

AMENDED IN SENATE JULY 6, 2012  
AMENDED IN SENATE JUNE 20, 2012  
AMENDED IN ASSEMBLY MAY 2, 2012  
AMENDED IN ASSEMBLY APRIL 18, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2662**

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**Introduced by Committee on Education (Brownley (Chair),  
Ammiano, Buchanan, Butler, Carter, Eng, Halderman, Wagner,  
and Williams)**

February 29, 2012

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An act to amend Sections 35566, 35787, 41326, 41344, 42127, 42131, 42238.12, 48070.6, 48904, 49550.3, 51765, and 60605.86 of, and to amend the heading of Article 3 (commencing with Section 33530) of Chapter 4 of Part 20 of Division 2 of Title 2 of, the Education Code, to amend Section 8880.5 of the Government Code, and to amend Section 75.70 of the Revenue and Taxation Code, relating to education.

LEGISLATIVE COUNSEL'S DIGEST

AB 2662, as amended, Committee on Education. Education.

(1) Existing law provides a process for the reorganization of school districts and includes within the actions to reorganize a lapse, which is defined as an action to dissolve a school district and annex the entire territory of that district to one or more adjoining school districts. Existing law makes an action to lapse a school district subject to specified general statutory provisions regarding the reorganization of school districts.

This bill would make an action to lapse a school district also subject to other provisions regarding plans and recommendations of a county committee on school district organization.

(2) Existing law provides emergency apportionments for school districts that have become insolvent, and requires various actions to be taken by the school district and the Superintendent of Public Instruction to receive these apportionments, including the appointment of a trustee, the appointment of an administrator, and the approval of recovery plans. Existing law authorizes the Superintendent to reassume all the legal rights, duties, and powers of the governing board of the school district if the school district violates a provision of the recovery plans within 5 years after the trustee is removed.

This bill would authorize the Superintendent to reassume those rights, duties, and powers during the period of the trustee's appointment and when specified improvement plans are violated.

(3) Existing law requires the Superintendent and the Director of Finance, jointly, to establish a plan for repayment of school funds that a local educational agency received on the basis of average daily attendance that did not comply with statutory or regulatory requirements that were conditions of apportionments, as determined by an audit or review. Existing law also requires the Superintendent and the Director of Finance, jointly, to establish a plan for repayment of a penalty arising from an audit exception. Existing law authorizes a local educational agency to appeal a finding of a final audit report.

This bill would specify, for purposes of the above-described provisions, that a charter school is a local educational agency.

(4) Existing law requires the governing board of a school district to certify twice during a fiscal year whether the school district is able to meet its financial obligations for the remainder of the fiscal year and for the subsequent fiscal year. Existing law requires these certifications to be classified as positive, qualified, or negative and to be filed with the county superintendent of schools. Existing law requires a county superintendent of schools to change a positive certification to negative or qualified when the county office of education determines a negative or qualified certification should have been filed.

This bill would authorize the county superintendent of schools also to change a qualified certification if it is determined that a negative certification should have been filed.

(5) Existing law makes the parent or guardian of any minor whose willful misconduct results in injury or death to a pupil or public or

private school employee or volunteer or who willfully cuts, defaces, or otherwise injures real or personal property belonging to a school district or private school, or personal property of a school employee, liable for all damages so caused by the minor or for a reward concerning information leading to the determination of the identity of, and the apprehension of, a person causing that injury or damage. Existing law limits the parent's or guardian's liability to \$10,000.

This bill would adjust the \$10,000 limit on liability annually for inflation, as specified.

(6) Existing law authorizes the governing board of a school district to approve supplemental instructional materials other than those approved by the ~~state board~~ *State Board of Education* if the governing board performs specified reviews and determines that other supplemental instructional materials are aligned with the California common core academic content standards and meet the needs of the pupils of the school district.

This bill would extend this authorization to county offices of education.

(7) Existing law governing work experience education programs contains a reference to mentally retarded pupils.

This bill would change that reference to pupils with intellectual disabilities.

(8) Existing law, known as the California State Lottery Act of 1984, establishes a state lottery that, among other things, provides funds to benefit public education. The act requires payments of lottery funds to be made directly to public school districts on the basis of an equal amount for each unit of average daily attendance and requires the number of units of average daily attendance in the 2008–09 to 2012–13 fiscal years, inclusive, to include the same amount of average daily attendance for classes for adults and regional occupational centers and programs used in the calculation made for the 2007–08 fiscal year. As an initiative measure, the act requires that none of its provisions may be changed except to further its purposes by a  $\frac{2}{3}$  vote of both houses of the Legislature and signed by the Governor.

This bill also would require the number of units of average daily attendance in the 2013–14 and 2014–15 fiscal years to include the same amount of average daily attendance for classes for adults and regional occupational centers and programs used in the calculation made for the 2007–08 fiscal year. The bill would declare that this change furthers the purposes of the act.

(9) Existing tax law excludes school districts that receive in the prior fiscal year a minimum of \$120 of state aid per pupil or \$2,400 per school district from receiving specified supplemental tax revenues. Existing law defines these school districts as basic aid school districts or excess tax school entities.

This bill would refer to the school districts that are not eligible to receive the specified supplemental tax revenues as excess tax school entities.

(10) This bill would make technical amendments and nonsubstantive changes.

Vote: 2/3. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

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

1 SECTION 1. The heading of Article 3 (commencing with  
2 Section 33530) of Chapter 4 of Part 20 of Division 2 of Title 2 of  
3 the Education Code is amended to read:

4  
5 Article 3. Instructional Quality Commission  
6

7 SEC. 2. Section 35566 of the Education Code is amended to  
8 read:

9 35566. Notwithstanding any provisions of this article,  
10 exchanges of property tax revenues between school districts as a  
11 result of reorganization shall be determined pursuant to subdivision  
12 (i) of Section 99 of the Revenue and Taxation Code if one or more  
13 affected school districts receive only basic aid apportionments  
14 required by Section 6 of Article IX of the California Constitution.

15 SEC. 3. Section 35787 of the Education Code is amended to  
16 read:

17 35787. Except as otherwise provided in this article, an action  
18 to lapse a school district is subject to the provisions of Chapter 3  
19 (commencing with Section 35500), and the county committee may  
20 add to its order to lapse a *school* district, pursuant to Section 35783,  
21 appropriate provisions specified in Article 3 (commencing with  
22 Section 35730).

23 SEC. 4. Section 41326 of the Education Code is amended to  
24 read:

1 41326. (a) Notwithstanding any other provision of this code,  
2 the acceptance by a school district of an apportionment made  
3 pursuant to Section 41320 that exceeds an amount equal to 200  
4 percent of the amount of the reserve recommended for that *school*  
5 district under the standards and criteria adopted pursuant to Section  
6 33127 constitutes the agreement by the *school* district to the  
7 conditions set forth in this article. Before applying for an  
8 emergency apportionment in the amount identified in this  
9 subdivision, the governing board of a school district shall discuss  
10 the need for that apportionment at a regular or special meeting of  
11 the governing board *of the school district* and, at that meeting,  
12 shall receive testimony regarding the apportionment from parents,  
13 exclusive representatives of employees of the *school* district, and  
14 other members of the community. For purposes of this article,  
15 “qualifying school district” means a school district that accepts a  
16 loan as described in this subdivision.

17 (b) The Superintendent shall assume all the legal rights, duties,  
18 and powers of the governing board of a qualifying school district.  
19 The Superintendent, in consultation with the county superintendent  
20 of schools, shall appoint an administrator to act on his or her behalf  
21 in exercising the authority described in this subdivision in  
22 accordance with all of the following:

23 (1) The administrator shall serve under the direction and  
24 supervision of the Superintendent until terminated by the  
25 Superintendent at his or her discretion. The Superintendent shall  
26 consult with the county superintendent of schools before  
27 terminating the administrator.

28 (2) The administrator shall have recognized expertise in  
29 management and finance.

30 (3) To facilitate the appointment of the administrator and the  
31 employment of any necessary staff, for purposes of this section,  
32 the Superintendent is exempt from the requirements of Article 6  
33 (commencing with Section 999) of Chapter 6 of Division 4 of the  
34 Military and Veterans Code and Part 2 (commencing with Section  
35 10100) of Division 2 of the Public Contract Code.

36 (4) Notwithstanding any other law, the Superintendent may  
37 appoint an employee of the state or the office of the county  
38 superintendent of schools to act as administrator for up to the  
39 duration of the administratorship. During the tenure of his or her  
40 appointment, the administrator, if he or she is an employee of the

1 state or the office of the county superintendent of schools, is an  
2 employee of the school district, but shall remain in the same  
3 retirement system under the same plan that has been provided by  
4 his or her employment with the state or the office of the county  
5 superintendent of schools. Upon the expiration or termination of  
6 the appointment, the employee shall have the right to return to his  
7 or her former position, or to a position at substantially the same  
8 level as that position, with the state or the office of the county  
9 superintendent of schools. The time served in the appointment  
10 shall be counted for all purposes as if the administrator had served  
11 that time in his or her former position with the state or the office  
12 of the county superintendent of schools.

13 (5) Except for an individual appointed as an administrator by  
14 the Superintendent pursuant to paragraph (4), the administrator  
15 shall be a member of the State Teachers' Retirement System, if  
16 qualified, for the period of service as administrator, unless he or  
17 she elects in writing not to become a member. A person who is a  
18 member or retirant of the State Teachers' Retirement System at  
19 the time of appointment shall continue to be a member or retirant  
20 of the system for the duration of the appointment. If the  
21 administrator chooses to become a member or is already a member,  
22 the administrator shall be placed on the payroll of the school district  
23 for purposes of providing appropriate contributions to the system.  
24 The Superintendent may also require the administrator to be placed  
25 on the payroll of the school district for purposes of remuneration,  
26 other benefits, and payroll deductions.

27 (6) For purposes of workers' compensation benefits, the  
28 administrator is an employee of the qualifying *school* district,  
29 except that an administrator appointed pursuant to paragraph (4)  
30 may be deemed an employee of the state or office of the county  
31 superintendent of schools, as applicable.

32 (7) The qualifying *school* district shall add the administrator as  
33 a covered employee of the school district for all purposes of errors  
34 and omissions liability insurance policies.

35 (8) The salary and benefits of the administrator shall be  
36 established by the Superintendent and paid by the qualifying school  
37 district.

38 (9) The Superintendent or the administrator may employ, on a  
39 short-term basis and at *school* district expense, any staff necessary

1 to assist the administrator, including, but not limited to, a certified  
2 public accountant.

3 (10) The administrator may do all of the following:

4 (A) Implement substantial changes in the fiscal policies and  
5 practices of the *school* district, including, if necessary, the filing  
6 of a petition under Chapter 9 (commencing with Section 901) of  
7 Title 11 of the United States Code for the adjustment of  
8 indebtedness.

9 (B) Revise the educational program of the *school* district to  
10 reflect realistic income projections and pupil performance relative  
11 to state standards.

12 (C) Encourage all members of the school community to accept  
13 a fair share of the burden of the fiscal recovery of the *school*  
14 district.

15 (D) Consult, for the purposes described in this subdivision, with  
16 the governing board of the school district, the exclusive  
17 representatives of the employees of the *school* district, parents,  
18 and the community.

19 (E) Consult with, and seek recommendations from, the  
20 Superintendent, county superintendent of schools, and the County  
21 Office Fiscal Crisis and Management Assistance Team authorized  
22 pursuant to subdivision (c) of Section 42127.8 for the purposes  
23 described in this article.

24 (F) With the approval of the Superintendent, enter into  
25 agreements on behalf of the *school* district and, subject to any  
26 contractual obligation of the *school* district, change any existing  
27 district rules, regulations, policies, or practices as necessary for  
28 the effective implementation of the recovery plans referred to in  
29 Sections 41327 and 41327.1.

30 (c) (1) For the period of time during which the Superintendent  
31 exercises the authority described in subdivision (b), the governing  
32 board of the qualifying school district shall serve as an advisory  
33 body reporting to the state-appointed administrator, and has no  
34 rights, duties, or powers, and is not entitled to any stipend, benefits,  
35 or other compensation from the *school* district.

36 (2) Upon the appointment of an administrator pursuant to this  
37 section, the district superintendent of schools is no longer an  
38 employee of the *school* district.

39 (3) A determination of the severance compensation for the  
40 district superintendent shall be made pursuant to subdivision (j).

1 (d) Notwithstanding Section 35031 or any other law, the  
2 administrator, after according the affected employee reasonable  
3 notice and the opportunity for a hearing, may terminate the  
4 employment of any deputy, associate, assistant superintendent of  
5 schools, or any other district level administrator who is employed  
6 by a school district under a contract of employment signed or  
7 renewed after January 1, 1992, if the employee fails to document,  
8 to the satisfaction of the administrator, that before the date of the  
9 acceptance of the apportionment he or she either advised the  
10 governing board of the *school* district, or his or her superior, that  
11 actions contemplated or taken by the governing board of *the school*  
12 *district* could result in the fiscal insolvency of the *school* district,  
13 or took other appropriate action to avert that fiscal insolvency.

14 (e) The authority of the Superintendent, and the administrator,  
15 under this section shall continue until all of the following occur:

16 (1) (A) After one complete fiscal year has elapsed following  
17 the *school* district's acceptance of a loan as described in subdivision  
18 (a), the administrator determines, and so notifies the Superintendent  
19 and the county superintendent of schools, that future compliance  
20 by the school district with the recovery plans approved pursuant  
21 to paragraph (2) is probable.

22 (B) The Superintendent may return power to the governing  
23 board of *the school district* for any area listed in subdivision (a)  
24 of Section 41327.1 if performance under the recovery plan for that  
25 area has been demonstrated to the satisfaction of the  
26 Superintendent.

27 (2) The Superintendent has approved all of the recovery plans  
28 referred to in subdivision (a) of Section 41327 and the County  
29 Office Fiscal Crisis and Management Assistance Team completes  
30 the improvement plans specified in Section 41327.1 and has  
31 completed a minimum of two reports identifying the *school*  
32 district's progress in implementing the improvement plans.

33 (3) The administrator certifies that all necessary collective  
34 bargaining agreements have been negotiated and ratified, and that  
35 the agreements are consistent with the terms of the recovery plans.

36 (4) The *school* district has completed all reports required by the  
37 Superintendent and the administrator.

38 (5) The Superintendent determines that future compliance by  
39 the school district with the recovery plans approved pursuant to  
40 paragraph (2) is probable.

1 (f) When the conditions stated in subdivision (e) have been met,  
2 and at least 60 days after the Superintendent has notified the  
3 Legislature, the Department of Finance, the Controller, and the  
4 county superintendent of schools that he or she expects the  
5 conditions prescribed pursuant to this section to be met, the  
6 governing board of the school district shall regain all of its legal  
7 rights, duties, and powers, except for the powers held by the trustee  
8 provided for pursuant to Article 2 (commencing with Section  
9 41320). The Superintendent shall appoint a trustee under Section  
10 41320.1 to monitor and review the operations of the *school* district  
11 until the conditions of subdivision (b) of that section have been  
12 met.

13 (g) Notwithstanding subdivision (f), if the *school* district violates  
14 any provision of the recovery plans approved by the Superintendent  
15 pursuant to this article within five years after the trustee appointed  
16 pursuant to Section 41320.1 is removed or the improvement plans  
17 specified in Section 41327.1 during the period of the trustee's  
18 appointment, the Superintendent may reassume, either directly or  
19 through an administrator appointed in accordance with this section,  
20 all of the legal rights, duties, and powers of the governing board  
21 of the *school* district. The Superintendent shall return to the  
22 governing board of the school district all of its legal rights, duties,  
23 and powers reassumed under this subdivision when he or she  
24 determines that future compliance with the approved recovery  
25 plans is probable, or after a period of one year, whichever occurs  
26 later.

27 (h) Article 2 (commencing with Section 41320) shall apply  
28 except as otherwise specified in this article.

29 (i) It is the intent of the Legislature that the legislative budget  
30 subcommittees annually conduct a review of each qualifying school  
31 district that includes an evaluation of the financial condition of the  
32 *school* district, the impact of the recovery plans upon the *school*  
33 district's educational program, and the efforts made by the  
34 state-appointed administrator to obtain input from the community  
35 and the governing board of the *school* district.

36 (j) (1) The district superintendent is entitled to a due process  
37 hearing for purposes of determining final compensation. The final  
38 compensation of the district superintendent shall be between zero  
39 and six times his or her monthly salary. The outcome of the due  
40 process hearing shall be reported to the Superintendent and the

1 public. The information provided to the public shall explain the  
2 rationale for the compensation.

3 (2) This subdivision applies only to a contract for employment  
4 negotiated on or after June 21, 2004.

5 (k) (1) When the Superintendent assumes control over a school  
6 district pursuant to subdivision (b), he or she shall, in consultation  
7 with the County Office Fiscal Crisis and Management Assistance  
8 Team, review the fiscal oversight of the *school* district by the  
9 county superintendent of schools. The Superintendent may consult  
10 with other fiscal experts, including other county superintendents  
11 of schools and regional fiscal teams, in conducting this review.

12 (2) Within three months of assuming control over a qualifying  
13 *school* district, the Superintendent shall report his or her findings  
14 to the Legislature and shall provide a copy of that report to the  
15 Department of Finance. This report shall include findings as to  
16 fiscal oversight actions that were or were not taken and may include  
17 recommendations as to an appropriate legislative response to  
18 improve fiscal oversight.

19 (3) If after performing the duties described in paragraphs (1)  
20 and (2), the Superintendent determines that the county  
21 superintendent of schools failed to carry out his or her  
22 responsibilities for fiscal oversight as required by this code, the  
23 Superintendent may exercise the authority of the county  
24 superintendent of schools who has oversight responsibilities for a  
25 qualifying school district. If the Superintendent finds, based on  
26 the report required in paragraph (2), that the county superintendent  
27 of schools failed to appropriately take into account particular types  
28 of indicators of financial distress, or failed to take appropriate  
29 remedial actions in the qualifying *school* district, the  
30 Superintendent shall further investigate whether the county  
31 superintendent of schools failed to take into account those  
32 indicators, or similarly failed to take appropriate actions in other  
33 *school* districts with negative or qualified certifications, and shall  
34 provide an additional report on the fiscal oversight practices of the  
35 county superintendent to the appropriate policy and fiscal  
36 committees of each house of the Legislature and the Department  
37 of Finance.

38 SEC. 5. Section 41344 of the Education Code is amended to  
39 read:

1 41344. (a) If, as the result of an audit or review, a local  
2 educational agency is required to repay an apportionment  
3 significant audit exception or to pay a penalty arising from an audit  
4 exception, the Superintendent and the Director of Finance, or their  
5 designees, jointly shall establish a plan for repayment of state  
6 school funds that the local educational agency received on the  
7 basis of average daily attendance, or other data, that did not comply  
8 with statutory or regulatory requirements that were conditions of  
9 the apportionments, or for payment of a penalty arising from an  
10 audit exception. A local educational agency shall request a plan  
11 within 90 days of receiving the final audit report or review, within  
12 30 days of withdrawing or receiving a final determination regarding  
13 an appeal pursuant to subdivision (d), or, in the absence of an  
14 appeal pursuant to subdivision (d), within 30 days of withdrawing  
15 or receiving a determination of a summary review pursuant to  
16 subdivision (d) of Section 41344.1. At the time the local  
17 educational agency is notified, the Controller also shall be notified  
18 of the plan. The plan shall be established in accordance with the  
19 following:

20 (1) The Controller shall withhold the disallowed or penalty  
21 amount at the next principal apportionment or pursuant to  
22 paragraph (2), unless subdivision (d) of this section or subdivision  
23 (d) of Section 41344.1 applies, in which case the disallowed or  
24 penalty amount shall be withheld, at the next principal  
25 apportionment or pursuant to paragraph (2) following the  
26 determination regarding the appeal or summary appeal. In  
27 calculating a disallowed amount, the Controller shall determine  
28 the total amount of overpayment received by the local educational  
29 agency on the basis of average daily attendance, or other data,  
30 reported by the local educational agency that did not comply with  
31 one or more statutory or regulatory requirements that are conditions  
32 of apportionment.

33 (2) If the Superintendent and the Director of Finance concur  
34 that repayment of the full liability or payment of the penalty in the  
35 current fiscal year would constitute a severe financial hardship for  
36 the local educational agency, they may approve a plan of equal  
37 annual payments over a period of up to eight years. The plan shall  
38 include interest on each year's outstanding balance at the rate  
39 earned on the state's Pooled Money Investment Account during  
40 that year. The Superintendent and the Director of Finance jointly

1 shall establish this plan. The Controller shall withhold amounts  
2 pursuant to the plan.

3 (3) If the Superintendent and the Director of Finance do not  
4 jointly establish a plan, the Controller shall withhold the entire  
5 disallowed amount determined pursuant to paragraph (1), or the  
6 penalty amount, at the next principal apportionment.

7 (b) (1) For purposes of computing average daily attendance  
8 pursuant to Section 42238.5, a local educational agency's prior  
9 fiscal year average daily attendance shall be reduced by an amount  
10 equal to any average daily attendance disallowed in the current  
11 year, by an audit or review, as defined in subdivision (e).

12 (2) Commencing with the 1999–2000 fiscal year, this  
13 subdivision may not result in a local educational agency repaying  
14 more than the value of the average daily attendance disallowed in  
15 the audit exception plus interest and other penalties or reductions  
16 in apportionments as provided by existing law.

17 (c) Notwithstanding any other law, this section may not be  
18 waived under any authority set forth in this code except as provided  
19 in this section or Section 41344.1.

20 (d) Within 60 days of the date on which a local educational  
21 agency receives a final audit report resulting from an audit or  
22 review of all or any part of the operations of the local educational  
23 agency, or within 30 days of receiving a determination of a  
24 summary review pursuant to subdivision (d) of Section 41344.1,  
25 a local educational agency may appeal a finding contained in the  
26 final report, pursuant to Section 41344.1. Within 90 days of the  
27 date on which the appeal is received by the panel, a hearing shall  
28 be held at which the local educational agency may present evidence  
29 or arguments if the local educational agency believes that the final  
30 report contains any finding that was based on errors of fact or  
31 interpretation of law, or if the local educational agency believes  
32 in good faith that it was in substantial compliance with all legal  
33 requirements. A repayment schedule may not commence until the  
34 panel reaches a determination regarding the appeal. If the panel  
35 determines that the local educational agency is correct in its  
36 assertion, in whole or in part, the allowable portion of any  
37 apportionment payment that was withheld shall be paid at the next  
38 principal apportionment.

39 (e) (1) As used in this section, “audit or review” means an audit  
40 conducted by the Controller's office, an annual audit conducted

1 by a certified public accountant or a public accounting firm  
2 pursuant to Section 41020, and an audit or review conducted by a  
3 governmental agency that provided the local educational agency  
4 with an opportunity to provide a written response.

5 (2) As used in this section, “local educational agency” includes  
6 a charter school.

7 SEC. 6. Section 42127 of the Education Code is amended to  
8 read:

9 42127. (a) On or before July 1 of each year, the governing  
10 board of each school district shall accomplish the following:

11 (1) Hold a public hearing on the budget to be adopted for the  
12 subsequent fiscal year. The budget to be adopted shall be prepared  
13 in accordance with Section 42126. The agenda for that hearing  
14 shall be posted at least 72 hours before the public hearing and shall  
15 include the location where the budget will be available for public  
16 inspection.

17 (A) For the 2011–12 fiscal year, notwithstanding any of the  
18 standards and criteria adopted by the state board pursuant to Section  
19 33127, each school district budget shall project the same level of  
20 revenue per unit of average daily attendance as it received in the  
21 2010–11 fiscal year and shall maintain staffing and program levels  
22 commensurate with that level.

23 (B) For the 2011–12 fiscal year, the school district shall not be  
24 required to demonstrate that it is able to meet its financial  
25 obligations for the two subsequent fiscal years.

26 (2) Adopt a budget. Not later than five days after that adoption  
27 or by July 1, whichever occurs first, the governing board *of the*  
28 *school district* shall file that budget with the county superintendent  
29 of schools. That budget and supporting data shall be maintained  
30 and made available for public review. If the governing board of  
31 the *school* district does not want all or a portion of the property  
32 tax requirement levied for the purpose of making payments for the  
33 interest and redemption charges on indebtedness as described in  
34 paragraph (1) or (2) of subdivision (b) of Section 1 of Article  
35 XIII A of the California Constitution, the budget shall include a  
36 statement of the amount or portion for which a levy shall not be  
37 made.

38 (b) The county superintendent of schools may accept changes  
39 in any statement included in the budget, pursuant to subdivision  
40 (a), of the amount or portion for which a property tax levy shall

1 not be made. The county superintendent *of schools* or the county  
2 auditor shall compute the actual amounts to be levied on the  
3 property tax rolls of the *school* district for purposes that exceed  
4 apportionments to the *school* district pursuant to Chapter 6  
5 (commencing with Section 95) of Part 0.5 of Division 1 of the  
6 Revenue and Taxation Code. Each school district shall provide all  
7 data needed by the county superintendent *of schools* or the county  
8 auditor to compute the amounts. On or before August 15, the  
9 county superintendent *of schools* shall transmit the amounts  
10 computed to the county auditor who shall compute the tax rates  
11 necessary to produce the amounts. On or before September 1, the  
12 county auditor shall submit the rate computed to the board of  
13 supervisors for adoption.

14 (c) The county superintendent of schools shall do all of the  
15 following:

16 (1) Examine the adopted budget to determine whether it  
17 complies with the standards and criteria adopted by the state board  
18 pursuant to Section 33127 for application to final local educational  
19 agency budgets. The county superintendent *of schools* shall  
20 identify, if necessary, ~~any~~ technical corrections that are required  
21 to be made to bring the budget into compliance with those  
22 standards and criteria.

23 (2) Determine whether the adopted budget will allow the *school*  
24 district to meet its financial obligations during the fiscal year and  
25 is consistent with a financial plan that will enable the *school* district  
26 to satisfy its multiyear financial commitments. In addition to his  
27 or her own analysis of the budget of each school district, the county  
28 superintendent of schools shall review and consider studies, reports,  
29 evaluations, or audits of the school district that were commissioned  
30 by the *school* district, the county superintendent *of schools*, the  
31 Superintendent, and state control agencies and that contain  
32 evidence that the school district is showing fiscal distress under  
33 the standards and criteria adopted in Section 33127 or that contain  
34 a finding by an external reviewer that more than three of the 15  
35 most common predictors of a school district needing intervention,  
36 as determined by the County Office Fiscal Crisis and Management  
37 Assistance Team, are present. The county superintendent of schools  
38 shall either conditionally approve or disapprove a budget that does  
39 not provide adequate assurance that the *school* district will meet  
40 its current and future obligations and resolve any problems

1 identified in studies, reports, evaluations, or audits described in  
2 this paragraph.

3 (d) On or before August 15, the county superintendent of schools  
4 shall approve, conditionally approve, or disapprove the adopted  
5 budget for each school district. If a school district does not submit  
6 a budget to the county superintendent of schools, the county  
7 superintendent of schools shall develop, at *school* district expense,  
8 a budget for that school district by September 15 and transmit that  
9 budget to the governing board of the school district. The budget  
10 prepared by the county superintendent of schools shall be deemed  
11 adopted, unless the county superintendent of schools approves any  
12 modifications made by the governing board of the school district.  
13 The approved budget shall be used as a guide for the *school*  
14 district's priorities. The Superintendent shall review and certify  
15 the budget approved by the county. If, pursuant to the review  
16 conducted pursuant to subdivision (c), the county superintendent  
17 of schools determines that the adopted budget for a school district  
18 does not satisfy paragraph (1) or (2) of that subdivision, he or she  
19 shall conditionally approve or disapprove the budget and, not later  
20 than August 15, transmit to the governing board of the school  
21 district, in writing, his or her recommendations regarding revision  
22 of the budget and the reasons for those recommendations,  
23 including, but not limited to, the amounts of any budget  
24 adjustments needed before he or she can approve that budget. The  
25 county superintendent of schools may assign a fiscal adviser to  
26 assist the *school* district to develop a budget in compliance with  
27 those revisions. In addition, the county superintendent of schools  
28 may appoint a committee to examine and comment on the  
29 superintendent's review and recommendations, subject to the  
30 requirement that the committee report its findings to the county  
31 superintendent *of schools* no later than August 20. For the 2011–12  
32 fiscal year, notwithstanding any of the standards and criteria  
33 adopted by the state board pursuant to Section 33127, the county  
34 superintendent *of schools*, as a condition on approval of a school  
35 district budget, shall not require a school district to project a lower  
36 level of revenue per unit of average daily attendance than it  
37 received in the 2010–11 fiscal year nor require the school district  
38 to demonstrate that it is able to meet its financial obligations for  
39 the two subsequent fiscal years.

1 (e) On or before September 8, the governing board of the school  
2 district shall revise the adopted budget to reflect changes in  
3 projected income or expenditures subsequent to July 1, and to  
4 include any response to the recommendations of the county  
5 superintendent of schools, shall adopt the revised budget, and shall  
6 file the revised budget with the county superintendent of schools.  
7 Before revising the budget, the governing board *of the school*  
8 *district* shall hold a public hearing regarding the proposed revisions,  
9 to be conducted in accordance with Section 42103. In addition, if  
10 the adopted budget is disapproved pursuant to subdivision (d), the  
11 governing board *of the school district* and the county  
12 superintendent of schools shall review the disapproval and the  
13 recommendations of the county superintendent of schools regarding  
14 revision of the budget at the public hearing. The revised budget  
15 and supporting data shall be maintained and made available for  
16 public review.

17 (1) For the 2011–12 fiscal year, notwithstanding any of the  
18 standards and criteria adopted by the state board pursuant to Section  
19 33127, each school district budget shall project the same level of  
20 revenue per unit of average daily attendance as it received in the  
21 2010–11 fiscal year and shall maintain staffing and program levels  
22 commensurate with that level.

23 (2) For the 2011–12 fiscal year, the school district shall not be  
24 required to demonstrate that it is able to meet its financial  
25 obligations for the two subsequent fiscal years.

26 (f) On or before September 22, the county superintendent of  
27 schools shall provide a list to the Superintendent identifying all  
28 school districts for which budgets may be disapproved.

29 (g) The county superintendent of schools shall examine the  
30 revised budget to determine whether it (1) complies with the  
31 standards and criteria adopted by the state board pursuant to Section  
32 33127 for application to final local educational agency budgets,  
33 (2) allows the *school* district to meet its financial obligations during  
34 the fiscal year, (3) satisfies all conditions established by the county  
35 superintendent of schools in the case of a conditionally approved  
36 budget, and (4) is consistent with a financial plan that will enable  
37 the *school* district to satisfy its multiyear financial commitments,  
38 and, not later than October 8, shall approve or disapprove the  
39 revised budget. If the county superintendent of schools disapproves  
40 the budget, he or she shall call for the formation of a budget review

1 committee pursuant to Section 42127.1, unless the governing board  
2 of the school district and the county superintendent of schools  
3 agree to waive the requirement that a budget review committee be  
4 formed and the department approves the waiver after determining  
5 that a budget review committee is not necessary. Upon the grant  
6 of a waiver, the county superintendent *of schools* immediately has  
7 the authority and responsibility provided in Section 42127.3. Upon  
8 approving a waiver of the budget review committee, the department  
9 shall ensure that a balanced budget is adopted for the school district  
10 by November 30. If no budget is adopted by November 30, the  
11 Superintendent may adopt a budget for the school district. The  
12 Superintendent shall report to the Legislature and the Director of  
13 Finance by December 10 if any *school* district, including a *school*  
14 district that has received a waiver of the budget review committee  
15 process, does not have an adopted budget by November 30. This  
16 report shall include the reasons why a budget has not been adopted  
17 by the deadline, the steps being taken to finalize budget adoption,  
18 the date the adopted budget is anticipated, and whether the  
19 Superintendent has or will exercise his or her authority to adopt a  
20 budget for the school district. For the 2011–12 fiscal year,  
21 notwithstanding any of the standards and criteria adopted by the  
22 state board pursuant to Section 33127, the county superintendent  
23 *of schools*, as a condition on approval of a school district budget,  
24 shall not require a school district to project a lower level of revenue  
25 per unit of average daily attendance than it received in the 2010–11  
26 fiscal year nor require the school district to demonstrate that it is  
27 able to meet its financial obligations for the two subsequent fiscal  
28 years.

29 (h) Not later than October 8, the county superintendent of  
30 schools shall submit a report to the Superintendent identifying all  
31 school districts for which budgets have been disapproved or budget  
32 review committees waived. The report shall include a copy of the  
33 written response transmitted to each of those *school* districts  
34 pursuant to subdivision (d).

35 (i) Notwithstanding any other provision of this section, the  
36 budget review for a school district shall be governed by paragraphs  
37 (1), (2), and (3), rather than by subdivisions (e) and (g), if the  
38 governing board of the school district so elects and notifies the  
39 county superintendent *of schools* in writing of that decision, not  
40 later than October 31 of the immediately preceding calendar year.

1 On or before July 1, the governing board of a school district for  
2 which the budget review is governed by this subdivision, rather  
3 than by subdivisions (e) and (g), shall conduct a public hearing  
4 regarding its proposed budget in accordance with Section 42103.

5 (1) If the adopted budget of a school district is disapproved  
6 pursuant to subdivision (d), on or before September 8, the  
7 governing board of the school district, in conjunction with the  
8 county superintendent of schools, shall review the superintendent's  
9 recommendations at a regular meeting of the governing board *of*  
10 *the school district* and respond to those recommendations. The  
11 response shall include any revisions to the adopted budget and  
12 other proposed actions to be taken, if any, as a result of those  
13 recommendations.

14 (2) On or before September 22, the county superintendent of  
15 schools shall provide a list to the Superintendent identifying all  
16 school districts for which a budget may be tentatively disapproved.

17 (3) Not later than October 8, after receiving the response  
18 required under paragraph (1), the county superintendent of schools  
19 shall review that response and either approve or disapprove the  
20 budget. If the county superintendent of schools disapproves the  
21 budget, he or she shall call for the formation of a budget review  
22 committee pursuant to Section 42127.1, unless the governing board  
23 of the school district and the county superintendent of schools  
24 agree to waive the requirement that a budget review committee be  
25 formed and the department approves the waiver after determining  
26 that a budget review committee is not necessary. Upon the grant  
27 of a waiver, the county superintendent has the authority and  
28 responsibility provided to a budget review committee in Section  
29 42127.3. Upon approving a waiver of the budget review committee,  
30 the department shall ensure that a balanced budget is adopted for  
31 the school district by November 30. The Superintendent shall  
32 report to the Legislature and the Director of Finance by December  
33 10 if any *school* district, including a *school* district that has received  
34 a waiver of the budget review committee process, does not have  
35 an adopted budget by November 30. This report shall include the  
36 reasons why a budget has not been adopted by the deadline, the  
37 steps being taken to finalize budget adoption, and the date the  
38 adopted budget is anticipated. For the 2011–12 fiscal year,  
39 notwithstanding any of the standards and criteria adopted by the  
40 state board pursuant to Section 33127, the county superintendent

1 *of schools*, as a condition on approval of a school district budget,  
2 shall not require a school district to project a lower level of revenue  
3 per unit of average daily attendance than it received in the 2010–11  
4 fiscal year nor require the school district to demonstrate that it is  
5 able to meet its financial obligations for the two subsequent fiscal  
6 years.

7 (4) Not later than 45 days after the Governor signs the annual  
8 Budget Act, the school district shall make available for public  
9 review any revisions in revenues and expenditures that it has made  
10 to its budget to reflect the funding made available by that Budget  
11 Act.

12 (j) Any school district for which the county board of education  
13 serves as the governing board *of the school district* is not subject  
14 to subdivisions (c) to (h), inclusive, but is governed instead by the  
15 budget procedures set forth in Section 1622.

16 SEC. 7. Section 42131 of the Education Code is amended to  
17 read:

18 42131. (a) (1) Pursuant to the reports required by Section  
19 42130, the governing board of each school district shall certify, in  
20 writing, within 45 days after the close of the period being reported,  
21 whether the school district is able to meet its financial obligations  
22 for the remainder of the fiscal year and, based on current forecasts,  
23 for the subsequent fiscal year. These certifications shall be based  
24 upon the governing ~~board's~~ *board of the school district's*  
25 assessment, on the basis of standards and criteria for fiscal stability  
26 adopted by the state board pursuant to Section 33127, of the *school*  
27 district budget, as revised to reflect current information regarding  
28 the adopted State Budget, *school* district property tax revenues  
29 pursuant to Sections 95 to 100, inclusive, of the Revenue and  
30 Taxation Code, and ending balances for the preceding fiscal year  
31 as reported pursuant to Section 42100. The certifications shall be  
32 classified as positive, qualified, or negative, as prescribed by the  
33 Superintendent for purposes of determining subsequent actions by  
34 the Superintendent, the Controller, or the county superintendent  
35 of schools, pursuant to subdivisions (b) and (c). These certifications  
36 shall be based upon the financial and budgetary reports required  
37 by Section 42130 but may include additional financial information  
38 known by the governing board *of the school district* to exist at the  
39 time of each certification. For purposes of this subdivision, a  
40 negative certification shall be assigned to any school district that,

1 based upon current projections, will be unable to meet its financial  
2 obligations for the remainder of the fiscal year or the subsequent  
3 fiscal year. A qualified certification shall be assigned to any school  
4 district that, based upon current projections, may not meet its  
5 financial obligations for the current fiscal year or two subsequent  
6 fiscal years. A positive certification shall be assigned to any school  
7 district that, based upon current projections, will meet its financial  
8 obligations for the current fiscal year and subsequent two fiscal  
9 years.

10 (2) (A) A copy of each certification and a copy of the report  
11 submitted to the governing board *of the school district* pursuant  
12 to Section 42130 shall be filed with the county superintendent of  
13 schools. If a county office of education receives a positive  
14 certification when it determines a negative or qualified certification  
15 should have been filed, or receives a qualified certification when  
16 it determines a negative certification should have been filed, the  
17 county superintendent of schools shall change the certification to  
18 negative or qualified, as appropriate, and, no later than 75 days  
19 after the close of the period being reported, shall provide notice  
20 of that action to the governing board of the school district and to  
21 the Superintendent. No later than five days after a school district  
22 receives notice from the county superintendent of schools of a  
23 change in the *school* district's certification to negative or qualified,  
24 the governing board of the *school* district may submit an appeal  
25 to the Superintendent regarding the validity of that change, in  
26 accordance with the criteria applied to those designations pursuant  
27 to this subdivision. No later than 10 days after receiving that  
28 appeal, the Superintendent shall determine the certification to be  
29 assigned to the *school* district and shall notify the governing board  
30 of the *school* district and the county superintendent of schools of  
31 that determination.

32 (B) Copies of any certification in which the governing board *of*  
33 *the school district* is unable to certify unqualifiedly that these  
34 financial obligations will be met and a copy of the report submitted  
35 to the governing board *of the school district* pursuant to Section  
36 42130 shall be sent by the county office of education to the  
37 Controller and the Superintendent at the time of the certification,  
38 together with a completed transmittal form provided by the  
39 Superintendent. Within 75 days after the close of the reporting  
40 period on all school district certifications that are classified as

1 qualified or negative pursuant to this section, the appropriate county  
2 superintendent of schools shall submit to the Superintendent and  
3 the Controller his or her comments on those certifications and  
4 report any action proposed or taken pursuant to subdivision (b).

5 (3) All reports and certifications required under this subdivision  
6 shall be in a format or on forms prescribed by the Superintendent  
7 and shall be based on standards and criteria for fiscal stability  
8 adopted by the state board pursuant to Section 33127.

9 (4) This subdivision does not preclude the submission of  
10 additional budgetary or financial reports by the county  
11 superintendent of schools to the governing board of the *school*  
12 district, or to the Superintendent.

13 (b) As to any school district having a negative or qualified  
14 certification, the county superintendent of schools shall exercise  
15 his or her authority, as necessary, pursuant to Section 42127.6.

16 (c) Within 75 days after the close of each reporting period, each  
17 county superintendent of schools shall report to the Controller and  
18 the Superintendent as to whether the governing board of each of  
19 the school districts under his or her jurisdiction has submitted the  
20 certification required by subdivision (a). That report shall account  
21 for all *school* districts under the jurisdiction of the county office  
22 of education and indicate the type of certification filed by each  
23 *school* district.

24 (d) The Controller's office may conduct an audit or review of  
25 the fiscal condition of any *school* district having a negative or  
26 qualified certification.

27 (e) The governing board of each school district filing a qualified  
28 or negative certification for the second report required under  
29 Section 42130, or classified as qualified or negative by the county  
30 superintendent of schools, shall provide to the county  
31 superintendent of schools, the Controller, and the Superintendent  
32 no later than June 1, financial statement projections of the *school*  
33 district's fund and cash balances through June 30 for the period  
34 ending April 30. The governing boards of all other school districts  
35 are encouraged to develop a similar financial statement for use in  
36 developing the beginning fund balances of the *school* district for  
37 the ensuing fiscal year.

38 (f) Any school district for which the county board of education  
39 serves as the governing board of *the school district* is not subject  
40 to subdivisions (a) to (f), inclusive, but is governed instead by the

1 interim report, monitoring, and review procedures set forth in  
2 subdivision (l) of Section 1240 and in Article 2 (commencing with  
3 Section 1620) of Chapter 5 of Part 2.

4 SEC. 8. Section 42238.12 of the Education Code is amended  
5 to read:

6 42238.12. (a) For the 1995–96 fiscal year and each fiscal year  
7 thereafter, the county superintendent of schools shall adjust the  
8 total revenue limit for each school district in the jurisdiction of the  
9 county superintendent of schools by the amount of increased or  
10 decreased employer contributions to the Public Employees’  
11 Retirement System resulting from the enactment of Chapter 330  
12 of the Statutes of 1982, adjusted for any changes in those  
13 contributions resulting from subsequent changes in employer  
14 contribution rates, excluding rate changes due to the direct transfer  
15 of the state-mandated portion of the employer contributions to the  
16 Public Employees’ Retirement System, through the current fiscal  
17 year. The adjustment shall be calculated for each school district,  
18 as follows:

19 (1) (A) Determine the amount of employer contributions that  
20 would have been made in the current fiscal year if the applicable  
21 Public Employees’ Retirement System employer contribution rate  
22 in effect immediately before the enactment of Chapter 330 of the  
23 Statutes of 1982 were in effect during the current fiscal year.

24 (B) For purposes of this calculation, no school district shall have  
25 a contribution rate higher than 13.020 percent.

26 (2) Determine the actual amount of employer contributions  
27 made to the Public Employees’ Retirement System in the current  
28 fiscal year.

29 (3) If the amount determined in paragraph (1) for a school  
30 district is greater than the amount determined in paragraph (2), the  
31 total revenue limit computed for that school district shall be  
32 decreased by the amount of the difference between those  
33 paragraphs; or, if the amount determined in paragraph (1) for a  
34 school district is less than the amount determined in paragraph (2),  
35 the total revenue limit for that school district shall be increased by  
36 the amount of the difference between those paragraphs.

37 (4) For the purpose of this section, employer contributions to  
38 the Public Employees’ Retirement System for any of the following  
39 positions shall be excluded from the calculation specified above:

1 (A) Positions or portions of positions supported by federal funds  
2 that are subject to supplanting restrictions.

3 (B) Positions supported by funds received pursuant to Section  
4 41540 that are established in order to satisfy court-ordered  
5 desegregation requirements.

6 (C) Positions supported, to the extent of employers'  
7 contributions not exceeding twenty-five thousand dollars (\$25,000)  
8 by any single educational agency, from a non-General Fund  
9 revenue source determined to be properly excludable from this  
10 section by the Superintendent with the approval of the Director of  
11 Finance. Commencing in the 2002–03 fiscal year, only positions  
12 supported from a non-General Fund revenue source determined  
13 to be properly excludable as identified for a particular local  
14 educational agency or pursuant to a blanket waiver by the  
15 Superintendent and the Director of Finance, before the 2002–03  
16 fiscal year, may be excluded pursuant to this paragraph.

17 (5) For accounting purposes, any reduction to *school* district  
18 revenue limits made by this provision may be reflected as an  
19 expenditure from appropriate sources of revenue as directed by  
20 the Superintendent.

21 (6) The amount of the increase or decrease to the revenue limits  
22 of school districts computed pursuant to paragraph (3) for the  
23 1995–96 to 2002–03 fiscal years, inclusive, may not be adjusted  
24 by the deficit factor applied to the revenue limit of each school  
25 district pursuant to Section 42238.145.

26 (7) For the 2003–04 fiscal year and any fiscal year thereafter,  
27 the revenue limit reduction specified in Section 42238.146 may  
28 not be applied to the amount of the increase or decrease to the  
29 revenue limits of school districts computed pursuant to paragraph  
30 (3).

31 (b) The calculations set forth in paragraphs (1) to (3), inclusive,  
32 of subdivision (a) exclude employer contributions for employees  
33 of charter schools funded pursuant to Article 2 (commencing with  
34 Section 47633) of Chapter 6 of Part 26.8.

35 (c) Funding appropriated through the Budget Act of 2001 or  
36 legislation amending the Budget Act of 2001 for the purpose of  
37 limiting the reductions to revenue limits calculated pursuant to  
38 this section and to Section 2558 for the 2001–02 fiscal year shall  
39 be allocated on a one-time basis in the following manner:

1 (1) Each school district and county office of education subject  
2 to a reduced apportionment pursuant to this section or to Section  
3 2558 shall receive a share of the amount described in paragraph  
4 (3) that is proportionate to the reduction in their apportionment  
5 pursuant to this section or to Section 2558 for the 2001–02 fiscal  
6 year as compared to the statewide total reduction that would occur  
7 absent this paragraph.

8 (2) For the 2001–02 fiscal year, instead of the alternative  
9 calculation authorized by paragraph (1), San Francisco Unified  
10 School District shall receive an amount equal to five dollars and  
11 57 cents (\$5.57) multiplied by its second principal apportionment  
12 average daily attendance for the 2001–02 fiscal year.

13 (3) Notwithstanding any other law, total allocations pursuant  
14 to this subdivision may not exceed thirty-five million dollars  
15 (\$35,000,000).

16 (d) Thirty-five million dollars (\$35,000,000) is hereby  
17 appropriated from the General Fund for transfer to Section A of  
18 the State School Fund for local assistance for the purpose of  
19 limiting the reductions to revenue limits calculated pursuant to  
20 this section and to Section 2558 for the 2003–04 fiscal year.  
21 Funding from this appropriation shall be allocated in the following  
22 manner:

23 (1) Each school district and county office of education subject  
24 to a reduced apportionment pursuant to this section or to Section  
25 2558 shall receive a share of the amount appropriated in this  
26 subdivision that is proportionate to the reduction in their  
27 apportionment pursuant to this section or to Section 2558 for the  
28 2003–04 fiscal year as compared to the statewide total reduction  
29 that would occur absent this paragraph.

30 (2) For the 2003–04 fiscal year, instead of the alternative  
31 calculation authorized by paragraph (1), the San Francisco Unified  
32 School District shall receive an amount equal to five dollars and  
33 57 cents (\$5.57) multiplied by its second principal apportionment  
34 average daily attendance for the 2003–04 fiscal year.

35 (3) Notwithstanding any other law, total allocations pursuant  
36 to this subdivision may not exceed thirty-five million dollars  
37 (\$35,000,000) for the 2003–04 fiscal year.

38 (4) For the purposes of making the computations required by  
39 Section 8 of Article XVI of the California Constitution, the  
40 appropriation made by this section shall be deemed to be “General

1 Fund revenues appropriated for school districts,” as defined in  
2 subdivision (c) of Section 41202, for the 2003–04 fiscal year and  
3 included within the “total allocations to school districts and  
4 community college districts from General Fund proceeds of taxes  
5 appropriated pursuant to Article XIII B,” as defined in subdivision  
6 (e) of Section 41202, for the 2003–04 fiscal year.

7 (e) For the 2004–05 fiscal year, and each fiscal year thereafter,  
8 apportionment reductions pursuant to this section and to Section  
9 2558 shall be limited as follows:

10 (1) Each school district and county office of education subject  
11 to a reduced apportionment pursuant to this section or to Section  
12 2558 shall receive a share of the amount described in paragraph  
13 (3) that is proportionate to the reduction in their apportionment  
14 pursuant to this section or to Section 2558 for the 2004–05 fiscal  
15 year as compared to the statewide total reduction as would occur  
16 absent this paragraph.

17 (2) Instead of the alternative calculation authorized by paragraph  
18 (1), the San Francisco Unified School District shall receive funding  
19 equal to the amount of funding per unit of average daily attendance  
20 specified in paragraph (2) of subdivision (c) as increased annually  
21 by cost-of-living adjustments specified in Section 42238.1,  
22 multiplied by its second principal apportionment average daily  
23 attendance for that fiscal year.

24 (3) Notwithstanding any other law, total limitations pursuant to  
25 this subdivision may not annually exceed thirty-five million dollars  
26 (\$35,000,000) as annually increased by the cost-of-living  
27 adjustments specified in Section 42238.1, multiplied by the annual  
28 statewide percentage growth in total average daily attendance,  
29 measured at the second principal apportionment.

30 SEC. 9. Section 48070.6 of the Education Code is amended to  
31 read:

32 48070.6. (a) On or before August 1, 2011, and annually  
33 thereafter, utilizing data produced by the California Longitudinal  
34 Pupil Achievement Data System pursuant to Section 60900 and  
35 other available data, the Superintendent shall submit to the  
36 Governor, the Legislature, and the state board a report that shall  
37 be called the Annual Report on Dropouts in California. The report  
38 shall include, but not be limited to, all of the following:

- 39 (1) One-year dropout rates for each of grades 7 to 12, inclusive.  
40 (2) Four-year cohort dropout rates for grades 9 to 12, inclusive.

- 1 (3) Two- or three-year cohort dropout rates, as appropriate, for  
2 middle schools.
- 3 (4) Grade 9 to grade 10 promotion rates.
- 4 (5) Percentage of high school pupils for each of grades 9 to 12,  
5 inclusive, who are on track to earn sufficient credits to graduate.
- 6 (6) The average number of nonpromotional school moves that  
7 pupils make between grades 6 to 12, inclusive.
- 8 (7) “Full-year” dropout rates for alternative schools, including  
9 dropout recovery high schools, calculated using a methodology  
10 developed by the Superintendent to appropriately reflect dropout  
11 rates in each type of alternative school.
- 12 (8) An explanation of the methodology or methodologies used  
13 to calculate “full-year” dropout rates for alternative schools  
14 pursuant to paragraph (7).
- 15 (9) Passage rates on the high school exit examination adopted  
16 pursuant to subdivision (a) of Section 60850.
- 17 (10) Other available data relating to dropout or graduation rates  
18 or pupil progress toward high school graduation.
- 19 (b) When cohort dropout rates can be calculated accurately  
20 using longitudinal data, the rates described in paragraph (3) of  
21 subdivision (a) shall be replaced by dropout rates for cohorts of  
22 pupils entering middle school.
- 23 (c) When data is available, the report shall also include all of  
24 the following:
- 25 (1) Rates at which pupils graduate in four, five, and six years,  
26 pursuant to subparagraph (A) of paragraph (4) of subdivision (a)  
27 of Section 52052.
- 28 (2) Percentage of high school graduates and dropouts who  
29 completed courses that are certified by the University of California  
30 as meeting admission requirement criteria for the University of  
31 California and California State University systems.
- 32 (3) Percentage of high school graduates and dropouts who  
33 completed two or more classes in career technical education.
- 34 (4) Percentage of high school graduates and dropouts who  
35 completed both course sequences described in paragraphs (2) and  
36 (3).
- 37 (5) Behavioral data by school and district, including suspensions  
38 and expulsions.
- 39 (6) Truancy rates.
- 40 (7) GED earning rates.

- 1 (8) Chronic absentee rates, as defined in Section 60901.  
2 (d) If possible, the data listed in subdivisions (a) and (b) shall  
3 be presented in the report, organized as follows:  
4 (1) By state.  
5 (2) By county.  
6 (3) By *school* district, both including and excluding charter  
7 schools.  
8 (4) By school.  
9 (e) The report shall include data from alternative middle and  
10 high schools, including continuation high schools, community day  
11 schools, juvenile court schools, special schools, opportunity  
12 schools, and schools attended by wards of the Department of  
13 Corrections and Rehabilitation, Division of Juvenile Justice.  
14 (f) The report may include relevant data on school climate and  
15 pupil engagement from the California Healthy Kids Survey.  
16 (g) If possible, the data listed in subdivisions (a) and (b) shall  
17 be presented for the following subgroups, if the subgroup consists  
18 of at least 50 pupils, and the subgroup constitutes at least 15 percent  
19 of the total population of pupils at a school:  
20 (1) Grade level.  
21 (2) Ethnicity.  
22 (3) Gender.  
23 (4) Low socioeconomic status.  
24 (5) English learners.  
25 (6) Special education status.  
26 (h) The first Annual Report on Dropouts in California shall  
27 include data from the most recent year. Subsequent annual reports  
28 shall include data from the most recent year and, at a minimum,  
29 the two prior years, so that comparisons can be made easily.  
30 (i) The Superintendent or his or her designee shall make an oral  
31 presentation of the contents of the report to the state board at a  
32 regularly scheduled meeting of the *state* board.  
33 (j) The Superintendent shall make the contents of the report  
34 available on the department's Internet Web site in a format that is  
35 easy for the public to access and understand.  
36 (k) If inclusion of school-level data would render the written  
37 report unwieldy, the data may be omitted from the written report  
38 and posted on the department's Internet Web site.  
39 (l) It is the intent of the Legislature that the report prepared by  
40 the Superintendent be usable by schools, *school* districts,

1 policymakers, researchers, parents, and the public, for purposes  
2 of identifying and understanding trends, causal relations, early  
3 warning indicators, and potential points of intervention to address  
4 the high rate of dropouts in California.

5 (m) For purposes of this section, dropouts shall be defined using  
6 the exit/withdrawal codes developed by the department.

7 (n) For purposes of this section, “dropout recovery high school”  
8 has the same meaning as defined in subparagraph (D) of paragraph  
9 (4) of subdivision (a) of Section 52052.

10 SEC. 10. Section 48904 of the Education Code is amended to  
11 read:

12 48904. (a) (1) Notwithstanding Section 1714.1 of the Civil  
13 Code, the parent or guardian of any minor whose willful  
14 misconduct results in injury or death to any pupil or any person  
15 employed by, or performing volunteer services for, a school district  
16 or private school or who willfully cuts, defaces, or otherwise injures  
17 in any way any property, real or personal, belonging to a school  
18 district or private school, or personal property of any school  
19 employee, shall be liable for all damages so caused by the minor.  
20 The liability of the parent or guardian shall not exceed ten thousand  
21 dollars (\$10,000), adjusted annually for inflation. The parent or  
22 guardian shall be liable also for the amount of any reward not  
23 exceeding ten thousand dollars (\$10,000), adjusted annually for  
24 inflation, paid pursuant to Section 53069.5 of the Government  
25 Code. The parent or guardian of a minor shall be liable to a school  
26 district or private school for all property belonging to the school  
27 district or private school loaned to the minor and not returned upon  
28 demand of an employee of the *school* district or private school  
29 authorized to make the demand.

30 (2) The Superintendent annually shall compute an adjustment  
31 of the liability limits prescribed by this subdivision to reflect the  
32 percentage change in the average annual value of the Implicit Price  
33 Deflator for State and Local Government Purchases of Goods and  
34 Services for the United States, as published by the United States  
35 Department of Commerce for the 12-month period ending in the  
36 prior fiscal year. The annual adjustment shall be rounded to the  
37 nearest one hundred dollars (\$100).

38 (b) (1) Any school district or private school whose real or  
39 personal property has been willfully cut, defaced, or otherwise  
40 injured, or whose property is loaned to a pupil and willfully not

1 returned upon demand of an employee of the *school* district or  
2 private school authorized to make the demand may, after affording  
3 the pupil his or her due process rights, withhold the grades,  
4 diploma, and transcripts of the pupil responsible for the damage  
5 until the pupil or the pupil's parent or guardian has paid for the  
6 damages thereto, as provided in subdivision (a).

7 (2) The school district or private school shall notify the parent  
8 or guardian of the pupil in writing of the pupil's alleged misconduct  
9 before withholding the pupil's grades, diploma, or transcripts  
10 pursuant to this subdivision. When the minor and parent are unable  
11 to pay for the damages, or to return the property, the school district  
12 or private school shall provide a program of voluntary work for  
13 the minor in lieu of the payment of monetary damages. Upon  
14 completion of the voluntary work, the grades, diploma, and  
15 transcripts of the pupil shall be released.

16 (3) The governing board of each school district or governing  
17 body of each private school shall establish rules and regulations  
18 governing procedures for the implementation of this subdivision.  
19 The procedures shall conform to, but are not necessarily limited  
20 to, those procedures established in this code for the expulsion of  
21 pupils.

22 SEC. 11. Section 49550.3 of the Education Code is amended  
23 to read:

24 49550.3. (a) Because a hungry child cannot learn, the  
25 Legislature intends, as a state nutrition and health policy, that the  
26 School Breakfast Program be made available in all schools where  
27 it is needed to provide adequate nutrition for children in attendance.

28 (b) The department, in cooperation with school districts and  
29 county superintendents of schools, shall provide information and  
30 limited financial assistance to encourage program startup and  
31 expansion into all qualified schools, as follows:

32 (1) Provide information to school districts and county  
33 superintendents of schools concerning the benefits and availability  
34 of the School Breakfast Program.

35 (2) Each year, provide additional information and financial  
36 assistance to schools in the state, in which 20 percent or more of  
37 the school enrollment consists of children who have applied and  
38 qualify for free and reduced-price meals.

39 (c) The department shall award grants of up to fifteen thousand  
40 dollars (\$15,000) per schoolsite on a competitive basis to school

1 districts, county superintendents of schools, or entities approved  
2 by the department, limited to an amount subject to budget  
3 appropriations each fiscal year, for nonrecurring expenses incurred  
4 in initiating or expanding a school breakfast program under this  
5 section or a summer food service program pursuant to Article 10.7  
6 (commencing with Section 49547).

7 (d) Grants awarded under this section shall be used for  
8 nonrecurring costs of initiating or expanding a school breakfast  
9 program or a summer food service program, including the  
10 acquisition of equipment, training of staff in new capacities,  
11 outreach efforts to publicize new or expanded school breakfast  
12 programs or summer food service programs, minor alterations to  
13 accommodate new equipment, computer point-of-service systems  
14 for food service, and the purchase of vehicles for transporting food  
15 to schools. Funds may not be used for salaries and benefits of staff,  
16 food, computers, except computer point-of-service systems, or  
17 capital outlay.

18 (e) In making grant awards under this section in any fiscal year,  
19 the department shall give a preference to school districts and county  
20 superintendents of schools that do all of the following:

21 (1) Submit to the department a plan to start or expand school  
22 breakfast programs or summer food service programs in the *school*  
23 district or the county, including a description of the following:

24 (A) The manner in which the *school* district or county  
25 *superintendent of schools* will provide technical assistance and  
26 funding to schoolsites to expand those programs.

27 (B) Detailed information on the nonrecurring expenses needed  
28 to initiate a program.

29 (C) Public or private resources that have been assembled to  
30 carry out expansion of these programs during that year.

31 (2) Agree to operate the breakfast program or the summer food  
32 service program for a period of not less than three years.

33 (3) Assure that the expenditure of funds from state and local  
34 resources for the maintenance of the breakfast program or the  
35 summer food service program shall not be diminished as a result  
36 of grant awards received under this section.

37 SEC. 12. Section 51765 of the Education Code is amended to  
38 read:

39 51765. (a) The governing board of a school district that  
40 establishes and supervises a work experience education program

1 in which pupils with intellectual disabilities are employed in  
2 part-time jobs may use funds derived from any source, to the extent  
3 permissible by appropriate law or regulation, to pay the wages of  
4 pupils so employed.

5 (b) The Legislature hereby finds and declares that the authority  
6 granted by this section is necessary to ensure that the work  
7 experience education program will continue to provide maximum  
8 educational benefit to pupils, particularly pupils with intellectual  
9 disabilities, and that the program is deemed to serve a public  
10 purpose.

11 SEC. 13. Section 60605.86 of the Education Code is amended  
12 to read:

13 60605.86. (a) The department shall recommend, and the state  
14 board shall approve, evaluation criteria to guide the development  
15 and review of supplemental instructional materials.

16 (b) Notwithstanding any other law, and on a one-time basis, the  
17 department shall develop a list, on or before July 1, 2012, of  
18 supplemental instructional materials for use in kindergarten and  
19 grades 1 to 8, inclusive, that are aligned with the California  
20 common core academic content standards for language arts and  
21 for use in kindergarten and grades 1 to 7, inclusive, that are aligned  
22 with the California common core academic content standards for  
23 mathematics. The supplemental instructional materials shall  
24 provide a bridge between the California common core academic  
25 content standards and the standards-aligned instructional materials  
26 currently being used by local educational agencies.

27 (c) (1) The department shall recommend, and the state board  
28 shall approve, content review experts to review, in an open and  
29 transparent process, supplemental instructional materials submitted  
30 for approval in the subject areas of mathematics and English  
31 language arts.

32 (2) The majority of content review experts approved pursuant  
33 to paragraph (1) shall be teachers who are credentialed in the  
34 subject area they are reviewing. The content review experts shall  
35 also include appropriate persons from postsecondary institutions  
36 and school and school district curriculum administrators, and other  
37 persons who are knowledgeable in the appropriate subject area.

38 (3) The content review experts shall serve without compensation.

39 (d) (1) On or before September 30, 2012, the state board shall  
40 do the following:

1 (A) Approve all, or a portion, of the list of supplemental  
2 instructional materials proposed by the department, taking into  
3 consideration the review of the content review experts and any  
4 other relevant information, as appropriate.

5 (B) Reject all, or a portion, of the list of supplemental  
6 instructional materials proposed by the department, taking into  
7 consideration the review of the content review experts and any  
8 other relevant information, as appropriate.

9 (2) The state board may add an item to the list of supplemental  
10 instructional materials proposed by the department.

11 (3) If the state board rejects all, or a portion, of the list of  
12 supplemental instructional materials proposed by the department,  
13 or adds an item to the list, the state board, in a public meeting held  
14 pursuant to the Bagley-Keene Open Meeting Act (Article 9  
15 (commencing with Section 11120) of Chapter 1 of Part 1 of  
16 Division 3 of Title 2 of the Government Code), shall provide  
17 written reasons for the removal or addition of an item on the list.  
18 The state board shall not approve a supplemental instructional  
19 material it adds to the list at the same time it provides its written  
20 reason for adding the material; instead, the state board shall  
21 approve the added material at a subsequent public meeting.

22 (e) (1) The governing boards of school districts and county  
23 offices of education may approve supplemental instructional  
24 materials other than those approved by the state board pursuant to  
25 subdivision (d) if the governing board of the school district or  
26 county office of education determines that other supplemental  
27 instructional materials are aligned with the California common  
28 core academic content standards and meet the needs of the pupils  
29 of the *school* district or county office of education. The governing  
30 board of a school district and a county office of education may  
31 only approve supplemental instructional materials that comply  
32 with the evaluation criteria approved pursuant to subdivision (a)  
33 and the requirements of Section 60226, subdivision (h), and Article  
34 4 (commencing with Section 60060).

35 (2) (A) A supplemental instructional material approved by a  
36 governing board of a school district or a county office of education  
37 pursuant to this subdivision that is in the subject area of  
38 mathematics or English language arts shall be reviewed by content  
39 review experts chosen by the governing board of the school district  
40 or county office of education.

1 (B) The majority of the content review experts chosen pursuant  
2 to subparagraph (A) shall be teachers who are credentialed in the  
3 subject area they are reviewing. The content review experts shall  
4 include appropriate persons from postsecondary institutions and  
5 school and school district or county office of education curriculum  
6 administrators, and other persons who are knowledgeable in the  
7 appropriate subject area.

8 (C) The content review experts shall serve without  
9 compensation.

10 (f) Publishers choosing to submit supplemental instructional  
11 materials for approval by the state board shall submit standards  
12 maps.

13 (g) (1) Before approving supplemental instructional materials  
14 pursuant to this section, the state board shall review those  
15 instructional materials for academic content, social content, and  
16 instructional support to teachers and pupils. Supplemental  
17 instructional materials approved by the state board pursuant to this  
18 section shall meet required program criteria for grade-level  
19 programs, intervention programs, and English learners and shall  
20 include materials for use by teachers.

21 (2) Before approving supplemental instructional materials  
22 pursuant to this section, the governing board of a school district  
23 or a county office of education shall review those instructional  
24 materials for academic content and instructional support to teachers  
25 and pupils. Supplemental instructional materials approved by the  
26 governing board of a school district or a county office of education  
27 pursuant to this section shall meet required program criteria for  
28 grade-level programs, intervention programs, and English learners,  
29 and shall include materials for use by teachers.

30 (h) Supplemental instructional materials approved pursuant to  
31 this section shall comply with the social content review  
32 requirements that would be imposed by Assembly Bill 339 of the  
33 2011–12 Regular Session if that bill becomes operative; otherwise,  
34 the governing board of a school district or a county office of  
35 education shall review supplemental instructional materials for  
36 social content in compliance with Article 3 (commencing with  
37 Section 60040).

38 (i) The department shall maintain on its Internet Web site the  
39 list of supplemental instructional materials approved by the state  
40 board pursuant to subdivision (d).

1 (j) The department shall use federal carryover funds received  
2 pursuant to Title I of the federal No Child Left Behind Act of 2001  
3 (20 U.S.C. Sec. 6301 et seq.) to implement this section.

4 (k) This section shall become inoperative on July 1, 2014, and,  
5 as of July 1, 2015, is repealed, unless a later enacted statute, that  
6 becomes operative on or before July 1, 2015, deletes or extends  
7 the dates on which it becomes inoperative and is repealed.

8 SEC. 14. Section 8880.5 of the Government Code is amended  
9 to read:

10 8880.5. Allocations for education:

11 The California State Lottery Education Fund is created within  
12 the State Treasury, and is continuously appropriated for carrying  
13 out the purposes of this chapter. The Controller shall draw warrants  
14 on this fund and distribute them quarterly in the following manner,  
15 provided that the payments specified in subdivisions (a) to (g),  
16 inclusive, shall be equal per capita amounts.

17 (a) (1) Payments shall be made directly to public school  
18 districts, including county superintendents of schools, serving  
19 kindergarten and grades 1 to 12, inclusive, or any part thereof, on  
20 the basis of an equal amount for each unit of average daily  
21 attendance, as defined by law and adjusted pursuant to subdivision  
22 (l).

23 (2) For purposes of this paragraph, in each of the 2008–09,  
24 2009–10, 2010–11, 2011–12, 2012–13, 2013–14, and 2014–15  
25 fiscal years, the number of units of average daily attendance in  
26 each of those fiscal years for programs for public school districts,  
27 including county superintendents of schools, serving kindergarten  
28 and grades 1 to 12, inclusive, shall include the same amount of  
29 average daily attendance for classes for adults and regional  
30 occupational centers and programs used in the calculation made  
31 pursuant to this subdivision for the 2007–08 fiscal year.

32 (b) Payments shall also be made directly to public school  
33 districts serving community colleges, on the basis of an equal  
34 amount for each unit of average daily attendance, as defined by  
35 law.

36 (c) Payments shall also be made directly to the Board of Trustees  
37 of the California State University on the basis of an amount for  
38 each unit of equivalent full-time enrollment. Funds received by  
39 the trustees shall be deposited in and expended from the California  
40 State University Lottery Education Fund, which is hereby created

1 or, at the discretion of the trustees, deposited in local trust accounts  
2 in accordance with subdivision (j) of Section 89721 of the  
3 Education Code.

4 (d) Payments shall also be made directly to the Regents of the  
5 University of California on the basis of an amount for each unit  
6 of equivalent full-time enrollment.

7 (e) Payments shall also be made directly to the Board of  
8 Directors of the Hastings College of the Law on the basis of an  
9 amount for each unit of equivalent full-time enrollment.

10 (f) Payments shall also be made directly to the Department of  
11 the Youth Authority for educational programs serving kindergarten  
12 and grades 1 to 12, inclusive, or any part thereof, on the basis of  
13 an equal amount for each unit of average daily attendance, as  
14 defined by law.

15 (g) Payments shall also be made directly to the two California  
16 Schools for the Deaf, the California School for the Blind, and the  
17 three Diagnostic Schools for Neurologically Handicapped Children,  
18 on the basis of an amount for each unit of equivalent full-time  
19 enrollment.

20 (h) Payments shall also be made directly to the State Department  
21 of Developmental Services and the State Department of Mental  
22 Health for clients with developmental or mental disabilities who  
23 are enrolled in state hospital education programs, including  
24 developmental centers, on the basis of an equal amount for each  
25 unit of average daily attendance, as defined by law.

26 (i) No Budget Act or other statutory provision shall direct that  
27 payments for public education made pursuant to this chapter be  
28 used for purposes and programs (including workload adjustments  
29 and maintenance of the level of service) authorized by Chapters  
30 498, 565, and 1302 of the Statutes of 1983, Chapter 97 or 258 of  
31 the Statutes of 1984, or Chapter 1 of the Statutes of the 1983–84  
32 Second Extraordinary Session.

33 (j) School districts and other agencies receiving funds distributed  
34 pursuant to this chapter may at their option utilize funds allocated  
35 by this chapter to provide additional funds for those purposes and  
36 programs prescribed by subdivision (i) for the purpose of  
37 enrichment or expansion.

38 (k) As a condition of receiving any moneys pursuant to  
39 subdivision (a) or (b), each *school* district and county  
40 superintendent of schools shall establish a separate account for the

1 receipt and expenditure of those moneys, which account shall be  
2 clearly identified as a lottery education account.

3 (l) Commencing with the 1998–99 fiscal year, and each year  
4 thereafter, for purposes of subdivision (a), average daily attendance  
5 shall be increased by the statewide average rate of excused  
6 absences for the 1996–97 fiscal year as determined pursuant to the  
7 provisions of Chapter 855 of the Statutes of 1997. The statewide  
8 average excused absence rate, and the corresponding adjustment  
9 factor required for the operation of this subdivision, shall be  
10 certified to the State Controller by the Superintendent of Public  
11 Instruction.

12 (m) It is the intent of this chapter that all funds allocated from  
13 the California State Lottery Education Fund shall be used  
14 exclusively for the education of pupils and students and no funds  
15 shall be spent for acquisition of real property, construction of  
16 facilities, financing of research, or any other noninstructional  
17 purpose.

18 SEC. 15. Section 75.70 of the Revenue and Taxation Code is  
19 amended to read:

20 75.70. (a) Notwithstanding any other law, for the 1983–84  
21 fiscal year, each county auditor shall allocate to all elementary,  
22 high school, and unified school districts within the county in  
23 proportion to each *school* district's average daily attendance, as  
24 certified by the Superintendent of Public Instruction for purposes  
25 of the advance apportionment of state aid in the then current fiscal  
26 year, without respect to the allocation of property tax revenues  
27 pursuant to Chapter 6 (commencing with Section 95) of Part 0.5,  
28 and without respect to allocation and payment of funds as provided  
29 for in subdivision (b) of Section 33670 of the Health and Safety  
30 Code, an amount equal to the additional revenues generated by  
31 the rate levied pursuant to subdivision (a) of Section 1 of Article  
32 XIII A of the California Constitution applied to the increased  
33 assessments for the current roll under this chapter. Additional  
34 revenues generated by a rate or rates levied in excess of the  
35 limitation prescribed by subdivision (a) of Section 1 of Article  
36 XIII A of the California Constitution shall be allocated to the fund  
37 for which the tax rate or rates were levied.

38 (b) For the 1984–85 fiscal year, the county auditor shall, without  
39 respect to the allocation of property tax revenues pursuant to

1 Chapter 6 (commencing with Section 95) of Part 0.5, do all of the  
2 following:

3 (1) Make the allocation and payment of funds as provided in  
4 Section 33670 of the Health and Safety Code.

5 (2) Allocate to the county the amount determined pursuant to  
6 Section 75.60.

7 (3) Allocate to the county an amount equal to the total amount  
8 of additional revenues generated by the rate levied pursuant to  
9 subdivision (a) of Section 1 of Article XIII A of the California  
10 Constitution applied to the increased assessments under this  
11 chapter, less the amount determined pursuant to paragraphs (1)  
12 and (2), the remainder multiplied by the county's property tax  
13 apportionment factor determined pursuant to Section 97.5.

14 (4) Allocate to each community college district and county  
15 superintendent of schools within the county an amount equal to  
16 the total amount of additional revenues generated by the rate levied  
17 pursuant to subdivision (a) of Section 1 of Article XIII A of the  
18 California Constitution applied to the increased assessments under  
19 this chapter, less the amount determined pursuant to paragraphs  
20 (1) and (2), the remainder multiplied by each county superintendent  
21 of schools' and community college district's property tax  
22 apportionment factor determined pursuant to Section 97.5.

23 (5) Allocate to each city within the county an amount equal to  
24 the total amount of additional revenue generated by the rate levied  
25 pursuant to subdivision (a) of Section 1 of Article XIII A of the  
26 California Constitution applied to the increased assessments under  
27 this chapter, less the amount determined pursuant to paragraphs  
28 (1) and (2), the remainder multiplied by each city's property tax  
29 apportionment factor determined pursuant to Section 97.5.

30 (6) Allocate to each special district within the county an amount  
31 equal to the total amount of additional revenues generated by the  
32 rate levied pursuant to subdivision (a) of Section 1 of Article XIII A  
33 of the California Constitution applied to the increased assessments  
34 under this chapter, less the amount determined pursuant to  
35 paragraphs (1) and (2), the remainder multiplied by each special  
36 district's property tax apportionment factor determined pursuant  
37 to Section 97.5. The amount allocated to each special district which  
38 is governed by the board of supervisors of a county or whose  
39 governing board is the same as the board of supervisors of a county,  
40 shall be subject to Section 98.6.

1 (7) Allocate the remaining revenues generated by the rate levied  
 2 pursuant to subdivision (a) of Section 1 of Article XIII A of the  
 3 California Constitution applied to the increased assessments under  
 4 this chapter to all elementary, high school, and unified school  
 5 districts within the county in proportion to each *school* district's  
 6 average daily attendance, as certified by the Superintendent of  
 7 Public Instruction for purposes of the advance apportionment of  
 8 state aid in the then current fiscal year.

9 (8) Allocate additional revenues generated by a rate levied in  
 10 excess of the limitation prescribed by subdivision (a) of Section  
 11 1 of Article XIII A of the California Constitution to the fund or  
 12 funds for which the tax rate or rates were levied.

13 These allocations shall be made on a timely basis but no later  
 14 than 30 calendar days after the close of the preceding monthly or  
 15 four-weekly accounting period.

16 (c) For the 1985–86 fiscal year, and each fiscal year thereafter,  
 17 the county auditor shall, without respect to the allocation of  
 18 property tax revenues pursuant to Chapter 6 (commencing with  
 19 Section 95) of Part 0.5, do all of the following:

20 (1) Make the allocation and payment of funds as provided in  
 21 Section 33670 of the Health and Safety Code.

22 (2) Allocate and pay to the county an amount equal to the total  
 23 amount of additional revenues generated by the rate levied pursuant  
 24 to subdivision (a) of Section 1 of Article XIII A of the California  
 25 Constitution applied to the increased assessments under this  
 26 chapter, less the amount determined pursuant to paragraph (1), the  
 27 remainder multiplied by the county's property tax apportionment  
 28 factor determined pursuant to Section 97.5.

29 (3) Allocate and pay to each county superintendent of schools  
 30 and community college district within the county an amount equal  
 31 to the total amount of additional revenues generated by the rate  
 32 levied pursuant to subdivision (a) of Section 1 of Article XIII A  
 33 of the California Constitution applied to the increased assessments  
 34 under this chapter, less the amount determined pursuant to  
 35 paragraph (1), the remainder multiplied by each county  
 36 superintendent of schools' and community college district's  
 37 property tax apportionment factor determined pursuant to Section  
 38 97.5.

39 (4) Allocate and pay to each city within the county an amount  
 40 equal to the total amount of additional revenues generated by the

1 rate levied pursuant to subdivision (a) of Section 1 of Article XIII A  
2 of the California Constitution applied to the increased assessments  
3 under this chapter, less the amount determined pursuant to  
4 paragraph (1), the remainder multiplied by each city's property  
5 tax apportionment factor determined pursuant to Section 97.5.

6 (5) Allocate and pay to each special district within the county  
7 an amount equal to the total amount of additional revenues  
8 generated by the rate levied pursuant to subdivision (a) of Section  
9 1 of Article XIII A of the California Constitution applied to the  
10 increased assessments under this chapter, less the amount  
11 determined pursuant to paragraph (1), the remainder multiplied  
12 by each special district's property tax apportionment factor  
13 determined pursuant to Section 97.5. The amount allocated to each  
14 special district which is governed by the board of supervisors of  
15 a county or whose governing body is the same as the board of  
16 supervisors of a county, shall be subject to Section 98.6.

17 (6) Allocate and pay the remaining revenues generated by the  
18 rate levied pursuant to subdivision (a) of Section 1 of Article XIII A  
19 of the California Constitution applied to the increased assessments  
20 under this chapter to all elementary, high school, and unified school  
21 districts within the county in proportion to each *school* district's  
22 average daily attendance, as certified by the Superintendent of  
23 Public Instruction for the purposes of the advance apportionment  
24 of state aid in the then current fiscal year.

25 (7) Allocate and pay additional revenues generated by a rate  
26 levied in excess of the limitation prescribed by subdivision (a) of  
27 Section 1 of Article XIII A of the California Constitution to the  
28 fund or funds for which the tax rate or rates were levied.

29 These allocations and payments shall be made on a timely basis  
30 but no later than 30 calendar days after the close of the preceding  
31 monthly or four-weekly accounting period. For a county with a  
32 population of 500,000 or less, the allocations may be made on a  
33 biannual basis.

34 (d) For purposes of the certification made by the Superintendent  
35 of Public Instruction pursuant to subdivision (a), the average daily  
36 attendance of the following *school* districts shall be deemed to be  
37 zero:

38 (1) In the case of multicounty *school* districts, the portions of  
39 the *school* districts located other than in the county of control.

1 (2) A school district that is an excess tax school entity, as  
2 defined in subdivision (n) of Section 95, in the prior fiscal year.  
3 (e) The Superintendent of Public Instruction shall certify the  
4 appropriate counts of average daily attendance pursuant to  
5 subdivision (a) to each county auditor no later than July 15 of each  
6 applicable fiscal year.  
7 (f) On or before November 15 and April 15, the auditor of each  
8 county shall furnish to the Superintendent of Public Instruction  
9 the estimated amount of tax receipts pursuant to this section of  
10 each school district situated within his or her county.  
11 (g) In the event property tax revenues under this chapter are  
12 generated by a change in ownership or completed new construction  
13 which occurred on or before May 31, 1984, but are collected  
14 subsequent to the 1983–84 fiscal year, the revenues for the current  
15 roll shall be allocated to school districts as if they had been  
16 collected and allocated during this 1983–84 fiscal year. Any of  
17 the aforementioned revenues which are collected in the 1984–85  
18 fiscal year shall be applied to school apportionments for the  
19 1984–85 fiscal year.  
20 SEC. 16. The Legislature finds and declares that Section 15  
21 14 of this act furthers the purposes of the California State Lottery  
22 Act of 1984.