

AMENDED IN ASSEMBLY JANUARY 30, 2012

AMENDED IN ASSEMBLY JANUARY 19, 2012

AMENDED IN ASSEMBLY MARCH 14, 2011

SENATE BILL

No. 81

Introduced by Committee on Budget and Fiscal Review

January 10, 2011

An act to amend ~~Section 46201.3 of, and to add Section 46201.4 to, Sections 2558.46 and 42238.146 of the Education Code, and to amend Section 57 of Chapter 7 of the Statutes of 2011,~~ relating to education finance, and making an appropriation therefor, to take effect immediately, bill related to the budget.

LEGISLATIVE COUNSEL'S DIGEST

SB 81, as amended, Committee on Budget and Fiscal Review. Budget Act of 2011.

~~(1) Existing law establishes an education funding system under which the Superintendent of Public Instruction apportions to each qualifying school district, county office of education, and charter school, state aid funds in an amount not to exceed the revenue limit, an amount that is largely based on average daily attendance, which is computed as specified. Existing law also requires, for the 2011–12 school year, that the revenue limit for each school district, county office of education, and charter school be reduced pursuant to a specified formula.~~

This bill would require, for the 2011–12 school year, that the revenue limit for each school district, county office of education, and charter school be reduced by an additional 0.65%. The bill would also require that the computation of the revenue limit for each school district, county office of education, and charter school for the 2012–13 fiscal year be

determined based on the revenue limit for the 2011–12 fiscal year, not including the 0.65% reduction.

(1) Under existing law, the amount of revenue that a district may collect annually for general purposes, called a revenue limit, is calculated in accordance with various statutory formulas. A basic aid school district is a school district where property tax revenues exceed the revenue limit and the district consequently does not receive a state apportionment. Existing law also expresses legislative intent that basic aid school districts assume categorical funding reductions proportionate to the revenue limit reductions implemented for nonbasic aid school districts in the 2008–09 and 2009–10 fiscal years. Existing law requires calculations to implement the funding reductions, including, in specified circumstances, subtracting an amount determined by multiplying each district's 2011–12 fiscal year total revenue limit, subject to a specified deficit factor and calculated as specified, by 8.92%.

This bill would instead require each district's 2011–12 fiscal year total revenue limit to be multiplied by 9.57%.

(2) Existing law requires a revenue limit to be calculated for each county superintendent of schools, adjusted for various factors, and reduced, as specified. Existing law reduces the revenue limit for each county superintendent of schools for the 2011–12 fiscal year by a deficit factor of 20.041%.

This bill would instead set the deficit factor for each county superintendent of schools for the 2011–12 fiscal year at 20.691%.

(3) Existing law requires the county superintendent of schools to determine a revenue limit for each school district in the county and requires the amount of the revenue limit to be adjusted for various factors. Existing law reduces the revenue limit for each school district for the 2011–12 fiscal year by a deficit factor of 19.754%.

This bill would instead set the deficit factor for each school district for the 2011–12 fiscal year at 20.404%.

(2)

(4) Existing law authorized the Director of Finance to make reductions to certain appropriations in the Budget Act of 2011 if the higher of 2 specified revenue forecasts for the 2011–12 fiscal year was less one or both of 2 specified sums. Pursuant to this provision, the Director of Finance is required to reduce the appropriation for home-to-school transportation and small school district transportation that was included in the Budget Act of 2011 by up to \$248,000,000.

This bill would make an appropriation of \$248,000,000 from the General Fund to the State Department of Education, for transfer to Section A of the State School Fund, to restore any funding for home-to-school transportation *and small school district transportation* for the 2011–12 fiscal year reduced pursuant to this authority.

(3)

(5) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

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

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

1 SECTION 1. ~~Section 46201.3 of the Education Code is~~
2 ~~amended to read:~~

3 ~~46201.3. (a) For the 2011–12 school year, the minimum~~
4 ~~number of instructional days and minutes school districts, county~~
5 ~~offices of education, and charter schools are required to offer as~~
6 ~~set forth in Sections 41420, 46200, 46200.5, 46201, 46201.5,~~
7 ~~46202, and 47612.5 shall be reduced by up to seven days.~~

8 ~~(b) Implementation of the reduction in the number of~~
9 ~~instructional days offered by a school district, county office of~~
10 ~~education, and charter school that is subject to collective bargaining~~
11 ~~pursuant to Chapter 10.7 (commencing with Section 3540) of~~
12 ~~Division 4 of Title 1 of the Government Code shall be achieved~~
13 ~~through the bargaining process, provided that the agreement has~~
14 ~~been completed and reductions implemented no later than June~~
15 ~~30, 2012.~~

16 ~~(c) The revenue limit for each school district, county office of~~
17 ~~education, and charter school determined pursuant to Article 3~~
18 ~~(commencing with Section 2550) of Chapter 12 of Part 2 of~~
19 ~~Division 1 of Title 1, Article 2 (commencing with Section 42238)~~
20 ~~of Chapter 7 of Part 24 of Division 3, and Article 2 (commencing~~
21 ~~with Section 47633) of Chapter 6 of Part 26.8 of Division 4 shall~~
22 ~~be reduced by the product of 4 percent and the fraction determined~~
23 ~~pursuant to paragraph (2).~~

24 ~~(1) Subtract the revenue forecast determined pursuant to~~
25 ~~subdivision (a) of Section 3.94 of the Budget Act of 2011 from~~
26 ~~eighty-six billion four hundred fifty-two million five hundred~~
27 ~~thousand dollars (\$86,452,500,000).~~

1 ~~(2) Divide the lesser of two billion dollars (\$2,000,000,000) or~~
2 ~~the amount calculated in paragraph (1) by two billion dollars~~
3 ~~(\$2,000,000,000).~~

4 ~~(d) Notwithstanding any other law, and in addition to the~~
5 ~~reductions authorized by subdivision (c), the revenue limit for each~~
6 ~~school district, county office of education, and charter school~~
7 ~~determined pursuant to Article 3 (commencing with Section 2550)~~
8 ~~of Chapter 12 of Part 2 of Division 1 of Title 1, Article 2~~
9 ~~(commencing with Section 42238) of Chapter 7 of Part 24 of~~
10 ~~Division 3, and Article 2 (commencing with Section 47633) of~~
11 ~~Chapter 6 of Part 26.8 of Division 4 shall be reduced by 0.65~~
12 ~~percent.~~

13 ~~(e) This section does not affect the number of instructional days~~
14 ~~or instructional minutes that may be reduced pursuant to Section~~
15 ~~46201.2.~~

16 ~~(f) The revenue limit reductions authorized by this section, when~~
17 ~~combined with the reductions applied under subdivision (c) of~~
18 ~~Section 3.94 of the Budget Act of 2011, may not be applied so as~~
19 ~~to reduce school funding below the requirements of Section 8 of~~
20 ~~Article XVI of the California Constitution based on the applicable~~
21 ~~revenues estimated by the Department of Finance pursuant to~~
22 ~~Section 3.94 of the Budget Act of 2011.~~

23 ~~(g) This section shall be operative on February 1, 2012, only~~
24 ~~for the 2011–12 school year and only if subdivision (c) of Section~~
25 ~~3.94 of the Budget Act of 2011 is operative.~~

26 ~~SEC. 2. Section 46201.4 is added to the Education Code, to~~
27 ~~read:~~

28 ~~46201.4. In computing the revenue limit for each school district,~~
29 ~~county office of education, and charter school for the 2012–13~~
30 ~~fiscal year pursuant to this article, the revenue limit shall be~~
31 ~~determined as if the revenue limit for each school district, county~~
32 ~~office of education, and charter school had been determined for~~
33 ~~the 2011–12 fiscal year without being reduced by the percentage~~
34 ~~specified in subdivision (d) of Section 46201.3.~~

35 ~~SECTION 1. Section 2558.46 of the Education Code is amended~~
36 ~~to read:~~

37 ~~2558.46. (a) (1) For the 2003–04 fiscal year, the revenue limit~~
38 ~~for each county superintendent of schools determined pursuant to~~
39 ~~this article shall be reduced by a 1.195 percent deficit factor.~~

1 (2) For the 2004–05 fiscal year, the revenue limit for each county
2 superintendent of schools determined pursuant to this article shall
3 be reduced by a 0.323 percent deficit factor.

4 (3) For the 2003–04 and 2004–05 fiscal years, the revenue limit
5 for each county superintendent of schools determined pursuant to
6 this article shall be reduced further by a 1.826 percent deficit factor.

7 (4) For the 2005–06 fiscal year, the revenue limit for each county
8 superintendent of schools determined pursuant to this article shall
9 be reduced further by a 0.898 percent deficit factor.

10 (5) For the 2008–09 fiscal year, the revenue limit for each county
11 superintendent of schools determined pursuant to this article shall
12 be reduced by a 7.839 percent deficit factor.

13 (6) For the 2009–10 fiscal year, the revenue limit for each county
14 superintendent of schools determined pursuant to this article shall
15 be reduced by an 18.621 percent deficit factor.

16 (7) For the 2010–11 fiscal year, the revenue limit for each county
17 superintendent of schools determined pursuant to this article shall
18 be reduced by an 18.250 percent deficit factor.

19 (8) For the 2011–12 fiscal year, the revenue limit for each county
20 superintendent of schools determined pursuant to this article shall
21 be reduced by a ~~20.041~~ 20.691 percent deficit factor.

22 (b) In computing the revenue limit for each county
23 superintendent of schools for the 2006–07 fiscal year pursuant to
24 this article, the revenue limit shall be determined as if the revenue
25 limit for that county superintendent of schools had been determined
26 for the 2003–04, 2004–05, and 2005–06 fiscal years without being
27 reduced by the deficit factors specified in subdivision (a).

28 (c) In computing the revenue limit for each county
29 superintendent of schools for the 2010–11 fiscal year pursuant to
30 this article, the revenue limit shall be determined as if the revenue
31 limit for that county superintendent of schools had been determined
32 for the 2009–10 fiscal year without being reduced by the deficit
33 factors specified in subdivision (a).

34 (d) In computing the revenue limit for each county
35 superintendent of schools for the 2011–12 fiscal year pursuant to
36 this article, the revenue limit shall be determined as if the revenue
37 limit for that county superintendent of schools had been determined
38 for the 2010–11 fiscal year without being reduced by the deficit
39 factors specified in subdivision (a).

1 (e) In computing the revenue limit for each county
 2 superintendent of schools for the 2012–13 fiscal year pursuant to
 3 this article, the revenue limit shall be determined as if the revenue
 4 limit for that county superintendent of schools had been determined
 5 for the 2011–12 fiscal year without being reduced by the deficit
 6 factor specified in subdivision (a).

7 *SEC. 2. Section 42238.146 of the Education Code is amended*
 8 *to read:*

9 42238.146. (a) (1) For the 2003–04 fiscal year, the revenue
 10 limit for each school district determined pursuant to this article
 11 shall be reduced by a 1.198 percent deficit factor.

12 (2) For the 2004–05 fiscal year, the revenue limit for each school
 13 district determined pursuant to this article shall be reduced by a
 14 0.323 percent deficit factor.

15 (3) For the 2003–04 and 2004–05 fiscal years, the revenue limit
 16 for each school district determined pursuant to this article shall be
 17 further reduced by a 1.826 percent deficit factor.

18 (4) For the 2005–06 fiscal year, the revenue limit for each school
 19 district determined pursuant to this article shall be reduced by a
 20 0.892 percent deficit factor.

21 (5) For the 2008–09 fiscal year, the revenue limit for each school
 22 district determined pursuant to this article shall be reduced by a
 23 7.844 percent deficit factor.

24 (6) For the 2009–10 fiscal year, the revenue limit for each school
 25 district determined pursuant to this article shall be reduced by a
 26 18.355 percent deficit factor.

27 (7) For the 2010–11 fiscal year, the revenue limit for each school
 28 district determined pursuant to this article shall be reduced by a
 29 17.963 percent deficit factor.

30 (8) For the 2011–12 fiscal year, the revenue limit for each school
 31 district determined pursuant to this article shall be reduced by a
 32 ~~19.754~~ 20.404 percent deficit factor.

33 (b) In computing the revenue limit for each school district for
 34 the 2006–07 fiscal year pursuant to this article, the revenue limit
 35 shall be determined as if the revenue limit for that school district
 36 had been determined for the 2003–04, 2004–05, and 2005–06 fiscal
 37 years without being reduced by the deficit factors specified in
 38 subdivision (a).

39 (c) In computing the revenue limit for each school district for
 40 the 2010–11 fiscal year pursuant to this article, the revenue limit

1 shall be determined as if the revenue limit for that school district
2 had been determined for the 2009–10 fiscal year without being
3 reduced by the deficit factors specified in subdivision (a).

4 (d) In computing the revenue limit for each school district for
5 the 2011–12 fiscal year pursuant to this article, the revenue limit
6 shall be determined as if the revenue limit for that school district
7 had been determined for the 2010–11 fiscal year without being
8 reduced by the deficit factors specified in subdivision (a).

9 (e) In computing the revenue limit for each school district for
10 the 2012–13 fiscal year pursuant to this article, the revenue limit
11 shall be determined as if the revenue limit for that school district
12 had been determined for the 2011–12 fiscal year without being
13 reduced by the deficit factors specified in subdivision (a).

14 *SEC. 3. Section 57 of Chapter 7 of the Statutes of 2011 is*
15 *amended to read:*

16 SEC. 57. (a) It is the intent of the Legislature that basic aid
17 school districts assume categorical funding reductions proportionate
18 to the revenue limit reductions implemented for nonbasic aid *school*
19 districts in the 2008–09 and 2009–10 fiscal years. It is the intent
20 of the Legislature that the reductions to categorical funding for
21 basic aid school districts set forth in this section be restored at the
22 same time as, and in direct proportion to, reductions in the deficit
23 factor for school district revenue limits set forth in Section
24 42238.146 of the Education Code. The Superintendent of Public
25 Instruction shall reduce the amount of categorical funding allocated
26 to basic aid school districts in the 2011–12 fiscal year, as follows:

27 (1) For the 2011–12 fiscal year, the State Department of
28 Education shall notify each basic aid school district, by September
29 1, 2012, or two months after the Budget Act of 2012 is enacted,
30 whichever is later, of the amount of funds to be reduced from its
31 categorical funding allocations, as follows:

32 (A) Multiply each district’s 2011–12 fiscal year total revenue
33 limit subject to the deficit factor specified in paragraph (5) of
34 subdivision (a) of Section 42238.146 of the Education Code,
35 calculated as of the 2011–12 fiscal year certified second principal
36 apportionment, by ~~8.92~~ 9.57 percent.

37 (B) The department shall recover from categorical funds
38 identified in paragraph (2) and apportioned in the 2012–13 fiscal
39 year to school districts that were basic aid school districts in the
40 2011–12 fiscal year, the lesser of the amount calculated in

1 subparagraph (A) or the amount by which the sum of the amounts
2 described in subdivision (h) of Section 42238 of the Education
3 Code exceeds the school district's revenue limit. This result will
4 be further limited by the following:

5 (i) The amount of categorical funds to be reduced shall be
6 limited to the extent that the provisions of Section 41975 of the
7 Education Code cannot be met through other state aid.

8 (ii) If the amount determined in subparagraph (A) exceeds the
9 amount of categorical funding owed or paid in the 2012–13 fiscal
10 year to the basic aid school district for programs identified in
11 paragraph (2), the department shall recover the lesser amount.

12 (2) The State Department of Education shall recover the amount
13 of funds calculated in paragraph (1) and may offset funds for any
14 categorical program to be received in the 2012–13 fiscal year, with
15 the exception of funds received under the After School Education
16 and Safety Program, the Quality Education Investment Act of
17 2006, and child care and development.

18 (b) By June 30, 2013, the State Department of Education shall
19 report to the Controller and the Director of Finance the amounts
20 that were recovered from each categorical education program and
21 the corresponding item of appropriation in the Budget Act of 2011
22 that is to be reduced. The amounts so reduced shall revert to the
23 General Fund. The reductions pursuant to this subdivision shall
24 be reductions in the amount appropriated for purposes of Section
25 8 of Article XVI of the California Constitution for the 2011–12
26 fiscal year.

27 (c) For purposes of this section, "basic aid school district" means
28 a school district that does not receive from the state, for the
29 2011–12 fiscal year, an apportionment of state funds pursuant to
30 subdivision (h) of Section 42238 of the Education Code.

31 ~~SEC. 3.~~

32 *SEC. 4.* In restoration of any moneys reduced pursuant to
33 paragraph (1) of subdivision (c) of Section 3.94 of the Budget Act
34 of 2011, the sum of two hundred forty-eight million dollars
35 (\$248,000,000) is hereby appropriated from the General Fund to
36 the State Department of Education, Program 10–Instruction, for
37 transfer to Section A of the State School Fund, for Home to School
38 Transportation *and Small School District Transportation* for the
39 2011–12 fiscal year, in augmentation of Item 6110–111–0001 of
40 Section 2.00 of the Budget Act of 2011.

1 ~~SEC. 4.~~

2 *SEC. 5.* This act is a bill providing for appropriations related
3 to the Budget Bill within the meaning of subdivision (e) of Section
4 12 of Article IV of the California Constitution, has been identified
5 as related to the budget in the Budget Bill, and shall take effect
6 immediately.

O