

How Does AB1200 Impact the District and Negotiations?

Here's how the AB 1200 process works in the context of a school district reaching a tentative agreement with a union:

1. Tentative Agreement Review:

- When a school district reaches a tentative agreement with a union (for example, regarding salary increases, benefits, or other compensation), the district is required by AB 1200 to assess the financial impact of the agreement on its budget.

2. Disclosure of Financial Impact:

- The district must publicly disclose the costs associated with the tentative agreement before finalizing the contract. This includes both current-year costs and projected costs over a multi-year period (usually 3 years).
- The disclosure must outline how the district plans to afford the agreement without jeopardizing its financial health, ensuring that the district can meet its obligations over the long term.

3. County Office of Education (COE) Review:

- After the district submits the financial disclosure, the **County Office of Education (COE)** steps in to review the district's budget and financial plan to ensure it can absorb the cost of the agreement.
- The COE examines whether the district can meet its financial commitments not only in the current year but also for the next two years, without falling into fiscal distress.

4. Mitigation or Adjustments:

- If the COE finds that the tentative agreement will put the district's financial health at risk (e.g., resulting in a **qualified** or **negative certification**), the district may need to renegotiate parts of the agreement with the union or find other ways to cut costs or increase revenue.
- The COE could require the district to implement a fiscal recovery plan to avoid deficit spending or insolvency.

Importance of the AB 1200 Process:

The AB 1200 process protects both school districts and employees by ensuring that new agreements do not create unsustainable financial obligations. It ensures that a district can continue to operate without risking cuts to programs, layoffs, or other financial emergencies down the road. This process promotes transparency and accountability, giving stakeholders confidence in the district's financial decisions, especially in light of salary and benefit negotiations with unions.

In summary, when a tentative agreement with a union is reached, the **AB 1200** process ensures that the school district can afford the deal and remain financially solvent, while the County Office of Education plays a critical role in reviewing and certifying the district's financial health.



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Repository archive entry for the Assembly Bill (AB) 1200 County Office of Education Fiscal Oversight program in the Programs No Longer Administered by the California Department of Education (CDE) Section of the CDE Web site.

Added to Programs No Longer Administered by the California Department of Education (CDE) on March 24, 2016.

This information is for historical purposes only and it is possible that information contained here may not be current.

Time Period

1991-92 through 2012-13

Effective 2013-14, this program was subsumed into the local control funding formula.

Authorizing Legislation

Section 29 of Assembly Bill (AB) 1200 (Chapter 1213, Statutes of 1991)

Source of Appropriation/Budget Act Item

AB 1200 (Chapter 1213, Statutes of 1991) provided the initial appropriation of \$500,000; subsequent appropriations in Budget Item 6110-106-001 (1992-93); Trailer Bill Language (Chapter 66, Statutes of 1993); and Budget Item 6110-107-0001 since 1994-95.

Applicable Statutes/Regulations

AB 1200 (Chapter 1213, Statutes of 1991) commencing with Education Code Section 42120 of Article 2, Chapter 6 of Part 24.

Program Description

AB 1200 was created to ensure that local educational agencies throughout California adequately prepared to meet their financial obligations. The concern arose following the bankruptcy of the Richmond School District and the fiscal collapse of a few other districts that were preparing to request an emergency loan from the state. AB 1200 improved fiscal procedures, standards, and accountability at the local level and expanded the role of county offices of education (COEs) in monitoring school districts by mandating that COEs intervene under certain circumstances to ensure districts can meet their financial obligations.

Assembly Bill 1200

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AB1200 County Office of Education Fiscal Oversight - Programs No Longer Administered by CDE (CA Dept of Education)

AB 1200 appropriated funding for COEs to offset the cost of any new program or higher level of service required by the new district oversight provisions. These activities include conducting reviews, examinations, and audits of districts, and providing written notifications of the results, at least annually, on the fiscal solvency of the districts with disapproved budgets, qualified or negative certifications, or districts facing fiscal uncertainty.

Funding was distributed to eligible COEs (single district COEs were excluded from funding) based on an equal amount per average daily attendance (ADA) for all school districts within each county, with a minimum apportionment amount to ensure that COEs with substantially lower than average school district ADA would receive adequate funding to perform their AB 1200 responsibilities.

Funding for AB 1200 County Office of Education Fiscal Oversight has been appropriated every year for distribution to COEs since the passage of AB 1200, until 2013-14 when funding for this program was subsumed in the local control funding formula.

SACS Resource/Revenue Codes

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Flexibility

None

Questions: California Department of Education | 916-319-0800

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