

ASSEMBLY BILL

No. 2081

**Introduced by Committee on Education (Brownley (Chair),
Nestande (Vice Chair), Ammiano, Arambula, Buchanan, Carter,
Eng, Solorio, and Torlakson)**

February 18, 2010

An act to amend Sections 1274 and 5200 of the Education Code, relating to education.

LEGISLATIVE COUNSEL'S DIGEST

AB 2081, as introduced, Committee on Education. Education.

(1) Existing law authorizes a county superintendent of schools to establish a fund or funds for losses and payments, including, but not limited to, property of the superintendent, any liability, and workers' compensation, in the county treasury for the purpose of covering the deductible amount under deductible types of insurance policies, losses or payments arising from self-insurance programs, or losses or payments due to noninsured perils. Existing law specifies that these provisions do not preclude a county superintendent from providing protection against those losses and liability partly by means of insurance written by acceptable insurers.

This bill would delete an obsolete cross-reference relating to insurance and would make technical changes.

(2) Existing law requires a unified school district that is coterminous with or includes within its boundaries a chartered city or city and county to be governed by the board of education provided for in the charter of the city or city and county. Existing law exempts such a unified school district from certain provisions of law, except as specified.

This bill would delete an obsolete cross-reference relating to these provisions and would make technical changes.

Vote: majority. 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 1274 of the Education Code is amended
2 to read:

3 1274. The county superintendent of schools may establish a
4 fund or funds for losses, and payments, including, but not limited
5 to, property of the *county superintendent of schools*, any liability,
6 and workers' compensation, in the county treasury for the purpose
7 of covering the deductible amount under deductible types of
8 insurance policies, losses or payments arising from self-insurance
9 programs, or losses or payments due to noninsured perils. In the
10 fund or funds shall be placed such sums, to be provided in the
11 budget of the *county superintendent of schools*, as will create an
12 amount which, together with investments made from the fund or
13 funds, will be sufficient in the judgment of the *county*
14 *superintendent of schools* to protect the *county superintendent of*
15 *schools* from those losses or to provide for payments on the
16 deductible amount under deductible types of insurance policies,
17 losses or payments arising from self-insurance programs, or losses
18 or payments due to noninsured perils. Nothing in this section shall
19 be construed as prohibiting the *county superintendent of schools*
20 from providing protection against those losses or liability for the
21 payment of claims partly by means of the fund or funds and partly
22 by means of insurance written by acceptable insurers ~~as provided~~
23 ~~in Section 39601.~~

24 The fund or funds shall be considered as separate and apart from
25 all other funds of the *county superintendent of schools*, and the
26 balance therein shall not be considered as being part of the working
27 cash of the *county superintendent of schools* in compiling annual
28 budgets.

29 Warrants may be drawn on, or transfers made from, the fund or
30 funds so created only to reimburse or indemnify the *county*
31 *superintendent of schools* for losses as herein specified, and for
32 the payment of claims, administrative costs, related services, and
33 to provide for deductible insurance amounts and purchase of excess

1 insurance. The warrants or transfers shall be within the purpose
2 of the fund or funds as established by the *county* superintendent
3 of *schools*.

4 The cash placed in the fund or funds may be invested and
5 reinvested by the county treasurer, with the advice and consent of
6 the *county* superintendent of *schools*, in securities which are legal
7 investments for surplus county funds in this state. The income
8 derived from the investments, together with interest earned on
9 uninvested funds, shall be considered revenue of and be deposited
10 in the fund. The cost of contracts or services authorized by this
11 section are appropriate charges against the respective fund.

12 The *county* superintendent of *schools* may contract for
13 investigative, administrative, and claims adjustment services
14 relating to claims. The contract may provide that the contracting
15 firm may reject, settle, compromise, and approve claims against
16 the *county* superintendent of *schools*, its officers or employees,
17 within those limits and for those amounts as the *county*
18 superintendent of *schools* may specify, and may provide that the
19 contracting firm may execute and issue checks in payment of those
20 claims, which checks shall be payable only from a trust account
21 which may be established by the *county* superintendent of *schools*.
22 Funds in the trust account established by the *county* superintendent
23 of *schools* pursuant to the provisions of this section shall not exceed
24 a sum sufficient as determined by the superintendent to provide
25 for the settlement of claims for a 30-day period. The rejection or
26 settlement and approval of a claim by the contracting firm in
27 accordance with the terms of the contract shall have the same effect
28 as would the rejection or settlement and approval of the claim by
29 the *county* superintendent of *schools*. The contract may also provide
30 that the contracting firm may employ legal counsel, subject to
31 those terms and limitations as the *county* superintendent of *schools*
32 may prescribe, to advise the contracting firm concerning the
33 legality and advisability of rejecting, settling, compromising, and
34 paying claims referred to the contracting firm by the *county*
35 superintendent of *schools* for investigation and adjustment, or to
36 represent the superintendent in litigation concerning the claims.
37 The compensation and expenses of the attorney for services
38 rendered to the *county* superintendent of *schools* shall be an
39 appropriate charge against the appropriate fund.

1 The contract provided for in this section may contain any other
2 terms and conditions the *county superintendent of schools* may
3 consider necessary or desirable to effectuate the superintendent’s
4 self-insured programs.

5 In lieu of, or in addition to, contracting for the services described
6 in this section, the *county superintendent of schools* may authorize
7 an employee or employees to perform any or all of the services
8 and functions which the *county superintendent of schools* may
9 contract for under the provisions of this section.

10 As used in this section, “firm” includes a person, corporation,
11 or other legal entity.

12 A county superintendent of schools may participate in, or
13 administer, insurance for one or more school or community college
14 districts pursuant to this section, and ~~Sections 39602 and Section~~
15 ~~81602.~~

16 SEC. 2. Section 5200 of the Education Code is amended to
17 read:

18 5200. Any unified school district ~~which~~ *that* is coterminous
19 with or includes within its boundaries a chartered city or city and
20 county shall be governed by the board of education provided for
21 in the charter of the city or city and county. Sections 5000, 5017,
22 ~~5050~~, 5090, 5091, 35013, 35101, and 35105 shall not apply to
23 such unified school districts, except as follows:

24 (a) As provided in the charter of the city or city and county.

25 (b) If the charter of the city or city and county fails to provide
26 for a board of education or for any or all of the matters specified
27 in Sections 5000, 5017, ~~5050~~, 5090, 5091, 5222, 35013, 35101,
28 and 35105, *those sections* shall apply as to the matter not provided
29 for in the charter.