

AMENDED IN ASSEMBLY MARCH 28, 2008

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2378**

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**Introduced by Assembly Member Houston**

February 21, 2008

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An act to amend Section 42238 of, and to add Section 42238.49 to, the Education Code, relating to school finance, *and* making an appropriation ~~therefor, and declaring the urgency thereof, to take effect immediately.~~ *therefore.*

LEGISLATIVE COUNSEL'S DIGEST

AB 2378, as amended, Houston. School finance: equalization.

Existing law requires the Superintendent of Public Instruction, for the 2006–07 fiscal year, to compute an equalization adjustment for each school district, so that the 2005–06 base revenue limit per unit of average daily attendance of a school district is not less than the 2005–06 base revenue limit per unit of average daily attendance above which fall not more than 10 percent of the total statewide units of average daily attendance for each specified category of school district.

This bill would require the Superintendent, for the ~~2007–08~~ 2009–10 fiscal year, to compute an equalization adjustment for each school district pursuant to the same formula used for the ~~2006–07~~ 2008–09 fiscal year.

For the purpose of implementing this equalization adjustment, this bill would appropriate \$150,000,000 from the General Fund to the Superintendent. These funds would be required to be applied, in the ~~2007–08~~ 2009–10 fiscal year, toward the minimum funding requirements for school districts and community college districts imposed by Section 8 of Article XVI of the California Constitution.

~~This bill would declare that it is to take effect immediately as an urgency statute.~~

Vote:  $\frac{2}{3}$ -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. It is the intent of the Legislature, in enacting this  
2 act, to complete the process of the equalization of revenue limits  
3 for school districts that began with the enactment of the Fairness  
4 in Education Funding Act (Chapter 155 of the Statutes of 2001),  
5 which led to the appropriation of forty million dollars  
6 (\$40,000,000) for this purpose, and continued with the  
7 appropriation of approximately one hundred ten million dollars  
8 (\$110,000,000) by Chapter 216 of the Statutes of 2004 and three  
9 hundred fifty million dollars (\$350,000,000) by Chapter 79 of the  
10 Statutes of 2006 for equalization funding.

11 SEC. 2. Section 42238 of the Education Code is amended to  
12 read:

13 42238. (a) For the 1984–85 fiscal year and each fiscal year  
14 thereafter, the county superintendent of schools shall determine a  
15 revenue limit for each school district in the county pursuant to this  
16 section.

17 (b) The base revenue limit for a fiscal year shall be determined  
18 by adding to the base revenue limit for the prior fiscal year the  
19 following amounts:

20 (1) The inflation adjustment specified in Section 42238.1.

21 (2) For the 1995–96 fiscal year, the equalization adjustment  
22 specified in Section 42238.4.

23 (3) For the 1996–97 fiscal year, the equalization adjustments  
24 specified in Sections 42238.41, 42238.42, and 42238.43.

25 (4) For the 1985–86 fiscal year, the amount received per unit  
26 of average daily attendance in the 1984–85 fiscal year pursuant to  
27 Section 42238.7.

28 (5) For the 1985–86, 1986–87, and 1987–88 fiscal years, the  
29 amount per unit of average daily attendance received in the prior  
30 fiscal year pursuant to Section 42238.8.

31 (6) For the 2004–05 fiscal year, the equalization adjustment  
32 specified in Section 42238.44.

1 (7) For the 2006–07 fiscal year, the equalization adjustment  
2 specified in Section 42238.48.

3 (8) For the ~~2007–08~~ 2009–10 fiscal year, the equalization  
4 adjustment specified in Section 42238.49.

5 (c) Except for districts subject to subdivision (d), the base  
6 revenue limit computed pursuant to subdivision (b) shall be  
7 multiplied by the district average daily attendance computed  
8 pursuant to Section 42238.5.

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

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

17 (B) Multiply the lesser of the amount in subdivision (c) or 1.05  
18 times the statewide average base revenue limit per unit of average  
19 daily attendance for districts of similar type for the current fiscal  
20 year by the difference between the average daily attendance  
21 computed pursuant to Section 42238.5 for the current and 1982–83  
22 fiscal years.

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

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

25 (e) For districts electing to compute units of average daily  
26 attendance pursuant to paragraph (2) of subdivision (a) of Section  
27 42238.5, the amount computed pursuant to Article 4 (commencing  
28 with Section 42280) shall be added to the amount computed in  
29 subdivision (c) or (d), as appropriate.

30 (f) For the 1984–85 fiscal year only, the county superintendent  
31 shall reduce the total revenue limit computed in this section by the  
32 amount of the decreased employer contributions to the Public  
33 Employees’ Retirement System resulting from enactment of  
34 Chapter 330 of the Statutes of 1982, offset by any increase in those  
35 contributions, as of the 1983–84 fiscal year, resulting from  
36 subsequent changes in employer contribution rates.

37 (g) The reduction required by subdivision (f) shall be calculated  
38 as follows:

39 (1) Determine the amount of employer contributions that would  
40 have been made in the 1983–84 fiscal year if the applicable Public

1 Employees' Retirement System employer contribution rate in effect  
2 immediately prior to the enactment of Chapter 330 of the Statutes  
3 of 1982 was in effect during the 1983–84 fiscal year.

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

6 (A) The amount of employer contributions that would have been  
7 made in the 1983–84 fiscal year if the applicable Public  
8 Employees' Retirement System employer contribution rate in effect  
9 immediately after the enactment of Chapter 330 of the Statutes of  
10 1982 was in effect during the 1983–84 fiscal year.

11 (B) The actual amount of employer contributions made to the  
12 Public Employees' Retirement System in the 1983–84 fiscal year.

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

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

18 (B) Positions supported, to the extent of employer contributions  
19 not exceeding twenty-five thousand dollars (\$25,000) by a single  
20 educational agency, from a revenue source determined on the basis  
21 of equity to be properly excludable from the provisions of this  
22 subdivision by the Superintendent with the approval of the Director  
23 of Finance.

24 (4) For accounting purposes, the reduction made by this  
25 subdivision may be reflected as an expenditure from appropriate  
26 sources of revenue as directed by the Superintendent.

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

29 (1) The property tax revenue of the district received pursuant  
30 to Chapter 3.5 (commencing with Section 75) of and Chapter 6  
31 (commencing with Section 95) of, Part 0.5 of Division 1 of the  
32 Revenue and Taxation Code.

33 (2) The amount, if any, received pursuant to Part 18.5  
34 (commencing with Section 38101) of Division 2 of the Revenue  
35 and Taxation Code.

36 (3) The amount, if any, received pursuant to Chapter 3  
37 (commencing with Section 16140) of Part 1 of Division 4 of Title  
38 2 of the Government Code.

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

1 (5) Fifty percent of the amount received pursuant to Section  
2 41603.

3 (6) The amount, if any, received pursuant to the Community  
4 Redevelopment Law (Part 1 (commencing with Section 33000)  
5 of Division 24 of the Health and Safety Code), except for an  
6 amount received pursuant to Section 33401 or 33676 of the Health  
7 and Safety Code that is used for land acquisition, facility  
8 construction, reconstruction, or remodeling, or deferred  
9 maintenance, except for an amount received pursuant to Section  
10 33492.15 of, paragraph (4) of subdivision (a) of Section 33607.5  
11 of, or Section 33607.7, of the Health and Safety Code that is  
12 allocated exclusively for educational facilities.

13 (7) For a unified school district, other than a unified school  
14 district that has converted all of its schools to charter status  
15 pursuant to Section 47606, the amount of statewide average  
16 general-purpose funding per unit of average daily attendance  
17 received by school districts for each of four grade level ranges, as  
18 computed by the department pursuant to Section 47633, multiplied  
19 by the average daily attendance, in corresponding grade level  
20 ranges, of pupils who attend charter schools funded pursuant to  
21 Chapter 6 (commencing with Section 47630) of Part 26.8 of  
22 Division 4 for which the district is the sponsoring local educational  
23 agency, as defined in Section 47632, and who reside in and would  
24 otherwise have been eligible to attend a noncharter school of the  
25 district.

26 (i) A transfer of seventh and eighth grade pupils between an  
27 elementary school district and a high school district shall not result  
28 in the receiving district receiving a revenue limit apportionment  
29 for those pupils that exceeds 105 percent of the statewide average  
30 revenue limit for the type and size of the receiving school district.

31 SEC. 3. Section 42238.49 is added to the Education Code, to  
32 read:

33 42238.49. (a) (1) For the ~~2007-08~~ 2009-10 fiscal year, the  
34 Superintendent shall compute an equalization adjustment for each  
35 school district, so that the ~~2006-07~~ 2008-09 base revenue limit  
36 per unit of average daily attendance of a school district is not less  
37 than the ~~2006-07~~ 2008-09 base revenue limit per unit of average  
38 daily attendance above which fall not more than 10 percent of the  
39 total statewide units of average daily attendance for each category  
40 of school district set forth in subdivision (b).

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

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

District	ADA
5 Elementary.....	less than 101
6 Elementary .....	more than 100
7 High School.....	less than 301
8 High School.....	more than 300
9 Unified.....	less than 1,501
10 Unified.....	more than 1,500

11  
12  
13  
14 (c) The Superintendent shall compute a revenue limit  
15 equalization adjustment for the base revenue limit per unit of  
16 average daily attendance of each school district, as follows:

17 (1) Multiply the amount computed for each school district  
18 pursuant to subdivision (a) by the average daily attendance used  
19 to calculate the revenue limit for the ~~2007-08~~ 2009-10 fiscal year  
20 of a school district.

21 (2) Divide the amount appropriated for purposes of this section  
22 for the ~~2007-08~~ 2009-10 fiscal year by the statewide sum of the  
23 amount computed pursuant to paragraph (1).

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

27 (d) (1) For purposes of this section, the ~~2006-07~~ 2008-09  
28 statewide 90th percentile base revenue limit determined pursuant  
29 to paragraph (1) of subdivision (a), and the fraction computed  
30 pursuant to paragraph (2) of subdivision (c) for the ~~2006-07~~  
31 2008-09 second principal apportionment, shall be final, and shall  
32 not be recalculated at subsequent apportionments. The fraction  
33 computed pursuant to paragraph (2) of subdivision (c) shall not  
34 exceed 1.00. For purposes of determining the size of a school  
35 district pursuant to subdivision (b), county superintendents of  
36 schools, in conjunction with the Superintendent, shall use school  
37 district revenue limit average daily attendance for the ~~2006-07~~  
38 2008-09 fiscal year as determined pursuant to Section 42238.5  
39 and Article 4 (commencing with Section 42280).

1 (2) For purposes of calculating the size of a school district  
2 pursuant to subdivision (b), the Superintendent shall include units  
3 of average daily attendance of a charter school for which the school  
4 district is the sponsoring local educational agency.

5 (3) For purposes of computing the target amounts pursuant to  
6 subdivision (a), the Superintendent shall count all charter school  
7 average daily attendance toward the average daily attendance of  
8 the school district that is the sponsoring local educational agency.

9 SEC. 4. (a) The sum of one hundred fifty million dollars  
10 (\$150,000,000) is hereby appropriated from the General Fund to  
11 the Superintendent of Public Instruction for purposes of Section  
12 42238.49 of the Education Code, to be allocated to school districts  
13 on a pro rata basis.

14 (b) For purposes of making the computations required by Section  
15 8 of Article XVI of the California Constitution, the appropriation  
16 made by this section shall be deemed to be “General Fund revenues  
17 appropriated to school districts,” as defined in subdivision (c) of  
18 Section 41202 of the Education Code for the ~~2007–08~~ 2009–10  
19 fiscal year, and be included within the “total allocations to school  
20 districts and community college districts from General Fund  
21 proceeds of taxes appropriated pursuant to Article XVII B,” as  
22 defined in subdivision (e) of Section 41202 of the Education Code  
23 for the ~~2007–08~~ 2009–10 fiscal year.

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

28 ~~In order to provide the necessary funding to school districts at~~  
29 ~~the earliest possible time during the 2007–08 school year, it is~~  
30 ~~necessary that this act take effect immediately.~~