

AMENDED IN ASSEMBLY APRIL 11, 2012

AMENDED IN ASSEMBLY MARCH 29, 2012

AMENDED IN ASSEMBLY MARCH 13, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1576**

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**Introduced by Assembly Member Huber**  
**(Coauthors: Assembly Members Beth Gaines and Williams)**  
(Coauthor: Senator Gaines)

February 2, 2012

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An act to amend Sections 1042 and 47603 of the Education Code, relating to charter schools.

LEGISLATIVE COUNSEL'S DIGEST

AB 1576, as amended, Huber. Charter schools: loans.

(1) Existing law authorizes a county superintendent of schools, with the approval of the county board of education, to temporarily transfer moneys to a school district under specified circumstances.

The Charter Schools Act of 1992 authorizes any one or more persons to submit a petition to the governing board of a school district to establish a charter school that operates independently from the existing school district structure as a method of accomplishing specified goals.

This bill would *authorize a county board of education*, subject to the concurrence of the county superintendent of schools, ~~authorize a county board of education~~ to loan moneys *from the proceeds of revenue anticipation notes* to a charter school for which the county board of education or the county superintendent of schools has a supervisory responsibility or, regardless of whether the charter school is within or outside of the county, with which a county board of education or county

superintendent of schools has a contractual relationship. The bill would require the county superintendent of schools, before the county board of education makes the loan, to take specified actions regarding the advisability of the loan. The bill would provide that any loan of moneys pursuant to these provisions would not constitute a debt or liability for the county superintendent of schools, the county board of education, or the State of California.

(2) Existing law states that existing law governing charter schools does not prohibit a private person or organization from providing funding or other assistance to the establishment or operation of a charter school.

This bill would authorize a charter school to contract with a county superintendent of schools or a county board of education for purposes of borrowing moneys, as described above. The bill would require the borrowed moneys to be expended by a charter school solely for purposes of meeting the ~~short term~~ *short-term*, working capital operational needs of the charter school and not for purposes of making capital acquisitions.

(3) This bill also would make nonsubstantive changes to these provisions.

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 1042 of the Education Code is amended  
 2 to read:  
 3 1042. County boards of education may do all of the following:  
 4 (a) Adopt rules and regulations governing the administration of  
 5 the office of the county superintendent of schools.  
 6 (b) Review the county superintendent of schools annual itemized  
 7 estimate of anticipated revenue and expenditures before the annual  
 8 itemized estimate is filed with the auditor as required by Section  
 9 29040 of the Government Code, and make revisions, reductions,  
 10 or additions in the annual itemized estimate it deems advisable  
 11 and proper. An annual itemized estimate shall not be filed by the  
 12 county superintendent of schools or be approved by the board of  
 13 supervisors until it has first been so reviewed and approved by the  
 14 county board of education.  
 15 (c) In the name by which the county board of education is  
 16 designated, acquire, lease, lease-purchase, hold, and convey real

1 property for the purpose of housing the offices and the services of  
2 the county superintendent of schools, except that this subdivision  
3 shall only apply to the county boards of education to which all or  
4 a portion of the duties and functions of the county board of  
5 supervisors specified in subdivision (b) of Section 1080 have been  
6 transferred, with the exception of the recreational duties and  
7 recreational functions specified in subdivisions (c) and (d) of  
8 Section 1080.

9 (d) Contract with and employ any persons for the furnishing to  
10 the county board of education of special services and advice in  
11 financial, economic, accounting, engineering, legal, or  
12 administrative matters if these persons are specially trained and  
13 experienced and competent to perform the special services required.  
14 The county board of education may pay to these persons from any  
15 available funds the compensation that it deems proper for the  
16 services rendered.

17 (e) (1) Notwithstanding Section 25304 of the Government  
18 Code, fill by appointment any vacancy that occurs during the term  
19 of office of the county superintendent of schools. In a county in  
20 which the county superintendent of schools is elected, the appointee  
21 shall hold office until the office is filled by election at the next  
22 gubernatorial election.

23 (2) The authority described in this subdivision shall be vested  
24 in a county board of education only upon its adoption by the county  
25 board of education at a public meeting held pursuant to Article 1  
26 (commencing with Section 1000).

27 (f) (1) Subject to the concurrence of the county superintendent  
28 of schools pursuant to paragraph (3), use and expend moneys, *from*  
29 *the proceeds of notes issued pursuant to the authority granted in*  
30 *Article 7.6 (commencing with Section 53850) of Chapter 4 of Part*  
31 *1 of Division 2 of Title 5 of the Government Code*, to make loans  
32 to a charter school for which the county board of education or the  
33 county superintendent of schools has a supervisory responsibility  
34 or, regardless of whether the charter school is within or outside of  
35 the county, with which the county board of education or the county  
36 superintendent of schools has a contractual relationship pursuant  
37 to subdivision (b) of Section 47603. Moneys borrowed by the  
38 county board of education for the purpose of making a loan to a  
39 charter school shall be payable solely from the funds of the charter  
40 school and shall not constitute a debt or liability of the county

1 board of education or the county superintendent of schools,  
2 notwithstanding the provisions of Section 53857 of the Government  
3 Code, or any other law.

4 (2) The State of California is not liable for any debt or liability  
5 within the meaning of Section 1 of Article XVI of the California  
6 Constitution, or otherwise, for loans made pursuant to this  
7 subdivision.

8 (3) Before the county board of education makes a loan pursuant  
9 to this subdivision, the county superintendent of schools shall do  
10 all of the following:

11 (A) Advise the chartering authority of the charter school and  
12 the county office of education in which the charter school is  
13 primarily located that the charter school has requested the loan.

14 (B) Allow the chartering authority and county office of  
15 education to provide input regarding the advisability of making  
16 the loan.

17 (C) Solicit a recommendation from a recognized authority on  
18 school district financial management who is not an employee of  
19 the county office of education about the advisability of making  
20 the loan. The recommendation shall consider the financial condition  
21 of the charter school, the level of risk assumed by the county office  
22 of education, and the potential impact on the county office of  
23 education if the charter school is unable to repay the loan.

24 (D) Disclose the information received pursuant to subparagraphs  
25 (B) and (C) at a regularly scheduled meeting of the county board  
26 of education.

27 (E) Determine whether to concur with the intent of the county  
28 board of education to make the loan.

29 SEC. 2. Section 47603 of the Education Code is amended to  
30 read:

31 47603. (a) This part shall not be construed to prohibit any  
32 private person or organization from providing funding or other  
33 assistance to the establishment or operation of a charter school.

34 (b) (1) A charter school may contract with a county  
35 superintendent of schools or a county board of education for  
36 purposes of borrowing moneys pursuant to subdivision (f) of  
37 Section 1042.

38 (2) Moneys borrowed pursuant to subdivision (f) of Section  
39 1042 shall be expended by a charter school solely for purposes of  
40 meeting the ~~short-term~~ *short-term*, working capital operational

- 1 needs of the charter school and shall not be used for purposes of
- 2 making capital acquisitions.

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