Legal Title  
Public School Building Loan Fund

Legal Citation/Authority  
Chapter 277, Statutes of 1996 (SB 1562)  
Education Code sections 15700-15795

Purpose  
Moneys in the fund were used to make loans to impoverished school districts for acquisition of sites and construction of adequate classrooms.

The Director of General Services determined the district's financial ability to meet all or a portion of the cost of a given project and the amount the district could contribute toward the cost of the project for which application for apportionment had been made.

Each school district receiving a loan from the fund is liable for the repayment of the loan plus interest. However, the law permits, under certain circumstances, the reduction or cancellation of repayments of loans made to districts. No interest accrues on any apportionments after 25 years, and at the end of 30 years the state has no right to repayment of any of the unpaid balances and at the time conveys to the district title to the property except in the cases where deferments were granted. The deferred amounts are subject to repayment for an additional 10 years with any amount then unpaid being forgiven.

The amount the district is required to repay annually on the loan is equal to the excess of the amount being raised by a district tax levied to service local bond indebtedness over the amount produced by a $.40 tax rate per $100 of modified assessed valuation per grade level. The maximum annual repayment to the state, however, is limited to the amount produced by a tax rate of 30 cents.

Districts which have received apportionments under the Building Aid Law of 1949 and the subsequent years receive an apportionment under the Building Aid Law of 1952 may defer the repayment of the apportionment as provided by the law. The explanation of the deferment provisions is detailed in the write-up on the State School Building Aid Fund.

The Office of Local Assistance, Department of General Services, determines the eligible bonded debt service for participating districts and certifies these amounts to the State Controller.

The State Controller then computes the annual repayment due from each district and deducts the total amount of the annual repayment in equal portions from each of the February, March, April and May installments of the apportionments made to such district from the State School Fund. The amounts so deducted are transferred from the State School Fund to the Public School Building Loan Fund. All money transferred from the State School Fund to the Public School Building Loan Fund in repayment of moneys apportioned to
districts is available only for transfer to the General Fund in reimbursement of expenditures made from the General Fund for redemption of school bonds and the interest thereon.

Moneys received from the sale of facilities acquired under apportionments made under this program may be transferred by resolution of the Allocation Board from the fund to the State School Building Aid Fund.

The moneys available for loan purposes in this fund have been exhausted for many years. However, the fund is still active for the repayment of loans.

**Administering Agency/Organization Code**

**Major Revenue Source**
Transfers from State School Fund in repayment of loans to districts.

Receipts of repayments of apportionments.

Sale of properties acquired under state loans when state loan is still outstanding.

**Disposition of Fund (upon abolishment)**
Pursuant to Government Code section 16346, in the absence of language that identifies a successor fund, any balance remaining in this fund upon abolishment, shall be transferred to the General Fund.

**Appropriation Authority**
Education Code section 15747 provides that "all money in the Public School Building Loan Fund, including any money deposited in said fund from any source whatsoever after July 29, 1949, is hereby continuously appropriated without regard to fiscal years for expenditure pursuant to apportionments made under the provisions of this chapter."

**State Appropriations Limit**
Always Excluded – Revenues in this fund are not proceeds of taxes and even after transfer, will never become proceeds of taxes because the major revenue source is derived from a Bond Fund.

**Comments/Historical Information**
Chapter 1389, Statutes of 1949 created the Public School Building Loan Fund. Money for the fund was provided out of the proceeds from the sale of bonds authorized by Chapter 922, Statutes of 1949. The sections in the Education Code that pertain to the fund were renumbered by Chapter 2, Statutes of 1959. By approval of the people in an election held November 8, 1949, bonds to be deposited in the fund were authorized to be sold in the amount of $250,000,000.


Chapter 552, Statutes of 1995 (SB 764) repealed Education Code sections 15901-15908 and 15910-15913 pertaining to the State School Building Finance Committee and the State School Building Aid Bond Law of 1949.
On October 25, 2005 this fund classification was administratively changed from a Bond Fund to a Working Capital and Revolving Fund.

Pursuant to the Governor’s Reorganization Plan 2, the Administering Agency (Department of General Services) Organization Code changed from Org 1760 to Org 7760, effective July 1, 2013.