

AMENDED IN SENATE APRIL 11, 2005

SENATE BILL

No. 1077

**Introduced by ~~Senators Simitian and Alquist~~ *Senator Simitian*
(Principal coauthor: *Senator Alquist*)
(Principal coauthor: *Assembly Member Wolk*)**

February 22, 2005

An act to ~~amend Section 42238~~ of *add Section 42238.47* to the Education Code, relating to education finance, *and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

SB 1077, as amended, Simitian. Education finance: revenue limit equalization.

Existing law requires a revenue limit to be calculated for each school district and each county superintendent of schools and requires the amount of the revenue limit to be adjusted for various factors.

This bill would, for the 2005–06 fiscal year, require the Superintendent of Public Instruction to compute an equalization adjustment for each school district so that no district's prior year base revenue limit per unit of average daily attendance is less than the prior year base revenue limit per unit of average daily attendance above which fall not more than 10% of the total statewide units of average daily attendance for the appropriate size and type of district.

The bill would appropriate \$110,000,000 from the General Fund for the 2005–06 fiscal year for equalization purposes to the Superintendent of Public Instruction.

~~This bill would make technical, nonsubstantive changes to those provisions:~~

Vote: majority. Appropriation: ~~no~~-yes. Fiscal committee: ~~no~~ 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 SECTION 1. Section 42238.47 is added to the Education
4 Code, to read:

5 42238.47. (a) This section shall be known and may be cited
6 as, the Fairness in Education Funding Act.

7 (b) (1) For the 2005–06 fiscal year, the Superintendent shall
8 compute an equalization adjustment for each school district, so
9 that the 2004–05 base revenue limit per unit of average daily
10 attendance of a district is not less than the 2004–05 base revenue
11 limit per unit of average daily attendance above which fall not
12 more than 10 percent of the total statewide units of average daily
13 attendance for each category of school district set forth in
14 subdivision (c).

15 (2) For purposes of this section, the school district base
16 revenue limit and the statewide average base revenue limit shall
17 include any amounts attributable to beginning teacher salary
18 provisions pursuant to Section 45023.4, the longer school year
19 and longer schoolday provisions pursuant to Sections 46200 and
20 46201, respectively, Meals for Needy Pupils programs pursuant
21 to Section 42241.2, and reimbursements for school district
22 unemployment insurance pursuant to Section 2557.5.

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

District	ADA
26 Elementary.....	less than 101
27 Elementary	more than 100
28 High School.....	less than 301
29 High School.....	more than 300
30 Unified.....	less than 1,501
31 Unified.....	more than 1,500

32
33
34 (d) The Superintendent shall compute a revenue limit
35 equalization adjustment for each school district’s base revenue
36 limit per unit of average daily attendance as follows:

37 (1) Multiply the amount computed for each school district
38 pursuant to subdivision (b) by the average daily attendance used

1 to calculate the revenue limit for the 2005–06 fiscal year of a
2 district.

3 (2) Divide the amount appropriated for purposes of this
4 section for the 2005–06 fiscal year by the statewide sum of the
5 amount computed pursuant to paragraph (1).

6 (3) Multiply the amount computed for the school district
7 pursuant to paragraph (1) of subdivision (b) by the amount
8 computed pursuant to paragraph (2).

9 (e) (1) For the purposes of this section, the 2004–05 statewide
10 90th percentile base revenue limit determined pursuant to
11 paragraph (1) of subdivision (b), and the fraction computed
12 pursuant to paragraph (2) of subdivision (d) for the 2004–05
13 second principal apportionment, shall be final, and shall not be
14 recalculated at subsequent apportionments. The fraction
15 computed pursuant to paragraph (2) of subdivision (d) shall not,
16 under any circumstances, exceed 1.00. For purposes of
17 determining the size of a school district pursuant to subdivision
18 (c), county superintendents of schools, in conjunction with the
19 Superintendent, shall use school district revenue limit average
20 daily attendance for the 2004–05 fiscal year as determined
21 pursuant to Section 42238.5 and Article 4 (commencing with
22 Section 42280).

23 (2) For the purposes of calculating the size of a school district
24 pursuant to subdivision (c), the Superintendent shall include
25 units of average daily attendance of any charter school for which
26 the school district is the chartering agency.

27 (3) For the purposes of computing the target amounts
28 pursuant to subdivision (b), the Superintendent shall count all
29 charter school average daily attendance toward the average
30 daily attendance of the school district that is the chartering
31 agency.

32 SEC. 2. The sum of one hundred ten million dollars
33 (\$110,000,000) is appropriated for the 2005–06 fiscal year to the
34 Superintendent of Public Instruction for the purposes of Section
35 42238.47 of the Education Code, to be allocated to school
36 districts on a pro rata basis.

37 ~~42238. (a) For the 1984–85 fiscal year and each fiscal year~~
38 ~~thereafter, the county superintendent of schools shall determine a~~
39 ~~revenue limit for each school district in the county pursuant to~~
40 ~~this section.~~

1 ~~(b) The base revenue limit for a fiscal year shall be determined~~
2 ~~by adding to the base revenue limit for the prior fiscal year the~~
3 ~~following amounts:~~

4 ~~(1) The inflation adjustment specified in Section 42238.1.~~
5 ~~(2) For the 1995–96 fiscal year, the equalization adjustment~~
6 ~~specified in Section 42238.4.~~
7 ~~(3) For the 1996–97 fiscal year, the equalization adjustments~~
8 ~~specified in Sections 42238.41, 42238.42, and 42238.43.~~
9 ~~(4) For the 1985–86 fiscal year, the amount received per unit~~
10 ~~of average daily attendance in the 1984–85 fiscal year pursuant~~
11 ~~to Section 42238.7.~~
12 ~~(5) For the 1985–86, 1986–87, and 1987–88 fiscal years, the~~
13 ~~amount per unit of average daily attendance received in the prior~~
14 ~~fiscal year pursuant to Section 42238.8.~~
15 ~~(6) For the 2004–05 fiscal year, the equalization adjustment~~
16 ~~specified in Section 42238.44.~~

17 ~~(e) Except for a school district subject to subdivision (d), the~~
18 ~~base revenue limit computed pursuant to subdivision (b) shall be~~
19 ~~multiplied by the school district average daily attendance~~
20 ~~computed pursuant to Section 42238.5.~~

21 ~~(d) (1) For a school district for which the number of units of~~
22 ~~average daily attendance determined pursuant to Section 42238.5~~
23 ~~is greater for the current fiscal year than for the 1982–83 fiscal~~
24 ~~year, compute the following amount, in lieu of the amount~~
25 ~~computed pursuant to subdivision (e):~~

26 ~~(A) Multiply the base revenue limit computed pursuant to~~
27 ~~subdivision (e) by the average daily attendance computed~~
28 ~~pursuant to Section 42238.5 for the 1982–83 fiscal year.~~
29 ~~(B) Multiply the lesser of the amount in subdivision (e) or 1.05~~
30 ~~times the statewide average base revenue limit per unit of~~
31 ~~average daily attendance for school districts of similar type for~~
32 ~~the current fiscal year by the difference between the average~~
33 ~~daily attendance computed pursuant to Section 42238.5 for the~~
34 ~~current and 1982–83 fiscal years.~~
35 ~~(C) Add the amounts in subparagraphs (A) and (B).~~

36 ~~(2) This subdivision shall become inoperative on July 1, 1998.~~
37 ~~(e) For a school district electing to compute units of average~~
38 ~~daily attendance pursuant to paragraph (2) of subdivision (a) of~~
39 ~~Section 42238.5, the amount computed pursuant to Article 4~~

1 ~~(commencing with Section 42280) shall be added to the amount~~
2 ~~computed in subdivision (c) or (d), as appropriate.~~

3 ~~(f) For the 1984-85 fiscal year only, the county superintendent~~
4 ~~shall reduce the total revenue limit computed in this section by~~
5 ~~the amount of the decreased employer contributions to the Public~~
6 ~~Employees' Retirement System resulting from enactment of~~
7 ~~Chapter 330 of the Statutes of 1982, offset by any increase in~~
8 ~~those contributions, as of the 1983-84 fiscal year, resulting from~~
9 ~~subsequent changes in employer contribution rates.~~

10 ~~(g) The reduction required by subdivision (f) shall be~~
11 ~~calculated as follows:~~

12 ~~(1) Determine the amount of employer contributions that~~
13 ~~would have been made in the 1983-84 fiscal year if the~~
14 ~~applicable Public Employees' Retirement System employer~~
15 ~~contribution rate in effect immediately prior to the enactment of~~
16 ~~Chapter 330 of the Statutes of 1982 was in effect during the~~
17 ~~1983-84 fiscal year.~~

18 ~~(2) Subtract from the amount determined in paragraph (1) the~~
19 ~~greater of subparagraph (A) or (B):~~

20 ~~(A) The amount of employer contributions that would have~~
21 ~~been made in the 1983-84 fiscal year if the applicable Public~~
22 ~~Employees' Retirement System employer contribution rate in~~
23 ~~effect immediately after the enactment of Chapter 330 of the~~
24 ~~Statutes of 1982 was in effect during the 1983-84 fiscal year.~~

25 ~~(B) The actual amount of employer contributions made to the~~
26 ~~Public Employees' Retirement System in the 1983-84 fiscal~~
27 ~~year.~~

28 ~~(3) For purposes of this subdivision, employer contributions to~~
29 ~~the Public Employees' Retirement System for either of the~~
30 ~~following shall be excluded from the calculation specified above:~~

31 ~~(A) Positions supported totally by federal funds that were~~
32 ~~subject to supplanting restrictions.~~

33 ~~(B) Positions supported, to the extent of employer~~
34 ~~contributions not exceeding twenty-five thousand dollars~~
35 ~~(\$25,000) by any single educational agency, from a revenue~~
36 ~~source determined on the basis of equity to be properly~~
37 ~~excludable from the provisions of this subdivision by the~~
38 ~~Superintendent with the approval of the Director of Finance.~~

1 ~~(4) For accounting purposes, the reduction made by this~~
2 ~~subdivision may be reflected as an expenditure from appropriate~~
3 ~~sources of revenue as directed by the Superintendent.~~

4 ~~(h) The Superintendent shall apportion to each school district~~
5 ~~the amount determined in this section less the sum of:~~

6 ~~(1) The property tax revenue received by the school district~~
7 ~~pursuant to Chapter 3 (commencing with Section 75) and~~
8 ~~Chapter 6 (commencing with Section 95) of Part 0.5 of the~~
9 ~~Revenue and Taxation Code.~~

10 ~~(2) The amount, if any, received pursuant to Part 18.5~~
11 ~~(commencing with Section 38101) of the Revenue and Taxation~~
12 ~~Code.~~

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

15 ~~(4) Taxes from prior years and taxes on the unsecured roll.~~

16 ~~(5) Fifty percent of the amount received pursuant to Section~~
17 ~~41603.~~

18 ~~(6) The amount, if any, received pursuant to the Community~~
19 ~~Redevelopment Law (Part 1 (commencing with Section 33000)~~
20 ~~of Division 24 of the Health and Safety Code), except for any~~
21 ~~amount received pursuant to Section 33401 or 33676 of the~~
22 ~~Health and Safety Code, that is used for land acquisition, facility~~
23 ~~construction, reconstruction, or remodeling, or deferred~~
24 ~~maintenance, except for any amount received pursuant to Section~~
25 ~~33492.15, paragraph (4) of subdivision (a) of Section 33607.5, or~~
26 ~~Section 33607.7 of the Health and Safety Code, that is allocated~~
27 ~~exclusively for educational facilities.~~

28 ~~(7) For a unified school district, other than a unified school~~
29 ~~district that has converted all of its schools to charter status~~
30 ~~pursuant to Section 47606, the amount of statewide average~~
31 ~~general-purpose funding per unit of average daily attendance~~
32 ~~received by school districts for each of four grade level ranges, as~~
33 ~~computed by the department pursuant to Section 47633,~~
34 ~~multiplied by the average daily attendance, in corresponding~~
35 ~~grade level ranges, of pupils who attend charter schools funded~~
36 ~~pursuant to Chapter 6 (commencing with Section 47630) of Part~~
37 ~~26.8 for which the school district is the sponsoring local~~
38 ~~educational agency, as defined in Section 47632, and who reside~~
39 ~~in and would otherwise have been eligible to attend a noncharter~~
40 ~~school of the school district.~~

1 ~~(i) A transfer of seventh and eighth grade pupils between an~~
2 ~~elementary school district and a high school district shall not~~
3 ~~result in the receiving school district receiving a revenue limit~~
4 ~~apportionment for those pupils that exceeds 105 percent of the~~
5 ~~statewide average revenue limit for the type and size of the~~
6 ~~receiving school district.~~

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