

Amend Regulation Section 1859.106.1

Section 1859.106.1. Repayment of State Funds.

Upon adoption of the audit findings by the Board and in lieu of the collection procedures outlined in Education Code Section 17076.10(c)(1), a school district, county office of education, or Charter School may request a repayment schedule of up to ~~five years~~ twenty years, in equal annual installments, if the total repayment of State funds within 60 days of the Board action would cause the school district, county office of education, or Charter School to fall into fiscal distress. School districts, county offices of education, or Charter Schools requesting a repayment schedule must be in a severe hardship condition as evidenced by at least one of the following criteria:

- (a) For a school district or county office of education, the district or county office of education is listed on the current CDE List of Negative and Qualified Certifications of School Districts and County Offices of Education.
- (b) For a school district or county office of education, the amount due to the State for one or more projects would cause the district or county office of education to be listed on the CDE List of Negative and Qualified Certifications of School Districts and County Offices of Education report. Where the financial condition of a school district is involved, the county office of education must submit a letter to the OPSC on behalf of its representative school districts for consideration substantiating that the repayment will place the district on the CDE List of Negative and Qualified Certifications of School Districts and County Offices of Education. Where the financial condition of a county office of education is involved, the CDE must submit a letter to the OPSC on behalf of the county office of education for consideration substantiating that the repayment will place the county office of education on the CDE List of Negative and Qualified Certifications of School Districts and County Offices of Education.
- (c) For a Charter School, the amount due to the State for one or more projects would cause the Charter School severe financial hardship. The Charter School's authorizing agency must submit a letter to the OPSC on behalf of the Charter School for consideration substantiating that the repayment may result in the Charter School being unable to meet its financial obligations for the current or subsequent two fiscal years.

~~The repayment schedule shall include interest at the same rate as that earned on the State's Pooled Money Investment Account on the date a repayment schedule is approved by the Board.~~

The repayment schedule 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 amounts, other than basic aid apportionments required by Section 6 of Article IX of the California Constitution, pursuant to the plan.

The repayment schedule will commence on July 1 of the fiscal year following the repayment schedule approval date.

Note: Authority cited: Sections 17070.35 and 17076.10, Education Code.

Reference: Sections 17070.35, 17076.10(c), 17076.10(c)(1), 17076.10(2) and 17078.52, Education Code.