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AB-1381 California School Finance Authority: Educational Workforce Housing Revolving Loan Fund.
(2025-2026)

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CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

ASSEMBLY BILL

NO. 1381

Introduced by Assembly Member Muratsuchi

February 21, 2025

An act to add ~~Section 17199.7~~ *Sections 17199.7, 17199.8, and 17199.9* to the Education Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

AB 1381, as amended, Muratsuchi. California School Finance Authority: Educational Workforce Housing Revolving Loan Fund.

The California School Finance Authority Act establishes the California School Finance Authority and authorizes the authority to, among other things, issue revenue bonds to finance or refinance educational facility projects for school districts, charter schools, county offices of education, and community college districts. Existing law requires the authority to administer various funds, including, for college applicants, the California Student Housing Revolving Loan Fund.

This bill would establish the Educational Workforce Housing Revolving Loan Fund in the State Treasury to be administered by the authority. The bill, upon appropriation, would require moneys in the fund be loaned to local education agencies (LEAs) for the purposes of conducting educational workforce housing predevelopment ~~efforts~~ *activities, as defined*. The bill would require these loans be issued with no interest and based upon LEA average daily attendance, as specified. ~~The bill would require these loans to be repaid over an unspecified number of years.~~ The bill would require the authority to designate a statewide educational nonprofit organization, as specified, to, among other requirements, assist the authority in ~~identifying LEAs for the receipt of~~ *developing the criteria local educational agencies must meet to qualify for* a loan. The bill would ~~provide~~ *require* that ~~a~~ *an* LEA *seeking a loan under these provisions submit an application to the authority and would provide that the LEA* qualifies for a loan ~~under its provisions~~ *if the fund maintains positive fund balance with adequate resources to establish a loan and* if the LEA submits a signed commitment, as specified. *The bill would require the Controller to deduct from apportionments made to the LEA, as appropriate, an amount equal to the annual repayment of the amount loaned to the LEA and pay the same amount into the fund, as provided. The bill would authorize the authority to adopt any necessary rules and regulations for the implementation of these provisions as emergency regulations, as specified.* For annual administrative costs, the bill would require the nonprofit

organization to receive, upon appropriation, an amount ~~equal to an unspecified percentage~~ *no more 2%* of the total amount of loans issued. The bill would also make legislative findings and declarations related to ~~its the above-described~~ provisions.

This bill would also establish the Educational Workforce Housing Security Fund in the State Treasury and, upon appropriation, would make moneys in the fund available for deposit into the Educational Workforce Housing Revolving Loan Fund in case of default on any loan made from the Educational Workforce Housing Revolving Loan Fund. The bill would require the authority to monitor the adequacy of the amount of moneys in the Educational Workforce Housing Revolving Loan Fund and to report annually to the Department of Finance and the Controller on the need, if any, to transfer funds from the Educational Workforce Housing Security Fund to the Educational Workforce Housing Revolving Loan Fund for the sole purpose of replacing funds lost in the Educational Workforce Housing Revolving Loan Fund due to loan defaults. The bill would also require the authority to provide, by October 1 of each year, detailed fund condition information for these funds to the Department of Finance and the Legislative Analyst's Office, as provided.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. The Legislature finds and declares all of the following:

- (a) The state is facing significant challenges with the recruitment and retention of a qualified educational workforce.
- (b) Numerous media articles, reports, and staffing surveys all point to the cost of housing as having an outsized influence on whether and where qualified educational staff choose to pursue the profession and seek employment.
- (c) The cost of housing has skyrocketed since the Great Recession, fast outpacing the ability of teachers and classified staff to afford the cost of rent or to own their own home.

SEC. 2. Section 17199.7 is added to the Education Code, to read:

17199.7. (a) For purposes of this section:

- (1) "ADA" means average daily attendance.
- (2) "Fund" means the Educational Workforce Housing Revolving Loan Fund established pursuant to this section.
- (3) "Local education agency" or "LEA" means a school district or county office of education.

(4) "Predevelopment activities" include, but are not limited to:

- (A) Community engagement.*
- (B) Feasibility studies.*
- (C) Surveys of employee demand.*
- (D) Project design and scope.*

(b) The Educational Workforce Housing Revolving Loan Fund is hereby established in the State Treasury, to be administered by the authority.

(c) Upon appropriation by the Legislature, and subject to subdivision (h), moneys in the fund shall be loaned to LEAs for the purposes of conducting educational workforce housing predevelopment ~~efforts.~~ *activities.*

(d) Loans under this section shall be issued with no interest and based upon the ADA of the LEA as follows:

- (1) One hundred fifty thousand dollars (\$150,000) for ~~a~~ *an* LEA with an ADA less than or equal to 2,500.
- (2) One hundred seventy-five thousand dollars (\$175,000) for ~~a~~ *an* LEA with an ADA greater than 2,500 and less than or equal to 20,000.
- (3) Two hundred thousand dollars (\$200,000) for ~~a~~ *an* LEA with an ADA greater than 20,000.

~~(e) Loans shall be repaid over a period of ____ years.~~

~~(f)~~

(e) The authority shall designate a statewide educational nonprofit organization ~~with~~ in order to provide technical assistance pursuant to subdivision (f) to LEAs that either are seeking a loan or have received a loan. When designating the statewide

educational nonprofit organization, the authority shall do all of the following:

(1) Select the statewide educational nonprofit organization through a request for a proposals process.

(2) Select a statewide educational nonprofit organization with demonstrable expertise in assisting LEAs with workforce housing predevelopment ~~efforts to do all of the following:~~ activities, training of governing board members and LEA staff responsible for the LEA's educational workforce housing development.

(f) The designated statewide educational nonprofit organization shall do as technical assistance all of the following:

(1) Assist the authority with developing the criteria LEAs must meet to qualify for a zero-interest loan.

~~(1)~~

(2) Assist the authority ~~in the identification of local education agencies for receipt of loan funds:~~ with raising awareness among LEAs about the availability of loans and how to apply.

~~(2)~~

(3) Assist with predevelopment ~~activities, including, but not limited to:~~ activities.

~~(A) Community engagement:~~

~~(B) Feasibility studies:~~

~~(C) Surveys of employee demand:~~

~~(D) Project design and scope:~~

~~(3)~~

(4) Provide training to LEA staff responsible for overseeing ~~implementation~~ the development, implementation, and ongoing maintenance of its educational workforce ~~development~~ housing project.

(g) An LEA seeking a loan under this section shall submit an application to the authority, and shall qualify for a loan if the fund maintains positive fund balance with adequate resources to establish a loan under this section and if the LEA submits a signed commitment on behalf of the governing board that does all of the following:

(1) Commits to pursue opportunities to develop educational workforce housing.

(2) Identifies all of the following:

(A) The need for workforce housing.

(B) Surplus land owned by the LEA.

(C) Potential funding sources, including, but not limited to, general obligation bonds, lease revenue bonds, federal and state tax credits, and certifications of participation.

(3) Estimates any third-party costs and includes any third-party bids and itemized estimates.

(h) Priority for loans from the fund shall be given to LEAs that do not already provide education workforce housing.

~~(h)~~

(i) For annual administrative costs, the nonprofit organization designated under subdivision (f) shall receive, upon appropriation, an amount ~~equal to~~ not more than 2 percent of the total amount of loans issued.

(j) Commencing with the first fiscal year following the fiscal year the LEA receives the loan, the Controller shall deduct from apportionments made to the LEA, as appropriate, an amount equal to the annual repayment of the amount loaned to the LEA under this section and pay the same amount into the fund in the State Treasury. Repayment of the full amount loaned to the LEA shall be deducted by the Controller in equal annual amounts over a number of years agreed upon between the loan recipient and the state agency authorized to administer the fund, not to exceed five years for any loan.

(k) The authority may adopt any necessary rules and regulations for the implementation of this section. Any regulations adopted pursuant to this section may be adopted as emergency regulations in accordance with the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). The adoption of these regulations shall be deemed to be an emergency and necessary for the immediate preservation of public peace, health and safety, or general welfare.

(l) Moneys in the fund shall be loaned at the interest rate earned by the money in the Pooled Money Investment Account as of the date of disbursement of the funds to the LEA.

(m) An LEA shall pay the interest on any loan from the fund in regular installments at the interest rate earned by the money in the Pooled Money Investment Account as of the date of disbursement of the funds to the LEA.

(n) All interest payments shall be paid into the Educational Workforce Housing Security Fund established pursuant to Section 17199.9.

⊕

(o) The Legislature finds and declares that this section serves a public purpose of helping to address California's educational workforce staffing crisis and does not constitute a gift of public funds within the meaning of Article XVI of the California Constitution.

SEC. 3. Section 17199.8 is added to the Education Code, to read:

17199.8. (a) The authority shall monitor the adequacy of the amount of moneys in the Educational Workforce Housing Revolving Loan Fund and shall report annually to the Department of Finance and the Controller on the need, if any, to transfer funds from the Educational Workforce Housing Security Fund to the Educational Workforce Housing Revolving Loan Fund for the sole purpose of replacing funds lost in the Educational Workforce Housing Revolving Loan Fund due to loan defaults. Before requesting any transfer of funds from the Educational Workforce Housing Security Fund, the authority shall make all reasonable efforts to recover moneys directly from the defaulting loan recipient. To the extent the authority determines that a transfer from the Educational Workforce Housing Security Fund to the Educational Workforce Housing Revolving Loan Fund is necessary, the authority shall obtain approval from the Director of Finance before a transfer of funds is made. Not sooner than 30 days after notification in writing to the Chairperson of the Joint Legislative Budget Committee, the Director of Finance shall direct the Controller to transfer the appropriate amount of funds.

(b) By October 1 of each year, the authority shall provide detailed fund condition information for the Educational Workforce Housing Revolving Loan Fund and the Educational Workforce Housing Security Fund to the Department of Finance and the Legislative Analyst's Office. At a minimum, this information shall contain an accounting of actual beginning balances, revenues, itemized expenditures, and ending balances for the prior year, as well as projected beginning balances, revenues, itemized expenditures, and ending balances for the current year and budget year.

SEC. 4. Section 17199.9 is added to the Education Code, to read:

17199.9. (a) The Educational Workforce Housing Security Fund is hereby created in the State Treasury.

(b) Upon appropriation by the Legislature, moneys in the fund shall be available for deposit into the Educational Workforce Housing Revolving Loan Fund in case of default on any loan made from the Educational Workforce Housing Revolving Loan Fund.