

AMENDED IN SENATE JANUARY 4, 2000

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SENATE BILL

No. 426

Introduced by Senator Lewis

February 16, 1999

~~An act to amend Section 41365 of, and to add Sections 33338 and 41366 to, the Education Code, relating to the State Department of Education. An act to amend Section 41365 of, and to add Section 41366 to, the Education Code, relating to charter schools.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 426, as amended, Lewis. State Department of Education: federal moneys.

Existing law provides that, in the case of default of a loan made directly to a charter school from the Charter School Revolving Loan Fund, the chartering authority shall also be liable for repayment of the loan.

This bill would delete this provision regarding liability for repayment of a loan if the charter school defaults and would instead state the Legislature's intent to create a fund that would restore funds to the Charter School Revolving Loan Fund if a charter school defaults on its loan.

~~Existing law provides for a State Department of Education in state government conducted under the control of the Superintendent of Public Instruction. The department is authorized to expend the money in any appropriation, or in~~

~~any special fund in the State Treasury now remaining or made available by law for the administration of certain provisions.~~

~~This bill would prohibit, to the extent consistent with federal law, the State Department of Education from expending for administrative purposes an amount in excess of 5% from the amount that the department receives from federal education grant moneys. This bill would provide that the limitation applies to each specific federal education grant.~~

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

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

1 ~~SECTION 1. Section 33338 is added to the Education~~
2 ~~Code, to read:~~

3 ~~33338. To the extent consistent with federal law, the~~
4 ~~State Department of Education may not expend for~~
5 ~~administrative purposes an amount in excess of 5 percent~~
6 ~~from the amount that the department receives from~~
7 ~~federal education grant moneys. This limitation shall~~
8 ~~apply to each specific federal education grant.~~

9 ~~SEC. 2.~~

10 ~~SECTION 1. Section 41365 of the Education Code is~~
11 ~~amended to read:~~

12 ~~41365. (a) The Charter School Revolving Loan Fund~~
13 ~~is hereby created in the State Treasury. The Charter~~
14 ~~School Revolving Loan Fund shall consist of federal funds~~
15 ~~obtained by the state for charter schools and any other~~
16 ~~funds appropriated or transferred to the fund through the~~
17 ~~annual budget process. Funds appropriated to the~~
18 ~~Charter School Revolving Loan Fund shall remain~~
19 ~~available for the purposes of the fund until~~
20 ~~reappropriated or reverted by the Legislature through~~
21 ~~the annual Budget Act or any other act.~~

22 ~~(b) Loans may be made from moneys in the Charter~~
23 ~~School Revolving Loan Fund to a chartering authority for~~
24 ~~charter schools that are not a conversion of an existing~~
25 ~~school, or directly to a charter school that qualifies to~~
26 ~~receive funding pursuant to Chapter 6 (commencing~~
27 ~~with Section 47630) that is not a conversion of an existing~~



1 school, upon application of a chartering authority or
2 charter school and approval by the Superintendent of
3 Public Instruction. A loan is for use by the charter school
4 during the period from the date the charter is granted
5 pursuant to Section 47605 to the end of the fiscal year in
6 which the charter school first enrolls pupils. Money
7 loaned to a chartering authority for a charter school or to
8 a charter school pursuant to this section shall be used only
9 to meet the purposes of the charter granted pursuant to
10 Section 47605. The loan to a chartering authority for a
11 charter school or to a charter school pursuant to this
12 subdivision shall not exceed two hundred fifty thousand
13 dollars (\$250,000). This subdivision does not apply to a
14 charter school that obtains renewal of a charter pursuant
15 to Section 47607.

16 (c) Commencing with the first fiscal year following
17 the fiscal year the charter school first enrolls pupils, the
18 Controller shall deduct from apportionments made to the
19 chartering authority or charter school, as appropriate, an
20 amount equal to the annual repayment of the amount
21 loaned to the chartering authority or charter school for
22 the charter school under this section and pay the same
23 amount into the Charter School Revolving Loan Fund.
24 Repayment of the full amount loaned to the chartering
25 authority shall be deducted by the Controller in equal
26 annual amounts over a number of years agreed upon
27 between the loan recipient and the State Department of
28 Education, not to exceed five years for any loan.

29 (d) Notwithstanding other provisions of law, a loan
30 may be made directly to a charter school pursuant to this
31 section only in the case of a charter school that is
32 incorporated.

33 ~~SEC. 3.~~

34 *SEC. 2.* Section 41366 is added to the Education Code,
35 to read:

36 41366. It is the intent of the Legislature to create a
37 fund in the State Treasury for the purposes of restoring
38 funds to the Charter School Revolving Loan Fund if a



- 1 charter school defaults on a loan made directly to the
- 2 charter school from that fund.

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