

AMENDED IN SENATE MAY 8, 2013  
AMENDED IN SENATE APRIL 25, 2013

**SENATE BILL**

**No. 69**

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**Introduced by Senator Liu**  
**(Principal coauthors: Senators Block, De León, Lara, Leno, Padilla,**  
**and Steinberg)**  
**(Coauthors: Senators Hancock, Hill, and Monning)**

January 10, 2013

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An act to amend Section 47634.1 of, to amend *and renumber* the heading of Article 4 (commencing with Section 2570) of Chapter 12 of Part 2 of Division 1 of Title 1 of, to amend and repeal Sections 14002.5, 42238, 42238.1, 42238.2, 42238.3, 42238.4, 42238.41, 42238.42, 42238.43, 42238.44, 42238.445, 42238.45, 42238.46, 42238.48, 42238.485, 42238.49, 42238.5, 42238.51, 42238.52, 42238.53, 42238.6, 42238.7, 42238.75, 42238.8, 42238.9, 42238.95, 42238.11, 42238.12, 42238.13, 42238.14, 42238.145, 42238.146, 42238.17, 42238.18, 42239, 42240.1, 42241.3, 42241.7, 42243.7, 47630.5, and 47633 of, to amend, repeal, and add Sections 1622, 14002, 14002.1, 14003, 14501, 33127, 41020, 41202, 42127, 46201.2, 47604.33, 47610, 47631, and 47632 of, to add Sections 2558.7, 2569, 42238.01, 42238.02, 42238.03, 42238.04, 42238.05, 42238.051, 42238.052, 42238.053, and 42238.06 to, to add Article 3 (commencing with Section 2574) to Chapter 12 of Part 2 of Division 1 of Title 1, to add Article 5 (commencing with Section 52060) to Chapter 6.1 of Part 28 of Division 4 of Title 2 of, and to repeal Article 3 (commencing with Section 2550) of Chapter 12 of Part 2 of Division 1 of Title 1 of, and to repeal Article 3.5 (commencing with Section 2560) of Chapter 12 of Part 2 of Division 1 of Title 1 of, the Education Code, relating to school finance.

## LEGISLATIVE COUNSEL'S DIGEST

SB 69, as amended, Liu. School finance: new pupil funding formula.

(1) Existing law establishes the public school system in this state, and, among other things, provides for the establishment of county superintendents of schools, school districts, and charter schools throughout the state and for their provision of instruction at the public elementary and secondary schools these local educational agencies maintain. Existing law establishes a public school financing system that requires funding for county superintendents of schools and school districts to be calculated pursuant to a revenue limit, as specified, and requires funding for charter schools to be calculated pursuant to a general-purpose entitlement, except as provided, and requires the revenue limit and general-purpose entitlement to be composed of, among other things, state aid and certain local revenues.

This bill, commencing in the 2014–15 fiscal year, would revise and recast the provisions related to the public school financing system by requiring state funding for county superintendents of schools, school districts, and charter schools that previously received a general-purpose entitlement, to be calculated pursuant to a local control funding formula, as specified.

(2) Existing law requires a county board of education, a governing board of a school district, and a governing body of a charter school to annually adopt a budget, as specified.

This bill would require a county board of education, a governing board of a school district, and a governing body of a charter school that receives its funding directly, as specified, to annually adopt or revise a local control and accountability plan that aligns with the annual budget and contains certain elements and that, among other things, was developed in consultation with teachers, principals, administrators, other school personnel, parents, and pupils. By requiring county boards of education and school districts to annually adopt or revise a local control and accountability plan, the bill would impose a state-mandated local program.

(3) This bill would make conforming changes, correct cross-references, and make other nonsubstantive changes.

(4) *This bill would become operative only if specified legislation is enacted in the 2013–14 Regular Session.*

(4)

(5) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

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

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

1 SECTION 1. The Legislature finds and declares all of the  
2 following:

3 (a) The local control funding formula proposal, as specified in  
4 AB 88 of the 2013–14 Regular Session, as amended April 3, 2013,  
5 attempts to increase local flexibility, make funding more equitable  
6 and transparent, and devote greater resources to children who come  
7 to school with greater challenges.

8 (b) The Legislature supports the underlying goal expressed in  
9 the local control funding formula proposal of providing additional  
10 resources to support improved educational outcomes for  
11 disadvantaged pupils. However, the Legislature has concerns  
12 related to a number of its provisions, in particular the inadequate  
13 level of funding proposed for statewide pupil base grants.  
14 Additional concerns include, but are not limited to, proposed  
15 concentration grants, incomplete accountability provisions,  
16 inadequate data collection, lack of structure for high school grade  
17 span funding, perpetuation of historically inequitable funding  
18 allocations, and the timing for implementation of a new formula.

19 (c) The local control funding formula proposal encompasses  
20 scores of repeals of sections, articles, and chapters of the Education  
21 Code, many of which could have unintended consequences. Such  
22 repeals require more careful consideration than the compressed  
23 annual Budget Act implementation timelines allow.

24 (d) It is the intent of the Legislature to consider a new funding  
25 formula through a funding process that affords greater opportunity  
26 for analysis, amendment, and public input on a far reaching  
27 proposal that will have lasting impacts on California schools and  
28 the pupils they serve.

1 SEC. 2. Section 1622 of the Education Code is amended to  
2 read:

3 1622. (a) On or before July 1 of each fiscal year, the county  
4 board of education shall adopt an annual budget for the budget  
5 year and shall file that budget with the Superintendent of Public  
6 Instruction, the county board of supervisors, and the county auditor.  
7 The budget, and supporting data, shall be maintained and made  
8 available for public review. The budget shall indicate the date,  
9 time, and location at which the county board of education held the  
10 public hearing required under Section 1620.

11 (b) The Superintendent of Public Instruction shall examine the  
12 budget to determine whether it (1) complies with the standards  
13 and criteria adopted by the State Board of Education pursuant to  
14 Section 33127 for application to final local educational agency  
15 budgets, (2) allows the county office of education to meet its  
16 financial obligations during the fiscal year, and (3) is consistent  
17 with a financial plan that will enable the county office of education  
18 to satisfy its multiyear financial commitments. In addition, the  
19 Superintendent shall identify any technical corrections to the budget  
20 that must be made. On or before August 15, the Superintendent of  
21 Public Instruction shall approve or disapprove the budget and, in  
22 the event of a disapproval, transmit to the county office of  
23 education in writing his or her recommendations regarding revision  
24 of the budget and the reasons for those recommendations. For the  
25 2011–12 fiscal year, notwithstanding any of the standards and  
26 criteria adopted by the state board pursuant to Section 33127, the  
27 Superintendent, as a condition on approval of a county office of  
28 education budget, shall not require a county office of education to  
29 project a lower level of revenue per unit of average daily attendance  
30 than it received in the 2010–11 fiscal year nor require the county  
31 superintendent to certify in writing whether or not the county office  
32 of education is able to meet its financial obligations for the two  
33 subsequent fiscal years.

34 (c) On or before September 8, the county board of education  
35 shall revise the county office of education budget to reflect changes  
36 in projected income or expenditures subsequent to July 1, and to  
37 include any response to the recommendations of the Superintendent  
38 of Public Instruction, shall adopt the revised budget, and shall file  
39 the revised budget with the Superintendent of Public Instruction,  
40 the county board of supervisors, and the county auditor. Prior to

1 revising the budget, the county board of education shall hold a  
2 public hearing regarding the proposed revisions, which shall be  
3 made available for public inspection not less than three working  
4 days prior to the hearing. The agenda for that hearing shall be  
5 posted at least 72 hours prior to the public hearing and shall include  
6 the location where the budget will be available for public  
7 inspection. The revised budget, and supporting data, shall be  
8 maintained and made available for public review.

9 (d) The Superintendent of Public Instruction shall examine the  
10 revised budget to determine whether it complies with the standards  
11 and criteria adopted by the State Board of Education pursuant to  
12 Section 33127 for application to final local educational agency  
13 budgets and, no later than October 8, shall approve or disapprove  
14 the revised budget. If the Superintendent of Public Instruction  
15 disapproves the budget, he or she shall call for the formation of a  
16 budget review committee pursuant to Section 1623. For the  
17 2011–12 fiscal year, notwithstanding any of the standards and  
18 criteria adopted by the state board pursuant to Section 33127, the  
19 Superintendent, as a condition on approval of a county office of  
20 education budget, shall not require a county office of education to  
21 project a lower level of revenue per unit of average daily attendance  
22 than it received in the 2010–11 fiscal year nor require the county  
23 superintendent to certify in writing whether or not the county office  
24 of education is able to meet its financial obligations for the two  
25 subsequent fiscal years.

26 (e) Notwithstanding any other provision of this section, the  
27 budget review for a county office of education shall be governed  
28 by paragraphs (1), (2), and (3) of this subdivision, rather than by  
29 subdivisions (c) and (d), if the county board of education so elects,  
30 and notifies the Superintendent of Public Instruction in writing of  
31 that decision, no later than October 31 of the immediately  
32 preceding calendar year.

33 (1) In the event of the disapproval of the budget of a county  
34 office of education pursuant to subdivision (b), on or before  
35 September 8, the county superintendent of schools and the county  
36 board of education shall review the recommendations of the  
37 Superintendent of Public Instruction at a regularly scheduled  
38 meeting of the county board of education and respond to those  
39 recommendations. That response shall include the proposed actions  
40 to be taken, if any, as a result of those recommendations.

1 (2) No later than October 8, after receiving the response required  
2 under paragraph (1), the Superintendent of Public Instruction shall  
3 review that response and either approve or disapprove the budget  
4 of the county office of education. If the Superintendent of Public  
5 Instruction disapproves the budget, he or she shall call for the  
6 formation of a budget review committee pursuant to Section 1623.

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

12 (f) This section shall become inoperative on July 1, 2014, and,  
13 as of January 1, 2015, is repealed, unless a later enacted statute,  
14 that becomes operative on or before January 1, 2015, deletes or  
15 extends the dates on which it becomes inoperative and is repealed.

16 SEC. 3. Section 1622 is added to the Education Code, to read:

17 1622. (a) On or before July 1 of each fiscal year, the county  
18 board of education shall adopt an annual budget for the budget  
19 year and, for the 2015–16 fiscal year and each fiscal year thereafter,  
20 take action on a local control and accountability plan pursuant to  
21 Sections 52062 and 52064, and shall file the budget and local  
22 control and accountability plan with the Superintendent, the county  
23 board of supervisors, and the county auditor. The budget, the local  
24 control and accountability plan, and supporting data, shall be  
25 maintained and made available for public review. The budget shall  
26 indicate the date, time, and location at which the county board of  
27 education held the public hearing required under Section 1620.  
28 For the 2015–16 fiscal year and each fiscal year thereafter, the  
29 county board of education shall not adopt a budget before ~~the~~  
30 ~~county board of education~~ *it* adopts a local control and  
31 accountability plan or approves an update to an existing local  
32 control and accountability plan. The county board of education  
33 shall not adopt a budget that does not align with the local control  
34 and accountability plan that applies to the subsequent fiscal year.

35 (b) (1) The Superintendent shall examine the budget to  
36 determine if it (A) complies with the standards and criteria adopted  
37 by the state board pursuant to Section 33127 for application to  
38 final local educational agency budgets, (B) allows the county office  
39 of education to meet its financial obligations during the fiscal year,  
40 and (C) is consistent with a financial plan that will enable the

1 county office of education to satisfy its multiyear financial  
2 commitments. In addition, the Superintendent shall identify any  
3 technical corrections to the budget that must be made. On or before  
4 August 15, the Superintendent shall approve or disapprove the  
5 budget and, in the event of a disapproval, transmit to the county  
6 office of education in writing his or her recommendations regarding  
7 revision of the budget and the reasons for those recommendations.

8 (2) For the 2011–12 fiscal year, notwithstanding any of the  
9 standards and criteria adopted by the state board pursuant to Section  
10 33127, the Superintendent, as a condition on approval of a county  
11 office of education budget, shall not require a county office of  
12 education to project a lower level of revenue per unit of average  
13 daily attendance than it received in the 2010–11 fiscal year nor  
14 require the county superintendent to certify in writing whether or  
15 not the county office of education is able to meet its financial  
16 obligations for the two subsequent fiscal years.

17 (3) For the 2015–16 fiscal year and each fiscal year thereafter,  
18 the Superintendent shall disapprove a budget if any of the following  
19 occur:

20 (A) The county board of education does not file a local control  
21 and accountability plan with the Superintendent pursuant to  
22 Sections 52062 and 52064.

23 (B) If the Superintendent determines that a local control and  
24 accountability plan filed does not adhere to the template adopted  
25 by the state board pursuant to Section 52066.

26 (C) If the Superintendent determines that a local control and  
27 accountability plan filed does not include all of the components  
28 identified in subdivision (a) of Section 52064.

29 (D) If the Superintendent determines that the expenditures  
30 included in the budget do not reflect the costs necessary to  
31 implement the local control and accountability plan.

32 (c) On or before September 8 of each fiscal year, the county  
33 board of education shall revise the county office of education  
34 budget to reflect changes in projected income or expenditures  
35 subsequent to July 1, and to include any response to the  
36 recommendations of the Superintendent, shall adopt the revised  
37 budget, and shall file the revised budget with the Superintendent,  
38 the county board of supervisors, and the county auditor. Before  
39 revising the budget, the county board of education shall hold a  
40 public hearing regarding the proposed revisions, which shall be

1 made available for public inspection not less than three working  
2 days before the hearing. The agenda for that hearing shall be posted  
3 at least 72 hours before the public hearing and shall include the  
4 location where the budget will be available for public inspection.  
5 The revised budget, and supporting data, shall be maintained and  
6 made available for public review.

7 (d) The Superintendent shall examine the revised budget to  
8 determine whether it complies with the standards and criteria  
9 adopted by the state board pursuant to Section 33127 for  
10 application to final local educational agency budgets and, no later  
11 than October 8 of each fiscal year, shall approve or disapprove the  
12 revised budget. For the 2015–16 fiscal year and each fiscal year  
13 thereafter, the Superintendent shall disapprove a revised budget if  
14 the Superintendent determines that the expenditures included in  
15 the budget do not reflect the costs necessary to implement the local  
16 control and accountability plan adopted by a county board of  
17 education pursuant to Sections 52062 and 52064. If the  
18 Superintendent disapproves the budget, he or she shall call for the  
19 formation of a budget review committee pursuant to Section 1623.  
20 For the 2011–12 fiscal year, notwithstanding any of the standards  
21 and criteria adopted by the state board pursuant to Section 33127,  
22 the Superintendent, as a condition on approval of a county office  
23 of education budget, shall not require a county office of education  
24 to project a lower level of revenue per unit of average daily  
25 attendance than it received in the 2010–11 fiscal year nor require  
26 the county superintendent to certify in writing whether or not the  
27 county office of education is able to meet its financial obligations  
28 for the two subsequent fiscal years.

29 (e) Notwithstanding any other provision of this section, the  
30 budget review for a county office of education shall be governed  
31 by paragraphs (1), (2), and (3) of this subdivision, rather than by  
32 subdivisions (c) and (d), if the county board of education so elects,  
33 and notifies the Superintendent in writing of that decision, no later  
34 than October 31 of the immediately preceding calendar year.

35 (1) In the event of the disapproval of the budget of a county  
36 office of education pursuant to subdivision (b), on or before  
37 September 8, the county superintendent of schools and the county  
38 board of education shall review the recommendations of the  
39 Superintendent at a regularly scheduled meeting of the county  
40 board of education and respond to those recommendations. That

1 response shall include the proposed actions to be taken, if any, as  
2 a result of those recommendations.

3 (2) No later than October 8, after receiving the response required  
4 under paragraph (1), the Superintendent shall review that response  
5 and either approve or disapprove the budget of the county office  
6 of education. For the 2015–16 fiscal year and each fiscal year  
7 thereafter, the Superintendent shall disapprove a budget if a county  
8 board of education does not file a local control and accountability  
9 plan with the Superintendent or if the Superintendent determines  
10 that the expenditures included in the budget adopted by the county  
11 board of education do not reflect the costs necessary to implement  
12 the local control and accountability plan. If the Superintendent  
13 disapproves the budget, he or she shall call for the formation of a  
14 budget review committee pursuant to Section 1623.

15 (3) Not later than 45 days after the Governor signs the annual  
16 Budget Act, the county office of education shall make available  
17 for public review any revisions in revenues and expenditures that  
18 it has made to its budget to reflect the funding made available by  
19 that Budget Act.

20 (f) This section shall become operative on July 1, 2014.

21 SEC. 4. Section 2558.7 is added to the Education Code, to  
22 read:

23 2558.7. This article shall become inoperative on July 1, 2014,  
24 and, as of January 1, 2015, is repealed, unless a later enacted  
25 statute, that becomes operative on or before January 1, 2015,  
26 deletes or extends the dates on which it becomes inoperative and  
27 is repealed.

28 SEC. 5. Section 2569 is added to the Education Code, to read:

29 2569. This article shall become inoperative on July 1, 2014,  
30 and, as of January 1, 2015, is repealed, unless a later enacted  
31 statute, that becomes operative on or before January 1, 2015,  
32 deletes or extends the dates on which it becomes inoperative and  
33 is repealed.

34 SEC. 6. The heading of Article 4 (commencing with Section  
35 2570) of Chapter 12 of Part 2 of Division 1 of Title 1 of the  
36 Education Code is amended and renumbered to read:

37

38 Article 2. Allocation of Property Tax Revenues

39

1 SEC. 7. Article 3 (commencing with Section 2574) is added  
2 to Chapter 12 of Part 2 of Division 1 of Title 1 of the Education  
3 Code, to read:

4  
5  
6

Article 3. County Local Control Funding Formula

7 2574. For the 2014–15 fiscal year and for each fiscal year  
8 thereafter, the Superintendent annually shall calculate the County  
9 Local Control Funding Formula for each county superintendent  
10 of schools as follows:

11 (a) Compute a county office of education operations grant equal  
12 to the sum of each of the following amounts:

13 (1) \_\_\_\_\_ dollars (\$\_\_\_\_\_).  
14 (2) \_\_\_\_\_ dollars (\$\_\_\_\_\_ ) multiplied by the number of school  
15 districts for which the county superintendent of schools has  
16 jurisdiction pursuant to Section 1253.

17 (3) (A) \_\_\_\_\_ dollars (\$\_\_\_\_\_ ) multiplied by the number of units  
18 of countywide average daily attendance, up to a maximum of  
19 30,000 units. For purposes of this section, countywide average  
20 daily attendance means the aggregate number of annual units of  
21 average daily attendance within the county attributable to all school  
22 districts for which the county superintendent of schools has  
23 jurisdiction pursuant to Section 1253, charter schools within the  
24 county, and the schools operated by the county superintendent of  
25 schools.

26 (B) \_\_\_\_\_ dollars (\$\_\_\_\_\_ ) multiplied by the number of units of  
27 countywide average daily attendance for the portion of countywide  
28 average daily attendance, if any, above 30,000 units, up to a  
29 maximum of 60,000 units.

30 (C) \_\_\_\_\_ dollars (\$\_\_\_\_\_ ) multiplied by the number of units of  
31 countywide average daily attendance for the portion of countywide  
32 average daily attendance, if any, above 60,000, up to a maximum  
33 of 140,000 units.

34 (D) \_\_\_\_\_ dollars (\$\_\_\_\_\_ ) multiplied by the number of units of  
35 countywide average daily attendance for the portion of countywide  
36 average daily attendance, if any, above 140,000 units.

37 (4) For the 2015–16 fiscal year and each fiscal year thereafter,  
38 adjust each of the amounts provided in the prior year pursuant to  
39 paragraphs (1), (2), and (3) by the percentage change in the annual  
40 average value of the Implicit Price Deflator for State and Local

1 Government Purchases of Goods and Services for the United States,  
2 as published by the United States Department of Commerce for  
3 the 12-month period ending in the third quarter of the prior fiscal  
4 year. This percentage change shall be determined using the latest  
5 data available as of May 10 of the preceding fiscal year compared  
6 with the annual average value of the same deflator for the 12-month  
7 period ending in the third quarter of the second preceding fiscal  
8 year, using the latest data available as of May 10 of the preceding  
9 fiscal year, as reported by the Department of Finance.

10 (b) Divide the enrollment of unduplicated pupils in all schools  
11 operated by a county superintendent of schools by the total  
12 enrollment in those schools.

13 (1) For purposes of this section, an “unduplicated pupil” is a  
14 pupil who is classified as an English learner pursuant to Section  
15 52164, as that section read on January 1, 2014; eligible to receive  
16 a free or reduced-price meal pursuant to Section 49552, as that  
17 section read on January 1, 2014; or a foster child pursuant to  
18 Sections 300 and 601 of the Welfare and Institutions Code. A pupil  
19 shall be counted only once for purposes of this section if any of  
20 the following apply:

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

23 (B) The pupil is classified as an English learner and is a foster  
24 child.

25 (C) The pupil is classified as a foster child and is eligible for a  
26 free or reduced-price meal.

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

29 ~~(2) For purposes of this section, a pupil shall not be classified~~  
30 ~~as an English learner for a total of more than five school years by~~  
31 ~~any school district, charter school, or county office of education.~~

32 ~~(3)~~

33 (2) For purposes of this subdivision, a pupil enrolled in a  
34 juvenile court school operated by a county superintendent of  
35 schools shall not be included in any enrollment counts.

36 ~~(4)~~

37 (3) Commencing with the 2014–15 fiscal year, a county  
38 superintendent of schools annually shall report the enrollment of  
39 unduplicated pupils, pupils classified as English learners, pupils  
40 eligible for free and reduced-price meals, and foster children in

1 schools operated by the county superintendent of schools to the  
2 Superintendent using the California Longitudinal Pupil  
3 Achievement Data System. The Superintendent shall make the  
4 calculations pursuant to this section using the California  
5 Longitudinal Pupil Achievement Data System.

6 (c) Compute an alternative education grant equal to the sum of  
7 the following:

8 (1) For the 2014–15 fiscal year, a base grant of \_\_\_\_ dollars  
9 (\$\_\_\_\_). For the 2015–16 fiscal year and each fiscal year thereafter,  
10 adjust the base grant provided in the prior year by the percentage  
11 change in the annual average value of the Implicit Price Deflator  
12 for State and Local Government Purchases of Goods and Services  
13 for the United States, as published by the United States Department  
14 of Commerce for the 12-month period ending in the third quarter  
15 of the prior fiscal year. This percentage change shall be determined  
16 using the latest data available as of May 10 of the preceding fiscal  
17 year compared with the annual average value of the same deflator  
18 for the 12-month period ending in the third quarter of the second  
19 preceding fiscal year, using the latest data available as of May 10  
20 of the preceding fiscal year, as reported by the Department of  
21 Finance.

22 (2) A supplemental grant equal to 35 percent of the base grant  
23 defined in paragraph (1) multiplied by the percentage calculated  
24 in subdivision (b).

25 (3) (A) Multiply the sum of paragraphs (1) and (2) by the total  
26 number of units of average daily attendance for pupils attending  
27 schools operated by a county office of education, excluding units  
28 of average daily attendance for pupils attending a juvenile court  
29 school, who are any of the following:

30 (i) Probation-referred pursuant to Sections 300, 601, 602, and  
31 654 of the Welfare and Institutions Code.

32 (ii) On probation or parole and not in attendance in a school.

33 (iii) Expelled for any of the reasons specified in subdivision (a)  
34 or (c) of Section 48915.

35 (B) Multiply the number of units of average daily attendance  
36 for pupils attending a juvenile court school by the sum of the base  
37 grant calculated in paragraph (1) and a supplemental grant equal  
38 to 35 percent of the base grant pursuant to paragraph (1).

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

1 (d) Add the amount calculated in subdivision (a) to the amount  
2 calculated in subparagraph (C) of paragraph (3) of subdivision (c).

3 (e) Add all of the following to the amount calculated in  
4 subdivision (d):

5 (1) The amount of funding a county superintendent of schools  
6 received for the 2013–14 fiscal year from funds allocated pursuant  
7 to the Targeted Instructional Improvement Block Grant program,  
8 as set forth in Article 6 (commencing with Section 41540) of  
9 Chapter 3.2 of Part 24 of Division 3 of Title 2, as that article read  
10 on January 1, 2014.

11 (2) The amount of funding a county superintendent of schools  
12 received for the 2013–14 fiscal year from funds allocated pursuant  
13 to the Home to School Transportation program, as set forth in  
14 Article 2 (commencing with Section 39820) of Chapter 1 of Part  
15 23.5 of Division 3 of Title 2, and Article 10 (commencing with  
16 Section 41850) of Chapter 5 of Part 24 of Division 3 of Title 2, as  
17 those articles read on January 1, 2014.

18 2575. Commencing with the 2014–15 budget year and for each  
19 fiscal year thereafter, the Superintendent shall distribute the  
20 appropriations in Section 14002 to each county superintendent of  
21 schools according to the following formula:

22 (a) Calculate a prior year amount of funding for each county  
23 superintendent of schools equal to the sum of all of the following:

24 (1) Entitlements for revenue limits in the 2013–14 fiscal year  
25 pursuant to Article 3 (commencing with Section 2550) of Chapter  
26 12, as that article read on January 1, 2014, adjusted only for  
27 changes in average daily attendance claimed by the county  
28 superintendent of schools for pupils identified in clauses (i), (ii)  
29 and (iii) of subparagraph (A) of paragraph (3) of subdivision (c)  
30 of Section 2574 and of pupils attending juvenile court schools. All  
31 other average daily attendance claimed by the county  
32 superintendent of schools and any other average daily attendance  
33 used for purposes of calculating revenue limits pursuant to Article  
34 3 (commencing with Section 2550) of Chapter 12, as that article  
35 read on January 1, 2014, shall be considered final for purposes of  
36 this section as of the annual apportionment for the 2013–14 fiscal  
37 year, as calculated for purposes of the certification required on or  
38 before February 20, 2015, pursuant to Section 41332.

39 (2) The amount of funding received from appropriations  
40 contained in Section 2.00 of the Budget Act of 2013, as adjusted

1 by Section 12.42, in the following items: 6110-104-0001,  
 2 ~~6110-105-0001~~, 6110-107-0001, 6110-108-0001, 6110-111-0001,  
 3 ~~6110-119-0001~~, ~~6110-122-0001~~, 6110-124-0001, 6110-128-0001,  
 4 6110-137-0001, 6110-144-0001, ~~6110-156-0001~~, 6110-158-0001,  
 5 ~~6110-166-0001~~, ~~6110-167-0001~~, 6110-181-0001, 6110-188-0001,  
 6 6110-189-0001, 6110-190-0001, 6110-193-0001, 6110-195-0001,  
 7 6110-198-0001, 6110-204-0001, 6110-208-0001, 6110-209-0001,  
 8 6110-211-0001, 6110-212-0001, 6110-227-0001, 6110-228-0001,  
 9 6110-232-0001, 6110-234-0001, 6110-240-0001, 6110-242-0001,  
 10 6110-243-0001, 6110-244-0001, 6110-245-0001, 6110-246-0001,  
 11 6110-247-0001, 6110-248-0001, 6110-260-0001, 6110-265-0001,  
 12 6110-266-0001, 6110-267-0001, 6110-268-0001, and  
 13 6360-101-0001, and 2013–14 fiscal year funding for the Class  
 14 Size Reduction Program pursuant to Chapter 6.10 (commencing  
 15 with Section 52120) of Part 28 of Division 4 of Title 2, as it read  
 16 on January 1, 2014.

17 (3) For the 2015–16 fiscal year and for each fiscal year  
 18 thereafter, the amounts calculated pursuant to paragraph (3) of  
 19 subdivision (b) in all prior years.

20 (b) Calculate an adjustment to the amount in subdivision (a) as  
 21 follows:

22 (1) Subtract the amount in subdivision (a) from the amount  
 23 computed in subdivision (e) of Section 2574. A difference of less  
 24 than zero shall be deemed to be zero.

25 (2) Divide the difference for the county superintendent of  
 26 schools calculated in paragraph (1) by the total of the differences  
 27 for all county superintendents of schools calculated pursuant to  
 28 paragraph (1).

29 (3) (A) Multiply the proportion calculated in paragraph (2) by  
 30 the amount of funding appropriated for purposes of this section.  
 31 The amount calculated shall not exceed the difference for the  
 32 county superintendent of schools calculated in paragraph (1).

33 (B) Add the amount calculated in subparagraph (A) to the  
 34 allocation to the county superintendent of schools as calculated  
 35 pursuant to subdivision (a).

36 (c) Subtract from the amount calculated in subparagraph (B) of  
 37 paragraph (3) of subdivision (b) the sum of each of the following:

38 (1) Local property tax revenues received pursuant to Section  
 39 2573 in the then current fiscal year.

1 (2) Any amounts that the county superintendent of schools was  
2 required to maintain as restricted and not available for expenditure  
3 in the 1978–79 fiscal year as specified in the second paragraph of  
4 subdivision (c) of Section 6 of Chapter 292 of the Statutes of 1978,  
5 as amended by Chapter 51 of the Statutes of 1979.

6 (3) The amount received pursuant to subparagraph (C) of  
7 paragraph (3) of subdivision (a) of Section 33607.5 of the Health  
8 and Safety Code that is considered property taxes pursuant to that  
9 section.

10 (4) The amount, if any, received pursuant to Sections 34177,  
11 34179.5, 34179.6, and 34188 of the Health and Safety Code.

12 (5) (A) The amount, if any, received pursuant to subparagraph  
13 (B) of paragraph (3) of subdivision (e) of Section 36 of Article  
14 XIII of the California Constitution.

15 (B) The amount in subparagraph (A) shall only offset the amount  
16 included in paragraph (1) of subdivision (a).

17 (d) (1) The Superintendent shall apportion to the county  
18 superintendent of schools either of the following:

19 (A) If the calculation in paragraph (1) of subdivision (b) is  
20 positive, the amount calculated in subdivision (c).

21 (B) (i) If the calculation in paragraph (1) of subdivision (b) is  
22 equal to zero or is negative, the sum of the amounts in paragraphs  
23 (1) and (2) of subdivision (a), less the sum of the amounts included  
24 in paragraphs (1) to (5), inclusive, of subdivision (c).

25 (ii) For the first fiscal year in which the amount calculated in  
26 subdivision (e) of Section 2574 is greater than the sum of the  
27 amounts in paragraphs (1) and (2) of subdivision (a) and for each  
28 fiscal year thereafter, the Superintendent shall apportion to the  
29 county superintendent of schools the amount calculated in  
30 subdivision (e) of Section 2574, less the sum of the amounts  
31 included in paragraphs (1) to (5), inclusive, of subdivision (c).

32 (iii) *In any fiscal year before clause (ii) is operative, the county*  
33 *superintendent of schools shall develop, and present at least twice*  
34 *per fiscal year to the parents of pupils and the county board of*  
35 *education, information that enhances their understanding of and*  
36 *familiarity with the local control funding formula and the local*  
37 *control and accountability plan. When presenting this information,*  
38 *the county superintendent of schools shall explain, at a minimum*  
39 *and consistent with Section 48985, how parents can meaningfully*  
40 *participate and how the county office of education will provide*

1 *meaningful opportunities for parental involvement, including, but*  
2 *not limited to, effective schoolsite councils and English learner*  
3 *advisory committees.*

4 (2) If the amount determined pursuant to paragraph (1) is  
5 negative, state aid shall not be apportioned to the county  
6 superintendent of schools pursuant to paragraph (1). An amount  
7 of funds of that county superintendent of schools equal to that  
8 negative amount shall be deemed restricted and not available for  
9 expenditure during the fiscal year in which subdivision (d) applies.  
10 In the following fiscal year, that amount shall be considered local  
11 property tax revenue for purposes of paragraph (1) of subdivision  
12 (c).

13 (3) Commencing with the 2014–15 fiscal year, the  
14 Superintendent shall apportion to the county superintendent of  
15 schools an amount of state aid of no less than the amount calculated  
16 in paragraph (2) of subdivision (a), including any amount  
17 apportioned pursuant to paragraph (1).

18 (e) (1) Funds apportioned pursuant to this section shall be  
19 available for any locally determined educational purpose.

20 (2) Funds apportioned for purposes of a supplemental grant  
21 pursuant to paragraph (2) and subparagraph (B) of paragraph (3)  
22 of subdivision (c) of Section 2754, ~~shall be available for any locally~~  
23 ~~determined educational purpose that benefits~~ *only be used to serve*  
24 *and assist the pupils that whose circumstances generated those*  
25 *funds and shall supplement, not supplant, existing state and federal*  
26 *funds expended on unduplicated pupils* pursuant to a local control  
27 and accountability plan adopted by the county board of education.

28 (3) Commencing with the 2014–15 fiscal year, unless otherwise  
29 required by federal law, any requirements associated with the items  
30 listed in paragraph (2) of subdivision (a) shall not apply.

31 2576. (a) If a county superintendent of schools enrolls in a  
32 school operated by the county superintendent of schools a pupil  
33 not funded pursuant to clause (i), (ii), or (iii) of subparagraph (A)  
34 of paragraph (3) of subdivision (c) of Section 2574, any attendance  
35 generated by that pupil shall be credited to the school district of  
36 residence. That school district shall pay to the county  
37 superintendent of schools the entire entitlement generated for each  
38 unit of average daily attendance by that pupil.

39 (b) For purposes of this section, the school district of residence  
40 for a homeless child, as defined in Section 1981.2, shall be deemed

1 to be the school district that last provided educational services to  
2 that child or, if it is not possible to determine that school district,  
3 the largest school district in the county.

4 2577. Notwithstanding any other law, revenue limit funding  
5 for county superintendents of schools for the 2013–14 fiscal year  
6 and prior fiscal years shall continue to be adjusted pursuant to  
7 Article 3 (commencing with Section 2550), as that section read  
8 on January 1, 2014.

9 2578. Commencing on July 1, 2014, all of the following shall  
10 apply:

11 (a) All references to Section 2558 shall instead refer to Section  
12 2575.

13 (b) Unless context requires otherwise, all references to the  
14 revenue limit of a county office of education or county  
15 superintendent of schools shall instead refer to the county local  
16 control funding formula.

17 2579. This article shall become operative on July 1, 2014.

18 SEC. 8. Section 14002 of the Education Code is amended to  
19 read:

20 14002. (a) The Controller shall during each fiscal year  
21 commencing with the 1980–81 fiscal year, transfer from the  
22 General Fund of the state to that portion of the State School Fund  
23 restricted for elementary and high school purposes, hereinafter  
24 called Section A of the State School Fund such sums, in addition  
25 to the sums accruing from other sources, as shall provide in Section  
26 A of the State School Fund for apportionment during the fiscal  
27 year a total amount per pupil in average daily attendance during  
28 the preceding fiscal year credited to all elementary, high, and  
29 unified school districts and to all county superintendents of schools  
30 in the state, as certified by the Superintendent of Public Instruction,  
31 of one hundred eighty dollars (\$180).

32 (b) The Controller shall also transfer, as needed during each  
33 fiscal year commencing with the 1980–81 fiscal year, such  
34 additional amounts from the General Fund to Section A of the  
35 State School Fund as are certified from time to time by the  
36 Superintendent of Public Instruction to be necessary to meet actual  
37 computed apportionments from Section A of the State School Fund  
38 for the purposes set forth in Section 41301; provided that the total  
39 of such additional amounts transferred in a fiscal year shall not  
40 exceed, except pursuant to subdivision (c) of this section, one

1 thousand two hundred sixty-eight dollars (\$1,268) for the 1980–81  
2 fiscal year and fiscal years thereafter, per pupil in average daily  
3 attendance during the preceding fiscal year credited to all  
4 elementary, high, and unified school districts and to all county  
5 superintendents of schools in the state, as certified by the  
6 Superintendent of Public Instruction.

7 (c) In addition to the amounts authorized to be transferred to  
8 Section A of the State School Fund under subdivisions (a) and (b),  
9 the Controller shall transfer from the General Fund to Section A  
10 of the State School Fund during the fiscal year, upon certification  
11 of the Superintendent of Public Instruction, if necessary to meet  
12 actual computed apportionments for the fiscal year for the purposes  
13 set forth in Sections 41300 and 41301, an amount not to exceed  
14 the lesser of: (1) 1 percent of the total apportionment from Section  
15 A of the State School Fund in the preceding fiscal year for the  
16 purposes set forth in Sections 41300 and 41301, or (2) the net  
17 amount, if any, by which the total amounts authorized to be  
18 transferred from the General Fund to Section A of the State School  
19 Fund under subdivisions (a) and (b) in prior fiscal years have  
20 exceeded the total amounts actually apportioned in prior fiscal  
21 years for the purposes set forth in Sections 41300 and 41301.

22 (d) The Controller shall also transfer to Section A of the State  
23 School Fund any additional amounts appropriated thereto by the  
24 Legislature in augmentation of any of the amounts for any of the  
25 purposes set forth in Sections 41300 and 41301 and such additional  
26 amounts shall be allowed and apportioned by the Superintendent  
27 of Public Instruction and warrants therefor drawn by the Controller  
28 in the manner provided in Sections 41050, 46304, and 84503 and  
29 in this article, Article 2 (commencing with Section 14040), Article  
30 3 (commencing with Section 41330) of Chapter 3, and Article 1  
31 (commencing with Section 41600) of Chapter 4 of Part 24.

32 (e) The amounts transferred under subdivisions (a) and (b) of  
33 this section shall be cumulatively increased by the following  
34 amounts:

35 (1) In the 1981–82 fiscal year, by 7 percent.

36 (2) In the 1982–83 fiscal year and each fiscal year thereafter,  
37 by 6 percent.

38 (f) This section shall become operative on July 1, 2002.

39 (g) This section shall become inoperative on July 1, 2014, and,  
40 as of January 1, 2015, is repealed, unless a later enacted statute,

1 that becomes operative on or before January 1, 2015, deletes or  
2 extends the dates on which it becomes inoperative and is repealed.

3 SEC. 9. Section 14002 is added to the Education Code, to read:

4 14002. (a) Notwithstanding any other law, upon certification  
5 of the Superintendent, the Controller shall transfer from the General  
6 Fund to Section A of the State School Fund during each fiscal year  
7 the amount of moneys required to meet the actual computed  
8 apportionments for the fiscal year for the purposes set forth in  
9 Sections 2575, 42238.02, and 42238.03.

10 (b) The Controller shall also transfer to Section A of the State  
11 School Fund any additional amounts appropriated thereto by the  
12 Legislature in augmentation of any of the amounts for any of the  
13 purposes set forth in Sections 2575, 42238.02, and 42238.03 and  
14 such additional amounts shall be allowed and apportioned by the  
15 Superintendent and warrants therefor drawn by the Controller in  
16 the manner provided in Sections 41050 and 46304, and in this  
17 article, Article 2 (commencing with Section 14040), Article 3  
18 (commencing with Section 41330) of Chapter 3 of Part 24 of  
19 Division 3 of Title 2, and Article 1 (commencing with Section  
20 41600) of Chapter 4 of Part 24 of Division 3 of Title 2.

21 (c) This section shall become operative on July 1, 2014.

22 SEC. 10. Section 14002.1 of the Education Code is amended  
23 to read:

24 14002.1. (a) Notwithstanding any other law, for purposes of  
25 determining (a) the amounts to be certified pursuant to Sections  
26 14002 and 14004, (b) allocations made pursuant to Section 41301,  
27 (c) the apportionments required to be made pursuant to Sections  
28 41330, 41332, and 41335, (d) revenue limits for school districts  
29 pursuant to Section 42238, as adjusted pursuant to Sections  
30 42238.14, 42238.145, and 42238.146, and (e) revenue limits for  
31 county offices of education pursuant to Section 2558, as adjusted  
32 pursuant to Sections 2558.4, 2558.45, and 2558.46, the  
33 Superintendent of Public Instruction shall use the property tax  
34 estimates received from county auditors pursuant to Section 75.70  
35 of the Revenue and Taxation Code.

36 (b) This section shall become inoperative on July 1, 2014, and,  
37 as of January 1, 2015, is repealed, unless a later enacted statute,  
38 that becomes operative on or before January 1, 2015, deletes or  
39 extends the dates on which it becomes inoperative and is repealed.

1 SEC. 11. Section 14002.1 is added to the Education Code, to  
2 read:

3 14002.1. (a) Notwithstanding any other law, for purposes of  
4 determining the amounts to be certified pursuant to subdivision  
5 (a) of Section 14002, the Superintendent shall use the property tax  
6 estimates received from county auditors pursuant to Section 75.70  
7 of the Revenue and Taxation Code.

8 (b) This section shall become operative on July 1, 2014.

9 SEC. 12. Section 14002.5 of the Education Code is amended  
10 to read:

11 14002.5. (a) In making the computation prescribed by  
12 subdivision (b) of Section 14002, the Controller shall cumulatively  
13 increase the seventy-nine cents (\$0.79) amount prescribed by that  
14 subdivision by 6 percent annually, and shall cumulatively increase  
15 the twenty-one dollar and fifty cents (\$21.50) amount prescribed  
16 by that subdivision by 6 percent annually.

17 (b) This section shall become inoperative on July 1, 2014, and,  
18 as of January 1, 2015, is repealed, unless a later enacted statute,  
19 that becomes operative on or before January 1, 2015, deletes or  
20 extends the dates on which it becomes inoperative and is repealed.

21 SEC. 13. Section 14003 of the Education Code is amended to  
22 read:

23 14003. (a) Commencing with the 2010–11 fiscal year, on  
24 March 28 of each fiscal year in which the percentage growth in  
25 per capita General Fund revenues exceeds the percentage growth  
26 in California per capita personal income, the Controller shall  
27 transfer from the General Fund to Sections A and B of the State  
28 School Fund, as set forth in subdivision (c), the amount determined  
29 pursuant to paragraph (1) minus the amount determined pursuant  
30 to paragraph (2).

31 (1) The product of General Fund revenues from proceeds of  
32 taxes and one-half of the difference between the percentage growth  
33 in per capita General Fund revenues from proceeds of taxes and  
34 in California per capita personal income.

35 (2) The amount of the maintenance factor certified pursuant to  
36 Section 41207.2 that is allocated in the current year pursuant to  
37 subdivision (e) of Section 8 of Article XVI of the California  
38 Constitution.

39 (b) The amount transferred pursuant to subdivision (a) shall be  
40 in addition to amounts required to be allocated pursuant to

1 subdivision (b) of Section 8 of Article XVI of the California  
2 Constitution.

3 (c) (1) Of the amount determined pursuant to subdivision (a),  
4 the Controller shall transfer 92 percent to Section A of the State  
5 School Fund. The Superintendent shall allocate the funds  
6 transferred pursuant to this paragraph in the following priority  
7 order:

8 (A) An amount not to exceed two hundred million dollars  
9 (\$200,000,000) for the purposes of revenue limit equalization in  
10 a manner consistent with Section 42238.49 for the first fiscal year  
11 in which funds are transferred pursuant to this paragraph.

12 (B) Such amounts as necessary to reduce the revenue limit  
13 deficit factors set forth in Sections 2558.46 and 42238.146 until  
14 the deficit factors are reduced to zero.

15 (C) Any remaining amounts transferred pursuant to this  
16 paragraph shall be allocated as an equal increase per unit of average  
17 daily attendance in general purpose apportionments for purposes  
18 of Sections 2558, 42238, and 47633.

19 (2) Of the amount determined pursuant to subdivision (a), the  
20 Controller shall transfer 8 percent to Section B of the State School  
21 Fund. The Chancellor of the Community Colleges shall allocate  
22 the funds transferred pursuant to this paragraph in equal amounts  
23 for the following purposes:

24 (A) For purposes of career and technical education pursuant to  
25 Chapter 352 of the Statutes of 2005.

26 (B) As a proportionate increase in general purpose  
27 apportionments for community college districts.

28 (d) For purposes of determining the amount required pursuant  
29 to paragraph (2) or (3), as applicable, of subdivision (b) of Section  
30 8 of Article XVI of the California Constitution for the following  
31 fiscal year, all amounts transferred in the prior fiscal year pursuant  
32 to this section shall be deemed allocations to school districts and  
33 community college districts from General Fund proceeds of taxes  
34 appropriated pursuant to Article XIII B for that prior fiscal year.

35 (e) The sum of the amounts transferred pursuant to this section  
36 plus the sum of the amounts of the maintenance factor certified  
37 pursuant to Section 41207.2 that is allocated pursuant to  
38 subdivision (e) of Section 8 of Article XVI of the California  
39 Constitution shall not exceed the total amount of eleven billion  
40 two hundred twelve million nine hundred nine thousand dollars

1 (\$11,212,909,000) less any maintenance factor amount that is  
2 allocated for the 2009–10 fiscal year.

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

7 SEC. 14. Section 14003 is added to the Education Code, to  
8 read:

9 14003. (a) Commencing with the 2010–11 fiscal year, on  
10 March 28 of each fiscal year in which the percentage growth in  
11 per capita General Fund revenues exceeds the percentage growth  
12 in California per capita personal income, the Controller shall  
13 transfer from the General Fund to Sections A and B of the State  
14 School Fund, as set forth in subdivision (c), the amount determined  
15 pursuant to paragraph (1) minus the amount determined pursuant  
16 to paragraph (2).

17 (1) The product of General Fund revenues from proceeds of  
18 taxes and one-half of the difference between the percentage growth  
19 in per capita General Fund revenues from proceeds of taxes and  
20 in California per capita personal income.

21 (2) The amount of the maintenance factor certified pursuant to  
22 Section 41207.2 that is allocated in the current year pursuant to  
23 subdivision (e) of Section 8 of Article XVI of the California  
24 Constitution.

25 (b) The amount transferred pursuant to subdivision (a) shall be  
26 in addition to amounts required to be allocated pursuant to  
27 subdivision (b) of Section 8 of Article XVI of the California  
28 Constitution.

29 (c) (1) Of the amount determined pursuant to subdivision (a),  
30 the Controller shall transfer 92 percent to Section A of the State  
31 School Fund. The Superintendent shall allocate the funds  
32 transferred pursuant to this paragraph in the following priority  
33 order:

34 (A) Such amounts as necessary to implement the local control  
35 funding formula pursuant to Section 42238.02, as implemented  
36 by Section 42238.03, and the county local control funding formula,  
37 pursuant to Section 2575.

38 (B) Any remaining amounts transferred pursuant to this  
39 paragraph shall be allocated pursuant to Sections 2575 and  
40 42238.02, as implemented by Section 42238.03.

1 (2) Of the amount determined pursuant to subdivision (a), the  
2 Controller shall transfer 8 percent to Section B of the State School  
3 Fund. The Chancellor of the Community Colleges shall allocate  
4 the funds transferred pursuant to this paragraph in equal amounts  
5 for the following purposes:

6 (A) For purposes of career and technical education pursuant to  
7 Chapter 352 of the Statutes of 2005.

8 (B) As a proportionate increase in general purpose  
9 apportionments for community college districts.

10 (d) For purposes of determining the amount required pursuant  
11 to paragraph (2) or (3), as applicable, of subdivision (b) of Section  
12 8 of Article XVI of the California Constitution for the following  
13 fiscal year, all amounts transferred in the prior fiscal year pursuant  
14 to this section shall be deemed allocations to school districts and  
15 community college districts from General Fund proceeds of taxes  
16 appropriated pursuant to Article XIII B for that prior fiscal year.

17 (e) The sum of the amounts transferred pursuant to this section  
18 plus the sum of the amounts of the maintenance factor certified  
19 pursuant to Section 41207.2 that is allocated pursuant to  
20 subdivision (e) of Section 8 of Article XVI of the California  
21 Constitution shall not exceed the total amount of eleven billion  
22 two hundred twelve million nine hundred nine thousand dollars  
23 (\$11,212,909,000) less any maintenance factor amount that is  
24 allocated for the 2009–10 fiscal year.

25 (f) This section shall become operative on July 1, 2014.

26 SEC. 15. Section 14501 of the Education Code is amended to  
27 read:

28 14501. (a) As used in this chapter, “financial and compliance  
29 audit” shall be consistent with the definition provided in the  
30 “Standards for Audits of Governmental Organizations, Programs,  
31 Activities, and Functions” promulgated by the Comptroller General  
32 of the United States. Financial and compliance audits conducted  
33 under this chapter shall fulfill federal single audit requirements.

34 (b) As used in this chapter, “compliance audit” means an audit  
35 that ascertains and verifies whether or not funds provided through  
36 apportionment, contract, or grant, either federal or state, have been  
37 properly disbursed and expended as required by law or regulation  
38 or both and includes the verification of each of the following:

39 (1) The reporting requirements for the sufficiency of textbooks  
40 or instructional materials, or both, as defined in Section 60119.

1 (2) Teacher misassignments pursuant to Section 44258.9.

2 (3) The accuracy of information reported on the School  
3 Accountability Report Card required by Section 33126. The  
4 requirements set forth in paragraphs (1) and (2) and this paragraph  
5 shall be added to the audit guide requirements pursuant to  
6 subdivision (b) of Section 14502.1.

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

11 SEC. 16. Section 14501 is added to the Education Code, to  
12 read:

13 14501. (a) As used in this chapter, “financial and compliance  
14 audit” shall be consistent with the definition provided in the  
15 “Standards for Audits of Governmental Organizations, Programs,  
16 Activities, and Functions” promulgated by the Comptroller General  
17 of the United States. Financial and compliance audits conducted  
18 under this chapter shall fulfill federal single audit requirements.

19 (b) As used in this chapter, “compliance audit” means an audit  
20 that ascertains and verifies whether or not funds provided through  
21 apportionment, contract, or grant, either federal or state, have been  
22 properly disbursed and expended as required by law or regulation  
23 or both and includes the verification of each of the following:

24 (1) Expenditure of these funds in accordance with the local  
25 control and accountability plan adopted by the governing board  
26 of the school district pursuant to Sections 52060 and 52064 or the  
27 county board of education pursuant to Sections 52062 and 52064.

28 (2) The reporting requirements for the sufficiency of textbooks  
29 or instructional materials, or both, as defined in Section 60119.

30 (3) Teacher misassignments pursuant to Section 44258.9.

31 (4) The accuracy of information reported on the School  
32 Accountability Report Card required by Section 33126. The  
33 requirements set forth in paragraphs (1) and (2) and this paragraph  
34 shall be added to the audit guide requirements pursuant to  
35 subdivision (b) of Section 14502.1.

36 (c) This section shall become operative on July 1, 2014.

37 SEC. 17. Section 33127 of the Education Code is amended to  
38 read:

39 33127. (a) The Superintendent of Public Instruction, the  
40 Controller, and the Director of the Department of Finance shall

1 develop, on or before March 1, 1989, standards and criteria to be  
2 reviewed and adopted by the State Board of Education, and to be  
3 used by local educational agencies in the development of annual  
4 budgets and the management of subsequent expenditures from that  
5 budget. During the development of the standards and criteria, the  
6 Superintendent of Public Instruction shall convene a committee  
7 composed of representatives from school districts, county offices  
8 of education, state agencies, the Legislature, and appropriate labor  
9 and professional organizations. The committee may review and  
10 comment on the proposal standards and criteria prior to their  
11 adoption. In addition, the standards and criteria shall be used to  
12 monitor the fiscal stability of local educational agencies as provided  
13 for in Sections 1240.1, 1240.2, 1621, 1623, 33131, 42127, and  
14 42127.1.

15 (b) The Superintendent of Public Instruction, the Controller,  
16 and the Director of the Department of Finance shall update the  
17 standards and criteria developed pursuant to subdivision (a) on or  
18 before September 1, 2005. The updated standards and criteria shall  
19 be reviewed and adopted pursuant to the procedure established by  
20 subdivision (a) and are applicable to local educational agency  
21 budgets commencing with the 2006–07 fiscal year and each fiscal  
22 year thereafter.

23 (c) After September 1, 2005, to the extent necessary, any  
24 revisions or updates to the standards and criteria shall be developed  
25 by the Superintendent of Public Instruction, the Controller, and  
26 the Director of the Department of Finance pursuant the procedures  
27 established by subdivision (a). The revisions or updates shall  
28 specify the fiscal year in which the revisions or updates are  
29 applicable.

30 (d) This section shall become inoperative on July 1, 2014, and,  
31 as of January 1, 2015, is repealed, unless a later enacted statute,  
32 that becomes operative on or before January 1, 2015, deletes or  
33 extends the dates on which it becomes inoperative and is repealed.

34 SEC. 18. Section 33127 is added to the Education Code, to  
35 read:

36 33127. (a) The Superintendent, the Controller, and the Director  
37 of the Department of Finance shall develop, on or before March  
38 1, 1989, standards and criteria to be reviewed and adopted by the  
39 state board, and to be used by local educational agencies in the  
40 development of annual budgets and the management of subsequent

1 expenditures from that budget. During the development of the  
2 standards and criteria, the Superintendent shall convene a  
3 committee composed of representatives from school districts,  
4 county offices of education, state agencies, the Legislature, and  
5 appropriate labor and professional organizations. The committee  
6 may review and comment on the proposal standards and criteria  
7 prior to their adoption. In addition, the standards and criteria shall  
8 be used to monitor the fiscal stability of local educational agencies  
9 as provided for in Sections 1240.1, 1240.2, 1621, 1623, 33131,  
10 42127, and 42127.1.

11 (b) The Superintendent, the Controller, and the Director of the  
12 Department of Finance shall update the standards and criteria  
13 developed pursuant to subdivision (a) on or before September 1,  
14 2005. The updated standards and criteria shall be reviewed and  
15 adopted pursuant to the procedure established by subdivision (a)  
16 and are applicable to local educational agency budgets commencing  
17 with the 2006–07 fiscal year and each fiscal year thereafter.

18 (c) The Superintendent, the Controller, and the Director of the  
19 Department of Finance shall update the standards and criteria  
20 developed pursuant to subdivision (a) on or before January 1, 2015.  
21 Standards and criteria related to the requirements of Article 3-8 5  
22 (commencing with Section 52060) of Chapter 6.1 of Part 28 of  
23 Title 2 shall be included. The updated standards and criteria shall  
24 be reviewed and adopted pursuant to the procedure established by  
25 subdivision (a) and are applicable to local educational agency  
26 budgets commencing with the 2015–16 fiscal year and each fiscal  
27 year thereafter.

28 (d) After January 1, 2015, to the extent necessary, any revisions  
29 or updates to the standards and criteria shall be developed by the  
30 Superintendent, the Controller, and the Director of the Department  
31 of Finance pursuant the procedures established by subdivision (a).  
32 The revisions or updates shall specify the fiscal year in which the  
33 revisions or updates are applicable.

34 (e) This section shall become operative on July 1, 2014.

35 SEC. 19. Section 41020 of the Education Code is amended to  
36 read:

37 41020. (a) It is the intent of the Legislature to encourage sound  
38 fiscal management practices among local educational agencies for  
39 the most efficient and effective use of public funds for the

1 education of children in California by strengthening fiscal  
2 accountability at the district, county, and state levels.

3 (b) (1) Not later than the first day of May of each fiscal year,  
4 each county superintendent of schools shall provide for an audit  
5 of all funds under his or her jurisdiction and control and the  
6 governing board of each local educational agency shall either  
7 provide for an audit of the books and accounts of the local  
8 educational agency, including an audit of income and expenditures  
9 by source of funds, or make arrangements with the county  
10 superintendent of schools having jurisdiction over the local  
11 educational agency to provide for that auditing.

12 (2) A contract to perform the audit of a local educational agency  
13 that has a disapproved budget or has received a negative  
14 certification on any budget or interim financial report during the  
15 current fiscal year or either of the two preceding fiscal years, or  
16 for which the county superintendent of schools has otherwise  
17 determined that a lack of going concern exists, is not valid unless  
18 approved by the responsible county superintendent of schools and  
19 the governing board.

20 (3) If the governing board of a local educational agency has not  
21 provided for an audit of the books and accounts of the local  
22 educational agency by April 1, the county superintendent of schools  
23 having jurisdiction over the local educational agency shall provide  
24 for the audit of each local educational agency.

25 (4) An audit conducted pursuant to this section shall comply  
26 fully with the Government Auditing Standards issued by the  
27 Comptroller General of the United States.

28 (5) For purposes of this section, “local educational agency” does  
29 not include community colleges.

30 (c) Each audit conducted in accordance with this section shall  
31 include all funds of the local educational agency, including the  
32 student body and cafeteria funds and accounts and any other funds  
33 under the control or jurisdiction of the local educational agency.  
34 Each audit shall also include an audit of pupil attendance  
35 procedures.

36 (d) All audit reports for each fiscal year shall be developed and  
37 reported using a format established by the Controller after  
38 consultation with the Superintendent and the Director of Finance.

39 (e) (1) The cost of the audits provided for by the county  
40 superintendent of schools shall be paid from the county school

1 service fund and the county superintendent of schools shall transfer  
2 the pro rata share of the cost chargeable to each district from district  
3 funds.

4 (2) The cost of the audit provided for by a governing board shall  
5 be paid from local educational agency funds. The audit of the funds  
6 under the jurisdiction and control of the county superintendent of  
7 schools shall be paid from the county school service fund.

8 (f) (1) The audits shall be made by a certified public accountant  
9 or a public accountant, licensed by the California Board of  
10 Accountancy, and selected by the local educational agency, as  
11 applicable, from a directory of certified public accountants and  
12 public accountants deemed by the Controller as qualified to conduct  
13 audits of local educational agencies, which shall be published by  
14 the Controller not later than December 31 of each year.

15 (2) Commencing with the 2003–04 fiscal year and except as  
16 provided in subdivision (d) of Section 41320.1, it is unlawful for  
17 a public accounting firm to provide audit services to a local  
18 educational agency if the lead audit partner, or coordinating audit  
19 partner, having primary responsibility for the audit, or the audit  
20 partner responsible for reviewing the audit, has performed audit  
21 services for that local educational agency in each of the six previous  
22 fiscal years. The Education Audits Appeal Panel may waive this  
23 requirement if the panel finds that no otherwise eligible auditor is  
24 available to perform the audit.

25 (3) It is the intent of the Legislature that, notwithstanding  
26 paragraph (2), the rotation within public accounting firms conform  
27 to provisions of the federal Sarbanes-Oxley Act of 2002 (P.L.  
28 107-204; 15 U.S.C. Sec. 7201 et seq.), and upon release of the  
29 report required by the act of the Comptroller General of the United  
30 States addressing the mandatory rotation of registered public  
31 accounting firms, the Legislature intends to reconsider the  
32 provisions of paragraph (2). In determining which certified public  
33 accountants and public accountants shall be included in the  
34 directory, the Controller shall use the following criteria:

35 (A) The certified public accountants or public accountants shall  
36 be in good standing as certified by the Board of Accountancy.

37 (B) The certified public accountants or public accountants, as  
38 a result of a quality control review conducted by the Controller  
39 pursuant to Section 14504.2, shall not have been found to have

1 conducted an audit in a manner constituting noncompliance with  
2 subdivision (a) of Section 14503.

3 (g) (1) The auditor’s report shall include each of the following:

4 (A) A statement that the audit was conducted pursuant to  
5 standards and procedures developed in accordance with Chapter  
6 3 (commencing with Section 14500) of Part 9 of Division 1 of  
7 Title 1.

8 (B) A summary of audit exceptions and management  
9 improvement recommendations.

10 (C) Each audit of a local educational agency shall include an  
11 evaluation by the auditor on whether there is substantial doubt  
12 about the ability of the local educational agency to continue as a  
13 going concern for a reasonable period of time. This evaluation  
14 shall be based on the Statement of Auditing Standards (SAS) No.  
15 59, as issued by the AICPA regarding disclosure requirements  
16 relating to the ability of the entity to continue as a going concern.

17 (2) To the extent possible, a description of correction or plan  
18 of correction shall be incorporated in the audit report, describing  
19 the specific actions that are planned to be taken, or that have been  
20 taken, to correct the problem identified by the auditor. The  
21 descriptions of specific actions to be taken or that have been taken  
22 shall not solely consist of general comments such as “will  
23 implement,” “accepted the recommendation,” or “will discuss at  
24 a later date.”

25 (h) Not later than December 15, a report of each local  
26 educational agency audit for the preceding fiscal year shall be filed  
27 with the county superintendent of schools of the county in which  
28 the local educational agency is located, the department, and the  
29 Controller. The Superintendent shall make any adjustments  
30 necessary in future apportionments of all state funds, to correct  
31 any audit exceptions revealed by those audit reports.

32 (i) (1) Commencing with the 2002–03 audit of local educational  
33 agencies pursuant to this section and subdivision (d) of Section  
34 41320.1, each county superintendent of schools shall be responsible  
35 for reviewing the audit exceptions contained in an audit of a local  
36 educational agency under his or her jurisdiction related to  
37 attendance, inventory of equipment, internal control, and any  
38 miscellaneous items, and determining whether the exceptions have  
39 been either corrected or an acceptable plan of correction has been  
40 developed.

1 (2) Commencing with the 2004–05 audit of local educational  
2 agencies pursuant to this section and subdivision (d) of Section  
3 41320.1, each county superintendent of schools shall include in  
4 the review of audit exceptions performed pursuant to this  
5 subdivision those audit exceptions related to use of instructional  
6 materials program funds, teacher misassignments pursuant to  
7 Section 44258.9, information reported on the school accountability  
8 report card required pursuant to Section 33126 and shall determine  
9 whether the exceptions are either corrected or an acceptable plan  
10 of correction has been developed.

11 (j) Upon submission of the final audit report to the governing  
12 board of each local educational agency and subsequent receipt of  
13 the audit by the county superintendent of schools having  
14 jurisdiction over the local educational agency, the county office  
15 of education shall do all of the following:

16 (1) Review audit exceptions related to attendance, inventory of  
17 equipment, internal control, and other miscellaneous exceptions.  
18 Attendance exceptions or issues shall include, but not be limited  
19 to, those related to revenue limits, adult education, and independent  
20 study.

21 (2) If a description of the correction or plan of correction has  
22 not been provided as part of the audit required by this section, then  
23 the county superintendent of schools shall notify the local  
24 educational agency and request the governing board of the local  
25 educational agency to provide to the county superintendent of  
26 schools a description of the corrections or plan of correction by  
27 March 15.

28 (3) Review the description of correction or plan of correction  
29 and determine its adequacy. If the description of the correction or  
30 plan of correction is not adequate, the county superintendent of  
31 schools shall require the local educational agency to resubmit that  
32 portion of its response that is inadequate.

33 (k) Each county superintendent of schools shall certify to the  
34 Superintendent and the Controller, not later than May 15, that his  
35 or her staff has reviewed all audits of local educational agencies  
36 under his or her jurisdiction for the prior fiscal year, that all  
37 exceptions that the county superintendent was required to review  
38 were reviewed, and that all of those exceptions, except as otherwise  
39 noted in the certification, have been corrected by the local  
40 educational agency or that an acceptable plan of correction has

1 been submitted to the county superintendent of schools. In addition,  
2 the county superintendent shall identify, by local educational  
3 agency, any attendance-related audit exception or exceptions  
4 involving state funds, and require the local educational agency to  
5 which the audit exceptions were directed to submit appropriate  
6 reporting forms for processing by the Superintendent.

7 (l) In the audit of a local educational agency for a subsequent  
8 year, the auditor shall review the correction or plan or plans of  
9 correction submitted by the local educational agency to determine  
10 if the exceptions have been resolved. If not, the auditor shall  
11 immediately notify the appropriate county office of education and  
12 the department and restate the exception in the audit report. After  
13 receiving that notification, the department shall either consult with  
14 the local educational agency to resolve the exception or require  
15 the county superintendent of schools to follow up with the local  
16 educational agency.

17 (m) (1) The Superintendent shall be responsible for ensuring  
18 that local educational agencies have either corrected or developed  
19 plans of correction for any one or more of the following:

20 (A) All federal and state compliance audit exceptions identified  
21 in the audit.

22 (B) Any exceptions that the county superintendent certifies as  
23 of May 15 have not been corrected.

24 (C) Any repeat audit exceptions that are not assigned to a county  
25 superintendent to correct.

26 (2) In addition, the Superintendent shall be responsible for  
27 ensuring that county superintendents of schools and each county  
28 board of education that serves as the governing board of a local  
29 educational agency either correct all audit exceptions identified in  
30 the audits of county superintendents of schools and of the local  
31 educational agencies for which the county boards of education  
32 serve as the governing boards or develop acceptable plans of  
33 correction for those exceptions.

34 (3) The Superintendent shall report annually to the Controller  
35 on his or her actions to ensure that school districts, county  
36 superintendents of schools, and each county board of education  
37 that serves as the governing board of a school district have either  
38 corrected or developed plans of correction for any of the exceptions  
39 noted pursuant to paragraph (1).

1 (n) To facilitate correction of the exceptions identified by the  
2 audits issued pursuant to this section, commencing with 2002–03  
3 audits pursuant to this section, the Controller shall require auditors  
4 to categorize audit exceptions in each audit report in a manner that  
5 will make it clear to both the county superintendent of schools and  
6 the Superintendent which exceptions they are responsible for  
7 ensuring the correction of by a local educational agency. In  
8 addition, the Controller annually shall select a sampling of county  
9 superintendents of schools and perform a followup of the audit  
10 resolution process of those county superintendents of schools and  
11 report the results of that followup to the Superintendent and the  
12 county superintendents of schools that were reviewed.

13 (o) County superintendents of schools shall adjust subsequent  
14 local property tax requirements to correct audit exceptions relating  
15 to local educational agency tax rates and tax revenues.

16 (p) If a governing board or county superintendent of schools  
17 fails or is unable to make satisfactory arrangements for the audit  
18 pursuant to this section, the Controller shall make arrangements  
19 for the audit and the cost of the audit shall be paid from local  
20 educational agency funds or the county school service fund, as the  
21 case may be.

22 (q) Audits of regional occupational centers and programs are  
23 subject to the provisions of this section.

24 (r) This section does not authorize examination of, or reports  
25 on, the curriculum used or provided for in any local educational  
26 agency.

27 (s) Notwithstanding any other provision of law, a nonauditing,  
28 management, or other consulting service to be provided to a local  
29 educational agency by a certified public accounting firm while the  
30 certified public accounting firm is performing an audit of the  
31 agency pursuant to this section must be in accord with Government  
32 Accounting Standards, Amendment No. 3, as published by the  
33 United States General Accounting Office.

34 (t) This section shall become inoperative on July 1, 2014, and,  
35 as of January 1, 2015, is repealed, unless a later enacted statute,  
36 that becomes operative on or before January 1, 2015, deletes or  
37 extends the dates on which it becomes inoperative and is repealed.

38 SEC. 20. Section 41020 is added to the Education Code, to  
39 read:

1 41020. (a) It is the intent of the Legislature to encourage sound  
2 fiscal management practices among local educational agencies for  
3 the most efficient and effective use of public funds for the  
4 education of children in California by strengthening fiscal  
5 accountability at the school district, county, and state levels.

6 (b) (1) Not later than the first day of May of each fiscal year,  
7 each county superintendent of schools shall provide for an audit  
8 of all funds under his or her jurisdiction and control and the  
9 governing board of each local educational agency shall either  
10 provide for an audit of the books and accounts of the local  
11 educational agency, including an audit of income and expenditures  
12 by source of funds, or make arrangements with the county  
13 superintendent of schools having jurisdiction over the local  
14 educational agency to provide for that auditing.

15 (2) A contract to perform the audit of a local educational agency  
16 that has a disapproved budget or has received a negative  
17 certification on any budget or interim financial report during the  
18 current fiscal year or either of the two preceding fiscal years, or  
19 for which the county superintendent of schools has otherwise  
20 determined that a lack of going concern exists, is not valid unless  
21 approved by the responsible county superintendent of schools and  
22 the governing board *of the local educational agency*.

23 (3) If the governing board of a local educational agency has not  
24 provided for an audit of the books and accounts of the local  
25 educational agency by April 1, the county superintendent of schools  
26 having jurisdiction over the local educational agency shall provide  
27 for the audit of each local educational agency.

28 (4) An audit conducted pursuant to this section shall comply  
29 fully with the Government Auditing Standards issued by the  
30 Comptroller General of the United States.

31 (5) For purposes of this section, “local educational agency” does  
32 not include community colleges.

33 (c) Each audit conducted in accordance with this section shall  
34 include all funds of the local educational agency, including the  
35 student body and cafeteria funds and accounts and any other funds  
36 under the control or jurisdiction of the local educational agency.  
37 Each audit shall also include an audit of pupil attendance  
38 procedures. Each audit shall include a determination of whether  
39 funds were expended in accordance with a local control and

1 accountability plan pursuant to Article 3.8 5 (commencing with  
2 Section 52060) of Chapter 6.1 of Part 28 of Division 3.

3 (d) All audit reports for each fiscal year shall be developed and  
4 reported using a format established by the Controller after  
5 consultation with the Superintendent and the Director of Finance.

6 (e) (1) The cost of the audits provided for by the county  
7 superintendent of schools shall be paid from the county school  
8 service fund and the county superintendent of schools shall transfer  
9 the pro rata share of the cost chargeable to each school district  
10 from school district funds.

11 (2) The cost of the audit provided for by a governing board *of*  
12 *a local educational agency* shall be paid from local educational  
13 agency funds. The audit of the funds under the jurisdiction and  
14 control of the county superintendent of schools shall be paid from  
15 the county school service fund.

16 (f) (1) The audits shall be made by a certified public accountant  
17 or a public accountant, licensed by the California Board of  
18 Accountancy, and selected by the local educational agency, as  
19 applicable, from a directory of certified public accountants and  
20 public accountants deemed by the Controller as qualified to conduct  
21 audits of local educational agencies, which shall be published by  
22 the Controller not later than December 31 of each year.

23 (2) Commencing with the 2003–04 fiscal year and except as  
24 provided in subdivision (d) of Section 41320.1, it is unlawful for  
25 a public accounting firm to provide audit services to a local  
26 educational agency if the lead audit partner, or coordinating audit  
27 partner, having primary responsibility for the audit, or the audit  
28 partner responsible for reviewing the audit, has performed audit  
29 services for that local educational agency in each of the six previous  
30 fiscal years. The Education Audits Appeal Panel may waive this  
31 requirement if the panel finds that no otherwise eligible auditor is  
32 available to perform the audit.

33 (3) It is the intent of the Legislature that, notwithstanding  
34 paragraph (2), the rotation within public accounting firms conform  
35 to provisions of the federal Sarbanes-Oxley Act of 2002 (Public  
36 Law 107-204; 15 U.S.C. Sec. 7201 et seq.), and upon release of  
37 the report required by the act of the Comptroller General of the  
38 United States addressing the mandatory rotation of registered  
39 public accounting firms, the Legislature intends to reconsider the  
40 provisions of paragraph (2). In determining which certified public

1 accountants and public accountants shall be included in the  
2 directory, the Controller shall use the following criteria:

3 (A) The certified public accountants or public accountants shall  
4 be in good standing as certified by the Board of Accountancy.

5 (B) The certified public accountants or public accountants, as  
6 a result of a quality control review conducted by the Controller  
7 pursuant to Section 14504.2, shall not have been found to have  
8 conducted an audit in a manner constituting noncompliance with  
9 subdivision (a) of Section 14503.

10 (g) (1) The auditor's report shall include each of the following:

11 (A) A statement that the audit was conducted pursuant to  
12 standards and procedures developed in accordance with Chapter  
13 3 (commencing with Section 14500) of Part 9 of Division 1 of  
14 Title 1.

15 (B) A summary of audit exceptions and management  
16 improvement recommendations.

17 (C) Each audit of a local educational agency shall include an  
18 evaluation by the auditor on whether there is substantial doubt  
19 about the ability of the local educational agency to continue as a  
20 going concern for a reasonable period of time. This evaluation  
21 shall be based on the Statement on Auditing Standards (SAS) No.  
22 59, as issued by the AICPA regarding disclosure requirements  
23 relating to the ability of the entity to continue as a going concern.

24 (2) To the extent possible, a description of correction or plan  
25 of correction shall be incorporated in the audit report, describing  
26 the specific actions that are planned to be taken, or that have been  
27 taken, to correct the problem identified by the auditor. The  
28 descriptions of specific actions to be taken or that have been taken  
29 shall not solely consist of general comments such as "will  
30 implement," "accepted the recommendation," or "will discuss at  
31 a later date."

32 (h) Not later than December 15, a report of each local  
33 educational agency audit for the preceding fiscal year shall be filed  
34 with the county superintendent of schools of the county in which  
35 the local educational agency is located, the department, and the  
36 Controller. The Superintendent shall make any adjustments  
37 necessary in future apportionments of all state funds, to correct  
38 any audit exceptions revealed by those audit reports.

39 (i) (1) Commencing with the 2002–03 audit of local educational  
40 agencies pursuant to this section and subdivision (d) of Section

1 41320.1, each county superintendent of schools shall be responsible  
2 for reviewing the audit exceptions contained in an audit of a local  
3 educational agency under his or her jurisdiction related to  
4 attendance, inventory of equipment, internal control, and any  
5 miscellaneous items, and determining whether the exceptions have  
6 been either corrected or an acceptable plan of correction has been  
7 developed.

8 (2) Commencing with the 2004–05 audit of local educational  
9 agencies pursuant to this section and subdivision (d) of Section  
10 41320.1, each county superintendent of schools shall include in  
11 the review of audit exceptions performed pursuant to this  
12 subdivision those audit exceptions related to use of instructional  
13 materials program funds, teacher misassignments pursuant to  
14 Section 44258.9, information reported on the school accountability  
15 report card required pursuant to Section 33126 and shall determine  
16 whether the exceptions are either corrected or an acceptable plan  
17 of correction has been developed.

18 (j) Upon submission of the final audit report to the governing  
19 board of each local educational agency and subsequent receipt of  
20 the audit by the county superintendent of schools having  
21 jurisdiction over the local educational agency, the county office  
22 of education shall do all of the following:

23 (1) Review audit exceptions related to attendance, inventory of  
24 equipment, internal control, and other miscellaneous exceptions.  
25 Attendance exceptions or issues shall include, but not be limited  
26 to, those related to local control funding formula allocations  
27 pursuant to Section 42238.02, as implemented by Section 42238.03,  
28 and independent study.

29 (2) If a description of the correction or plan of correction has  
30 not been provided as part of the audit required by this section, then  
31 the county superintendent of schools shall notify the local  
32 educational agency and request the governing board of the local  
33 educational agency to provide to the county superintendent of  
34 schools a description of the corrections or plan of correction by  
35 March 15.

36 (3) Review the description of correction or plan of correction  
37 and determine its adequacy. If the description of the correction or  
38 plan of correction is ~~not adequate~~, *inadequate*, the county  
39 superintendent of schools shall require the local educational agency  
40 to resubmit that portion of its response that is inadequate.

1 (k) Each county superintendent of schools shall certify to the  
2 Superintendent and the Controller, not later than May 15, that his  
3 or her staff has reviewed all audits of local educational agencies  
4 under his or her jurisdiction for the prior fiscal year, that all  
5 exceptions that the county superintendent was required to review  
6 were reviewed, and that all of those exceptions, except as otherwise  
7 noted in the certification, have been corrected by the local  
8 educational agency or that an acceptable plan of correction has  
9 been submitted to the county superintendent of schools. In addition,  
10 the county superintendent shall identify, by local educational  
11 agency, any attendance-related audit exception or exceptions  
12 involving state funds, and require the local educational agency to  
13 which the audit exceptions were directed to submit appropriate  
14 reporting forms for processing by the Superintendent.

15 (l) In the audit of a local educational agency for a subsequent  
16 year, the auditor shall review the correction or plan or plans of  
17 correction submitted by the local educational agency to determine  
18 if the exceptions have been resolved. If not, the auditor shall  
19 immediately notify the appropriate county office of education and  
20 the department and restate the exception in the audit report. After  
21 receiving that notification, the department shall either consult with  
22 the local educational agency to resolve the exception or require  
23 the county superintendent of schools to follow up with the local  
24 educational agency.

25 (m) (1) The Superintendent shall be responsible for ensuring  
26 that local educational agencies have either corrected or developed  
27 plans of correction for any one or more of the following:

28 (A) All federal and state compliance audit exceptions identified  
29 in the audit.

30 (B) Any exceptions that the county superintendent certifies as  
31 of May 15 have not been corrected.

32 (C) Any repeat audit exceptions that are not assigned to a county  
33 superintendent to correct.

34 (2) In addition, the Superintendent shall be responsible for  
35 ensuring that county superintendents of schools and each county  
36 board of education that serves as the governing board of a local  
37 educational agency either correct all audit exceptions identified in  
38 the audits of county superintendents of schools and of the local  
39 educational agencies for which the county boards of education

1 serve as the governing boards or develop acceptable plans of  
2 correction for those exceptions.

3 (3) The Superintendent shall report annually to the Controller  
4 on his or her actions to ensure that school districts, county  
5 superintendents of schools, and each county board of education  
6 that serves as the governing board of a school district have either  
7 corrected or developed plans of correction for any of the exceptions  
8 noted pursuant to paragraph (1).

9 (n) To facilitate correction of the exceptions identified by the  
10 audits issued pursuant to this section, commencing with 2002–03  
11 audits pursuant to this section, the Controller shall require auditors  
12 to categorize audit exceptions in each audit report in a manner that  
13 will make it clear to both the county superintendent of schools and  
14 the Superintendent which exceptions they are responsible for  
15 ensuring the correction of by a local educational agency. In  
16 addition, the Controller annually shall select a sampling of county  
17 superintendents of schools and perform a followup of the audit  
18 resolution process of those county superintendents of schools and  
19 report the results of that followup to the Superintendent and the  
20 county superintendents of schools that were reviewed.

21 (o) County superintendents of schools shall adjust subsequent  
22 local property tax requirements to correct audit exceptions relating  
23 to local educational agency tax rates and tax revenues.

24 (p) If a governing board *of a local educational agency* or county  
25 superintendent of schools fails or is unable to make satisfactory  
26 arrangements for the audit pursuant to this section, the Controller  
27 shall make arrangements for the audit and the cost of the audit  
28 shall be paid from local educational agency funds or the county  
29 school service fund, as the case may be.

30 (q) *Audits of regional occupational centers and programs are*  
31 *subject to the provisions on this section.*

32 ~~(r)~~

33 (r) This section does not authorize examination of, or reports  
34 on, the curriculum used or provided for in any local educational  
35 agency.

36 ~~(s)~~

37 (s) Notwithstanding any other law, a nonauditing, management,  
38 or other consulting service to be provided to a local educational  
39 agency by a certified public accounting firm while the certified  
40 public accounting firm is performing an audit of the *local*

1 *educational* agency pursuant to this section must be in accord with  
2 Government Accounting Standards, Amendment No. 3, as  
3 published by the United States General Accounting Office.

4 (s)

5 (t) This section shall become operative on July 1, 2014.

6 SEC. 21. Section 41202 of the Education Code is amended to  
7 read:

8 41202. The words and phrases set forth in subdivision (b) of  
9 Section 8 of Article XVI of the Constitution of the State of  
10 California shall have the following meanings:

11 (a) “Moneys to be applied by the State,” as used in subdivision  
12 (b) of Section 8 of Article XVI of the California Constitution,  
13 means appropriations from the General Fund that are made for  
14 allocation to school districts, as defined, or community college  
15 districts. An appropriation that is withheld, impounded, or made  
16 without provisions for its allocation to school districts or  
17 community college districts, shall not be considered to be “moneys  
18 to be applied by the State.”

19 (b) “General Fund revenues which may be appropriated pursuant  
20 to Article XIII B,” as used in paragraph (1) of subdivision (b) of  
21 Section 8 of Article XVI, means General Fund revenues that are  
22 the proceeds of taxes as defined by subdivision (c) of Section 8 of  
23 Article XIII B of the California Constitution, including, for the  
24 1986–87 fiscal year only, any revenues that are determined to be  
25 in excess of the appropriations limit established pursuant to Article  
26 XIII B for the fiscal year in which they are received. General Fund  
27 revenues for a fiscal year to which paragraph (1) of subdivision  
28 (b) is being applied shall include, in that computation, only General  
29 Fund revenues for that fiscal year that are the proceeds of taxes,  
30 as defined in subdivision (c) of Section 8 of Article XIII B of the  
31 California Constitution, and shall not include prior fiscal year  
32 revenues. Commencing with the 1995–96 fiscal year, and each  
33 fiscal year thereafter, “General Fund revenues that are the proceeds  
34 of taxes,” as defined in subdivision (c) of Section 8 of Article  
35 XIII B of the California Constitution, includes any portion of the  
36 proceeds of taxes received from the state sales tax that are  
37 transferred to the counties pursuant to, and only if, legislation is  
38 enacted during the 1995–96 fiscal year the purpose of which is to  
39 realign children’s programs. The amount of the proceeds of taxes  
40 shall be computed for any fiscal year in a manner consistent with

1 the manner in which the amount of the proceeds of taxes was  
2 computed by the Department of Finance for purposes of the  
3 Governor’s Budget for the Budget Act of 1986.

4 (c) “General Fund revenues appropriated for school districts,”  
5 as used in paragraph (1) of subdivision (b) of Section 8 of Article  
6 XVI of the California Constitution, means the sum of  
7 appropriations made that are for allocation to school districts, as  
8 defined in Section 41302.5, regardless of whether those  
9 appropriations were made from the General Fund to the  
10 Superintendent, to the Controller, or to any other fund or state  
11 agency for the purpose of allocation to school districts. The full  
12 amount of any appropriation shall be included in the calculation  
13 of the percentage required by paragraph (1) of subdivision (b) of  
14 Article XVI, without regard to any unexpended balance of any  
15 appropriation. Any reappropriation of funds appropriated in any  
16 prior year shall not be included in the sum of appropriations.

17 (d) “General Fund revenues appropriated for community college  
18 districts,” as used in paragraph (1) of subdivision (b) of Section 8  
19 of Article XVI of the California Constitution, means the sum of  
20 appropriations made that are for allocation to community college  
21 districts, regardless of whether those appropriations were made  
22 from the General Fund to the Controller, to the Chancellor of the  
23 California Community Colleges, or to any other fund or state  
24 agency for the purpose of allocation to community college districts.  
25 The full amount of any appropriation shall be included in the  
26 calculation of the percentage required by paragraph (1) of  
27 subdivision (b) of Article XVI, without regard to any unexpended  
28 balance of any appropriation. Any reappropriation of funds  
29 appropriated in any prior year shall not be included in the sum of  
30 appropriations.

31 (e) “Total allocations to school districts and community college  
32 districts from General Fund proceeds of taxes appropriated pursuant  
33 to Article XIII B,” as used in paragraph (2) or (3) of subdivision  
34 (b) of Section 8 of Article XVI of the California Constitution,  
35 means the sum of appropriations made that are for allocation to  
36 school districts, as defined in Section 41302.5, and community  
37 college districts, regardless of whether those appropriations were  
38 made from the General Fund to the Controller, to the  
39 Superintendent, to the Chancellor of the California Community  
40 Colleges, or to any other fund or state agency for the purpose of

1 allocation to school districts and community college districts. The  
2 full amount of any appropriation shall be included in the calculation  
3 of the percentage required by paragraph (2) or (3) of subdivision  
4 (b) of Section 8 of Article XVI, without regard to any unexpended  
5 balance of any appropriation. Any reappropriation of funds  
6 appropriated in any prior year shall not be included in the sum of  
7 appropriations.

8 (f) “General Fund revenues appropriated for school districts  
9 and community college districts, respectively” and “moneys to be  
10 applied by the state for the support of school districts and  
11 community college districts,” as used in Section 8 of Article XVI  
12 of the California Constitution, shall include funds appropriated for  
13 part-day California state preschool programs under Article 7  
14 (commencing with Section 8235) of Chapter 2 of Part 6 of Division  
15 1 of Title 1, and the After School Education and Safety Program  
16 established pursuant to Article 22.5 (commencing with Section  
17 8482) of Chapter 2 of Part 6 of Division 1 of Title 1, and shall not  
18 include any of the following:

19 (1) Any appropriation that is not made for allocation to a school  
20 district, as defined in Section 41302.5, or to a community college  
21 district, regardless of whether the appropriation is made for any  
22 purpose that may be considered to be for the benefit to a school  
23 district, as defined in Section 41302.5, or a community college  
24 district. This paragraph shall not be construed to exclude any  
25 funding appropriated for part-day California state preschool  
26 programs under Article 7 (commencing with Section 8235) of  
27 Chapter 2 of Part 6 of Division 1 of Title 1 or the After School  
28 Education and Safety Program established pursuant to Article 22.5  
29 (commencing with Section 8482) of Chapter 2 of Part 6 of Division  
30 1 of Title 1.

31 (2) Any appropriation made to the Teachers’ Retirement Fund  
32 or to the Public Employees’ Retirement Fund except those  
33 appropriations for reimbursable state mandates imposed on or  
34 before January 1, 1988.

35 (3) Any appropriation made to service any public debt approved  
36 by the voters of this state.

37 (4) With the exception of the programs identified in paragraph  
38 (1), commencing with the 2011–12 fiscal year, any funds  
39 appropriated for the Child Care and Development Services Act,

1 pursuant to Chapter 2 (commencing with Section 8200) of Part 6  
2 of Division 1 of Title 1.

3 (g) “Allocated local proceeds of taxes,” as used in paragraph  
4 (2) or (3) of subdivision (b) of Section 8 of Article XVI of the  
5 California Constitution, means, for school districts as defined,  
6 those local revenues, except revenues identified pursuant to  
7 paragraph (5) of subdivision (h) of Section 42238, that are used  
8 to offset state aid for school districts in calculations performed  
9 pursuant to Sections 2558, 42238, and Chapter 7.2 (commencing  
10 with Section 56836) of Part 30.

11 (h) “Allocated local proceeds of taxes,” as used in paragraph  
12 (2) or (3) of subdivision (b) of Section 8 of Article XVI of the  
13 California Constitution, means, for community college districts,  
14 those local revenues that are used to offset state aid for community  
15 college districts in calculations performed pursuant to Section  
16 84700. In no event shall the revenues or receipts derived from  
17 student fees be considered “allocated local proceeds of taxes.”

18 (i) For purposes of calculating the 4-percent entitlement pursuant  
19 to subdivision (a) of Section 8.5 of Article XVI of the California  
20 Constitution, “the total amount required pursuant to Section 8(b)”  
21 shall mean the General Fund aid required for schools pursuant to  
22 subdivision (b) of Section 8 of Article XVI of the California  
23 Constitution, and shall not include allocated local proceeds of  
24 taxes.

25 (j) This section shall become inoperative on December 15, 2012,  
26 and, as of January 1, 2013, is repealed, only if the Schools and  
27 Local Public Safety Protection Act of 2012 (Attorney General  
28 reference number 12-0009) is not approved by the voters at the  
29 November 6, 2012, statewide general election, or if the provisions  
30 of that act that modify personal income tax rates do not become  
31 operative due to a conflict with another initiative measure that is  
32 approved at the same election and receives a greater number of  
33 affirmative votes.

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

38 SEC. 22. Section 41202 is added to the Education Code, to  
39 read:

1 41202. The words and phrases set forth in subdivision (b) of  
2 Section 8 of Article XVI of the Constitution of the State of  
3 California shall have the following meanings:

4 (a) “Moneys to be applied by the State,” as used in subdivision  
5 (b) of Section 8 of Article XVI of the California Constitution,  
6 means appropriations from the General Fund that are made for  
7 allocation to school districts, as defined, or community college  
8 districts. An appropriation that is withheld, impounded, or made  
9 without provisions for its allocation to school districts or  
10 community college districts, shall not be considered to be “moneys  
11 to be applied by the State.”

12 (b) “General Fund revenues which may be appropriated pursuant  
13 to Article XIII B,” as used in paragraph (1) of subdivision (b) of  
14 Section 8 of Article XVI, means General Fund revenues that are  
15 the proceeds of taxes as defined by subdivision (c) of Section 8 of  
16 Article XIII B of the California Constitution, including, for the  
17 1986–87 fiscal year only, any revenues that are determined to be  
18 in excess of the appropriations limit established pursuant to Article  
19 XIII B for the fiscal year in which they are received. General Fund  
20 revenues for a fiscal year to which paragraph (1) of subdivision  
21 (b) is being applied shall include, in that computation, only General  
22 Fund revenues for that fiscal year that are the proceeds of taxes,  
23 as defined in subdivision (c) of Section 8 of Article XIII B of the  
24 California Constitution, and shall not include prior fiscal year  
25 revenues. Commencing with the 1995–96 fiscal year, and each  
26 fiscal year thereafter, “General Fund revenues that are the proceeds  
27 of taxes,” as defined in subdivision (c) of Section 8 of Article  
28 XIII B of the California Constitution, includes any portion of the  
29 proceeds of taxes received from the state sales tax that are  
30 transferred to the counties pursuant to, and only if, legislation is  
31 enacted during the 1995–96 fiscal year the purpose of which is to  
32 realign children’s programs. The amount of the proceeds of taxes  
33 shall be computed for any fiscal year in a manner consistent with  
34 the manner in which the amount of the proceeds of taxes was  
35 computed by the Department of Finance for purposes of the  
36 Governor’s Budget for the Budget Act of 1986.

37 (c) “General Fund revenues appropriated for school districts,”  
38 as used in paragraph (1) of subdivision (b) of Section 8 of Article  
39 XVI of the California Constitution, means the sum of  
40 appropriations made that are for allocation to school districts, as

1 defined in Section 41302.5, regardless of whether those  
2 appropriations were made from the General Fund to the  
3 Superintendent, to the Controller, or to any other fund or state  
4 agency for the purpose of allocation to school districts. The full  
5 amount of any appropriation shall be included in the calculation  
6 of the percentage required by paragraph (1) of subdivision (b) of  
7 Article XVI, without regard to any unexpended balance of any  
8 appropriation. Any reappropriation of funds appropriated in any  
9 prior year shall not be included in the sum of appropriations.

10 (d) “General Fund revenues appropriated for community college  
11 districts,” as used in paragraph (1) of subdivision (b) of Section 8  
12 of Article XVI of the California Constitution, means the sum of  
13 appropriations made that are for allocation to community college  
14 districts, regardless of whether those appropriations were made  
15 from the General Fund to the Controller, to the Chancellor of the  
16 California Community Colleges, or to any other fund or state  
17 agency for the purpose of allocation to community college districts.  
18 The full amount of any appropriation shall be included in the  
19 calculation of the percentage required by paragraph (1) of  
20 subdivision (b) of Article XVI, without regard to any unexpended  
21 balance of any appropriation. Any reappropriation of funds  
22 appropriated in any prior year shall not be included in the sum of  
23 appropriations.

24 (e) “Total allocations to school districts and community college  
25 districts from General Fund proceeds of taxes appropriated pursuant  
26 to Article XIII B,” as used in paragraph (2) or (3) of subdivision  
27 (b) of Section 8 of Article XVI of the California Constitution,  
28 means the sum of appropriations made that are for allocation to  
29 school districts, as defined in Section 41302.5, and community  
30 college districts, regardless of whether those appropriations were  
31 made from the General Fund to the Controller, to the  
32 Superintendent, to the Chancellor of the California Community  
33 Colleges, or to any other fund or state agency for the purpose of  
34 allocation to school districts and community college districts. The  
35 full amount of any appropriation shall be included in the calculation  
36 of the percentage required by paragraph (2) or (3) of subdivision  
37 (b) of Section 8 of Article XVI, without regard to any unexpended  
38 balance of any appropriation. Any reappropriation of funds  
39 appropriated in any prior year shall not be included in the sum of  
40 appropriations.

1 (f) “General Fund revenues appropriated for school districts  
2 and community college districts, respectively” and “moneys to be  
3 applied by the state for the support of school districts and  
4 community college districts,” as used in Section 8 of Article XVI  
5 of the California Constitution, shall include funds appropriated for  
6 part-day California state preschool programs under Article 7  
7 (commencing with Section 8235) of Chapter 2 of Part 6 of Division  
8 1 of Title 1, and the After School Education and Safety Program  
9 established pursuant to Article 22.5 (commencing with Section  
10 8482) of Chapter 2 of Part 6 of Division 1 of Title 1, and shall not  
11 include any of the following:

12 (1) Any appropriation that is not made for allocation to a school  
13 district, as defined in Section 41302.5, or to a community college  
14 district, regardless of whether the appropriation is made for any  
15 purpose that may be considered to be for the benefit to a school  
16 district, as defined in Section 41302.5, or a community college  
17 district. This paragraph shall not be construed to exclude any  
18 funding appropriated for part-day California state preschool  
19 programs under Article 7 (commencing with Section 8235) of  
20 Chapter 2 of Part 6 of Division 1 of Title 1 or the After School  
21 Education and Safety Program established pursuant to Article 22.5  
22 (commencing with Section 8482) of Chapter 2 of Part 6 of Division  
23 1 of Title 1.

24 (2) Any appropriation made to the Teachers’ Retirement Fund  
25 or to the Public Employees’ Retirement Fund except those  
26 appropriations for reimbursable state mandates imposed on or  
27 before January 1, 1988.

28 (3) Any appropriation made to service any public debt approved  
29 by the voters of this state.

30 (4) With the exception of the programs identified in paragraph  
31 (1), commencing with the 2011–12 fiscal year, any funds  
32 appropriated for the Child Care and Development Services Act,  
33 pursuant to Chapter 2 (commencing with Section 8200) of Part 6  
34 of Division 1 of Title 1.

35 (g) “Allocated local proceeds of taxes,” as used in paragraph  
36 (2) or (3) of subdivision (b) of Section 8 of Article XVI of the  
37 California Constitution, means, for school districts as defined,  
38 those local revenues, except revenues identified pursuant to  
39 paragraph (5) of subdivision (i) of Section 42238.02, that are used  
40 to offset state aid for school districts in calculations performed

1 pursuant to Sections 2575, 42238.02, and Chapter 7.2 (commencing  
2 with Section 56836) of Part 30 of Division 4.

3 (h) “Allocated local proceeds of taxes,” as used in paragraph  
4 (2) or (3) of subdivision (b) of Section 8 of Article XVI of the  
5 California Constitution, means, for community college districts,  
6 those local revenues that are used to offset state aid for community  
7 college districts. In no event shall the revenues or receipts derived  
8 from student fees be considered “allocated local proceeds of taxes.”

9 (i) For purposes of calculating the 4-percent entitlement pursuant  
10 to subdivision (a) of Section 8.5 of Article XVI of the California  
11 Constitution, “the total amount required pursuant to Section 8(b)”  
12 shall mean the General Fund aid required for schools pursuant to  
13 subdivision (b) of Section 8 of Article XVI of the California  
14 Constitution, and shall not include allocated local proceeds of  
15 taxes.

16 (j) This section shall become operative on July 1, 2014.

17 SEC. 23. Section 42127 of the Education Code is amended to  
18 read:

19 42127. (a) On or before July 1 of each year, the governing  
20 board of each school district shall accomplish the following:

21 (1) Hold a public hearing on the budget to be adopted for the  
22 subsequent fiscal year. The budget to be adopted shall be prepared  
23 in accordance with Section 42126. The agenda for that hearing  
24 shall be posted at least 72 hours before the public hearing and shall  
25 include the location where the budget will be available for public  
26 inspection.

27 (A) For the 2011–12 fiscal year, notwithstanding any of the  
28 standards and criteria adopted by the state board pursuant to Section  
29 33127, each school district budget shall project the same level of  
30 revenue per unit of average daily attendance as it received in the  
31 2010–11 fiscal year and shall maintain staffing and program levels  
32 commensurate with that level.

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

36 (2) Adopt a budget. Not later than five days after that adoption  
37 or by July 1, whichever occurs first, the governing board of the  
38 school district shall file that budget with the county superintendent  
39 of schools. That budget and supporting data shall be maintained  
40 and made available for public review. If the governing board of

1 the school district does not want all or a portion of the property  
2 tax requirement levied for the purpose of making payments for the  
3 interest and redemption charges on indebtedness as described in  
4 paragraph (1) or (2) of subdivision (b) of Section 1 of Article  
5 XIII A of the California Constitution, the budget shall include a  
6 statement of the amount or portion for which a levy shall not be  
7 made.

8 (b) The county superintendent of schools may accept changes  
9 in any statement included in the budget, pursuant to subdivision  
10 (a), of the amount or portion for which a property tax levy shall  
11 not be made. The county superintendent of schools or the county  
12 auditor shall compute the actual amounts to be levied on the  
13 property tax rolls of the school district for purposes that exceed  
14 apportionments to the school district pursuant to Chapter 6  
15 (commencing with Section 95) of Part 0.5 of Division 1 of the  
16 Revenue and Taxation Code. Each school district shall provide all  
17 data needed by the county superintendent of schools or the county  
18 auditor to compute the amounts. On or before August 15, the  
19 county superintendent of schools shall transmit the amounts  
20 computed to the county auditor who shall compute the tax rates  
21 necessary to produce the amounts. On or before September 1, the  
22 county auditor shall submit the rate computed to the board of  
23 supervisors for adoption.

24 (c) The county superintendent of schools shall do all of the  
25 following:

26 (1) Examine the adopted budget to determine whether it  
27 complies with the standards and criteria adopted by the state board  
28 pursuant to Section 33127 for application to final local educational  
29 agency budgets. The county superintendent of schools shall  
30 identify, if necessary, technical corrections that are required to be  
31 made to bring the budget into compliance with those standards  
32 and criteria.

33 (2) Determine whether the adopted budget will allow the school  
34 district to meet its financial obligations during the fiscal year and  
35 is consistent with a financial plan that will enable the school district  
36 to satisfy its multiyear financial commitments. In addition to his  
37 or her own analysis of the budget of each school district, the county  
38 superintendent of schools shall review and consider studies, reports,  
39 evaluations, or audits of the school district that were commissioned  
40 by the school district, the county superintendent of schools, the

1 Superintendent, and state control agencies and that contain  
2 evidence that the school district is showing fiscal distress under  
3 the standards and criteria adopted in Section 33127 or that contain  
4 a finding by an external reviewer that more than three of the 15  
5 most common predictors of a school district needing intervention,  
6 as determined by the County Office Fiscal Crisis and Management  
7 Assistance Team, are present. The county superintendent of schools  
8 shall either conditionally approve or disapprove a budget that does  
9 not provide adequate assurance that the school district will meet  
10 its current and future obligations and resolve any problems  
11 identified in studies, reports, evaluations, or audits described in  
12 this paragraph.

13 (d) On or before August 15, the county superintendent of schools  
14 shall approve, conditionally approve, or disapprove the adopted  
15 budget for each school district. If a school district does not submit  
16 a budget to the county superintendent of schools, the county  
17 superintendent of schools shall develop, at school district expense,  
18 a budget for that school district by September 15 and transmit that  
19 budget to the governing board of the school district. The budget  
20 prepared by the county superintendent of schools shall be deemed  
21 adopted, unless the county superintendent of schools approves any  
22 modifications made by the governing board of the school district.  
23 The approved budget shall be used as a guide for the school  
24 district's priorities. The Superintendent shall review and certify  
25 the budget approved by the county. If, pursuant to the review  
26 conducted pursuant to subdivision (c), the county superintendent  
27 of schools determines that the adopted budget for a school district  
28 does not satisfy paragraph (1) or (2) of that subdivision, he or she  
29 shall conditionally approve or disapprove the budget and, not later  
30 than August 15, transmit to the governing board of the school  
31 district, in writing, his or her recommendations regarding revision  
32 of the budget and the reasons for those recommendations,  
33 including, but not limited to, the amounts of any budget  
34 adjustments needed before he or she can approve that budget. The  
35 county superintendent of schools may assign a fiscal adviser to  
36 assist the school district to develop a budget in compliance with  
37 those revisions. In addition, the county superintendent of schools  
38 may appoint a committee to examine and comment on the  
39 superintendent's review and recommendations, subject to the  
40 requirement that the committee report its findings to the county

1 superintendent of schools no later than August 20. For the 2011–12  
2 fiscal year, notwithstanding any of the standards and criteria  
3 adopted by the state board pursuant to Section 33127, the county  
4 superintendent of schools, as a condition on approval of a school  
5 district budget, shall not require a school district to project a lower  
6 level of revenue per unit of average daily attendance than it  
7 received in the 2010–11 fiscal year nor require the school district  
8 to demonstrate that it is able to meet its financial obligations for  
9 the two subsequent fiscal years.

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

26 (1) For the 2011–12 fiscal year, notwithstanding any of the  
27 standards and criteria adopted by the state board pursuant to Section  
28 33127, each school district budget shall project the same level of  
29 revenue per unit of average daily attendance as it received in the  
30 2010–11 fiscal year and shall maintain staffing and program levels  
31 commensurate with that level.

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

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

38 (g) The county superintendent of schools shall examine the  
39 revised budget to determine whether it (1) complies with the  
40 standards and criteria adopted by the state board pursuant to Section

1 33127 for application to final local educational agency budgets,  
2 (2) allows the school district to meet its financial obligations during  
3 the fiscal year, (3) satisfies all conditions established by the county  
4 superintendent of schools in the case of a conditionally approved  
5 budget, and (4) is consistent with a financial plan that will enable  
6 the school district to satisfy its multiyear financial commitments,  
7 and, not later than October 8, shall approve or disapprove the  
8 revised budget. If the county superintendent of schools disapproves  
9 the budget, he or she shall call for the formation of a budget review  
10 committee pursuant to Section 42127.1, unless the governing board  
11 of the school district and the county superintendent of schools  
12 agree to waive the requirement that a budget review committee be  
13 formed and the department approves the waiver after determining  
14 that a budget review committee is not necessary. Upon the grant  
15 of a waiver, the county superintendent of schools immediately has  
16 the authority and responsibility provided in Section 42127.3. Upon  
17 approving a waiver of the budget review committee, the department  
18 shall ensure that a balanced budget is adopted for the school district  
19 by November 30. If no budget is adopted by November 30, the  
20 Superintendent may adopt a budget for the school district. The  
21 Superintendent shall report to the Legislature and the Director of  
22 Finance by December 10 if any school district, including a school  
23 district that has received a waiver of the budget review committee  
24 process, does not have an adopted budget by November 30. This  
25 report shall include the reasons why a budget has not been adopted  
26 by the deadline, the steps being taken to finalize budget adoption,  
27 the date the adopted budget is anticipated, and whether the  
28 Superintendent has or will exercise his or her authority to adopt a  
29 budget for the school district. For the 2011–12 fiscal year,  
30 notwithstanding any of the standards and criteria adopted by the  
31 state board pursuant to Section 33127, the county superintendent  
32 of schools, as a condition on approval of a school district budget,  
33 shall not require a school district to project a lower level of revenue  
34 per unit of average daily attendance than it received in the 2010–11  
35 fiscal year nor require the school district to demonstrate that it is  
36 able to meet its financial obligations for the two subsequent fiscal  
37 years.

38 (h) Not later than October 8, the county superintendent of  
39 schools shall submit a report to the Superintendent identifying all  
40 school districts for which budgets have been disapproved or budget

1 review committees waived. The report shall include a copy of the  
2 written response transmitted to each of those school districts  
3 pursuant to subdivision (d).

4 (i) Notwithstanding any other provision of this section, the  
5 budget review for a school district shall be governed by paragraphs  
6 (1), (2), and (3), rather than by subdivisions (e) and (g), if the  
7 governing board of the school district so elects and notifies the  
8 county superintendent of schools in writing of that decision, not  
9 later than October 31 of the immediately preceding calendar year.  
10 On or before July 1, the governing board of a school district for  
11 which the budget review is governed by this subdivision, rather  
12 than by subdivisions (e) and (g), shall conduct a public hearing  
13 regarding its proposed budget in accordance with Section 42103.

14 (1) If the adopted budget of a school district is disapproved  
15 pursuant to subdivision (d), on or before September 8, the  
16 governing board of the school district, in conjunction with the  
17 county superintendent of schools, shall review the superintendent's  
18 recommendations at a regular meeting of the governing board of  
19 the school district and respond to those recommendations. The  
20 response shall include any revisions to the adopted budget and  
21 other proposed actions to be taken, if any, as a result of those  
22 recommendations.

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

26 (3) Not later than October 8, after receiving the response  
27 required under paragraph (1), the county superintendent of schools  
28 shall review that response and either approve or disapprove the  
29 budget. If the county superintendent of schools disapproves the  
30 budget, he or she shall call for the formation of a budget review  
31 committee pursuant to Section 42127.1, unless the governing board  
32 of the school district and the county superintendent of schools  
33 agree to waive the requirement that a budget review committee be  
34 formed and the department approves the waiver after determining  
35 that a budget review committee is not necessary. Upon the grant  
36 of a waiver, the county superintendent has the authority and  
37 responsibility provided to a budget review committee in Section  
38 42127.3. Upon approving a waiver of the budget review committee,  
39 the department shall ensure that a balanced budget is adopted for  
40 the school district by November 30. The Superintendent shall

1 report to the Legislature and the Director of Finance by December  
2 10 if any school district, including a school district that has received  
3 a waiver of the budget review committee process, does not have  
4 an adopted budget by November 30. This report shall include the  
5 reasons why a budget has not been adopted by the deadline, the  
6 steps being taken to finalize budget adoption, and the date the  
7 adopted budget is anticipated. For the 2011–12 fiscal year,  
8 notwithstanding any of the standards and criteria adopted by the  
9 state board pursuant to Section 33127, the county superintendent  
10 of schools, as a condition on approval of a school district budget,  
11 shall not require a school district to project a lower level of revenue  
12 per unit of average daily attendance than it received in the 2010–11  
13 fiscal year nor require the school district to demonstrate that it is  
14 able to meet its financial obligations for the two subsequent fiscal  
15 years.

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

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

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

29 SEC. 24. Section 42127 is added to the Education Code, to  
30 read:

31 42127. (a) On or before July 1 of each year, the governing  
32 board of each school district shall accomplish the following:

33 (1) Hold a public hearing on the budget to be adopted for the  
34 subsequent fiscal year. The budget to be adopted shall be prepared  
35 in accordance with Section 42126. The agenda for that hearing  
36 shall be posted at least 72 hours before the public hearing and shall  
37 include the location where the budget will be available for public  
38 inspection.

39 (A) For the 2011–12 fiscal year, notwithstanding any of the  
40 standards and criteria adopted by the state board pursuant to Section

1 33127, each school district budget shall project the same level of  
2 revenue per unit of average daily attendance as it received in the  
3 2010–11 fiscal year and shall maintain staffing and program levels  
4 commensurate with that level.

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

8 (2) Adopt a budget and take action on a local control and  
9 accountability plan pursuant to Sections 52060 and 52064. Not  
10 later than five days after that adoption or by July 1, whichever  
11 occurs first, the governing board of the school district shall file  
12 that budget with the county superintendent of schools. The budget,  
13 the local control and accountability plan, and supporting data shall  
14 be maintained and made available for public review. If the  
15 governing board of the school district does not want all or a portion  
16 of the property tax requirement levied for the purpose of making  
17 payments for the interest and redemption charges on indebtedness  
18 as described in paragraph (1) or (2) of subdivision (b) of Section  
19 1 of Article XIII A of the California Constitution, the budget shall  
20 include a statement of the amount or portion for which a levy shall  
21 not be made. For the 2015–16 fiscal year and each fiscal year  
22 thereafter, the governing board of the school district shall not adopt  
23 a budget before the governing board of the school district adopts  
24 a local control and accountability plan or approves an update to  
25 an existing local control and accountability plan pursuant to  
26 Sections 52060 and 52064. The governing board of a school district  
27 shall not adopt a budget that does not align with the local control  
28 and accountability plan that applies to the subsequent fiscal year.

29 (b) The county superintendent of schools may accept changes  
30 in any statement included in the budget, pursuant to subdivision  
31 (a), of the amount or portion for which a property tax levy shall  
32 not be made. The county superintendent of schools or the county  
33 auditor shall compute the actual amounts to be levied on the  
34 property tax rolls of the school district for purposes that exceed  
35 apportionments to the school district pursuant to Chapter 6  
36 (commencing with Section 95) of Part 0.5 of Division 1 of the  
37 Revenue and Taxation Code. Each school district shall provide all  
38 data needed by the county superintendent of schools or the county  
39 auditor to compute the amounts. On or before August 15, the  
40 county superintendent of schools shall transmit the amounts

1 computed to the county auditor who shall compute the tax rates  
2 necessary to produce the amounts. On or before September 1, the  
3 county auditor shall submit the rate computed to the board of  
4 supervisors for adoption.

5 (c) The county superintendent of schools shall do all of the  
6 following:

7 (1) Examine the adopted budget to determine whether it  
8 complies with the standards and criteria adopted by the state board  
9 pursuant to Section 33127 for application to final local educational  
10 agency budgets. The county superintendent of schools shall  
11 identify, if necessary, technical corrections that are required to be  
12 made to bring the budget into compliance with those standards  
13 and criteria.

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

34 (3) Determine whether the adopted budget will allow the school  
35 district to implement the specific actions and strategies included  
36 in the local control and accountability plan adopted by the  
37 governing board of the school district pursuant to Section 52060  
38 and 52064.

39 (d) On or before August 15, the county superintendent of schools  
40 shall approve, conditionally approve, or disapprove the adopted

1 budget for each school district. For the 2015–16 fiscal year and  
2 each fiscal year thereafter, the county superintendent of schools  
3 shall disapprove a budget if a school district does not file a local  
4 control and accountability plan with the county superintendent of  
5 schools, if the Superintendent determines that a local control and  
6 accountability plan filed does not adhere to the template adopted  
7 by the state board pursuant to Section 52066 or does not include  
8 all of the components identified in subdivision (a) of Section  
9 52064, or if the county superintendent of schools determines that  
10 the expenditures included in the budget do not reflect the costs  
11 necessary to implement the *local control and accountability* plan.  
12 If a school district does not submit a budget to the county  
13 superintendent of schools, the county superintendent of schools  
14 shall develop, at school district expense, a budget for that school  
15 district by September 15 and transmit that budget to the governing  
16 board of the school district. The budget prepared by the county  
17 superintendent of schools shall be deemed adopted, unless the  
18 county superintendent of schools approves any modifications made  
19 by the governing board of the school district. The approved budget  
20 shall be used as a guide for the school district’s priorities. The  
21 Superintendent shall review and certify the budget approved by  
22 the county. If, pursuant to the review conducted pursuant to  
23 subdivision (c), the county superintendent of schools determines  
24 that the adopted budget for a school district does not satisfy  
25 paragraph (1) or (2) of that subdivision, he or she shall  
26 conditionally approve or disapprove the budget and, not later than  
27 August 15, transmit to the governing board of the school district,  
28 in writing, his or her recommendations regarding revision of the  
29 budget and the reasons for those recommendations, including, but  
30 not limited to, the amounts of any budget adjustments needed  
31 before he or she can approve that budget. The county  
32 superintendent of schools may assign a fiscal adviser to assist the  
33 school district to develop a budget in compliance with those  
34 revisions. In addition, the county superintendent of schools may  
35 appoint a committee to examine and comment on the  
36 superintendent’s review and recommendations, subject to the  
37 requirement that the committee report its findings to the county  
38 superintendent of schools no later than August 20. For the 2011–12  
39 fiscal year, notwithstanding any of the standards and criteria  
40 adopted by the state board pursuant to Section 33127, the county

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

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

23 (1) For the 2011–12 fiscal year, notwithstanding any of the  
24 standards and criteria adopted by the state board pursuant to Section  
25 33127, each school district budget shall project the same level of  
26 revenue per unit of average daily attendance as it received in the  
27 2010–11 fiscal year and shall maintain staffing and program levels  
28 commensurate with that level.

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

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

35 (g) The county superintendent of schools shall examine the  
36 revised budget to determine whether it (1) complies with the  
37 standards and criteria adopted by the state board pursuant to Section  
38 33127 for application to final local educational agency budgets,  
39 (2) allows the school district to meet its financial obligations during  
40 the fiscal year, (3) satisfies all conditions established by the county

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

35 (h) Not later than October 8, the county superintendent of  
36 schools shall submit a report to the Superintendent identifying all  
37 school districts for which budgets have been disapproved or budget  
38 review committees waived. The report shall include a copy of the  
39 written response transmitted to each of those school districts  
40 pursuant to subdivision (d).

1 (i) Notwithstanding any other provision of this section, the  
2 budget review for a school district shall be governed by paragraphs  
3 (1), (2), and (3), rather than by subdivisions (e) and (g), if the  
4 governing board of the school district so elects and notifies the  
5 county superintendent of schools in writing of that decision, not  
6 later than October 31 of the immediately preceding calendar year.  
7 On or before July 1, the governing board of a school district for  
8 which the budget review is governed by this subdivision, rather  
9 than by subdivisions (e) and (g), shall conduct a public hearing  
10 regarding its proposed budget in accordance with Section 42103.

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

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

23 (3) Not later than October 8, after receiving the response  
24 required under paragraph (1), the county superintendent of schools  
25 shall review that response and either approve or disapprove the  
26 budget. If the county superintendent of schools disapproves the  
27 budget, he or she shall call for the formation of a budget review  
28 committee pursuant to Section 42127.1, unless the governing board  
29 of the school district and the county superintendent of schools  
30 agree to waive the requirement that a budget review committee be  
31 formed and the department approves the waiver after determining  
32 that a budget review committee is not necessary. Upon the grant  
33 of a waiver, the county superintendent has the authority and  
34 responsibility provided to a budget review committee in Section  
35 42127.3. Upon approving a waiver of the budget review committee,  
36 the department shall ensure that a balanced budget is adopted for  
37 the school district by November 30. The Superintendent shall  
38 report to the Legislature and the Director of Finance by December  
39 10 if any school district, including a school district that has received  
40 a waiver of the budget review committee process, does not have

1 an adopted budget by November 30. This report shall include the  
2 reasons why a budget has not been adopted by the deadline, the  
3 steps being taken to finalize budget adoption, and the date the  
4 adopted budget is anticipated. For the 2011–12 fiscal year,  
5 notwithstanding any of the standards and criteria adopted by the  
6 state board pursuant to Section 33127, the county superintendent  
7 of schools, as a condition on approval of a school district budget,  
8 shall not require a school district to project a lower level of revenue  
9 per unit of average daily attendance than it received in the 2010–11  
10 fiscal year nor require the school district to demonstrate that it is  
11 able to meet its financial obligations for the two subsequent fiscal  
12 years.

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

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

22 (k) This section shall become operative on July 1, 2014.

23 SEC. 25. Section 42238 of the Education Code is amended to  
24 read:

25 42238. (a) For the 1984–85 fiscal year and each fiscal year  
26 thereafter, the county superintendent of schools shall determine a  
27 revenue limit for each school district in the county pursuant to this  
28 section.

29 (b) The base revenue limit for a fiscal year shall be determined  
30 by adding to the base revenue limit for the prior fiscal year the  
31 following amounts:

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

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

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

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

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

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

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

8 (8) For the 2011–12 fiscal year, the equalization adjustment  
9 specified in Section 42238.49.

10 (c) (1) (A) For the 2010–11 fiscal year, the Superintendent  
11 shall compute an add-on for each school district by adding the  
12 inflation adjustment specified in Section 42238.1 to the adjustment  
13 specified in Section 42238.485.

14 (B) For the 2011–12 fiscal year and each fiscal year thereafter,  
15 the Superintendent shall compute an add-on for each school district  
16 by adding the inflation adjustment specified in Section 42238.1 to  
17 the amount computed pursuant to this paragraph for the prior fiscal  
18 year.

19 (2) Commencing with the 2010–11 fiscal year, the  
20 Superintendent shall compute an add-on for each school district  
21 by dividing each school district’s fiscal year average daily  
22 attendance computed pursuant to Section 42238.5 by the total  
23 adjustments in funding for each district made for the 2007–08  
24 fiscal year pursuant to Section 42238.22 as it read on January 1,  
25 2009.

26 (d) The sum of the base revenue limit computed pursuant to  
27 subdivision (b) and the add-on computed pursuant to subdivision  
28 (c) shall be multiplied by the district average daily attendance  
29 computed pursuant to Section 42238.5.

30 (e) For districts electing to compute units of average daily  
31 attendance pursuant to paragraph (2) of subdivision (a) of Section  
32 42238.5, the amount computed pursuant to Article 4 (commencing  
33 with Section 42280) shall be added to the amount computed in  
34 subdivision (c) or (d), as appropriate.

35 (f) For the 1984–85 fiscal year only, the county superintendent  
36 shall reduce the total revenue limit computed in this section by the  
37 amount of the decreased employer contributions to the Public  
38 Employees’ Retirement System resulting from enactment of  
39 Chapter 330 of the Statutes of 1982, offset by any increase in those

1 contributions, as of the 1983–84 fiscal year, resulting from  
2 subsequent changes in employer contribution rates.

3 (g) The reduction required by subdivision (f) shall be calculated  
4 as follows:

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

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

12 (A) The amount of employer contributions that would have been  
13 made in the 1983–84 fiscal year if the applicable Public  
14 Employees’ Retirement System employer contribution rate in effect  
15 immediately after the enactment of Chapter 330 of the Statutes of  
16 1982 was in effect during the 1983–84 fiscal year.

17 (B) The actual amount of employer contributions made to the  
18 Public Employees’ Retirement System in the 1983–84 fiscal year.

19 (3) For purposes of this subdivision, employer contributions to  
20 the Public Employees’ Retirement System for either of the  
21 following shall be excluded from the calculation specified above:

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

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

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

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

35 (1) The district’s property tax revenue received pursuant to  
36 Chapter 3.5 (commencing with Section 75) and Chapter 6  
37 (commencing with Section 95) of Part 0.5 of Division 1 of the  
38 Revenue and Taxation Code.

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

4 (3) The amount, if any, received pursuant to Chapter 3  
5 (commencing with Section 16140) of Part 1 of Division 4 of Title  
6 2 of the Government Code.

7 (4) Prior years' taxes and taxes on the unsecured roll.

8 (5) Fifty percent of the amount received pursuant to Section  
9 41603.

10 (6) (A) The amount, if any, received pursuant to the Community  
11 Redevelopment Law (Part 1 (commencing with Section 33000)  
12 of Division 24 of the Health and Safety Code), except for any  
13 amount received pursuant to Section 33401 or 33676 of the Health  
14 and Safety Code that is used for land acquisition, facility  
15 construction, reconstruction, or remodeling, or deferred  
16 maintenance, except for any amount received pursuant to Section  
17 33492.15 of, paragraph (4) of subdivision (a) of Section 33607.5  
18 of, or Section 33607.7 of, the Health and Safety Code that is  
19 allocated exclusively for educational facilities.

20 (B) The amount, if any, received pursuant to Sections 34177,  
21 34179.5, 34179.6, and 34188 of the Health and Safety Code.

22 (C) The amount, if any, received pursuant to subparagraph (B)  
23 of paragraph (3) of subdivision (e) of Section 36 of Article XIII  
24 of the California Constitution.

25 (7) For a unified school district, other than a unified school  
26 district that has converted all of its schools to charter status  
27 pursuant to Section 47606, the amount of statewide average  
28 general-purpose funding per unit of average daily attendance  
29 received by school districts for each of four grade level ranges, as  
30 computed by the department pursuant to Section 47633, multiplied  
31 by the average daily attendance, in corresponding grade level  
32 ranges, of any pupils who attend charter schools funded pursuant  
33 to Chapter 6 (commencing with Section 47630) of Part 26.8 of  
34 Division 4 for which the school district is the sponsoring local  
35 educational agency, as defined in Section 47632, and who reside  
36 in and would otherwise have been eligible to attend a noncharter  
37 school of the school district.

38 (i) A transfer of pupils of grades 7 and 8 between an elementary  
39 school district and a high school district shall not result in the  
40 receiving school district receiving a revenue limit apportionment

1 for those pupils that exceeds 105 percent of the statewide average  
2 revenue limit for the type and size of the receiving school district.

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

7 SEC. 26. Section 42238.01 is added to the Education Code, to  
8 read:

9 42238.01. It is the intent of the Legislature to do all of the  
10 following:

11 (a) Phase in implementation of the local control funding formula,  
12 as specified in AB 88 of the 2013–14 Regular Session, as amended  
13 April 3, 2013, in a manner and on a timeline that allows the state  
14 to restore local educational agency funding levels to those that  
15 existed before state budget cuts that were imposed starting in the  
16 2008–09 fiscal year.

17 (b) Redirect the dollar amounts that have been proposed for  
18 concentration grants to instead increase both base grants and  
19 supplemental grants, in proportions to be determined.

20 (c) Require that the adjustment for grades 9 to 12, inclusive, as  
21 described in paragraph (4) of subdivision (d) of Section 42238.02  
22 be spent on programs that prepare pupils for college and career.  
23 It is further the intent of the Legislature to consider other incentives  
24 for schools to continue successful career preparation programs,  
25 including the possible maintenance of existing categorical and  
26 competitive grant programs.

27 (d) Require that funds allocated based on the current  
28 home-to-school transportation formula be spent on home-to-school  
29 transportation. It is further the intent of the Legislature, as increased  
30 funding allows, to adjust those allocations across school districts  
31 until all school districts are funded equitably, at a percentage of  
32 allowable costs to be determined.

33 (e) Consider remedies for other funding allocations that are  
34 distributed according to inequitable, historically-based formulas.

35 (f) Provide some level of supplemental support for English  
36 learner pupils beyond the five-year limit proposed in paragraph  
37 (2) of subdivision (b) of Section 42238.02. It is further the intent  
38 of the Legislature to ensure greater transparency in the provision  
39 of instruction and services for English learner pupils, such that

1 strong local- and state-level oversight and accountability are  
2 supported.

3 (g) This section shall become operative on July 1, 2014.

4 SEC. 27. Section 42238.02 is added to the Education Code, to  
5 read:

6 42238.02. (a) The amount computed pursuant to this section  
7 shall be known as the school district and charter school local  
8 control funding formula.

9 (b) (1) For purposes of this section “unduplicated pupil” means  
10 a pupil enrolled in a school district or a charter school who is either  
11 classified as an English learner pursuant to Section 52164, as that  
12 section read on January 1, 2014, eligible to receive a free or  
13 reduced-price meal pursuant to Section 49552, as that section read  
14 on January 1, 2014, or is a foster youth pursuant to Sections 300  
15 and 601 of the Welfare and Institutions Code. A pupil shall be  
16 counted only once for purposes of this section if any of the  
17 following apply:

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

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

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

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

26 ~~(2) For purposes of this section, a pupil shall not be classified~~  
27 ~~as an English learner for more than five school years in total.~~

28 ~~(3)~~

29 (2) Commencing with the 2014–15 fiscal year, a school district  
30 or charter school shall annually report its enrolled unduplicated  
31 pupil, free and reduced-price meal eligibility, foster youth, and  
32 English learner pupil counts to the Superintendent.

33 ~~(4)~~

34 (3) Commencing with the 2014–15 fiscal year, a county office  
35 of education shall review and validate reported English learner,  
36 foster youth, and free or reduced-price meal eligible pupil data for  
37 school districts and charter schools under their jurisdiction to  
38 ensure the data is reported accurately.

39 ~~(5)~~

1 (4) The counts of unduplicated pupils shall be derived by the  
2 Superintendent using the California Longitudinal Pupil  
3 Achievement Data System.

4 ~~(6)~~

5 (5) The Superintendent shall calculate the percentage of  
6 unduplicated pupils for each school district and charter school by  
7 dividing the enrollment of unduplicated pupils in a school district  
8 or charter school by the total enrollment in that school district or  
9 charter school.

10 (c) Commencing with the 2014–15 fiscal year and each fiscal  
11 year thereafter, the Superintendent shall annually calculate a local  
12 control funding formula grant for each school district and charter  
13 school in the state pursuant to this section.

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

16 (1) For the 2014–15 fiscal year, a base grant of:

17 (A) \_\_\_\_\_ dollars (\$\_\_\_\_\_) for average daily attendance in grades  
18 9 to 12, inclusive.

19 (B) \_\_\_\_\_ dollars (\$\_\_\_\_\_) for average daily attendance in grades  
20 7 and 8.

21 (C) \_\_\_\_\_ dollars (\$\_\_\_\_\_) for average daily attendance in grades  
22 4 to 6, inclusive.

23 (D) \_\_\_\_\_ dollars (\$\_\_\_\_\_) for average daily attendance in  
24 kindergarten and grades 1 to 3, inclusive.

25 (2) In each year the grade span adjusted base grants in paragraph  
26 (1) shall be adjusted by the percentage change in the annual average  
27 value of the Implicit Price Deflator for State and Local Government  
28 Purchases of Goods and Services for the United States, as published  
29 by the United States Department of Commerce for the 12-month  
30 period ending in the third quarter of the prior fiscal year. This  
31 percentage change shall be determined using the latest data  
32 available as of May 10 of the preceding fiscal year compared with  
33 the annual average value of the same deflator for the 12-month  
34 period ending in the third quarter of the second preceding fiscal  
35 year, using the latest data available as of May 10 of the preceding  
36 fiscal year, as reported by the Department of Finance.

37 (3) (A) The Superintendent shall compute an additional  
38 adjustment to the kindergarten and grades 1 to 3, inclusive, base  
39 grant as adjusted for inflation pursuant to paragraph (2) equal to  
40 11.23 percent. The additional grant shall be calculated by

1 multiplying the kindergarten and grades 1 to 3, inclusive, base  
2 grant as adjusted by paragraph (2) by 11.23 percent.

3 (B) Until paragraph (4) of subdivision (b) of Section 42238.03  
4 is effective, as a condition of the receipt of funds in this paragraph,  
5 a school district shall make progress toward maintaining an annual  
6 average class size of not more than 24 pupils for each classroom  
7 per school site in kindergarten and grades 1 to 3, inclusive, unless  
8 a collectively bargained alternative annual average class size for  
9 each classroom per school site in those grades is agreed to by the  
10 school district, pursuant to the following calculation:

11 (i) Determine a school district's annual average class size for  
12 each classroom per school site for kindergarten and grades 1 to 3,  
13 inclusive, in the prior year. For the 2014–15 fiscal year, this amount  
14 shall be the annual average class size for each classroom per school  
15 site for kindergarten and grades 1 to 3, inclusive, in the 2013–14  
16 fiscal year.

17 (ii) Determine a school district's percentage of total need  
18 pursuant to paragraph (2) of subdivision (b) of Section 42238.03.

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

22 (iv) Determine the difference between the amount computed  
23 pursuant to clause (i) and an annual average class size of not more  
24 than 24 pupils for each classroom per school site.

25 (v) Calculate a current year annual average class size adjustment  
26 for each classroom per school site for kindergarten and grades 1  
27 to 3, inclusive, equal to the adjustment calculated in clause (iv)  
28 multiplied by one minus the percentage determined pursuant to  
29 clause (iii).

30 (C) School districts that have an annual average class size for  
31 each classroom per school site for kindergarten and grades 1 to 3,  
32 inclusive, of 24 pupils or less for each classroom per school site  
33 in the 2013–14 fiscal year, shall be exempt from the requirements  
34 of subparagraph (B) so long as the school district continues to  
35 maintain an annual average class size for each classroom per school  
36 site for kindergarten and grades 1 to 3, inclusive, of not more than  
37 24 pupils in each classroom, unless a collectively bargained  
38 alternative ratio is agreed to by the school district.

39 (D) Upon full implementation of the local control funding  
40 formula, as a condition of the receipt of funds in this paragraph,

1 all school districts shall maintain an annual average class size for  
2 each classroom per school site for kindergarten and grades 1 to 3,  
3 inclusive, of not more than 24 pupils for each classroom per school  
4 site in kindergarten and grades 1 to 3, inclusive, unless a  
5 collectively bargained alternative ratio is agreed to by the school  
6 district.

7 (E) The annual average class size requirement for each  
8 classroom per school site for kindergarten and grades 1 to 3,  
9 inclusive, established pursuant to this paragraph shall not be subject  
10 to waiver by the state board pursuant to Section 33050 or by the  
11 Superintendent.

12 (4) The Superintendent shall compute an additional adjustment  
13 to the base grant for grades 9 to 12, inclusive, as adjusted for  
14 inflation pursuant to paragraph (2), equal to 2.8 percent. The  
15 additional grant shall be calculated by multiplying the base grant  
16 for grades 9 to 12, inclusive, as adjusted by paragraph (2), by 2.8  
17 percent.

18 (e) The Superintendent shall compute a supplemental grant  
19 add-on equal to 35 percent of the base grants as specified in  
20 subparagraphs (A) to (D), inclusive, of paragraph (1) of subdivision  
21 (d), as adjusted by paragraph (2) of subdivision (d), for each school  
22 district or charter school percentage of unduplicated pupils. The  
23 supplemental grant shall be calculated by multiplying the base  
24 grants as specified in subparagraphs (A) to (D), inclusive, of  
25 paragraph (1), as adjusted by paragraph (2) of subdivision (d), by  
26 35 percent and by the percentage of unduplicated pupils in that  
27 school district or charter school.

28 (f) The Superintendent shall compute an add-on to the total sum  
29 of a school district's or charter school's base and supplemental  
30 grants equal to the amount of funding a school district or charter  
31 school received from funds allocated pursuant to the Targeted  
32 Instructional Improvement Block Grant program, as set forth in  
33 Article 6 (commencing with Section 41540) of Chapter 3.2, for  
34 the 2013–14 fiscal year, as that article read on January 1, 2014. A  
35 school district or charter school shall not receive a total funding  
36 amount from this add-on greater than the total amount of funding  
37 received by the school district or charter school from that program  
38 in the 2013–14 fiscal year.

39 (g) The Superintendent shall compute an add-on to the total  
40 sum of a school district's or charter school's base and supplemental

1 grants equal to the amount of funding a school district or charter  
2 school received from funds allocated pursuant to the  
3 Home-to-School Transportation program, as set forth in former  
4 Article 2 (commencing with Section 39820) of Chapter 1 of Part  
5 23.5 and former Article 10 (commencing with Section 41850) of  
6 Chapter 5, for the 2013–14 fiscal year. A school district or charter  
7 school shall not receive a total funding amount from this add-on  
8 greater than the total amount received by the school district or  
9 charter school for that program in the 2013–14 fiscal year.

10 (h) The sum of the local control funding formula rates computed  
11 pursuant to subdivisions (c) to (e), inclusive, shall be multiplied  
12 by:

13 (1) For school districts, the average daily attendance of the  
14 school district in the corresponding grade level ranges computed  
15 pursuant to Section 42238.05.

16 (2) For charter schools, the total current year average daily  
17 attendance in the corresponding grade level ranges.

18 (i) Notwithstanding any other law, the Superintendent shall  
19 adjust the sum of each school district's or charter school's amount  
20 determined in subdivisions (f) to (h), inclusive, pursuant to the  
21 calculation specified in Section 42238.03, less the sum of the  
22 following:

23 (1) (A) For school districts, the property tax revenue received  
24 pursuant to Chapter 3.5 (commencing with Section 75) and Chapter  
25 6 (commencing with Section 95) of Part 0.5 of Division 1 of the  
26 Revenue and Taxation Code.

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

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

32 (3) The amount, if any, received pursuant to Chapter 3  
33 (commencing with Section 16140) of Part 1 of Division 4 of Title  
34 2 of the Government Code.

35 (4) Prior years' taxes and taxes on the unsecured roll.

36 (5) Fifty percent of the amount received pursuant to Section  
37 41603.

38 (6) The amount, if any, received pursuant to the Community  
39 Redevelopment Law (Part 1 (commencing with Section 33000)  
40 of Division 24 of the Health and Safety Code), less any amount

1 received pursuant to Section 33401 or 33676 of the Health and  
2 Safety Code that is used for land acquisition, facility construction,  
3 reconstruction, or remodeling, or deferred maintenance and that  
4 is not an amount received pursuant to Section 33492.15, or  
5 paragraph (4) of subdivision (a) of Section 33607.5, or Section  
6 33607.7 of the Health and Safety Code that is allocated exclusively  
7 for educational facilities.

8 (7) The amount, if any, received pursuant to Sections 34183  
9 and 34188 of the Health and Safety Code.

10 (8) (A) Revenue received pursuant to subparagraph (B) of  
11 paragraph (3) of subdivision (e) of Section 36 of Article XIII of  
12 the California Constitution.

13 (B) Subparagraph (A) shall only offset entitlements provided  
14 for the purpose of paragraph (1) of subdivision (a) of Section  
15 42238.03 as continued in subsequent years by paragraph (3) of  
16 subdivision (a) of Section 42238.03.

17 (j) A school district shall annually transfer to each of its charter  
18 schools funding in lieu of property taxes pursuant to Section 47635.

19 (k) (1) The funds apportioned pursuant to this section and  
20 Section 42238.03, shall be available to a school district or charter  
21 school for any locally determined educational purpose.

22 (2) School districts and charter schools that receive supplemental  
23 grants pursuant to this section shall *only* use those funds ~~for any~~  
24 ~~locally determined educational purpose so long as it substantially~~  
25 ~~benefits the unduplicated~~ *to serve and assist the pupils that whose*  
26 *circumstances generated those funds as provided for in and shall*  
27 *supplement, not supplant, existing state and federal funds expended*  
28 *on unduplicated pupils pursuant to a school district's or charter*  
29 *school's local control and accountability plan.*

30 (l) Nothing in this section shall be interpreted to authorize a  
31 school district that receives funding on behalf of a charter school  
32 pursuant to Section 47651 to redirect this funding for another  
33 purpose unless otherwise authorized in law or pursuant to an  
34 agreement between a charter school and its chartering authority.

35 (m) Any calculations in law that are used for purposes of  
36 determining if a local educational agency is an excess tax school  
37 entity or basic aid school district, including, but not limited to, this  
38 section and Sections 42238.03, 41544, 47660, 47632, 47663,  
39 48310, and 48359.5, and Section 95 of the Revenue and Taxation  
40 Code, shall be made exclusive of the revenue received pursuant

1 to subparagraph (B) of paragraph (3) of subdivision (e) of Section  
 2 36 of Article XIII of the California Constitution.

3 (n) A school district that does not receive an apportionment of  
 4 state funds pursuant to this section as implemented pursuant to  
 5 Section 42238.03, excluding funds apportioned due to the  
 6 requirements of subdivision (d) of Section 42238.03 shall be  
 7 considered a “basic aid school district” or an “excess tax entity.”

8 (o) This section shall become operative on July 1, 2014.

9 SEC. 28. Section 42238.03 is added to the Education Code, to  
 10 read:

11 42238.03. Commencing with the 2014–15 fiscal year and each  
 12 fiscal year thereafter, the Superintendent shall allocate the  
 13 appropriations in Section 14002 to each charter school and school  
 14 district according to the following formula:

15 (a) Calculate the prior year amount of funding for each school  
 16 district and charter school, as follows:

17 (1) For the 2014–15 fiscal year, the prior year funding level  
 18 shall be the total of all of the following:

19 (A) Entitlements for revenue limits in the 2013–14 fiscal year  
 20 pursuant to Article 2 (commencing with Section 42238) and Article  
 21 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of  
 22 Division 4, as those articles read on June 30, 2014.

23 (B) Notwithstanding subparagraph (A), entitlements for revenue  
 24 limits for fiscal years before June 30, 2014, shall be annually  
 25 adjusted, as necessary, for average daily attendance and revenue  
 26 offsets, as specified in paragraphs (1) to (7), inclusive, of  
 27 subdivision (h) of Section 42238, as that section read on June 30,  
 28 2014, and the in-lieu property tax amount provided to a charter  
 29 school pursuant to Section 47635, as that section read on June 30,  
 30 2014.

31 (2) (A) Entitlements from items contained in Section 2.00, as  
 32 adjusted pursuant to Section 12.42, of the Budget Act of 2013 for  
 33 Items 6110-104-0001, ~~6110-105-0001~~, 6110-108-0001,  
 34 6110-111-0001, ~~6110-119-0001~~, ~~6110-122-0001~~, 6110-124-0001,  
 35 6110-128-0001, 6110-137-0001, 6110-144-0001, ~~6110-156-0001~~,  
 36 6110-158-0001, ~~6110-166-0001~~, ~~6110-167-0001~~, 6110-181-0001,  
 37 6110-188-0001, 6110-189-0001, 6110-190-0001, 6110-193-0001,  
 38 6110-195-0001, 6110-198-0001, 6110-204-0001, 6110-208-0001,  
 39 6110-209-0001, 6110-211-0001, 6110-212-0001, 6110-227-0001,  
 40 6110-228-0001, 6110-232-0001, 6110-240-0001, 6110-242-0001,

1 6110-243-0001, 6110-244-0001, 6110-245-0001, 6110-246-0001,  
2 6110-247-0001, 6110-248-0001, 6110-260-0001, 6110-265-0001,  
3 6110-267-0001, 6110-268-0001, 6360-101-0001, and 2013–14  
4 fiscal year funding for the Class Size Reduction Program pursuant  
5 to Chapter 6.10 (commencing with Section 52120) of Part 28 of  
6 Division 4, as it read on January 1, 2014.

7 (B) Entitlements pursuant to Section 47634.1, as that section  
8 read on January 1, 2014, shall be adjusted for growth in average  
9 daily attendance.

10 (3) For the 2015–16 fiscal year and each fiscal year thereafter,  
11 the prior year amount shall be the amount each school district or  
12 charter school received in the prior year pursuant to this section.

13 (b) Calculate an adjustment to the amount in subdivision (a) as  
14 follows:

15 (1) Subtract the amount in subdivision (a) from the amount  
16 computed for each school district or charter school under the local  
17 control funding formula entitlements in subdivision (i) of Section  
18 42238.02. School districts and charter schools with a negative  
19 difference shall be deemed to have a zero difference.

20 (2) Each school district’s and charter school’s total need as  
21 calculated pursuant to paragraph (1) shall be divided by the sum  
22 of all school districts’ and charter schools’ total need to determine  
23 the school district’s or charter school’s respective proportions of  
24 total need.

25 (3) Each school district’s and charter school’s proportion of  
26 total need shall be multiplied by any available appropriations for  
27 this purpose, and added to the school district’s or charter school’s  
28 funding amounts as calculated pursuant to subdivision (a).

29 (4) If the total amount of funds available for allocation pursuant  
30 to this subdivision are sufficient to fully fund the amounts  
31 computed pursuant to paragraph (1), the local control funding  
32 formula grant computed pursuant to subdivision (c) of Section  
33 42238.02 shall be adjusted such that any available appropriations  
34 for this purpose in that fiscal year are expended pursuant to the  
35 local control funding formula.

36 (c) (1) Upon a determination that a school district or charter  
37 school equals or exceeds the local control funding formula target  
38 computed pursuant to subdivision (i) of Section 42238.02, as  
39 determined by the calculation of a zero difference pursuant to  
40 paragraph (1) of subdivision (b) of this section, this section shall

1 not apply and the school district or charter school shall receive an  
2 allocation equal to the amount calculated under Section 42238.02  
3 in that fiscal year and future fiscal years.

4 *(2) In any fiscal year before paragraph (1) applies, the district*  
5 *superintendent of schools or charter school administrator shall*  
6 *develop, and present at least twice per fiscal year to the parents*  
7 *of pupils and the governing board of the school district or*  
8 *governing body of the charter school, information that enhances*  
9 *their understanding of and familiarity with the local control*  
10 *funding formula and the local control and accountability plan.*  
11 *When presenting this information, the district superintendent of*  
12 *schools or charter school administrator, at a minimum and*  
13 *consistent with Section 48985, how parents can meaningfully*  
14 *participate and how the school district or charter school will*  
15 *provide meaningful opportunities for parental involvement,*  
16 *including, but not limited to, effective schoolsite councils and*  
17 *English learning advisory committees.*

18 (d) Notwithstanding subdivisions (b) and (c), commencing with  
19 the 2014–15 fiscal year, a school district or charter school shall  
20 receive state-aid funding pursuant to paragraph (3) of subdivision  
21 (b) of no less than the funding the school district or charter school  
22 received from programs in paragraphs (1) and (2) of subdivision  
23 (a).

24 (e) (1) For purposes of this section, commencing with the  
25 2014–15 fiscal year and until all school districts and charter schools  
26 equal or exceed their local control funding formula target computed  
27 pursuant to Section 42238.02 as determined by the calculation of  
28 a zero difference pursuant to paragraph (1) of subdivision (b), a  
29 newly operational charter school shall be determined to have a  
30 prior year per average daily attendance funding amount equal to  
31 the lesser of:

32 (A) The prior year funding amount per average daily attendance  
33 for the school district in which the charter school is physically  
34 located. The Superintendent shall calculate the per average daily  
35 attendance amount for this purpose by dividing the total local  
36 control funding formula entitlement received by that school district  
37 in the prior year by prior year average daily attendance of that  
38 school district. For purposes of this paragraph, a charter school  
39 that is physically located in more than one school district, shall  
40 use the calculated per average daily attendance local control

1 funding entitlement of the school district with the highest prior  
2 year per average daily attendance funding amount.

3 (B) The charter school’s local control funding formula rate  
4 computed pursuant to subdivisions (c) to (h), inclusive, of Section  
5 42238.02.

6 (2) For charter schools funded pursuant to paragraph (1), the  
7 charter school shall be eligible to receive growth funding pursuant  
8 to subdivision (b) toward meeting the newly operational charter  
9 school’s local control funding formula target.

10 (3) Upon a determination that all school districts or charter  
11 schools equal or exceed the local control funding formula target  
12 computed pursuant to Section 42238.02 as determined by the  
13 calculation of a zero difference pursuant to paragraph (1) of  
14 subdivision (b) for all school districts and charter schools, this  
15 subdivision shall not apply and the charter school shall receive an  
16 allocation equal to the amount calculated under Section 42238.02  
17 in that fiscal year and future fiscal years.

18 (f) This section shall become operative on July 1, 2014.

19 SEC. 29. Section 42238.04 is added to the Education Code, to  
20 read:

21 42238.04. (a) Notwithstanding any other law, revenue limit  
22 funding for school districts and charter school block grant funding  
23 for charter schools for the 2013–14 fiscal year and prior fiscal  
24 years shall continue to be adjusted pursuant to Article 2  
25 (commencing with Section 42238), and Article 2 (commencing  
26 with Section 47633) of Chapter 6 of Part 26.8 of Division 4, as  
27 those articles read on June 30, 2014.

28 (b) This section shall become operative on July 1, 2014.

29 SEC. 30. Section 42238.05 is added to the Education Code, to  
30 read:

31 42238.05. (a) For purposes of Sections 42238.02 and 42238.03,  
32 the fiscal year average daily attendance shall be computed pursuant  
33 to paragraphs (1) or (2).

34 (1) The second principal apportionment regular average daily  
35 attendance for either the current or prior fiscal year, whichever is  
36 greater. However, prior fiscal year average daily attendance shall  
37 be adjusted for any loss or gain of average daily attendance due  
38 to a reorganization or transfer of territory.

39 (2) A school district that elects to receive funding pursuant to  
40 Article 4 (commencing with Section 42280) shall compute its units

1 of average daily attendance for purposes of Section 42238.02 by  
2 subtracting the amount determined in subparagraph (B) from the  
3 amount determined in subparagraph (A).

4 (A) The units of average daily attendance computed pursuant  
5 to paragraph (1).

6 (B) The units of average daily attendance resulting from pupils  
7 attending schools funded pursuant to Article 4 (commencing with  
8 Section 42280).

9 (b) For purposes of this article, regular average daily attendance  
10 shall be the base grant average daily attendance.

11 (c) For purposes of this section, the Superintendent shall  
12 distribute total ungraded enrollment and average daily attendance  
13 among kindergarten and each of grades 1 to 12, inclusive, in  
14 proportion to the amounts of graded enrollment and average daily  
15 attendance, respectively, in each of these grades.

16 (d) For purposes of this section, the Superintendent shall  
17 distribute average daily attendance generated by the difference  
18 between prior year average daily attendance and current year  
19 average daily attendance, if positive, among kindergarten and each  
20 of grades 1 to 12, inclusive, in proportion to the amounts of graded  
21 average daily attendance, respectively, in each of these grades.

22 (e) This section shall only apply to average daily attendance  
23 generated by school districts and shall not apply average daily  
24 attendance generated by charter schools.

25 (f) A pupil shall not be counted more than once for purposes of  
26 calculating average daily attendance pursuant to this section.

27 (g) This section shall become operative on July 1, 2014.

28 SEC. 31. Section 42238.051 is added to the Education Code,  
29 to read:

30 42238.051. (a) For purposes of paragraph (1) of subdivision  
31 (a) of Section 42238.05, a sponsoring school district's average  
32 daily attendance shall be computed as follows:

33 (1) Compute the sponsoring school district's regular average  
34 daily attendance in the current year, excluding the attendance of  
35 pupils in charter schools.

36 (2) (A) Compute the regular average daily attendance used to  
37 calculate the second principal apportionment of the school district  
38 for the prior year, excluding the attendance of pupils in charter  
39 schools.

1 (B) Compute the attendance of pupils who attended one or more  
2 noncharter schools of the school district between July 1, and the  
3 last day of the second period, inclusive, in the prior year, and who  
4 attended a charter school sponsored by the school district between  
5 July 1, and the last day of the second period, inclusive, in the  
6 current year. For purposes of this subparagraph, a pupil enrolled  
7 in a grade at a charter school sponsored by the school district shall  
8 not be counted if the school district does not offer classes for pupils  
9 enrolled in that grade. The amount of the attendance counted for  
10 any pupil for the purpose of this subparagraph may not be greater  
11 than the attendance claimed for that pupil by the charter school in  
12 the current year.

13 (C) Compute the attendance of pupils who attended a charter  
14 school sponsored by the school district in the prior year and who  
15 attended one or more noncharter schools of the school district in  
16 the current year. The amount of the attendance counted for any  
17 pupil for the purpose of this subparagraph may not be greater than  
18 the attendance claimed for that pupil by the school district in the  
19 current year.

20 (D) From the amount determined pursuant to subparagraph (B),  
21 subtract the amount determined pursuant to subparagraph (C). If  
22 the result is less than zero, the amount shall be deemed to be zero.

23 (E) The prior year average daily attendance determined pursuant  
24 to subparagraph (A) shall be reduced by the amount determined  
25 pursuant to subparagraph (D).

26 (3) To the greater of the amounts computed pursuant to  
27 paragraphs (1) and (2), add the regular average daily attendance  
28 in the current year of all pupils attending charter schools sponsored  
29 by the school district that are not funded through the charter schools  
30 local control funding formula allocation pursuant to Section  
31 42238.02, as implemented by Section 42238.03.

32 (b) For purposes of this section, a “sponsoring school district”  
33 shall mean a “sponsoring local educational agency,” as defined in  
34 Section 47632, as that section read on January 1, 2014.

35 (c) This section shall become operative on July 1, 2014.

36 SEC. 32. Section 42238.052 is added to the Education Code,  
37 to read:

38 42238.052. (a) Notwithstanding any other law, the prior year  
39 average daily attendance for a school district determined pursuant  
40 to subdivision (a) of Section 42238.051 shall be increased by the

1 prior year second principal apportionment average daily attendance  
2 of a school district only for a school that meets the following  
3 description:

4 (1) The school was a district noncharter school in any year  
5 before the prior year.

6 (2) The school was operated as a district-approved charter school  
7 in the prior year.

8 (3) The school is again operated as a district noncharter school  
9 in the current year.

10 (b) An adjustment to prior year average daily attendance  
11 pursuant to this section may not be made for the attendance of  
12 pupils who were not residents of the school district in the prior  
13 year.

14 (c) This section shall become operative on July 1, 2014.

15 SEC. 33. Section 42238.053 is added to the Education Code,  
16 to read:

17 42238.053. (a) The fiscal year average daily attendance  
18 computed under Section 42238.05 shall be increased, for each  
19 school district that operates a school that meets the eligibility  
20 requirements set forth in subdivision (b), by the number of days  
21 of attendance of pupils enrolled in eligible schools in the school  
22 district who are currently migratory children, as defined by Section  
23 54441, and who are residing in state-operated migrant housing  
24 projects between the second principal apportionment and the end  
25 of the regular school year, divided by the number of days school  
26 was actually taught in the regular day schools of the district,  
27 excluding Saturdays and Sundays.

28 (b) For a school district to be eligible for purposes of this  
29 section, the following conditions shall apply:

30 (1) One or more state-operated migrant housing projects are  
31 located within the attendance area of the school.

32 (2) The maximum number of pupils enrolled in the school in  
33 the relevant fiscal year who are currently migratory children, as  
34 calculated under subdivision (a), constitutes not less than one-third  
35 of the total pupil enrollment of the school.

36 (c) The Superintendent shall establish rules and regulations for  
37 the implementation of this section.

38 (d) This section shall become operative on July 1, 2014.

39 SEC. 34. Section 42238.06 is added to the Education Code, to  
40 read:

1 42238.06. (a) Commencing on July 1, 2014, except where  
2 context requires otherwise, all of the following shall apply:

3 (1) References to “revenue limit” shall instead refer to the “local  
4 control funding formula.”

5 (2) References to “the revenue limit calculated pursuant to  
6 Section 42238” shall instead refer to “the local control funding  
7 formula calculated pursuant to Section 42238.02, as implemented  
8 by Section 42238.03.”

9 (3) References to “Section 42238” shall instead refer to “Section  
10 42238.02, as implemented pursuant to Section 42238.03.”

11 (4) References to “Section 42238.1” shall instead refer to  
12 “Section 42238.02.”

13 (5) References to “Section 42238.5” shall instead refer to  
14 “Section 42238.05.”

15 (6) References to “general-purpose entitlement” shall instead  
16 refer to “local control funding formula grant funding pursuant to  
17 Section 42238.02, as implemented by Section 42238.03.”

18 (b) This section shall become operative on July 1, 2014.

19 SEC. 35. Section 42238.1 of the Education Code is amended  
20 to read:

21 42238.1. (a) For the 1986–87 fiscal year and each fiscal year  
22 up to and including the 1998–99 fiscal year, the Superintendent  
23 of Public Instruction shall compute an inflation adjustment equal  
24 to the product of paragraphs (1) and (2):

25 (1) Compute the sum of the following:

26 (A) The statewide average base revenue limit per unit of average  
27 daily attendance for the prior fiscal year for districts of similar  
28 type.

29 (B) The amount, if any, per unit of average daily attendance  
30 received by the district pursuant to Article 8 (commencing with  
31 Section 46200) of Chapter 2 of Part 26 for the prior fiscal year.

32 (2) The percentage change in the annual average value of the  
33 Implicit Price Deflator for State and Local Government Purchases  
34 of Goods and Services for the United States, as published by the  
35 United States Department of Commerce for the 12-month period  
36 ending in the third quarter of the prior fiscal year. This percentage  
37 change shall be determined using the latest data available as of  
38 May 1 of the preceding fiscal year compared with the annual  
39 average value of the same deflator for the 12-month period ending  
40 in the third quarter of the second preceding fiscal year, using the

1 latest data available as of May 1 of the second preceding fiscal  
2 year, as reported by the Department of Finance.

3 (b) For the 1999–2000 fiscal year and each fiscal year thereafter,  
4 the Superintendent of Public Instruction shall compute an inflation  
5 adjustment equal to the product of paragraphs (1) and (2):

6 (1) Compute the sum of the following:

7 (A) The statewide average base revenue limit per unit of average  
8 daily attendance for the prior fiscal year for districts of similar  
9 type.

10 (B) The amount, if any, per unit of average daily attendance  
11 received by the district pursuant to Article 8 (commencing with  
12 Section 46200) of Chapter 2 of Part 26 for the prior fiscal year.

13 (2) The percentage change in the annual average value of the  
14 Implicit Price Deflator for State and Local Government Purchases  
15 of Goods and Services for the United States, as published by the  
16 United States Department of Commerce for the 12-month period  
17 ending in the third quarter of the prior fiscal year. This percentage  
18 change shall be determined using the latest data available as of  
19 May 10 of the preceding fiscal year compared with the annual  
20 average value of the same deflator for the 12-month period ending  
21 in the third quarter of the second preceding fiscal year, using the  
22 latest data available as of May 10 of the preceding fiscal year, as  
23 report by the Department of Finance.

24 (c) This section shall become operative July 1, 1986.

25 (d) This section shall become inoperative on July 1, 2014, and,  
26 as of January 1, 2015, is repealed, unless a later enacted statute,  
27 that becomes operative on or before January 1, 2015, deletes or  
28 extends the dates on which it becomes inoperative and is repealed.

29 SEC. 36. Section 42238.2 of the Education Code is amended  
30 to read:

31 42238.2. (a) (1) Notwithstanding Section 42238.5 or any other  
32 provision of law, a school district that meets any of the following  
33 conditions shall be entitled to an adjustment to its units of average  
34 daily attendance pursuant to this section:

35 (A) The school district experiences a decline in the number of  
36 units of average daily attendance in excess of 8 percent of its total  
37 average daily attendance as a result of the closure of a facility  
38 operated by a branch of the United States Armed Forces in the  
39 school district's boundaries.

1 (B) The school district experiences a decline in the number of  
2 units of average daily attendance that is less than 8 percent but at  
3 least 5 percent of its total average daily attendance as a result of  
4 the closure of a facility operated by a branch of the United States  
5 Armed Forces in that school district's boundaries, upon a finding  
6 by both the Superintendent of Public Instruction and the Director  
7 of Finance that both of the following conditions exist:

8 (i) The school district demonstrates that at the end of a three-year  
9 period the school district will experience a 10-percent reduction  
10 in the amount of funding that the school district would otherwise  
11 have received from state apportionments, funding received pursuant  
12 to the California State Lottery Act of 1984 (Chapter 12.5  
13 (commencing with Section 8880) of Division 1 of Title 2 of the  
14 Government Code), and funding received pursuant to Title VIII  
15 of Public Law 103-382, as a result of the loss of pupils related to  
16 the closure of a facility operated by a branch of the United States  
17 Armed Forces.

18 (ii) The fiscal crisis and management assistance team established  
19 pursuant to Section 42127.8 has reviewed the school district's  
20 finances and has found that the school district has taken significant  
21 steps to reduce expenditure.

22 (C) The school district experiences a decline in the number of  
23 units of average daily attendance in excess of 5 percent of its total  
24 average daily attendance and the Director of Finance determines  
25 that the school district is likely, within eight years of that decline,  
26 to maintain a number of units of average daily attendance that is  
27 equivalent to the number of units of average daily attendance  
28 maintained by the school district prior to the decline.  
29 Notwithstanding subdivision (b), loan repayments shall commence  
30 no later than the fourth year after the base year or at a later time,  
31 as determined by the Director of Finance.

32 (2) For purposes of this section, the year preceding a decline  
33 shall be the base year.

34 (b) In the second year after the base year, the district average  
35 daily attendance pursuant to Section 42238.5 may, if the district  
36 chooses, be increased by 75 percent of the difference between the  
37 base year units of average daily attendance and the units of average  
38 daily attendance in the first year of decline. In the third year after  
39 the base year, the district average daily attendance pursuant to  
40 Section 42238.5 may, if the district chooses, be increased by 50

1 percent of the difference between the base year units of average  
2 daily attendance and the units of average daily attendance in the  
3 first year of decline. The amount of money represented by these  
4 increases shall be considered a loan to the school district. Loan  
5 repayments shall commence no later than the fourth year after the  
6 base year.

7 (c) (1) The Superintendent of Public Instruction, in consultation  
8 with a school district subject to this section, shall determine a  
9 schedule for repayment of the total amount loaned pursuant to this  
10 section which may not exceed 10 years. Payments shall include  
11 interest charged at a rate based on the most current investment rate  
12 of the Pooled Money Investment Account in the General Fund as  
13 of the date of the disbursement of funds to the school district.

14 (2) Upon written notification by the Superintendent of Public  
15 Instruction that the school district has not made one or more of the  
16 payments required by the schedule established pursuant to  
17 paragraph (1), the Controller shall withhold from Section A of the  
18 State School Fund the defaulted payment which shall not exceed  
19 the amount of any apportionment entitlement of the district to  
20 moneys in Section A of the State School Fund. In that regard, the  
21 Controller shall withhold the amount of any payment made under  
22 this subdivision, including reimbursement of the Controller's  
23 administrative costs as determined under a schedule approved by  
24 the California Debt Advisory Commission, from subsequent  
25 apportionments to the school district from Section A of the State  
26 School Fund.

27 (3) Any apportionments made by the Controller pursuant to  
28 paragraph (2) shall be deemed to be an allocation to the school  
29 district for purposes of subdivision (b) of Section 8 of Article XVI  
30 of the California Constitution, and for purposes of Chapter 2  
31 (commencing with Section 41200) of Part 24.

32 (d) In no event shall the adjustment provided by this section  
33 cause the apportionment to a school district to exceed the amount  
34 that would otherwise be calculated for apportionment to the district  
35 pursuant to Sections 42238 and 42238.1.

36 (e) This section does not apply to a school district that  
37 experiences a decline in enrollment as a result of a school district  
38 reorganization pursuant to Chapter 3 (commencing with Section  
39 35500) of Part 21 or any other law.

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

5 SEC. 37. Section 42238.3 of the Education Code is amended  
6 to read:

7 42238.3. (a) For each year during the loan repayment period  
8 provided for in Section 42238.2, any district utilizing the  
9 adjustment pursuant to Section 42238.2 may adjust its revenue  
10 limit computed pursuant to Section 42238 to the statewide average  
11 revenue limit per unit of average daily attendance for its size and  
12 type of district in proportion to the percentage of the loan that the  
13 school district has repaid up to and including the year in which the  
14 revenue limit adjustment is made.

15 (b) This section does not apply to a school district that  
16 experiences a decline in enrollment as a result of a school district  
17 reorganization pursuant to Chapter 3 (commencing with Section  
18 35500) of Part 21 or any other law.

19 (c) This section shall become inoperative on July 1, 2014, and,  
20 as of January 1, 2015, is repealed, unless a later enacted statute,  
21 that becomes operative on or before January 1, 2015, deletes or  
22 extends the dates on which it becomes inoperative and is repealed.

23 SEC. 38. Section 42238.4 of the Education Code is amended  
24 to read:

25 42238.4. (a) For the 1995–96 fiscal year, the county  
26 superintendent of schools shall compute an equalization adjustment  
27 for each school district in the county, so that no district’s base  
28 revenue limit per unit of average daily attendance is less than the  
29 prior fiscal year statewide average base revenue limit for the  
30 appropriate size and type of district listed in subdivision (b) plus  
31 the inflation adjustment specified in Section 42238.1 for the current  
32 fiscal year for the appropriate type of district.

33 For purposes of this section, the district base revenue limit and  
34 the statewide average base revenue limit shall not include any  
35 amounts attributable to Section 45023.4, 46200, or 46201.

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

39 District	ADA
40 Elementary .....	less than 101

1	Elementary .....	more than 100
2	High School .....	less than 301
3	High School .....	more than 300
4	Unified .....	less than 1,501
5	Unified .....	more than 1,500

6  
7 (c) The Superintendent shall compute a revenue limit  
8 equalization adjustment for each school district’s base revenue  
9 limit per unit of average daily attendance as follows:

10 (1) Add the products of the amount computed for each school  
11 district by the county superintendent pursuant to subdivision (a)  
12 and the average daily attendance used to calculate the district’s  
13 revenue limit for the current fiscal year as adjusted for the deficit  
14 factor in Section 42238.145.

15 (2) Divide the amount appropriated for purposes of this section  
16 for the current fiscal year by the amount computed pursuant to  
17 paragraph (1).

18 (3) Multiply the amount computed for the school district  
19 pursuant to subdivision (a) by the amount computed pursuant to  
20 paragraph (2).

21 (d) For the purposes of this section, the 1994–95 statewide  
22 average base revenue limits determined for the purposes of  
23 subdivision (a) and the fraction computed pursuant to paragraph  
24 (2) of subdivision (c) by the Superintendent for the 1995–96 second  
25 principal apportionment shall be final, and shall not be calculated  
26 as subsequent apportionments. In no event shall the fraction  
27 computed pursuant to paragraph (2) of subdivision (c) exceed 1.00.  
28 For the purposes of determining the size of a district used in  
29 subdivision (b), the Superintendent shall use a school district’s  
30 revenue limit average daily attendance for the 1994–95 fiscal year  
31 determined pursuant to Section 42238.5 and Article 4 (commencing  
32 with Section 42280).

33 (e) This section shall only be operative if the Director of Finance  
34 certifies that a settlement agreement in California Teachers  
35 Association v. Gould (Sacramento County Superior Court Case  
36 CV 373415) is effective. No funds shall be disbursed under this  
37 section for this purpose before August 1, 1996, and any  
38 apportionment or allocation of funds appropriated for purposes of  
39 this section shall be accounted for in the 1995–96 fiscal year.

1 (f) Appropriations for the 1995–96 fiscal year as a result of the  
 2 implementation of this section shall be deemed “General Fund  
 3 revenues appropriated for school districts,” as defined in  
 4 subdivision (c) of Section 41202, for the 1995–96 fiscal year and  
 5 “total allocations to school districts and community college districts  
 6 from General Fund proceeds of taxes appropriated to Article  
 7 XIII B,” as defined in subdivision (e) of Section 41202, for that  
 8 fiscal year, for purposes of Section 8 of Article XVI of the  
 9 California Constitution.

10 (g) This section shall become inoperative on July 1, 2014, and,  
 11 as of January 1, 2015, is repealed, unless a later enacted statute,  
 12 that becomes operative on or before January 1, 2015, deletes or  
 13 extends the dates on which it becomes inoperative and is repealed.

14 SEC. 39. Section 42238.41 of the Education Code is amended  
 15 to read:

16 42238.41. (a) For the 1996–97 fiscal year, the county  
 17 superintendent of schools, in conjunction with the Superintendent  
 18 of Public Instruction, shall compute an equalization adjustment  
 19 for each school district in the county, so that no district’s 1995–96  
 20 base revenue limit per unit of average daily attendance is less than  
 21 the 1995–96 fiscal year statewide average base revenue limit for  
 22 the appropriate size and type of district listed in subdivision (b).

23 For purposes of this section, the district base revenue limit and  
 24 the statewide average base revenue limit shall not include any  
 25 amounts attributable to Section 45023.4, 46200, or 46201.

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

28

District	ADA
29 Elementary .....	less than 101
30 Elementary .....	more than 100
31 High School .....	less than 301
32 High School .....	more than 300
33 Unified .....	less than 1,501
34 Unified .....	more than 1,500

35  
 36  
 37 (c) The Superintendent of Public Instruction shall compute a  
 38 revenue limit equalization adjustment for each school district’s  
 39 base revenue limit per unit of average daily attendance as follows:

1 (1) Add the products of the amount computed for each school  
2 district by the county superintendent pursuant to subdivision (a)  
3 and the average daily attendance used to calculate the district's  
4 revenue limit for the current fiscal year as adjusted for the deficit  
5 factor in Section 42238.145.

6 (2) Divide the amount appropriated for purposes of this section  
7 for the current fiscal year by the amount computed pursuant to  
8 paragraph (1).

9 (3) Multiply the amount computed for the school district  
10 pursuant to subdivision (a) by the amount computed pursuant to  
11 paragraph (2).

12 (d) For the purposes of this section, the 1995–96 statewide  
13 average base revenue limits determined for the purposes of  
14 subdivision (a) and the fraction computed pursuant to paragraph  
15 (2) of subdivision (c) by the Superintendent of Public Instruction  
16 for the 1995–96 second principal apportionment shall be final, and  
17 shall not be recalculated at subsequent apportionments. In no event  
18 shall the fraction computed pursuant to paragraph (2) of subdivision  
19 (c) exceed 1.00. For the purposes of determining the size of a  
20 district used in subdivision (b), county superintendents of schools,  
21 in conjunction with the Superintendent of Public Instruction, shall  
22 use a school district's revenue limit average daily attendance for  
23 the 1995–96 fiscal year as determined pursuant to Section 42238.5  
24 and Article 4 (commencing with Section 42280).

25 (e) This section shall become inoperative on July 1, 2014, and,  
26 as of January 1, 2015, is repealed, unless a later enacted statute,  
27 that becomes operative on or before January 1, 2015, deletes or  
28 extends the dates on which it becomes inoperative and is repealed.

29 SEC. 40. Section 42238.42 of the Education Code is amended  
30 to read:

31 42238.42. (a) In the event that the amount required to be  
32 appropriated for the purpose of the state's minimum funding  
33 obligation to school districts and community college districts  
34 pursuant to Section 8 of Article XVI of the California Constitution  
35 for the 1996–97 fiscal year, as determined in paragraph (1) of  
36 subdivision (b), exceeds the amount appropriated for that purpose  
37 for the 1996–97 fiscal year, as determined pursuant to paragraph  
38 (2) of subdivision (b), the amount computed pursuant to subdivision  
39 (d), is hereby appropriated from the General Fund to the  
40 Superintendent of Public Instruction for the purposes of equalizing

1 the revenue limits of school districts pursuant to subdivision (e)  
2 and Section 42238.43 and for the purpose of reducing the deficit  
3 factor applied to the revenue limits of county superintendents of  
4 schools pursuant to Section 2558.45 and reducing the deficit factor  
5 applied to the revenue limits of the school districts pursuant to  
6 Section 42238.145.

7 (b) To determine the amounts available for the purposes of this  
8 section, the Department of Finance shall make the following  
9 computations:

10 (1) At the first principal apportionment for the 1997–98 fiscal  
11 year, compute the level of General Fund revenues that meets the  
12 state’s minimum funding obligation to school districts and  
13 community college districts pursuant to Section 8 of Article XVI  
14 of the California Constitution for the 1996–97 fiscal year based  
15 upon the most current determination of data as defined in  
16 subdivision (a) of Section 41206 of the Education Code.

17 (2) Subtract from the amount determined in paragraph (1) an  
18 amount equal to the total amount of General Fund revenues that  
19 have been appropriated for the purpose of meeting the state’s  
20 minimum funding obligation for the 1996–97 fiscal year to school  
21 districts and community college districts pursuant to Section 8 of  
22 Article XVI of the California Constitution as of February 1, 1998.

23 (3) If the amount computed in paragraph (2) is greater than zero,  
24 that amount is the total amount available for the purposes of this  
25 section.

26 (c) To determine the portion of the amount computed in  
27 subdivision (a) to set aside for community college districts pursuant  
28 to this section, the Department of Finance shall make the following  
29 computations:

30 (1) Add the total General Fund allocations to school districts  
31 and community college districts for the purposes of meeting the  
32 state’s minimum funding obligation to school districts and  
33 community college districts pursuant to Section 8 of Article XVI  
34 of the California Constitution for the 1996–97 fiscal year to the  
35 total statewide amount of “allocated local proceeds of taxes,” as  
36 defined in subdivisions (g) and (h) of Section 41202, allocated to  
37 school districts and community college districts for the 1996–97  
38 fiscal year.

39 (2) Divide the sum of the General Fund allocations made to  
40 community college districts for the purposes of meeting the state’s

1 minimum funding obligation to community college districts  
2 pursuant to Section 8 of Article XVI of the California Constitution  
3 for the 1996–97 fiscal year and the total statewide amount of  
4 “allocated local proceeds of taxes,” as defined in subdivision (h)  
5 of Section 41202, allocated to community college districts for the  
6 1996–97 fiscal year by the sum computed pursuant to paragraph  
7 (1).

8 (3) Multiply the amount computed pursuant to subdivision (b)  
9 by the percentage determined in paragraph (2). Community college  
10 districts shall be entitled to receive an amount equal to the amount  
11 computed pursuant to this paragraph and that amount shall be set  
12 aside from the General Fund for appropriation to community  
13 college districts by the Legislature.

14 (d) The amount of the appropriation made pursuant to  
15 subdivision (a) of this section shall be computed by subtracting  
16 the amount computed in paragraph (3) of subdivision (c) from the  
17 amount computed pursuant to subdivision (b). The Director of the  
18 Department of Finance shall certify to the Controller the amount  
19 of the appropriation computed pursuant to this subdivision and  
20 under no circumstances shall funds be released by the Controller  
21 for purposes of this section before that certification is received by  
22 the Controller.

23 (e) The Superintendent of Public Instruction shall allocate 50  
24 percent of the amount computed pursuant to subdivision (d) to  
25 school districts for the purpose of making equalization adjustments  
26 to the base revenue limit of school districts for the 1996–97 fiscal  
27 year, as follows:

28 (1) The Superintendent of Public Instruction shall perform the  
29 computations set forth in Section 42238.43 for the purpose of  
30 equalization adjustments to the base revenue limits of school  
31 districts for the 1996–97 fiscal year to determine the amount to  
32 allocate to each school district pursuant to this paragraph.

33 (2) The Superintendent of Public Instruction shall repeat the  
34 process of computing equalization adjustments to the base revenue  
35 limits of school districts for the 1996–97 fiscal year pursuant to  
36 Section 42238.43 until the total amount of funds available for that  
37 purpose pursuant to this subdivision is allocated to school districts.

38 (3) If the total amount of funds available for allocation pursuant  
39 to this subdivision is insufficient to fully fund the amounts  
40 computed pursuant to paragraph (1) or the amount computed

1 pursuant to any of the iterations made pursuant to paragraph (2),  
2 the allocations computed pursuant to those paragraphs shall be  
3 reduced proportionately.

4 (f) The Superintendent of Public Instruction shall allocate 50  
5 percent of the amount computed pursuant to subdivision (d) to  
6 county superintendents of schools for the purpose of reducing the  
7 1996–97 and 1997–98 deficit factors applied to the revenue limits  
8 of county superintendent of schools and school districts pursuant  
9 to Sections 2558.45 and 42238.145, respectively. The amount of  
10 the allocation made to each school district and county  
11 superintendent of schools for the purpose of reducing their  
12 respective deficit factors shall be computed in proportion to their  
13 respective shares of the total statewide amount of the revenue  
14 limits after adjustment for deficit factors for school districts and  
15 county superintendents of schools.

16 (g) In no event shall this section be construed to require an  
17 appropriation that would cause the aggregate amount required to  
18 be appropriated from the General Fund for the 1996–97 fiscal year  
19 pursuant to Section 8 of Article XVI of the California Constitution  
20 to be exceeded.

21 (h) This section shall become inoperative on July 1, 2014, and,  
22 as of January 1, 2015, is repealed, unless a later enacted statute,  
23 that becomes operative on or before January 1, 2015, deletes or  
24 extends the dates on which it becomes inoperative and is repealed.

25 SEC. 41. Section 42238.43 of the Education Code is amended  
26 to read:

27 42238.43. (a) (1) For the 1996–97 fiscal year, the county  
28 superintendent of schools, in conjunction with the Superintendent  
29 of Public Instruction, shall compute an equalization adjustment  
30 for each school district in the county, so that no district’s base  
31 revenue limit per unit of average daily attendance is less than the  
32 1996–97 fiscal year statewide average base revenue limit for the  
33 appropriate size and type of district listed in subdivision (b).

34 (2) For purposes of this section, the district base revenue limit  
35 and the statewide average base revenue limit shall not include any  
36 amounts attributable to Section 45023.4, 46200, or 46201.

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

39

40

District

ADA

1	Elementary .....	less than 101
2	Elementary .....	more than 100
3	High School .....	less than 301
4	High School .....	more than 300
5	Unified .....	less than 1,501
6	Unified .....	more than 1,500

7  
8 (c) The equalization adjustment computed pursuant to this  
9 section shall only be funded from amounts appropriated for that  
10 purpose pursuant to Section 42238.42.

11 (d) (1) For the purposes of the computation made pursuant to  
12 paragraph (1) of subdivision (e) of Section 42238.42, the 1996–97  
13 statewide average base revenue limits determined for the purposes  
14 of subdivision (a) and the fraction, if any, computed pursuant to  
15 paragraph (3) of subdivision (e) of Section 42238.42 by the  
16 Superintendent of Public Instruction for the 1996–97 second  
17 principal apportionment shall be final, and shall not be calculated  
18 as subsequent apportionments. In no event shall the fraction  
19 computed pursuant to paragraph (3) of subdivision (e) of Section  
20 42238.42 exceed 1.00. If any iterations are required pursuant to  
21 paragraph (2) of Section 42238.42, the Superintendent of Public  
22 Instruction shall recompute the 1996–97 statewide average base  
23 revenue limit to include any adjustments made by the immediately  
24 preceding iteration.

25 (2) (A) For the purposes of determining the size of a school  
26 district under subdivision (b), the Superintendent of Public  
27 Instruction shall use a school district’s revenue limit average daily  
28 attendance for the 1996–97 fiscal year as determined pursuant to  
29 Section 42238.5 and Article 4 (commencing with Section 42280).

30 (B) Notwithstanding subparagraph (A), for the purposes of  
31 determining the size of a school district under subdivision (b) with  
32 respect to any elementary, high, or unified school district that was  
33 funded in the 1996–97 school year as a large elementary, high, or  
34 unified school district, as determined pursuant to subdivision (a)  
35 of Section 42238.5, the school district’s actual revenue limit  
36 average daily attendance for the 1996–97 school year may be used.  
37 The actual revenue limit average daily attendance for the 1996–97  
38 school year shall be used to calculate the 1996–97 revenue limit  
39 of a school district exercising the authority granted under this  
40 subparagraph. The governing board of a school district to which

1 this subparagraph is applicable may exercise the authority granted  
 2 under this subparagraph by enacting a resolution to that effect and  
 3 transmitting a copy of that resolution to the Superintendent of  
 4 Public Instruction on or before a date designated by the  
 5 Superintendent of Public Instruction for that school year. After the  
 6 Superintendent of Public Instruction receives the resolution, the  
 7 superintendent shall make the necessary adjustments to the school  
 8 district’s revenue limit calculation.

9 (e) This section shall become inoperative on July 1, 2014, and,  
 10 as of January 1, 2015, is repealed, unless a later enacted statute,  
 11 that becomes operative on or before January 1, 2015, deletes or  
 12 extends the dates on which it becomes inoperative and is repealed.

13 SEC. 42. Section 42238.44 of the Education Code is amended  
 14 to read:

15 42238.44. (a) This section shall be known and may be cited  
 16 as, the Fairness in Education Funding Act.

17 (b) (1) For the 2004–05 fiscal year, the Superintendent of Public  
 18 Instruction shall compute an equalization adjustment for each  
 19 school district, so that the 2003–04 base revenue limit per unit of  
 20 average daily attendance of a district is not less than the 2003–04  
 21 base revenue limit per unit of average daily attendance above which  
 22 fall not more than 10 percent of the total statewide units of average  
 23 daily attendance for each category of school district set forth in  
 24 subdivision (c).

25 (2) For purposes of this section, the district base revenue limit  
 26 and the statewide average base revenue limit shall not include any  
 27 amounts attributable to Section 45023.4, 46200, or 46201.

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

District	ADA
31 Elementary .....	less than 101
32 Elementary .....	more than 100
33 High School .....	less than 301
34 High School .....	more than 300
35 Unified .....	less than 1,501
36 Unified .....	more than 1,500
37	
38	

1 (d) The Superintendent of Public Instruction shall compute a  
2 revenue limit equalization adjustment for each school district's  
3 base revenue limit per unit of average daily attendance as follows:

4 (1) Multiply the amount computed for each school district  
5 pursuant to subdivision (b) by the average daily attendance used  
6 to calculate the revenue limit for the 2004–05 fiscal year of a  
7 district.

8 (2) Divide the amount appropriated for purposes of this section  
9 for the 2004–05 fiscal year by the statewide sum of the amount  
10 computed pursuant to paragraph (1).

11 (3) Multiply the amount computed for the school district  
12 pursuant to paragraph (1) of subdivision (b) by the amount  
13 computed pursuant to paragraph (2).

14 (e) (1) For the purposes of this section, the 2003–04 statewide  
15 90th percentile base revenue limit determined pursuant to paragraph  
16 (1) of subdivision (b), and the fraction computed pursuant to  
17 paragraph (2) of subdivision (d) for the 2003–04 second principal  
18 apportionment, shall be final, and shall not be recalculated at  
19 subsequent apportionments. The fraction computed pursuant to  
20 paragraph (2) of subdivision (d) shall not, under any circumstances,  
21 exceed 1.00. For purposes of determining the size of a school  
22 district pursuant to subdivision (c), county superintendents of  
23 schools, in conjunction with the Superintendent of Public  
24 Instruction, shall use school district revenue limit average daily  
25 attendance for the 2003–04 fiscal year as determined pursuant to  
26 Section 42238.5 and Article 4 (commencing with Section 42280).

27 (2) For the purposes of calculating the size of a school district  
28 pursuant to subdivision (c), the Superintendent of Public Instruction  
29 shall include units of average daily attendance of any charter school  
30 for which the school district is the chartering agency.

31 (3) For the purposes of computing the target amounts pursuant  
32 to subdivision (b), the Superintendent of Public Instruction shall  
33 count all charter school average daily attendance toward the  
34 average daily attendance of the school district that is the chartering  
35 agency.

36 (f) This section shall become inoperative on July 1, 2014, and,  
37 as of January 1, 2015, is repealed, unless a later enacted statute,  
38 that becomes operative on or before January 1, 2015, deletes or  
39 extends the dates on which it becomes inoperative and is repealed.

1 SEC. 43. Section 42238.445 of the Education Code is amended  
2 to read:

3 42238.445. (a) (1) For the 2002–03 fiscal year, the  
4 Superintendent of Public Instruction shall compute an equalization  
5 adjustment for each school district by determining the amount that  
6 would be necessary to assure that no district’s 2001–02 base  
7 revenue limit per unit of average daily attendance is less than the  
8 2001–02 base revenue limit per unit of average daily attendance  
9 above which fall not more than 10 percent of the total statewide  
10 units of average daily attendance for each category of school  
11 district set forth in subdivision (b).

12 (2) For purposes of this section, the district base revenue limit  
13 and the statewide average base revenue limit shall not include any  
14 amounts attributable to Section 45023.4, 46200, or 46201.

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

District	ADA
18 Elementary .....	less than 101
19 Elementary .....	more than 100
20 High School .....	less than 301
21 High School .....	more than 300
22 Unified .....	less than 1,501
23 Unified .....	more than 1,500

24  
25  
26 (c) The Superintendent of Public Instruction shall determine  
27 and allocate, on a one-time basis, an amount for each school district  
28 as follows:

29 (1) Multiply the amount computed for each school district  
30 pursuant to subdivision (a) by the average daily attendance used  
31 to calculate the district’s revenue limit for the 2002–03 fiscal year.

32 (2) Divide forty-two million dollars (\$42,000,000) appropriated  
33 pursuant to Provision 2 of Item 6110-223-0001 of Section 2.00 of  
34 the Budget Act of 2002 by the statewide sum of the amount  
35 computed pursuant to paragraph (1).

36 (3) Multiply the amount computed for the school district  
37 pursuant to paragraph (1) by the amount computed pursuant to  
38 paragraph (2).

39 (d) (1) For the purposes of this section, the 2001–02 statewide  
40 90th percentile base revenue limit determined pursuant to paragraph

1 (1) of subdivision (a), and the fraction computed pursuant to  
2 paragraph (2) of subdivision (c) for the 2001–02 second principal  
3 apportionment, shall be final, and shall not be recalculated at  
4 subsequent apportionments. The fraction computed pursuant to  
5 paragraph (2) of subdivision (c) shall not, under any circumstances,  
6 exceed 1.00. For purposes of determining the size of a school  
7 district pursuant to subdivision (b), county superintendents of  
8 schools, in conjunction with the Superintendent of Public  
9 Instruction, shall use school district revenue limit average daily  
10 attendance for the 2001–02 fiscal year as determined pursuant to  
11 Section 42238.5 and Article 4 (commencing with Section 42280).

12 (2) For the purposes of calculating the size of a school district  
13 pursuant to subdivision (b), the Superintendent of Public Instruction  
14 shall include units of average daily attendance of any charter school  
15 for which the school district is the chartering agency.

16 (3) For the purposes of computing the target amounts pursuant  
17 to subdivision (a), the Superintendent of Public Instruction shall  
18 count all charter school average daily attendance toward the  
19 average daily attendance of the school district that is the chartering  
20 agency.

21 (e) Allocations pursuant to this section do not represent  
22 adjustments to school district base revenue limits.

23 (f) This section shall become inoperative on July 1, 2014, and,  
24 as of January 1, 2015, is repealed, unless a later enacted statute,  
25 that becomes operative on or before January 1, 2015, deletes or  
26 extends the dates on which it becomes inoperative and is repealed.

27 SEC. 44. Section 42238.45 of the Education Code is amended  
28 to read:

29 42238.45. (a) (1) For the 2001–02 fiscal year, the  
30 Superintendent of Public Instruction shall compute an adjustment  
31 for each school district, so that no district's 2000–01 base revenue  
32 limit per unit of average daily attendance is less than the 2000–01  
33 base revenue limit per unit of average daily attendance above which  
34 fall not more than 10 percent of the total statewide units of average  
35 daily attendance for each category of school district set forth in  
36 subdivision (b).

37 (2) For purposes of this section, the district base revenue limit  
38 and the statewide average base revenue limit shall not include any  
39 amounts attributable to Section 45023.4, 46200, or 46201.

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

District	ADA
Elementary .....	less than 101
Elementary .....	more than 100
High School .....	less than 301
High School .....	more than 300
Unified .....	less than 1,501
Unified .....	more than 1,500

(c) For the 2001–02 fiscal year, the Superintendent of Public Instruction shall determine and allocate on a one-time basis for each school district amounts as follows:

(1) Multiply the amount computed for each school district pursuant to subdivision (a) by the average daily attendance used to calculate the district’s revenue limit for the 2001–02 fiscal year.

(2) Divide forty million dollars (\$40,000,000) appropriated for purposes of this section for the 2001–02 fiscal year by the statewide sum of the amount computed pursuant to paragraph (1).

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

(d) (1) For the purposes of calculating the size of a school district pursuant to subdivision (b), the Superintendent of Public Instruction shall include units of average daily attendance of any charter school for which the school district is the chartering agency.

(2) For the purposes of computing the target amounts pursuant to subdivision (a), the Superintendent of Public Instruction shall count all charter school average daily attendance toward the average daily attendance of the school district that is the chartering agency.

(e) Allocations for purposes of this section do not represent adjustments to school district base revenue limits.

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

SEC. 45. Section 42238.46 of the Education Code is amended to read:

1 42238.46. (a) For the 2003–04 fiscal year, the Superintendent  
 2 of Public Instruction shall compute an equalization adjustment for  
 3 each school district so that no district’s 2002–03 adjusted base  
 4 revenue limit per unit of average daily attendance is less than the  
 5 2002–03 fiscal year adjusted base revenue limit above which fall  
 6 not more that 8.25 percent of the total statewide units of average  
 7 daily attendance for the appropriate size and type of district listed  
 8 in subdivision (b).

9 For purposes of this section, the district adjusted base revenue  
 10 limit and the statewide average adjusted base revenue limit may  
 11 not include any amounts attributable to Section 45023.4, 46200,  
 12 or 46201.

13 (b) Subdivision (a) applies to the following school districts,  
 14 which shall be grouped according to size and type as follows:

15

16 District	ADA
17 Elementary .....	less than 101
18 Elementary .....	more than 100
19 High School .....	less than 301
20 High School .....	more than 300
21 Unified .....	less than 1,501
22 Unified .....	more than 1,500

23

24 (c) The Superintendent of Public Instruction shall compute a  
 25 revenue limit equalization adjustment for each school district’s  
 26 adjusted base revenue limit per unit of average daily attendance  
 27 as follows:

28 (1) Add the products of the amount computed for each school  
 29 district by the county superintendent pursuant to subdivision (a)  
 30 and the average daily attendance used to calculate the district’s  
 31 revenue limit for the current fiscal year.

32 (2) Divide the amount appropriated for purposes of this section  
 33 for the current fiscal year by the amount computed pursuant to  
 34 paragraph (1).

35 (3) Multiply the amount computed for the school district  
 36 pursuant to subdivision (a) by the amount computed pursuant to  
 37 paragraph (2).

38 (d) (1) For purposes of this section only, prior to computing  
 39 the equalization adjustment pursuant to this section, the  
 40 Superintendent of Public Instruction shall calculate an adjusted

1 base revenue limit for each district by revising the 2002–03 base  
2 revenue limit of the district to eliminate that portion of the one-time  
3 adjustment to its base revenue limit related to excused absences  
4 made pursuant to Section 42238.8.

5 (2) For the purposes of this section, the 2002–03 statewide  
6 average adjusted base revenue limits determined for the purposes  
7 of subdivision (a) and the fraction computed pursuant to paragraph  
8 (2) of subdivision (c) by the Superintendent of Public Instruction  
9 for the 2002–03 second principal apportionment shall be final, and  
10 shall not be recalculated at subsequent apportionments. In no event  
11 shall the fraction computed pursuant to paragraph (2) of subdivision  
12 (c) exceed 1.00. For the purposes of determining the size of a  
13 district used in subdivision (b), county superintendents of schools,  
14 in conjunction with the Superintendent of Public Instruction, shall  
15 use a school district’s revenue limit average daily attendance for  
16 the 2002–03 fiscal year as determined pursuant to Section 42238.5  
17 and Article 4 (commencing with Section 42280).

18 (3) For the purposes of calculating the size of a school district  
19 pursuant to subdivision (b), the Superintendent of Public Instruction  
20 shall include units of average daily attendance of any charter school  
21 for which the school district is the chartering agency.

22 (4) For the purposes of computing the target amounts pursuant  
23 to subdivision (a), the Superintendent of Public Instruction shall  
24 count all charter school average daily attendance towards the  
25 average daily attendance of the school district that is the chartering  
26 agency.

27 (e) This section shall become inoperative on July 1, 2014, and,  
28 as of January 1, 2015, is repealed, unless a later enacted statute,  
29 that becomes operative on or before January 1, 2015, deletes or  
30 extends the dates on which it becomes inoperative and is repealed.

31 SEC. 46. Section 42238.48 of the Education Code is amended  
32 to read:

33 42238.48. (a) (1) For the 2006–07 fiscal year, the  
34 Superintendent shall compute an equalization adjustment for each  
35 school district, so that the 2005–06 base revenue limit per unit  
36 average daily attendance of a school district is not less than the  
37 2005–06 base revenue limit per unit of average daily attendance  
38 above which fall not more than 10 percent of the total statewide  
39 units of average daily attendance for each category of school  
40 district set forth in subdivision (b).

1 (2) For purposes of this section, the base revenue limit shall not  
2 include any amounts attributable to Section 45023.4, 46200, or  
3 46201.

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

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

14  
15 (c) The Superintendent shall compute a revenue limit  
16 equalization adjustment for each school district’s base revenue  
17 limit per unit of average daily attendance as follows:

18 (1) Multiply the amount computed for each school district  
19 pursuant to subdivision (a) by the average daily attendance used  
20 to calculate the revenue limit for the 2006–07 fiscal year of a school  
21 district.

22 (2) Divide the amount appropriated for purposes of this section  
23 for the 2006–07 fiscal year by the statewide sum of the amount  
24 computed pursuant to paragraph (1).

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

28 (d) (1) For the purposes of this section, the 2005–06 statewide  
29 90th percentile base revenue limit determined pursuant to paragraph  
30 (1) of subdivision (a), and the fraction computed pursuant to  
31 paragraph (2) of subdivision (c) for the 2005–06 second principal  
32 apportionment, shall be final, and shall not be recalculated at  
33 subsequent apportionments. The fraction computed pursuant to  
34 paragraph (2) of subdivision (c) shall not exceed 1.00. For purposes  
35 of determining the size of a school district pursuant to subdivision  
36 (b), county superintendents of schools, in conjunction with the  
37 Superintendent, shall use school district revenue limit average  
38 daily attendance for the 2005–06 fiscal year as determined pursuant  
39 to Section 42238.5 and Article 4 (commencing with Section  
40 42280).

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

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

9 (e) This section shall become inoperative on July 1, 2014, and,  
10 as of January 1, 2015, is repealed, unless a later enacted statute,  
11 that becomes operative on or before January 1, 2015, deletes or  
12 extends the dates on which it becomes inoperative and is repealed.

13 SEC. 47. Section 42238.485 of the Education Code is amended  
14 to read:

15 42238.485. (a) For the 2010–11 fiscal year, the Superintendent  
16 shall compute an adjustment for each school district by dividing  
17 each school district’s 2007–08 fiscal year average daily attendance  
18 into the sum of the following:

19 (1) Funding for Meals for Needy Pupils programs received by  
20 the school district for the 2007–08 fiscal year pursuant to Section  
21 42241.2, as it read on January 1, 2009.

22 (2) Funding incentives to increase beginning teachers’ salaries  
23 received by the school district for the 2007–08 fiscal year pursuant  
24 to Sections 45023.1 and 45023.4, as those sections read on January  
25 1, 2009.

26 (b) For purposes of this section, average daily attendance shall  
27 be computed pursuant to Section 42238.5.

28 (c) Notwithstanding any other provision of this section, no  
29 funding specified in this section shall be added to the adjustment  
30 computed pursuant to subdivision (a) if that funding is currently  
31 included in a school district’s base revenue limit calculated  
32 pursuant to Section 42238.

33 (d) This section shall become inoperative on July 1, 2014, and,  
34 as of January 1, 2015, is repealed, unless a later enacted statute,  
35 that becomes operative on or before January 1, 2015, deletes or  
36 extends the dates on which it becomes inoperative and is repealed.

37 SEC. 48. Section 42238.49 of the Education Code is amended  
38 to read:

39 42238.49. (a) (1) For the 2011–12 fiscal year, the  
40 Superintendent shall compute an equalization adjustment for each

1 school district, so that the 2010–11 base revenue limit per unit of  
2 average daily attendance of a school district is not less than the  
3 2010–11 base revenue limit per unit of average daily attendance  
4 above which fall not more than 10 percent of the total statewide  
5 units of average daily attendance for each category of school  
6 district set forth in subdivision (b).

7 (2) For purposes of this section, the base revenue limit shall not  
8 include any amounts attributable to Section 45023.4, 46200, or  
9 46201.

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

13 District	ADA
14 Elementary.....	less than 101
15 Elementary.....	more than 100
16 High School.....	less than 301
17 High School.....	more than 300
18 Unified.....	less than 1,501
19 Unified.....	more than 1,500

20  
21 (c) The Superintendent shall compute a revenue limit  
22 equalization adjustment for each school district’s base revenue  
23 limit per unit of average daily attendance as follows:

24 (1) Multiply the amount computed for each school district  
25 pursuant to subdivision (a) by the average daily attendance used  
26 to calculate the revenue limit for the 2011–12 fiscal year of a school  
27 district.

28 (2) Divide the amount appropriated from the Supplemental  
29 Education Payment Account for purposes of this section for the  
30 2011–12 fiscal year by the statewide sum of the amounts computed  
31 pursuant to paragraph (1).

32 (3) Multiply the amount computed for the school district  
33 pursuant to paragraph (1) of subdivision (a) by the amount  
34 computed pursuant to paragraph (2).

35 (d) (1) For the purposes of this section, the 2010–11 statewide  
36 90th percentile base revenue limit determined pursuant to paragraph  
37 (1) of subdivision (a), and the fraction computed pursuant to  
38 paragraph (2) of subdivision (c) for the 2010–11 second principal  
39 apportionment, shall be final, and shall not be recalculated at  
40 subsequent apportionments. The fraction computed pursuant to

1 paragraph (2) of subdivision (c) shall not exceed 1.00. For purposes  
2 of determining the size of a school district pursuant to subdivision  
3 (b), county superintendents of schools, in conjunction with the  
4 Superintendent, shall use school district revenue limit average  
5 daily attendance for the 2010–11 fiscal year as determined pursuant  
6 to Section 42238.5 and Article 4 (commencing with Section  
7 42280).

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

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

16 (e) This section shall become inoperative on July 1, 2014, and,  
17 as of January 1, 2015, is repealed, unless a later enacted statute,  
18 that becomes operative on or before January 1, 2015, deletes or  
19 extends the dates on which it becomes inoperative and is repealed.

20 SEC. 49. Section 42238.5 of the Education Code is amended  
21 to read:

22 42238.5. (a) For purposes of Section 42238, the fiscal year  
23 average daily attendance shall be computed pursuant to paragraph  
24 (1) or (2).

25 (1) The second principal apportionment regular average daily  
26 attendance for either the current or prior fiscal year, whichever is  
27 greater. However, prior fiscal year average daily attendance shall  
28 be adjusted for any loss or gain of average daily attendance due  
29 to a reorganization or transfer of territory, or, commencing in the  
30 1993–94 fiscal year, and each fiscal year thereafter, for any change  
31 in average daily attendance for pupils who are concurrently enrolled  
32 in adult programs and classes pursuant to Section 52616.17.

33 (2) Any school district that elects to receive funding pursuant  
34 to Article 4 (commencing with Section 42280) shall compute its  
35 units of average daily attendance for purposes of Section 42238  
36 by subtracting the amount determined in subparagraph (B) from  
37 the amount determined in subparagraph (A).

38 (A) The units of average daily attendance computed pursuant  
39 to paragraph (1).

1 (B) The units of average daily attendance resulting from pupils  
2 attending schools funded pursuant to Article 4 (commencing with  
3 Section 42280).

4 (b) For purposes of this article, regular average daily attendance  
5 shall be the base revenue limit average daily attendance, excluding  
6 summer school average daily attendance.

7 (c) For purposes of this section, for the 1998–99 fiscal year  
8 only, the prior year average daily attendance shall be the 1997–98  
9 regular average daily attendance, excluding absences excused  
10 pursuant to subdivision (b) of Section 46010, as that subdivision  
11 read on July 1, 1996.

12 (d) This section shall become inoperative on July 1, 2014, and,  
13 as of January 1, 2015, is repealed, unless a later enacted statute,  
14 that becomes operative on or before January 1, 2015, deletes or  
15 extends the dates on which it becomes inoperative and is repealed.

16 SEC. 50. Section 42238.51 of the Education Code is amended  
17 to read:

18 42238.51. (a) For purposes of paragraph (1) of subdivision  
19 (a) of Section 42238.5, a sponsoring school district's average daily  
20 attendance shall be computed as follows:

21 (1) Compute the sponsoring school district's regular average  
22 daily attendance in the current year, excluding the attendance of  
23 pupils in charter schools.

24 (2) (A) Compute the regular average daily attendance used to  
25 calculate the second principal apportionment of the school district  
26 for the prior year, excluding the attendance of pupils in charter  
27 schools.

28 (B) Compute the attendance of pupils who attended one or more  
29 noncharter schools of the school district between July 1, and the  
30 last day of the second period, inclusive, in the prior year, and who  
31 attended a charter school sponsored by the school district between  
32 July 1, and the last day of the second period, inclusive, in the  
33 current year. For the purposes of this paragraph, a pupil enrolled  
34 in a grade at a charter school sponsored by the school district shall  
35 not be counted if the school district does not offer classes for pupils  
36 enrolled in that grade. The amount of the attendance counted for  
37 any pupil for the purpose of this subparagraph may not be greater  
38 than the attendance claimed for that pupil by the charter school in  
39 the current year.

1 (C) Compute the attendance of pupils who attended a charter  
2 school sponsored by the school district in the prior year and who  
3 attended one or more noncharter schools of the school district in  
4 the current year. The amount of the attendance counted for any  
5 pupil for the purpose of this subparagraph may not be greater than  
6 the attendance claimed for that pupil by the school district in the  
7 current year.

8 (D) From the amount determined pursuant to subparagraph (B),  
9 subtract the amount determined pursuant to subparagraph (C). If  
10 the result is less than zero, the amount shall be deemed to be zero.

11 (E) The prior year average daily attendance determined pursuant  
12 to subparagraph (A) shall be reduced by the amount determined  
13 pursuant to subparagraph (D).

14 (3) To the greater of the amounts computed pursuant to  
15 paragraphs (1) and (2), add the regular average daily attendance  
16 in the current year of all pupils attending charter schools sponsored  
17 by the district that are not funded pursuant to Article 2  
18 (commencing with Section 47633) of Chapter 6 of Part 26.

19 (b) For the purposes of this section, a “sponsoring school  
20 district” shall mean a “sponsoring local educational agency,” as  
21 defined in Section 47632.

22 (c) This section shall become inoperative on July 1, 2014, and,  
23 as of January 1, 2015, is repealed, unless a later enacted statute,  
24 that becomes operative on or before January 1, 2015, deletes or  
25 extends the dates on which it becomes inoperative and is repealed.

26 SEC. 51. Section 42238.52 of the Education Code is amended  
27 to read:

28 42238.52. (a) Notwithstanding any other provision of law, the  
29 prior year average daily attendance for a school district determined  
30 pursuant to subdivision (b) of Section 42238.51 shall be increased  
31 by the prior year second principal apportionment average daily  
32 attendance of district residents only of any school that meets the  
33 following description:

34 (1) The school was a district noncharter school in any year prior  
35 to the prior year.

36 (2) The school was operated as a district-approved charter school  
37 in the prior year.

38 (3) The school is again operated as a district noncharter school  
39 in the current year.

1 (b) An adjustment to prior year average daily attendance  
2 pursuant to this section may not be made for the attendance of  
3 pupils who were not residents of the school district in the prior  
4 year.

5 (c) This section applies to the 2000–01 fiscal year and  
6 subsequent fiscal years.

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

11 SEC. 52. Section 42238.53 of the Education Code is amended  
12 to read:

13 42238.53. (a) Sections 42238.51 and 42238.52 do not apply  
14 to resident pupils in charter schools operating under the districtwide  
15 charter of a district that has converted all of its schools to charter  
16 status pursuant to Section 47606 and has elected not to be funded  
17 pursuant to Article 2 (commencing with Section 47633) of Chapter  
18 6 of Part 26.

19 (b) For the purposes of this section, “resident pupils” means  
20 pupils who reside in, and are otherwise eligible to attend, a school  
21 in the specified district.

22 (c) This section shall become inoperative on July 1, 2014, and,  
23 as of January 1, 2015, is repealed, unless a later enacted statute,  
24 that becomes operative on or before January 1, 2015, deletes or  
25 extends the dates on which it becomes inoperative and is repealed.

26 SEC. 53. Section 42238.6 of the Education Code is amended  
27 to read:

28 42238.6. (a) The fiscal year average daily attendance computed  
29 under Section 42238.5 shall be increased, for each school district  
30 that operates any school that meets the eligibility requirements set  
31 forth in subdivision (b), by the number of child days of attendance  
32 of pupils enrolled in eligible schools in the district who are  
33 currently migratory children, as defined by Section 54441, and  
34 who are residing in state-operated migrant housing projects  
35 between the second principal apportionment and the end of the  
36 regular school year, divided by the number of days school was  
37 actually taught in the regular day schools of the district, excluding  
38 Saturdays and Sundays.

39 (b) For a school to be eligible for the purposes of this section,  
40 the following conditions shall apply:

1 (1) One or more state-operated migrant housing projects are  
2 located within the attendance area of the school.

3 (2) The maximum number of pupils enrolled in the school in  
4 the relevant fiscal year who are currently migratory children, as  
5 calculated under subdivision (a), constitutes not less than one-third  
6 of the total pupil enrollment of the school.

7 (c) The Superintendent of Public Instruction shall establish rules  
8 and regulations for the implementation of this section.

9 (d) This section shall become inoperative on July 1, 2014, and,  
10 as of January 1, 2015, is repealed, unless a later enacted statute,  
11 that becomes operative on or before January 1, 2015, deletes or  
12 extends the dates on which it becomes inoperative and is repealed.

13 SEC. 54. Section 42238.7 of the Education Code is amended  
14 to read:

15 42238.7. (a) The governing board of each school district, as  
16 a condition of apportionment, shall report to the Superintendent  
17 of Public Instruction, not later than May 1, 1998, and September  
18 1, 1998, respectively, the portion of the attendance in the schools  
19 and classes maintained by the district that was reported for each  
20 of the 1996–97 and 1997–98 school years pursuant to Section  
21 41601 that consisted of absences excused pursuant to subdivision  
22 (b) of Section 46010 and to Section 46015, as those sections read  
23 on July 1, 1996.

24 (b) This section shall become inoperative on July 1, 2014, and,  
25 as of January 1, 2015, is repealed, unless a later enacted statute,  
26 that becomes operative on or before January 1, 2015, deletes or  
27 extends the dates on which it becomes inoperative and is repealed.

28 SEC. 55. Section 42238.75 of the Education Code is amended  
29 to read:

30 42238.75. Notwithstanding any other provision of law:

31 (a) All completed audits, including those on appeal, of school  
32 districts, charter schools, and county offices of education funded  
33 by Item 8860-025-0001 of Section 2.00 of Chapter 50 of the  
34 Statutes of 1999, Item 8860-025-0001 of Section 2.00 of Chapter  
35 52 of the Statutes of 2000, and Item 8860-025-0001 of Section  
36 2.00 of Chapter 106 of the Statutes of 2001, and any findings of  
37 those audits, are withdrawn, and no loss of apportionment arising  
38 from the findings of those audits shall be realized.

39 (b) All audits funded by Item 8860-025-0001 of Section 2.00  
40 of Chapter 50 of the Statutes of 1999, Item 8860-025-0001 of

1 Section 2.00 of Chapter 52 of the Statutes of 2000, and Item  
2 8860-025-0001 of Section 2.00 of Chapter 106 of the Statutes of  
3 2001, shall be discontinued.

4 (c) The Controller shall notify all school districts, charter  
5 schools, and county offices of education that it is no longer  
6 necessary to retain records supporting pupil attendance and excused  
7 absences used for purposes of calculating average daily attendance  
8 during the 1996–97 fiscal year.

9 (d) This section shall become inoperative on July 1, 2014, and,  
10 as of January 1, 2015, is repealed, unless a later enacted statute,  
11 that becomes operative on or before January 1, 2015, deletes or  
12 extends the dates on which it becomes inoperative and is repealed.

13 SEC. 56. Section 42238.8 of the Education Code is amended  
14 to read:

15 42238.8. (a) Effective July 1, 1998, the Superintendent of  
16 Public Instruction shall make a one-time adjustment to the revenue  
17 limit per unit of average daily attendance of each school district.  
18 This one-time adjustment shall apply for the 1998–99 fiscal year,  
19 and for each fiscal year thereafter, but not for any year prior to  
20 1998–99, and shall be accomplished by revision of the prior fiscal  
21 year revenue limit per unit of average daily attendance, as follows:

22 (1) Determine a revised revenue limit per unit of average daily  
23 attendance for the 1996–97 fiscal year as follows:

24 (A) For each school district that had its revenue limit funding  
25 for the 1996–97 fiscal year calculated on the basis of its 1996–97  
26 average daily attendance pursuant to paragraph (1) of subdivision  
27 (a) of Section 42238.5, the revised revenue limit per unit of average  
28 daily attendance shall equal the adjusted total base revenue limit  
29 determined pursuant to paragraph (2) divided by the adjusted  
30 average daily attendance determined pursuant to subparagraph (A)  
31 of paragraph (3).

32 (B) For each school district that had its revenue limit funding  
33 for the 1996–97 fiscal year calculated on the basis of its 1995–96  
34 average daily attendance pursuant to paragraph (1) of subdivision  
35 (a) of Section 42238.5, the revised revenue limit per unit of average  
36 daily attendance shall equal the adjusted total base revenue limit  
37 determined pursuant to paragraph (2) divided by the adjusted  
38 average daily attendance determined pursuant to subparagraphs  
39 (B), (C), and (D) of paragraph (3).

1 (2) Determine the amount of the 1996–97 total base revenue  
2 limit funding received pursuant to Section 42238 for growth and  
3 nongrowth average daily attendance, including, as nongrowth  
4 average daily attendance, attendance in necessary small schools  
5 in the year determined to be the greater pursuant to paragraph (1)  
6 of subdivision (a) of Section 42238.5 for the 1996–97 fiscal year,  
7 but excluding attendance in nonpublic, nonsectarian schools,  
8 county office operated special education, and county community  
9 school programs.

10 (3) (A) Reduce the average daily attendance figure used to  
11 make the determination set forth in paragraph (2) by the amount  
12 of average daily attendance included in that figure for excused  
13 absences pursuant to subdivision (b) of Section 46010 as that  
14 subdivision read on July 1, 1996.

15 (B) Determine the second principal apportionment average daily  
16 attendance for the 1996–97 fiscal year, including attendance in  
17 necessary small schools and attendance for excused absences  
18 pursuant to subdivision (b) of Section 46010 as it read on July 1,  
19 1996, but excluding attendance, including attendance for excused  
20 absences, in nonpublic, nonsectarian schools, county-operated  
21 special education programs, and county community schools.

22 (C) Determine the second principal apportionment average daily  
23 attendance for the 1996–97 fiscal year, including attendance in  
24 necessary small schools, but excluding attendance in nonpublic,  
25 nonsectarian schools, county-operated special education programs,  
26 and county community schools and for excused absences pursuant  
27 to subdivision (b) of Section 46010 as it read on July 1, 1996.

28 (D) Calculate the adjusted revenue limit average daily attendance  
29 by multiplying the average daily attendance figure used to make  
30 the determination set forth in paragraph (2) by the quotient of the  
31 amount determined pursuant to subparagraph (C) divided by the  
32 amount determined pursuant to subparagraph (B).

33 (4) Recalculate the 1997–98 fiscal year revenue limit per unit  
34 of average daily attendance to reflect the revision in the 1996–97  
35 revenue limit per unit of average daily attendance determined  
36 pursuant to paragraph (1).

37 (b) The calculations made pursuant to paragraphs (1) and (4)  
38 of subdivision (a) shall not be used for apportionment purposes  
39 for either of the fiscal years referred to in those paragraphs or for  
40 adjustments for those years.

1 (c) If the governing board of any school district demonstrates  
2 to the satisfaction of the Superintendent of Public Instruction that,  
3 because of extraordinary circumstances beyond the control of the  
4 school district, the amount of absences excused in one or more  
5 district programs in fiscal year 1996–97 pursuant to subdivision  
6 (b) of Section 46010 as it read on July 1, 1996, was significantly  
7 lower than it would ordinarily have been in comparison to the  
8 amount of actual attendance in fiscal year 1996–97, the  
9 Superintendent of Public Instruction shall make a compensating  
10 adjustment, consistent with the provisions of Section 2 of the  
11 Education Code, in the calculation set forth in this section.

12 (d) This section shall become inoperative on July 1, 2014, and,  
13 as of January 1, 2015, is repealed, unless a later enacted statute,  
14 that becomes operative on or before January 1, 2015, deletes or  
15 extends the dates on which it becomes inoperative and is repealed.

16 SEC. 57. Section 42238.9 of the Education Code is amended  
17 to read:

18 42238.9. (a) The amount per unit of average daily attendance  
19 subtracted pursuant to Section 56712 for revenue limits for pupils  
20 in special classes and centers shall be the district's total revenue  
21 limit for the current fiscal year computed pursuant to Section  
22 42238, including funds received pursuant to Article 4 (commencing  
23 with Section 42280), but excluding the total amount of funds  
24 received pursuant to Sections 46200 to 46206, inclusive, and  
25 Section 45023.4, as that section read on July 1, 1986, divided by  
26 the district's current year average daily attendance pursuant to  
27 Section 42238.5. The amount per unit of average daily attendance  
28 that is excluded in this calculation for each school district shall be  
29 increased for the 1998–99 fiscal year by the quotient for that district  
30 of the amount determined pursuant to subparagraph (B) of  
31 paragraph (3) of subdivision (a) of Section 42238.8 divided by the  
32 amount determined pursuant to subparagraph (C) of paragraph (3)  
33 of subdivision (a) of Section 42238.8.

34 (b) This section shall become inoperative on July 1, 2014, and,  
35 as of January 1, 2015, is repealed, unless a later enacted statute,  
36 that becomes operative on or before January 1, 2015, deletes or  
37 extends the dates on which it becomes inoperative and is repealed.

38 SEC. 58. Section 42238.95 of the Education Code is amended  
39 to read:

1 42238.95. (a) The amount per unit of average daily attendance  
2 for pupils in special classes and centers that shall be apportioned  
3 to each county office of education shall be equal to the amount  
4 determined for the district of residence pursuant to Section 42238.9,  
5 increased by the quotient equal to the amount determined pursuant  
6 to paragraph (1) divided by the amount determined pursuant to  
7 paragraph (2). This subdivision only applies to average daily  
8 attendance served by employees of the county office of education.

9 (1) Determine the second principal apportionment average daily  
10 attendance for special education for the county office of education  
11 for the 1996–97 fiscal year, including attendance for excused  
12 absences, divided by the corresponding average daily attendance  
13 excluding attendance for excused absences pursuant to subdivision  
14 (b) of Section 46010 as it read on July 1, 1996, reported pursuant  
15 to Section 41601 for the 1996–97 fiscal year.

16 (2) Determine the second principal apportionment average daily  
17 attendance for the 1996–97 fiscal year, including attendance for  
18 excused absences, for all of the school districts within the county,  
19 excluding average daily attendance for county office special  
20 education and county community school programs and nonpublic  
21 nonsectarian schools, divided by the corresponding average daily  
22 attendance, excluding attendance for excused absences determined  
23 pursuant to subdivision (b) of Section 46010 as it read on July 1,  
24 1996, and reported pursuant to Section 41601 for the 1996–97  
25 fiscal year.

26 (b) A county office of education shall provide the data required  
27 to perform the calculation specified in paragraph (1) of subdivision  
28 (a) to the Superintendent of Public Instruction in order to be eligible  
29 for the adjustment pursuant to subdivision (a).

30 (c) This section shall become inoperative on July 1, 2014, and,  
31 as of January 1, 2015, is repealed, unless a later enacted statute,  
32 that becomes operative on or before January 1, 2015, deletes or  
33 extends the dates on which it becomes inoperative and is repealed.

34 SEC. 59. Section 42238.11 of the Education Code is amended  
35 to read:

36 42238.11. Notwithstanding any other provision of law, for the  
37 1994–95 fiscal year the county superintendent of schools shall  
38 reduce the total revenue limit for each school district in the  
39 jurisdiction of the county superintendent of schools by the amount  
40 of the decreased employer contributions to the Public Employees’

1 Retirement System resulting from the enactment of Chapter 330  
2 of the Statutes of 1982, adjusted for any changes in those  
3 contributions resulting from subsequent changes in employer  
4 contribution rates, excluding rate changes due to the direct transfer  
5 of the state-mandated portion of the employer contributions to the  
6 Public Employees' Retirement System, through the 1994–95 fiscal  
7 year. The reduction shall be calculated for each school district as  
8 follows:

9 (a) Determine the amount of employer contributions that would  
10 have been made in the 1994–95 fiscal year if the applicable Public  
11 Employees' Retirement System employer contribution rate in effect  
12 immediately prior to the enactment of Chapter 330 of the Statutes  
13 of 1982 were in effect during the 1994–95 fiscal year.

14 For purposes of this calculation, no school district shall have a  
15 contribution rate higher than 13.020 percent.

16 (b) Subtract from the amount determined in subdivision (a) the  
17 actual amount of employer contributions made to the Public  
18 Employees' Retirement System in the 1994–95 fiscal year.

19 (c) For the purposes of this section, employer contributions to  
20 the Public Employees' Retirement System for any of the following  
21 positions shall be excluded from the calculation specified above:

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

24 (2) Positions supported by funds received pursuant to Section  
25 42243.6.

26 (3) Positions supported, to the extent of employer contributions  
27 not exceeding twenty-five thousand dollars (\$25,000) by any single  
28 educational agency, from a non-General Fund revenue source  
29 determined to be properly excludable from this section by the  
30 Superintendent of Public Instruction with the approval of the  
31 Director of Finance.

32 (d) For accounting purposes, the reduction made by this  
33 provision may be reflected as an expenditure from appropriate  
34 sources of revenue as directed by the Superintendent of Public  
35 Instruction.

36 (e) The amount of the reduction made by this section shall not  
37 be adjusted by the deficit factor calculated pursuant to Section  
38 42238.145.

39 It is the intent of the Legislature to make adjustments to school  
40 district revenue limits for the 1994–95 fiscal year to reflect savings

1 that these districts will realize in the contributions to the Public  
2 Employees' Retirement System due to a reduced contribution rate  
3 for the 1994–95 fiscal year.

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

8 SEC. 60. Section 42238.12 of the Education Code is amended  
9 to read:

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

23 (1) (A) Determine the amount of employer contributions that  
24 would have been made in the current fiscal year if the applicable  
25 Public Employees' Retirement System employer contribution rate  
26 in effect immediately before the enactment of Chapter 330 of the  
27 Statutes of 1982 were in effect during the current fiscal year.

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

30 (2) Determine the actual amount of employer contributions  
31 made to the Public Employees' Retirement System in the current  
32 fiscal year.

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

1 (4) For the purpose of this section, employer contributions to  
2 the Public Employees' Retirement System for any of the following  
3 positions shall be excluded from the calculation specified above:

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

6 (B) Positions supported by funds received pursuant to Section  
7 41540 that are established in order to satisfy court-ordered  
8 desegregation requirements.

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

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

24 (6) The amount of the increase or decrease to the revenue limits  
25 of school districts computed pursuant to paragraph (3) for the  
26 1995–96 to 2002–03 fiscal years, inclusive, may not be adjusted  
27 by the deficit factor applied to the revenue limit of each school  
28 district pursuant to Section 42238.145.

29 (7) For the 2003–04 fiscal year and any fiscal year thereafter,  
30 the revenue limit reduction specified in Section 42238.146 may  
31 not be applied to the amount of the increase or decrease to the  
32 revenue limits of school districts computed pursuant to paragraph  
33 (3).

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

38 (c) Funding appropriated through the Budget Act of 2001 or  
39 legislation amending the Budget Act of 2001 for the purpose of  
40 limiting the reductions to revenue limits calculated pursuant to

1 this section and to Section 2558 for the 2001–02 fiscal year shall  
2 be allocated on a one-time basis in the following manner:

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

10 (2) For the 2001–02 fiscal year, instead of the alternative  
11 calculation authorized by paragraph (1), San Francisco Unified  
12 School District shall receive an amount equal to five dollars and  
13 57 cents (\$5.57) multiplied by its second principal apportionment  
14 average daily attendance for the 2001–02 fiscal year.

15 (3) Notwithstanding any other law, total allocations pursuant  
16 to this subdivision may not exceed thirty-five million dollars  
17 (\$35,000,000).

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

25 (1) Each school district and county office of education subject  
26 to a reduced apportionment pursuant to this section or to Section  
27 2558 shall receive a share of the amount appropriated in this  
28 subdivision that is proportionate to the reduction in their  
29 apportionment pursuant to this section or to Section 2558 for the  
30 2003–04 fiscal year as compared to the statewide total reduction  
31 that would occur absent this paragraph.

32 (2) For the 2003–04 fiscal year, instead of the alternative  
33 calculation authorized by paragraph (1), the San Francisco Unified  
34 School District shall receive an amount equal to five dollars and  
35 57 cents (\$5.57) multiplied by its second principal apportionment  
36 average daily attendance for the 2003–04 fiscal year.

37 (3) Notwithstanding any other law, total allocations pursuant  
38 to this subdivision may not exceed thirty-five million dollars  
39 (\$35,000,000) for the 2003–04 fiscal year.

1 (4) For the purposes of making the computations required by  
2 Section 8 of Article XVI of the California Constitution, the  
3 appropriation made by this section shall be deemed to be “General  
4 Fund revenues appropriated for school districts,” as defined in  
5 subdivision (c) of Section 41202, for the 2003–04 fiscal year and  
6 included within the “total allocations to school districts and  
7 community college districts from General Fund proceeds of taxes  
8 appropriated pursuant to Article XIII B,” as defined in subdivision  
9 (e) of Section 41202, for the 2003–04 fiscal year.

10 (e) For the 2004–05 fiscal year, and each fiscal year thereafter,  
11 apportionment reductions pursuant to this section and to Section  
12 2558 shall be limited as follows:

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

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

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

33 (f) This section shall become inoperative on July 1, 2014, and,  
34 as of January 1, 2015, is repealed, unless a later enacted statute,  
35 that becomes operative on or before January 1, 2015, deletes or  
36 extends the dates on which it becomes inoperative and is repealed.

37 SEC. 61. Section 42238.13 of the Education Code is amended  
38 to read:

39 42238.13. (a) Notwithstanding any other provision of law, for  
40 any elementary school district that meets all of the criteria specified

1 in subdivision (b), the base revenue limit for the 1988–89 fiscal  
2 year and each subsequent fiscal year computed pursuant to Section  
3 42238 shall be computed as though the 1987–88 base revenue limit  
4 per unit of average daily attendance was two thousand nine hundred  
5 sixty-five dollars (\$2,965). The county superintendent shall  
6 compute the revenue limit on that basis.

7 (b) The revenue limit computation described in subdivision (a)  
8 shall apply to any elementary school district that meets all of the  
9 following criteria:

10 (1) The minority enrollment in the district in the 1987–88 school  
11 year was greater than 98 percent.

12 (2) The AFDC enrollment in the district in the 1987–88 school  
13 year was greater than 32 percent.

14 (3) The district ranked in all of the following categories in the  
15 1986–87 California Assessment Program as follows:

16 (A) Lowest 3 percent for third grade reading.

17 (B) Lowest 2 percent for sixth grade reading.

18 (C) Lowest 1 percent for eighth grade reading.

19 (D) Lowest 1 percent for sixth grade mathematics.

20 (E) Lowest 1 percent for eighth grade mathematics.

21 (F) Lowest 1 percent for history/social science.

22 (G) Lowest 1 percent for science.

23 (4) The district’s 1987–88 base revenue limit was 2 percent  
24 below the statewide average for elementary districts and 7 percent  
25 below the county average for elementary districts.

26 (5) The district is under a court order as of the effective date of  
27 this act.

28 (c) This section shall become inoperative on July 1, 2014, and,  
29 as of January 1, 2015, is repealed, unless a later enacted statute,  
30 that becomes operative on or before January 1, 2015, deletes or  
31 extends the dates on which it becomes inoperative and is repealed.

32 SEC. 62. Section 42238.14 of the Education Code is amended  
33 to read:

34 42238.14. (a) For the purposes of this article, the revenue limit  
35 for the 1993–94 fiscal year for each school district determined  
36 pursuant to this article and adjusted pursuant to Section 42238.16  
37 shall be reduced by a 8.14 percent deficit factor.

38 (b) This section shall become inoperative on July 1, 2014, and,  
39 as of January 1, 2015, is repealed, unless a later enacted statute,

1 that becomes operative on or before January 1, 2015, deletes or  
2 extends the dates on which it becomes inoperative and is repealed.

3 SEC. 63. Section 42238.145 of the Education Code is amended  
4 to read:

5 42238.145. For the purposes of this article, the revenue limit  
6 for each school district shall be reduced by a deficit factor, as  
7 follows:

8 (a) (1) For the 1994–95 fiscal year, the revenue limit for each  
9 school district determined pursuant to this article shall be reduced  
10 by an 11.01 percent deficit factor.

11 (2) For the 1995–96 fiscal year, the revenue limit for each school  
12 district determined pursuant to this article shall be reduced by a  
13 10.12 percent deficit factor.

14 (3) For the 1996–97 and 1997–98 fiscal years, the revenue limit  
15 for each school district determined pursuant to this article shall be  
16 reduced by a 9.967 percent deficit factor, as adjusted pursuant to  
17 Section 42238.42.

18 (4) For the 1999–2000 fiscal year, the revenue limit for each  
19 school district determined pursuant to this article shall be reduced  
20 by a 6.996 percent deficit factor.

21 (b) (1) The revenue limit for the 1994–95 fiscal year for each  
22 school district shall be determined as if the revenue limit for each  
23 school district had been determined for the 1993–94 fiscal year  
24 without being reduced by the deficit factor required pursuant to  
25 Section 42238.14.

26 (2) When computing the revenue limit for each school district  
27 for the 1995–96 or any subsequent fiscal year pursuant to this  
28 article, the revenue limit shall be determined as if the revenue limit  
29 for that school district had been determined for the previous fiscal  
30 year without being reduced by the deficit factor specified in this  
31 section.

32 This section shall become inoperative on July 1, 2014, and, as  
33 of January 1, 2015, is repealed, unless a later enacted statute, that  
34 becomes operative on or before January 1, 2015, deletes or extends  
35 the dates on which it becomes inoperative and is repealed.

36 SEC. 64. Section 42238.146 of the Education Code is amended  
37 to read:

38 42238.146. (a) (1) For the 2003–04 fiscal year, the revenue  
39 limit for each school district determined pursuant to this article  
40 shall be reduced by a 1.198 percent deficit factor.

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

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

7 (4) For the 2005–06 fiscal year, the revenue limit for each school  
8 district determined pursuant to this article shall be reduced by a  
9 0.892 percent deficit factor.

10 (5) For the 2008–09 fiscal year, the revenue limit for each school  
11 district determined pursuant to this article shall be reduced by a  
12 7.844 percent deficit factor.

13 (6) For the 2009–10 fiscal year, the revenue limit for each school  
14 district determined pursuant to this article shall be reduced by a  
15 18.355 percent deficit factor.

16 (7) For the 2010–11 fiscal year, the revenue limit for each school  
17 district determined pursuant to this article shall be reduced by a  
18 17.963 percent deficit factor.

19 (8) For the 2011–12 fiscal year, the revenue limit for each school  
20 district determined pursuant to this article shall be reduced by a  
21 20.404 percent deficit factor.

22 (9) For the 2012–13 fiscal year, the revenue limit for each school  
23 district determined pursuant to this article shall be reduced by a  
24 22.272 percent deficit factor.

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

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

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

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

6 (f) In computing the revenue limit for each school district for  
7 the 2013–14 fiscal year pursuant to this article, the revenue limit  
8 shall be determined as if the revenue limit for that school district  
9 had been determined for the 2012–13 fiscal year without being  
10 reduced by the deficit factors specified in subdivision (a).

11 (g) This section shall become inoperative on July 1, 2014, and,  
12 as of January 1, 2015, is repealed, unless a later enacted statute,  
13 that becomes operative on or before January 1, 2015, deletes or  
14 extends the dates on which it becomes inoperative and is repealed.

15 SEC. 65. Section 42238.17 of the Education Code is amended  
16 to read:

17 42238.17. Notwithstanding any other provision of law, for any  
18 school district that was reorganized effective July 1, 1992, as a  
19 unified school district and that is congruent to a school district that  
20 was reorganized as an elementary school district effective July 1,  
21 1990, the Superintendent of Public Instruction shall compute  
22 apportionments using the following data:

23 (a) For the purposes of paragraph (1) of subdivision (d) of  
24 Section 42238 for the 1990–91 and 1991–92 fiscal years, the  
25 superintendent shall use the actual number of units of average daily  
26 attendance for the 1990–91 fiscal year second principal  
27 apportionments.

28 (b) For the purposes of paragraph (1) of subdivision (d) of  
29 Section 42238, for the 1992–93 fiscal year and each fiscal year  
30 thereafter, the superintendent shall use the actual number of units  
31 of average daily attendance for the 1992–93 fiscal year second  
32 principal apportionment.

33 This section shall become inoperative on July 1, 2014, and, as  
34 of January 1, 2015, is repealed, unless a later enacted statute, that  
35 becomes operative on or before January 1, 2015, deletes or extends  
36 the dates on which it becomes inoperative and is repealed.

37 SEC. 66. Section 42238.18 of the Education Code is amended  
38 to read:

39 42238.18. (a) Notwithstanding any other provision of law,  
40 only those pupils enrolled in county office of education programs

1 while detained in a juvenile hall, juvenile home, day center,  
2 juvenile ranch, juvenile camp, or regional youth educational facility  
3 established pursuant to Article 23 (commencing with Section 850),  
4 Article 24 (commencing with Section 880), and Article 24.5  
5 (commencing with Section 894) of Chapter 2 of Part 1 of Division  
6 2 of the Welfare and Institutions Code shall be counted as juvenile  
7 court school pupils. For purposes of apportionments, those pupils  
8 in a group home housing 25 or more children placed pursuant to  
9 Sections 362, 727, and 730 of the Welfare and Institutions Code  
10 or in any group home housing 25 or more children and operating  
11 one or more additional sites under a central administration for  
12 children placed pursuant to Section 362, 727, or 730 of the Welfare  
13 and Institutions Code shall be reported as county group home and  
14 institutions pupils to the Superintendent and shall be counted as  
15 juvenile court school pupils for purposes of apportionments.

16 (b) Notwithstanding any other provision of law, any county  
17 superintendent of schools operating juvenile court schools, county  
18 group home and institutions schools, or community schools, or  
19 any combination of these schools shall maintain an account in their  
20 general fund to be known as the juvenile court and community  
21 school account, and shall deposit all funds derived from the  
22 operation of juvenile court, county group home and institutions  
23 schools, and community schools into that account. Expenditures  
24 from the juvenile court and community school account shall be  
25 limited to the following:

26 (1) Those expenditures defined as direct costs of instructional  
27 programs by the California State School Accounting Manual,  
28 except that facility costs, including the costs of renting, leasing,  
29 purchasing, remodeling, constructing, or improving buildings and  
30 the costs of purchasing or improving land, shall be allowed as an  
31 instructional cost in the juvenile court and community school fund.  
32 Deferred maintenance contributions made pursuant to Section  
33 17584 may also be allowed as an instructional cost of juvenile  
34 court and county community school programs, provided the  
35 contribution does not exceed the program's proportionate share  
36 of total county school service fund expenditures as defined in  
37 Section 17584, and provided the funds are used for deferred  
38 maintenance of juvenile court and county community school  
39 facilities.

1 (2) Expenditures that are defined as documented direct support  
2 costs by the California State School Accounting Manual.

3 (3) Expenditures that are defined as allocated direct support  
4 costs by the California State School Accounting Manual.

5 (4) Other expenditures for support and indirect charges.  
6 However, these charges may not exceed 10 percent of the sum of  
7 the expenditures in paragraphs (1), (2), and (3).

8 Expenditures that represent contract payments to other agencies  
9 for the operation of juvenile court and community school programs  
10 shall be included in the juvenile court and community school  
11 account and the contract costs distributed to the cost categories  
12 defined in paragraphs (1), (2), (3), and (4). At the end of any given  
13 school year the net ending balance in the juvenile court and  
14 community school account may be distributed to a reserved account  
15 for economic contingencies or to a reserved account for capital  
16 outlay, provided that the combined total transferred does not exceed  
17 15 percent of the current year's authorized expenditures as specified  
18 above and also provided that funds placed in the reserved accounts  
19 shall only be expended for juvenile court, county group home and  
20 institutions, or community school programs. The net ending  
21 balance, except for those funds placed in a capital outlay fund,  
22 shall not exceed the greater of 15 percent of the previous year's  
23 expenditures or twenty-five thousand dollars (\$25,000). A county  
24 may accumulate over a period of two or more given school years  
25 a net ending balance in the capital outlay reserved account of more  
26 than 15 percent of the current fiscal year's expenditures under  
27 provisions of a resolution of the governing board. Funds in the  
28 capital outlay reserve are to be used for capital outlay only. The  
29 Superintendent shall require an annual certification by county  
30 superintendents of schools beginning in the 1989–90 fiscal year  
31 that juvenile court, county group home and institutions, and  
32 community school funds have been expended as provided in this  
33 section and shall withhold from the subsequent year's  
34 apportionment an amount equal to any excess ending balance or  
35 excess transfers, as provided in this subdivision, in the juvenile  
36 court and community school account.

37 (c) Notwithstanding any other provision of law, pupils who are  
38 referred by the county probation department under Section 601 or  
39 654 of the Welfare and Institutions Code, shall be enrolled and  
40 eligible for apportionments in county community schools only

1 after an individualized review and certification of the  
2 appropriateness of enrollment in the county group home and  
3 institution's school or county community school. The  
4 individualized review shall include representatives of the court,  
5 the county department of education, the county probation  
6 department, and either the school district of residence or, in cases  
7 in which the pupil resides in a group home or institution, the school  
8 district in which the group home or institution is located, and, in  
9 each case, the school district representative shall agree to the  
10 appropriateness of the proposed placement and pupils so placed  
11 shall have a probation officer assigned to their case.

12 (d) Regardless of the operative date of the amendments to this  
13 section made during the 1997 portion of the 1997–98 Regular  
14 Session, this section, as so amended, shall be implemented as  
15 though it had been operative on July 1, 1996. For the purpose of  
16 implementing this section for the entire 1996–97 fiscal year, the  
17 Superintendent and other public officers shall take all necessary  
18 steps to effect the required adjustments and shall have authority  
19 to adjust allowance computations, apportionments, and  
20 disbursements ordered from Section A of the State School Fund  
21 and other public funds.

22 (e) This section shall become inoperative on July 1, 2014, and,  
23 as of January 1, 2015, is repealed, unless a later enacted statute,  
24 that becomes operative on or before January 1, 2015, deletes or  
25 extends the dates on which it becomes inoperative and is repealed.

26 SEC. 67. Section 42239 of the Education Code is amended to  
27 read:

28 42239. (a) For each fiscal year the Superintendent of Public  
29 Instruction shall compute funding for supplemental instruction for  
30 each school district or charter school by multiplying the number  
31 of pupil hours of supplemental instruction claimed pursuant to  
32 Sections 37252 and 37252.2 by the pupil hour allowance specified  
33 in subdivision (b) or by a pupil hour allowance specified in the  
34 annual Budget Act in lieu of the amount computed in subdivision  
35 (b).

36 (b) Hours of supplemental instruction shall be reimbursed at a  
37 rate of three dollars and fifty-three cents (\$3.53) per pupil hour,  
38 adjusted in the 2005–06 fiscal year and subsequent fiscal years as  
39 specified in this section, provided that a different reimbursement  
40 rate may be specified for each fiscal year in the annual Budget Act

1 that appropriates funding for that fiscal year. This amount shall be  
2 increased annually by the percentage increase pursuant to  
3 subdivision (b) of Section 42238.1 granted to school districts or  
4 charter schools for base revenue limit cost-of-living increases.

5 (c) (1) If appropriated funding is insufficient to pay all claims  
6 made in any fiscal year pursuant to Sections 37252 and 37252.2,  
7 the superintendent shall use any available funding appropriated  
8 for the purposes of reimbursing school districts pursuant to Section  
9 37252 or 37252.2.

10 (2) If appropriated funding is still insufficient to pay all claims  
11 made in any fiscal year pursuant to Section 37252 or 37252.2, the  
12 superintendent shall use any available funding appropriated for  
13 the purposes of reimbursing school districts for supplemental  
14 instruction in the prior fiscal year.

15 (3) If appropriated funding is still insufficient to pay all claims  
16 made in any fiscal year pursuant to Section 37252 or 37252.2, the  
17 superintendent shall use any available funding appropriated for  
18 the purposes of reimbursing school districts for supplemental  
19 instruction in the current fiscal year.

20 (4) The superintendent shall notify the Director of Finance that  
21 there is an insufficiency of funding appropriated for the purposes  
22 of Sections 37252 and 37252.2 only after the superintendent has  
23 exhausted all available balances of appropriations made for the  
24 current or prior fiscal years for the reimbursement of school  
25 districts for supplemental instruction.

26 (d) Notwithstanding any other provision of law, neither the State  
27 Board of Education nor the Superintendent of Public Instruction  
28 may waive any provision of this section.

29 (e) This section shall become inoperative on July 1, 2014, and,  
30 as of January 1, 2015, is repealed, unless a later enacted statute,  
31 that becomes operative on or before January 1, 2015, deletes or  
32 extends the dates on which it becomes inoperative and is repealed.

33 SEC. 68. Section 42240.1 of the Education Code is amended  
34 to read:

35 42240.1. (a) Any elementary school district with less than  
36 2,501 units of average daily attendance in grades kindergarten to  
37 6, inclusive, for the second principal apportionment in the 1978–79  
38 fiscal year, whose 7th and 8th grade pupils were being educated  
39 by a high school district pursuant to Article 5 (commencing with  
40 Section 37060) of Chapter 1 of Part 22 during the 1978–79 fiscal

1 year, shall be entitled to the revenue limit adjustment computed  
2 pursuant to Section 42240 beginning with the 1981–82 fiscal year.

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

7 SEC. 69. Section 42241.3 of the Education Code is amended  
8 to read:

9 42241.3. (a) This section applies only to the funding generated  
10 by the average daily attendance of pupils attending a charter school  
11 that has operated as a charter school since prior to July 1, 2005, if  
12 a unified school district has been the sponsoring local educational  
13 agency as defined in subdivision (i) of Section 47632, and if the  
14 unified school district was governed by Section 47660 as that  
15 section read on December 31, 2005.

16 (b) For the 2005–06 fiscal year only, the revenue limit funding  
17 of a unified school district, other than a unified school district that  
18 has converted all of its schools to charter status pursuant to Section  
19 47606 and is operating them as charter schools, shall be increased  
20 or decreased to reflect half of the difference between the funding  
21 provided for the base revenue limit per unit of average daily  
22 attendance of the unified school district as set forth in Section  
23 42238 and the general-purpose entitlement per unit of average  
24 daily attendance of the charter school as set forth in Section 47633.

25 (c) This section shall become inoperative on July 1, 2014, and,  
26 as of January 1, 2015, is repealed, unless a later enacted statute,  
27 that becomes operative on or before January 1, 2015, deletes or  
28 extends the dates on which it becomes inoperative and is repealed.

29 SEC. 70. Section 42241.7 of the Education Code is amended  
30 to read:

31 42241.7. (a) For the 1978–79 fiscal year, and each fiscal year  
32 thereafter, the revenue limit of any elementary, high, or unified  
33 school district authorized pursuant to Sections 42237 and 42238  
34 may be increased by an amount sufficient to provide additional  
35 revenue equal to the expenditures estimated to be incurred by the  
36 district in the budget year in complying with the following  
37 provisions of the Unemployment Insurance Code: Sections 605  
38 and 803, Article 6 (commencing with Section 821) of Chapter 3  
39 of Part 1 of Division 1, or Article 3 (commencing with Section  
40 976) of Chapter 4 of Part 1 of Division 1, less the actual

1 expenditures incurred by the district in the 1975–76 fiscal year in  
2 complying with the following provisions of the Unemployment  
3 Insurance Code: Section 605.2 and Article 6 (commencing with  
4 Section 821) of Chapter 3 of Part 1 of Division 1.

5 (b) If, at the end of any fiscal year, the actual expenditures of  
6 the district specified in subdivision (a) are less than the revenue  
7 derived from the increase in revenue limit provided in subdivision  
8 (a) for that fiscal year, the difference shall be used in the following  
9 fiscal year exclusively for expenditures required pursuant to the  
10 Unemployment Insurance Code provisions specified in subdivision  
11 (a).

12 (c) If, at the end of any fiscal year, the actual expenditures of  
13 the district specified in subdivision (a) exceed the revenue derived  
14 from the increase in revenue limit provided in subdivision (a) for  
15 that fiscal year, the difference may be added to the increase in  
16 revenue limit, authorized pursuant to this section, in the following  
17 fiscal year.

18 (d) (1) For the 1994–95 to 2002–03 fiscal years, inclusive, the  
19 adjustment computed pursuant to this section shall not be adjusted  
20 by the deficit factor applied to the revenue limit of each school  
21 district pursuant to Section 42238.145.

22 (2) For the 2003–04 fiscal year and each fiscal year thereafter,  
23 the revenue limit reduction specified in Section 42238.146 may  
24 not be applied to the adjustment computed pursuant to this section.

25 (e) Expenditures for employees of charter schools funded  
26 pursuant to Article 2 (commencing with Section 47633) of Chapter  
27 6 of Part 26.8 are excluded from the calculations set forth in this  
28 section.

29 (f) This section shall become inoperative on July 1, 2014, and,  
30 as of January 1, 2015, is repealed, unless a later enacted statute,  
31 that becomes operative on or before January 1, 2015, deletes or  
32 extends the dates on which it becomes inoperative and is repealed.

33 SEC. 71. Section 42243.7 of the Education Code is amended  
34 to read:

35 42243.7. (a) For any school district that commenced operations  
36 on or after June 30, 1978, or for any school district that receives  
37 approval from the department for a new continuation education  
38 high school for the 1979–80 fiscal year, or any fiscal year  
39 thereafter, the Superintendent of Public Instruction shall compute  
40 an adjustment to the district revenue limit pursuant to this section.

- 1 (b) Determine the amount of foundation program that the district  
2 would have been entitled to pursuant to subdivision (a) of Section  
3 41711, as that section read on July 1, 1977, if the district had  
4 operated during the 1977–78 fiscal year, utilizing the number of  
5 units of average daily attendance attending high school in the  
6 district in the fiscal year for which the revenue limit is being  
7 computed.
- 8 (c) Determine the amount of foundation program that the district  
9 would have been entitled to pursuant to paragraph (1) of  
10 subdivision (b) of Section 41711, as that section read on July 1,  
11 1977, if the district had operated during the 1977–78 fiscal year,  
12 utilizing the same number of units of average daily attendance  
13 used in subdivision (b) of this section.
- 14 (d) Subtract the amount determined pursuant to subdivision (c)  
15 from the amount computed pursuant to subdivision (b).
- 16 (e) The amount computed pursuant to subdivision (d), if greater  
17 than zero, shall be added to the revenue limit computed pursuant  
18 to subdivision (c) of Section 42237 or pursuant to Section 42238.  
19 If the amount in subdivision (d) is less than zero there is no  
20 adjustment.
- 21 (f) The Superintendent of Public Instruction shall reduce by the  
22 amount computed pursuant to subdivision (e) the revenue limit  
23 computed pursuant to Section 42238 of any district discontinuing  
24 the operation of a continuation education school approved pursuant  
25 to subdivision (a).
- 26 (g) (1) For the 1994–95 to 2002–03 fiscal years, inclusive, the  
27 adjustment computed pursuant to this section may not be adjusted  
28 by the deficit factor applied to the revenue limit of each school  
29 district pursuant to Section 42238.145.
- 30 (2) For the 2003–04 fiscal year and each fiscal year thereafter,  
31 the revenue limit reduction specified in Section 42238.146 may  
32 not be applied to the adjustment computed pursuant to this section.
- 33 (h) The adjustment computed pursuant to this section for a new  
34 continuation education high school may be applicable for any  
35 unified school district that was not fully operational during the  
36 first year of operation of the continuation education high school.  
37 The number of units of average daily attendance to be used in  
38 computing the adjustment shall be the number of units of average  
39 daily attendance generated by the continuation education high

1 school in the district for the first year that the district is fully  
2 operational in all grades.

3 (i) In the 1998–99 fiscal year and each fiscal year thereafter,  
4 the ranges of average daily attendance resulting from the  
5 calculation set forth in this section pursuant to Section 41711, as  
6 that section read on July 1, 1977, shall be reduced by the statewide  
7 average percentage that absences excused pursuant to subdivision  
8 (b) of Section 46010, as that section read on July 1, 1996, were of  
9 total second principal apportionment regular average daily  
10 attendance for high schools in 1996–97, with the reduced ranges  
11 then rounded to the nearest integer.

12 (j) Commencing with the 2005–06 fiscal year and  
13 notwithstanding any provision of law, the amount of the adjustment  
14 calculated pursuant to this section shall not be added to the revenue  
15 limit of a school district, but shall be used in determining the  
16 amount of the pupil retention block grant awarded a school district  
17 pursuant to Article 1 (commencing with Section 41500) of Chapter  
18 3.2.

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

23 SEC. 72. Section 46201.2 of the Education Code is amended  
24 to read:

25 46201.2. (a) Commencing with the 2009–10 school year and  
26 continuing through the 2013–14 school year, a school district,  
27 county office of education, or charter school may reduce the  
28 equivalent of up to five days of instruction or the equivalent  
29 number of instructional minutes without incurring the penalties  
30 set forth in Sections 41420, 46200, 46200.5, 46201, 46201.5,  
31 46202, and 47612.5. A school district, county office of education,  
32 or charter school shall receive revenue limit funding based on the  
33 adjustments prescribed pursuant to Section 42238.146 whether or  
34 not it reduces the number of schooldays or instructional minutes.

35 (b) This section shall become inoperative on July 1, 2014, and,  
36 as of January 1, 2015, is repealed, unless a later enacted statute,  
37 that becomes operative on or before January 1, 2015, deletes or  
38 extends the dates on which it becomes inoperative and is repealed.

39 SEC. 73. Section 46201.2 is added to the Education Code, to  
40 read:

1 46201.2. (a) Commencing with the 2009–10 school year and  
2 continuing through the 2013–14 school year, a school district,  
3 county office of education, or charter school may reduce the  
4 equivalent of up to five days of instruction or the equivalent  
5 number of instructional minutes without incurring the penalties  
6 set forth in Sections 41420, 46200, 46200.5, 46201, 46201.5,  
7 46202, and 47612.5, as those sections read on January 1, 2014. A  
8 school district, county office of education, or charter school shall  
9 receive revenue limit funding based on the adjustments prescribed  
10 pursuant to Section 42238.146, as it read on January 1, 2014,  
11 whether or not it reduces the number of schooldays or instructional  
12 minutes.

13 (b) For the 2014–15 school year, a school district, county office  
14 of education, or charter school may reduce the equivalent of up to  
15 five days of instruction or the equivalent number of instructional  
16 minutes without incurring the penalties set forth in Sections 41420,  
17 46200, 46200.5, 46201, 46201.5, 46202, and 47612.5.

18 (c) This section shall become operative on July 1, 2014.

19 (d) This section shall become inoperative on July 1, 2015, and,  
20 as of January 1, 2016, is repealed, unless a later enacted statute,  
21 that becomes operative on or before January 1, 2016, deletes or  
22 extends the dates on which it becomes inoperative and is repealed.

23 SEC. 74. Section 47604.33 of the Education Code is amended  
24 to read:

25 47604.33. (a) Each charter school shall annually prepare and  
26 submit the following reports to its chartering authority and the  
27 county superintendent of schools, or only to the county  
28 superintendent of schools if the county board of education is the  
29 chartering authority:

30 (1) On or before July 1, a preliminary budget. For a charter  
31 school in its first year of operation, the information submitted  
32 pursuant to subdivision (g) of Section 47605 satisfies this  
33 requirement.

34 (2) On or before December 15, an interim financial report. This  
35 report shall reflect changes through October 31.

36 (3) On or before March 15, a second interim financial report.  
37 This report shall reflect changes through January 31.

38 (4) On or before September 15, a final unaudited report for the  
39 full prior year.

1 (b) The chartering authority shall use any financial information  
2 it obtains from the charter school, including, but not limited to,  
3 the reports required by this section, to assess the fiscal condition  
4 of the charter school pursuant to subdivision (d) of Section  
5 47604.32.

6 (c) The cost of performing the duties required by this section  
7 shall be funded with supervisory oversight fees collected pursuant  
8 to Section 47613.

9 (d) This section shall become inoperative on July 1, 2014, and,  
10 as of January 1, 2015, is repealed, unless a later enacted statute,  
11 that becomes operative on or before January 1, 2015, deletes or  
12 extends the dates on which it becomes inoperative and is repealed.

13 SEC. 75. Section 47604.33 is added to the Education Code, to  
14 read:

15 47604.33. (a) Each charter school shall annually prepare and  
16 submit the following reports to its chartering authority and the  
17 county superintendent of schools, or only to the county  
18 superintendent of schools if the county board of education is the  
19 chartering authority:

20 (1) On or before July 1, a preliminary budget and a local control  
21 and accountability plan adopted pursuant to Section 52065. For a  
22 charter school in its first year of operation, the information  
23 submitted pursuant to subdivision (g) of Section 47605 satisfies  
24 this requirement.

25 (2) On or before December 15, an interim financial report. This  
26 report shall reflect changes through October 31.

27 (3) On or before March 15, a second interim financial report.  
28 This report shall reflect changes through January 31.

29 (4) On or before September 15, a final unaudited report for the  
30 full prior year.

31 (b) The chartering authority shall use any financial information  
32 it obtains from the charter school, including, but not limited to,  
33 the reports required by this section, to assess the fiscal condition  
34 of the charter school pursuant to subdivision (d) of Section  
35 47604.32.

36 (c) The cost of performing the duties required by this section  
37 shall be funded with supervisory oversight fees collected pursuant  
38 to Section 47613.

39 (d) This section shall become operative on July 1, 2014.

1 SEC. 76. Section 47610 of the Education Code is amended to  
2 read:

3 47610. A charter school shall comply with this part and all of  
4 the provisions set forth in its charter, but is otherwise exempt from  
5 the laws governing school districts, except all of the following:

6 (a) As specified in Section 47611.

7 (b) As specified in Section 41365.

8 (c) All laws establishing minimum age for public school  
9 attendance.

10 (d) The California Building Standards Code (Part 2  
11 (commencing with Section 101) of Title 24 of the California Code  
12 of Regulations), as adopted and enforced by the local building  
13 enforcement agency with jurisdiction over the area in which the  
14 charter school is located.

15 (e) Charter school facilities shall comply with subdivision (d)  
16 by January 1, 2007.

17 This section shall become inoperative on July 1, 2014, and, as  
18 of January 1, 2015, is repealed, unless a later enacted statute, that  
19 becomes operative on or before January 1, 2015, deletes or extends  
20 the dates on which it becomes inoperative and is repealed.

21 SEC. 77. Section 47610 is added to the Education Code, to  
22 read:

23 47610. (a) A charter school shall comply with this part and  
24 all of the provisions set forth in its charter, but is otherwise exempt  
25 from the laws governing school districts, except all of the  
26 following:

27 (1) As specified in Section 47611.

28 (2) As specified in Section 41365.

29 (3) As specified in Section 52065.

30 (4) All laws establishing minimum age for public school  
31 attendance.

32 (5) The California Building Standards Code (Part 2  
33 (commencing with Section 101) of Title 24 of the California Code  
34 of Regulations), as adopted and enforced by the local building  
35 enforcement agency with jurisdiction over the area in which the  
36 charter school is located.

37 (6) Charter school facilities shall comply with paragraph (5) of  
38 subdivision (a) by January 1, 2007.

39 (b) This section shall become operative on July 1, 2014.

1 SEC. 78. Section 47630.5 of the Education Code is amended  
2 to read:

3 47630.5. (a) This chapter applies to the calculation of  
4 operational funding for charter schools. Except as otherwise  
5 provided in this chapter, this chapter shall apply to all charter  
6 schools without regard to their sponsoring local education agency.

7 (b) For the 1999–2000, 2000–01, and 2001–02 fiscal years in  
8 the case of a charter school that was assigned a number by the  
9 State Board of Education prior to June 1, 1999, the use of the  
10 charter school funding method established by this chapter shall be  
11 at the discretion of that charter school. A charter school that elects  
12 to have its funding determined pursuant to the method established  
13 by this chapter shall notify the State Department of Education by  
14 June 1 prior to the affected fiscal year. An election to be funded  
15 pursuant to the method established by this chapter is irrevocable.

16 (c) Additional legal or fiscal responsibilities on the part of a  
17 county superintendent of schools are not imposed by this chapter,  
18 except as specifically provided in this chapter.

19 (d) This section shall become inoperative on July 1, 2014, and,  
20 as of January 1, 2015, is repealed, unless a later enacted statute,  
21 that becomes operative on or before January 1, 2015, deletes or  
22 extends the dates on which it becomes inoperative and is repealed.

23 SEC. 79. Section 47631 of the Education Code is amended to  
24 read:

25 47631. (a) Article 2 (commencing with Section 47633) and  
26 Article 3 (commencing with Section 47636) may not apply to a  
27 charter granted pursuant to Section 47605.5.

28 (b) Notwithstanding subdivision (a), a pupil attending a  
29 county-sponsored charter school who is eligible to attend that  
30 school solely as a result of parental request pursuant to subdivision  
31 (b) of Section 1981 shall be funded pursuant to this chapter.

32 (c) This section shall become inoperative on July 1, 2014, and,  
33 as of January 1, 2015, is repealed, unless a later enacted statute,  
34 that becomes operative on or before January 1, 2015, deletes or  
35 extends the dates on which it becomes inoperative and is repealed.

36 SEC. 80. Section 47631 is added to the Education Code, to  
37 read:

38 47631. (a) Article 3 (commencing with Section 47636) shall  
39 not apply to a charter granted pursuant to Section 47605.5.

1 (b) Notwithstanding subdivision (a), a pupil attending a  
2 county-sponsored charter school who is eligible to attend that  
3 school solely as a result of parental request pursuant to subdivision  
4 (b) of Section 1981 shall be funded pursuant to the local control  
5 funding formula pursuant to Section 42238.02, as implemented  
6 by Section 42238.03.

7 (c) This section shall become operative on July 1, 2014.

8 SEC. 81. Section 47632 of the Education Code is amended to  
9 read:

10 47632. For purposes of this chapter, the following terms shall  
11 be defined as follows:

12 (a) “General-purpose entitlement” means an amount computed  
13 by the formula set forth in Section 47633 beginning in the  
14 1999–2000 fiscal year, which is based on the statewide average  
15 amounts of general-purpose funding from those state and local  
16 sources identified in Section 47633 received by school districts of  
17 similar type and serving similar pupil populations.

18 (b) “Categorical block grant” means an amount computed by  
19 the formula set forth in Section 47634 beginning in the 1999–2000  
20 fiscal year, which is based on the statewide average amounts of  
21 categorical aid from those sources identified in Section 47634  
22 received by school districts of similar type and serving similar  
23 pupil populations.

24 (c) “General-purpose funding” means those funds that consist  
25 of state aid, local property taxes, and other revenues applied toward  
26 a school district’s revenue limit, pursuant to Section 42238.

27 (d) “Categorical aid” means aid that consists of state or federally  
28 funded programs, or both, which are apportioned for specific  
29 purposes set forth in statute or regulation.

30 (e) “Economic impact aid-eligible pupils” means those pupils  
31 that are included in the economic impact aid-eligible pupil count  
32 pursuant to Section 54023. For purposes of applying Section 54023  
33 to charter schools, “economically disadvantaged pupils” means  
34 the pupils described in paragraph (2) of subdivision (a) of Section  
35 54026.

36 (f) “Educationally disadvantaged pupils” means those pupils  
37 who are eligible for subsidized meals pursuant to Section 49552  
38 or are identified as English learners pursuant to subdivision (a) of  
39 Section 306, or both.

1 (g) “Operational funding” means all funding except funding for  
2 capital outlay.

3 (h) “School district of a similar type” means a school district  
4 that is serving similar grade levels.

5 (i) “Similar pupil population” means similar numbers of pupils  
6 by grade level, with a similar proportion of educationally  
7 disadvantaged pupils.

8 (j) “Sponsoring local educational agency” means the following:

9 (1) If a charter school is granted by a school district, the  
10 sponsoring local educational agency is the school district.

11 (2) If a charter is granted by a county office of education after  
12 having been previously denied by a school district, the sponsoring  
13 local educational agency means the school district that initially  
14 denied the charter petition.

15 (3) If a charter is granted by the state board after having been  
16 previously denied by a local educational agency, the sponsoring  
17 local educational agency means the local educational agency  
18 designated by the state board pursuant to paragraph (1) of  
19 subdivision (k) of Section 47605 or if a local educational agency  
20 is not designated, the local educational agency that initially denied  
21 the charter petition.

22 (4) For pupils attending county-sponsored charter schools who  
23 are eligible to attend those schools solely as a result of parental  
24 request pursuant to subdivision (b) of Section 1981, the sponsoring  
25 local educational agency means the pupils’ school district of  
26 residence.

27 (5) For pupils attending countywide charter schools pursuant  
28 to Section 47605.6 who reside in a basic aid school district, the  
29 sponsoring local educational agency means the school district of  
30 residence of the pupil. For purposes of this paragraph, “basic aid  
31 school district” means a school district that does not receive an  
32 apportionment of state funds pursuant to subdivision (h) of Section  
33 42238.

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

38 SEC. 82. Section 47632 is added to the Education Code, to  
39 read:

1 47632. (a) For purposes of this chapter, the following terms  
2 shall be defined as follows:

3 (1) “General-purpose entitlement” means an amount computed  
4 by the local control funding formula pursuant to Section 42238.02,  
5 as implemented by Section 42238.03.

6 (2) “General-purpose funding” means those funds that consist  
7 of state aid, local property taxes, and other revenues applied toward  
8 a school district’s local control funding formula, pursuant to  
9 Section 42238.02, as implemented by Section 42238.03.

10 (3) “Categorical aid” means aid that consists of state or federally  
11 funded programs, or both, which are apportioned for specific  
12 purposes set forth in statute or regulation.

13 (4) “Educationally disadvantaged pupils” means those pupils  
14 who are eligible for subsidized meals pursuant to Section 49552  
15 or are identified as English learners pursuant to subdivision (a) of  
16 Section 306, or both.

17 (5) “Operational funding” means all funding except funding for  
18 capital outlay.

19 (6) “School district of a similar type” means a school district  
20 that is serving similar grade levels.

21 (7) “Similar pupil population” means similar numbers of pupils  
22 by grade level, with a similar proportion of educationally  
23 disadvantaged pupils.

24 (8) “Sponsoring local educational agency” means the following:

25 (A) If a charter school is granted by a school district, the  
26 sponsoring local educational agency is the school district.

27 (B) If a charter is granted by a county office of education after  
28 having been previously denied by a school district, the sponsoring  
29 local educational agency means the school district that initially  
30 denied the charter petition.

31 (C) If a charter is granted by the state board after having been  
32 previously denied by a local educational agency, the sponsoring  
33 local educational agency means the local educational agency  
34 designated by the state board pursuant to paragraph (1) of  
35 subdivision (k) of Section 47605 or if a local educational agency  
36 is not designated, the local educational agency that initially denied  
37 the charter petition.

38 (D) For pupils attending county-sponsored charter schools who  
39 are eligible to attend those schools solely as a result of parental  
40 request pursuant to subdivision (b) of Section 1981, the sponsoring

1 local educational agency means the pupils' school district of  
2 residence.

3 (E) For pupils attending countywide charter schools pursuant  
4 to Section 47605.6 who reside in a basic aid school district, the  
5 sponsoring local educational agency means the school district of  
6 residence of the pupil. For purposes of this paragraph, "basic aid  
7 school district" means a school district that does not receive an  
8 apportionment of state funds as described in subdivision (n) of  
9 Section 42238.02.

10 (b) This section shall become operative on July 1, 2014.

11 SEC. 83. Section 47633 of the Education Code is amended to  
12 read:

13 47633. The Superintendent shall annually compute a  
14 general-purpose entitlement, funded from a combination of state  
15 aid and local funds, for each charter school as follows:

16 (a) The Superintendent shall annually compute the statewide  
17 average amount of general-purpose funding per unit of average  
18 daily attendance received by school districts for each of four grade  
19 level ranges: kindergarten and grades 1, 2, and 3; grades 4, 5, and  
20 6; grades 7 and 8; and, grades 9 to 12, inclusive. For purposes of  
21 making these computations, both of the following conditions shall  
22 apply:

23 (1) Revenue limit funding attributable to pupils in kindergarten  
24 and grades 1 to 5, inclusive, shall equal the statewide average  
25 revenue limit funding per unit of average daily attendance received  
26 by elementary school districts; revenue limit funding attributable  
27 to pupils in grades 6, 7, and 8, shall equal the statewide average  
28 revenue limit funding per unit of average daily attendance received  
29 by unified school districts; and revenue limit funding attributable  
30 to pupils in grades 9 to 12, inclusive, shall equal the statewide  
31 average revenue limit funding per unit of average daily attendance  
32 received by high school districts.

33 (2) Revenue limit funding received by school districts shall  
34 exclude the value of any benefit attributable to the presence of  
35 necessary small schools or necessary small high schools within  
36 the school district.

37 (b) The Superintendent shall multiply each of the four amounts  
38 computed in subdivision (a) by the charter school's average daily  
39 attendance in the corresponding grade level ranges. The resulting  
40 figure shall be the amount of the charter school's general-purpose

1 entitlement, which shall be funded through a combination of state  
2 aid and local funds. From funds appropriated for this purpose  
3 pursuant to Section 14002, the superintendent shall apportion to  
4 each charter school this amount, less local funds allocated to the  
5 charter school pursuant to Section 47635 and any amount received  
6 pursuant to subparagraph (B) of paragraph (3) of subdivision (e)  
7 of Section 36 of Article XIII of the California Constitution.

8 (c) General-purpose entitlement funding may be used for any  
9 public school purpose determined by the governing body of the  
10 charter school.

11 This section shall become inoperative on July 1, 2014, and, as  
12 of January 1, 2015, is repealed, unless a later enacted statute, that  
13 becomes operative on or before January 1, 2015, deletes or extends  
14 the dates on which it becomes inoperative and is repealed.

15 SEC. 84. Section 47634.1 of the Education Code, as added by  
16 Section 24 of Chapter 2 of the Fourth Extraordinary Session of  
17 the Statutes of 2009, is amended to read:

18 47634.1. (a) Notwithstanding subdivision (a) of Section 47634,  
19 a categorical block grant for charter schools for the 2005–06 fiscal  
20 year shall be calculated as follows:

21 (1) The Superintendent shall divide the total amount of funding  
22 appropriated for the purpose of this block grant in the annual  
23 Budget Act or another statute, less the total amount calculated in  
24 paragraph (2), by the statewide total of charter school average  
25 daily attendance, as determined at the second principal  
26 apportionment for the 2005–06 fiscal year.

27 (2) The statewide average amount, as computed by the  
28 Superintendent, of funding per identified educationally  
29 disadvantaged pupil received by school districts in the current  
30 fiscal year pursuant to Article 2 (commencing with Section 54020)  
31 of Chapter 1 of Part 29. This amount shall be multiplied by the  
32 number of educationally disadvantaged pupils enrolled in the  
33 charter school. The resulting amount, if greater than zero, shall  
34 not be less than the minimum amount of Economic Impact Aid  
35 funding to which a school district of similar size would be entitled  
36 pursuant to Section 54022. For purposes of this subdivision, a  
37 pupil who is eligible for subsidized meals pursuant to Section  
38 49552 and is identified as an English learner pursuant to  
39 subdivision (a) of Section 306 shall count as two pupils.

1 (3) For each charter school, the Superintendent shall multiply  
2 the amount calculated in paragraph (1) by the school's average  
3 daily attendance as determined at the second principal  
4 apportionment for the 2005–06 fiscal year.

5 (4) The Superintendent shall add the amounts computed in  
6 paragraphs (2) and (3). The resulting amount shall be the charter  
7 school categorical block grant that the Superintendent shall  
8 apportion to each charter school from funds appropriated for this  
9 purpose in the annual Budget Act or another statute. The  
10 Superintendent shall allocate an advance payment of this grant as  
11 early as possible, but no later than October 31, 2005, based on  
12 prior year average daily attendance as determined at the second  
13 principal apportionment or, for a charter school in its first year of  
14 operation that commences instruction on or before September 30,  
15 2005, on estimates of average daily attendance for the current fiscal  
16 year determined pursuant to Section 47652.

17 (b) (1) For the 2006–07 fiscal year, the categorical block grant  
18 allocated by the Superintendent for charter schools shall be four  
19 hundred dollars (\$400) per unit of charter school average daily  
20 attendance as determined at the second principal apportionment  
21 for the 2006–07 fiscal year. This amount shall be supplemented  
22 by the amount calculated in paragraph (2).

23 (2) The statewide average amount, as computed by the  
24 Superintendent, of funding per economic impact aid-eligible pupil  
25 count received by school districts in the current fiscal year,  
26 pursuant to Article 2 (commencing with Section 54020) of Chapter  
27 1 of Part 29, shall be multiplied by the number of economic impact  
28 aid-eligible pupils enrolled in the charter school. The resulting  
29 amount, if greater than zero, shall not be less than the minimum  
30 amount of Economic Impact Aid funding to which a school district  
31 of similar size would be entitled pursuant to Section 54022.

32 (c) (1) For the 2007–08 fiscal year, the categorical block grant  
33 allocated by the Superintendent for charter schools shall be five  
34 hundred dollars (\$500) per unit of charter school average daily  
35 attendance as determined at the second principal apportionment  
36 for the 2007–08 fiscal year. For each fiscal year thereafter, this  
37 per unit amount shall be adjusted for the cost-of-living adjustment,  
38 as determined pursuant to Section 42238.1, for that fiscal year.  
39 This amount shall be supplemented in the 2007–08 fiscal year and

1 each fiscal year thereafter by the amount calculated in paragraph  
2 (2).

3 (2) The statewide average amount, as computed by the  
4 Superintendent, of funding per economic impact aid-eligible pupil  
5 count received by school districts in the current year, pursuant to  
6 Article 2 (commencing with Section 54020) of Chapter 1 of Part  
7 29, shall be multiplied by the number of economic impact  
8 aid-eligible pupils enrolled in the charter school. The resulting  
9 amount, if greater than zero, shall not be less than the minimum  
10 amount of Economic Impact Aid funding to which a school district  
11 of similar size would be entitled pursuant to Section 54022.

12 (d) It is the intent of the Legislature to fully fund the categorical  
13 block grant for charter schools as specified in this section and to  
14 appropriate additional funding that may be needed in order to  
15 compensate for unanticipated increases in average daily attendance  
16 and counts of economic impact aid-eligible pupils, pursuant to  
17 Article 2 (commencing with Section 54020) of Chapter 1 of Part  
18 29, in charter schools. In any fiscal year in which the department  
19 identifies a deficiency in the categorical block grant, the department  
20 shall identify the available balance for programs that count towards  
21 meeting the requirements of Section 8 of Article XVI of the  
22 California Constitution and have unobligated funds for the year.  
23 On or before July 1, the department shall provide the Department  
24 of Finance with a list of those programs and their available  
25 balances, and the amount of the deficiency, if any, in the categorical  
26 block grant. Within 45 days of the receipt of a notification of  
27 deficiency, the Director of Finance shall verify the amount of the  
28 deficiency in the categorical block grant and direct the Controller  
29 to transfer an amount, equal to the lesser of the amount available  
30 or the amount needed to fully fund the categorical block grant,  
31 from those programs to the categorical block grant. The Department  
32 of Finance shall notify the Joint Legislative Budget Committee  
33 within 30 days of any transfer made pursuant to this section.

34 (e) Commencing October 1, 2007, the Legislative Analyst's  
35 Office shall triennially convene a work group to review,  
36 commencing with appropriations proposed for the 2008–09 fiscal  
37 year, the appropriateness of the funding level provided by the  
38 categorical block grant established in this section.

39 (f) Categorical block grant funding may be used for any purpose  
40 determined by the governing body of the charter school.

- 1 (g) This section shall become operative on July 1, 2013.  
2 (h) On or after July 1, 2014, this section shall become  
3 inoperative if the categorical programs funded through the  
4 categorical block grant described in this section are instead  
5 included within, or funded by, the local control funding formula  
6 pursuant to Section 42238.02, as implemented by Section 42238.03.  
7 SEC. 85. Article 5 (commencing with Section 52060) is added  
8 to Chapter 6.1 of Part 28 of Division 4 of Title 2 of the Education  
9 Code, to read:

10  
11 Article 5. Local Control and Accountability Plans  
12

13 52060. (a) The governing board of each school district shall  
14 adopt a local control and accountability plan using a template  
15 adopted by the state board.

16 (b) A local control and accountability plan adopted by a  
17 governing board of a school district shall be effective for a period  
18 of at least one year but no longer than five years. If a governing  
19 board of a school district adopts a plan that would be effective for  
20 a period longer than one year, the governing board must approve  
21 an update to the existing plan at least annually.

22 (c) On or before July 1 of each fiscal year, a governing board  
23 of a school district shall take action on a local control and  
24 accountability plan for the subsequent fiscal year, either by  
25 adopting a new local control and accountability plan or by  
26 approving an update to a plan the governing board of the school  
27 district has previously adopted.

28 (d) A governing board of a school district shall update the local  
29 control and accountability plan if the governing board of the school  
30 district determines that changes in the composition of the base  
31 Academic Performance Index require the school district to take  
32 specific actions and use strategies that are not already included in  
33 the plan to meet the Academic Performance Index growth target  
34 for each school in the school district. If the governing board of the  
35 school district determines that an update is necessary, the governing  
36 board of the school district shall approve the update by November  
37 1 of the year in which the new base Academic Performance Index  
38 is released.

39 (e) A governing board of a school district shall demonstrate that  
40 a local control and accountability plan approved by the governing

1 board of the school district was developed in consultation with  
2 teachers, principals, administrators, other school personnel, parents,  
3 and pupils, *and is intended to accelerate pupil progress toward*  
4 *academic proficiency.*

5 (f) A governing board of a school district shall ensure that a  
6 local control and accountability plan is consistent with all school  
7 plans submitted pursuant to Section 64001 by a school district for  
8 schools within the school district.

9 (g) Before adopting a local control and accountability plan or  
10 approving an update to an existing plan, a governing board of a  
11 school district shall hold at least one public hearing to solicit  
12 recommendations and opinions of members of the public regarding  
13 specific actions and strategies that should be included in the plan.  
14 The agenda for the public hearing shall be posted at least 72 hours  
15 before the public hearing and shall include the location where the  
16 local control and accountability plan will be available for public  
17 inspection. This public hearing shall be held at the same meeting  
18 as the public hearing required by paragraph (1) of subdivision (a)  
19 of Section 42127.

20 (h) A governing board of a school district shall notify members  
21 of the public, using the most efficient method possible, of the  
22 opportunity to submit written recommendations and opinions  
23 regarding specific actions and strategies that should be included  
24 in the local control and accountability plan. This subdivision shall  
25 not be interpreted to require a school district to produce printed  
26 notices or to send notices by mail.

27 (i) A governing board of a school district shall adopt a local  
28 control and accountability plan in a public meeting. This meeting  
29 shall be held after, but not on the same day as, the public hearing  
30 held pursuant to subdivision (g). This meeting shall be the same  
31 meeting during which the governing board of the school district  
32 considers a budget pursuant to paragraph (2) of subdivision (a) of  
33 Section 42127.

34 (j) A governing board of a school district may adopt a revised  
35 local control and accountability plan if the governing board of the  
36 school district is required to adopt a revised budget. A revised  
37 local control and accountability plan shall be adopted at the same  
38 meeting that a revised budget is adopted.

1 52060.5. It is the intent of the Legislature to strengthen the  
2 accountability provisions proposed in this article in the following  
3 ways:

4 (a) Ensure that supplemental funds generated by low income,  
5 English learner, and foster pupils are used to improve services to  
6 those pupils, and not to supplant existing resources dedicated to  
7 those pupils.

8 (b) Provide authority of state entities, county entities, or both,  
9 to intervene in and support school districts that do not demonstrate  
10 improvements, across subgroups of pupils, toward achievement  
11 of common core academic content standards and other state  
12 standards and goals.

13 (c) Rescind flexibility provisions for school districts that do not  
14 demonstrate improvements in outcomes across subgroups of pupils.

15 (d) Ensure more robust data collections for purposes of state  
16 accountability systems and state and local oversight.

17 (e) Ensure that the majority of funds allocated through any  
18 school funding formula are spent on services and programs with  
19 direct benefits to pupils.

20 52061. (a) Not later than five days after adoption of a local  
21 control and accountability plan or approval of an update to an  
22 existing plan pursuant to Section 52060, the governing board of a  
23 school district shall file the plan with the county superintendent  
24 of schools. The plan shall be filed on the same day that the  
25 governing board of the school district files the budget pursuant to  
26 paragraph (2) of subdivision (a) of Section 42127.

27 (b) The county superintendent of schools shall do all of the  
28 following:

29 (1) Examine if the plan adheres to the template adopted by the  
30 state board pursuant to Section 52066 and includes all of the  
31 components identified in subdivision (a) of Section 52064.

32 (2) Determine if the budget for the subsequent fiscal year  
33 adopted by the governing board of the school district includes  
34 expenditures sufficient to implement the specific actions and  
35 strategies included in the local control and accountability plan  
36 adopted by the governing board of the school district, based on  
37 the projections of the costs included in the plan.

38 (3) In making the determinations pursuant to paragraphs (1) and  
39 (2), consider input from teachers, principals, administrators, other  
40 school personnel, parents, and pupils from the school district.

1     (4) *The county superintendent of schools shall post all local*  
2 *control and accountability plans submitted by school districts and*  
3 *charter schools on the Internet Web site of the county office of*  
4 *education.*

5     52062. (a) Each county superintendent of schools shall  
6 develop, and each county board of education shall adopt, a local  
7 control and accountability plan using a template adopted by the  
8 state board.

9     (b) A local control and accountability plan adopted by a county  
10 board of education shall be effective for a period of at least one  
11 year but no longer than five years. If a county board of education  
12 adopts a plan that would be effective for a period longer than one  
13 year, the county board of education must approve an update to the  
14 plan at least annually.

15     (c) On or before July 1 of each fiscal year, a county board of  
16 education shall take action on a local control and accountability  
17 plan for the subsequent fiscal year, either by adopting a new local  
18 control and accountability plan or by approving an update to a plan  
19 the county board of education has previously adopted.

20     (d) A county superintendent of schools shall update and present  
21 to the county board of education for approval the local control and  
22 accountability plan if the county board of education determines  
23 that changes in the composition of the base Academic Performance  
24 Index require the county superintendent of schools to take specific  
25 actions and use strategies that are not already included in the plan  
26 to meet the Academic Performance Index growth target for each  
27 school operated by the county superintendent of schools. If the  
28 county board of education determines that an update is necessary,  
29 the county board of education shall approve the update by  
30 November 1 of the year in which the base Academic Performance  
31 Index is released.

32     (e) A county superintendent of schools shall demonstrate that  
33 a local control and accountability plan was developed in  
34 consultation with teachers, principals, administrators, other school  
35 personnel, parents, and pupils, *and is intended to accelerate pupil*  
36 *progress toward academic proficiency.* A county superintendent  
37 of schools also shall demonstrate that the superintendents of all  
38 school districts in the county were consulted in the development  
39 of the plan.

1 (f) A local control and accountability plan shall be consistent  
2 with all school plans submitted pursuant to Section 64001 by the  
3 county superintendent of schools for schools operated by the county  
4 superintendent of schools.

5 (g) Before adopting a local control and accountability plan or  
6 approving an update to an existing plan, a county board of  
7 education shall hold at least one public hearing to solicit  
8 recommendations and opinions of members of the public regarding  
9 specific actions and strategies that should be included in the plan.  
10 The agenda for that hearing shall be posted at least 72 hours before  
11 the public hearing and shall include the location where the local  
12 control and accountability plan will be available for public  
13 inspection. The public hearing shall be held at the same meeting  
14 as the public hearing required by Section 1620.

15 (h) A county board of education shall notify members of the  
16 public, using the most efficient method possible, of the opportunity  
17 to submit written recommendations and opinions regarding specific  
18 actions and strategies that should be included in the local control  
19 and accountability plan. This subdivision shall not be interpreted  
20 to require a county board of education to produce printed notices  
21 or to send notices by mail.

22 (i) A county board of education shall adopt a local control and  
23 accountability plan in a public meeting. This meeting shall be held  
24 after, but not on the same day as, the public hearing held pursuant  
25 to subdivision (g). The meeting shall be the same meeting during  
26 which a county board of education considers a budget pursuant to  
27 Section 1620.

28 (j) A county board of education may adopt a revised local  
29 control and accountability plan if the county board of education  
30 is required to adopt a revised budget. A revised local control and  
31 accountability plan shall be adopted at the same meeting that a  
32 revised budget is adopted.

33 52063. (a) No later than five days after adoption of a local  
34 control and accountability plan or approval of an update to an  
35 existing plan pursuant to Section 52062 by a county board of  
36 education, the county superintendent of schools shall file the plan  
37 with the Superintendent, the county board of supervisors, and the  
38 county auditor. The plan shall be filed on the same day that the  
39 county superintendent of schools files the budget pursuant to  
40 subdivision (a) of Section 1622.

1 (b) The Superintendent shall do all of the following:

2 (1) Examine if the plan adheres to the template adopted by the  
3 state board pursuant to Section 52066 and includes all of the  
4 components identified in subdivision (a) of Section 52064.

5 (2) Determine if the budget for the subsequent fiscal year  
6 adopted by the county board of education includes expenditures  
7 sufficient to implement the specific actions and strategies included  
8 in the local control and accountability plan adopted by the county  
9 board of education, based on the projections of the costs included  
10 in the plan.

11 (3) In making the determinations pursuant to paragraphs (1) and  
12 (2), consider input from teachers, principals, administrators, other  
13 school personnel, parents, and pupils in the county.

14 (c) *The Superintendent shall post all local control and*  
15 *accountability plans submitted to it by county superintendents of*  
16 *schools on its Internet Web site. The Superintendent shall also*  
17 *post all local control and accountability plans submitted by school*  
18 *districts and charter schools to county superintendents of schools*  
19 *on its Internet Web site.*

20 52064. (a) A local control and accountability plan adopted by  
21 a governing board of a school district or a county board of  
22 education shall identify goals and describe the specific actions the  
23 school district or county superintendent of schools will take and  
24 strategies that will be used to achieve all of the following:

25 (1) Implement, for all pupils, the content standards adopted by  
26 the state board pursuant to Sections 60605.8, 60605.10, and  
27 60605.11.

28 (2) Increase the Academic Performance Index *and performance*  
29 *on statewide assessments pursuant to Article 4 (commencing with*  
30 *Section 60640) of Chapter 5 of Part 33, other national assessments,*  
31 *statewide assessments, and appropriate local assessments,* for  
32 each school and for each numerically significant pupil subgroup  
33 pursuant to Section 52052, and reduce gaps in the Academic  
34 Performance Index and other measures of pupil achievement  
35 between numerically significant pupil subgroups, *as evidenced by*  
36 *the results of statewide assessments pursuant to Article 4*  
37 *(commencing with Section 60640) of Chapter 5 of Part 33, other*  
38 *national assessments, statewide assessments, and appropriate*  
39 *local assessments.*

- 1 (3) ~~Improve~~—*Significantly improve* pupil achievement of  
2 *proficiency in* the content standards adopted by the state board  
3 pursuant to Sections 60605, 60605.2, 60605.3, 60605.8, and  
4 60605.85, at all grade levels, as evidenced by the results of  
5 statewide assessments pursuant to Article 4 (commencing with  
6 Section 60640) of Chapter 5 of Part 33, other *national assessments*,  
7 statewide assessments, and appropriate local assessments.
- 8 (4) Increase high school graduation rates *as measured by the*  
9 *California Longitudinal Pupil Achievement Data System and the*  
10 *school district level data system*, if a school district or a county  
11 superintendent of schools enrolls high school pupils, increase  
12 attendance rates, and reduce dropout rates.
- 13 (5) Increase the percentage of pupils who have successfully  
14 completed each of the following:
- 15 (A) Courses that satisfy the requirements for entrance to the  
16 University of California and the California State University.
- 17 (B) Advanced placement courses.
- 18 (C) Career technical education programs.
- 19 (6) Identify and address needs of pupils, and schools  
20 predominantly serving pupils, who meet any of the following  
21 definitions:
- 22 (A) Pupils who have been classified as an English learner  
23 pursuant to Section 52164.
- 24 (B) Pupils who qualify for the free and reduced-price meal  
25 program pursuant to Section 49552.
- 26 (C) Foster children as defined in Sections 300 and 601 of the  
27 Welfare and Institutions Code.
- 28 (D) Pupils enrolled in a juvenile court school operated by a  
29 county superintendent of schools pursuant to subdivision (a) of  
30 Section 48645.2, if applicable.
- 31 (7) Remedy deficiencies in any school in the school district or  
32 any school operated by the county board of education and improve  
33 school conditions in any of the areas included in paragraphs (5),  
34 (6), and (8) of subdivision (b) of Section 33126. This includes  
35 ensuring access for each pupil to the following:
- 36 (A) Sufficient textbooks and instructional materials.
- 37 (B) Safe, clean, and adequate school facilities.
- 38 (C) Qualified teachers.
- 39 (8) Provide meaningful opportunities for parent involvement,  
40 including, at a minimum, supporting effective schoolsite councils

1 or other structures at each school and advisory panels to the  
2 governing board of the school district or the county board of  
3 education or, if parents so choose, creating other processes or  
4 structures, such as creating the role of an ombudsman for parents,  
5 to address complaints and other issues raised by parents.

6 *(9) Improvement in the school district's college entrance rate,*  
7 *as measured by the National Student Clearinghouse or other*  
8 *state-approved pupil data tracking system if a school district or*  
9 *county superintendent of schools enrolls high school pupils.*

10 *(10) Improvement in the number of pupils who enter technical*  
11 *school after graduation, as measured by the National Student*  
12 *Clearinghouse or other state-approved pupil data tracking system,*  
13 *or who graduate prepared to enter high-wage, high-skill*  
14 *occupations if a school district or county superintendent of schools*  
15 *enrolls high school pupils.*

16 (b) A local control and accountability plan developed by a  
17 county superintendent of schools and approved by a county board  
18 of education shall also include, in addition to the elements included  
19 in subdivision (a), goals related to addressing countywide needs,  
20 and describe specific actions and strategies to do all of the  
21 following:

22 (1) Conduct effective oversight of school districts pursuant to  
23 Article 2 (commencing with Section 1240) of Chapter 2 of Part 2  
24 of Division 1 of Title 1 and Chapter 6 (commencing with Section  
25 42100) of Part 24 of Division 3 of Title 2.

26 (2) Provide support to school districts in the county, including  
27 support related to school district operations, educational  
28 technology, and professional development, and guidance to school  
29 districts related to curriculum and instructional practices.

30 (3) Coordinate instruction for expelled pupils pursuant to Section  
31 48926.

32 (c) A local control and accountability plan shall include an  
33 analysis of both the following:

34 (1) Pupil achievement of those pupils enrolled in schools in a  
35 school district or schools operated by a county superintendent of  
36 schools at the time the plan is adopted by the governing board of  
37 the school district or the county board of education.

38 (2) If a governing board of a school district or a county board  
39 of education previously has adopted a local control and  
40 accountability plan, progress made in implementing the goals

1 identified in the plan in effect immediately before the adoption of  
2 a new plan by the governing board of the school district or the  
3 county board of education.

4 (d) For purposes of conducting the analysis required by  
5 subdivision (c), a governing board of a school district or a county  
6 superintendent of schools may consider qualitative information,  
7 including reviews conducted by panels of experts during visits to  
8 schools in the school district or schools operated by the county  
9 office of education.

10 (e) Data reported in a local control and accountability plan shall  
11 be consistent with information reported on school accountability  
12 report cards for schools in a school district or schools operated by  
13 a county superintendent of schools.

14 (f) (1) A local control and accountability plan shall include  
15 projections of the costs of implementing the specific actions and  
16 strategies included in the plan. Expenditures that reflect these cost  
17 projections shall be included in the budget adopted by the  
18 governing board of the school district pursuant to Section 42127.

19 (2) *A local control and accountability plan shall demonstrate*  
20 *fiscal solvency, as measured by the standards and criteria adopted*  
21 *by the state board pursuant to Section 33127 and implementing*  
22 *regulations.*

23 (g) A local control and accountability plan adopted by a  
24 governing board of a school district shall document all of the  
25 following:

26 (1) For those fiscal years in which it is anticipated that the school  
27 district will receive less funding than is calculated under the local  
28 control funding formula pursuant to Section 42238.02, as  
29 implemented by Section 42238.03, a projection of the total funding  
30 required for the specific actions the school district will take and  
31 strategies that will be used to implement paragraph (6) of  
32 subdivision (a), divided by the average daily attendance of the  
33 pupils for whom any of the definitions included in paragraph (6)  
34 of subdivision (a) apply. This amount of funding shall not be less  
35 than the total expenditures from the sources included in paragraphs  
36 (1) to (3), inclusive, of subdivision (i) of Section 42238.02 during  
37 the 2013–14 fiscal year for services for pupils for whom any of  
38 the definitions included in paragraph (6) of subdivision (a) applied  
39 during the 2013–14 fiscal year, divided by the average daily  
40 attendance of these students during the 2013–14 fiscal year.

1 (2) For those fiscal years in which it is anticipated that the school  
2 district will receive funding equal to or greater than the amount  
3 calculated under the local control funding formula pursuant to  
4 Section 42238.02, as implemented by Section 42238.03, a  
5 projection of the total funding required for the specific actions the  
6 school district will take and strategies that will be used to  
7 implement paragraph (6) of subdivision (a), divided by the average  
8 daily attendance of the pupils to whom any of the definitions  
9 included in paragraph (6) of subdivision (a) is applicable. This  
10 funding shall not be less than the supplemental grants the governing  
11 board of the school district projects receiving pursuant to  
12 subdivision (e) of Section 42238.02, divided by the average daily  
13 attendance of the pupils to whom any of the definitions included  
14 in paragraph (6) of subdivision (a) is applicable.

15 (h) A local control and accountability plan adopted by a county  
16 board of education shall document all of the following:

17 (1) For those fiscal years in which it is anticipated that the  
18 county office of education will receive less funding than is  
19 calculated under the county local control funding formula pursuant  
20 to Section 2574, a projection of the total funding required for the  
21 specific actions the county superintendent of schools will take and  
22 strategies that will be used to implement paragraph (6) of  
23 subdivision (a), divided by the average daily attendance of the  
24 pupils to whom any of the definitions included in paragraph (6)  
25 of subdivision (a) is applicable. This amount of funding shall not  
26 be less than the total expenditures from the sources included in  
27 paragraphs (1) and (2) of subdivision (e) of Section 2574 during  
28 the 2013–14 fiscal year for services for pupils to whom any of the  
29 definitions included in paragraph (6) of subdivision (a) applied  
30 during the 2013–14 fiscal year, divided by the average daily  
31 attendance of these pupils during the 2013–14 fiscal year.

32 (2) For those fiscal years in which it is anticipated that the  
33 county office of education will receive funding equal to or greater  
34 than the amount calculated under the county local control funding  
35 formula pursuant to Section 2574, a projection of the total funding  
36 required for the specific actions the county superintendent of  
37 schools will take and strategies that will be used to implement  
38 paragraph (6) of subdivision (a), divided by the average daily  
39 attendance of the pupils to whom any of the definitions included  
40 in paragraph (6) of subdivision (a) is applicable. This funding shall

1 not be less than the supplemental grants the county board of  
2 education projects receiving pursuant to subdivision (c) of Section  
3 2574, divided by the average daily attendance of the pupils to  
4 whom any of the definitions included in paragraph (6) of  
5 subdivision (a) is applicable.

6 (i) A local control and accountability plan shall account for the  
7 funds provided to charter schools that elect to receive funding  
8 through the school district or the county office of education  
9 pursuant to Section 47651.

10 (j) *A local control and accountability plan shall include*  
11 *measurable metrics to demonstrate achievement of the elements*  
12 *identified in paragraphs (1) to (10), inclusive, of subdivision (a),*  
13 *using as a baseline pupil achievement at the time the local control*  
14 *and accountability plan is adopted.*

15 52065. (a) The governing body of a charter school that elects  
16 to receive its funding directly, pursuant to Section 47651, shall  
17 adopt a local control and accountability plan using a template  
18 adopted by the state board.

19 (b) Notwithstanding Section 52064, a local control and  
20 accountability plan adopted by the governing body of a charter  
21 school shall identify specific steps the charter school will take and  
22 strategies that will be used to accomplish the goals identified in  
23 the charter petition granted pursuant to Sections 47605, 47605.5,  
24 47605.6, 47605.8, and 47606.

25 (c) A local control and accountability plan adopted by a  
26 governing body of a charter school shall be effective for a period  
27 of at least one year but no longer than five years. If the governing  
28 body of the charter school adopts a plan that would be effective  
29 for a period longer than one year, the governing body of the charter  
30 school must approve an update to the existing plan at least annually.

31 (d) On or before July 1 of each fiscal year, a governing body of  
32 a charter school shall take action on a local control and  
33 accountability plan for the subsequent fiscal year, either by  
34 adopting a new local control and accountability plan or by  
35 approving an update to a plan the charter school has previously  
36 adopted. The plan shall be submitted to the charter school's  
37 chartering authority and the county superintendent of schools, or  
38 only to the county superintendent of schools if the county board  
39 of education is the chartering authority, on the same day that the

1 charter school submits its preliminary budget pursuant to paragraph  
2 (1) of subdivision (a) of Section 47604.33.

3 52065.5. (a) *On or before July 1, 2015, the Superintendent*  
4 *shall develop and the state board shall adopt a system of assistance*  
5 *and interventions that shall be implemented in either, or both, of*  
6 *the following circumstances:*

7 (1) *If a county office of education, school district, or charter*  
8 *school requests information, and technical and programmatic*  
9 *assistance.*

10 (2) *If a county office of education, school district, or charter*  
11 *school, over a two-year period, fails to accomplish the pupil*  
12 *achievement goals specified in its local control and accountability*  
13 *plan.*

14 (b) *The system of assistance and interventions shall be available*  
15 *for implementation on or before July 1, 2017, and shall include*  
16 *meaningful incentives and consequences, including, but not limited*  
17 *to, loss of local governing and policymaking authority. The system*  
18 *of assistance and interventions may also include, but is not limited*  
19 *to, development of a carefully selected and trained statewide or*  
20 *regional group of experts and practitioners, or both, to assist*  
21 *county offices of education, school district, and charter schools*  
22 *in developing the local capacity to meet the educational needs of*  
23 *all pupils.*

24 (c) *If the system of assistance and interventions requires*  
25 *statutory changes, the Superintendent, on or before January 1,*  
26 *2015, shall submit the proposed statutory changes to the*  
27 *appropriate policy and fiscal committees of the Legislature for*  
28 *consideration.*

29 52066. (a) The state board shall adopt a template for use by  
30 school districts and a separate template for use by county  
31 superintendents of schools that includes the elements identified in  
32 Section 52064.

33 (b) The state board shall also adopt a template for use by charter  
34 schools to satisfy the requirements of Section 52065.

35 (c) The templates developed by the state board shall allow a  
36 school district, county superintendent of schools, or charter school  
37 to complete a single local control and accountability plan to meet  
38 the requirements of this article and the requirements of the federal  
39 Elementary and Secondary Act related to local educational agency  
40 plans pursuant to Section 1112 of Subpart 1 of Part A of Title I of

1 Public Law 107-110. The state board shall also take steps to  
2 minimize duplication of effort at the local level to the greatest  
3 extent possible.

4 (d) If possible, the template identified in subdivision (a) for use  
5 by county superintendents of schools shall allow a county  
6 superintendent of schools to develop a single local control and  
7 accountability plan that would also satisfy the requirements of  
8 Section 48926.

9 (e) The state board shall approve the templates identified in  
10 subdivisions (a) and (b) by January 30, 2015. Revisions to the  
11 templates shall be approved by the state board by January 1 before  
12 the fiscal year during which a template is to be used by a school  
13 district, county superintendent of schools, or charter school.

14 (f) The adoption of a template by the state board shall not create  
15 a requirement for a governing board of a school district, a county  
16 board of education, or a governing body of a charter school to  
17 submit a local control and accountability plan to the state board,  
18 unless otherwise required by federal law. The Superintendent shall  
19 not require a local control and accountability plan to be submitted  
20 by a governing board of a school district or the governing body of  
21 a charter school. The state board may adopt a template that would  
22 authorize a school district or a charter school to submit to the state  
23 board only the sections of the local control and accountability plan  
24 required by federal law.

25 (g) The state board may adopt emergency regulations for  
26 purposes of implementing this section.

27 52067. This article shall become operative on July 1, 2014.

28 SEC. 86. If the Commission on State Mandates determines  
29 that this act contains costs mandated by the state, reimbursement  
30 to local agencies and school districts for those costs shall be made  
31 pursuant to Part 7 (commencing with Section 17500) of Division  
32 4 of Title 2 of the Government Code.

33 *SEC. 87. The provisions of this bill shall become operative*  
34 *only if both of the following occur:*

35 (a) *Senate Bill 344 of the 2013–14 Regular Session of the*  
36 *Legislature is enacted and it relates to educational accountability*  
37 *for English learner programs and services.*

38 (b) *Senate Bill 860 of the 2013–14 Regular Session of the*  
39 *Legislature is enacted and it relates to career technical education.*

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