

ASSEMBLY BILL

No. 2178

Introduced by Assembly Members Simitian and Daucher

(Coauthors: Assembly Members Aghazarian, Bates, Benoit, Bermudez, Calderon, Canciamilla, Chavez, Cogdill, Cohn, Corbett, Correa, Diaz, Dutra, Dutton, Frommer, Haynes, Shirley Horton, Houston, Jackson, Keene, La Suer, Laird, Lieber, Liu, Lowenthal, Maddox, Maldonado, Matthews, Maze, Mountjoy, Mullin, Nakano, Nation, Negrete McLeod, Pacheco, Parra, Pavley, Plescia, Runner, Salinas, Spitzer, Wiggins, Wolk, Wyland, and Yee)

(Coauthors: Senators Poochigian and Speier)

February 18, 2004

An act to amend Sections 42238 and 42238.44 of, and to repeal Section 42238.46 of, the Education Code, and to amend Section 42 of Chapter 1167 of the Statutes of 2002, relating to education finance, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 2178, as introduced, Simitian. Equalization funding.

Existing law provides 2 revenue limit equalization adjustments for each school district for the 2003–04 fiscal year.

This bill would repeal one of those equalization adjustments, and would make the remaining equalization adjustment apply for the 2004–05 fiscal year. The bill would appropriate \$110,000,000 from the General Fund to the Superintendent of Public Instruction for the 2004–05 fiscal year for purposes of the remaining equalization adjustment. The bill would also appropriate \$80,000,000 to the

Chancellor of the California Community Colleges for purposes of equalization.

The bill would require the appropriation to be included in the amounts appropriated by the state in the 2004–05 fiscal year for purposes of meeting the state’s minimum funding obligation to school districts and community college districts under Section 8 of Article XVI of the California Constitution for that fiscal year.

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

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

- 1 SECTION 1. Section 42238 of the Education Code is
- 2 amended to read:
- 3 42238. (a) For the 1984–85 fiscal year and each fiscal year
- 4 thereafter, the county superintendent of schools shall determine a
- 5 revenue limit for each school district in the county pursuant to this
- 6 section.
- 7 (b) The base revenue limit for ~~the current~~ a fiscal year shall be
- 8 determined by adding to the base revenue limit for the prior fiscal
- 9 year the following amounts:
- 10 (1) The inflation adjustment specified in Section 42238.1.
- 11 (2) For the 1995–96 fiscal year, the equalization adjustment
- 12 specified in Section 42238.4.
- 13 (3) For the 1996–97 fiscal year, the equalization adjustments
- 14 specified in Sections 42238.41, 42238.42, and 42238.43.
- 15 (4) For the 1985–86 fiscal year, the amount received per unit
- 16 of average daily attendance in the 1984–85 fiscal year pursuant to
- 17 Section 42238.7.
- 18 (5) For the 1985–86, 1986–87, and 1987–88 fiscal years, the
- 19 amount per unit of average daily attendance received in the prior
- 20 fiscal year pursuant to Section 42238.8.
- 21 (6) For the ~~2003–04~~ 2004–05 fiscal year, the equalization
- 22 ~~adjustments~~ adjustment specified in ~~Sections~~ Section 42238.44
- 23 ~~and 42238.46~~.
- 24 (c) Except for districts subject to subdivision (d), the base
- 25 revenue limit computed pursuant to subdivision (b) shall be
- 26 multiplied by the district average daily attendance computed
- 27 pursuant to Section 42238.5.



1 (d) (1) For districts for which the number of units of average
2 daily attendance determined pursuant to Section 42238.5 is greater
3 for the current fiscal year than for the 1982–83 fiscal year, compute
4 the following amount, in lieu of the amount computed pursuant to
5 subdivision (c):

6 (A) Multiply the base revenue limit computed pursuant to
7 subdivision (c) by the average daily attendance computed pursuant
8 to Section 42238.5 for the 1982–83 fiscal year.

9 (B) Multiply the lesser of the amount in subdivision (c) or 1.05
10 times the statewide average base revenue limit per unit of average
11 daily attendance for districts of similar type for the current fiscal
12 year by the difference between the average daily attendance
13 computed pursuant to Section 42238.5 for the current and
14 1982–83 fiscal years.

15 (C) Add the amounts in subparagraphs (A) and (B).

16 (2) This subdivision shall become inoperative on July 1, 1998.

17 (e) For districts electing to compute units of average daily
18 attendance pursuant to paragraph ~~(3)~~ (2) of subdivision (a) of
19 Section 42238.5, the amount computed pursuant to Article 4
20 (commencing with Section 42280) shall be added to the amount
21 computed in subdivision (c) or (d), as appropriate.

22 (f) For the 1984–85 fiscal year only, the county superintendent
23 shall reduce the total revenue limit computed in this section by the
24 amount of the decreased employer contributions to the Public
25 Employees’ Retirement System resulting from enactment of
26 Chapter 330 of the Statutes of 1982, offset by any increase in those
27 contributions, as of the 1983–84 fiscal year, resulting from
28 subsequent changes in employer contribution rates.

29 (g) The reduction required by subdivision (f) shall be
30 calculated as follows:

31 (1) Determine the amount of employer contributions that
32 would have been made in the 1983–84 fiscal year if the applicable
33 Public Employees’ Retirement System employer contribution rate
34 in effect immediately prior to the enactment of Chapter 330 of the
35 Statutes of 1982 ~~were~~ was in effect during the 1983–84 fiscal year.

36 (2) Subtract from the amount determined in paragraph (1) the
37 greater of subparagraph (A) or (B):

38 (A) The amount of employer contributions that would have
39 been made in the 1983–84 fiscal year if the applicable Public
40 Employees’ Retirement System employer contribution rate in



1 effect immediately after the enactment of Chapter 330 of the
2 Statutes of 1982 ~~were~~ *was* in effect during the 1983–84 fiscal year.

3 (B) The actual amount of employer contributions made to the
4 Public Employees’ Retirement System in the 1983–84 fiscal year.

5 (3) For purposes of this subdivision, employer contributions to
6 the Public Employees’ Retirement System for ~~any~~ *either* of the
7 following shall be excluded from the calculation specified above:

8 (A) Positions supported totally by federal funds that were
9 subject to supplanting restrictions.

10 ~~(B) Positions supported by funds received pursuant to Section
11 42243.6.~~

12 ~~(C)~~ Positions supported, to the extent of employer
13 contributions not exceeding twenty-five thousand dollars
14 (\$25,000) by any single educational agency, from a revenue source
15 determined on the basis of equity to be properly excludable from
16 the provisions of this subdivision by the Superintendent of Public
17 Instruction with the approval of the Director of Finance.

18 (4) For accounting purposes, the reduction made by this
19 subdivision may be reflected as an expenditure from appropriate
20 sources of revenue as directed by the Superintendent of Public
21 Instruction.

22 (h) The Superintendent of Public Instruction shall apportion to
23 each school district the amount determined in this section less the
24 sum of:

25 (1) The district’s property tax revenue received pursuant to
26 ~~Chapter 3 (commencing with Section 75) and Chapter 6~~
27 (commencing with Section 95) of Part 0.5 of the Revenue and
28 Taxation Code.

29 (2) The amount, if any, received pursuant to Part 18.5
30 (commencing with Section 38101) of the Revenue and Taxation
31 Code.

32 (3) The amount, if any, received pursuant to Chapter 3
33 (commencing with Section 16140) of the Government Code.

34 (4) Prior years’ taxes and taxes on the unsecured roll.

35 (5) Fifty percent of the amount received pursuant to Section
36 41603.

37 ~~(6) The amount of motor vehicle license fees distributed
38 pursuant to Section 11003.4 of the Revenue and Taxation Code.~~

39 ~~(7)~~ The amount, if any, received pursuant to ~~any provision of~~
40 the Community Redevelopment Law (Part 1 (commencing with



1 Section 33000) of Division 24 of the Health and Safety Code),
 2 except for any amount received pursuant to Section 33401 or
 3 33676 of the Health and Safety Code that is used for land
 4 acquisition, facility construction, reconstruction, or remodeling,
 5 or deferred maintenance, except for any amount received pursuant
 6 to Section 33492.15, paragraph (4) of subdivision (a) of Section
 7 33607.5, or Section 33607.7 of the Health and Safety Code that is
 8 allocated exclusively for educational facilities.

9 ~~(8)~~

10 (7) For a unified school district, other than a unified school
 11 district that has converted all of its schools to charter status
 12 pursuant to Section 47606, the amount of statewide average
 13 general-purpose funding per unit of average daily attendance
 14 received by school districts for each of four grade level ranges, as
 15 computed by the ~~State Department of Education~~ *department*
 16 pursuant to Section 47633, multiplied by the average daily
 17 attendance, in corresponding grade level ranges, of any pupils who
 18 attend charter schools funded pursuant to Chapter 6 (commencing
 19 with Section 47630) of Part 26.8 for which the district is the
 20 sponsoring local educational agency, as defined in Section 47632,
 21 and who reside in and would otherwise have been eligible to attend
 22 a noncharter school of the district.

23 (i) ~~No~~ A transfer of seventh and eighth grade pupils between an
 24 elementary school district and a high school district shall *not* result
 25 in the receiving district receiving a revenue limit apportionment
 26 for those pupils that exceeds 105 percent of the statewide average
 27 revenue limit for the type and size of the receiving school district.

28 SEC. 2. Section 42238.44 of the Education Code is amended
 29 to read:

30 42238.44. (a) This section shall be known and may be cited
 31 as, the Fairness in Education Funding Act.

32 (b) (1) For the ~~2003-04~~ *2004-05* fiscal year, the
 33 Superintendent of Public Instruction shall compute an
 34 equalization adjustment for each school district, so that ~~no~~
 35 ~~district's~~ ~~2002-03~~ *the 2003-04* base revenue limit per unit of
 36 average daily attendance *of a district* is *not* less than the ~~2002-03~~
 37 ~~2003-04~~ base revenue limit per unit of average daily attendance
 38 above which fall not more than 10 percent of the total statewide
 39 units of average daily attendance for each category of school
 40 district set forth in subdivision (c).



1 (2) For purposes of this section, the district base revenue limit
2 and the statewide average base revenue limit shall not include any
3 amounts attributable to Section 45023.4, 46200, or 46201.

4 (c) Subdivision (b) shall apply to the following school districts,
5 which shall be grouped according to size and type as follows:

District	ADA
8 Elementary	less than 101
9 Elementary	more than 100
10 High School	less than 301
11 High School	more than 300
12 Unified	less than 1,501
13 Unified	more than 1,500

14
15 (d) The Superintendent of Public Instruction shall compute a
16 revenue limit equalization adjustment for each school district's
17 base revenue limit per unit of average daily attendance as follows:

18 (1) Multiply the amount computed for each school district
19 pursuant to subdivision (b) by the average daily attendance used
20 to calculate the ~~district's~~ revenue limit for the ~~2003-04~~ 2004-05
21 fiscal year *of a district*.

22 (2) Divide the amount appropriated for purposes of this section
23 for the ~~2003-04~~ 2004-05 fiscal year by the statewide sum of the
24 amount computed pursuant to paragraph (1).

25 (3) Multiply the amount computed for the school district
26 pursuant to paragraph (1) of subdivision (b) by the amount
27 computed pursuant to paragraph (2).

28 (e) (1) For the purposes of this section, the ~~2002-03~~ 2003-04
29 statewide 90th percentile base revenue limit determined pursuant
30 to paragraph (1) of subdivision (b), and the fraction computed
31 pursuant to paragraph (2) of subdivision (d) for the ~~2002-03~~
32 2003-04 second principal apportionment, shall be final, and shall
33 not be recalculated at subsequent apportionments. The fraction
34 computed pursuant to paragraph (2) of subdivision (d) shall not,
35 under any circumstances, exceed 1.00. For purposes of
36 determining the size of a school district pursuant to subdivision
37 (c), county superintendents of schools, in conjunction with the
38 Superintendent of Public Instruction, shall use school district
39 revenue limit average daily attendance for the ~~2002-03~~ 2003-04



1 fiscal year as determined pursuant to Section 42238.5 and Article
2 4 (commencing with Section 42280).

3 (2) For the purposes of calculating the size of a school district
4 pursuant to subdivision (c), the Superintendent of Public
5 Instruction shall include units of average daily attendance of any
6 charter school for which the school district is the chartering
7 agency.

8 (3) For the purposes of computing the target amounts pursuant
9 to subdivision (b), the Superintendent of Public Instruction shall
10 count all charter school average daily attendance toward the
11 average daily attendance of the school district that is the chartering
12 agency.

13 SEC. 3. Section 42238.46 of the Education Code is repealed.
14 ~~42238.46. (a) For the 2003-04 fiscal year, the~~
15 ~~Superintendent of Public Instruction shall compute an~~
16 ~~equalization adjustment for each school district so that no district's~~
17 ~~2002-03 adjusted base revenue limit per unit of average daily~~
18 ~~attendance is less than the 2002-03 fiscal year adjusted base~~
19 ~~revenue limit above which fall not more than 8.25 percent of the~~
20 ~~total statewide units of average daily attendance for the~~
21 ~~appropriate size and type of district listed in subdivision (b).~~

22 ~~For purposes of this section, the district adjusted base revenue~~
23 ~~limit and the statewide average adjusted base revenue limit may~~
24 ~~not include any amounts attributable to Section 45023.4, 46200,~~
25 ~~or 46201.~~

26 ~~(b) Subdivision (a) applies to the following school districts,~~
27 ~~which shall be grouped according to size and type as follows:~~

—District	ADA—
Elementary	less than 101
Elementary	more than 100
High School	less than 301
High School	more than 300
Unified	less than 1,501
Unified	more than 1,500

36
37 ~~(c) The Superintendent of Public Instruction shall compute a~~
38 ~~revenue limit equalization adjustment for each school district's~~
39 ~~adjusted base revenue limit per unit of average daily attendance as~~
40 ~~follows:~~



1 ~~(1) Add the products of the amount computed for each school~~
2 ~~district by the county superintendent pursuant to subdivision (a)~~
3 ~~and the average daily attendance used to calculate the district's~~
4 ~~revenue limit for the current fiscal year.~~

5 ~~(2) Divide the amount appropriated for purposes of this section~~
6 ~~for the current fiscal year by the amount computed pursuant to~~
7 ~~paragraph (1).~~

8 ~~(3) Multiply the amount computed for the school district~~
9 ~~pursuant to subdivision (a) by the amount computed pursuant to~~
10 ~~paragraph (2).~~

11 ~~(d) (1) For purposes of this section only, prior to computing~~
12 ~~the equalization adjustment pursuant to this section, the~~
13 ~~Superintendent of Public Instruction shall calculate an adjusted~~
14 ~~base revenue limit for each district by revising the 2002-03 base~~
15 ~~revenue limit of the district to eliminate that portion of the~~
16 ~~one-time adjustment to its base revenue limit related to excused~~
17 ~~absences made pursuant to Section 42238.8.~~

18 ~~(2) For the purposes of this section, the 2002-03 statewide~~
19 ~~average adjusted base revenue limits determined for the purposes~~
20 ~~of subdivision (a) and the fraction computed pursuant to paragraph~~
21 ~~(2) of subdivision (c) by the Superintendent of Public Instruction~~
22 ~~for the 2002-03 second principal apportionment shall be final, and~~
23 ~~shall not be recalculated at subsequent apportionments. In no event~~
24 ~~shall the fraction computed pursuant to paragraph (2) of~~
25 ~~subdivision (c) exceed 1.00. For the purposes of determining the~~
26 ~~size of a district used in subdivision (b), county superintendents of~~
27 ~~schools, in conjunction with the Superintendent of Public~~
28 ~~Instruction, shall use a school district's revenue limit average daily~~
29 ~~attendance for the 2002-03 fiscal year as determined pursuant to~~
30 ~~Section 42238.5 and Article 4 (commencing with Section 42280).~~

31 ~~(3) For the purposes of calculating the size of a school district~~
32 ~~pursuant to subdivision (b), the Superintendent of Public~~
33 ~~Instruction shall include units of average daily attendance of any~~
34 ~~charter school for which the school district is the chartering~~
35 ~~agency.~~

36 ~~(4) For the purposes of computing the target amounts pursuant~~
37 ~~to subdivision (a), the Superintendent of Public Instruction shall~~
38 ~~count all charter school average daily attendance towards the~~
39 ~~average daily attendance of the school district that is the chartering~~
40 ~~agency.~~



1 SEC. 4. Section 42 of Chapter 1167 of the Statutes of 2002 is
2 amended to read:

3 Sec. 42. (a) If the appropriation in the 2002–03 fiscal year for
4 purposes of Section 42238.445 of the Education Code pursuant to
5 Provision 2 of Item 6110-223-0001 of Section 2.00 of the Budget
6 Act of 2002 (Chapter 379, Statutes of 2002) is insufficient to
7 provide funding equal to the amount computed pursuant to Section
8 42238.445 of the Education Code, the amount appropriated shall
9 be allocated to school districts on a pro rata basis.

10 (b) If the appropriation in the 2003–04 fiscal year for purposes
11 of Section 42238.44 of the Education Code is insufficient to
12 provide funding equal to the amount computed pursuant to Section
13 42238.44 of the Education Code, the amount appropriated shall be
14 allocated to school districts on a pro rata basis.

15 ~~(c) If the appropriation in the 2003–04 fiscal year for purposes~~
16 ~~of Section 42238.46 of the Education Code is insufficient to~~
17 ~~provide funding equal to the amount computed pursuant to Section~~
18 ~~42238.46 of the Education Code, the amount appropriated shall be~~
19 ~~allocated to school districts on a pro rata basis.~~

20 SEC. 5. (a) The amount of one hundred ten million dollars
21 (\$110,000,000) is hereby appropriated from the General Fund to
22 the Superintendent of Public Instruction for the 2004–05 fiscal
23 year for the purposes of Section 42238.44 of the Education Code,
24 to be allocated to school districts on a prorata basis.

25 (b) The amount of eighty million dollars (\$80,000,000) is
26 hereby appropriated from the General Fund to the Chancellor of
27 the California Community Colleges for the 2004–05 fiscal year for
28 the purpose of equalization.

29 (c) For purposes of making the computations required by
30 Section 8 of Article XVI of the California Constitution, the
31 appropriation made by subdivisions (a) and (b) shall be deemed to
32 be “General Fund revenues appropriated to school districts,” as
33 defined in subdivision (c) of Section 41202 of the Education Code
34 for the 2004–05 fiscal year and be included within the “total
35 allocations to school districts and community college districts
36 from General Fund proceeds of taxes appropriated pursuant to
37 Article XVII B,” as defined in subdivision (e) of Section 41202
38 of the Education Code for the 2004–05 fiscal year.

O

