

April 18, 2016

## Proposed Amendments to the State Allocation Board's Financial Hardship Regulations

**Adds definitions to Section 1859.2 and adds Sections 1859.84, 1859.85 and 1859.86 to the Board's Financial Hardship Regulations**

### Section 1859.2. Definitions

For the purpose of these regulations, the terms set forth below shall have the following meanings, subject to the provisions of the Act:

"Extreme Financial Hardship" means State funding for all or a portion of the district's matching share required by Section 1859.84 and 1859.85

"An Advance Funding Special Apportionment" means that the Board, due to insufficient funds for new construction, provides a loan to the district for an eligible new construction project as identified in Section 1859.84 and 1859.85

### Article 9. Hardship Assistance

#### Section 1859.80 General

A district shall qualify for hardship assistance by demonstrating one or more of the following:

- (a) A financial hardship, as provided in Section 1859.81, which prevents the district from funding all of a portion of the matching share requirements for a SFP grant.
- (b) A facility Hardship Grant provided in Section 1859.82.
- (c) An Excessive Cost Hardship Grant as a result of added construction costs due to unusual circumstances as provided in Section 1859.83.
- (d) A deficiency of state bond funds with which to purchase a school site, or commence, build and furnish a school, as provided in Section 1859.84

#### Section 1859.84. Application for Extreme Financial Hardship Due to Deficiency of State Bond Funds

A district is eligible for Extreme Financial Hardship to fund all or a portion of its matching share requirements if the conditions identified in (a) (b) and (c) are met, and after demonstrating the requirements of (c), (d) and (e) below.

(a)The funds available to Board for new construction purposes are not sufficient to make a full apportionment to the district as of the date of the filing of the application for Extreme Financial Hardship;

- (b) The school district governing board has met all the requirements enumerated in Government Code Section 65995.5;
- (c) The school district governing board has adopted a resolution including a school facilities needs analysis within the past 365 calendar days under the authority granted by Government Code 65995.5 and has levied the maximum residential fee allowable under that section;
- (d) The school district governing board has eligibility under this Chapter and has filed an application for new construction funding that has been acknowledged or otherwise identified as a project approved and yet unfunded by the Board through the date that the district has filed the application for Extreme Financial Hardship with the Board;
- (e) The school district governing board has exhausted or has under contract or otherwise has encumbered all developer fees available for expenditure to address new construction project needs as certified by the county office of education as of the date of the filing of the application for Extreme Financial Hardship.

#### Section 1859.85. Remedies Available to the Board to Address Extreme Financial Hardship Caused by Deficiencies of Funds Available to the Board

A district that has met the requirements of Section 1859.84 may request an Advance Funding Special Apportionment by filing an application for one or more of the following:

- (a) An advance funding special apportionment to the district for an eligible new construction project as identified in Section 1859.84 (e) in the amount sufficient to provide reimbursement to the district of funds spent on an eligible new construction project, as identified in Section 1859.84 (e) for which the state has insufficient matching funds;
- (b) An advance funding special apportionment to the district for an eligible new construction project as identified in Section 1859.84 (e) in the amount that would have otherwise been apportioned to the district under the existing regulations;
- (c) Other circumstances approved by the Board to address Extreme Financial Hardship conditions in districts meeting the requirements of Section 1859.84.

#### Section 1859.86. Board to Request an Extreme Financial Hardship Allocation from the Pooled Money Investment Fund or Request an Appropriation through the Budget Trailer Bill Process to provide an Advance Funding Special Apportionment to Address Deficiencies of Funds Available for New Construction

(a) Upon adoption of Board Regulation Sections 1859.84, 1859.85 and 1859.86 the Board shall simultaneously send letter to the Clerk of the Assembly and the Secretary of the Senate requesting a loan of cash from the Pooled Money Investment Fund sufficient to meet the needs of districts seeking remedies identified under Section 1859.85; and/or

(b) Upon adoption of Board Regulation Sections 1859.84, 1859.85 and 1859.86 the Board shall simultaneously send a letter to the Assembly Budget Committee and the Senate Budget Committee requesting a loan to the Board through budget trailer bill to provide a

cash sufficient to meet the needs of districts seeking remedies identified under section 1859.85.

(c)The Board shall in the letters identified in (a) and (b) above communicate that the loan and/or appropriation to be repaid upon the passage of the November state school bond on the ballot;

(d)The Board shall, in the communications identified in Sub-Sections (a) and (b) of this Section, state that the letters sent shall be sufficient unto themselves to immediately trigger Level 3 developer fees if the November bond fails passage, according to the authority granted the Board in Government Code 65995.7.