

ASSEMBLY BILL

No. 740

Introduced by Assembly Member Huff

February 17, 2005

An act to repeal and add Section 47634.5 of, and to repeal Section 47634 of, the Education Code, relating to charter schools.

LEGISLATIVE COUNSEL'S DIGEST

AB 740, as introduced, Huff. Charter schools.

Existing law requires the Superintendent annually to compute a categorical block grant amount for each charter school, as specified. Existing law requires the Director of Finance to make certain computations annually regarding charter school block grant funding and to provide that information to the Superintendent within 30 days of the enactment of the annual Budget Act.

This bill would repeal those provisions of existing law. The bill would establish, for the 2005-06 fiscal year, and for the 2006-07 fiscal year and thereafter, a different method for calculating the categorical block grant for charter schools.

This bill would require the State Department of Education, in any fiscal year in which the it identifies a deficiency in the Charter School Categorical Block Grant, to identify programs that are funded that will have unobligated funds for the year and the associated balances available. The bill would require the department, on or before July 1, to provide the Department of Finance with a list of those programs and their available balances, and the amount of the deficiency, if any, in the Charter School Categorical Block Grant. The bill would require the Director of Finance, within 45 days of the receipt of a notification of deficiency, to verify the amount of the deficiency in the Charter School Categorical Block Grant and would authorize the Director of

Finance to direct the Controller to transfer from those programs to the Charter School Categorical Block Grant an amount equal to the lesser of the amount available or the amount needed to fully fund the Charter School Categorical Block Grant. The bill would require the Department of Finance to notify the Joint Legislative Budget Committee within 30 days of any transfer made pursuant to its provisions.

Vote: majority. 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 47634 of the Education Code is
 2 repealed.
 3 ~~47634. The Superintendent of Public Instruction shall~~
 4 ~~annually compute a categorical block grant amount for each~~
 5 ~~charter school as follows:~~
 6 ~~(a) The superintendent shall compute, as of June 30, 1999, the~~
 7 ~~estimated statewide average amount of funding for other state~~
 8 ~~categorical aid per unit of average daily attendance received by~~
 9 ~~school districts in 1998–99, for each of four grade level ranges:~~
 10 ~~kindergarten and grades 1, 2, and 3; grades 4, 5, and 6; grades 7~~
 11 ~~and 8; and grades 9 to 12, inclusive. For purposes of this~~
 12 ~~computation, other state categorical aid is limited to the~~
 13 ~~following programs:~~
 14 ~~(1) The Agricultural Vocational Education Incentive Program,~~
 15 ~~as set forth in Article 7.5 (commencing with Section 52460) of~~
 16 ~~Chapter 9 of Part 28.~~
 17 ~~(2) Apprentice education established pursuant to Article 8~~
 18 ~~(commencing with Section 8150) of Chapter 1 of Part 6.~~
 19 ~~(3) The Beginning Teacher Support and Assessment System as~~
 20 ~~set forth in Article 4.5 (commencing with Section 44279.1) of~~
 21 ~~Chapter 2 of Part 25.~~
 22 ~~(4) College preparation programs as set forth in Chapter 8~~
 23 ~~(commencing with Section 60830) of Part 33, the Academic~~
 24 ~~Improvement and Achievement Act as set forth in Chapter 12~~
 25 ~~(commencing with Section 11020) of Part 7, and the advanced~~
 26 ~~placement program as set forth in Chapter 8.3 (commencing with~~
 27 ~~Section 52240) of Part 28.~~

- 1 ~~(5) Community day schools as set forth in Article 3~~
2 ~~(commencing with Section 48660) of Chapter 4 of Part 27.~~
- 3 ~~(6) The Instructional Time and Staff Development Reform~~
4 ~~Program, as set forth in Article 7.5 (commencing with Section~~
5 ~~44579) of Chapter 3 of Part 25.~~
- 6 ~~(7) The School-Based Pupil Motivation and Maintenance~~
7 ~~Program and Dropout Recovery Act, as set forth in Article 7~~
8 ~~(commencing with Section 54720) of Chapter 9 of Part 29.~~
- 9 ~~(8) The Early Intervention for School Success Program, as set~~
10 ~~forth in Article 4.5 (commencing with Section 54685) of Chapter~~
11 ~~9 of Part 29.~~
- 12 ~~(9) Education Technology pursuant to Article 15~~
13 ~~(commencing with Section 51870.5) of Chapter 5 of Part 28.~~
- 14 ~~(10) Foster youth programs pursuant to Chapter 11.3~~
15 ~~(commencing with Section 42920) of Part 24.~~
- 16 ~~(11) Gifted and talented pupil programs pursuant to Chapter 8~~
17 ~~(commencing with Section 52200) of Part 28.~~
- 18 ~~(12) The Healthy Start Support Services for Children Act, as~~
19 ~~set forth in Chapter 5 (commencing with Section 8800) of Part 6.~~
- 20 ~~(13) High-Risk First-Time Offenders Program pursuant to~~
21 ~~Chapter 2 (commencing with Section 47760) of Part 26.95.~~
- 22 ~~(14) The General Fund contribution to the State Instructional~~
23 ~~Material Fund pursuant to Article 3 (commencing with Section~~
24 ~~60240) of Chapter 2 of Part 33.~~
- 25 ~~(15) Intersegmental programs for kindergarten and grades 1 to~~
26 ~~12, inclusive, funded by Item 6110-230-0001 of Section 2.00 of~~
27 ~~the Budget Act of 1998.~~
- 28 ~~(16) Proposition 98 educational programs pursuant to Item~~
29 ~~6110-231-0001 of Section 2.00 of the Budget Act of 1998.~~
- 30 ~~(17) The California Mentor Teacher Program, as set forth in~~
31 ~~Section 44253.6.~~
- 32 ~~(18) The Miller-Unruh Basic Reading Act of 1965, as set forth~~
33 ~~in Chapter 2 (commencing with Section 54100) of Part 29.~~
- 34 ~~(19) The Morgan-Hart Class Size Reduction Act of 1989, as~~
35 ~~set forth in Chapter 6.8 (commencing with Section 52080) of Part~~
36 ~~28.~~
- 37 ~~(20) Opportunity schools pursuant to Article 2 (commencing~~
38 ~~with Section 48630) of Chapter 4 of Part 27.~~
- 39 ~~(21) Partnership academies pursuant to Article 5 (commencing~~
40 ~~with Section 54690) of Chapter 9 of Part 29.~~

- 1 ~~(22) Mathematics staff development pursuant to Chapter 3.25~~
2 ~~(commencing with Section 44695) and Chapter 3.33~~
3 ~~(commencing with Section 44720) of Part 25.~~
4 ~~(23) Improvement of elementary and secondary education~~
5 ~~pursuant to Chapter 6 (commencing with Section 52000) of Part~~
6 ~~28.~~
7 ~~(24) The School Community Policing Partnership Act of 1998,~~
8 ~~as set forth in Article 6 (commencing with Section 32296) of~~
9 ~~Chapter 2.5 of Part 19.~~
10 ~~(25) The School/Law Enforcement partnership funded by Item~~
11 ~~6110-226-0001 of Section 2.00 of the Budget Act of 1998.~~
12 ~~(26) Specialized secondary schools pursuant to Chapter 6~~
13 ~~(commencing with Section 58800) of Part 31.~~
14 ~~(27) School personnel staff development and resource centers~~
15 ~~pursuant to Chapter 3.1 (commencing with Section 44670) of~~
16 ~~Part 25.~~
17 ~~(28) Supplemental grant funding, not otherwise included in the~~
18 ~~programs described above, provided by Item 6110-230-0001 of~~
19 ~~Section 2.00 of the Budget Act of 1998.~~
20 ~~(29) Academic progress and counseling review pursuant to~~
21 ~~Section 48431.6.~~
22 ~~(30) The Schiff-Bustamante Standards-Based Instructional~~
23 ~~Materials Program as set forth in Chapter 3.5 (commencing with~~
24 ~~Section 60450) of Part 33.~~
25 ~~(31) The Elementary School Intensive Reading Program, as~~
26 ~~set forth in Chapter 16 (commencing with Section 53025) of Part~~
27 ~~28.~~
28 ~~(32) The California Public School Library Protection Act, as~~
29 ~~set forth in Article 6 (commencing with Section 18175) of~~
30 ~~Chapter 2 of Part 11.~~
31 ~~(33) The California Peer Assistance and Review Program for~~
32 ~~Teachers, as set forth in Article 4.5 (commencing with Section~~
33 ~~44500) of Chapter 3 of Part 25.~~
34 ~~(34) The State Instructional Materials Fund, as set forth in~~
35 ~~Article 3 (commencing with Section 60240) of Chapter 2 of Part~~
36 ~~33.~~
37 ~~(35) The Instructional Materials Funding Realignment~~
38 ~~Program, as set forth in Chapter 3.25 (commencing with Section~~
39 ~~60420) of Part 33.~~

1 ~~(36) Mathematics and Reading Professional Development~~
2 ~~Program, as set forth in Article 3 (commencing with Section~~
3 ~~99230) of Chapter 5 of Part 65.~~

4 ~~Notwithstanding any other provision of law, charter schools~~
5 ~~that have received a block grant pursuant to this section are not~~
6 ~~eligible to receive separate funding for programs enumerated in~~
7 ~~this subdivision or any other state categorical aid programs~~
8 ~~established on or after July 1, 1999, that are included in the~~
9 ~~calculation made pursuant to this subdivision and for which~~
10 ~~charter schools are not required to apply separately.~~

11 ~~(b) For purposes of the computation prescribed by subdivision~~
12 ~~(a), other state categorical aid may not include any of the~~
13 ~~following:~~

14 ~~(1) Programs for which a charter school is required to apply~~
15 ~~separately.~~

16 ~~(2) Programs that support, or are provided in lieu of, capital~~
17 ~~expenses.~~

18 ~~(3) Funding for court-ordered or voluntary desegregation~~
19 ~~programs.~~

20 ~~(4) Special education programs.~~

21 ~~(5) Economic Impact Aid.~~

22 ~~(6) Lottery funds.~~

23 ~~(c) The superintendent shall annually adjust each of the~~
24 ~~amounts computed pursuant to subdivision (a) to reflect~~
25 ~~programs that existed on or after July 1, 1999, or their~~
26 ~~successors, that are subsequently included in or deleted from the~~
27 ~~categorical block grant. The Director of Finance shall annually~~
28 ~~recalculate the cumulative percentage change required pursuant~~
29 ~~to subdivision (c) of Section 47634.5 by adjusting the base year~~
30 ~~and the budget year figures to reflect those program shifts.~~

31 ~~(d) The superintendent shall annually adjust each of the~~
32 ~~resulting four amounts computed pursuant to subdivision (a) by~~
33 ~~the cumulative percentage change from the 1998-99 fiscal year,~~
34 ~~as annually calculated by the Director of Finance pursuant to~~
35 ~~Section 47634.5, in the total amount of state funding per unit of~~
36 ~~average daily attendance received by local educational agencies~~
37 ~~maintaining kindergarten or any of grades 1 to 12, inclusive, for~~
38 ~~purposes that apply toward meeting the requirements of Section~~
39 ~~8 of Article XVI of the California Constitution, exclusive of~~
40 ~~funding for adult education, child development programs, special~~

1 education, Economic Impact Aid, revenue limits for school
2 districts and county offices of education, and programs for which
3 a charter school is required to apply separately. Programs for
4 which charter schools are required to apply separately are
5 programs that expressly authorize or require a charter school to
6 apply for funding.

7 (e) The superintendent shall multiply each of the four amounts
8 computed in subdivision (d) by the charter school's average daily
9 attendance in the corresponding grade level ranges.

10 (f) The superintendent shall compute the statewide average
11 amount of funding per identified educationally disadvantaged
12 pupil received by school districts in the current year pursuant to
13 Article 2 (commencing with Section 54020) of Chapter 1 of Part
14 29. This amount shall be multiplied by the number of
15 educationally disadvantaged pupils enrolled in the charter school.
16 The resulting amount, if greater than zero, may not be less than
17 the minimum amount of Economic Impact Aid funding to which
18 a school district of similar size would be entitled pursuant to
19 Section 54031. For purposes of this subdivision, a pupil who is
20 eligible for subsidized meals pursuant to Section 49552 and is
21 identified as an English language learner pursuant to subdivision
22 (a) of Section 306 shall count as two pupils.

23 (g) The superintendent shall add the amounts computed in
24 subdivisions (c) and (f). The resulting amount shall be the charter
25 school's categorical block grant that the superintendent shall
26 apportion to each charter school from funds appropriated for this
27 purpose in the annual Budget Act or another statute.

28 (h) Notwithstanding any other provision of law, a charter
29 school is not eligible to apply for funding under any of the
30 programs the funding of which is included in the computation of
31 the categorical block grant. The Superintendent of Public
32 Instruction shall annually provide each charter school with a list
33 of these programs and shall ensure that a charter school receives
34 timely notification of the opportunity to apply for programs
35 administered by the State Department of Education that are
36 excluded from the categorical block grant.

37 (i) It is the intent of the Legislature to fully fund the
38 categorical block grant and to appropriate additional funding that
39 may be needed in order to compensate for unanticipated
40 increases in average daily attendance in charter schools. In any

1 fiscal year in which the department identifies a deficiency in the
2 Charter School Categorical Block Grant, the department shall
3 identify programs that are funded toward meeting the
4 requirements of Section 8 of Article XVI of the California
5 Constitution that will have unobligated funds for the year and the
6 associated balances available. At the second principal
7 apportionment, the department shall provide the Department of
8 Finance with a list of those programs and their available
9 balances, and the amount of the deficiency in the Charter School
10 Categorical Block Grant. The Director of Finance shall verify the
11 amount of the deficiency in the Charter School Categorical Block
12 Grant and direct the Controller to transfer from those programs to
13 the Charter School Categorical Block Grant an amount equal to
14 the lesser of the amount available or the amount needed to fully
15 fund the Charter School Categorical Block Grant. The
16 Department of Finance shall request the transfer on or before
17 July 1 and notify the Joint Legislative Budget Committee within
18 45 days of the transfer.

19 (j) Categorical block grant funding may be used for any
20 purpose determined by the governing body of the charter school.

21 SEC. 2. Section 47634 is added to the Education Code, to
22 read:

23 47634. (a) For the 2005-06 fiscal year, a categorical block
24 grant for charter schools shall be calculated as follows:

25 (1) The Superintendent shall divide the total amount of
26 funding appropriated for the purpose of this block grant through
27 the annual Budget Act or another statute, less the amount
28 calculated in paragraph (2), by the statewide total of charter
29 school average daily attendance as determined at the second
30 principal apportionment.

31 (2) The Superintendent shall compute the statewide average
32 amount of funding per identified educationally disadvantaged
33 pupil received by school districts in the current year pursuant to
34 Article 2 (commencing with Section 54020) of Chapter 1 of Part
35 29. This amount shall be multiplied by the number of
36 educationally disadvantaged pupils enrolled in the charter school.
37 For purposes of this subdivision, a pupil who is eligible for
38 subsidized meals pursuant to Section 49552 and is identified as
39 an English learner pursuant to subdivision (a) of Section 306
40 shall count as two pupils.

1 (3) For each charter school, the Superintendent shall multiply
2 the amount calculated in paragraph (1) by the school's average
3 daily attendance as determined at the second principal
4 apportionment.

5 (4) The Superintendent shall add the amounts computed in
6 paragraphs (1) and (2). The resulting amount shall be the charter
7 school's categorical block grant that the Superintendent shall
8 apportion to each charter school from funds appropriated for this
9 purpose in the annual Budget Act or another statute.

10 (b) For the 2006-07 fiscal year and each fiscal year thereafter,
11 a categorical block grant for charter schools shall be calculated as
12 follows:

13 (1) The amounts appropriated for the purposes of paragraph (1)
14 of subdivision (a) shall be increased annually by the growth in
15 charter school average daily attendance and by the inflation
16 factor determined pursuant to Section 42238.1.

17 (2) The Superintendent shall compute the statewide average
18 amount of funding per identified educationally disadvantaged
19 pupil received by school districts in the current year pursuant to
20 Article 2 (commencing with Section 54020) of Chapter 1 of Part
21 29. This amount shall be multiplied by the number of
22 educationally disadvantaged pupils enrolled in the charter school.
23 For purposes of this subdivision, a pupil who is eligible for
24 subsidized meals pursuant to Section 49552 and is identified as
25 an English learner pursuant to subdivision (a) of Section 306
26 shall count as two pupils.

27 (3) For each charter school, the superintendent shall multiply
28 the amount calculated in paragraph (1) by the school's average
29 daily attendance as determined at the second principal
30 apportionment.

31 (4) The Superintendent shall add the amounts computed in
32 paragraphs (1) and (2). The resulting amount shall be the charter
33 school's categorical block grant that the Superintendent shall
34 apportion to each charter school from funds appropriated for this
35 purpose in the annual Budget Act or another statute.

36 (c) It is the intent of the Legislature to fully fund the
37 categorical block grant and to appropriate additional funding that
38 may be needed in order to compensate for unanticipated
39 increases in average daily attendance in charter schools. In any
40 fiscal year in which the department identifies a deficiency in the

1 Charter School Categorical Block Grant, the department shall
2 identify programs that are funded toward meeting the
3 requirements of Section 8 of Article XVI of the California
4 Constitution that will have unobligated funds for the year and the
5 associated balances available. On or before July 1, the
6 department shall provide the Department of Finance with a list of
7 those programs and their available balances, and the amount of
8 the deficiency, if any, in the Charter School Categorical Block
9 Grant. Within 45 days of the receipt of a notification of
10 deficiency, the Director of Finance shall verify the amount of the
11 deficiency in the Charter School Categorical Block Grant and
12 may direct the Controller to transfer from those programs to the
13 Charter School Categorical Block Grant an amount equal to the
14 lesser of the amount available or the amount needed to fully fund
15 the Charter School Categorical Block Grant. The Department of
16 Finance shall notify the Joint Legislative Budget Committee
17 within 30 days of any transfer made pursuant to this section.

18 (d) It is the intent of the Legislature to triennially review,
19 commencing with appropriations proposed for the 2008-09 fiscal
20 year, the growth in funding for the charter school block grant
21 pursuant to Section 47633 relative to the growth in funding for
22 Proposition 98-funded categorical programs for noncharter
23 schools less funding for adult education, special education
24 programs, child development programs, Economic Impact Aid,
25 regional occupational centers and programs, county office of
26 education fiscal oversight, and appropriations made to a single
27 local education agency.

28 (e) Categorical block grant funding may be used for any
29 purpose determined by the governing body of the charter school.

30 SEC. 3. Section 47634.5 of the Education Code is repealed.

31 ~~47634.5. (a) The Director of Finance shall compute and~~
32 ~~provide to the Superintendent of Public Instruction within 30~~
33 ~~days of the enactment of the Budget Act of 1999 the percentage~~
34 ~~change calculated based on the Budget Act of 1999 and~~
35 ~~accompanying statutes in the following:~~

36 ~~(1) The total amount of state funding per unit of average daily~~
37 ~~attendance received by kindergarten and grades 1 to 12,~~
38 ~~inclusive, local educational agencies in 1998-99 for purposes~~
39 ~~that apply toward meeting the requirements of Section 8 of~~
40 ~~Article XVI of the California Constitution for any fiscal year,~~

1 exclusive of funding for school district revenue limits, county
2 offices of education, adult education, child development
3 programs, special education, Economic Impact Aid, and
4 programs for which a charter school is required to apply
5 separately.

6 (2) ~~The total amount of state funding per unit of average daily~~
7 ~~attendance appropriated in the Budget Act of 1999 and related~~
8 ~~implementing legislation for kindergarten and grades 1 to 12,~~
9 ~~inclusive, local educational agencies for purposes which count~~
10 ~~toward meeting the requirements of Section 8 of Article XVI of~~
11 ~~the California Constitution for any fiscal year, exclusive of~~
12 ~~funding for school district revenue limits, charter schools'~~
13 ~~general-purpose entitlements, county offices of education, adult~~
14 ~~education, child development programs, special education,~~
15 ~~Economic Impact Aid, and programs for which a charter school~~
16 ~~is required to apply separately.~~

17 (b) ~~Commencing in 2000, the Director of Finance shall~~
18 ~~annually compute and provide as part of the May revision to the~~
19 ~~Governor's Budget the percentage change in the following:~~

20 (1) ~~The total amount of state funding per unit of average daily~~
21 ~~attendance received by kindergarten and grades 1 to 12,~~
22 ~~inclusive, local educational agencies in 1998-99 for purposes~~
23 ~~which count toward meeting the requirements of Section 8 of~~
24 ~~Article XVI of the California Constitution for any fiscal year,~~
25 ~~exclusive of funding for school district revenue limits, county~~
26 ~~offices of education, adult education, child development~~
27 ~~programs, special education, Economic Impact Aid, and~~
28 ~~programs for which a charter school is required to apply~~
29 ~~separately.~~

30 (2) ~~The total amount of state funding per unit of average daily~~
31 ~~attendance proposed to be appropriated in the following year for~~
32 ~~kindergarten and grades 1 to 12, inclusive, local educational~~
33 ~~agencies in the budget year for purposes which count toward~~
34 ~~meeting the requirements of Section 8 of Article XVI of the~~
35 ~~California Constitution for any fiscal year, exclusive of funding~~
36 ~~for school district revenue limits, charter schools'~~
37 ~~general-purpose entitlements, county offices of education, adult~~
38 ~~education, child development programs, special education,~~
39 ~~Economic Impact Aid, and programs for which a charter school~~
40 ~~is required to apply separately.~~

1 ~~(e) (1) Notwithstanding subdivision (b), commencing in 2002,~~
2 ~~the Director of Finance shall annually compute and provide to~~
3 ~~the Superintendent of Public Instruction within 30 days of the~~
4 ~~enactment of the annual Budget Act the cumulative percentage~~
5 ~~change between the amounts calculated pursuant to~~
6 ~~subparagraphs (A) and (B).~~

7 ~~(A) The total amount of state funding per unit of average daily~~
8 ~~attendance received by kindergarten and grades 1 to 12,~~
9 ~~inclusive, local educational agencies in 1998-99 for purposes~~
10 ~~that count toward meeting the requirements of Section 8 of~~
11 ~~Article XVI of the California Constitution for any fiscal year,~~
12 ~~exclusive of funding for school district revenue limits, county~~
13 ~~offices of education, adult education, child development~~
14 ~~programs, special education, Economic Impact Aid, and~~
15 ~~programs for which a charter school is required to apply~~
16 ~~separately.~~

17 ~~(B) The total amount of state funding per unit of average daily~~
18 ~~attendance appropriated in the annual Budget Act and related~~
19 ~~implementing legislation for kindergarten and grades 1 to 12,~~
20 ~~inclusive, to local educational agencies for purposes that count~~
21 ~~toward meeting the requirements of Section 8 of Article XVI of~~
22 ~~the California Constitution for that fiscal year, exclusive of~~
23 ~~funding for school district revenue limits, charter schools'~~
24 ~~general-purpose entitlements, county offices of education, adult~~
25 ~~education, child development programs, special education,~~
26 ~~Economic Impact Aid, and programs for which a charter school~~
27 ~~is required to apply separately. The Director of Finance shall not~~
28 ~~include in the calculation made to determine the amount required~~
29 ~~pursuant to this paragraph reappropriations of funding that~~
30 ~~previously counted toward meeting the requirements of Section 8~~
31 ~~of Article XVI of the California Constitution for any fiscal year.~~

32 ~~(2) As part of providing the calculation required pursuant to~~
33 ~~paragraph (1), the Department of Finance shall provide the State~~
34 ~~Department of Education with a comprehensive list of~~
35 ~~categorical programs that are included in the Charter School~~
36 ~~Categorical Block Grant.~~