

**ASSEMBLY BILL**

**No. 2552**

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**Introduced by Assembly Member Morrell**

February 21, 2014

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An act to amend Section 42238.02 of the Education Code, relating to school finance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2552, as introduced, Morrell. School finance: local control funding formula.

Existing law establishes a public school financing system that requires state funding for county superintendents of schools, school districts, and charter schools to be calculated pursuant to a local control funding formula, as specified. Existing law requires the Superintendent of Public Instruction to annually calculate a local control funding formula grant for each school district and charter school based on data submitted by local educational agencies, as specified, in accordance with instructions specified by the Controller.

This bill would make nonsubstantive changes to these provisions.

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

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

1 SECTION 1. Section 42238.02 of the Education Code, as  
2 amended by Section 19 of Chapter 357 of the Statutes of 2013, is  
3 amended to read:

1 42238.02. (a) The amount computed pursuant to this section  
2 shall be known as the school district and charter school local  
3 control funding formula.

4 (b) (1) For purposes of this section “unduplicated pupil” means  
5 a pupil enrolled in a school district or a charter school who is either  
6 classified as an English learner, eligible for a free or reduced-price  
7 meal, or is a foster youth. A pupil shall be counted only once for  
8 purposes of this section if any of the following apply:

9 (A) The pupil is classified as an English learner and is eligible  
10 for a free or reduced-price meal.

11 (B) The pupil is classified as an English learner and is a foster  
12 youth.

13 (C) The pupil is eligible for a free or reduced-price meal and is  
14 classified as a foster youth.

15 (D) The pupil is classified as an English learner, is eligible for  
16 a free or reduced-price meal, and is a foster youth.

17 (2) Under procedures and timeframes established by the  
18 Superintendent, commencing with the 2013–14 fiscal year, a school  
19 district or charter school shall annually submit its enrolled free  
20 and reduced-price meal eligibility, foster youth, and English learner  
21 pupil-level records for enrolled pupils to the Superintendent using  
22 the California Longitudinal Pupil Achievement Data System.

23 (3) (A) Commencing with the 2013–14 fiscal year, a county  
24 office of education shall review and validate certified aggregate  
25 English learner, foster youth, and free or reduced-price meal  
26 eligible pupil data for school districts and charter schools under  
27 its jurisdiction to ensure the data is reported accurately. The  
28 Superintendent shall provide each county office of education with  
29 appropriate access to school district and charter school data reports  
30 in the California Longitudinal Pupil Achievement Data System  
31 for purposes of ensuring data reporting accuracy.

32 (B) The Controller shall include the instructions necessary to  
33 enforce paragraph (2) in the audit guide required by Section  
34 14502.1. The instructions shall include, but are not necessarily  
35 limited to, procedures for determining if the English learner, foster  
36 youth, and free or reduced-price meal eligible pupil counts are  
37 consistent with the school district’s or charter school’s English  
38 learner, foster youth, and free or reduced-price meal eligible pupil  
39 records.

1 (4) The Superintendent shall make the calculations pursuant to  
2 this section using the data submitted by local educational agencies,  
3 including charter schools, through the California Longitudinal  
4 Pupil Achievement Data System. Under timeframes and procedures  
5 established by the Superintendent, school districts and charter  
6 schools may review and revise their submitted data on English  
7 learner, foster youth, and free or reduced-price meal eligible pupil  
8 counts to ensure the accuracy of data reflected in the California  
9 Longitudinal Pupil Achievement Data System.

10 (5) The Superintendent shall annually compute the percentage  
11 of unduplicated pupils for each school district and charter school  
12 by dividing the enrollment of unduplicated pupils in a school  
13 district or charter school by the total enrollment in that school  
14 district or charter school pursuant to all of the following:

15 (A) For the 2013–14 fiscal year, divide the sum of unduplicated  
16 pupils for the 2013–14 fiscal year by the sum of the total pupil  
17 enrollment for the 2013–14 fiscal year.

18 (B) For the 2014–15 fiscal year, divide the sum of unduplicated  
19 pupils for the 2013–14 and 2014–15 fiscal years by the sum of the  
20 total pupil enrollment for the 2013–14 and 2014–15 fiscal years.

21 (C) For the 2015–16 fiscal year and each fiscal year thereafter,  
22 divide the sum of unduplicated pupils for the current fiscal year  
23 and the two prior fiscal years by the sum of the total pupil  
24 enrollment for the current fiscal year and the two prior fiscal years.

25 (c) Commencing with the 2013–14 fiscal year and each fiscal  
26 year thereafter, the Superintendent shall annually calculate a local  
27 control funding formula grant for each school district and charter  
28 school in the state pursuant to this section.

29 (d) The Superintendent shall compute a grade span adjusted  
30 base grant equal to the total of the following amounts:

31 (1) For the 2013–14 fiscal year, a base grant of:

32 (A) Six thousand eight hundred forty-five dollars (\$6,845) for  
33 average daily attendance in kindergarten and grades 1 to 3,  
34 inclusive.

35 (B) Six thousand nine hundred forty-seven dollars (\$6,947) for  
36 average daily attendance in grades 4 to 6, inclusive.

37 (C) Seven thousand one hundred fifty-four dollars (\$7,154) for  
38 average daily attendance in grades 7 and 8.

39 (D) Eight thousand two hundred eighty-nine dollars (\$8,289)  
40 for average daily attendance in grades 9 to 12, inclusive.

1 (2) In each year the grade span adjusted base grants in paragraph  
2 (1) shall be adjusted by the percentage change in the annual average  
3 value of the Implicit Price Deflator for State and Local Government  
4 Purchases of Goods and Services for the United States, as published  
5 by the United States Department of Commerce for the 12-month  
6 period ending in the third quarter of the prior fiscal year. This  
7 percentage change shall be determined using the latest data  
8 available as of May 10 of the preceding fiscal year compared with  
9 the annual average value of the same deflator for the 12-month  
10 period ending in the third quarter of the second preceding fiscal  
11 year, using the latest data available as of May 10 of the preceding  
12 fiscal year, as reported by the Department of Finance.

13 (3) (A) The Superintendent shall compute an additional  
14 adjustment to the kindergarten and grades 1 to 3, inclusive, base  
15 ~~grant~~ *grant*, as adjusted for inflation pursuant to paragraph ~~(2)~~ (2),  
16 equal to 10.4 percent. The additional grant shall be calculated by  
17 multiplying the kindergarten and grades 1 to 3, inclusive, base  
18 grant, as adjusted by paragraph (2), by 10.4 percent.

19 (B) Until paragraph (4) of subdivision (b) of Section 42238.03  
20 is effective, as a condition of the receipt of funds in this paragraph,  
21 a school district shall make progress toward maintaining an average  
22 class enrollment of not more than 24 pupils for each schoolsite in  
23 kindergarten and grades 1 to 3, inclusive, unless a collectively  
24 bargained alternative annual average class enrollment for each  
25 schoolsite in those grades is agreed to by the school district,  
26 pursuant to the following calculation:

27 (i) Determine a school district's average class enrollment for  
28 each schoolsite for kindergarten and grades 1 to 3, inclusive, in  
29 the prior year. For the 2013–14 fiscal year, this amount shall be  
30 the average class enrollment for each schoolsite for kindergarten  
31 and grades 1 to 3, inclusive, in the 2012–13 fiscal year.

32 (ii) Determine a school district's proportion of total need  
33 pursuant to paragraph (2) of subdivision (b) of Section 42238.03.

34 (iii) Determine the percentage of the need calculated in clause  
35 (ii) that is met by funding provided to the school district pursuant  
36 to paragraph (3) of subdivision (b) of Section 42238.03.

37 (iv) Determine the difference between the amount computed  
38 pursuant to clause (i) and an average class enrollment of not more  
39 than 24 pupils.

1 (v) Calculate a current year average class enrollment adjustment  
2 for each schoolsite for kindergarten and grades 1 to 3, inclusive,  
3 equal to the adjustment calculated in clause (iv) multiplied by the  
4 percentage determined pursuant to clause (iii).

5 (C) School districts that have an average class enrollment for  
6 each schoolsite for kindergarten and grades 1 to 3, inclusive, of  
7 24 pupils or less for each schoolsite in the 2012–13 fiscal year,  
8 shall be exempt from the requirements of subparagraph (B) so long  
9 as the school district continues to maintain an average class  
10 enrollment for each schoolsite for kindergarten and grades 1 to 3,  
11 inclusive, of not more than 24 pupils, unless a collectively  
12 bargained alternative ratio is agreed to by the school district.

13 (D) Upon full implementation of the local control funding  
14 formula, as a condition of the receipt of funds in this paragraph,  
15 ~~all a school-districts~~ *district* shall maintain an average class  
16 enrollment for each schoolsite for kindergarten and grades 1 to 3,  
17 inclusive, of not more than 24 pupils for each schoolsite in  
18 kindergarten and grades 1 to 3, inclusive, unless a collectively  
19 bargained alternative ratio is agreed to by the school district.

20 (E) The average class enrollment requirement for each schoolsite  
21 for kindergarten and grades 1 to 3, inclusive, established pursuant  
22 to this paragraph shall not be subject to waiver by the state board  
23 pursuant to Section ~~33050~~ 33050, or by the Superintendent.

24 (F) The Controller shall include the instructions necessary to  
25 enforce this paragraph in the audit guide required by Section  
26 14502.1. The instructions shall include, but are not necessarily  
27 limited to, procedures for determining if the average class  
28 enrollment for each schoolsite for kindergarten and grades 1 to 3,  
29 inclusive, exceeds 24 pupils, or an alternative average class  
30 enrollment for each schoolsite pursuant to a collectively bargained  
31 alternative ratio. The procedures for determining average class  
32 enrollment for each schoolsite shall include criteria for employing  
33 sampling.

34 (4) The Superintendent shall compute an additional adjustment  
35 to the base grant for grades 9 to 12, inclusive, as adjusted for  
36 inflation pursuant to paragraph (2), equal to 2.6 percent. The  
37 additional grant shall be calculated by multiplying the base grant  
38 for grades 9 to 12, inclusive, as adjusted by paragraph (2), by 2.6  
39 percent.

1 (e) The Superintendent shall compute a supplemental grant  
 2 add-on equal to 20 percent of the base grants as specified in  
 3 subparagraphs (A) to (D), inclusive, of paragraph (1) of subdivision  
 4 (d), as adjusted by paragraphs (2) to (4), inclusive, of subdivision  
 5 (d), for each school district's or charter school's percentage of  
 6 unduplicated pupils calculated pursuant to paragraph (5) of  
 7 subdivision (b). The supplemental grant shall be calculated by  
 8 multiplying the base grants as specified in subparagraphs (A) to  
 9 (D), inclusive, of paragraph (1), as adjusted by paragraphs (2) to  
 10 (4), inclusive, of subdivision (d), by 20 percent and by the  
 11 percentage of unduplicated pupils calculated pursuant to paragraph  
 12 (5) of subdivision (b) in that school district or charter school. The  
 13 supplemental grant shall be expended in accordance with the  
 14 regulations adopted pursuant to Section 42238.07.

15 (f) (1) The Superintendent shall compute a concentration grant  
 16 add-on equal to 50 percent of the base grants as specified in  
 17 subparagraphs (A) to (D), inclusive, of paragraph (1) of subdivision  
 18 (d), as adjusted by paragraphs (2) to (4), inclusive, of subdivision  
 19 (d), for each school district's or charter school's percentage of  
 20 unduplicated ~~pupils~~ *pupils*, calculated pursuant to paragraph (5)  
 21 of subdivision ~~(b)~~ *(b)*, in excess of 55 percent of the school  
 22 district's or charter school's total enrollment. The concentration  
 23 grant shall be calculated by multiplying the base grants as specified  
 24 in subparagraphs (A) to (D), inclusive, of paragraph (1) of  
 25 subdivision (d), as adjusted by paragraphs (2) to (4), inclusive, of  
 26 subdivision (d), by 50 percent and by the percentage of  
 27 unduplicated ~~pupils~~ *pupils*, calculated pursuant to paragraph (5)  
 28 of subdivision ~~(b)~~ *(b)*, in excess of 55 percent of the total  
 29 enrollment in that school district or charter school.

30 (2) For a charter school physically located in only one school  
 31 district, the percentage of unduplicated ~~pupils~~ *pupils*, calculated  
 32 pursuant to paragraph (5) of subdivision ~~(b)~~ *(b)*, in excess of 55  
 33 percent used to calculate concentration grants shall not exceed the  
 34 percentage of unduplicated ~~pupils~~ *pupils*, calculated pursuant to  
 35 paragraph (5) of subdivision ~~(b)~~ *(b)*, in excess of 55 percent of the  
 36 school district in which the charter school is physically located.  
 37 For a charter school physically located in more than one school  
 38 district, the charter school's percentage of unduplicated ~~pupils~~  
 39 *pupils*, calculated pursuant to paragraph (5) of subdivision ~~(b)~~ *(b)*,  
 40 in excess of 55 percent used to calculate concentration grants shall

1 not exceed that of the school district with the highest percentage  
2 of unduplicated ~~pupils~~ *pupils*, calculated pursuant to paragraph (5)  
3 of subdivision ~~(b)~~ (b), in excess of 55 percent of the school districts  
4 in which the charter school has a school facility. The concentration  
5 grant shall be expended in accordance with the regulations adopted  
6 pursuant to Section 42238.07.

7 (g) The Superintendent shall compute an add-on to the total  
8 sum of a school district's or charter school's base, supplemental,  
9 and concentration grants equal to the amount of funding a school  
10 district or charter school received from funds allocated pursuant  
11 to the Targeted Instructional Improvement Block Grant program,  
12 as set forth in Article 6 (commencing with Section 41540) of  
13 Chapter 3.2, for the 2012–13 fiscal year, as that article read on  
14 January 1, 2013. A school district or charter school shall not receive  
15 a total funding amount from this add-on greater than the total  
16 amount of funding received by the school district or charter school  
17 from that program in the 2012–13 fiscal year. The amount  
18 computed pursuant to this subdivision shall reflect the reduction  
19 specified in paragraph (2) of subdivision (a) of Section 42238.03.

20 (h) The Superintendent shall compute an add-on to the total  
21 sum of a school district's or charter school's base, supplemental,  
22 and concentration grants equal to the amount of funding a school  
23 district or charter school received from funds allocated pursuant  
24 to the Home-to-School Transportation program, as set forth in  
25 former Article 2 (commencing with Section 39820) of Chapter 1  
26 of Part 23.5, former Article 10 (commencing with Section 41850)  
27 of Chapter 5, and the Small School District Transportation  
28 program, as set forth in former Article 4.5 (commencing with  
29 Section 42290), for the 2012–13 fiscal year. A school district or  
30 charter school shall not receive a total funding amount from this  
31 add-on greater than the total amount received by the school district  
32 or charter school for those programs in the 2012–13 fiscal year.  
33 The amount computed pursuant to this subdivision shall reflect  
34 the reduction specified in paragraph (2) of subdivision (a) of  
35 Section 42238.03.

36 (i) (1) The sum of the local control funding formula rates  
37 computed pursuant to subdivisions (c) to (f), inclusive, shall be  
38 multiplied by:

39 (A) For school districts, the average daily attendance of the  
40 school district in the corresponding grade level ranges computed

1 pursuant to Section 42238.05, excluding the average daily  
2 attendance computed pursuant to paragraph (2) of subdivision (a)  
3 of Section ~~42238.05~~ 42238.05, for purposes of the computation  
4 specified in subdivision (d).

5 (B) For charter schools, the total current year average daily  
6 attendance in the corresponding grade level ranges.

7 (2) The amount computed pursuant to Article 4 (commencing  
8 with Section 42280) shall be added to the amount computed  
9 pursuant to paragraphs (1) to (4), inclusive, of subdivision (d), as  
10 multiplied by subparagraph (A) or (B) of paragraph (1), as  
11 appropriate.

12 (j) The Superintendent shall adjust the sum of each school  
13 district’s or charter school’s amount determined in subdivisions  
14 (g) to (i), inclusive, pursuant to the calculation specified in Section  
15 42238.03, less the sum of the following:

16 (1) (A) For school districts, the property tax revenue received  
17 pursuant to Chapter 3.5 (commencing with Section 75) and Chapter  
18 6 (commencing with Section 95) of Part 0.5 of Division 1 of the  
19 Revenue and Taxation Code.

20 (B) For charter schools, the in-lieu property tax amount provided  
21 to a charter school pursuant to Section 47635.

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

25 (3) The amount, if any, received pursuant to Chapter 3  
26 (commencing with Section 16140) of Part 1 of Division 4 of Title  
27 2 of the Government Code.

28 (4) Prior years’ taxes and taxes on the unsecured roll.

29 (5) Fifty percent of the amount received pursuant to Section  
30 41603.

31 (6) The amount, if any, received pursuant to the Community  
32 Redevelopment Law (Part 1 (commencing with Section 33000)  
33 of Division 24 of the Health and Safety Code), less any amount  
34 received pursuant to Section 33401 or 33676 of the Health and  
35 Safety Code that is used for land acquisition, facility construction,  
36 reconstruction, or remodeling, or deferred maintenance and that  
37 is not an amount received pursuant to Section 33492.15, or  
38 paragraph (4) of subdivision (a) of Section 33607.5, or Section  
39 33607.7 of the Health and Safety Code that is allocated exclusively  
40 for educational facilities.

1 (7) The amount, if any, received pursuant to Sections 34177,  
2 34179.5, 34179.6, 34183, and 34188 of the Health and Safety  
3 Code.

4 (8) Revenue received pursuant to subparagraph (B) of paragraph  
5 (3) of subdivision (e) of Section 36 of Article XIII of the California  
6 Constitution.

7 (k) A school district shall annually transfer to each of its charter  
8 schools funding in lieu of property taxes pursuant to Section 47635.

9 (l) (1) Nothing in this section shall be interpreted to authorize  
10 a school district that receives funding on behalf of a charter school  
11 pursuant to Section 47651 to redirect this funding for another  
12 purpose unless otherwise authorized in law pursuant to paragraph  
13 (2) or pursuant to an agreement between the charter school and its  
14 chartering authority.

15 (2) A school district that received funding on behalf of a locally  
16 funded charter school in the 2012–13 fiscal year pursuant to  
17 paragraph (2) of subdivision (b) of Section 42605, Section 42606,  
18 and subdivision (b) of Section 47634.1, as those sections read on  
19 January 1, 2013, or a school district that was required to pass  
20 through funding to a conversion charter school in the 2012–13  
21 fiscal year pursuant to paragraph (2) of subdivision (b) of Section  
22 42606, as that section read on January 1, 2013, may annually  
23 redirect for another purpose a percentage of the amount of the  
24 funding received on behalf of that charter school. The percentage  
25 of funding that may be redirected shall be determined pursuant to  
26 the following computation:

27 (A) (i) Determine the sum of the need fulfilled for that charter  
28 school pursuant to paragraph (3) of subdivision (b) of Section  
29 42238.03 in the then current fiscal year for the charter school.

30 (ii) Determine the sum of the need fulfilled in every fiscal year  
31 before the then current fiscal year pursuant to paragraph (3) of  
32 subdivision (b) of Section 42238.03 adjusted for changes in average  
33 daily attendance pursuant to paragraph (3) of subdivision (a) of  
34 Section 42238.03 for the charter school.

35 (iii) Subtract the amount computed pursuant to paragraphs (1)  
36 to (3), inclusive, of subdivision (a) of Section 42238.03 from the  
37 amount computed for that charter school under the local control  
38 funding formula entitlement computed pursuant to subdivision (i)  
39 of Section 42238.02.

1 (iv) Compute a percentage by dividing the sum of the amounts  
2 computed to clauses (i) and (ii) by the amount computed pursuant  
3 to clause (iii).

4 (B) Multiply the percentage computed pursuant to subparagraph  
5 (A) by the amount of funding the school district received on behalf  
6 of the charter school in the 2012–13 fiscal year pursuant to  
7 paragraph (2) of subdivision (b) of Section 42605, Section 42606,  
8 and subdivision (b) of Section 47634.1, as those sections read on  
9 January 1, 2013.

10 (C) The maximum amount that may be redirected shall be the  
11 lesser of the amount of funding the school district received on  
12 behalf of the charter school in the 2012–13 fiscal year pursuant to  
13 paragraph (2) of subdivision (b) of Section 42605, Section 42606,  
14 and subdivision (b) of Section 47634.1, as those sections read on  
15 January 1, 2013, or the amount computed pursuant to subparagraph  
16 (B).

17 (3) Commencing with the 2013–14 fiscal year, a school district  
18 operating one or more affiliated charter schools shall provide each  
19 affiliated charter school schoolsite with no less than the amount  
20 of funding the schoolsite received pursuant to the charter school  
21 block grant in the 2012–13 fiscal year.

22 (m) Any calculations in law that are used for purposes of  
23 determining if a local educational agency is an excess tax school  
24 entity or basic aid school district, including, but not limited to, this  
25 section and Sections ~~42238.03~~, 41544, 42238.03, 47632, 47660,  
26 47663, 48310, and 48359.5, and Section 95 of the Revenue and  
27 Taxation Code, shall be made exclusive of the revenue received  
28 pursuant to subparagraph (B) of paragraph (3) of subdivision (e)  
29 of Section 36 of Article XIII of the California Constitution.

30 (n) The funds apportioned pursuant to this section and Section  
31 42238.03 shall be available to implement the activities required  
32 pursuant to Article 4.5 (commencing with Section 52060) of  
33 Chapter 6.1 of Part 28 of Division 4 of Title 2.

34 (o) A school district that does not receive an apportionment of  
35 state funds pursuant to this section, as implemented pursuant to  
36 Section 42238.03, excluding funds apportioned pursuant to the  
37 requirements of subdivision (e) of Section 42238.03 shall be  
38 considered a “basic aid school district” or an “excess tax entity.”

O