

An act to amend Section 13311.1 of the Government Code, to amend Section 2103.1 of the Streets and Highways Code, to add Section 12104 to the Welfare and Institutions Code, and to amend Section 39 of Chapter 12 of the Statutes of 2009 of the Third Extraordinary Session, relating to state finances, and declaring the urgency thereof, to take effect immediately.



THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 13311.1 of the Government Code is amended to read:

13311.1. (a) Notwithstanding any other law, including, but not limited to, Section 13311, in order to achieve effective management of state cash resources, the Director of Finance, ~~may defer~~ do both of the following:

(1) Defer payments of General Fund moneys owed in July through September of 2009, in an amount not to exceed seven hundred fifty million dollars (\$750,000,000), appropriated to the University of California in the 2009 Budget Act.

(2) Defer payments of General Fund moneys owed in February 2010, in an amount not to exceed two hundred fifty million dollars (\$250,000,000), appropriated to the University of California in the 2009 Budget Act.

(b) (1) Of the amount deferred pursuant to paragraph (1) of subdivision (a), the payment of two hundred fifty million dollars (\$250,000,000) shall be made in October 2009. The payment of the remaining amount deferred pursuant to paragraph (1) of subdivision (a) shall occur no earlier than April 2010 and at the earlier of (1) the day after all outstanding revenue anticipation notes issued by the state in the 2009–10 fiscal year have been repaid, as determined by the Director of Finance, or (2) June 30, 2010.

(2) The payment of the amount deferred pursuant to paragraph (2) of subdivision (a) shall be made no earlier than April 20, 2010, but no later than May 31, 2010.

(c) Notwithstanding any other provision of law, in order to achieve effective management of state cash resources, the Director of Finance ~~may defer~~ do both of the following:



(1) Defer payments of General Fund moneys owed in July 2009, in an amount not to exceed two hundred ninety million dollars (\$290,000,000) appropriated to the California State University in the 2009 Budget Act.

(2) Defer payments of General Fund moneys owed in February 2010, in an amount not to exceed two hundred fifty million dollars (\$250,000,000), appropriated to the California State University in the 2009 Budget Act.

(3) Defer payments of General Fund moneys owed in March 2010, in an amount not to exceed one hundred fifty million dollars (\$150,000,000), appropriated to the California State University in the 2009 Budget Act.

(d) (1) The payment of the amount deferred pursuant to paragraph (1) of subdivision (c) shall be made in October 2009.

(2) The payment of the amount deferred pursuant to paragraph (2) of subdivision (c) shall be made no earlier than April 20, 2010, but no later than May 31, 2010.

(3) The payment of the amount deferred pursuant to paragraph (3) of subdivision (c) shall be made no earlier than May 1, 2010, but no later than May 31, 2010.

SEC. 2. Section 2103.1 of the Streets and Highways Code is amended to read:

2103.1. Notwithstanding any other law, the apportionment of revenues deposited to the credit of the Highway Users Tax Account in the Transportation Tax Fund that are otherwise required to be made, pursuant to this chapter, to cities, counties, and cities and counties for the months of July, August, September, October, November, and December of 2009 shall be deferred and shall be made ~~after January 1, 2010~~: as follows:



(a) Apportionments for the months of July and August of 2009 shall be deferred and shall be paid with the September revenues in September 2009.

(b) Apportionments for the months of November and December of 2009 and January, February, and March of 2010 shall be deferred and shall be paid on or within two business days of April 28, 2010.

(c) For the purpose of meeting the cash obligations associated with ongoing budgeted costs, a city, county, or city and county may make use of any cash balance in its account that is designated for the receipt of state funds allocated for local streets and roads or the county road fund, including that resulting from the receipt of funds pursuant to the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Chapter 12.49 (commencing with Section 8879.20) of Division 1 of Title 2 of the Government Code) for local street and road maintenance, during the period of the deferrals of apportionment payments pursuant to subdivisions (a) and (b). The use of this cash shall not be considered as an expenditure of bond act funds if the cash is replaced when the payments in subdivisions (a) and (b) are made.

(d) This section shall not affect any requirement that an expenditure is required to be accrued and reflected from the appropriate funding source for which the money was received and that an expenditure is required to meet all the requirements of its funding source.

SEC. 3. Section 12104 is added to the Welfare and Institutions Code, to read:

12104. Notwithstanding any other provision of law, upon the order of the Director of Finance, the Director of Social Services shall defer all supplemental payments to the federal government required pursuant to subdivision (b) of Section



12100 in February 2010 and March 2010 and, instead, make payments for those months after April 20, 2010, but no later than May 31, 2010.

SEC. 4. Section 39 of Chapter 12 of the Statutes of 2009 of the Third Extraordinary Session, as amended by Section 17 of Chapter 23 of the Statutes of 2009 of the Fourth Extraordinary Session, is amended to read:

Sec. 39. (a) Notwithstanding Sections 84320, 84321, and 84321.5 of the Education Code and any other law that ~~covers~~ governs the regulations adopted by the Chancellor of the California Community Colleges to disburse funds, two hundred million dollars (\$200,000,000) from the payment of apportionments to districts pursuant to Sections 84320, 84321, and 84321.5 of the Education Code for July 2009; shall be deferred to October 2009.

(b) Notwithstanding Sections 84320, 84321, and 84321.5 of the Education Code and any other law that governs the regulations adopted by the Chancellor of the California Community Colleges to disburse funds, one hundred million dollars (\$100,000,000) from the payment of apportionments to districts pursuant to Sections 84320, 84321, and 84321.5 of the Education Code for March 2010 shall be deferred to May 2010.

(b)

(c) Notwithstanding any other law, one billion dollars (\$1,000,000,000) from the payment of apportionments pursuant to Section 14041 of the Education Code for July 2009, to local educational agencies that maintain kindergarten and any of grades 1 to 12, inclusive, shall be deferred to December 2009.

(e)



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(d) Notwithstanding any other law, one billion five hundred million dollars (\$1,500,000,000) from the payment of apportionments pursuant to Section 14041 of the Education Code for August 2009, to local educational agencies that maintain kindergarten or any of grades 1 to 12, inclusive, shall be deferred to October 2009.

~~(d)~~

(e) Notwithstanding any other law, one billion dollars (\$1,000,000,000) from the payment of apportionments pursuant to Section 14041 of the Education Code for November 2009, to local educational agencies that maintain kindergarten and any of grades 1 to 12, inclusive, shall be deferred to January 2010.

(f) Notwithstanding any other law, one billion dollars (\$1,000,000,000) from the payment of apportionments pursuant to Section 14041 of the Education Code for March 2010, to local educational agencies that maintain kindergarten and any of grades 1 to 12, inclusive, shall be paid no earlier than April 20, 2010, but no later than May 31, 2010.

~~(e)~~

(g) (1) Notwithstanding subdivisions ~~(b), (e), and (d) (c), (d), and (e)~~, and subject to the approval of the Director of Finance, the Controller shall issue warrants pursuant to Section 14041 of the Education Code that include the full amount of the apportionment payments for the months of July, August, and November for a local educational agency for which the county superintendent of schools certifies to the Superintendent of Public Instruction and to the Director of Finance on or before August 10, 2009, that the deferral of warrants pursuant to subdivisions ~~(b) and (e) (c) and (d)~~ will result in qualifying the local educational agency for an emergency apportionment



pursuant to Article 2 (commencing with Section 41320) of Chapter 3 of Part 24 of Division 3 of Title 2 of the Education Code.

(2) In order for a county office of education to receive payments pursuant to paragraph (1), the Superintendent of Public Instruction shall determine, and notify the Director of Finance on or before August 10, 2009, that the deferral of warrants pursuant to subdivisions ~~(b) and (e)~~ (c) and (d) will result in the county office of education being unable to meet its expenditure obligations for the time period during which warrants are deferred. The criteria, as applicable, set forth in statute and regulations to qualify a school district for an emergency apportionment shall be used to make the determination specified in this section.

(3) In order for a charter school to receive payments pursuant to paragraph (1), the chartering authority shall determine, in consultation with the county superintendent of schools, and notify the Superintendent of Public Instruction and the Director of Finance on or before August 10, 2009, that the deferral of warrants pursuant to subdivisions ~~(b) and (e)~~ (c) and (d) will result in the charter school being unable to meet its expenditure obligations for the time period during which warrants are deferred. The criteria, as applicable, set forth in statute and regulations to qualify a school district for an emergency apportionment shall be used to make the determination specified in this section.

~~(f)~~

(h) Notwithstanding subdivision (a) and subject to the approval of the Director of Finance, the Controller shall issue warrants pursuant to Sections 84320, 84321, and 84321.5 of the Education Code that include the full amount of the apportionment



payments for the month of July for a community college for which the Chancellor of the California Community Colleges determines, in consultation with the Director of Finance, on or before August 10, 2009, that the deferral of warrants pursuant to subdivision (a) will present an imminent threat to the fiscal integrity and security of the community college.

(g)

(i) This section shall apply to payments in the 2009–10 fiscal year only.

SEC. 5. This act addresses the fiscal emergency declared by the Governor by proclamation on December 19, 2008, pursuant to subdivision (f) of Section 10 of Article IV of the California Constitution.

SEC. 6. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to ensure that the state may meet its financial obligations and avoid a fiscal crisis, it is necessary that this act take effect immediately.



## LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, \_\_\_\_\_.

General Subject: State finances.

(1) Existing law authorizes the Director of Finance to defer payments of General Fund moneys in July through September of 2009, in an amount not to exceed \$750,000,000, appropriated to the University of California in the Budget Act of 2009, as specified. Existing law also authorizes the director to defer payments of General Fund moneys in July 2009, in an amount not to exceed \$290,000,000, appropriated to the California State University in the Budget Act of 2009, as specified. Existing law specifies the schedule of payments for these deferred amounts.

This bill would additionally authorize the director to defer payments of General Fund moneys owed in February 2010, in an amount not to exceed \$250,000,000, appropriated to the University of California in the Budget Act of 2009. The bill also would authorize the director to defer payments of General Fund moneys owed in February 2010 in an amount not to exceed \$250,000,000, and owed in March 2010 in



an amount not to exceed \$150,000,000, appropriated to the California State University in the Budget Act of 2009, as specified. The bill would specify a schedule of payments for these deferred amounts.

(2) Existing law defers, until October 2009, the disbursement of payments of General Fund moneys for July 2009, in an amount not to exceed \$200,000,000, appropriated to the Board of Governors of the California Community Colleges for apportionments to community college districts.

This bill would additionally defer, until May 2010, the disbursement of payments of General Fund moneys for March 2010, in an amount not to exceed \$100,000,000, appropriated to the board for apportionments to community college districts.

(3) Existing law defers the disbursement of a total of \$3,500,000,000 from the payment of apportionments to school districts for July, August, and November of 2009, as specified.

This bill would additionally defer the disbursement of \$1,000,000,000 from the payment of apportionments to school districts for March 2010. The bill would require this deferred amount to be paid no earlier than April 20, 2010, but no later than May 31, 2010.

(4) Existing law requires state excise fuel tax revenues to be deposited in various accounts and to be allocated, in part, for various purposes, including the cost of collection and authorized refunds. Existing law requires the balance of these funds remaining after authorized deductions to be transferred to, and deposited monthly in, the Highway Users Tax Account in the Transportation Tax Fund. Existing law provides for annual and monthly apportionment by the Controller of specified revenues in the



Highway Users Tax Account to cities, counties, and cities and counties for the transportation purposes authorized by Article XIX of the California Constitution. Existing law, pursuant to Chapter 23 of the Fourth Extraordinary Session of the Statutes of 2009, requires transfers of those revenues from the Highway Users Tax Account to counties or cities that would otherwise be made during certain months of 2009 to instead be deferred and made after January 1, 2010.

This bill would instead provide for the apportionments for the months of July and August of 2009 to cities, counties, and cities and counties to be paid in September 2009, and apportionments for November and December of 2009 and January, February, and March of 2010 to be paid on or within 2 working days of April 28, 2010. The bill would also authorize the affected local agencies to use specified transportation bond funds and other available funds to meet certain cash obligations subject to various conditions.

(5) Existing law provides for the State Supplementary Program for the Aged, Blind and Disabled (SSP), which requires the State Department of Social Services to contract with the United States Secretary of Health and Human Services to, on behalf of the state, make combined state and federal payments to SSP recipients to supplement Supplemental Security Income (SSI) payments made available pursuant to the federal Social Security Act.

Existing law provides that the contract with the United States Secretary of Health and Human Services requires the state to pay the secretary an amount equal to expenditures made by the secretary as supplemental payments to SSP recipients less amounts payable by the federal government.



This bill would, upon the order of the Director of Finance, require the Director of Social Services to defer the above-described payments to the federal government in February 2010 and March 2010 and, instead, make payments for those months after April 20, 2010, but no later than May 31, 2010.

(6) The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. The Governor issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on December 19, 2008.

This bill would state that it addresses the fiscal emergency declared by the Governor by proclamation issued on December 19, 2008, pursuant to the California Constitution.

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

Vote: 2/3. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.



OFFICE OF LEGISLATIVE COUNSEL  
DRAFT BILL

DEPARTMENT OF FINANCE  
NO. 10.10.04.011

RN: 0921431

This request was prepared for you in accordance with instructions provided to us by Doug Craig.

**LCB Deputy Contact:** Lauren Goshen at 341-8245.

The boxes checked below, if any, apply to this request:

- Cover letter:** This request is accompanied by a cover letter, to bring to your attention legal or practical issues that may be raised by this bill, if introduced.
- Appropriation bill:** This bill, if introduced, will constitute an appropriation bill that the California Constitution prohibits the Legislature from sending to the Governor before the Budget Bill is finally enacted, unless it is recommended by the Governor as an emergency bill (see subd. (c), Sec. 12, Art. IV, Cal. Const.).
- Unbacked bill:** The attached bill draft has **not** been backed for introduction. When a Member has decided to introduce this bill draft, the draft should be returned to the Office of Legislative Counsel as soon as possible so that it can be prepared for introduction by that Member.
- Spot bill:** This bill, if introduced, may not be qualified for referral to a committee, if it is deemed a bill that makes no substantive change in or addition to existing law, or that would not otherwise affect the ongoing operations of state or local government (see, for example, Assembly Rule 51.5).
- Reintroduced bill:** This bill, if introduced, may violate the rule that, except as specified, a Member may not author a bill during a session that would have substantially the same effect as a bill he or she previously introduced during that session (Joint Rule 54(c)).