



Ohio Administrative Code Rule 126-5-01 Solvency assistance fund.

Effective: May 17, 2012

(A) The school district solvency assistance fund shall be used to provide assistance and grants to school districts to enable them to remain solvent and to pay unforeseeable expenses of a temporary or emergency nature that they are unable to pay from existing resources.

(B) Management of the shared resource account of the solvency assistance fund

(1) Information submitted by a school district

A school district applying for solvency assistance from the shared resource account of the school district solvency assistance fund shall submit the following information to the Ohio department of education:

(a) Facts that demonstrate and document the district's inability to meet all of its obligations for the current fiscal year, including a copy of the certification of deficit by the auditor of state. The facts shall show how the assistance will enable the school district to remain solvent. A list of all financial reductions previously made within the past two years by the district shall also be included.

(b) A resolution passed by the school district board of education requesting the Ohio department of education to provide solvency assistance from the shared resource account of the school district solvency assistance fund to the school district and requesting the auditor of state to declare the school district in a state of fiscal emergency under division (B) of section 3316.03 of the Revised Code if the district has not already been declared in fiscal emergency. If the school district has been declared in fiscal emergency, the district must also include a copy of the resolution, passed by the financial planning and supervision commission created pursuant to section 3316.05 of the Revised Code, requesting that the Ohio department of education provide solvency assistance from the shared resource account of the school district solvency assistance fund to the school district.

(2) Eligibility for solvency assistance



For a school district to be eligible for solvency assistance from the shared resource account of the school district solvency assistance fund:

(a) The auditor of state shall have declared that the school district is in a state of fiscal emergency under division (B) of section 3316.03 of the Revised Code.

(b) The Ohio department of education shall have certified that the school district has met the criteria set forth in paragraph (B)(1) of this rule.

(3) Amount of solvency assistance

The amount of solvency assistance payments made from the shared resource account of the school district solvency assistance fund by the Ohio department of education shall be limited to the amount necessary for the school district to remain solvent as provided in division (A)(1) of section 3316.20 of the Revised Code.

(4) Recovery of solvency assistance

Repayment of the assistance shall be made by the superintendent of public instruction from the amounts the school district would otherwise receive pursuant to Chapter 3317. of the Revised Code or from any other funds appropriated for the district by the general assembly.

As provided in division (B) of section 3316.20 of the Revised Code, the superintendent of public instruction shall make deductions each month from the school district's school foundation settlement or from other appropriations of the state for the district in amounts sufficient to reimburse the shared resource account of the school district solvency assistance fund not later than:

(a) The end of the second fiscal year following the fiscal year in which the solvency assistance payment was made. Whereby, the repayment shall be made with substantially equal deductions each month in amounts sufficient to reimburse the shared resource account of the school district solvency assistance fund not later than the end of the second fiscal year following the fiscal year in which the solvency assistance payment was made. Repayment will begin in the fiscal year following receipt of



the assistance and shall conclude no later than June of the second fiscal year following the year in which the assistance was provided; or

(b) The end of the tenth fiscal year following the fiscal year in which the solvency assistance payment was made. If the director of budget and management and the superintendent of public instruction approve a repayment schedule under this division, repayment will occur in the fiscal year(s) designated by the director and the superintendent and shall be made according to the schedule set for the school district by the director and the superintendent such that the shared resource account is reimbursed no later than the end of the tenth fiscal year following the fiscal year in which the solvency assistance payment was made. When approving an alternative repayment schedule, the director of budget and management and the superintendent of public instruction shall consider:

(i) Whether the existence of repayment obligations for prior solvency assistance funds will result in the existence of multiple repayment obligations within the same fiscal year;

(ii) The percentage of state funds received by the school district directed towards solvency assistance repayment;

(iii) Whether the repayment of obligations will result in undue hardship in the ability of the financial planning and supervision commission to restore fiscal solvency; and

(iv) Any other extenuating circumstances.

(5) Crediting of reimbursement

Reimbursement shall be credited to the respective account from which the solvency assistance paid to the district was deducted.

(C) Management of the catastrophic expenditures account of the solvency assistance fund

(1) Information submitted by a school district

A school district applying for a grant from the catastrophic expenditures account of the school



district solvency assistance fund shall submit the following information to the Ohio department of education:

(a) Facts that demonstrate and document that the school district has suffered an unforeseen catastrophic event that has severely depleted the district's financial resources. The event or events may include, but are not limited to:

(i) A loss of revenue or an expenditure due to civil insurrection;

(ii) A loss of revenue or an expenditure due to a natural disaster;

(iii) An expenditure due to an catastrophic capital loss;

(iv) Any other unanticipated, extraordinary, unusual and infrequent occurrence.

(2) Eligibility for grant

For a school district to be eligible for a grant from the catastrophic expenditures account of the school district solvency assistance fund:

(a) The Ohio department of education shall have certified to the controlling board that the school district has experienced an unforeseen catastrophic event, and that such event severely depleted the district's financial resources. The department of education shall have recommended that the controlling board approve a grant for the school district from the catastrophic expenditures account of the school district solvency assistance fund. The superintendent of public instruction, in consultation with the office of budget and management, shall recommend an amount that allows the district to pay the unforeseen expenses of a temporary or emergency nature that the district is unable to pay from existing resources.

(b) The controlling board shall have approved a grant for the school district from the catastrophic expenditures account of the school district solvency assistance fund in accordance with the certification and recommendation of the Ohio department of education.



(3) Amount of grant

The amount of a grant paid from the catastrophic expenditures account of the school district solvency assistance fund by the Ohio department of education to a school district shall be limited to the amount approved by the controlling board.

(4) Repayment of grant

A school district shall not be required to repay a grant awarded to the district under paragraph (C) of this rule unless the district receives money from a third party, including an agency of the government of the United States, specifically for the purpose of compensating the district for expenses incurred as a result of the unforeseen catastrophic event that severely depleted the district's financial resources.