

AMENDED IN SENATE MAY 2, 2012
AMENDED IN SENATE MARCH 22, 2012
AMENDED IN SENATE JULY 11, 2011
AMENDED IN SENATE JUNE 12, 2011
AMENDED IN SENATE MARCH 24, 2011
AMENDED IN SENATE MARCH 17, 2011
AMENDED IN SENATE MARCH 14, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 103

Introduced by Committee on Budget (Blumenfield (Chair), Alejo, Allen, Brownley, Buchanan, Butler, Cedillo, Chesbro, Dickinson, Feuer, Gordon, Huffman, Mitchell, Monning, and Swanson)

January 10, 2011

An act relating to the Budget Act of 2011 to amend Sections 16325, 16325.5, 16326, and 16428 of, and to repeal Section 16324 of, the Government Code, relating to state cash resources, and making an appropriation therefor, to take effect immediately, bill related to the budget.

LEGISLATIVE COUNSEL'S DIGEST

AB 103, as amended, Committee on Budget. ~~Budget Act of 2011.~~
State cash resources.

(1) Existing law, until September 1, 2012, declares the need for an effective cash management program for the 2010–11 and 2011–12 fiscal

years, and exempts activities to implement and carry out the cash management plan from the Administrative Procedure Act.

This bill would extend these provisions through the 2012–13 fiscal year.

(2) Existing law, for the 2010–11 and 2011–12 fiscal years, prohibits payments made by the state to the University of California and the California State University from exceeding $\frac{1}{12}$ of the annual appropriation for each month from July through April.

This bill would extend that prohibition through the 2012–13 fiscal year and would exclude from the prohibition transfers and rental payments that support lease-revenue bonds.

(3) Existing law, until September 1, 2012, enacts the cash management plan to authorize the Controller, Treasurer, and Director of Finance to defer General Fund payments for up to 60 or 90 days, as specified, for specific entities, including county offices of education, public schools, and charter schools, subject to certain conditions. Existing law provides a process by which county offices of education, public schools, and charter schools may receive payments that would otherwise be deferred, permits those entities to apply for a hardship waiver even if earlier payments were deferred. Existing law prohibits the total amount of deferrals to school districts, county offices of education, and charter schools from exceeding \$2,500,000,000 at any given time and requires the Controller, Treasurer, and Director of Finance to determine and jointly provide a written declaration of the amounts and timing of payment deferrals for the 2010–11 fiscal year to the Legislature and to the State Department of Education, and requires the State Department of Education to provide this information to school districts, county offices of education, and charter schools no later than March 31, 2010.

This bill would eliminate the limit of \$2,500,000,000 in deferrals to school districts, county offices of education, and charter schools. The bill would, for the 2012–13 fiscal year, provide for deferrals and repayment of those deferrals for kindergarten to grade 12, inclusive, and would provide that a county office of education, a charter school, or a school district may receive scheduled payments from the Controller if payments are deferred and a certification is made on or before June 1, 2012, that the deferral of warrants will result in the county office of education being unable to meet its expenditure obligations for the time period in which payments are deferred, as specified. The bill would also provide a process for a county office of education, a charter school,

or a school district to seek a hardship waiver for the March 2013 deferral.

The bill would also require payment of the March 2013 deferral to the county offices of education, school districts, and charter schools to be made no later than April 29, 2013.

(4) Existing law requires the Controller, subject to the approval of the Department of Finance, to pay the full amount of the apportionment payments for March 2010 for a community college for which the Chancellor of the California Community Colleges determines, in consultation with the Director of Finance, on or before March 15, 2010, that a deferral of payment would present an imminent threat to the fiscal integrity and security of the community colleges.

This bill would, for the 2012–13 fiscal year, require the deferrals of apportionments to community college districts in the amounts of \$150,000,000 to be made from July to December, \$50,000,000 to be made from September to January, and \$100,000,000 to be made from October to January. The bill would require the Controller to issue warrants that include the full apportionment of payments for the months of July, September, or October, or any combination of those months, for a community college for which the Chancellor of the California Community Colleges determines, in consultation with the Director of Finance, on or before June 1 of the preceding fiscal year that deferral of warrants will present an imminent threat to the fiscal integrity and security of the community college.

This bill would also repeal obsolete provisions regarding the deferral of certain payments.

(6) Existing law requires all money received by the state as litigation deposits, except as specified, to be deposited in the Litigation Deposits Fund in the State Treasury. Existing law authorizes the investment and reinvestment of those funds and requires all revenues earned from the investment or deposit of fund moneys to be deposited in the fund. Existing law changes the Department of Justice with control of the fund, as specified.

This bill would authorize the Controller to use money in the fund for cash flow loans to the General Fund, as specified.

(7) This bill would appropriate \$1,000 from the General Fund to the Controller for administrative costs associated with this bill.

(8) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2011.

Vote: majority. Appropriation: ~~no~~ yes. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

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

1 SECTION 1. Section 16324 of the Government Code is
2 repealed.

3 ~~16324. (a) Notwithstanding any other law, in order to~~
4 ~~effectively manage state cash resources, the General Fund payments~~
5 ~~to be made in March 2010 for the programs or departments listed~~
6 ~~in subdivision (b) shall be paid no sooner than April 15, 2010, but~~
7 ~~not later than May 1, 2010, which shall be carried out by the~~
8 ~~Controller, subject to subdivision (c). Nothing in this section shall~~
9 ~~be construed to authorize the deferral of state payroll, debt service,~~
10 ~~or rental payments that support lease-revenue bonds.~~

11 ~~(b) The departments and programs subject to subdivision (a)~~
12 ~~are as follows:~~

13 ~~(1) California Community Colleges (excluding twelve million~~
14 ~~dollars (\$12,000,000)).~~

15 ~~(2) Trial court operations (nonpayroll).~~

16 ~~(3) California State University.~~

17 ~~(4) University of California.~~

18 ~~(c) Prior to each of the payment deferrals identified in~~
19 ~~subdivision (b), the Controller, Treasurer, and Director of Finance~~
20 ~~shall jointly review and compare the actual General Fund receipts~~
21 ~~and disbursements with the receipt and disbursement projections~~
22 ~~contained in the cashflow statements associated with the proposed~~
23 ~~2010–11 Governor’s Budget. If the Controller, Treasurer, and~~
24 ~~Director of Finance determine sufficient cash is available to make~~
25 ~~all scheduled payments through April 15, 2010, including the~~
26 ~~payments otherwise subject to deferral identified in subdivision~~
27 ~~(b), and maintain a prudent cash reserve, the Controller shall make~~
28 ~~the payments as originally scheduled. The Department of Finance~~
29 ~~shall notify the Joint Legislative Budget Committee within 10 days~~
30 ~~of making this determination.~~

31 ~~(d) In the event payments are deferred pursuant to subdivision~~
32 ~~(a), beginning April 1, 2010, the Controller, Treasurer, and Director~~
33 ~~of Finance shall review daily the actual cash receipts and~~

1 ~~disbursements in comparison to the receipt and disbursement~~
2 ~~projections associated with the proposed 2010–11 Governor’s~~
3 ~~Budget. If the Controller, Treasurer, and Director of Finance~~
4 ~~determine sufficient cash is available to make payments through~~
5 ~~April 15, 2010, including the payments otherwise subject to~~
6 ~~deferral identified in subdivision (b), and maintain a prudent cash~~
7 ~~reserve, the Controller shall make the deferred payments, in whole~~
8 ~~or in part, as soon as feasible, in the order listed in subdivision (b).~~
9 ~~The Department of Finance shall notify the Joint Legislative~~
10 ~~Budget Committee within 10 days of making this determination~~
11 ~~and identify the date upon which the payments were made.~~

12 ~~(e) Notwithstanding paragraph (1) of subdivision (b), and subject~~
13 ~~to the approval of the Director of Finance, the Controller shall~~
14 ~~issue warrants pursuant to Sections 84320, 84321, and 84321.5 of~~
15 ~~the Education Code that include the full amount of the~~
16 ~~apportionment payments for the month of March 2010 for a~~
17 ~~community college for which the Chancellor of the California~~
18 ~~Community Colleges determines, in consultation with the Director~~
19 ~~of Finance, on or before March 15, 2010, that the deferral of~~
20 ~~warrants pursuant to this section will present an imminent threat~~
21 ~~to the fiscal integrity and security of the community college.~~

22 *SEC. 2. Section 16325 of the Government Code is amended to*
23 *read:*

24 16325. (a) An effective cash management plan is needed for
25 the 2010–11 ~~and~~, 2011–12, ~~and~~ 2012–13 fiscal years to address
26 General Fund cash shortages that otherwise may occur during the
27 fiscal year. The goals of the cash management plan described in
28 this section are to accomplish the following:

29 (1) Increase the state’s ability to address cash shortages in a
30 quick and responsible manner.

31 (2) Address rating agencies’ and bond markets’ concerns
32 regarding the state’s ability to react effectively to cashflow
33 pressures while providing a higher level of certainty to
34 bondholders.

35 (3) Preserve external borrowing capacity and affordability for
36 the state’s infrastructure programs.

37 (4) Provide a higher level of predictability to affected programs
38 and entities where deferrals or delays are required.

39 (b) Nothing in this section or in Sections 16325.5 and 16326
40 shall be construed to affect in any way the timing or amount of

1 payments of state payroll or to affect in any way any judicial
2 proceeding related to the timing or amount of state employee
3 compensation. Nothing in this section, Section 16325.5, or Section
4 16326 shall be construed to authorize the delay of debt service
5 payments, rental payments that support lease-revenue bonds,
6 reimbursements to local governments for certain reductions in ad
7 valorem property taxes, as required by Section 25.5 of Article XIII
8 of the California Constitution, or required payments for borrowings
9 secured by these repayment obligations, payments required under
10 a Funds Transfer Cooperative Agreement that are pledged to pay
11 debt service on state payment acceleration notes that were issued
12 to finance toll bridge seismic retrofit and replacement projects,
13 payments appropriated in any year to pay a court judgment pursuant
14 to the settlement agreement in *Paterno v. State* (2003) 113
15 Cal.App.4th 998, or payments to small vendors as defined in the
16 California Prompt Payment Act (Chapter 4.5 (commencing with
17 Section 927) of Part 3 of Division 3.6 of Title 1). Nothing in this
18 section, Section 16325.5, or Section 16326 shall be construed to
19 affect the applicability of interest, late payment penalty, and similar
20 payment requirements under the California Prompt Payment Act
21 when payments to persons or entities specified in those laws are
22 delayed.

23 (c) Deferrals authorized in the cash management plan described
24 in this section and in Sections 16325.5 and 16326 are in addition
25 to any payment delays, payment deferrals, or payment schedules
26 specified in other laws. Deferrals authorized in the cash
27 management plan described in this section and in Sections 16325.5
28 and 16326 do not replace, remove, or alter any previously
29 implemented payment delays or payment deferrals.

30 (d) Activities by the Controller, Treasurer, and Director of
31 Finance to implement and carry out the cash management plan
32 described in this section and Sections 16325.5 and 16326 are
33 hereby exempted from the provisions of the Administrative
34 Procedure Act (Chapter 3.5 (commencing with Section 11340) of
35 Part 1 of Division 3).

36 (e) This section shall become inoperative on September 1, ~~2012,~~
37 ~~2013,~~ and, as of January 1, ~~2013,~~ ~~2014,~~ is repealed, unless a later
38 enacted statute, that becomes operative on or before January 1,
39 ~~2013,~~ ~~2014,~~ deletes or extends the dates on which it becomes
40 inoperative and is repealed.

1 *SEC. 3. Section 16325.5 of the Government Code is amended*
2 *to read:*

3 16325.5. (a) Notwithstanding any other law, and to the extent
4 not prohibited by federal law or the California Constitution, in
5 order to effectively manage state cash resources, the 2010–11 and,
6 2011–12, and 2012–13 General Fund payments projected to be
7 made for the programs or departments listed in subdivision (b)
8 shall be deferred in the months of July, October, and March, in
9 whole or in part for no more than 60, 90, and 60 days, respectively,
10 unless otherwise specified in Section 16326, ~~except for the 2011–12~~
11 ~~General Fund payments referenced in paragraph (1) of subdivision~~
12 ~~(b), which shall be deferred as described in paragraph (2) of~~
13 ~~subdivision (a) of Section 16326.~~ Nothing in this section shall be
14 construed to authorize the deferral of state payroll, debt service,
15 or rental payments that support lease-revenue bonds.

16 (b) The departments and programs subject to subdivision (a)
17 are as follows:

18 ~~(1) Kindergarten to grade 12, inclusive.~~

19 ~~(2)~~

20 (1) Supplementary Security Income/State Supplementary
21 Payments made by the State Department of Social Services to the
22 federal government.

23 ~~(3)~~

24 (2) Local government social services payments.

25 (c) Prior to implementing each of the payment deferrals
26 identified in subdivision (b) and other provisions of the act adding
27 this section, the Controller, Treasurer, and Director of Finance
28 shall jointly review and compare the actual General Fund receipts
29 and disbursements with the receipts and disbursements contained
30 in the most current published cashflow projections. If the
31 Controller, Treasurer, and Director of Finance determine sufficient
32 cash is available to make scheduled payments, in whole or in part,
33 through the 60- or 90-day period or other period specified in law,
34 including the payments otherwise subject to deferral identified in
35 subdivision (b), and maintain a prudent cash reserve, the Controller
36 shall make the deferred payment, in whole or in part, as originally
37 scheduled or within the time provided for by law. In making the
38 determination that cash is sufficient to make the payments, the
39 Controller, Treasurer, and Director of Finance shall also consider
40 costs for state government, the scope of any identified cash

1 shortage, timing, achievability, legislative direction, and the impact
2 and hardship imposed on potentially affected programs, entities,
3 and related public services. The Department of Finance shall notify
4 the Joint Legislative Budget Committee of this action within 10
5 days of making this determination.

6 (d) In the event payments are deferred pursuant to subdivision
7 (a) or other provisions of the act adding this section, beginning
8 July 1 of the appropriate fiscal year, the Controller, Treasurer, and
9 Director of Finance shall review on a monthly basis, or as
10 necessary, the actual General Fund cash receipts and disbursements
11 in comparison to the receipt and disbursement projections
12 associated with the Governor's most current cashflow statements.
13 If the Controller, Treasurer, and Director of Finance determine
14 sufficient cash is available to make payments otherwise deferred
15 for the 60- or 90-day period or other period specified in law,
16 including the payments otherwise subject to deferral identified in
17 subdivision (b) or other provisions of the act adding this section,
18 and maintain a prudent cash reserve, the Controller shall make the
19 deferred payments, in whole or in part, as soon as feasible unless
20 otherwise provided in Section 16326. In making the determination
21 that cash is sufficient to make the payments, in whole or in part,
22 the Controller, Treasurer, and Director of Finance shall also
23 consider costs for state government, the scope of any identified
24 cash shortage, timing, achievability, legislative direction, and the
25 impact and hardship imposed on potentially affected programs,
26 entities, and related public services. The Department of Finance
27 shall notify the Joint Legislative Budget Committee within 10 days
28 of this determination and identify the date upon which the payments
29 were made or will be made.

30 (e) Upon concurrence of the Controller, Treasurer, and Director
31 of Finance, deferrals authorized pursuant to subdivision (a) or
32 other provisions of the act adding this section may be moved
33 forward to the prior month or delayed to the subsequent month.
34 ~~This subdivision shall not apply to those payments to kindergarten~~
35 ~~to grade 12 specified in paragraph (1) of subdivision (b) for the~~
36 ~~2011-12 fiscal year.~~ Any changes may be authorized no sooner
37 than 30 days after notification in writing by the Department of
38 Finance to the Joint Legislative Budget Committee, or not sooner
39 than whatever lesser time the Chairperson of the Joint Legislative
40 Budget Committee, or his or her designee, may determine. In the

1 event cash is available to make the payments earlier than identified
 2 in the notification, as determined by the Controller, Treasurer, and
 3 Director of Finance, the Department of Finance shall notify the
 4 Joint Legislative Budget Committee within 10 days of making this
 5 determination.

6 (f) This section shall become inoperative on September 1, ~~2012,~~
 7 ~~2013,~~ and, as of January 1, ~~2013,~~ ~~2014,~~ is repealed, unless a later
 8 enacted statute, that becomes operative on or before January 1,
 9 ~~2013,~~ ~~2014,~~ deletes or extends the dates on which it becomes
 10 inoperative and is repealed.

11 *SEC. 4. Section 16326 of the Government Code is amended to*
 12 *read:*

13 16326. (a) Notwithstanding any other law, except as otherwise
 14 specified in Sections 16325 and 16325.5, cash deferrals specified
 15 in Sections 16325 and 16325.5, as amended by the act amending
 16 this section, shall be limited, as follows:

17 ~~(1) For the 2010–11 fiscal year, payments to school districts,~~
 18 ~~county offices of education, and charter schools shall be deferred~~
 19 ~~as specified in Section 16325.5 with the total amount of the~~
 20 ~~deferrals under this action limited to two billion five hundred~~
 21 ~~million dollars (\$2,500,000,000) for each deferral, and a maximum~~
 22 ~~of three deferrals during the fiscal year. The total outstanding~~
 23 ~~amount of these deferrals, as described in Section 16325.5, shall~~
 24 ~~not exceed two billion five hundred million dollars~~
 25 ~~(\$2,500,000,000) at any given time. The Controller, Treasurer,~~
 26 ~~and the Director of Finance shall determine and jointly provide a~~
 27 ~~written declaration to the Legislature and to the State Department~~
 28 ~~of Education, and the State Department of Education shall inform~~
 29 ~~school districts, county offices of education, and charter schools~~
 30 ~~of the amounts and timing of payment deferrals for the 2010–11~~
 31 ~~fiscal year. This declaration shall be provided no later than March~~
 32 ~~31, 2010. It is the intent of the Legislature that the advance~~
 33 ~~principal apportionment payment due in July be deferred first as~~
 34 ~~a part of the July 2010 deferral as specified in Section 16325.5.~~

35 (A) Subject to the approval of the Director of Finance, in order
 36 for a county office of education to receive scheduled
 37 apportionments from the Controller if payments are deferred, as
 38 specified in Section 16325.5, the Superintendent of Public
 39 Instruction shall certify that the deferral of warrants will result in
 40 the county office of education being unable to meet its expenditure

1 obligations for the time period during which warrants are deferred,
2 and shall notify the Director of Finance of this fact on or before
3 June 1, 2010. Subject to the approval of the Director of Finance,
4 a county office of education that did not receive apportionments
5 for July 2010 and October 2010, as specified in Section 16325.5,
6 may seek a hardship waiver to receive scheduled apportionments
7 from the Controller if payments are deferred in March 2011. To
8 apply for a hardship waiver, the Superintendent of Public
9 Instruction shall certify that the deferral of March 2011 warrants
10 will result in the county office of education being unable to meet
11 its expenditure obligations for the time period during which
12 warrants are deferred, and shall notify the Director of Finance of
13 this fact on or before January 5, 2011. The criteria, as applicable,
14 set forth in statute and regulations to qualify a school district for
15 an emergency apportionment shall be used to make the
16 certifications specified in this subparagraph.

17 (B) Subject to the approval of the Director of Finance, in order
18 for a charter school to receive scheduled apportionments from the
19 Controller if payments are deferred, as specified in Section
20 16325.5, the chartering authority, in consultation with the county
21 superintendent of schools, shall certify that the deferral of warrants
22 will result in the charter school being unable to meet its expenditure
23 obligations for the time period during which warrants are deferred,
24 and shall notify the Superintendent of Public Instruction and the
25 Director of Finance of this fact on or before June 1, 2010. Subject
26 to the approval of the Director of Finance, a charter school that
27 did not receive apportionments for July 2010 and October 2010,
28 as specified in Section 16325.5, may seek a hardship waiver to
29 receive scheduled apportionments from the Controller if payments
30 are deferred in March 2011. To apply for a hardship waiver, the
31 chartering authority, in consultation with the county superintendent
32 of schools, shall certify that the deferral of March 2011 warrants
33 will result in the charter school being unable to meet its expenditure
34 obligations for the time period during which warrants are deferred,
35 and shall notify the Superintendent of Public Instruction and the
36 Director of Finance on or before January 5, 2011. The criteria, as
37 applicable, set forth in statute and regulations to qualify a school
38 district for an emergency apportionment shall be used to make the
39 certifications specified in this subparagraph.

1 ~~(C) Subject to the approval of the Director of Finance, in order~~
2 ~~for a school district to receive scheduled apportionments from the~~
3 ~~Controller if payments are deferred, as specified in Section~~
4 ~~16325.5, the county superintendent of schools shall certify to the~~
5 ~~Superintendent of Public Instruction and to the Director of Finance~~
6 ~~on or before June 1, 2010, that the deferral of warrants will result~~
7 ~~in the school district being unable to meet its expenditure~~
8 ~~obligations for the time period during which warrants are deferred.~~
9 ~~Subject to the approval of the Director of Finance, a school district~~
10 ~~that did not receive apportionments for July 2010 and October~~
11 ~~2010, as specified in Section 16325.5, may seek a hardship waiver~~
12 ~~to receive scheduled apportionments from the Controller if~~
13 ~~payments are deferred in March 2011. To apply for a hardship~~
14 ~~waiver, the county superintendent of schools shall certify to the~~
15 ~~Superintendent of Public Instruction and to the Director of Finance~~
16 ~~on or before January 5, 2011, that the deferral of March 2011~~
17 ~~warrants will result in the school district being unable to meet its~~
18 ~~expenditure obligations for the time period during which warrants~~
19 ~~are deferred. The criteria, as applicable, set forth in statute and~~
20 ~~regulations to qualify a school district for an emergency~~
21 ~~apportionment shall be used to make the certifications specified~~
22 ~~in this subparagraph.~~

23 ~~(D) Notwithstanding Section 16325.5, payment of the March~~
24 ~~2011 deferral to county offices of education, school districts, and~~
25 ~~charter schools shall be made no later than April 29, 2011.~~

26 ~~(E) A county office of education may apply for a waiver for~~
27 ~~early payment of the deferrals specified in Section 14041.65 of~~
28 ~~the Education Code. To receive a waiver, the Superintendent of~~
29 ~~Public Instruction shall certify to the Director of Finance before~~
30 ~~June 1, 2011, that the county office of education would be unable~~
31 ~~to meet its expenditure obligations in July or August 2011. Subject~~
32 ~~to the approval and determination of the Department of Finance,~~
33 ~~a county office of education may receive a payment of 2010-11~~
34 ~~funds in July 2011 up to the amount needed to cover its~~
35 ~~demonstrated expenditure obligations. The criteria, as applicable,~~
36 ~~set forth in statute and regulation to qualify a school district for~~
37 ~~an emergency apportionment shall be used to make the~~
38 ~~certifications specified in this subparagraph. Required payments~~
39 ~~of temporary revenue anticipation notes or other short-term debt~~

1 issued for cashflow purposes in 2010-11 shall be considered
2 expenditure obligations.

3 (F) A charter school may apply for a waiver for early payment
4 of the deferrals specified in Section 14041.65 of the Education
5 Code. To receive a waiver, the chartering authority, in consultation
6 with the county superintendent of schools, shall certify to the
7 Superintendent of Public Instruction and the Director of Finance
8 before June 1, 2011, that the charter school would be unable to
9 meet its expenditure obligations in July or August 2011. Subject
10 to the approval and determination of the Department of Finance,
11 a charter school may receive a payment of 2010-11 funds in July
12 2011 up to the amount needed to cover its demonstrated
13 expenditure obligations. The criteria, as applicable, set forth in
14 statute and regulation to qualify a school district for an emergency
15 apportionment shall be used to make the certifications specified
16 in this subparagraph. Required payments of temporary revenue
17 anticipation notes or other short-term debt issued for cashflow
18 purposes in 2010-11 shall be considered expenditure obligations.

19 (G) A school district may apply for a waiver for early payment
20 of the deferrals specified in Section 14041.65 of the Education
21 Code. To receive a waiver, the county superintendent of schools
22 shall certify to the Superintendent of Public Instruction and the
23 Director of Finance before June 1, 2011, that the school district
24 would be unable to meet its expenditure obligations in July or
25 August 2011. Subject to the approval and determination of the
26 Department of Finance, a school district may receive a payment
27 of 2010-11 funds in July 2011 up to the amount needed to cover
28 its demonstrated expenditure obligations. The criteria, as
29 applicable, set forth in statute and regulation to qualify a school
30 district for an emergency apportionment shall be used to make the
31 certifications specified in this subparagraph. Required payments
32 of temporary revenue anticipation notes or other short-term debt
33 issued for cashflow purposes in 2010-11 shall be considered
34 expenditure obligations.

35 (2)

36 (1) For the 2011-12 fiscal year, deferrals described in paragraph
37 (1) of subdivision (b) of Section 16325.5 for kindergarten to grade
38 12, inclusive, and repayment of those deferrals, shall be scheduled
39 as follows: One billion four hundred million dollars
40 (\$1,400,000,000) shall be deferred in both July and August of

1 2011. Two billion four hundred million dollars (\$2,400,000,000)
2 shall be deferred in October 2011. Seven hundred million
3 (\$700,000,000) of the July 2011 deferral shall be paid in September
4 2011, and four billion five hundred million dollars
5 (\$4,500,000,000) shall be paid in January 2012 for the remaining
6 July, August, and October 2011 deferrals. One billion four hundred
7 million dollars (\$1,400,000,000) shall be deferred in March 2012
8 and paid entirely in April 2012. The State Department of Education
9 shall inform school districts, county offices of education, and
10 charter schools of the amounts and timing of payment deferrals
11 for the 2011–12 fiscal year. This declaration shall be provided no
12 later than April 15, 2011. It is the intent of the Legislature that the
13 advance principal apportionment payment due in July be deferred
14 as a part of the July 2011 deferral and that the advance principal
15 apportionment payment due in August be deferred as a part of the
16 August 2011 deferral.

17 (A) Subject to the approval of the Director of Finance, in order
18 for a county office of education to receive scheduled payments
19 from the Controller if payments are deferred, the Superintendent
20 of Public Instruction shall certify that the deferral of warrants will
21 result in the county office of education being unable to meet its
22 expenditure obligations for the time period during which warrants
23 are deferred, and shall notify the Director of Finance of this fact
24 on or before June 1, 2011. Subject to the approval of the Director
25 of Finance, a county office of education that did not receive
26 payments for July 2011, August 2011, and October 2011 may seek
27 a hardship waiver to receive scheduled payments from the
28 Controller if payments are deferred in March 2012. To apply for
29 a hardship waiver, the Superintendent of Public Instruction shall
30 certify that the deferral of March 2012 warrants will result in the
31 county office of education being unable to meet its expenditure
32 obligations for the time period during which warrants are deferred,
33 and shall notify the Director of Finance of this fact on or before
34 January 5, 2012. The criteria, as applicable, set forth in statute and
35 regulations to qualify a school district for an emergency
36 apportionment shall be used to make the certifications specified
37 in this subparagraph.

38 (B) Subject to the approval of the Director of Finance, in order
39 for a charter school to receive scheduled payments from the
40 Controller if payments are deferred, the chartering authority, in

1 consultation with the county superintendent of schools, shall certify
2 that the deferral of warrants will result in the charter school being
3 unable to meet its expenditure obligations for the time period
4 during which warrants are deferred, and shall notify the
5 Superintendent of Public Instruction and the Director of Finance
6 of this fact on or before June 1, 2011. Subject to the approval of
7 the Director of Finance, a charter school that did not receive
8 payments for July 2011, August 2011, and October 2011 may seek
9 a hardship waiver to receive scheduled payments from the
10 Controller if payments are deferred in March 2012. To apply for
11 a hardship waiver, the chartering authority, in consultation with
12 the county superintendent of schools, shall certify that the deferral
13 of March 2012 warrants will result in the charter school being
14 unable to meet its expenditure obligations for the time period
15 during which warrants are deferred, and shall notify the
16 Superintendent of Public Instruction and the Director of Finance
17 on or before January 5, 2012. The criteria, as applicable, set forth
18 in statute and regulations to qualify a school district for an
19 emergency apportionment shall be used to make the certifications
20 specified in this subparagraph.

21 (C) Subject to the approval of the Director of Finance, in order
22 for a school district to receive scheduled payments from the
23 Controller if payments are deferred, the county superintendent of
24 schools shall certify to the Superintendent of Public Instruction
25 and the Director of Finance on or before June 1, 2011, that the
26 deferral of warrants will result in the school district being unable
27 to meet its expenditure obligations for the time period during which
28 warrants are deferred. Subject to the approval of the Director of
29 Finance, a school district that did not receive payments for July
30 2011, August 2011, and October 2011 may seek a hardship waiver
31 to receive scheduled payments from the Controller if payments
32 are deferred in March 2012. To apply for a hardship waiver, the
33 county superintendent of schools shall certify to the Superintendent
34 of Public Instruction and to the Director of Finance on or before
35 January 5, 2012, that the deferral of March 2012 warrants will
36 result in the school district being unable to meet its expenditure
37 obligations for the time period during which warrants are deferred.
38 The criteria, as applicable, set forth in statute and regulations to
39 qualify a school district for an emergency apportionment shall be
40 used to make the certifications specified in this subparagraph.

1 (D) Notwithstanding Section 16325.5, payments of the March
2 2012 deferral to the county offices of education, school districts,
3 and charter schools, shall be made no later than April 29, 2012.

4 (2) *For the 2012–13 fiscal year, deferrals for kindergarten to*
5 *grade 12, inclusive, and repayment of those deferrals, shall be*
6 *scheduled as follows: One billion two hundred million dollars*
7 *(\$1,200,000,000) shall be deferred in July 2012. Six hundred*
8 *million dollars (\$600,000,000) shall be deferred in August 2012.*
9 *Eight hundred million dollars (\$800,000,000) shall be deferred*
10 *in October 2012. Seven hundred million dollars (\$700,000,000)*
11 *of the deferral made in July 2012 shall be paid in September 2012,*
12 *and one billion nine hundred million dollars (\$1,900,000,000)*
13 *shall be paid in January 2013 for the remaining deferrals made*
14 *in July, August, and October 2012. Nine hundred million dollars*
15 *(\$900,000,000) shall be deferred in March 2013 and paid entirely*
16 *in April 2013. The State Department of Education shall, no later*
17 *than five days following the enactment of the act adding this*
18 *paragraph, inform school districts, county offices of education,*
19 *and charter schools of the amounts and timing of payment deferrals*
20 *for the 2012–13 fiscal year. It is the intent of the Legislature that*
21 *the advance principal apportionment payment due in July be*
22 *deferred as a part of the July 2012 deferral and that the advance*
23 *principal apportionment payment due in August be deferred as a*
24 *part of the August 2012 deferral.*

25 (A) *Subject to the approval of the Director of Finance, in order*
26 *for a county office of education to receive scheduled payments*
27 *from the Controller if payments are deferred, the Superintendent*
28 *of Public Instruction shall certify that the deferral of warrants will*
29 *result in the county office of education being unable to meet its*
30 *expenditure obligations for the time period during which warrants*
31 *are deferred, and shall notify the Director of Finance of this fact*
32 *on or before June 1, 2012. Subject to the approval of the Director*
33 *of Finance, a county office of education that did not receive*
34 *payments for July 2012, August 2012, and October 2012 may seek*
35 *a hardship waiver to receive scheduled payments from the*
36 *Controller if payments are deferred in March 2013. To apply for*
37 *a hardship waiver, the Superintendent of Public Instruction shall*
38 *certify that the deferral of March 2013 warrants will result in the*
39 *county office of education being unable to meet its expenditure*
40 *obligations for the time period during which warrants are deferred,*

1 and shall notify the Director of Finance on or before January 4,
2 2013. The criteria, as applicable, set forth in statute and
3 regulations to qualify a school district for an emergency
4 apportionment shall be used to make the certifications specified
5 in this subparagraph.

6 (B) Subject to the approval of the Director of Finance, in order
7 for a charter school to receive scheduled payments from the
8 Controller if payments are deferred, the chartering authority, in
9 consultation with the county superintendent of schools, shall certify
10 that the deferral of warrants will result in the charter school being
11 unable to meet its expenditure obligations for the time period
12 during which warrants are deferred, and shall notify the
13 Superintendent of Public Instruction and the Director of Finance
14 on or before June 1, 2012. Subject to the approval of the Director
15 of Finance, a charter school that did not receive payments for July
16 2012, August 2012, and October 2012 may seek a hardship waiver
17 to receive scheduled payments from the Controller if payments
18 are deferred in March 2013. To apply for a hardship waiver, the
19 chartering authority, in consultation with the county superintendent
20 of schools, shall certify that the deferral of March 2013 warrants
21 will result in the charter school being unable to meet its
22 expenditure obligations for the time period during which warrants
23 are deferred, and shall notify the Superintendent of Public
24 Instruction and the Director of Finance on or before January 4,
25 2013. The criteria, as applicable, set forth in statute and
26 regulations to qualify a school district for an emergency
27 apportionment shall be used to make the certifications specified
28 in this subparagraph.

29 (C) Subject to the approval of the Director of Finance, in order
30 for a school district to receive scheduled payments from the
31 Controller if payments are deferred, the county superintendent of
32 schools shall certify to the Superintendent of Public Instruction
33 and the Director of Finance on or before June 1, 2012, that the
34 deferral of warrants will result in the school district being unable
35 to meet its expenditure obligations for the time period during which
36 warrants are deferred. Subject to the approval of the Director of
37 Finance, a school district that did not receive payments for July
38 2012, August 2012, and October 2012 may seek a hardship waiver
39 to receive scheduled payments from the Controller if payments
40 are deferred in March 2013. To apply for a hardship waiver, the

1 *county superintendent of schools shall certify to the Superintendent*
2 *of Public Instruction and to the Director of Finance on or before*
3 *January 4, 2013, that the deferral of March 2013 warrants will*
4 *result in the school district being unable to meet its expenditure*
5 *obligations for the time period during which warrants are deferred.*
6 *The criteria, as applicable, set forth in statute and regulations to*
7 *qualify a school district for an emergency apportionment shall be*
8 *used to make the certifications specified in this subparagraph.*

9 *(D) Notwithstanding Section 16325.5, payments of the March*
10 *2013 deferral to the county offices of education, school districts,*
11 *and charter schools, shall be made no later than April 29, 2013.*

12 (3) Of the amount appropriated from the General Fund to the
13 University of California for the 2010–11–~~and~~, 2011–12, and
14 2012–13 fiscal years, excluding transfers and rental payments that
15 support lease-revenue bonds, payments made by the state to the
16 University of California shall not exceed one-twelfth of the annual
17 appropriation for each month from July through April. Any
18 remaining appropriation balance may be paid to the University of
19 California thereafter with no limitations.

20 (4) Notwithstanding Sections 84320, 84321, and 84321.5 of the
21 Education Code and any other law that governs the regulations
22 adopted by the Chancellor of the California Community Colleges
23 to disburse funds *for the 2011–12 fiscal year*, two hundred million
24 dollars (\$200,000,000) and one hundred million dollars
25 (\$100,000,000) from the payment of apportionments to districts
26 pursuant to Sections 84320, 84321, and 84321.5 of the Education
27 Code for July and March, respectively, shall be deferred to October
28 and May, respectively. Notwithstanding this paragraph and subject
29 to the approval of the Director of Finance, the Controller shall
30 issue warrants pursuant to Sections 84320, 84321, and 84321.5 of
31 the Education Code that include the full amount of the
32 apportionment payments for the months of July or March, or both,
33 for a community college for which the Chancellor of the California
34 Community Colleges determines, in consultation with the Director
35 of Finance, on or before June 1 of the preceding fiscal year, that
36 the deferral of warrants pursuant to this paragraph will present an
37 imminent threat to the fiscal integrity and security of the
38 community college.

39 (5) *For the 2012–13 fiscal year, notwithstanding Sections 84320,*
40 *84321, and 84321.5 of the Education Code and any other law that*

1 *governs the regulations adopted by the Chancellor of the California*
 2 *Community Colleges to disburse funds, from the payment of*
 3 *apportionments to districts pursuant to Sections 84320, 84321,*
 4 *and 84321.5 of the Education Code, the following deferrals shall*
 5 *be made within the same fiscal year: one hundred fifty million*
 6 *dollars (\$150,000,000) from July to December, inclusive, fifty*
 7 *million dollars (\$50,000,000) from September to January,*
 8 *inclusive, and one hundred million dollars (\$100,000,000) from*
 9 *October to January, inclusive. Notwithstanding this paragraph*
 10 *and subject to the approval of the Director of Finance, the*
 11 *Controller shall issue warrants pursuant to Sections 84320, 84321,*
 12 *and 84321.5 of the Education Code that include the full amount*
 13 *of the apportionment payments for the months of July, September,*
 14 *or October, or any combination of those months, for a community*
 15 *college for which the Chancellor of the California Community*
 16 *Colleges determines, in consultation with the Director of Finance,*
 17 *on or before June 1 of the preceding fiscal year, that the deferral*
 18 *of warrants pursuant to this paragraph will present an imminent*
 19 *threat to the fiscal integrity and security of the community college.*

20 (5)

21 (6) Of the amount appropriated from the General Fund to the
 22 California State University for the 2010–11 ~~and~~, 2011–12, *and*
 23 *2012–13* fiscal years, *excluding transfers and rental payments that*
 24 *support lease-revenue bonds*, payments made by the state to the
 25 California State University shall not exceed one-twelfth of the
 26 annual appropriation for each month from July through April. Any
 27 remaining appropriation balance may be paid to the California
 28 State University thereafter with no limitations.

29 (6)

30 (7) The 2010–11 ~~and the~~, 2011–12, *and 2012–13* cash
 31 management plans described in Sections 16325 and 16325.5 may
 32 include deferrals in state payments for specific programs that are
 33 disbursed to cities, counties, and other public entities not addressed
 34 elsewhere in this section. Deferral of payments by the state to
 35 cities, counties, and other public entities not addressed elsewhere
 36 in this section shall be as follows:

37 (A) Payments shall be deferred as specified in Section 16325.5
 38 per the specific program.

39 (B) Payments shall be limited to one billion dollars
 40 (\$1,000,000,000) for all programs that affect cities, counties, and

1 other public entities not addressed elsewhere in this section at any
2 given point in time.

3 (C) A maximum of three deferrals per specific program may be
4 made during the fiscal year.

5 (D) The state shall not defer any payments to a county with a
6 population less than 50,000, or a city within a county with a
7 population less than 50,000.

8 (E) Payments to local governments may be deferred for social
9 services programs and Mental Health Services Act (Proposition
10 63) programs.

11 ~~(7)~~
12 (8) In addition to implementing the payment schedule described
13 in paragraph~~(5)~~ (6), the Director of Finance may at any time during
14 the 2010–11 ~~and the~~, 2011–12, *and* 2012–13 fiscal years defer
15 payment of General Fund moneys, in a cumulative amount not to
16 exceed two hundred fifty million dollars (\$250,000,000) annually,
17 appropriated to the California State University. Payment of the
18 amount deferred shall be made in the final week of April.

19 (b) Limits on payment deferrals specified in subparagraphs (A)
20 and (C) of paragraph~~(6)~~ (7) of subdivision (a) shall not apply to
21 payments to the Mental Health Services Act (Proposition 63)
22 programs.

23 (c) Upon the Controller’s receipt of a letter from the executive
24 officer of the Administrative Office of the Courts, or any other
25 executive officer representing cities or counties, the state may
26 defer payments to the entity or entities that the executive officer
27 represents as specified in the letter even if the specified amounts
28 exceed the deferrals authorized in this section or elsewhere in law.

29 (d) This section shall become inoperative on September 1, ~~2012,~~
30 *2013*, and, as of January 1, ~~2013,~~ *2014*, is repealed, unless a later
31 enacted statute, that becomes operative on or before January 1,
32 ~~2013,~~ *2014*, deletes or extends the dates on which it becomes
33 inoperative and is repealed.

34 *SEC. 5. Section 16428 of the Government Code is amended to*
35 *read:*

36 16428. Money in the fund may be invested and reinvested in
37 any securities described in Section 16430 or deposited in banks
38 as provided in Chapter 4 (commencing with Section 16500) of this
39 part or deposited in savings and loan associations as provided in
40 Chapter 4.5 (commencing with Section 16600) of this part. The

1 department shall determine the amount of money available for
2 investment or deposit and shall so arrange the investment or deposit
3 program that funds will be available for the immediate payment
4 of any court order or decree. The Treasurer shall invest or make
5 deposits in accordance with these determinations.

6 All revenues earned from investment or deposit of fund moneys
7 shall be deposited in the fund. After first deducting therefrom the
8 amount payable to the Treasurer for investment services rendered
9 and the amount payable to the department for administrative
10 services rendered, the department shall apportion as of June 30
11 and December 31 of each year the remainder of such revenues
12 earned and deposited in the fund during the six calendar months
13 ending with such dates. There shall be apportioned and credited
14 to each litigation deposit in the fund during such six-month period,
15 an amount directly proportionate to the total deposits in the fund
16 and the length of time such deposits remained therein. The amounts
17 so apportioned shall be paid to the party receiving the deposit. The
18 cost of administrative services rendered shall be determined by
19 the department in a manner approved by the Department of
20 Finance. The amounts payable to the department and to the
21 Treasurer shall be transferred to the General Fund and accounted
22 as reimbursements to their respective appropriations.

23 *Notwithstanding any other provision of law, the Controller may*
24 *use money in the fund for cash flow loans to the General Fund as*
25 *provided in Sections 16310 and 16381.*

26 *SEC. 6. The sum of one thousand dollars (\$1,000) is hereby*
27 *appropriated to the Controller from the General Fund for*
28 *administrative costs associated with this act.*

29 *SEC. 7. This act is a bill providing for appropriations related*
30 *to the Budget Bill within the meaning of subdivision (e) of Section*
31 *12 of Article IV of the California Constitution, has been identified*
32 *as related to the budget in the Budget Bill, and shall take effect*
33 *immediately.*

34 ~~SECTION 1. It is the intent of the Legislature to enact statutory~~
35 ~~changes relating to the Budget Act of 2011.~~