

ASSEMBLY BILL

No. 1297

Introduced by Assembly Member Achadjian

February 27, 2015

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

LEGISLATIVE COUNSEL'S DIGEST

AB 1297, as introduced, Achadjian. School finance: local control funding formula.

Existing law establishes a public school financing system that requires state funding for county superintendents of schools, school districts, and charter schools to be calculated pursuant to a local control funding formula, as specified.

This bill would make nonsubstantive changes to that provision.

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

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

- 1 SECTION 1. Section 42238.02 of the Education Code is
- 2 amended to read:
- 3 42238.02. (a) The amount computed pursuant to this section
- 4 shall be known as the school district and charter school local
- 5 control funding formula.
- 6 (b) (1) For purposes of this section “unduplicated pupil” means
- 7 a pupil enrolled in a school district or a charter school who is either
- 8 classified as an English learner, eligible for a free or reduced-price

meal, or is a foster youth. A pupil shall be counted only once for purposes of this section if any of the following apply:

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

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

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

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

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

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

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

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

1 counts to ensure the accuracy of data reflected in the California
2 Longitudinal Pupil Achievement Data System.

3 (5) The Superintendent shall annually compute the percentage
4 of unduplicated pupils for each school district and charter school
5 by dividing the enrollment of unduplicated pupils in a school
6 district or charter school by the total enrollment in that school
7 district or charter school pursuant to all of the following:

8 (A) For the 2013–14 fiscal year, divide the sum of unduplicated
9 pupils for the 2013–14 fiscal year by the sum of the total pupil
10 enrollment for the 2013–14 fiscal year.

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

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

18 (D) (i) For purposes of the quotients determined pursuant to
19 subparagraphs (B) and (C), the Superintendent shall use a school
20 district's or charter school's enrollment of unduplicated pupils and
21 total pupil enrollment in the 2014–15 fiscal year instead of the
22 enrollment of unduplicated pupils and total pupil enrollment in
23 the 2013–14 fiscal year if doing so would yield an overall greater
24 percentage of unduplicated pupils.

25 (ii) It is the intent of the Legislature to review each school
26 district and charter school's enrollment of unduplicated pupils for
27 the 2013–14 and 2014–15 fiscal years and provide one-time
28 funding, if necessary, for a school district or charter school with
29 higher enrollment of unduplicated pupils in the 2014–15 fiscal
30 year as compared to the 2013–14 fiscal year.

31 (6) The data used to determine the percentage of unduplicated
32 pupils shall be final once that data is no longer used in the current
33 fiscal year calculation of the percentage of unduplicated pupils.
34 This paragraph does not apply to a change that is the result of an
35 audit that has been appealed pursuant to Section 41344.

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

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

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

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

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

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

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

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

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

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

(i) Determine a school district's average class enrollment for each schoolsite for kindergarten and grades 1 to 3, inclusive, in

1 the prior year. For the 2013–14 fiscal year, this amount shall be
2 the average class enrollment for each schoolsite for kindergarten
3 and grades 1 to 3, inclusive, in the 2012–13 fiscal year.

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

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

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

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

16 (C) School districts that have an average class enrollment for
17 each schoolsite for kindergarten and grades 1 to 3, inclusive, of
18 24 pupils or less for each schoolsite in the 2012–13 fiscal year,
19 shall be exempt from the requirements of subparagraph (B) so long
20 as the school district continues to maintain an average class
21 enrollment for each schoolsite for kindergarten and grades 1 to 3,
22 inclusive, of not more than 24 pupils, unless a collectively
23 bargained alternative ratio is agreed to by the school district.

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

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

35 (F) The Controller shall include the instructions necessary to
36 enforce this paragraph in the audit guide required by Section
37 14502.1. The instructions shall include, but are not necessarily
38 limited to, procedures for determining if the average class
39 enrollment for each schoolsite for kindergarten and grades 1 to 3,
40 inclusive, exceeds 24 pupils, or an alternative average class

1 enrollment for each schoolsite pursuant to a collectively bargained
2 alternative ratio. The procedures for determining average class
3 enrollment for each schoolsite shall include criteria for employing
4 sampling.

5 (4) The Superintendent shall compute an additional adjustment
6 to the base grant for grades 9 to 12, inclusive, as adjusted for
7 inflation pursuant to paragraph (2), equal to 2.6 percent. The
8 additional grant shall be calculated by multiplying the base grant
9 for grades 9 to 12, inclusive, as adjusted by paragraph (2), by 2.6
10 percent.

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

25 (f) (1) The Superintendent shall compute a concentration grant
26 add-on equal to 50 percent of the base grants as specified in
27 subparagraphs (A) to (D), inclusive, of paragraph (1) of subdivision
28 (d), as adjusted by paragraphs (2) to (4), inclusive, of subdivision
29 (d), for each school district's or charter school's percentage of
30 unduplicated pupils calculated pursuant to paragraph (5) of
31 subdivision (b) in excess of 55 percent of the school district's or
32 charter school's total enrollment. The concentration grant shall be
33 calculated by multiplying the base grants as specified in
34 subparagraphs (A) to (D), inclusive, of paragraph (1) of subdivision
35 (d), as adjusted by paragraphs (2) to (4), inclusive, of subdivision
36 (d), by 50 percent and by the percentage of unduplicated pupils
37 calculated pursuant to paragraph (5) of subdivision (b) in excess
38 of 55 percent of the total enrollment in that school district or charter
39 school.

(2) (A) For a charter school physically located in only one school district, the percentage of unduplicated pupils calculated pursuant to paragraph (5) of subdivision (b) in excess of 55 percent used to calculate concentration grants shall not exceed the percentage of unduplicated pupils calculated pursuant to paragraph (5) of subdivision (b) in excess of 55 percent of the school district in which the charter school is physically located. For a charter school physically located in more than one school district, the charter school's percentage of unduplicated pupils calculated pursuant to paragraph (5) of subdivision (b) in excess of 55 percent used to calculate concentration grants shall not exceed that of the school district with the highest percentage of unduplicated pupils calculated pursuant to paragraph (5) of subdivision (b) in excess of 55 percent of the school districts in which the charter school has a school facility. The concentration grant shall be expended in accordance with the regulations adopted pursuant to Section 42238.07.

(B) For purposes of this paragraph and subparagraph (A) of paragraph (1) of subdivision (f) of Section 42238.03, a charter school shall report its physical location to the department under timeframes established by the department. For a charter school authorized by a school district, the department shall include the authorizing school district in the department's determination of physical location. For a charter school authorized on appeal pursuant to subdivision (j) of Section 47605, the department shall include the sponsoring school district in the department's determination of physical location. The reported physical location of the charter school shall be considered final as of the second principal apportionment for that fiscal year. For purposes of this paragraph, the percentage of unduplicated pupils of the school district associated with the charter school pursuant to subparagraph (A) shall be considered final as of the second principal apportionment for that fiscal year.

(g) The Superintendent shall compute an add-on to the total sum of a school district's or charter school's base, supplemental, and concentration grants equal to the amount of funding a school district or charter school received from funds allocated pursuant to the Targeted Instructional Improvement Block Grant program, as set forth in Article 6 (commencing with Section 41540) of Chapter 3.2, for the 2012–13 fiscal year, as that article read on

1 January 1, 2013. A school district or charter school shall not receive
2 a total funding amount from this add-on greater than the total
3 amount of funding received by the school district or charter school
4 from that program in the 2012–13 fiscal year. The amount
5 computed pursuant to this subdivision shall reflect the reduction
6 specified in paragraph (2) of subdivision (a) of Section 42238.03.

7 (h) The Superintendent shall compute an add-on to the total
8 sum of a school district's or charter school's base, supplemental,
9 and concentration grants equal to the amount of funding a school
10 district or charter school received from funds allocated pursuant
11 to the Home-to-School Transportation program, as set forth in
12 former Article 2 (commencing with Section 39820) of Chapter 1
13 of Part 23.5, former Article 10 (commencing with Section 41850)
14 of Chapter 5, and the Small School District Transportation
15 program, as set forth in former Article 4.5 (commencing with
16 Section 42290), for the 2012–13 fiscal year. A school district or
17 charter school shall not receive a total funding amount from this
18 add-on greater than the total amount received by the school district
19 or charter school for those programs in the 2012–13 fiscal year.
20 The amount computed pursuant to this subdivision shall reflect
21 the reduction specified in paragraph (2) of subdivision (a) of
22 Section 42238.03.

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

26 (A) For school districts, the average daily attendance of the
27 school district in the corresponding grade level ranges computed
28 pursuant to Section 42238.05, excluding the average daily
29 attendance computed pursuant to paragraph (2) of subdivision (a)
30 of Section 42238.05 for purposes of the computation specified in
31 subdivision (d).

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

34 (2) The amount computed pursuant to Article 4 (commencing
35 with Section 42280) shall be added to the amount computed
36 pursuant to paragraphs (1) to (4), inclusive, of subdivision (d), as
37 multiplied by subparagraph (A) or (B) of paragraph (1), as
38 appropriate.

39 (j) The Superintendent shall adjust the sum of each school
40 district's or charter school's amount determined in subdivisions

(g) to (i), inclusive, pursuant to the calculation specified in Section 42238.03, less the sum of the following:

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

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

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

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

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

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

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

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

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

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

(l) (1) Nothing in this section shall be interpreted to authorize a school district that receives funding on behalf of a charter school pursuant to Section 47651 to redirect this funding for another purpose unless otherwise authorized in law pursuant to paragraph

1 (2) or pursuant to an agreement between the charter school and its
2 chartering authority.

3 (2) A school district that received funding on behalf of a locally
4 funded charter school in the 2012–13 fiscal year pursuant to
5 paragraph (2) of subdivision (b) of Section 42605, Section 42606,
6 and subdivision (b) of Section 47634.1, as those sections read on
7 January 1, 2013, or a school district that was required to pass
8 through funding to a conversion charter school in the 2012–13
9 fiscal year pursuant to paragraph (2) of subdivision (b) of Section
10 42606, as that section read on January 1, 2013, may annually
11 redirect for another purpose a percentage of the amount of the
12 funding received on behalf of that charter school. The percentage
13 of funding that may be redirected shall be determined pursuant to
14 the following computation:

15 (A) (i) Determine the sum of the need fulfilled for that charter
16 school pursuant to paragraph (3) of subdivision (b) of Section
17 42238.03 in the then current fiscal year for the charter school.

18 (ii) Determine the sum of the need fulfilled in every fiscal year
19 before the then current fiscal year pursuant to paragraph (3) of
20 subdivision (b) of Section 42238.03 adjusted for changes in average
21 daily attendance pursuant to paragraph (3) of subdivision (a) of
22 Section 42238.03 for the charter school.

23 (iii) Subtract the amount computed pursuant to paragraphs (1)
24 to (3), inclusive, of subdivision (a) of Section 42238.03 from the
25 amount computed for that charter school under the local control
26 funding formula entitlement computed pursuant to subdivision (i)
27 of ~~Section 42238.02~~; *this section*.

28 (iv) Compute a percentage by dividing the sum of the amounts
29 computed to clauses (i) and (ii) by the amount computed pursuant
30 to clause (iii).

31 (B) Multiply the percentage computed pursuant to subparagraph
32 (A) by the amount of funding the school district received on behalf
33 of the charter school in the 2012–13 fiscal year pursuant to
34 paragraph (2) of subdivision (b) of Section 42605, Section 42606,
35 and subdivision (b) of Section 47634.1, as those sections read on
36 January 1, 2013.

37 (C) The maximum amount that may be redirected shall be the
38 lesser of the amount of funding the school district received on
39 behalf of the charter school in the 2012–13 fiscal year pursuant to
40 paragraph (2) of subdivision (b) of Section 42605, Section 42606,

1 and subdivision (b) of Section 47634.1, as those sections read on
2 January 1, 2013, or the amount computed pursuant to subparagraph
3 (B).

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

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

17 (n) The funds apportioned pursuant to this section and Section
18 42238.03 shall be available to implement the activities required
19 pursuant to Article 4.5 (commencing with Section 52060) of
20 Chapter 6.1 of Part 28 of Division ~~4 of Title 2~~ 4.

21 (o) 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 pursuant to the
24 requirements of subparagraph (A) of paragraph (2) of subdivision
25 (e) of Section 42238.03, shall be considered a “basic aid school
26 district” or an “excess tax entity.”