

ASSEMBLY BILL

No. 1908

Introduced by Assembly Member Wolk

February 7, 2008

An act to add Section 42602.5 to the Education Code, relating to education finance, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1908, as introduced, Wolk. Education finance: use of restricted general fund accounts by local educational agencies.

Existing law establishes the public school system in this state, and, among other things, provides for the establishment of school districts throughout the state and for their provision of instruction at the public elementary and secondary schools they operate and maintain. Existing law establishes a public school funding system that includes, among other elements, the provision of funding to local educational agencies through state apportionments, the proceeds of property taxes collected at the local level, and other sources. Existing law authorizes school districts to make transfers between funds, as specified, to permit payment of obligations at the close of a school year.

This bill would express the intent of the Legislature to provide budgeting flexibility to local educational agencies to address the impact of budget reductions. The bill would, for the 2007–08 fiscal year, authorize local educational agencies to encumber and expend, for purposes determined by its governing body, any unencumbered balances of restricted accounts in its general fund, excluding capital outlay funds, federal funds, the proceeds of bonds issued by that agency, or sinking

funds for the repayment of funds borrowed through the issuance of bonds by that agency.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 42602.5 is added to the Education Code,
2 to read:

3 42602.5. (a) It is the intent of the Legislature to provide
4 budgeting flexibility to local educational agencies to address the
5 impact of budget reductions.

6 (b) Notwithstanding any other provision of law, for the 2007–08
7 fiscal year, a local educational agency may encumber and expend,
8 for the appropriate purposes determined by its governing body,
9 any unencumbered balances of restricted accounts in its general
10 fund, excluding any of the following:

- 11 (1) Capital outlay funds.
- 12 (2) Federal funds.
- 13 (3) Proceeds of bonds issued by that agency.
- 14 (4) Sinking funds for the repayment of funds borrowed through
15 the issuance of bonds by that agency.

16 SEC. 2. This act is an urgency statute necessary for the
17 immediate preservation of the public peace, health, or safety within
18 the meaning of Article IV of the Constitution and shall go into
19 immediate effect. The facts constituting the necessity are:

20 In order for this act to provide fiscal relief to local educational
21 agencies during the 2007–08 fiscal year, it is necessary that this
22 act take effect immediately.