene School Facilities Act (Chapter 12.5 (commencing with Section 17070.10) of Part 10 of Division (1) of Title 1) shall be available to support applications for the modernization of school facilities submitted pursuant to the Leroy F. Greene School Facilities Act (Chapter 12.5 (commencing with Section 17070.10) of Part 10 of Division 1 of Title 1) before February 29, 2020.

(4) Of the amount allocated under this paragraph, up to one hundred fifty million dollars (\$150,000,000) 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.

(c) The amount of five hundred million dollars (\$500,000,000) shall be available 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.

(d) The amount of five hundred million dollars (\$500,000,000) shall be available 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.

Article 2. Preschool-Grade 12 School Facilities Fiscal Provisions

101220. (a) Of the total amount of bonds authorized to be issued and sold pursuant to Chapter 1 (commencing with Section 101200), bonds in the amount of nine billion dollars (\$9,000,000,000), not including the amount of any refunding bonds issued in accordance with Section 101230, 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.

101221. 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.

101222. (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 2020 State School Facilities Fund.

101223. (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 101212.

101224. 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.

101225. 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 101228, appropriated without regard to fiscal years.

101226. 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 101230, less any amount loaned and not yet repaid pursuant to this section and withdrawn from the General Fund pursuant to Section 101228 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 2020 State School Facilities Fund to be allocated by the State Allocation Board in accordance with this chapter.

101227. 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.

101228. 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 101230, less any amount loaned and not yet repaid pursuant to this section and withdrawn from the General Fund pursuant to Section 101226 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 2020 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.

101229. All moneys deposited in the 2020 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.

101230. 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.

101231. 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

101240. (a) The 2020 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 101251, 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

101241. (a) From the proceeds of bonds issued and sold pursuant to Article 3 (commencing with Section 101242), the sum of two billion dollars (\$2,000,000,000) shall be deposited in the 2020 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

101242. (a) Of the total amount of bonds authorized to be issued and sold pursuant to Chapter 1 (commencing with Section 101200), bonds in the total amount of two billion dollars (\$2,000,000,000), not including the amount of any refunding bonds issued in accordance with Section 101251, 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.

101243. (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 2020 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.

101244. 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.

101245. 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.

101246. 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 101249, appropriated without regard to fiscal years.

101247. The board, as defined in subdivision (b) of Section 101243, 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 101251, 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 101243, 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 2020 California Community College Capital Outlay Bond Fund to be allocated by the board in accordance with this chapter.

101248. 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.

101249. (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 101251, less any amount loaned and not yet repaid pursuant to this section and withdrawn from the General Fund pursuant to Section 101247 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 2020 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.

101250. All moneys deposited in the 2020 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.

101251. 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.

101252. 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. UNIVERSITY FACILITIES

Article 1. General Provisions

101300. (a) The system of public universities in this state includes the University of California, the Hastings College of the Law, and the California State University, and their respective off-campus centers.

(b) The 2020 University 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 101339, issued and sold for the purposes of this chapter.

(c) (1) 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 to provide funds to aid the University of California, the Hastings College of the Law, and the California State University.

(2) The addition of the Hastings College of the Law to this section clarifies the Legislature’s intent regarding, and is not intended to mark a change from, the funding authorizations made by Section 67354, as set forth

in the Higher Education Facilities Bond Act of 1986, or by Section 67334, as set forth in the Higher Education Facilities Bond Act of 1988.

Article 2. Program Provisions Applicable to the University of California and the Hastings College of the Law

101310. (a) From the proceeds of bonds issued and sold pursuant to Article 4 (commencing with Section 101330), the sum of two billion dollars (\$2,000,000,000) shall be deposited in the 2020 University 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 University of California and the Hastings College of the Law.

(c) The proceeds of the bonds issued and sold pursuant to this chapter shall be available for any of the following:

(1) The construction, reconstruction, and remodeling of existing or new facilities, including the construction of buildings and the acquisition of related fixtures.

(2) The equipping of new, renovated, or reconstructed facilities.

(3) The payment of preconstruction costs, including, but not necessarily limited to, preliminary plans and working drawings.

(4) The renovation and reconstruction of facilities.

(5) The construction or improvement of off-campus and on-campus facilities of the University of California approved by the Regents of the University of California, including the acquisition of sites upon which these facilities are to be constructed.

Article 3. Program Provisions Applicable to the California State University

101320. (a) From the proceeds of bonds issued and sold pursuant to Article 4 (commencing with Section 101330), the sum of two billion dollars (\$2,000,000,000) shall be deposited in the 2020 University Capital Outlay Bond Fund for the purposes of this chapter. When appropriated, these funds shall be available for expenditure for the purposes of this chapter.

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

(c) The proceeds of the bonds issued and sold pursuant to this chapter shall be available for any of the following:

(1) The construction, reconstruction, and remodeling of existing or new facilities, including the construction of buildings and the acquisition of related fixtures.

(2) The equipping of new, renovated, or reconstructed facilities.

(3) The payment of preconstruction costs, including, but not necessarily limited to, preliminary plans and working drawings.

- (4) The renovation and reconstruction of facilities.
- (5) The construction or improvement of off-campus and on-campus facilities of the California State University approved by the Board of Trustees of the California State University, including the acquisition of sites upon which these facilities are to be constructed.

Article 4. University Fiscal Provisions

101330. (a) Of the total amount of bonds authorized to be issued and sold pursuant to Chapter 1 (commencing with Section 101200), bonds in the amount of four billion dollars (\$4,000,000,000), not including the amount of any refunding bonds issued in accordance with Section 101339, 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 Committee, established pursuant to Section 67353, at any different times necessary to service expenditures required by the apportionments.

(c) (1) It is the intent of the Legislature that the University of California and the California State University annually consider the inclusion of intersegmental facilities as part of those entities' annual capital outlay planning process and that on or before May 15th of each year, those entities report their findings to the budget committees of each house of the Legislature.

(2) For purposes of this subdivision, "intersegmental" means may be used by more than one segment of public higher education.

101331. (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 the purposes of the State General Obligation Bond Law, each state agency administering an appropriation of the 2020 University 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 University of California, the Hastings College of the Law, and the California State University, 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.

101332. 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 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 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.

101333. 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 which is necessary to collect that additional sum.

101334. 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 101337, appropriated without regard to fiscal years.

101335. The board, as defined in subdivision (b) of Section 101331, 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 101339. The board, as defined in subdivision (b) of Section 101331, 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 2020 University Capital Outlay Bond Fund to be allocated by the board in accordance with this chapter.

101336. 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 on those proceeds 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.

101337. (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 of bonds authorized pursuant to Section 101339, 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 2020 University 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 University of California, the Hastings College of the Law, or the California State University shall be accompanied by both of the following:

(1) The five-year capital outlay plan of the particular university or college.

(2) A schedule of projects consistent with the requirements of Section 89776, for the California State University, or Section 92170, for the University of California. The schedule of projects shall include consideration of projects that address critical fire and life safety issues, projects that address seismic deficiencies, and projects that address critical deferred maintenance issues.

101338. All money deposited in the 2020 University 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 costs of the bond issuance before any transfer to the General Fund.

101339. 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.

101340. 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 5. TRANSPARENCY AND ACCOUNTABILITY PROVISIONS

101350. (a) (1) A governing board of a school district, governing board of a community college district, county superintendent of schools, governing board of a charter school, the Board of Trustees of the California State University, the Regents of the University of California, or the Board of Directors of the Hastings College of Law shall ensure that an independent performance audit of any project funded in whole or in part from the proceeds of a bond 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, charter school, the California State University, the University of California, or the Hastings College of the Law.

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

(2) The public hearing required pursuant to paragraph (1) may:

(A) Occur at the same public hearing in which the applicable governing board or body approves the project, or projects, seeking funds from this part.

(B) 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.

(c) (1) Before approving a request for the consideration of a project, or projects, by the Legislature that would be funded by the proceeds of a bond authorized by this part, the Board of Trustees of the California State University, the Regents of the University of California, and the Board of Directors of the Hastings College of the Law shall hold at least one public hearing to solicit input from members of the public regarding a project, or projects, being requested for consideration.

(2) The public hearing required pursuant to paragraph (1) may:

(A) Occur at the same public hearing in which the governing entity approves the submission of the applicable project, or projects.

(B) Be conducted as part of a regularly scheduled and publicly noticed hearing of the governing entity.

(3) (A) The California State University, the University of California, and the Hastings College of the Law shall post information regarding a project, or projects, that have been approved for submission by the applicable governing body on their respective public internet websites.

(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) The California State University, the University of California, and the Hastings College of Law, or its applicable campuses, shall retain all financial accounts, documents, and records necessary for the audit required pursuant to subdivision (a).

(B) For purposes of this paragraph, the California State University, the University of California, and the Hastings College of Law, or its applicable campuses, may maintain records electronically, in compliance with any applicable state and federal laws.

SEC. 55. Chapter 4.95 (commencing with Section 65998.5) is added to Division 1 of Title 7 of the Government Code, to read:

CHAPTER 4.95. EXCEPTIONS AND FEE CALCULATIONS FOR PAYMENT OF
FEES, CHARGES, DEDICATIONS, OR OTHER REQUIREMENTS AGAINST A
DEVELOPMENT PROJECT

65998.5. (a) Section 65995.7 shall be inoperative commencing on the earlier of January 1, 2021, or the date the full amount of bonds authorized

for new school facility construction pursuant to paragraph (1) of subdivision (a) of Section 101122 of the Education Code have been expended or apportioned, and shall remain inoperative until January 1, 2028.

(b) Section 65995.7 shall again be operative on January 1, 2028.

65998.6. The percentages reflected in Sections 15102, 15106, 15268, and 15270 of the Education Code, as those sections read on January 1, 2019, shall be used for purposes of calculating the fees authorized in Section 65995.5.

SEC. 56. Chapter 4.97 (commencing with Section 65999) is added to Division 1 of Title 7 of the Government Code, to read:

CHAPTER 4.97. MULTIFAMILY HOUSING DEVELOPMENTS

65999. (a) Notwithstanding any other law, multifamily housing developments that are located no further than one-half mile from a major transit stop shall not be subject to any fee, charge, dedication, or other requirement for the construction or reconstruction of school facilities levied or imposed in connection with, or made a condition of, any legislative or adjudicative act, or both, by any state or local agency involving, but not limited to, the planning, use, or development of real property, or any change in governmental organization or reorganization, as defined in Section 56021 or 56073.

(b) Notwithstanding any other law, the maximum amount of any fee, charge, dedication, or other requirement for any multifamily housing development for which subdivision (a) does not apply shall be reduced by 20 percent from the amount calculated pursuant to Section 65995, 65995.5, or 65995.7, for the construction or reconstruction of school facilities levied or imposed in connection with, or made a condition of, any legislative or adjudicative act, or both, by any state or local agency involving, but not limited to, the planning, use or development of real property, or any change in governmental organization or reorganization, as defined in Section 56021 or 56073.

(c) For purposes of this chapter, the following definitions apply:

(1) "Major transit stop" has the same meaning as that term is defined in Section 21155 of the Public Resources Code.

(2) "Multifamily" means a structure containing more than one dwelling unit.

(d) This section shall become inoperative on January 1, 2026, and as of June 1, 2026, is repealed.

SEC. 57. 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. 58. Sections 1 to 56, inclusive, of this act shall take effect upon the adoption by the voters of the Public Preschool, K–12, and College Health and Safety Bond Act of 2020, as set forth in Section 54 of this act.

SEC. 59. Section 54 of this act shall be submitted to the voters at the March 3, 2020, statewide primary election.

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