

August 1, 2009

## Update on July 2009 GPS News



Since the July edition of CSBA's *Governance and Policy Services News* went to press, state and federal action has occurred which affects two of the issues reported.

### **Categorical Program Flexibility**

On July 28, the Governor signed another package of 2009-10 budget bills, including ABX4 2, the education budget trailer bill. ABX4 2 made further changes to the categorical flexibility granted to districts as part of the February budget process via the passage of SBX3 4.

As a condition of receipt of categorical funds, Governing Boards must first hold a public hearing to discuss, approve, or disapprove the proposed use of the funding and are required to make explicit for each of the categorical budget items the purposes for which the funds will be used. BP 3110 - Transfer of Funds is included in this packet and reflects the public hearing requirement added by SBX3 4 in February and further amended in July by ABX 4 2.

### **"Red Flag" Rule**

The Federal Trade Commission's (FTC) "Red Flag" rule, implementing the federal Fair and Accurate Credit Transaction Act dealing with identity theft prevention, had been scheduled to take effect August 1, 2009. However, on July 29, 2009, the FTC deferred enforcement until November 1, 2009, in order "to give creditors and financial institutions more time to develop and implement written identity theft prevention programs."

Only districts that are "creditors" as defined in law (e.g., districts that do not require prepayment for the food services program but rather bill students after the services are used) are required to develop an identity theft prevention program. To facilitate compliance with the Red Flag rule, the FTC will be providing additional resources and guidance on its web site at [www.ftc.gov](http://www.ftc.gov).