

AMENDED IN SENATE MAY 28, 2013

AMENDED IN SENATE MAY 24, 2013

AMENDED IN SENATE MAY 8, 2013

AMENDED IN SENATE APRIL 25, 2013

SENATE BILL

No. 69

Introduced by Senator Liu

**(Principal coauthors: Senators Block, De León, Lara, Leno, Padilla,
and Steinberg)**

(Coauthors: Senators Hancock, Hill, and Monning)

January 10, 2013

An act to amend Sections 47634.1, 49085, and 52052 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, 42238.06, and 60902 to, to add Article 3 (commencing with Section 2574) to Chapter 12 of Part 2 of Division 1 of Title 1 of, to add Article 5 (commencing with Section 52060) to Chapter 6.1 of Part 28 of Division 4 of Title 2 of, 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) Existing law requires the State Department of Education to ensure that the California School Information Services system meets the needs

of pupils in foster care and includes disaggregated data on pupils in foster care.

This bill would instead require the department to enter into a memorandum of understanding with the State Department of Social Services for purposes of sharing specified information related to pupils under supervision of the juvenile court. The bill would also require the Superintendent of Public Instruction to submit a report related to pupils under supervision of the juvenile court, as specified, to the Legislature and the Governor by February 15 of each even-numbered year.

(4) This bill would, on or before March 1, 2014, require the Legislative Analyst’s Office to submit recommendations to the fiscal committees of both houses of the Legislature regarding revisions to the methods of funding pupil transportation, as specified.

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

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

(7) 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 Assembly Bill 88 of the 2013–14 Regular Session, as amended
5 April 3, 2013, attempts to increase local flexibility, make funding
6 more equitable and transparent, and devote greater resources to
7 children who come 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

1 related to a number of its provisions, in particular the inadequate
2 level of funding proposed for statewide pupil base grants.
3 Additional concerns include, but are not limited to, proposed
4 concentration grants, incomplete accountability provisions,
5 inadequate data collection, lack of structure for high school grade
6 span funding, perpetuation of historically inequitable funding
7 allocations, and the timing for implementation of a new formula.

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

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

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

20 1622. (a) On or before July 1 of each fiscal year, the county
21 board of education shall adopt an annual budget for the budget
22 year and shall file that budget with the Superintendent of Public
23 Instruction, the county board of supervisors, and the county auditor.
24 The budget, and supporting data, shall be maintained and made
25 available for public review. The budget shall indicate the date,
26 time, and location at which the county board of education held the
27 public hearing required under Section 1620.

28 (b) The Superintendent of Public Instruction shall examine the
29 budget to determine whether it (1) complies with the standards
30 and criteria adopted by the State Board of Education pursuant to
31 Section 33127 for application to final local educational agency
32 budgets, (2) allows the county office of education to meet its
33 financial obligations during the fiscal year, and (3) is consistent
34 with a financial plan that will enable the county office of education
35 to satisfy its multiyear financial commitments. In addition, the
36 Superintendent shall identify any technical corrections to the budget
37 that must be made. On or before August 15, the Superintendent of
38 Public Instruction shall approve or disapprove the budget and, in
39 the event of a disapproval, transmit to the county office of
40 education in writing his or her recommendations regarding revision

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

11 (c) On or before September 8, the county board of education
12 shall revise the county office of education budget to reflect changes
13 in projected income or expenditures subsequent to July 1, and to
14 include any response to the recommendations of the Superintendent
15 of Public Instruction, shall adopt the revised budget, and shall file
16 the revised budget with the Superintendent of Public Instruction,
17 the county board of supervisors, and the county auditor. Prior to
18 revising the budget, the county board of education shall hold a
19 public hearing regarding the proposed revisions, which shall be
20 made available for public inspection not less than three working
21 days prior to the hearing. The agenda for that hearing shall be
22 posted at least 72 hours prior to the public hearing and shall include
23 the location where the budget will be available for public
24 inspection. The revised budget, and supporting data, shall be
25 maintained and made available for public review.

26 (d) The Superintendent of Public Instruction shall examine the
27 revised budget to determine whether it complies with the standards
28 and criteria adopted by the State Board of Education pursuant to
29 Section 33127 for application to final local educational agency
30 budgets and, no later than October 8, shall approve or disapprove
31 the revised budget. If the Superintendent of Public Instruction
32 disapproves the budget, he or she shall call for the formation of a
33 budget review committee pursuant to Section 1623. For the
34 2011–12 fiscal year, notwithstanding any of the standards and
35 criteria adopted by the state board pursuant to Section 33127, the
36 Superintendent, as a condition on approval of a county office of
37 education budget, shall not require a county office of education to
38 project a lower level of revenue per unit of average daily attendance
39 than it received in the 2010–11 fiscal year nor require the county
40 superintendent to certify in writing whether or not the county office

1 of education is able to meet its financial obligations for the two
2 subsequent fiscal years.

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

10 (1) In the event of the disapproval of the budget of a county
11 office of education pursuant to subdivision (b), on or before
12 September 8, the county superintendent of schools and the county
13 board of education shall review the recommendations of the
14 Superintendent of Public Instruction at a regularly scheduled
15 meeting of the county board of education and respond to those
16 recommendations. That response shall include the proposed actions
17 to be taken, if any, as a result of those recommendations.

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

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

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

34 1622. (a) On or before July 1 of each fiscal year, the county
35 board of education shall adopt an annual budget for the budget
36 year and, for the 2015–16 fiscal year and each fiscal year thereafter,
37 take action on a local control and accountability plan pursuant to
38 Sections 52062 and 52064, and shall file the budget and local
39 control and accountability plan with the Superintendent, the county
40 board of supervisors, and the county auditor. The budget, the local

1 control and accountability plan, and supporting data shall be
2 maintained and made available for public review. The budget shall
3 indicate the date, time, and location at which the county board of
4 education held the public hearing required under Section 1620.
5 For the 2015–16 fiscal year and each fiscal year thereafter, the
6 county board of education shall not adopt a budget before it adopts
7 a local control and accountability plan or approves an update to
8 an existing local control and accountability plan. The county board
9 of education shall not adopt a budget that does not align with the
10 local control and accountability plan that applies to the subsequent
11 fiscal year.

12 (b) (1) The Superintendent shall examine the budget to
13 determine if it (A) complies with the standards and criteria adopted
14 by the state board pursuant to Section 33127 for application to
15 final local educational agency budgets, (B) allows the county office
16 of education to meet its financial obligations during the fiscal year,
17 and (C) is consistent with a financial plan that will enable the
18 county office of education to satisfy its multiyear financial
19 commitments. In addition, the Superintendent shall identify any
20 technical corrections to the budget that must be made. On or before
21 August 15, the Superintendent shall approve or disapprove the
22 budget and, in the event of a disapproval, transmit to the county
23 office of education in writing his or her recommendations regarding
24 revision of the budget and the reasons for those recommendations.

25 (2) For the 2011–12 fiscal year, notwithstanding any of the
26 standards and criteria adopted by the state board pursuant to Section
27 33127, the Superintendent, as a condition on approval of a county
28 office of education budget, shall not require a county office of
29 education to project a lower level of revenue per unit of average
30 daily attendance than it received in the 2010–11 fiscal year nor
31 require the county superintendent to certify in writing whether or
32 not the county office of education is able to meet its financial
33 obligations for the two subsequent fiscal years.

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

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

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

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

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

10 (c) On or before September 8 of each fiscal year, the county
11 board of education shall revise the county office of education
12 budget to reflect changes in projected income or expenditures
13 subsequent to July 1, and to include any response to the
14 recommendations of the Superintendent, shall adopt the revised
15 budget, and shall file the revised budget with the Superintendent,
16 the county board of supervisors, and the county auditor. Before
17 revising the budget, the county board of education shall hold a
18 public hearing regarding the proposed revisions, which shall be
19 made available for public inspection not less than three working
20 days before the hearing. The agenda for that hearing shall be posted
21 at least 72 hours before the public hearing and shall include the
22 location where the budget will be available for public inspection.
23 The revised budget and supporting data shall be maintained and
24 made available for public review.

25 (d) The Superintendent shall examine the revised budget to
26 determine whether it complies with the standards and criteria
27 adopted by the state board pursuant to Section 33127 for
28 application to final local educational agency budgets and, no later
29 than October 8 of each fiscal year, shall approve or disapprove the
30 revised budget. For the 2015–16 fiscal year and each fiscal year
31 thereafter, the Superintendent shall disapprove a revised budget if
32 the Superintendent determines that the expenditures included in
33 the budget do not reflect the costs necessary to implement the local
34 control and accountability plan adopted by a county board of
35 education pursuant to Sections 52062 and 52064. If the
36 Superintendent disapproves the budget, he or she shall call for the
37 formation of a budget review committee pursuant to Section 1623.
38 For the 2011–12 fiscal year, notwithstanding any of the standards
39 and criteria adopted by the state board pursuant to Section 33127,
40 the Superintendent, as a condition on approval of a county office

1 of education budget, shall not require a county office of education
2 to project a lower level of revenue per unit of average daily
3 attendance than it received in the 2010–11 fiscal year nor require
4 the county superintendent to certify in writing whether or not the
5 county office of education is able to meet its financial obligations
6 for the two subsequent fiscal years.

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

13 (1) In the event of the disapproval of the budget of a county
14 office of education pursuant to subdivision (b), on or before
15 September 8, the county superintendent of schools and the county
16 board of education shall review the recommendations of the
17 Superintendent at a regularly scheduled meeting of the county
18 board of education and respond to those recommendations. That
19 response shall include the proposed actions to be taken, if any, as
20 a result of those recommendations.

21 (2) No later than October 8, after receiving the response required
22 under paragraph (1), the Superintendent shall review that response
23 and either approve or disapprove the budget of the county office
24 of education. For the 2015–16 fiscal year and each fiscal year
25 thereafter, the Superintendent shall disapprove a budget if a county
26 board of education does not file a local control and accountability
27 plan with the Superintendent or if the Superintendent determines
28 that the expenditures included in the budget adopted by the county
29 board of education do not reflect the costs necessary to implement
30 the local control and accountability plan. If the Superintendent
31 disapproves the budget, he or she shall call for the formation of a
32 budget review committee pursuant to Section 1623.

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

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

39 SEC. 4. Section 2558.7 is added to the Education Code, to
40 read:

1 2558.7. This article shall become inoperative on July 1, 2014,
2 and, as of January 1, 2015, is repealed, unless a later enacted
3 statute, that becomes operative on or before January 1, 2015,
4 deletes or extends the dates on which it becomes inoperative and
5 is repealed.

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

7 2569. This article shall become inoperative on July 1, 2014,
8 and, as of January 1, 2015, is repealed, unless a later enacted
9 statute, that becomes operative on or before January 1, 2015,
10 deletes or extends the dates on which it becomes inoperative and
11 is repealed.

12 SEC. 6. The heading of Article 4 (commencing with Section
13 2570) of Chapter 12 of Part 2 of Division 1 of Title 1 of the
14 Education Code is amended and renumbered to read:

15
16 Article 2. Allocation of Property Tax Revenues
17

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

21
22 Article 3. County Local Control Funding Formula
23

24 2574. For the 2014–15 fiscal year and for each fiscal year
25 thereafter, the Superintendent annually shall calculate the County
26 Local Control Funding Formula for each county superintendent
27 of schools as follows:

28 (a) Compute a county office of education operations grant equal
29 to the sum of the following amounts:

30 (1) Six hundred fifty-five thousand nine hundred twenty dollars
31 (\$655,920).

32 (2) One hundred nine thousand three hundred twenty dollars
33 (\$109,320) multiplied by the number of school districts for which
34 the county superintendent of schools has jurisdiction pursuant to
35 Section 1253.

36 (3) (A) Seventy dollars (\$70) multiplied by the number of units
37 of countywide average daily attendance, up to a maximum of
38 30,000 units. For purposes of this section, countywide average
39 daily attendance means the aggregate number of annual units of
40 average daily attendance within the county attributable to all school

1 districts for which the county superintendent of schools has
2 jurisdiction pursuant to Section 1253, charter schools within the
3 county, and the schools operated by the county superintendent of
4 schools.

5 (B) Sixty dollars (\$60) multiplied by the number of units of
6 countywide average daily attendance for the portion of countywide
7 average daily attendance, if any, above 30,000 units, up to a
8 maximum of 60,000 units.

9 (C) Fifty dollars (\$50) multiplied by the number of units of
10 countywide average daily attendance for the portion of countywide
11 average daily attendance, if any, above 60,000 units, up to a
12 maximum of 140,000 units.

13 (D) Forty dollars (\$40) multiplied by the number of units of
14 countywide average daily attendance for the portion of countywide
15 average daily attendance, if any, above 140,000 units.

16 (4) For the 2015–16 fiscal year and each fiscal year thereafter,
17 adjust each of the amounts provided in the prior year pursuant to
18 paragraphs (1), (2), and (3) by the percentage change in the annual
19 average value of the Implicit Price Deflator for State and Local
20 Government Purchases of Goods and Services for the United States,
21 as published by the United States Department of Commerce for
22 the 12-month period ending in the third quarter of the prior fiscal
23 year. This percentage change shall be determined using the latest
24 data available as of May 10 of the preceding fiscal year compared
25 with the annual average value of the same deflator for the 12-month
26 period ending in the third quarter of the second preceding fiscal
27 year, using the latest data available as of May 10 of the preceding
28 fiscal year, as reported by the Department of Finance.

29 (b) Divide the enrollment of unduplicated pupils in all schools
30 operated by a county superintendent of schools by the total
31 enrollment in those schools.

32 (1) For purposes of this section, an “unduplicated pupil” is a
33 pupil who is classified as an English learner pursuant to Section
34 52164, as that section read on January 1, 2014; eligible to receive
35 a free or reduced-price meal pursuant to Section 49552, as that
36 section read on January 1, 2014; or a foster child pursuant to
37 Sections 300 and 601 of the Welfare and Institutions Code. A pupil
38 shall be counted only once for purposes of this section if any of
39 the following apply:

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

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

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

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

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

12 (3) Commencing with the 2014–15 fiscal year, a county
13 superintendent of schools annually shall report the enrollment of
14 unduplicated pupils, pupils classified as English learners, pupils
15 eligible for free and reduced-price meals, and foster children in
16 schools operated by the county superintendent of schools to the
17 Superintendent using the California Longitudinal Pupil
18 Achievement Data System. The Superintendent shall make the
19 calculations pursuant to this section using the California
20 Longitudinal Pupil Achievement Data System.

21 (c) Compute an alternative education grant equal to the sum of
22 the following:

23 (1) For the 2014–15 fiscal year, a base grant of eleven thousand
24 forty-five dollars (\$11,045). For the 2015–16 fiscal year and each
25 fiscal year thereafter, adjust the base grant provided in the prior
26 year by the percentage change in the annual average value of the
27 Implicit Price Deflator for State and Local Government Purchases
28 of Goods and Services for the United States, as published by the
29 United States Department of Commerce for the 12-month period
30 ending in the third quarter of the prior fiscal year. This percentage
31 change shall be determined using the latest data available as of
32 May 10 of the preceding fiscal year compared with the annual
33 average value of the same deflator for the 12-month period ending
34 in the third quarter of the second preceding fiscal year, using the
35 latest data available as of May 10 of the preceding fiscal year, as
36 reported by the Department of Finance.

37 (2) A supplemental grant equal to ~~35~~ 40 percent of the base
38 grant defined in paragraph (1) multiplied by the percentage
39 calculated in subdivision (b).

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

6 (i) Probation referred pursuant to Sections 300, 601, 602, and
7 654 of the Welfare and Institutions Code.

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

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

11 (B) Multiply the number of units of average daily attendance
12 for pupils attending a juvenile court school by the sum of the base
13 grant calculated in paragraph (1) and a supplemental grant equal
14 to ~~35~~ 40 percent of the base grant pursuant to paragraph (1).

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

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

18 (e) Add the amount of funding a county superintendent of
19 schools received for the 2013–14 fiscal year from funds allocated
20 pursuant to the Targeted Instructional Improvement Block Grant
21 program, as set forth in Article 6 (commencing with Section 41540)
22 of Chapter 3.2 of Part 24 of Division 3 of Title 2, as that article
23 read on January 1, 2014, to the amount calculated in subdivision
24 (d).

25 2575. Commencing with the 2014–15 budget year and for each
26 fiscal year thereafter, the Superintendent shall distribute the
27 appropriations in Section 14002 to each county superintendent of
28 schools according to the following formula:

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

31 (1) Entitlements for revenue limits in the 2013–14 fiscal year
32 pursuant to Article 3 (commencing with Section 2550) of Chapter
33 12, as that article read on January 1, 2014, adjusted only for
34 changes in average daily attendance claimed by the county
35 superintendent of schools for pupils identified in clauses (i), (ii),
36 and (iii) of subparagraph (A) of paragraph (3) of subdivision (c)
37 of Section 2574 and of pupils attending juvenile court schools. All
38 other average daily attendance claimed by the county
39 superintendent of schools and any other average daily attendance
40 used for purposes of calculating revenue limits pursuant to Article

1 3 (commencing with Section 2550) of Chapter 12, as that article
 2 read on January 1, 2014, shall be considered final for purposes of
 3 this section as of the annual apportionment for the 2013–14 fiscal
 4 year, as calculated for purposes of the certification required on or
 5 before February 20, 2015, pursuant to Section 41332.

6 (2) The amount of funding received from appropriations
 7 contained in Section 2.00 of the Budget Act of 2013, as adjusted
 8 by Section 12.42, in the following items: 6110-104-0001,
 9 6110-107-0001, 6110-108-0001, 6110-124-0001, 6110-128-0001,
 10 6110-137-0001, 6110-144-0001, 6110-158-0001, 6110-181-0001,
 11 6110-188-0001, 6110-189-0001, 6110-190-0001, 6110-193-0001,
 12 6110-195-0001, 6110-198-0001, 6110-204-0001, 6110-208-0001,
 13 6110-209-0001, 6110-211-0001, 6110-212-0001, 6110-227-0001,
 14 6110-228-0001, 6110-232-0001, 6110-234-0001, 6110-240-0001,
 15 6110-242-0001, 6110-243-0001, 6110-244-0001, 6110-245-0001,
 16 6110-246-0001, 6110-247-0001, 6110-248-0001, 6110-260-0001,
 17 6110-265-0001, 6110-266-0001, 6110-267-0001, 6110-268-0001,
 18 and 6360-101-0001, and 2013–14 fiscal year funding for the Class
 19 Size Reduction Program pursuant to Chapter 6.10 (commencing
 20 with Section 52120) of Part 28 of Division 4 of Title 2, as it read
 21 on January 1, 2014.

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

25 (b) Calculate an adjustment to the amount in subdivision (a) as
 26 follows:

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

30 (2) Divide the difference for the county superintendent of
 31 schools calculated in paragraph (1) by the total of the differences
 32 for all county superintendents of schools calculated pursuant to
 33 paragraph (1).

34 (3) (A) Multiply the proportion calculated in paragraph (2) by
 35 the amount of funding appropriated for purposes of this section.
 36 The amount calculated shall not exceed the difference for the
 37 county superintendent of schools calculated in paragraph (1).

38 (B) Add the amount calculated in subparagraph (A) to the
 39 allocation to the county superintendent of schools as calculated
 40 pursuant to subdivision (a).

- 1 (c) Subtract from the amount calculated in subparagraph (B) of
2 paragraph (3) of subdivision (b) the sum of each of the following:
- 3 (1) Local property tax revenues received pursuant to Section
4 2573 in the then current fiscal year.
- 5 (2) Any amounts that the county superintendent of schools was
6 required to maintain as restricted and not available for expenditure
7 in the 1978–79 fiscal year as specified in the second paragraph of
8 subdivision (c) of Section 6 of Chapter 292 of the Statutes of 1978,
9 as amended by Chapter 51 of the Statutes of 1979.
- 10 (3) The amount received pursuant to subparagraph (C) of
11 paragraph (3) of subdivision (a) of Section 33607.5 of the Health
12 and Safety Code that is considered property taxes pursuant to that
13 section.
- 14 (4) The amount, if any, received pursuant to Sections 34177,
15 34179.5, 34179.6, and 34188 of the Health and Safety Code.
- 16 (5) (A) The amount, if any, received pursuant to subparagraph
17 (B) of paragraph (3) of subdivision (e) of Section 36 of Article
18 XIII of the California Constitution.
- 19 (B) The amount in subparagraph (A) shall only offset the amount
20 included in paragraph (1) of subdivision (a).
- 21 (d) (1) The Superintendent shall apportion to the county
22 superintendent of schools either of the following:
- 23 (A) If the calculation in paragraph (1) of subdivision (b) is
24 positive, the amount calculated in subdivision (c).
- 25 (B) (i) If the calculation in paragraph (1) of subdivision (b) is
26 equal to zero or is negative, the sum of the amounts in paragraphs
27 (1) and (2) of subdivision (a), less the sum of the amounts included
28 in paragraphs (1) to (5), inclusive, of subdivision (c).
- 29 (ii) For the first fiscal year in which the amount calculated in
30 subdivision (e) of Section 2574 is greater than the sum of the
31 amounts in paragraphs (1) and (2) of subdivision (a) and for each
32 fiscal year thereafter, the Superintendent shall apportion to the
33 county superintendent of schools the amount calculated in
34 subdivision (e) of Section 2574, less the sum of the amounts
35 included in paragraphs (1) to (5), inclusive, of subdivision (c).
- 36 (iii) In any fiscal year before clause (ii) is operative, the county
37 superintendent of schools shall develop, and present at least twice
38 per fiscal year to the parents of pupils and the county board of
39 education, information that enhances their understanding of and
40 familiarity with the local control funding formula and the local

1 control and accountability plan. When presenting this information,
2 the county superintendent of schools shall explain, at a minimum
3 and consistent with Section 48985, how parents can meaningfully
4 participate and how the county office of education will provide
5 meaningful opportunities for parental involvement, including, but
6 not limited to, effective schoolsite councils and English learner
7 advisory committees.

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

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

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

24 (2) (A) Funds apportioned for purposes of a supplemental grant
25 pursuant to paragraph (2) and subparagraph (B) of paragraph (3)
26 of subdivision (c) of Section 2574 shall only be used to serve and
27 assist the pupils whose circumstances generated those funds and
28 shall supplement, not supplant, existing state and federal funds
29 expended on unduplicated pupils pursuant to a local control and
30 accountability plan adopted by the county board of education.

31 (B) County superintendents of schools that receive supplemental
32 grants pursuant to this section shall provide services and assistance
33 to an unduplicated pupil or pupils whose circumstances generated
34 those funds at any school enrolling one or more unduplicated
35 pupils.

36 (3) (A) Notwithstanding paragraph (2), a county superintendent
37 of schools may use funds apportioned pursuant to this article,
38 together with any other federal, state, or local funds, to improve
39 the entire educational program of a school in which at least 70
40 percent of the enrolled pupils are unduplicated pupils, as defined

1 in paragraph (1) of subdivision (b) of Section 2574, and that use
2 of funds shall be referred to as a schoolwide program for purposes
3 of this paragraph.

4 (B) A school participating in a schoolwide program may use
5 funds apportioned pursuant to this article to benefit any pupil
6 enrolled in the participating school.

7 (C) A school participating in a schoolwide program shall only
8 use funds apportioned pursuant to this article to supplement funds
9 that are, in the absence of the apportionment of funds pursuant to
10 this article, available from other sources, including those that
11 support legally required services for pupils with exceptional needs.

12 (D) A county superintendent of schools shall not make pupil
13 enrollment decisions for purposes of making schools eligible to
14 participate in a schoolwide program.

15 (E) A county superintendent of schools that chooses to use funds
16 apportioned pursuant to this article to operate a schoolwide
17 program shall describe how the funds will be used in the local
18 control and accountability plan adopted by the county board of
19 education.

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

23 2576. (a) If a county superintendent of schools enrolls in a
24 school operated by the county superintendent of schools a pupil
25 not funded pursuant to clause (i), (ii), or (iii) of subparagraph (A)
26 of paragraph (3) of subdivision (c) of Section 2574, any attendance
27 generated by that pupil shall be credited to the school district of
28 residence. That school district shall pay to the county
29 superintendent of schools the entire entitlement generated for each
30 unit of average daily attendance by that pupil.

31 (b) For purposes of this section, the school district of residence
32 for a homeless child, as defined in Section 1981.2, shall be deemed
33 to be the school district that last provided educational services to
34 that child or, if it is not possible to determine that school district,
35 the largest school district in the county.

36 2577. Notwithstanding any other law, revenue limit funding
37 for county superintendents of schools for the 2013–14 fiscal year
38 and prior fiscal years shall continue to be adjusted pursuant to
39 Article 3 (commencing with Section 2550), as that section read
40 on January 1, 2014.

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

3 (a) All references to Section 2558 shall instead refer to Section
4 2575.

5 (b) Unless context requires otherwise, all references to the
6 revenue limit of a county office of education or county
7 superintendent of schools shall instead refer to the county local
8 control funding formula.

9 2579. This article shall become operative on July 1, 2014.

10 SEC. 8. Section 14002 of the Education Code is amended to
11 read:

12 14002. (a) The Controller shall during each fiscal year
13 commencing with the 1980–81 fiscal year, transfer from the
14 General Fund of the state to that portion of the State School Fund
15 restricted for elementary and high school purposes, hereinafter
16 called Section A of the State School Fund such sums, in addition
17 to the sums accruing from other sources, as shall provide in Section
18 A of the State School Fund for apportionment during the fiscal
19 year a total amount per pupil in average daily attendance during
20 the preceding fiscal year credited to all elementary, high, and
21 unified school districts and to all county superintendents of schools
22 in the state, as certified by the Superintendent of Public Instruction,
23 of one hundred eighty dollars (\$180).

24 (b) The Controller shall also transfer, as needed during each
25 fiscal year commencing with the 1980–81 fiscal year, such
26 additional amounts from the General Fund to Section A of the
27 State School Fund as are certified from time to time by the
28 Superintendent of Public Instruction to be necessary to meet actual
29 computed apportionments from Section A of the State School Fund
30 for the purposes set forth in Section 41301; provided that the total
31 of such additional amounts transferred in a fiscal year shall not
32 exceed, except pursuant to subdivision (c) of this section, one
33 thousand two hundred sixty-eight dollars (\$1,268) for the 1980–81
34 fiscal year and fiscal years thereafter, per pupil in average daily
35 attendance during the preceding fiscal year credited to all
36 elementary, high, and unified school districts and to all county
37 superintendents of schools in the state, as certified by the
38 Superintendent of Public Instruction.

39 (c) In addition to the amounts authorized to be transferred to
40 Section A of the State School Fund under subdivisions (a) and (b),

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

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

24 (e) The amounts transferred under subdivisions (a) and (b) of
25 this section shall be cumulatively increased by the following
26 amounts:

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

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

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

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

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

36 14002. (a) Notwithstanding any other law, upon certification
37 of the Superintendent, the Controller shall transfer from the General
38 Fund to Section A of the State School Fund during each fiscal year
39 the amount of moneys required to meet the actual computed

1 apportionments for the fiscal year for the purposes set forth in
2 Sections 2575, 42238.02, and 42238.03.

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

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

15 SEC. 10. Section 14002.1 of the Education Code is amended
16 to read:

17 14002.1. (a) Notwithstanding any other law, for purposes of
18 determining (1) the amounts to be certified pursuant to Sections
19 14002 and 14004, (2) allocations made pursuant to Section 41301,
20 (3) the apportionments required to be made pursuant to Sections
21 41330, 41332, and 41335, (4) revenue limits for school districts
22 pursuant to Section 42238, as adjusted pursuant to Sections
23 42238.14, 42238.145, and 42238.146, and (5) revenue limits for
24 county offices of education pursuant to Section 2558, as adjusted
25 pursuant to Sections 2558.4, 2558.45, and 2558.46, the
26 Superintendent of Public Instruction shall use the property tax
27 estimates received from county auditors pursuant to Section 75.70
28 of the Revenue and Taxation Code.

29 (b) 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. 11. Section 14002.1 is added to the Education Code, to
34 read:

35 14002.1. (a) Notwithstanding any other law, for purposes of
36 determining the amounts to be certified pursuant to subdivision
37 (a) of Section 14002, the Superintendent shall use the property tax
38 estimates received from county auditors pursuant to Section 75.70
39 of the Revenue and Taxation Code.

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

1 SEC. 12. Section 14002.5 of the Education Code is amended
2 to read:

3 14002.5. (a) In making the computation prescribed by
4 subdivision (b) of Section 14002, the Controller shall cumulatively
5 increase the seventy-nine cents (\$0.79) amount prescribed by that
6 subdivision by 6 percent annually, and shall cumulatively increase
7 the twenty-one dollar and fifty cents (\$21.50) amount prescribed
8 by that subdivision by 6 percent annually.

9 (b) 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. 13. Section 14003 of the Education Code is amended to
14 read:

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

23 (1) The product of General Fund revenues from proceeds of
24 taxes and one-half of the difference between the percentage growth
25 in per capita General Fund revenues from proceeds of taxes and
26 in California per capita personal income.

27 (2) The amount of the maintenance factor certified pursuant to
28 Section 41207.2 that is allocated in the current year pursuant to
29 subdivision (e) of Section 8 of Article XVI of the California
30 Constitution.

31 (b) The amount transferred pursuant to subdivision (a) shall be
32 in addition to amounts required to be allocated pursuant to
33 subdivision (b) of Section 8 of Article XVI of the California
34 Constitution.

35 (c) (1) Of the amount determined pursuant to subdivision (a),
36 the Controller shall transfer 92 percent to Section A of the State
37 School Fund. The Superintendent shall allocate the funds
38 transferred pursuant to this paragraph in the following priority
39 order:

1 (A) An amount not to exceed two hundred million dollars
2 (\$200,000,000) for the purposes of revenue limit equalization in
3 a manner consistent with Section 42238.49 for the first fiscal year
4 in which funds are transferred pursuant to this paragraph.

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

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

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

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

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

21 (d) For purposes of determining the amount required pursuant
22 to paragraph (2) or (3), as applicable, of subdivision (b) of Section
23 8 of Article XVI of the California Constitution for the following
24 fiscal year, all amounts transferred in the prior fiscal year pursuant
25 to this section shall be deemed allocations to school districts and
26 community college districts from General Fund proceeds of taxes
27 appropriated pursuant to Article XIII B for that prior fiscal year.

28 (e) The sum of the amounts transferred pursuant to this section
29 plus the sum of the amounts of the maintenance factor certified
30 pursuant to Section 41207.2 that is allocated pursuant to
31 subdivision (e) of Section 8 of Article XVI of the California
32 Constitution shall not exceed the total amount of eleven billion
33 two hundred twelve million nine hundred nine thousand dollars
34 (\$11,212,909,000) less any maintenance factor amount that is
35 allocated for the 2009–10 fiscal year.

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. 14. Section 14003 is added to the Education Code, to
2 read:

3 14003. (a) Commencing with the 2010–11 fiscal year, on
4 March 28 of each fiscal year in which the percentage growth in
5 per capita General Fund revenues exceeds the percentage growth
6 in California per capita personal income, the Controller shall
7 transfer from the General Fund to Sections A and B of the State
8 School Fund, as set forth in subdivision (c), the amount determined
9 pursuant to paragraph (1) minus the amount determined pursuant
10 to paragraph (2).

11 (1) The product of General Fund revenues from proceeds of
12 taxes and one-half of the difference between the percentage growth
13 in per capita General Fund revenues from proceeds of taxes and
14 in California per capita personal income.

15 (2) The amount of the maintenance factor certified pursuant to
16 Section 41207.2 that is allocated in the current year pursuant to
17 subdivision (e) of Section 8 of Article XVI of the California
18 Constitution.

19 (b) The amount transferred pursuant to subdivision (a) shall be
20 in addition to amounts required to be allocated pursuant to
21 subdivision (b) of Section 8 of Article XVI of the California
22 Constitution.

23 (c) (1) Of the amount determined pursuant to subdivision (a),
24 the Controller shall transfer 92 percent to Section A of the State
25 School Fund. The Superintendent shall allocate the funds
26 transferred pursuant to this paragraph in the following priority
27 order:

28 (A) Such amounts as necessary to implement the local control
29 funding formula pursuant to Section 42238.02, as implemented
30 by Section 42238.03, and the county local control funding formula,
31 pursuant to Section 2575.

32 (B) Any remaining amounts transferred pursuant to this
33 paragraph shall be allocated pursuant to Sections 2575 and
34 42238.02, as implemented by Section 42238.03.

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

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

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

5 (d) For purposes of determining the amount required pursuant
6 to paragraph (2) or (3), as applicable, of subdivision (b) of Section
7 8 of Article XVI of the California Constitution for the following
8 fiscal year, all amounts transferred in the prior fiscal year pursuant
9 to this section shall be deemed allocations to school districts and
10 community college districts from General Fund proceeds of taxes
11 appropriated pursuant to Article XIII B for that prior fiscal year.

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

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

21 SEC. 15. Section 14501 of the Education Code is amended to
22 read:

23 14501. (a) As used in this chapter, “financial and compliance
24 audit” shall be consistent with the definition provided in the
25 “Standards for Audits of Governmental Organizations, Programs,
26 Activities, and Functions” promulgated by the Comptroller General
27 of the United States. Financial and compliance audits conducted
28 under this chapter shall fulfill federal single audit requirements.

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

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

36 (2) Teacher misassignments pursuant to Section 44258.9.

37 (3) The accuracy of information reported on the School
38 Accountability Report Card required by Section 33126. The
39 requirements set forth in paragraphs (1) and (2) and this paragraph

1 shall be added to the audit guide requirements pursuant to
2 subdivision (b) of Section 14502.1.

3 (c) 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. 16. Section 14501 is added to the Education Code, to
8 read:

9 14501. (a) As used in this chapter, “financial and compliance
10 audit” shall be consistent with the definition provided in the
11 “Standards for Audits of Governmental Organizations, Programs,
12 Activities, and Functions” promulgated by the Comptroller General
13 of the United States. Financial and compliance audits conducted
14 under this chapter shall fulfill federal single audit requirements.

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

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

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

26 (3) Teacher misassignments pursuant to Section 44258.9.

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

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

33 SEC. 17. Section 33127 of the Education Code is amended to
34 read:

35 33127. (a) The Superintendent of Public Instruction, the
36 Controller, and the Director of Finance shall develop, on or before
37 March 1, 1989, standards and criteria to be reviewed and adopted
38 by the State Board of Education, and to be used by local
39 educational agencies in the development of annual budgets and
40 the management of subsequent expenditures from that budget.

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

11 (b) The Superintendent of Public Instruction, the Controller,
12 and the Director 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) After September 1, 2005, to the extent necessary, any
19 revisions or updates to the standards and criteria shall be developed
20 by the Superintendent of Public Instruction, the Controller, and
21 the Director of Finance pursuant to the procedures established by
22 subdivision (a). The revisions or updates shall specify the fiscal
23 year in which the revisions or updates are applicable.

24 (d) 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. 18. Section 33127 is added to the Education Code, to
29 read:

30 33127. (a) The Superintendent, the Controller, and the Director
31 of Finance shall develop, on or before March 1, 1989, standards
32 and criteria to be reviewed and adopted by the state board, and to
33 be used by local educational agencies in the development of annual
34 budgets and the management of subsequent expenditures from that
35 budget. During the development of the standards and criteria, the
36 Superintendent shall convene a committee composed of
37 representatives from school districts, county offices of education,
38 state agencies, the Legislature, and appropriate labor and
39 professional organizations. The committee may review and
40 comment on the proposal standards and criteria prior to their

1 adoption. In addition, the standards and criteria shall be used to
2 monitor the fiscal stability of local educational agencies as provided
3 for in Sections 1240.1, 1240.2, 1621, 1623, 33131, 42127, and
4 42127.1.

5 (b) The Superintendent, the Controller, and the Director of
6 Finance shall update the standards and criteria developed pursuant
7 to subdivision (a) on or before September 1, 2005. The updated
8 standards and criteria shall be reviewed and adopted pursuant to
9 the procedure established by subdivision (a) and are applicable to
10 local educational agency budgets commencing with the 2006–07
11 fiscal year and each fiscal year thereafter.

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

21 (d) After January 1, 2015, to the extent necessary, any revisions
22 or updates to the standards and criteria shall be developed by the
23 Superintendent, the Controller, and the Director of Finance
24 pursuant to the procedures established by subdivision (a). The
25 revisions or updates shall specify the fiscal year in which the
26 revisions or updates are applicable.

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

28 SEC. 19. Section 41020 of the Education Code is amended to
29 read:

30 41020. (a) It is the intent of the Legislature to encourage sound
31 fiscal management practices among local educational agencies for
32 the most efficient and effective use of public funds for the
33 education of children in California by strengthening fiscal
34 accountability at the district, county, and state levels.

35 (b) (1) Not later than the first day of May of each fiscal year,
36 each county superintendent of schools shall provide for an audit
37 of all funds under his or her jurisdiction and control and the
38 governing board of each local educational agency shall either
39 provide for an audit of the books and accounts of the local
40 educational agency, including an audit of income and expenditures

1 by source of funds, or make arrangements with the county
2 superintendent of schools having jurisdiction over the local
3 educational agency to provide for that auditing.

4 (2) A contract to perform the audit of a local educational agency
5 that has a disapproved budget or has received a negative
6 certification on any budget or interim financial report during the
7 current fiscal year or either of the two preceding fiscal years, or
8 for which the county superintendent of schools has otherwise
9 determined that a lack of going concern exists, is not valid unless
10 approved by the responsible county superintendent of schools and
11 the governing board.

12 (3) If the governing board of a local educational agency has not
13 provided for an audit of the books and accounts of the local
14 educational agency by April 1, the county superintendent of schools
15 having jurisdiction over the local educational agency shall provide
16 for the audit of each local educational agency.

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

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

22 (c) Each audit conducted in accordance with this section shall
23 include all funds of the local educational agency, including the
24 student body and cafeteria funds and accounts and any other funds
25 under the control or jurisdiction of the local educational agency.
26 Each audit shall also include an audit of pupil attendance
27 procedures.

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

31 (e) (1) The cost of the audits provided for by the county
32 superintendent of schools shall be paid from the county school
33 service fund and the county superintendent of schools shall transfer
34 the pro rata share of the cost chargeable to each district from district
35 funds.

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

1 (f) (1) The audits shall be made by a certified public accountant
2 or a public accountant, licensed by the California Board of
3 Accountancy, and selected by the local educational agency, as
4 applicable, from a directory of certified public accountants and
5 public accountants deemed by the Controller as qualified to conduct
6 audits of local educational agencies, which shall be published by
7 the Controller not later than December 31 of each year.

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

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

28 (A) The certified public accountants or public accountants shall
29 be in good standing as certified by the California Board of
30 Accountancy.

31 (B) The certified public accountants or public accountants, as
32 a result of a quality control review conducted by the Controller
33 pursuant to Section 14504.2, shall not have been found to have
34 conducted an audit in a manner constituting noncompliance with
35 subdivision (a) of Section 14503.

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

37 (A) A statement that the audit was conducted pursuant to
38 standards and procedures developed in accordance with Chapter
39 3 (commencing with Section 14500) of Part 9 of Division 1 of
40 Title 1.

1 (B) A summary of audit exceptions and management
2 improvement recommendations.

3 (C) Each audit of a local educational agency shall include an
4 evaluation by the auditor on whether there is substantial doubt
5 about the ability of the local educational agency to continue as a
6 going concern for a reasonable period of time. This evaluation
7 shall be based on the Statement of Auditing Standards (SAS) No.
8 59, as issued by the AICPA regarding disclosure requirements
9 relating to the ability of the entity to continue as a going concern.

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

18 (h) Not later than December 15, a report of each local
19 educational agency audit for the preceding fiscal year shall be filed
20 with the county superintendent of schools of the county in which
21 the local educational agency is located, the department, and the
22 Controller. The Superintendent shall make any adjustments
23 necessary in future apportionments of all state funds, to correct
24 any audit exceptions revealed by those audit reports.

25 (i) (1) Commencing with the 2002–03 audit of local educational
26 agencies pursuant to this section and subdivision (d) of Section
27 41320.1, each county superintendent of schools shall be responsible
28 for reviewing the audit exceptions contained in an audit of a local
29 educational agency under his or her jurisdiction related to
30 attendance, inventory of equipment, internal control, and any
31 miscellaneous items, and determining whether the exceptions have
32 been either corrected or an acceptable plan of correction has been
33 developed.

34 (2) Commencing with the 2004–05 audit of local educational
35 agencies pursuant to this section and subdivision (d) of Section
36 41320.1, each county superintendent of schools shall include in
37 the review of audit exceptions performed pursuant to this
38 subdivision those audit exceptions related to use of instructional
39 materials program funds, teacher misassignments pursuant to
40 Section 44258.9, and information reported on the school

1 accountability report card required pursuant to Section 33126, and
2 shall determine whether the exceptions are either corrected or an
3 acceptable plan of correction has been developed.

4 (j) Upon submission of the final audit report to the governing
5 board of each local educational agency and subsequent receipt of
6 the audit by the county superintendent of schools having
7 jurisdiction over the local educational agency, the county office
8 of education shall do all of the following:

9 (1) Review audit exceptions related to attendance, inventory of
10 equipment, internal control, and other miscellaneous exceptions.
11 Attendance exceptions or issues shall include, but not be limited
12 to, those related to revenue limits, adult education, and independent
13 study.

14 (2) If a description of the correction or plan of correction has
15 not been provided as part of the audit required by this section, then
16 the county superintendent of schools shall notify the local
17 educational agency and request the governing board of the local
18 educational agency to provide to the county superintendent of
19 schools a description of the corrections or plan of correction by
20 March 15.

21 (3) Review the description of correction or plan of correction
22 and determine its adequacy. If the description of the correction or
23 plan of correction is not adequate, the county superintendent of
24 schools shall require the local educational agency to resubmit that
25 portion of its response that is inadequate.

26 (k) Each county superintendent of schools shall certify to the
27 Superintendent and the Controller, not later than May 15, that his
28 or her staff has reviewed all audits of local educational agencies
29 under his or her jurisdiction for the prior fiscal year, that all
30 exceptions that the county superintendent was required to review
31 were reviewed, and that all of those exceptions, except as otherwise
32 noted in the certification, have been corrected by the local
33 educational agency or that an acceptable plan of correction has
34 been submitted to the county superintendent of schools. In addition,
35 the county superintendent shall identify, by local educational
36 agency, any attendance-related audit exception or exceptions
37 involving state funds, and require the local educational agency to
38 which the audit exceptions were directed to submit appropriate
39 reporting forms for processing by the Superintendent.

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

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

14 (A) All federal and state compliance audit exceptions identified
15 in the audit.

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

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

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

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

34 (n) To facilitate correction of the exceptions identified by the
35 audits issued pursuant to this section, commencing with 2002–03
36 audits pursuant to this section, the Controller shall require auditors
37 to categorize audit exceptions in each audit report in a manner that
38 will make it clear to both the county superintendent of schools and
39 the Superintendent which exceptions they are responsible for
40 ensuring the correction of by a local educational agency. In

1 addition, the Controller annually shall select a sampling of county
2 superintendents of schools and perform a followup of the audit
3 resolution process of those county superintendents of schools and
4 report the results of that followup to the Superintendent and the
5 county superintendents of schools that were reviewed.

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

9 (p) If a governing board or county superintendent of schools
10 fails or is unable to make satisfactory arrangements for the audit
11 pursuant to this section, the Controller shall make arrangements
12 for the audit and the cost of the audit shall be paid from local
13 educational agency funds or the county school service fund, as the
14 case may be.

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

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

20 (s) Notwithstanding any other provision of law, a nonauditing,
21 management, or other consulting service to be provided to a local
22 educational agency by a certified public accounting firm while the
23 certified public accounting firm is performing an audit of the
24 agency pursuant to this section must be in accord with Government
25 Accounting Standards, Amendment No. 3, as published by the
26 United States General Accounting Office.

27 (t) 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. 20. Section 41020 is added to the Education Code, to
32 read:

33 41020. (a) It is the intent of the Legislature to encourage sound
34 fiscal management practices among local educational agencies for
35 the most efficient and effective use of public funds for the
36 education of children in California by strengthening fiscal
37 accountability at the school district, county, and state levels.

38 (b) (1) Not later than the first day of May of each fiscal year,
39 each county superintendent of schools shall provide for an audit
40 of all funds under his or her jurisdiction and control and the

1 governing board of each local educational agency shall either
2 provide for an audit of the books and accounts of the local
3 educational agency, including an audit of income and expenditures
4 by source of funds, or make arrangements with the county
5 superintendent of schools having jurisdiction over the local
6 educational agency to provide for that auditing.

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

15 (3) If the governing board of a local educational agency has not
16 provided for an audit of the books and accounts of the local
17 educational agency by April 1, the county superintendent of schools
18 having jurisdiction over the local educational agency shall provide
19 for the audit of each local educational agency.

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

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

25 (c) Each audit conducted in accordance with this section shall
26 include all funds of the local educational agency, including the
27 student body and cafeteria funds and accounts and any other funds
28 under the control or jurisdiction of the local educational agency.
29 Each audit shall also include an audit of pupil attendance
30 procedures. Each audit shall include a determination of whether
31 funds were expended in accordance with a local control and
32 accountability plan pursuant to Article 5 (commencing with Section
33 52060) of Chapter 6.1 of Part 28 of Division 3.

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

37 (e) (1) The cost of the audits provided for by the county
38 superintendent of schools shall be paid from the county school
39 service fund and the county superintendent of schools shall transfer

1 the pro rata share of the cost chargeable to each school district
2 from school district funds.

3 (2) The cost of the audit provided for by a governing board of
4 a local educational agency shall be paid from local educational
5 agency funds. The audit of the funds under the jurisdiction and
6 control of the county superintendent of schools shall be paid from
7 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 (Public
28 Law 107-204; 15 U.S.C. Sec. 7201 et seq.), and upon release of
29 the report required by the act of the Comptroller General of the
30 United States addressing the mandatory rotation of registered
31 public 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 California Board of
37 Accountancy.

38 (B) The certified public accountants or public accountants, as
39 a result of a quality control review conducted by the Controller
40 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 on 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, and information reported on the school
8 accountability report card required pursuant to Section 33126, and
9 shall determine whether the exceptions are either corrected or an
10 acceptable plan 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 local control funding formula allocations
20 pursuant to Section 42238.02, as implemented by Section 42238.03,
21 and independent study.

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

29 (3) Review the description of correction or plan of correction
30 and determine its adequacy. If the description of the correction or
31 plan of correction is inadequate, the county superintendent of
32 schools shall require the local educational agency to resubmit that
33 portion of its response that is inadequate.

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

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

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

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

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

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

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

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

35 (3) The Superintendent shall report annually to the Controller
36 on his or her actions to ensure that school districts, county
37 superintendents of schools, and each county board of education
38 that serves as the governing board of a school district have either
39 corrected or developed plans of correction for any of the exceptions
40 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 of a local educational agency or county
17 superintendent of schools fails or is unable to make satisfactory
18 arrangements for the audit pursuant to this section, the Controller
19 shall make arrangements for the audit and the cost of the audit
20 shall be paid from local educational agency funds or the county
21 school service fund, as the 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 law, a nonauditing, management,
28 or other consulting service to be provided to a local educational
29 agency by a certified public accounting firm while the certified
30 public accounting firm is performing an audit of the local
31 educational agency pursuant to this section must be in accord with
32 Government Accounting Standards, Amendment No. 3, as
33 published by the United States General Accounting Office.

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

35 SEC. 21. Section 41202 of the Education Code is amended to
36 read:

37 41202. The words and phrases set forth in subdivision (b) of
38 Section 8 of Article XVI of the Constitution of the State of
39 California shall have the following meanings:

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

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

34 (c) “General Fund revenues appropriated for school districts,”
35 as used in paragraph (1) of subdivision (b) of Section 8 of Article
36 XVI of the California Constitution, means the sum of
37 appropriations made that are for allocation to school districts, as
38 defined in Section 41302.5, regardless of whether those
39 appropriations were made from the General Fund to the
40 Superintendent, to the Controller, or to any other fund or state

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

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

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

38 (f) “General Fund revenues appropriated for school districts
39 and community college districts, respectively” and “moneys to be
40 applied by the state for the support of school districts and

1 community college districts,” as used in Section 8 of Article XVI
2 of the California Constitution, shall include funds appropriated for
3 part-day California state preschool programs under Article 7
4 (commencing with Section 8235) of Chapter 2 of Part 6 of Division
5 1 of Title 1, and the After School Education and Safety Program
6 established pursuant to Article 22.5 (commencing with Section
7 8482) of Chapter 2 of Part 6 of Division 1 of Title 1, and shall not
8 include any of the following:

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

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

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

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

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

1 (h) “Allocated local proceeds of taxes,” as used in paragraph
2 (2) or (3) of subdivision (b) of Section 8 of Article XVI of the
3 California Constitution, means, for community college districts,
4 those local revenues that are used to offset state aid for community
5 college districts in calculations performed pursuant to Section
6 84700. In no event shall the revenues or receipts derived from
7 student fees be considered “allocated local proceeds of taxes.”

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

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

24 (k) 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. 22. Section 41202 is added to the Education Code, to
29 read:

30 41202. The words and phrases set forth in subdivision (b) of
31 Section 8 of Article XVI of the Constitution of the State of
32 California shall have the following meanings:

33 (a) “Moneys to be applied by the State,” as used in subdivision
34 (b) of Section 8 of Article XVI of the California Constitution,
35 means appropriations from the General Fund that are made for
36 allocation to school districts, as defined, or community college
37 districts. An appropriation that is withheld, impounded, or made
38 without provisions for its allocation to school districts or
39 community college districts, shall not be considered to be “moneys
40 to be applied by the State.”

1 (b) “General Fund revenues which may be appropriated pursuant
2 to Article XIII B,” as used in paragraph (1) of subdivision (b) of
3 Section 8 of Article XVI, means General Fund revenues that are
4 the proceeds of taxes as defined by subdivision (c) of Section 8 of
5 Article XIII B of the California Constitution, including, for the
6 1986–87 fiscal year only, any revenues that are determined to be
7 in excess of the appropriations limit established pursuant to Article
8 XIII B for the fiscal year in which they are received. General Fund
9 revenues for a fiscal year to which paragraph (1) of subdivision
10 (b) is being applied shall include, in that computation, only General
11 Fund revenues for that fiscal year that are the proceeds of taxes,
12 as defined in subdivision (c) of Section 8 of Article XIII B of the
13 California Constitution, and shall not include prior fiscal year
14 revenues. Commencing with the 1995–96 fiscal year, and each
15 fiscal year thereafter, “General Fund revenues that are the proceeds
16 of taxes,” as defined in subdivision (c) of Section 8 of Article
17 XIII B of the California Constitution, includes any portion of the
18 proceeds of taxes received from the state sales tax that are
19 transferred to the counties pursuant to, and only if, legislation is
20 enacted during the 1995–96 fiscal year the purpose of which is to
21 realign children’s programs. The amount of the proceeds of taxes
22 shall be computed for any fiscal year in a manner consistent with
23 the manner in which the amount of the proceeds of taxes was
24 computed by the Department of Finance for purposes of the
25 Governor’s Budget for the Budget Act of 1986.

26 (c) “General Fund revenues appropriated for school districts,”
27 as used in paragraph (1) of subdivision (b) of Section 8 of Article
28 XVI of the California Constitution, means the sum of
29 appropriations made that are for allocation to school districts, as
30 defined in Section 41302.5, regardless of whether those
31 appropriations were made from the General Fund to the
32 Superintendent, to the Controller, or to any other fund or state
33 agency for the purpose of allocation to school districts. The full
34 amount of any appropriation shall be included in the calculation
35 of the percentage required by paragraph (1) of subdivision (b) of
36 Article XVI, without regard to any unexpended balance of any
37 appropriation. Any reappropriation of funds appropriated in any
38 prior year shall not be included in the sum of appropriations.

39 (d) “General Fund revenues appropriated for community college
40 districts,” as used in paragraph (1) of subdivision (b) of Section 8

1 of Article XVI of the California Constitution, means the sum of
2 appropriations made that are for allocation to community college
3 districts, regardless of whether those appropriations were made
4 from the General Fund to the Controller, to the Chancellor of the
5 California Community Colleges, or to any other fund or state
6 agency for the purpose of allocation to community college districts.
7 The full amount of any appropriation shall be included in the
8 calculation of the percentage required by paragraph (1) of
9 subdivision (b) of Article XVI, without regard to any unexpended
10 balance of any appropriation. Any reappropriation of funds
11 appropriated in any prior year shall not be included in the sum of
12 appropriations.

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

30 (f) “General Fund revenues appropriated for school districts
31 and community college districts, respectively” and “moneys to be
32 applied by the state for the support of school districts and
33 community college districts,” as used in Section 8 of Article XVI
34 of the California Constitution, shall include funds appropriated for
35 part-day California state preschool programs under Article 7
36 (commencing with Section 8235) of Chapter 2 of Part 6 of Division
37 1 of Title 1, and the After School Education and Safety Program
38 established pursuant to Article 22.5 (commencing with Section
39 8482) of Chapter 2 of Part 6 of Division 1 of Title 1, and shall not
40 include any of the following:

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

13 (2) Any appropriation made to the Teachers' Retirement Fund
14 or to the Public Employees' Retirement Fund except those
15 appropriations for reimbursable state mandates imposed on or
16 before January 1, 1988.

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

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

24 (g) "Allocated local proceeds of taxes," as used in paragraph
25 (2) or (3) of subdivision (b) of Section 8 of Article XVI of the
26 California Constitution, means, for school districts as defined,
27 those local revenues, except revenues identified pursuant to
28 paragraph (5) of subdivision (i) of Section 42238.02, that are used
29 to offset state aid for school districts in calculations performed
30 pursuant to Sections 2575, 42238.02, and Chapter 7.2 (commencing
31 with Section 56836) of Part 30 of Division 4.

32 (h) "Allocated local proceeds of taxes," as used in paragraph
33 (2) or (3) of subdivision (b) of Section 8 of Article XVI of the
34 California Constitution, means, for community college districts,
35 those local revenues that are used to offset state aid for community
36 college districts. In no event shall the revenues or receipts derived
37 from student fees be considered "allocated local proceeds of taxes."

38 (i) For purposes of calculating the 4-percent entitlement pursuant
39 to subdivision (a) of Section 8.5 of Article XVI of the California
40 Constitution, "the total amount required pursuant to Section 8(b)"

1 shall mean the General Fund aid required for schools pursuant to
2 subdivision (b) of Section 8 of Article XVI of the California
3 Constitution, and shall not include allocated local proceeds of
4 taxes.

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

6 SEC. 23. Section 42127 of the Education Code is amended to
7 read:

8 42127. (a) On or before July 1 of each year, the governing
9 board of each school district shall accomplish the following:

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

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

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

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

37 (b) The county superintendent of schools may accept changes
38 in any statement included in the budget, pursuant to subdivision
39 (a), of the amount or portion for which a property tax levy shall
40 not be made. The county superintendent of schools or the county

1 auditor shall compute the actual amounts to be levied on the
2 property tax rolls of the school district for purposes that exceed
3 apportionments to the school district pursuant to Chapter 6
4 (commencing with Section 95) of Part 0.5 of Division 1 of the
5 Revenue and Taxation Code. Each school district shall provide all
6 data needed by the county superintendent of schools or the county
7 auditor to compute the amounts. On or before August 15, the
8 county superintendent of schools shall transmit the amounts
9 computed to the county auditor who shall compute the tax rates
10 necessary to produce the amounts. On or before September 1, the
11 county auditor shall submit the rate computed to the board of
12 supervisors for adoption.

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

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

22 (2) Determine whether the adopted budget will allow the school
23 district to meet its financial obligations during the fiscal year and
24 is consistent with a financial plan that will enable the school district
25 to satisfy its multiyear financial commitments. In addition to his
26 or her own analysis of the budget of each school district, the county
27 superintendent of schools shall review and consider studies, reports,
28 evaluations, or audits of the school district that were commissioned
29 by the school district, the county superintendent of schools, the
30 Superintendent, and state control agencies and that contain
31 evidence that the school district is showing fiscal distress under
32 the standards and criteria adopted in Section 33127 or that contain
33 a finding by an external reviewer that more than 3 of the 15 most
34 common predictors of a school district needing intervention, as
35 determined by the County Office Fiscal Crisis and Management
36 Assistance Team, are present. The county superintendent of schools
37 shall either conditionally approve or disapprove a budget that does
38 not provide adequate assurance that the school district will meet
39 its current and future obligations and resolve any problems

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16 (k) 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. 24. Section 42127 is added to the Education Code, to
21 read:

22 42127. (a) On or before July 1 of each year, the governing
23 board of each school district shall accomplish the following:

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

30 (A) For the 2011–12 fiscal year, notwithstanding any of the
31 standards and criteria adopted by the state board pursuant to Section
32 33127, each school district budget shall project the same level of
33 revenue per unit of average daily attendance as it received in the
34 2010–11 fiscal year and shall maintain staffing and program levels
35 commensurate with that level.

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

39 (2) Adopt a budget and take action on a local control and
40 accountability plan pursuant to Sections 52060 and 52064. Not

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

20 (b) The county superintendent of schools may accept changes
21 in any statement included in the budget, pursuant to subdivision
22 (a), of the amount or portion for which a property tax levy shall
23 not be made. The county superintendent of schools or the county
24 auditor shall compute the actual amounts to be levied on the
25 property tax rolls of the school district for purposes that exceed
26 apportionments to the school district pursuant to Chapter 6
27 (commencing with Section 95) of Part 0.5 of Division 1 of the
28 Revenue and Taxation Code. Each school district shall provide all
29 data needed by the county superintendent of schools or the county
30 auditor to compute the amounts. On or before August 15, the
31 county superintendent of schools shall transmit the amounts
32 computed to the county auditor who shall compute the tax rates
33 necessary to produce the amounts. On or before September 1, the
34 county auditor shall submit the rate computed to the board of
35 supervisors for adoption.

36 (c) The county superintendent of schools shall do all of the
37 following:

38 (1) Examine the adopted budget to determine whether it
39 complies with the standards and criteria adopted by the state board
40 pursuant to Section 33127 for application to final local educational

1 agency budgets. The county superintendent of schools shall
2 identify, if necessary, technical corrections that are required to be
3 made to bring the budget into compliance with those standards
4 and criteria.

5 (2) Determine whether the adopted budget will allow the school
6 district to meet its financial obligations during the fiscal year and
7 is consistent with a financial plan that will enable the school district
8 to satisfy its multiyear financial commitments. In addition to his
9 or her own analysis of the budget of each school district, the county
10 superintendent of schools shall review and consider studies, reports,
11 evaluations, or audits of the school district that were commissioned
12 by the school district, the county superintendent of schools, the
13 Superintendent, and state control agencies and that contain
14 evidence that the school district is showing fiscal distress under
15 the standards and criteria adopted in Section 33127 or that contain
16 a finding by an external reviewer that more than 3 of the 15 most
17 common predictors of a school district needing intervention, as
18 determined by the County Office Fiscal Crisis and Management
19 Assistance Team, are present. The county superintendent of schools
20 shall either conditionally approve or disapprove a budget that does
21 not provide adequate assurance that the school district will meet
22 its current and future obligations and resolve any problems
23 identified in studies, reports, evaluations, or audits described in
24 this paragraph.

25 (3) Determine whether the adopted budget will allow the school
26 district to implement the specific actions and strategies included
27 in the local control and accountability plan adopted by the
28 governing board of the school district pursuant to Sections 52060
29 and 52064.

30 (d) On or before August 15, the county superintendent of schools
31 shall approve, conditionally approve, or disapprove the adopted
32 budget for each school district. For the 2015–16 fiscal year and
33 each fiscal year thereafter, the county superintendent of schools
34 shall disapprove a budget if a school district does not file a local
35 control and accountability plan with the county superintendent of
36 schools, if the Superintendent determines that a local control and
37 accountability plan filed does not adhere to the template adopted
38 by the state board pursuant to Section 52066 or does not include
39 all of the components identified in subdivision (a) of Section
40 52064, or if the county superintendent of schools determines that

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

38 (e) On or before September 8, the governing board of the school
39 district shall revise the adopted budget to reflect changes in
40 projected income or expenditures subsequent to July 1, and to

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

14 (1) For the 2011–12 fiscal year, notwithstanding any of the
15 standards and criteria adopted by the state board pursuant to Section
16 33127, each school district budget shall project the same level of
17 revenue per unit of average daily attendance as it received in the
18 2010–11 fiscal year and shall maintain staffing and program levels
19 commensurate with that level.

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

23 (f) 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 budgets may be disapproved.

26 (g) The county superintendent of schools shall examine the
27 revised budget to determine whether it (1) complies with the
28 standards and criteria adopted by the state board pursuant to Section
29 33127 for application to final local educational agency budgets,
30 (2) allows the school district to meet its financial obligations during
31 the fiscal year, (3) satisfies all conditions established by the county
32 superintendent of schools in the case of a conditionally approved
33 budget, and (4) is consistent with a financial plan that will enable
34 the school district to satisfy its multiyear financial commitments,
35 and, not later than October 8, shall approve or disapprove the
36 revised budget. If the county superintendent of schools disapproves
37 the budget, he or she shall call for the formation of a budget review
38 committee pursuant to Section 42127.1, unless the governing board
39 of the school district and the county superintendent of schools
40 agree to waive the requirement that a budget review committee be

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

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

32 (i) Notwithstanding any other provision of this section, the
33 budget review for a school district shall be governed by paragraphs
34 (1), (2), and (3), rather than by subdivisions (e) and (g), if the
35 governing board of the school district so elects and notifies the
36 county superintendent of schools in writing of that decision, not
37 later than October 31 of the immediately preceding calendar year.
38 On or before July 1, the governing board of a school district for
39 which the budget review is governed by this subdivision, rather

1 than by subdivisions (e) and (g), shall conduct a public hearing
2 regarding its proposed budget in accordance with Section 42103.

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

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

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

1 per unit of average daily attendance than it received in the 2010–11
2 fiscal year nor require the school district to demonstrate that it is
3 able to meet its financial obligations for the two subsequent fiscal
4 years.

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

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

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

15 SEC. 25. Section 42238 of the Education Code is amended to
16 read:

17 42238. (a) For the 1984–85 fiscal year and each fiscal year
18 thereafter, the county superintendent of schools shall determine a
19 revenue limit for each school district in the county pursuant to this
20 section.

21 (b) The base revenue limit for a fiscal year shall be determined
22 by adding to the base revenue limit for the prior fiscal year the
23 following amounts:

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

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

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

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

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

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

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

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

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

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

10 (2) Commencing with the 2010–11 fiscal year, the
11 Superintendent shall compute an add-on for each school district
12 by dividing each school district’s fiscal year average daily
13 attendance computed pursuant to Section 42238.5 by the total
14 adjustments in funding for each district made for the 2007–08
15 fiscal year pursuant to Section 42238.22 as it read on January 1,
16 2009.

17 (d) The sum of the base revenue limit computed pursuant to
18 subdivision (b) and the add-on computed pursuant to subdivision
19 (c) shall be multiplied by the district average daily attendance
20 computed pursuant to Section 42238.5.

21 (e) For districts electing to compute units of average daily
22 attendance pursuant to paragraph (2) of subdivision (a) of Section
23 42238.5, the amount computed pursuant to Article 4 (commencing
24 with Section 42280) shall be added to the amount computed in
25 subdivision (c) or (d), as appropriate.

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

33 (g) The reduction required by subdivision (f) shall be calculated
34 as follows:

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

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

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

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

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

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

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

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

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

26 (1) The district’s property tax revenue received pursuant to
27 Chapter 3.5 (commencing with Section 75) and Chapter 6
28 (commencing with Section 95) of Part 0.5 of Division 1 of the
29 Revenue and Taxation Code.

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

33 (3) The amount, if any, received pursuant to Chapter 3
34 (commencing with Section 16140) of Part 1 of Division 4 of Title
35 2 of the Government Code.

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

37 (5) Fifty percent of the amount received pursuant to Section
38 41603.

39 (6) (A) The amount, if any, received pursuant to the Community
40 Redevelopment Law (Part 1 (commencing with Section 33000))

1 of Division 24 of the Health and Safety Code), except for any
2 amount received pursuant to Section 33401 or 33676 of the Health
3 and Safety Code that is used for land acquisition, facility
4 construction, reconstruction, or remodeling, or deferred
5 maintenance, except for any amount received pursuant to Section
6 33492.15 of, paragraph (4) of subdivision (a) of Section 33607.5
7 of, or Section 33607.7 of, the Health and Safety Code that is
8 allocated exclusively for educational facilities.

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

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

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

27 (i) A transfer of pupils of grades 7 and 8 between an elementary
28 school district and a high school district shall not result in the
29 receiving school district receiving a revenue limit apportionment
30 for those pupils that exceeds 105 percent of the statewide average
31 revenue limit for the type and size of the receiving school district.

32 (j) 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. 26. Section 42238.01 is added to the Education Code, to
37 read:

38 42238.01. It is the intent of the Legislature to do all of the
39 following:

1 (a) Phase in implementation of the local control funding formula,
2 as specified in Assembly Bill 88 of the 2013–14 Regular Session,
3 as amended April 3, 2013, in a manner and on a timeline that
4 allows the state to restore local educational agency funding levels
5 to those that existed before state budget cuts that were imposed
6 starting in the 2008–09 fiscal year.

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

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

17 (d) Require that funds allocated based on the current
18 home-to-school transportation formula be spent on home-to-school
19 transportation. It is further the intent of the Legislature, as increased
20 funding allows, to adjust those allocations across school districts
21 until all school districts are funded equitably, at a percentage of
22 allowable costs to be determined.

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

25 (f) Provide some level of supplemental support for English
26 learner pupils beyond the five-year limit proposed in paragraph
27 (2) of subdivision (b) of Section 42238.02. It is further the intent
28 of the Legislature to ensure greater transparency in the provision
29 of instruction and services for English learner pupils, such that
30 strong local- and state-level oversight and accountability are
31 supported.

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

33 SEC. 27. Section 42238.02 is added to the Education Code, to
34 read:

35 42238.02. (a) The amount computed pursuant to this section
36 shall be known as the school district and charter school local
37 control funding formula.

38 (b) (1) For purposes of this section, “unduplicated pupil” means
39 a pupil enrolled in a school district or a charter school who is either
40 classified as an English learner pursuant to Section 52164, as that

1 section read on January 1, 2014, eligible to receive a free or
2 reduced-price meal pursuant to Section 49552, as that section read
3 on January 1, 2014, or is a foster youth pursuant to Sections 300
4 and 601 of the Welfare and Institutions Code. A pupil shall be
5 counted only once for purposes of this section if any of the
6 following apply:

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

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

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

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

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

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

24 (4) The counts of unduplicated pupils shall be derived by the
25 Superintendent using the California Longitudinal Pupil
26 Achievement Data System.

27 (5) The Superintendent shall calculate the percentage of
28 unduplicated pupils for each school district and charter school by
29 dividing the enrollment of unduplicated pupils in a school district
30 or charter school by the total enrollment in that school district or
31 charter school.

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

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

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

39 (A) Eight thousand three hundred sixty-eight dollars (\$8,368)
40 for average daily attendance in grades 9 to 12, inclusive.

1 (B) Seven thousand two hundred twenty-one dollars (\$7,221)
2 for average daily attendance in grades 7 and 8.

3 (C) Seven thousand thirteen dollars (\$7,013) for average daily
4 attendance in grades 4 to 6, inclusive.

5 (D) Six thousand nine hundred dollars (\$6,910) for average
6 daily attendance in kindergarten and grades 1 to 3, inclusive.

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

19 (3) (A) The Superintendent shall compute an additional
20 adjustment to the kindergarten and grades 1 to 3, inclusive, base
21 grant as adjusted for inflation pursuant to paragraph (2) equal to
22 11.23 percent. The additional grant shall be calculated by
23 multiplying the kindergarten and grades 1 to 3, inclusive, base
24 grant as adjusted by paragraph (2) by 11.23 percent.

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

33 (i) Determine a school district's annual average class size for
34 each classroom per schoolsite for kindergarten and grades 1 to 3,
35 inclusive, in the prior year. For the 2014–15 fiscal year, this amount
36 shall be the annual average class size for each classroom per
37 schoolsite for kindergarten and grades 1 to 3, inclusive, in the
38 2013–14 fiscal year.

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

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

4 (iv) Determine the difference between the amount computed
5 pursuant to clause (i) and an annual average class size of not more
6 than 24 pupils for each classroom per schoolsite.

7 (v) Calculate a current year annual average class size adjustment
8 for each classroom per schoolsite for kindergarten and grades 1 to
9 3, inclusive, equal to the adjustment calculated in clause (iv)
10 multiplied by one minus the percentage determined pursuant to
11 clause (iii).

12 (C) School districts that have an annual average class size for
13 each classroom per schoolsite for kindergarten and grades 1 to 3,
14 inclusive, of 24 pupils or less for each classroom per schoolsite in
15 the 2013–14 fiscal year, shall be exempt from the requirements of
16 subparagraph (B) so long as the school district continues to
17 maintain an annual average class size for each classroom per
18 schoolsite for kindergarten and grades 1 to 3, inclusive, of not
19 more than 24 pupils in each classroom, unless a collectively
20 bargained alternative ratio is agreed to by the school district.

21 (D) Upon full implementation of the local control funding
22 formula, as a condition of the receipt of funds in this paragraph,
23 all school districts shall maintain an annual average class size for
24 each classroom per schoolsite for kindergarten and grades 1 to 3,
25 inclusive, of not more than 24 pupils for each classroom per
26 schoolsite in kindergarten and grades 1 to 3, inclusive, unless a
27 collectively bargained alternative ratio is agreed to by the school
28 district.

29 (E) The annual average class size requirement for each
30 classroom per schoolsite for kindergarten and grades 1 to 3,
31 inclusive, established pursuant to this paragraph shall not be subject
32 to waiver by the state board pursuant to Section 33050 or by the
33 Superintendent.

34 (4) The Superintendent shall compute an additional adjustment
35 to the base grant for grades 9 to 12, inclusive, as adjusted for
36 inflation pursuant to paragraph (2), equal to 2.8 percent. The
37 additional grant shall be calculated by multiplying the base grant
38 for grades 9 to 12, inclusive, as adjusted by paragraph (2), by 2.8
39 percent.

1 (e) The Superintendent shall compute a supplemental grant
2 add-on equal to ~~35~~ 40 percent of the base grants as specified in
3 subparagraphs (A) to (D), inclusive, of paragraph (1) of subdivision
4 (d), as adjusted by paragraph (2) of subdivision (d), for each school
5 district or charter school percentage of unduplicated pupils. The
6 supplemental grant shall be calculated by multiplying the base
7 grants as specified in subparagraphs (A) to (D), inclusive, of
8 paragraph (1), as adjusted by paragraph (2) of subdivision (d), by
9 ~~35~~ 40 percent and by the percentage of unduplicated pupils in that
10 school district or charter school.

11 (f) The Superintendent shall compute an add-on to the total sum
12 of a school district's or charter school's base and supplemental
13 grants equal to the amount of funding a school district or charter
14 school received from funds allocated pursuant to the Targeted
15 Instructional Improvement Block Grant program, as set forth in
16 Article 6 (commencing with Section 41540) of Chapter 3.2, for
17 the 2013–14 fiscal year, as that article read on January 1, 2014. A
18 school district or charter school shall not receive a total funding
19 amount from this add-on greater than the total amount of funding
20 received by the school district or charter school from that program
21 in the 2013–14 fiscal year.

22 (g) The sum of the local control funding formula rates computed
23 pursuant to subdivisions (c) to (e), inclusive, shall be multiplied
24 by:

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

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

30 (h) Notwithstanding any other law, the Superintendent shall
31 adjust the sum of each school district's or charter school's amount
32 determined in subdivisions (f) and (g), pursuant to the calculation
33 specified in Section 42238.03, less the sum of the following:

34 (1) (A) For school districts, the property tax revenue received
35 pursuant to Chapter 3.5 (commencing with Section 75) and Chapter
36 6 (commencing with Section 95) of Part 0.5 of Division 1 of the
37 Revenue and Taxation Code.

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

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) 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), less any amount
13 received pursuant to Section 33401 or 33676 of the Health and
14 Safety Code that is used for land acquisition, facility construction,
15 reconstruction, or remodeling, or deferred maintenance and that
16 is not an amount received pursuant to Section 33492.15, or
17 paragraph (4) of subdivision (a) of Section 33607.5, or Section
18 33607.7 of the Health and Safety Code that is allocated exclusively
19 for educational facilities.

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

22 (8) (A) Revenue received pursuant to subparagraph (B) of
23 paragraph (3) of subdivision (e) of Section 36 of Article XIII of
24 the California Constitution.

25 (B) Subparagraph (A) shall only offset entitlements provided
26 for the purpose of paragraph (1) of subdivision (a) of Section
27 42238.03 as continued in subsequent years by paragraph (3) of
28 subdivision (a) of Section 42238.03.

29 (i) A school district shall annually transfer to each of its charter
30 schools funding in lieu of property taxes pursuant to Section 47635.

31 (j) (1) The funds apportioned pursuant to this section and
32 Section 42238.03 shall be available to a school district or charter
33 school for any locally determined educational purpose.

34 (2) (A) School districts and charter schools that receive
35 supplemental grants pursuant to this section shall only use those
36 funds to serve and assist the pupils whose circumstances generated
37 those funds and shall supplement, not supplant, existing state and
38 federal funds expended on unduplicated pupils pursuant to a school
39 district's or charter school's local control and accountability plan.

1 (B) School districts and charter schools that receive
2 supplemental grants pursuant to this section shall provide services
3 and assistance to an unduplicated pupil or pupils whose
4 circumstances generated those funds at any school enrolling one
5 or more unduplicated pupils.

6 (3) (A) Notwithstanding paragraph (2), a school district or
7 charter school may use funds apportioned pursuant to this article,
8 together with any other federal, state, or local funds, to improve
9 the entire educational program of a school in which at least 70
10 percent of the enrolled pupils are unduplicated pupils, as defined
11 in subdivision (b), and that use of funds shall be referred to as a
12 schoolwide program for purposes of this paragraph.

13 (B) A school participating in a schoolwide program may use
14 funds apportioned pursuant to this article to benefit any pupil
15 enrolled in the participating school.

16 (C) A school participating in a schoolwide program shall only
17 use funds apportioned pursuant to this article to supplement funds
18 that are, in the absence of the apportionment of funds pursuant to
19 this article, available from other sources, including those that
20 support legally required services for pupils with exceptional needs.

21 (D) A school district or charter school shall not make pupil
22 enrollment decisions for purposes of making schools eligible to
23 participate in a schoolwide program.

24 (E) A school district or charter school that chooses to use funds
25 apportioned pursuant to this article to operate a schoolwide
26 program shall describe how the funds will be used in its local
27 control and accountability plan.

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

33 (l) Any calculations in law that are used for purposes of
34 determining if a local educational agency is an excess tax school
35 entity or basic aid school district, including, but not limited to, this
36 section and Sections 42238.03, 41544, 47660, 47632, 47663,
37 48310, and 48359.5, and Section 95 of the Revenue and Taxation
38 Code, shall be made exclusive of the revenue received pursuant
39 to subparagraph (B) of paragraph (3) of subdivision (e) of Section
40 36 of Article XIII of the California Constitution.

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

6 (n) This section shall become operative on July 1, 2014.

7 SEC. 28. Section 42238.03 is added to the Education Code, to
8 read:

9 42238.03. Commencing with the 2014–15 fiscal year and each
10 fiscal year thereafter, the Superintendent shall allocate the
11 appropriations in Section 14002 to each charter school and school
12 district according to the following formula:

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

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

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

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

29 (2) (A) Entitlements from items contained in Section 2.00, as
30 adjusted pursuant to Section 12.42, of the Budget Act of 2013 for
31 Items 6110-104-0001, 6110-108-0001, 6110-124-0001,
32 6110-128-0001, 6110-137-0001, 6110-144-0001, 6110-158-0001,
33 6110-181-0001, 6110-188-0001, 6110-189-0001, 6110-190-0001,
34 6110-193-0001, 6110-195-0001, 6110-198-0001, 6110-204-0001,
35 6110-208-0001, 6110-209-0001, 6110-211-0001, 6110-212-0001,
36 6110-227-0001, 6110-228-0001, 6110-232-0001, 6110-240-0001,
37 6110-242-0001, 6110-243-0001, 6110-244-0001, 6110-245-0001,
38 6110-246-0001, 6110-247-0001, 6110-248-0001, 6110-260-0001,
39 6110-265-0001, 6110-267-0001, 6110-268-0001, 6360-101-0001,
40 and 2013–14 fiscal year funding for the Class Size Reduction

1 Program pursuant to Chapter 6.10 (commencing with Section
2 52120) of Part 28 of Division 4, as it read on January 1, 2014.

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

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

9 (b) Calculate an adjustment to the amount in subdivision (a) as
10 follows:

11 (1) Subtract the amount in subdivision (a) from the amount
12 computed for each school district or charter school under the local
13 control funding formula entitlements in subdivision (h) of Section
14 42238.02. School districts and charter schools with a negative
15 difference shall be deemed to have a zero difference.

16 (2) Each school district's and charter school's total need as
17 calculated pursuant to paragraph (1) shall be divided by the sum
18 of all school districts' and charter schools' total need to determine
19 the school district's or charter school's respective proportions of
20 total need.

21 (3) Each school district's and charter school's proportion of
22 total need shall be multiplied by any available appropriations for
23 this purpose, and added to the school district's or charter school's
24 funding amounts as calculated pursuant to subdivision (a).

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

32 (c) (1) Upon a determination that a school district or charter
33 school equals or exceeds the local control funding formula target
34 computed pursuant to subdivision (h) of Section 42238.02, as
35 determined by the calculation of a zero difference pursuant to
36 paragraph (1) of subdivision (b) of this section, this section shall
37 not apply and the school district or charter school shall receive an
38 allocation equal to the amount calculated under Section 42238.02
39 in that fiscal year and future fiscal years.

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

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

21 (e) (1) For purposes of this section, commencing with the
22 2014–15 fiscal year and until all school districts and charter schools
23 equal or exceed their local control funding formula target computed
24 pursuant to Section 42238.02 as determined by the calculation of
25 a zero difference pursuant to paragraph (1) of subdivision (b), a
26 newly operational charter school shall be determined to have a
27 prior year per average daily attendance funding amount equal to
28 the lesser of:

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

1 (B) The charter school's local control funding formula rate
2 computed pursuant to subdivisions (c) to (g), inclusive, of Section
3 42238.02.

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

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

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

17 SEC. 29. Section 42238.04 is added to the Education Code, to
18 read:

19 42238.04. (a) Notwithstanding any other law, revenue limit
20 funding for school districts and charter school block grant funding
21 for charter schools for the 2013–14 fiscal year and prior fiscal
22 years shall continue to be adjusted pursuant to Article 2
23 (commencing with Section 42238), and Article 2 (commencing
24 with Section 47633) of Chapter 6 of Part 26.8 of Division 4, as
25 those articles read on June 30, 2014.

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

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

29 42238.05. (a) For purposes of Sections 42238.02 and 42238.03,
30 the fiscal year average daily attendance shall be computed pursuant
31 to paragraph (1) or (2).

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

37 (2) A school district that elects to receive funding pursuant to
38 Article 4 (commencing with Section 42280) shall compute its units
39 of average daily attendance for purposes of Section 42238.02 by

1 subtracting the amount determined in subparagraph (B) from the
2 amount determined in subparagraph (A).

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

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

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

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

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

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

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

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

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

29 42238.051. (a) For purposes of paragraph (1) of subdivision
30 (a) of Section 42238.05, a sponsoring school district's average
31 daily attendance shall be computed as follows:

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

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

39 (B) Compute the attendance of pupils who attended one or more
40 noncharter schools of the school district between July 1, and the

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

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

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

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

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

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

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

34 SEC. 32. Section 42238.052 is added to the Education Code,
35 to read:

36 42238.052. (a) Notwithstanding any other law, the prior year
37 average daily attendance for a school district determined pursuant
38 to subdivision (a) of Section 42238.051 shall be increased by the
39 prior year second principal apportionment average daily attendance

1 of a school district only for a school that meets the following
2 description:

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

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

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

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

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

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

16 42238.053. (a) The fiscal year average daily attendance
17 computed under Section 42238.05 shall be increased, for each
18 school district that operates a school that meets the eligibility
19 requirements set forth in subdivision (b), by the number of days
20 of attendance of pupils enrolled in eligible schools in the school
21 district who are currently migratory children, as defined by Section
22 54441, and who are residing in state-operated migrant housing
23 projects between the second principal apportionment and the end
24 of the regular school year, divided by the number of days school
25 was actually taught in the regular day schools of the district,
26 excluding Saturdays and Sundays.

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

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

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

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

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

38 SEC. 34. Section 42238.06 is added to the Education Code, to
39 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 reported 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:

38		
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 superintendents 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
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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
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

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 ensure 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.

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

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

11
12 (c) For the 2001–02 fiscal year, the Superintendent of Public
13 Instruction shall determine and allocate on a one-time basis for
14 each school district amounts as follows:

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

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

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

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

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

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

35 (f) 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. 45. Section 42238.46 of the Education Code is amended
40 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 than 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:

District	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 the 1996–97 fiscal year 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 the 1996–97 fiscal year, 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), the San Francisco Unified
12 School District shall receive an amount equal to five dollars and
13 fifty-seven cents (\$5.57) multiplied by its second principal
14 apportionment average daily attendance for the 2001–02 fiscal
15 year.

16 (3) Notwithstanding any other law, total allocations pursuant
17 to this subdivision may not exceed thirty-five million dollars
18 (\$35,000,000).

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

26 (1) Each school district and county office of education subject
27 to a reduced apportionment pursuant to this section or to Section
28 2558 shall receive a share of the amount appropriated in this
29 subdivision that is proportionate to the reduction in their
30 apportionment pursuant to this section or to Section 2558 for the
31 2003–04 fiscal year as compared to the statewide total reduction
32 that would occur absent this paragraph.

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

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

4 (4) For the purposes of making the computations required by
5 Section 8 of Article XVI of the California Constitution, the
6 appropriation made by this section shall be deemed to be “General
7 Fund revenues appropriated for school districts,” as defined in
8 subdivision (c) of Section 41202, for the 2003–04 fiscal year and
9 included within the “total allocations to school districts and
10 community college districts from General Fund proceeds of taxes
11 appropriated pursuant to Article XIII B,” as defined in subdivision
12 (e) of Section 41202, for the 2003–04 fiscal year.

13 (e) For the 2004–05 fiscal year, and each fiscal year thereafter,
14 apportionment reductions pursuant to this section and to Section
15 2558 shall be limited as follows:

16 (1) Each school district and county office of education subject
17 to a reduced apportionment pursuant to this section or to Section
18 2558 shall receive a share of the amount described in paragraph
19 (3) that is proportionate to the reduction in their apportionment
20 pursuant to this section or to Section 2558 for the 2004–05 fiscal
21 year as compared to the statewide total reduction as would occur
22 absent this paragraph.

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

30 (3) Notwithstanding any other law, total limitations pursuant to
31 this subdivision may not annually exceed thirty-five million dollars
32 (\$35,000,000) as annually increased by the cost-of-living
33 adjustments specified in Section 42238.1, multiplied by the annual
34 statewide percentage growth in total average daily attendance,
35 measured at the second principal apportionment.

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. 61. Section 42238.13 of the Education Code is amended
2 to read:

3 42238.13. (a) Notwithstanding any other provision of law, for
4 any elementary school district that meets all of the criteria specified
5 in subdivision (b), the base revenue limit for the 1988–89 fiscal
6 year and each subsequent fiscal year computed pursuant to Section
7 42238 shall be computed as though the 1987–88 base revenue limit
8 per unit of average daily attendance was two thousand nine hundred
9 sixty-five dollars (\$2,965). The county superintendent shall
10 compute the revenue limit on that basis.

11 (b) The revenue limit computation described in subdivision (a)
12 shall apply to any elementary school district that meets all of the
13 following criteria:

14 (1) The minority enrollment in the district in the 1987–88 school
15 year was greater than 98 percent.

16 (2) The AFDC enrollment in the district in the 1987–88 school
17 year was greater than 32 percent.

18 (3) The district ranked in all of the following categories in the
19 1986–87 California Assessment Program as follows:

20 (A) Lowest 3 percent for third grade reading.

21 (B) Lowest 2 percent for sixth grade reading.

22 (C) Lowest 1 percent for eighth grade reading.

23 (D) Lowest 1 percent for sixth grade mathematics.

24 (E) Lowest 1 percent for eighth grade mathematics.

25 (F) Lowest 1 percent for history/social science.

26 (G) Lowest 1 percent for science.

27 (4) The district's 1987–88 base revenue limit was 2 percent
28 below the statewide average for elementary districts and 7 percent
29 below the county average for elementary districts.

30 (5) The district is under a court order as of the effective date of
31 this act.

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. 62. Section 42238.14 of the Education Code is amended
37 to read:

38 42238.14. (a) For the purposes of this article, the revenue limit
39 for the 1993–94 fiscal year for each school district determined

1 pursuant to this article and adjusted pursuant to Section 42238.16
2 shall be reduced by an 8.14 percent deficit factor.

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. 63. Section 42238.145 of the Education Code is amended
8 to read:

9 42238.145. For the purposes of this article, the revenue limit
10 for each school district shall be reduced by a deficit factor, as
11 follows:

12 (a) (1) For the 1994–95 fiscal year, the revenue limit for each
13 school district determined pursuant to this article shall be reduced
14 by an 11.01 percent deficit factor.

15 (2) For the 1995–96 fiscal year, the revenue limit for each school
16 district determined pursuant to this article shall be reduced by a
17 10.12 percent deficit factor.

18 (3) For the 1996–97 and 1997–98 fiscal years, the revenue limit
19 for each school district determined pursuant to this article shall be
20 reduced by a 9.967 percent deficit factor, as adjusted pursuant to
21 Section 42238.42.

22 (4) For the 1999–2000 fiscal year, the revenue limit for each
23 school district determined pursuant to this article shall be reduced
24 by a 6.996 percent deficit factor.

25 (b) (1) The revenue limit for the 1994–95 fiscal year for each
26 school district shall be determined as if the revenue limit for each
27 school district had been determined for the 1993–94 fiscal year
28 without being reduced by the deficit factor required pursuant to
29 Section 42238.14.

30 (2) When computing the revenue limit for each school district
31 for the 1995–96 or any subsequent fiscal year pursuant to this
32 article, the revenue limit shall be determined as if the revenue limit
33 for that school district had been determined for the previous fiscal
34 year without being reduced by the deficit factor specified in this
35 section.

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

1 SEC. 64. Section 42238.146 of the Education Code is amended
2 to read:

3 42238.146. (a) (1) For the 2003–04 fiscal year, the revenue
4 limit for each school district determined pursuant to this article
5 shall be reduced by a 1.198 percent deficit factor.

6 (2) For the 2004–05 fiscal year, the revenue limit for each school
7 district determined pursuant to this article shall be reduced by a
8 0.323 percent deficit factor.

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

12 (4) For the 2005–06 fiscal year, the revenue limit for each school
13 district determined pursuant to this article shall be reduced by a
14 0.892 percent deficit factor.

15 (5) For the 2008–09 fiscal year, the revenue limit for each school
16 district determined pursuant to this article shall be reduced by a
17 7.844 percent deficit factor.

18 (6) For the 2009–10 fiscal year, the revenue limit for each school
19 district determined pursuant to this article shall be reduced by an
20 18.355 percent deficit factor.

21 (7) For the 2010–11 fiscal year, the revenue limit for each school
22 district determined pursuant to this article shall be reduced by a
23 17.963 percent deficit factor.

24 (8) For the 2011–12 fiscal year, the revenue limit for each school
25 district determined pursuant to this article shall be reduced by a
26 20.404 percent deficit factor.

27 (9) For the 2012–13 fiscal year, the revenue limit for each school
28 district determined pursuant to this article shall be reduced by a
29 22.272 percent deficit factor.

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

36 (c) In computing the revenue limit for each school district for
37 the 2010–11 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 2009–10 fiscal year without being
40 reduced by the deficit factors specified in subdivision (a).

1 (d) In computing the revenue limit for each school district for
2 the 2011–12 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 2010–11 fiscal year without being
5 reduced by the deficit factors specified in subdivision (a).

6 (e) In computing the revenue limit for each school district for
7 the 2012–13 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 2011–12 fiscal year without being
10 reduced by the deficit factors specified in subdivision (a).

11 (f) In computing the revenue limit for each school district for
12 the 2013–14 fiscal year pursuant to this article, the revenue limit
13 shall be determined as if the revenue limit for that school district
14 had been determined for the 2012–13 fiscal year without being
15 reduced by the deficit factors specified in subdivision (a).

16 (g) 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. 65. Section 42238.17 of the Education Code is amended
21 to read:

22 42238.17. Notwithstanding any other provision of law, for any
23 school district that was reorganized effective July 1, 1992, as a
24 unified school district and that is congruent to a school district that
25 was reorganized as an elementary school district effective July 1,
26 1990, the Superintendent shall compute apportionments using the
27 following data:

28 (a) For the purposes of paragraph (1) of subdivision (d) of
29 Section 42238 for the 1990–91 and 1991–92 fiscal years, the
30 superintendent shall use the actual number of units of average daily
31 attendance for the 1990–91 fiscal year second principal
32 apportionments.

33 (b) For the purposes of paragraph (1) of subdivision (d) of
34 Section 42238, for the 1992–93 fiscal year and each fiscal year
35 thereafter, the superintendent shall use the actual number of units
36 of average daily attendance for the 1992–93 fiscal year second
37 principal apportionment.

38 This section shall become inoperative on July 1, 2014, and, as
39 of January 1, 2015, is repealed, unless a later enacted statute, that

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

3 SEC. 66. Section 42238.18 of the Education Code is amended
4 to read:

5 42238.18. (a) Notwithstanding any other provision of law,
6 only those pupils enrolled in county office of education programs
7 while detained in a juvenile hall, juvenile home, day center,
8 juvenile ranch, juvenile camp, or regional youth educational facility
9 established pursuant to Article 23 (commencing with Section 850),
10 Article 24 (commencing with Section 880), and Article 24.5
11 (commencing with Section 894) of Chapter 2 of Part 1 of Division
12 2 of the Welfare and Institutions Code shall be counted as juvenile
13 court school pupils. For purposes of apportionments, those pupils
14 in a group home housing 25 or more children placed pursuant to
15 Sections 362, 727, and 730 of the Welfare and Institutions Code
16 or in any group home housing 25 or more children and operating
17 one or more additional sites under a central administration for
18 children placed pursuant to Section 362, 727, or 730 of the Welfare
19 and Institutions Code shall be reported as county group home and
20 institutions pupils to the Superintendent and shall be counted as
21 juvenile court school pupils for purposes of apportionments.

22 (b) Notwithstanding any other provision of law, any county
23 superintendent of schools operating juvenile court schools, county
24 group home and institutions schools, or community schools, or
25 any combination of these schools shall maintain an account in their
26 general fund to be known as the juvenile court and community
27 school account, and shall deposit all funds derived from the
28 operation of juvenile court, county group home and institutions
29 schools, and community schools into that account. Expenditures
30 from the juvenile court and community school account shall be
31 limited to the following:

32 (1) Those expenditures defined as direct costs of instructional
33 programs by the California State School Accounting Manual,
34 except that facility costs, including the costs of renting, leasing,
35 purchasing, remodeling, constructing, or improving buildings and
36 the costs of purchasing or improving land, shall be allowed as an
37 instructional cost in the juvenile court and community school fund.
38 Deferred maintenance contributions made pursuant to Section
39 17584 may also be allowed as an instructional cost of juvenile
40 court and county community school programs, provided the

1 contribution does not exceed the program's proportionate share
2 of total county school service fund expenditures as defined in
3 Section 17584, and provided the funds are used for deferred
4 maintenance of juvenile court and county community school
5 facilities.

6 (2) Expenditures that are defined as documented direct support
7 costs by the California State School Accounting Manual.

8 (3) Expenditures that are defined as allocated direct support
9 costs by the California State School Accounting Manual.

10 (4) Other expenditures for support and indirect charges.
11 However, these charges may not exceed 10 percent of the sum of
12 the expenditures in paragraphs (1), (2), and (3).

13 Expenditures that represent contract payments to other agencies
14 for the operation of juvenile court and community school programs
15 shall be included in the juvenile court and community school
16 account and the contract costs distributed to the cost categories
17 defined in paragraphs (1), (2), (3), and (4). At the end of any given
18 school year the net ending balance in the juvenile court and
19 community school account may be distributed to a reserved account
20 for economic contingencies or to a reserved account for capital
21 outlay, provided that the combined total transferred does not exceed
22 15 percent of the current year's authorized expenditures as specified
23 above and also provided that funds placed in the reserved accounts
24 shall only be expended for juvenile court, county group home and
25 institutions, or community school programs. The net ending
26 balance, except for those funds placed in a capital outlay fund,
27 shall not exceed the greater of 15 percent of the previous year's
28 expenditures or twenty-five thousand dollars (\$25,000). A county
29 may accumulate over a period of two or more given school years
30 a net ending balance in the capital outlay reserved account of more
31 than 15 percent of the current fiscal year's expenditures under
32 provisions of a resolution of the governing board. Funds in the
33 capital outlay reserve are to be used for capital outlay only. The
34 Superintendent shall require an annual certification by county
35 superintendents of schools beginning in the 1989-90 fiscal year
36 that juvenile court, county group home and institutions, and
37 community school funds have been expended as provided in this
38 section and shall withhold from the subsequent year's
39 apportionment an amount equal to any excess ending balance or

1 excess transfers, as provided in this subdivision, in the juvenile
2 court and community school account.

3 (c) Notwithstanding any other provision of law, pupils who are
4 referred by the county probation department under Section 601 or
5 654 of the Welfare and Institutions Code, shall be enrolled and
6 eligible for apportionments in county community schools only
7 after an individualized review and certification of the
8 appropriateness of enrollment in the county group home and
9 institution's school or county community school. The
10 individualized review shall include representatives of the court,
11 the county department of education, the county probation
12 department, and either the school district of residence or, in cases
13 in which the pupil resides in a group home or institution, the school
14 district in which the group home or institution is located, and, in
15 each case, the school district representative shall agree to the
16 appropriateness of the proposed placement and pupils so placed
17 shall have a probation officer assigned to their case.

18 (d) Regardless of the operative date of the amendments to this
19 section made during the 1997 portion of the 1997–98 Regular
20 Session, this section, as so amended, shall be implemented as
21 though it had been operative on July 1, 1996. For the purpose of
22 implementing this section for the entire 1996–97 fiscal year, the
23 Superintendent and other public officers shall take all necessary
24 steps to effect the required adjustments and shall have authority
25 to adjust allowance computations, apportionments, and
26 disbursements ordered from Section A of the State School Fund
27 and other public funds.

28 (e) 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. 67. Section 42239 of the Education Code is amended to
33 read:

34 42239. (a) For each fiscal year the Superintendent shall
35 compute funding for supplemental instruction for each school
36 district or charter school by multiplying the number of pupil hours
37 of supplemental instruction claimed pursuant to Sections 37252
38 and 37252.2 by the pupil hour allowance specified in subdivision
39 (b) or by a pupil hour allowance specified in the annual Budget
40 Act in lieu of the amount computed in subdivision (b).

1 (b) Hours of supplemental instruction shall be reimbursed at a
2 rate of three dollars and fifty-three cents (\$3.53) per pupil hour,
3 adjusted in the 2005–06 fiscal year and subsequent fiscal years as
4 specified in this section, provided that a different reimbursement
5 rate may be specified for each fiscal year in the annual Budget Act
6 that appropriates funding for that fiscal year. This amount shall be
7 increased annually by the percentage increase pursuant to
8 subdivision (b) of Section 42238.1 granted to school districts or
9 charter schools for base revenue limit cost-of-living increases.

10 (c) (1) If appropriated funding is insufficient to pay all claims
11 made in any fiscal year pursuant to Sections 37252 and 37252.2,
12 the superintendent shall use any available funding appropriated
13 for the purposes of reimbursing school districts pursuant to Section
14 37252 or 37252.2.

15 (2) 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 prior fiscal year.

20 (3) If appropriated funding is still insufficient to pay all claims
21 made in any fiscal year pursuant to Section 37252 or 37252.2, the
22 superintendent shall use any available funding appropriated for
23 the purposes of reimbursing school districts for supplemental
24 instruction in the current fiscal year.

25 (4) The superintendent shall notify the Director of Finance that
26 there is an insufficiency of funding appropriated for the purposes
27 of Sections 37252 and 37252.2 only after the superintendent has
28 exhausted all available balances of appropriations made for the
29 current or prior fiscal years for the reimbursement of school
30 districts for supplemental instruction.

31 (d) Notwithstanding any other provision of law, neither the State
32 Board of Education nor the Superintendent of Public Instruction
33 may waive any provision of this section.

34 (e) 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. 68. Section 42240.1 of the Education Code is amended
39 to read:

1 42240.1. (a) Any elementary school district with less than
2 2,501 units of average daily attendance in grades kindergarten to
3 6, inclusive, for the second principal apportionment in the 1978–79
4 fiscal year, whose 7th and 8th grade pupils were being educated
5 by a high school district pursuant to Article 5 (commencing with
6 Section 37060) of Chapter 1 of Part 22 during the 1978–79 fiscal
7 year, shall be entitled to the revenue limit adjustment computed
8 pursuant to Section 42240 beginning with the 1981–82 fiscal year.

9 (b) 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. 69. Section 42241.3 of the Education Code is amended
14 to read:

15 42241.3. (a) This section applies only to the funding generated
16 by the average daily attendance of pupils attending a charter school
17 that has operated as a charter school since prior to July 1, 2005, if
18 a unified school district has been the sponsoring local educational
19 agency as defined in subdivision (i) of Section 47632, and if the
20 unified school district was governed by Section 47660 as that
21 section read on December 31, 2005.

22 (b) For the 2005–06 fiscal year only, the revenue limit funding
23 of a unified school district, other than a unified school district that
24 has converted all of its schools to charter status pursuant to Section
25 47606 and is operating them as charter schools, shall be increased
26 or decreased to reflect one-half of the difference between the
27 funding provided for the base revenue limit per unit of average
28 daily attendance of the unified school district as set forth in Section
29 42238 and the general-purpose entitlement per unit of average
30 daily attendance of the charter school as set forth in Section 47633.

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

35 SEC. 70. Section 42241.7 of the Education Code is amended
36 to read:

37 42241.7. (a) For the 1978–79 fiscal year, and each fiscal year
38 thereafter, the revenue limit of any elementary, high, or unified
39 school district authorized pursuant to Sections 42237 and 42238
40 may be increased by an amount sufficient to provide additional

1 revenue equal to the expenditures estimated to be incurred by the
2 district in the budget year in complying with the following
3 provisions of the Unemployment Insurance Code: Sections 605
4 and 803, Article 6 (commencing with Section 821) of Chapter 3
5 of Part 1 of Division 1, or Article 3 (commencing with Section
6 976) of Chapter 4 of Part 1 of Division 1, less the actual
7 expenditures incurred by the district in the 1975–76 fiscal year in
8 complying with the following provisions of the Unemployment
9 Insurance Code: Section 605.2 and Article 6 (commencing with
10 Section 821) of Chapter 3 of Part 1 of Division 1.

11 (b) If, at the end of any fiscal year, the actual expenditures of
12 the district specified in subdivision (a) are less than the revenue
13 derived from the increase in revenue limit provided in subdivision
14 (a) for that fiscal year, the difference shall be used in the following
15 fiscal year exclusively for expenditures required pursuant to the
16 Unemployment Insurance Code provisions specified in subdivision
17 (a).

18 (c) If, at the end of any fiscal year, the actual expenditures of
19 the district specified in subdivision (a) exceed the revenue derived
20 from the increase in revenue limit provided in subdivision (a) for
21 that fiscal year, the difference may be added to the increase in
22 revenue limit, authorized pursuant to this section, in the following
23 fiscal year.

24 (d) (1) For the 1994–95 to 2002–03 fiscal years, inclusive, the
25 adjustment computed pursuant to this section shall not be adjusted
26 by the deficit factor applied to the revenue limit of each school
27 district pursuant to Section 42238.145.

28 (2) For the 2003–04 fiscal year and each fiscal year thereafter,
29 the revenue limit reduction specified in Section 42238.146 may
30 not be applied to the adjustment computed pursuant to this section.

31 (e) Expenditures for employees of charter schools funded
32 pursuant to Article 2 (commencing with Section 47633) of Chapter
33 6 of Part 26.8 are excluded from the calculations set forth in this
34 section.

35 (f) 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. 71. Section 42243.7 of the Education Code is amended
40 to read:

1 42243.7. (a) For any school district that commenced operations
2 on or after June 30, 1978, or for any school district that receives
3 approval from the department for a new continuation education
4 high school for the 1979–80 fiscal year, or any fiscal year
5 thereafter, the Superintendent of Public Instruction shall compute
6 an adjustment to the district revenue limit pursuant to this section.

7 (b) Determine the amount of foundation program that the district
8 would have been entitled to pursuant to subdivision (a) of Section
9 41711, as that section read on July 1, 1977, if the district had
10 operated during the 1977–78 fiscal year, utilizing the number of
11 units of average daily attendance attending high school in the
12 district in the fiscal year for which the revenue limit is being
13 computed.

14 (c) Determine the amount of foundation program that the district
15 would have been entitled to pursuant to paragraph (1) of
16 subdivision (b) of Section 41711, as that section read on July 1,
17 1977, if the district had operated during the 1977–78 fiscal year,
18 utilizing the same number of units of average daily attendance
19 used in subdivision (b) of this section.

20 (d) Subtract the amount determined pursuant to subdivision (c)
21 from the amount computed pursuant to subdivision (b).

22 (e) The amount computed pursuant to subdivision (d), if greater
23 than zero, shall be added to the revenue limit computed pursuant
24 to subdivision (c) of Section 42237 or pursuant to Section 42238.
25 If the amount in subdivision (d) is less than zero there is no
26 adjustment.

27 (f) The Superintendent of Public Instruction shall reduce by the
28 amount computed pursuant to subdivision (e) the revenue limit
29 computed pursuant to Section 42238 of any district discontinuing
30 the operation of a continuation education school approved pursuant
31 to subdivision (a).

32 (g) (1) For the 1994–95 to 2002–03 fiscal years, inclusive, the
33 adjustment computed pursuant to this section may not be adjusted
34 by the deficit factor applied to the revenue limit of each school
35 district pursuant to Section 42238.145.

36 (2) For the 2003–04 fiscal year and each fiscal year thereafter,
37 the revenue limit reduction specified in Section 42238.146 may
38 not be applied to the adjustment computed pursuant to this section.

39 (h) The adjustment computed pursuant to this section for a new
40 continuation education high school may be applicable for any

1 unified school district that was not fully operational during the
2 first year of operation of the continuation education high school.
3 The number of units of average daily attendance to be used in
4 computing the adjustment shall be the number of units of average
5 daily attendance generated by the continuation education high
6 school in the district for the first year that the district is fully
7 operational in all grades.

8 (i) In the 1998–99 fiscal year and each fiscal year thereafter,
9 the ranges of average daily attendance resulting from the
10 calculation set forth in this section pursuant to Section 41711, as
11 that section read on July 1, 1977, shall be reduced by the statewide
12 average percentage that absences excused pursuant to subdivision
13 (b) of Section 46010, as that section read on July 1, 1996, were of
14 total second principal apportionment regular average daily
15 attendance for high schools in 1996–97, with the reduced ranges
16 then rounded to the nearest integer.

17 (j) Commencing with the 2005–06 fiscal year and
18 notwithstanding any provision of law, the amount of the adjustment
19 calculated pursuant to this section shall not be added to the revenue
20 limit of a school district, but shall be used in determining the
21 amount of the pupil retention block grant awarded a school district
22 pursuant to Article 1 (commencing with Section 41500) of Chapter
23 3.2.

24 (k) 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. 72. Section 46201.2 of the Education Code is amended
29 to read:

30 46201.2. (a) Commencing with the 2009–10 school year and
31 continuing through the 2013–14 school year, a school district,
32 county office of education, or charter school may reduce the
33 equivalent of up to five days of instruction or the equivalent
34 number of instructional minutes without incurring the penalties
35 set forth in Sections 41420, 46200, 46200.5, 46201, 46201.5,
36 46202, and 47612.5. A school district, county office of education,
37 or charter school shall receive revenue limit funding based on the
38 adjustments prescribed pursuant to Section 42238.146 whether or
39 not it reduces the number of schooldays or instructional minutes.

1 (b) 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. 73. Section 46201.2 is added to the Education Code, to
6 read:

7 46201.2. (a) Commencing with the 2009–10 school year and
8 continuing through the 2013–14 school year, a school district,
9 county office of education, or charter school may reduce the
10 equivalent of up to five days of instruction or the equivalent
11 number of instructional minutes without incurring the penalties
12 set forth in Sections 41420, 46200, 46200.5, 46201, 46201.5,
13 46202, and 47612.5, as those sections read on January 1, 2014. A
14 school district, county office of education, or charter school shall
15 receive revenue limit funding based on the adjustments prescribed
16 pursuant to Section 42238.146, as it read on January 1, 2014,
17 whether or not it reduces the number of schooldays or instructional
18 minutes.

19 (b) For the 2014–15 school year, a school district, county office
20 of education, or charter school may reduce the equivalent of up to
21 five days of instruction or the equivalent number of instructional
22 minutes without incurring the penalties set forth in Sections 41420,
23 46200, 46200.5, 46201, 46201.5, 46202, and 47612.5.

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

25 (d) This section shall become inoperative on July 1, 2015, and,
26 as of January 1, 2016, is repealed, unless a later enacted statute,
27 that becomes operative on or before January 1, 2016, deletes or
28 extends the dates on which it becomes inoperative and is repealed.

29 SEC. 74. Section 47604.33 of the Education Code is amended
30 to read:

31 47604.33. (a) Each charter school shall annually prepare and
32 submit the following reports to its chartering authority and the
33 county superintendent of schools, or only to the county
34 superintendent of schools if the county board of education is the
35 chartering authority:

36 (1) On or before July 1, a preliminary budget. For a charter
37 school in its first year of operation, the information submitted
38 pursuant to subdivision (g) of Section 47605 satisfies this
39 requirement.

1 (2) On or before December 15, an interim financial report. This
2 report shall reflect changes through October 31.

3 (3) On or before March 15, a second interim financial report.
4 This report shall reflect changes through January 31.

5 (4) On or before September 15, a final unaudited report for the
6 full prior year.

7 (b) The chartering authority shall use any financial information
8 it obtains from the charter school, including, but not limited to,
9 the reports required by this section, to assess the fiscal condition
10 of the charter school pursuant to subdivision (d) of Section
11 47604.32.

12 (c) The cost of performing the duties required by this section
13 shall be funded with supervisorial oversight fees collected pursuant
14 to Section 47613.

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

19 SEC. 75. Section 47604.33 is added to the Education Code, to
20 read:

21 47604.33. (a) Each charter school shall annually prepare and
22 submit the following reports to its chartering authority and the
23 county superintendent of schools, or only to the county
24 superintendent of schools if the county board of education is the
25 chartering authority:

26 (1) On or before July 1, a preliminary budget and a local control
27 and accountability plan adopted pursuant to Section 52065. For a
28 charter school in its first year of operation, the information
29 submitted pursuant to subdivision (g) of Section 47605 satisfies
30 this requirement.

31 (2) On or before December 15, an interim financial report. This
32 report shall reflect changes through October 31.

33 (3) On or before March 15, a second interim financial report.
34 This report shall reflect changes through January 31.

35 (4) On or before September 15, a final unaudited report for the
36 full prior year.

37 (b) The chartering authority shall use any financial information
38 it obtains from the charter school, including, but not limited to,
39 the reports required by this section, to assess the fiscal condition

1 of the charter school pursuant to subdivision (d) of Section
 2 47604.32.

3 (c) The cost of performing the duties required by this section
 4 shall be funded with supervisorial oversight fees collected pursuant
 5 to Section 47613.

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

7 SEC. 76. Section 47610 of the Education Code is amended to
 8 read:

9 47610. A charter school shall comply with this part and all of
 10 the provisions set forth in its charter, but is otherwise exempt from
 11 the laws governing school districts, except all of the following:

12 (a) As specified in Section 47611.

13 (b) As specified in Section 41365.

14 (c) All laws establishing minimum age for public school
 15 attendance.

16 (d) The California Building Standards Code (Part 2
 17 (commencing with Section 101) of Title 24 of the California Code
 18 of Regulations), as adopted and enforced by the local building
 19 enforcement agency with jurisdiction over the area in which the
 20 charter school is located.

21 (e) Charter school facilities shall comply with subdivision (d)
 22 by January 1, 2007.

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

27 SEC. 77. Section 47610 is added to the Education Code, to
 28 read:

29 47610. (a) A charter school shall comply with this part and
 30 all of the provisions set forth in its charter, but is otherwise exempt
 31 from the laws governing school districts, except all of the
 32 following:

33 (1) As specified in Section 47611.

34 (2) As specified in Section 41365.

35 (3) As specified in Section 52065.

36 (4) All laws establishing minimum age for public school
 37 attendance.

38 (5) The California Building Standards Code (Part 2
 39 (commencing with Section 101) of Title 24 of the California Code
 40 of Regulations), as adopted and enforced by the local building

1 enforcement agency with jurisdiction over the area in which the
2 charter school is located.

3 (6) Charter school facilities shall comply with paragraph (5) of
4 subdivision (a) by January 1, 2007.

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

6 SEC. 78. Section 47630.5 of the Education Code is amended
7 to read:

8 47630.5. (a) This chapter applies to the calculation of
9 operational funding for charter schools. Except as otherwise
10 provided in this chapter, this chapter shall apply to all charter
11 schools without regard to their sponsoring local education agency.

12 (b) For the 1999–2000, 2000–01, and 2001–02 fiscal years in
13 the case of a charter school that was assigned a number by the
14 State Board of Education prior to June 1, 1999, the use of the
15 charter school funding method established by this chapter shall be
16 at the discretion of that charter school. A charter school that elects
17 to have its funding determined pursuant to the method established
18 by this chapter shall notify the State Department of Education by
19 June 1 prior to the affected fiscal year. An election to be funded
20 pursuant to the method established by this chapter is irrevocable.

21 (c) Additional legal or fiscal responsibilities on the part of a
22 county superintendent of schools are not imposed by this chapter,
23 except as specifically provided in this chapter.

24 (d) 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. 79. Section 47631 of the Education Code is amended to
29 read:

30 47631. (a) Article 2 (commencing with Section 47633) and
31 Article 3 (commencing with Section 47636) may not apply to a
32 charter granted pursuant to Section 47605.5.

33 (b) Notwithstanding subdivision (a), a pupil attending a
34 county-sponsored charter school who is eligible to attend that
35 school solely as a result of parental request pursuant to subdivision
36 (b) of Section 1981 shall be funded pursuant to this chapter.

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

1 SEC. 80. Section 47631 is added to the Education Code, to
2 read:

3 47631. (a) Article 3 (commencing with Section 47636) shall
4 not apply to a charter granted pursuant to Section 47605.5.

5 (b) Notwithstanding subdivision (a), a pupil attending a
6 county-sponsored charter school who is eligible to attend that
7 school solely as a result of parental request pursuant to subdivision
8 (b) of Section 1981 shall be funded pursuant to the local control
9 funding formula pursuant to Section 42238.02, as implemented
10 by Section 42238.03.

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

12 SEC. 81. Section 47632 of the Education Code is amended to
13 read:

14 47632. For purposes of this chapter, the following terms shall
15 be defined as follows:

16 (a) “General-purpose entitlement” means an amount computed
17 by the formula set forth in Section 47633 beginning in the
18 1999–2000 fiscal year, which is based on the statewide average
19 amounts of general-purpose funding from those state and local
20 sources identified in Section 47633 received by school districts of
21 similar type and serving similar pupil populations.

22 (b) “Categorical block grant” means an amount computed by
23 the formula set forth in Section 47634 beginning in the 1999–2000
24 fiscal year, which is based on the statewide average amounts of
25 categorical aid from those sources identified in Section 47634
26 received by school districts of similar type and serving similar
27 pupil populations.

28 (c) “General-purpose funding” means those funds that consist
29 of state aid, local property taxes, and other revenues applied toward
30 a school district’s revenue limit, pursuant to Section 42238.

31 (d) “Categorical aid” means aid that consists of state or federally
32 funded programs, or both, which are apportioned for specific
33 purposes set forth in statute or regulation.

34 (e) “Economic impact aid-eligible pupils” means those pupils
35 that are included in the economic impact aid-eligible pupil count
36 pursuant to Section 54023. For purposes of applying Section 54023
37 to charter schools, “economically disadvantaged pupils” means
38 the pupils described in paragraph (2) of subdivision (a) of Section
39 54026.

1 (f) “Educationally disadvantaged pupils” means those pupils
2 who are eligible for subsidized meals pursuant to Section 49552
3 or are identified as English learners pursuant to subdivision (a) of
4 Section 306, or both.

5 (g) “Operational funding” means all funding except funding for
6 capital outlay.

7 (h) “School district of a similar type” means a school district
8 that is serving similar grade levels.

9 (i) “Similar pupil population” means similar numbers of pupils
10 by grade level, with a similar proportion of educationally
11 disadvantaged pupils.

12 (j) “Sponsoring local educational agency” means the following:

13 (1) If a charter school is granted by a school district, the
14 sponsoring local educational agency is the school district.

15 (2) If a charter is granted by a county office of education after
16 having been previously denied by a school district, the sponsoring
17 local educational agency means the school district that initially
18 denied the charter petition.

19 (3) If a charter is granted by the state board after having been
20 previously denied by a local educational agency, the sponsoring
21 local educational agency means the local educational agency
22 designated by the state board pursuant to paragraph (1) of
23 subdivision (k) of Section 47605 or if a local educational agency
24 is not designated, the local educational agency that initially denied
25 the charter petition.

26 (4) For pupils attending county-sponsored charter schools who
27 are eligible to attend those schools solely as a result of parental
28 request pursuant to subdivision (b) of Section 1981, the sponsoring
29 local educational agency means the pupils’ school district of
30 residence.

31 (5) For pupils attending countywide charter schools pursuant
32 to Section 47605.6 who reside in a basic aid school district, the
33 sponsoring local educational agency means the school district of
34 residence of the pupil. For purposes of this paragraph, “basic aid
35 school district” means a school district that does not receive an
36 apportionment of state funds pursuant to subdivision (h) of Section
37 42238.

38 (k) 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. 82. Section 47632 is added to the Education Code, to
4 read:

5 47632. (a) For purposes of this chapter, the following terms
6 shall be defined as follows:

7 (1) “General-purpose entitlement” means an amount computed
8 by the local control funding formula pursuant to Section 42238.02,
9 as implemented by Section 42238.03.

10 (2) “General-purpose funding” means those funds that consist
11 of state aid, local property taxes, and other revenues applied toward
12 a school district’s local control funding formula, pursuant to
13 Section 42238.02, as implemented by Section 42238.03.

14 (3) “Categorical aid” means aid that consists of state or federally
15 funded programs, or both, which are apportioned for specific
16 purposes set forth in statute or regulation.

17 (4) “Educationally disadvantaged pupils” means those pupils
18 who are eligible for subsidized meals pursuant to Section 49552
19 or are identified as English learners pursuant to subdivision (a) of
20 Section 306, or both.

21 (5) “Operational funding” means all funding except funding for
22 capital outlay.

23 (6) “School district of a similar type” means a school district
24 that is serving similar grade levels.

25 (7) “Similar pupil population” means similar numbers of pupils
26 by grade level, with a similar proportion of educationally
27 disadvantaged pupils.

28 (8) “Sponsoring local educational agency” means the following:

29 (A) If a charter school is granted by a school district, the
30 sponsoring local educational agency is the school district.

31 (B) If a charter is granted by a county office of education after
32 having been previously denied by a school district, the sponsoring
33 local educational agency means the school district that initially
34 denied the charter petition.

35 (C) If a charter is granted by the state board after having been
36 previously denied by a local educational agency, the sponsoring
37 local educational agency means the local educational agency
38 designated by the state board pursuant to paragraph (1) of
39 subdivision (k) of Section 47605 or if a local educational agency

1 is not designated, the local educational agency that initially denied
2 the charter petition.

3 (D) For pupils attending county-sponsored charter schools who
4 are eligible to attend those schools solely as a result of parental
5 request pursuant to subdivision (b) of Section 1981, the sponsoring
6 local educational agency means the pupils' school district of
7 residence.

8 (E) For pupils attending countywide charter schools pursuant
9 to Section 47605.6 who reside in a basic aid school district, the
10 sponsoring local educational agency means the school district of
11 residence of the pupil. For purposes of this paragraph, "basic aid
12 school district" means a school district that does not receive an
13 apportionment of state funds as described in subdivision (m) of
14 Section 42238.02.

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

16 SEC. 83. Section 47633 of the Education Code is amended to
17 read:

18 47633. The Superintendent shall annually compute a
19 general-purpose entitlement, funded from a combination of state
20 aid and local funds, for each charter school as follows:

21 (a) The Superintendent shall annually compute the statewide
22 average amount of general-purpose funding per unit of average
23 daily attendance received by school districts for each of four grade
24 level ranges: kindergarten and grades 1, 2, and 3; grades 4, 5, and
25 6; grades 7 and 8; and, grades 9 to 12, inclusive. For purposes of
26 making these computations, both of the following conditions shall
27 apply:

28 (1) Revenue limit funding attributable to pupils in kindergarten
29 and grades 1 to 5, inclusive, shall equal the statewide average
30 revenue limit funding per unit of average daily attendance received
31 by elementary school districts; revenue limit funding attributable
32 to pupils in grades 6, 7, and 8, shall equal the statewide average
33 revenue limit funding per unit of average daily attendance received
34 by unified school districts; and revenue limit funding attributable
35 to pupils in grades 9 to 12, inclusive, shall equal the statewide
36 average revenue limit funding per unit of average daily attendance
37 received by high school districts.

38 (2) Revenue limit funding received by school districts shall
39 exclude the value of any benefit attributable to the presence of

1 necessary small schools or necessary small high schools within
2 the school district.

3 (b) The Superintendent shall multiply each of the four amounts
4 computed in subdivision (a) by the charter school's average daily
5 attendance in the corresponding grade level ranges. The resulting
6 figure shall be the amount of the charter school's general-purpose
7 entitlement, which shall be funded through a combination of state
8 aid and local funds. From funds appropriated for this purpose
9 pursuant to Section 14002, the Superintendent shall apportion to
10 each charter school this amount, less local funds allocated to the
11 charter school pursuant to Section 47635 and any amount received
12 pursuant to subparagraph (B) of paragraph (3) of subdivision (e)
13 of Section 36 of Article XIII of the California Constitution.

14 (c) General-purpose entitlement funding may be used for any
15 public school purpose determined by the governing body of the
16 charter school.

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. 84. Section 47634.1 of the Education Code, as added by
22 Section 24 of Chapter 2 of the Fourth Extraordinary Session of
23 the Statutes of 2009, is amended to read:

24 47634.1. (a) Notwithstanding subdivision (a) of Section 47634,
25 a categorical block grant for charter schools for the 2005–06 fiscal
26 year shall be calculated as follows:

27 (1) The Superintendent shall divide the total amount of funding
28 appropriated for the purpose of this block grant in the annual
29 Budget Act or another statute, less the total amount calculated in
30 paragraph (2), by the statewide total of charter school average
31 daily attendance, as determined at the second principal
32 apportionment for the 2005–06 fiscal year.

33 (2) The statewide average amount, as computed by the
34 Superintendent, of funding per identified educationally
35 disadvantaged pupil received by school districts in the current
36 fiscal year pursuant to Article 2 (commencing with Section 54020)
37 of Chapter 1 of Part 29. This amount shall be multiplied by the
38 number of educationally disadvantaged pupils enrolled in the
39 charter school. The resulting amount, if greater than zero, shall
40 not be less than the minimum amount of economic impact aid

1 funding to which a school district of similar size would be entitled
2 pursuant to Section 54022. For purposes of this subdivision, a
3 pupil who is eligible for subsidized meals pursuant to Section
4 49552 and is identified as an English learner pursuant to
5 subdivision (a) of Section 306 shall count as two pupils.

6 (3) For each charter school, the Superintendent shall multiply
7 the amount calculated in paragraph (1) by the school's average
8 daily attendance as determined at the second principal
9 apportionment for the 2005–06 fiscal year.

10 (4) The Superintendent shall add the amounts computed in
11 paragraphs (2) and (3). The resulting amount shall be the charter
12 school categorical block grant that the Superintendent shall
13 apportion to each charter school from funds appropriated for this
14 purpose in the annual Budget Act or another statute. The
15 Superintendent shall allocate an advance payment of this grant as
16 early as possible, but no later than October 31, 2005, based on
17 prior year average daily attendance as determined at the second
18 principal apportionment or, for a charter school in its first year of
19 operation that commences instruction on or before September 30,
20 2005, on estimates of average daily attendance for the current fiscal
21 year determined pursuant to Section 47652.

22 (b) (1) For the 2006–07 fiscal year, the categorical block grant
23 allocated by the Superintendent for charter schools shall be four
24 hundred dollars (\$400) per unit of charter school average daily
25 attendance as determined at the second principal apportionment
26 for the 2006–07 fiscal year. This amount shall be supplemented
27 by the amount calculated in paragraph (2).

28 (2) The statewide average amount, as computed by the
29 Superintendent, of funding per economic impact aid-eligible pupil
30 count received by school districts in the current fiscal year,
31 pursuant to Article 2 (commencing with Section 54020) of Chapter
32 1 of Part 29, shall be multiplied by the number of economic impact
33 aid-eligible pupils enrolled in the charter school. The resulting
34 amount, if greater than zero, shall not be less than the minimum
35 amount of economic impact aid funding to which a school district
36 of similar size would be entitled pursuant to Section 54022.

37 (c) (1) For the 2007–08 fiscal year, the categorical block grant
38 allocated by the Superintendent for charter schools shall be five
39 hundred dollars (\$500) per unit of charter school average daily
40 attendance as determined at the second principal apportionment

1 for the 2007–08 fiscal year. For each fiscal year thereafter, this
2 per unit amount shall be adjusted for the cost-of-living adjustment,
3 as determined pursuant to Section 42238.1, for that fiscal year.
4 This amount shall be supplemented in the 2007–08 fiscal year and
5 each fiscal year thereafter by the amount calculated in paragraph
6 (2).

7 (2) The statewide average amount, as computed by the
8 Superintendent, of funding per economic impact aid-eligible pupil
9 count received by school districts in the current year, pursuant to
10 Article 2 (commencing with Section 54020) of Chapter 1 of Part
11 29, shall be multiplied by the number of economic impact
12 aid-eligible pupils enrolled in the charter school. The resulting
13 amount, if greater than zero, shall not be less than the minimum
14 amount of economic impact aid funding to which a school district
15 of similar size would be entitled pursuant to Section 54022.

16 (d) It is the intent of the Legislature to fully fund the categorical
17 block grant for charter schools as specified in this section and to
18 appropriate additional funding that may be needed in order to
19 compensate for unanticipated increases in average daily attendance
20 and counts of economic impact aid-eligible pupils, pursuant to
21 Article 2 (commencing with Section 54020) of Chapter 1 of Part
22 29, in charter schools. In any fiscal year in which the department
23 identifies a deficiency in the categorical block grant, the department
24 shall identify the available balance for programs that count towards
25 meeting the requirements of Section 8 of Article XVI of the
26 California Constitution and have unobligated funds for the year.
27 On or before July 1, the department shall provide the Department
28 of Finance with a list of those programs and their available
29 balances, and the amount of the deficiency, if any, in the categorical
30 block grant. Within 45 days of the receipt of a notification of
31 deficiency, the Director of Finance shall verify the amount of the
32 deficiency in the categorical block grant and direct the Controller
33 to transfer an amount, equal to the lesser of the amount available
34 or the amount needed to fully fund the categorical block grant,
35 from those programs to the categorical block grant. The Department
36 of Finance shall notify the Joint Legislative Budget Committee
37 within 30 days of any transfer made pursuant to this section.

38 (e) Commencing October 1, 2007, the Legislative Analyst's
39 Office shall triennially convene a work group to review,
40 commencing with appropriations proposed for the 2008–09 fiscal

1 year, the appropriateness of the funding level provided by the
2 categorical block grant established in this section.

3 (f) Categorical block grant funding may be used for any purpose
4 determined by the governing body of the charter school.

5 (g) This section shall become operative on July 1, 2013.

6 (h) On or after July 1, 2014, this section shall become
7 inoperative if the categorical programs funded through the
8 categorical block grant described in this section are instead
9 included within, or funded by, the local control funding formula
10 pursuant to Section 42238.02, as implemented by Section 42238.03.

11 SEC. 85. Section 49085 of the Education Code is amended to
12 read:

13 49085. (a) The department and the State Department of Social
14 Services shall develop and enter into a memorandum of
15 understanding that shall, at a minimum, require the State
16 Department of Social Services, at least once per week, to share
17 with the department both of the following:

18 (1) Disaggregated information on children and youth in foster
19 care sufficient for the department to identify pupils in foster care.

20 (2) Disaggregated data on children and youth in foster care that
21 is helpful to county offices of education and other local educational
22 agencies responsible for ensuring that pupils in foster care received
23 appropriate educational supports and services.

24 (b) To the extent allowable under federal law, the department
25 shall regularly identify pupils in foster care and designate those
26 pupils in the California Longitudinal Pupil Achievement Data
27 System or any future data system used by the department to collect
28 disaggregated pupil outcome data.

29 (c) To the extent allowable under federal law, the
30 Superintendent, on or before February 15 of each even-numbered
31 year, shall report to the Legislature and the Governor on the
32 educational outcomes for pupils in foster care at both the individual
33 schoolsite level and school district level. The report shall include,
34 but is not limited to, all of the following:

35 (1) Individual schoolsite level and school district level
36 educational outcome data for each local educational agency that
37 enrolls at least 15 pupils in foster care, each county in which at
38 least 15 pupils in foster care attend school, and for the entire state.

39 (2) The number of pupils in foster care statewide and by each
40 local educational agency.

1 (3) The academic achievement of pupils in foster care.

2 (4) The incidence of suspension and expulsion for pupils in
3 foster care.

4 (5) Truancy rates, attendance rates, and dropout rates for pupils
5 in foster care.

6 (d) To the extent allowable under federal law, the department,
7 at least once per week, shall do all of the following:

8 (1) Inform school districts and charter schools of any pupils
9 enrolled in those school districts or charter schools who are in
10 foster care.

11 (2) Inform county offices of education of any pupils enrolled
12 in schools in the county who are in foster care.

13 (3) Provide schools districts, county office of education, and
14 charter schools disaggregated data helpful to ensuring pupils in
15 foster care receive appropriate educational supports and services.

16 (e) For purposes of this section “pupil in foster care” means a
17 pupil who is under the jurisdiction of the juvenile court pursuant
18 to Section 300, 601, or 602 of the Welfare and Institutions Code.

19 SEC. 86. Section 52052 of the Education Code is amended to
20 read:

21 52052. (a) (1) The Superintendent, with approval of the state
22 board, shall develop an Academic Performance Index (API), to
23 measure the performance of schools, especially the academic
24 performance of pupils.

25 (2) A school shall demonstrate comparable improvement in
26 academic achievement as measured by the API by all numerically
27 significant pupil subgroups at the school, including:

28 (A) Ethnic subgroups.

29 (B) Socioeconomically disadvantaged pupils.

30 (C) English learners.

31 (D) Pupils with disabilities.

32 (E) Pupils in foster care.

33 (3) (A) For purposes of this section, except as specified in
34 subparagraph (B), (C), or (D), a numerically significant pupil
35 subgroup is one that meets both of the following criteria:

36 (i) The subgroup consists of at least 30 pupils each of whom
37 has a valid test score.

38 (ii) The subgroup constitutes at least 15 percent of the total
39 population of pupils at a school who have valid test scores.

1 (B) If a subgroup does not constitute 15 percent of the total
2 population of pupils at a school who have valid test scores, the
3 subgroup may constitute a numerically significant pupil subgroup
4 if it has at least 100 valid test scores.

5 (C) For a subgroup of pupils in foster care, a numerically
6 significant pupil subgroup is a subgroup that consists of at least
7 15 pupils in foster care. For purposes of this sections “pupil in
8 foster care” means a pupil who is under the jurisdiction of the
9 juvenile court pursuant to Section 300, 601, or 602 of the Welfare
10 and Institutions Code.

11 (D) For a school with an API score that is based on no fewer
12 than 11 and no more than 99 pupils with valid test scores,
13 numerically significant pupil subgroups shall be defined by the
14 Superintendent, with approval by the state board.

15 (4) (A) The API shall consist of a variety of indicators currently
16 reported to the department, including, but not limited to, the results
17 of the achievement test administered pursuant to Section 60640,
18 attendance rates for pupils in elementary schools, middle schools,
19 and secondary schools, and the graduation rates for pupils in
20 secondary schools.

21 (B) The Superintendent, with the approval of the state board,
22 may also incorporate into the API the rates at which pupils
23 successfully promote from one grade to the next in middle school
24 and high school, and successfully matriculate from middle school
25 to high school.

26 (C) Graduation rates for pupils in secondary schools shall be
27 calculated for the API as follows:

28 (i) Four-year graduation rates shall be calculated by taking the
29 number of pupils who graduated on time for the current school
30 year, which is considered to be three school years after the pupils
31 entered grade 9 for the first time, and dividing that number by the
32 total calculated in clause (ii).

33 (ii) The number of pupils entering grade 9 for the first time in
34 the school year three school years before the current school year,
35 plus the number of pupils who transferred into the class graduating
36 at the end of the current school year between the school year that
37 was three school years before the current school year and the date
38 of graduation, less the number of pupils who transferred out of the
39 school between the school year that was three school years before
40 the current school year and the date of graduation who were

1 members of the class that is graduating at the end of the current
2 school year.

3 (iii) Five-year graduation rates shall be calculated by taking the
4 number of pupils who graduated on time for the current school
5 year, which is considered to be four school years after the pupils
6 entered grade 9 for the first time, and dividing that number by the
7 total calculated in clause (iv).

8 (iv) The number of pupils entering grade 9 for the first time in
9 the school year four years before the current school year, plus the
10 number of pupils who transferred into the class graduating at the
11 end of the current school year between the school year that was
12 four school years before the current school year and the date of
13 graduation, less the number of pupils who transferred out of the
14 school between the school year that was four years before the
15 current school year and the date of graduation who were members
16 of the class that is graduating at the end of the current school year.

17 (v) Six-year graduation rates shall be calculated by taking the
18 number of pupils who graduated on time for the current school
19 year, which is considered to be five school years after the pupils
20 entered grade 9 for the first time, and dividing that number by the
21 total calculated in clause (vi).

22 (vi) The number of pupils entering grade 9 for the first time in
23 the school year five years before the current school year, plus the
24 number of pupils who transferred into the class graduating at the
25 end of the current school year between the school year that was
26 five school years before the current school year and the date of
27 graduation, less the number of pupils who transferred out of the
28 school between the school year that was five years before the
29 current school year and the date of graduation who were members
30 of the class that is graduating at the end of the current school year.

31 (D) The inclusion of five- and six-year graduation rates for
32 pupils in secondary schools shall meet the following requirements:

33 (i) Schools shall be granted one-half the credit in their API
34 scores for graduating pupils in five years that they are granted for
35 graduating pupils in four years.

36 (ii) Schools shall be granted one-quarter the credit in their API
37 scores for graduating pupils in six years that they are granted for
38 graduating pupils in four years.

39 (iii) Notwithstanding clauses (i) and (ii), schools shall be granted
40 full credit in their API scores for graduating in five or six years a

1 pupil with disabilities who graduates in accordance with his or her
2 individualized education program.

3 (E) The pupil data collected for the API that comes from the
4 achievement test administered pursuant to Section 60640 and the
5 high school exit examination administered pursuant to Section
6 60851, when fully implemented, shall be disaggregated by special
7 education status, English learners, socioeconomic status, gender,
8 and ethnic group. Only the test scores of pupils who were counted
9 as part of the enrollment in the annual data collection of the
10 California Basic Educational Data System for the current fiscal
11 year and who were continuously enrolled during that year may be
12 included in the test result reports in the API score of the school.

13 (F) (i) Commencing with the baseline API calculation in 2016,
14 and for each year thereafter, results of the achievement test and
15 other tests specified in subdivision (b) shall constitute no more
16 than 60 percent of the value of the index for secondary schools.

17 (ii) In addition to the elements required by this paragraph, the
18 Superintendent, with approval of the state board, may incorporate
19 into the index for secondary schools valid, reliable, and stable
20 measures of pupil preparedness for postsecondary education and
21 career.

22 (G) Results of the achievement test and other tests specified in
23 subdivision (b) shall constitute at least 60 percent of the value of
24 the index for primary schools and middle schools.

25 (H) It is the intent of the Legislature that the state's system of
26 public school accountability be more closely aligned with both the
27 public's expectations for public education and the workforce needs
28 of the state's economy. It is therefore necessary that the
29 accountability system evolve beyond its narrow focus on pupil test
30 scores to encompass other valuable information about school
31 performance, including, but not limited to, pupil preparedness for
32 college and career, as well as the high school graduation rates
33 already required by law.

34 (I) The Superintendent shall annually determine the accuracy
35 of the graduation rate data. Notwithstanding any other law,
36 graduation rates for pupils in dropout recovery high schools shall
37 not be included in the API. For purposes of this subparagraph,
38 "dropout recovery high school" means a high school in which 50
39 percent or more of its pupils have been designated as dropouts
40 pursuant to the exit/withdrawal codes developed by the department

1 or left a school and were not otherwise enrolled in a school for a
2 period of at least 180 days.

3 (J) To complement the API, the Superintendent, with the
4 approval of the state board, may develop and implement a program
5 of school quality review that features locally convened panels to
6 visit schools, observe teachers, interview pupils, and examine pupil
7 work, if an appropriation for this purpose is made in the annual
8 Budget Act.

9 (K) The Superintendent shall annually provide to local
10 educational agencies and the public a transparent and
11 understandable explanation of the individual components of the
12 API and their relative values within the API.

13 (L) An additional element chosen by the Superintendent and
14 the state board for inclusion in the API pursuant to this paragraph
15 shall not be incorporated into the API until at least one full school
16 year after the state board's decision to include the element into the
17 API.

18 (b) Pupil scores from the following tests, when available and
19 when found to be valid and reliable for this purpose, shall be
20 incorporated into the API:

21 (1) The standards-based achievement tests provided for in
22 Section 60642.5.

23 (2) The high school exit examination.

24 (c) Based on the API, the Superintendent shall develop, and the
25 state board shall adopt, expected annual percentage growth targets
26 for all schools based on their API baseline score from the previous
27 year. Schools are expected to meet these growth targets through
28 effective allocation of available resources. For schools below the
29 statewide API performance target adopted by the state board
30 pursuant to subdivision (d), the minimum annual percentage growth
31 target shall be 5 percent of the difference between the actual API
32 score of a school and the statewide API performance target, or one
33 API point, whichever is greater. Schools at or above the statewide
34 API performance target shall have, as their growth target,
35 maintenance of their API score above the statewide API
36 performance target. However, the state board may set differential
37 growth targets based on grade level of instruction and may set
38 higher growth targets for the lowest performing schools because
39 they have the greatest room for improvement. To meet its growth
40 target, a school shall demonstrate that the annual growth in its API

1 is equal to or more than its schoolwide annual percentage growth
2 target and that all numerically significant pupil subgroups, as
3 defined in subdivision (a), are making comparable improvement.

4 (d) Upon adoption of state performance standards by the state
5 board, the Superintendent shall recommend, and the state board
6 shall adopt, a statewide API performance target that includes
7 consideration of performance standards and represents the
8 proficiency level required to meet the state performance target.
9 When the API is fully developed, schools, at a minimum, shall
10 meet their annual API growth targets to be eligible for the
11 Governor’s Performance Award Program as set forth in Section
12 52057. The state board may establish additional criteria that schools
13 must meet to be eligible for the Governor’s Performance Award
14 Program.

15 (e) (1) A school with 11 to 99 pupils with valid test scores shall
16 receive an API score with an asterisk that indicates less statistical
17 certainty than API scores based on 100 or more test scores.

18 (2) A school annually shall receive an API score, unless the
19 Superintendent determines that an API score would be an invalid
20 measure of the performance of the school for one or more of the
21 following reasons:

22 (A) Irregularities in testing procedures occurred.

23 (B) The data used to calculate the API score of the school are
24 not representative of the pupil population at the school.

25 (C) Significant demographic changes in the pupil population
26 render year-to-year comparisons of pupil performance invalid.

27 (D) The department discovers or receives information indicating
28 that the integrity of the API score has been compromised.

29 (E) Insufficient pupil participation in the assessments included
30 in the API.

31 (3) If a school has fewer than 100 pupils with valid test scores,
32 the calculation of the API or adequate yearly progress pursuant to
33 the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301
34 et seq.) and federal regulations may be calculated over more than
35 one annual administration of the tests administered pursuant to
36 Section 60640 and the high school exit examination administered
37 pursuant to Section 60851, consistent with regulations adopted by
38 the state board.

39 (f) Only schools with 100 or more test scores contributing to
40 the API may be included in the API rankings.

1 (g) The Superintendent, with the approval of the state board,
2 shall develop an alternative accountability system for schools under
3 the jurisdiction of a county board of education or a county
4 superintendent of schools, community day schools, nonpublic,
5 nonsectarian schools pursuant to Section 56366, and alternative
6 schools serving high-risk pupils, including continuation high
7 schools and opportunity schools. Schools in the alternative
8 accountability system may receive an API score, but shall not be
9 included in the API rankings.

10 SEC. 87. Article 5 (commencing with Section 52060) is added
11 to Chapter 6.1 of Part 28 of Division 4 of Title 2 of the Education
12 Code, to read:

13

14 Article 5. Local Control and Accountability Plans

15

16 52060. (a) The governing board of each school district shall
17 adopt a local control and accountability plan using a template
18 adopted by the state board.

19 (b) A local control and accountability plan adopted by a
20 governing board of a school district shall be effective for a period
21 of at least three years but no longer than five years.

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 three to five fiscal years,
25 inclusive, either by adopting a new local control and accountability
26 plan or by approving an update to a plan the governing board of
27 the school 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.

4 (f) A governing board of a school district shall demonstrate that
5 a local control and accountability plan approved by the governing
6 board of the school district includes strategies to accelerate pupil
7 progress toward academic proficiency and supports academic
8 growth of pupils achieving at or above academic proficiency.

9 (g) A governing board of a school district shall ensure that a
10 local control and accountability plan is consistent with all school
11 plans submitted pursuant to Section 64001 by a school district for
12 schools within the school district.

13 (h) Before adopting a local control and accountability plan or
14 approving an update to an existing plan, a governing board of a
15 school district shall hold at least one public hearing to solicit
16 recommendations and opinions of members of the public regarding
17 specific actions and strategies that should be included in the plan.
18 The agenda for the public hearing shall be posted at least 72 hours
19 before the public hearing and shall include the location where the
20 local control and accountability plan will be available for public
21 inspection. This public hearing shall be held at the same meeting
22 as the public hearing required by paragraph (1) of subdivision (a)
23 of Section 42127.

24 (i) A governing board of a school district shall notify members
25 of the public, using the most efficient method possible, of the
26 opportunity to submit written recommendations and opinions
27 regarding specific actions and strategies that should be included
28 in the local control and accountability plan. This subdivision shall
29 not be interpreted to require a school district to produce printed
30 notices or to send notices by mail.

31 (j) A governing board of a school district shall adopt a local
32 control and accountability plan in a public meeting. This meeting
33 shall be held after, but not on the same day as, the public hearing
34 held pursuant to subdivision (h). This meeting shall be the same
35 meeting during which the governing board of the school district
36 considers a budget pursuant to paragraph (2) of subdivision (a) of
37 Section 42127.

38 (k) A governing board of a school district may adopt a revised
39 local control and accountability plan if the governing board of the
40 school district is required to adopt a revised budget. A revised

1 local control and accountability plan shall be adopted at the same
2 meeting that a revised budget is adopted.

3 52060.5. It is the intent of the Legislature to strengthen the
4 accountability provisions proposed in this article in the following
5 ways:

6 (a) Ensure that supplemental funds generated by low income,
7 English learner, and foster pupils are used to improve services to
8 those pupils, and not to supplant existing resources dedicated to
9 those pupils.

10 (b) Provide authority for state entities, county entities, or both,
11 to intervene in and support school districts that do not demonstrate
12 improvements, across subgroups of pupils, toward achievement
13 of common core academic content standards and other state
14 standards and goals.

15 (c) Rescind flexibility provisions for school districts that do not
16 demonstrate improvements in outcomes across subgroups of pupils.

17 (d) Ensure more robust data collections for purposes of state
18 accountability systems and state and local oversight.

19 (e) Ensure that the majority of funds allocated through any
20 school funding formula are spent on services and programs with
21 direct benefits to pupils.

22 52061. (a) Not later than five days after adoption of a local
23 control and accountability plan or approval of an update to an
24 existing plan pursuant to Section 52060, the governing board of a
25 school district shall file the plan with the county superintendent
26 of schools. The plan shall be filed on the same day that the
27 governing board of the school district files the budget pursuant to
28 paragraph (2) of subdivision (a) of Section 42127.

29 (b) The county superintendent of schools shall do all of the
30 following:

31 (1) Examine if the plan adheres to the template adopted by the
32 state board pursuant to Section 52066 and includes all of the
33 components identified in subdivision (a) of Section 52064.

34 (2) Determine if the budget for the subsequent fiscal year
35 adopted by the governing board of the school district includes
36 expenditures sufficient to implement the specific actions and
37 strategies included in the local control and accountability plan
38 adopted by the governing board of the school district, based on
39 the projections of the costs included in the plan.

1 (3) In making the determinations pursuant to paragraphs (1) and
2 (2), consider input from teachers, principals, administrators, other
3 school personnel, parents, and pupils from the school district.

4 (4) (A) ~~Postall~~ *Post all* local control and accountability plans
5 submitted by school districts and charter schools on the Internet
6 Web site of the county office of education.

7 (B) Forward all local control and accountability plans submitted
8 to the county superintendent of schools by school districts and
9 charter schools to the Superintendent for posting on the Internet
10 Web site of the department.

11 52062. (a) Each county superintendent of schools shall
12 develop, and each county board of education shall adopt, a local
13 control and accountability plan using a template adopted by the
14 state board.

15 (b) A local control and accountability plan adopted by a county
16 board of education shall be effective for a period of at least three
17 years but no longer than five years.

18 (c) On or before July 1 of each fiscal year, a county board of
19 education shall take action on a local control and accountability
20 plan for the subsequent three to five fiscal years, inclusive, either
21 by adopting a new local control and accountability plan or by
22 approving an update to a plan the county board of education has
23 previously adopted.

24 (d) A county superintendent of schools shall update and present
25 to the county board of education for approval the local control and
26 accountability plan if the county board of education determines
27 that changes in the composition of the base Academic Performance
28 Index require the county superintendent of schools to take specific
29 actions and use strategies that are not already included in the plan
30 to meet the Academic Performance Index growth target for each
31 school operated by the county superintendent of schools. If the
32 county board of education determines that an update is necessary,
33 the county board of education shall approve the update by
34 November 1 of the year in which the base Academic Performance
35 Index is released.

36 (e) A county superintendent of schools shall demonstrate that
37 a local control and accountability plan was developed in
38 consultation with teachers, principals, administrators, other school
39 personnel, parents, and pupils. A county superintendent of schools

1 also shall demonstrate that the superintendents of all school districts
2 in the county were consulted in the development of the plan.

3 (f) A county superintendent of schools shall demonstrate that a
4 local control and accountability plan includes strategies to
5 accelerate pupil progress toward academic proficiency and supports
6 academic growth of pupils achieving at or above academic
7 proficiency.

8 (g) A local control and accountability plan shall be consistent
9 with all school plans submitted pursuant to Section 64001 by the
10 county superintendent of schools for schools operated by the county
11 superintendent of schools.

12 (h) Before adopting a local control and accountability plan or
13 approving an update to an existing plan, a county board of
14 education shall hold at least one public hearing to solicit
15 recommendations and opinions of members of the public regarding
16 specific actions and strategies that should be included in the plan.
17 The agenda for that hearing shall be posted at least 72 hours before
18 the public hearing and shall include the location where the local
19 control and accountability plan will be available for public
20 inspection. The public hearing shall be held at the same meeting
21 as the public hearing required by Section 1620.

22 (i) A county board of education shall notify members of the
23 public, using the most efficient method possible, of the opportunity
24 to submit written recommendations and opinions regarding specific
25 actions and strategies that should be included in the local control
26 and accountability plan. This subdivision shall not be interpreted
27 to require a county board of education to produce printed notices
28 or to send notices by mail.

29 (j) A county board of education shall adopt a local control and
30 accountability plan in a public meeting. This meeting shall be held
31 after, but not on the same day as, the public hearing held pursuant
32 to subdivision (h). The meeting shall be the same meeting during
33 which a county board of education considers a budget pursuant to
34 Section 1620.

35 (k) A county board of education may adopt a revised local
36 control and accountability plan if the county board of education
37 is required to adopt a revised budget. A revised local control and
38 accountability plan shall be adopted at the same meeting that a
39 revised budget is adopted.

1 52063. (a) No later than five days after adoption of a local
2 control and accountability plan or approval of an update to an
3 existing plan pursuant to Section 52062 by a county board of
4 education, the county superintendent of schools shall file the plan
5 with the Superintendent, the county board of supervisors, and the
6 county auditor. The plan shall be filed on the same day that the
7 county superintendent of schools files the budget pursuant to
8 subdivision (a) of Section 1622.

9 (b) The Superintendent shall do all of the following:

10 (1) Examine if the plan adheres to the template adopted by the
11 state board pursuant to Section 52066 and includes all of the
12 components identified in subdivision (a) of Section 52064.

13 (2) Determine if the budget for the subsequent fiscal year
14 adopted by the county board of education includes expenditures
15 sufficient to implement the specific actions and strategies included
16 in the local control and accountability plan adopted by the county
17 board of education, based on the projections of the costs included
18 in the plan.

19 (3) In making the determinations pursuant to paragraphs (1) and
20 (2), consider input from teachers, principals, administrators, other
21 school personnel, parents, and pupils in the county.

22 (c) The Superintendent shall post all local control and
23 accountability plans submitted to it by county superintendents of
24 schools on its Internet Web site. The Superintendent shall also
25 post all local control and accountability plans submitted by school
26 districts and charter schools to county superintendents of schools
27 on its Internet Web site.

28 52064. (a) A local control and accountability plan adopted by
29 a governing board of a school district or a county board of
30 education shall identify goals and describe the specific actions the
31 school district or county superintendent of schools will take and
32 strategies that will be used to achieve all of the following:

33 (1) Implement, for all pupils, the content standards adopted by
34 the state board pursuant to Sections 60605.8, 60605.10, and
35 60605.11.

36 (2) Increase the Academic Performance Index and performance
37 on statewide assessments pursuant to Article 4 (commencing with
38 Section 60640) of Chapter 5 of Part 33, other national assessments,
39 statewide assessments, and appropriate local assessments, for each
40 school and for each numerically significant pupil subgroup pursuant

1 to Section 52052, and reduce gaps in the Academic Performance
2 Index and other measures of pupil achievement between
3 numerically significant pupil subgroups, as evidenced by the results
4 of statewide assessments pursuant to Article 4 (commencing with
5 Section 60640) of Chapter 5 of Part 33, other national assessments,
6 statewide assessments, and appropriate local assessments.

7 (3) Significantly improve pupil achievement of the content
8 standards adopted by the state board pursuant to Sections 60605,
9 60605.2, 60605.3, 60605.8, and 60605.85, at all grade levels, as
10 evidenced by the results of statewide assessments pursuant to
11 Article 4 (commencing with Section 60640) of Chapter 5 of Part
12 33, other national assessments, statewide assessments, and
13 appropriate local assessments.

14 (4) Increase high school graduation rates as measured by the
15 California Longitudinal Pupil Achievement Data System and the
16 school district level data system, if a school district or a county
17 superintendent of schools enrolls high school pupils, increase
18 attendance rates, and reduce dropout rates.

19 (5) Increase the percentage of pupils who have successfully
20 completed each of the following:

21 (A) Courses that satisfy the requirements for entrance to the
22 University of California and the California State University.

23 (B) Advanced placement courses.

24 (C) Sequences or clusters of courses that meet the requirements
25 of subdivision (a) of Section 52302 and align with the state
26 board-approved career technical education standards and
27 frameworks.

28 (6) Identify and address needs of pupils, and schools
29 predominantly serving pupils, who meet any of the following
30 definitions:

31 (A) Pupils who have been classified as an English learner
32 pursuant to Section 52164. Information regarding services for
33 English learners shall include elements of the master plan for
34 English learners developed pursuant to Section 41976.3.

35 (B) Pupils who qualify for the free and reduced-price meal
36 program pursuant to Section 49552.

37 (C) Foster children as defined in Sections 300, 601, and 602 of
38 the Welfare and Institutions Code.

1 (D) Pupils enrolled in a juvenile court school operated by a
2 county superintendent of schools pursuant to subdivision (a) of
3 Section 48645.2, if applicable.

4 (7) Remedy deficiencies in any school in the school district or
5 any school operated by the county board of education and improve
6 school conditions in any of the areas included in paragraphs (5),
7 (6), and (8) of subdivision (b) of Section 33126. This includes
8 ensuring access for each pupil to the following:

9 (A) Sufficient textbooks and instructional materials.

10 (B) Safe, clean, and adequate school facilities.

11 (C) Qualified teachers.

12 (8) Provide meaningful opportunities for parent involvement,
13 including, at a minimum, supporting effective schoolsite councils
14 or other structures at each school and advisory panels to the
15 governing board of the school district or the county board of
16 education or, if parents so choose, creating other processes or
17 structures, such as creating the role of an ombudsman for parents,
18 to address complaints and other issues raised by parents.

19 (9) Improve the school district's college entrance rate, as
20 measured by the National Student Clearinghouse or other
21 state-approved pupil data tracking system if a school district or
22 county superintendent of schools enrolls high school pupils.

23 (10) Improve the number of pupils who enter technical school
24 after graduation, as measured by the National Student
25 Clearinghouse or other state-approved pupil data tracking system,
26 or who graduate prepared to enter high-wage, high-skill
27 occupations if a school district or county superintendent of schools
28 enrolls high school pupils.

29 (b) A local control and accountability plan developed by a
30 county superintendent of schools and approved by a county board
31 of education shall also include, in addition to the elements included
32 in subdivision (a), goals related to addressing countywide needs,
33 and describe specific actions and strategies to do all of the
34 following:

35 (1) Conduct effective oversight of school districts pursuant to
36 Article 2 (commencing with Section 1240) of Chapter 2 of Part 2
37 of Division 1 of Title 1 and Chapter 6 (commencing with Section
38 42100) of Part 24 of Division 3 of Title 2.

39 (2) Provide support to school districts in the county, including
40 support related to school district operations, educational

1 technology, and professional development, and guidance to school
2 districts related to curriculum and instructional practices.

3 (3) Coordinate instruction for expelled pupils pursuant to Section
4 48926.

5 (c) A local control and accountability plan shall include an
6 analysis of both the following:

7 (1) Pupil achievement of those pupils enrolled in schools in a
8 school district or schools operated by a county superintendent of
9 schools at the time the plan is adopted by the governing board of
10 the school district or the county board of education.

11 (2) If a governing board of a school district or a county board
12 of education previously has adopted a local control and
13 accountability plan, progress made in implementing the goals
14 identified in the plan in effect immediately before the adoption of
15 a new plan by the governing board of the school district or the
16 county board of education.

17 (d) For purposes of conducting the analysis required by
18 subdivision (c), a governing board of a school district or a county
19 superintendent of schools may consider qualitative information,
20 including reviews conducted by panels of experts during visits to
21 schools in the school district or schools operated by the county
22 office of education.

23 (e) Data reported in a local control and accountability plan shall
24 be consistent with information reported on school accountability
25 report cards for schools in a school district or schools operated by
26 a county superintendent of schools.

27 (f) (1) A local control and accountability plan shall include
28 projections of the costs of implementing the specific actions and
29 strategies included in the plan. Expenditures that reflect these cost
30 projections shall be included in the budget adopted by the
31 governing board of the school district pursuant to Section 42127.

32 (2) A local control and accountability plan shall demonstrate
33 fiscal solvency, as measured by the standards and criteria adopted
34 by the state board pursuant to Section 33127 and implementing
35 regulations.

36 (g) A local control and accountability plan adopted by a
37 governing board of a school district shall document all of the
38 following:

39 (1) For those fiscal years in which it is anticipated that the school
40 district will receive less funding than is calculated under the local

1 control funding formula pursuant to Section 42238.02, as
2 implemented by Section 42238.03, a projection of the total funding
3 required for the specific actions the school district will take and
4 strategies that will be used to implement paragraph (6) of
5 subdivision (a), divided by the average daily attendance of the
6 pupils for whom any of the definitions included in paragraph (6)
7 of subdivision (a) apply. This amount of funding shall not be less
8 than the total expenditures from the sources included in paragraphs
9 (1) to (3), inclusive, of subdivision (h) of Section 42238.02 during
10 the 2013–14 fiscal year for services for pupils for whom any of
11 the definitions included in paragraph (6) of subdivision (a) applied
12 during the 2013–14 fiscal year, divided by the average daily
13 attendance of these students during the 2013–14 fiscal year.

14 (2) For those fiscal years in which it is anticipated that the school
15 district will receive funding equal to or greater than the amount
16 calculated under the local control funding formula pursuant to
17 Section 42238.02, as implemented by Section 42238.03, a
18 projection of the total funding required for the specific actions the
19 school district will take and strategies that will be used to
20 implement paragraph (6) of subdivision (a), divided by the average
21 daily attendance of the pupils to whom any of the definitions
22 included in paragraph (6) of subdivision (a) is applicable. This
23 funding shall not be less than the supplemental grants the governing
24 board of the school district projects receiving pursuant to
25 subdivision (e) of Section 42238.02, divided by the average daily
26 attendance of the pupils to whom any of the definitions included
27 in paragraph (6) of subdivision (a) is applicable.

28 (h) A local control and accountability plan adopted by a county
29 board of education shall document all of the following:

30 (1) For those fiscal years in which it is anticipated that the
31 county office of education will receive less funding than is
32 calculated under the county local control funding formula pursuant
33 to Section 2574, a projection of the total funding required for the
34 specific actions the county superintendent of schools will take and
35 strategies that will be used to implement paragraph (6) of
36 subdivision (a), divided by the average daily attendance of the
37 pupils to whom any of the definitions included in paragraph (6)
38 of subdivision (a) is applicable. This amount of funding shall not
39 be less than the total amount received for the 2013–14 fiscal year
40 from funds allocated pursuant to the Targeted Instructional

1 Improvement Block Grant program, as set forth in Article 6
2 (commencing with Section 41540) of Chapter 3.2 of Part 24 of
3 Division 3 of Title 2, as that article read on January 1, 2014, for
4 services for pupils to whom any of the definitions included in
5 paragraph (6) of subdivision (a) applied during the 2013–14 fiscal
6 year, divided by the average daily attendance of these pupils during
7 the 2013–14 fiscal year.

8 (2) For those fiscal years in which it is anticipated that the
9 county office of education will receive funding equal to or greater
10 than the amount calculated under the county local control funding
11 formula pursuant to Section 2574, a projection of the total funding
12 required for the specific actions the county superintendent of
13 schools will take and strategies that will be used to implement
14 paragraph (6) of subdivision (a), divided by the average daily
15 attendance of the pupils to whom any of the definitions included
16 in paragraph (6) of subdivision (a) is applicable. This funding shall
17 not be less than the supplemental grants the county board of
18 education projects receiving pursuant to subdivision (c) of Section
19 2574, divided by the average daily attendance of the pupils to
20 whom any of the definitions included in paragraph (6) of
21 subdivision (a) is applicable.

22 (i) A local control and accountability plan shall account for the
23 funds provided to charter schools that elect to receive funding
24 through the school district or the county office of education
25 pursuant to Section 47651.

26 (j) A local control and accountability plan shall include
27 measurable outcomes to demonstrate achievement of the elements
28 identified in paragraphs (1) to (10), inclusive, of subdivision (a),
29 using as a baseline pupil achievement at the time the local control
30 and accountability plan is adopted.

31 52065. (a) The governing body of a charter school that elects
32 to receive its funding directly, pursuant to Section 47651, shall
33 adopt a local control and accountability plan using a template
34 adopted by the state board.

35 (b) Notwithstanding Section 52064, a local control and
36 accountability plan adopted by the governing body of a charter
37 school shall identify specific steps the charter school will take and
38 strategies that will be used to accomplish the goals identified in
39 the charter petition granted pursuant to Sections 47605, 47605.5,
40 47605.6, 47605.8, and 47606.

1 (c) A local control and accountability plan adopted by a
2 governing body of a charter school shall be effective for a period
3 of at least three years but no longer than five years.

4 (d) On or before July 1 of each fiscal year, a governing body of
5 a charter school shall take action on a local control and
6 accountability plan for the subsequent fiscal year, either by
7 adopting a new local control and accountability plan or by
8 approving an update to a plan the charter school has previously
9 adopted. The plan shall be submitted to the charter school's
10 chartering authority and the county superintendent of schools, or
11 only to the county superintendent of schools if the county board
12 of education is the chartering authority, on the same day that the
13 charter school submits its preliminary budget pursuant to paragraph
14 (1) of subdivision (a) of Section 47604.33.

15 52065.5. (a) On or before July 1, 2015, the Superintendent
16 shall develop and the state board shall adopt a system of assistance
17 and interventions that shall be implemented in either, or both, of
18 the following circumstances:

19 (1) If a county office of education, school district, or charter
20 school requests information, and technical and programmatic
21 assistance.

22 (2) If a county office of education, school district, or charter
23 school, over a two-year period, fails to accomplish the pupil
24 achievement goals specified in its local control and accountability
25 plan.

26 (b) The system of assistance and interventions shall be available
27 for implementation on or before July 1, 2017, and shall include
28 meaningful incentives and consequences, including, but not limited
29 to, loss of local governing and policymaking authority. The system
30 of assistance and interventions may also include, but is not limited
31 to, development of a carefully selected and trained statewide or
32 regional group of experts and practitioners, or both, to assist county
33 offices of education, school districts, and charter schools in
34 developing the local capacity to meet the educational needs of all
35 pupils.

36 (c) If the system of assistance and interventions requires
37 statutory changes, the Superintendent, on or before January 1,
38 2015, shall submit the proposed statutory changes to the appropriate
39 policy and fiscal committees of the Legislature for consideration.

1 52066. (a) The state board shall adopt a template for use by
2 school districts and a separate template for use by county
3 superintendents of schools that includes the elements identified in
4 Section 52064.

5 (b) The state board shall also adopt a template for use by charter
6 schools to satisfy the requirements of Section 52065.

7 (c) The templates developed by the state board shall allow a
8 school district, county superintendent of schools, or charter school
9 to complete a single local control and accountability plan to meet
10 the requirements of this article and the requirements of the federal
11 Elementary and Secondary Education Act related to local
12 educational agency plans pursuant to Section 1112 of Subpart 1
13 of Part A of Title I of Public Law 107-110. The state board shall
14 also take steps to minimize duplication of effort at the local level
15 to the greatest extent possible.

16 (d) If possible, the template identified in subdivision (a) for use
17 by county superintendents of schools shall allow a county
18 superintendent of schools to develop a single local control and
19 accountability plan that would also satisfy the requirements of
20 Section 48926.

21 (e) The state board shall approve the templates identified in
22 subdivisions (a) and (b) by January 30, 2015. Revisions to the
23 templates shall be approved by the state board by January 1 before
24 the fiscal year during which a template is to be used by a school
25 district, county superintendent of schools, or charter school.

26 (f) The state board shall demonstrate that the templates identified
27 in subdivisions (a) and (b) were developed in consultation with
28 teachers, principals, administrators, other school personnel, parents,
29 and pupils.

30 (g) Before adopting a template or approving an update to an
31 existing template, the state board shall hold at least one public
32 hearing to solicit recommendations and opinions of members of
33 the public regarding elements of the template. The agenda for the
34 public hearing shall be posted at least 72 hours before the public
35 hearing and shall include the location where the template will be
36 available for public inspection.

37 (h) The state board shall notify members of the public, using
38 the most efficient method possible, of the opportunity to submit
39 written recommendations and opinions regarding the elements of
40 the template. This subdivision shall not be interpreted to require

1 the state board to produce printed notices or to send notices by
2 mail.

3 (i) The state board shall adopt a template in a public meeting.
4 This meeting shall be held after, but not on the same day as, the
5 public hearing held pursuant to subdivision (g).

6 (j) The adoption of a template by the state board shall not create
7 a requirement for a governing board of a school district, a county
8 board of education, or a governing body of a charter school to
9 submit a local control and accountability plan to the state board,
10 unless otherwise required by federal law. The state board may
11 adopt a template that would authorize a school district or a charter
12 school to submit to the state board only the sections of the local
13 control and accountability plan required by federal law.

14 (k) The state board may adopt emergency regulations for
15 purposes of implementing this section.

16 52067. This article shall become operative on July 1, 2014.

17 SEC. 88. Section 60902 is added to the Education Code, to
18 read:

19 60902. The department shall not add data elements to the
20 California Longitudinal Pupil Achievement Data System in
21 addition to those required by this chapter and shall not require
22 local educational agencies to use the data collected through the
23 California Longitudinal Pupil Achievement Data System except
24 for either of the following purposes:

25 (a) To implement changes to the Academic Performance Index
26 pursuant to subparagraph (F) of paragraph (4) of subdivision (a)
27 of Section 52052.

28 (b) To provide a data element or elements necessary to develop
29 the local control and accountability template pursuant to Section
30 52066, as determined by the state board.

31 SEC. 89. On or before March 1, 2014, the Legislative Analyst's
32 Office shall submit recommendations to the fiscal committees of
33 both houses of the Legislature regarding revisions to the methods
34 of funding pupil transportation that address historical funding
35 inequities across school districts and improve incentives for local
36 educational agencies to provide efficient and effective pupil
37 transportation services.

38 SEC. 90. If the Commission on State Mandates determines
39 that this act contains costs mandated by the state, reimbursement
40 to local agencies and school districts for those costs shall be made

1 pursuant to Part 7 (commencing with Section 17500) of Division
2 4 of Title 2 of the Government Code.

3 SEC. 91. The provisions of this bill shall become operative
4 only if both of the following occur:

5 (a) Senate Bill 344 of the 2013–14 Regular Session of the
6 Legislature is enacted and it relates to educational accountability
7 for English learner programs and services.

8 (b) Senate Bill 660 of the 2013–14 Regular Session of the
9 Legislature is enacted and it relates to career technical education.

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