

AMENDED IN ASSEMBLY SEPTEMBER 12, 2013

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~~ *Senators Roth and Emmerson*
(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. An act to amend Section 97.70 of the Revenue and Taxation Code, relating to local government finance.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 69, as amended, ~~Liu Roth. School finance: new pupil funding formula. Local government finance: property tax revenue allocation: vehicle license fee adjustments.~~

~~Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally provides that each jurisdiction shall be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined.~~

~~Existing property tax law also requires that, for purposes of determining property tax revenue allocations in each county for the 1992–93 and 1993–94 fiscal years, the amounts of property tax revenue deemed allocated in the prior fiscal year to the county, cities, and special districts be reduced in accordance with certain formulas. It requires that the revenues not allocated to the county, cities, and special districts as a result of these reductions be transferred to the Educational Revenue Augmentation Fund in that county for allocation to school districts, community college districts, and the county office of education.~~

~~Beginning with the 2004–05 fiscal year and for each fiscal year thereafter, existing law requires that each city, county, and city and county receive additional property tax revenues in the form of a vehicle license fee adjustment amount, as defined, from a Vehicle License Fee Property Tax Compensation Fund that exists in each county treasury. Existing law requires that these additional allocations be funded from ad valorem property tax revenues otherwise required to be allocated to educational entities.~~

~~This bill would modify these reduction and transfer provisions, for the 2013–14 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount calculated on the basis of changes in assessed valuation. This bill would also modify these reduction and transfer provisions, for the 2013–14 fiscal year and for~~

each fiscal year thereafter, by providing for a vehicle license fee adjustment amount for certain cities incorporating after a specified date, as provided.

By imposing additional duties upon local tax officials with respect to the allocation of ad valorem property tax revenues, this bill would impose a state-mandated local program.

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.

~~(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. Section 97.70 of the Revenue and Taxation Code
2 is amended to read:

1 97.70. Notwithstanding any other ~~provision~~ of law, for the
2 2004–05 fiscal year and for each fiscal year thereafter, all of the
3 following apply:

4 (a) (1) (A) The auditor shall reduce the total amount of ad
5 valorem property tax revenue that is otherwise required to be
6 allocated to a county’s Educational Revenue Augmentation Fund
7 by the countywide vehicle license fee adjustment amount.

8 (B) If, for the fiscal year, after complying with Section 97.68
9 there is not enough ad valorem property tax revenue that is
10 otherwise required to be allocated to a county Educational Revenue
11 Augmentation Fund for the auditor to complete the allocation
12 reduction required by subparagraph (A), the auditor shall
13 additionally reduce the total amount of ad valorem property tax
14 revenue that is otherwise required to be allocated to all school
15 districts and community college districts in the county for that
16 fiscal year by an amount equal to the difference between the
17 countywide vehicle license fee adjustment amount and the amount
18 of ad valorem property tax revenue that is otherwise required to
19 be allocated to the county Educational Revenue Augmentation
20 Fund for that fiscal year. This reduction for each school district
21 and community college district in the county shall be the percentage
22 share of the total reduction that is equal to the proportion that the
23 total amount of ad valorem property tax revenue that is otherwise
24 required to be allocated to the school district or community college
25 district bears to the total amount of ad valorem property tax revenue
26 that is otherwise required to be allocated to all school districts and
27 community college districts in a county. For purposes of this
28 subparagraph, “school districts” and “community college districts”
29 do not include any districts that are excess tax school entities, as
30 defined in Section 95.

31 (2) The countywide vehicle license fee adjustment amount shall
32 be allocated to the Vehicle License Fee Property Tax Compensation
33 Fund that shall be established in the treasury of each county.

34 (b) (1) The auditor shall allocate moneys in the Vehicle License
35 Fee Property Tax Compensation Fund according to the following:

36 (A) Each city in the county shall receive its vehicle license fee
37 adjustment amount.

38 (B) Each county and city and county shall receive its vehicle
39 license fee adjustment amount.

1 (2) The auditor shall allocate one-half of the amount specified
2 in paragraph (1) on or before January 31 of each fiscal year, and
3 the other one-half on or before May 31 of each fiscal year.

4 (c) For purposes of this section, all of the following apply:

5 (1) “Vehicle license fee adjustment amount” for a particular
6 city, county, or a city and county means, subject to an adjustment
7 under paragraph (2) and Section 97.71, all of the following:

8 (A) For the 2004–05 fiscal year, an amount equal to the
9 difference between the following two amounts:

10 (i) The estimated total amount of revenue that would have been
11 deposited to the credit of the Motor Vehicle License Fee Account
12 in the Transportation Tax Fund, including any amounts that would
13 have been certified to the Controller by the auditor of the County
14 of Ventura under subdivision (j) of Section 98.02, as that section
15 read on January 1, 2004, for distribution under the law as it read
16 on January 1, 2004, to the county, city and county, or city for the
17 2004–05 fiscal year if the fee otherwise due under the Vehicle
18 License Fee Law ~~(Pt. (Part 5 (commencing with Section 10701)~~
19 ~~of Div. Division 2)~~ was 2 percent of the market value of a vehicle,
20 as specified in ~~Section Sections~~ 10752 and 10752.1 as those
21 sections read on January 1, 2004.

22 (ii) The estimated total amount of revenue that is required to be
23 distributed from the Motor Vehicle License Fee Account in the
24 Transportation Tax Fund to the county, city and county, and each
25 city in the county for the 2004–05 fiscal year under Section 11005,
26 as that section read on the operative date of the act that amended
27 this clause.

28 (B) (i) Subject to an adjustment under clause (ii), for the
29 2005–06 fiscal year, the sum of the following two amounts:

30 (I) The difference between the following two amounts:

31 ~~(Ia)~~

32 (ia) The actual total amount of revenue that would have been
33 deposited to the credit of the Motor Vehicle License Fee Account
34 in the Transportation Tax Fund, including any amounts that would
35 have been certified to the Controller by the auditor of the County
36 of Ventura under subdivision (j) of Section 98.02, as that section
37 read on January 1, 2004, for distribution under the law as it read
38 on January 1, 2004, to the county, city and county, or city for the
39 2004–05 fiscal year if the fee otherwise due under the Vehicle
40 License Fee Law (Part 5 (commencing with Section 10701) of

1 Division 2) was 2 percent of the market value of a vehicle, as
2 specified in Sections 10752 and 10752.1 as those sections read on
3 January 1, 2004.

4 ~~(Hb)~~

5 (ib) The actual total amount of revenue that was distributed
6 from the Motor Vehicle License Fee Account in the Transportation
7 Tax Fund to the county, city and county, and each city in the county
8 for the 2004–05 fiscal year under Section 11005, as that section
9 read on the operative date of the act that amended this
10 ~~sub-subclause.~~ *subsubclause*.

11 (II) The product of the following two amounts:

12 ~~(Ha)~~

13 (ia) The amount described in subclause (I).

14 ~~(Hb)~~

15 (ib) The percentage change from the prior fiscal year to the
16 current fiscal year in gross taxable assessed valuation within the
17 jurisdiction of the entity, as reflected in the equalized assessment
18 roll for those fiscal years. For the first fiscal year for which a
19 change in a city’s jurisdictional boundaries first applies, the
20 percentage change in gross taxable assessed valuation from the
21 prior fiscal year to the current fiscal year shall be calculated solely
22 on the basis of the city’s previous jurisdictional boundaries, without
23 regard to the change in that city’s jurisdictional boundaries. For
24 each following fiscal year, the percentage change in gross taxable
25 assessed valuation from the prior fiscal year to the current fiscal
26 year shall be calculated on the basis of the city’s current
27 jurisdictional boundaries.

28 (ii) The amount described in clause (i) shall be adjusted as
29 follows:

30 (I) If the amount described in subclause (I) of clause (i) for a
31 particular city, county, or city and county is greater than the amount
32 described in subparagraph (A) for that city, county, or city and
33 county, the amount described in clause (i) shall be increased by
34 an amount equal to this difference.

35 (II) If the amount described in subclause (I) of clause (i) for a
36 particular city, county, or city and county is less than the amount
37 described in subparagraph (A) for that city, county, or city and
38 county, the amount described in clause (i) shall be decreased by
39 an amount equal to this difference.

1 (C) For the 2006–07 fiscal year ~~and for each~~ *to the 2012–13*
2 ~~fiscal year thereafter, year, inclusive,~~ the sum of the following two
3 amounts:

4 (i) The vehicle license fee adjustment amount for the prior fiscal
5 year, if Section 97.71 and clause (ii) of subparagraph (B) did not
6 apply for that fiscal year, for that city, county, and city and county.

7 (ii) The product of the following two amounts:

8 (I) The amount described in clause (i).

9 (II) The percentage change from the prior fiscal year to the
10 current fiscal year in gross taxable assessed valuation within the
11 jurisdiction of the entity, as reflected in the equalized assessment
12 roll for those fiscal years. For the first fiscal year for which a
13 change in a city’s jurisdictional boundaries first applies, the
14 percentage change in gross taxable assessed valuation from the
15 prior fiscal year to the current fiscal year shall be calculated solely
16 on the basis of the city’s previous jurisdictional boundaries, without
17 regard to the change in that city’s jurisdictional boundaries. For
18 each following fiscal year, the percentage change in gross taxable
19 assessed valuation from the prior fiscal year to the current fiscal
20 year shall be calculated on the basis of the city’s current
21 jurisdictional boundaries.

22 (D) *For the 2013–14 fiscal year, the vehicle license fee*
23 *adjustment amount shall be equal to the sum of the following two*
24 *amounts:*

25 (i) *The amount described in clause (i) of subparagraph (B) if*
26 *Section 97.71 and clause (ii) of subparagraph (B) did not apply*
27 *for that fiscal year, for that city, county, and city and county.*

28 (ii) *The product of the following two amounts:*

29 (I) *The amount described in clause (i).*

30 (II) *The percentage change from the 2004–05 fiscal year to the*
31 *2013–14 fiscal year, inclusive, in gross taxable assessed valuation*
32 *within the jurisdiction of the entity, as reflected in the equalized*
33 *assessment roll for those fiscal years.*

34 (E) *For the 2014–15 fiscal year and each fiscal year thereafter,*
35 *the sum of the following two amounts:*

36 (i) *The vehicle license fee adjustment amount for the prior fiscal*
37 *year.*

38 (ii) *The product of the following two amounts:*

39 (I) *The amount described in clause (i).*

1 (II) *The percentage change from the immediately preceding*
2 *fiscal year to the current fiscal year in gross taxable assessed*
3 *valuation within the jurisdiction of the entity, as reflected in the*
4 *equalized assessment roll for those fiscal years.*

5 (2) *Notwithstanding paragraph (1), “vehicle license fee*
6 *adjustment amount,” for the 2013–14 fiscal year and each fiscal*
7 *year thereafter for a city incorporating after January 1, 2004,*
8 *means the following:*

9 (A) *For the 2013–14 fiscal year, or the first year of*
10 *incorporation of the city, whichever is later, the quotient derived*
11 *from the following fraction:*

12 (i) *The numerator is the product of the following two amounts:*

13 (I) *The sum of the most recent vehicle license fee adjustment*
14 *amounts determined for all cities in the county incorporated prior*
15 *to 2005.*

16 (II) *The population of the incorporating city.*

17 (ii) *The denominator is the sum of the populations of all cities*
18 *in the county.*

19 (B) *For each fiscal year thereafter, the sum of the following two*
20 *amounts:*

21 (i) *The vehicle license fee adjustment amount for the prior fiscal*
22 *year.*

23 (ii) *The product of the following two amounts:*

24 (I) *The amount described in clause (i).*

25 (II) *The percentage change from the prior fiscal year to the*
26 *current fiscal year in gross taxable assessed valuation within the*
27 *jurisdiction of the entity, as reflected in the equalized assessment*
28 *roll for those fiscal years.*

29 ~~(2)~~

30 (3) *“Countywide vehicle license fee adjustment amount” means,*
31 *for any fiscal year, the total sum of the amounts described in*
32 ~~paragraph (1)~~ *paragraphs (1) and (2), for a county or city and*
33 *county, and each city in the county.*

34 ~~(3)~~

35 (4) *On or before June 30 of each fiscal year, the auditor shall*
36 *report to the Controller the vehicle license fee adjustment amount*
37 *for the county and each city in the county for that fiscal year.*

38 (d) *For the 2005–06 fiscal year and each fiscal year thereafter,*
39 *the amounts determined under subdivision (a) of Section 96.1, or*

1 any successor to that provision, shall not reflect, for a preceding
2 fiscal year, any portion of any allocation required by this section.

3 (e) For purposes of Section 15 of Article XI of the California
4 Constitution, the allocations from a Vehicle License Fee Property
5 Tax Compensation Fund constitute successor taxes that are
6 otherwise required to be allocated to counties and cities, and as
7 successor taxes, the obligation to make those transfers as required
8 by this section shall not be extinguished nor disregarded in any
9 manner that adversely affects the security of, or the ability of, a
10 county or city to pay the principal and interest on any debts or
11 obligations that were funded or secured by that city's or county's
12 allocated share of motor vehicle license fee revenues.

13 (f) This section shall not be construed to do any of the following:

14 (1) Reduce any allocations of excess, additional, or remaining
15 funds that would otherwise have been allocated to county
16 superintendents of schools, cities, counties, and cities and counties
17 pursuant to clause (i) of subparagraph (B) of paragraph (4) of
18 subdivision (d) of Sections 97.2 and 97.3 or Article 4 (commencing
19 with Section 98) had this section not been enacted. The allocations
20 required by this section shall be adjusted to comply with this
21 paragraph.

22 (2) Require an increased ad valorem property tax revenue
23 allocation or increased tax increment allocation to a community
24 redevelopment agency.

25 (3) Alter the manner in which ad valorem property tax revenue
26 growth from fiscal year to fiscal year is otherwise determined or
27 allocated in a county.

28 (4) Reduce ad valorem property tax revenue allocations required
29 under Article 4 (commencing with Section 98).

30 (g) Tax exchange or revenue sharing agreements, entered into
31 prior to the operative date of this section, between local agencies
32 or between local agencies and nonlocal agencies are deemed to be
33 modified to account for the reduced vehicle license fee revenues
34 resulting from the act that added this section. These agreements
35 are modified in that these reduced revenues are, in kind and in lieu
36 thereof, replaced with ad valorem property tax revenue from a
37 Vehicle License Fee Property Tax Compensation Fund or an
38 Educational Revenue Augmentation Fund.

39 *SEC. 2. If the Commission on State Mandates determines that*
40 *this act contains costs mandated by the state, reimbursement to*

1 *local agencies and school districts for those costs shall be made*
2 *pursuant to Part 7 (commencing with Section 17500) of Division*
3 *4 of Title 2 of the Government Code.*

4 ~~SECTION 1. The Legislature finds and declares all of the~~
5 ~~following:~~

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

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

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

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

32 ~~SEC. 2. Section 1622 of the Education Code is amended to~~
33 ~~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 shall file that budget with the Superintendent of Public~~
37 ~~Instruction, the county board of supervisors, and the county auditor.~~
38 ~~The budget, and supporting data, shall be maintained and made~~
39 ~~available for public review. The budget shall indicate the date,~~

1 time, and location at which the county board of education held the
2 public hearing required under Section 1620.

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

26 (c) ~~On or before September 8, the county board of education~~
27 ~~shall revise the county office of education budget to reflect changes~~
28 ~~in projected income or expenditures subsequent to July 1, and to~~
29 ~~include any response to the recommendations of the Superintendent~~
30 ~~of Public Instruction, shall adopt the revised budget, and shall file~~
31 ~~the revised budget with the Superintendent of Public Instruction,~~
32 ~~the county board of supervisors, and the county auditor. Prior to~~
33 ~~revising the budget, the county board of education shall hold a~~
34 ~~public hearing regarding the proposed revisions, which shall be~~
35 ~~made available for public inspection not less than three working~~
36 ~~days prior to the hearing. The agenda for that hearing shall be~~
37 ~~posted at least 72 hours prior to the public hearing and shall include~~
38 ~~the location where the budget will be available for public~~
39 ~~inspection. The revised budget, and supporting data, shall be~~
40 ~~maintained and made available for public review.~~

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

18 ~~(e) Notwithstanding any other provision of this section, the~~
19 ~~budget review for a county office of education shall be governed~~
20 ~~by paragraphs (1), (2), and (3) of this subdivision, rather than by~~
21 ~~subdivisions (c) and (d), if the county board of education so elects,~~
22 ~~and notifies the Superintendent of Public Instruction in writing of~~
23 ~~that decision, no later than October 31 of the immediately~~
24 ~~preceding calendar year.~~

25 ~~(1) In the event of the disapproval of the budget of a county~~
26 ~~office of education pursuant to subdivision (b), on or before~~
27 ~~September 8, the county superintendent of schools and the county~~
28 ~~board of education shall review the recommendations of the~~
29 ~~Superintendent of Public Instruction at a regularly scheduled~~
30 ~~meeting of the county board of education and respond to those~~
31 ~~recommendations. That response shall include the proposed actions~~
32 ~~to be taken, if any, as a result of those recommendations.~~

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

39 ~~(3) Not later than 45 days after the Governor signs the annual~~
40 ~~Budget Act, the county office of education shall make available~~

1 for public review any revisions in revenues and expenditures that
2 it has made to its budget to reflect the funding made available by
3 that Budget Act.

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

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

9 1622. (a) On or before July 1 of each fiscal year, the county
10 board of education shall adopt an annual budget for the budget
11 year and, for the 2015–16 fiscal year and each fiscal year thereafter,
12 take action on a local control and accountability plan pursuant to
13 Sections 52062 and 52064, and shall file the budget and local
14 control and accountability plan with the Superintendent, the county
15 board of supervisors, and the county auditor. The budget, the local
16 control and accountability plan, and supporting data shall be
17 maintained and made available for public review. The budget shall
18 indicate the date, time, and location at which the county board of
19 education held the public hearing required under Section 1620.
20 For the 2015–16 fiscal year and each fiscal year thereafter, the
21 county board of education shall not adopt a budget before it adopts
22 a local control and accountability plan or approves an update to
23 an existing local control and accountability plan. The county board
24 of education shall not adopt a budget that does not align with the
25 local control and accountability plan that applies to the subsequent
26 fiscal year.

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

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

10 ~~(3) For the 2015–16 fiscal year and each fiscal year thereafter,~~
11 ~~the Superintendent shall disapprove a budget if any of the following~~
12 ~~occur:~~

13 ~~(A) The county board of education does not file a local control~~
14 ~~and accountability plan with the Superintendent pursuant to~~
15 ~~Sections 52062 and 52064.~~

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

19 ~~(C) If the Superintendent determines that a local control and~~
20 ~~accountability plan filed does not include all of the components~~
21 ~~identified in subdivision (a) of Section 52064.~~

22 ~~(D) If the Superintendent determines that the expenditures~~
23 ~~included in the budget do not reflect the costs necessary to~~
24 ~~implement the local control and accountability plan.~~

25 ~~(e) On or before September 8 of each fiscal year, the county~~
26 ~~board of education shall revise the county office of education~~
27 ~~budget to reflect changes in projected income or expenditures~~
28 ~~subsequent to July 1, and to include any response to the~~
29 ~~recommendations of the Superintendent, shall adopt the revised~~
30 ~~budget, and shall file the revised budget with the Superintendent,~~
31 ~~the county board of supervisors, and the county auditor. Before~~
32 ~~revising the budget, the county board of education shall hold a~~
33 ~~public hearing regarding the proposed revisions, which shall be~~
34 ~~made available for public inspection not less than three working~~
35 ~~days before the hearing. The agenda for that hearing shall be posted~~
36 ~~at least 72 hours before the public hearing and shall include the~~
37 ~~location where the budget will be available for public inspection.~~
38 ~~The revised budget and supporting data shall be maintained and~~
39 ~~made available for public review.~~

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

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

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

37 ~~(2) No later than October 8, after receiving the response required~~
38 ~~under paragraph (1), the Superintendent shall review that response~~
39 ~~and either approve or disapprove the budget of the county office~~
40 ~~of education. For the 2015–16 fiscal year and each fiscal year~~

1 thereafter, the Superintendent shall disapprove a budget if a county
 2 board of education does not file a local control and accountability
 3 plan with the Superintendent or if the Superintendent determines
 4 that the expenditures included in the budget adopted by the county
 5 board of education do not reflect the costs necessary to implement
 6 the local control and accountability plan. If the Superintendent
 7 disapproves the budget, he or she shall call for the formation of a
 8 budget review committee pursuant to Section 1623.

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

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

15 SEC. 4. Section 2558.7 is added to the Education Code, to
 16 read:

17 2558.7. This article shall become inoperative on July 1, 2014,
 18 and, as of January 1, 2015, is repealed, unless a later enacted
 19 statute, that becomes operative on or before January 1, 2015,
 20 deletes or extends the dates on which it becomes inoperative and
 21 is repealed.

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

23 2569. This article shall become inoperative on July 1, 2014,
 24 and, as of January 1, 2015, is repealed, unless a later enacted
 25 statute, that becomes operative on or before January 1, 2015,
 26 deletes or extends the dates on which it becomes inoperative and
 27 is repealed.

28 SEC. 6. The heading of Article 4 (commencing with Section
 29 2570) of Chapter 12 of Part 2 of Division 1 of Title 1 of the
 30 Education Code is amended and renumbered to read:

31

32 Article 2. Allocation of Property Tax Revenues

33

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

1 Article 3. County Local Control Funding Formula

2
3 ~~2574. For the 2014–15 fiscal year and for each fiscal year~~
4 ~~thereafter, the Superintendent annually shall calculate the County~~
5 ~~Local Control Funding Formula for each county superintendent~~
6 ~~of schools as follows:~~

7 ~~(a) Compute a county office of education operations grant equal~~
8 ~~to the sum of the following amounts:~~

9 ~~(1) Six hundred fifty-five thousand nine hundred twenty dollars~~
10 ~~(\$655,920).~~

11 ~~(2) One hundred nine thousand three hundred twenty dollars~~
12 ~~(\$109,320) multiplied by the number of school districts for which~~
13 ~~the county superintendent of schools has jurisdiction pursuant to~~
14 ~~Section 1253.~~

15 ~~(3) (A) Seventy dollars (\$70) multiplied by the number of units~~
16 ~~of countywide average daily attendance, up to a maximum of~~
17 ~~30,000 units. For purposes of this section, countywide average~~
18 ~~daily attendance means the aggregate number of annual units of~~
19 ~~average daily attendance within the county attributable to all school~~
20 ~~districts for which the county superintendent of schools has~~
21 ~~jurisdiction pursuant to Section 1253, charter schools within the~~
22 ~~county, and the schools operated by the county superintendent of~~
23 ~~schools.~~

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

28 ~~(C) Fifty dollars (\$50) multiplied by the number of units of~~
29 ~~countywide average daily attendance for the portion of countywide~~
30 ~~average daily attendance, if any, above 60,000 units, up to a~~
31 ~~maximum of 140,000 units.~~

32 ~~(D) Forty dollars (\$40) multiplied by the number of units of~~
33 ~~countywide average daily attendance for the portion of countywide~~
34 ~~average daily attendance, if any, above 140,000 units.~~

35 ~~(4) For the 2015–16 fiscal year and each fiscal year thereafter,~~
36 ~~adjust each of the amounts provided in the prior year pursuant to~~
37 ~~paragraphs (1), (2), and (3) by the percentage change in the annual~~
38 ~~average value of the Implicit Price Deflator for State and Local~~
39 ~~Government Purchases of Goods and Services for the United States,~~
40 ~~as published by the United States Department of Commerce for~~

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

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

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

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

21 (B) ~~The pupil is classified as an English learner and is a foster
22 child.~~

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

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

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

30 (3) ~~Commencing with the 2014-15 fiscal year, a county
31 superintendent of schools annually shall report the enrollment of
32 unduplicated pupils, pupils classified as English learners, pupils
33 eligible for free and reduced-price meals, and foster children in
34 schools operated by the county superintendent of schools to the
35 Superintendent using the California Longitudinal Pupil
36 Achievement Data System. The Superintendent shall make the
37 calculations pursuant to this section using the California
38 Longitudinal Pupil Achievement Data System.~~

39 (e) ~~Compute an alternative education grant equal to the sum of
40 the following:~~

1 ~~(1) For the 2014–15 fiscal year, a base grant of eleven thousand~~
2 ~~forty-five dollars (\$11,045). For the 2015–16 fiscal year and each~~
3 ~~fiscal year thereafter, adjust the base grant provided in the prior~~
4 ~~year by the percentage change in the annual average value of the~~
5 ~~Implicit Price Deflator for State and Local Government Purchases~~
6 ~~of Goods and Services for the United States, as published by the~~
7 ~~United States Department of Commerce for the 12-month period~~
8 ~~ending in the third quarter of the prior fiscal year. This percentage~~
9 ~~change shall be determined using the latest data available as of~~
10 ~~May 10 of the preceding fiscal year compared with the annual~~
11 ~~average value of the same deflator for the 12-month period ending~~
12 ~~in the third quarter of the second preceding fiscal year, using the~~
13 ~~latest data available as of May 10 of the preceding fiscal year, as~~
14 ~~reported by the Department of Finance.~~

15 ~~(2) A supplemental grant equal to 40 percent of the base grant~~
16 ~~defined in paragraph (1) multiplied by the percentage calculated~~
17 ~~in subdivision (b).~~

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

23 ~~(i) Probation referred pursuant to Sections 300, 601, 602, and~~
24 ~~654 of the Welfare and Institutions Code.~~

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

26 ~~(iii) Expelled for any of the reasons specified in subdivision (a)~~
27 ~~or (c) of Section 48915.~~

28 ~~(B) Multiply the number of units of average daily attendance~~
29 ~~for pupils attending a juvenile court school by the sum of the base~~
30 ~~grant calculated in paragraph (1) and a supplemental grant equal~~
31 ~~to 40 percent of the base grant pursuant to paragraph (1).~~

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

33 ~~(d) Add the amount calculated in subdivision (a) to the amount~~
34 ~~calculated in subparagraph (C) of paragraph (3) of subdivision (c).~~

35 ~~(e) Add the amount of funding a county superintendent of~~
36 ~~schools received for the 2013–14 fiscal year from funds allocated~~
37 ~~pursuant to the Targeted Instructional Improvement Block Grant~~
38 ~~program, as set forth in Article 6 (commencing with Section 41540)~~
39 ~~of Chapter 3.2 of Part 24 of Division 3 of Title 2, as that article~~

1 read on January 1, 2014, to the amount calculated in subdivision
2 (d).

3 ~~2575. Commencing with the 2014–15 budget year and for each~~
4 ~~fiscal year thereafter, the Superintendent shall distribute the~~
5 ~~appropriations in Section 14002 to each county superintendent of~~
6 ~~schools according to the following formula:~~

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

9 (1) ~~Entitlements for revenue limits in the 2013–14 fiscal year~~
10 ~~pursuant to Article 3 (commencing with Section 2550) of Chapter~~
11 ~~12, as that article read on January 1, 2014, adjusted only for~~
12 ~~changes in average daily attendance claimed by the county~~
13 ~~superintendent of schools for pupils identified in clauses (i), (ii),~~
14 ~~and (iii) of subparagraph (A) of paragraph (3) of subdivision (e)~~
15 ~~of Section 2574 and of pupils attending juvenile court schools. All~~
16 ~~other average daily attendance claimed by the county~~
17 ~~superintendent of schools and any other average daily attendance~~
18 ~~used for purposes of calculating revenue limits pursuant to Article~~
19 ~~3 (commencing with Section 2550) of Chapter 12, as that article~~
20 ~~read on January 1, 2014, shall be considered final for purposes of~~
21 ~~this section as of the annual apportionment for the 2013–14 fiscal~~
22 ~~year, as calculated for purposes of the certification required on or~~
23 ~~before February 20, 2015, pursuant to Section 41332.~~

24 (2) ~~The amount of funding received from appropriations~~
25 ~~contained in Section 2.00 of the Budget Act of 2013, as adjusted~~
26 ~~by Section 12.42, in the following items: 6110-104-0001,~~
27 ~~6110-107-0001, 6110-108-0001, 6110-124-0001, 6110-128-0001,~~
28 ~~6110-137-0001, 6110-144-0001, 6110-158-0001, 6110-181-0001,~~
29 ~~6110-188-0001, 6110-189-0001, 6110-190-0001, 6110-193-0001,~~
30 ~~6110-195-0001, 6110-198-0001, 6110-204-0001, 6110-208-0001,~~
31 ~~6110-209-0001, 6110-211-0001, 6110-212-0001, 6110-227-0001,~~
32 ~~6110-228-0001, 6110-232-0001, 6110-234-0001, 6110-240-0001,~~
33 ~~6110-242-0001, 6110-243-0001, 6110-244-0001, 6110-245-0001,~~
34 ~~6110-246-0001, 6110-247-0001, 6110-248-0001, 6110-260-0001,~~
35 ~~6110-265-0001, 6110-266-0001, 6110-267-0001, 6110-268-0001,~~
36 ~~and 6360-101-0001, and 2013–14 fiscal year funding for the Class~~
37 ~~Size Reduction Program pursuant to Chapter 6.10 (commencing~~
38 ~~with Section 52120) of Part 28 of Division 4 of Title 2, as it read~~
39 ~~on January 1, 2014.~~

1 ~~(3) For the 2015–16 fiscal year and for each fiscal year~~
2 ~~thereafter, the amounts calculated pursuant to paragraph (3) of~~
3 ~~subdivision (b) in all prior years.~~
4 ~~(b) Calculate an adjustment to the amount in subdivision (a) as~~
5 ~~follows:~~
6 ~~(1) Subtract the amount in subdivision (a) from the amount~~
7 ~~computed in subdivision (e) of Section 2574. A difference of less~~
8 ~~than zero shall be deemed to be zero.~~
9 ~~(2) Divide the difference for the county superintendent of~~
10 ~~schools calculated in paragraph (1) by the total of the differences~~
11 ~~for all county superintendents of schools calculated pursuant to~~
12 ~~paragraph (1).~~
13 ~~(3) (A) Multiply the proportion calculated in paragraph (2) by~~
14 ~~the amount of funding appropriated for purposes of this section.~~
15 ~~The amount calculated shall not exceed the difference for the~~
16 ~~county superintendent of schools calculated in paragraph (1).~~
17 ~~(B) Add the amount calculated in subparagraph (A) to the~~
18 ~~allocation to the county superintendent of schools as calculated~~
19 ~~pursuant to subdivision (a).~~
20 ~~(c) Subtract from the amount calculated in subparagraph (B) of~~
21 ~~paragraph (3) of subdivision (b) the sum of each of the following:~~
22 ~~(1) Local property tax revenues received pursuant to Section~~
23 ~~2573 in the then current fiscal year.~~
24 ~~(2) Any amounts that the county superintendent of schools was~~
25 ~~required to maintain as restricted and not available for expenditure~~
26 ~~in the 1978–79 fiscal year as specified in the second paragraph of~~
27 ~~subdivision (e) of Section 6 of Chapter 292 of the Statutes of 1978,~~
28 ~~as amended by Chapter 51 of the Statutes of 1979.~~
29 ~~(3) The amount received pursuant to subparagraph (C) of~~
30 ~~paragraph (3) of subdivision (a) of Section 33607.5 of the Health~~
31 ~~and Safety Code that is considered property taxes pursuant to that~~
32 ~~section.~~
33 ~~(4) The amount, if any, received pursuant to Sections 34177,~~
34 ~~34179.5, 34179.6, and 34188 of the Health and Safety Code.~~
35 ~~(5) (A) The amount, if any, received pursuant to subparagraph~~
36 ~~(B) of paragraph (3) of subdivision (c) of Section 36 of Article~~
37 ~~XIII of the California Constitution.~~
38 ~~(B) The amount in subparagraph (A) shall only offset the amount~~
39 ~~included in paragraph (1) of subdivision (a).~~

1 ~~(d) (1) The Superintendent shall apportion to the county~~
2 ~~superintendent of schools either of the following:~~
3 ~~(A) If the calculation in paragraph (1) of subdivision (b) is~~
4 ~~positive, the amount calculated in subdivision (e):~~
5 ~~(B) (i) If the calculation in paragraph (1) of subdivision (b) is~~
6 ~~equal to zero or is negative, the sum of the amounts in paragraphs~~
7 ~~(1) and (2) of subdivision (a), less the sum of the amounts included~~
8 ~~in paragraphs (1) to (5), inclusive, of subdivision (e):~~
9 ~~(ii) For the first fiscal year in which the amount calculated in~~
10 ~~subdivision (e) of Section 2574 is greater than the sum of the~~
11 ~~amounts in paragraphs (1) and (2) of subdivision (a) and for each~~
12 ~~fiscal year thereafter, the Superintendent shall apportion to the~~
13 ~~county superintendent of schools the amount calculated in~~
14 ~~subdivision (e) of Section 2574, less the sum of the amounts~~
15 ~~included in paragraphs (1) to (5), inclusive, of subdivision (e):~~
16 ~~(iii) In any fiscal year before clause (ii) is operative, the county~~
17 ~~superintendent of schools shall develop, and present at least twice~~
18 ~~per fiscal year to the parents of pupils and the county board of~~
19 ~~education, information that enhances their understanding of and~~
20 ~~familiarity with the local control funding formula and the local~~
21 ~~control and accountability plan. When presenting this information,~~
22 ~~the county superintendent of schools shall explain, at a minimum~~
23 ~~and consistent with Section 48985, how parents can meaningfully~~
24 ~~participate and how the county office of education will provide~~
25 ~~meaningful opportunities for parental involvement, including, but~~
26 ~~not limited to, effective schoolsite councils and English learner~~
27 ~~advisory committees.~~
28 ~~(2) If the amount determined pursuant to paragraph (1) is~~
29 ~~negative, state aid shall not be apportioned to the county~~
30 ~~superintendent of schools pursuant to paragraph (1). An amount~~
31 ~~of funds of that county superintendent of schools equal to that~~
32 ~~negative amount shall be deemed restricted and not available for~~
33 ~~expenditure during the fiscal year in which subdivision (d) applies.~~
34 ~~In the following fiscal year, that amount shall be considered local~~
35 ~~property tax revenue for purposes of paragraph (1) of subdivision~~
36 ~~(e).~~
37 ~~(3) Commencing with the 2014-15 fiscal year, the~~
38 ~~Superintendent shall apportion to the county superintendent of~~
39 ~~schools an amount of state aid of no less than the amount calculated~~

1 in paragraph (2) of subdivision (a), including any amount
2 apportioned pursuant to paragraph (1):

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

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

12 (B) County superintendents of schools that receive supplemental
13 grants pursuant to this section shall provide services and assistance
14 to an unduplicated pupil or pupils whose circumstances generated
15 those funds at any school enrolling one or more unduplicated
16 pupils.

17 (3) (A) Notwithstanding paragraph (2), a county superintendent
18 of schools may use funds apportioned pursuant to this article,
19 together with any other federal, state, or local funds, to improve
20 the entire educational program of a school in which at least 70
21 percent of the enrolled pupils are unduplicated pupils, as defined
22 in paragraph (1) of subdivision (b) of Section 2574, and that use
23 of funds shall be referred to as a schoolwide program for purposes
24 of this paragraph.

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

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

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

36 (E) A county superintendent of schools that chooses to use funds
37 apportioned pursuant to this article to operate a schoolwide
38 program shall describe how the funds will be used in the local
39 control and accountability plan adopted by the county board of
40 education.

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

4 ~~2576. (a) If a county superintendent of schools enrolls in a~~
5 ~~school operated by the county superintendent of schools a pupil~~
6 ~~not funded pursuant to clause (i), (ii), or (iii) of subparagraph (A)~~
7 ~~of paragraph (3) of subdivision (c) of Section 2574, any attendance~~
8 ~~generated by that pupil shall be credited to the school district of~~
9 ~~residence. That school district shall pay to the county~~
10 ~~superintendent of schools the entire entitlement generated for each~~
11 ~~unit of average daily attendance by that pupil.~~

12 ~~(b) For purposes of this section, the school district of residence~~
13 ~~for a homeless child, as defined in Section 1981.2, shall be deemed~~
14 ~~to be the school district that last provided educational services to~~
15 ~~that child or, if it is not possible to determine that school district,~~
16 ~~the largest school district in the county.~~

17 ~~2577. Notwithstanding any other law, revenue limit funding~~
18 ~~for county superintendents of schools for the 2013–14 fiscal year~~
19 ~~and prior fiscal years shall continue to be adjusted pursuant to~~
20 ~~Article 3 (commencing with Section 2550), as that section read~~
21 ~~on January 1, 2014.~~

22 ~~2578. Commencing on July 1, 2014, all of the following shall~~
23 ~~apply:~~

24 ~~(a) All references to Section 2558 shall instead refer to Section~~
25 ~~2575.~~

26 ~~(b) Unless context requires otherwise, all references to the~~
27 ~~revenue limit of a county office of education or county~~
28 ~~superintendent of schools shall instead refer to the county local~~
29 ~~control funding formula.~~

30 ~~2579. This article shall become operative on July 1, 2014.~~

31 ~~SEC. 8. Section 14002 of the Education Code is amended to~~
32 ~~read:~~

33 ~~14002. (a) The Controller shall during each fiscal year~~
34 ~~commencing with the 1980–81 fiscal year, transfer from the~~
35 ~~General Fund of the state to that portion of the State School Fund~~
36 ~~restricted for elementary and high school purposes, hereinafter~~
37 ~~called Section A of the State School Fund such sums, in addition~~
38 ~~to the sums accruing from other sources, as shall provide in Section~~
39 ~~A of the State School Fund for apportionment during the fiscal~~
40 ~~year a total amount per pupil in average daily attendance during~~

1 the preceding fiscal year credited to all elementary, high, and
2 unified school districts and to all county superintendents of schools
3 in the state, as certified by the Superintendent of Public Instruction,
4 of one hundred eighty dollars (\$180).

5 (b) ~~The Controller shall also transfer, as needed during each~~
6 ~~fiscal year commencing with the 1980-81 fiscal year, such~~
7 ~~additional amounts from the General Fund to Section A of the~~
8 ~~State School Fund as are certified from time to time by the~~
9 ~~Superintendent of Public Instruction to be necessary to meet actual~~
10 ~~computed apportionments from Section A of the State School Fund~~
11 ~~for the purposes set forth in Section 41301; provided that the total~~
12 ~~of such additional amounts transferred in a fiscal year shall not~~
13 ~~exceed, except pursuant to subdivision (c) of this section, one~~
14 ~~thousand two hundred sixty-eight dollars (\$1,268) for the 1980-81~~
15 ~~fiscal year and fiscal years thereafter, per pupil in average daily~~
16 ~~attendance during the preceding fiscal year credited to all~~
17 ~~elementary, high, and unified school districts and to all county~~
18 ~~superintendents of schools in the state, as certified by the~~
19 ~~Superintendent of Public Instruction.~~

20 (c) ~~In addition to the amounts authorized to be transferred to~~
21 ~~Section A of the State School Fund under subdivisions (a) and (b),~~
22 ~~the Controller shall transfer from the General Fund to Section A~~
23 ~~of the State School Fund during the fiscal year, upon certification~~
24 ~~of the Superintendent of Public Instruction, if necessary to meet~~
25 ~~actual computed apportionments for the fiscal year for the purposes~~
26 ~~set forth in Sections 41300 and 41301, an amount not to exceed~~
27 ~~the lesser of: (1) 1 percent of the total apportionment from Section~~
28 ~~A of the State School Fund in the preceding fiscal year for the~~
29 ~~purposes set forth in Sections 41300 and 41301, or (2) the net~~
30 ~~amount, if any, by which the total amounts authorized to be~~
31 ~~transferred from the General Fund to Section A of the State School~~
32 ~~Fund under subdivisions (a) and (b) in prior fiscal years have~~
33 ~~exceeded the total amounts actually apportioned in prior fiscal~~
34 ~~years for the purposes set forth in Sections 41300 and 41301.~~

35 (d) ~~The Controller shall also transfer to Section A of the State~~
36 ~~School Fund any additional amounts appropriated thereto by the~~
37 ~~Legislature in augmentation of any of the amounts for any of the~~
38 ~~purposes set forth in Sections 41300 and 41301 and such additional~~
39 ~~amounts shall be allowed and apportioned by the Superintendent~~
40 ~~of Public Instruction and warrants therefor drawn by the Controller~~

1 in the manner provided in Sections 41050, 46304, and 84503 and
2 in this article, Article 2 (commencing with Section 14040), Article
3 3 (commencing with Section 41330) of Chapter 3, and Article 1
4 (commencing with Section 41600) of Chapter 4 of Part 24.

5 ~~(e) The amounts transferred under subdivisions (a) and (b) of
6 this section shall be cumulatively increased by the following
7 amounts:~~

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

9 ~~(2) In the 1982–83 fiscal year and each fiscal year thereafter,
10 by 6 percent.~~

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

12 ~~(g) 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. 9. Section 14002 is added to the Education Code, to read:

17 14002. (a) Notwithstanding any other law, upon certification
18 of the Superintendent, the Controller shall transfer from the General
19 Fund to Section A of the State School Fund during each fiscal year
20 the amount of moneys required to meet the actual computed
21 apportionments for the fiscal year for the purposes set forth in
22 Sections 2575, 42238.02, and 42238.03.

23 (b) The Controller shall also transfer to Section A of the State
24 School Fund any additional amounts appropriated thereto by the
25 Legislature in augmentation of any of the amounts for any of the
26 purposes set forth in Sections 2575, 42238.02, and 42238.03 and
27 such additional amounts shall be allowed and apportioned by the
28 Superintendent and warrants therefor drawn by the Controller in
29 the manner provided in Sections 41050 and 46304, and in this
30 article, Article 2 (commencing with Section 14040), Article 3
31 (commencing with Section 41330) of Chapter 3 of Part 24 of
32 Division 3 of Title 2, and Article 1 (commencing with Section
33 41600) of Chapter 4 of Part 24 of Division 3 of Title 2.

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

35 SEC. 10. Section 14002.1 of the Education Code is amended
36 to read:

37 14002.1. (a) Notwithstanding any other law, for purposes of
38 determining (1) the amounts to be certified pursuant to Sections
39 14002 and 14004, (2) allocations made pursuant to Section 41301,
40 (3) the apportionments required to be made pursuant to Sections

1 41330, 41332, and 41335, (4) revenue limits for school districts
2 pursuant to Section 42238, as adjusted pursuant to Sections
3 42238.14, 42238.145, and 42238.146, and (5) revenue limits for
4 county offices of education pursuant to Section 2558, as adjusted
5 pursuant to Sections 2558.4, 2558.45, and 2558.46, the
6 Superintendent of Public Instruction shall use the property tax
7 estimates received from county auditors pursuant to Section 75.70
8 of the Revenue and Taxation Code.

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. 11. Section 14002.1 is added to the Education Code, to
14 read:

15 14002.1. (a) Notwithstanding any other law, for purposes of
16 determining the amounts to be certified pursuant to subdivision
17 (a) of Section 14002, the Superintendent shall use the property tax
18 estimates received from county auditors pursuant to Section 75.70
19 of the Revenue and Taxation Code.

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

21 SEC. 12. Section 14002.5 of the Education Code is amended
22 to read:

23 14002.5. (a) In making the computation prescribed by
24 subdivision (b) of Section 14002, the Controller shall cumulatively
25 increase the seventy-nine cents (\$0.79) amount prescribed by that
26 subdivision by 6 percent annually, and shall cumulatively increase
27 the twenty-one dollar and fifty cents (\$21.50) amount prescribed
28 by that subdivision by 6 percent annually.

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. 13. Section 14003 of the Education Code is amended to
34 read:

35 14003. (a) Commencing with the 2010-11 fiscal year, on
36 March 28 of each fiscal year in which the percentage growth in
37 per capita General Fund revenues exceeds the percentage growth in
38 in California per capita personal income, the Controller shall
39 transfer from the General Fund to Sections A and B of the State
40 School Fund, as set forth in subdivision (c), the amount determined

1 pursuant to paragraph (1) minus the amount determined pursuant
2 to paragraph (2):

3 ~~(1) The product of General Fund revenues from proceeds of~~
4 ~~taxes and one-half of the difference between the percentage growth~~
5 ~~in per capita General Fund revenues from proceeds of taxes and~~
6 ~~in California per capita personal income.~~

7 ~~(2) The amount of the maintenance factor certified pursuant to~~
8 ~~Section 41207.2 that is allocated in the current year pursuant to~~
9 ~~subdivision (e) of Section 8 of Article XVI of the California~~
10 ~~Constitution.~~

11 ~~(b) The amount transferred pursuant to subdivision (a) shall be~~
12 ~~in addition to amounts required to be allocated pursuant to~~
13 ~~subdivision (b) of Section 8 of Article XVI of the California~~
14 ~~Constitution.~~

15 ~~(e) (1) Of the amount determined pursuant to subdivision (a),~~
16 ~~the Controller shall transfer 92 percent to Section A of the State~~
17 ~~School Fund. The Superintendent shall allocate the funds~~
18 ~~transferred pursuant to this paragraph in the following priority~~
19 ~~order:~~

20 ~~(A) An amount not to exceed two hundred million dollars~~
21 ~~(\$200,000,000) for the purposes of revenue limit equalization in~~
22 ~~a manner consistent with Section 42238.49 for the first fiscal year~~
23 ~~in which funds are transferred pursuant to this paragraph.~~

24 ~~(B) Such amounts as necessary to reduce the revenue limit~~
25 ~~deficit factors set forth in Sections 2558.46 and 42238.146 until~~
26 ~~the deficit factors are reduced to zero.~~

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

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

36 ~~(A) For purposes of career and technical education pursuant to~~
37 ~~Chapter 352 of the Statutes of 2005.~~

38 ~~(B) As a proportionate increase in general purpose~~
39 ~~apportionments for community college districts.~~

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

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

16 ~~(f) 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. 14. Section 14003 is added to the Education Code, to~~
21 ~~read:~~

22 ~~14003. (a) Commencing with the 2010–11 fiscal year, on~~
23 ~~March 28 of each fiscal year in which the percentage growth in~~
24 ~~per capita General Fund revenues exceeds the percentage growth~~
25 ~~in California per capita personal income, the Controller shall~~
26 ~~transfer from the General Fund to Sections A and B of the State~~
27 ~~School Fund, as set forth in subdivision (c), the amount determined~~
28 ~~pursuant to paragraph (1) minus the amount determined pursuant~~
29 ~~to paragraph (2):~~

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

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

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

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

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

8 ~~(A) Such amounts as necessary to implement the local control~~
9 ~~funding formula pursuant to Section 42238.02, as implemented~~
10 ~~by Section 42238.03, and the county local control funding formula,~~
11 ~~pursuant to Section 2575:~~

12 ~~(B) Any remaining amounts transferred pursuant to this~~
13 ~~paragraph shall be allocated pursuant to Sections 2575 and~~
14 ~~42238.02, as implemented by Section 42238.03:~~

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

20 ~~(A) For purposes of career and technical education pursuant to~~
21 ~~Chapter 352 of the Statutes of 2005:~~

22 ~~(B) As a proportionate increase in general purpose~~
23 ~~apportionments for community college districts:~~

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

31 ~~(e) The sum of the amounts transferred pursuant to this section~~
32 ~~plus the sum of the amounts of the maintenance factor certified~~
33 ~~pursuant to Section 41207.2 that is allocated pursuant to~~
34 ~~subdivision (e) of Section 8 of Article XVI of the California~~
35 ~~Constitution shall not exceed the total amount of eleven billion~~
36 ~~two hundred twelve million nine hundred nine thousand dollars~~
37 ~~(\$11,212,909,000) less any maintenance factor amount that is~~
38 ~~allocated for the 2009–10 fiscal year:~~

39 ~~(f) This section shall become operative on July 1, 2014:~~

1 ~~SEC. 15. Section 14501 of the Education Code is amended to~~
2 ~~read:~~

3 ~~14501. (a) As used in this chapter, “financial and compliance~~
4 ~~audit” shall be consistent with the definition provided in the~~
5 ~~“Standards for Audits of Governmental Organizations, Programs,~~
6 ~~Activities, and Functions” promulgated by the Comptroller General~~
7 ~~of the United States. Financial and compliance audits conducted~~
8 ~~under this chapter shall fulfill federal single audit requirements.~~

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

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

16 ~~(2) Teacher misassignments pursuant to Section 44258.9.~~

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

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. 16. Section 14501 is added to the Education Code, to~~
27 ~~read:~~

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

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

39 ~~(1) Expenditure of these funds in accordance with the local~~
40 ~~control and accountability plan adopted by the governing board~~

1 of the school district pursuant to Sections 52060 and 52064 or the
2 county board of education pursuant to Sections 52062 and 52064.

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

5 ~~(3) Teacher misassignments pursuant to Section 44258.9.~~

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

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

12 ~~SEC. 17. Section 33127 of the Education Code is amended to
13 read:~~

14 ~~33127. (a) The Superintendent of Public Instruction, the
15 Controller, and the Director of Finance shall develop, on or before
16 March 1, 1989, standards and criteria to be reviewed and adopted
17 by the State Board of Education, and to be used by local
18 educational agencies in the development of annual budgets and
19 the management of subsequent expenditures from that budget.
20 During the development of the standards and criteria, the
21 Superintendent of Public Instruction shall convene a committee
22 composed of representatives from school districts, county offices
23 of education, state agencies, the Legislature, and appropriate labor
24 and professional organizations. The committee may review and
25 comment on the proposal standards and criteria prior to their
26 adoption. In addition, the standards and criteria shall be used to
27 monitor the fiscal stability of local educational agencies as provided
28 for in Sections 1240.1, 1240.2, 1621, 1623, 33131, 42127, and
29 42127.1.~~

30 ~~(b) The Superintendent of Public Instruction, the Controller,
31 and the Director of Finance shall update the standards and criteria
32 developed pursuant to subdivision (a) on or before September 1,
33 2005. The updated standards and criteria shall be reviewed and
34 adopted pursuant to the procedure established by subdivision (a)
35 and are applicable to local educational agency budgets commencing
36 with the 2006-07 fiscal year and each fiscal year thereafter.~~

37 ~~(c) After September 1, 2005, to the extent necessary, any
38 revisions or updates to the standards and criteria shall be developed
39 by the Superintendent of Public Instruction, the Controller, and
40 the Director of Finance pursuant to the procedures established by~~

1 ~~subdivision (a). The revisions or updates shall specify the fiscal~~
2 ~~year in which the revisions or updates are applicable.~~

3 ~~(d) 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. 18. Section 33127 is added to the Education Code, to~~
8 ~~read:~~

9 ~~33127. (a) The Superintendent, the Controller, and the Director~~
10 ~~of Finance shall develop, on or before March 1, 1989, standards~~
11 ~~and criteria to be reviewed and adopted by the state board, and to~~
12 ~~be used by local educational agencies in the development of annual~~
13 ~~budgets and the management of subsequent expenditures from that~~
14 ~~budget. During the development of the standards and criteria, the~~
15 ~~Superintendent shall convene a committee composed of~~
16 ~~representatives from school districts, county offices of education,~~
17 ~~state agencies, the Legislature, and appropriate labor and~~
18 ~~professional organizations. The committee may review and~~
19 ~~comment on the proposal standards and criteria prior to their~~
20 ~~adoption. In addition, the standards and criteria shall be used to~~
21 ~~monitor the fiscal stability of local educational agencies as provided~~
22 ~~for in Sections 1240.1, 1240.2, 1621, 1623, 33131, 42127, and~~
23 ~~42127.1.~~

24 ~~(b) The Superintendent, the Controller, and the Director of~~
25 ~~Finance shall update the standards and criteria developed pursuant~~
26 ~~to subdivision (a) on or before September 1, 2005. The updated~~
27 ~~standards and criteria shall be reviewed and adopted pursuant to~~
28 ~~the procedure established by subdivision (a) and are applicable to~~
29 ~~local educational agency budgets commencing with the 2006-07~~
30 ~~fiscal year and each fiscal year thereafter.~~

31 ~~(c) The Superintendent, the Controller, and the Director of~~
32 ~~Finance shall update the standards and criteria developed pursuant~~
33 ~~to subdivision (a) on or before January 1, 2015. Standards and~~
34 ~~criteria related to the requirements of Article 5 (commencing with~~
35 ~~Section 52060) of Chapter 6.1 of Part 28 of Title 2 shall be~~
36 ~~included. The updated standards and criteria shall be reviewed and~~
37 ~~adopted pursuant to the procedure established by subdivision (a)~~
38 ~~and are applicable to local educational agency budgets commencing~~
39 ~~with the 2015-16 fiscal year and each fiscal year thereafter.~~

1 ~~(d) After January 1, 2015, to the extent necessary, any revisions~~
2 ~~or updates to the standards and criteria shall be developed by the~~
3 ~~Superintendent, the Controller, and the Director of Finance~~
4 ~~pursuant to the procedures established by subdivision (a). The~~
5 ~~revisions or updates shall specify the fiscal year in which the~~
6 ~~revisions or updates are applicable.~~

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

8 SEC. 19. Section 41020 of the Education Code is amended to
9 read:

10 41020. (a) It is the intent of the Legislature to encourage sound
11 fiscal management practices among local educational agencies for
12 the most efficient and effective use of public funds for the
13 education of children in California by strengthening fiscal
14 accountability at the district, county, and state levels.

15 (b) (1) Not later than the first day of May of each fiscal year,
16 each county superintendent of schools shall provide for an audit
17 of all funds under his or her jurisdiction and control and the
18 governing board of each local educational agency shall either
19 provide for an audit of the books and accounts of the local
20 educational agency, including an audit of income and expenditures
21 by source of funds, or make arrangements with the county
22 superintendent of schools having jurisdiction over the local
23 educational agency to provide for that auditing.

24 (2) A contract to perform the audit of a local educational agency
25 that has a disapproved budget or has received a negative
26 certification on any budget or interim financial report during the
27 current fiscal year or either of the two preceding fiscal years, or
28 for which the county superintendent of schools has otherwise
29 determined that a lack of going concern exists, is not valid unless
30 approved by the responsible county superintendent of schools and
31 the governing board.

32 (3) If the governing board of a local educational agency has not
33 provided for an audit of the books and accounts of the local
34 educational agency by April 1, the county superintendent of schools
35 having jurisdiction over the local educational agency shall provide
36 for the audit of each local educational agency.

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

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

3 ~~(e) Each audit conducted in accordance with this section shall~~
4 ~~include all funds of the local educational agency, including the~~
5 ~~student body and cafeteria funds and accounts and any other funds~~
6 ~~under the control or jurisdiction of the local educational agency.~~
7 ~~Each audit shall also include an audit of pupil attendance~~
8 ~~procedures.~~

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

12 ~~(e) (1) The cost of the audits provided for by the county~~
13 ~~superintendent of schools shall be paid from the county school~~
14 ~~service fund and the county superintendent of schools shall transfer~~
15 ~~the pro rata share of the cost chargeable to each district from district~~
16 ~~funds.~~

17 ~~(2) The cost of the audit provided for by a governing board shall~~
18 ~~be paid from local educational agency funds. The audit of the funds~~
19 ~~under the jurisdiction and control of the county superintendent of~~
20 ~~schools shall be paid from the county school service fund.~~

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

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

38 ~~(3) It is the intent of the Legislature that, notwithstanding~~
39 ~~paragraph (2), the rotation within public accounting firms conform~~
40 ~~to provisions of the federal Sarbanes-Oxley Act of 2002 (Public~~

1 ~~Law 107-204; 15 U.S.C. Sec. 7201 et seq.), and upon release of~~
2 ~~the report required by the act of the Comptroller General of the~~
3 ~~United States addressing the mandatory rotation of registered~~
4 ~~public accounting firms, the Legislature intends to reconsider the~~
5 ~~provisions of paragraph (2). In determining which certified public~~
6 ~~accountants and public accountants shall be included in the~~
7 ~~directory, the Controller shall use the following criteria:~~

8 ~~(A) The certified public accountants or public accountants shall~~
9 ~~be in good standing as certified by the California Board of~~
10 ~~Accountancy.~~

11 ~~(B) The certified public accountants or public accountants, as~~
12 ~~a result of a quality control review conducted by the Controller~~
13 ~~pursuant to Section 14504.2, shall not have been found to have~~
14 ~~conducted an audit in a manner constituting noncompliance with~~
15 ~~subdivision (a) of Section 14503.~~

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

17 ~~(A) A statement that the audit was conducted pursuant to~~
18 ~~standards and procedures developed in accordance with Chapter~~
19 ~~3 (commencing with Section 14500) of Part 9 of Division 1 of~~
20 ~~Title 1.~~

21 ~~(B) A summary of audit exceptions and management~~
22 ~~improvement recommendations.~~

23 ~~(C) Each audit of a local educational agency shall include an~~
24 ~~evaluation by the auditor on whether there is substantial doubt~~
25 ~~about the ability of the local educational agency to continue as a~~
26 ~~going concern for a reasonable period of time. This evaluation~~
27 ~~shall be based on the Statement of Auditing Standards (SAS) No.~~
28 ~~59, as issued by the AICPA regarding disclosure requirements~~
29 ~~relating to the ability of the entity to continue as a going concern.~~

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

38 ~~(h) Not later than December 15, a report of each local~~
39 ~~educational agency audit for the preceding fiscal year shall be filed~~
40 ~~with the county superintendent of schools of the county in which~~

1 the local educational agency is located, the department, and the
2 Controller. The Superintendent shall make any adjustments
3 necessary in future apportionments of all state funds, to correct
4 any audit exceptions revealed by those audit reports.

5 (i) (1) Commencing with the 2002–03 audit of local educational
6 agencies pursuant to this section and subdivision (d) of Section
7 41320.1, each county superintendent of schools shall be responsible
8 for reviewing the audit exceptions contained in an audit of a local
9 educational agency under his or her jurisdiction related to
10 attendance, inventory of equipment, internal control, and any
11 miscellaneous items, and determining whether the exceptions have
12 been either corrected or an acceptable plan of correction has been
13 developed.

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

24 (j) Upon submission of the final audit report to the governing
25 board of each local educational agency and subsequent receipt of
26 the audit by the county superintendent of schools having
27 jurisdiction over the local educational agency, the county office
28 of education shall do all of the following:

29 (1) Review audit exceptions related to attendance, inventory of
30 equipment, internal control, and other miscellaneous exceptions.
31 Attendance exceptions or issues shall include, but not be limited
32 to, those related to revenue limits, adult education, and independent
33 study.

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

1 ~~(3) Review the description of correction or plan of correction~~
2 ~~and determine its adequacy. If the description of the correction or~~
3 ~~plan of correction is not adequate, the county superintendent of~~
4 ~~schools shall require the local educational agency to resubmit that~~
5 ~~portion of its response that is inadequate.~~

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

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

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

33 ~~(A) All federal and state compliance audit exceptions identified~~
34 ~~in the audit.~~

35 ~~(B) Any exceptions that the county superintendent certifies as~~
36 ~~of May 15 have not been corrected.~~

37 ~~(C) Any repeat audit exceptions that are not assigned to a county~~
38 ~~superintendent to correct.~~

39 ~~(2) In addition, the Superintendent shall be responsible for~~
40 ~~ensuring that county superintendents of schools and each county~~

1 board of education that serves as the governing board of a local
2 educational agency either correct all audit exceptions identified in
3 the audits of county superintendents of schools and of the local
4 educational agencies for which the county boards of education
5 serve as the governing boards or develop acceptable plans of
6 correction for those exceptions.

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

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

25 (o) ~~County superintendents of schools shall adjust subsequent
26 local property tax requirements to correct audit exceptions relating
27 to local educational agency tax rates and tax revenues.~~

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

34 (q) ~~Audits of regional occupational centers and programs are
35 subject to the provisions of this section.~~

36 (r) ~~This section does not authorize examination of, or reports
37 on, the curriculum used or provided for in any local educational
38 agency.~~

39 (s) ~~Notwithstanding any other provision of law, a nonauditing,
40 management, or other consulting service to be provided to a local~~

1 educational agency by a certified public accounting firm while the
2 certified public accounting firm is performing an audit of the
3 agency pursuant to this section must be in accord with Government
4 Accounting Standards, Amendment No. 3, as published by the
5 United States General Accounting Office.

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

10 SEC. 20. Section 41020 is added to the Education Code, to
11 read:

12 41020. (a) ~~It is the intent of the Legislature to encourage sound
13 fiscal management practices among local educational agencies for
14 the most efficient and effective use of public funds for the
15 education of children in California by strengthening fiscal
16 accountability at the school district, county, and state levels.~~

17 ~~(b) (1) Not later than the first day of May of each fiscal year,
18 each county superintendent of schools shall provide for an audit
19 of all funds under his or her jurisdiction and control and the
20 governing board of each local educational agency shall either
21 provide for an audit of the books and accounts of the local
22 educational agency, including an audit of income and expenditures
23 by source of funds, or make arrangements with the county
24 superintendent of schools having jurisdiction over the local
25 educational agency to provide for that auditing.~~

26 ~~(2) A contract to perform the audit of a local educational agency
27 that has a disapproved budget or has received a negative
28 certification on any budget or interim financial report during the
29 current fiscal year or either of the two preceding fiscal years, or
30 for which the county superintendent of schools has otherwise
31 determined that a lack of going concern exists, is not valid unless
32 approved by the responsible county superintendent of schools and
33 the governing board of the local educational agency.~~

34 ~~(3) If the governing board of a local educational agency has not
35 provided for an audit of the books and accounts of the local
36 educational agency by April 1, the county superintendent of schools
37 having jurisdiction over the local educational agency shall provide
38 for the audit of each local educational agency.~~

1 ~~(4) An audit conducted pursuant to this section shall comply~~
2 ~~fully with the Government Auditing Standards issued by the~~
3 ~~Comptroller General of the United States.~~

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

6 ~~(e) Each audit conducted in accordance with this section shall~~
7 ~~include all funds of the local educational agency, including the~~
8 ~~student body and cafeteria funds and accounts and any other funds~~
9 ~~under the control or jurisdiction of the local educational agency.~~
10 ~~Each audit shall also include an audit of pupil attendance~~
11 ~~procedures. Each audit shall include a determination of whether~~
12 ~~funds were expended in accordance with a local control and~~
13 ~~accountability plan pursuant to Article 5 (commencing with Section~~
14 ~~52060) of Chapter 6.1 of Part 28 of Division 3.~~

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

18 ~~(e) (1) The cost of the audits provided for by the county~~
19 ~~superintendent of schools shall be paid from the county school~~
20 ~~service fund and the county superintendent of schools shall transfer~~
21 ~~the pro rata share of the cost chargeable to each school district~~
22 ~~from school district funds.~~

23 ~~(2) The cost of the audit provided for by a governing board of~~
24 ~~a local educational agency shall be paid from local educational~~
25 ~~agency funds. The audit of the funds under the jurisdiction and~~
26 ~~control of the county superintendent of schools shall be paid from~~
27 ~~the county school service fund.~~

28 ~~(f) (1) The audits shall be made by a certified public accountant~~
29 ~~or a public accountant, licensed by the California Board of~~
30 ~~Accountancy, and selected by the local educational agency, as~~
31 ~~applicable, from a directory of certified public accountants and~~
32 ~~public accountants deemed by the Controller as qualified to conduct~~
33 ~~audits of local educational agencies, which shall be published by~~
34 ~~the Controller not later than December 31 of each year.~~

35 ~~(2) Commencing with the 2003–04 fiscal year and except as~~
36 ~~provided in subdivision (d) of Section 41320.1, it is unlawful for~~
37 ~~a public accounting firm to provide audit services to a local~~
38 ~~educational agency if the lead audit partner, or coordinating audit~~
39 ~~partner, having primary responsibility for the audit, or the audit~~
40 ~~partner responsible for reviewing the audit, has performed audit~~

1 services for that local educational agency in each of the six previous
2 fiscal years. The Education Audits Appeal Panel may waive this
3 requirement if the panel finds that no otherwise eligible auditor is
4 available to perform the audit.

5 ~~(3) It is the intent of the Legislature that, notwithstanding~~
6 ~~paragraph (2), the rotation within public accounting firms conform~~
7 ~~to provisions of the federal Sarbanes-Oxley Act of 2002 (Public~~
8 ~~Law 107-204; 15 U.S.C. Sec. 7201 et seq.), and upon release of~~
9 ~~the report required by the act of the Comptroller General of the~~
10 ~~United States addressing the mandatory rotation of registered~~
11 ~~public accounting firms, the Legislature intends to reconsider the~~
12 ~~provisions of paragraph (2). In determining which certified public~~
13 ~~accountants and public accountants shall be included in the~~
14 ~~directory, the Controller shall use the following criteria:~~

15 ~~(A) The certified public accountants or public accountants shall~~
16 ~~be in good standing as certified by the California Board of~~
17 ~~Accountancy.~~

18 ~~(B) The certified public accountants or public accountants, as~~
19 ~~a result of a quality control review conducted by the Controller~~
20 ~~pursuant to Section 14504.2, shall not have been found to have~~
21 ~~conducted an audit in a manner constituting noncompliance with~~
22 ~~subdivision (a) of Section 14503.~~

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

24 ~~(A) A statement that the audit was conducted pursuant to~~
25 ~~standards and procedures developed in accordance with Chapter~~
26 ~~3 (commencing with Section 14500) of Part 9 of Division 1 of~~
27 ~~Title 1.~~

28 ~~(B) A summary of audit exceptions and management~~
29 ~~improvement recommendations.~~

30 ~~(C) Each audit of a local educational agency shall include an~~
31 ~~evaluation by the auditor on whether there is substantial doubt~~
32 ~~about the ability of the local educational agency to continue as a~~
33 ~~going concern for a reasonable period of time. This evaluation~~
34 ~~shall be based on the Statement on Auditing Standards (SAS) No.~~
35 ~~59, as issued by the AICPA regarding disclosure requirements~~
36 ~~relating to the ability of the entity to continue as a going concern.~~

37 ~~(2) To the extent possible, a description of correction or plan~~
38 ~~of correction shall be incorporated in the audit report, describing~~
39 ~~the specific actions that are planned to be taken, or that have been~~
40 ~~taken, to correct the problem identified by the auditor. The~~

1 descriptions of specific actions to be taken or that have been taken
2 shall not solely consist of general comments such as “will
3 implement,” “accepted the recommendation,” or “will discuss at
4 a later date.”

5 (h) Not later than December 15, a report of each local
6 educational agency audit for the preceding fiscal year shall be filed
7 with the county superintendent of schools of the county in which
8 the local educational agency is located, the department, and the
9 Controller. The Superintendent shall make any adjustments
10 necessary in future apportionments of all state funds, to correct
11 any audit exceptions revealed by those audit reports.

12 (i) (1) Commencing with the 2002-03 audit of local educational
13 agencies pursuant to this section and subdivision (d) of Section
14 41320.1, each county superintendent of schools shall be responsible
15 for reviewing the audit exceptions contained in an audit of a local
16 educational agency under his or her jurisdiction related to
17 attendance, inventory of equipment, internal control, and any
18 miscellaneous items, and determining whether the exceptions have
19 been either corrected or an acceptable plan of correction has been
20 developed.

21 (2) Commencing with the 2004-05 audit of local educational
22 agencies pursuant to this section and subdivision (d) of Section
23 41320.1, each county superintendent of schools shall include in
24 the review of audit exceptions performed pursuant to this
25 subdivision those audit exceptions related to use of instructional
26 materials program funds, teacher misassignments pursuant to
27 Section 44258.9, and information reported on the school
28 accountability report card required pursuant to Section 33126, and
29 shall determine whether the exceptions are either corrected or an
30 acceptable plan of correction has been developed.

31 (j) Upon submission of the final audit report to the governing
32 board of each local educational agency and subsequent receipt of
33 the audit by the county superintendent of schools having
34 jurisdiction over the local educational agency, the county office
35 of education shall do all of the following:

36 (1) Review audit exceptions related to attendance, inventory of
37 equipment, internal control, and other miscellaneous exceptions.
38 Attendance exceptions or issues shall include, but not be limited
39 to, those related to local control funding formula allocations

1 pursuant to Section 42238.02, as implemented by Section 42238.03,
2 and independent study.

3 ~~(2) If a description of the correction or plan of correction has
4 not been provided as part of the audit required by this section, then
5 the county superintendent of schools shall notify the local
6 educational agency and request the governing board of the local
7 educational agency to provide to the county superintendent of
8 schools a description of the corrections or plan of correction by
9 March 15.~~

10 ~~(3) Review the description of correction or plan of correction
11 and determine its adequacy. If the description of the correction or
12 plan of correction is inadequate, the county superintendent of
13 schools shall require the local educational agency to resubmit that
14 portion of its response that is inadequate.~~

15 ~~(k) Each county superintendent of schools shall certify to the
16 Superintendent and the Controller, not later than May 15, that his
17 or her staff has reviewed all audits of local educational agencies
18 under his or her jurisdiction for the prior fiscal year, that all
19 exceptions that the county superintendent was required to review
20 were reviewed, and that all of those exceptions, except as otherwise
21 noted in the certification, have been corrected by the local
22 educational agency or that an acceptable plan of correction has
23 been submitted to the county superintendent of schools. In addition,
24 the county superintendent shall identify, by local educational
25 agency, any attendance-related audit exception or exceptions
26 involving state funds, and require the local educational agency to
27 which the audit exceptions were directed to submit appropriate
28 reporting forms for processing by the Superintendent.~~

29 ~~(l) In the audit of a local educational agency for a subsequent
30 year, the auditor shall review the correction or plan or plans of
31 correction submitted by the local educational agency to determine
32 if the exceptions have been resolved. If not, the auditor shall
33 immediately notify the appropriate county office of education and
34 the department and restate the exception in the audit report. After
35 receiving that notification, the department shall either consult with
36 the local educational agency to resolve the exception or require
37 the county superintendent of schools to follow up with the local
38 educational agency.~~

- 1 ~~(m) (1) The Superintendent shall be responsible for ensuring~~
2 ~~that local educational agencies have either corrected or developed~~
3 ~~plans of correction for any one or more of the following:~~
4 ~~(A) All federal and state compliance audit exceptions identified~~
5 ~~in the audit.~~
6 ~~(B) Any exceptions that the county superintendent certifies as~~
7 ~~of May 15 have not been corrected.~~
8 ~~(C) Any repeat audit exceptions that are not assigned to a county~~
9 ~~superintendent to correct.~~
10 ~~(2) In addition, the Superintendent shall be responsible for~~
11 ~~ensuring that county superintendents of schools and each county~~
12 ~~board of education that serves as the governing board of a local~~
13 ~~educational agency either correct all audit exceptions identified in~~
14 ~~the audits of county superintendents of schools and of the local~~
15 ~~educational agencies for which the county boards of education~~
16 ~~serve as the governing boards or develop acceptable plans of~~
17 ~~correction for those exceptions.~~
18 ~~(3) The Superintendent shall report annually to the Controller~~
19 ~~on his or her actions to ensure that school districts, county~~
20 ~~superintendents of schools, and each county board of education~~
21 ~~that serves as the governing board of a school district have either~~
22 ~~corrected or developed plans of correction for any of the exceptions~~
23 ~~noted pursuant to paragraph (1).~~
24 ~~(n) To facilitate correction of the exceptions identified by the~~
25 ~~audits issued pursuant to this section, commencing with 2002-03~~
26 ~~audits pursuant to this section, the Controller shall require auditors~~
27 ~~to categorize audit exceptions in each audit report in a manner that~~
28 ~~will make it clear to both the county superintendent of schools and~~
29 ~~the Superintendent which exceptions they are responsible for~~
30 ~~ensuring the correction of by a local educational agency. In~~
31 ~~addition, the Controller annually shall select a sampling of county~~
32 ~~superintendents of schools and perform a followup of the audit~~
33 ~~resolution process of those county superintendents of schools and~~
34 ~~report the results of that followup to the Superintendent and the~~
35 ~~county superintendents of schools that were reviewed.~~
36 ~~(o) County superintendents of schools shall adjust subsequent~~
37 ~~local property tax requirements to correct audit exceptions relating~~
38 ~~to local educational agency tax rates and tax revenues.~~
39 ~~(p) If a governing board of a local educational agency or county~~
40 ~~superintendent of schools fails or is unable to make satisfactory~~

1 arrangements for the audit pursuant to this section, the Controller
2 shall make arrangements for the audit and the cost of the audit
3 shall be paid from local educational agency funds or the county
4 school service fund, as the case may be.

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

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

10 (s) Notwithstanding any other law, a nonauditing, management,
11 or other consulting service to be provided to a local educational
12 agency by a certified public accounting firm while the certified
13 public accounting firm is performing an audit of the local
14 educational agency pursuant to this section must be in accord with
15 Government Accounting Standards, Amendment No. 3, as
16 published by the United States General Accounting Office.

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

18 SEC. 21. Section 41202 of the Education Code is amended to
19 read:

20 41202. The words and phrases set forth in subdivision (b) of
21 Section 8 of Article XVI of the Constitution of the State of
22 California shall have the following meanings:

23 (a) "Moneys to be applied by the State," as used in subdivision
24 (b) of Section 8 of Article XVI of the California Constitution,
25 means appropriations from the General Fund that are made for
26 allocation to school districts, as defined, or community college
27 districts. An appropriation that is withheld, impounded, or made
28 without provisions for its allocation to school districts or
29 community college districts, shall not be considered to be "moneys
30 to be applied by the State."

31 (b) "General Fund revenues which may be appropriated pursuant
32 to Article XIII B," as used in paragraph (1) of subdivision (b) of
33 Section 8 of Article XVI, means General Fund revenues that are
34 the proceeds of taxes as defined by subdivision (c) of Section 8 of
35 Article XIII B of the California Constitution, including, for the
36 1986-87 fiscal year only, any revenues that are determined to be
37 in excess of the appropriations limit established pursuant to Article
38 XIII B for the fiscal year in which they are received. General Fund
39 revenues for a fiscal year to which paragraph (1) of subdivision
40 (b) is being applied shall include, in that computation, only General

1 Fund revenues for that fiscal year that are the proceeds of taxes,
2 as defined in subdivision (c) of Section 8 of Article XIII B of the
3 California Constitution, and shall not include prior fiscal year
4 revenues. Commencing with the 1995–96 fiscal year, and each
5 fiscal year thereafter, “General Fund revenues that are the proceeds
6 of taxes,” as defined in subdivision (c) of Section 8 of Article
7 XIII B of the California Constitution, includes any portion of the
8 proceeds of taxes received from the state sales tax that are
9 transferred to the counties pursuant to, and only if, legislation is
10 enacted during the 1995–96 fiscal year the purpose of which is to
11 realign children’s programs. The amount of the proceeds of taxes
12 shall be computed for any fiscal year in a manner consistent with
13 the manner in which the amount of the proceeds of taxes was
14 computed by the Department of Finance for purposes of the
15 Governor’s Budget for the Budget Act of 1986.

16 (e) “General Fund revenues appropriated for school districts,”
17 as used in paragraph (1) of subdivision (b) of Section 8 of Article
18 XVI of the California Constitution, means the sum of
19 appropriations made that are for allocation to school districts, as
20 defined in Section 41302.5, regardless of whether those
21 appropriations were made from the General Fund to the
22 Superintendent, to the Controller, or to any other fund or state
23 agency for the purpose of allocation to school districts. The full
24 amount of any appropriation shall be included in the calculation
25 of the percentage required by paragraph (1) of subdivision (b) of
26 Article XVI, without regard to any unexpended balance of any
27 appropriation. Any reappropriation of funds appropriated in any
28 prior year shall not be included in the sum of appropriations.

29 (d) “General Fund revenues appropriated for community college
30 districts,” as used in paragraph (1) of subdivision (b) of Section 8
31 of Article XVI of the California Constitution, means the sum of
32 appropriations made that are for allocation to community college
33 districts, regardless of whether those appropriations were made
34 from the General Fund to the Controller, to the Chancellor of the
35 California Community Colleges, or to any other fund or state
36 agency for the purpose of allocation to community college districts.
37 The full amount of any appropriation shall be included in the
38 calculation of the percentage required by paragraph (1) of
39 subdivision (b) of Article XVI, without regard to any unexpended
40 balance of any appropriation. Any reappropriation of funds

1 appropriated in any prior year shall not be included in the sum of
2 appropriations.

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

20 (f) ~~“General Fund revenues appropriated for school districts~~
21 ~~and community college districts, respectively” and “moneys to be~~
22 ~~applied by the state for the support of school districts and~~
23 ~~community college districts,” as used in Section 8 of Article XVI~~
24 ~~of the California Constitution, shall include funds appropriated for~~
25 ~~part-day California state preschool programs under Article 7~~
26 ~~(commencing with Section 8235) of Chapter 2 of Part 6 of Division~~
27 ~~1 of Title 1, and the After School Education and Safety Program~~
28 ~~established pursuant to Article 22.5 (commencing with Section~~
29 ~~8482) of Chapter 2 of Part 6 of Division 1 of Title 1, and shall not~~
30 ~~include any of the following:~~

31 (1) ~~Any appropriation that is not made for allocation to a school~~
32 ~~district, as defined in Section 41302.5, or to a community college~~
33 ~~district, regardless of whether the appropriation is made for any~~
34 ~~purpose that may be considered to be for the benefit to a school~~
35 ~~district, as defined in Section 41302.5, or a community college~~
36 ~~district. This paragraph shall not be construed to exclude any~~
37 ~~funding appropriated for part-day California state preschool~~
38 ~~programs under Article 7 (commencing with Section 8235) of~~
39 ~~Chapter 2 of Part 6 of Division 1 of Title 1 or the After School~~
40 ~~Education and Safety Program established pursuant to Article 22.5~~

1 (commencing with Section 8482) of Chapter 2 of Part 6 of Division
2 1 of Title 1.

3 (2) Any appropriation made to the Teachers' Retirement Fund
4 or to the Public Employees' Retirement Fund except those
5 appropriations for reimbursable state mandates imposed on or
6 before January 1, 1988.

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

9 (4) With the exception of the programs identified in paragraph
10 (1), commencing with the 2011-12 fiscal year, any funds
11 appropriated for the Child Care and Development Services Act,
12 pursuant to Chapter 2 (commencing with Section 8200) of Part 6
13 of Division 1 of Title 1.

14 (g) "Allocated local proceeds of taxes," as used in paragraph
15 (2) or (3) of subdivision (b) of Section 8 of Article XVI of the
16 California Constitution, means, for school districts as defined,
17 those local revenues, except revenues identified pursuant to
18 paragraph (5) of subdivision (h) of Section 42238, that are used
19 to offset state aid for school districts in calculations performed
20 pursuant to Sections 2558, 42238, and Chapter 7.2 (commencing
21 with Section 56836) of Part 30.

22 (h) "Allocated local proceeds of taxes," as used in paragraph
23 (2) or (3) of subdivision (b) of Section 8 of Article XVI of the
24 California Constitution, means, for community college districts,
25 those local revenues that are used to offset state aid for community
26 college districts in calculations performed pursuant to Section
27 84700. In no event shall the revenues or receipts derived from
28 student fees be considered "allocated local proceeds of taxes."

29 (i) For purposes of calculating the 4-percent entitlement pursuant
30 to subdivision (a) of Section 8.5 of Article XVI of the California
31 Constitution, "the total amount required pursuant to Section 8(b)"
32 shall mean the General Fund aid required for schools pursuant to
33 subdivision (b) of Section 8 of Article XVI of the California
34 Constitution, and shall not include allocated local proceeds of
35 taxes.

36 (j) This section shall become inoperative on December 15, 2012,
37 and, as of January 1, 2013, is repealed, only if the Schools and
38 Local Public Safety Protection Act of 2012 (Attorney General
39 reference number 12-0009) is not approved by the voters at the
40 November 6, 2012, statewide general election, or if the provisions

1 of that act that modify personal income tax rates do not become
2 operative due to a conflict with another initiative measure that is
3 approved at the same election and receives a greater number of
4 affirmative votes.

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

9 SEC. 22. Section 41202 is added to the Education Code, to
10 read:

11 41202. The words and phrases set forth in subdivision (b) of
12 Section 8 of Article XVI of the Constitution of the State of
13 California shall have the following meanings:

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

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

1 enacted during the 1995–96 fiscal year the purpose of which is to
2 realign children’s programs. The amount of the proceeds of taxes
3 shall be computed for any fiscal year in a manner consistent with
4 the manner in which the amount of the proceeds of taxes was
5 computed by the Department of Finance for purposes of the
6 Governor’s Budget for the Budget Act of 1986.

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

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

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

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

11 (f) ~~“General Fund revenues appropriated for school districts
12 and community college districts, respectively” and “moneys to be
13 applied by the state for the support of school districts and
14 community college districts,” as used in Section 8 of Article XVI
15 of the California Constitution, shall include funds appropriated for
16 part-day California state preschool programs under Article 7
17 (commencing with Section 8235) of Chapter 2 of Part 6 of Division
18 1 of Title 1, and the After School Education and Safety Program
19 established pursuant to Article 22.5 (commencing with Section
20 8482) of Chapter 2 of Part 6 of Division 1 of Title 1, and shall not
21 include any of the following:~~

22 (1) ~~Any appropriation that is not made for allocation to a school
23 district, as defined in Section 41302.5, or to a community college
24 district, regardless of whether the appropriation is made for any
25 purpose that may be considered to be for the benefit to a school
26 district, as defined in Section 41302.5, or a community college
27 district. This paragraph shall not be construed to exclude any
28 funding appropriated for part-day California state preschool
29 programs under Article 7 (commencing with Section 8235) of
30 Chapter 2 of Part 6 of Division 1 of Title 1 or the After School
31 Education and Safety Program established pursuant to Article 22.5
32 (commencing with Section 8482) of Chapter 2 of Part 6 of Division
33 1 of Title 1.~~

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

38 (3) ~~Any appropriation made to service any public debt approved
39 by the voters of this state.~~

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

6 ~~(g) “Allocated local proceeds of taxes,” as used in paragraph~~
 7 ~~(2) or (3) of subdivision (b) of Section 8 of Article XVI of the~~
 8 ~~California Constitution, means, for school districts as defined,~~
 9 ~~those local revenues, except revenues identified pursuant to~~
 10 ~~paragraph (5) of subdivision (i) of Section 42238.02, that are used~~
 11 ~~to offset state aid for school districts in calculations performed~~
 12 ~~pursuant to Sections 2575, 42238.02, and Chapter 7.2 (commencing~~
 13 ~~with Section 56836) of Part 30 of Division 4.~~

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

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

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

28 ~~SEC. 23. Section 42127 of the Education Code is amended to~~
 29 ~~read:~~

30 ~~42127. (a) On or before July 1 of each year, the governing~~
 31 ~~board of each school district shall accomplish the following:~~

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

38 ~~(A) For the 2011–12 fiscal year, notwithstanding any of the~~
 39 ~~standards and criteria adopted by the state board pursuant to Section~~
 40 ~~33127, each school district budget shall project the same level of~~

1 revenue per unit of average daily attendance as it received in the
2 2010–11 fiscal year and shall maintain staffing and program levels
3 commensurate with that level.

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

7 (2) Adopt a budget. Not later than five days after that adoption
8 or by July 1, whichever occurs first, the governing board of the
9 school district shall file that budget with the county superintendent
10 of schools. That budget and supporting data shall be maintained
11 and made available for public review. If the governing board of
12 the school district does not want all or a portion of the property
13 tax requirement levied for the purpose of making payments for the
14 interest and redemption charges on indebtedness as described in
15 paragraph (1) or (2) of subdivision (b) of Section 1 of Article
16 XIII A of the California Constitution, the budget shall include a
17 statement of the amount or portion for which a levy shall not be
18 made.

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

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

37 (1) Examine the adopted budget to determine whether it
38 complies with the standards and criteria adopted by the state board
39 pursuant to Section 33127 for application to final local educational
40 agency budgets. The county superintendent of schools shall

1 identify, if necessary, technical corrections that are required to be
2 made to bring the budget into compliance with those standards
3 and criteria.

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

24 ~~(d) On or before August 15, the county superintendent of schools~~
25 ~~shall approve, conditionally approve, or disapprove the adopted~~
26 ~~budget for each school district. If a school district does not submit~~
27 ~~a budget to the county superintendent of schools, the county~~
28 ~~superintendent of schools shall develop, at school district expense,~~
29 ~~a budget for that school district by September 15 and transmit that~~
30 ~~budget to the governing board of the school district. The budget~~
31 ~~prepared by the county superintendent of schools shall be deemed~~
32 ~~adopted, unless the county superintendent of schools approves any~~
33 ~~modifications made by the governing board of the school district.~~
34 ~~The approved budget shall be used as a guide for the school~~
35 ~~district's priorities. The Superintendent shall review and certify~~
36 ~~the budget approved by the county. If, pursuant to the review~~
37 ~~conducted pursuant to subdivision (c), the county superintendent~~
38 ~~of schools determines that the adopted budget for a school district~~
39 ~~does not satisfy paragraph (1) or (2) of that subdivision, he or she~~
40 ~~shall conditionally approve or disapprove the budget and, not later~~

1 than August 15, transmit to the governing board of the school
2 district, in writing, his or her recommendations regarding revision
3 of the budget and the reasons for those recommendations,
4 including, but not limited to, the amounts of any budget
5 adjustments needed before he or she can approve that budget. The
6 county superintendent of schools may assign a fiscal adviser to
7 assist the school district to develop a budget in compliance with
8 those revisions. In addition, the county superintendent of schools
9 may appoint a committee to examine and comment on the
10 superintendent's review and recommendations, subject to the
11 requirement that the committee report its findings to the county
12 superintendent of schools no later than August 20. For the 2011–12
13 fiscal year, notwithstanding any of the standards and criteria
14 adopted by the state board pursuant to Section 33127, the county
15 superintendent of schools, as a condition on approval of a school
16 district budget, shall not require a school district to project a lower
17 level of revenue per unit of average daily attendance than it
18 received in the 2010–11 fiscal year nor require the school district
19 to demonstrate that it is able to meet its financial obligations for
20 the two subsequent fiscal years.

21 (e) On or before September 8, the governing board of the school
22 district shall revise the adopted budget to reflect changes in
23 projected income or expenditures subsequent to July 1, and to
24 include any response to the recommendations of the county
25 superintendent of schools, shall adopt the revised budget, and shall
26 file the revised budget with the county superintendent of schools.
27 Before revising the budget, the governing board of the school
28 district shall hold a public hearing regarding the proposed revisions,
29 to be conducted in accordance with Section 42103. In addition, if
30 the adopted budget is disapproved pursuant to subdivision (d), the
31 governing board of the school district and the county
32 superintendent of schools shall review the disapproval and the
33 recommendations of the county superintendent of schools regarding
34 revision of the budget at the public hearing. The revised budget
35 and supporting data shall be maintained and made available for
36 public review.

37 (1) For the 2011–12 fiscal year, notwithstanding any of the
38 standards and criteria adopted by the state board pursuant to Section
39 33127, each school district budget shall project the same level of
40 revenue per unit of average daily attendance as it received in the

1 2010–11 fiscal year and shall maintain staffing and program levels
2 commensurate with that level.

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

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

9 (g) The county superintendent of schools shall examine the
10 revised budget to determine whether it (1) complies with the
11 standards and criteria adopted by the state board pursuant to Section
12 33127 for application to final local educational agency budgets,
13 (2) allows the school district to meet its financial obligations during
14 the fiscal year, (3) satisfies all conditions established by the county
15 superintendent of schools in the case of a conditionally approved
16 budget, and (4) is consistent with a financial plan that will enable
17 the school district to satisfy its multiyear financial commitments,
18 and, not later than October 8, shall approve or disapprove the
19 revised budget. If the county superintendent of schools disapproves
20 the budget, he or she shall call for the formation of a budget review
21 committee pursuant to Section 42127.1, unless the governing board
22 of the school district and the county superintendent of schools
23 agree to waive the requirement that a budget review committee be
24 formed and the department approves the waiver after determining
25 that a budget review committee is not necessary. Upon the grant
26 of a waiver, the county superintendent of schools immediately has
27 the authority and responsibility provided in Section 42127.3. Upon
28 approving a waiver of the budget review committee, the department
29 shall ensure that a balanced budget is adopted for the school district
30 by November 30. If no budget is adopted by November 30, the
31 Superintendent may adopt a budget for the school district. The
32 Superintendent shall report to the Legislature and the Director of
33 Finance by December 10 if any school district, including a school
34 district that has received a waiver of the budget review committee
35 process, does not have an adopted budget by November 30. This
36 report shall include the reasons why a budget has not been adopted
37 by the deadline, the steps being taken to finalize budget adoption,
38 the date the adopted budget is anticipated, and whether the
39 Superintendent has or will exercise his or her authority to adopt a
40 budget for the school district. For the 2011–12 fiscal year,

1 notwithstanding any of the standards and criteria adopted by the
2 state board pursuant to Section 33127, the county superintendent
3 of schools, as a condition on approval of a school district budget,
4 shall not require a school district to project a lower level of revenue
5 per unit of average daily attendance than it received in the 2010–11
6 fiscal year nor require the school district to demonstrate that it is
7 able to meet its financial obligations for the two subsequent fiscal
8 years.

9 (h) Not later than October 8, the county superintendent of
10 schools shall submit a report to the Superintendent identifying all
11 school districts for which budgets have been disapproved or budget
12 review committees waived. The report shall include a copy of the
13 written response transmitted to each of those school districts
14 pursuant to subdivision (d).

15 (i) Notwithstanding any other provision of this section, the
16 budget review for a school district shall be governed by paragraphs
17 (1), (2), and (3), rather than by subdivisions (e) and (g), if the
18 governing board of the school district so elects and notifies the
19 county superintendent of schools in writing of that decision, not
20 later than October 31 of the immediately preceding calendar year.
21 On or before July 1, the governing board of a school district for
22 which the budget review is governed by this subdivision, rather
23 than by subdivisions (e) and (g), shall conduct a public hearing
24 regarding its proposed budget in accordance with Section 42103.

25 (1) If the adopted budget of a school district is disapproved
26 pursuant to subdivision (d), on or before September 8, the
27 governing board of the school district, in conjunction with the
28 county superintendent of schools, shall review the superintendent's
29 recommendations at a regular meeting of the governing board of
30 the school district and respond to those recommendations. The
31 response shall include any revisions to the adopted budget and
32 other proposed actions to be taken, if any, as a result of those
33 recommendations.

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

37 (3) Not later than October 8, after receiving the response
38 required under paragraph (1), the county superintendent of schools
39 shall review that response and either approve or disapprove the
40 budget. If the county superintendent of schools disapproves the

1 budget, he or she shall call for the formation of a budget review
2 committee pursuant to Section 42127.1, unless the governing board
3 of the school district and the county superintendent of schools
4 agree to waive the requirement that a budget review committee be
5 formed and the department approves the waiver after determining
6 that a budget review committee is not necessary. Upon the grant
7 of a waiver, the county superintendent has the authority and
8 responsibility provided to a budget review committee in Section
9 42127.3. Upon approving a waiver of the budget review committee,
10 the department shall ensure that a balanced budget is adopted for
11 the school district by November 30. The Superintendent shall
12 report to the Legislature and the Director of Finance by December
13 10 if any school district, including a school district that has received
14 a waiver of the budget review committee process, does not have
15 an adopted budget by November 30. This report shall include the
16 reasons why a budget has not been adopted by the deadline, the
17 steps being taken to finalize budget adoption, and the date the
18 adopted budget is anticipated. For the 2011–12 fiscal year,
19 notwithstanding any of the standards and criteria adopted by the
20 state board pursuant to Section 33127, the county superintendent
21 of schools, as a condition on approval of a school district budget,
22 shall not require a school district to project a lower level of revenue
23 per unit of average daily attendance than it received in the 2010–11
24 fiscal year nor require the school district to demonstrate that it is
25 able to meet its financial obligations for the two subsequent fiscal
26 years.

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

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

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

2 ~~42127. (a) On or before July 1 of each year, the governing~~
3 ~~board of each school district shall accomplish the following:~~

4 ~~(1) Hold a public hearing on the budget to be adopted for the~~
5 ~~subsequent fiscal year. The budget to be adopted shall be prepared~~
6 ~~in accordance with Section 42126. The agenda for that hearing~~
7 ~~shall be posted at least 72 hours before the public hearing and shall~~
8 ~~include the location where the budget will be available for public~~
9 ~~inspection.~~

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

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

19 ~~(2) Adopt a budget and take action on a local control and~~
20 ~~accountability plan pursuant to Sections 52060 and 52064. Not~~
21 ~~later than five days after that adoption or by July 1, whichever~~
22 ~~occurs first, the governing board of the school district shall file~~
23 ~~that budget with the county superintendent of schools. The budget,~~
24 ~~the local control and accountability plan, and supporting data shall~~
25 ~~be maintained and made available for public review. If the~~
26 ~~governing board of the school district does not want all or a portion~~
27 ~~of the property tax requirement levied for the purpose of making~~
28 ~~payments for the interest and redemption charges on indebtedness~~
29 ~~as described in paragraph (1) or (2) of subdivision (b) of Section~~
30 ~~1 of Article XIII A of the California Constitution, the budget shall~~
31 ~~include a statement of the amount or portion for which a levy shall~~
32 ~~not be made. For the 2015–16 fiscal year and each fiscal year~~
33 ~~thereafter, the governing board of the school district shall not adopt~~
34 ~~a budget before the governing board of the school district adopts~~
35 ~~a local control and accountability plan or approves an update to~~
36 ~~an existing local control and accountability plan pursuant to~~
37 ~~Sections 52060 and 52064. The governing board of a school district~~
38 ~~shall not adopt a budget that does not align with the local control~~
39 ~~and accountability plan that applies to the subsequent fiscal year.~~

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

17 ~~(c) The county superintendent of schools shall do all of the~~
18 ~~following:~~

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

26 ~~(2) Determine whether the adopted budget will allow the school~~
27 ~~district to meet its financial obligations during the fiscal year and~~
28 ~~is consistent with a financial plan that will enable the school district~~
29 ~~to satisfy its multiyear financial commitments. In addition to his~~
30 ~~or her own analysis of the budget of each school district, the county~~
31 ~~superintendent of schools shall review and consider studies, reports,~~
32 ~~evaluations, or audits of the school district that were commissioned~~
33 ~~by the school district, the county superintendent of schools, the~~
34 ~~Superintendent, and state control agencies and that contain~~
35 ~~evidence that the school district is showing fiscal distress under~~
36 ~~the standards and criteria adopted in Section 33127 or that contain~~
37 ~~a finding by an external reviewer that more than 3 of the 15 most~~
38 ~~common predictors of a school district needing intervention, as~~
39 ~~determined by the County Office Fiscal Crisis and Management~~
40 ~~Assistance Team, are present. The county superintendent of schools~~

1 shall either conditionally approve or disapprove a budget that does
2 not provide adequate assurance that the school district will meet
3 its current and future obligations and resolve any problems
4 identified in studies, reports, evaluations, or audits described in
5 this paragraph.

6 ~~(3) Determine whether the adopted budget will allow the school~~
7 ~~district to implement the specific actions and strategies included~~
8 ~~in the local control and accountability plan adopted by the~~
9 ~~governing board of the school district pursuant to Sections 52060~~
10 ~~and 52064.~~

11 ~~(d) On or before August 15, the county superintendent of schools~~
12 ~~shall approve, conditionally approve, or disapprove the adopted~~
13 ~~budget for each school district. For the 2015–16 fiscal year and~~
14 ~~each fiscal year thereafter, the county superintendent of schools~~
15 ~~shall disapprove a budget if a school district does not file a local~~
16 ~~control and accountability plan with the county superintendent of~~
17 ~~schools, if the Superintendent determines that a local control and~~
18 ~~accountability plan filed does not adhere to the template adopted~~
19 ~~by the state board pursuant to Section 52066 or does not include~~
20 ~~all of the components identified in subdivision (a) of Section~~
21 ~~52064, or if the county superintendent of schools determines that~~
22 ~~the expenditures included in the budget do not reflect the costs~~
23 ~~necessary to implement the local control and accountability plan.~~
24 ~~If a school district does not submit a budget to the county~~
25 ~~superintendent of schools, the county superintendent of schools~~
26 ~~shall develop, at school district expense, a budget for that school~~
27 ~~district by September 15 and transmit that budget to the governing~~
28 ~~board of the school district. The budget prepared by the county~~
29 ~~superintendent of schools shall be deemed adopted, unless the~~
30 ~~county superintendent of schools approves any modifications made~~
31 ~~by the governing board of the school district. The approved budget~~
32 ~~shall be used as a guide for the school district’s priorities. The~~
33 ~~Superintendent shall review and certify the budget approved by~~
34 ~~the county. If, pursuant to the review conducted pursuant to~~
35 ~~subdivision (c), the county superintendent of schools determines~~
36 ~~that the adopted budget for a school district does not satisfy~~
37 ~~paragraph (1) or (2) of that subdivision, he or she shall~~
38 ~~conditionally approve or disapprove the budget and, not later than~~
39 ~~August 15, transmit to the governing board of the school district,~~
40 ~~in writing, his or her recommendations regarding revision of the~~

1 budget and the reasons for those recommendations, including, but
2 not limited to, the amounts of any budget adjustments needed
3 before he or she can approve that budget. The county
4 superintendent of schools may assign a fiscal adviser to assist the
5 school district to develop a budget in compliance with those
6 revisions. In addition, the county superintendent of schools may
7 appoint a committee to examine and comment on the
8 superintendent's review and recommendations, subject to the
9 requirement that the committee report its findings to the county
10 superintendent of schools no later than August 20. For the 2011–12
11 fiscal year, notwithstanding any of the standards and criteria
12 adopted by the state board pursuant to Section 33127, the county
13 superintendent of schools, as a condition on approval of a school
14 district budget, shall not require a school district to project a lower
15 level of revenue per unit of average daily attendance than it
16 received in the 2010–11 fiscal year nor require the school district
17 to demonstrate that it is able to meet its financial obligations for
18 the two subsequent fiscal years.

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

35 (1) ~~For the 2011–12 fiscal year, notwithstanding any of the~~
36 ~~standards and criteria adopted by the state board pursuant to Section~~
37 ~~33127, each school district budget shall project the same level of~~
38 ~~revenue per unit of average daily attendance as it received in the~~
39 ~~2010–11 fiscal year and shall maintain staffing and program levels~~
40 ~~commensurate with that level.~~

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

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

7 ~~(g) The county superintendent of schools shall examine the~~
8 ~~revised budget to determine whether it (1) complies with the~~
9 ~~standards and criteria adopted by the state board pursuant to Section~~
10 ~~33127 for application to final local educational agency budgets;~~
11 ~~(2) allows the school district to meet its financial obligations during~~
12 ~~the fiscal year, (3) satisfies all conditions established by the county~~
13 ~~superintendent of schools in the case of a conditionally approved~~
14 ~~budget, and (4) is consistent with a financial plan that will enable~~
15 ~~the school district to satisfy its multiyear financial commitments;~~
16 ~~and, not later than October 8, shall approve or disapprove the~~
17 ~~revised budget. If the county superintendent of schools disapproves~~
18 ~~the budget, he or she shall call for the formation of a budget review~~
19 ~~committee pursuant to Section 42127.1, unless the governing board~~
20 ~~of the school district and the county superintendent of schools~~
21 ~~agree to waive the requirement that a budget review committee be~~
22 ~~formed and the department approves the waiver after determining~~
23 ~~that a budget review committee is not necessary. Upon the grant~~
24 ~~of a waiver, the county superintendent of schools immediately has~~
25 ~~the authority and responsibility provided in Section 42127.3. Upon~~
26 ~~approving a waiver of the budget review committee, the department~~
27 ~~shall ensure that a balanced budget is adopted for the school district~~
28 ~~by November 30. If no budget is adopted by November 30, the~~
29 ~~Superintendent may adopt a budget for the school district. The~~
30 ~~Superintendent shall report to the Legislature and the Director of~~
31 ~~Finance by December 10 if any school district, including a school~~
32 ~~district that has received a waiver of the budget review committee~~
33 ~~process, does not have an adopted budget by November 30. This~~
34 ~~report shall include the reasons why a budget has not been adopted~~
35 ~~by the deadline, the steps being taken to finalize budget adoption,~~
36 ~~the date the adopted budget is anticipated, and whether the~~
37 ~~Superintendent has or will exercise his or her authority to adopt a~~
38 ~~budget for the school district. 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 ~~(h) Not later than October 8, the county superintendent of~~
8 ~~schools shall submit a report to the Superintendent identifying all~~
9 ~~school districts for which budgets have been disapproved or budget~~
10 ~~review committees waived. The report shall include a copy of the~~
11 ~~written response transmitted to each of those school districts~~
12 ~~pursuant to subdivision (d).~~

13 ~~(i) Notwithstanding any other provision of this section, the~~
14 ~~budget review for a school district shall be governed by paragraphs~~
15 ~~(1), (2), and (3), rather than by subdivisions (e) and (g), if the~~
16 ~~governing board of the school district so elects and notifies the~~
17 ~~county superintendent of schools in writing of that decision, not~~
18 ~~later than October 31 of the immediately preceding calendar year.~~
19 ~~On or before July 1, the governing board of a school district for~~
20 ~~which the budget review is governed by this subdivision, rather~~
21 ~~than by subdivisions (e) and (g), shall conduct a public hearing~~
22 ~~regarding its proposed budget in accordance with Section 42103.~~

23 ~~(1) If the adopted budget of a school district is disapproved~~
24 ~~pursuant to subdivision (d), on or before September 8, the~~
25 ~~governing board of the school district, in conjunction with the~~
26 ~~county superintendent of schools, shall review the superintendent's~~
27 ~~recommendations at a regular meeting of the governing board of~~
28 ~~the school district and respond to those recommendations. The~~
29 ~~response shall include any revisions to the adopted budget and~~
30 ~~other proposed actions to be taken, if any, as a result of those~~
31 ~~recommendations.~~

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

35 ~~(3) Not later than October 8, after receiving the response~~
36 ~~required under paragraph (1), the county superintendent of schools~~
37 ~~shall review that response and either approve or disapprove the~~
38 ~~budget. If the county superintendent of schools disapproves the~~
39 ~~budget, he or she shall call for the formation of a budget review~~
40 ~~committee pursuant to Section 42127.1, unless the governing board~~

1 of the school district and the county superintendent of schools
2 agree to waive the requirement that a budget review committee be
3 formed and the department approves the waiver after determining
4 that a budget review committee is not necessary. Upon the grant
5 of a waiver, the county superintendent has the authority and
6 responsibility provided to a budget review committee in Section
7 42127.3. Upon approving a waiver of the budget review committee,
8 the department shall ensure that a balanced budget is adopted for
9 the school district by November 30. The Superintendent shall
10 report to the Legislature and the Director of Finance by December
11 10 if any school district, including a school district that has received
12 a waiver of the budget review committee process, does not have
13 an adopted budget by November 30. This report shall include the
14 reasons why a budget has not been adopted by the deadline, the
15 steps being taken to finalize budget adoption, and the date the
16 adopted budget is anticipated. For the 2011–12 fiscal year,
17 notwithstanding any of the standards and criteria adopted by the
18 state board pursuant to Section 33127, the county superintendent
19 of schools, as a condition on approval of a school district budget,
20 shall not require a school district to project a lower level of revenue
21 per unit of average daily attendance than it received in the 2010–11
22 fiscal year nor require the school district to demonstrate that it is
23 able to meet its financial obligations for the two subsequent fiscal
24 years.

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

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

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

35 SEC. 25. Section 42238 of the Education Code is amended to
36 read:

37 42238. (a) For the 1984–85 fiscal year and each fiscal year
38 thereafter, the county superintendent of schools shall determine a
39 revenue limit for each school district in the county pursuant to this
40 section.

1 ~~(b) The base revenue limit for a fiscal year shall be determined~~
2 ~~by adding to the base revenue limit for the prior fiscal year the~~
3 ~~following amounts:~~

4 ~~(1) The inflation adjustment specified in Section 42238.1.~~
5 ~~(2) For the 1995–96 fiscal year, the equalization adjustment~~
6 ~~specified in Section 42238.4.~~
7 ~~(3) For the 1996–97 fiscal year, the equalization adjustments~~
8 ~~specified in Sections 42238.41, 42238.42, and 42238.43.~~
9 ~~(4) For the 1985–86 fiscal year, the amount per unit of average~~
10 ~~daily attendance received in the 1984–85 fiscal year pursuant to~~
11 ~~Section 42238.7.~~
12 ~~(5) For the 1985–86, 1986–87, and 1987–88 fiscal years, the~~
13 ~~amount per unit of average daily attendance received in the prior~~
14 ~~fiscal year pursuant to Section 42238.8.~~
15 ~~(6) For the 2004–05 fiscal year, the equalization adjustment~~
16 ~~specified in Section 42238.44.~~
17 ~~(7) For the 2006–07 fiscal year, the equalization adjustment~~
18 ~~specified in Section 42238.48.~~
19 ~~(8) For the 2011–12 fiscal year, the equalization adjustment~~
20 ~~specified in Section 42238.49.~~

21 ~~(e) (1) (A) For the 2010–11 fiscal year, the Superintendent~~
22 ~~shall compute an add-on for each school district by adding the~~
23 ~~inflation adjustment specified in Section 42238.1 to the adjustment~~
24 ~~specified in Section 42238.485.~~
25 ~~(B) For the 2011–12 fiscal year and each fiscal year thereafter,~~
26 ~~the Superintendent shall compute an add-on for each school district~~
27 ~~by adding the inflation adjustment specified in Section 42238.1 to~~
28 ~~the amount computed pursuant to this paragraph for the prior fiscal~~
29 ~~year.~~
30 ~~(2) Commencing with the 2010–11 fiscal year, the~~
31 ~~Superintendent shall compute an add-on for each school district~~
32 ~~by dividing each school district’s fiscal year average daily~~
33 ~~attendance computed pursuant to Section 42238.5 by the total~~
34 ~~adjustments in funding for each district made for the 2007–08~~
35 ~~fiscal year pursuant to Section 42238.22 as it read on January 1,~~
36 ~~2009.~~

37 ~~(d) The sum of the base revenue limit computed pursuant to~~
38 ~~subdivision (b) and the add-on computed pursuant to subdivision~~
39 ~~(e) shall be multiplied by the district average daily attendance~~
40 ~~computed pursuant to Section 42238.5.~~

1 ~~(e) For districts electing to compute units of average daily~~
2 ~~attendance pursuant to paragraph (2) of subdivision (a) of Section~~
3 ~~42238.5, the amount computed pursuant to Article 4 (commencing~~
4 ~~with Section 42280) shall be added to the amount computed in~~
5 ~~subdivision (c) or (d), as appropriate.~~

6 ~~(f) For the 1984–85 fiscal year only, the county superintendent~~
7 ~~shall reduce the total revenue limit computed in this section by the~~
8 ~~amount of the decreased employer contributions to the Public~~
9 ~~Employees’ Retirement System resulting from enactment of~~
10 ~~Chapter 330 of the Statutes of 1982, offset by any increase in those~~
11 ~~contributions, as of the 1983–84 fiscal year, resulting from~~
12 ~~subsequent changes in employer contribution rates.~~

13 ~~(g) The reduction required by subdivision (f) shall be calculated~~
14 ~~as follows:~~

15 ~~(1) Determine the amount of employer contributions that would~~
16 ~~have been made in the 1983–84 fiscal year if the applicable Public~~
17 ~~Employees’ Retirement System employer contribution rate in effect~~
18 ~~immediately before the enactment of Chapter 330 of the Statutes~~
19 ~~of 1982 was in effect during the 1983–84 fiscal year.~~

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

22 ~~(A) The amount of employer contributions that would have been~~
23 ~~made in the 1983–84 fiscal year if the applicable Public~~
24 ~~Employees’ Retirement System employer contribution rate in effect~~
25 ~~immediately after the enactment of Chapter 330 of the Statutes of~~
26 ~~1982 was in effect during the 1983–84 fiscal year.~~

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

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

32 ~~(A) Positions supported totally by federal funds that were subject~~
33 ~~to supplanting restrictions.~~

34 ~~(B) Positions supported, to the extent of employer contributions~~
35 ~~not exceeding twenty-five thousand dollars (\$25,000) by a single~~
36 ~~educational agency, from a revenue source determined on the basis~~
37 ~~of equity to be properly excludable from the provisions of this~~
38 ~~subdivision by the Superintendent with the approval of the Director~~
39 ~~of Finance.~~

1 ~~(4) For accounting purposes, the reduction made by this~~
2 ~~subdivision may be reflected as an expenditure from appropriate~~
3 ~~sources of revenue as directed by the Superintendent.~~

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

6 ~~(1) The district's property tax revenue received pursuant to~~
7 ~~Chapter 3.5 (commencing with Section 75) and Chapter 6~~
8 ~~(commencing with Section 95) of Part 0.5 of Division 1 of the~~
9 ~~Revenue and Taxation Code.~~

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

13 ~~(3) The amount, if any, received pursuant to Chapter 3~~
14 ~~(commencing with Section 16140) of Part 1 of Division 4 of Title~~
15 ~~2 of the Government Code.~~

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

17 ~~(5) Fifty percent of the amount received pursuant to Section~~
18 ~~41603.~~

19 ~~(6) (A) The amount, if any, received pursuant to the Community~~
20 ~~Redevelopment Law (Part 1 (commencing with Section 33000)~~
21 ~~of Division 24 of the Health and Safety Code), except for any~~
22 ~~amount received pursuant to Section 33401 or 33676 of the Health~~
23 ~~and Safety Code that is used for land acquisition, facility~~
24 ~~construction, reconstruction, or remodeling, or deferred~~
25 ~~maintenance, except for any amount received pursuant to Section~~
26 ~~33492.15 of, paragraph (4) of subdivision (a) of Section 33607.5~~
27 ~~of, or Section 33607.7 of, the Health and Safety Code that is~~
28 ~~allocated exclusively for educational facilities.~~

29 ~~(B) The amount, if any, received pursuant to Sections 34177,~~
30 ~~34179.5, 34179.6, and 34188 of the Health and Safety Code.~~

31 ~~(C) The amount, if any, received pursuant to subparagraph (B)~~
32 ~~of paragraph (3) of subdivision (e) of Section 36 of Article XIII~~
33 ~~of the California Constitution.~~

34 ~~(7) For a unified school district, other than a unified school~~
35 ~~district that has converted all of its schools to charter status~~
36 ~~pursuant to Section 47606, the amount of statewide average~~
37 ~~general-purpose funding per unit of average daily attendance~~
38 ~~received by school districts for each of four grade level ranges, as~~
39 ~~computed by the department pursuant to Section 47633, multiplied~~
40 ~~by the average daily attendance, in corresponding grade level~~

1 ranges, of any pupils who attend charter schools funded pursuant
2 to Chapter 6 (commencing with Section 47630) of Part 26.8 of
3 Division 4 for which the school district is the sponsoring local
4 educational agency, as defined in Section 47632, and who reside
5 in and would otherwise have been eligible to attend a noncharter
6 school of the school district.

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

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

18 42238.01. It is the intent of the Legislature to do all of the
19 following:

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

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

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

36 (d) Require that funds allocated based on the current
37 home-to-school transportation formula be spent on home-to-school
38 transportation. It is further the intent of the Legislature, as increased
39 funding allows, to adjust those allocations across school districts

1 until all school districts are funded equitably, at a percentage of
2 allowable costs to be determined.

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

5 (f) Provide some level of supplemental support for English
6 learner pupils beyond the five-year limit proposed in paragraph
7 (2) of subdivision (b) of Section 42238.02. It is further the intent
8 of the Legislature to ensure greater transparency in the provision
9 of instruction and services for English learner pupils, such that
10 strong local and state-level oversight and accountability are
11 supported.

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

13 SEC. 27. Section 42238.02 is added to the Education Code, to
14 read:

15 42238.02. (a) The amount computed pursuant to this section
16 shall be known as the school district and charter school local
17 control funding formula.

18 (b) (1) For purposes of this section, “unduplicated pupil” means
19 a pupil enrolled in a school district or a charter school who is either
20 classified as an English learner pursuant to Section 52164, as that
21 section read on January 1, 2014, eligible to receive a free or
22 reduced-price meal pursuant to Section 49552, as that section read
23 on January 1, 2014, or is a foster youth pursuant to Sections 300
24 and 601 of the Welfare and Institutions Code. A pupil shall be
25 counted only once for purposes of this section if any of the
26 following apply:

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

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

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

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

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

39 (3) Commencing with the 2014–15 fiscal year, a county office
40 of education shall review and validate reported English learner,

1 foster youth, and free or reduced-price meal eligible pupil data for
2 school districts and charter schools under their jurisdiction to
3 ensure the data is reported accurately.

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

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

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

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

18 (1) For the 2014-15 fiscal year, a base grant of:

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

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

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

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

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

39 (3) (A) The Superintendent shall compute an additional
40 adjustment to the kindergarten and grades 1 to 3, inclusive, base

1 grant as adjusted for inflation pursuant to paragraph (2) equal to
2 11.23 percent. The additional grant shall be calculated by
3 multiplying the kindergarten and grades 1 to 3, inclusive, base
4 grant as adjusted by paragraph (2) by 11.23 percent.

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

13 (i) Determine a school district's annual average class size for
14 each classroom per schoolsite for kindergarten and grades 1 to 3,
15 inclusive, in the prior year. For the 2014-15 fiscal year, this amount
16 shall be the annual average class size for each classroom per
17 schoolsite for kindergarten and grades 1 to 3, inclusive, in the
18 2013-14 fiscal year.

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

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

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

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

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

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

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

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

20 ~~(e) The Superintendent shall compute a supplemental grant~~
21 ~~add-on equal to 40 percent of the base grants as specified in~~
22 ~~subparagraphs (A) to (D), inclusive, of paragraph (1) of subdivision~~
23 ~~(d), as adjusted by paragraph (2) of subdivision (d), for each school~~
24 ~~district or charter school percentage of unduplicated pupils. The~~
25 ~~supplemental grant shall be calculated by multiplying the base~~
26 ~~grants as specified in subparagraphs (A) to (D), inclusive, of~~
27 ~~paragraph (1), as adjusted by paragraph (2) of subdivision (d), by~~
28 ~~40 percent and by the percentage of unduplicated pupils in that~~
29 ~~school district or charter school.~~

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

1 ~~(g) The sum of the local control funding formula rates computed~~
2 ~~pursuant to subdivisions (c) to (e), inclusive, shall be multiplied~~
3 ~~by:~~

4 ~~(1) For school districts, the average daily attendance of the~~
5 ~~school district in the corresponding grade level ranges computed~~
6 ~~pursuant to Section 42238.05.~~

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

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

13 ~~(1) (A) For school districts, the property tax revenue received~~
14 ~~pursuant to Chapter 3.5 (commencing with Section 75) and Chapter~~
15 ~~6 (commencing with Section 95) of Part 0.5 of Division 1 of the~~
16 ~~Revenue and Taxation Code.~~

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

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

22 ~~(3) The amount, if any, received pursuant to Chapter 3~~
23 ~~(commencing with Section 16140) of Part 1 of Division 4 of Title~~
24 ~~2 of the Government Code.~~

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

26 ~~(5) Fifty percent of the amount received pursuant to Section~~
27 ~~41603.~~

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

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

1 ~~(8) (A) Revenue received pursuant to subparagraph (B) of~~
2 ~~paragraph (3) of subdivision (e) of Section 36 of Article XIII of~~
3 ~~the California Constitution.~~

4 ~~(B) Subparagraph (A) shall only offset entitlements provided~~
5 ~~for the purpose of paragraph (1) of subdivision (a) of Section~~
6 ~~42238.03 as continued in subsequent years by paragraph (3) of~~
7 ~~subdivision (a) of Section 42238.03.~~

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

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

13 ~~(2) (A) School districts and charter schools that receive~~
14 ~~supplemental grants pursuant to this section shall only use those~~
15 ~~funds to serve and assist the pupils whose circumstances generated~~
16 ~~those funds and shall supplement, not supplant, existing state and~~
17 ~~federal funds expended on unduplicated pupils pursuant to a school~~
18 ~~district's or charter school's local control and accountability plan.~~

19 ~~(B) School districts and charter schools that receive~~
20 ~~supplemental grants pursuant to this section shall provide services~~
21 ~~and assistance to an unduplicated pupil or pupils whose~~
22 ~~circumstances generated those funds at any school enrolling one~~
23 ~~or more unduplicated pupils.~~

24 ~~(3) (A) Notwithstanding paragraph (2), a school district or~~
25 ~~charter school may use funds apportioned pursuant to this article,~~
26 ~~together with any other federal, state, or local funds, to improve~~
27 ~~the entire educational program of a school in which at least 70~~
28 ~~percent of the enrolled pupils are unduplicated pupils, as defined~~
29 ~~in subdivision (b), and that use of funds shall be referred to as a~~
30 ~~schoolwide program for purposes of this paragraph.~~

31 ~~(B) A school participating in a schoolwide program may use~~
32 ~~funds apportioned pursuant to this article to benefit any pupil~~
33 ~~enrolled in the participating school.~~

34 ~~(C) A school participating in a schoolwide program shall only~~
35 ~~use funds apportioned pursuant to this article to supplement funds~~
36 ~~that are, in the absence of the apportionment of funds pursuant to~~
37 ~~this article, available from other sources, including those that~~
38 ~~support legally required services for pupils with exceptional needs.~~

1 ~~(D) A school district or charter school shall not make pupil~~
2 ~~enrollment decisions for purposes of making schools eligible to~~
3 ~~participate in a schoolwide program.~~

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

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

13 ~~(l) Any calculations in law that are used for purposes of~~
14 ~~determining if a local educational agency is an excess tax school~~
15 ~~entity or basic aid school district, including, but not limited to, this~~
16 ~~section and Sections 42238.03, 41544, 47660, 47632, 47663,~~
17 ~~48310, and 48359.5, and Section 95 of the Revenue and Taxation~~
18 ~~Code, shall be made exclusive of the revenue received pursuant~~
19 ~~to subparagraph (B) of paragraph (3) of subdivision (e) of Section~~
20 ~~36 of Article XIII of the California Constitution.~~

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

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

27 ~~SEC. 28. Section 42238.03 is added to the Education Code, to~~
28 ~~read:~~

29 ~~42238.03. Commencing with the 2014–15 fiscal year and each~~
30 ~~fiscal year thereafter, the Superintendent shall allocate the~~
31 ~~appropriations in Section 14002 to each charter school and school~~
32 ~~district according to the following formula:~~

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

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

37 ~~(A) Entitlements for revenue limits in the 2013–14 fiscal year~~
38 ~~pursuant to Article 2 (commencing with Section 42238) and Article~~
39 ~~2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of~~
40 ~~Division 4, as those articles read on June 30, 2014.~~

1 ~~(B) Notwithstanding subparagraph (A), entitlements for revenue~~
2 ~~limits for fiscal years before June 30, 2014, shall be annually~~
3 ~~adjusted, as necessary, for average daily attendance and revenue~~
4 ~~offsets, as specified in paragraphs (1) to (7), inclusive, of~~
5 ~~subdivision (h) of Section 42238, as that section read on June 30,~~
6 ~~2014, and the in-lieu property tax amount provided to a charter~~
7 ~~school pursuant to Section 47635, as that section read on June 30,~~
8 ~~2014.~~

9 ~~(2) (A) Entitlements from items contained in Section 2.00, as~~
10 ~~adjusted pursuant to Section 12.42, of the Budget Act of 2013 for~~
11 ~~Items — 6110-104-0001, — 6110-108-0001, — 6110-124-0001,~~
12 ~~6110-128-0001, 6110-137-0001, 6110-144-0001, 6110-158-0001,~~
13 ~~6110-181-0001, 6110-188-0001, 6110-189-0001, 6110-190-0001,~~
14 ~~6110-193-0001, 6110-195-0001, 6110-198-0001, 6110-204-0001,~~
15 ~~6110-208-0001, 6110-209-0001, 6110-211-0001, 6110-212-0001,~~
16 ~~6110-227-0001, 6110-228-0001, 6110-232-0001, 6110-240-0001,~~
17 ~~6110-242-0001, 6110-243-0001, 6110-244-0001, 6110-245-0001,~~
18 ~~6110-246-0001, 6110-247-0001, 6110-248-0001, 6110-260-0001,~~
19 ~~6110-265-0001, 6110-267-0001, 6110-268-0001, 6360-101-0001,~~
20 ~~and 2013=14 fiscal year funding for the Class Size Reduction~~
21 ~~Program pursuant to Chapter 6.10 (commencing with Section~~
22 ~~52120) of Part 28 of Division 4, as it read on January 1, 2014.~~

23 ~~(B) Entitlements pursuant to Section 47634.1, as that section~~
24 ~~read on January 1, 2014, shall be adjusted for growth in average~~
25 ~~daily attendance.~~

26 ~~(3) For the 2015=16 fiscal year and each fiscal year thereafter,~~
27 ~~the prior year amount shall be the amount each school district or~~
28 ~~charter school received in the prior year pursuant to this section.~~

29 ~~(b) Calculate an adjustment to the amount in subdivision (a) as~~
30 ~~follows:~~

31 ~~(1) Subtract the amount in subdivision (a) from the amount~~
32 ~~computed for each school district or charter school under the local~~
33 ~~control funding formula entitlements in subdivision (h) of Section~~
34 ~~42238.02. School districts and charter schools with a negative~~
35 ~~difference shall be deemed to have a zero difference.~~

36 ~~(2) Each school district's and charter school's total need as~~
37 ~~calculated pursuant to paragraph (1) shall be divided by the sum~~
38 ~~of all school districts' and charter schools' total need to determine~~
39 ~~the school district's or charter school's respective proportions of~~
40 ~~total need.~~

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

5 ~~(4) If the total amount of funds available for allocation pursuant~~
6 ~~to this subdivision are sufficient to fully fund the amounts~~
7 ~~computed pursuant to paragraph (1), the local control funding~~
8 ~~formula grant computed pursuant to subdivision (c) of Section~~
9 ~~42238.02 shall be adjusted such that any available appropriations~~
10 ~~for this purpose in that fiscal year are expended pursuant to the~~
11 ~~local control funding formula.~~

12 ~~(e) (1) Upon a determination that a school district or charter~~
13 ~~school equals or exceeds the local control funding formula target~~
14 ~~computed pursuant to subdivision (h) of Section 42238.02, as~~
15 ~~determined by the calculation of a zero difference pursuant to~~
16 ~~paragraph (1) of subdivision (b) of this section, this section shall~~
17 ~~not apply and the school district or charter school shall receive an~~
18 ~~allocation equal to the amount calculated under Section 42238.02~~
19 ~~in that fiscal year and future fiscal years.~~

20 ~~(2) In any fiscal year before paragraph (1) applies, the district~~
21 ~~superintendent of schools or charter school administrator shall~~
22 ~~develop, and present at least twice per fiscal year to the parents of~~
23 ~~pupils and the governing board of the school district or governing~~
24 ~~body of the charter school, information that enhances their~~
25 ~~understanding of and familiarity with the local control funding~~
26 ~~formula and the local control and accountability plan. When~~
27 ~~presenting this information, the district superintendent of schools~~
28 ~~or charter school administrator shall explain, at a minimum and~~
29 ~~consistent with Section 48985, how parents can meaningfully~~
30 ~~participate and how the school district or charter school will~~
31 ~~provide meaningful opportunities for parental involvement,~~
32 ~~including, but not limited to, effective schoolsite councils and~~
33 ~~English learning advisory committees.~~

34 ~~(d) Notwithstanding subdivisions (b) and (c), commencing with~~
35 ~~the 2014-15 fiscal year, a school district or charter school shall~~
36 ~~receive state-aid funding pursuant to paragraph (3) of subdivision~~
37 ~~(b) of no less than the funding the school district or charter school~~
38 ~~received from programs in paragraphs (1) and (2) of subdivision~~
39 ~~(a).~~

1 ~~(e) (1) For purposes of this section, commencing with the~~
2 ~~2014-15 fiscal year and until all school districts and charter schools~~
3 ~~equal or exceed their local control funding formula target computed~~
4 ~~pursuant to Section 42238.02 as determined by the calculation of~~
5 ~~a zero difference pursuant to paragraph (1) of subdivision (b), a~~
6 ~~newly operational charter school shall be determined to have a~~
7 ~~prior year per average daily attendance funding amount equal to~~
8 ~~the lesser of:~~

9 ~~(A) The prior year funding amount per average daily attendance~~
10 ~~for the school district in which the charter school is physically~~
11 ~~located. The Superintendent shall calculate the per average daily~~
12 ~~attendance amount for this purpose by dividing the total local~~
13 ~~control funding formula entitlement received by that school district~~
14 ~~in the prior year by prior year average daily attendance of that~~
15 ~~school district. For purposes of this paragraph, a charter school~~
16 ~~that is physically located in more than one school district, shall~~
17 ~~use the calculated per average daily attendance local control~~
18 ~~funding entitlement of the school district with the highest prior~~
19 ~~year per average daily attendance funding amount.~~

20 ~~(B) The charter school's local control funding formula rate~~
21 ~~computed pursuant to subdivisions (e) to (g), inclusive, of Section~~
22 ~~42238.02.~~

23 ~~(2) For charter schools funded pursuant to paragraph (1), the~~
24 ~~charter school shall be eligible to receive growth funding pursuant~~
25 ~~to subdivision (b) toward meeting the newly operational charter~~
26 ~~school's local control funding formula target.~~

27 ~~(3) Upon a determination that all school districts or charter~~
28 ~~schools equal or exceed the local control funding formula target~~
29 ~~computed pursuant to Section 42238.02 as determined by the~~
30 ~~calculation of a zero difference pursuant to paragraph (1) of~~
31 ~~subdivision (b) for all school districts and charter schools, this~~
32 ~~subdivision shall not apply and the charter school shall receive an~~
33 ~~allocation equal to the amount calculated under Section 42238.02~~
34 ~~in that fiscal year and future fiscal years.~~

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

36 ~~SEC. 29. Section 42238.04 is added to the Education Code, to~~
37 ~~read:~~

38 ~~42238.04. (a) Notwithstanding any other law, revenue limit~~
39 ~~funding for school districts and charter school block grant funding~~
40 ~~for charter schools for the 2013-14 fiscal year and prior fiscal~~

1 years shall continue to be adjusted pursuant to Article 2
2 (commencing with Section 42238), and Article 2 (commencing
3 with Section 47633) of Chapter 6 of Part 26.8 of Division 4, as
4 those articles read on June 30, 2014.

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

6 SEC. 30.— Section 42238.05 is added to the Education Code, to
7 read:

8 42238.05.— (a) For purposes of Sections 42238.02 and 42238.03,
9 the fiscal year average daily attendance shall be computed pursuant
10 to paragraph (1) or (2).

11 (1) The second principal apportionment regular average daily
12 attendance for either the current or prior fiscal year, whichever is
13 greater. However, prior fiscal year average daily attendance shall
14 be adjusted for any loss or gain of average daily attendance due
15 to a reorganization or transfer of territory.

16 (2) A school district that elects to receive funding pursuant to
17 Article 4 (commencing with Section 42280) shall compute its units
18 of average daily attendance for purposes of Section 42238.02 by
19 subtracting the amount determined in subparagraph (B) from the
20 amount determined in subparagraph (A).

21 (A) The units of average daily attendance computed pursuant
22 to paragraph (1).

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

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

28 (c) For purposes of this section, the Superintendent shall
29 distribute total ungraded enrollment and average daily attendance
30 among kindergarten and each of grades 1 to 12, inclusive, in
31 proportion to the amounts of graded enrollment and average daily
32 attendance, respectively, in each of these grades.

33 (d) For purposes of this section, the Superintendent shall
34 distribute average daily attendance generated by the difference
35 between prior year average daily attendance and current year
36 average daily attendance, if positive, among kindergarten and each
37 of grades 1 to 12, inclusive, in proportion to the amounts of graded
38 average daily attendance, respectively, in each of these grades.

1 ~~(e) This section shall only apply to average daily attendance~~
2 ~~generated by school districts and shall not apply average daily~~
3 ~~attendance generated by charter schools.~~

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

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

7 SEC. 31. Section 42238.051 is added to the Education Code,
8 to read:

9 42238.051. (a) For purposes of paragraph (1) of subdivision
10 (a) of Section 42238.05, a sponsoring school district's average
11 daily attendance shall be computed as follows:

12 ~~(1) Compute the sponsoring school district's regular average~~
13 ~~daily attendance in the current year, excluding the attendance of~~
14 ~~pupils in charter schools.~~

15 ~~(2) (A) Compute the regular average daily attendance used to~~
16 ~~calculate the second principal apportionment of the school district~~
17 ~~for the prior year, excluding the attendance of pupils in charter~~
18 ~~schools.~~

19 ~~(B) Compute the attendance of pupils who attended one or more~~
20 ~~noncharter schools of the school district between July 1, and the~~
21 ~~last day of the second period, inclusive, in the prior year, and who~~
22 ~~attended a charter school sponsored by the school district between~~
23 ~~July 1, and the last day of the second period, inclusive, in the~~
24 ~~current year. For purposes of this subparagraph, a pupil enrolled~~
25 ~~in a grade at a charter school sponsored by the school district shall~~
26 ~~not be counted if the school district does not offer classes for pupils~~
27 ~~enrolled in that grade. The amount of the attendance counted for~~
28 ~~any pupil for the purpose of this subparagraph may not be greater~~
29 ~~than the attendance claimed for that pupil by the charter school in~~
30 ~~the current year.~~

31 ~~(C) Compute the attendance of pupils who attended a charter~~
32 ~~school sponsored by the school district in the prior year and who~~
33 ~~attended one or more noncharter schools of the school district in~~
34 ~~the current year. The amount of the attendance counted for any~~
35 ~~pupil for the purpose of this subparagraph may not be greater than~~
36 ~~the attendance claimed for that pupil by the school district in the~~
37 ~~current year.~~

38 ~~(D) From the amount determined pursuant to subparagraph (B),~~
39 ~~subtract the amount determined pursuant to subparagraph (C). If~~
40 ~~the result is less than zero, the amount shall be deemed to be zero.~~

1 ~~(E) The prior year average daily attendance determined pursuant~~
 2 ~~to subparagraph (A) shall be reduced by the amount determined~~
 3 ~~pursuant to subparagraph (D).~~

4 ~~(3) To the greater of the amounts computed pursuant to~~
 5 ~~paragraphs (1) and (2), add the regular average daily attendance~~
 6 ~~in the current year of all pupils attending charter schools sponsored~~
 7 ~~by the school district that are not funded through the charter schools~~
 8 ~~local control funding formula allocation pursuant to Section~~
 9 ~~42238.02, as implemented by Section 42238.03.~~

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

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

14 ~~SEC. 32.— Section 42238.052 is added to the Education Code,~~
 15 ~~to read:~~

16 ~~42238.052.— (a) Notwithstanding any other law, the prior year~~
 17 ~~average daily attendance for a school district determined pursuant~~
 18 ~~to subdivision (a) of Section 42238.051 shall be increased by the~~
 19 ~~prior year second principal apportionment average daily attendance~~
 20 ~~of a school district only for a school that meets the following~~
 21 ~~description:~~

22 ~~(1) The school was a district noncharter school in any year~~
 23 ~~before the prior year.~~

24 ~~(2) The school was operated as a district-approved charter school~~
 25 ~~in the prior year.~~

26 ~~(3) The school is again operated as a district noncharter school~~
 27 ~~in the current year.~~

28 ~~(b) An adjustment to prior year average daily attendance~~
 29 ~~pursuant to this section may not be made for the attendance of~~
 30 ~~pupils who were not residents of the school district in the prior~~
 31 ~~year.~~

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

33 ~~SEC. 33.— Section 42238.053 is added to the Education Code,~~
 34 ~~to read:~~

35 ~~42238.053.— (a) The fiscal year average daily attendance~~
 36 ~~computed under Section 42238.05 shall be increased, for each~~
 37 ~~school district that operates a school that meets the eligibility~~
 38 ~~requirements set forth in subdivision (b), by the number of days~~
 39 ~~of attendance of pupils enrolled in eligible schools in the school~~
 40 ~~district who are currently migratory children, as defined by Section~~

1 ~~54441, and who are residing in state-operated migrant housing~~
2 ~~projects between the second principal apportionment and the end~~
3 ~~of the regular school year, divided by the number of days school~~
4 ~~was actually taught in the regular day schools of the district,~~
5 ~~excluding Saturdays and Sundays.~~

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

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

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

14 ~~(c) The Superintendent shall establish rules and regulations for~~
15 ~~the implementation of this section.~~

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

17 ~~SEC. 34. Section 42238.06 is added to the Education Code, to~~
18 ~~read:~~

19 ~~42238.06. (a) Commencing on July 1, 2014, except where~~
20 ~~context requires otherwise, all of the following shall apply:~~

21 ~~(1) References to “revenue limit” shall instead refer to the “local~~
22 ~~control funding formula.”~~

23 ~~(2) References to “the revenue limit calculated pursuant to~~
24 ~~Section 42238” shall instead refer to “the local control funding~~
25 ~~formula calculated pursuant to Section 42238.02, as implemented~~
26 ~~by Section 42238.03.”~~

27 ~~(3) References to “Section 42238” shall instead refer to “Section~~
28 ~~42238.02, as implemented pursuant to Section 42238.03.”~~

29 ~~(4) References to “Section 42238.1” shall instead refer to~~
30 ~~“Section 42238.02.”~~

31 ~~(5) References to “Section 42238.5” shall instead refer to~~
32 ~~“Section 42238.05.”~~

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

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

37 ~~SEC. 35. Section 42238.1 of the Education Code is amended~~
38 ~~to read:~~

39 ~~42238.1. (a) For the 1986–87 fiscal year and each fiscal year~~
40 ~~up to and including the 1998–99 fiscal year, the Superintendent~~

1 of Public Instruction shall compute an inflation adjustment equal
2 to the product of paragraphs (1) and (2):
3 (1) Compute the sum of the following:
4 (A) The statewide average base revenue limit per unit of average
5 daily attendance for the prior fiscal year for districts of similar
6 type.
7 (B) The amount, if any, per unit of average daily attendance
8 received by the district pursuant to Article 8 (commencing with
9 Section 46200) of Chapter 2 of Part 26 for the prior fiscal year.
10 (2) The percentage change in the annual average value of the
11 Implicit Price Deflator for State and Local Government Purchases
12 of Goods and Services for the United States, as published by the
13 United States Department of Commerce for the 12-month period
14 ending in the third quarter of the prior fiscal year. This percentage
15 change shall be determined using the latest data available as of
16 May 1 of the preceding fiscal year compared with the annual
17 average value of the same deflator for the 12-month period ending
18 in the third quarter of the second preceding fiscal year, using the
19 latest data available as of May 1 of the second preceding fiscal
20 year, as reported by the Department of Finance.
21 (b) For the 1999-2000 fiscal year and each fiscal year thereafter,
22 the Superintendent of Public Instruction shall compute an inflation
23 adjustment equal to the product of paragraphs (1) and (2):
24 (1) Compute the sum of the following:
25 (A) The statewide average base revenue limit per unit of average
26 daily attendance for the prior fiscal year for districts of similar
27 type.
28 (B) The amount, if any, per unit of average daily attendance
29 received by the district pursuant to Article 8 (commencing with
30 Section 46200) of Chapter 2 of Part 26 for the prior fiscal year.
31 (2) The percentage change in the annual average value of the
32 Implicit Price Deflator for State and Local Government Purchases
33 of Goods and Services for the United States, as published by the
34 United States Department of Commerce for the 12-month period
35 ending in the third quarter of the prior fiscal year. This percentage
36 change shall be determined using the latest data available as of
37 May 10 of the preceding fiscal year compared with the annual
38 average value of the same deflator for the 12-month period ending
39 in the third quarter of the second preceding fiscal year, using the

1 latest data available as of May 10 of the preceding fiscal year, as
2 reported by the Department of Finance.

3 ~~(e) This section shall become operative July 1, 1986.~~

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

8 ~~SEC. 36.— Section 42238.2 of the Education Code is amended~~
9 ~~to read:~~

10 ~~42238.2. (a) (1) Notwithstanding Section 42238.5 or any other~~
11 ~~provision of law, a school district that meets any of the following~~
12 ~~conditions shall be entitled to an adjustment to its units of average~~
13 ~~daily attendance pursuant to this section:~~

14 ~~(A) The school district experiences a decline in the number of~~
15 ~~units of average daily attendance in excess of 8 percent of its total~~
16 ~~average daily attendance as a result of the closure of a facility~~
17 ~~operated by a branch of the United States Armed Forces in the~~
18 ~~school district's boundaries.~~

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

26 ~~(i) The school district demonstrates that at the end of a three-year~~
27 ~~period the school district will experience a 10-percent reduction~~
28 ~~in the amount of funding that the school district would otherwise~~
29 ~~have received from state apportionments, funding received pursuant~~
30 ~~to the California State Lottery Act of 1984 (Chapter 12.5~~
31 ~~(commencing with Section 8880) of Division 1 of Title 2 of the~~
32 ~~Government Code), and funding received pursuant to Title VIII~~
33 ~~of Public Law 103-382, as a result of the loss of pupils related to~~
34 ~~the closure of a facility operated by a branch of the United States~~
35 ~~Armed Forces.~~

36 ~~(ii) The fiscal crisis and management assistance team established~~
37 ~~pursuant to Section 42127.8 has reviewed the school district's~~
38 ~~finances and has found that the school district has taken significant~~
39 ~~steps to reduce expenditure.~~

1 ~~(C) The school district experiences a decline in the number of~~
2 ~~units of average daily attendance in excess of 5 percent of its total~~
3 ~~average daily attendance and the Director of Finance determines~~
4 ~~that the school district is likely, within eight years of that decline,~~
5 ~~to maintain a number of units of average daily attendance that is~~
6 ~~equivalent to the number of units of average daily attendance~~
7 ~~maintained by the school district prior to the decline.~~
8 ~~Notwithstanding subdivision (b), loan repayments shall commence~~
9 ~~no later than the fourth year after the base year or at a later time,~~
10 ~~as determined by the Director of Finance.~~

11 ~~(2) For purposes of this section, the year preceding a decline~~
12 ~~shall be the base year.~~

13 ~~(b) In the second year after the base year, the district average~~
14 ~~daily attendance pursuant to Section 42238.5 may, if the district~~
15 ~~chooses, be increased by 75 percent of the difference between the~~
16 ~~base year units of average daily attendance and the units of average~~
17 ~~daily attendance in the first year of decline. In the third year after~~
18 ~~the base year, the district average daily attendance pursuant to~~
19 ~~Section 42238.5 may, if the district chooses, be increased by 50~~
20 ~~percent of the difference between the base year units of average~~
21 ~~daily attendance and the units of average daily attendance in the~~
22 ~~first year of decline. The amount of money represented by these~~
23 ~~increases shall be considered a loan to the school district. Loan~~
24 ~~repayments shall commence no later than the fourth year after the~~
25 ~~base year.~~

26 ~~(e) (1) The Superintendent of Public Instruction, in consultation~~
27 ~~with a school district subject to this section, shall determine a~~
28 ~~schedule for repayment of the total amount loaned pursuant to this~~
29 ~~section which may not exceed 10 years. Payments shall include~~
30 ~~interest charged at a rate based on the most current investment rate~~
31 ~~of the Pooled Money Investment Account in the General Fund as~~
32 ~~of the date of the disbursement of funds to the school district.~~

33 ~~(2) Upon written notification by the Superintendent of Public~~
34 ~~Instruction that the school district has not made one or more of the~~
35 ~~payments required by the schedule established pursuant to~~
36 ~~paragraph (1), the Controller shall withhold from Section A of the~~
37 ~~State School Fund the defaulted payment which shall not exceed~~
38 ~~the amount of any apportionment entitlement of the district to~~
39 ~~moneys in Section A of the State School Fund. In that regard, the~~
40 ~~Controller shall withhold the amount of any payment made under~~

1 this subdivision, including reimbursement of the Controller's
2 administrative costs as determined under a schedule approved by
3 the California Debt Advisory Commission, from subsequent
4 apportionments to the school district from Section A of the State
5 School Fund.

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

11 ~~(d) In no event shall the adjustment provided by this section~~
12 ~~cause the apportionment to a school district to exceed the amount~~
13 ~~that would otherwise be calculated for apportionment to the district~~
14 ~~pursuant to Sections 42238 and 42238.1.~~

15 ~~(e) 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 ~~(f) 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. 37. Section 42238.3 of the Education Code is amended~~
24 ~~to read:~~

25 ~~42238.3.— (a) For each year during the loan repayment period~~
26 ~~provided for in Section 42238.2, any district utilizing the~~
27 ~~adjustment pursuant to Section 42238.2 may adjust its revenue~~
28 ~~limit computed pursuant to Section 42238 to the statewide average~~
29 ~~revenue limit per unit of average daily attendance for its size and~~
30 ~~type of district in proportion to the percentage of the loan that the~~
31 ~~school district has repaid up to and including the year in which the~~
32 ~~revenue limit adjustment is made.~~

33 ~~(b) This section does not apply to a school district that~~
34 ~~experiences a decline in enrollment as a result of a school district~~
35 ~~reorganization pursuant to Chapter 3 (commencing with Section~~
36 ~~35500) of Part 21 or any other law.~~

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. 38.— Section 42238.4 of the Education Code is amended to
2 read:

3 42238.4.— (a) For the 1995-96 fiscal year, the county
4 superintendent of schools shall compute an equalization adjustment
5 for each school district in the county, so that no district's base
6 revenue limit per unit of average daily attendance is less than the
7 prior fiscal year statewide average base revenue limit for the
8 appropriate size and type of district listed in subdivision (b) plus
9 the inflation adjustment specified in Section 42238.1 for the current
10 fiscal year for the appropriate type of district.

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

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

16 —District	17 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 (c) The Superintendent shall compute a revenue limit
26 equalization adjustment for each school district's base revenue
27 limit per unit of average daily attendance 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 as adjusted for the deficit
32 factor in Section 42238.145.

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

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

39 (d) For the purposes of this section, the 1994-95 statewide
40 average base revenue limits determined for the purposes of

1 subdivision (a) and the fraction computed pursuant to paragraph
2 (2) of subdivision (c) by the Superintendent for the 1995–96 second
3 principal apportionment shall be final, and shall not be calculated
4 as subsequent apportionments. In no event shall the fraction
5 computed pursuant to paragraph (2) of subdivision (c) exceed 1.00.
6 For the purposes of determining the size of a district used in
7 subdivision (b), the Superintendent shall use a school district’s
8 revenue limit average daily attendance for the 1994–95 fiscal year
9 determined pursuant to Section 42238.5 and Article 4 (commencing
10 with Section 42280):

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

18 (f) Appropriations for the 1995–96 fiscal year as a result of the
19 implementation of this section shall be deemed “General Fund
20 revenues appropriated for school districts,” as defined in
21 subdivision (e) of Section 41202, for the 1995–96 fiscal year and
22 “total allocations to school districts and community college districts
23 from General Fund proceeds of taxes appropriated to Article
24 XIII B,” as defined in subdivision (e) of Section 41202, for that
25 fiscal year, for purposes of Section 8 of Article XVI of the
26 California Constitution.

27 (g) 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. 39.— Section 42238.41 of the Education Code is amended
32 to read:

33 42238.41.— (a) For the 1996–97 fiscal year, the county
34 superintendent of schools, in conjunction with the Superintendent
35 of Public Instruction, shall compute an equalization adjustment
36 for each school district in the county, so that no district’s 1995–96
37 base revenue limit per unit of average daily attendance is less than
38 the 1995–96 fiscal year statewide average base revenue limit for
39 the appropriate size and type of district listed in subdivision (b).

1 For purposes of this section, the district base revenue limit and
2 the statewide average base revenue limit shall not include any
3 amounts attributable to Section 45023.4, 46200, or 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 of Public Instruction shall compute a
16 revenue limit equalization adjustment for each school district's
17 base revenue limit per unit of average daily attendance as follows:

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

23 (2) Divide the amount appropriated for purposes of this section
24 for the current fiscal year by the amount computed pursuant to
25 paragraph (1).

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

29 (d) For the purposes of this section, the 1995-96 statewide
30 average base revenue limits determined for the purposes of
31 subdivision (a) and the fraction computed pursuant to paragraph
32 (2) of subdivision (c) by the Superintendent of Public Instruction
33 for the 1995-96 second principal apportionment shall be final, and
34 shall not be recalculated at subsequent apportionments. In no event
35 shall the fraction computed pursuant to paragraph (2) of subdivision
36 (c) exceed 1.00. For the purposes of determining the size of a
37 district used in subdivision (b), county superintendents of schools,
38 in conjunction with the Superintendent of Public Instruction, shall
39 use a school district's revenue limit average daily attendance for

1 the 1995–96 fiscal year as determined pursuant to Section 42238.5
2 and Article 4 (commencing with Section 42280).

3 (e) 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. 40. Section 42238.42 of the Education Code is amended
8 to read:

9 42238.42. (a) In the event that the amount required to be
10 appropriated for the purpose of the state’s minimum funding
11 obligation to school districts and community college districts
12 pursuant to Section 8 of Article XVI of the California Constitution
13 for the 1996–97 fiscal year, as determined in paragraph (1) of
14 subdivision (b), exceeds the amount appropriated for that purpose
15 for the 1996–97 fiscal year, as determined pursuant to paragraph
16 (2) of subdivision (b), the amount computed pursuant to subdivision
17 (d), is hereby appropriated from the General Fund to the
18 Superintendent of Public Instruction for the purposes of equalizing
19 the revenue limits of school districts pursuant to subdivision (e)
20 and Section 42238.43 and for the purpose of reducing the deficit
21 factor applied to the revenue limits of county superintendents of
22 schools pursuant to Section 2558.45 and reducing the deficit factor
23 applied to the revenue limits of the school districts pursuant to
24 Section 42238.145.

25 (b) To determine the amounts available for the purposes of this
26 section, the Department of Finance shall make the following
27 computations:

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

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

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

4 ~~(e) To determine the portion of the amount computed in~~
5 ~~subdivision (a) to set aside for community college districts pursuant~~
6 ~~to this section, the Department of Finance shall make the following~~
7 ~~computations:~~

8 ~~(1) Add the total General Fund allocations to school districts~~
9 ~~and community college districts for the purposes of meeting the~~
10 ~~state's minimum funding obligation to school districts and~~
11 ~~community college districts pursuant to Section 8 of Article XVI~~
12 ~~of the California Constitution for the 1996-97 fiscal year to the~~
13 ~~total statewide amount of "allocated local proceeds of taxes," as~~
14 ~~defined in subdivisions (g) and (h) of Section 41202, allocated to~~
15 ~~school districts and community college districts for the 1996-97~~
16 ~~fiscal year.~~

17 ~~(2) Divide the sum of the General Fund allocations made to~~
18 ~~community college districts for the purposes of meeting the state's~~
19 ~~minimum funding obligation to community college districts~~
20 ~~pursuant to Section 8 of Article XVI of the California Constitution~~
21 ~~for the 1996-97 fiscal year and the total statewide amount of~~
22 ~~"allocated local proceeds of taxes," as defined in subdivision (h)~~
23 ~~of Section 41202, allocated to community college districts for the~~
24 ~~1996-97 fiscal year by the sum computed pursuant to paragraph~~
25 ~~(1).~~

26 ~~(3) Multiply the amount computed pursuant to subdivision (b)~~
27 ~~by the percentage determined in paragraph (2). Community college~~
28 ~~districts shall be entitled to receive an amount equal to the amount~~
29 ~~computed pursuant to this paragraph and that amount shall be set~~
30 ~~aside from the General Fund for appropriation to community~~
31 ~~college districts by the Legislature.~~

32 ~~(d) The amount of the appropriation made pursuant to~~
33 ~~subdivision (a) of this section shall be computed by subtracting~~
34 ~~the amount computed in paragraph (3) of subdivision (c) from the~~
35 ~~amount computed pursuant to subdivision (b). The Director of the~~
36 ~~Department of Finance shall certify to the Controller the amount~~
37 ~~of the appropriation computed pursuant to this subdivision and~~
38 ~~under no circumstances shall funds be released by the Controller~~
39 ~~for purposes of this section before that certification is received by~~
40 ~~the Controller.~~

1 ~~(e) The Superintendent of Public Instruction shall allocate 50~~
2 ~~percent of the amount computed pursuant to subdivision (d) to~~
3 ~~school districts for the purpose of making equalization adjustments~~
4 ~~to the base revenue limit of school districts for the 1996–97 fiscal~~
5 ~~year, as follows:~~

6 ~~(1) The Superintendent of Public Instruction shall perform the~~
7 ~~computations set forth in Section 42238.43 for the purpose of~~
8 ~~equalization adjustments to the base revenue limits of school~~
9 ~~districts for the 1996–97 fiscal year to determine the amount to~~
10 ~~allocate to each school district pursuant to this paragraph.~~

11 ~~(2) The Superintendent of Public Instruction shall repeat the~~
12 ~~process of computing equalization adjustments to the base revenue~~
13 ~~limits of school districts for the 1996–97 fiscal year pursuant to~~
14 ~~Section 42238.43 until the total amount of funds available for that~~
15 ~~purpose pursuant to this subdivision is allocated to school districts.~~

16 ~~(3) If the total amount of funds available for allocation pursuant~~
17 ~~to this subdivision is insufficient to fully fund the amounts~~
18 ~~computed pursuant to paragraph (1) or the amount computed~~
19 ~~pursuant to any of the iterations made pursuant to paragraph (2),~~
20 ~~the allocations computed pursuant to those paragraphs shall be~~
21 ~~reduced proportionately.~~

22 ~~(f) The Superintendent of Public Instruction shall allocate 50~~
23 ~~percent of the amount computed pursuant to subdivision (d) to~~
24 ~~county superintendents of schools for the purpose of reducing the~~
25 ~~1996–97 and 1997–98 deficit factors applied to the revenue limits~~
26 ~~of county superintendents of schools and school districts pursuant~~
27 ~~to Sections 2558.45 and 42238.145, respectively. The amount of~~
28 ~~the allocation made to each school district and county~~
29 ~~superintendent of schools for the purpose of reducing their~~
30 ~~respective deficit factors shall be computed in proportion to their~~
31 ~~respective shares of the total statewide amount of the revenue~~
32 ~~limits after adjustment for deficit factors for school districts and~~
33 ~~county superintendents of schools.~~

34 ~~(g) In no event shall this section be construed to require an~~
35 ~~appropriation that would cause the aggregate amount required to~~
36 ~~be appropriated from the General Fund for the 1996–97 fiscal year~~
37 ~~pursuant to Section 8 of Article XVI of the California Constitution~~
38 ~~to be exceeded.~~

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

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

3 SEC. 41. Section 42238.43 of the Education Code is amended
4 to read:

5 42238.43. (a) (1) For the 1996–97 fiscal year, the county
6 superintendent of schools, in conjunction with the Superintendent
7 of Public Instruction, shall compute an equalization adjustment
8 for each school district in the county, so that no district’s base
9 revenue limit per unit of average daily attendance is less than the
10 1996–97 fiscal year statewide average base revenue limit for the
11 appropriate size and type of district listed 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 equalization adjustment computed pursuant to this
27 section shall only be funded from amounts appropriated for that
28 purpose pursuant to Section 42238.42.

29 (d) (1) For the purposes of the computation made pursuant to
30 paragraph (1) of subdivision (c) of Section 42238.42, the 1996–97
31 statewide average base revenue limits determined for the purposes
32 of subdivision (a) and the fraction, if any, computed pursuant to
33 paragraph (3) of subdivision (c) of Section 42238.42 by the
34 Superintendent of Public Instruction for the 1996–97 second
35 principal apportionment shall be final, and shall not be calculated
36 as subsequent apportionments. In no event shall the fraction
37 computed pursuant to paragraph (3) of subdivision (c) of Section
38 42238.42 exceed 1.00. If any iterations are required pursuant to
39 paragraph (2) of Section 42238.42, the Superintendent of Public
40 Instruction shall recompute the 1996–97 statewide average base

1 revenue limit to include any adjustments made by the immediately
2 preceding iteration.

3 ~~(2) (A) For the purposes of determining the size of a school~~
4 ~~district under subdivision (b), the Superintendent of Public~~
5 ~~Instruction shall use a school district's revenue limit average daily~~
6 ~~attendance for the 1996-97 fiscal year as determined pursuant to~~
7 ~~Section 42238.5 and Article 4 (commencing with Section 42280).~~

8 ~~(B) Notwithstanding subparagraph (A), for the purposes of~~
9 ~~determining the size of a school district under subdivision (b) with~~
10 ~~respect to any elementary, high, or unified school district that was~~
11 ~~funded in the 1996-97 school year as a large elementary, high, or~~
12 ~~unified school district, as determined pursuant to subdivision (a)~~
13 ~~of Section 42238.5, the school district's actual revenue limit~~
14 ~~average daily attendance for the 1996-97 school year may be used.~~
15 ~~The actual revenue limit average daily attendance for the 1996-97~~
16 ~~school year shall be used to calculate the 1996-97 revenue limit~~
17 ~~of a school district exercising the authority granted under this~~
18 ~~subparagraph. The governing board of a school district to which~~
19 ~~this subparagraph is applicable may exercise the authority granted~~
20 ~~under this subparagraph by enacting a resolution to that effect and~~
21 ~~transmitting a copy of that resolution to the Superintendent of~~
22 ~~Public Instruction on or before a date designated by the~~
23 ~~Superintendent of Public Instruction for that school year. After the~~
24 ~~Superintendent of Public Instruction receives the resolution, the~~
25 ~~superintendent shall make the necessary adjustments to the school~~
26 ~~district's revenue limit calculation.~~

27 ~~(c) 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. 42.— Section 42238.44 of the Education Code is amended~~
32 ~~to read:~~

33 ~~42238.44.— (a) This section shall be known, and may be cited~~
34 ~~as, the Fairness in Education Funding Act.~~

35 ~~(b) (1) For the 2004-05 fiscal year, the Superintendent of Public~~
36 ~~Instruction shall compute an equalization adjustment for each~~
37 ~~school district, so that the 2003-04 base revenue limit per unit of~~
38 ~~average daily attendance of a district is not less than the 2003-04~~
39 ~~base revenue limit per unit of average daily attendance above which~~
40 ~~fall not more than 10 percent of the total statewide units of average~~

1 daily attendance for each category of school district set forth in
2 subdivision (e):

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

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

District	ADA
10 Elementary	less than 101
11 Elementary	more than 100
12 High School	less than 301
13 High School	more than 300
14 Unified	less than 1,501
15 Unified	more than 1,500

16
17 (d) The Superintendent of Public Instruction shall compute a
18 revenue limit equalization adjustment for each school district's
19 base revenue limit per unit of average daily attendance as follows:

20 (1) Multiply the amount computed for each school district
21 pursuant to subdivision (b) by the average daily attendance used
22 to calculate the revenue limit for the 2004-05 fiscal year of a
23 district.

24 (2) Divide the amount appropriated for purposes of this section
25 for the 2004-05 fiscal year by the statewide sum of the amount
26 computed pursuant to paragraph (1).

27 (3) Multiply the amount computed for the school district
28 pursuant to paragraph (1) of subdivision (b) by the amount
29 computed pursuant to paragraph (2).

30 (e) (1) For the purposes of this section, the 2003-04 statewide
31 90th percentile base revenue limit determined pursuant to paragraph
32 (1) of subdivision (b), and the fraction computed pursuant to
33 paragraph (2) of subdivision (d) for the 2003-04 second principal
34 apportionment, shall be final, and shall not be recalculated at
35 subsequent apportionments. The fraction computed pursuant to
36 paragraph (2) of subdivision (d) shall not, under any circumstances,
37 exceed 1.00. For purposes of determining the size of a school
38 district pursuant to subdivision (e), county superintendents of
39 schools, in conjunction with the Superintendent of Public
40 Instruction, shall use school district revenue limit average daily

1 attendance for the 2003–04 fiscal year as determined pursuant to
2 Section 42238.5 and Article 4 (commencing with Section 42280).

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

7 (3) For the purposes of computing the target amounts pursuant
8 to subdivision (b), the Superintendent of Public Instruction shall
9 count all charter school average daily attendance toward the
10 average daily attendance of the school district that is the chartering
11 agency.

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

16 SEC. 43. Section 42238.445 of the Education Code is amended
17 to read:

18 42238.445. (a) (1) For the 2002–03 fiscal year, the
19 Superintendent of Public Instruction shall compute an equalization
20 adjustment for each school district by determining the amount that
21 would be necessary to ensure that no district’s 2001–02 base
22 revenue limit per unit of average daily attendance is less than the
23 2001–02 base revenue limit per unit of average daily attendance
24 above which fall not more than 10 percent of the total statewide
25 units of average daily attendance for each category of school
26 district set forth in subdivision (b):

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

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

—District	ADA
34 Elementary	less than 101
35 Elementary	more than 100
36 High School	less than 301
37 High School	more than 300
38 Unified	less than 1,501
39 Unified	more than 1,500

40

1 ~~(e) The Superintendent of Public Instruction shall determine~~
2 ~~and allocate, on a one-time basis, an amount for each school district~~
3 ~~as follows:~~

4 ~~(1) Multiply the amount computed for each school district~~
5 ~~pursuant to subdivision (a) by the average daily attendance used~~
6 ~~to calculate the district's revenue limit for the 2002-03 fiscal year.~~

7 ~~(2) Divide forty-two million dollars (\$42,000,000) appropriated~~
8 ~~pursuant to Provision 2 of Item 6110-223-0001 of Section 2.00 of~~
9 ~~the Budget Act of 2002 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) by the amount computed pursuant to~~
13 ~~paragraph (2).~~

14 ~~(d) (1) For the purposes of this section, the 2001-02 statewide~~
15 ~~90th percentile base revenue limit determined pursuant to paragraph~~
16 ~~(1) of subdivision (a), and the fraction computed pursuant to~~
17 ~~paragraph (2) of subdivision (c) for the 2001-02 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 (c) shall not, under any circumstances,~~
21 ~~exceed 1.00. For purposes of determining the size of a school~~
22 ~~district pursuant to subdivision (b), 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 2001-02 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 (b), 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 (a), 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 ~~(e) Allocations pursuant to this section do not represent~~
37 ~~adjustments to school district base revenue limits.~~

38 ~~(f) 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. 44. Section 42238.45 of the Education Code is amended
4 to read:

5 42238.45. (a) (1) For the 2001-02 fiscal year, the
6 Superintendent of Public Instruction shall compute an adjustment
7 for each school district, so that no district's 2000-01 base revenue
8 limit per unit of average daily attendance is less than the 2000-01
9 base revenue limit per unit of average daily attendance above which
10 fall not more than 10 percent of the total statewide units of average
11 daily attendance for each category of school district set forth in
12 subdivision (b).

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

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

—District	ADA—
20 Elementary	less than 101
21 Elementary	more than 100
22 High School	less than 301
23 High School	more than 300
24 Unified	less than 1,501
25 Unified	more than 1,500

26
27 (e) For the 2001-02 fiscal year, the Superintendent of Public
28 Instruction shall determine and allocate on a one-time basis for
29 each school district amounts as follows:

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

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

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

39 (d) (1) For the purposes of calculating the size of a school
40 district pursuant to subdivision (b), the Superintendent of Public

1 ~~Instruction shall include units of average daily attendance of any~~
2 ~~charter school for which the school district is the chartering agency.~~

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

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

10 ~~(f) 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. 45. Section 42238.46 of the Education Code is amended~~
15 ~~to read:~~

16 ~~42238.46. (a) For the 2003-04 fiscal year, the Superintendent~~
17 ~~of Public Instruction shall compute an equalization adjustment for~~
18 ~~each school district so that no district's 2002-03 adjusted base~~
19 ~~revenue limit per unit of average daily attendance is less than the~~
20 ~~2002-03 fiscal year adjusted base revenue limit above which fall~~
21 ~~not more than 8.25 percent of the total statewide units of average~~
22 ~~daily attendance for the appropriate size and type of district listed~~
23 ~~in subdivision (b).~~

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

28 ~~(b) Subdivision (a) applies 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

38
39 ~~(e) The Superintendent of Public Instruction shall compute a~~
40 ~~revenue limit equalization adjustment for each school district's~~

1 ~~adjusted base revenue limit per unit of average daily attendance~~
2 ~~as follows:~~

3 ~~(1) Add the products of the amount computed for each school~~
4 ~~district by the county superintendent pursuant to subdivision (a)~~
5 ~~and the average daily attendance used to calculate the district's~~
6 ~~revenue limit for the current fiscal year.~~

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

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

13 ~~(d) (1) For purposes of this section only, prior to computing~~
14 ~~the equalization adjustment pursuant to this section, the~~
15 ~~Superintendent of Public Instruction shall calculate an adjusted~~
16 ~~base revenue limit for each district by revising the 2002-03 base~~
17 ~~revenue limit of the district to eliminate that portion of the one-time~~
18 ~~adjustment to its base revenue limit related to excused absences~~
19 ~~made pursuant to Section 42238.8.~~

20 ~~(2) For the purposes of this section, the 2002-03 statewide~~
21 ~~average adjusted base revenue limits determined for the purposes~~
22 ~~of subdivision (a) and the fraction computed pursuant to paragraph~~
23 ~~(2) of subdivision (c) by the Superintendent of Public Instruction~~
24 ~~for the 2002-03 second principal apportionment shall be final, and~~
25 ~~shall not be recalculated at subsequent apportionments. In no event~~
26 ~~shall the fraction computed pursuant to paragraph (2) of subdivision~~
27 ~~(c) exceed 1.00. For the purposes of determining the size of a~~
28 ~~district used in subdivision (b), county superintendents of schools,~~
29 ~~in conjunction with the Superintendent of Public Instruction, shall~~
30 ~~use a school district's revenue limit average daily attendance for~~
31 ~~the 2002-03 fiscal year as determined pursuant to Section 42238.5~~
32 ~~and Article 4 (commencing with Section 42280).~~

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

37 ~~(4) For the purposes of computing the target amounts pursuant~~
38 ~~to subdivision (a), the Superintendent of Public Instruction shall~~
39 ~~count all charter school average daily attendance towards the~~

1 average daily attendance of the school district that is the chartering
2 agency.

3 (e) 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. 46. Section 42238.48 of the Education Code is amended
8 to read:

9 42238.48. (a) (1) For the 2006-07 fiscal year, the
10 Superintendent shall compute an equalization adjustment for each
11 school district, so that the 2005-06 base revenue limit per unit
12 average daily attendance of a school district is not less than the
13 2005-06 base revenue limit per unit of average daily attendance
14 above which fall not more than 10 percent of the total statewide
15 units of average daily attendance for each category of school
16 district set forth in subdivision (b):

17 (2) For purposes of this section, the base revenue limit shall not
18 include any amounts attributable to Section 45023.4, 46200, or
19 46201.

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

District	ADA
24 Elementary	less than 101
25 Elementary	more than 100
26 High School	less than 301
27 High School	more than 300
28 Unified	less than 1,501
29 Unified	more than 1,500

30
31 (e) The Superintendent shall compute a revenue limit
32 equalization adjustment for each school district's base revenue
33 limit per unit of average daily attendance as follows:

34 (1) Multiply the amount computed for each school district
35 pursuant to subdivision (a) by the average daily attendance used
36 to calculate the revenue limit for the 2006-07 fiscal year of a school
37 district.

38 (2) Divide the amount appropriated for purposes of this section
39 for the 2006-07 fiscal year by the statewide sum of the amount
40 computed pursuant to paragraph (1).

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

4 ~~(d) (1) For the purposes of this section, the 2005–06 statewide~~
5 ~~90th percentile base revenue limit determined pursuant to paragraph~~
6 ~~(1) of subdivision (a), and the fraction computed pursuant to~~
7 ~~paragraph (2) of subdivision (c) for the 2005–06 second principal~~
8 ~~apportionment, shall be final, and shall not be recalculated at~~
9 ~~subsequent apportionments. The fraction computed pursuant to~~
10 ~~paragraph (2) of subdivision (c) shall not exceed 1.00. For purposes~~
11 ~~of determining the size of a school district pursuant to subdivision~~
12 ~~(b), county superintendents of schools, in conjunction with the~~
13 ~~Superintendent, shall use school district revenue limit average~~
14 ~~daily attendance for the 2005–06 fiscal year as determined pursuant~~
15 ~~to Section 42238.5 and Article 4 (commencing with Section~~
16 ~~42280).~~

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

21 ~~(3) For the purposes of computing the target amounts pursuant~~
22 ~~to subdivision (a), the Superintendent shall count all charter school~~
23 ~~average daily attendance toward the average daily attendance of~~
24 ~~the school district that is the sponsoring local educational agency.~~

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. 47. Section 42238.485 of the Education Code is amended~~
30 ~~to read:~~

31 ~~42238.485. (a) For the 2010–11 fiscal year, the Superintendent~~
32 ~~shall compute an adjustment for each school district by dividing~~
33 ~~each school district’s 2007–08 fiscal year average daily attendance~~
34 ~~into the sum of the following:~~

35 ~~(1) Funding for Meals for Needy Pupils programs received by~~
36 ~~the school district for the 2007–08 fiscal year pursuant to Section~~
37 ~~42241.2, as it read on January 1, 2009.~~

38 ~~(2) Funding incentives to increase beginning teachers’ salaries~~
39 ~~received by the school district for the 2007–08 fiscal year pursuant~~

1 to Sections 45023.1 and 45023.4, as those sections read on January
2 1, 2009.

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

5 (c) Notwithstanding any other provision of this section, no
6 funding specified in this section shall be added to the adjustment
7 computed pursuant to subdivision (a) if that funding is currently
8 included in a school district's base revenue limit calculated
9 pursuant to Section 42238.

10 (d) 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. 48. Section 42238.49 of the Education Code is amended
15 to read:

16 42238.49. (a) (1) For the 2011-12 fiscal year, the
17 Superintendent shall compute an equalization adjustment for each
18 school district, so that the 2010-11 base revenue limit per unit of
19 average daily attendance of a school district is not less than the
20 2010-11 base revenue limit per unit of average daily attendance
21 above which fall not more than 10 percent of the total statewide
22 units of average daily attendance for each category of school
23 district set forth in subdivision (b):

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

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

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

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

1 ~~(1) Multiply the amount computed for each school district~~
2 ~~pursuant to subdivision (a) by the average daily attendance used~~
3 ~~to calculate the revenue limit for the 2011–12 fiscal year of a school~~
4 ~~district.~~
5 ~~(2) Divide the amount appropriated from the Supplemental~~
6 ~~Education Payment Account for purposes of this section for the~~
7 ~~2011–12 fiscal year by the statewide sum of the amounts computed~~
8 ~~pursuant to paragraph (1).~~
9 ~~(3) Multiply the amount computed for the school district~~
10 ~~pursuant to paragraph (1) of subdivision (a) by the amount~~
11 ~~computed pursuant to paragraph (2).~~
12 ~~(d) (1) For the purposes of this section, the 2010–11 statewide~~
13 ~~90th percentile base revenue limit determined pursuant to paragraph~~
14 ~~(1) of subdivision (a), and the fraction computed pursuant to~~
15 ~~paragraph (2) of subdivision (c) for the 2010–11 second principal~~
16 ~~apportionment, shall be final, and shall not be recalculated at~~
17 ~~subsequent apportionments. The fraction computed pursuant to~~
18 ~~paragraph (2) of subdivision (c) shall not exceed 1.00. For purposes~~
19 ~~of determining the size of a school district pursuant to subdivision~~
20 ~~(b), county superintendents of schools, in conjunction with the~~
21 ~~Superintendent, shall use school district revenue limit average~~
22 ~~daily attendance for the 2010–11 fiscal year as determined pursuant~~
23 ~~to Section 42238.5 and Article 4 (commencing with Section~~
24 ~~42280).~~
25 ~~(2) For the purposes of calculating the size of a school district~~
26 ~~pursuant to subdivision (b), the Superintendent shall include units~~
27 ~~of average daily attendance of any charter school for which the~~
28 ~~school district is the sponsoring local educational agency.~~
29 ~~(3) For the purposes of computing the target amounts pursuant~~
30 ~~to subdivision (a), the Superintendent shall count all charter school~~
31 ~~average daily attendance toward the average daily attendance of~~
32 ~~the school district that is the sponsoring local educational agency.~~
33 ~~(e) 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. 49. Section 42238.5 of the Education Code is amended~~
38 ~~to read:~~

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

4 (1) ~~The second principal apportionment regular average daily~~
5 ~~attendance for either the current or prior fiscal year, whichever is~~
6 ~~greater. However, prior fiscal year average daily attendance shall~~
7 ~~be adjusted for any loss or gain of average daily attendance due~~
8 ~~to a reorganization or transfer of territory, or, commencing in the~~
9 ~~1993–94 fiscal year, and each fiscal year thereafter, for any change~~
10 ~~in average daily attendance for pupils who are concurrently enrolled~~
11 ~~in adult programs and classes pursuant to Section 52616.17.~~

12 (2) ~~Any school district that elects to receive funding pursuant~~
13 ~~to Article 4 (commencing with Section 42280) shall compute its~~
14 ~~units of average daily attendance for purposes of Section 42238~~
15 ~~by subtracting the amount determined in subparagraph (B) from~~
16 ~~the amount determined in subparagraph (A):~~

17 (A) ~~The units of average daily attendance computed pursuant~~
18 ~~to paragraph (1):~~

19 (B) ~~The units of average daily attendance resulting from pupils~~
20 ~~attending schools funded pursuant to Article 4 (commencing with~~
21 ~~Section 42280):~~

22 (b) ~~For purposes of this article, regular average daily attendance~~
23 ~~shall be the base revenue limit average daily attendance, excluding~~
24 ~~summer school average daily attendance.~~

25 (e) ~~For purposes of this section, for the 1998–99 fiscal year~~
26 ~~only, the prior year average daily attendance shall be the 1997–98~~
27 ~~regular average daily attendance, excluding absences excused~~
28 ~~pursuant to subdivision (b) of Section 46010, as that subdivision~~
29 ~~read on July 1, 1996.~~

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

34 SEC. 50.— Section 42238.51 of the Education Code is amended
35 to read:

36 42238.51.— (a) ~~For purposes of paragraph (1) of subdivision~~
37 ~~(a) of Section 42238.5, a sponsoring school district's average daily~~
38 ~~attendance shall be computed as follows:~~

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

4 ~~(2) (A) Compute the regular average daily attendance used to~~
5 ~~calculate the second principal apportionment of the school district~~
6 ~~for the prior year, excluding the attendance of pupils in charter~~
7 ~~schools.~~

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

20 ~~(C) Compute the attendance of pupils who attended a charter~~
21 ~~school sponsored by the school district in the prior year and who~~
22 ~~attended one or more noncharter schools of the school district in~~
23 ~~the current year. The amount of the attendance counted for any~~
24 ~~pupil for the purpose of this subparagraph may not be greater than~~
25 ~~the attendance claimed for that pupil by the school district in the~~
26 ~~current year.~~

27 ~~(D) From the amount determined pursuant to subparagraph (B),~~
28 ~~subtract the amount determined pursuant to subparagraph (C). If~~
29 ~~the result is less than zero, the amount shall be deemed to be zero.~~

30 ~~(E) The prior year average daily attendance determined pursuant~~
31 ~~to subparagraph (A) shall be reduced by the amount determined~~
32 ~~pursuant to subparagraph (D).~~

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

38 ~~(b) For the purposes of this section, a "sponsoring school~~
39 ~~district" shall mean a "sponsoring local educational agency," as~~
40 ~~defined in Section 47632.~~

1 ~~(e) 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. 51. Section 42238.52 of the Education Code is amended
6 to read:

7 42238.52. (a) Notwithstanding any other provision of law, the
8 prior year average daily attendance for a school district determined
9 pursuant to subdivision (b) of Section 42238.51 shall be increased
10 by the prior year second principal apportionment average daily
11 attendance of district residents only of any school that meets the
12 following description:

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

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

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

19 (b) An adjustment to prior year average daily attendance
20 pursuant to this section may not be made for the attendance of
21 pupils who were not residents of the school district in the prior
22 year.

23 (c) This section applies to the 2000-01 fiscal year and
24 subsequent fiscal years.

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. 52. Section 42238.53 of the Education Code is amended
30 to read:

31 42238.53. (a) Sections 42238.51 and 42238.52 do not apply
32 to resident pupils in charter schools operating under the districtwide
33 charter of a district that has converted all of its schools to charter
34 status pursuant to Section 47606 and has elected not to be funded
35 pursuant to Article 2 (commencing with Section 47633) of Chapter
36 6 of Part 26.

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

1 ~~(e) 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. 53. ~~Section 42238.6 of the Education Code is amended~~
6 ~~to read:~~

7 ~~42238.6. (a) The fiscal year average daily attendance computed~~
8 ~~under Section 42238.5 shall be increased, for each school district~~
9 ~~that operates any school that meets the eligibility requirements set~~
10 ~~forth in subdivision (b), by the number of child days of attendance~~
11 ~~of pupils enrolled in eligible schools in the district who are~~
12 ~~currently migratory children, as defined by Section 54441, and~~
13 ~~who are residing in state-operated migrant housing projects~~
14 ~~between the second principal apportionment and the end of the~~
15 ~~regular school year, divided by the number of days school was~~
16 ~~actually taught in the regular day schools of the district, excluding~~
17 ~~Saturdays and Sundays.~~

18 ~~(b) For a school to be eligible for the purposes of this section,~~
19 ~~the following conditions shall apply:~~

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

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

26 ~~(c) The Superintendent of Public Instruction shall establish rules~~
27 ~~and regulations for the implementation of this section.~~

28 ~~(d) 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. 54. ~~Section 42238.7 of the Education Code is amended~~
33 ~~to read:~~

34 ~~42238.7. (a) The governing board of each school district, as~~
35 ~~a condition of apportionment, shall report to the Superintendent~~
36 ~~of Public Instruction, not later than May 1, 1998, and September~~
37 ~~1, 1998, respectively, the portion of the attendance in the schools~~
38 ~~and classes maintained by the district that was reported for each~~
39 ~~of the 1996-97 and 1997-98 school years pursuant to Section~~
40 ~~41601 that consisted of absences excused pursuant to subdivision~~

1 ~~(b) of Section 46010 and to Section 46015, as those sections read~~
2 ~~on July 1, 1996.~~

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. 55.— Section 42238.75 of the Education Code is amended~~
8 ~~to read:~~

9 ~~42238.75. Notwithstanding any other provision of law:~~

10 ~~(a) All completed audits, including those on appeal, of school~~
11 ~~districts, charter schools, and county offices of education funded~~
12 ~~by Item 8860-025-0001 of Section 2.00 of Chapter 50 of the~~
13 ~~Statutes of 1999, Item 8860-025-0001 of Section 2.00 of Chapter~~
14 ~~52 of the Statutes of 2000, and Item 8860-025-0001 of Section~~
15 ~~2.00 of Chapter 106 of the Statutes of 2001, and any findings of~~
16 ~~those audits, are withdrawn, and no loss of apportionment arising~~
17 ~~from the findings of those audits shall be realized.~~

18 ~~(b) All audits funded by Item 8860-025-0001 of Section 2.00~~
19 ~~of Chapter 50 of the Statutes of 1999, Item 8860-025-0001 of~~
20 ~~Section 2.00 of Chapter 52 of the Statutes of 2000, and Item~~
21 ~~8860-025-0001 of Section 2.00 of Chapter 106 of the Statutes of~~
22 ~~2001, shall be discontinued.~~

23 ~~(c) The Controller shall notify all school districts, charter~~
24 ~~schools, and county offices of education that it is no longer~~
25 ~~necessary to retain records supporting pupil attendance and excused~~
26 ~~absences used for purposes of calculating average daily attendance~~
27 ~~during the 1996-97 fiscal year.~~

28 ~~(d) 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. 56.— Section 42238.8 of the Education Code is amended~~
33 ~~to read:~~

34 ~~42238.8. (a) Effective July 1, 1998, the Superintendent of~~
35 ~~Public Instruction shall make a one-time adjustment to the revenue~~
36 ~~limit per unit of average daily attendance of each school district.~~
37 ~~This one-time adjustment shall apply for the 1998-99 fiscal year,~~
38 ~~and for each fiscal year thereafter, but not for any year prior to~~
39 ~~1998-99, and shall be accomplished by revision of the prior fiscal~~
40 ~~year revenue limit per unit of average daily attendance, as follows:~~

1 ~~(1) Determine a revised revenue limit per unit of average daily~~
2 ~~attendance for the 1996–97 fiscal year as follows:~~

3 ~~(A) For each school district that had its revenue limit funding~~
4 ~~for the 1996–97 fiscal year calculated on the basis of its 1996–97~~
5 ~~average daily attendance pursuant to paragraph (1) of subdivision~~
6 ~~(a) of Section 42238.5, the revised revenue limit per unit of average~~
7 ~~daily attendance shall equal the adjusted total base revenue limit~~
8 ~~determined pursuant to paragraph (2) divided by the adjusted~~
9 ~~average daily attendance determined pursuant to subparagraph (A)~~
10 ~~of paragraph (3).~~

11 ~~(B) For each school district that had its revenue limit funding~~
12 ~~for the 1996–97 fiscal year calculated on the basis of its 1995–96~~
13 ~~average daily attendance pursuant to paragraph (1) of subdivision~~
14 ~~(a) of Section 42238.5, the revised revenue limit per unit of average~~
15 ~~daily attendance shall equal the adjusted total base revenue limit~~
16 ~~determined pursuant to paragraph (2) divided by the adjusted~~
17 ~~average daily attendance determined pursuant to subparagraphs~~
18 ~~(B), (C), and (D) of paragraph (3).~~

19 ~~(2) Determine the amount of the 1996–97 total base revenue~~
20 ~~limit funding received pursuant to Section 42238 for growth and~~
21 ~~nongrowth average daily attendance, including, as nongrowth~~
22 ~~average daily attendance, attendance in necessary small schools~~
23 ~~in the year determined to be the greater pursuant to paragraph (1)~~
24 ~~of subdivision (a) of Section 42238.5 for the 1996–97 fiscal year,~~
25 ~~but excluding attendance in nonpublic, nonsectarian schools,~~
26 ~~county office operated special education, and county community~~
27 ~~school programs.~~

28 ~~(3) (A) Reduce the average daily attendance figure used to~~
29 ~~make the determination set forth in paragraph (2) by the amount~~
30 ~~of average daily attendance included in that figure for excused~~
31 ~~absences pursuant to subdivision (b) of Section 46010 as that~~
32 ~~subdivision read on July 1, 1996.~~

33 ~~(B) Determine the second principal apportionment average daily~~
34 ~~attendance for the 1996–97 fiscal year, including attendance in~~
35 ~~necessary small schools and attendance for excused absences~~
36 ~~pursuant to subdivision (b) of Section 46010 as it read on July 1,~~
37 ~~1996, but excluding attendance, including attendance for excused~~
38 ~~absences, in nonpublic, nonsectarian schools, county-operated~~
39 ~~special education programs, and county community schools.~~

1 ~~(C) Determine the second principal apportionment average daily~~
2 ~~attendance for the 1996–97 fiscal year, including attendance in~~
3 ~~necessary small schools, but excluding attendance in nonpublic,~~
4 ~~nonsectarian schools, county-operated special education programs,~~
5 ~~and county community schools and for excused absences pursuant~~
6 ~~to subdivision (b) of Section 46010 as it read on July 1, 1996.~~

7 ~~(D) Calculate the adjusted revenue limit average daily attendance~~
8 ~~by multiplying the average daily attendance figure used to make~~
9 ~~the determination set forth in paragraph (2) by the quotient of the~~
10 ~~amount determined pursuant to subparagraph (C) divided by the~~
11 ~~amount determined pursuant to subparagraph (B).~~

12 ~~(4) Recalculate the 1997–98 fiscal year revenue limit per unit~~
13 ~~of average daily attendance to reflect the revision in the 1996–97~~
14 ~~revenue limit per unit of average daily attendance determined~~
15 ~~pursuant to paragraph (1).~~

16 ~~(b) The calculations made pursuant to paragraphs (1) and (4)~~
17 ~~of subdivision (a) shall not be used for apportionment purposes~~
18 ~~for either of the fiscal years referred to in those paragraphs or for~~
19 ~~adjustments for those years.~~

20 ~~(e) If the governing board of any school district demonstrates~~
21 ~~to the satisfaction of the Superintendent of Public Instruction that,~~
22 ~~because of extraordinary circumstances beyond the control of the~~
23 ~~school district, the amount of absences excused in one or more~~
24 ~~district programs in the 1996–97 fiscal year pursuant to subdivision~~
25 ~~(b) of Section 46010 as it read on July 1, 1996, was significantly~~
26 ~~lower than it would ordinarily have been in comparison to the~~
27 ~~amount of actual attendance in the 1996–97 fiscal year, the~~
28 ~~Superintendent of Public Instruction shall make a compensating~~
29 ~~adjustment, consistent with the provisions of Section 2 of the~~
30 ~~Education Code, in the calculation set forth in this section.~~

31 ~~(d) 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. 57. Section 42238.9 of the Education Code is amended~~
36 ~~to read:~~

37 ~~42238.9. (a) The amount per unit of average daily attendance~~
38 ~~subtracted pursuant to Section 56712 for revenue limits for pupils~~
39 ~~in special classes and centers shall be the district's total revenue~~
40 ~~limit for the current fiscal year computed pursuant to Section~~

1 42238, including funds received pursuant to Article 4 (commencing
2 with Section 42280), but excluding the total amount of funds
3 received pursuant to Sections 46200 to 46206, inclusive, and
4 Section 45023.4, as that section read on July 1, 1986, divided by
5 the district's current year average daily attendance pursuant to
6 Section 42238.5. The amount per unit of average daily attendance
7 that is excluded in this calculation for each school district shall be
8 increased for the 1998-99 fiscal year by the quotient for that district
9 of the amount determined pursuant to subparagraph (B) of
10 paragraph (3) of subdivision (a) of Section 42238.8 divided by the
11 amount determined pursuant to subparagraph (C) of paragraph (3)
12 of subdivision (a) of Section 42238.8.

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

17 SEC. 58. Section 42238.95 of the Education Code is amended
18 to read:

19 42238.95. (a) The amount per unit of average daily attendance
20 for pupils in special classes and centers that shall be apportioned
21 to each county office of education shall be equal to the amount
22 determined for the district of residence pursuant to Section 42238.9,
23 increased by the quotient equal to the amount determined pursuant
24 to paragraph (1) divided by the amount determined pursuant to
25 paragraph (2). This subdivision only applies to average daily
26 attendance served by employees of the county office of education.

27 (1) Determine the second principal apportionment average daily
28 attendance for special education for the county office of education
29 for the 1996-97 fiscal year, including attendance for excused
30 absences, divided by the corresponding average daily attendance
31 excluding attendance for excused absences pursuant to subdivision
32 (b) of Section 46010 as it read on July 1, 1996, reported pursuant
33 to Section 41601 for the 1996-97 fiscal year.

34 (2) Determine the second principal apportionment average daily
35 attendance for the 1996-97 fiscal year, including attendance for
36 excused absences, for all of the school districts within the county,
37 excluding average daily attendance for county office special
38 education and county community school programs and nonpublic
39 nonsectarian schools, divided by the corresponding average daily
40 attendance, excluding attendance for excused absences determined

1 pursuant to subdivision (b) of Section 46010 as it read on July 1,
2 1996, and reported pursuant to Section 41601 for the 1996-97
3 fiscal year.

4 (b) A county office of education shall provide the data required
5 to perform the calculation specified in paragraph (1) of subdivision
6 (a) to the Superintendent of Public Instruction in order to be eligible
7 for the adjustment pursuant to subdivision (a).

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

12 SEC. 59. Section 42238.11 of the Education Code is amended
13 to read:

14 42238.11. Notwithstanding any other provision of law, for the
15 1994-95 fiscal year the county superintendent of schools shall
16 reduce the total revenue limit for each school district in the
17 jurisdiction of the county superintendent of schools by the amount
18 of the decreased employer contributions to the Public Employees'
19 Retirement System resulting from the enactment of Chapter 330
20 of the Statutes of 1982, adjusted for any changes in those
21 contributions resulting from subsequent changes in employer
22 contribution rates, excluding rate changes due to the direct transfer
23 of the state-mandated portion of the employer contributions to the
24 Public Employees' Retirement System, through the 1994-95 fiscal
25 year. The reduction shall be calculated for each school district as
26 follows:

27 (a) Determine the amount of employer contributions that would
28 have been made in the 1994-95 fiscal year if the applicable Public
29 Employees' Retirement System employer contribution rate in effect
30 immediately prior to the enactment of Chapter 330 of the Statutes
31 of 1982 were in effect during the 1994-95 fiscal year.

32 For purposes of this calculation, no school district shall have a
33 contribution rate higher than 13.020 percent.

34 (b) Subtract from the amount determined in subdivision (a) the
35 actual amount of employer contributions made to the Public
36 Employees' Retirement System in the 1994-95 fiscal year.

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

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

3 ~~(2) Positions supported by funds received pursuant to Section~~
4 ~~42243.6.~~

5 ~~(3) Positions supported, to the extent of employer contributions~~
6 ~~not exceeding twenty-five thousand dollars (\$25,000) by any single~~
7 ~~educational agency, from a non-General Fund revenue source~~
8 ~~determined to be properly excludable from this section by the~~
9 ~~Superintendent of Public Instruction with the approval of the~~
10 ~~Director of Finance.~~

11 ~~(d) For accounting purposes, the reduction made by this~~
12 ~~provision may be reflected as an expenditure from appropriate~~
13 ~~sources of revenue as directed by the Superintendent of Public~~
14 ~~Instruction.~~

15 ~~(e) The amount of the reduction made by this section shall not~~
16 ~~be adjusted by the deficit factor calculated pursuant to Section~~
17 ~~42238.145.~~

18 ~~It is the intent of the Legislature to make adjustments to school~~
19 ~~district revenue limits for the 1994-95 fiscal year to reflect savings~~
20 ~~that these districts will realize in the contributions to the Public~~
21 ~~Employees' Retirement System due to a reduced contribution rate~~
22 ~~for the 1994-95 fiscal year.~~

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. 60. Section 42238.12 of the Education Code is amended~~
28 ~~to read:~~

29 ~~42238.12. (a) For the 1995-96 fiscal year and each fiscal year~~
30 ~~thereafter, the county superintendent of schools shall adjust the~~
31 ~~total revenue limit for each school district in the jurisdiction of the~~
32 ~~county superintendent of schools by the amount of increased or~~
33 ~~decreased employer contributions to the Public Employees'~~
34 ~~Retirement System resulting from the enactment of Chapter 330~~
35 ~~of the Statutes of 1982, adjusted for any changes in those~~
36 ~~contributions resulting from subsequent changes in employer~~
37 ~~contribution rates, excluding rate changes due to the direct transfer~~
38 ~~of the state-mandated portion of the employer contributions to the~~
39 ~~Public Employees' Retirement System, through the current fiscal~~

1 year. The adjustment shall be calculated for each school district,
2 as follows:

3 (1) (A) Determine the amount of employer contributions that
4 would have been made in the current fiscal year if the applicable
5 Public Employees' Retirement System employer contribution rate
6 in effect immediately before the enactment of Chapter 330 of the
7 Statutes of 1982 were in effect during the current fiscal year.

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

10 (2) Determine the actual amount of employer contributions
11 made to the Public Employees' Retirement System in the current
12 fiscal year.

13 (3) If the amount determined in paragraph (1) for a school
14 district is greater than the amount determined in paragraph (2), the
15 total revenue limit computed for that school district shall be
16 decreased by the amount of the difference between those
17 paragraphs; or, if the amount determined in paragraph (1) for a
18 school district is less than the amount determined in paragraph (2),
19 the total revenue limit for that school district shall be increased by
20 the amount of the difference between those paragraphs.

21 (4) For the purpose of this section, employer contributions to
22 the Public Employees' Retirement System for any of the following
23 positions shall be excluded from the calculation specified above:

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

26 (B) Positions supported by funds received pursuant to Section
27 41540 that are established in order to satisfy court-ordered
28 desegregation requirements.

29 (C) Positions supported, to the extent of employers'
30 contributions not exceeding twenty-five thousand dollars (\$25,000)
31 by any single educational agency, from a non-General Fund
32 revenue source determined to be properly excludable from this
33 section by the Superintendent with the approval of the Director of
34 Finance. Commencing in the 2002-03 fiscal year, only positions
35 supported from a non-General Fund revenue source determined
36 to be properly excludable as identified for a particular local
37 educational agency or pursuant to a blanket waiver by the
38 Superintendent and the Director of Finance, before the 2002-03
39 fiscal year, may be excluded pursuant to this paragraph.

1 ~~(5) For accounting purposes, any reduction to school district~~
2 ~~revenue limits made by this provision may be reflected as an~~
3 ~~expenditure from appropriate sources of revenue as directed by~~
4 ~~the Superintendent.~~

5 ~~(6) The amount of the increase or decrease to the revenue limits~~
6 ~~of school districts computed pursuant to paragraph (3) for the~~
7 ~~1995-96 to 2002-03 fiscal years, inclusive, may not be adjusted~~
8 ~~by the deficit factor applied to the revenue limit of each school~~
9 ~~district pursuant to Section 42238.145.~~

10 ~~(7) For the 2003-04 fiscal year and any fiscal year thereafter,~~
11 ~~the revenue limit reduction specified in Section 42238.146 may~~
12 ~~not be applied to the amount of the increase or decrease to the~~
13 ~~revenue limits of school districts computed pursuant to paragraph~~
14 ~~(3).~~

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

19 ~~(e) Funding appropriated through the Budget Act of 2001 or~~
20 ~~legislation amending the Budget Act of 2001 for the purpose of~~
21 ~~limiting the reductions to revenue limits calculated pursuant to~~
22 ~~this section and to Section 2558 for the 2001-02 fiscal year shall~~
23 ~~be allocated on a one-time basis in the following manner:~~

24 ~~(1) Each school district and county office of education subject~~
25 ~~to a reduced apportionment pursuant to this section or to Section~~
26 ~~2558 shall receive a share of the amount described in paragraph~~
27 ~~(3) that is proportionate to the reduction in their apportionment~~
28 ~~pursuant to this section or to Section 2558 for the 2001-02 fiscal~~
29 ~~year as compared to the statewide total reduction that would occur~~
30 ~~absent this paragraph.~~

31 ~~(2) For the 2001-02 fiscal year, instead of the alternative~~
32 ~~calculation authorized by paragraph (1), the San Francisco Unified~~
33 ~~School District shall receive an amount equal to five dollars and~~
34 ~~fifty-seven cents (\$5.57) multiplied by its second principal~~
35 ~~apportionment average daily attendance for the 2001-02 fiscal~~
36 ~~year.~~

37 ~~(3) Notwithstanding any other law, total allocations pursuant~~
38 ~~to this subdivision may not exceed thirty-five million dollars~~
39 ~~(\$35,000,000).~~

1 ~~(d) Thirty-five million dollars (\$35,000,000) is hereby~~
2 ~~appropriated from the General Fund for transfer to Section A of~~
3 ~~the State School Fund for local assistance for the purpose of~~
4 ~~limiting the reductions to revenue limits calculated pursuant to~~
5 ~~this section and to Section 2558 for the 2003-04 fiscal year.~~
6 ~~Funding from this appropriation shall be allocated in the following~~
7 ~~manner:~~

8 ~~(1) Each school district and county office of education subject~~
9 ~~to a reduced apportionment pursuant to this section or to Section~~
10 ~~2558 shall receive a share of the amount appropriated in this~~
11 ~~subdivision that is proportionate to the reduction in their~~
12 ~~apportionment pursuant to this section or to Section 2558 for the~~
13 ~~2003-04 fiscal year as compared to the statewide total reduction~~
14 ~~that would occur absent this paragraph.~~

15 ~~(2) For the 2003-04 fiscal year, instead of the alternative~~
16 ~~calculation authorized by paragraph (1), the San Francisco Unified~~
17 ~~School District shall receive an amount equal to five dollars and~~
18 ~~fifty-seven cents (\$5.57) multiplied by its second principal~~
19 ~~apportionment average daily attendance for the 2003-04 fiscal~~
20 ~~year.~~

21 ~~(3) Notwithstanding any other law, total allocations pursuant~~
22 ~~to this subdivision may not exceed thirty-five million dollars~~
23 ~~(\$35,000,000) for the 2003-04 fiscal year.~~

24 ~~(4) For the purposes of making the computations required by~~
25 ~~Section 8 of Article XVI of the California Constitution, the~~
26 ~~appropriation made by this section shall be deemed to be "General~~
27 ~~Fund revenues appropriated for school districts," as defined in~~
28 ~~subdivision (e) of Section 41202, for the 2003-04 fiscal year and~~
29 ~~included within the "total allocations to school districts and~~
30 ~~community college districts from General Fund proceeds of taxes~~
31 ~~appropriated pursuant to Article XIII B," as defined in subdivision~~
32 ~~(e) of Section 41202, for the 2003-04 fiscal year.~~

33 ~~(e) For the 2004-05 fiscal year, and each fiscal year thereafter,~~
34 ~~apportionment reductions pursuant to this section and to Section~~
35 ~~2558 shall be limited as follows:~~

36 ~~(1) Each school district and county office of education subject~~
37 ~~to a reduced apportionment pursuant to this section or to Section~~
38 ~~2558 shall receive a share of the amount described in paragraph~~
39 ~~(3) that is proportionate to the reduction in their apportionment~~
40 ~~pursuant to this section or to Section 2558 for the 2004-05 fiscal~~

1 year as compared to the statewide total reduction as would occur
2 absent this paragraph.

3 ~~(2) Instead of the alternative calculation authorized by paragraph~~
4 ~~(1), the San Francisco Unified School District shall receive funding~~
5 ~~equal to the amount of funding per unit of average daily attendance~~
6 ~~specified in paragraph (2) of subdivision (c) as increased annually~~
7 ~~by cost-of-living adjustments specified in Section 42238.1,~~
8 ~~multiplied by its second principal apportionment average daily~~
9 ~~attendance for that fiscal year.~~

10 ~~(3) Notwithstanding any other law, total limitations pursuant to~~
11 ~~this subdivision may not annually exceed thirty-five million dollars~~
12 ~~(\$35,000,000) as annually increased by the cost-of-living~~
13 ~~adjustments specified in Section 42238.1, multiplied by the annual~~
14 ~~statewide percentage growth in total average daily attendance,~~
15 ~~measured at the second principal apportionment.~~

16 ~~(f) 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. 61. Section 42238.13 of the Education Code is amended~~
21 ~~to read:~~

22 ~~42238.13. (a) Notwithstanding any other provision of law, for~~
23 ~~any elementary school district that meets all of the criteria specified~~
24 ~~in subdivision (b), the base revenue limit for the 1988-89 fiscal~~
25 ~~year and each subsequent fiscal year computed pursuant to Section~~
26 ~~42238 shall be computed as though the 1987-88 base revenue limit~~
27 ~~per unit of average daily attendance was two thousand nine hundred~~
28 ~~sixty-five dollars (\$2,965). The county superintendent shall~~
29 ~~compute the revenue limit on that basis.~~

30 ~~(b) The revenue limit computation described in subdivision (a)~~
31 ~~shall apply to any elementary school district that meets all of the~~
32 ~~following criteria:~~

33 ~~(1) The minority enrollment in the district in the 1987-88 school~~
34 ~~year was greater than 98 percent.~~

35 ~~(2) The AFDC enrollment in the district in the 1987-88 school~~
36 ~~year was greater than 32 percent.~~

37 ~~(3) The district ranked in all of the following categories in the~~
38 ~~1986-87 California Assessment Program as follows:~~

39 ~~(A) Lowest 3 percent for third grade reading.~~

40 ~~(B) Lowest 2 percent for sixth grade reading.~~

- 1 ~~(C) Lowest 1 percent for eighth grade reading.~~
- 2 ~~(D) Lowest 1 percent for sixth grade mathematics.~~
- 3 ~~(E) Lowest 1 percent for eighth grade mathematics.~~
- 4 ~~(F) Lowest 1 percent for history/social science.~~
- 5 ~~(G) Lowest 1 percent for science.~~
- 6 ~~(4) The district's 1987-88 base revenue limit was 2 percent~~
- 7 ~~below the statewide average for elementary districts and 7 percent~~
- 8 ~~below the county average for elementary districts.~~
- 9 ~~(5) The district is under a court order as of the effective date of~~
- 10 ~~this act.~~
- 11 ~~(e) This section shall become inoperative on July 1, 2014, and,~~
- 12 ~~as of January 1, 2015, is repealed, unless a later enacted statute,~~
- 13 ~~that becomes operative on or before January 1, 2015, deletes or~~
- 14 ~~extends the dates on which it becomes inoperative and is repealed.~~
- 15 ~~SEC. 62. Section 42238.14 of the Education Code is amended~~
- 16 ~~to read:~~
- 17 ~~42238.14. (a) For the purposes of this article, the revenue limit~~
- 18 ~~for the 1993-94 fiscal year for each school district determined~~
- 19 ~~pursuant to this article and adjusted pursuant to Section 42238.16~~
- 20 ~~shall be reduced by an 8.14 percent deficit factor.~~
- 21 ~~(b) 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. 63. Section 42238.145 of the Education Code is amended~~
- 26 ~~to read:~~
- 27 ~~42238.145. For the purposes of this article, the revenue limit~~
- 28 ~~for each school district shall be reduced by a deficit factor, as~~
- 29 ~~follows:~~
- 30 ~~(a) (1) For the 1994-95 fiscal year, the revenue limit for each~~
- 31 ~~school district determined pursuant to this article shall be reduced~~
- 32 ~~by an 11.01 percent deficit factor.~~
- 33 ~~(2) For the 1995-96 fiscal year, the revenue limit for each school~~
- 34 ~~district determined pursuant to this article shall be reduced by a~~
- 35 ~~10.12 percent deficit factor.~~
- 36 ~~(3) For the 1996-97 and 1997-98 fiscal years, the revenue limit~~
- 37 ~~for each school district determined pursuant to this article shall be~~
- 38 ~~reduced by a 9.967 percent deficit factor, as adjusted pursuant to~~
- 39 ~~Section 42238.42.~~

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

4 ~~(b) (1) The revenue limit for the 1994–95 fiscal year for each~~
5 ~~school district shall be determined as if the revenue limit for each~~
6 ~~school district had been determined for the 1993–94 fiscal year~~
7 ~~without being reduced by the deficit factor required pursuant to~~
8 ~~Section 42238.14.~~

9 ~~(2) When computing the revenue limit for each school district~~
10 ~~for the 1995–96 or any subsequent fiscal year pursuant to this~~
11 ~~article, the revenue limit shall be determined as if the revenue limit~~
12 ~~for that school district had been determined for the previous fiscal~~
13 ~~year without being reduced by the deficit factor specified in this~~
14 ~~section.~~

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

19 ~~SEC. 64. Section 42238.146 of the Education Code is amended~~
20 ~~to read:~~

21 ~~42238.146. (a) (1) For the 2003–04 fiscal year, the revenue~~
22 ~~limit for each school district determined pursuant to this article~~
23 ~~shall be reduced by a 1.198 percent deficit factor.~~

24 ~~(2) For the 2004–05 fiscal year, the revenue limit for each school~~
25 ~~district determined pursuant to this article shall be reduced by a~~
26 ~~0.323 percent deficit factor.~~

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

30 ~~(4) For the 2005–06 fiscal year, the revenue limit for each school~~
31 ~~district determined pursuant to this article shall be reduced by a~~
32 ~~0.892 percent deficit factor.~~

33 ~~(5) For the 2008–09 fiscal year, the revenue limit for each school~~
34 ~~district determined pursuant to this article shall be reduced by a~~
35 ~~7.844 percent deficit factor.~~

36 ~~(6) For the 2009–10 fiscal year, the revenue limit for each school~~
37 ~~district determined pursuant to this article shall be reduced by an~~
38 ~~18.355 percent deficit factor.~~

1 ~~(7) For the 2010–11 fiscal year, the revenue limit for each school~~
2 ~~district determined pursuant to this article shall be reduced by a~~
3 ~~17.963 percent deficit factor.~~

4 ~~(8) For the 2011–12 fiscal year, the revenue limit for each school~~
5 ~~district determined pursuant to this article shall be reduced by a~~
6 ~~20.404 percent deficit factor.~~

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

10 ~~(b) In computing the revenue limit for each school district for~~
11 ~~the 2006–07 fiscal year pursuant to this article, the revenue limit~~
12 ~~shall be determined as if the revenue limit for that school district~~
13 ~~had been determined for the 2003–04, 2004–05, and 2005–06 fiscal~~
14 ~~years without being reduced by the deficit factors specified in~~
15 ~~subdivision (a).~~

16 ~~(c) In computing the revenue limit for each school district for~~
17 ~~the 2010–11 fiscal year pursuant to this article, the revenue limit~~
18 ~~shall be determined as if the revenue limit for that school district~~
19 ~~had been determined for the 2009–10 fiscal year without being~~
20 ~~reduced by the deficit factors specified in subdivision (a).~~

21 ~~(d) In computing the revenue limit for each school district for~~
22 ~~the 2011–12 fiscal year pursuant to this article, the revenue limit~~
23 ~~shall be determined as if the revenue limit for that school district~~
24 ~~had been determined for the 2010–11 fiscal year without being~~
25 ~~reduced by the deficit factors specified in subdivision (a).~~

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

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

36 ~~(g) 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. 65.— Section 42238.17 of the Education Code is amended to
2 read:

3 42238.17.— Notwithstanding any other provision of law, for any
4 school district that was reorganized effective July 1, 1992, as a
5 unified school district and that is congruent to a school district that
6 was reorganized as an elementary school district effective July 1,
7 1990, the Superintendent shall compute apportionments using the
8 following data:

9 (a) For the purposes of paragraph (1) of subdivision (d) of
10 Section 42238 for the 1990–91 and 1991–92 fiscal years, the
11 superintendent shall use the actual number of units of average daily
12 attendance for the 1990–91 fiscal year second principal
13 apportionments.

14 (b) For the purposes of paragraph (1) of subdivision (d) of
15 Section 42238, for the 1992–93 fiscal year and each fiscal year
16 thereafter, the superintendent shall use the actual number of units
17 of average daily attendance for the 1992–93 fiscal year second
18 principal apportionment.

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

23 SEC. 66.— Section 42238.18 of the Education Code is amended
24 to read:

25 42238.18.— (a) Notwithstanding any other provision of law,
26 only those pupils enrolled in county office of education programs
27 while detained in a juvenile hall, juvenile home, day center,
28 juvenile ranch, juvenile camp, or regional youth educational facility
29 established pursuant to Article 23 (commencing with Section 850),
30 Article 24 (commencing with Section 880), and Article 24.5
31 (commencing with Section 894) of Chapter 2 of Part 1 of Division
32 2 of the Welfare and Institutions Code shall be counted as juvenile
33 court school pupils. For purposes of apportionments, those pupils
34 in a group home housing 25 or more children placed pursuant to
35 Sections 362, 727, and 730 of the Welfare and Institutions Code
36 or in any group home housing 25 or more children and operating
37 one or more additional sites under a central administration for
38 children placed pursuant to Section 362, 727, or 730 of the Welfare
39 and Institutions Code shall be reported as county group home and

1 institutions pupils to the Superintendent and shall be counted as
2 juvenile court school pupils for purposes of apportionments.

3 (b) ~~Notwithstanding any other provision of law, any county
4 superintendent of schools operating juvenile court schools, county
5 group home and institutions schools, or community schools, or
6 any combination of these schools shall maintain an account in their
7 general fund to be known as the juvenile court and community
8 school account, and shall deposit all funds derived from the
9 operation of juvenile court, county group home and institutions
10 schools, and community schools into that account. Expenditures
11 from the juvenile court and community school account shall be
12 limited to the following:~~

13 ~~(1) Those expenditures defined as direct costs of instructional
14 programs by the California State School Accounting Manual,
15 except that facility costs, including the costs of renting, leasing,
16 purchasing, remodeling, constructing, or improving buildings and
17 the costs of purchasing or improving land, shall be allowed as an
18 instructional cost in the juvenile court and community school fund.
19 Deferred maintenance contributions made pursuant to Section
20 17584 may also be allowed as an instructional cost of juvenile
21 court and county community school programs, provided the
22 contribution does not exceed the program's proportionate share
23 of total county school service fund expenditures as defined in
24 Section 17584, and provided the funds are used for deferred
25 maintenance of juvenile court and county community school
26 facilities.~~

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

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

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

34 ~~Expenditures that represent contract payments to other agencies
35 for the operation of juvenile court and community school programs
36 shall be included in the juvenile court and community school
37 account and the contract costs distributed to the cost categories
38 defined in paragraphs (1), (2), (3), and (4). At the end of any given
39 school year the net ending balance in the juvenile court and
40 community school account may be distributed to a reserved account~~

1 for economic contingencies or to a reserved account for capital
2 outlay, provided that the combined total transferred does not exceed
3 15 percent of the current year's authorized expenditures as specified
4 above and also provided that funds placed in the reserved accounts
5 shall only be expended for juvenile court, county group home and
6 institutions, or community school programs. The net ending
7 balance, except for those funds placed in a capital outlay fund,
8 shall not exceed the greater of 15 percent of the previous year's
9 expenditures or twenty-five thousand dollars (\$25,000). A county
10 may accumulate over a period of two or more given school years
11 a net ending balance in the capital outlay reserved account of more
12 than 15 percent of the current fiscal year's expenditures under
13 provisions of a resolution of the governing board. Funds in the
14 capital outlay reserve are to be used for capital outlay only. The
15 Superintendent shall require an annual certification by county
16 superintendents of schools beginning in the 1989-90 fiscal year
17 that juvenile court, county group home and institutions, and
18 community school funds have been expended as provided in this
19 section and shall withhold from the subsequent year's
20 apportionment an amount equal to any excess ending balance or
21 excess transfers, as provided in this subdivision, in the juvenile
22 court and community school account.

23 (e) Notwithstanding any other provision of law, pupils who are
24 referred by the county probation department under Section 601 or
25 654 of the Welfare and Institutions Code, shall be enrolled and
26 eligible for apportionments in county community schools only
27 after an individualized review and certification of the
28 appropriateness of enrollment in the county group home and
29 institution's school or county community school. The
30 individualized review shall include representatives of the court,
31 the county department of education, the county probation
32 department, and either the school district of residence or, in cases
33 in which the pupil resides in a group home or institution, the school
34 district in which the group home or institution is located, and, in
35 each case, the school district representative shall agree to the
36 appropriateness of the proposed placement and pupils so placed
37 shall have a probation officer assigned to their case.

38 (d) Regardless of the operative date of the amendments to this
39 section made during the 1997 portion of the 1997-98 Regular
40 Session, this section, as so amended, shall be implemented as

1 though it had been operative on July 1, 1996. For the purpose of
2 implementing this section for the entire 1996–97 fiscal year, the
3 Superintendent and other public officers shall take all necessary
4 steps to effect the required adjustments and shall have authority
5 to ~~adjust allowance computations, apportionments, and~~
6 ~~disbursements ordered from Section A of the State School Fund~~
7 ~~and other public funds.~~

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

12 ~~SEC. 67. Section 42239 of the Education Code is amended to~~
13 ~~read:~~

14 ~~42239. (a) For each fiscal year the Superintendent shall~~
15 ~~compute funding for supplemental instruction for each school~~
16 ~~district or charter school by multiplying the number of pupil hours~~
17 ~~of supplemental instruction claimed pursuant to Sections 37252~~
18 ~~and 37252.2 by the pupil hour allowance specified in subdivision~~
19 ~~(b) or by a pupil hour allowance specified in the annual Budget~~
20 ~~Act in lieu of the amount computed in subdivision (b).~~

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

30 ~~(e) (1) If appropriated funding is insufficient to pay all claims~~
31 ~~made in any fiscal year pursuant to Sections 37252 and 37252.2,~~
32 ~~the superintendent shall use any available funding appropriated~~
33 ~~for the purposes of reimbursing school districts pursuant to Section~~
34 ~~37252 or 37252.2.~~

35 ~~(2) If appropriated funding is still insufficient to pay all claims~~
36 ~~made in any fiscal year pursuant to Section 37252 or 37252.2, the~~
37 ~~superintendent shall use any available funding appropriated for~~
38 ~~the purposes of reimbursing school districts for supplemental~~
39 ~~instruction in the prior fiscal year.~~

1 ~~(3) If appropriated funding is still insufficient to pay all claims~~
2 ~~made in any fiscal year pursuant to Section 37252 or 37252.2, the~~
3 ~~superintendent shall use any available funding appropriated for~~
4 ~~the purposes of reimbursing school districts for supplemental~~
5 ~~instruction in the current fiscal year.~~

6 ~~(4) The superintendent shall notify the Director of Finance that~~
7 ~~there is an insufficiency of funding appropriated for the purposes~~
8 ~~of Sections 37252 and 37252.2 only after the superintendent has~~
9 ~~exhausted all available balances of appropriations made for the~~
10 ~~current or prior fiscal years for the reimbursement of school~~
11 ~~districts for supplemental instruction.~~

12 ~~(d) Notwithstanding any other provision of law, neither the State~~
13 ~~Board of Education nor the Superintendent of Public Instruction~~
14 ~~may waive any provision of this section.~~

15 ~~(e) 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. 68. Section 42240.1 of the Education Code is amended~~
20 ~~to read:~~

21 ~~42240.1. (a) Any elementary school district with less than~~
22 ~~2,501 units of average daily attendance in grades kindergarten to~~
23 ~~6, inclusive, for the second principal apportionment in the 1978–79~~
24 ~~fiscal year, whose 7th and 8th grade pupils were being educated~~
25 ~~by a high school district pursuant to Article 5 (commencing with~~
26 ~~Section 37060) of Chapter 1 of Part 22 during the 1978–79 fiscal~~
27 ~~year, shall be entitled to the revenue limit adjustment computed~~
28 ~~pursuant to Section 42240 beginning with the 1981–82 fiscal year.~~

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. 69. Section 42241.3 of the Education Code is amended~~
34 ~~to read:~~

35 ~~42241.3. (a) This section applies only to the funding generated~~
36 ~~by the average daily attendance of pupils attending a charter school~~
37 ~~that has operated as a charter school since prior to July 1, 2005, if~~
38 ~~a unified school district has been the sponsoring local educational~~
39 ~~agency as defined in subdivision (i) of Section 47632, and if the~~

1 unified school district was governed by Section 47660 as that
2 section read on December 31, 2005.

3 (b) For the 2005–06 fiscal year only, the revenue limit funding
4 of a unified school district, other than a unified school district that
5 has converted all of its schools to charter status pursuant to Section
6 47606 and is operating them as charter schools, shall be increased
7 or decreased to reflect one-half of the difference between the
8 funding provided for the base revenue limit per unit of average
9 daily attendance of the unified school district as set forth in Section
10 42238 and the general-purpose entitlement per unit of average
11 daily attendance of the charter school as set forth in Section 47633.

12 (c) 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. 70. Section 42241.7 of the Education Code is amended
17 to read:

18 42241.7. (a) For the 1978–79 fiscal year, and each fiscal year
19 thereafter, the revenue limit of any elementary, high, or unified
20 school district authorized pursuant to Sections 42237 and 42238
21 may be increased by an amount sufficient to provide additional
22 revenue equal to the expenditures estimated to be incurred by the
23 district in the budget year in complying with the following
24 provisions of the Unemployment Insurance Code: Sections 605
25 and 803, Article 6 (commencing with Section 821) of Chapter 3
26 of Part 1 of Division 1, or Article 3 (commencing with Section
27 976) of Chapter 4 of Part 1 of Division 1, less the actual
28 expenditures incurred by the district in the 1975–76 fiscal year in
29 complying with the following provisions of the Unemployment
30 Insurance Code: Section 605.2 and Article 6 (commencing with
31 Section 821) of Chapter 3 of Part 1 of Division 1.

32 (b) If, at the end of any fiscal year, the actual expenditures of
33 the district specified in subdivision (a) are less than the revenue
34 derived from the increase in revenue limit provided in subdivision
35 (a) for that fiscal year, the difference shall be used in the following
36 fiscal year exclusively for expenditures required pursuant to the
37 Unemployment Insurance Code provisions specified in subdivision
38 (a).

39 (c) If, at the end of any fiscal year, the actual expenditures of
40 the district specified in subdivision (a) exceed the revenue derived

1 from the increase in revenue limit provided in subdivision (a) for
2 that fiscal year, the difference may be added to the increase in
3 revenue limit, authorized pursuant to this section, in the following
4 fiscal year.

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

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

12 (e) Expenditures for employees of charter schools funded
13 pursuant to Article 2 (commencing with Section 47633) of Chapter
14 6 of Part 26.8 are excluded from the calculations set forth in this
15 section.

16 (f) 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. 71.— Section 42243.7 of the Education Code is amended
21 to read:

22 42243.7. (a) For any school district that commenced operations
23 on or after June 30, 1978, or for any school district that receives
24 approval from the department for a new continuation education
25 high school for the 1979–80 fiscal year, or any fiscal year
26 thereafter, the Superintendent of Public Instruction shall compute
27 an adjustment to the district revenue limit pursuant to this section.

28 (b) Determine the amount of foundation program that the district
29 would have been entitled to pursuant to subdivision (a) of Section
30 41711, as that section read on July 1, 1977, if the district had
31 operated during the 1977–78 fiscal year, utilizing the number of
32 units of average daily attendance attending high school in the
33 district in the fiscal year for which the revenue limit is being
34 computed.

35 (c) Determine the amount of foundation program that the district
36 would have been entitled to pursuant to paragraph (1) of
37 subdivision (b) of Section 41711, as that section read on July 1,
38 1977, if the district had operated during the 1977–78 fiscal year,
39 utilizing the same number of units of average daily attendance
40 used in subdivision (b) of this section.

1 ~~(d) Subtract the amount determined pursuant to subdivision (c)~~
2 ~~from the amount computed pursuant to subdivision (b).~~

3 ~~(e) The amount computed pursuant to subdivision (d), if greater~~
4 ~~than zero, shall be added to the revenue limit computed pursuant~~
5 ~~to subdivision (c) of Section 42237 or pursuant to Section 42238.~~
6 ~~If the amount in subdivision (d) is less than zero there is no~~
7 ~~adjustment.~~

8 ~~(f) The Superintendent of Public Instruction shall reduce by the~~
9 ~~amount computed pursuant to subdivision (e) the revenue limit~~
10 ~~computed pursuant to Section 42238 of any district discontinuing~~
11 ~~the operation of a continuation education school approved pursuant~~
12 ~~to subdivision (a).~~

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

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

20 ~~(h) The adjustment computed pursuant to this section for a new~~
21 ~~continuation education high school may be applicable for any~~
22 ~~unified school district that was not fully operational during the~~
23 ~~first year of operation of the continuation education high school.~~
24 ~~The number of units of average daily attendance to be used in~~
25 ~~computing the adjustment shall be the number of units of average~~
26 ~~daily attendance generated by the continuation education high~~
27 ~~school in the district for the first year that the district is fully~~
28 ~~operational in all grades.~~

29 ~~(i) In the 1998–99 fiscal year and each fiscal year thereafter,~~
30 ~~the ranges of average daily attendance resulting from the~~
31 ~~calculation set forth in this section pursuant to Section 41711, as~~
32 ~~that section read on July 1, 1977, shall be reduced by the statewide~~
33 ~~average percentage that absences excused pursuant to subdivision~~
34 ~~(b) of Section 46010, as that section read on July 1, 1996, were of~~
35 ~~total second principal apportionment regular average daily~~
36 ~~attendance for high schools in 1996–97, with the reduced ranges~~
37 ~~then rounded to the nearest integer.~~

38 ~~(j) Commencing with the 2005–06 fiscal year and~~
39 ~~notwithstanding any provision of law, the amount of the adjustment~~
40 ~~calculated pursuant to this section shall not be added to the revenue~~

1 limit of a school district, but shall be used in determining the
2 amount of the pupil retention block grant awarded a school district
3 pursuant to Article 1 (commencing with Section 41500) of Chapter
4 3.2.

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

9 SEC. 72. Section 46201.2 of the Education Code is amended
10 to read:

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

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

27 46201.2. (a) Commencing with the 2009–10 school year and
28 continuing through the 2013–14 school year, a school district,
29 county office of education, or charter school may reduce the
30 equivalent of up to five days of instruction or the equivalent
31 number of instructional minutes without incurring the penalties
32 set forth in Sections 41420, 46200, 46200.5, 46201, 46201.5,
33 46202, and 47612.5, as those sections read on January 1, 2014. A
34 school district, county office of education, or charter school shall
35 receive revenue limit funding based on the adjustments prescribed
36 pursuant to Section 42238.146, as it read on January 1, 2014,
37 whether or not it reduces the number of schooldays or instructional
38 minutes.

39 (b) For the 2014–15 school year, a school district, county office
40 of education, or charter school may reduce the equivalent of up to

1 five days of instruction or the equivalent number of instructional
2 minutes without incurring the penalties set forth in Sections 41420,
3 46200, 46200.5, 46201, 46201.5, 46202, and 47612.5.

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

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

9 SEC. 74. ~~Section 47604.33 of the Education Code is amended
10 to read:~~

11 47604.33. (a) ~~Each charter school shall annually prepare and
12 submit the following reports to its chartering authority and the
13 county superintendent of schools, or only to the county
14 superintendent of schools if the county board of education is the
15 chartering authority:~~

16 (1) ~~On or before July 1, a preliminary budget. For a charter
17 school in its first year of operation, the information submitted
18 pursuant to subdivision (g) of Section 47605 satisfies this
19 requirement.~~

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

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

24 (4) ~~On or before September 15, a final unaudited report for the
25 full prior year.~~

26 (b) ~~The chartering authority shall use any financial information
27 it obtains from the charter school, including, but not limited to,
28 the reports required by this section, to assess the fiscal condition
29 of the charter school pursuant to subdivision (d) of Section
30 47604.32.~~

31 (c) ~~The cost of performing the duties required by this section
32 shall be funded with supervisory oversight fees collected pursuant
33 to Section 47613.~~

34 (d) ~~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. 75. ~~Section 47604.33 is added to the Education Code, to
39 read:~~

1 ~~47604.33.— (a) Each charter school shall annually prepare and~~
2 ~~submit the following reports to its chartering authority and the~~
3 ~~county superintendent of schools, or only to the county~~
4 ~~superintendent of schools if the county board of education is the~~
5 ~~chartering authority:~~

6 ~~(1) On or before July 1, a preliminary budget and a local control~~
7 ~~and accountability plan adopted pursuant to Section 52065. For a~~
8 ~~charter school in its first year of operation, the information~~
9 ~~submitted pursuant to subdivision (g) of Section 47605 satisfies~~
10 ~~this requirement.~~

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

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

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

17 ~~(b) The chartering authority shall use any financial information~~
18 ~~it obtains from the charter school, including, but not limited to,~~
19 ~~the reports required by this section, to assess the fiscal condition~~
20 ~~of the charter school pursuant to subdivision (d) of Section~~
21 ~~47604.32.~~

22 ~~(c) The cost of performing the duties required by this section~~
23 ~~shall be funded with supervisorial oversight fees collected pursuant~~
24 ~~to Section 47613.~~

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

26 ~~SEC. 76.— Section 47610 of the Education Code is amended to~~
27 ~~read:~~

28 ~~47610.— A charter school shall comply with this part and all of~~
29 ~~the provisions set forth in its charter, but is otherwise exempt from~~
30 ~~the laws governing school districts, except all of the following:~~

31 ~~(a) As specified in Section 47611.~~

32 ~~(b) As specified in Section 41365.~~

33 ~~(c) All laws establishing minimum age for public school~~
34 ~~attendanee.~~

35 ~~(d) The California Building Standards Code (Part 2~~
36 ~~(commencing with Section 101) of Title 24 of the California Code~~
37 ~~of Regulations), as adopted and enforced by the local building~~
38 ~~enforcement agency with jurisdiction over the area in which the~~
39 ~~charter school is located.~~

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

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

7 ~~SEC. 77. Section 47610 is added to the Education Code, to~~
 8 ~~read:~~

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

13 ~~(1) As specified in Section 47611.~~

14 ~~(2) As specified in Section 41365.~~

15 ~~(3) As specified in Section 52065.~~

16 ~~(4) All laws establishing minimum age for public school~~
 17 ~~attendance.~~

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

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

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

26 ~~SEC. 78. Section 47630.5 of the Education Code is amended~~
 27 ~~to read:~~

28 ~~47630.5. (a) This chapter applies to the calculation of~~
 29 ~~operational funding for charter schools. Except as otherwise~~
 30 ~~provided in this chapter, this chapter shall apply to all charter~~
 31 ~~schools without regard to their sponsoring local education agency.~~

32 ~~(b) For the 1999–2000, 2000–01, and 2001–02 fiscal years in~~
 33 ~~the case of a charter school that was assigned a number by the~~
 34 ~~State Board of Education prior to June 1, 1999, the use of the~~
 35 ~~charter school funding method established by this chapter shall be~~
 36 ~~at the discretion of that charter school. A charter school that elects~~
 37 ~~to have its funding determined pursuant to the method established~~
 38 ~~by this chapter shall notify the State Department of Education by~~
 39 ~~June 1 prior to the affected fiscal year. An election to be funded~~
 40 ~~pursuant to the method established by this chapter is irrevocable.~~

1 ~~(e) Additional legal or fiscal responsibilities on the part of a~~
2 ~~county superintendent of schools are not imposed by this chapter,~~
3 ~~except as specifically provided in this chapter.~~

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

8 SEC. 79. Section 47631 of the Education Code is amended to
9 read:

10 ~~47631. (a) Article 2 (commencing with Section 47633) and~~
11 ~~Article 3 (commencing with Section 47636) may not apply to a~~
12 ~~charter granted pursuant to Section 47605.5.~~

13 ~~(b) Notwithstanding subdivision (a), a pupil attending a~~
14 ~~county-sponsored charter school who is eligible to attend that~~
15 ~~school solely as a result of parental request pursuant to subdivision~~
16 ~~(b) of Section 1981 shall be funded pursuant to this chapter.~~

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

21 SEC. 80. Section 47631 is added to the Education Code, to
22 read:

23 ~~47631. (a) Article 3 (commencing with Section 47636) shall~~
24 ~~not apply to a charter granted pursuant to Section 47605.5.~~

25 ~~(b) Notwithstanding subdivision (a), a pupil attending a~~
26 ~~county-sponsored charter school who is eligible to attend that~~
27 ~~school solely as a result of parental request pursuant to subdivision~~
28 ~~(b) of Section 1981 shall be funded pursuant to the local control~~
29 ~~funding formula pursuant to Section 42238.02, as implemented~~
30 ~~by Section 42238.03.~~

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

32 SEC. 81. Section 47632 of the Education Code is amended to
33 read:

34 ~~47632. For purposes of this chapter, the following terms shall~~
35 ~~be defined as follows:~~

36 ~~(a) "General-purpose entitlement" means an amount computed~~
37 ~~by the formula set forth in Section 47633 beginning in the~~
38 ~~1999-2000 fiscal year, which is based on the statewide average~~
39 ~~amounts of general-purpose funding from those state and local~~

1 sources identified in Section 47633 received by school districts of
2 similar type and serving similar pupil populations.

3 (b) ~~“Categorical block grant” means an amount computed by~~
4 ~~the formula set forth in Section 47634 beginning in the 1999–2000~~
5 ~~fiscal year, which is based on the statewide average amounts of~~
6 ~~categorical aid from those sources identified in Section 47634~~
7 ~~received by school districts of similar type and serving similar~~
8 ~~pupil populations.~~

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

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

15 (e) ~~“Economic impact aid-eligible pupils” means those pupils~~
16 ~~that are included in the economic impact aid-eligible pupil count~~
17 ~~pursuant to Section 54023. For purposes of applying Section 54023~~
18 ~~to charter schools, “economically disadvantaged pupils” means~~
19 ~~the pupils described in paragraph (2) of subdivision (a) of Section~~
20 ~~54026.~~

21 (f) ~~“Educationally disadvantaged pupils” means those pupils~~
22 ~~who are eligible for subsidized meals pursuant to Section 49552~~
23 ~~or are identified as English learners pursuant to subdivision (a) of~~
24 ~~Section 306, or both.~~

25 (g) ~~“Operational funding” means all funding except funding for~~
26 ~~capital outlay.~~

27 (h) ~~“School district of a similar type” means a school district~~
28 ~~that is serving similar grade levels.~~

29 (i) ~~“Similar pupil population” means similar numbers of pupils~~
30 ~~by grade level, with a similar proportion of educationally~~
31 ~~disadvantaged pupils.~~

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

33 (1) ~~If a charter school is granted by a school district, the~~
34 ~~sponsoring local educational agency is the school district.~~

35 (2) ~~If a charter is granted by a county office of education after~~
36 ~~having been previously denied by a school district, the sponsoring~~
37 ~~local educational agency means the school district that initially~~
38 ~~denied the charter petition.~~

39 (3) ~~If a charter is granted by the state board after having been~~
40 ~~previously denied by a local educational agency, the sponsoring~~

1 ~~local educational agency means the local educational agency~~
2 ~~designated by the state board pursuant to paragraph (1) of~~
3 ~~subdivision (k) of Section 47605 or if a local educational agency~~
4 ~~is not designated, the local educational agency that initially denied~~
5 ~~the charter petition.~~

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

11 ~~(5) For pupils attending countywide charter schools pursuant~~
12 ~~to Section 47605.6 who reside in a basic aid school district, the~~
13 ~~sponsoring local educational agency means the school district of~~
14 ~~residence of the pupil. For purposes of this paragraph, "basic aid~~
15 ~~school district" means a school district that does not receive an~~
16 ~~apportionment of state funds pursuant to subdivision (h) of Section~~
17 ~~42238.~~

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

22 ~~SEC. 82. Section 47632 is added to the Education Code, to~~
23 ~~read:~~

24 ~~47632. (a) For purposes of this chapter, the following terms~~
25 ~~shall be defined as follows:~~

26 ~~(1) "General-purpose entitlement" means an amount computed~~
27 ~~by the local control funding formula pursuant to Section 42238.02,~~
28 ~~as implemented by Section 42238.03.~~

29 ~~(2) "General-purpose funding" means those funds that consist~~
30 ~~of state aid, local property taxes, and other revenues applied toward~~
31 ~~a school district's local control funding formula, pursuant to~~
32 ~~Section 42238.02, as implemented by Section 42238.03.~~

33 ~~(3) "Categorical aid" means aid that consists of state or federally~~
34 ~~funded programs, or both, which are apportioned for specific~~
35 ~~purposes set forth in statute or regulation.~~

36 ~~(4) "Educationally disadvantaged pupils" means those pupils~~
37 ~~who are eligible for subsidized meals pursuant to Section 49552~~
38 ~~or are identified as English learners pursuant to subdivision (a) of~~
39 ~~Section 306, or both.~~

1 (5) “Operational funding” means all funding except funding for
2 capital outlay.

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

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

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

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

11 (B) If a charter is granted by a county office of education after
12 having been previously denied by a school district, the sponsoring
13 local educational agency means the school district that initially
14 denied the charter petition.

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

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

27 (E) For pupils attending countywide charter schools pursuant
28 to Section 47605.6 who reside in a basic aid school district, the
29 sponsoring local educational agency means the school district of
30 residence of the pupil. For purposes of this paragraph, “basic aid
31 school district” means a school district that does not receive an
32 apportionment of state funds as described in subdivision (m) of
33 Section 42238.02.

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

35 SEC. 83. Section 47633 of the Education Code is amended to
36 read:

37 47633. The Superintendent shall annually compute a
38 general-purpose entitlement, funded from a combination of state
39 aid and local funds, for each charter school as follows:

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

8 ~~(1) Revenue limit funding attributable to pupils in kindergarten~~
9 ~~and grades 1 to 5, inclusive, shall equal the statewide average~~
10 ~~revenue limit funding per unit of average daily attendance received~~
11 ~~by elementary school districts; revenue limit funding attributable~~
12 ~~to pupils in grades 6, 7, and 8, shall equal the statewide average~~
13 ~~revenue limit funding per unit of average daily attendance received~~
14 ~~by unified school districts; and revenue limit funding attributable~~
15 ~~to pupils in grades 9 to 12, inclusive, shall equal the statewide~~
16 ~~average revenue limit funding per unit of average daily attendance~~
17 ~~received by high school districts.~~

18 ~~(2) Revenue limit funding received by school districts shall~~
19 ~~exclude the value of any benefit attributable to the presence of~~
20 ~~necessary small schools or necessary small high schools within~~
21 ~~the school district.~~

22 ~~(b) The Superintendent shall multiply each of the four amounts~~
23 ~~computed in subdivision (a) by the charter school's average daily~~
24 ~~attendance in the corresponding grade level ranges. The resulting~~
25 ~~figure shall be the amount of the charter school's general-purpose~~
26 ~~entitlement, which shall be funded through a combination of state~~
27 ~~aid and local funds. From funds appropriated for this purpose~~
28 ~~pursuant to Section 14002, the Superintendent shall apportion to~~
29 ~~each charter school this amount, less local funds allocated to the~~
30 ~~charter school pursuant to Section 47635 and any amount received~~
31 ~~pursuant to subparagraph (B) of paragraph (3) of subdivision (c)~~
32 ~~of Section 36 of Article XIII of the California Constitution.~~

33 ~~(c) General-purpose entitlement funding may be used for any~~
34 ~~public school purpose determined by the governing body of the~~
35 ~~charter school.~~

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

4 ~~47634.1. (a) Notwithstanding subdivision (a) of Section 47634,~~
5 ~~a categorical block grant for charter schools for the 2005–06 fiscal~~
6 ~~year shall be calculated as follows:~~

7 ~~(1) The Superintendent shall divide the total amount of funding~~
8 ~~appropriated for the purpose of this block grant in the annual~~
9 ~~Budget Act or another statute, less the total amount calculated in~~
10 ~~paragraph (2), by the statewide total of charter school average~~
11 ~~daily attendance, as determined at the second principal~~
12 ~~apportionment for the 2005–06 fiscal year.~~

13 ~~(2) The statewide average amount, as computed by the~~
14 ~~Superintendent, of funding per identified educationally~~
15 ~~disadvantaged pupil received by school districts in the current~~
16 ~~fiscal year pursuant to Article 2 (commencing with Section 54020)~~
17 ~~of Chapter 1 of Part 29. This amount shall be multiplied by the~~
18 ~~number of educationally disadvantaged pupils enrolled in the~~
19 ~~charter school. The resulting amount, if greater than zero, shall~~
20 ~~not be less than the minimum amount of economic impact aid~~
21 ~~funding to which a school district of similar size would be entitled~~
22 ~~pursuant to Section 54022. For purposes of this subdivision, a~~
23 ~~pupil who is eligible for subsidized meals pursuant to Section~~
24 ~~49552 and is identified as an English learner pursuant to~~
25 ~~subdivision (a) of Section 306 shall count as two pupils.~~

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

30 ~~(4) The Superintendent shall add the amounts computed in~~
31 ~~paragraphs (2) and (3). The resulting amount shall be the charter~~
32 ~~school categorical block grant that the Superintendent shall~~
33 ~~apportion to each charter school from funds appropriated for this~~
34 ~~purpose in the annual Budget Act or another statute. The~~
35 ~~Superintendent shall allocate an advance payment of this grant as~~
36 ~~early as possible, but no later than October 31, 2005, based on~~
37 ~~prior year average daily attendance as determined at the second~~
38 ~~principal apportionment or, for a charter school in its first year of~~
39 ~~operation that commences instruction on or before September 30,~~

1 2005, on estimates of average daily attendance for the current fiscal
2 year determined pursuant to Section 47652.

3 (b) (1) For the 2006–07 fiscal year, the categorical block grant
4 allocated by the Superintendent for charter schools shall be four
5 hundred dollars (\$400) per unit of charter school average daily
6 attendance as determined at the second principal apportionment
7 for the 2006–07 fiscal year. This amount shall be supplemented
8 by the amount calculated in paragraph (2):

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

18 (c) (1) For the 2007–08 fiscal year, the categorical block grant
19 allocated by the Superintendent for charter schools shall be five
20 hundred dollars (\$500) per unit of charter school average daily
21 attendance as determined at the second principal apportionment
22 for the 2007–08 fiscal year. For each fiscal year thereafter, this
23 per unit amount shall be adjusted for the cost-of-living adjustment,
24 as determined pursuant to Section 42238.1, for that fiscal year.
25 This amount shall be supplemented in the 2007–08 fiscal year and
26 each fiscal year thereafter by the amount calculated in paragraph
27 (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 year, pursuant to
31 Article 2 (commencing with Section 54020) of Chapter 1 of Part
32 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 (d) It is the intent of the Legislature to fully fund the categorical
38 block grant for charter schools as specified in this section and to
39 appropriate additional funding that may be needed in order to
40 compensate for unanticipated increases in average daily attendance

1 and counts of economic impact aid-eligible pupils, pursuant to
2 Article 2 (commencing with Section 54020) of Chapter 1 of Part
3 29, in charter schools. In any fiscal year in which the department
4 identifies a deficiency in the categorical block grant, the department
5 shall identify the available balance for programs that count towards
6 meeting the requirements of Section 8 of Article XVI of the
7 California Constitution and have unobligated funds for the year.
8 On or before July 1, the department shall provide the Department
9 of Finance with a list of those programs and their available
10 balances, and the amount of the deficiency, if any, in the categorical
11 block grant. Within 45 days of the receipt of a notification of
12 deficiency, the Director of Finance shall verify the amount of the
13 deficiency in the categorical block grant and direct the Controller
14 to transfer an amount, equal to the lesser of the amount available
15 or the amount needed to fully fund the categorical block grant,
16 from those programs to the categorical block grant. The Department
17 of Finance shall notify the Joint Legislative Budget Committee
18 within 30 days of any transfer made pursuant to this section.

19 (e) Commencing October 1, 2007, the Legislative Analyst's
20 Office shall triennially convene a work group to review,
21 commencing with appropriations proposed for the 2008-09 fiscal
22 year, the appropriateness of the funding level provided by the
23 categorical block grant established in this section.

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

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

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

32 SEC. 85. Section 49085 of the Education Code is amended to
33 read:

34 49085. (a) The department and the State Department of Social
35 Services shall develop and enter into a memorandum of
36 understanding that shall, at a minimum, require the State
37 Department of Social Services, at least once per week, to share
38 with the department both of the following:

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

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

5 ~~(b) To the extent allowable under federal law, the department~~
6 ~~shall regularly identify pupils in foster care and designate those~~
7 ~~pupils in the California Longitudinal Pupil Achievement Data~~
8 ~~System or any future data system used by the department to collect~~
9 ~~disaggregated pupil outcome data.~~

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

16 ~~(1) Individual schoolsite level and school district level~~
17 ~~educational outcome data for each local educational agency that~~
18 ~~enrolls at least 15 pupils in foster care, each county in which at~~
19 ~~least 15 pupils in foster care attend school, and for the entire state.~~

20 ~~(2) The number of pupils in foster care statewide and by each~~
21 ~~local educational agency.~~

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

23 ~~(4) The incidence of suspension and expulsion for pupils in~~
24 ~~foster care.~~

25 ~~(5) Truancy rates, attendance rates, and dropout rates for pupils~~
26 ~~in foster care.~~

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

29 ~~(1) Inform school districts and charter schools of any pupils~~
30 ~~enrolled in those school districts or charter schools who are in~~
31 ~~foster care.~~

32 ~~(2) Inform county offices of education of any pupils enrolled~~
33 ~~in schools in the county who are in foster care.~~

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

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

1 ~~SEC. 86. Section 52052 of the Education Code is amended to~~
2 ~~read:~~
3 ~~52052. (a) (1) The Superintendent, with approval of the state~~
4 ~~board, shall develop an Academic Performance Index (API), to~~
5 ~~measure the performance of schools, especially the academic~~
6 ~~performance of pupils.~~
7 ~~(2) A school shall demonstrate comparable improvement in~~
8 ~~academic achievement as measured by the API by all numerically~~
9 ~~significant pupil subgroups at the school, including:~~
10 ~~(A) Ethnic subgroups.~~
11 ~~(B) Socioeconomically disadvantaged pupils.~~
12 ~~(C) English learners.~~
13 ~~(D) Pupils with disabilities.~~
14 ~~(E) Pupils in foster care.~~
15 ~~(3) (A) For purposes of this section, except as specified in~~
16 ~~subparagraph (B), (C), or (D), a numerically significant pupil~~
17 ~~subgroup is one that meets both of the following criteria:~~
18 ~~(i) The subgroup consists of at least 30 pupils each of whom~~
19 ~~has a valid test score.~~
20 ~~(ii) The subgroup constitutes at least 15 percent of the total~~
21 ~~population of pupils at a school who have valid test scores.~~
22 ~~(B) If a subgroup does not constitute 15 percent of the total~~
23 ~~population of pupils at a school who have valid test scores, the~~
24 ~~subgroup may constitute a numerically significant pupil subgroup~~
25 ~~if it has at least 100 valid test scores.~~
26 ~~(C) For a subgroup of pupils in foster care, a numerically~~
27 ~~significant pupil subgroup is a subgroup that consists of at least~~
28 ~~15 pupils in foster care. For purposes of this sections “pupil in~~
29 ~~foster care” means a pupil who is under the jurisdiction of the~~
30 ~~juvenile court pursuant to Section 300, 601, or 602 of the Welfare~~
31 ~~and Institutions Code.~~
32 ~~(D) For a school with an API score that is based on no fewer~~
33 ~~than 11 and no more than 99 pupils with valid test scores,~~
34 ~~numerically significant pupil subgroups shall be defined by the~~
35 ~~Superintendent, with approval by the state board.~~
36 ~~(4) (A) The API shall consist of a variety of indicators currently~~
37 ~~reported to the department, including, but not limited to, the results~~
38 ~~of the achievement test administered pursuant to Section 60640,~~
39 ~~attendance rates for pupils in elementary schools, middle schools,~~

1 and secondary schools, and the graduation rates for pupils in
2 secondary schools.

3 (B) The Superintendent, with the approval of the state board,
4 may also incorporate into the API the rates at which pupils
5 successfully promote from one grade to the next in middle school
6 and high school, and successfully matriculate from middle school
7 to high school.

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

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

15 (ii) The number of pupils entering grade 9 for the first time in
16 the school year three school years before the current school year,
17 plus the number of pupils who transferred into the class graduating
18 at the end of the current school year between the school year that
19 was three school years before the current school year and the date
20 of graduation, less the number of pupils who transferred out of the
21 school between the school year that was three school years before
22 the current school year and the date of graduation who were
23 members of the class that is graduating at the end of the current
24 school year.

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

30 (iv) The number of pupils entering grade 9 for the first time in
31 the school year four years before the current school year, plus the
32 number of pupils who transferred into the class graduating at the
33 end of the current school year between the school year that was
34 four school years before the current school year and the date of
35 graduation, less the number of pupils who transferred out of the
36 school between the school year that was four years before the
37 current school year and the date of graduation who were members
38 of the class that is graduating at the end of the current school year.

39 (v) Six-year graduation rates shall be calculated by taking the
40 number of pupils who graduated on time for the current school

1 year, which is considered to be five school years after the pupils
2 entered grade 9 for the first time, and dividing that number by the
3 total calculated in clause (vi).

4 (vi) The number of pupils entering grade 9 for the first time in
5 the school year five years before the current school year, plus the
6 number of pupils who transferred into the class graduating at the
7 end of the current school year between the school year that was
8 five school years before the current school year and the date of
9 graduation, less the number of pupils who transferred out of the
10 school between the school year that was five years before the
11 current school year and the date of graduation who were members
12 of the class that is graduating at the end of the current school year.

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

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

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

21 (iii) Notwithstanding clauses (i) and (ii), schools shall be granted
22 full credit in their API scores for graduating in five or six years a
23 pupil with disabilities who graduates in accordance with his or her
24 individualized education program.

25 (E) The pupil data collected for the API that comes from the
26 achievement test administered pursuant to Section 60640 and the
27 high school exit examination administered pursuant to Section
28 60851, when fully implemented, shall be disaggregated by special
29 education status, English learners, socioeconomic status, gender,
30 and ethnic group. Only the test scores of pupils who were counted
31 as part of the enrollment in the annual data collection of the
32 California Basic Educational Data System for the current fiscal
33 year and who were continuously enrolled during that year may be
34 included in the test result reports in the API score of the school.

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

39 (ii) In addition to the elements required by this paragraph, the
40 Superintendent, with approval of the state board, may incorporate

1 into the index for secondary schools valid, reliable, and stable
2 measures of pupil preparedness for postsecondary education and
3 career.

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

7 (H) It is the intent of the Legislature that the state's system of
8 public school accountability be more closely aligned with both the
9 public's expectations for public education and the workforce needs
10 of the state's economy. It is therefore necessary that the
11 accountability system evolve beyond its narrow focus on pupil test
12 scores to encompass other valuable information about school
13 performance, including, but not limited to, pupil preparedness for
14 college and career, as well as the high school graduation rates
15 already required by law.

16 (I) The Superintendent shall annually determine the accuracy
17 of the graduation rate data. Notwithstanding any other law,
18 graduation rates for pupils in dropout recovery high schools shall
19 not be included in the API. For purposes of this subparagraph,
20 "dropout recovery high school" means a high school in which 50
21 percent or more of its pupils have been designated as dropouts
22 pursuant to the exit/withdrawal codes developed by the department
23 or left a school and were not otherwise enrolled in a school for a
24 period of at least 180 days.

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

31 (K) The Superintendent shall annually provide to local
32 educational agencies and the public a transparent and
33 understandable explanation of the individual components of the
34 API and their relative values within the API.

35 (L) An additional element chosen by the Superintendent and
36 the state board for inclusion in the API pursuant to this paragraph
37 shall not be incorporated into the API until at least one full school
38 year after the state board's decision to include the element into the
39 API.

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

4 (1) The standards-based achievement tests provided for in
5 Section 60642.5.

6 (2) The high school exit examination.

7 (c) Based on the API, the Superintendent shall develop, and the
8 state board shall adopt, expected annual percentage growth targets
9 for all schools based on their API baseline score from the previous
10 year. Schools are expected to meet these growth targets through
11 effective allocation of available resources. For schools below the
12 statewide API performance target adopted by the state board
13 pursuant to subdivision (d), the minimum annual percentage growth
14 target shall be 5 percent of the difference between the actual API
15 score of a school and the statewide API performance target, or one
16 API point, whichever is greater. Schools at or above the statewide
17 API performance target shall have, as their growth target,
18 maintenance of their API score above the statewide API
19 performance target. However, the state board may set differential
20 growth targets based on grade level of instruction and may set
21 higher growth targets for the lowest performing schools because
22 they have the greatest room for improvement. To meet its growth
23 target, a school shall demonstrate that the annual growth in its API
24 is equal to or more than its schoolwide annual percentage growth
25 target and that all numerically significant pupil subgroups, as
26 defined in subdivision (a), are making comparable improvement.

27 (d) Upon adoption of state performance standards by the state
28 board, the Superintendent shall recommend, and the state board
29 shall adopt, a statewide API performance target that includes
30 consideration of performance standards and represents the
31 proficiency level required to meet the state performance target.
32 When the API is fully developed, schools, at a minimum, shall
33 meet their annual API growth targets to be eligible for the
34 Governor's Performance Award Program as set forth in Section
35 52057. The state board may establish additional criteria that schools
36 must meet to be eligible for the Governor's Performance Award
37 Program.

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

1 ~~(2) A school annually shall receive an API score, unless the~~
2 ~~Superintendent determines that an API score would be an invalid~~
3 ~~measure of the performance of the school for one or more of the~~
4 ~~following reasons:~~

5 ~~(A) Irregularities in testing procedures occurred.~~

6 ~~(B) The data used to calculate the API score of the school are~~
7 ~~not representative of the pupil population at the school.~~

8 ~~(C) Significant demographic changes in the pupil population~~
9 ~~render year-to-year comparisons of pupil performance invalid.~~

10 ~~(D) The department discovers or receives information indicating~~
11 ~~that the integrity of the API score has been compromised.~~

12 ~~(E) Insufficient pupil participation in the assessments included~~
13 ~~in the API.~~

14 ~~(3) If a school has fewer than 100 pupils with valid test scores,~~
15 ~~the calculation of the API or adequate yearly progress pursuant to~~
16 ~~the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301~~
17 ~~et seq.) and federal regulations may be calculated over more than~~
18 ~~one annual administration of the tests administered pursuant to~~
19 ~~Section 60640 and the high school exit examination administered~~
20 ~~pursuant to Section 60851, consistent with regulations adopted by~~
21 ~~the state board.~~

22 ~~(f) Only schools with 100 or more test scores contributing to~~
23 ~~the API may be included in the API rankings.~~

24 ~~(g) The Superintendent, with the approval of the state board,~~
25 ~~shall develop an alternative accountability system for schools under~~
26 ~~the jurisdiction of a county board of education or a county~~
27 ~~superintendent of schools, community day schools, nonpublic,~~
28 ~~nonsectarian schools pursuant to Section 56366, and alternative~~
29 ~~schools serving high-risk pupils, including continuation high~~
30 ~~schools and opportunity schools. Schools in the alternative~~
31 ~~accountability system may receive an API score, but shall not be~~
32 ~~included in the API rankings.~~

33 ~~SEC. 87. Article 5 (commencing with Section 52060) is added~~
34 ~~to Chapter 6.1 of Part 28 of Division 4 of Title 2 of the Education~~
35 ~~Code, to read:~~

1 Article 5. Local Control and Accountability Plans

2
3 52060. (a) The governing board of each school district shall
4 adopt a local control and accountability plan using a template
5 adopted by the state board.

6 (b) ~~A local control and accountability plan adopted by a~~
7 ~~governing board of a school district shall be effective for a period~~
8 ~~of at least three years but no longer than five years.~~

9 (c) ~~On or before July 1 of each fiscal year, a governing board~~
10 ~~of a school district shall take action on a local control and~~
11 ~~accountability plan for the subsequent three to five fiscal years,~~
12 ~~inclusive, either by adopting a new local control and accountability~~
13 ~~plan or by approving an update to a plan the governing board of~~
14 ~~the school district has previously adopted.~~

15 (d) ~~A governing board of a school district shall update the local~~
16 ~~control and accountability plan if the governing board of the school~~
17 ~~district determines that changes in the composition of the base~~
18 ~~Academic Performance Index require the school district to take~~
19 ~~specific actions and use strategies that are not already included in~~
20 ~~the plan to meet the Academic Performance Index growth target~~
21 ~~for each school in the school district. If the governing board of the~~
22 ~~school district determines that an update is necessary, the governing~~
23 ~~board of the school district shall approve the update by November~~
24 ~~1 of the year in which the new base Academic Performance Index~~
25 ~~is released.~~

26 (e) ~~A governing board of a school district shall demonstrate that~~
27 ~~a local control and accountability plan approved by the governing~~
28 ~~board of the school district was developed in consultation with~~
29 ~~teachers, principals, administrators, other school personnel, parents,~~
30 ~~and pupils.~~

31 (f) ~~A governing board of a school district shall demonstrate that~~
32 ~~a local control and accountability plan approved by the governing~~
33 ~~board of the school district includes strategies to accelerate pupil~~
34 ~~progress toward academic proficiency and supports academic~~
35 ~~growth of pupils achieving at or above academic proficiency.~~

36 (g) ~~A governing board of a school district shall ensure that a~~
37 ~~local control and accountability plan is consistent with all school~~
38 ~~plans submitted pursuant to Section 64001 by a school district for~~
39 ~~schools within the school district.~~

1 ~~(h) Before adopting a local control and accountability plan or~~
2 ~~approving an update to an existing plan, a governing board of a~~
3 ~~school district shall hold at least one public hearing to solicit~~
4 ~~recommendations and opinions of members of the public regarding~~
5 ~~specific actions and strategies that should be included in the plan.~~
6 ~~The agenda for the public hearing shall be posted at least 72 hours~~
7 ~~before the public hearing and shall include the location where the~~
8 ~~local control and accountability plan will be available for public~~
9 ~~inspection. This public hearing shall be held at the same meeting~~
10 ~~as the public hearing required by paragraph (1) of subdivision (a)~~
11 ~~of Section 42127.~~

12 ~~(i) A governing board of a school district shall notify members~~
13 ~~of the public, using the most efficient method possible, of the~~
14 ~~opportunity to submit written recommendations and opinions~~
15 ~~regarding specific actions and strategies that should be included~~
16 ~~in the local control and accountability plan. This subdivision shall~~
17 ~~not be interpreted to require a school district to produce printed~~
18 ~~notices or to send notices by mail.~~

19 ~~(j) A governing board of a school district shall adopt a local~~
20 ~~control and accountability plan in a public meeting. This meeting~~
21 ~~shall be held after, but not on the same day as, the public hearing~~
22 ~~held pursuant to subdivision (h). This meeting shall be the same~~
23 ~~meeting during which the governing board of the school district~~
24 ~~considers a budget pursuant to paragraph (2) of subdivision (a) of~~
25 ~~Section 42127.~~

26 ~~(k) A governing board of a school district may adopt a revised~~
27 ~~local control and accountability plan if the governing board of the~~
28 ~~school district is required to adopt a revised budget. A revised~~
29 ~~local control and accountability plan shall be adopted at the same~~
30 ~~meeting that a revised budget is adopted.~~

31 ~~52060.5.— It is the intent of the Legislature to strengthen the~~
32 ~~accountability provisions proposed in this article in the following~~
33 ~~ways:~~

34 ~~(a) Ensure that supplemental funds generated by low income,~~
35 ~~English learner, and foster pupils are used to improve services to~~
36 ~~those pupils, and not to supplant existing resources dedicated to~~
37 ~~those pupils.~~

38 ~~(b) Provide authority for state entities, county entities, or both,~~
39 ~~to intervene in and support school districts that do not demonstrate~~
40 ~~improvements, across subgroups of pupils, toward achievement~~

1 of common core academic content standards and other state
2 standards and goals.

3 (e) Rescind flexibility provisions for school districts that do not
4 demonstrate improvements in outcomes across subgroups of pupils.

5 (d) Ensure more robust data collections for purposes of state
6 accountability systems and state and local oversight.

7 (e) Ensure that the majority of funds allocated through any
8 school funding formula are spent on services and programs with
9 direct benefits to pupils.

10 52061. (a) Not later than five days after adoption of a local
11 control and accountability plan or approval of an update to an
12 existing plan pursuant to Section 52060, the governing board of a
13 school district shall file the plan with the county superintendent
14 of schools. The plan shall be filed on the same day that the
15 governing board of the school district files the budget pursuant to
16 paragraph (2) of subdivision (a) of Section 42127.

17 (b) The county superintendent of schools shall do all of the
18 following:

19 (1) Examine if the plan adheres to the template adopted by the
20 state board pursuant to Section 52066 and includes all of the
21 components identified in subdivision (a) of Section 52064.

22 (2) Determine if the budget for the subsequent fiscal year
23 adopted by the governing board of the school district includes
24 expenditures sufficient to implement the specific actions and
25 strategies included in the local control and accountability plan
26 adopted by the governing board of the school district, based on
27 the projections of the costs included in the plan.

28 (3) In making the determinations pursuant to paragraphs (1) and
29 (2), consider input from teachers, principals, administrators, other
30 school personnel, parents, and pupils from the school district.

31 (4) (A) Post all local control and accountability plans submitted
32 by school districts and charter schools on the Internet Web site of
33 the county office of education.

34 (B) Forward all local control and accountability plans submitted
35 to the county superintendent of schools by school districts and
36 charter schools to the Superintendent for posting on the Internet
37 Web site of the department.

38 52062. (a) Each county superintendent of schools shall
39 develop, and each county board of education shall adopt, a local

1 ~~control and accountability plan using a template adopted by the~~
2 ~~state board.~~

3 ~~(b) A local control and accountability plan adopted by a county~~
4 ~~board of education shall be effective for a period of at least three~~
5 ~~years but no longer than five years.~~

6 ~~(c) On or before July 1 of each fiscal year, a county board of~~
7 ~~education shall take action on a local control and accountability~~
8 ~~plan for the subsequent three to five fiscal years, inclusive, either~~
9 ~~by adopting a new local control and accountability plan or by~~
10 ~~approving an update to a plan the county board of education has~~
11 ~~previously adopted.~~

12 ~~(d) A county superintendent of schools shall update and present~~
13 ~~to the county board of education for approval the local control and~~
14 ~~accountability plan if the county board of education determines~~
15 ~~that changes in the composition of the base Academic Performance~~
16 ~~Index require the county superintendent of schools to take specific~~
17 ~~actions and use strategies that are not already included in the plan~~
18 ~~to meet the Academic Performance Index growth target for each~~
19 ~~school operated by the county superintendent of schools. If the~~
20 ~~county board of education determines that an update is necessary,~~
21 ~~the county board of education shall approve the update by~~
22 ~~November 1 of the year in which the base Academic Performance~~
23 ~~Index is released.~~

24 ~~(e) A county superintendent of schools shall demonstrate that~~
25 ~~a local control and accountability plan was developed in~~
26 ~~consultation with teachers, principals, administrators, other school~~
27 ~~personnel, parents, and pupils. A county superintendent of schools~~
28 ~~also shall demonstrate that the superintendents of all school districts~~
29 ~~in the county were consulted in the development of the plan.~~

30 ~~(f) A county superintendent of schools shall demonstrate that a~~
31 ~~local control and accountability plan includes strategies to~~
32 ~~accelerate pupil progress toward academic proficiency and supports~~
33 ~~academic growth of pupils achieving at or above academic~~
34 ~~proficiency.~~

35 ~~(g) A local control and accountability plan shall be consistent~~
36 ~~with all school plans submitted pursuant to Section 64001 by the~~
37 ~~county superintendent of schools for schools operated by the county~~
38 ~~superintendent of schools.~~

39 ~~(h) Before adopting a local control and accountability plan or~~
40 ~~approving an update to an existing plan, a county board of~~

1 education shall hold at least one public hearing to solicit
2 recommendations and opinions of members of the public regarding
3 specific actions and strategies that should be included in the plan.
4 The agenda for that hearing shall be posted at least 72 hours before
5 the public hearing and shall include the location where the local
6 control and accountability plan will be available for public
7 inspection. The public hearing shall be held at the same meeting
8 as the public hearing required by Section 1620.

9 (i) A county board of education shall notify members of the
10 public, using the most efficient method possible, of the opportunity
11 to submit written recommendations and opinions regarding specific
12 actions and strategies that should be included in the local control
13 and accountability plan. This subdivision shall not be interpreted
14 to require a county board of education to produce printed notices
15 or to send notices by mail.

16 (j) A county board of education shall adopt a local control and
17 accountability plan in a public meeting. This meeting shall be held
18 after, but not on the same day as, the public hearing held pursuant
19 to subdivision (h). The meeting shall be the same meeting during
20 which a county board of education considers a budget pursuant to
21 Section 1620.

22 (k) A county board of education may adopt a revised local
23 control and accountability plan if the county board of education
24 is required to adopt a revised budget. A revised local control and
25 accountability plan shall be adopted at the same meeting that a
26 revised budget is adopted.

27 52063. (a) No later than five days after adoption of a local
28 control and accountability plan or approval of an update to an
29 existing plan pursuant to Section 52062 by a county board of
30 education, the county superintendent of schools shall file the plan
31 with the Superintendent, the county board of supervisors, and the
32 county auditor. The plan shall be filed on the same day that the
33 county superintendent of schools files the budget pursuant to
34 subdivision (a) of Section 1622.

35 (b) The Superintendent shall do all of the following:

36 (1) Examine if the plan adheres to the template adopted by the
37 state board pursuant to Section 52066 and includes all of the
38 components identified in subdivision (a) of Section 52064.

39 (2) Determine if the budget for the subsequent fiscal year
40 adopted by the county board of education includes expenditures

1 sufficient to implement the specific actions and strategies included
2 in the local control and accountability plan adopted by the county
3 board of education, based on the projections of the costs included
4 in the plan.

5 (3) In making the determinations pursuant to paragraphs (1) and
6 (2), consider input from teachers, principals, administrators, other
7 school personnel, parents, and pupils in the county.

8 (e) The Superintendent shall post all local control and
9 accountability plans submitted to it by county superintendents of
10 schools on its Internet Web site. The Superintendent shall also
11 post all local control and accountability plans submitted by school
12 districts and charter schools to county superintendents of schools
13 on its Internet Web site.

14 52064. (a) A local control and accountability plan adopted by
15 a governing board of a school district or a county board of
16 education shall identify goals and describe the specific actions the
17 school district or county superintendent of schools will take and
18 strategies that will be used to achieve all of the following:

19 (1) Implement, for all pupils, the content standards adopted by
20 the state board pursuant to Sections 60605.8, 60605.10, and
21 60605.11.

22 (2) Increase the Academic Performance Index and performance
23 on statewide assessments pursuant to Article 4 (commencing with
24 Section 60640) of Chapter 5 of Part 33, other national assessments,
25 statewide assessments, and appropriate local assessments, for each
26 school and for each numerically significant pupil subgroup pursuant
27 to Section 52052, and reduce gaps in the Academic Performance
28 Index and other measures of pupil achievement between
29 numerically significant pupil subgroups, as evidenced by the results
30 of statewide assessments pursuant to Article 4 (commencing with
31 Section 60640) of Chapter 5 of Part 33, other national assessments,
32 statewide assessments, and appropriate local assessments.

33 (3) Significantly improve pupil achievement of the content
34 standards adopted by the state board pursuant to Sections 60605,
35 60605.2, 60605.3, 60605.8, and 60605.85, at all grade levels, as
36 evidenced by the results of statewide assessments pursuant to
37 Article 4 (commencing with Section 60640) of Chapter 5 of Part
38 33, other national assessments, statewide assessments, and
39 appropriate local assessments.

- 1 ~~(4) Increase high school graduation rates as measured by the~~
2 ~~California Longitudinal Pupil Achievement Data System and the~~
3 ~~school district level data system, if a school district or a county~~
4 ~~superintendent of schools enrolls high school pupils, increase~~
5 ~~attendance rates, and reduce dropout rates.~~
6 ~~(5) Increase the percentage of pupils who have successfully~~
7 ~~completed each of the following:~~
8 ~~(A) Courses that satisfy the requirements for entrance to the~~
9 ~~University of California and the California State University.~~
10 ~~(B) Advanced placement courses.~~
11 ~~(C) Sequences or clusters of courses that meet the requirements~~
12 ~~of subdivision (a) of Section 52302 and align with the state~~
13 ~~board-approved career technical education standards and~~
14 ~~frameworks.~~
15 ~~(6) Identify and address needs of pupils, and schools~~
16 ~~predominantly serving pupils, who meet any of the following~~
17 ~~definitions:~~
18 ~~(A) Pupils who have been classified as an English learner~~
19 ~~pursuant to Section 52164. Information regarding services for~~
20 ~~English learners shall include elements of the master plan for~~
21 ~~English learners developed pursuant to Section 41976.3.~~
22 ~~(B) Pupils who qualify for the free and reduced-price meal~~
23 ~~program pursuant to Section 49552.~~
24 ~~(C) Foster children as defined in Sections 300, 601, and 602 of~~
25 ~~the Welfare and Institutions Code.~~
26 ~~(D) Pupils enrolled in a juvenile court school operated by a~~
27 ~~county superintendent of schools pursuant to subdivision (a) of~~
28 ~~Section 48645.2, if applicable.~~
29 ~~(7) Remedy deficiencies in any school in the school district or~~
30 ~~any school operated by the county board of education and improve~~
31 ~~school conditions in any of the areas included in paragraphs (5),~~
32 ~~(6), and (8) of subdivision (b) of Section 33126. This includes~~
33 ~~ensuring access for each pupil to the following:~~
34 ~~(A) Sufficient textbooks and instructional materials.~~
35 ~~(B) Safe, clean, and adequate school facilities.~~
36 ~~(C) Qualified teachers.~~
37 ~~(8) Provide meaningful opportunities for parent involvement,~~
38 ~~including, at a minimum, supporting effective schoolsite councils~~
39 ~~or other structures at each school and advisory panels to the~~
40 ~~governing board of the school district or the county board of~~

1 education or, if parents so choose, creating other processes or
2 structures, such as creating the role of an ombudsman for parents,
3 to address complaints and other issues raised by parents.

4 (9) Improve the school district's college entrance rate, as
5 measured by the National Student Clearinghouse or other
6 state-approved pupil data tracking system if a school district or
7 county superintendent of schools enrolls high school pupils.

8 (10) Improve the number of pupils who enter technical school
9 after graduation, as measured by the National Student
10 Clearinghouse or other state-approved pupil data tracking system,
11 or who graduate prepared to enter high-wage, high-skill
12 occupations if a school district or county superintendent of schools
13 enrolls high school pupils.

14 (b) A local control and accountability plan developed by a
15 county superintendent of schools and approved by a county board
16 of education shall also include, in addition to the elements included
17 in subdivision (a), goals related to addressing countywide needs,
18 and describe specific actions and strategies to do all of the
19 following:

20 (1) Conduct effective oversight of school districts pursuant to
21 Article 2 (commencing with Section 1240) of Chapter 2 of Part 2
22 of Division 1 of Title 1 and Chapter 6 (commencing with Section
23 42100) of Part 24 of Division 3 of Title 2.

24 (2) Provide support to school districts in the county, including
25 support related to school district operations, educational
26 technology, and professional development, and guidance to school
27 districts related to curriculum and instructional practices.

28 (3) Coordinate instruction for expelled pupils pursuant to Section
29 48926.

30 (c) A local control and accountability plan shall include an
31 analysis of both the following:

32 (1) Pupil achievement of those pupils enrolled in schools in a
33 school district or schools operated by a county superintendent of
34 schools at the time the plan is adopted by the governing board of
35 the school district or the county board of education.

36 (2) If a governing board of a school district or a county board
37 of education previously has adopted a local control and
38 accountability plan, progress made in implementing the goals
39 identified in the plan in effect immediately before the adoption of

1 a new plan by the governing board of the school district or the
2 county board of education:

3 (d) For purposes of conducting the analysis required by
4 subdivision (c), a governing board of a school district or a county
5 superintendent of schools may consider qualitative information,
6 including reviews conducted by panels of experts during visits to
7 schools in the school district or schools operated by the county
8 office of education:

9 (e) Data reported in a local control and accountability plan shall
10 be consistent with information reported on school accountability
11 report cards for schools in a school district or schools operated by
12 a county superintendent of schools:

13 (f) (1) A local control and accountability plan shall include
14 projections of the costs of implementing the specific actions and
15 strategies included in the plan. Expenditures that reflect these cost
16 projections shall be included in the budget adopted by the
17 governing board of the school district pursuant to Section 42127.

18 (2) A local control and accountability plan shall demonstrate
19 fiscal solvency, as measured by the standards and criteria adopted
20 by the state board pursuant to Section 33127 and implementing
21 regulations:

22 (g) A local control and accountability plan adopted by a
23 governing board of a school district shall document all of the
24 following:

25 (1) For those fiscal years in which it is anticipated that the school
26 district will receive less funding than is calculated under the local
27 control funding formula pursuant to Section 42238.02, as
28 implemented by Section 42238.03, a projection of the total funding
29 required for the specific actions the school district will take and
30 strategies that will be used to implement paragraph (6) of
31 subdivision (a), divided by the average daily attendance of the
32 pupils for whom any of the definitions included in paragraph (6)
33 of subdivision (a) apply. This amount of funding shall not be less
34 than the total expenditures from the sources included in paragraphs
35 (1) to (3), inclusive, of subdivision (h) of Section 42238.02 during
36 the 2013–14 fiscal year for services for pupils for whom any of
37 the definitions included in paragraph (6) of subdivision (a) applied
38 during the 2013–14 fiscal year, divided by the average daily
39 attendance of these students during the 2013–14 fiscal year.

1 ~~(2) For those fiscal years in which it is anticipated that the school~~
2 ~~district will receive funding equal to or greater than the amount~~
3 ~~calculated under the local control funding formula pursuant to~~
4 ~~Section 42238.02, as implemented by Section 42238.03, a~~
5 ~~projection of the total funding required for the specific actions the~~
6 ~~school district will take and strategies that will be used to~~
7 ~~implement paragraph (6) of subdivision (a), divided by the average~~
8 ~~daily attendance of the pupils to whom any of the definitions~~
9 ~~included in paragraph (6) of subdivision (a) is applicable. This~~
10 ~~funding shall not be less than the supplemental grants the governing~~
11 ~~board of the school district projects receiving pursuant to~~
12 ~~subdivision (c) of Section 42238.02, divided by the average daily~~
13 ~~attendance of the pupils to whom any of the definitions included~~
14 ~~in paragraph (6) of subdivision (a) is applicable.~~

15 ~~(h) A local control and accountability plan adopted by a county~~
16 ~~board of education shall document all of the following:~~

17 ~~(1) For those fiscal years in which it is anticipated that the~~
18 ~~county office of education will receive less funding than is~~
19 ~~calculated under the county local control funding formula pursuant~~
20 ~~to Section 2574, a projection of the total funding required for the~~
21 ~~specific actions the county superintendent of schools will take and~~
22 ~~strategies that will be used to implement paragraph (6) of~~
23 ~~subdivision (a), divided by the average daily attendance of the~~
24 ~~pupils to whom any of the definitions included in paragraph (6)~~
25 ~~of subdivision (a) is applicable. This amount of funding shall not~~
26 ~~be less than the total amount received for the 2013–14 fiscal year~~
27 ~~from funds allocated pursuant to the Targeted Instructional~~
28 ~~Improvement Block Grant program, as set forth in Article 6~~
29 ~~(commencing with Section 41540) of Chapter 3.2 of Part 24 of~~
30 ~~Division 3 of Title 2, as that article read on January 1, 2014, for~~
31 ~~services for pupils to whom any of the definitions included in~~
32 ~~paragraph (6) of subdivision (a) applied during the 2013–14 fiscal~~
33 ~~year, divided by the average daily attendance of these pupils during~~
34 ~~the 2013–14 fiscal year.~~

35 ~~(2) For those fiscal years in which it is anticipated that the~~
36 ~~county office of education will receive funding equal to or greater~~
37 ~~than the amount calculated under the county local control funding~~
38 ~~formula pursuant to Section 2574, a projection of the total funding~~
39 ~~required for the specific actions the county superintendent of~~
40 ~~schools will take and strategies that will be used to implement~~

1 paragraph (6) of subdivision (a), divided by the average daily
2 attendance of the pupils to whom any of the definitions included
3 in paragraph (6) of subdivision (a) is applicable. This funding shall
4 not be less than the supplemental grants the county board of
5 education projects receiving pursuant to subdivision (c) of Section
6 2574, divided by the average daily attendance of the pupils to
7 whom any of the definitions included in paragraph (6) of
8 subdivision (a) is applicable.

9 (i) A local control and accountability plan shall account for the
10 funds provided to charter schools that elect to receive funding
11 through the school district or the county office of education
12 pursuant to Section 47651.

13 (j) A local control and accountability plan shall include
14 measurable outcomes to demonstrate achievement of the elements
15 identified in paragraphs (1) to (10), inclusive, of subdivision (a);
16 using as a baseline pupil achievement at the time the local control
17 and accountability plan is adopted.

18 52065. (a) The governing body of a charter school that elects
19 to receive its funding directly, pursuant to Section 47651, shall
20 adopt a local control and accountability plan using a template
21 adopted by the state board.

22 (b) Notwithstanding Section 52064, a local control and
23 accountability plan adopted by the governing body of a charter
24 school shall identify specific steps the charter school will take and
25 strategies that will be used to accomplish the goals identified in
26 the charter petition granted pursuant to Sections 47605, 47605.5,
27 47605.6, 47605.8, and 47606.

28 (c) A local control and accountability plan adopted by a
29 governing body of a charter school shall be effective for a period
30 of at least three years but no longer than five years.

31 (d) On or before July 1 of each fiscal year, a governing body of
32 a charter school shall take action on a local control and
33 accountability plan for the subsequent fiscal year, either by
34 adopting a new local control and accountability plan or by
35 approving an update to a plan the charter school has previously
36 adopted. The plan shall be submitted to the charter school's
37 chartering authority and the county superintendent of schools, or
38 only to the county superintendent of schools if the county board
39 of education is the chartering authority, on the same day that the

1 charter school submits its preliminary budget pursuant to paragraph
2 (1) of subdivision (a) of Section 47604.33.

3 ~~52065.5. (a) On or before July 1, 2015, the Superintendent~~
4 ~~shall develop and the state board shall adopt a system of assistance~~
5 ~~and interventions that shall be implemented in either, or both, of~~
6 ~~the following circumstances:~~

7 ~~(1) If a county office of education, school district, or charter~~
8 ~~school requests information, and technical and programmatic~~
9 ~~assistance:~~

10 ~~(2) If a county office of education, school district, or charter~~
11 ~~school, over a two-year period, fails to accomplish the pupil~~
12 ~~achievement goals specified in its local control and accountability~~
13 ~~plan.~~

14 ~~(b) The system of assistance and interventions shall be available~~
15 ~~for implementation on or before July 1, 2017, and shall include~~
16 ~~meaningful incentives and consequences, including, but not limited~~
17 ~~to, loss of local governing and policymaking authority. The system~~
18 ~~of assistance and interventions may also include, but is not limited~~
19 ~~to, development of a carefully selected and trained statewide or~~
20 ~~regional group of experts and practitioners, or both, to assist county~~
21 ~~offices of education, school districts, and charter schools in~~
22 ~~developing the local capacity to meet the educational needs of all~~
23 ~~pupils.~~

24 ~~(c) If the system of assistance and interventions requires~~
25 ~~statutory changes, the Superintendent, on or before January 1,~~
26 ~~2015, shall submit the proposed statutory changes to the appropriate~~
27 ~~policy and fiscal committees of the Legislature for consideration.~~

28 ~~52066. (a) The state board shall adopt a template for use by~~
29 ~~school districts and a separate template for use by county~~
30 ~~superintendents of schools that includes the elements identified in~~
31 ~~Section 52064.~~

32 ~~(b) The state board shall also adopt a template for use by charter~~
33 ~~schools to satisfy the requirements of Section 52065.~~

34 ~~(c) The templates developed by the state board shall allow a~~
35 ~~school district, county superintendent of schools, or charter school~~
36 ~~to complete a single local control and accountability plan to meet~~
37 ~~the requirements of this article and the requirements of the federal~~
38 ~~Elementary and Secondary Education Act related to local~~
39 ~~educational agency plans pursuant to Section 1112 of Subpart 1~~
40 ~~of Part A of Title I of Public Law 107-110. The state board shall~~

1 also take steps to minimize duplication of effort at the local level
2 to the greatest extent possible.

3 ~~(d) If possible, the template identified in subdivision (a) for use
4 by county superintendents of schools shall allow a county
5 superintendent of schools to develop a single local control and
6 accountability plan that would also satisfy the requirements of
7 Section 48926.~~

8 ~~(e) The state board shall approve the templates identified in
9 subdivisions (a) and (b) by January 30, 2015. Revisions to the
10 templates shall be approved by the state board by January 1 before
11 the fiscal year during which a template is to be used by a school
12 district, county superintendent of schools, or charter school.~~

13 ~~(f) The state board shall demonstrate that the templates identified
14 in subdivisions (a) and (b) were developed in consultation with
15 teachers, principals, administrators, other school personnel, parents,
16 and pupils.~~

17 ~~(g) Before adopting a template or approving an update to an
18 existing template, the state board shall hold at least one public
19 hearing to solicit recommendations and opinions of members of
20 the public regarding elements of the template. The agenda for the
21 public hearing shall be posted at least 72 hours before the public
22 hearing and shall include the location where the template will be
23 available for public inspection.~~

24 ~~(h) The state board shall notify members of the public, using
25 the most efficient method possible, of the opportunity to submit
26 written recommendations and opinions regarding the elements of
27 the template. This subdivision shall not be interpreted to require
28 the state board to produce printed notices or to send notices by
29 mail.~~

30 ~~(i) The state board shall adopt a template in a public meeting.
31 This meeting shall be held after, but not on the same day as, the
32 public hearing held pursuant to subdivision (g).~~

33 ~~(j) The adoption of a template by the state board shall not create
34 a requirement for a governing board of a school district, a county
35 board of education, or a governing body of a charter school to
36 submit a local control and accountability plan to the state board,
37 unless otherwise required by federal law. The state board may
38 adopt a template that would authorize a school district or a charter
39 school to submit to the state board only the sections of the local
40 control and accountability plan required by federal law.~~

1 ~~(k) The state board may adopt emergency regulations for~~
2 ~~purposes of implementing this section.~~

3 ~~52067. This article shall become operative on July 1, 2014.~~

4 ~~SEC. 88. Section 60902 is added to the Education Code, to~~
5 ~~read:~~

6 ~~60902. The department shall not add data elements to the~~
7 ~~California Longitudinal Pupil Achievement Data System in~~
8 ~~addition to those required by this chapter and shall not require~~
9 ~~local educational agencies to use the data collected through the~~
10 ~~California Longitudinal Pupil Achievement Data System except~~
11 ~~for either of the following purposes:~~

12 ~~(a) To implement changes to the Academic Performance Index~~
13 ~~pursuant to subparagraph (F) of paragraph (4) of subdivision (a)~~
14 ~~of Section 52052.~~

15 ~~(b) To provide a data element or elements necessary to develop~~
16 ~~the local control and accountability template pursuant to Section~~
17 ~~52066, as determined by the state board.~~

18 ~~SEC. 89. On or before March 1, 2014, the Legislative Analyst's~~
19 ~~Office shall submit recommendations to the fiscal committees of~~
20 ~~both houses of the Legislature regarding revisions to the methods~~
21 ~~of funding pupil transportation that address historical funding~~
22 ~~inequities across school districts and improve incentives for local~~
23 ~~educational agencies to provide efficient and effective pupil~~
24 ~~transportation services.~~

25 ~~SEC. 90. If the Commission on State Mandates determines~~
26 ~~that this act contains costs mandated by the state, reimbursement~~
27 ~~to local agencies and school districts for those costs shall be made~~
28 ~~pursuant to Part 7 (commencing with Section 17500) of Division~~
29 ~~4 of Title 2 of the Government Code.~~

30 ~~SEC. 91. The provisions of this bill shall become operative~~
31 ~~only if both of the following occur:~~

32 ~~(a) Senate Bill 344 of the 2013-14 Regular Session of the~~
33 ~~Legislature is enacted and it relates to educational accountability~~
34 ~~for English learner programs and services.~~

35 ~~(b) Senate Bill 660 of the 2013-14 Regular Session of the~~
36 ~~Legislature is enacted and it relates to career technical education.~~