AMENDED IN ASSEMBLY JUNE 16, 2015

SENATE BILL No. 78

Introduced by Committee on Budget and Fiscal Review

January 9, 2015

~~An act relating to the Budget Act of 2015.~~ *An act to amend Sections 1240, 1622, 1623, 1624, 35160.5, 35736, 35757, 41203.7, 41320.1, 41329.55, 41341, 41344, 41376, 41376.1, 41544, 42127, 42127.1, 42127.2, 42127.3, 42127.8, 42238.01, 42280, 42282, 42283, 42284, 42285, 42286, 42287, 45037, 46602, 46603, 47630, 47630.5, 47635, 47663, 48310, 48359.5, 52315, 52319, 52327, 52329, 52334, 52335, 52335.12, and 63001 of, to amend the heading of Article 7 (commencing with Section 60117) of Chapter 1 of Part 33 of Division 4 of Title 2 of, to repeal Sections 1242, 1242.5, 2509, 2550, 2550.1, 2550.2, 2550.4, 2550.5, 2550.6, 2550.7, 2551.3, 2557, 2557.5, 2558.1, 2558.3, 2558.4, 2558.45, 2558.46, 2558.5, 2558.6, 14022.5, 33128.2, 35735.3, 41209, 41334, 41338, 41610, 42238.4, 42238.41, 42238.42, 42238.43, 42238.44, 42238.445, 42238.45, 42238.46, 42238.48, 42238.485, 42238.49, 42238.7, 42238.8, 42238.9, 42238.95, 42238.11, 42238.12, 42238.13, 42238.14, 42238.145, 42238.146, 42238.17, 42238.23, 42239, 42240, 42240.1, 42241.3, 42241.7, 42243.7, 42244, 42245, 42281, 42303, 42604, 46201.1, 52324, 52324.5, 52335.1, 52335.2, 52335.3, 52335.4, 52335.5, 52335.6, and 60117 of, to repeal Article 3.5 (commencing with Section 2560) of Chapter 12 of Part 2 of Division 1 of Title 1 of, and to repeal Article 4.5 (commencing with Section 42290) of Chapter 7 of Part 24 of Division 3 of Title 2 of, the Education Code, relating to education finance, and making an appropriation therefor, to take effect immediately, bill related to the budget.*

LEGISLATIVE COUNSEL'S DIGEST

SB 78, as amended, Committee on Budget and Fiscal Review. ~~Budget Act of 2015.~~ *Education finance: local control funding formula.*

(1) Existing law establishes the public school system in this state, and, among other things, provides for the establishment of county superintendents of schools, school districts, and charter schools throughout the state and for their provision of instruction at the public elementary and secondary schools these local educational agencies maintain. Existing law, before July 1, 2013, established a public school financing system that required funding for county superintendents of schools and school districts to be calculated pursuant to a revenue limit, as specified, and required funding for charter schools to be calculated pursuant to a general-purpose entitlement, except as provided, and required the revenue limit and general-purpose entitlement to be composed of, among other things, state aid and certain local revenues. Existing law also establishes various categorical education programs under which funding was provided for specific educational purposes. Existing law, commencing July 1, 2013, revised and recast the provisions related to the public 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.

This bill would, among other things, repeal provisions requiring or authorizing many categorical education programs. The bill would repeal provisions relating to the revenue limit and would replace references to the former review limit and general-purpose entitlement calculations with the references to the current local control funding formula calculation. The bill would, commencing with the 2014–15 fiscal year, revise the authorization for a school participating in a special assistance alternative authorized under the federal National School Lunch Program to establish a base year for purposes of the local control funding formula for determining pupils eligible for free or reduced-price meals, as specified. The bill would require specified information to be included in an alternative household income data collection form for the federal National School Lunch Program for purposes of the local control funding formula. The bill would also change the funding calculations for necessary small schools.

(2) Existing law requires a county superintendent of schools to annually present a report, on or before August 15, to the governing board of the school district and the Superintendent of Public Instruction regarding the fiscal solvency of a school district with a disapproved budget, qualified interim certification, or a negative interim certification, or that is determined to be in a position of fiscal uncertainty.

This bill would instead require a county superintendent of schools to present the report on or before September 15.

(3) Existing law specifies how funds appropriated pursuant to a specified budget item of the Budget Act of 2006 for specified county offices of education for site visits shall be allocated.

This bill would delete that provision.

(4) Existing law, on or before July 1 of each fiscal year, requires the county board of education to adopt an annual budget for the budget year and file the budget with the Superintendent of Public Instruction, the county board of supervisors, and the county auditor. Existing law requires the Superintendent to examine the budget, as specified, and, on or before August 15, approve or disapprove the budget, as specified. If the Superintendent disapproves the budget, existing law requires the county superintendent of schools and the county board of education, on or before September 8, to review recommendations of the Superintendent at a regularly scheduled meeting of the county board of education and respond to those recommendations, as specified. Existing law requires the Superintendent to examine a revised budget, as specified, and, on or before October 8, to approve or disapprove the revised budget. If the Superintendent disapproves the budget, existing law requires him or her to call for the formation of a budget review committee, and requires the budget review committee, on or before October 31, to review the proposed budget, as specified. If the budget review committee disapproves the budget of the county office of education, existing law requires the Superintendent to either approve or disapprove the budget, as specified. If the Superintendent disapproves the budget, existing law authorizes the Superintendent or his or her designee to do certain things for the remainder of the year, including, among others, to develop and adopt, in consultation with the county superintendent of schools and the county board of education, on or before November 30, a fiscal plan and budget for the county office of education, as specified.

This bill would, among other things, extend those dates by one month to September 15, October 8, November 8, November 30, and December 31, respectively.

(5) Existing law, on or before July 1 of each fiscal year, requires a school district to adopt a budget for the subsequent fiscal year and file the adopted budget with the county superintendent of schools, as specified. Existing law requires the county superintendent of schools to examine the adopted budget, as specified, make certain determinations related to the adopted budget, and, on or before August 15, approve, conditionally approve, or disapprove the adopted budget for each school district, as specified. If the county superintendent of schools conditionally approves or disapproves the budget, existing law requires the governing board of the school district, in conjunction with the county superintendent of schools, on or before September 8, to review and respond to the recommendations of the county superintendent of schools as specified. Existing law requires the county superintendent of schools to examine the revised budget to make certain determinations and, on or before October 8, to approve or disapprove the revised budget, as specified. If the county superintendent of schools disapproves the budget, existing law requires him or her to call for the formation of a budget review committee, and requires the budget review committee, on or before October 31, to review the proposed budget, as specified. If the budget review committee disapproves the budget of the school district, existing law requires the Superintendent of Public Instruction to either approve or disapprove the budget, as specified. If the Superintendent disapproves the budget, existing law requires the county superintendent of schools to do certain things, including, among others, on or before November 30, develop and adopt, in consultation with the governing board of the school district and the Superintendent, a fiscal plan and budget for the school district, as specified.

This bill would, among other things, extend those dates by one month to September 15, October 8, November 8, November 30, and December 31, respectively.

(6) This bill would appropriate $5,994,417,000 from the General Fund to the Superintendent of Public Instruction for purposes of allocating those funds to school districts and charter schools pursuant to the local control funding formula for those local educational agencies.

(7) This bill also would make conforming changes, would correct cross-references, would delete obsolete provisions, and would make other nonsubstantive changes.

(8) Funds appropriated by this bill would be applied toward the minimum funding requirements for school districts and community college districts imposed by Section 8 of Article XVI of the California Constitution.

(9) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2015.~~

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

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

SECTION 1. Section 1240 of the Education Code is amended to read:

1240. The county superintendent of schools shall do all of the following:

(a) Superintend the schools of his or her county.

(b) Maintain responsibility for the fiscal oversight of each school district in his or her county pursuant to the authority granted by this code.

(c) (1) Visit and examine each school in his or her county at reasonable intervals to observe its operation and to learn of its problems. He or she annually may present a report of the state of the schools in his or her county, and of his or her office, including, but not limited to, his or her observations while visiting the schools, to the board of education and the board of supervisors of his or her county.

(2) (A) For fiscal years 2004–05 to 2006–07, inclusive, to the extent that funds are appropriated for purposes of this paragraph, the county superintendent, or his or her designee, annually shall submit a report, at a regularly scheduled November board meeting, to the governing board of each school district under his or her jurisdiction, the county board of education of his or her county, and the board of supervisors of his or her county describing the state of the schools in the county or of his or her office that are ranked in deciles 1 to 3, inclusive, of the 2003 base Academic Performance Index (API), as described in subdivision (b) of Section 17592.70, and shall include, among other things, his or her observations while visiting the schools and his or her

determinations for each school regarding the status of all of the circumstances listed in subparagraph ~~(J)~~ *(I)* and teacher misassignments and teacher vacancies. As a condition for receipt of funds, the county superintendent, or his or her designee, shall use a standardized template to report the circumstances listed in subparagraph ~~(J)~~ *(I)* and teacher misassignments and teacher vacancies, unless the current annual report being used by the county superintendent, or his or her designee, already includes those details for each school.

(B) Commencing with the 2007–08 fiscal year, the county superintendent, or his or her designee, annually shall submit a report, at a regularly scheduled November board meeting, to the governing board of each school district under his or her jurisdiction, the county board of education of his or her county, and the board of supervisors of his or her county describing the state of the schools in the county or of his or her office that are ranked in deciles 1 to 3, inclusive, of the 2006 base API, pursuant to *former* Section ~~52056.~~ *52056, as that section read on June 30, 2013*. The annual report shall include the determinations for each school made by the county superintendent, or his or her designee, regarding the status of all of the circumstances listed in subparagraph ~~(J)~~ *(I)* and teacher misassignments and teacher vacancies, and the county superintendent, or his or her designee, shall use a standardized template to report the circumstances listed in subparagraph ~~(J)~~ *(I)* and teacher misassignments and teacher vacancies, unless the current annual report being used by the county superintendent, or his or her designee, already includes those details with the same level of specificity that is otherwise required by this subdivision. For purposes of this section, schools ranked in deciles 1 to 3, inclusive, on the 2006 base API shall include schools determined by the department to meet either of the following:

(i) The school meets all of the following criteria:

(I) Does not have a valid base API score for 2006.

(II) Is operating in fiscal year 2007–08 and was operating in fiscal year 2006–07 during the Standardized Testing and Reporting (STAR) Program testing period.

(III) Has a valid base API score for 2005 that was ranked in deciles 1 to 3, inclusive, in that year.

(ii) The school has an estimated base API score for 2006 that would be in deciles 1 to 3, inclusive.

(C) The department shall estimate an API score for any school meeting the criteria of subclauses (I) and (II) of clause (i) of subparagraph (B) and not meeting the criteria of subclause (III) of clause (i) of subparagraph (B), using available test scores and weighting or corrective factors it deems appropriate. The department shall post the API scores on its Internet Web site on or before May 1.

(D) For purposes of this section, references to schools ranked in deciles 1 to 3, inclusive, on the 2006 base API shall exclude schools operated by county offices of education pursuant to Section 56140, as determined by the department.

~~(E) In addition to the requirements above, the county superintendent, or his or her designee, annually shall verify both of the following:~~

~~(i) That pupils who have not passed the high school exit examination by the end of grade 12 are informed that they are entitled to receive intensive instruction and services for up to two consecutive academic years after completion of grade 12 or until the pupil has passed both parts of the high school exit examination, whichever comes first, pursuant to paragraphs (4) and (5) of subdivision (d) of Section 37254.~~

~~(ii) That pupils who have elected to receive intensive instruction and services, pursuant to paragraphs (4) and (5) of subdivision (d) of Section 37254, are being served.~~

~~(F)~~

(E) (i) Commencing with the 2010–11 fiscal year and every third year thereafter, the Superintendent shall identify a list of schools ranked in deciles 1 to 3, inclusive, of the API for which the county superintendent, or his or her designee, annually shall submit a report, at a regularly scheduled November board meeting, to the governing board of each school district under his or her jurisdiction, the county board of education of his or her county, and the board of supervisors of his or her county that describes the state of the schools in the county or of his or her office that are ranked in deciles 1 to 3, inclusive, of the base API as defined in clause (ii).

(ii) For the 2010–11 fiscal year, the list of schools ranked in deciles 1 to 3, inclusive, of the base API shall be updated using the criteria set forth in clauses (i) and (ii) of subparagraph (B), subparagraph (C), and subparagraph (D), as applied to the 2009

base API and thereafter shall be updated every third year using the criteria set forth in clauses (i) and (ii) of subparagraph (B), subparagraph (C), and subparagraph (D), as applied to the base API of the year preceding the third year consistent with clause (i).

(iii) The annual report shall include the determinations for each school made by the county superintendent, or his or her designee, regarding the status of all of the circumstances listed in subparagraph ~~(J)~~ *(I)* and teacher misassignments and teacher vacancies, and the county superintendent, or his or her designee, shall use a standardized template to report the circumstances listed in subparagraph ~~(J)~~ *(I)* and teacher misassignments and teacher vacancies, unless the current annual report being used by the county superintendent, or his or her designee, already includes those details with the same level of specificity that is otherwise required by this subdivision.

~~(G)~~

(F) The county superintendent of the Counties of Alpine, Amador, Del Norte, Mariposa, Plumas, and Sierra, and the City and County of San Francisco shall contract with another county office of education or an independent auditor to conduct the required visits and make all reports required by this paragraph.

~~(H)~~

(G) On a quarterly basis, the county superintendent, or his or her designee, shall report the results of the visits and reviews conducted that quarter to the governing board of the school district at a regularly scheduled meeting held in accordance with public notification requirements. The results of the visits and reviews shall include the determinations of the county superintendent, or his or her designee, for each school regarding the status of all of the circumstances listed in subparagraph ~~(J)~~ *(I)* and teacher misassignments and teacher vacancies. If the county superintendent, or his or her designee, conducts no visits or reviews in a quarter, the quarterly report shall report that fact.

~~(I)~~

(H) The visits made pursuant to this paragraph shall be conducted at least annually and shall meet the following criteria:

(i) Minimize disruption to the operation of the school.

(ii) Be performed by individuals who meet the requirements of Section 45125.1.

(iii) Consist of not less than 25 percent unannounced visits in each county. During unannounced visits in each county, the county superintendent shall not demand access to documents or specific school personnel. Unannounced visits shall only be used to observe the condition of school repair and maintenance, and the sufficiency of instructional materials, as defined by Section 60119.

~~(J)~~

(I) The priority objective of the visits made pursuant to this paragraph shall be to determine the status of all of the following circumstances:

(i) Sufficient textbooks as defined in Section 60119 and as specified in subdivision (i).

(ii) The condition of a facility that poses an emergency or urgent threat to the health or safety of pupils or ~~staff~~ *staff,* as described in school district policy or paragraph (1) of subdivision (c) of Section 17592.72.

(iii) The accuracy of data reported on the school accountability report card with respect to the availability of sufficient textbooks and instructional materials, as defined by Section 60119, and the safety, cleanliness, and adequacy of school facilities, including good ~~repair~~ *repair,* as required by Sections 17014, 17032.5, 17070.75, and 17089.

~~(iv) The extent to which pupils who have not passed the high school exit examination by the end of grade 12 are informed that they are entitled to receive intensive instruction and services for up to two consecutive academic years after completion of grade 12 or until the pupil has passed both parts of the high school exit examination, whichever comes first, pursuant to paragraphs (4) and (5) of subdivision (d) of Section 37254.~~

~~(v) The extent to which pupils who have elected to receive intensive instruction and services, pursuant to paragraphs (4) and (5) of subdivision (d) of Section 37254, are being served.~~

~~(K)~~

(J) The county superintendent may make the status determinations described in subparagraph ~~(J)~~ *(I)* during a single visit or multiple visits. In determining whether to make a single visit or multiple visits for this purpose, the county superintendent shall take into consideration factors such as cost-effectiveness, disruption to the schoolsite, deadlines, and the availability of qualified reviewers.

~~(L)~~

(K) If the county superintendent determines that the condition of a facility poses an emergency or urgent threat to the health or safety of pupils or staff as described in school district policy or paragraph (1) of subdivision (c) of Section 17592.72, or is not in good repair, as specified in subdivision (d) of Section 17002 and required by Sections 17014, 17032.5, 17070.75, and 17089, the county superintendent, among other things, may do any of the following:

(i) Return to the school to verify repairs.

(ii) Prepare a report that specifically identifies and documents the areas or instances of noncompliance if the school district has not provided evidence of successful repairs within 30 days of the visit of the county superintendent or, for major projects, has not provided evidence that the repairs will be conducted in a timely manner. The report may be provided to the governing board of the school district. If the report is provided to the school district, it shall be presented at a regularly scheduled meeting held in accordance with public notification requirements. The county superintendent shall post the report on his or her Internet Web site. The report shall be removed from the Internet Web site when the county superintendent verifies the repairs have been completed.

(d) Distribute all laws, reports, circulars, instructions, and blanks that he or she may receive for the use of the school officers.

(e) Annually, on or before ~~August~~ *September* 15, present a report to the governing board of the school district and the Superintendent regarding the fiscal solvency of a school district with a disapproved budget, qualified interim certification, or a negative interim certification, or that is determined to be in a position of fiscal uncertainty pursuant to Section 42127.6.

(f) Keep in his or her office the reports of the Superintendent.

(g) Keep a record of his or her official acts, and of all the proceedings of the county board of education, including a record of the standing, in each study, of all applicants for certificates who have been examined, which shall be open to the inspection of an applicant or his or her authorized agent.

(h) Enforce the course of study.

(i) (1) Enforce the use of state textbooks and instructional materials and of high school textbooks and instructional materials

regularly adopted by the proper authority in accordance with Section 51050.

(2) For purposes of this subdivision, sufficient textbooks or instructional materials has the same meaning as in subdivision (c) of Section 60119.

(3) (A) Commencing with the 2005–06 school year, if a school is ranked in any of deciles 1 to 3, inclusive, of the base API, as specified in paragraph (2) of subdivision (c), and not currently under review pursuant to a state or federal intervention program, the county superintendent specifically shall review that school at least annually as a priority school. A review conducted for purposes of this paragraph shall be completed by the fourth week of the school year. For the 2004–05 fiscal year only, the county superintendent shall make a diligent effort to conduct a visit to each school pursuant to this paragraph within 120 days of receipt of funds for this purpose.

(B) In order to facilitate the review of instructional materials before the fourth week of the school year, the county superintendent in a county with 200 or more schools that are ranked in any of deciles 1 to 3, inclusive, of the base API, as specified in paragraph (2) of subdivision (c), may utilize a combination of visits and written surveys of teachers for the purpose of determining sufficiency of textbooks and instructional materials in accordance with subparagraph (A) of paragraph (1) of subdivision (a) of Section 60119 and as defined in subdivision (c) of Section 60119. If a county superintendent elects to conduct written surveys of teachers, the county superintendent shall visit the schools surveyed within the same academic year to verify the accuracy of the information reported on the surveys. If a county superintendent surveys teachers at a school in which the county superintendent has found sufficient textbooks and instructional materials for the previous two consecutive years and determines that the school does not have sufficient textbooks or instructional materials, the county superintendent shall within 10 business days provide a copy of the insufficiency report to the school district as set forth in paragraph (4).

(C) For purposes of this paragraph, “written surveys” may include paper and electronic or online surveys.

(4) If the county superintendent of schools determines that a school does not have sufficient textbooks or instructional materials

in accordance with subparagraph (A) of paragraph (1) of subdivision (a) of Section 60119 and as defined by subdivision (c) of Section 60119, the county superintendent shall do all of the following:

(A) Prepare a report that specifically identifies and documents the areas or instances of noncompliance.

(B) Provide within five business days of the review, a copy of the report to the school district, as provided in subdivision (c), or, if applicable, provide a copy of the report to the school district within 10 business days pursuant to subparagraph (B) of paragraph (3).

(C) Provide the school district with the opportunity to remedy the deficiency. The county superintendent shall ensure remediation of the deficiency no later than the second month of the school term.

(D) If the deficiency is not remedied as required pursuant to subparagraph (C), the county superintendent shall request the department to purchase the textbooks or instructional materials necessary to comply with the sufficiency requirement of this subdivision. If the department purchases textbooks or instructional materials for the school district, the department shall issue a public statement at the first regularly scheduled meeting of the state board occurring immediately after the department receives the request of the county superintendent and that meets the applicable public notice requirements, indicating that the district superintendent and the governing board of the school district failed to provide pupils with sufficient textbooks or instructional materials as required by this subdivision. Before purchasing the textbooks or instructional materials, the department shall consult with the school district to determine which textbooks or instructional materials to purchase. The amount of funds necessary for the purchase of the textbooks and materials is a loan to the school district receiving the textbooks or instructional materials. Unless the school district repays the amount owed based upon an agreed-upon repayment schedule with the Superintendent, the Superintendent shall notify the Controller and the Controller shall deduct an amount equal to the total amount used to purchase the textbooks and materials from the next principal apportionment of the school district or from another apportionment of state funds.

(j) Preserve carefully all reports of school officers and teachers.

(k) Deliver to his or her successor, at the close of his or her official term, all records, books, documents, and papers belonging to the office, taking a receipt for them, which shall be filed with the department.

(*l*) (1) Submit two reports during the fiscal year to the county board of education in accordance with the following:

(A) The first report shall cover the financial and budgetary status of the county office of education for the period ending October 31. The second report shall cover the period ending January 31. Both reports shall be reviewed by the county board of education and approved by the county superintendent no later than 45 days after the close of the period being reported.

(B) As part of each report, the county superintendent shall certify in writing whether or not the county office of education is able to meet its financial obligations for the remainder of the fiscal year and, based on current forecasts, for two subsequent fiscal years. The certifications shall be classified as positive, qualified, or negative, pursuant to standards prescribed by the Superintendent, for the purposes of determining subsequent state agency actions pursuant to Section 1240.1. For purposes of this subdivision, a negative certification shall be assigned to a county office of education that, based upon current projections, will not meet its financial obligations for the remainder of the fiscal year or for the subsequent fiscal year. A qualified certification shall be assigned to a county office of education that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years. A positive certification shall be assigned to a county office of education that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. In accordance with those standards, the Superintendent may reclassify a certification. If a county office of education receives a negative certification, the Superintendent, or his or her designee, may exercise the authority set forth in subdivision (c) of Section 1630. Copies of each certification, and of the report containing that certification, shall be sent to the Superintendent at the time the certification is submitted to the county board of education. Copies of each qualified or negative certification and the report containing that certification shall be sent to the Controller at the time the certification is submitted to the county board of education.

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

(ii) For the 2011–12 fiscal year, the county superintendent shall not be required to certify in writing whether or not the county office of education is able to meet its financial obligations for the two subsequent fiscal years.

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

(2) All reports and certifications required under this subdivision shall be in a format or on forms prescribed by the Superintendent, and shall be based on standards and criteria for fiscal stability adopted by the state board pursuant to Section 33127. The reports and supporting data shall be made available by the county superintendent to an interested party upon request.

(3) This subdivision does not preclude the submission of additional budgetary or financial reports by the county superintendent to the county board of education or to the Superintendent.

(4) The county superintendent is not responsible for the fiscal oversight of the community colleges in the county, however, he or she may perform financial services on behalf of those community colleges.

(m) If requested, act as agent for the purchase of supplies for the city and high school districts of his or her county.

(n) For purposes of Section 44421.5, report to the Commission on Teacher Credentialing the identity of a certificated person who knowingly and willingly reports false fiscal expenditure data relative to the conduct of an educational program. This requirement applies only if, in the course of his or her normal duties, the county

superintendent discovers information that gives him or her reasonable cause to believe that false fiscal expenditure data relative to the conduct of an educational program has been reported.

(o) If any activities authorized pursuant to this section are found to be a state reimbursable mandate pursuant to Section 6 of Article XIII B of the California Constitution, funding provided for school districts and county offices of education pursuant to Sections 2574, 2575, 42238.02, and 42238.03 shall be used to directly offset any mandated costs.

SEC. 2. Section 1242 of the Education Code is repealed.

~~1242. (a) Commencing with the 2006–07 fiscal year, funds appropriated pursuant to Item 6110-266-0001 of Section 2.0 of Chapter 47 of the Statutes of 2006 to county offices of education for site visits conducted pursuant to Section 1240, shall be allocated as follows:~~

~~(1) Two thousand five hundred dollars ($2,500) for each elementary school.~~

~~(2) Three thousand five hundred dollars ($3,500) for each middle or junior high school.~~

~~(3) Five thousand dollars ($5,000) for each high school.~~

~~(b) In addition to the funds described in subdivision (a), county offices of education shall receive additional funding for sites whose enrollment in the prior year is 20 percent greater than the average enrollment of all sites for the prior year as follows:~~

~~(1) Two dollars and fifty cents ($2.50) for each pupil that exceeds a total elementary school enrollment of 856 pupils.~~

~~(2) Three dollars and fifty cents ($3.50) for each pupil that exceeds a total middle school or junior high school enrollment of 1,427 pupils.~~

~~(3) Five dollars ($5.00) for each pupil that exceeds a total high school enrollment of 2,296 pupils.~~

~~(c) County offices of education that are responsible for visiting more than 150 schoolsites shall receive an additional allocation of one dollar ($1.00) per pupil for the total prior year enrollment of all sites visited.~~

~~(d) The minimum amount for allocation pursuant to this section to county offices of education shall be ten thousand dollars ($10,000).~~

SEC. 3. Section 1242.5 of the Education Code is repealed.

~~1242.5. On or before March 31, 2007, the department shall review the actual costs of 2005–06 fiscal year site visits conducted pursuant to Section 1240. If the department determines that a county office of education did not expend the funds allocated for this purpose during the 2005–06 fiscal year, the amount that exceeds the amount spent shall revert to the extraordinary cost pool created by Chapter 710 of the Statutes of 2005 and shall be available to cover the extraordinary costs incurred by county offices of education as a result of the reviews conducted pursuant to Section 1240. Based on a determination by the department and the Department of Finance that it was necessary for a county office of education to incur extraordinary costs to conduct the site visits, funds in the amount necessary to cover these costs shall be allocated to the county office of education by June 30, 2007.~~

SEC. 4. Section 1622 of the Education Code is amended to read:

1622. (a) On or before July 1 of each fiscal year, the county board of education shall adopt an annual budget for the budget year and shall file the budget with the Superintendent, the county board of supervisors, and the county auditor. The budget, and supporting data, shall be maintained and made available for public review. The budget shall indicate the date, time, and location at which the county board of education held the public hearing required under Section 1620. For the 2014–15 fiscal year and each fiscal year thereafter, the county board of education shall not adopt a budget before the county board of education adopts a local control and accountability plan or approves an update to an existing local control and accountability plan if an existing local control and accountability plan or update to a local control and accountability plan is not effective during the budget year. The county board of education shall not adopt a budget that does not include the expenditures identified in the local control and accountability plan and any annual update to the local control and accountability plan that will be effective for the budget year. Notwithstanding any other provision of this article, for the 2014–15 fiscal year and each fiscal year thereafter, the budget shall not be adopted or approved by the Superintendent before a local control and accountability plan or update to an existing local control and accountability plan for the budget year is approved.

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

(2) For the 2014–15 fiscal year and each fiscal year thereafter, the Superintendent shall disapprove a budget if any of the following occur:

(A) The Superintendent has not approved a local control and accountability plan or an annual update to the local control and accountability plan filed by a county board of education pursuant to Section 52070.5 that is effective for the budget year.

(B) The Superintendent determines that the budget does not include the expenditures necessary to implement the local control and accountability plan or an annual update to the local control and accountability plan that is effective for that budget year.

(c) In the event of the disapproval of the budget of a county office of education pursuant to subdivision (b), on or before ~~September~~ *October* 8, the county superintendent of schools and the county board of education shall review the recommendations of the Superintendent at a regularly scheduled meeting of the county board of education and respond to those recommendations. That response shall include any revisions to the adopted budget and other proposed actions to be taken, if any, as a result of those recommendations.

(d) (1) The Superintendent shall examine the revised budget as provided in subdivision (c) to determine if it complies with the standards and criteria adopted by the state board pursuant to Section 33127 for application to final local educational agency budgets and, ~~no later than October~~ *on or before November* 8, shall approve or disapprove the revised budget. For the 2014–15 fiscal year and

each fiscal year thereafter, the Superintendent shall disapprove a revised budget if the Superintendent determines that the revised budget does not include the expenditures necessary to implement the local control and accountability plan or an annual update to the local control and accountability plan approved by the Superintendent pursuant to Section 52070.5 that is effective for the budget year. If the Superintendent disapproves the budget, he or she shall call for the formation of a budget review committee pursuant to Section 1623.

(2) Notwithstanding any other law, for the 2014–15 fiscal year and each fiscal year thereafter, if the Superintendent disapproves the budget for the sole reason that the Superintendent has not approved a local control and accountability plan or an annual update to the local control and accountability plan filed by the county board of education pursuant to Section 52070.5, the Superintendent shall not call for the formation of a budget review committee pursuant to Section 1623.

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

SEC. 5. Section 1623 of the Education Code is amended to read:

1623. (a) The budget review committee shall be composed of three persons and shall be selected by the county superintendent of schools and the county board of education solely from a list of no fewer than five candidates provided by the ~~Superintendent of Public Instruction.~~ *Superintendent.* The candidates shall be persons who have expertise in the management of a school district or county office of education, including, but not be limited to, the fiscal and educational aspects of that management.

(b) No later than five working days after the receipt of the candidate list described in subdivision (a), the county superintendent of schools and the county board of education shall select the budget review committee. If the county superintendent of schools and the county board of education fail to select a committee within the period of time permitted by this subdivision, the Superintendent ~~of Public Instruction~~ instead shall select and convene the budget review committee no later than 10 working

days after the receipt by the county superintendent of schools and the county board of education of the candidate list.

(c) ~~No later than October 31,~~ *On or before November 30,* the budget review committee shall review the proposed budget of the county office of education and the underlying fiscal policies of that county office of education, and shall transmit to the ~~Superintendent of Public Instruction,~~ *Superintendent,* the county superintendent of schools, and the county board of education either of the following:

(1) The recommendation that the budget be approved.

(2) A report disapproving the budget and setting forth recommendations for revisions to the budget that would enable the county office of education to meet its financial obligations both in the budget year and with regard to multiyear financial commitments.

(d) Upon the request of the budget review committee, the Superintendent ~~of Public Instruction~~ may extend the deadline set forth in subdivision (c) for a period of not more than 15 working days.

(e) The Superintendent ~~of Public Instruction~~ shall develop criteria and procedures governing the performance by budget review committees of their duties under this section.

(f) The members of the budget review committee shall be reimbursed for their services and associated expenses while on official business, at rates established by the ~~State Board of Education.~~ *state board.*

SEC. 6. Section 1624 of the Education Code is amended to read:

1624. (a) If the budget review committee established pursuant to Section 1623 disapproves the budget of the county office of education, within five working days following the receipt of the committee's report, the county superintendent of schools and the county board of education may submit a response to the ~~Superintendent of Public Instruction,~~ *Superintendent,* including any revisions to the adopted budget and any other proposed action to be taken as a result of the recommendations of the budget review committee.

(b) Based upon the recommendations of the budget review committee provided pursuant to subdivision (c) of Section 1623, and any response provided pursuant to subdivision (a), the

Superintendent ~~of Public Instruction~~ shall either approve or disapprove the budget of the county office of education. If the Superintendent ~~of Public Instruction~~ disapproves the budget, the superintendent or his or her designee may do any of the following for the remainder of the current fiscal year:

(1) On or before ~~November 30,~~ *December 31,* develop and adopt, in consultation with the county superintendent of schools and the county board of education, a fiscal plan and budget for the county office of education that will allow the county office of education to meet its financial obligations both in the budget year and with regard to the multiyear financial commitments. The county board of education and the county superintendent of schools shall govern the operation of the county office of education for the budget year in accordance with that fiscal plan and budget. The deadline set forth in this paragraph shall be modified to reflect any extension granted under subdivision (d) of Section 1623.

(2) Cancel purchase orders, prohibit the issuance of nonsalary warrants, and otherwise stay or rescind any action that is inconsistent with the fiscal plan and budget adopted pursuant to paragraph (1). The Superintendent ~~of Public Instruction~~ shall inform the county board of education and the county superintendent of schools in writing of his or her justification for any exercise of authority under this paragraph.

(3) Monitor and review the operation of the county office of education.

(4) Determine the need for additional staff and may employ, at county office of education expense, short-term analytical assistance or expertise to validate financial information if the county does not have the expertise or staff.

(5) Require the county office of education to encumber all contracts and other obligations, to prepare appropriate cash flow analyses and monthly or quarterly budget revisions, and to appropriately record all receivables and payables.

(6) Determine whether there are any financial problem areas and may employ, at county office of education expense, a certified public accounting firm to investigate financial problem areas.

(7) Withhold compensation of the members of the county board of education and the county superintendent for failure to provide requested financial information.

(c) The county office of education shall pay reasonable fees charged by the Superintendent of Public Instruction for actual administrative expenses incurred pursuant to subdivision (b), or costs associated with improving the county office of education's financial management practices.

(d) This section shall not be construed to authorize the Superintendent ~~of Public Instruction~~ to abrogate any provision of a collective bargaining agreement that was entered into by a county office of education prior to the date upon which the Superintendent ~~of Public Instruction~~ disapproved the budget of the county office of education pursuant to subdivision (b).

(e) As he or she deems necessary for the purposes set forth in subdivision (b), the Superintendent ~~of Public Instruction~~ may seek from the county office of education, or otherwise obtain, additional information regarding the budget or operations of the county office of education, through a financial or management review of the county office of education, a cash-flow projection, or other appropriate means.

SEC. 7. Section 2509 of the Education Code is repealed.

~~2509. (a) Whenever a county board of supervisors adopts the provisions of Section 1080 or 42649 and thereby transfers certain duties of the county auditor to the county superintendent of schools as provided therein, the revenue limit amount computed pursuant to subdivision (a) of Section 2551 for that county superintendent of schools shall, commencing with the fiscal year in which the effective date of the transfer occurs, be increased by an amount equivalent to the expenditures from the county general fund used to provide those services of the county auditor in the fiscal year immediately prior to the date of the transfer of functions to the county superintendent of schools. The amount of the increase shall be mutually agreed upon by both the county board of supervisors and the county superintendent of schools, as required by subdivision (a) of Section 3 of Article XIII B of the California Constitution. The Superintendent of Public Instruction shall adjust the revenue limit computed pursuant to subdivision (a) of Section 2551 prior to the application of the inflation allowance specified in Section 2557.~~

~~(b) Commencing with the fiscal year in which the effective date of the transfer occurs, the county auditor shall, from the county's allocation of taxes, add to the allocation of taxes to the county~~

~~superintendent of schools, computed pursuant to Chapter 6 (commencing with Section 95) of Part 0.5 of the Revenue and Taxation Code, an amount equal to the amount of the increase agreed upon pursuant to subdivision (a), increased by the percentage growth in the taxable assessed value from the equalized assessment roll for the county, for the fiscal year in which the effective date of the transfer occurs, as compared to the fiscal year prior to the transfer. In each fiscal year thereafter, the amount to be added to the allocation of taxes to the county superintendent of schools shall be the amount added pursuant to this subdivision in the prior fiscal year, increased by the percentage growth in the taxable assessed value from the equalized assessment roll for the county for the then current fiscal year, as compared to the prior fiscal year.~~

SEC. 8. Section 2550 of the Education Code is repealed.

~~2550. For each fiscal year, the Superintendent shall make the following computations to determine the amount to be allocated for direct services and other purposes provided by county superintendents of schools:~~

~~(a) For programs operated pursuant to subdivision (a) of Section 14054, the Superintendent shall:~~

~~(1) Determine the allowances that county superintendents received per unit of average daily attendance in the prior fiscal year. The Superintendent shall increase each amount by a percentage equal to the inflation allowance calculated for the current fiscal year pursuant to Section 2557.~~

~~(2) Multiply each amount determined in paragraph (1) by the actual number of units of average daily attendance in the prior fiscal year for programs maintained by each county superintendent. For purposes of this paragraph, the number of units of average daily attendance shall include only units generated by elementary districts with less than 901 units of average daily attendance, high school districts with less than 301 units of average daily attendance, and unified school districts with less than 1,501 units of average daily attendance within each county superintendent's jurisdiction.~~

~~(b) For programs operated pursuant to subdivision (b) of Section 14054, the Superintendent shall:~~

~~(1) (A) For the 1999–2000 fiscal year, determine the rate per unit of average daily attendance calculated for each county office of education pursuant to subdivision (b) of Section 2567 and~~

~~increase each rate by a percentage equal to the inflation allowance calculated in Section 2557.~~

~~(B) For the 2000–01 fiscal year, determine the rate per unit of average daily attendance calculated for each county office of education pursuant to subdivision (b) of Section 2568 and increase each rate by a percentage equal to the inflation allowance calculated in Section 2557.~~

~~(C) For the 2001–02 fiscal year and each fiscal year thereafter, determine the allowances that county superintendents received per unit of average daily attendance in the prior fiscal year. The Superintendent shall increase each amount by a percentage equal to the inflation allowance calculated for the current fiscal year pursuant to Section 2557.~~

~~(2) (A) Multiply each amount determined in paragraph (1) by the units of average daily attendance in the current fiscal year for programs for kindergarten and grades 1 to 12, inclusive, maintained by each county superintendent. For the purposes of this paragraph, average daily attendance shall include only the total units of average daily attendance credited to all elementary, high school, and unified school districts within each county superintendent's jurisdiction and to the county superintendent.~~

~~(B) For purposes of this paragraph, in each of the 2008–09, 2009–10, 2010–11, 2011–12, 2012–13, 2013–14, and 2014–15 fiscal years, the units of average daily attendance in each of those fiscal years for programs for kindergarten and grades 1 to 12, inclusive, maintained by each county superintendent shall include the same amount of average daily attendance for classes for adults and regional occupational centers and programs used in the calculation pursuant to this subdivision for the 2007–08 fiscal year.~~

SEC. 9. Section 2550.1 of the Education Code is repealed.

~~2550.1. (a) Commencing with the 2002–03 fiscal year, and each fiscal year thereafter, for juvenile court school programs operated by county superintendents of schools pursuant to Article 2.5 (commencing with Section 48645) of Chapter 4 of Part 27 and for county community school programs operated by county superintendents of schools pursuant to Chapter 6.5 (commencing with Section 1980) of Part 2, the Superintendent of Public Instruction shall make the following computations:~~

~~(1) Apply an inflation adjustment equal to the percentage increase applied to the statewide average revenue limit for school~~

~~districts pursuant to Section 42238.1, multiplied by the revenue limits of the prior fiscal year for each juvenile court school program and for each county community school program, including programs with average daily attendance for pupils enrolled pursuant to subdivision (c) of Section 1981 that exceeds the average daily attendance claimed in the 1991–92 fiscal year.~~

~~(2) Multiply the revenue limits per unit of average daily attendance computed in paragraph (1) by the number of units of average daily attendance for each juvenile court school program and county community school program operated in that same fiscal year.~~

~~(b) Cost-of-living adjustments to revenue limits per unit average daily attendance in juvenile court school and county community school programs operated by county superintendents of schools shall be computed pursuant to paragraph (1) of subdivision (a) in fiscal years in which appropriations are provided for that purpose.~~

SEC. 10. Section 2550.2 of the Education Code is repealed.

~~2550.2. The Superintendent of Public Instruction shall make the following computations to determine the revenue limits for juvenile court school programs operated by county superintendents of schools pursuant to Article 2.5 (commencing with Section 48645) of Chapter 4 of Part 27:~~

~~(a) For the 1985–86 fiscal year and each fiscal year thereafter, add to the prior fiscal year revenue limit per unit of average daily attendance for juvenile court school programs all of the following amounts:~~

~~(1) An equalization adjustment for revenue limits per unit of average daily attendance that in the 1988–89 fiscal year were below the statewide average for that fiscal year, computed as follows:~~

~~(A) Subtract the county's 1988–89 fiscal year revenue limit per unit of average daily attendance from the statewide average revenue limit for juvenile court school programs for the 1988–89 fiscal year.~~

~~(B) Notwithstanding subdivision (c), for the 1989–90 fiscal year, the amount calculated pursuant to subparagraph (A).~~

~~(2) An inflation adjustment equal to the percentage increase applied to the statewide average revenue limit for school districts multiplied by the statewide average revenue limit for juvenile court school programs for the prior fiscal year.~~

~~(b) The Superintendent of Public Instruction shall multiply the revenue limit per unit of average daily attendance computed in subdivision (a) by the number of units of average daily attendance for county juvenile court school programs for the current fiscal year.~~

~~(c) In no event shall the amount computed pursuant to paragraph (1) of subdivision (a) exceed the amount computed pursuant to paragraph (2) of subdivision (a).~~

~~(d) As a condition of receiving an equalization adjustment pursuant to paragraph (1) of subdivision (a), the county superintendent of schools shall certify to the Superintendent of Public Instruction that all the funds received pursuant to this section are expended solely for purposes of operating juvenile court school programs pursuant to Article 2.5 (commencing with Section 48645) of Chapter 4 of Part 27 or of serving pupils enrolled in community schools pursuant to subdivision (c) of Section 1981.~~

~~(e) In any fiscal year in which Section 2550.1 is operative, this section shall be inoperative.~~

SEC. 11. Section 2550.4 of the Education Code is repealed.

~~2550.4. (a) Effective July 1, 1998, the Superintendent of Public Instruction shall make one-time adjustments to the revenue limits per unit of average daily attendance of each county office of education for those programs which, prior to July 1, 1998, were authorized in Section 46010 as it read on July 1, 1996, to include certain absences in reports of attendance made pursuant to Section 41601. Those one-time adjustments shall apply for the 1998–99 fiscal year, and for each fiscal year thereafter, but not for any year prior to 1998–99, and shall be accomplished by revision of the prior fiscal year revenue limits per unit of average daily attendance calculated for those programs, as follows:~~

~~(1) Determine revised revenue limits per unit of average daily attendance for the 1996–97 fiscal year for each of the programs. Each revised revenue limit per unit of average daily attendance shall equal funding received for the program for the 1996–97 fiscal year that is directly attributable to the original revenue limit per unit of average daily attendance, divided by the attendance, excluding absences excused pursuant to subdivision (b) of Section 46010 as it read on July 1, 1996, reported pursuant to Section 41601 for that program in the 1996–97 fiscal year.~~

~~(2) For the 1996–97 and 1997–98 fiscal years, recalculate the revenue limits per unit of average daily attendance for each program to reflect the revision in the revenue limits per unit of average daily attendance determined pursuant to paragraph (1).~~

~~(3) The calculation made pursuant to paragraph (2) shall not be used for apportionment purposes for either of those years or for adjustments for those years.~~

~~(b) If any county superintendent of schools demonstrates to the satisfaction of the Superintendent of Public Instruction that, because of extraordinary circumstances beyond the control of the county office of education, the amount of absences excused in one or more county office programs in fiscal year 1996–97 pursuant to subdivision (b) of Section 46010 as it read on July 1, 1996, was significantly lower than it would ordinarily have been in comparison to the amount of actual attendance in fiscal year 1996–97, the Superintendent of Public Instruction shall make a compensating adjustment, consistent with the provisions of Section 2 of the Education Code, in the calculation set forth in this section.~~

SEC. 12. Section 2550.5 of the Education Code is repealed.

~~2550.5. (a) For each fiscal year to which Section 2550.6 applies, revenue limit increases calculated pursuant to subdivisions (b) to (f), inclusive, of Section 2550.6 and revenue limit increases made pursuant to Section 2550.7 shall be funded from the amounts available for the inflation adjustment calculated pursuant to paragraph (2) of subdivision (a) of Section 2550.2. Those amounts shall be allocated as set forth in this section.~~

~~(b) The revenue limit increases calculated pursuant to subdivisions (b) to (f), inclusive, of Section 2550.6 shall be funded as follows:~~

~~(1) The revenue limit increases shall be funded from the funds derived from any amounts available for the inflation adjustment calculated pursuant to paragraph (2) of subdivision (a) of Section 2550.2.~~

~~(2) If no funds from the inflation adjustment are available, or if the funds available for the inflation adjustment are not sufficient to fully fund the revenue limit increases, the Superintendent of Public Instruction shall reduce the revenue limit increases for the fiscal year in which the funds are insufficient on a pro rata basis.~~

~~(c) In the first fiscal year that the funds that are available for the inflation adjustment calculated pursuant to paragraph (2) of~~

~~subdivision (a) of Section 2550.2 exceed the amount needed to fully fund the revenue limit increases calculated pursuant to subdivisions (b) to (f), inclusive, of Section 2550.6, the Superintendent of Public Instruction shall, from those excess funds, allocate the amounts necessary to increase the revenue limits of county superintendents of schools pursuant to Section 2550.7. If those funds are not sufficient to fully fund the revenue limit increases described in Section 2550.7, the Superintendent of Public Instruction shall make allocations for those revenue limit increases on a pro rata basis. The Superintendent of Public Instruction shall, in each subsequent fiscal year that those excess funds are available, continue to allocate funds for the purposes of Section 2550.7 until the revenue limits are increased to the level contemplated by that section.~~

~~(d) If after making the allocation described in subdivision (c) excess funds are available, the Superintendent of Public Instruction shall, for the purpose of making an inflation adjustment, allocate those funds in a uniform amount per unit of average daily attendance for each school receiving a revenue limit increase pursuant to the relevant subdivision of subdivision (b), (c), (d), (e), or (f) of Section 2550.6, with the uniform amount per unit of average daily attendance reduced as necessary and the amount thereby saved allocated to any school that does not receive a revenue limit increase pursuant to the relevant subdivision (b), (c), (d), (e), or (f) of Section 2550.6 to ensure that it has a funding level per unit of average daily attendance in the then current fiscal year that is not less than the highest funding level per unit of average daily attendance in the then current fiscal year for schools that receive a revenue limit increase pursuant to the relevant subdivision (b), (c), (d), (e), or (f) of Section 2550.6.~~

~~(e) If in the 2000–01 fiscal year there are not sufficient funds available to fully fund revenue limits for schools subject to Section 2550.6 at the level calculated pursuant to subdivision (f) of Section 2550.6, then the Superintendent of Public Instruction shall continue to equalize revenue limits per unit of average daily attendance for those schools in a manner consistent with Section 2550.6 in the 2001–02 fiscal year, and in any subsequent fiscal year, as necessary, and consistent with subdivision (f) of Section 2550.6.~~

~~(f) The equalization of revenue limits per unit of average daily attendance pursuant to Section 2550.6 shall be complete in the~~

~~fiscal year in which the revenue limit per unit of average daily attendance, as computed pursuant to Section 2550.6, for each school subject to this section is within the following range:~~

~~(1) Not less than the statewide average revenue limit per unit of average daily attendance for pupils enrolled in schools for the prior fiscal year multiplied by the inflation adjustment computed pursuant to paragraph (2) of subdivision (a) of Section 2550.2 for the current fiscal year.~~

~~(2) Not more than the product calculated in paragraph (1) multiplied by 1.15.~~

~~(g) For the purpose of this section, "school" or "schools" means juvenile court schools operated by a county superintendent of schools pursuant to Article 2.5 (commencing with Section 48645) of Chapter 4 of Part 27, and county community schools described in subdivision (c) of Section 1981, that are subject to Section 2550.6.~~

~~(h) In any fiscal year in which Section 2550.1 is operative, this section shall be inoperative.~~

SEC. 13. Section 2550.6 of the Education Code is repealed.

~~2550.6. The revenue limit per unit of average daily attendance for each juvenile court school operated by a county superintendent of schools pursuant to Article 2.5 (commencing with Section 48645) of Chapter 4 of Part 27 and each county community school described in subdivision (c) of Section 1981 shall be subject to the following equalization adjustments:~~

~~(a) For the purposes of determining the revenue limit per unit of average daily attendance, make the following computations:~~

~~For the 1996–97 fiscal year, compute the statewide average revenue limit per unit of average daily attendance calculated pursuant to Section 2550.2 for the 1995–96 fiscal year for pupils enrolled in juvenile court schools pursuant to Article 2.5 (commencing with Section 48645) of Chapter 4 of Part 27 and for pupils enrolled in county community schools pursuant to subdivision (c) of Section 1981, as that section existed on June 30, 1996.~~

~~(b) If the revenue limit per unit of average daily attendance for the 1995–96 fiscal year determined pursuant to Section 2550.2 for the county superintendent of schools is less than the amount determined in subdivision (a), make the following computations:~~

~~(1) From the amount determined in subdivision (a), subtract the revenue limit per unit of average daily attendance for the 1995–96 fiscal year determined pursuant to Section 2550.2.~~

~~(2) Multiply the amount determined pursuant to paragraph (1) by 0.20.~~

~~(3) Add the amount determined in paragraph (2) to the revenue limit per unit of average daily attendance determined for the 1995–96 fiscal year.~~

~~(4) Add the amount determined in paragraph (3) to the inflation adjustment, if any, provided for the 1996–97 fiscal year pursuant to subdivision (d) of Section 2550.5. The amount of the sum is the revenue limit per unit of average daily attendance for the 1996–97 fiscal year for juvenile court schools and county community schools subject to this subdivision.~~

~~(c) The revenue limit per unit of average daily attendance for the 1997–98 fiscal year for each county superintendent of schools subject to subdivision (b) shall be determined as follows:~~

~~(1) Increase the amount determined in subdivision (a) by the inflation adjustment for the 1996–97 fiscal year as determined in paragraph (2) of subdivision (a) of Section 2550.2.~~

~~(2) If the revenue limit per unit of average daily attendance calculated pursuant to paragraph (4) of subdivision (b) is less than the amount determined pursuant to paragraph (1), make the following computation:~~

~~(A) From the amount calculated pursuant to paragraph (1) subtract the revenue limit per unit of average daily attendance calculated pursuant to paragraph (4) of subdivision (b).~~

~~(B) Multiply the amount determined in subparagraph (A) by 0.25.~~

~~(C) Add the amount determined in subparagraph (B) to the revenue limit per unit of average daily attendance calculated pursuant to paragraph (4) of subdivision (b) as increased by the inflation adjustment, if any, provided for the 1997–98 fiscal year pursuant to subdivision (d) of Section 2550.5. The amount of this sum is the revenue limit per unit of average daily attendance for the 1997–98 fiscal year for juvenile court schools and county community schools subject to this subdivision.~~

~~(d) The revenue limit per unit of average daily attendance for the 1998–99 fiscal year for each county superintendent of schools subject to subdivision (c) shall be determined as follows:~~

~~(1) Increase the amount determined in paragraph (1) of subdivision (c) by the inflation adjustment for the 1997–98 fiscal year as determined in paragraph (2) of subdivision (a) of Section 2550.2.~~

~~(2) If the revenue limit per unit of average daily attendance calculated pursuant to subparagraph (C) of paragraph (2) of subdivision (c) is less than the amount determined pursuant to paragraph (1), make the following computation:~~

~~(A) From the amount calculated pursuant to paragraph (1) subtract the revenue limit per unit of average daily attendance calculated pursuant to subparagraph (C) of paragraph (2) of subdivision (c).~~

~~(B) Multiply the amount determined in subparagraph (A) by 0.33.~~

~~(C) Add the amount determined in subparagraph (B) to the revenue limit per unit of average daily attendance calculated pursuant to subparagraph (C) of paragraph (2) of subdivision (c) as increased by the inflation adjustment, if any, provided for the 1998–99 fiscal year pursuant to subdivision (d) of Section 2550.5. The amount of this sum is the revenue limit per unit of average daily attendance for the 1998–99 fiscal year for juvenile court schools and county community schools subject to this subdivision.~~

~~(e) The revenue limit per unit of average daily attendance for the 1999–2000 fiscal year for each county superintendent of schools subject to subdivision (d) shall be the amount determined as follows:~~

~~(1) Increase the amount determined in paragraph (1) of subdivision (d) by the inflation adjustment for the 1998–99 fiscal year as determined in paragraph (2) of subdivision (a) of Section 2550.2.~~

~~(2) If the revenue limit per unit of average daily attendance calculated pursuant to subparagraph (C) of paragraph (2) of subdivision (d) is less than the amount determined pursuant to paragraph (1), make the following computation:~~

~~(A) From the amount calculated pursuant to paragraph (1) subtract the revenue limit per unit of average daily attendance calculated pursuant to subparagraph (C) of paragraph (2) of subdivision (d).~~

~~(B) Multiply the amount determined in subparagraph (A) by 0.5.~~

~~(C) Add the amount determined in subparagraph (B) to the revenue limit per unit of average daily attendance calculated pursuant to subparagraph (C) of paragraph (2) of subdivision (d) as increased by the inflation adjustment, if any, provided for the 1999–2000 fiscal year pursuant to subdivision (d) of Section 2550.5. The amount of this sum is the revenue limit per unit of average daily attendance for the 1999–2000 fiscal year for juvenile court schools and county community schools subject to this subdivision.~~

~~(f) The revenue limit per unit of average daily attendance for the 2000–01 fiscal year for each county superintendent of schools subject to subdivision (e) shall be the amount determined in subdivision (a) as adjusted for inflation in the 1996–97, 1997–98, 1998–99, 1999–2000, and 2000–01 fiscal years pursuant to paragraph (2) of subdivision (a) of Section 2550.2.~~

~~(g) In any fiscal year in which Section 2550.1 is operative this section shall be inoperative.~~

SEC. 14. Section 2550.7 of the Education Code is repealed.

~~2550.7. The Superintendent of Public Instruction shall apportion funds for each unit of average daily attendance in county community school programs operated by a county superintendent of schools for pupils enrolled therein pursuant to subdivision (a), (b), (c), or (d) of Section 1981 if the county superintendent of schools claims an annual county community school average daily attendance of 20 or less, at the revenue limit per unit of average daily attendance provided for in subdivision (b) of Section 1982.~~

SEC. 15. Section 2551.3 of the Education Code is repealed.

~~2551.3. (a) For the 1979–80 fiscal year and each fiscal year thereafter, the Superintendent of Public Instruction shall make the following computations to determine the state aid to be allocated for pregnant minors programs operated by county superintendents of schools:~~

~~(1) The Superintendent of Public Instruction shall determine expenditures made by the county office for the 1979–80 fiscal year and shall divide such amount by the average daily attendance in such program for the 1979–80 fiscal year.~~

~~(2) For the 1980–81 fiscal year, the quotient computed pursuant to paragraph (1) shall be increased by 9 percent, and shall be cumulatively increased in each fiscal year thereafter by the average inflation allowance applied to unified school district revenue limits,~~

~~except that there shall be no inflation adjustment after the 1998–99 fiscal year.~~

~~(3) The amount computed pursuant to paragraph (2) shall be multiplied by the average daily attendance in pregnant minors programs for the then current fiscal year.~~

~~(b) The product computed pursuant to paragraph (3) of subdivision (a) shall be added to the sum computed pursuant to subdivision (a) of Section 2558.~~

~~(c) The funding provided by this section shall be for the purposes of subdivision (b) of Section 54749.5 and shall not be adjusted for inflation.~~

SEC. 16. Section 2557 of the Education Code is repealed.

~~2557. (a) For each fiscal year, the prior year revenue limits per average daily attendance, class, or instructional hour, determined in Section 2550, and the prior year total revenue limits determined in Section 2551 shall be increased by a percentage equal to the percentage increase applied to the statewide average revenue limit for unified school districts for the then current fiscal year, except for the 1981–82 fiscal year, the increase shall not exceed 7.2 percent, and for the 1983–84 fiscal year, the increase shall be 8 percent. The resulting amounts shall then be multiplied by the estimated number of classes, units of average daily attendance, instructional hour, or pupils receiving special education services, as appropriate for the then current fiscal year.~~

~~(b) Notwithstanding subdivision (a), the inflation allowance for the 1982–83 fiscal year shall be reduced by one-fourth of the amount otherwise prescribed by subdivision (a), as specified in subdivision (m) of Section 42238, except to the extent a greater allowance may be funded by funds provided by the Budget Act of 1982. The inflation allowance for each year following the 1982–83 fiscal year shall be computed as if any reduction made pursuant to this subdivision had not been made.~~

SEC. 17. Section 2557.5 of the Education Code is repealed.

~~2557.5. (a) For the 1987–88 fiscal year, and each fiscal year thereafter, the revenue limit of any county superintendent of schools authorized pursuant to Section 2551, as that section read on January 1, 1999, may be increased by an amount sufficient to provide additional revenue equal to the expenditure estimated to be incurred by the county superintendent of schools in the budget year in complying with the following provisions of the~~

~~Unemployment Insurance Code: Sections 605 and 803, Article 6 (commencing with Section 821) of Chapter 3 of Part 1 of Division 1, or Article 3 (commencing with Section 976) of Chapter 4 of Part 1 of Division 1, less the actual expenditures incurred by the county superintendent of schools in the 1975–76 fiscal year in complying with the following provisions of the Unemployment Insurance Code: Article 6 (commencing with Section 821) of Chapter 3 of Part 1 of Division 1 and former Section 605.2.~~

~~(b) The increase in revenue limit provided in subdivision (a) shall be adjusted annually, including plus or minus adjustments for under- or over-estimating expenditures used in determining the increase in revenue limit provided by subdivision (a) in the previous fiscal year.~~

~~(c) (1) For the 1994–95 to 2002–03 fiscal years, inclusive, the amount of the increase computed pursuant to this section may not be adjusted by the deficit factor applied to the revenue limit of each county superintendent of schools pursuant to Section 2558.45.~~

~~(2) For the 2003–04 fiscal year and each fiscal year thereafter, the revenue limit reduction specified in Section 2558.46 may not be applied to the adjustment computed pursuant to this section.~~

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

SEC. 18. Section 2558.1 of the Education Code is repealed.

~~2558.1. For the 1986–87 fiscal year and each fiscal year thereafter, the apportionment computed pursuant to subdivision (d) of Section 2558 shall be increased by the amount reported by the Teachers' Retirement Board for that county office of education under Section 23400.3. This additional amount shall be increased annually by the amount of the inflation allowance computed under Section 2557.~~

SEC. 19. Section 2558.3 of the Education Code is repealed.

~~2558.3. Unless the Budget Act specifically states otherwise, whenever the Budget Act requires the county superintendent to reduce revenue limits to reflect decreased employer contributions to the Public Employee's Retirement System, in addition to any other exclusions specified in the Budget Act, the calculation of the reduction shall exclude any increased contribution imposed pursuant to Section 20750.98 of the Government Code.~~

SEC. 20. Section 2558.4 of the Education Code is repealed.

~~2558.4. For the purposes of this article, the revenue limit for the 1993–94 fiscal year for each county superintendent of schools determined pursuant to this article and adjusted pursuant to Section 2558.6 shall be reduced by a 9.77 percent deficit factor.~~

SEC. 21. Section 2558.45 of the Education Code is repealed.

~~2558.45. For the purposes of this article the revenue limit of each county superintendent of schools shall be reduced by a deficit factor, as follows:~~

~~(a) (1) The revenue limit for the 1994–95 fiscal year for each county superintendent of schools determined pursuant to this article shall be reduced by a 12.59 percent deficit factor.~~

~~(2) The revenue limit for the 1995–96 fiscal year determined pursuant to this article for each county superintendent of schools shall be reduced by an 11.70 percent deficit factor.~~

~~(3) The revenue limit for the 1996–97 and 1997–98 fiscal years determined pursuant to this article for each county superintendent of schools shall be reduced by an 11.547 percent deficit factor, as adjusted pursuant to Section 42238.41.~~

~~(4) The revenue limit for the 1999–2000 fiscal year determined pursuant to this article for each county superintendent of schools shall be reduced by a 8.628 percent deficit factor.~~

~~(b) (1) The revenue limit for each county superintendent of schools for the 1994–95 fiscal year shall be determined as if the revenue limit for each county superintendent of schools had been determined for the 1993–94 fiscal year without being reduced by the deficit factor required pursuant to Section 2558.4.~~

~~(2) When computing the revenue limit for each county superintendent of schools for the 1995–96 or any subsequent fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for each county superintendent of schools had been determined for the previous fiscal year without being reduced by the deficit factor specified in this section.~~

SEC. 22. Section 2558.46 of the Education Code is repealed.

~~2558.46. (a) (1) For the 2003–04 fiscal year, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced by a 1.195 percent deficit factor.~~

~~(2) For the 2004–05 fiscal year, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced by a 0.323 percent deficit factor.~~

~~(3) For the 2003–04 and 2004–05 fiscal years, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced further by a 1.826 percent deficit factor.~~

~~(4) For the 2005–06 fiscal year, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced further by a 0.898 percent deficit factor.~~

~~(5) For the 2008–09 fiscal year, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced by a 7.839 percent deficit factor.~~

~~(6) For the 2009–10 fiscal year, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced by an 18.621 percent deficit factor.~~

~~(7) For the 2010–11 fiscal year, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced by an 18.250 percent deficit factor.~~

~~(8) For the 2011–12 fiscal year, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced by a 20.691 percent deficit factor.~~

~~(9) For the 2012–13 fiscal year, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced by a 22.549 percent deficit factor.~~

~~(b) In computing the revenue limit for each county superintendent of schools for the 2006–07 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that county superintendent of schools had been determined for the 2003–04, 2004–05, and 2005–06 fiscal years without being reduced by the deficit factors specified in subdivision (a).~~

~~(c) In computing the revenue limit for each county superintendent of schools for the 2010–11 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that county superintendent of schools had been determined for the 2009–10 fiscal year without being reduced by the deficit factors specified in subdivision (a).~~

~~(d) In computing the revenue limit for each county superintendent of schools for the 2011–12 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that county superintendent of schools had been determined for the 2010–11 fiscal year without being reduced by the deficit factors specified in subdivision (a).~~

~~(e) In computing the revenue limit for each county superintendent of schools for the 2012–13 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that county superintendent of schools had been determined for the 2011–12 fiscal year without being reduced by the deficit factor specified in subdivision (a).~~

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

SEC. 23. Section 2558.5 of the Education Code is repealed.

~~2558.5. Except as provided in Section 2559, for the 1981–82 fiscal year and each fiscal year thereafter, revenues received pursuant to Section 2558, and any ending balances from the prior fiscal year from state or local revenues, may be used by the county superintendent for any of the programs operated by the county office.~~

SEC. 24. Section 2558.6 of the Education Code is repealed.

~~2558.6. Notwithstanding any other provision of law, for the 1994–95 fiscal year the county superintendent of schools shall reduce the total revenue limit computed pursuant to Section 2558 of the Education Code by the amount of the decreased employer contributions to the Public Employees' Retirement System resulting from the enactment of Chapter 330 of the Statutes of 1982, adjusted for any changes in those contributions resulting from subsequent changes in employer contribution rates, excluding rate changes due to the direct transfer of the state-mandated portion of the employer contributions to the Public Employees' Retirement System, through the 1994–95 fiscal year. The reduction shall be calculated for each county superintendent of schools as follows:~~

~~(a) Determine the amount of employer contributions that would have been made in the 1994–95 fiscal year if the applicable Public Employees' Retirement System employer contribution rate in effect immediately prior to the enactment of Chapter 330 of the Statutes of 1982 were in effect during the 1994–95 fiscal year.~~

~~(b) Subtract from the amount determined in subdivision (a) the actual amount of employer contributions made to the Public Employees' Retirement System in the 1994–95 fiscal year.~~

~~(c) For the purposes of this section, employer contributions to the Public Employees' Retirement System for any of the following positions shall be excluded from the calculation specified above:~~

~~(1) Positions or portions of positions supported by federal funds that are subject to supplanting restrictions.~~

~~(2) Positions supported by funds received pursuant to Section 42243.6 of the Education Code.~~

~~(3) Positions supported, to the extent of employer contributions not exceeding twenty-five thousand dollars ($25,000) by any single educational agency, from a non-General Fund revenue source determined to be properly excludable from this section by the Superintendent of Public Instruction with the approval of the Director of Finance.~~

~~(d) For accounting purposes, the reduction made by this provision may be reflected as an expenditure from appropriate sources of revenue as directed by the Superintendent of Public Instruction.~~

~~(e) The amount of the reduction made by this section shall not be adjusted by the deficit factor calculated pursuant to Section 2558.45.~~

~~It is the intent of the Legislature to make adjustments to county office of education revenue limits for the 1994–95 fiscal year to reflect savings that these county offices of education will realize in the contributions to the Public Employees' Retirement System due to a reduced contribution rate for the 1994–95 fiscal year.~~

SEC. 25. Article 3.5 (commencing with Section 2560) of Chapter 12 of Part 2 of Division 1 of Title 1 of the Education Code is repealed.

SEC. 26. Section 14022.5 of the Education Code, as added by Section 2 of Chapter 82 of the Statutes of 1989, is repealed.

~~14022.5. (a) For purposes of Section 8.5 of Article XVI of the California Constitution, the term "enrollment" shall have the following meaning for school districts, community college districts, and state agencies providing direct elementary and secondary level instructional services:~~

~~(1) In school districts:~~

~~(A) The average daily attendance of each school district reported for the second principal apportionment pursuant to Section 41601.~~

~~(B) The annual average daily attendance for adult education programs and classes, as determined under subdivision (d) of Section 41601.~~

~~(C) The annual average daily attendance for regional occupational centers and programs, as determined under subdivision (d) of Section 41601.~~

~~(D) The average daily attendance of apprentices enrolled in any class and reported pursuant to Section 8150, except that one unit of average daily attendance, for purposes of this paragraph, shall equal 525 hours of apprenticeship instruction in an apprenticeship program operated pursuant to Chapter 4 (commencing with Section 3070) of Division 3 of the Labor Code.~~

~~(E) (i) The annual average daily attendance for children enrolled in a state preschool program under the Child Care and Development Services Act (Chapter 2 (commencing with Section 8200) of Part 6), except that one unit of average daily attendance, for purposes of this clause, shall equal 700 hours of child care or preschool services.~~

~~(ii) The annual average daily attendance for children enrolled in any other program under the Child Care and Development Services Act (Chapter 2 (commencing with Section 8200) of Part 6), except that one unit of average daily attendance, for purposes of this clause, shall equal 250 days of child care services. For the purposes of this clause, less than four hours per day of child care services shall be defined as one-half day, from four up to six and one-half hours per day shall be defined as three-fourths day, and six and one-half hours or more per day shall be defined as one full day.~~

~~(F) The annual average daily attendance of pupils enrolled in summer school, computed pursuant to Section 42239, except that one unit of average daily attendance shall equal 700 hours of summer school instruction in an approved summer school program.~~

~~(G) The annual average daily attendance for pupils enrolled in an educational program offered by a county office of education, as determined pursuant to subdivisions (b) and (c) of Section 41601.~~

~~(2) In community college districts:~~

~~(A) The annual average daily attendance of a community college district computed pursuant to Chapter 4 (commencing with Section 84500) of Part 50, until Section 84750 becomes operative, and~~

~~thereafter the number of full-time equivalent students as computed pursuant to Section 84750.~~

~~(B) The annual average daily attendance for evening community college programs designated as adult schools pursuant to Section 78401, as determined pursuant to Section 78405.~~

~~(C) The annual average daily attendance of apprentices enrolled in any class and reported pursuant to Section 8150, except that one unit of average daily attendance, for purposes of this paragraph, shall equal 525 hours of apprenticeship instruction in an apprenticeship program operated pursuant to Chapter 4 (commencing with Section 3070) of Division 3 of the Labor Code.~~

~~(3) In state agencies that provide direct elementary and secondary level instructional services:~~

~~(A) The annual average daily attendance equivalent for pupils enrolled in the State Schools for the Handicapped pursuant to Part 32 (commencing with Section 59000).~~

~~(B) The annual average daily attendance equivalent for pupils attending an educational program administered by the Department of the Youth Authority pursuant to Article 6 (commencing with Section 1120) and Article 10 (commencing with Section 1250) of Part 1 of Division 2 of Chapter 3 of the Welfare and Institutions Code.~~

~~(C) The annual average daily attendance equivalent for pupils in the state hospitals operated by the State Department of Developmental Services pursuant to Chapter 8 (commencing with Section 56850) of Part 30.~~

~~(b) Any determination or computation of enrollment for purposes of this section shall be based upon actual data from prior years. For the next succeeding year, any determination or computation of enrollment for purposes of this section shall be the estimated enrollment, adjusted as actual data become available.~~

~~(c) This section shall remain in effect only until July 1, 1990, and as of that date is repealed, unless Senate Constitutional Amendment No. 1 is ratified by the voters at the statewide election to be held on June 5, 1990.~~

SEC. 27. Section 33128.2 of the Education Code is repealed.

~~33128.2. (a) Notwithstanding the standards and criteria adopted pursuant to paragraph (3) of subdivision (a) of Section 33128 or any other law, for the 2002–03 fiscal year only, a local educational agency may use for purposes determined by its governing body~~

~~up to 50 percent of its reserves for economic uncertainties and up to 50 percent of the balances, as of July 1, 2002, of restricted accounts in its General Fund, excluding restricted reserves committed for capital outlay, bond funds, sinking funds, and federal funds, in order to provide local budgeting flexibility as a result of midyear budget reductions for the 2002–03 fiscal year that are enacted by the Legislature after January 2003.~~

~~(b) A local educational agency may not, pursuant to paragraph (a), use the combined budgetary reserves in excess of its total midyear budget reductions for the 2002–03 fiscal year.~~

~~(c) It is the intent of the Legislature that a local educational agency use the flexibility provided in subdivision (a) to the extent midyear budget reductions for the 2002–03 fiscal year occur in the following programs:~~

~~(1) The Peer Assistance and Review Program.~~

~~(2) Supplemental instruction and remedial programs.~~

~~(3) One-time funding for the Instructional Materials Funding Realignment Program.~~

~~(d) It is further the intent of the Legislature that a local educational agency make every effort to maintain a prudent expenditure plan that ensures its solvency for the 2002–03 fiscal year and in subsequent fiscal years.~~

SEC. 28. Section 35160.5 of the Education Code is amended to read:

35160.5. (a) The governing board of ~~each~~ *a* school district that maintains one or more schools containing any of grades 7 to 12, inclusive, as a condition for the receipt of ~~an~~ inflation ~~adjustment~~ *adjustments* pursuant to Section ~~42238.1,~~ *42238.02, as implemented by Section 42238.03,* shall establish a school district policy regarding participation in extracurricular and cocurricular activities by pupils in grades 7 to 12, inclusive. The criteria, which shall be applied to extracurricular and cocurricular activities, shall ensure that pupil participation is conditioned upon satisfactory educational progress in the previous grading period.

(1) For purposes of this subdivision, “extracurricular activity” means a program that has all of the following characteristics:

(A) The program is supervised or financed by the school district.

(B) Pupils participating in the program represent the school district.

(C) Pupils exercise some degree of freedom in either the selection, planning, or control of the program.

(D) The program includes both preparation for performance and performance before an audience or spectators.

(2) For purposes of this subdivision, an "extracurricular activity" is not part of the regular school curriculum, is not graded, does not offer credit, and does not take place during classroom time.

(3) For purposes of this subdivision, a "cocurricular activity" is defined as a program that may be associated with the curriculum in a regular classroom.

(4) Any teacher graded or required program or activity for a course that satisfies the entrance requirements for admission to the California State University or the University of California is not an extracurricular or cocurricular activity as defined by this section.

(5) For purposes of this subdivision, "satisfactory educational progress" shall include, but not necessarily be limited to, both of the following:

(A) Maintenance of minimum passing grades, which is defined as at least a 2.0 grade point average in all enrolled courses on a 4.0 scale.

(B) Maintenance of minimum progress toward meeting the high school graduation requirements prescribed by the governing board.

(6) For purposes of this subdivision, "previous grading period" does not include a grading period in which the pupil was not in attendance for all, or a majority of, the grading period due to absences excused by the school for reasons such as serious illness or injury, approved travel, or work. In that event, "previous grading period" is deemed to mean the grading period immediately prior to the grading period or periods excluded pursuant to this paragraph.

(7) A program that has, as its primary goal, the improvement of academic or educational achievements of pupils is not an extracurricular or cocurricular activity as defined by this section.

(8) The governing board of each school district may adopt, as part of its policy established pursuant to this subdivision, provisions that would allow a pupil who does not achieve satisfactory educational progress, as defined in paragraph (5), in the previous grading period to remain eligible to participate in extracurricular and cocurricular activities during a probationary period. The

probationary period shall not exceed one semester in length, but may be for a shorter period of time, as determined by the governing board of the school district. A pupil who does not achieve satisfactory educational progress, as defined in paragraph (5), during the probationary period shall not be allowed to participate in extracurricular and cocurricular activities in the subsequent grading period.

(9) Nothing in this subdivision shall preclude the governing board of a school district from imposing a more stringent academic standard than that imposed by this subdivision. If the governing board of a school district imposes a more stringent academic standard, the governing board shall establish the criteria for participation in extracurricular and cocurricular activities at a meeting open to the public pursuant to Section 35145.

(10) The governing board of each school district annually shall review the school district policies adopted pursuant to the requirements of this section.

(b) (1) On or before July 1, 1994, the governing board of each school district, as a condition for the receipt of school apportionments from the state school fund, shall adopt rules and regulations establishing a policy of open enrollment within the district for residents of the district. This requirement does not apply to a school district that has only one school or a school district with schools that do not serve any of the same grade levels.

(2) The policy shall include all of the following elements:

(A) It shall provide that the parent or guardian of each schoolage child who is a resident in the district may select the schools the child shall attend, irrespective of the particular locations of his or her residence within the district, except that school districts shall retain the authority to maintain appropriate racial and ethnic balances among their respective schools at the school districts' discretion or as specified in applicable court-ordered or voluntary desegregation plans.

(B) It shall include a selection policy for a school that receives requests for admission in excess of the capacity of the school that ensures that selection of pupils to enroll in the school is made through a random, unbiased process that prohibits an evaluation of whether a pupil should be enrolled based upon his or her academic or athletic performance. The governing board of a school district shall calculate the capacity of the schools in the district for

purposes of this subdivision in a nonarbitrary manner using pupil enrollment and available space. However, school districts may employ existing entrance criteria for specialized schools or programs if the criteria are uniformly applied to all applicants. This subdivision shall not be construed to prohibit school districts from using academic performance to determine eligibility for, or placement in, programs for gifted and talented pupils established pursuant to *former* Chapter 8 (commencing with Section 52200) of Part 28 of Division ~~4.~~ *4, as that chapter read on January 1, 2014.*

(C) It shall provide that no pupil who currently resides in the attendance area of a school shall be displaced by pupils transferring from outside the attendance area.

(3) Notwithstanding the requirement of subparagraph (B) of paragraph (2) that the policy include a selection policy for a school that receives requests for admission in excess of the capacity of the school that ensures that the selection is made through a random, unbiased process, the policy may include either of the following elements:

(A) (i) It may provide that special circumstances exist that might be harmful or dangerous to a particular pupil in the current attendance area of the pupil, including, but not necessarily limited to, threats of bodily harm or threats to the emotional stability of the pupil, that serve as a basis for granting a priority of attendance outside the current attendance area of the pupil. A finding of harmful or dangerous special circumstances shall be based upon either of the following:

(I) A written statement from a representative of the appropriate state or local agency, including, but not necessarily limited to, a law enforcement official or a social worker, or properly licensed or registered professionals, including, but not necessarily limited to, psychiatrists, psychologists, or marriage and family therapists.

(II) A court order, including a temporary restraining order and injunction, issued by a judge.

(ii) A finding of harmful or dangerous special circumstances pursuant to this subparagraph may be used by a school district to approve transfers within the district to schools that have been deemed by the school district to be at capacity and otherwise closed to transfers that are not based on harmful or dangerous special circumstances.

(B) It may provide that schools receiving requests for admission shall give priority for attendance to siblings of pupils already in attendance in that school and to pupils whose parent or legal guardian is assigned to that school as his or her primary place of employment.

(4) To the extent required and financed by federal law and at the request of the pupil's parent or guardian, each school district shall provide transportation assistance to the pupil.

SEC. 29. Section 35735.3 of the Education Code is repealed.

~~35735.3. The transfer of seventh and eighth grade pupils between an elementary school district and a high school district triggers the recomputation, pursuant to Section 35735.1, of the base revenue limit per unit of average daily attendance of the district receiving the 7th and 8th grade pupils, except that the computations described in paragraphs (2) and (3) of subdivision (a) of Section 35735.1 shall not apply to a recomputation performed pursuant to this section.~~

SEC. 30. Section 35736 of the Education Code is amended to read:

35736. Plans and recommendations may include a proposal for dividing the property, other than real property, and obligations of any school district proposed to be divided between two or more school districts, or proposed to be partially included in one or more school districts. As used in this section, "property" includes funds, cash on hand, and moneys due but uncollected on the date reorganization becomes effective for all purposes, and state apportionments based on average daily attendance earned in the year immediately preceding the date reorganization becomes effective for all purposes. In providing for this division, the plans and recommendations may consider the assessed valuation of each portion of the *school* district, the ~~revenue limit~~ *local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03,* per pupil in each *school* district, the number of children of school age residing in each portion of the *school* district, the value and location of the school property, and such other matters as may be deemed pertinent and equitable. Any such proposal shall be an integral part of the proposal and not a separate proposition.

SEC. 31. Section 35757 of the Education Code is amended to read:

35757. The county superintendent of schools shall prepare a statement of official information and statistics relating to the proposed reorganization ~~which~~ *that* shall include, but is not limited to, the plans and recommendations, the ~~revenue limit~~ *local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03,* per pupil, the rate of growth, the expected enrollment, and the support from the state ~~which~~ *that* can be expected if such area maintains an adequate school program. Such statistics shall be based upon the school year last completed before the date of the election.

SEC. 32. Section 41203.7 of the Education Code is amended to read:

41203.7. (a) Notwithstanding any other ~~provision of~~ law, a supplemental appropriation shall be made from the General Fund for the support of school districts, as defined in Section 41302.5, in each fiscal year for the purposes set forth in subdivision (c). The amount of that supplemental appropriation shall be equal to the sum of the amount allocated to school districts pursuant to this section in the prior fiscal year and 25 percent of the amount, if any, allocated to school districts in the prior fiscal year pursuant to Section 8.5 of Article XVI of the California Constitution. That amount shall be adjusted annually for changes in enrollment, and for the change in the cost of living pursuant to paragraph (1) of subdivision (e) of Section 8 of Article XIII B of the California Constitution.

(b) The funds appropriated for the purposes of subdivision (a) shall be allocated to each school district in an equal amount per unit of enrollment, in accordance with the allocation procedure set forth in subdivision (c) of Section 8.5 of Article XVI of the California Constitution.

(c) The amount allocated to each school district pursuant to this section shall be used only for the reduction of class size in any grade level or subject area. That class size reduction shall occur in ~~accordance with Chapter 6.8 (commencing with Section 52080) of Part 28 of the Education Code, or in~~ any ~~other~~ manner determined by the ~~school district~~ governing ~~board.~~ *board of the school district.* Not later than 90 days following each fiscal year in which a school district receives funding pursuant to this section, the governing board of ~~that~~ *the* school district shall certify in writing to the Superintendent ~~of Public Instruction~~ that all

expenditures of that funding were in compliance with this subdivision.

SEC. 33. Section 41209 of the Education Code is repealed.

~~41209. (a) Except as provided in subdivision (b), and notwithstanding any other provision of law, in any fiscal year when, in addition to any allocations required pursuant to Section 42238.42, an appropriation is made for the purposes of meeting the minimum funding requirements for public education, as set forth in Section 8 of Article XVI of the California Constitution, because these requirements were not sufficiently funded in a prior fiscal year, and the appropriation is apportioned on the basis of equal payments for each unit of each school district's average daily attendance, it is the intent of the Legislature that average daily attendance shall include the average daily attendance for regular education, adult education, and regional occupational programs and centers, as claimed in the school year in which the funding deficiency occurred. It is not the intent of the Legislature to interfere with, or to change, the application of Section 42238.42.~~

~~(b) Nothing in this section shall be construed to limit the flexibility of the Legislature or Governor to propose budget appropriations apportioned on the basis of equal payments for each unit of each school district's average daily attendance that exclude funds for adult education programs or regional occupational programs and centers.~~

~~(c) A district receiving funds distributed as described in subdivision (a) shall, consistent with Section 52501.5, use any funds allocated for average daily attendance of adult education programs or regional occupational centers or programs only for purposes of adult education programs or regional occupational centers or programs.~~

SEC. 34. Section 41320.1 of the Education Code is amended to read:

41320.1. Acceptance by the school district of the apportionments made pursuant to Section 41320 constitutes the agreement by the school district to all of the following conditions:

(a) The Superintendent shall appoint a trustee who has recognized expertise in management and finance and may employ, on a short-term basis, staff necessary to assist the trustee, including, but not limited to, certified public accountants, as follows:

(1) The expenses incurred by the trustee and necessary staff shall be borne by the school district.

(2) The Superintendent shall establish the terms and conditions of the employment, including the remuneration of the trustee. The trustee shall serve at the pleasure of, and report directly to, the Superintendent.

(3) The trustee, and necessary staff, shall serve until the school district has adequate fiscal systems and controls in place, the Superintendent has determined that the school district's future compliance with the fiscal plan approved for the school district under Section 41320 is probable, and the Superintendent decides to terminate the trustee's appointment, but in no event, for less than three years. The Superintendent shall notify the county superintendent of schools, the Legislature, the Department of Finance, and the Controller no less than 60 days before the time that the Superintendent expects these conditions to be met.

(4) Before the school district repays the loan, including interest, the recipient of the loan shall select an auditor from a list established by the Superintendent and the Controller to conduct an audit of its fiscal systems. If the fiscal systems are deemed to be inadequate, the Superintendent may retain the trustee until the deficiencies are corrected. The cost of this audit and any additional cost of the trustee shall be borne by the school district.

(5) Notwithstanding any other law, all reports submitted to the trustee are public records.

(6) To facilitate the appointment of the trustee and the employment of necessary staff, for purposes of this section, the Superintendent is exempt from the requirements of Article 6 (commencing with Section 999) of Chapter 6 of Division 4 of the Military and Veterans Code and Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code.

(7) Notwithstanding any other law, the Superintendent may appoint an employee of the department to act as trustee for up to the duration of the trusteeship. The salary and benefits of that employee shall be established by the Superintendent and paid by the school district. During the time of appointment, the employee is an employee of the school district, but shall remain in the same retirement system under the same plan as if the employee had remained in the department. Upon the expiration or termination of the appointment, the employee shall have the right to return to

his or her former position, or to a position at substantially the same level as that position, with the department. The time served in the appointment shall be counted for all purposes as if the employee had served that time in his or her former position with the department.

(b) (1) The trustee appointed by the Superintendent shall monitor and review the operation of the school district. During the period of his or her service, the trustee may stay or rescind an action of the governing board of the school district that, in the judgment of the trustee, may affect the financial condition of the school district.

(2) After the trustee's period of service, and until the loan is repaid, the county superintendent of schools that has jurisdiction over the school district may stay or rescind an action of the governing board of the school district that, in his or her judgment, may affect the financial condition of the school district. The county superintendent of schools shall notify the Superintendent, within five business days, if he or she stays or rescinds an action of the governing board of the school district. The notice shall include, but not be limited to, both of the following:

(A) A description of the governing board of the school district's intended action and its financial implications.

(B) The rationale and findings that support the county superintendent of school's decision to stay or rescind the action of the governing board of the school district.

(3) If the Superintendent is notified by the county superintendent of schools pursuant to paragraph (2), the Superintendent shall report to the Legislature, on or before December 30 of every year, whether the school district is complying with the fiscal plan approved for the school district.

(4) The Superintendent may establish timelines and prescribe formats for reports and other materials to be used by the trustee to monitor and review the operations of the school district. The trustee shall approve or reject all reports and other materials required from the school district as a condition of receiving the apportionment. The Superintendent, upon the recommendation of the trustee, may reduce an apportionment to the school district in an amount up to two hundred dollars ($200) per day for each late or unacceptable report or other material required under this part, and shall report to the Legislature a failure of the school district to comply with

the requirements of this section. If the Superintendent determines, at any time, that the fiscal plan approved for the school district under Section 41320 is unsatisfactory, he or she may modify the plan as necessary, and the school district shall comply with the plan as modified.

(c) At the request of the Superintendent, the Controller shall transfer to the department, from an apportionment to which the school district would otherwise have been entitled pursuant to Section ~~42238,~~ *42238.02, as implemented by Section 42238.03,* the amount necessary to pay the expenses incurred by the trustee and associated costs incurred by the county superintendent of schools.

(d) For the fiscal year in which the apportionments are disbursed and every year thereafter, the Controller, or his or her designee, shall cause an audit to be conducted of the books and accounts of the school district, in lieu of the audit required by Section 41020. At the Controller's discretion, the audit may be conducted by the Controller, his or her designee, or an auditor selected by the school district and approved by the Controller. The costs of these audits shall be borne by the school district. These audits shall be required until the Controller determines, in consultation with the Superintendent, that the school district is financially solvent, but in no event earlier than one year following the implementation of the plan or later than the time the apportionment made is repaid, including interest. In addition, the Controller shall conduct quality control reviews pursuant to subdivision (c) of Section 14504.2.

(e) For purposes of errors and omissions liability insurance policies, the trustee appointed pursuant to this section is an employee of the local educational agency to which he or she is assigned. For purposes of workers' compensation benefits, the trustee is an employee of the local educational agency to which he or she is assigned, except that a trustee appointed pursuant to paragraph (7) of subdivision (a) is an employee of the department for those purposes.

(f) Except for an individual appointed by the Superintendent as trustee pursuant to paragraph (7) of subdivision (a), the state-appointed trustee is a member of the State Teachers' Retirement System, if qualified, for the period of service as trustee, unless the trustee elects in writing not to become a member. A person who is a member or retirant of the State Teachers'

Retirement System at the time of appointment shall continue to be a member or retirant of the system for the duration of the appointment. If the trustee chooses to become a member or is already a member, the trustee shall be placed on the payroll of the school district for the purpose of providing appropriate contributions to the system. The Superintendent may also require that an individual appointed as trustee pursuant to paragraph (7) of subdivision (a) be placed on the payroll of the school district for purposes of remuneration, other benefits, and payroll deductions. For purposes of workers' compensation benefits, the state-appointed trustee is deemed an employee of the local educational agency to which he or she is assigned, except that a trustee who is appointed pursuant to paragraph (7) of subdivision (a) is an employee of the department for those purposes.

SEC. 35. Section 41329.55 of the Education Code is amended to read:

41329.55. (a) Simultaneous with the execution of the lease financing authorized pursuant to Section 41329.52, the bank shall provide to the Controller and the school district a notification of its lease financing. The notice shall include a schedule of rent payments to become due to the bank from the school district and the bond trustee. The Controller shall make the apportionment to the bond trustee of those amounts on the dates shown on the schedule. The bank may further authorize the apportionments to be used to pay or reimburse the provider of any credit enhancement of bonds and other ongoing or periodic ancillary costs of the bond financing issued by the bank in connection with this article. If the amount of rent payments vary from the schedule as a result of variable interest rates on the bonds, early redemptions, or changes in expenses, the bank shall amend or supplement the schedule accordingly.

(b) Except where financing is for a community college district, the Controller shall make the apportionment only from moneys in Section A of the State School Fund and the Education Protection Account designated for apportionment to the district and any apportionment authorized pursuant to this subdivision shall constitute a lien senior to any other apportionment or payment of State School Fund and the Education Protection Account moneys to or for that district not made pursuant to this subdivision.

(c) If financing is for the Compton Community College District, the Controller shall make the apportionment only from moneys in Section B of the State School Fund. Any apportionment authorized pursuant to this subdivision shall constitute a lien senior to any other apportionment or payment of Section B State School Fund moneys.

(d) The amount apportioned for a school district pursuant to this section is an allocation to the school district for purposes of subdivision (b) of Section 8 of Article XVI of the California Constitution. For purposes of computing ~~revenue limits~~ *the local control funding formula allocation* pursuant to Section ~~42238~~ *42238.02, as implemented by Section 42238.03,* for any school district, the ~~revenue limit~~ *local control funding formula allocation* for any fiscal year in which funds are apportioned for the school district pursuant to this section shall include any amounts apportioned by the Controller pursuant to subdivisions (a), (b), and (c), ~~as well as~~ *and* Section 41329.57.

(e) No party, including the school district or any of its creditors, shall have any claim to the money apportioned or to be apportioned to the bond trustee by the Controller pursuant to this section.

SEC. 36. Section 41334 of the Education Code is repealed.

~~41334. The Superintendent of Public Instruction shall on or before December 10th of each year apportion:~~

~~(a) To each elementary, high school, and county school service fund the total of amounts allowed to them under Sections 41850 to 41862, inclusive, and Sections 41930 to 41936, inclusive, and~~

~~(b) To each school district maintaining a high school or high schools, each county superintendent of schools, the California Youth Authority and the State Department of Education the total of amounts allowed to them under Sections 41900 to 41912, inclusive.~~

~~This apportionment shall be called the special purpose apportionment.~~

SEC. 37. Section 41338 of the Education Code is repealed.

~~41338. The Superintendent of Public Instruction shall withhold from the apportionment to an elementary school district, as a part of the first principal apportionment and second principal apportionment, the amount allowed the elementary school district for the average daily attendance in grades 7 and 8 in a junior high school by reason of the operation of subdivisions (a) and (b) of~~

~~Section 41600. The amount withheld shall be determined by multiplying the total amount of basic state aid and state equalization aid computed for the district by the foundation program for units of average daily attendance in grades 7 and 8 and dividing the product by the total foundation program of the district.~~

~~The Superintendent of Public Instruction shall add the amount withheld to the apportionment required to be made to the high school district maintaining the junior high school.~~

SEC. 38. Section 41341 of the Education Code is amended to read:

41341. (a) (1) If, during any fiscal year, the amount apportioned to a school district or to any fund from Section A of the State School Fund differs either positively or negatively from the amount to which the *school* district or fund was entitled by an amount equal to ~~revenue limit~~ *the local control* funding *formula allocation pursuant to Section 42238.02, as implemented pursuant to Section 42238.03,* for one unit of average daily attendance, the ~~Superintendent of Public Instruction,~~ *Superintendent,* in accordance with regulations that he or she is hereby authorized to adopt, not later than the first succeeding fiscal year from the fiscal year in which the computational error was made, shall withhold from, or add to, the apportionment made during that fiscal year, the amount of the excess or deficiency, as the case may be. Notwithstanding any other provision of this code to the contrary, excesses withheld or deficiencies added by the Superintendent ~~of Public Instruction under~~ *pursuant* this subdivision shall be added to or allowed from any portion of the State School Fund.

(2) Notwithstanding paragraph (1), excesses may be withheld or deficiencies added to apportionments on account of audit exceptions in any fiscal year in which they are certified by the ~~Superintendent of Public Instruction.~~ *Superintendent.*

(b) If, during any fiscal year, the amount apportioned to a community college district or to any fund from Section B of the State School Fund differs either positively or negatively from the amount to which the *community college* district or fund was entitled, by an amount equal to the funding of one full-time equivalent student, the Chancellor of the California Community Colleges, in accordance with regulations that he or she is hereby authorized to adopt, not later than the first succeeding fiscal year from the fiscal year in which the computational error was made,

shall withhold from, or add to, the apportionment made during that fiscal year, the amount of the excess or deficiency, as the case may be. Notwithstanding any other provision of this code to the contrary, excesses withheld or deficiencies added by the Chancellor of the California Community Colleges under this subdivision shall be added to or allowed from any portion of the State School Fund.

SEC. 39. Section 41344 of the Education Code is amended to read:

41344. (a) If, as the result of an audit or review, a local educational agency is required to repay an apportionment significant audit exception or to pay a penalty arising from an audit exception, the Superintendent and the Director of Finance, or their designees, jointly shall establish a plan for repayment of state school funds that the local educational agency received on the basis of average daily attendance, or other data, that did not comply with statutory or regulatory requirements that were conditions of the apportionments, or for payment of a penalty arising from an audit exception. A local educational agency shall request a plan within 90 days of receiving the final audit report or review, within 30 days of withdrawing or receiving a final determination regarding an appeal pursuant to subdivision (d), or, in the absence of an appeal pursuant to subdivision (d), within 30 days of withdrawing or receiving a determination of a summary review pursuant to subdivision (d) of Section 41344.1. At the time the local educational agency is notified, the Controller also shall be notified of the plan. The plan shall be established in accordance with the following:

(1) The Controller shall withhold the disallowed or penalty amount at the next principal apportionment or pursuant to paragraph (2), unless subdivision (d) of this section or subdivision (d) of Section 41344.1 applies, in which case the disallowed or penalty amount shall be withheld, at the next principal apportionment or pursuant to paragraph (2) following the determination regarding the appeal or summary appeal. In calculating a disallowed amount, the Controller shall determine the total amount of overpayment received by the local educational agency on the basis of average daily attendance, or other data, reported by the local educational agency that did not comply with one or more statutory or regulatory requirements that are conditions of apportionment.

(2) If the Superintendent and the Director of Finance concur that repayment of the full liability or payment of the penalty in the current fiscal year would constitute a severe financial hardship for the local educational agency, they may approve a plan of equal annual payments over a period of up to eight years. The plan shall include interest on each year's outstanding balance at the rate earned on the state's Pooled Money Investment Account during that year. The Superintendent and the Director of Finance jointly shall establish this plan. The Controller shall withhold amounts pursuant to the plan.

(3) If the Superintendent and the Director of Finance do not jointly establish a plan, the Controller shall withhold the entire disallowed amount determined pursuant to paragraph (1), or the penalty amount, at the next principal apportionment.

(b) (1) For purposes of computing average daily attendance pursuant to Section ~~42238.5,~~ *42238.05*, a local educational agency's prior fiscal year average daily attendance shall be reduced by an amount equal to any average daily attendance disallowed in the current year, by an audit or review, as defined in subdivision (e).

(2) Commencing with the 1999–2000 fiscal year, this subdivision may not result in a local educational agency repaying more than the value of the average daily attendance disallowed in the audit exception plus interest and other penalties or reductions in apportionments as provided by existing law.

(c) Notwithstanding any other law, this section may not be waived under any authority set forth in this code except as provided in this section or Section 41344.1.

(d) Within 60 days of the date on which a local educational agency receives a final audit report resulting from an audit or review of all or any part of the operations of the local educational agency, or within 30 days of receiving a determination of a summary review pursuant to subdivision (d) of Section 41344.1, a local educational agency may appeal a finding contained in the final report, pursuant to Section 41344.1. Within 90 days of the date on which the appeal is received by the panel, a hearing shall be held at which the local educational agency may present evidence or arguments if the local educational agency believes that the final report contains any finding that was based on errors of fact or interpretation of law, or if the local educational agency believes in good faith that it was in substantial compliance with all legal

requirements. A repayment schedule may not commence until the panel reaches a determination regarding the appeal. If the panel determines that the local educational agency is correct in its assertion, in whole or in part, the allowable portion of any apportionment payment that was withheld shall be paid at the next principal apportionment.

(e) (1) As used in this section, "audit or review" means an audit conducted by the Controller's office, an annual audit conducted by a certified public accountant or a public accounting firm pursuant to Section 41020, and an audit or review conducted by a governmental agency that provided the local educational agency with an opportunity to provide a written response.

(2) As used in this section, "local educational agency" includes a charter school.

SEC. 40. Section 41376 of the Education Code is amended to read:

41376. ~~The Superintendent of Public Instruction,~~ *(a) The Superintendent,* in computing apportionments and allowances from the State School Fund for the second principal apportionment, shall determine the following for the regular day classes of the elementary schools maintained by each school district:

~~(a) For~~

(1) (A) For grades 1 to 3, inclusive, ~~he~~ *the Superintendent* shall determine the number of classes, the number of pupils enrolled in each class, the total enrollment in all such classes, the average number of pupils enrolled per class, and the total of the numbers of pupils which are in excess of thirty (30) in each class.

~~For~~

(B) For those *school* districts ~~which~~ *that* do not have any classes with an enrollment in excess of 32 and whose average size for all the classes is 30.0 or less, there shall be no excess declared. For those *school* districts ~~which~~ *that* have one or more classes in excess of an enrollment of 32 or whose average size for all the classes is more than 30, the excess shall be the total of the number of pupils which are in excess of 30 in each class having an enrollment of more than 30.

~~(b)~~

(2) For grades 4 to 8, inclusive, ~~he~~ *the Superintendent* shall determine the total number of pupils enrolled, the number of full-time equivalent classroom teachers, and the average number

of pupils per each full-time equivalent classroom teacher. ~~He~~ *The Superintendent* shall also determine the excess if any, of pupils enrolled in such grades in the following manner:

~~(1)~~

(A) Determine the number of pupils by which the average number of pupils per each full-time equivalent classroom teacher for the current fiscal year exceeds the greater of the average number of pupils per each full-time equivalent classroom teacher in all the appropriate districts of the state, as determined by the Superintendent ~~of Public Instruction,~~ for October 30, 1964, or the average number of pupils per each full-time equivalent classroom teacher which existed in the *school* district on either October 30, 1964 or March 30, 1964, as selected by the governing ~~board.~~ *board of the school district.*

~~(2)~~

(B) Multiply the number determined in ~~(1) above~~ *subparagraph (A)* by the number of full-time equivalent classroom teachers of the current fiscal year.

~~(3)~~

(C) Reduce the number determined in ~~(2) above~~ *subparagraph (B)* by the remainder ~~which~~ *that* results from dividing such number by the average number of pupils per each full-time equivalent teacher for October 30, 1964, as determined by the Superintendent ~~of Public Instruction in (1) above.~~ *in subparagraph (A).*

~~(c) He~~

(3) The Superintendent shall compute the product obtained by multiplying the excess number of pupils, if any, ~~under the provisions of subdivision (a) of this section~~ *in paragraph (1)* by ninety-seven ~~hundredths (0.97), and shall multiply the product so obtained by the ratio of statewide change in average daily attendance to district change in average daily attendance. Change in average daily attendance shall be determined by dividing average daily attendance in grades 1, 2 and 3 reported for purposes of the first principal apportionment of the current year by that reported for purposes of the first principal apportionment of the preceding year.~~ *hundredths.*

~~(d)~~

(4) If the school district reports that it has maintained, during the current fiscal year, any classes in which there were enrolled pupils in excess of ~~thirty (30)~~ *30* per class pursuant to ~~subdivision~~

~~(a) of this section,~~ *paragraph (1),* and there is no excess number of pupils computed pursuant to ~~subdivision (b) of this section, he~~ *paragraph (2), the Superintendent* shall decrease the average daily attendance reported under the provisions of Section 41601 by the product determined ~~under subdivision (c) of this section.~~ *pursuant to paragraph (3).*

~~(e)~~

(5) If the school district reports that it has maintained, during the current fiscal year, no classes in which there were enrolled pupils in excess of ~~thirty (30)~~ *30* per class determined pursuant to ~~subdivision (a) of this section,~~ *paragraph (1),* and there is an excess number of pupils computed pursuant to ~~subdivision (b) of this section, he shall make the following computation:~~ *paragraph (2), the Superintendent shall compute the product obtained by multiplying the excess number of pupils computed pursuant to paragraph (2) by ninety-seven hundredths. The Superintendent shall decrease the average daily attendance reported under the provisions of Section 41601 by the resulting product.*

~~He shall compute the product obtained by multiplying the excess number of pupils computed pursuant to subdivision (b) of this section by ninety-seven hundredths (0.97) and shall multiply the product so obtained by the ratio of statewide change in average daily attendance to the district change in average daily attendance. He shall decrease the average daily attendance reported under the provisions of Section 41601 by the resulting product.~~

~~(f)~~

(6) If the school district reports that it has maintained, during the current fiscal year, any classes in which there were enrolled pupils in excess of ~~thirty (30)~~ *30* per class determined pursuant to ~~subdivision (a) of this section,~~ *paragraph (1),* and there is an excess number of pupils computed pursuant to ~~subdivision (b) of this section, he shall make the following computation:~~ *paragraph (2), the Superintendent shall add to the product determined pursuant to paragraph (3), the product determined pursuant to paragraph (5), and shall decrease the average daily attendance reported under the provisions of Section 41601 by this total amount.*

~~He shall add to the product determined under subdivision (c) of this section, the product determined under subdivision (e) of this section and decrease the average daily attendance reported under the provisions of Section 41601 by this total amount.~~

(b) The governing board of each school district maintaining elementary schools shall report for the fiscal year 1964–65 and each year thereafter the information required for the determination to be made by the Superintendent ~~of Public Instruction under the provisions of~~ *pursuant to* this section in accordance with instructions provided on forms furnished and prescribed by the ~~Superintendent of Public Instruction.~~ *Superintendent.* Such information shall be reported by the school district together with, and at the same time as, the reports required to be filed for the second principal apportionment of the State School Fund. The forms on which the data and information is reported shall include a certification by *the superintendent of* each school district ~~superintendent~~ or *its* chief administrative officer that the data is correct and accurate for the period covered, according to his *or her* best information and belief.

(c) For purposes of this section, a "full-time equivalent classroom teacher" means an employee of an elementary, high school, or unified school district, employed in a position requiring certification qualifications and whose duties require him to teach pupils in the elementary schools of that district in regular day classes for the full time for which he is employed during the regular schoolday. In reporting the total number of full-time equivalent classroom teachers, there shall be included, in addition to those employees defined above, the full-time equivalent of all fractional time for which employees in positions requiring certification qualifications are required to devote to teaching pupils in the elementary schools of the district in regular day classes during the regular schoolday.

(d) For purposes of this section, the number of pupils enrolled in each class means the average of the active enrollment in that class on the last teaching day of each school month ~~which ends prior to April~~ *that ends before April 15* of each school year.

~~The provisions of this section are not~~

(e) This section shall not be applicable to school districts with less than 101 units of average daily attendance for the current fiscal year.

~~Although no decreases in average daily attendance shall be made for the fiscal year 1964–65, reports are required to be filed under the provisions of this section, and the Superintendent of Public Instruction shall notify each school district the amount of the~~

~~decrease in state allowances which would have been effected had such decrease in average daily attendance been applied.~~

~~The~~

(f) The Superintendent ~~of Public Instruction~~ shall adopt rules and regulations ~~which he~~ *that he or she* may deem necessary for the effective administration of this section. ~~Such~~ *Those* rules and regulations may specify that no decrease in average daily attendance reported under the provisions of Section 41601 shall be made for a school district on account of large classes due to instructional television or team teaching, which may necessarily involve class sizes at periods during the day larger than the standard set forth in this section.

SEC. 41. Section 41376.1 of the Education Code is amended to read:

41376.1. (a) Commencing with the 2013–14 fiscal year, until the Superintendent determines that a school district is funded pursuant to Section 42238.02 in the prior fiscal year, and notwithstanding the requirement to decrease average daily attendance pursuant to ~~subdivisions (d), (e), and (f)~~ *paragraphs (4), (5), and (6) of subdivision (a)* of Section 41376 and subdivision (e) of Section 41378, the Superintendent shall compute a reduction to the school district local control funding formula entitlement pursuant to Section 42238.02, as implemented by Section 42238.03, for the specified school year by the sum of the following:

(1) (A) Multiply the sum of the products obtained in subdivision (e) of Section 41378 and *paragraph (4) of* subdivision ~~(d)~~ *(a)* of Section 41376 by the grade span adjusted base grant specified in subparagraph (A) of paragraph (1) of subdivision (d) of Section 42238.02, as annually adjusted for cost of living pursuant to paragraph (2) of subdivision (d) of Section 42238.02.

(B) Multiply the product obtained in subparagraph (A) by the sum of the entitlements computed pursuant to paragraphs (1) to (4), inclusive, of subdivision (a) of Section 42238.03 and paragraph (3) of subdivision (b) of Section 42238.03 for all school districts, divided by the sum of the local control funding formula entitlements computed pursuant to Section 42238.02 for all school districts.

(2) (A) Multiply the product obtained pursuant to *paragraph (5) of* subdivision ~~(e)~~ *(a)* of Section 41376 by the ~~funded~~ average daily attendance for grades 4 to 6, inclusive, reported by the school

district pursuant to Section ~~42238.05~~ *41601* for the specified school year divided by the ~~funded~~ average daily attendance for grades 4 to 8, inclusive, reported by the school district pursuant to Section ~~42238.05~~ *41601* for the specified school year.

(B) Multiply the product obtained in subparagraph (A) by the grade span adjusted base grant specified in subparagraph (B) of paragraph (1) of subdivision (d) of Section 42238.02, as annually adjusted for cost of living pursuant to paragraph (2) of subdivision (d) of Section 42238.02.

(C) Multiply the product obtained in subparagraph (B) by the sum of the entitlements computed pursuant to paragraphs (1) to (4), inclusive, of subdivision (a) of Section 42238.03 and paragraph (3) of subdivision (b) of Section 42238.03 for all school districts, divided by the sum of the local control funding formula entitlements computed pursuant to Section 42238.02 for all school districts.

(3) (A) Multiply the product obtained pursuant to *paragraph (5) of* subdivision ~~(e)~~ *(a)* of Section 41376 by the ~~funded~~ average daily attendance for grades 7 and 8 reported by the school district pursuant to Section ~~42238.05~~ *41601* for the specified school year divided by the ~~funded~~ average daily attendance for grades 4 to 8, inclusive, reported by the school district pursuant to Section ~~42238.05~~ *41601* for the specified school year.

(B) Multiply the product obtained in subparagraph (A) by the grade span adjusted base grant specified in subparagraph (C) of paragraph (1) of subdivision (d) of Section 42238.02, as annually adjusted for cost of living pursuant to paragraph (2) of subdivision (d) of Section 42238.02.

(C) Multiply the product obtained in subparagraph (B) by the sum of the entitlements computed pursuant to paragraphs (1) to (4), inclusive, of subdivision (a) of Section 42238.03 and paragraph (3) of subdivision (b) of Section 42238.03 for all school districts, divided by the sum of the local control funding formula entitlements computed pursuant to Section 42238.02 for all school districts.

(b) Commencing with the 2013–14 fiscal year, if the Superintendent determines that a school district is funded pursuant to Section 42238.02 in the prior fiscal year, and notwithstanding the requirement to decrease average daily attendance pursuant to ~~subdivisions (d), (e), and (f)~~ *paragraphs (4), (5), and (6) of*

subdivision (a) of Section 41376 and subdivision (e) of Section 41378, the Superintendent shall compute a reduction to the school district local control funding formula entitlement pursuant to Section 42238.02 for the specified school year by the sum of the following:

(1) Multiply the sum of the products obtained in subdivision (e) of Section 41378 and *paragraph (4) of* subdivision ~~(d)~~ *(a)* of Section 41376 by the grade span adjusted base grant specified in subparagraph (A) of paragraph (1) of subdivision (d) of Section 42238.02, as annually adjusted for cost of living pursuant to paragraph (2) of subdivision (d) of Section 42238.02.

(2) (A) Multiply the product obtained pursuant to *paragraph (5) of* subdivision ~~(e)~~ *(a)* of Section 41376 by the ~~funded~~ average daily attendance for grades 4 to 6, inclusive, reported by the school district pursuant to Section ~~42238.05~~ *41601* for the specified school year divided by the ~~funded~~ average daily attendance for grades 4 to 8, inclusive, reported by the school district pursuant to Section ~~42238.05~~ *41601* for the specified school year.

(B) Multiply the product obtained in subparagraph (A) by the grade span adjusted base grant specified in subparagraph (B) of paragraph (1) of subdivision (d) of Section 42238.02, as annually adjusted for cost of living pursuant to paragraph (2) of subdivision (d) of Section 42238.02.

(3) (A) Multiply the product obtained pursuant to *paragraph (5) of* subdivision ~~(e)~~ *(a)* of Section 41376 by the ~~funded~~ average daily attendance for grades 7 and 8 reported by the school district pursuant to Section ~~42238.05~~ *41601* for the specified school year divided by the ~~funded~~ average daily attendance for grades 4 to 8, inclusive, reported by the school district pursuant to Section ~~42238.05~~ *41601* for the specified school year.

(B) Multiply the product obtained in subparagraph (A) by the grade span adjusted base grant specified in subparagraph (C) of paragraph (1) of subdivision (d) of Section 42238.02, as annually adjusted for cost of living pursuant to paragraph (2) of subdivision (d) of Section 42238.02.

SEC. 42. Section 41544 of the Education Code is amended to read:

41544. (a) For a basic aid school district that was entitled to reimbursement pursuant to *former* Section 42247.4, as that section read on January 1, 2001, and that received an apportionment

pursuant to subdivision (h) of *former* Section 42247.4, as that section read on January 1, 2001, because a court order directs pupils to transfer to that school district as part of the court-ordered voluntary pupil transfer program, the Superintendent, from the 2001–02 fiscal year to the 2012–13 fiscal year, inclusive, shall calculate an apportionment of state funds for that basic aid school district that provides 70 percent of the school district revenue limit calculated pursuant to *former* Section 42238, as that section read on January 1, 2013, that would have been apportioned to the school district from which the pupils were transferred for the average daily attendance of any pupils credited under that court order who did not attend the basic aid school district before the 1995–96 fiscal year.

(b) (1) For a basic aid school district that was entitled to reimbursement pursuant to *former* Section 42247.4, as that section read on January 1, 2001, and that received an apportionment pursuant to subdivision (h) of *former* Section 42247.4, as that section read on January 1, 2001, because a court order directs pupils to transfer to that school district as part of the court-ordered voluntary pupil transfer program, the Superintendent, commencing with the 2013–14 fiscal year, shall calculate an apportionment of state funds for that basic aid school district that provides 70 percent of the school district local control funding formula base grant calculated pursuant to subdivision (d) of Section 42238.02, as implemented by Section 42238.03, that would have been apportioned to the school district from which the pupils were transferred for the average daily attendance of any pupils credited under that court order who did not attend the basic aid school district before the 1995–96 fiscal year.

(2) Notwithstanding paragraph (1), until the Superintendent determines that the school district from which the pupil or pupils were transferred is funded pursuant to Section 42238.02 in the prior fiscal year, the Superintendent shall apportion, for average daily attendance credited pursuant to paragraph (1), *the lesser of the amount calculated pursuant to paragraph (1) or* 70 percent of the sum of the entitlements for the school district from which the pupil or pupils were transferred for the specified fiscal year as computed pursuant to paragraphs (1) to (4), inclusive, of subdivision (a), and paragraph (3) of subdivision (b), of Section 42238.03, divided by the average daily attendance of that school

district for that fiscal year and then multiplied by the ratio of local control *funding* formula base grant funding computed pursuant to subdivision (d) of Section 42238.02 to the local control funding formula amount for that fiscal year computed pursuant to Section 42238.02.

(3) If the entitlements for the school district from which the pupil or pupils were transferred computed pursuant to paragraphs (1) to (4), inclusive, of subdivision (a), and paragraph (3) of subdivision (b), of Section 42238.03, include funding calculated pursuant to Article 4 (commencing with Section 42280) of Chapter 7 for a fiscal year, paragraph (2) shall not apply and the apportionment of state funds for the average daily attendance credited pursuant to this section for that fiscal year shall be calculated pursuant to paragraph (1).

(c) For purposes of subdivision ~~(b) of this section,~~ *(b),* "basic aid school district" means a school district that does not receive from the state, for any fiscal year in which this section is applied, an apportionment of state funds pursuant to subdivision (o) of Section 42238.02.

SEC. 43. Section 41610 of the Education Code is repealed.

~~41610. (a) Notwithstanding any other provision of law, commencing with the 1988–89 fiscal year any school district that has discovered an error in the attendance accounting computer program that has caused it to overstate its average daily attendance is not required to amend its prior years' reports, if the independent audit for the 1987–88 fiscal year or any previous fiscal year did not reveal the error.~~

~~Commencing with the 1989–90 fiscal year, no school district is entitled to a declining enrollment adjustment under Section 42238.5, or any other provision, for a decline in average daily attendance that is a result of an overstatement of the 1987–88 fiscal year average daily attendance.~~

~~(b) Notwithstanding any other provision of law, any school district that has experienced all of the following shall not have its revenue limit apportionment adjusted for the 1988–89 fiscal year or any prior fiscal year as a result of any attendance reporting error occurring in the 1987–88 fiscal year or any prior fiscal year:~~

~~(1) The district has used an attendance accounting computer system since the 1978–79 school year.~~

~~(2) The attendance accounting system has been audited during the annual financial audit since the 1979–80 fiscal year and, despite the annual audits, has been found to contain an error.~~

~~(3) The district has experienced declining enrollment from the 1987–88 fiscal year to the 1988–89 fiscal year.~~

~~(c) Any school district for which subdivision (b) is applicable shall calculate its declining enrollment adjustment pursuant to Section 42251 based upon the corrected average daily attendance for the 1987–88 fiscal year rather than based upon the average daily attendance originally reported for the 1987–88 fiscal year.~~

SEC. 44. Section 42127 of the Education Code is amended to read:

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

(1) Hold a public hearing conducted in accordance with Section 42103 on the budget to be adopted for the subsequent fiscal year. The budget to be adopted shall be prepared in accordance with Section 42126. The agenda for that hearing shall be posted at least 72 hours before the public hearing and shall include the location where the budget will be available for public inspection.

(2) (A) Adopt a budget. Not later than five days after that adoption or by July 1, whichever occurs first, the governing board of the school district shall file that budget with the county superintendent of schools. The budget and supporting data shall be maintained and made available for public review. If the governing board of the school district does not want all or a portion of the property tax requirement levied for the purpose of making payments for the interest and redemption charges on indebtedness as described in paragraph (1) or (2) of subdivision (b) of Section 1 of Article XIII A of the California Constitution, the budget shall include a statement of the amount or portion for which a levy shall not be made. For the 2014–15 fiscal year and each fiscal year thereafter, the governing board of the school district shall not adopt a budget before the governing board of the school district adopts a local control and accountability plan, if an existing local control and accountability plan or annual update to a local control and accountability plan is not effective for the budget year. The governing board of a school district shall not adopt a budget that does not include the expenditures necessary to implement the local

control and accountability plan or the annual update to a local control and accountability plan that is effective for the budget year.

(B) Commencing with budgets adopted for the 2015–16 fiscal year, the governing board of a school district that proposes to adopt a ~~budget, or revise a budget pursuant to subdivision (e),~~ *budget* that includes a combined assigned and unassigned ending fund balance in excess of the minimum recommended reserve for economic uncertainties adopted by the state board pursuant to subdivision (a) of Section 33128, shall, at the public hearing held pursuant to paragraph (1), provide all of the following for public review and discussion:

(i) The minimum recommended reserve for economic uncertainties for each fiscal year identified in the budget.

(ii) The combined assigned and unassigned ending fund balances that are in excess of the minimum recommended reserve for economic uncertainties for each fiscal year identified in the budget.

(iii) A statement of reasons that substantiates the need for an assigned and unassigned ending fund balance that is in excess of the minimum recommended reserve for economic uncertainties for each fiscal year that the school district identifies an assigned and unassigned ending fund balance that is in excess of the minimum recommended reserve for economic uncertainties, as identified pursuant to clause (ii).

(C) The governing board of a school district shall include the information required pursuant to subparagraph (B) in its budgetary submission each time it files an adopted or revised budget with the county superintendent of schools. The information required pursuant to subparagraph (B) shall be maintained and made available for public review.

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

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

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

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

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

(3) Determine whether the adopted budget includes the expenditures necessary to implement the local control and accountability plan or annual update to the local control and accountability plan approved by the county superintendent of schools.

(4) Determine whether the adopted budget includes a combined assigned and unassigned ending fund balance that exceeds the minimum recommended reserve for economic uncertainties. If the adopted budget includes a combined assigned and unassigned ending fund balance that exceeds the minimum recommended reserve for economic uncertainties, the county superintendent of schools shall verify that the school district complied with the requirements of subparagraphs (B) and (C) of paragraph (2) of subdivision (a).

(d) (1) On or before ~~August~~ *September* 15, the county superintendent of schools shall approve, conditionally approve, or disapprove the adopted budget for each school district. For the 2014–15 fiscal year and each fiscal year thereafter, the county superintendent of schools shall disapprove a budget if the county superintendent of schools determines that the budget does not include the expenditures necessary to implement a local control and accountability plan or an annual update to the local control and accountability plan approved by the county superintendent of schools. If the governing board of a school district does not submit a budget to the county superintendent of schools, the county superintendent of schools shall develop, at school district expense, a budget for that school district by September 15 and transmit that budget to the governing board of the school district. The budget prepared by the county superintendent of schools shall be deemed adopted, unless the county superintendent of schools approves any modifications made by the governing board of the school district. The budget prepared by the county superintendent of schools shall also comply with the requirements of subparagraph (B) of paragraph (2) of subdivision (a). The approved budget shall be used as a guide for the school district's priorities. The Superintendent shall review and certify the budget approved by the county. If, pursuant to the review conducted pursuant to subdivision (c), the county superintendent of schools determines that the adopted budget for a school district does not satisfy paragraph (1), (2), (3), or (4) of that subdivision, he or she shall conditionally approve or disapprove the budget and, not later than ~~August~~ *September* 15, transmit to the governing board of the school district, in writing, his or her recommendations regarding revision of the budget and the reasons for those recommendations, including, but not limited to, the amounts of any budget

adjustments needed before he or she can approve that budget. The county superintendent of schools may assign a fiscal adviser to assist the school district to develop a budget in compliance with those revisions. In addition, the county superintendent of schools may appoint a committee to examine and comment on the superintendent's review and recommendations, subject to the requirement that the committee report its findings to the county superintendent of schools no later than ~~August~~ *September* 20.

(2) Notwithstanding any other provision of this article, for the 2014–15 fiscal year and each fiscal year thereafter, the budget shall not be adopted or approved by the county superintendent of schools before a local control and accountability plan or update to an existing local control and accountability plan for the budget year is approved.

(3) If the adopted budget of a school district is conditionally approved or disapproved pursuant to paragraph (1), on or before ~~September~~ *October* 8, the governing board of the school district, in conjunction with the county superintendent of schools, shall review and respond to the recommendations of the county superintendent of schools at a regular meeting of the governing board of the school district. The response shall include any revisions to the adopted budget and other proposed actions to be taken, if any, as a result of those recommendations.

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

(f) (1) The county superintendent of schools shall examine the revised budget as provided in paragraph (3) of subdivision (d) to determine whether it (A) complies with the standards and criteria adopted by the state board pursuant to Section 33127 for application to final local educational agency budgets, (B) allows the school district to meet its financial obligations during the fiscal year, (C) satisfies all conditions established by the county superintendent of schools in the case of a conditionally approved budget, (D) is consistent with a financial plan that will enable the school district to satisfy its multiyear financial commitments, and, not later than ~~October~~ *November* 8, shall approve or disapprove the revised budget, and (E) whether the revised budget complies with the requirements of subparagraph (B) of paragraph (2) of

subdivision (a). If the county superintendent of schools disapproves the budget, he or she shall call for the formation of a budget review committee pursuant to Section 42127.1, unless the governing board of the school district and the county superintendent of schools agree to waive the requirement that a budget review committee be formed and the department approves the waiver after determining that a budget review committee is not necessary. Upon the grant of a waiver, the county superintendent of schools immediately has the authority and responsibility provided in Section 42127.3. Upon approving a waiver of the budget review committee, the department shall ensure that a balanced budget is adopted for the school district by ~~November 30.~~ *December 31*. If no budget is adopted by ~~November 30,~~ *December 31*, the Superintendent may adopt a budget for the school district. The Superintendent shall report to the Legislature and the Director of Finance by ~~December~~ *January* 10 if any school district, including a school district that has received a waiver of the budget review committee process, does not have an adopted budget by ~~November 30.~~ *December 31*. This report shall include the reasons why a budget has not been adopted by the deadline, the steps being taken to finalize budget adoption, the date the adopted budget is anticipated, and whether the Superintendent has or will exercise his or her authority to adopt a budget for the school district.

(2) Notwithstanding any other law, for the 2014–15 fiscal year and each fiscal year thereafter, if the county superintendent of schools disapproves the budget for the sole reason that the county superintendent of schools has not approved a local control and accountability plan or an annual update to the local control and accountability plan filed by the governing board of the school district pursuant to Section 52070, the county superintendent of schools shall not call for the formation of a budget review committee pursuant to Section 42127.1.

(g) Not later than ~~October~~ *November* 8, the county superintendent of schools shall submit a report to the Superintendent identifying all school districts for which budgets have been disapproved or budget review committees waived. The report shall include a copy of the written response transmitted to each of those school districts pursuant to paragraph (1) of subdivision (d).

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

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

SEC. 45. Section 42127.1 of the Education Code is amended to read:

42127.1. (a) Pursuant to subdivision (g) or (i) of Section 42127, upon the disapproval of a school district budget by the county ~~superintendent,~~ *superintendent of schools,* the county superintendent *of schools* shall call for the formation of a budget review committee unless the governing board of the school district and the county superintendent of schools agree to waive the requirement that a budget review committee be formed, and the department approves the waiver after determining that a budget review committee is not necessary. Upon the grant of a waiver, the county superintendent has the authority and responsibility provided to a budget review committee in Section 42127.3. Upon approving a waiver of the budget review committee, the department shall ensure that a balanced budget is adopted for the school district by ~~November 30.~~ *December 31*. The Superintendent shall report to the Legislature and the Director of Finance by ~~December~~ *January* 10 if any district, including a *school* district that has received a waiver of the budget review committee process, does not have an adopted budget by ~~November 30.~~ *December 31*. This report shall include the reasons why a budget has not been adopted by the deadline, the steps being taken to finalize budget adoption, and the date the adopted budget is anticipated.

(b) The budget review committee shall be composed of three persons selected by the governing board of the school district from a list of candidates provided to the governing board *of the school district* by the ~~Superintendent of Public Instruction.~~ *Superintendent.* The list of candidates shall be composed of persons who have expertise in the management of a school district or county office of education. Their experience shall include, but not be limited to,

the fiscal and educational aspects of local educational agency management.

(c) Notwithstanding subdivision (b) or any other provision of this article, with the approval of the Superintendent and the governing board of the school district, the county superintendent of schools may select and convene a regional review committee, consisting of persons having the expertise described in that subdivision. The regional review committee shall operate in place of the budget review committee, in accordance with the provisions of this article governing budget review committees.

(d) Members of the committee shall be reimbursed by the department for their services and associated expenses while on official business at rates established by the ~~State Board of Education.~~ *state board.*

SEC. 46. Section 42127.2 of the Education Code is amended to read:

42127.2. (a) The governing board of a school district shall, no later than five working days after the receipt of a candidate list from the Superintendent ~~of Public Instruction~~ pursuant to Section 42127.1, select a budget review committee, and the Superintendent ~~of Public Instruction~~ shall convene the committee no later than five working days following that selection. If the governing board *of the school district* fails to select a committee within the period of time permitted by this subdivision, the Superintendent ~~of Public Instruction~~ instead shall select and convene the budget review committee no later than 10 working days after the district's receipt of the candidate list.

(b) ~~No later than October 31,~~ *On or before November 30,* the budget review committee shall review the proposed budget of the district and the underlying fiscal policies of the *school* district and transmit to the Superintendent of Public Instruction, the county superintendent of schools, and the governing board of the school district either of the following:

(1) The recommendation that the school district budget be approved.

(2) A report disapproving the school district budget and setting forth recommendations for revisions to the school district budget that would enable the district to meet its financial obligations both in the current fiscal year and with regard to the district's multiyear financial commitments.

(c) The Superintendent ~~of Public Instruction~~ may extend the deadline set forth in subdivision (b) for a period of not more than 15 working days.

(d) The Superintendent ~~of Public Instruction~~ shall establish criteria and procedures governing the performance by budget review committees of their duties ~~under~~ *pursuant to* this section.

(e) Upon request of the county superintendent of schools, the Controller's office may conduct an audit or review of the fiscal condition of the school district in order to assist a budget review committee or regional review committee for the purposes of this section.

SEC. 47. Section 42127.3 of the Education Code is amended to read:

42127.3. (a) If the budget review committee established pursuant to Sections 42127.1 and 42127.2 recommends approval of the school district budget, the county superintendent of schools shall accept the recommendation of the budget review committee and approve the budget.

(b) If the budget review committee established pursuant to Sections 42127.1 and 42127.2 disapproves the school district budget, the ~~school district governing board,~~ *governing board of the school district,* not later than five working days after receipt of the report described in paragraph (2) of subdivision (b) of Section 42127.2, may submit a response to the Superintendent, including any revisions to the adopted final budget and any other proposed actions to be taken as a result of the recommendations of the budget review committee. Based upon the recommendations of the budget review committee and any response to those recommendations provided by the governing board of the school district, the Superintendent shall either approve or disapprove the budget. If the Superintendent disapproves the budget, he or she shall notify the governing board of the school district in writing of the reasons for that disapproval and, until the county superintendent *of schools* certifies the *school* district's first interim report pursuant to Section 42131, the county superintendent of schools shall do the following as necessary:

(1) ~~Not later than November 30,~~ *On or before December 31,* develop and adopt, in consultation with the Superintendent and the governing board of the school district, a fiscal plan and budget that will govern the district and will allow the district to meet its

financial obligations, both in the current fiscal year and with regard to the district's multiyear financial commitments. The Superintendent may extend the date by which the county superintendent of schools is required to develop and adopt a fiscal plan and budget. The governing board of the school district shall govern the operation of the *school* district for the current fiscal year in accordance with that adopted budget.

(2) Cancel purchase orders, prohibit the issuance of nonsalary warrants, and otherwise stay or rescind any action that is inconsistent with the budget adopted pursuant to paragraph (1). The county superintendent of schools shall inform the governing board of the school district in writing of his or her justification for any exercise of authority under this paragraph.

(3) Monitor and review the operation of the school district.

(4) Determine the need for additional staff and may employ, subject to approval by the Superintendent, short-term analytical assistance or expertise to validate financial information if the *school* district staff does not have the expertise or staff.

(5) Require the school district to encumber all contracts and other obligations, to prepare appropriate cashflow analyses and monthly or quarterly budget revisions, and to appropriately record all receivables and payables.

(6) Determine whether there are any financial problem areas and may employ, subject to approval by the Superintendent, a certified public accounting firm to investigate financial problem areas.

(7) Withhold compensation of the members of the governing board *of the school district* and the ~~district~~ superintendent *of the school district* for failure to provide requested financial information. A forfeiture may be appealed to the Superintendent pursuant to subdivision (b) of Section 42127.6.

(c) If, during the selection of the budget review committee or during the committee's review of the budget, an agreement is reached between the governing board of the school district and the county superintendent of schools, and the school district revises its budget to comply with this agreement, the county superintendent of schools shall approve the *school* district budget and the budget review committee selection, or its review of the budget, shall be canceled.

(d) The school district shall pay 75 percent and the county office of education shall pay 25 percent of the actual administrative expenses incurred pursuant to subdivision (b), or costs associated with improving the district's financial management practices. The Superintendent shall develop, and distribute to affected school districts and county offices of education, advisory guidelines regarding the appropriate amount of any fees charged pursuant to this subdivision.

(e) This section shall not be construed to authorize the county superintendent of schools to abrogate any provision of a collective bargaining agreement that was entered into by a school district prior to the date upon which the county superintendent of schools disapproved the budget of the school district pursuant to subdivision (b).

SEC. 48. Section 42127.8 of the Education Code is amended to read:

42127.8. (a) The governing board provided for in subdivision (b) shall establish a unit to be known as the County Office Fiscal Crisis and Management Assistance Team. The team shall consist of persons having extensive experience in school district budgeting, accounting, data processing, telecommunications, risk management, food services, pupil transportation, purchasing and warehousing, facilities maintenance and operation, and personnel administration, organization, and staffing. The Superintendent may appoint one employee of the department to serve on the unit. The unit shall be operated under the immediate direction of an appropriate county office of education selected jointly, in response to an application process, by the Superintendent and the president of the state board or his or her designee.

(b) The unit established under subdivision (a) shall be selected and governed by a 25-member governing board consisting of one representative chosen by the California County Superintendents Educational Services Association from each of the 11 county service regions designated by the association, 11 superintendents of school districts chosen by the Association of California School Administrators from each of the 11 county service regions, one representative from the department chosen by the Superintendent, the Chancellor of the California Community Colleges or his or her designee, and one member of a community college district governing board chosen by the chancellor. The governing board

of the County Office Fiscal Crisis and Management Assistance Team shall select a county superintendent of schools to chair the unit.

(c) (1) The Superintendent may request the unit to provide the assistance described in subdivision (b) of Section 1624, Section 1630, subdivision (b) of Section 42127.3, subdivision (c) of Section 42127.6, *and* Section 42127.9, and *with the computation described in* subdivision (a) of Section 42238.2, and to review the fiscal and administrative condition of any county office of education, school district, or charter school.

(2) A county superintendent of schools may request the unit to review the fiscal or administrative condition of a school district or charter school under his or her jurisdiction.

(3) The Board of Governors of the California Community Colleges may request the unit to provide the assistance described in Section 84041.

(d) In addition to the functions described in subdivision (c), the unit shall do all of the following:

(1) Provide fiscal management assistance, at the request of any school district, charter school, or county office of education, or, pursuant to subdivision (g) of Section 84041, at the request of any community college district. Each school district, charter school, or county office of education receiving that assistance shall be required to pay the onsite personnel costs and travel costs incurred by the unit for that purpose, pursuant to rates determined by the governing board established under subdivision (b). The governing board annually shall distribute rate information to each school district, charter school, and county office of education.

(2) Facilitate training for members of the governing board of the school district, district and county superintendents, chief financial officers within the district, and schoolsite personnel whose primary responsibility is to address fiscal issues. Training services shall emphasize efforts to improve fiscal accountability and expand the fiscal competency of local agencies. The unit shall use state professional associations, private organizations, and public agencies to provide guidance, support, and the delivery of any training services.

(3) Facilitate fiscal management training through the 11 county service regions to county office of education staff to ensure that they develop the technical skills necessary to perform their

fiduciary duties. The governing board established pursuant to subdivision (b) shall determine the extent of the training that is necessary to comply with this paragraph.

(4) Produce a training calendar, to be disseminated semiannually to each county service region, that publicizes all of the fiscal training services that are being offered at the local, regional, and state levels.

(e) The governing board shall reserve not less than 25 percent, nor more than 50 percent, of its revenues each year for expenditure for the costs of contracts and professional services as management assistance to school districts or county superintendents of schools in which the board determines that a fiscal emergency exists.

(f) The governing board established under subdivision (b) may levy an annual assessment against each county office of education that elects to participate under this section in an amount not to exceed twenty cents ($0.20) per unit of total average daily attendance for all school districts within the county. The revenues collected pursuant to that assessment shall be applied to the expenses of the unit.

(g) The governing board established under subdivision (b) may pay to the department, from any available funds, a reasonable amount to reimburse the department for actual administrative expenses incurred in the review of the budgets and fiscal conditions of school districts, charter schools, and county superintendents of schools.

(h) When employed as a fiscal adviser by the department pursuant to Section 1630, employees of the unit established pursuant to subdivision (a) shall be considered employees of the department for purposes of errors and omissions liability insurance.

(i) (1) The unit shall request and review applications to establish regional teams of education finance experts throughout the state.

(2) To the extent that funding is provided for purposes of this subdivision in the annual Budget Act or through another appropriation, regional teams selected by the Superintendent, in consultation with the unit, shall provide training and technical expertise to school districts, charter schools, and county offices of education facing fiscal difficulties.

(3) The regional teams shall follow the standards and guidelines of and remain under the general supervision of the governing board established under subdivision (b).

(4) It is the intent of the Legislature that, to the extent possible, the regional teams be distributed geographically throughout the various regions of the state in order to provide timely, cost-effective expertise to school districts, charter schools, county offices of education, and community college districts throughout the state.

SEC. 49. Section 42238.01 of the Education Code is amended to read:

42238.01. For purposes of Section 42238.02, the following definitions shall apply:

~~(a) "Eligible for free or reduced-price meals" means determined to meet federal income eligibility criteria or deemed to be categorically eligible for free or reduced-price meals under the National School Lunch Program, as described in Part 245 of Title 7 of the Code of Federal Regulations. A school participating in a special assistance alternative authorized by Section 11(a)(1) of the Richard B. Russell National School Lunch Act (Public Law 113-79), including Provision 2, Provision 3, or the Community Eligibility Option, may establish a base year for purposes of the local control funding formula by collecting household income data to determine whether a student meets free and reduced-price meal income eligibility criteria at least once every four years, if the school determines free and reduced-price meal eligibility for each new enrolled or disenrolled pupil between base year eligibility determination collections. A school that uses the special assistance alternative shall maintain information on each student's income eligibility status and annually submit information on that status in the California Longitudinal Pupil Achievement Data System pursuant to paragraph (2) of subdivision (b) of Section 42238.02 or subparagraph (A) of paragraph (3) of subdivision (b) of Section 2574, as applicable.~~

(a) "Eligible for free or reduced-price meals" means determined to meet federal income eligibility criteria, either through completing an application for the federal National School Lunch Program or through an alternative household income data collection form, or deemed to be categorically eligible for free or reduced-price meals under the federal National School Lunch Program, as described in Part 245 of Title 7 of the Code of Federal Regulations.

(1) A school participating in a special assistance alternative authorized by Section 11(a)(1) of the Richard B. Russell National

School Lunch Act (Public Law 113-79), including Provision 2, Provision 3, or the Community Eligibility Provision, may establish a base year for purposes of the local control funding formula by determining the pupils at the school who are eligible for free or reduced-price meals and using each pupil's eligibility status in that base year to report eligibility for up to each of the following three school years. The school may include between base year eligibility determinations, any newly enrolled pupils who are determined to be eligible for free or reduced-price meals or any current pupils found to be newly eligible for free or reduced-price meals as identified through a local or state direct certification match or another categorical designation.

(2) A school that uses the special assistance alternative shall maintain information on each pupil's eligibility status and annually submit information on that status in the California Longitudinal Pupil Achievement Data System pursuant to paragraph (2) of subdivision (b) of Section 42238.02 or subparagraph (A) of paragraph (3) of subdivision (b) of Section 2574, as applicable.

(3) For a pupil who transfers to a school using a special assistance alternative and who is transferring between schools within the same school district, documentation supporting eligibility for that pupil for purposes of the local control funding formula may be transferred from the pupil's old school to the pupil's new school, as long as the documentation supporting eligibility for that pupil is less than four years old and is updated at least once every four years.

(4) To the extent permitted by federal law, a school may choose to establish a new base year for purposes of the *federal* National School Lunch Program at the same time the school establishes a new base year for purposes of the local control funding formula. A school may use *federal* National School Lunch Program application forms to collect household income data as permitted under the *federal* National School Lunch Program. If the use of *federal* National School Lunch Program application forms is not permitted, a school shall use alternative *household* income data collection forms.

(5) An alternative household income data collection form shall be confidential and shall not be shared by the school other than as necessary for purposes of determining funding allocations under the local control funding formula and for assessing the

accountability of that funding. An alternative household income data collection form shall contain, at a minimum, all of the following information:

(A) Information sufficient to identify the pupil or pupils.

(B) Information sufficient to determine that the pupil or household meets federal income eligibility criteria sufficient to qualify for either a free or reduced-priced meal under the Richard B. Russell National School Lunch Act (Public Law 113-79).

(C) Certification that the information is true and correct by the pupil's adult household member.

(6) Paragraphs (1) and (3) are effective commencing with the 2014–15 fiscal year.

(b) "Foster youth" means any of the following:

(1) A child who is the subject of a petition filed pursuant to Section 300 of the Welfare and Institutions Code, whether or not the child has been removed from his or her home by the juvenile court pursuant to Section 319 or 361 of the Welfare and Institutions Code.

(2) A child who is the subject of a petition filed pursuant to Section 602 of the Welfare and Institutions Code, has been removed from his or her home by the juvenile court pursuant to Section 727 of the Welfare and Institutions Code, and is in foster care as defined by subdivision (d) of Section 727.4 of the Welfare and Institutions Code.

(3) A nonminor under the transition jurisdiction of the juvenile court, as described in Section 450 of the Welfare and Institutions Code, who satisfies all of the following criteria:

(A) He or she has attained 18 years of age while under an order of foster care placement by the juvenile court, and is not more than 19 years of age on or after January 1, 2012, not more than 20 years of age on or after January 1, 2013, and not more than 21 years of age, on or after January 1, 2014, and as described in Section 10103.5 of the Welfare and Institutions Code.

(B) He or she is in foster care under the placement and care responsibility of the county welfare department, county probation department, Indian tribe, consortium of tribes, or tribal organization that entered into an agreement pursuant to Section 10553.1 of the Welfare and Institutions Code.

(C) He or she is participating in a transitional independent living case plan pursuant to Section 475(8) of the federal Social Security

Act (42 U.S.C. Sec. ~~675(8)),~~ *675)*, as contained in the federal Fostering Connections to Success and Increasing Adoptions Act of 2008 (Public Law 110-351), as described in Section 11403 of the Welfare and Institutions Code.

(c) "Pupils of limited English proficiency" means pupils who do not have the clearly developed English language skills of comprehension, speaking, reading, and writing necessary to receive instruction only in English at a level substantially equivalent to pupils of the same age or grade whose primary language is English. "English learner" shall have the same meaning as ~~is~~ provided for in subdivision (a) of Section 306 and as "pupils of limited English proficiency."

SEC. 50. Section 42238.4 of the Education Code is repealed.

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

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

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

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

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

~~(1) Add the products of the amount computed for each school district by the county superintendent pursuant to subdivision (a)~~

~~and the average daily attendance used to calculate the district's revenue limit for the current fiscal year as adjusted for the deficit factor in Section 42238.145.~~

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

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

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

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

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

SEC. 51. Section 42238.41 of the Education Code is repealed.

~~42238.41. (a) For the 1996–97 fiscal year, the county superintendent of schools, in conjunction with the Superintendent~~

~~of Public Instruction, shall compute an equalization adjustment for each school district in the county, so that no district's 1995–96 base revenue limit per unit of average daily attendance is less than the 1995–96 fiscal year statewide average base revenue limit for the appropriate size and type of district listed in subdivision (b).~~

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

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

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

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

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

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

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

~~(d) For the purposes of this section, the 1995–96 statewide average base revenue limits determined for the purposes of subdivision (a) and the fraction computed pursuant to paragraph (2) of subdivision (c) by the Superintendent of Public Instruction for the 1995–96 second principal apportionment shall be final, and shall not be recalculated at subsequent apportionments. In no event shall the fraction computed pursuant to paragraph (2) of subdivision~~

~~(c) exceed 1.00. For the purposes of determining the size of a district used in subdivision (b), county superintendents of schools, in conjunction with the Superintendent of Public Instruction, shall use a school district's revenue limit average daily attendance for the 1995–96 fiscal year as determined pursuant to Section 42238.5 and Article 4 (commencing with Section 42280).~~

SEC. 52. Section 42238.42 of the Education Code is repealed.

~~42238.42. (a) In the event that the amount required to be appropriated for the purpose of the state's minimum funding obligation to school districts and community college districts pursuant to Section 8 of Article XVI of the California Constitution for the 1996–97 fiscal year, as determined in paragraph (1) of subdivision (b), exceeds the amount appropriated for that purpose for the 1996–97 fiscal year, as determined pursuant to paragraph (2) of subdivision (b), the amount computed pursuant to subdivision (d), is hereby appropriated from the General Fund to the Superintendent of Public Instruction for the purposes of equalizing the revenue limits of school districts pursuant to subdivision (e) and Section 42238.43 and for the purpose of reducing the deficit factor applied to the revenue limits of county superintendents of schools pursuant to Section 2558.45 and reducing the deficit factor applied to the revenue limits of the school districts pursuant to Section 42238.145.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SEC. 53. Section 42238.43 of the Education Code is repealed.

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

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

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

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

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

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

~~(2) (A) For the purposes of determining the size of a school district under subdivision (b), the Superintendent of Public~~

~~Instruction shall use a school district's revenue limit average daily attendance for the 1996–97 fiscal year as determined pursuant to Section 42238.5 and Article 4 (commencing with Section 42280).~~

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

SEC. 54. Section 42238.44 of the Education Code is repealed.

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

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

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

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

District	ADA

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

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

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

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

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

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

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

~~(3) For the purposes of computing the target amounts pursuant to subdivision (b), the Superintendent of Public Instruction shall count all charter school average daily attendance toward the~~

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

SEC. 55. Section 42238.445 of the Education Code is repealed.

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

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

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

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

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

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

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

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

~~(d) (1) For the purposes of this section, the 2001–02 statewide 90th percentile base revenue limit determined pursuant to paragraph (1) of subdivision (a), and the fraction computed pursuant to paragraph (2) of subdivision (c) for the 2001–02 second principal apportionment, shall be final, and shall not be recalculated at subsequent apportionments. The fraction computed pursuant to paragraph (2) of subdivision (c) shall not, under any circumstances, exceed 1.00. For purposes of determining the size of a school district pursuant to subdivision (b), county superintendents of schools, in conjunction with the Superintendent of Public Instruction, shall use school district revenue limit average daily attendance for the 2001–02 fiscal year as determined pursuant to Section 42238.5 and Article 4 (commencing with Section 42280).~~

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

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

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

SEC. 56. Section 42238.45 of the Education Code is repealed.

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

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

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

District	ADA

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

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

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

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

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

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

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

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

SEC. 57. Section 42238.46 of the Education Code is repealed.

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

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

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

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

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

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

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

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

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

~~(2) For the purposes of this section, the 2002–03 statewide average adjusted base revenue limits determined for the purposes of subdivision (a) and the fraction computed pursuant to paragraph (2) of subdivision (c) by the Superintendent of Public Instruction~~

~~for the 2002–03 second principal apportionment shall be final, and shall not be recalculated at subsequent apportionments. In no event shall the fraction computed pursuant to paragraph (2) of subdivision (c) exceed 1.00. For the purposes of determining the size of a district used in subdivision (b), county superintendents of schools, in conjunction with the Superintendent of Public Instruction, shall use a school district's revenue limit average daily attendance for the 2002–03 fiscal year as determined pursuant to Section 42238.5 and Article 4 (commencing with Section 42280).~~

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

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

SEC. 58. Section 42238.48 of the Education Code is repealed.

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

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

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

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

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

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

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

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

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

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

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

SEC. 59. Section 42238.485 of the Education Code is repealed.

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

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

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

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

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

SEC. 60. Section 42238.49 of the Education Code is repealed.

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

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

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

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

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

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

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

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

~~(d) (1) For the purposes of this section, the 2010–11 statewide 90th percentile base revenue limit determined pursuant to paragraph (1) of subdivision (a), and the fraction computed pursuant to paragraph (2) of subdivision (c) for the 2010–11 second principal apportionment, shall be final, and shall not be recalculated at subsequent apportionments. The fraction computed pursuant to paragraph (2) of subdivision (c) shall not exceed 1.00. For purposes of determining the size of a school district pursuant to subdivision (b), county superintendents of schools, in conjunction with the Superintendent, shall use school district revenue limit average daily attendance for the 2010–11 fiscal year as determined pursuant to Section 42238.5 and Article 4 (commencing with Section 42280).~~

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

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

SEC. 61. Section 42238.7 of the Education Code is repealed.

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

~~Section 46010 and to Section 46015, as those sections read on July 1, 1996.~~

SEC. 62. Section 42238.8 of the Education Code is repealed.

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

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

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

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

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

~~(3) (A) Reduce the average daily attendance figure used to make the determination set forth in paragraph (2) by the amount of average daily attendance included in that figure for excused~~

~~absences pursuant to subdivision (b) of Section 46010 as that subdivision read on July 1, 1996.~~

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

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

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

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

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

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

SEC. 63. Section 42238.9 of the Education Code is repealed.

~~42238.9. The amount per unit of average daily attendance subtracted pursuant to Section 56712 for revenue limits for pupils in special classes and centers shall be the district's total revenue limit for the current fiscal year computed pursuant to Section 42238, including funds received pursuant to Article 4 (commencing with Section 42280), but excluding the total amount of funds received pursuant to Sections 46200 to 46206, inclusive, and Section 45023.4, as that section read on July 1, 1986, divided by the district's current year average daily attendance pursuant to Section 42238.5. The amount per unit of average daily attendance that is excluded in this calculation for each school district shall be increased for the 1998–99 fiscal year by the quotient for that district of the amount determined pursuant to subparagraph (B) of paragraph (3) of subdivision (a) of Section 42238.8 divided by the amount determined pursuant to subparagraph (C) of paragraph (3) of subdivision (a) of Section 42238.8.~~

SEC. 64. Section 42238.95 of the Education Code is repealed.

~~42238.95. (a) The amount per unit of average daily attendance for pupils in special classes and centers that shall be apportioned to each county office of education shall be equal to the amount determined for the district of residence pursuant to Section 42238.9, increased by the quotient equal to the amount determined pursuant to paragraph (1) divided by the amount determined pursuant to paragraph (2). This subdivision only applies to average daily attendance served by employees of the county office of education.~~

~~(1) Determine the second principal apportionment average daily attendance for special education for the county office of education for the 1996–97 fiscal year, including attendance for excused absences, divided by the corresponding average daily attendance excluding attendance for excused absences pursuant to subdivision (b) of Section 46010 as it read on July 1, 1996, reported pursuant to Section 41601 for the 1996–97 fiscal year.~~

~~(2) Determine the second principal apportionment average daily attendance for the 1996–97 fiscal year, including attendance for excused absences, for all of the school districts within the county, excluding average daily attendance for county office special education and county community school programs and nonpublic nonsectarian schools, divided by the corresponding average daily attendance, excluding attendance for excused absences determined pursuant to subdivision (b) of Section 46010 as it read on July 1,~~

~~1996, and reported pursuant to Section 41601 for the 1996–97 fiscal year.~~

~~(b) A county office of education shall provide the data required to perform the calculation specified in paragraph (1) of subdivision (a) to the Superintendent of Public Instruction in order to be eligible for the adjustment pursuant to subdivision (a).~~

SEC. 65. Section 42238.11 of the Education Code is repealed.

~~42238.11. Notwithstanding any other provision of law, for the 1994–95 fiscal year the county superintendent of schools shall reduce the total revenue limit for each school district in the jurisdiction of the county superintendent of schools by the amount of the decreased employer contributions to the Public Employees' Retirement System resulting from the enactment of Chapter 330 of the Statutes of 1982, adjusted for any changes in those contributions resulting from subsequent changes in employer contribution rates, excluding rate changes due to the direct transfer of the state-mandated portion of the employer contributions to the Public Employees' Retirement System, through the 1994–95 fiscal year. The reduction shall be calculated for each school district as follows:~~

~~(a) Determine the amount of employer contributions that would have been made in the 1994–95 fiscal year if the applicable Public Employees' Retirement System employer contribution rate in effect immediately prior to the enactment of Chapter 330 of the Statutes of 1982 were in effect during the 1994–95 fiscal year.~~

~~For purposes of this calculation, no school district shall have a contribution rate higher than 13.020 percent.~~

~~(b) Subtract from the amount determined in subdivision (a) the actual amount of employer contributions made to the Public Employees' Retirement System in the 1994–95 fiscal year.~~

~~(c) For the purposes of this section, employer contributions to the Public Employees' Retirement System for any of the following positions shall be excluded from the calculation specified above:~~

~~(1) Positions or portions of positions supported by federal funds that are subject to supplanting restrictions.~~

~~(2) Positions supported by funds received pursuant to Section 42243.6.~~

~~(3) Positions supported, to the extent of employer contributions not exceeding twenty-five thousand dollars ($25,000) by any single educational agency, from a non-General Fund revenue source~~

~~determined to be properly excludable from this section by the Superintendent of Public Instruction with the approval of the Director of Finance.~~

~~(d) For accounting purposes, the reduction made by this provision may be reflected as an expenditure from appropriate sources of revenue as directed by the Superintendent of Public Instruction.~~

~~(e) The amount of the reduction made by this section shall not be adjusted by the deficit factor calculated pursuant to Section 42238.145.~~

~~It is the intent of the Legislature to make adjustments to school district revenue limits for the 1994–95 fiscal year to reflect savings that these districts will realize in the contributions to the Public Employees' Retirement System due to a reduced contribution rate for the 1994–95 fiscal year.~~

SEC. 66. Section 42238.12 of the Education Code is repealed.

~~42238.12. (a) For the 1995–96 fiscal year and each fiscal year thereafter, the county superintendent of schools shall adjust the total revenue limit for each school district in the jurisdiction of the county superintendent of schools by the amount of increased or decreased employer contributions to the Public Employees' Retirement System resulting from the enactment of Chapter 330 of the Statutes of 1982, adjusted for any changes in those contributions resulting from subsequent changes in employer contribution rates, excluding rate changes due to the direct transfer of the state-mandated portion of the employer contributions to the Public Employees' Retirement System, through the current fiscal year. The adjustment shall be calculated for each school district, as follows:~~

~~(1) (A) Determine the amount of employer contributions that would have been made in the current fiscal year if the applicable Public Employees' Retirement System employer contribution rate in effect immediately before the enactment of Chapter 330 of the Statutes of 1982 were in effect during the current fiscal year.~~

~~(B) For purposes of this calculation, no school district shall have a contribution rate higher than 13.020 percent.~~

~~(2) Determine the actual amount of employer contributions made to the Public Employees' Retirement System in the current fiscal year.~~

~~(3) If the amount determined in paragraph (1) for a school district is greater than the amount determined in paragraph (2), the total revenue limit computed for that school district shall be decreased by the amount of the difference between those paragraphs; or, if the amount determined in paragraph (1) for a school district is less than the amount determined in paragraph (2), the total revenue limit for that school district shall be increased by the amount of the difference between those paragraphs.~~

~~(4) For the purpose of this section, employer contributions to the Public Employees' Retirement System for any of the following positions shall be excluded from the calculation specified above:~~

~~(A) Positions or portions of positions supported by federal funds that are subject to supplanting restrictions.~~

~~(B) Positions supported by funds received pursuant to Section 41540 that are established in order to satisfy court-ordered desegregation requirements.~~

~~(C) Positions supported, to the extent of employers' contributions not exceeding twenty-five thousand dollars ($25,000) by any single educational agency, from a non-General Fund revenue source determined to be properly excludable from this section by the Superintendent with the approval of the Director of Finance. Commencing in the 2002–03 fiscal year, only positions supported from a non-General Fund revenue source determined to be properly excludable as identified for a particular local educational agency or pursuant to a blanket waiver by the Superintendent and the Director of Finance, before the 2002–03 fiscal year, may be excluded pursuant to this paragraph.~~

~~(5) For accounting purposes, any reduction to school district revenue limits made by this provision may be reflected as an expenditure from appropriate sources of revenue as directed by the Superintendent.~~

~~(6) The amount of the increase or decrease to the revenue limits of school districts computed pursuant to paragraph (3) for the 1995–96 to 2002–03 fiscal years, inclusive, may not be adjusted by the deficit factor applied to the revenue limit of each school district pursuant to Section 42238.145.~~

~~(7) For the 2003–04 fiscal year and any fiscal year thereafter, the revenue limit reduction specified in Section 42238.146 may not be applied to the amount of the increase or decrease to the~~

~~revenue limits of school districts computed pursuant to paragraph (3).~~

~~(b) The calculations set forth in paragraphs (1) to (3), inclusive, of subdivision (a) exclude employer contributions for employees of charter schools funded pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8.~~

~~(c) Funding appropriated through the Budget Act of 2001 or legislation amending the Budget Act of 2001 for the purpose of limiting the reductions to revenue limits calculated pursuant to this section and to Section 2558 for the 2001–02 fiscal year shall be allocated on a one-time basis in the following manner:~~

~~(1) Each school district and county office of education subject to a reduced apportionment pursuant to this section or to Section 2558 shall receive a share of the amount described in paragraph (3) that is proportionate to the reduction in their apportionment pursuant to this section or to Section 2558 for the 2001–02 fiscal year as compared to the statewide total reduction that would occur absent this paragraph.~~

~~(2) For the 2001–02 fiscal year, instead of the alternative calculation authorized by paragraph (1), San Francisco Unified School District shall receive an amount equal to five dollars and 57 cents ($5.57) multiplied by its second principal apportionment average daily attendance for the 2001–02 fiscal year.~~

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

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

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

~~(2) For the 2003–04 fiscal year, instead of the alternative calculation authorized by paragraph (1), the San Francisco Unified School District shall receive an amount equal to five dollars and 57 cents ($5.57) multiplied by its second principal apportionment average daily attendance for the 2003–04 fiscal year.~~

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

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

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

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

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

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

SEC. 67. Section 42238.13 of the Education Code is repealed.

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

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

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

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

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

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

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

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

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

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

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

~~(G) Lowest 1 percent for science.~~

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

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

SEC. 68. Section 42238.14 of the Education Code is repealed.

~~42238.14. For the purposes of this article, the revenue limit for the 1993–94 fiscal year for each school district determined pursuant to this article and adjusted pursuant to Section 42238.16 shall be reduced by a 8.14 percent deficit factor.~~

SEC. 69. Section 42238.145 of the Education Code is repealed.

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

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

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

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

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

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

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

SEC. 70. Section 42238.146 of the Education Code is repealed.

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

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

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

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

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

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

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

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

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

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

~~(c) In computing the revenue limit for each school district for the 2010–11 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that school district had been determined for the 2009–10 fiscal year without being reduced by the deficit factors specified in subdivision (a).~~

~~(d) In computing the revenue limit for each school district for the 2011–12 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that school district had been determined for the 2010–11 fiscal year without being reduced by the deficit factors specified in subdivision (a).~~

~~(e) In computing the revenue limit for each school district for the 2012–13 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that school district had been determined for the 2011–12 fiscal year without being reduced by the deficit factors specified in subdivision (a).~~

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

SEC. 71. Section 42238.17 of the Education Code is repealed.

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

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

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

SEC. 72. Section 42238.23 of the Education Code is repealed.

~~42238.23. Notwithstanding any other provision of law, persons providing services to local education agencies through use of a joint powers authority involving the local education agency who would, in absence of the joint powers authority, otherwise be considered school employees and subject to the Public Employees' Retirement System rate reduction to revenue limits authorized in Section 42238, shall not be excluded from the calculations of the Public Employees' Retirement System reduction authorized in that section.~~

SEC. 73. Section 42239 of the Education Code is repealed.

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

~~(b) Hours of supplemental instruction shall be reimbursed at a rate of three dollars and fifty-three cents ($3.53) per pupil hour, adjusted in the 2005–06 fiscal year and subsequent fiscal years as specified in this section, provided that a different reimbursement rate may be specified for each fiscal year in the annual Budget Act~~

~~that appropriates funding for that fiscal year. This amount shall be increased annually by the percentage increase pursuant to subdivision (b) of Section 42238.1 granted to school districts or charter schools for base revenue limit cost-of-living increases.~~

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

~~(2) If appropriated funding is still insufficient to pay all claims made in any fiscal year pursuant to Section 37252 or 37252.2, the superintendent shall use any available funding appropriated for the purposes of reimbursing school districts for supplemental instruction in the prior fiscal year.~~

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

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

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

SEC. 74. Section 42240 of the Education Code is repealed.

~~42240. For the 1988–89 fiscal year, the Superintendent of Public Instruction shall do the following:~~

~~(a) Using the latest available data as of July 1, 1987, identify each school district that meets all of the following criteria:~~

~~(1) Has a second principal apportionment average daily attendance of fewer than 2,501 for the prior fiscal year.~~

~~(2) Has approved home-to-school transportation costs in excess of 3 percent of its general fund total expense of education in the prior fiscal year.~~

~~(b) For each school district identified pursuant to subdivision (a), or that receives funding pursuant to Section 42240 or 42240.1~~

~~in the prior fiscal year, the superintendent shall make the following calculations:~~

~~(1) Subtract from the approved home-to-school transportation costs an amount equal to 3 percent of the general fund total expense of education exclusive of lottery revenues.~~

~~(2) Compare the amount determined in paragraph (1) to the amount the district received in the 1987–88 fiscal year pursuant to Sections 42240 and 42240.1.~~

~~(c) If the comparison results in an amount less than the amount received in the 1987–88 fiscal year, the superintendent shall use that amount, but in no case shall the superintendent use an amount less than 95 percent of the amount received in the 1987–88 fiscal year.~~

~~(d) The superintendent shall calculate the net savings from the comparison in subdivision (c).~~

~~(e) If the comparison results in an amount greater than the amount received in the 1987–88 fiscal year, the superintendent shall use the amount calculated as the sum of the following:~~

~~(1) The amount received in the 1987–88 fiscal year.~~

~~(2) The amount determined by allocating the net savings calculated in subdivision (d) on a pro rata basis to each district in proportion to the amount by which comparison results in an amount greater than the amount received in the 1987–88 fiscal year.~~

~~(f) The superintendent shall divide the amount determined pursuant to subdivision (c) or (e), whichever is appropriate, by the 1987–88 second principal apportionment average daily attendance.~~

~~(g) The amount determined by subdivision (f) may be added to the amount determined pursuant to subdivision (b) of Section 42238.~~

~~(h) The amount determined pursuant to subdivision (c) or (e), whichever is appropriate, may be added to the district's transportation allowance under Section 41850.~~

~~(i) Each school district eligible for funds may elect to have the funds allocated pursuant to either subdivision (g) or (h).~~

~~(j) The amounts added to subdivision (b) of Section 42238 pursuant to subdivision (g) and the amount added to Section 41850 by subdivision (h) shall be considered to be permanent adjustments to the base revenue limit or transportation allowance as appropriate.~~

SEC. 75. Section 42240.1 of the Education Code is repealed.

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

~~This section shall become operative January 1, 1982.~~

SEC. 76. Section 42241.3 of the Education Code is repealed.

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

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

SEC. 77. Section 42241.7 of the Education Code is repealed.

~~42241.7. (a) For the 1978–79 fiscal year, and each fiscal year thereafter, the revenue limit of any elementary, high, or unified school district authorized pursuant to Sections 42237 and 42238 may be increased by an amount sufficient to provide additional revenue equal to the expenditures estimated to be incurred by the district in the budget year in complying with the following provisions of the Unemployment Insurance Code: Sections 605 and 803, Article 6 (commencing with Section 821) of Chapter 3 of Part 1 of Division 1, or Article 3 (commencing with Section 976) of Chapter 4 of Part 1 of Division 1, less the actual expenditures incurred by the district in the 1975–76 fiscal year in complying with the following provisions of the Unemployment~~

~~Insurance Code: Section 605.2 and Article 6 (commencing with Section 821) of Chapter 3 of Part 1 of Division 1.~~

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

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

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

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

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

SEC. 78. Section 42243.7 of the Education Code is repealed.

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

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

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

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

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

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

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

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

~~(h) The adjustment computed pursuant to this section for a new continuation education high school may be applicable for any unified school district that was not fully operational during the first year of operation of the continuation education high school. The number of units of average daily attendance to be used in computing the adjustment shall be the number of units of average daily attendance generated by the continuation education high school in the district for the first year that the district is fully operational in all grades.~~

~~(i) In the 1998–99 fiscal year and each fiscal year thereafter, the ranges of average daily attendance resulting from the calculation set forth in this section pursuant to Section 41711, as that section read on July 1, 1977, shall be reduced by the statewide average percentage that absences excused pursuant to subdivision (b) of Section 46010, as that section read on July 1, 1996, were of~~

~~total second principal apportionment regular average daily attendance for high schools in 1996–97, with the reduced ranges then rounded to the nearest integer.~~

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

SEC. 79. Section 42244 of the Education Code is repealed.

~~42244. It is the intent of the Legislature that, in the event a district increases its average daily attendance at a continuation education school above the average daily attendance level approved pursuant to subdivision (a) of Section 42243.7, the entire amount of the revenues generated by the additional average daily attendance shall be expended on the continuation education school program.~~

SEC. 80. Section 42245 of the Education Code is repealed.

~~42245. Whenever any computation required by this article results, because of estimating or other errors, in a total revenue limit in an amount more or less than actual data would have produced, the revenue limit for the succeeding fiscal year shall be reduced by an amount equal to the amount of the error if the total produced was more, and may be increased by an amount up to the amount of the error if the total produced was less.~~

SEC. 81. Section 42280 of the Education Code is amended to read:

42280. (a) For each school district that meets, in the current or prior fiscal year, the conditions specified in Section ~~42281, 42282,~~ *42282* or 42284 the Superintendent shall compute, for each qualifying school in the school district, an amount pursuant to this article.

(b) The amount of funding for each qualified school district shall equal the greater of either of the following:

~~(b) For each school district that is a countywide unified school district that had fewer than 2,501 units of~~

(1) The sum of necessary small elementary school allowances determined pursuant to Section 42282 for the prior year average daily attendance ~~in the 1990–91 fiscal year, the Superintendent~~

~~shall compute an amount pursuant to this article for those schools that meet the conditions specified in Sections 42283 and 42285 in the current or prior fiscal year. This subdivision is only applicable to those schools funded pursuant to this article in the 1990-91 fiscal year and, in subsequent years, if the school district has no more than 3,000 units of average daily attendance.~~ *and the number of full-time teachers, and necessary small high school allowances determined pursuant to Section 42284 for the prior year average daily attendance and the number of certificated employees.*

(2) The sum of necessary small elementary school allowances determined pursuant to Section 42282 for the current year average daily attendance and the number of full-time teachers, and necessary small high school allowances determined pursuant to Section 42284 for the current year average daily attendance and the number of certificated employees.

SEC. 82. Section 42281 of the Education Code is repealed.

~~42281. Except as specified in subdivision (d), for each elementary school district that maintains only one school with a second principal apportionment average daily attendance of less than 97, the Superintendent shall make one of the following computations, whichever provides the lesser amount:~~

~~(a) For each small school that has an average daily attendance during the fiscal year of less than 25, exclusive of pupils attending the 7th and 8th grades of a junior high school, and for which school at least one teacher was hired full time, the Superintendent shall compute for the school district fifty-two thousand nine hundred twenty-five dollars ($52,925).~~

~~(b) For each small school that has an average daily attendance during the fiscal year of 25 or more and less than 49, exclusive of pupils attending the 7th and 8th grades of a junior high school, and for which school at least two teachers were hired full time for more than one-half of the days schools were maintained, the Superintendent shall compute for the school district one hundred five thousand eight hundred fifty dollars ($105,850).~~

~~(c) For each small school that has an average daily attendance during the fiscal year of 49 or more but less than 73, exclusive of pupils attending the 7th and 8th grades of a junior high school, and for which school three teachers were hired full time for more than one-half of the days schools were maintained, the~~

~~Superintendent shall compute for the school district one hundred fifty-eight thousand seven hundred seventy-five dollars ($158,775).~~

~~(d) For each small school that has an average daily attendance during the fiscal year of 73 or more and less than 97, exclusive of pupils attending the 7th and 8th grades of a junior high school, and for which school four teachers were hired full time for more than one-half of the days schools were maintained, the Superintendent shall compute for the school district two hundred eleven thousand seven hundred dollars ($211,700). A school district that qualifies under this subdivision may use this funding calculation until the local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03, per unit of average daily attendance multiplied by the average daily attendance produces state aid equal to the small school funding formula.~~

SEC. 83. Section 42282 of the Education Code is amended to read:

42282. For each district with fewer than 2,501 units of second principal apportionment average daily attendance, on account of each necessary small school, the Superintendent shall make the following computations:

(a) For each necessary small school which has an average daily attendance during the fiscal year of less than 25, exclusive of pupils attending the 7th and 8th grades of a junior high school, and for which school at least one teacher was hired full time, the Superintendent shall compute for the school district fifty-two thousand nine hundred twenty-five dollars ($52,925).

(b) For each necessary small school which has an average daily attendance during the fiscal year of 25 or more and less than 49, exclusive of pupils attending the 7th and 8th grades of a junior high school, and for which school at least two teachers were hired full time for more than one-half of the days schools were maintained, the Superintendent shall compute for the school district one hundred five thousand eight hundred fifty dollars ($105,850).

(c) For each necessary small school which has an average daily attendance during the fiscal year of 49 or more, but less than 73, exclusive of pupils attending the 7th and 8th grades of a junior high school, and for which school three teachers were hired full time for more than one-half of the days schools were maintained, the Superintendent shall compute for the school district one

hundred fifty-eight thousand seven hundred seventy-five dollars ($158,775).

(d) For each necessary small school which has an average daily attendance during the fiscal year of 73 or more and less than 97, exclusive of pupils attending the 7th and 8th grades of a junior high school, and for which school four teachers were hired full time for more than one-half of the days schools were maintained, the Superintendent shall compute for the school district two hundred eleven thousand seven hundred dollars ($211,700).

(e) A school district that ~~qualifies under this section~~ *continues to satisfy the criteria specified in Section 42283* may use this funding calculation until the local control funding formula ~~allocation of average daily attendance multiplied by the average daily attendance~~ *grade span adjusted base grant calculated pursuant to subdivision (d) of Section 42238.02* produces state aid equal to the small school funding formula.

SEC. 84. Section 42283 of the Education Code is amended to read:

42283. (a) For purposes of ~~Sections 42281 and~~ *Section* 42282, a "necessary small school" is an elementary school with an average daily attendance of less than ~~97,~~ *97 pupils,* excluding pupils attending the seventh and eighth grades of a junior high school, maintained by a school district to which any of the following conditions apply:

(1) If as many as five pupils residing in the school district and attending kindergarten and grades 1 to 8, inclusive, excluding pupils attending the seventh and eighth grades of a junior high school, in the elementary school with an average daily attendance of less than 97 *pupils* would be required to travel more than 10 miles one way from a point on a well-traveled road nearest their home to the nearest other public elementary school.

(2) If as many as 15 pupils residing in the school district and attending kindergarten and grades 1 to 8, inclusive, excluding pupils attending the seventh and eighth grades of a junior high school, in the elementary school with an average daily attendance of less than 97 *pupils* would be required to travel more than five miles one way from a point on a well-traveled road nearest their home to the nearest other public elementary school.

(3) If topographical or other conditions exist in a school district ~~which~~ *that* would impose unusual hardships if the number of miles

specified in paragraph (1) or (2) were required to be traveled, or if during the fiscal year the roads ~~which~~ *that* would be traveled have been impassable for more than an average of two weeks per year for the preceding five years, the governing board of the school district may, on or before April 1, request the Superintendent, in writing, for an exemption from these requirements or for a reduction in the miles required. The request shall be accompanied by a statement of the conditions upon which the request is based, giving the information in a form required by the Superintendent. The Superintendent shall cause an investigation to be made, and shall either grant the request to the extent he or she deems necessary, or deny the request.

(b) For purposes of this section, "other public elementary school" is a public school, including a charter school, that serves kindergarten or any of grades 1 to 8, inclusive, ~~exclusive of~~ *excluding* grades 7 and 8 of a junior high school.

SEC. 85. Section 42284 of the Education Code is amended to read:

42284. (a) For each school district with fewer than 2,501 units of average daily attendance, on account of each necessary small high school, the Superintendent shall make one of the following computations selected with regard only to the number of certificated employees employed or average daily attendance, whichever provides the lesser amount:

Average daily attendance	Minimum number of certificated employees	Amount to be computed
1–19	less than 3	$42,980 per teacher
1–19	3	191,340
20–38	4	234,320
39–57	5	277,300
58–71	6	320,280
72–86	7	363,260
87–100	8	406,240
101–114	9	449,220
115–129	10	492,200
130–143	11	535,180

144–171	12	578,160
172–210	13	621,140
211–248	14	664,120
249–286	15	707,100

(b) For purposes of this section, a "certificated employee" means an equivalent full-time position of an individual holding a credential authorizing service and providing service in *any of* grades 9 to 12, inclusive, in any secondary school. Any fraction of an equivalent full-time position remaining after all equivalent full-time positions for certificated employees within the school district have been calculated shall be deemed to be a full-time position.

(c) A school district that ~~qualifies under this section~~ *continues to satisfy the criteria specified in Section 42285* may use the funding calculation as provided in this section until the local control funding formula ~~allocation~~ *grade span adjusted base grant calculated* pursuant to ~~Section 42238.02, as implemented by Section 42238.03, per unit of average daily attendance multiplied by the average daily attendance~~ *subdivision (d) of Section 42238.02* produces state aid equal to the funding provided under this section.

SEC. 86. Section 42285 of the Education Code is amended to read:

42285. (a) For purposes of Section 42284, a necessary small high school is a high school with an average daily attendance of less than 287 pupils that comes within any of the following conditions:

(1) The projection of its future enrollment on the basis of the enrollment of the elementary schools in the school district shows that within eight years the enrollment in high school in grades 9 to 12, inclusive, will exceed 286 pupils.

(2) Any one of the following combinations of distance and units of average daily attendance applies:

(A) The high school had an average daily attendance of less than 96 pupils in grades 9 to 12, inclusive, during the preceding fiscal year and is more than 15 miles by well-traveled road from the nearest other public high school and either 90 percent of the pupils would be required to travel 20 miles or 25 percent of the pupils would be required to travel 30 miles one way from a point

on a well-traveled road nearest their homes to the nearest other public high school.

(B) The high school had an average daily attendance of 96 pupils or more and less than 144 pupils in grades 9 to 12, inclusive, during the preceding fiscal year and is more than 10 miles by well-traveled road from the nearest other public high school and either 90 percent of the pupils would be required to travel 18 miles or 25 percent of the pupils would be required to travel 25 miles one way from a point on a well-traveled road nearest their homes to the nearest other public high school.

(C) The high school had an average daily attendance of 144 pupils or more and less than 192 pupils in grades 9 to 12, inclusive, during the preceding fiscal year and is more than 7½ miles by well-traveled road from the nearest other public high school and either 90 percent of the pupils would be required to travel 15 miles or 25 percent of the pupils would be required to travel 20 miles one way from a point on a well-traveled road nearest their homes to the nearest other public high school.

(D) The high school had an average daily attendance of 192 pupils or more and less than 287 pupils in grades 9 to 12, inclusive, during the preceding fiscal year and is more than 5 miles by well-traveled road from the nearest other public high school and either 90 percent of the pupils would be required to travel 10 miles or 25 percent of the pupils would be required to travel 15 miles to the nearest other public high school.

(3) Topographical or other conditions exist in the school district which would impose unusual hardships on the pupils if the number of miles specified in paragraph (2) were required to be traveled. In these cases, the Superintendent may, when requested, and after investigation, grant exceptions from the distance requirements.

(4) The Superintendent has approved the recommendation of a county committee on school district organization designating one of two or more schools as necessary isolated schools in a situation where the schools are operated by two or more school districts and the average daily attendance of each of the schools is less than 287 pupils in grades 9 to 12, inclusive.

(b) For purposes of Section 42284, a necessary small high school also includes any of the following:

(1) A high school maintained by a school district for the exclusive purpose of educating juvenile hall pupils or pupils with exceptional needs.

(2) A high school maintained by a county office of education for the exclusive purpose of educating foster youth if the high school provided instruction in the 2012–13 fiscal year and the high school is the only one maintained by the county office of education that exclusively educates foster youth. Notwithstanding Section 42286, this paragraph shall become inoperative on July 1, 2017.

(3) A high school maintained by a unified school district as the only comprehensive high school if the high school has an average daily attendance of less than ~~286~~ *287* pupils and the school district has 50 or fewer pupils per square mile of school district territory, as measured by the number of pupils residing in the school district. Notwithstanding Section 42286, this paragraph shall become inoperative on July 1, 2017.

(c) For purposes of Section 42284, a necessary small high school does not include a continuation school.

(d) For purposes of this section, "other public high school" is a public school, including a charter school, that serves any of grades 9 to 12, inclusive.

SEC. 87. Section 42286 of the Education Code is amended to read:

42286. (a) ~~Except as required under subdivision (b), if~~ *If* a high school is determined to be a necessary small high school ~~under~~ *pursuant to* Section 42285, that status shall not be changed except as a review of the determinative factors made every two years following the date of the determination indicates that the determination should be changed.

~~(b) If a high school is determined to be a necessary small high school under paragraph (3) of subdivision (b) of Section 42285, that status shall not be changed except as a review of the determinative factors made every two years following the date of the determination indicates that the determination should be changed.~~

~~(c)~~

(b) A high school that has not been determined to be a necessary small high school under Section 42285, may be determined to be a necessary small high school at the beginning of a fiscal year if it meets the criteria specified in Section 42285.

SEC. 88. Section 42287 of the Education Code is amended to read:

42287. (a) For the 1984–85 fiscal year to the 2012–13 fiscal year, inclusive, the Superintendent shall increase the funding amounts specified in Sections ~~42281, 42282,~~ *42282* and 42284 by an amount proportionate to the increase applied to the statewide average revenue limit for unified school districts for the then current fiscal year.

(b) Commencing with the 2013–14 fiscal year, the Superintendent shall increase the funding amounts specified in Sections ~~42281, 42282,~~ *42282* and 42284, as previously increased pursuant to subdivision (a) and Sections 42289 to 42289.5, inclusive, by the percentage calculated pursuant to paragraph (2) of subdivision (d) of Section 42238.02, subject to the criteria specified in paragraph (5) of subdivision (b) of Section 42238.03, for the then current fiscal year.

SEC. 89. Article 4.5 (commencing with Section 42290) of Chapter 7 of Part 24 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 90. Section 42303 of the Education Code is repealed.

~~42303. Notwithstanding the provisions of this article, Article 4.5 (commencing with Section 42290), Part 10.7 (commencing with Section 17910), or any other law, a school district that receives funding for the replacement of a schoolbus may sell that schoolbus to another school district in this state if all of the following conditions are satisfied:~~

~~(a) The purchasing school district is replacing a schoolbus that is in service at the time of the sale and has not been designated a temporary schoolbus pursuant to subdivision (a) of Section 42291.5.~~

~~(b) The schoolbus being replaced by the purchasing school district is older than the schoolbus that is the subject of the sale.~~

~~(c) The schoolbus being replaced is not sold to another school district.~~

~~(d) The purchasing school district by a resolution from its governing board, holds the state and the selling school district harmless for any liability that may result from the schoolbus that is the subject of the sale.~~

~~(e) The proceeds from the sale of a schoolbus shall be used by the selling district for home-to-school transportation purposes.~~

~~(f) After the districts agree to the sale, but prior to the sale being finalized, the schoolbus being sold must be in compliance with all relevant provisions of the Vehicle Code and Title 13 of the California Code of Regulations.~~

SEC. 91. Section 42604 of the Education Code is repealed.

~~42604. Notwithstanding any other provisions of law, the computation of reimbursement for the costs of attendance specified in contractual agreements through which educational services are provided by other than the district or county in which a pupil resides shall be based on the revenue per average daily attendance received by the school district or county in which the pupil resides rather than the computed revenue limit or foundation program per average daily attendance of the district or county of residence.~~

SEC. 92. Section 45037 of the Education Code is amended to read:

45037. (a) Except as provided in Section 45036, for the fiscal year 2001-02 and for any fiscal year thereafter in which a person renders service as a teacher in kindergarten or any of grades 1 to 12, inclusive, who does not have a valid certification document, the school district or county office of education in which the person is employed shall be assessed a penalty that shall be ~~in lieu of any loss of funding that would otherwise result under Chapter 6.10 (commencing with Section 52120) of Part 28. The penalty shall be~~ calculated as provided in subdivision (b) and withheld from state funding otherwise due to the district or county office of education.

(1) Notwithstanding Section 46300, the attendance of the noncertificated person's pupils during the period of service shall be included in the computation of average daily attendance.

(2) The noncertificated person's period of service shall not be excluded from the determination of eligibility for ~~incentive funding for a longer instructional day or year, or both,~~ *instruction time* pursuant to Article 8 (commencing with Section 46200) of Chapter 2 of Part 26.

(b) (1) For each person who rendered service in the employment of the district or county office of education as a teacher in kindergarten or any of grades 1 to 12, inclusive, during the fiscal year, add the total number of schooldays on which the person rendered any amount of the service.

(2) For each person who rendered service in the employment of the district or county office of education as a teacher in kindergarten or any of grades 1 to 12, inclusive, during the fiscal year, for a period of service during which the person did not have a valid certification document, add the number of schooldays on which the person rendered any amount of the service without a valid certification document.

(3) Divide the number determined in paragraph (2) by the number determined in paragraph (1) and carry the result to four decimal places.

(4) Multiply a school district's ~~revenue limit entitlement~~ *local control funding formula grant apportionment* for the fiscal year, calculated pursuant to Section ~~42238, or it's funding amount calculated pursuant to Article 4 (commencing with Section 42280) of Chapter 7 of Part 24, as applicable, or a county office of education's funding~~ *42238.02, as implemented by Section 42238.03, or a county office of education's local control funding formula alternative education grant computed pursuant to Section 2574, as apportioned pursuant to Section 2575,* for the fiscal year, for the program in which the noncertificated person rendered service by the number determined in paragraph (3).

(c) Beginning in ~~2002-03,~~ *2002–03,* if a county office of education releases a warrant in favor of a person for whom a period of school district service is included in the calculation set forth in paragraph (2) of subdivision (b), and the warrant is either compensation for employment as a teacher or for employment in some other capacity if the county office of education has direct knowledge or is in possession of information giving rise to a reasonable inference that the person is rendering service as a teacher, the county office shall be assessed a penalty. The penalty assessed to a county office for any fiscal year in which one or more district teachers did not have a valid certification document shall be equal to the lesser of three amounts as follows:

(1) Fifty percent of all penalties assessed for that fiscal year to all school districts in the county office's jurisdiction pursuant to subdivision (b).

(2) One-half percent of the total expenditures for that fiscal year from unrestricted resources, as defined in the California School Accounting Manual, in the county office's county school service

fund, when two or fewer districts in the county office's jurisdiction are subject to penalties pursuant to subdivision (b).

(3) One percent of the total expenditures for that fiscal year from unrestricted resources, as defined in the California School Accounting Manual, in the county office's county school service fund, when three or more districts in the county office's jurisdiction are subject to penalties pursuant to subdivision (b).

(d) Except as provided in Section 41344.1, nothing in this section may be waived in whole or in part.

SEC. 93. Section 46201.1 of the Education Code is repealed.

~~46201.1. (a) Notwithstanding paragraph (4) of subdivision (b) of Section 42238, for each school district that received an apportionment pursuant to subdivision (a) of Section 46201 in the 1985–86 fiscal year, the county superintendent shall, for the 1986–87 fiscal year, add to the district's base revenue limit per unit of average daily attendance the amount received in the 1985–86 fiscal year, pursuant to subdivision (a) of Section 46201 divided by the sum of paragraphs (1) and (2).~~

~~(1) The district's average daily attendance for the 1985–86 fiscal year computed pursuant to Section 42238.5.~~

~~(2) The units of average daily attendance in the 1985–86 fiscal year resulting from pupils attending schools funded pursuant to Article 4 (commencing with Section 42280).~~

~~(b) Notwithstanding paragraph (4) of subdivision (b) of Section 42238, for each school district that received an apportionment pursuant to subdivision (a) of Section 46201 in the 1984–85 fiscal year, the county superintendent shall, for calculations or recalculations of the district's 1985–86 base revenue limit per unit of average daily attendance, add to the district's base revenue limit per unit of average daily attendance the amount received in the 1984–85 fiscal year pursuant to subdivision (a) of Section 46201 divided by the sum of paragraphs (1) and (2).~~

~~(1) The district's average daily attendance for the 1984–85 fiscal year computed pursuant to Section 42238.5.~~

~~(2) The units of average daily attendance in the 1984–85 fiscal year resulting from pupils attending schools funded pursuant to Article 4 (commencing with Section 42280).~~

~~(c) Notwithstanding paragraph (3) of subdivision (b) of Section 42238, for each school district that received an apportionment pursuant to subdivision (a) of Section 46200 in the 1984–85 fiscal~~

~~year, the county superintendent shall, for calculations or recalculations of the district's 1985–86 base revenue limit per unit of average daily attendance, add to the district's base revenue limit per unit of average daily attendance the amount received in the 1984–85 fiscal year divided by the sum of paragraphs (1) and (2).~~

~~(1) The district's average daily attendance for the 1984–85 fiscal year computed pursuant to Section 42238.5.~~

~~(2) The units of average daily attendance for the 1984–85 fiscal year resulting from pupils attending schools funded pursuant to Article 4 (commencing with Section 42280).~~

~~(d) Notwithstanding subdivision (b) of Section 46200, for any school district that received an apportionment pursuant to subdivision (a) of Section 46200 that offers less than 180 days of instruction in the 1986–87 fiscal year, the Superintendent of Public Instruction shall reduce the base revenue limit per unit of average daily attendance for the 1986–87 fiscal year by an amount attributable to the increase received pursuant to subdivision (a) of Section 46200, as adjusted.~~

SEC. 94. Section 46602 of the Education Code is amended to read:

46602. *(a)* If the county board of education determines that the pupil should be permitted to attend in the *school* district in which he or she desires to attend, the pupil shall be admitted to school in the *school* district without delay and the attendance may be counted by the *school* district of attendance for ~~revenue limit and~~ state apportionment purposes.

~~Written~~

(b) Written notice of the decision by the county board of education shall be delivered to the pupil and the parent or guardian, or person having custody of him or her, and to the governing boards of the *school* districts.

SEC. 95. Section 46603 of the Education Code is amended to read:

46603. *(a)* For a period not to exceed two school months, the governing board of a school district may provisionally admit to the schools of the *school* district a pupil who resides in another *school* district, pending a decision of the two ~~boards,~~ *governing boards of the school districts*, or by the county board of education upon appeal, regarding the interdistrict attendance.

~~Regardless~~

(b) Regardless of whether the decision on interdistrict attendance is allowed, the provisional attendance may be counted by the *school* district of attendance for ~~revenue limit and~~ state apportionment purposes.

SEC. 96. Section 47630 of the Education Code is amended to read:

47630. ~~(a)~~ It is the intent of the Legislature that each charter school be provided with operational funding that is equal to the total funding that would be available to a similar school district serving a similar pupil population, except that a charter school may not be funded as a necessary small school or a necessary small high ~~school, nor receive revenue limit funding that exceeds the statewide average for a school district of a similar type.~~ *school.*

~~(b) The Legislature finds and declares that the funding method established by this chapter provides for simple and, at the option of the charter school, local or direct allocation of funds to charter schools in a manner that is consistent with state and federal law.~~

SEC. 97. Section 47630.5 of the Education Code is amended to read:

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

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

~~(c)~~

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

SEC. 98. Section 47635 of the Education Code is amended to read:

47635. (a) A sponsoring local educational agency shall annually transfer to each of its charter schools funding in lieu of property taxes equal to the lesser of the following two amounts:

(1) The average amount of property taxes per unit of average daily attendance, including average daily attendance attributable to charter schools, received by the local educational agency, multiplied by the charter school's average daily attendance.

(2) The local control funding formula grant funding computed pursuant to subdivision (d) of Section 42238.02, per unit of average daily attendance, multiplied by the charter school's average daily attendance in each of the four corresponding grade level ranges: kindergarten and grades 1, 2, and 3; grades 4, 5, and 6; grades 7 and 8; and grades 9 to 12, inclusive.

(3) Notwithstanding paragraph (2), until the Superintendent determines that a charter school is funded pursuant to Section 42238.02 in the prior fiscal year, the Superintendent shall apportion funding per unit of average daily attendance pursuant to this article. The base grant for purposes of paragraph (2) shall be the *lesser of the amount calculated pursuant to paragraph (2) or the* sum of the entitlements for the charter school in the specified fiscal year as computed pursuant to paragraphs (1) to (4), inclusive, of subdivision ~~(a) of Section 42238.03~~ *(a),* and paragraph (3) of subdivision ~~(b)~~ *(b),* of Section 42238.03, multiplied by the ratio of local control funding formula base grant funding computed pursuant to subdivision (d) of Section 42238.02 to the local control funding formula amount for the fiscal year computed pursuant to Section 42238.02.

(4) If the sum of the funding transferred pursuant to this subdivision and the funding calculated pursuant to subdivision (e) of Section 42238.03 exceeds the sum of the amounts calculated pursuant to subdivisions (a) and (b) of Section 42238.03, the excess funding shall be used to offset funding calculated pursuant to subdivision (e) of Section 42238.03.

(b) The sponsoring local educational agency shall transfer funding in lieu of property taxes to the charter school in monthly installments, by no later than the 15th of each month.

(1) For the months of August to February, inclusive, a charter school's funding in lieu of property taxes shall be computed based on the amount of property taxes received by the sponsoring local educational agency during the preceding fiscal year, as reported

to the Superintendent for purposes of the second principal apportionment. A sponsoring local educational agency shall transfer to the charter school the charter school's estimated annual entitlement to funding in lieu of property taxes as follows:

(A) Six percent in August.

(B) Twelve percent in September.

(C) Eight percent each month in October, November, December, January, and February.

(2) For the months of March to June, inclusive, a charter school's funding in lieu of property taxes shall be computed based on the amount of property taxes estimated to be received by the sponsoring local educational agency during the fiscal year, as reported to the Superintendent for purposes of the first principal apportionment. A sponsoring local educational agency shall transfer to each of its charter schools an amount equal to one-sixth of the difference between the school's estimated annual entitlement to funding in lieu of property taxes and the amounts provided pursuant to paragraph (1). An additional one-sixth of this difference shall be included in the amount transferred in the month of March.

(3) For the month of July, a charter school's funding in lieu of property taxes shall be computed based on the amount of property taxes estimated to be received by the sponsoring local educational agency during the prior fiscal year, as reported to the Superintendent for purposes of the second principal apportionment. A sponsoring local educational agency shall transfer to each of its charter schools an amount equal to the remaining difference between the school's estimated annual entitlement to funding in lieu of property taxes and the amounts provided pursuant to paragraphs (1) and (2).

(4) Final adjustments to the amount of funding in lieu of property taxes allocated to a charter school shall be made in February, in conjunction with the final reconciliation of annual apportionments to schools.

(5) Subdivision (a) and paragraphs (1) to (4), inclusive, do not apply for pupils who reside in, and are otherwise eligible to attend a school in, a basic aid school district, but who attend a charter school in a nonbasic aid school district. With regard to these pupils, the sponsoring basic aid school district shall transfer to the charter school an amount of funds equivalent to the local control funding formula grant pursuant to Section 42238.02, as implemented by

Section 42238.03, earned through average daily attendance by the charter school for each pupil's attendance, not to exceed the average property tax share per unit of average daily attendance for pupils residing and attending in the basic aid school district. The transfer of funds shall be made in not fewer than two installments at the request of the charter school, the first occurring not later than February 1 and the second not later than June 1 of each school year. Payments shall reflect the average daily attendance certified for the time periods of the first and second principal apportionments, respectively. The Superintendent may not apportion any funds for the attendance of pupils described in this subdivision unless the amount transferred by the basic aid *school* district is less than the local control funding formula grant pursuant to Section 42238.02, as implemented by Section 42238.03, earned by the charter school, in which event the Superintendent shall apportion the difference to the charter school from state funds.

(c) Notwithstanding subdivisions (a) and (b), for a pupil attending a county charter program school authorized pursuant to Section 47605.6 for whom the county office of education is not educationally responsible, the county charter program school may seek in-lieu property tax reimbursement from the pupil's school district of residence in an amount agreed upon by the county charter program school and the school district of residence.

SEC. 99. Section 47663 of the Education Code is amended to read:

47663. (a) (1) For a pupil of a charter school sponsored by a basic aid school district who resides in, and is otherwise eligible to attend, a school district other than a basic aid school district, the Superintendent shall apportion to the sponsoring school district an amount equal to 70 percent of the local control funding formula base grant computed pursuant to subdivision (d) of Section 42238.02, per unit of average daily attendance that would have been apportioned to the school district that the pupil resides in, and would otherwise have been eligible to attend.

(2) Notwithstanding paragraph (1), until the Superintendent determines that the school district the pupil resides in, and would otherwise have been eligible to attend, is funded pursuant to Section 42238.02 in the prior fiscal year, the Superintendent shall apportion, for average daily attendance pursuant to this article, *the lesser of the amount calculated pursuant to paragraph (1) or* 70

percent of the sum of the entitlements for the school district that the pupil resides in, and would otherwise have been eligible to attend, for the specified fiscal year as computed pursuant to paragraphs (1) to (4), inclusive, of subdivision ~~(a) of Section 42238.03~~ *(a)*, and paragraph (3) of subdivision ~~(b)~~ *(b)*, of Section 42238.03, divided by the average daily attendance for that fiscal year and then multiplied by the ratio of local control funding formula base grant funding computed pursuant to subdivision (d) of Section 42238.02 to the local control funding formula amount for the fiscal year computed pursuant to Section 42238.02.

(3) If the entitlements for the school district the pupil resides in, and would otherwise have been eligible to attend, as computed pursuant to paragraphs (1) to (4), inclusive, of subdivision (a), and paragraph (3) of subdivision (b), of Section 42238.03, include funding calculated pursuant to Article 4 (commencing with Section 42280) of Chapter 7 of Part 24 of Division 3 for a fiscal year, paragraph (2) shall not apply and the apportionment of state funds for the average daily attendance credited pursuant to this section for that fiscal year shall be calculated pursuant to paragraph (1).

(b) A school district that loses basic aid status as a result of transferring property taxes to a charter school or schools pursuant to Section 47635 for pupils who reside in, and are otherwise eligible to attend, a school district other than the school district that sponsors the charter school, shall be eligible to receive a pro rata share of funding provided by subdivision (a), with the proration factor calculated as the ratio of the following:

(1) The amount of property taxes that the school district receives in excess of its total base grant per unit of average daily attendance calculated pursuant to Section 42238.02, as implemented by Section 42238.03, before any transfers made pursuant to Section 47635, except for transfers in lieu of property taxes made for pupils who reside in, and would otherwise be eligible to attend, a school of the school district.

(2) The total amount in lieu of property taxes transferred pursuant to Section 47635 to the charter school or schools that it sponsors, except for transfers in lieu of property taxes made for pupils who reside in, and would otherwise be eligible to attend, a school of the school district.

(c) In no event shall the amount provided pursuant to this section exceed the amount in lieu of property taxes transferred on behalf

of charter school pupils who do not reside in the school district, less the proportionate amount of base grant state aid provided pursuant to Section 42238.02, as implemented by Section 42238.03, that is attributable to the charter school pupils who do not reside in the school district.

(d) The Superintendent shall not apportion funds for the attendance of a pupil in a charter school of a nonbasic aid school district who resides in, and is otherwise eligible to attend school in, a basic aid school district unless the pupil is subject to the exceptions set forth in paragraph (5) of subdivision (b), and subdivision (c), of Section 47635.

(e) For purposes of this section, "basic aid school district" means a school district that does not receive from the state, for any fiscal year in which the subdivision is applied, an apportionment of state funds as described in subdivision (o) of Section 42238.02.

SEC. 100. Section 48310 of the Education Code is amended to read:

48310. (a) The average daily attendance for pupils admitted by a school district of choice pursuant to this article shall be credited to that school district pursuant to Section 46607. The attendance report for the school district of choice may include an identification of the school district of residence.

(b) Notwithstanding any other law, state aid for categorical education programs for pupils admitted under this article shall be apportioned to the school district of choice.

(c) (1) For a school district of choice that is a basic aid school district, the apportionment of state funds for average daily attendance credited pursuant to this section shall be 70 percent of the school district local control funding formula base grant computed pursuant to subdivision (d) of Section 42238.02, as implemented by Section 42238.03, that would have been apportioned to the school district of residence.

(2) Notwithstanding paragraph (1), until the Superintendent determines that the school district of residence is funded pursuant to Section 42238.02 in the prior fiscal year, the Superintendent shall apportion, for average daily attendance pursuant to this article, *the lesser of the amount calculated pursuant to paragraph (1) or* 70 percent of the sum of the entitlements for the school district of residence for the specified fiscal year as computed pursuant to paragraphs (1) to (4), inclusive, of subdivision ~~(a) of Section~~

~~42238.03~~ *(a)*, and paragraph (3) of subdivision ~~(b)~~ *(b)*, of Section 42238.03, divided by the average daily attendance pursuant to this article for that fiscal year and then multiplied by the ratio of local control funding formula base grant funding computed pursuant to subdivision (d) of Section 42238.02 to the local control funding formula amount for the fiscal year computed pursuant to Section 42238.02.

(3) If the entitlements for the school district of residence computed pursuant to paragraphs (1) to (4), inclusive, of subdivision (a), and paragraph (3) of subdivision (b), of Section 42238.03, include funding calculated pursuant to Article 4 (commencing with Section 42280) of Chapter 7 of Part 24 of Division 3 for a fiscal year, paragraph (2) shall not apply and the apportionment of state funds for the average daily attendance credited pursuant to this section for that fiscal year shall be calculated pursuant to paragraph (1).

(4) For purposes of this subdivision, the term "basic aid school district" means a school district that does not receive from the state, for a fiscal year in which this subdivision is applied, an apportionment of state funds as described in subdivision (o) of Section 42238.02.

(d) The average daily attendance of pupils admitted by a school district of choice pursuant to this article shall be credited to that school district for purposes of any determination under Article 2 (commencing with Section 17010) of Chapter 12 of Part 10 of Division 1 of Title 1 that uses an average daily attendance calculation.

SEC. 101. Section 48359.5 of the Education Code is amended to read:

48359.5. (a) For a school district of enrollment that is a basic aid school district, the apportionment of state funds for average daily attendance credited pursuant to this article shall be 70 percent of the school district local control funding formula base grant that would have been apportioned to the school district of residence pursuant to subdivision (d) of Section 42238.02. Apportionment of these funds shall begin in the second consecutive year of enrollment, and continue annually until the pupil graduates from, or is no longer enrolled in, the school district of enrollment.

(b) Notwithstanding subdivision (a), until the Superintendent determines that the school district of residence is funded pursuant

to Section 42238.02 in the prior fiscal year, the Superintendent shall apportion, for average daily attendance pursuant to this article, *the lesser of the amount calculated pursuant to subdivision (a) or* 70 percent of the sum of the entitlements for the school district of residence for the specified fiscal year as computed pursuant to paragraphs (1) to (4), inclusive, of subdivision ~~(a) of Section 42238.03~~ *(a)*, and paragraph (3) of subdivision ~~(b)~~ *(b)*, of Section 42238.03, divided by the average daily attendance pursuant to this article for that fiscal year and then multiplied by the ratio of local control funding formula base grant funding computed pursuant to subdivision (d) of Section 42238.02 to the local control funding formula amount for the fiscal year computed pursuant to Section 42238.02.

(c) If the entitlements for the school district of residence computed pursuant to paragraphs (1) to (4), inclusive, of subdivision (a), and paragraph (3) of subdivision (b), of Section 42238.03, include funding calculated pursuant to Article 4 (commencing with Section 42280) of Chapter 7 of Part 24 of Division 3 for a fiscal year, subdivision (b) shall not apply and the apportionment of state funds for the average daily attendance credited pursuant to this section for that fiscal year shall be calculated pursuant to subdivision (a).

(d) For purposes of this section, "basic aid school district" means a school district that does not receive an apportionment of state funds as described in subdivision (o) of Section 42238.02 for a fiscal year in which this section may apply.

SEC. 102. Section 52315 of the Education Code is amended to read:

52315. (a) ~~Any~~ *A* visually impaired, orthopedically impaired, or deaf person who is not enrolled in a regular high school or community college program may attend a regional occupational center or regional occupational program pursuant to the requirements described in Section 52314.5. Additional special instruction and support services shall be provided to these persons.

(b) If the Superintendent determines that there would be a duplication of effort to these impaired persons if a regional occupational center or regional occupational program provided services to them, in that other programs exist that are available to them, the Superintendent may disapprove of the curriculum to provide programs to these impaired persons pursuant to Section

~~52309 and of any state funding made available pursuant to Section 41897 for these purposes.~~ *52309.*

SEC. 103. Section 52319 of the Education Code is amended to read:

52319. *(a)* Whenever the establishment and maintenance of a regional occupational center by two or more school districts has been undertaken pursuant to an agreement entered into in accordance with the provisions of Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code, and the terms of the agreement so authorize, provision may be made for the issuance of bonds for construction and other capital expenditure for the regional occupational center. An election shall be called, held, and conducted in the manner provided in Chapter 3 (commencing with Section 5300) of Part 4 of Division 1 of Title 1 on the question of the approval of the issuance of such bonds. If, at the election, the requisite number of voters cast their ballots in favor of the issuance of bonds, the bonds shall be issued and sold in the manner provided by law for the issuance and sale of bonds of a high school district. The issuance and sale of such bonds shall be deemed to be an act of the governing board of a high school district.

~~The~~

(b) The total amount of bonds issued shall not exceed one-half of 1 percent of the taxable property of the area served by the regional occupational center as shown by the last equalized assessment roll of the county or counties ~~which the center serves, and as modified pursuant to Section 41201.~~ *that the center serves.*

~~Bonds~~

(c) Bonds issued and sold pursuant to this section shall be retired from proceeds of the tax under the provisions of Section 52317.

SEC. 104. Section 52324 of the Education Code is repealed.

~~52324. Units of average daily attendance in the regional occupational centers or regional occupational programs of a county for a fiscal year are the quotient arising from dividing the total number of days of pupil's attendance in the centers, or programs, during the fiscal year by 175.~~

~~Attendance in regional occupational centers, or regional occupational programs, operated under subdivision (a) of Section 52305 shall be considered pupil's attendance under this section, but attendance in regional occupational centers, or regional~~

~~occupational programs, under subdivision (b) of Section 52305 shall not be so considered.~~

~~As used in this section, "school district" includes each of those districts which are cooperating in the maintenance of the center or program, with the approval of the county superintendent of schools, pursuant to Section 52301; and units of average daily attendance of pupils residing in the school district shall be credited to the school district.~~

SEC. 105. Section 52324.5 of the Education Code is repealed.

~~52324.5. For the purpose of crediting attendance for apportionments from Section A of the State School Fund during the fiscal year, any person who is concurrently enrolled in a nonpublic high school and in a regional occupational center or program operated under subdivision (a) of Section 52305 and maintained by a district or districts shall be classified as a regular student enrolled in a regular high school program, notwithstanding Section 52610.~~

~~For the purposes of this section, a nonpublic high school is a school which satisfies the requirements of Section 48222 if such school is exempt from taxation under Section 214 of the Revenue and Taxation Code, and if instruction in such school is given through grade 12.~~

SEC. 106. Section 52327 of the Education Code is amended to read:

52327. *(a)* The governing board of ~~any~~ *a school* district maintaining a regional occupational center may establish a bookstore on *school* district property for the purpose of offering for sale textbooks, workbooks, supplementary textbooks and workbooks, school supplies, stationery supplies, confectionary items, and related auxiliary school supplies and services.

~~The~~

(b) The governing board *of the school district* may establish a bookstore fund into which the proceeds derived from the operation of a regional occupational center bookstore may be transferred. Moneys in a bookstore fund shall be deposited or invested in one or more of the following ways:

~~(a)~~

(1) Deposits in a bank or banks, or other institution, whose accounts are federally insured.

~~(b)~~

(2) Investment certificates or withdrawable shares in state-chartered savings and loan associations and savings accounts of federal savings and loan associations, provided the associations are doing business in this state and have their accounts insured by the Federal Savings and Loan Insurance Corporation.

~~(c)~~

(3) Purchase of United States securities pursuant to subdivision (a) of Section 16430 of the Government Code.

~~The~~

(c) The governing board *of the school district* shall designate an employee or official of the *school* district to act as trustee for funds derived from the operation of a regional occupational center bookstore and to receive those funds in accordance with procedures established by the board.

~~All~~

(d) All necessary expenses, including salaries, wages and costs of capital improvements may be deducted from the revenue of a regional occupational center bookstore. Net proceeds from the operation of a regional occupational center bookstore shall be used for the general benefit of the student body as determined by the governing ~~board.~~ *board of the school district.* Income from a regional occupational center bookstore shall not be included in the ~~district revenue limit.~~ *school district funding allocation.* Funds derived from the operation of a regional occupational center bookstore shall be subject to audit pursuant to Section 41020.

SEC. 107. Section 52329 of the Education Code is amended to read:

52329. *(a) The* governing board of a school district located in a county, or the county superintendent of schools maintaining a regional occupational program in a county, any of the boundaries of which are contiguous to the State of Arizona, may enter into an agreement with a public or private educational agency located in ~~that state~~ *the State of Arizona* to provide to ~~students~~ *pupils* living in the *school* district and enrolled in a regional occupational program, career technical or technical training which, due to geographical isolation, is not otherwise available to these ~~students.~~ *pupils.*

~~The~~

(b) The program of training at the public or private educational agency shall ~~be approved by the Superintendent of Public~~

~~Instruction of California and shall~~ conform to the California State Plan for Career Technical Education.

~~The attendance of pupils receiving career technical or technical training at a public or private educational agency as authorized by this section shall be included in the computation of average daily attendance as prescribed by Sections 52324 and 52325, and shall be credited to the county school service fund of the county of residence. In no event, however, shall the county school service fund be credited with more than one unit of average daily attendance per calendar year on account of a pupil participating in a program authorized by this section.~~

SEC. 108. Section 52334 of the Education Code is amended to read:

52334. *(a)* Indirect costs charged to regional occupational centers and programs may not exceed ~~that of~~ the school district or county office of education, as appropriate, prior year indirect cost rate as approved by the ~~State Department of Education.~~ *department.*

~~The~~

(b) The indirect costs charged by county offices of education and school districts that provide regional occupational centers and programs services on behalf of the county office of education or joint powers authority, when added together, may not exceed the indirect cost rate approved by the ~~State Department of Education~~ *department* for the county office of education or the school district, whichever is higher.

~~Revenue limit funds apportioned to a county office of education or school district for regional occupational centers and programs must be expended on programs and services offered by the regional occupational centers and programs.~~

SEC. 109. Section 52335 of the Education Code is amended to read:

52335. ~~Commencing with the 1988–89 fiscal year, funds for regional occupational centers and programs shall be apportioned in accordance with this article.~~

For purposes of this article, "ROC/P" means regional occupational center or program.

SEC. 110. Section 52335.1 of the Education Code is repealed.

~~52335.1. From funds appropriated in the annual Budget Act for that purpose, the Superintendent of Public Instruction shall apportion funds for ROC/Ps according to the following priorities:~~

~~(a) Apportionments for necessary small ROC/Ps pursuant to Section 52324.6.~~

~~(b) Apportionments for ROC/P revenue limits pursuant to Section 52335.2.~~

SEC. 111. Section 52335.12 of the Education Code is amended to read:

52335.12. (a) As a condition of receiving ~~additional funding based on average daily attendance,~~ *state or federal funds,* the regional occupational center or program shall report annually to the department the academic and workforce preparation progress of the secondary pupils enrolled in the center or program. Indicators to measure that progress shall include, but are not limited to, the ~~Standardized Testing and Reporting (STAR) Program,~~ *California Assessment of Student Performance and Progress, established* pursuant to Article 4 (commencing with Section 60640) of Chapter 5 of Part 33; the high school exit examination, pursuant to Chapter 9 (commencing with 60850) of Part 33; and other indicators of academic and workforce preparation success, such as reduced dropout rates, workforce preparation, increased matriculation into postsecondary educational institutions, and other measures as determined by the department.

(b) This section shall become effective only when the longitudinal data on pupils enrolled in regional occupational centers and programs can be disaggregated from the California longitudinal pupil achievement data system ~~(CALPADs)~~ database, established pursuant to Chapter 10 (commencing with Section 60900) of Part 33.

~~(c) On or before October 1, 2007, the department shall submit to the Department of Finance a detailed proposal for the implementation of the outcome reports required in subdivision (a). The proposal shall identify the specific data elements to be collected and the costs associated with the data collection and preparation of the report. The department shall consult with the Department of Finance and the office of the Legislative Analyst during the development of this proposal.~~

SEC. 112. Section 52335.2 of the Education Code is repealed.

~~52335.2. The Superintendent of Public Instruction shall calculate a revenue limit for each ROC/P in the following manner:~~

~~(a) Calculate a base revenue limit per unit of average attendance for the current fiscal year as follows:~~

~~(1) Divide the revenue limit for the prior year computed pursuant to this section by the annual units of average daily attendance funded in the prior year pursuant to subdivisions (c) and (d).~~

~~(2) Increase the amount computed in paragraph (1) by the percentage inflation adjustment specified in the Budget Act for the current fiscal year multiplied by the statewide average ROC/P revenue limit per unit of average daily attendance for the prior fiscal year.~~

~~(b) Calculate a revenue limit per unit of average daily attendance for program growth by increasing the revenue limit per unit of average daily attendance for program growth computed pursuant to this subdivision for the prior fiscal year by the percentage inflation adjustment specified in the Budget Act for the current fiscal year.~~

~~(c) Multiply the amount computed pursuant to subdivision (a) by the lesser of the ROC/P's annual units of average daily attendance for the current fiscal year or the ROC/P's annual units of funded average daily attendance for the prior fiscal year.~~

~~(d) Subtract the ROC/P's annual units of funded average daily attendance for the prior fiscal year from the ROC/P's annual units of average daily attendance for the current fiscal year and multiply the difference by the amount computed pursuant to subdivision (b). If the product computed pursuant to this subdivision is negative, it shall be deemed to be zero.~~

~~(e) Except as provided in Section 52335.3, the Superintendent of Public Instruction shall apportion to the ROC/P the sum of the amounts computed pursuant to subdivisions (c) and (d).~~

~~(f) The average daily attendance used for purposes of this section shall not include the average daily attendance in schools receiving funding pursuant to Section 52324.6.~~

~~(g) Any state funds made available as a result of local property tax revenues deducted pursuant to Section 52335.3 shall be allocated to each ROC/P in an equal amount per unit of funded average daily attendance and shall not be included in the calculation of the base revenue limit made pursuant to subdivision (a) for the subsequent fiscal year.~~

~~(h) Before making the calculations described in subdivisions (c) and (d) to determine the amount to be apportioned to each ROC/P pursuant to subdivision (e) for the 1998–99 fiscal year, average daily attendance for the 1997–98 fiscal year shall be~~

~~adjusted by a factor equal to the number one minus the quotient of the number of units of that ROC/P's 1996–97 average daily attendance for absences excused pursuant to subdivision (b) of Section 46010, as that subdivision read on July 1, 1996, divided by that ROC/P's total 1996–97 average daily attendance.~~

SEC. 113. Section 52335.3 of the Education Code is repealed.

~~52335.3. The Superintendent of Public Instruction shall deduct from the amount computed pursuant to subdivision (e) of Section 52335.2 for each ROC/P operated by a county office of education any local revenue that would otherwise be deemed restricted and not available for expenditure in the current fiscal year pursuant to subdivision (e) of Section 2558. Any local revenue so deducted shall be used by the county office for support of the ROC/P.~~

SEC. 114. Section 52335.4 of the Education Code is repealed.

~~52335.4. The Superintendent of Public Instruction shall determine each ROC/P's share of funded growth average daily attendance by computing the sum of subdivisions (a), (b), and (c):~~

~~(a) Subtract the ROC/P's annual units of funded average daily attendance for the prior year from the ROC/P's annual units of funded average daily attendance for the second prior year. If the amount computed pursuant to this subdivision is negative, it shall be deemed to be zero.~~

~~(b) Allocate 25 percent of the allowable growth average daily attendance funded in the Budget Act to low participation ROC/P's, pursuant to criteria established by the Superintendent of Public Instruction.~~

~~(c) (1) Subtract the statewide sum of the growth average daily attendance computed pursuant to subdivisions (a) and (b) from the allowable growth in average daily attendance funded in the Budget Act. If the amount computed is negative, it shall be deemed to be zero.~~

~~(2) (A) Calculate the ROC/P's pro rata share of the funded growth average daily attendance calculated pursuant to paragraph (1), based on the prior year average daily attendance in grades 9 to 12, inclusive, for the school districts served by the ROC/P in relation to the total statewide prior year average daily attendance in grades 9 to 12, inclusive. For purposes of the calculation required by this paragraph, the Superintendent of Public Instruction shall use the average daily attendance reported for the second principal apportionment of the prior year.~~

~~(B) In calculating the pro rata share of funded growth average daily attendance, the Superintendent of Public Instruction shall ensure that each ROC/P is provided at least 10 units of allowed growth average daily attendance pursuant to subdivisions (b) and (c).~~

~~(d) (1) It is the intent of the Legislature that each ROC/P use its share of funded growth average daily attendance provided pursuant to this section to serve pupils in grades 9 to 12, inclusive, unless the governing board or governing boards of the school district or districts overseeing the ROC/P determine that the needs of pupils in grades 9 to 12, inclusive, have been met.~~

~~(2) It is the intent of the Legislature that, if a determination is made pursuant to paragraph (1) that the needs of pupils in grades 9 to 12, inclusive, have been met, then the governing board or governing boards of the school district or districts overseeing the ROC/P may authorize the ROC/P to use its share of funded growth average daily attendance provided pursuant to this section to serve adults.~~

SEC. 115. Section 52335.5 of the Education Code is repealed.

~~52335.5. In the event that the funds appropriated for purposes of this article are insufficient to fully fund the apportionments herein authorized, the Superintendent of Public Instruction shall reduce the amounts computed pursuant to Section 52335.2 for each ROC/P based on equal amounts per unit of average daily attendance, consistent with the following priorities:~~

~~(a) First priority shall be given to fully funding average daily attendance that is less than or equal to the average daily attendance funded in the prior fiscal year.~~

~~(b) Second priority shall be given to fully funding each ROC/P's share of funded growth average daily attendance determined pursuant to Section 52335.4.~~

~~(c) Third priority shall be given to funding current year annual average daily attendance that exceeds the sum of the average daily attendance specified in subdivisions (a) and (b).~~

SEC. 116. Section 52335.6 of the Education Code is repealed.

~~52335.6. For purposes of allocating allowable growth average daily attendance to low participation ROC/Ps, the Superintendent of Public Instruction shall:~~

~~(a) Calculate for each ROC/P the prior year average daily attendance in grades 9 to 12, inclusive, for the school districts served by the ROC/P.~~

~~(b) Divide the funded average daily attendance of the ROC/P for the prior year by the amount calculated in subdivision (a).~~

~~(c) Divide the statewide funded ROC/P average daily attendance for the prior year by the prior year statewide average daily attendance in grades 9 to 12, inclusive.~~

~~(d) For each ROC/P where the amount calculated in subdivision (b) is less than the amount calculated in subdivision (c), calculate the ROC/P's pro rata share of allowable growth daily attendance for low participation ROC/Ps, based on the average daily attendance needed by the ROC/P to be at the percentage of participation calculated in subdivision (c) in relation to the total of average daily attendance needed by low participation ROC/Ps for each ROC/P to be at the percentage of participation calculated in subdivision (c).~~

SEC. 117. The heading of Article 7 (commencing with Section 60117) of Chapter 1 of Part 33 of Division 4 of Title 2 of the Education Code is amended to read:

Article 7. ~~Pupil Textbook and~~ *Public Hearings,* Instructional Materials ~~Incentive Program~~

SEC. 118. Section 60117 of the Education Code is repealed.

~~60117. This article shall be known and may be cited as the Pupil Textbook and Instructional Materials Incentive Program Act.~~

SEC. 119. Section 63001 of the Education Code is amended to read:

63001. ~~Each~~ *A* school district that, in ~~any~~ *a* fiscal year, receives ~~any~~ *an* apportionment for ~~any~~ *a* program specified in Section 63000 shall ~~utilize~~ *use* no less than 85 percent of that apportionment at schoolsites for direct services to pupils. ~~To the extent a school district chooses to transfer, pursuant to Section 41500, up to 15 percent of School and Library Improvement Block Grant funds, apportioned pursuant to Article 7 (commencing with Section 45170) of Chapter 3.2 of Part 24, a school district shall utilize no less than 85 percent of the amount remaining after the transfer for direct services to pupils.~~

SEC. 120. (a) The sum of five billion nine hundred ninety-four million four hundred seventeen thousand dollars ($5,994,417,000) is hereby appropriated from the General Fund to the Superintendent of Public Instruction and shall be allocated pursuant to the calculation in subdivision (b) of Section 42238.03 of the Education Code.

(b) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriations made by subdivision (a) shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202 of the Education Code, for the 2015–16 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code, for the 2015–16 fiscal year.

SEC. 121. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.

~~SECTION 1. It is the intent of the Legislature to enact statutory changes relating to the Budget Act of 2015.~~

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