

**ANNUAL REPORT ON THE EXTERNAL FISCAL AGENT ACCOUNT:
EDUCATION AND THE ENVIRONMENT INITIATIVE
CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY
MAY 2011**

INTRODUCTION

This report is mandated by Section 71305 (c)(4) of the Public Resources Code, which states:

“Notwithstanding Section 10231.5 of the Government Code, the agency shall report, pursuant to the requirements in Section 9795 of the Government Code, to the Joint Legislative Budget Committee and the relevant fiscal and policy committees of each house of the Legislature no later than January 10, 2011, and annually thereafter on the condition of the account described in paragraph (1), including expenditures, if any, from the account in the prior fiscal year and anticipated expenditures in the current and upcoming fiscal year. The agency shall submit an update to the report, to the required entities, containing any revisions or updates to the condition of the account or the anticipated expenditures therefrom, no later than May 15, 2011, and annually thereafter.”

BACKGROUND

California Environmental Protection Agency (Cal/EPA) has prepared this report pursuant to Chapter 718, Statutes of 2010 (SB 855), which amended Public Resources Code (PRC) Section 71305 regarding the Education and the Environment Initiative (EEI). PRC Section 71305 authorizes Cal/EPA to enter into an agreement with an external fiscal agent (as defined) for receipt of contributions supporting the implementation of EEI. The section specifies that the external fiscal agent must deposit such funds in a separate account created solely for the purposes of EEI, and may only disburse monies from the account at the direction of Cal/EPA. Additionally, the section requires Cal/EPA to report to the Legislature annually at the time of the Governor’s Budget, and again at the May Revise, on the condition of any account established by the external fiscal agent for the above purposes.

REPORT ON CONDITION OF THE ACCOUNT

This report is intended to fulfill the above requirement for May 15, 2011, and to notify the Legislature that Cal/EPA has not yet entered into an agreement with a fiscal agent, and, therefore, no account (as defined by PRC Section 71305) yet exists. Cal/EPA will seek responses to a contract bid package using the competitive process, and a contract package for this purpose is currently under development. Due to delays in this process, it is anticipated that the contract now will be available for bid in late Spring 2011, and Cal/EPA will provide an update on the status of the account on, or before, January, 2012 (as required by law).