

ASSEMBLY BILL

No. 1366

Introduced by Assembly Member Simitian

February 21, 2003

An act to amend Sections 47632 and 47635 of the Education Code, relating to education finance, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1366, as introduced, Simitian. Education finance.

Existing law defines “sponsoring local educational agency” for purposes of provisions governing charter schools.

This bill would include within that definition, only for the purpose of transferring amounts in lieu of property taxes and for pupils who reside in and are otherwise eligible to attend school in a basic aid school district, but who attend a charter school authorized by a nonbasic aid district or county office of education, the basic aid district, as defined.

Existing law requires a local educational agency that sponsors a charter school annually to transfer to each of its charter schools a prescribed amount of funding in lieu of funding available through property taxes and exempts from this requirement funding for pupils who reside in, and are otherwise eligible to attend a school in, a basic aid school district, but who attend a charter school in a nonbasic aid school district. Existing law requires the sponsoring basic aid school district to transfer to the charter school an amount of funds equivalent to the revenue limit earned through average daily attendance by the charter school for each pupil’s attendance, not to exceed the average property tax share per unit of average daily attendance for pupils residing and attending in the basic aid school district.

This bill would revise the manner in which the amount to be transferred by the sponsoring basic aid district to the charter school is determined according to specific formulas. The bill would declare that the intent of this revision is to increase the amount of property tax revenue retained by basic aid districts, and that any costs associated with the revision shall be offset by the increase.

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.

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

1 SECTION 1. Section 47632 of the Education Code is
2 amended to read:
3 47632. For purposes of this chapter, the following terms shall
4 be defined as follows:
5 (a) "General-purpose entitlement" means an amount
6 computed by formula set forth in Section 47633 beginning in the
7 1999–2000 fiscal year, which is based on the statewide average
8 amounts of ~~general-purpose~~ *general-purpose* funding from those
9 state and local sources identified in Section 47633 received by
10 school districts of similar type and serving similar pupil
11 populations.
12 (b) "Categorical block grant" means an amount computed by
13 the formula set forth in Section 47634 beginning in the 1999–2000
14 fiscal year, which is based on the statewide average amounts of
15 categorical aid from those sources identified in Section 47634
16 received by school districts of similar type and serving similar
17 pupil populations.
18 (c) "General-purpose funding" means those funds that consist
19 of state aid, local property taxes, and other revenues applied
20 toward a school district's revenue limit, pursuant to Section 42238.
21 (d) "Categorical aid" means aid that consists of state or
22 federally funded programs, or both, which are apportioned for
23 specific purposes set forth in statute or regulation.
24 (e) "Educationally disadvantaged pupils" means those pupils
25 who are eligible for subsidized meals pursuant to Section 49552
26 or are identified as English learners pursuant to subdivision (a) of
27 Section 306, or both.



1 (f) “Operational funding” means all funding except funding
2 for capital outlay.

3 (g) “School district of a similar type” means a school district
4 that is serving similar grade levels.

5 (h) “Similar pupil population” means similar numbers of
6 pupils by grade level, with a similar proportion of educationally
7 disadvantaged pupils.

8 (i) “Sponsoring local educational agency” means the
9 following:

10 (1) In the cases where a charter school is granted by a school
11 district, the sponsoring local educational agency is the school
12 district, *except as provided in paragraph (5)*.

13 (2) In cases where a charter is granted by a county office of
14 education after having been previously denied by a school district,
15 the sponsoring local educational agency means the school district
16 that initially denied the charter petition, *except as provided in*
17 *paragraph (5)*.

18 (3) In cases where a charter is granted by the State Board of
19 Education after having been previously denied by a local
20 educational agency, the sponsoring local educational agency
21 means the local educational agency designated by the State Board
22 of Education pursuant to paragraph (1) of subdivision (k) of
23 Section 47605 or if a local educational agency is not designated,
24 the local educational agency that initially denied the charter
25 petition, *except as provided in paragraph (5)*.

26 (4) For pupils attending county-sponsored charter schools who
27 are eligible to attend ~~such~~ *those* schools solely as a result of
28 parental request pursuant to subdivision (b) of Section 1981, the
29 sponsoring local ~~education agencies~~ *educational agency* means
30 the pupils’ school districts of residence, *except as provided in*
31 *paragraph (5)*.

32 (5) *For the sole purpose of transferring amounts in lieu of*
33 *property taxes as provided in Section 47635, for pupils who reside*
34 *in and are otherwise eligible to attend school in a basic aid school*
35 *district, but who attend a charter school authorized by a nonbasic*
36 *aid school district or county office of education, the sponsoring*
37 *local educational agency is the basic aid district.*

38 (j) *For purposes of this section, “basic aid school district”*
39 *means a school district that does not receive from the state, for any*



1 *fiscal year in which the subdivision is applied, an apportionment*
 2 *of state funds pursuant to subdivision (h) of Section 42238.*

3 SEC. 2. Section 47635 of the Education Code is amended to
 4 read:

5 47635. (a) A sponsoring local educational agency, *other*
 6 *than those defined in paragraph (5) of subdivision (i) of Section*
 7 *47632, shall annually transfer to each of its charter schools funding*
 8 *in lieu of property taxes equal to the lesser of the following two*
 9 *amounts:*

10 (1) The average amount of property taxes per unit of average
 11 daily attendance, including average daily attendance attributable
 12 to charter schools, received by the local educational agency,
 13 multiplied by the charter school's average daily attendance.

14 (2) The statewide average general-purpose funding per unit of
 15 average daily attendance received by school districts, as
 16 determined by the State Department of Education, multiplied by
 17 the charter school's average daily attendance in each of the four
 18 corresponding grade level ranges: kindergarten and grades 1, 2,
 19 and 3; grades 4, 5, and 6; grades 7 and 8; and grades 9 to 12,
 20 inclusive.

21 (b) *For the 2002–03 fiscal year, a sponsoring local educational*
 22 *agency, as defined in paragraph (5) of subdivision (i) of Section*
 23 *47632, shall annually transfer to each of its charter schools*
 24 *funding in lieu of property taxes equal to the lesser of the following*
 25 *two amounts:*

26 (1) *The average amount of property taxes per unit of average*
 27 *daily attendance, including average daily attendance attributable*
 28 *to charter schools, received by the local educational agency,*
 29 *multiplied by the charter school's average daily attendance,*
 30 *multiplied by 30 percent.*

31 (2) *The statewide average general-purpose funding per unit of*
 32 *average daily attendance received by school districts, as*
 33 *determined by the State Department of Education, multiplied by*
 34 *the charter school's average daily attendance in each of the four*
 35 *corresponding grade level ranges: kindergarten and grades 1, 2,*
 36 *and 3; grades 4, 5, and 6; grades 7 and 8; and grades 9 to 12,*
 37 *inclusive.*

38 (c) *For the 2003–04 fiscal year, a sponsoring local educational*
 39 *agency, as defined in paragraph (5) of subdivision (i) of Section*
 40 *47632, shall annually transfer to each of its charter schools*



1 *funding in lieu of property taxes equal to the lesser of the following*
2 *two amounts:*

3 (1) *The average amount of property taxes per unit of average*
4 *daily attendance, including average daily attendance attributable*
5 *to charter schools, received by the local educational agency,*
6 *multiplied by the charter school's average daily attendance,*
7 *multiplied by 50 percent.*

8 (2) *The statewide average general-purpose funding per unit of*
9 *average daily attendance received by school districts, as*
10 *determined by the State Department of Education, multiplied by*
11 *the charter school's average daily attendance in each of the four*
12 *corresponding grade level ranges: kindergarten and grades 1, 2,*
13 *and 3; grades 4, 5, and 6; grades 7 and 8; and grades 9 to 12,*
14 *inclusive.*

15 (d) *Commencing with the 2004–05 fiscal year, a sponsoring*
16 *local educational agency, as defined in paragraph (5) of*
17 *subdivision (i) of Section 47632, shall annually transfer to each of*
18 *its charter schools funding in lieu of property taxes equal to the*
19 *lesser of the following two amounts:*

20 (1) *The average amount of property taxes per unit of average*
21 *daily attendance, including average daily attendance attributable*
22 *to charter schools, received by the local educational agency,*
23 *multiplied by the charter school's average daily attendance,*
24 *multiplied by 70 percent.*

25 (2) *The statewide average general purpose funding per unit of*
26 *average daily attendance received by school districts, as*
27 *determined by the State Department of Education, multiplied by*
28 *the charter school's average daily attendance in each of the four*
29 *corresponding grade level ranges: kindergarten and grades 1, 2,*
30 *and 3; grades 4, 5, and 6; grades 7 and 8; and grades 9 to 12,*
31 *inclusive.*

32 (e) *The sponsoring local educational agency shall transfer*
33 *funding in lieu of property taxes to the charter school in monthly*
34 *installments, by no later than the 15th of each month.*

35 (1) *For the months of August to February, inclusive, a charter*
36 *school's funding in lieu of property taxes shall be computed based*
37 *on the amount of property taxes received by the sponsoring local*
38 *educational agency during the preceding fiscal year, as reported to*
39 *the Superintendent of Public Instruction for purposes of the second*
40 *principal apportionment. A sponsoring local educational agency*



1 shall transfer to the charter school the charter school's estimated
2 annual entitlement to funding in lieu of property taxes as follows:

3 (A) Six percent in August.

4 (B) Twelve percent in September.

5 (C) Eight percent each month in October, November,
6 December, January, and February.

7 (2) For the months of March to June, inclusive, a charter
8 school's funding in lieu of property taxes shall be computed based
9 on the amount of property taxes estimated to be received by the
10 sponsoring local educational agency during the fiscal year, as
11 reported to the Superintendent of Public Instruction for purposes
12 of the first principal apportionment. A sponsoring local
13 educational agency shall transfer to each of its charter schools an
14 amount equal to one-sixth of the difference between the school's
15 estimated annual entitlement to funding in lieu of property taxes
16 and the amounts provided pursuant to paragraph (1). An additional
17 one-sixth of this difference shall be included in the amount
18 transferred in the month of March.

19 (3) For the month of July, a charter school's funding in lieu of
20 property taxes shall be computed based on the amount of property
21 taxes estimated to be received by the sponsoring local educational
22 agency during the prior fiscal year, as reported to the
23 Superintendent of Public Instruction for purposes of the second
24 principal apportionment. A sponsoring local educational agency
25 shall transfer to each of its charter schools an amount equal to the
26 remaining difference between the school's estimated annual
27 entitlement to funding in lieu of property taxes and the amounts
28 provided pursuant to paragraphs (1) and (2).

29 (4) Final adjustments to the amount of funding in lieu of
30 property taxes allocated to a charter school shall be made in
31 February, in conjunction with the final reconciliation of annual
32 apportionments to schools.

33 ~~(5) Subdivision (a) and paragraphs (1) to (4), inclusive, of~~
34 ~~subdivision (b) do not apply for pupils who reside in, and are~~
35 ~~otherwise eligible to attend a school in, a basic aid school district,~~
36 ~~but who attend a charter school in a nonbasic aid school district.~~
37 ~~With regard to these pupils, the sponsoring basic aid district shall~~
38 ~~transfer to the charter school an amount of funds equivalent to the~~
39 ~~revenue limit earned through average daily attendance by the~~
40 ~~charter school for each pupil's attendance, not to exceed the~~



1 average property tax share per unit of average daily attendance for
2 pupils residing and attending in the basic aid district. The transfer
3 of funds shall be made in not fewer than two installments at the
4 request of the charter school, the first occurring not later than
5 February 1 and the second not later than June 1 of each school year.
6 Payments shall reflect the average daily attendance certified for
7 the time periods of the first and second principal apportionments,
8 respectively. The Superintendent of Public Instruction may not
9 apportion any funds for the attendance of pupils described in this
10 subdivision unless the amount transferred by the basic aid district
11 is less than the revenue limit earned by the charter school, in which
12 event the Superintendent of Public Instruction shall apportion the
13 difference to the charter school from state funds.

14 *(f) The Legislature finds and declares that the effect of*
15 *subdivisions (b), (c), and (d), are to increase the amount of*
16 *property tax revenue retained by basic aid districts. Thus, any costs*
17 *associated with subdivisions (b), (c), and (d), including any*
18 *reporting requirements necessary to implement this section, shall*
19 *be offset by that amount of increased property taxes.*

20 SEC. 3. This act is an urgency statute necessary for the
21 immediate preservation of the public peace, health, or safety
22 within the meaning of Article IV of the Constitution and shall go
23 into immediate effect. The facts constituting the necessity are:

24 In order to make the necessary statutory changes to implement
25 the Budget Act of 2002 at the earliest possible time, it is necessary
26 that this act take effect immediately.

