

AMENDED IN ASSEMBLY AUGUST 27, 2015

AMENDED IN ASSEMBLY AUGUST 17, 2015

AMENDED IN SENATE JUNE 2, 2015

AMENDED IN SENATE APRIL 7, 2015

SENATE BILL

No. 148

Introduced by Senator McGuire
(Coauthor: Assembly Member O'Donnell)

January 29, 2015

An act to amend Sections 35510, 35514, 35515, ~~and 35735~~ 35735, and 35736 of, to add Sections 35735.2, 35735.3, 35735.5, 35735.6, 35735.7, 35735.8, 35735.9, and 35735.10 to, to repeal and add Sections 35735.1 and 35735.4 of, and to repeal Section 35516 of, the Education Code, relating to school districts.

LEGISLATIVE COUNSEL'S DIGEST

SB 148, as amended, McGuire. School districts: reorganization: local control funding formula.

Existing law establishes a system of public elementary and secondary education in this state. Under this system, school districts throughout the state operate and maintain schools at which they provide instruction. Existing law establishes procedures under which new school districts may be formed by dissolving 2 or more existing school districts of the same kind from the entire territory of the original school districts, by forming one or more new school districts of the same kind from all or parts of one or more existing school districts of the same kind, or by unifying or deunifying school districts as specified. Under existing law, new school districts may also be formed through an action to transfer

territory, including an action to transfer all or part of an existing school district to another existing school district.

Existing law also establishes a system of funding public elementary and secondary education in this state. This funding system includes, among other elements, a local control funding formula through which funds are apportioned to school districts for educational purposes based on the total number of pupils attending the schools in those districts and the number of those pupils who fall into specified categories, including English learners, pupils eligible for free or reduced-price meals, and foster youth.

This bill would enact numerous provisions specifying computations to determine the funding, pursuant to the local control funding formula, of school districts that are, or proposed to be, affected by the various types of actions that may be undertaken to reorganize districts, as defined.

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

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

- 1 SECTION 1. Section 35510 of the Education Code is amended
- 2 to read:
- 3 35510. Unless the context otherwise requires, the definitions
- 4 set forth in this article govern the construction of this chapter and
- 5 Chapter 4 (commencing with Section 35700).
- 6 SEC. 2. Section 35514 of the Education Code is amended to
- 7 read:
- 8 35514. As used in this chapter and in Chapter 4 (commencing
- 9 with Section 35700):
- 10 (a) “Affected district” means a district that has been, or is
- 11 proposed to be, affected by an action to reorganize pursuant to
- 12 Section 35511 or by an action to lapse a district pursuant to Section
- 13 35780.1. Affected districts include all of the following district
- 14 types:
- 15 (1) “Original district” means a district as it existed before an
- 16 action to reorganize pursuant to Section 35511 or before an action
- 17 to lapse a district pursuant to Section 35780.1. The boundaries of
- 18 an “original district” are those of the district as it existed
- 19 immediately before the action to reorganize or lapse.

1 (2) “Former district” means a district that has been wholly
2 included in another district, or has had all of its territory made part
3 of two or more other districts, through any action taken pursuant
4 to Section 35511 or through a ~~lapsation~~ *lapse* pursuant to Section
5 35780.1. The boundaries of a former district are those of the district
6 as it existed immediately before an action to reorganize or lapse.

7 (3) “New district” means a district that is formed from all or
8 portions of one or more other districts by an action to reorganize
9 taken pursuant to subdivision (a) of Section 35511. A new district
10 does not exist before such an action.

11 (4) “Acquiring district” means a district that has all or portions
12 of one or more other districts transferred into, or lapsed into, its
13 boundaries pursuant to subdivision (b) of Section 35511 or Section
14 35780.1.

15 (5) “Divided district” means a district that has had a portion of
16 its territory become part of a new district or transferred into one
17 or more other districts by an action to reorganize taken pursuant
18 to Section 35511.

19 (A) The “reorganized portion of a divided district” means the
20 portion of the divided district’s territory that becomes part of a
21 new district or is transferred into one or more other districts.

22 (B) The “remaining portion of a divided district” means the
23 portion of the divided district’s territory that does not become part
24 of a new district or that is not transferred into one or more other
25 districts.

26 (6) “Reorganized district” means a district that is a “new
27 district,” an “acquiring district,” or a “divided district.”

28 (b) “Districts” means school districts of every kind or class.

29 SEC. 3. Section 35515 of the Education Code is amended to
30 read:

31 35515. “Component district” means an elementary school
32 district that is included within a high school district or an
33 elementary school district that is excluded from an action to unify
34 a high school district but that continues to feed into the high schools
35 of the new unified school district pursuant to subdivision (b) of
36 Section 35542.

37 SEC. 4. Section 35516 of the Education Code is repealed.

38 SEC. 5. Section 35735 of the Education Code is amended to
39 read:

1 35735. (a) Each proposal for the reorganization of school
2 districts shall include a computation of the local control funding
3 formula entitlement determined pursuant to Section 42238.02, as
4 implemented by Section 42238.03, for the districts. That
5 computation shall be an integral part of the proposal, and shall not
6 be considered separately from the proposal. The funding
7 computations for the reorganized school districts shall be made
8 consistent with the calculations established in this article, and shall
9 be based on the current information available for each affected
10 school district for the second principal apportionment period for
11 the fiscal year ~~two years before~~ *immediately preceding* the fiscal
12 year in which the reorganization is to become effective.

13 (b) The county superintendent of schools shall compute the
14 local control funding formula entitlement pursuant to this article
15 for a school district involved in an action to reorganize.

16 (c) (1) For a former school district that has been wholly included
17 in more than one new or acquiring district, the county
18 superintendent of schools with jurisdiction over the reorganized
19 school district shall compute the local control funding formula
20 entitlement pursuant to this article. As part of this computation,
21 and except as otherwise provided in this article, the county
22 superintendent of schools may determine both of the following:

23 (2) (A) The prior year funded average daily attendance as of
24 the second principal apportionment from each affected school
25 district that will be served by each reorganized school district.

26 (B) Consistent with paragraph (1), the division of all of the
27 following types of funding attributed to a former district when all
28 of the territory of that former district is made part of two or more
29 new or acquiring districts:

30 (i) Categorical program funding provided pursuant to
31 subdivisions (g) and (h) of Section 42238.02, paragraph (2) of
32 subdivision (a) of Section 42238.03, and subdivision (e) of Section
33 42238.03.

34 (ii) Economic recovery target payments computed pursuant to
35 paragraph (2) of subdivision (d) of Section 42238.025.

36 (iii) Necessary small school allowances provided for minimum
37 state aid pursuant to subparagraph (D) of paragraph (1) of
38 subdivision (e) of Section 42238.03, except that in no case shall
39 the allowance attributed to a single necessary small elementary or

1 necessary small high school be divided among more than one new
2 or acquiring district.

3 (3) The funding calculated pursuant to this subdivision shall be
4 incorporated by the Superintendent into the new or acquiring
5 district's calculations as if it were a former district that is wholly
6 included in the new district, provided that the required information
7 is submitted to the Superintendent within the timeframe established
8 by the Superintendent. If the county superintendent of schools
9 does not provide all of the information in paragraphs (1) and (2),
10 the funding shall not be included in the new or acquiring district's
11 calculations.

12 (d) For all actions to reorganize, except for those actions
13 approved pursuant to subdivision (b) of Section 35710, or appealed
14 pursuant to subdivision (c) of Section 35710, Section 35710.5, or
15 Section 35711, the Superintendent shall compute the local control
16 funding formula entitlement for a reorganized school district
17 pursuant to Section 42238.02, as implemented by Section 42238.03.

18 (e) The Superintendent may make adjustments to the local
19 control funding formula entitlements computed pursuant to
20 subdivisions (b) and (c), if those adjustments are necessary to cause
21 those entitlements to be consistent with this article.

22 (f) For purposes of this article, a ~~lapse~~ *lapse* pursuant to
23 Section 35780.1 shall be considered an action to reorganize
24 pursuant to subdivision (b) of Section 35511.

25 (g) Any costs incurred by the county superintendent of schools
26 in preparing reports pursuant to this section or Sections 35735.1
27 to 35735.9, inclusive, may be billed to the affected school districts
28 on a proportionate basis.

29 SEC. 6. Section 35735.1 of the Education Code is repealed.

30 SEC. 7. Section 35735.1 is added to the Education Code, to
31 read:

32 35735.1. For purposes of paragraph (5) of subdivision (b) of
33 Section 42238.02, reorganized districts shall have their percentages
34 of unduplicated pupils calculated as follows:

35 (a) (1) For a new district in the first fiscal year of operation,
36 include only the current fiscal year unduplicated pupil and
37 enrollment counts used to establish the current fiscal year
38 percentage.

39 (2) For a new district in the second fiscal year of operation,
40 include only the current fiscal year and prior fiscal year

1 unduplicated pupil and enrollment counts to establish the current
2 fiscal year percentage.

3 (3) For a new district in the third and subsequent fiscal years of
4 operation, include the current fiscal year, prior fiscal year, and
5 second prior fiscal year unduplicated pupil and enrollment counts
6 to establish the current fiscal year percentage.

7 (b) For an acquiring district in the first fiscal year of operation
8 after the reorganization, retain the prior fiscal year and second
9 prior fiscal year unduplicated pupil and enrollment counts from
10 the fiscal years before the reorganization. For the current fiscal
11 year and each subsequent fiscal year after reorganization, include
12 the unduplicated pupil and enrollment counts for all pupils who
13 are being served by the acquiring district.

14 (c) For the remaining portion of a divided district, the percentage
15 calculation shall include the prior and second prior fiscal year
16 unduplicated pupil and enrollment counts from the fiscal years
17 before the reorganization. For the current and each subsequent
18 fiscal year after reorganization, include only the unduplicated pupil
19 and enrollment counts for the pupils who are being served by the
20 remaining portion of the divided district.

21 SEC. 8. Section 35735.2 is added to the Education Code, to
22 read:

23 35735.2. For purposes of subdivisions (g) and (h) of Section
24 42238.02, paragraph (2) of subdivision (a) of Section 42238.03,
25 and subdivision (e) of Section 42238.03, reorganized districts shall
26 have categorical program funding determined as follows:

27 (a) (1) A new district shall retain the same amount of categorical
28 funding received by each former district before the reorganization.
29 A new district shall not retain any categorical funding received by
30 divided districts before the reorganization.

31 (2) If the new district is composed wholly of former districts,
32 it shall receive a reduction pursuant to paragraph (2) of subdivision
33 (a) of Section 42238.03 only to the extent that the new district
34 would have received a reduction in the 2012–13 fiscal year.

35 (3) If the new district is comprised of former districts and one
36 or more divided districts, it shall receive a reduction pursuant to
37 paragraph (2) of subdivision (a) of Section 42238.03 only to the
38 extent that the former districts received a reduction in the 2012–13
39 fiscal year.

1 (b) (1) An acquiring district shall retain the same amount of
2 categorical funding it received before the reorganization, plus the
3 amount of categorical funding received by each former district
4 before the reorganization. An acquiring district shall not retain any
5 categorical funding received by divided districts before the
6 reorganization.

7 (2) If the acquiring district is composed wholly of former
8 districts, it shall receive a reduction pursuant to paragraph (2) of
9 subdivision (a) of Section 42238.03 only to the extent that the
10 acquiring district would have received a reduction in the 2012–13
11 fiscal year.

12 (3) If the acquiring district comprises a former district and one
13 or more divided districts, it shall receive a reduction pursuant to
14 paragraph (2) of subdivision (a) of Section 42238.03 only to the
15 extent that the former district received a reduction in the 2012–13
16 fiscal year.

17 (c) (1) The remaining portion of a divided district shall retain
18 the same amount of categorical funding it received before the
19 reorganization.

20 (2) If a divided district received a reduction pursuant to
21 paragraph (2) of subdivision (a) of Section 42238.03, it shall
22 continue to receive that reduction.

23 (d) If the reorganization includes a former district that has been
24 wholly included in more than one new or acquiring districts, the
25 categorical funding shall be determined pursuant to subdivision
26 (c) of Section 35735.

27 SEC. 9. Section 35735.3 is added to the Education Code, to
28 read:

29 35735.3. (a) A new or acquiring district shall receive an
30 economic recovery target payment pursuant to paragraph (2) of
31 subdivision (d) of Section 42238.025 that is equal to the sum of
32 the amounts determined for each former district that was eligible
33 to receive an economic recovery target payment pursuant to
34 paragraph (1) of subdivision (d) of Section 42238.025 before the
35 reorganization.

36 (b) The remaining portion of a divided district shall retain the
37 same amount of economic recovery target funding pursuant to
38 paragraph (2) of subdivision (d) of Section 42238.025 that it was
39 eligible to receive before the reorganization.

1 (c) If the reorganization includes a former district that has been
2 wholly included in more than one new or acquiring district, the
3 economic recovery target funding shall be determined pursuant to
4 subdivision (c) of Section 35735.

5 SEC. 10. Section 35735.4 of the Education Code is repealed.

6 SEC. 11. Section 35735.4 is added to the Education Code, to
7 read:

8 35735.4. For purposes of subdivision (d) of Section 42238.03,
9 a reorganized district shall be deemed to have a zero difference in
10 the prior fiscal year if one of the following conditions is met:

11 (a) For a new district resulting from an action to reorganize
12 pursuant to paragraph (1), (2), or (3) of subdivision (a) of Section
13 35511, each former district had a zero difference in the prior fiscal
14 year.

15 (b) For a new district resulting from an action to reorganize
16 pursuant to paragraph (4) subdivision (a) of Section 35511, the
17 original district had a zero difference in the prior fiscal year.

18 (c) For an acquiring district affected by an action to reorganize
19 taken pursuant to subdivision (b) of Section 35511, the acquiring
20 district has a zero difference in the prior fiscal year.

21 SEC. 12. Section 35735.5 is added to the Education Code, to
22 read:

23 35735.5. (a) For a new or acquiring district that has
24 reorganized pursuant to paragraph (1), (2), or (3) of subdivision
25 (a) of Section 35511 or subdivision (b) of Section 35511, the
26 funding amount per unit of average daily attendance pursuant to
27 subparagraph (A) of paragraph (1) of subdivision (a) of Section
28 42238.03 shall be calculated, as follows:

29 (1) If the reorganization took place before December 31, 2013,
30 for each affected district:

31 (A) Blend the revenue limit pursuant to Section 35735.1, as that
32 section read on January 1, 2013.

33 (B) Multiply the average daily attendance for the fiscal year
34 two years before the fiscal year in which the reorganization is to
35 become effective by the per unit of average daily attendance
36 amount computed pursuant to subparagraph (A) of paragraph (1)
37 of subdivision (a) of Section 42238.03.

38 (C) Add the products determined in subparagraph (B) and divide
39 by the sum of units of average daily attendance for the fiscal year

1 two years before the fiscal year in which the reorganization is to
2 become effective for all affected districts.

3 (2) If the reorganization took place after December 31, 2013,
4 for each affected district:

5 (A) Multiply the average daily attendance for the fiscal year
6 immediately preceding the fiscal year in which the reorganization
7 is to become effective by the per unit of average daily attendance
8 amount computed pursuant to subparagraph (A) of paragraph (1)
9 of subdivision (a) of Section 42238.03.

10 (B) Add the products determined in subparagraph (A) and divide
11 by the sum of units of average daily attendance for the fiscal year
12 immediately preceding the fiscal year in which the reorganization
13 is to become effective for all affected districts.

14 (3) (A) For purposes of paragraphs (1) and (2), average daily
15 attendance shall be the funded average daily attendance as of the
16 second principal apportionment.

17 (B) If the reorganization includes a divided district, the following
18 shall apply:

19 (i) For purposes of paragraph (1), the average daily attendance
20 shall be estimated by the county office of education and reported
21 to the department based on the units of average daily attendance
22 to be served by the reorganized district.

23 (ii) For purposes of paragraph (2), the average daily attendance
24 shall be estimated by the county office of education and reported
25 to the department based on the units of average daily attendance
26 to be served by the reorganized district in the first fiscal year the
27 reorganization becomes effective. If no average daily attendance
28 of the divided district is estimated to be served in the first fiscal
29 year of the reorganization, the divided district's funding shall not
30 be included in the blending calculation made pursuant to
31 subparagraph (A) of paragraph (1) of subdivision (a) of Section
32 42238.03.

33 (C) For purposes of paragraph (1) or (2), if the reorganization
34 includes a former district that has been wholly included in more
35 than one new or acquiring district, the average daily attendance
36 shall be the average daily attendance reported pursuant to
37 subdivision (c) of Section 35735.

38 (b) For a new district formed as a result of deunification pursuant
39 to paragraph (4) of subdivision (a) of Section 35511, the funding
40 amount per unit of average daily attendance pursuant to

1 subparagraph (A) of paragraph (1) of subdivision (a) of Section
2 42238.03 shall be equal to the amount calculated for the original
3 district for the fiscal year before the fiscal year in which the
4 reorganization is to become effective.

5 SEC. 13. Section 35735.6 is added to the Education Code, to
6 read:

7 35735.6. (a) For a new or acquiring district that has
8 reorganized pursuant to paragraph (1), (2), or (3) of subdivision
9 (a) of Section 35511 or subdivision (b) of Section 35511, the
10 funding amount per unit of average daily attendance pursuant to
11 subparagraph (A) of paragraph (1) of subdivision (e) of Section
12 42238.03, shall be calculated as follows:

13 (1) If the reorganization took place before December 31, 2013,
14 for each affected district:

15 (A) Multiply the average daily attendance for the fiscal year
16 two years before the fiscal year in which the reorganization is to
17 become effective by the per unit of average daily attendance
18 amount computed pursuant to subparagraph (A) of paragraph (1)
19 of subdivision (e) of Section 42238.03.

20 (B) Add the products determined in subparagraph (A), and
21 divide that sum by the sum of units of average daily attendance
22 for the fiscal year two years immediately preceding the fiscal year
23 in which the reorganization is to become effective for all affected
24 districts.

25 (C) No adjustment shall be made for paragraphs (2) and (3) of
26 subdivision (a) of Section 35735.1, as that section read on January
27 1, 2013.

28 (2) If the reorganization took place after December 31, 2013,
29 for each affected district:

30 (A) Multiply the average daily attendance for the fiscal year
31 immediately preceding the fiscal year in which the reorganization
32 is to become effective by the per unit of average daily attendance
33 amount computed pursuant to subparagraph (A) of paragraph (1)
34 of subdivision (e) of Section 42238.03.

35 (B) Add the products determined in subparagraph (A), and
36 divide by the sum of units of average daily attendance for the fiscal
37 year immediately preceding the fiscal year in which the
38 reorganization is to become effective for all affected school
39 districts.

1 (3) (A) For purposes of paragraphs (1) and (2), average daily
2 attendance shall be the funded average daily attendance as of the
3 second principal apportionment.

4 (B) If the reorganization includes a divided district, the following
5 shall apply:

6 (i) For purposes of paragraph (1), the average daily attendance
7 shall be estimated by the county office of education and reported
8 to the department based on the units of average daily attendance
9 to be served by the reorganized district.

10 (ii) For purposes of paragraph (2), the average daily attendance
11 shall be estimated by the county office of education and reported
12 to the department based on the units of average daily attendance
13 to be served by the reorganized district in the fiscal year the first
14 reorganization becomes effective. If no average daily attendance
15 of the divided district is estimated to be served in the first fiscal
16 year of the reorganization, the divided district's funding shall not
17 be included in the blending calculation made pursuant to
18 subparagraph (A) of paragraph (1) of subdivision (e) of Section
19 42238.03.

20 (C) For purposes of paragraph (1) or (2), if the reorganization
21 includes a former district that has been wholly included in more
22 than one new or acquiring district, the average daily attendance
23 shall be the average daily attendance reported pursuant to
24 subdivision (c) of Section 35735.

25 (b) For a new district formed as a result of deunification pursuant
26 to paragraph (4) of subdivision (a) of Section 35511, the funding
27 amount per unit of average daily attendance pursuant to
28 subparagraph (A) of paragraph (1) of subdivision (e) of Section
29 42238.03 shall be equal to the amount calculated for the original
30 district for the fiscal year immediately preceding the fiscal year in
31 which the reorganization is to become effective.

32 SEC. 14. Section 35735.7 is added to the Education Code, to
33 read:

34 35735.7. For a new or acquiring district that has reorganized
35 pursuant to paragraph (1), (2), or (3) of subdivision (a) of Section
36 35511 or subdivision (b) of Section 35511, the funding amount
37 per unit of average daily attendance pursuant to paragraph (4) of
38 subdivision (a) of Section 42238.03 shall be calculated as follows:

39 (a) If the reorganization took place before December 31, 2013:

1 (1) For each affected district, divide the amount of funding
 2 received in the immediately preceding fiscal year pursuant to
 3 paragraph (4) of subdivision (a) of Section 42238.03 as of the
 4 second principal apportionment by the units of average daily
 5 attendance for the fiscal year immediately preceding the fiscal year
 6 in which the reorganization is to become effective.

7 (2) For each affected district, multiply the amount determined
 8 in paragraph (1) by the average daily attendance for the fiscal year
 9 two years before the fiscal year in which the reorganization is to
 10 become effective.

11 (3) Add the products determined in paragraph (2), and divide
 12 that sum by the sum of the average daily attendance determined
 13 in paragraph (2) for all affected districts.

14 (b) If the reorganization took place after December 31, 2013:

15 (1) For each affected district, divide the amount of funding
 16 received in the immediately preceding fiscal year pursuant to
 17 paragraph (4) of subdivision (a) of Section 42238.03 as of the
 18 second principal apportionment by the units of average daily
 19 attendance for the fiscal year prior to the fiscal year in which the
 20 reorganization is to become effective.

21 (2) For each affected district, multiply the amount determined
 22 in paragraph (1) by the average daily attendance for the fiscal year
 23 immediately preceding the fiscal year in which the reorganization
 24 is to become effective.

25 (3) Add the products determined in paragraph (2), and divide
 26 that sum by the sum of the average daily attendance determined
 27 in paragraph (2) for all affected districts.

28 (c) (1) For purposes of subdivisions (a) and (b), average daily
 29 attendance shall be the funded average daily attendance as of the
 30 second principal apportionment.

31 (2) If the reorganization includes a divided district, the following
 32 shall apply:

33 (A) For purposes of subdivision (a), the average daily attendance
 34 shall be estimated by the county office of education and reported
 35 to the department based on the units of average daily attendance
 36 to be served by the reorganized district.

37 (B) For purposes of subdivision (b), the average daily attendance
 38 shall be estimated by the county office of education and reported
 39 to the department based on the units of average daily attendance
 40 to be served by the reorganized district in the first fiscal year the

1 reorganization becomes effective. If no average daily attendance
2 of the divided district is estimated to be served in the first fiscal
3 year of the reorganization, the divided district's funding shall not
4 be included in the blending calculation pursuant to paragraph (4)
5 of subdivision (a) of Section 42238.03.

6 (3) For purposes of subdivisions (a) and (b), if the reorganization
7 includes a former district that has been wholly included in more
8 than one new or acquiring district, the average daily attendance
9 shall be the average daily attendance reported pursuant to
10 subdivision (c) of Section 35735.

11 SEC. 15. Section 35735.8 is added to the Education Code, to
12 read:

13 35735.8. (a) For a new or acquiring district that has
14 reorganized pursuant to paragraph (1), (2), or (3) of subdivision
15 (a) of Section 35511 or subdivision (b) of Section 35511, the
16 funding amount per unit of average daily attendance pursuant to
17 Sections 42289 to 42289.5, inclusive, for purposes of determining
18 funding pursuant to paragraph (2) of subdivision (i) of Section
19 42283.02, shall be calculated as follows:

20 (1) If the reorganization took place before December 31, 2013,
21 for each affected district:

22 (A) Multiply the average daily attendance for the fiscal year
23 two years before the fiscal year in which the reorganization is to
24 become effective by the amount computed pursuant to subdivision
25 (b) of Section 42287 for the fiscal year two years before the fiscal
26 year in which the reorganization is to become effective.

27 (B) Add the products determined in subparagraph (A), and
28 divide that sum by the sum of units of average daily attendance
29 for the fiscal year two years before the fiscal year in which the
30 reorganization is to become effective for all affected districts.

31 (C) Increase the amount determined in subparagraph (B) by the
32 percentage calculated pursuant to paragraph (2) of subdivision (d)
33 of Section 42238.02 for the fiscal year immediately preceding the
34 fiscal year in which reorganization is to become effective.

35 (2) If the reorganization took place after December 31, 2013,
36 for each affected district:

37 (A) Multiply the average daily attendance for the fiscal year
38 immediately preceding the fiscal year in which the reorganization
39 is to become effective by the amount computed pursuant to
40 subdivision (b) of Section 42287 for the fiscal year immediately

1 preceding the fiscal year in which the reorganization is to become
 2 effective.

3 (B) Add the products determined in subparagraph (A), and
 4 divide that sum by the sum of units of average daily attendance
 5 for the fiscal year immediately preceding the fiscal year in which
 6 the reorganization is to become effective for all affected districts.

7 (3) (A) For purposes of paragraphs (1) and (2), average daily
 8 attendance shall be the funded average daily attendance as of the
 9 second principal apportionment.

10 (B) If the reorganization includes a divided district, both of the
 11 following shall apply:

12 (i) For purposes of paragraph (1), the average daily attendance
 13 shall be estimated by the county office of education and reported
 14 to the department based on the units of average daily attendance
 15 to be served by the reorganized district.

16 (ii) For purposes of paragraph (2), the average daily attendance
 17 shall be estimated by the county office of education and reported
 18 to the department based on the units of average daily attendance
 19 to be served by the reorganized district in the first year the
 20 reorganization becomes effective. If no average daily attendance
 21 of the divided district is estimated to be served in the first year of
 22 the reorganization, the divided district’s funding shall not be
 23 included in the blending calculation pursuant to paragraph (2) of
 24 subdivision (i) of Section 42238.02.

25 (C) For purposes of paragraph (1) or (2), if the reorganization
 26 includes a former district that has been wholly included in more
 27 than one new or acquiring district, the average daily attendance
 28 shall be the average daily attendance reported pursuant to
 29 subdivision (c) of Section 35735.

30 (b) For a new district formed as a result of deunification pursuant
 31 to paragraph (4) of subdivision (a) of Section 35511, the funding
 32 amount per unit of average daily attendance shall be equal to the
 33 amount calculated for the original district for the fiscal year
 34 immediately preceding the fiscal year in which the reorganization
 35 is to become effective.

36 SEC. 16. Section 35735.9 is added to the Education Code, to
 37 read:

38 35735.9. (a) For a new district or acquiring district that has
 39 reorganized pursuant to paragraph (1), (2), or (3) of subdivision
 40 (a) of Section 35511 or subdivision (b) of Section 35511, the

1 funding amount per unit of average daily attendance pursuant to
2 Sections 42289 to 42289.5, inclusive, for purposes of determining
3 funding pursuant to subparagraph (D) of paragraph (1) of
4 subdivision (a) of Section 42283.03, shall be calculated as follows:

5 (1) If the reorganization took place before December 31, 2013,
6 for each affected district:

7 (A) Multiply the average daily attendance for the fiscal year
8 two years before the fiscal year in which the reorganization is to
9 become effective by the amount per unit of average daily
10 attendance that corresponds to the 2012–13 fiscal year funding
11 amounts pursuant to Sections 42289 to 42289.5, inclusive, and
12 Section 42238.146, as that section read on June 15, 2015.

13 (B) Add the products determined in subparagraph (A), and
14 divide that sum by the sum of units of average daily attendance
15 for the fiscal year two years before the fiscal year in which the
16 reorganization is to become effective for all affected districts.

17 (2) If the reorganization took place after December 31, 2013,
18 for each affected district:

19 (A) Multiply the average daily attendance for the fiscal year
20 immediately preceding the fiscal year in which the reorganization
21 is to become effective by the amount per unit of average daily
22 attendance that corresponds to the 2012–13 fiscal year funding
23 amounts pursuant to Sections 42289 to 42289.5, inclusive, and
24 Section 42238.146, as that section read on June 15, 2015.

25 (B) Add the products determined in subparagraph (A), and
26 divide that sum by the sum of units of average daily attendance
27 for the fiscal year immediately preceding the fiscal year in which
28 the reorganization is to become effective for all affected districts.

29 (3) (A) For purposes of paragraphs (1) and (2), average daily
30 attendance shall be the funded average daily attendance as of the
31 second principal apportionment.

32 (B) If the reorganization includes a divided district, the following
33 shall apply:

34 (i) For purposes of paragraph (1), the average daily attendance
35 shall be estimated by the county office of education and reported
36 to the department based on the units of average daily attendance
37 to be served by the reorganized district.

38 (ii) For purposes of paragraph (2), the average daily attendance
39 shall be estimated by the county office of education and reported
40 to the department based on the units of average daily attendance

1 to be served by the reorganized district in the first fiscal year the
2 reorganization becomes effective. If no average daily attendance
3 of the divided district is estimated to be served in the first fiscal
4 year of the reorganization, the divided district's funding shall not
5 be included in the blending calculation pursuant to subparagraph
6 (D) of paragraph (1) of subdivision (a) of Section 42238.03.

7 (C) For purposes of paragraph (1) or (2), if the reorganization
8 includes a former district that has been wholly included in more
9 than one new or acquiring district, the average daily attendance
10 shall be the average daily attendance reported pursuant to
11 subdivision (c) of Section 35735.

12 (b) For a new district formed as a result of deunification pursuant
13 to paragraph (4) of subdivision (a) of Section 35511, the funding
14 amount per unit of average daily attendance shall be equal to the
15 amount calculated for the original district for the fiscal year
16 immediately preceding the fiscal year in which the reorganization
17 is to become effective.

18 SEC. 17. Section 35735.10 is added to the Education Code, to
19 read:

20 35735.10. For the purpose of determining funding pursuant to
21 subparagraph (D) of paragraph (1) of subdivision (e) of Section
22 42238.03, the following shall apply to districts affected by
23 reorganization pursuant to Section 35511 or ~~lapse~~ *a lapse*
24 pursuant to Section 35780.1:

25 (a) A new district shall receive the same amount of the 2012–13
26 fiscal year funding allowance provided for qualifying necessary
27 small elementary schools and necessary small high schools received
28 by each former district in the fiscal year immediately preceding
29 the fiscal year in which the reorganization is to become effective
30 if the former district has been wholly included in the new district.

31 (b) An acquiring district shall retain the same amount as the
32 2012–13 fiscal year funding allowance provided for its qualifying
33 necessary small elementary schools and necessary small high
34 schools in the fiscal year immediately preceding the fiscal year in
35 which the reorganization is to become effective and any such
36 allowance provided to a former district if the former district has
37 been wholly included in the acquiring district.

38 (c) A divided district shall retain the same amount of the
39 2012–13 fiscal year funding allowance provided for its qualifying
40 necessary small elementary schools and necessary small high

1 schools in the fiscal year immediately preceding the fiscal year in
2 which the reorganization is to become effective.

3 (d) If the reorganization includes a former district that has been
4 wholly included in more than one new or acquiring district, the
5 necessary small school allowance for minimum state aid shall be
6 determined pursuant to subdivision (c) of Section 35735.

7 *SEC. 18. Section 35736 of the Education Code is amended to*
8 *read:*

9 35736. Plans and recommendations may include a proposal
10 for dividing the property, other than real property, and obligations
11 of any school district proposed to be divided between two or more
12 school districts, or proposed to be partially included in one or more
13 school districts. As used in this section, “property” includes funds,
14 cash on hand, and moneys due but uncollected on the date
15 reorganization becomes effective for all purposes, and state
16 apportionments based on average daily attendance earned in the
17 year immediately preceding the date reorganization becomes
18 effective for all purposes. In providing for this division, the plans
19 and recommendations may consider the assessed valuation of each
20 portion of the school district, the local control funding formula
21 allocation pursuant to Section 42238.02, as implemented by Section
22 42238.03, ~~per pupil~~ in each school district, the number of children
23 of school age residing in each portion of the school district, the
24 value and location of the school property, and such other matters
25 as may be deemed pertinent and equitable. Any such proposal shall
26 be an integral part of the proposal and not a separate proposition.