

AMENDED IN SENATE JUNE 26, 2003

AMENDED IN ASSEMBLY MAY 5, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1366**

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**Introduced by Assembly Member Simitian  
(Coauthor: Assembly Member Campbell)**

February 21, 2003

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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 amended, 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 in and attending the basic aid school district.

This bill would, commencing with the 2003–04 fiscal year, 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: <sup>2</sup>/<sub>3</sub>. 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 funding from those state and local
- 9 sources identified in Section 47633 received by school districts of
- 10 similar type and serving similar pupil populations.
- 11 (b) “Categorical block grant” means an amount computed by
- 12 the formula set forth in Section 47634 beginning in the 1999–2000
- 13 fiscal year, which is based on the statewide average amounts of
- 14 categorical aid from those sources identified in Section 47634
- 15 received by school districts of similar type and serving similar
- 16 pupil populations.
- 17 (c) “General-purpose funding” means those funds that consist
- 18 of state aid, local property taxes, and other revenues applied
- 19 toward a school district’s revenue limit, pursuant to Section 42238.



1 (d) “Categorical aid” means aid that consists of state or  
2 federally funded programs, or both, which are apportioned for  
3 specific purposes set forth in statute or regulation.

4 (e) “Educationally disadvantaged pupils” means those pupils  
5 who are eligible for subsidized meals pursuant to Section 49552  
6 or are identified as English learners pursuant to subdivision (a) of  
7 Section 306, or both.

8 (f) “Operational funding” means all funding except funding  
9 for capital outlay.

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

12 (h) “Similar pupil population” means similar numbers of  
13 pupils by grade level, with a similar proportion of educationally  
14 disadvantaged pupils.

15 (i) “Sponsoring local educational agency” means the  
16 following:

17 (1) In the cases where a charter school is granted by a school  
18 district, the sponsoring local educational agency is the school  
19 district, except as provided in paragraph (5).

20 (2) In cases where a charter is granted by a county office of  
21 education after having been previously denied by a school district,  
22 the sponsoring local educational agency means the school district  
23 that initially denied the charter petition, except as provided in  
24 paragraph (5).

25 (3) In cases where a charter is granted by the State Board of  
26 Education after having been previously denied by a local  
27 educational agency, the sponsoring local educational agency  
28 means the local educational agency designated by the State Board  
29 of Education pursuant to paragraph (1) of subdivision (k) of  
30 Section 47605 or if a local educational agency is not designated,  
31 the local educational agency that initially denied the charter  
32 petition, except as provided in paragraph (5).

33 (4) For pupils attending county-sponsored charter schools who  
34 are eligible to attend those schools solely as a result of parental  
35 request pursuant to subdivision (b) of Section 1981, the sponsoring  
36 local educational agency means the pupils’ school districts of  
37 residence, except as provided in paragraph (5).

38 (5) For the sole purpose of transferring amounts in lieu of  
39 property taxes as provided in Section 47635, for pupils who reside  
40 in and are otherwise eligible to attend school in a basic aid school



1 district, but who attend a charter school authorized by a nonbasic  
2 aid school district or county office of education, the sponsoring  
3 local educational agency is the basic aid district.

4 (j) For purposes of this section, “basic aid school district”  
5 means a school district that does not receive from the state, for any  
6 fiscal year in which the subdivision is applied, an apportionment  
7 of state funds pursuant to subdivision (h) of Section 42238.

8 SEC. 2. Section 47635 of the Education Code is amended to  
9 read:

10 47635. (a) A sponsoring local educational agency, other than  
11 those defined in paragraph (5) of subdivision (i) of Section 47632,  
12 shall annually transfer to each of its charter schools funding in lieu  
13 of property taxes equal to the lesser of the following two amounts:

14 (1) The average amount of property taxes per unit of average  
15 daily attendance, including average daily attendance attributable  
16 to charter schools, received by the local educational agency,  
17 multiplied by the charter school’s average daily attendance.

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

25 (b) For the 2003–04 fiscal year, a sponsoring local educational  
26 agency, as defined in paragraph (5) of subdivision (i) of Section  
27 47632, shall annually transfer to each of its charter schools funding  
28 in lieu of property taxes equal to the lesser of the following two  
29 amounts:

30 (1) The average amount of property taxes per unit of average  
31 daily attendance, including average daily attendance attributable  
32 to charter schools, received by the local educational agency,  
33 multiplied by the charter school’s average daily attendance,  
34 multiplied by 30 percent.

35 (2) The statewide average general-purpose funding per unit of  
36 average daily attendance received by school districts, as  
37 determined by the State Department of Education, multiplied by  
38 the charter school’s average daily attendance in each of the four  
39 corresponding grade level ranges: kindergarten and grades 1, 2,



1 and 3; grades 4, 5, and 6; grades 7 and 8; and grades 9 to 12,  
2 inclusive.

3 (c) For the 2004–05 fiscal year, a sponsoring local educational  
4 agency, as defined in paragraph (5) of subdivision (i) of Section  
5 47632, shall annually transfer to each of its charter schools funding  
6 in lieu of property taxes equal to the lesser of the following two  
7 amounts:

8 (1) The average amount of property taxes per unit of average  
9 daily attendance, including average daily attendance attributable  
10 to charter schools, received by the local educational agency,  
11 multiplied by the charter school’s average daily attendance,  
12 multiplied by 50 percent.

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

20 (d) Commencing with the 2005–06 fiscal year, a sponsoring  
21 local educational agency, as defined in paragraph (5) of  
22 subdivision (i) of Section 47632, shall annually transfer to each of  
23 its charter schools funding in lieu of property taxes equal to the  
24 lesser of the following two amounts:

25 (1) The average amount of property taxes per unit of average  
26 daily attendance, including average daily attendance attributable  
27 to charter schools, received by the local educational agency,  
28 multiplied by the charter school’s average daily attendance,  
29 multiplied by 70 percent.

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

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



1 (1) For the months of August to February, inclusive, a charter  
2 school's funding in lieu of property taxes shall be computed based  
3 on the amount of property taxes received by the sponsoring local  
4 educational agency during the preceding fiscal year, as reported to  
5 the Superintendent of Public Instruction for purposes of the second  
6 principal apportionment. A sponsoring local educational agency  
7 shall transfer to the charter school the charter school's estimated  
8 annual entitlement to funding in lieu of property taxes as follows:

9 (A) Six percent in August.

10 (B) Twelve percent in September.

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

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

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

35 (4) Final adjustments to the amount of funding in lieu of  
36 property taxes allocated to a charter school shall be made in  
37 February, in conjunction with the final reconciliation of annual  
38 apportionments to schools.

39 (f) The Legislature finds and declares that the effect of  
40 subdivisions (b), (c), and (d), are to increase the amount of



1 property tax revenue retained by basic aid districts. Thus, any costs  
2 associated with subdivisions (b), (c), and (d), including any  
3 reporting requirements necessary to implement this section, shall  
4 be offset by that amount of increased property taxes.

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

9 In order to ~~make the necessary statutory changes to implement~~  
10 ~~the Budget Act of 2002~~ *effect General Fund savings through*  
11 *formula for funding pupils who reside in basic aid districts, but*  
12 *attend charter schools authorized by a nonbasic aid school district*  
13 at the earliest possible time, it is necessary that this act take effect  
14 immediately.

