

## Proposed Trailer Bill

The May Revision proposes the following trailer bill language changes. Incremental changes to the Governor's Budget proposal are highlighted in bold font.

### Extend Sunset Date to Conform to Proposition 55

Section 2558 of the Education Code is amended to read: (New for May Revision)

2558. Notwithstanding any other law, for the 1979–80 fiscal year and each fiscal year thereafter, the Superintendent shall apportion state aid to county superintendents of schools pursuant to this section.

(a) The Superintendent shall total the amounts computed for the fiscal year pursuant to Sections 2550, 2551.3, 2554, 2555, and 2557 and Section 2551, as that section read on January 1, 1999. For the 1979–80 fiscal year and for purposes of calculating the 1979–80 fiscal year base amounts in succeeding fiscal years, the amounts in Sections 2550, 2551, 2552, 2554, 2555, and 2557, as they read in the 1979–80 fiscal year, shall be multiplied by a factor of 0.994. For the 1981–82 fiscal year and for purposes of calculating the 1981–82 fiscal year base amounts in succeeding fiscal years, the amount in this subdivision shall be multiplied by a factor of 0.97.

(b) For the 1995–96 fiscal year and each fiscal year thereafter, the county superintendent of schools shall adjust the total revenue limit computed pursuant to this section 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 county superintendent of schools as follows:

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

(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) is greater than the amount determined in paragraph (2), the total revenue limit computed pursuant to this part for that county superintendent of schools shall be decreased by the amount of the difference between those paragraphs; or if the amount determined in paragraph (1) is less than the amount determined in paragraph (2), the total revenue limit for that county superintendent of schools shall be increased by the amount of the difference between those paragraphs.

(4) For purposes of this subdivision, employer contributions to the Public Employees' Retirement System for either 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, 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 subdivision 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 county office of education revenue limits made by this subdivision 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 county superintendents of schools made by this subdivision for the 1995–96 to 2001–02 fiscal years, inclusive, may not be adjusted by the deficit factor applied to the revenue limit of each county superintendent of schools pursuant to Section 2558.45.
- (7) For the 2003–04 fiscal year and any fiscal year thereafter, the revenue limit reduction specified in Section 2558.46 may not be applied to the amount of the increase or decrease to the revenue limits of each county superintendent of schools computed pursuant to paragraph (3).
- (c) The Superintendent shall also subtract from the amount determined in subdivision (a) the sum of all of the following:
- (1) Local property tax revenues received pursuant to Section 2573 in the then current fiscal year, and tax revenues received pursuant to Section 2556 in the then current fiscal year.
  - (2) State and federal categorical aid for the fiscal year.
  - (3) District contributions pursuant to Section 52321 for the fiscal year, and other applicable local contributions and revenues.
  - (4) Any amounts that the county superintendent of schools was required to maintain as restricted and not available for expenditure in the 1978–79 fiscal year as specified in the second paragraph of subdivision (c) of Section 6 of Chapter 292 of the Statutes of 1978, as amended by Chapter 51 of the Statutes of 1979.
  - (5) The amount received pursuant to subparagraph (C) of paragraph (3) of subdivision (a) of Section 33607.5 of the Health and Safety Code that is considered property taxes pursuant to that section.
  - (6) The amount, if any, received pursuant to Sections 34177, 34179.5, 34179.6, and 34188 of the Health and Safety Code.
  - (7) The amount, if any, received pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution.
- (d) The remainder computed in subdivision (c) shall be distributed in the same manner as state aid to school districts from funds appropriated to Section A of the State School Fund.
- (e) If the remainder determined pursuant to subdivision (c) is a negative amount, no state aid shall be distributed to that county superintendent of schools pursuant to subdivision (d), and an amount of funds of that county superintendent of schools equal to that negative amount shall be deemed restricted and not available for expenditure during the current fiscal year. In the next fiscal year, that amount shall be considered local property tax revenue for purposes of the operation of paragraph (1) of subdivision (c).
- (f) The calculations set forth in paragraphs (1) to (3), inclusive, of subdivision (b) exclude employer contributions for employees of charter schools funded pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4 of Title 2.
- (g) Commencing with the 2013–14 fiscal year, this section shall be used only for purposes of allocating revenues received pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution.
- (h) This section shall become inoperative on July 1, ~~2024~~ 2033, and, as of January 1, ~~2022~~ 2034, is repealed, unless a later enacted statute, that becomes operative on or before January 1, ~~2022~~ 2034, deletes or extends the dates on which it becomes inoperative and is repealed.

**Align County Office of Education Provisions with Updated Necessary Small High School Provisions**

Section 2574 of the Education Code is amended to read:

(New for May Revision)

2574. For the 2013–14 fiscal year and for each fiscal year thereafter, the Superintendent annually shall calculate a county local control funding formula for each county superintendent of schools as follows:

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

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

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

(3) (A) Seventy dollars (\$70) multiplied by the number of units of countywide average daily attendance, up to a maximum of 30,000 units.

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

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

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

(E) For purposes of this section, countywide average daily attendance means the aggregate number of annual units of average daily attendance within the county attributable to all school districts for which the county superintendent of schools has jurisdiction pursuant to Section 1253, charter schools authorized by school districts for which the county superintendent of schools has jurisdiction, and charter schools authorized by the county superintendent of schools.

(4) For the 2014–15 fiscal year and each fiscal year thereafter, adjust each of the rates provided in the prior year pursuant to paragraphs (1), (2), and (3) by the percentage change in the annual average value of the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States, as published by the United States Department of Commerce for the 12-month period ending in the third quarter of the prior fiscal year. This percentage change shall be determined using the latest data available as of May 10 of the preceding fiscal year compared with the annual average value of the same deflator for the 12-month period ending in the third quarter of the second preceding fiscal year, using the latest data available as of May 10 of the preceding fiscal year, as reported by the Department of Finance.

(b) Determine the enrollment percentage of unduplicated pupils pursuant to the following:

(1) (A) For the 2013–14 fiscal year, divide the enrollment of unduplicated pupils in all schools operated by a county superintendent of schools in the 2013–14 fiscal year by the total enrollment in those schools in the 2013–14 fiscal year.

(B) For the 2014–15 fiscal year, divide the sum of the enrollment of unduplicated pupils in all schools operated by a county superintendent of schools in the 2013–14 and 2014–15 fiscal years by the sum of the total enrollment in those schools in the 2013–14 and 2014–15 fiscal years.

(C) For the 2015–16 fiscal year and each fiscal year thereafter, divide the sum of the enrollment of unduplicated pupils in all schools operated by a county superintendent of schools in the current fiscal year and the two prior fiscal years by the sum of the total enrollment in those schools in the current fiscal year and the two prior fiscal years.

(D) (i) For purposes of the quotients determined pursuant to subparagraphs (B) and (C), the Superintendent shall use a county superintendent of schools' enrollment of unduplicated pupils and total pupil enrollment in the 2014–15 fiscal year instead of the enrollment of unduplicated pupils and total pupil enrollment in the 2013–14 fiscal year if doing so would yield an overall greater percentage of unduplicated pupils.

(ii) It is the intent of the Legislature to review each county office of education's enrollment of unduplicated pupils for the 2013–14 and 2014–15 fiscal years and provide one-time funding, if necessary, for a county office of education with higher enrollment of unduplicated pupils in the 2014–15 fiscal year as compared to the 2013–14 fiscal year.

(E) For purposes of determining the enrollment percentage of unduplicated pupils pursuant to this subdivision, enrollment in schools or classes established pursuant to Article 2.5 (commencing with Section 48645) of Chapter 4 of Part 27 of Division 4 of Title 2 and the enrollment of pupils other than the pupils identified in clauses (i) to (iii), inclusive, of subparagraph (A) of paragraph (4) of subdivision (c), shall be excluded from the calculation of the enrollment percentage of unduplicated pupils.

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

(2) For purposes of this section, an "unduplicated pupil" is a pupil who is classified as an English learner, eligible for a free or reduced-price meal, or a foster youth. For purposes of this section, the definitions in Section 42238.01 of an English learner, a pupil eligible for a free or reduced-price meal, and foster youth shall apply. A pupil shall be counted only once for purposes of this section if any of the following apply:

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

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

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

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

(3) (A) Under procedures and timeframes established by the Superintendent, commencing with the 2013–14 fiscal year, a county superintendent of schools annually shall report the enrollment of unduplicated pupils, pupils classified as English learners, pupils eligible for free and reduced-price meals, and foster youth in schools operated by the county superintendent of schools to the Superintendent using the California Longitudinal Pupil Achievement Data System.

(B) The Superintendent shall make the calculations pursuant to this section using the data submitted through the California Longitudinal Pupil Achievement Data System.

(C) The Controller shall include instructions, as appropriate, in the audit guide required by subdivision (a) of Section 14502.1, for determining if the data reported by a county superintendent of schools using the California Longitudinal Pupil Achievement Data System is consistent with pupil data records maintained by the county office of education.

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

(1) (A) For the 2013–14 fiscal year, a base grant equal to the 2012–13 per pupil undeficitated statewide average juvenile court school base revenue limit calculated pursuant to Article 3 (commencing with Section 2550) of Chapter 12, as that article read on January 1, 2013. For purposes of this subparagraph, the 2012–13 statewide average juvenile court school base revenue limit shall be considered final as of the annual apportionment for the 2012–13 fiscal year, as calculated for purposes of the certification required on or before February 20, 2014, pursuant to Sections 41332 and 41339.

(B) Commencing with the 2013–14 fiscal year, the per pupil base grant shall be adjusted by the percentage change in the annual average value of the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States, as published by the United States Department of Commerce for the 12-month period ending in the third quarter of the prior fiscal year. This percentage change shall be determined using the latest data available as of May 10 of the preceding fiscal year compared with the annual average value of the same deflator for the 12-month period ending in the third quarter of the second preceding fiscal year, using the latest data available as of May 10 of the preceding fiscal year, as reported by the Department of Finance.

(2) A supplemental grant equal to 35 percent of the base grant described in paragraph (1) multiplied by the enrollment percentage calculated in subdivision (b). The supplemental grant shall be expended in accordance with the regulations adopted pursuant to Section 42238.07.

(3) (A) A concentration grant equal to 35 percent of the base grant described in paragraph (1) multiplied by the greater of either of the following:

(i) The enrollment percentage calculated in subdivision (b) less 50 percent.

(ii) Zero.

(B) The concentration grant shall be expended in accordance with the regulations adopted pursuant to Section 42238.07.

(4) (A) Multiply the sum of paragraphs (1), (2), and (3) by the total number of units of average daily attendance for pupils attending schools operated by a county office of education, excluding units of average daily attendance for pupils attending schools or classes established pursuant to Article 2.5 (commencing with Section 48645) of Chapter 4 of Part 27 of Division 4 of Title 2, who are enrolled pursuant to any of the following:

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

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

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

(B) Multiply the number of units of average daily attendance for pupils attending schools or classes established pursuant to Article 2.5 (commencing with Section 48645) of Chapter 4 of Part 27 of Division 4 of Title 2 by the sum of the base grant calculated pursuant to paragraph (1), a supplemental grant equal to 35 percent of the base grant calculated pursuant to paragraph (1), and a concentration grant equal to 17.5 percent of the base grant calculated pursuant to paragraph (1). Funds provided for the supplemental and concentration grants pursuant to this calculation shall be expended in accordance with the regulations adopted pursuant to Section 42238.07.

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

(d) Add the amount calculated in subdivision (a) to the amount calculated in subparagraph (C) of paragraph (4) of subdivision (c).

(e) Add all of the following to the amount calculated in subdivision (d):

(1) The amount of funding a county superintendent of schools received for the 2012–13 fiscal year from funds allocated pursuant to the Targeted Instructional Improvement Block Grant program, as set forth in Article 6 (commencing with Section 41540) of Chapter 3.2 of Part 24 of Division 3 of Title 2, as that article read on January 1, 2013.

(2) (A) (i) The amount of funding a county superintendent of schools received for the 2012–13 fiscal year from funds allocated pursuant to the Home-to-School Transportation program, as set forth in former Article 2 (commencing with Section 39820) of Chapter 1 of Part 23.5 of Division 3 of Title 2, former Article 10 (commencing with Section 41850) of Chapter 5 of Part 24 of Division 3 of Title 2, and the Small School District Transportation program, as set forth in former Article 4.5 (commencing with Section 42290) of Chapter 7 of Part 24 of Division 3 of Title 2, as those articles read on January 1, 2013.

(ii) If a home-to-school transportation joint powers agency, established pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code for purposes of providing pupil transportation, received an apportionment directly from the Superintendent pursuant to Item 6110-111-0001 of Section 2.00 of the Budget Act of 2012, as identified in clause (i) of subparagraph (A) of paragraph (2) of subdivision (a) of Section 2575, the joint powers agency may identify the member local educational agencies and transfer entitlement to that funding to any of those member local educational agencies by reporting to the Superintendent, on or before September 30, 2015, the reassignment of a specified amount of the joint powers agency's 2012–13 fiscal year entitlement to the member local educational agency. Commencing with the 2015–16 fiscal year, the Superintendent shall add the reassigned amounts to the amounts calculated pursuant to this paragraph.

(B) On or before March 1, 2014, the Legislative Analyst's Office shall submit recommendations to the fiscal committees of both houses of the Legislature regarding revisions to the methods of funding pupil transportation that address historical funding inequities across county offices of education and school districts and improve incentives for local educational agencies to provide efficient and effective pupil transportation services.

~~(3) The difference determined by subtracting the amount calculated pursuant to paragraph (1) of subdivision (c) for pupils attending a school that is eligible for funding pursuant to paragraph (2) of subdivision (b) of Section 42285 from the amount of funding that is provided to eligible schools pursuant to Section 42284, if the difference is positive.~~

Section 2575 of the Education Code is amended to read:

(New for May Revision)

2575. (a) Commencing with the 2013–14 fiscal year and for each fiscal year thereafter, the Superintendent shall calculate a base entitlement for the transition to the county local control funding formula for each county superintendent of schools based on the sum of the amounts computed pursuant to paragraphs (1) to (3), inclusive, ~~as adjusted pursuant to paragraph (4):~~

(1) Revenue limits in the 2012–13 fiscal year pursuant to Article 3 (commencing with Section 2550) of Chapter 12, as that article read on January 1, 2013, adjusted only for changes in average daily attendance claimed by the county superintendent of schools for pupils identified in clauses (i), (ii), and (iii) of subparagraph (A) of paragraph (4) of subdivision (c) of Section 2574 and for pupils attending juvenile court schools. For purposes of this paragraph, the calculation of an amount per unit of average daily attendance for pupils attending juvenile court schools shall be considered final for purposes of this section as of the annual apportionment for the 2012–13 fiscal year, as calculated for purposes of the certification required on or before February 20, 2014, pursuant to Sections 41332 and 41339. All other average daily attendance claimed by the county superintendent of schools and any other average daily attendance used for purposes of calculating revenue limits pursuant to Article 3 (commencing with Section 2550) of Chapter 12, as that article read on January 1, 2013, shall be considered final for purposes of this section as of the annual apportionment for the 2012–13 fiscal year, as calculated for purposes of the certification required on or before February 20, 2014, pursuant to Sections 41332 and 41339.

(2) The sum of all of the following:

(A) (i) The amount of funding received from appropriations contained in Section 2.00 of the Budget Act of 2012, as adjusted by Section 12.42, in the following Items: 6110-104-0001, 6110-105-0001, 6110-107-0001, 6110-108-0001, 6110-111-0001, 6110-124-0001, 6110-128-0001, 6110-137-0001, 6110-144-0001, 6110-156-0001, 6110-181-0001, 6110-188-0001, 6110-189-0001, 6110-190-0001, 6110-193-0001, 6110-195-0001, 6110-198-0001, 6110-204-0001, 6110-208-0001, 6110-209-0001, 6110-211-0001, 6110-212-0001, 6110-227-0001, 6110-228-0001, 6110-232-0001, 6110-240-0001, 6110-242-0001, 6110-243-0001, 6110-244-0001, 6110-245-0001, 6110-246-0001, 6110-247-0001, 6110-248-0001, 6110-260-0001, 6110-265-0001, 6110-266-0001, 6110-267-0001, 6110-268-0001, and 6360-101-0001, 2012–13 fiscal year funding for the Class Size Reduction Program pursuant to Chapter 6.10 (commencing with Section 52120) of Part 28 of Division 4 of Title 2, as that chapter read on January 1, 2013, and 2012–13 fiscal year funding for pupils enrolled in community day schools who are mandatorily expelled pursuant to subdivision (d) of Section 48915. For purposes of this subparagraph, the 2012–13 fiscal year appropriations described in this subparagraph shall be considered final as of the annual apportionment for the 2012–13 fiscal year, as calculated for purposes of the certification required on or before February 20, 2014, pursuant to Sections 41332 and 41339.

(ii) If a home-to-school transportation joint powers agency, established pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code for purposes of providing pupil transportation, received an apportionment directly from the Superintendent pursuant to Item 6110-111-0001 of Section 2.00 of the Budget Act of 2012, as identified in clause (i), the joint powers agency may identify the member local educational agencies and transfer entitlement to that funding to any of those member local educational

agencies by reporting to the Superintendent, on or before September 30, 2015, the reassignment of a specified amount of the joint powers agency's 2012–13 fiscal year entitlement to the member local educational agency. Commencing with the 2015–16 fiscal year, the Superintendent shall add the reassigned amounts to the amounts calculated pursuant to this paragraph. These funds shall be subject to the requirements specified in paragraph (1) of subdivision (k).

(B) The amount of local revenues used to support a regional occupational center or program established and maintained by a county superintendent of schools pursuant to Section 52301.

(3) For the 2014–15 fiscal year and for each fiscal year thereafter, the sum of the amounts apportioned to the county superintendent of schools pursuant to subdivision (f) in all prior years.

~~(4) The revenue limit amount determined pursuant to paragraph (1) shall be increased by the difference determined by subtracting the amount provided per unit of average daily attendance in paragraph (1) for pupils attending a school that is eligible for funding pursuant to paragraph (2) of subdivision (b) of Section 42285 from the amount of funding that was provided to eligible schools in the 2012–13 fiscal year pursuant to Sections 42284 and 42238.146, as those sections read on January 1, 2013.~~

(b) The Superintendent shall annually compute a county local control funding formula transition adjustment for each county superintendent of schools as follows:

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

(2) Divide the difference for each county superintendent of schools calculated pursuant to paragraph (1) by the total sum of the differences for all county superintendents of schools calculated pursuant to paragraph (1).

(3) Multiply the proportion calculated for each county superintendent of schools pursuant to paragraph (2) by the amount of funding specifically appropriated for purposes of subdivision (f). The amount calculated shall not exceed the difference for the county superintendent of schools calculated pursuant to paragraph (1).

(c) The Superintendent shall subtract from the amount calculated pursuant to subdivision (a) the sum of each of the following:

(1) Local property tax revenues received pursuant to Section 2573 in the then current fiscal year.

(2) Any amounts that the county superintendent of schools was required to maintain as restricted and not available for expenditure in the 1978–79 fiscal year as specified in the second paragraph of subdivision (c) of Section 6 of Chapter 292 of the Statutes of 1978, as amended by Chapter 51 of the Statutes of 1979.

(3) The amount received pursuant to subparagraph (C) of paragraph (3) of subdivision (a) of Section 33607.5 of the Health and Safety Code that is considered property taxes pursuant to that section.

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

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

(d) The Superintendent shall subtract from the amount computed pursuant to subdivision (e) of Section 2574 the sum of the amounts computed pursuant to paragraphs (1) to (5), inclusive, of subdivision (c).

(e) The Superintendent shall annually apportion to each county superintendent of schools the amount calculated pursuant to subdivision (c) unless the amount computed pursuant to subdivision (c) is negative. If the amount computed is negative, except as provided in subdivision (f), an amount of property tax of the county superintendent of schools equal to the negative amount shall be deemed restricted and not available for expenditure during the fiscal year. In the following fiscal year, that amount, excluding any amount of funds used for purposes of subdivision (f), shall be considered restricted local property tax revenue for purposes of

subdivision (a) of Section 2578. State aid shall not be apportioned to the county superintendent of schools pursuant to this subdivision if the amount computed pursuant to subdivision (c) is negative.

(f) (1) The Superintendent shall apportion, from an appropriation specifically made for this purpose, the amount computed pursuant to subdivision (b), or, if the amount computed pursuant to subdivision (c) is negative, the sum of the amounts computed pursuant to subdivisions (b) and (c) if the sum is greater than zero.

(2) The Superintendent shall apportion any portion of the appropriation made for purposes of paragraph (1) that is not apportioned pursuant to paragraph (1) pursuant to the following calculation:

(A) Add the amount calculated pursuant to subdivision (b) to the amount computed pursuant to subdivision (a) for a county superintendent of schools.

(B) Subtract the amount computed pursuant to subparagraph (A) from the amount computed pursuant to subdivision (e) of Section 2574 for the county superintendent of schools.

(C) Divide the difference for the county superintendent of schools computed pursuant to subparagraph (B) by the sum of the differences for all county superintendents of schools computed pursuant to subparagraph (B).

(D) Multiply the proportion computed pursuant to subparagraph (C) by the unapportioned balance in the appropriation. That product shall be the county superintendent of schools' proportion of total need.

(E) Apportion to each county superintendent of schools the amount calculated pursuant to subparagraph (D), or if subdivision (c) is negative, apportion the sums of subdivisions (b) and (c) and subparagraph (D) of this subdivision if the sum is greater than zero.

(F) The Superintendent shall repeat the computation made pursuant to this paragraph, accounting for any additional amounts apportioned after each computation, until the appropriation made for purposes of paragraph (1) is fully apportioned.

(G) The total amount apportioned pursuant to this subdivision to a county superintendent of schools shall not exceed the difference for the county superintendent of schools calculated pursuant to paragraph (1) of subdivision (b).

(H) For purposes of this paragraph, the proportion of need that is funded from any appropriation made specifically for purposes of this subdivision in the then current fiscal year shall be considered fixed as of the second principal apportionment for that fiscal year. Adjustments to a county superintendent of schools' total need computed pursuant to subparagraph (D) after the second principal apportionment for the then current fiscal year shall be funded based on the fixed proportion of need that is funded for that fiscal year pursuant to this subdivision, and shall be continuously appropriated pursuant to Section 14002.

(g) (1) For a county superintendent of schools for whom, in the 2013–14 fiscal year, the amount computed pursuant to subdivision (c) is less than the amount computed pursuant to subdivision (d), in the first fiscal year following the fiscal year in which the sum of the apportionments computed pursuant to subdivisions (e) and (f) is equal to, or greater than, the amount computed pursuant to subdivision (d) of this section, the Superintendent shall apportion to the county superintendent of schools the amount computed in subdivision (d) in that fiscal year and each fiscal year thereafter instead of the amounts computed pursuant to subdivisions (e) and (f).

(2) For a county superintendent of schools for whom, in the 2013–14 fiscal year, the amount computed pursuant to subdivision (c) is greater than the amount computed pursuant to subdivision (d), in the first fiscal year in which the amount computed pursuant to subdivision (c) would be less than the amount computed pursuant to subdivision (d), the Superintendent shall apportion to the county superintendent of schools the amount computed in subdivision (d) in that fiscal year and each fiscal year thereafter instead of the amounts computed pursuant to subdivisions (e) and (f).

(3) In each fiscal year, the Superintendent shall determine the percentage of county superintendents of schools that are apportioned funding that is less than the amount computed pursuant to subdivision (d), as of the second principal apportionment of the fiscal year. If the



percentage is less than 10 percent, the Superintendent shall apportion to those county superintendents of schools funding equal to the amount computed in subdivision (d) in that fiscal year and for each fiscal year thereafter instead of the amounts calculated pursuant to subdivisions (e) and (f).

(4) Commencing with the first fiscal year after the apportionments in paragraph (3) are made, the adjustments in paragraph (4) of subdivision (a) of Section 2574 and subparagraph (B) of paragraph (1) of subdivision (c) of Section 2574 shall be made only if an appropriation for those purposes is included in the annual Budget Act.

(5) If the calculation pursuant to subdivision (d) is negative and the Superintendent apportions to a county superintendent of schools the amount computed pursuant to subdivision (d) pursuant to paragraph (1), (2), or (3) of this subdivision, an amount of property tax of the county superintendent of schools equal to the negative amount shall be deemed restricted and not available for expenditure during that fiscal year. In the following fiscal year the restricted amount shall be considered restricted local property tax revenue for purposes of subdivision (a) of Section 2578.

(h) Commencing with the 2013–14 fiscal year, the Superintendent shall apportion to a county superintendent of schools an amount of state aid, including any amount apportioned pursuant to subdivisions (f) and (g), that is no less than the amount calculated in subparagraph (A) of paragraph (2) of subdivision (a).

(i) (1) For the 2013–14 and 2014–15 fiscal years only, a county superintendent of schools who, in the 2012–13 fiscal year, from any of the funding sources identified in paragraph (1) or (2) of subdivision (a), received funds on behalf of, or provided funds to, a regional occupational center or program joint powers agency established in accordance with Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code for purposes of providing instruction to pupils enrolled in grades 9 to 12, inclusive, shall not redirect that funding for another purpose unless otherwise authorized by law or pursuant to an agreement between the regional occupational center or program joint powers agency and the contracting county superintendent of schools.

(2) For the 2013–14 and 2014–15 fiscal years only, if a regional occupational center or program joint powers agency established in accordance with Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code for purposes of providing instruction to pupils enrolled in grades 9 to 12, inclusive, received, in the 2012–13 fiscal year, an apportionment of funds directly from any of the funding sources identified in subparagraph (A) of paragraph (2) of subdivision (a), the Superintendent shall apportion that same amount to the regional occupational center or program joint powers agency.

(j) For the 2013–14 and 2014–15 fiscal years only, a county superintendent of schools who, in the 2012–13 fiscal year, from any of the funding sources identified in paragraph (1) or (2) of subdivision (a), received funds on behalf of, or provided funds to, a home-to-school transportation joint powers agency established in accordance with Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code for purposes of providing pupil transportation shall not redirect that funding for another purpose unless otherwise authorized by law or pursuant to an agreement between the home-to-school transportation joint powers agency and the contracting county superintendent of schools.

(k) (1) In addition to subdivision (j), of the funds a county superintendent of schools receives for home-to-school transportation programs, the county superintendent of schools shall expend, pursuant to former Article 2 (commencing with Section 39820) of Chapter 1 of Part 23.5 of Division 3 of Title 2, former Article 10 (commencing with Section 41850) of Chapter 5 of Part 24 of Division 3 of Title 2, and the Small School District Transportation program, as set forth in former Article 4.5 (commencing with Section 42290) of Chapter 7 of Part 24 of Division 3 of Title 2, as those articles read on January 1, 2013, no less for those programs than the amount of funds the county superintendent of schools expended for home-to-school transportation in the 2012–13 fiscal year.

(2) For the 2013–14 and 2014–15 fiscal years only, if a home-to-school transportation joint powers agency established in accordance with Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code for purposes of providing pupil transportation received, in the 2012–13 fiscal year, an apportionment of funds directly from the Superintendent from any of the funding sources identified in subparagraph (A) of paragraph (2) of subdivision (a), the Superintendent shall apportion that same amount to the home-to-school transportation joint powers agency.

(3) For the 2013–14 and 2014–15 fiscal years only, of the funds a county superintendent of schools receives for purposes of regional occupational centers or programs, or adult education, the county superintendent of schools shall expend no less for each of those programs than the amount of funds the county superintendent of schools expended for purposes of regional occupational centers or programs, or adult education, respectively, in the 2012–13 fiscal year. For purposes of this paragraph, a county superintendent of schools may include expenditures made by a school district within the county for purposes of regional occupational centers or programs so long as the total amount of expenditures made by the school districts and the county superintendent of schools equals or exceeds the total amount required to be expended for purposes of regional occupational centers or programs pursuant to this paragraph and paragraph (7) of subdivision (a) of Section 42238.03.

(l) The funds apportioned pursuant to this section and Section 2574 shall be available to implement the activities required pursuant to Article 4.5 (commencing with Section 52060) of Chapter 6.1 of Part 28 of Division 4 of Title 2.

### **Alternative Payment Program Contract**

Section 8220.1 of the Education Code is amended to read:

(New for May Revision)

8220.1. (a) It is the intent of the Legislature that:

(1) Working families be supported with maximum access to child care and development programs that focus on stabilizing families and helping children realize greater education outcomes.

(2) Working families have access to the supportive services needed to ensure the healthy physical, cognitive, social, and emotional growth and development of children.

(3) The Superintendent, in providing funding to child care and development agencies, promote a contracting term for services that will allow parents the opportunity to choose the type of care most suited to their needs.

(4) Working families achieve and maintain their personal, social, economic, and emotional stability through an opportunity to attain financial stability through employment and parental development while maximizing the growth and development of their children, and through enhancing their parenting skills through participation in child care and development programs.

(b) The department shall contract with local contracting agencies for alternative payment programs so that services will be provided throughout the state. The department shall expand existing alternative payment programs and fund new alternative payment programs to the extent that funds are provided by the Legislature.

(c) Funding for the new programs pursuant to this section shall be allocated to programs that meet all of the following requirements:

(1) Applicants shall conform to the requirements of this article.

(2) Applicants shall demonstrate that an alternative payment child development program is an appropriate method of delivering child care services within the county or service area at the level requested in the application by doing either of the following:

(A) Demonstrating the availability of sufficient licensed or exempt child care providers.

(B) Providing a plan for the development of sufficient licensed child care providers working in cooperation with the local resource and referral agency.

- (3) Applicants shall demonstrate the administrative viability of the alternative payment agency and its capacity to meet performance requirements.
- (4) Existing alternative payment child development programs receiving funds for expansion into a new service area shall be funded at a documented rate appropriate to that community and may contract separately as appropriate.
- (d) (1) Except as provided in paragraph (3), an alternative payment program shall have no less than ~~36~~ 12 months and no more than 24 months to expend funds allocated to that program in any fiscal year.
- (2) The Superintendent shall develop a process that provides alternative payment programs no less than ~~36~~ 12 months and no more than 24 months to expend funds allocated to that program in any fiscal year.
- (3) Paragraphs (1) and (2) do not apply to contracts relating to the administration of child care services described in Sections 8353 and 8354.

### **Inclusive Early Education Expansion Program**

Section 8492 of the Education Code is repealed.

~~8492. (a) The Legislature finds and declares all of the following:~~

- ~~(1) Inclusive early care and education programs can improve a child's developmental progress and educational outcomes, especially for children with exceptional needs.~~
- ~~(2) Interventions provided to children with exceptional needs, including children who are at risk of requiring services for pupils with exceptional needs, can be more effective when a child is younger.~~
- ~~(3) Access to inclusive early care and education programs benefits communities and families, especially when programs are coordinated with public elementary and secondary education systems to create a developmental and educational continuum of support.~~
- ~~(b) The Inclusive Early Education Expansion Program is hereby established for the purpose of increasing access to inclusive early care and education programs.~~
- ~~(c) The department shall use funds appropriated in Schedule 12 of Item 6100-194-0001 of Section 2.00 of the Budget Act of 2018 pursuant to this section. Funds shall be available for encumbrance until June 30, 2023.~~
- ~~(d) The department's Special Education Division and Early Education and Support Division shall work collaboratively to administer the program, including developing criteria for the selection of grantees.~~
- ~~(e) At a minimum, an applicant shall include all of the following information in its application:~~
- ~~(1) A proposal to increase access to subsidized inclusive early care and education programs for children up to five years of age in low-income and high-need communities. "High-need" shall be defined pursuant to the county child care needs assessment specified in Section 8499.5. The proposal shall quantify the number of additional subsidized children proposed to be served.~~
- ~~(2) A plan to fiscally sustain subsidized spaces or programs created by grant funds beyond the grant period. Subsidies may be funded with private, local, state, or federal funds, but shall be able to demonstrate a reasonable expectation of sustainability.~~
- ~~(3) The identification of resources for a 33-percent local match of funding. This match may include in-kind contributions.~~
- ~~(4) The inclusion of a set-aside of resources to invest in professional development in effective inclusive practices and fiscal sustainability.~~
- ~~(f) Grants shall be awarded on a competitive basis. Priority shall be given to applicants with a demonstrated need for expanded access to inclusive early care and education, as well as applicants that represent a consortium of local partners.~~

~~(g) Grants may be used for one-time infrastructure costs only, including, but not limited to, adaptive facility renovations, adaptive equipment, and professional development. Funds shall not be used for ongoing expenditures.~~

~~(h) Expenditures must comply with Subchapter IV (commencing with Section 601) of Chapter 7 of Title 42 of the United States Code.~~

~~(i) A grant recipient shall commit to provide program data, as specified by the department, as a condition of the receipt of grant funding.~~

Section 8492.1 of the Education Code is amended to read:

8492.1. (a) The Legislature finds and declares all of the following:

**(1) Early childhood inclusion embodies the values, policies, and practices that support the right of every infant and young child and his or her family, regardless of ability, to participate in a broad range of activities and contexts as full members of families, communities, and society. The desired results of inclusive experiences for children with and without disabilities and their families include a sense of belonging and membership, positive social relationships and friendships, and development and learning to reach their full potential. The defining features of inclusion that can be used to identify high quality early childhood programs and services are access, participation, and supports.**

**(2) In accordance with IDEA, all young children with exceptional needs should have access to inclusive high-quality early care and education programs, where they are able to learn alongside children who do not have exceptional needs, and are provided with individualized and appropriate supports to enable them to meet high expectations.**

~~(4)~~ **(3)** Inclusive early care and education programs can improve a child's developmental progress and educational outcomes, especially for children with exceptional needs.

~~(2)~~ **(4)** Interventions provided to children with exceptional needs, including children who are at risk of requiring services for pupils with exceptional needs, can be more effective when a child is younger.

~~(3)~~ **(5)** Access to inclusive early care and education programs benefits communities and families, especially when programs are coordinated with public elementary and secondary education systems to create a developmental and educational continuum of support.

~~(a)~~ **(b)** The Inclusive Early Education Expansion Program ~~for Local Educational Agencies~~ is hereby established for the purpose of increasing access to inclusive early care and education programs.

~~(b)~~ **(c)** The sum of one hundred ~~twenty-five sixty-seven~~ million ~~two hundred forty-two thousand~~ dollars ~~(\$125,000,000) (\$167,242,000)~~ is hereby appropriated from the General Fund to the Superintendent for allocation to local educational agencies for the Inclusive Early Education Expansion Program for Local Educational Agencies and pursuant to this section. Funds shall be available for encumbrance until June 30, 2023.

~~(e)~~ **(d)** The department's Special Education Division and the Early Education and Support Division shall work collaboratively to administer the program, including developing criteria for the selection of grantees.

~~(d)~~ **(e)** At a minimum, an applicant shall be a local educational agency and shall include all of the following information in its grant application:

(1) A proposal to increase access to subsidized inclusive early care and education programs for children up to five years of age, **including those defined as children with exceptional needs in Section 8208(i)**, in low-income and high-need communities. "High-need" shall be defined pursuant to the county child care needs assessment specified in section 8499.5. The proposal must quantify the number of additional subsidized children proposed to be served, **including children with exceptional needs**.

(2) A plan to fiscally sustain subsidized spaces or programs created by grant funds beyond the grant period. Subsidies may be funded with private, local, state, or federal funds, but shall be able to demonstrate a reasonable expectation of sustainability.

(3) The identification of **local** resources ~~for a to contribute~~ 33-percent ~~local match of funding of the total award amount. The total award amount shall include state and local funds. This match Local funds~~ may include in-kind contributions.

(4) The identification of resources necessary to support lead agency professional development ~~in to allow staff to develop the knowledge and skills required to implement~~ effective inclusive practices and fiscal sustainability.

**(5) A description of the special education expertise that will be used to ensure the funds are used in a high quality, inclusive manner.**

(e) Nothing in this section shall prohibit a local educational agency from applying on behalf of a consortium of providers within the local educational agency's program area, including **public and non-public** agencies that will provide inclusive early care and education programs on behalf of the applicant.

(f) Grants shall be awarded on a competitive basis. Priority shall be given to:

**(1) Applicants with a demonstrated need for expanded access to inclusive early care and education.**

**(2) Applicants in low-income communities, and applicants that represent a consortium of local partners, including local special education partners and those with expertise in inclusive early learning and care environments.**

**(3) Applicants who demonstrate the ability to serve a broad range of disabilities.**

**(4) Applicants who do or plan to serve children with disabilities in proportion to their rate of identification similar to the educational organizations in their region.**

(g) Grants may be used for one-time infrastructure costs only, including, but not limited to, adaptive **and universal design** facility renovations, adaptive equipment, and professional development. Funds may not be used for ongoing expenditures.

(h) All grant recipients must commit to provide program data **and participate in overall program evaluation to ensure expanded access to inclusive environments**, as specified by the department, as a condition of the receipt of grant funding.

**(i) The Department may reserve up to one percent of the program funds to support an evaluation to address: (1) improved access, participation, and supports to inclusive early learning and care programs; and (2) program and child outcomes.**

~~(f) (i)~~ **(i)** For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the amount appropriated in subdivision ~~(b) (c)~~ 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 ~~2018-19 2017-18~~ 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 ~~2018-19 2017-18~~ fiscal year.

### **Update Reference for All Continuously Appropriated Programs**

Section 14002 of the Education Code is amended to read:

(New for May Revision)

14002. (a) Notwithstanding any other law, upon certification of the Superintendent, the Controller shall transfer from the General Fund to Section A of the State School Fund during each fiscal year the amount of moneys required to meet the amounts apportioned pursuant to ~~programs referenced in subdivision (b) subdivisions (e) and (g) of Section 2575, and Sections 2577, 42238.02, as implemented by Section 42238.03, and 42238.04 for each fiscal year.~~ If all school districts and charter schools are funded pursuant to the provisions of Section 42238.02 and all county superintendents of schools are funded at or above the calculation made pursuant to subdivision (d) of Section 2575, appropriations for local control funding formula cost-of-living adjustments pursuant to Section 2574 and paragraph (2) of subdivision (d) of Section 42238.02 shall be subject to an appropriation in the annual Budget Act.

(b) Programs included in this section are as follows:

- (A) Chapter 12.5 (commencing with Section 2574)
- (B) Section 41544
- (C) Article 2 (commencing with Section 42238) of Chapter 7 of Part 24 of Division 3 of Title 2;
- (D) Sections 48300 through 48316
- (E) Sections 48350 through 48351

### **Update Programs Identified as Paid Through Principal Apportionment**

Section 14041 of the Education Code is amended to read: (New for May Revision)

14041. (a) The Controller shall draw warrants on the State Treasury in favor of the county treasurer of each county in each month of each year in the amounts and manner prescribed in this section so as to provide in each warrant a portion of the total amount certified by the Superintendent as apportioned under the provisions of for programs identified in paragraph (1) during the fiscal year from the State School Fund to the school districts and charter schools under the jurisdiction of the county superintendent of schools of the county, to the county school service fund, and to the county school tuition fund of the county.

(1) Programs to be included in the apportionment include:

(A) Chapter 12.5 (commencing with Section 2574)

(B) Sections 41330 to 41343, inclusive, and

(C) Section 41544

(D) Chapter 4 (commencing with Section 41600) and

(E) Chapter 5 (commencing with Section 41760.2) and

(F) Section 41841.5

(G) Article 2 (commencing with Section 42238) of Chapter 7 of Part 24 of Division 3 of Title 2; during the fiscal year from the State School Fund to the school districts under the jurisdiction of the county superintendent of schools of the county, to the county school service fund, and to the county school tuition fund of the county.

(H) Sections 48300 through 48316

(I) Sections 48350 through 48351

(J) Section 56428 and Chapter 7.2 (commencing with Section 56836)

~~(1) Warrants for amounts allowed to county school service funds under subdivisions (a) and (b) of Section 14054 shall be for amounts equal to 5 percent in July, 5 percent in August, and 9 percent in each remaining month of the fiscal year of the amounts certified by the Superintendent as a part of the advance apportionment.~~

~~(2) Warrants for amounts apportioned to school districts, and county school service funds for classes maintained by county superintendents of schools and to the county school tuition funds shall be for amounts equal to 5 percent in July, 5 percent in August, and 9 percent in September, October, November, December, and January, of the amounts certified by the Superintendent as a part of the advance apportionment.~~

~~(3) Warrants in the months of February to May, inclusive, shall be for amounts equal to one-fifth of the difference between the amounts certified by the Superintendent for school districts, and county school service funds for classes maintained by county superintendents of schools and county school tuition funds as the first principal apportionment and the amounts required by paragraph (2).~~

~~(4) Warrants for the month of June shall be for amounts equal to the difference between the amounts certified by the Superintendent for school districts, and county school service funds for classes maintained by county superintendents of schools and county school tuition funds as the second principal apportionment and the amounts required by paragraphs (2) and (3).~~

~~(5) Warrants in the months of July and August shall include 5 percent of the estimated total amounts of the special purpose apportionment, as determined by the Superintendent. Warrants in the months of September to November, inclusive, shall include 9 percent of the estimated total amounts of the special purpose apportionment, as determined by the Superintendent.~~

~~Warrants in December shall include 9 percent of the amounts certified by the Superintendent as the special purpose apportionment, as adjusted, if necessary, to correct excesses or deficiencies in the estimates made for purposes of the warrants in the months of September to November, inclusive. An additional 9 percent of the amounts of the special purpose apportionment shall be included in the warrants for the months from January to June, inclusive.~~  
(6) (5) Warrants in June shall include the total amounts certified by the Superintendent as the final apportionment.

(7) (6) Notwithstanding paragraph (2) to the contrary, for school districts that reported less than 5,000 units of average daily attendance in the 1979–80 fiscal year and that received 39 percent or more, but less than 75 percent, of their total revenue limits from local property taxes in that fiscal year, warrants for amounts apportioned to the school districts shall be for amounts equal to 15 percent in July, August, September, and October; zero percent in November and December; and 6 percent in January of the amounts certified by the Superintendent as a part of the advance apportionment. Warrants for amounts apportioned to the school districts for the months of February to May, inclusive, shall be in accordance with paragraph (3), and for the month of June, shall be in accordance with paragraph (4).

(8) (7) Notwithstanding paragraph (2) or (7) to the contrary, for school districts which reported less than 5,000 units of average daily attendance in the 1979–80 fiscal year and which received 75 percent or more of their total revenue limits from local property taxes in that fiscal year, warrants for amounts apportioned to the school districts shall be for amounts equal to 15 percent in July; 30 percent in August and September; 15 percent in October; zero percent in November and December; 6 percent in January; and zero percent in February, March, April, and May, of the amounts certified by the Superintendent as a part of the advance apportionment. Warrants for the month of June shall be in accordance with paragraph (4).

(9) (8) (A) Notwithstanding any other law, for the 2012–13 fiscal year only, for purposes of warrants drawn on the State Treasury pursuant to this section, the amount certified by the Superintendent as the advance apportionment and first principal apportionment shall include the following reduction:

(i) The Superintendent shall multiply six billion nine hundred twenty-one million five hundred twenty-two thousand dollars (\$6,921,522,000) by the ratio of the revenue limit or charter school general purposes funding for each county office of education, school district, or charter school, to the statewide total of revenue limit and charter school general purpose funding.

(ii) For each county office of education, school district, or charter school, the Superintendent shall subtract the amount calculated in clause (i) from the apportionments calculated pursuant to Sections 2558, 42238, and 47633.

(B) Notwithstanding any other law, for the 2012–13 fiscal year, the Superintendent shall delay the second principal apportionment calculated pursuant to Section 41335 from July 2, 2013, to July 15, 2013, to account for all revenues remitted to school districts and county offices of education pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution. The Superintendent shall ensure that the second principal apportionment calculated pursuant to Section 41335 accounts for the difference between the amount distributed pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution and the offsets listed in subparagraph (A). Nothing in this section shall delay the payment of warrants to school districts and county offices of education 10 days before the close of the state's fiscal year pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution.

(10) Notwithstanding paragraph (1), (3), or (7), for the 2012–13 fiscal year only, the Superintendent shall reduce the June warrants for any amounts received pursuant to Sections 34179.5 and 34179.6 of the Health and Safety Code. This reduction shall constitute the entire amount distributed pursuant to Sections 34179.5 and 34179.6 of the Health and Safety Code and offset pursuant to subparagraph (B) of paragraph (6) of subdivision (h) of Section 42238, paragraph (6) of subdivision (c) of Section 2558, and Section 56836.08.

(b) The drawing of the warrants required to be drawn during any one of the months mentioned may be postponed by the Controller for not to exceed 30 days, but the total amounts due the several counties during any fiscal year shall be paid within the fiscal year. The warrants shall be paid by the Treasurer from the State School Fund and are not subject to Section 925.6 of the Government Code.

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

### **Posting of Supplemental and Concentration Grant Funding Online**

Section 41339.2 of the Education Code is added to read:

41339.2. **Commencing with the first fiscal year after subdivision (g) of Section 42238.03 applies, The** Superintendent, within three business days of the first, **second, and annual and second principal** apportionments ~~and the annual apportionment~~ for each fiscal year, shall publish on the department's Internet Web site the amount of a **county office of education's**, school district's, **or** charter school's, ~~or county office of education's funding derived supplemental and concentration grants calculated pursuant to subdivision (c) of Section 2574 or Section 42238.02 or 2574 that is attributable to the supplemental and concentration grants described in~~ subdivisions (e) and (f) of Section 42238.02 ~~or subdivision (c) Section 2574.~~

### **Designated Party to Education Audit Appeals**

Section 41344.1 of the Education Code is amended to read: (New for May Revision)

41344.1. (a) The Education Audit Appeals Panel is hereby established as a separate state agency. Its membership shall consist of the Superintendent, the Director of the Department of Finance, and the Chief Executive Officer of the Fiscal Crisis and Management Assistance Team established pursuant to Section 42127.8 or their designees. The panel shall have the authority to expend funds, hire staff, make contracts, sue and be sued, and issue regulations in furtherance of its duties.

(b) The panel shall hear appeals filed pursuant to subdivision (d) of Section 41344. The Controller ~~and the Department of Finance~~ shall be a party to all appeals. The department ~~and the Department of Finance~~ may, at ~~their~~ its election, timely intervene as a party in any appeal. The panel shall consider audit appeals pursuant to the administrative adjudication provisions of the Administrative Procedure Act (Chapter 4.5 (commencing with Section 11400) and Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code), except that it may adopt regulations specifying special pleadings that shall govern audit appeals. The panel may approve settlements and make findings of fact and interpretations of law.

(c) Compliance with all legal requirements is a condition to the state's obligation to make apportionments. A condition may be deemed satisfied if the panel finds there has been compliance or substantial compliance with all legal requirements. "Substantial compliance" means nearly complete satisfaction of all material requirements of a funding program that provide an educational benefit substantially consistent with the program's purpose. A minor or inadvertent noncompliance may be grounds for a finding of substantial compliance provided that the local educational agency can demonstrate it acted in good faith to comply with the conditions established in law or regulation necessary for apportionment of funding. The panel



may further define “substantial compliance” by issuing regulations or through adjudicative opinions, or both. If the panel finds there has been substantial compliance, the panel may waive or reduce the reimbursement or penalty amount and may also order other remedial measures sufficient to induce full compliance in the future. Other remedial measures may include restoration of a reduction or penalty amount if full compliance is not rendered in the future, ordering special audits, and requiring special training.

(d) In addition to the normal appeal process specified above, there is hereby created a voluntary, informal, summary appeals process for noncompliant audit exceptions that clearly constitute substantial compliance as that term is defined in subdivision (c). Requests for summary review shall be made to the executive officer of the panel who may seek comment from the Department of Finance or Superintendent. Summary review shall be sought within 30 days of the date on which a local educational agency receives a final audit report resulting from an audit or review.

(1) If the executive officer concludes the conditions for finding substantial compliance are not clearly met or involve substantial questions of fact, the executive officer may deny the request for summary review and the appellant may pursue its claim through the normal appeal process.

(2) For appeals in which the total audit exceptions for full repayment or penalty constitute less than 150 units of average daily attendance or seven hundred fifty thousand dollars (\$750,000), whichever is less, the executive officer may waive or reduce the reimbursement or penalty upon a finding of substantial compliance and that other remedial measures are sufficient to induce full compliance in the future.

(3) For appeals in which the total audit exceptions for full repayment or penalty meet or exceed 150 units of average daily attendance or seven hundred fifty thousand dollars (\$750,000), whichever is greater, the executive officer may waive or reduce the reimbursement or penalty upon a finding of substantial compliance and order other remedial measures that are sufficient to induce full compliance in the future, if he or she has the written approval of the Department of Finance and the Superintendent. The executive officer shall provide the details of the proposed settlement and the rationale in writing to the Department of Finance and Superintendent and allow at least 30 days for their review.

(4) The right to appeal pursuant to subdivision (d) of Section 41344 is independent of this subdivision and an appellant may pursue his or her appeal under subdivision (b) regardless of the result under this subdivision. A local educational agency that has unresolved audit appeals pursuant to subdivision (d) of Section 41344 pending on January 1, 2003, may file a request for summary review under this subdivision for a period of 60 days after January 1, 2003.

### **Align Basic Aid Class Size Penalty Provisions with Full LCFF Implementation**

Section 41376.1 of the Education Code is amended to read: (New for May Revision)

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 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 (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 (a) of Section 41376 by the average daily attendance for grades 4 to 6, inclusive, reported by the school district pursuant to Section 41601 for the specified school year divided by the average daily attendance for grades 4 to 8, inclusive, reported by the school district pursuant to Section 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 (a) of Section 41376 by the average daily attendance for grades 7 and 8 reported by the school district pursuant to Section 41601 for the specified school year divided by the average daily attendance for grades 4 to 8, inclusive, reported by the school district pursuant to Section 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 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 (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 (a) of Section 41376 by the average daily attendance for grades 4 to 6, inclusive, reported by the school district pursuant to Section 41601 for the specified school year divided by the average daily attendance for grades 4 to 8, inclusive, reported by the school district pursuant to Section 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 (a) of Section 41376 by the average daily attendance for grades 7 and 8 reported by the school district pursuant to Section 41601 for the specified school year divided by the average daily attendance

for grades 4 to 8, inclusive, reported by the school district pursuant to Section 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.

### **Align Court Ordered Voluntary Pupil Transfer Provisions for Basic Aid Districts with LCFF Post Implementation**

Section 41544 of the Education Code is amended to read: (New for May Revision)

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), "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.

## **Fiscal Transparency**

Education Code Section 42122 is amended to read:

42122. (a) Effective July 1, 1988, each budget shall show a complete plan and itemized statement of all proposed expenditures of the school district and of all estimated revenues for the ensuing fiscal year, together with a comparison of revenues and expenditures for the existing fiscal year. The budget shall also include the appropriations limit and the total annual appropriations subject to limitation as determined pursuant to Division 9 (commencing with Section 7900) of Title 1 of the Government Code. The county superintendent of schools shall from his or her own records supply to the school district any information that the school district may need to make the comparisons required by this section.

~~(b) (1) Effective July 1, 2019, each budget shall include a summary document that **links budget expenditures to corresponding goals, actions, and services in the school district's local control and accountability plan for the ensuing fiscal year. This shall include the school district's estimate of the funds to be apportioned for increased or improved services for unduplicated pupils pursuant to Section 42238.07.**~~

~~(2) **The state board shall develop a template for the summary document on or before January 30, 2019. The adoption of this template by the state board shall be subject to open meeting requirements pursuant to subdivision (e) of Section 52064. shall be known as the local control funding formula budget overview for parents. The governing board of a school district shall ensure that the local control funding formula budget overview for parents is considered as part of the adoption of the local control and accountability plan or annual update pursuant to subdivision (b) of Section 52062.**~~

~~(2) **The local control funding formula budget overview for parents shall include all of the following information:**~~

~~(A) **The school district's total projected general fund revenue for the ensuing fiscal year and the subtotals for each of the following categories:**~~

~~(i) **Funds apportioned under the local control funding formula pursuant to Section 422308.02;**~~

~~(ii) **Of the funds in clause (i), the funds apportioned for increased or improved services for unduplicated pupils pursuant to Section 42238.07;**~~

~~(iii) **All other state funds;**~~

~~(iv) **All local funds; and**~~

~~(v) **All federal funds.**~~

~~(B) **The school district's total projected general fund expenditures for the ensuing fiscal year.**~~

~~(C) **The total budgeted expenditures for the ensuing fiscal year on the planned actions and services to meet the goals included in the school district's local control and accountability plan adopted pursuant to Section 52060.**~~

~~(D) **The total budgeted expenditures for the ensuing fiscal year on the planned actions and services included in the school district's local control and accountability plan adopted pursuant to Section 52060 that contribute to the increased or improved services for unduplicated pupils pursuant to Section 42238.07.**~~

~~(E) **The total budgeted expenditures for the existing fiscal year on the planned actions and services included in the school district's local control and accountability plan adopted pursuant to Section 52060 that contribute to the increased or improved services for unduplicated pupils pursuant to Section 42238.07.**~~

**(F) The estimated actual expenditures for the existing fiscal year on the planned actions and services included in the school district's local control and accountability plan adopted pursuant to Section 52060 that contribute to the increased or improved services for unduplicated pupils pursuant to Section 42238.07.**

**(G) A brief description of the activities or programs supported by any expenditures in subparagraph (B) that are not included in subparagraph (C).**

**(H) To the extent there is any difference between the expenditures in subparagraph (C) and the revenue in clause (ii) of subparagraph (A), a brief description of how the actions and services included in the school district's local control and accountability plan adopted pursuant to Section 52060 improve services for unduplicated pupils pursuant to Section 42238.07.**

**(I) A brief description of how any difference between the expenditures in subparagraph (E) that are not included in subparagraph (F) impacted the planned actions and services included in the school district's local control and accountability plan adopted pursuant to Section 52060 that contribute to the increased or improved services for unduplicated pupils pursuant to Section 42238.07 and the overall increased or improved services for unduplicated pupils pursuant to Section 42238.07.**

**(3) The template for the local control funding formula budget overview for parents developed pursuant to paragraph (4) shall, to the greatest extent practicable, use language that is understandable and accessible to parents and guardians. The information specified in paragraph (2) shall be displayed, to the greatest extent practicable, using visuals and graphics.**

**(4) The Superintendent, subject to approval by the executive director of the State Board of Education, shall develop a template for the local control funding formula budget overview for parents on or before January 30, 2019. In developing the template, the Superintendent shall not require school districts to provide any information in addition to the information required pursuant to paragraph (2).**

### **Extend Sunset Date to Conform to Proposition 55**

Section 42238 of the Education Code is amended to read:

(New for May Revision)

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

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

(1) The inflation adjustment specified in Section 42238.1.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) Determine the amount of employer contributions that would have been made in the 1983–84 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 was in effect during the 1983–84 fiscal year.

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

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

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

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

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

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

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

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

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

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

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

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

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

- (6) (A) The amount, if any, received pursuant to the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code), except for any amount received pursuant to Section 33401 or 33676 of the Health and Safety Code that is used for land acquisition, facility construction, facility reconstruction, facility remodeling, maintenance, or deferred maintenance, and except for any amount received pursuant to Section 33492.15 of, paragraph (4) of subdivision (a) of Section 33607.5 of, or Section 33607.7 of, the Health and Safety Code that is allocated exclusively for educational facilities.
- (B) The amount, if any, received pursuant to Sections 34177, 34179.5, 34179.6, and 34188 of the Health and Safety Code.
- (C) The amount, if any, received pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution.
- (7) For a unified school district, other than a unified school district that has converted all of its schools to charter status pursuant to Section 47606, the amount of statewide average general-purpose funding per unit of average daily attendance received by school districts for each of four grade level ranges, as computed by the department pursuant to Section 47633, multiplied by the average daily attendance, in corresponding grade level ranges, of any pupils who attend charter schools funded pursuant to Chapter 6 (commencing with Section 47630) of Part 26.8 of Division 4 for which the school district is the sponsoring local educational agency, as defined in Section 47632, and who reside in and would otherwise have been eligible to attend a noncharter school of the school district.
- (i) A transfer of pupils of grades 7 and 8 between an elementary school district and a high school district shall not result in the receiving school district receiving a revenue limit apportionment for those pupils that exceeds 105 percent of the statewide average revenue limit for the type and size of the receiving school district.
- (j) Commencing with the 2013–14 fiscal year, this section shall be used only for purposes of allocating revenues received pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution.
- (k) This section shall become inoperative on July 1, ~~2024~~ 2033, and, as of January 1, ~~2022~~ 2034, is repealed, unless a later enacted statute, that becomes operative on or before January 1, ~~2022~~ 2034, deletes or extends the dates on which it becomes inoperative and is repealed.

### **Clarify LCFF Funding when Current Year Average Daily Attendance Equals Past Year Average Daily Attendance**

Section 42238.05 of the Education Code is amended to read: (New for May Revision)

42238.05. (a) For purposes of Sections 42238.02, 42238.025, and 42238.03, the fiscal year average daily attendance for a school district shall be computed pursuant to paragraphs (1) to (3), inclusive, as applicable.

(1) The second principal apportionment regular average daily attendance for ~~either the current or prior fiscal year, or the prior fiscal year if the prior year average daily attendance, whichever~~ is greater, excluding units of average daily attendance resulting from pupils attending schools funded pursuant to Article 4 (commencing with Section 42280).

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

(3) Prior fiscal year average daily attendance shall be adjusted for any loss or gain of average daily attendance due to a reorganization or transfer of territory.

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

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

(d) Subdivisions (a) to (c), inclusive, shall only apply to average daily attendance generated by school districts and shall not apply to average daily attendance generated by charter schools.

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

(f) For purposes of Sections 42238.02, 42238.025, and 42238.03, average daily attendance for a charter school shall be the total current year average daily attendance in the corresponding grade level ranges for the charter school.

(Amended by Stats. 2014, Ch. 33, Sec. 23. Effective June 20, 2014.)

### **Extend Sunset Date to Conform to Proposition 55**

Section 42238.1 of the Education Code is Amended to read: (New for May Revision)

42238.1. (a) For the 1986–87 fiscal year and each fiscal year up to and including the 1998–99 fiscal year, the Superintendent of Public Instruction shall compute an inflation adjustment equal to the product of paragraphs (1) and (2):

(1) Compute the sum of the following:

(A) The statewide average base revenue limit per unit of average daily attendance for the prior fiscal year for districts of similar type.

(B) The amount, if any, per unit of average daily attendance received by the district pursuant to Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 for the prior fiscal year.

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

(b) For the 1999–2000 fiscal year and each fiscal year thereafter, the Superintendent of Public Instruction shall compute an inflation adjustment equal to the product of paragraphs (1) and (2):

(1) Compute the sum of the following:

(A) The statewide average base revenue limit per unit of average daily attendance for the prior fiscal year for districts of similar type.

(B) The amount, if any, per unit of average daily attendance received by the district pursuant to Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 for the prior fiscal year.

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

(c) This section shall become operative July 1, 1986.

(d) Commencing with the 2013–14 fiscal year, this section shall be used only for purposes of allocating revenues received pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution.

(e) This section shall become inoperative on July 1, ~~2021~~ 2033, and, as of January 1, ~~2022~~ 2034, is repealed, unless a later enacted statute, that becomes operative on or before January 1, ~~2022~~ 2034, deletes or extends the dates on which it becomes inoperative and is repealed.



## Extend Sunset Date to Conform to Proposition 55

Section 42238.2 of the Education Code is amended to read: (New for May Revision)

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

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

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

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

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

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

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

(b) In the second year after the base year, the district average daily attendance pursuant to Section 42238.5 may, if the district chooses, be increased by 75 percent of the difference between the base year units of average daily attendance and the units of average daily attendance in the first year of decline. In the third year after the base year, the district average daily attendance pursuant to Section 42238.5 may, if the district chooses, be increased by 50 percent of the difference between the base year units of average daily attendance and the units of average daily attendance in the first year of decline. The amount of money represented by these increases shall be considered a loan to the school district. Loan repayments shall commence no later than the fourth year after the base year.

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

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

the Controller's administrative costs as determined under a schedule approved by the California Debt Advisory Commission, from subsequent apportionments to the school district from Section A of the State School Fund.

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

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

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

(f) Commencing with the 2013–14 fiscal year, this section shall be used only for purposes of allocating revenues received pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution.

(g) This section shall become inoperative on July 1, ~~2024~~ 2033, and, as of January 1, ~~2022~~ 2034, is repealed, unless a later enacted statute, that becomes operative on or before January 1, ~~2022~~ 2034, deletes or extends the dates on which it becomes inoperative and is repealed.

#### **Extend Sunset Date to Conform to Proposition 55**

Section 42238.5 of the Education Code is amended to read: (New for May Revision)

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

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

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

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

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

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

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

(d) Commencing with the 2013–14 fiscal year, this section shall be used only for purposes of allocating revenues received pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution.

(e) This section shall become inoperative on July 1, ~~2024~~ 2033, and, as of January 1, ~~2022~~ 2034, is repealed, unless a later enacted statute, that becomes operative on or before January 1, ~~2022~~ 2034, deletes or extends the dates on which it becomes inoperative and is repealed.

### **Align Out-of-State Average Daily Attendance Reporting with LCFF**

Section 46380 of the Education Code is amended to read: (New for May Revision)

46380. The average daily attendance for the fiscal year of pupils residing in a county of this state and attending a school in an adjoining state under Article 1 (commencing with Section 2000) of Chapter 7 of Part 2 of Division 1 of Title 1 shall be reported using the methodology for reporting second principal apportionment attendance as provided in Section 41601~~computed by dividing the total number of days of attendance of the pupils in the school by the number of days the school was maintained during that fiscal year, but by not less than 175.~~

### **Extend Sunset Date to Conform to Proposition 55**

Section 47633 of the Education Code is amended to read: (New for May Revision)

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

(a) The Superintendent shall annually compute the statewide average amount of general-purpose funding per unit of average daily attendance received by school districts for each of four 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. For purposes of making these computations, both of the following conditions shall apply:

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

(2) Revenue limit funding received by school districts shall exclude the value of any benefit attributable to the presence of necessary small schools or necessary small high schools within the school district.

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

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

(d) Commencing with the 2013–14 fiscal year, this section shall be used only for purposes of allocating revenues received pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution.

(e) This section shall become inoperative on July 1, ~~2021~~ 2033, and, as of January 1, ~~2022~~ 2034, is repealed, unless a later enacted statute, that becomes operative on or before January 1, ~~2022~~ 2034, deletes or extends the dates on which it becomes inoperative and is repealed.

### **In-Lieu Transfers for Basic Aid Districts Post LCFF Implementation**

Section 47635 of the Education code is amended to read: (New for May Revision)

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), and paragraph (3) of subdivision (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 June, in conjunction with the third recertification 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.

### **Align Charter Supplement Calculation for Basic Aid Districts with LCFF Full Implementation**

Section 47663 of the Education Code is amended to read: (New for May Revision)

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), and paragraph (3) of subdivision (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.

### **Align Basic Aid District of Choice Calculation with LCFF Full Implementation**

Section 48310 of the Education Code is amended to read: (New for May Revision)

Section 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 25 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 25 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), and paragraph (3) of subdivision (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.

### **Align Open Enrollment Provisions for Basic Aid Districts with LCFF Full Implementation**

Section 48359.5 of the Education Code is amended to read: (New for May Revision)

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), and paragraph (3) of subdivision (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.

### **Repeal Sunset Date of K-3 Willful Defiance Suspension Exemption**

Section 48900 of the Education Code is amended to read: (New for May Revision)

48900. A pupil shall not be suspended from school or recommended for expulsion, unless the superintendent of the school district or the principal of the school in which the pupil is enrolled determines that the pupil has committed an act as defined pursuant to any of subdivisions (a) to (r), inclusive:

(a) (1) Caused, attempted to cause, or threatened to cause physical injury to another person.

(2) Willfully used force or violence upon the person of another, except in self-defense.

(b) Possessed, sold, or otherwise furnished a firearm, knife, explosive, or other dangerous object, unless, in the case of possession of an object of this type, the pupil had obtained written permission to possess the item from a certificated school employee, which is concurred in by the principal or the designee of the principal.

(c) Unlawfully possessed, used, sold, or otherwise furnished, or been under the influence of, a controlled substance listed in Chapter 2 (commencing with Section 11053) of Division 10 of the Health and Safety Code, an alcoholic beverage, or an intoxicant of any kind.

- (d) Unlawfully offered, arranged, or negotiated to sell a controlled substance listed in Chapter 2 (commencing with Section 11053) of Division 10 of the Health and Safety Code, an alcoholic beverage, or an intoxicant of any kind, and either sold, delivered, or otherwise furnished to a person another liquid, substance, or material and represented the liquid, substance, or material as a controlled substance, alcoholic beverage, or intoxicant.
- (e) Committed or attempted to commit robbery or extortion.
- (f) Caused or attempted to cause damage to school property or private property.
- (g) Stole or attempted to steal school property or private property.
- (h) Possessed or used tobacco, or products containing tobacco or nicotine products, including, but not limited to, cigarettes, cigars, miniature cigars, clove cigarettes, smokeless tobacco, snuff, chew packets, and betel. However, this section does not prohibit the use or possession by a pupil of his or her own prescription products.
- (i) Committed an obscene act or engaged in habitual profanity or vulgarity.
- (j) Unlawfully possessed or unlawfully offered, arranged, or negotiated to sell drug paraphernalia, as defined in Section 11014.5 of the Health and Safety Code.
- (k) (1) Disrupted school activities or otherwise willfully defied the valid authority of supervisors, teachers, administrators, school officials, or other school personnel engaged in the performance of their duties.  
(2) Except as provided in Section 48910, a pupil enrolled in kindergarten or any of grades 1 to 3, inclusive, shall not be suspended for any of the acts enumerated in this subdivision, and this subdivision shall not constitute grounds for a pupil enrolled in kindergarten or any of grades 1 to 12, inclusive, to be recommended for expulsion. ~~This paragraph shall become inoperative on July 1, 2018, unless a later enacted statute that becomes operative before July 1, 2018, deletes or extends that date.~~
- (l) Knowingly received stolen school property or private property.
- (m) Possessed an imitation firearm. As used in this section, "imitation firearm" means a replica of a firearm that is so substantially similar in physical properties to an existing firearm as to lead a reasonable person to conclude that the replica is a firearm.
- (n) Committed or attempted to commit a sexual assault as defined in Section 261, 266c, 286, 288, 288a, or 289 of the Penal Code or committed a sexual battery as defined in Section 243.4 of the Penal Code.
- (o) Harassed, threatened, or intimidated a pupil who is a complaining witness or a witness in a school disciplinary proceeding for purposes of either preventing that pupil from being a witness or retaliating against that pupil for being a witness, or both.
- (p) Unlawfully offered, arranged to sell, negotiated to sell, or sold the prescription drug Soma.
- (q) Engaged in, or attempted to engage in, hazing. For purposes of this subdivision, "hazing" means a method of initiation or preinitiation into a pupil organization or body, whether or not the organization or body is officially recognized by an educational institution, that is likely to cause serious bodily injury or personal degradation or disgrace resulting in physical or mental harm to a former, current, or prospective pupil. For purposes of this subdivision, "hazing" does not include athletic events or school-sanctioned events.
- (r) Engaged in an act of bullying. For purposes of this subdivision, the following terms have the following meanings:
  - (1) "Bullying" means any severe or pervasive physical or verbal act or conduct, including communications made in writing or by means of an electronic act, and including one or more acts committed by a pupil or group of pupils as defined in Section 48900.2, 48900.3, or 48900.4, directed toward one or more pupils that has or can be reasonably predicted to have the effect of one or more of the following:
    - (A) Placing a reasonable pupil or pupils in fear of harm to that pupil's or those pupils' person or property.
    - (B) Causing a reasonable pupil to experience a substantially detrimental effect on his or her physical or mental health.



(C) Causing a reasonable pupil to experience substantial interference with his or her academic performance.

(D) Causing a reasonable pupil to experience substantial interference with his or her ability to participate in or benefit from the services, activities, or privileges provided by a school.

(2) (A) "Electronic act" means the creation or transmission originated on or off the schoolsite, by means of an electronic device, including, but not limited to, a telephone, wireless telephone, or other wireless communication device, computer, or pager, of a communication, including, but not limited to, any of the following:

(i) A message, text, sound, video, or image.

(ii) A post on a social network Internet Web site, including, but not limited to:

(I) Posting to or creating a burn page. "Burn page" means an Internet Web site created for the purpose of having one or more of the effects listed in paragraph (1).

(II) Creating a credible impersonation of another actual pupil for the purpose of having one or more of the effects listed in paragraph (1). "Credible impersonation" means to knowingly and without consent impersonate a pupil for the purpose of bullying the pupil and such that another pupil would reasonably believe, or has reasonably believed, that the pupil was or is the pupil who was impersonated.

(III) Creating a false profile for the purpose of having one or more of the effects listed in paragraph (1). "False profile" means a profile of a fictitious pupil or a profile using the likeness or attributes of an actual pupil other than the pupil who created the false profile.

(iii) An act of cyber sexual bullying.

(I) For purposes of this clause, "cyber sexual bullying" means the dissemination of, or the solicitation or incitement to disseminate, a photograph or other visual recording by a pupil to another pupil or to school personnel by means of an electronic act that has or can be reasonably predicted to have one or more of the effects described in subparagraphs (A) to (D), inclusive, of paragraph (1). A photograph or other visual recording, as described above, shall include the depiction of a nude, semi-nude, or sexually explicit photograph or other visual recording of a minor where the minor is identifiable from the photograph, visual recording, or other electronic act.

(II) For purposes of this clause, "cyber sexual bullying" does not include a depiction, portrayal, or image that has any serious literary, artistic, educational, political, or scientific value or that involves athletic events or school-sanctioned activities.

(B) Notwithstanding paragraph (1) and subparagraph (A), an electronic act shall not constitute pervasive conduct solely on the basis that it has been transmitted on the Internet or is currently posted on the Internet.

(3) "Reasonable pupil" means a pupil, including, but not limited to, an exceptional needs pupil, who exercises average care, skill, and judgment in conduct for a person of his or her age, or for a person of his or her age with his or her exceptional needs.

(s) A pupil shall not be suspended or expelled for any of the acts enumerated in this section unless the act is related to a school activity or school attendance occurring within a school under the jurisdiction of the superintendent of the school district or principal or occurring within any other school district. A pupil may be suspended or expelled for acts that are enumerated in this section and related to a school activity or school attendance that occur at any time, including, but not limited to, any of the following:

(1) While on school grounds.

(2) While going to or coming from school.

(3) During the lunch period whether on or off the campus.

(4) During, or while going to or coming from, a school-sponsored activity.

(t) A pupil who aids or abets, as defined in Section 31 of the Penal Code, the infliction or attempted infliction of physical injury to another person may be subject to suspension, but not expulsion, pursuant to this section, except that a pupil who has been adjudged by a juvenile court to have committed, as an aider and abettor, a crime of physical violence in which the

victim suffered great bodily injury or serious bodily injury shall be subject to discipline pursuant to subdivision (a).

(u) As used in this section, "school property" includes, but is not limited to, electronic files and databases.

(v) For a pupil subject to discipline under this section, a superintendent of the school district or principal may use his or her discretion to provide alternatives to suspension or expulsion that are age appropriate and designed to address and correct the pupil's specific misbehavior as specified in Section 48900.5.

(w) It is the intent of the Legislature that alternatives to suspension or expulsion be imposed against a pupil who is truant, tardy, or otherwise absent from school activities.

### **Special Education Annual Assurances Support Plan Alignment with the Local Control and Accountability Plan**

Section 52062 of the Education Code is amended to read:

52062. (a) Before the governing board of a school district considers the adoption of a local control and accountability plan or an annual update to the local control and accountability plan, all of the following shall occur:

(1) The superintendent of the school district shall present the local control and accountability plan or annual update to the local control and accountability plan to the parent advisory committee established pursuant to Section 52063 for review and comment. The superintendent of the school district shall respond, in writing, to comments received from the parent advisory committee.

(2) The superintendent of the school district shall present the local control and accountability plan or annual update to the local control and accountability plan to the English learner parent advisory committee established pursuant to Section 52063, if applicable, for review and comment. The superintendent of the school district shall respond, in writing, to comments received from the English learner parent advisory committee.

(3) The superintendent of the school district shall notify members of the public of the opportunity to submit written comments regarding the specific actions and expenditures proposed to be included in the local control and accountability plan or annual update to the local control and accountability plan, using the most efficient method of notification possible. This paragraph shall not require a school district to produce printed notices or to send notices by mail. The superintendent of the school district shall ensure that all written notifications related to the local control and accountability plan or annual update to the local control and accountability plan are provided consistent with Section 48985.

(4) The superintendent of the school district shall review school plans submitted pursuant to Section 64001 for schools within the school district and ensure that the specific actions included in the local control and accountability plan or annual update to the local control and accountability plan are consistent with strategies included in the school plans submitted pursuant to Section 64001.

(5) The superintendent of the school district shall consult with its special education local plan area administrator(s) to determine that the specific actions for individuals with exceptional needs are included in the local control and accountability plan or annual update to the local control and accountability plan, and are consistent with strategies included in the local plan annual assurances support plan for the education of individuals with exceptional needs.

(b) (1) A governing board of a school district shall hold at least one public hearing to solicit the recommendations and comments of members of the public regarding the specific actions and expenditures proposed to be included in the local control and accountability plan or annual update to the local control and accountability plan. The agenda for the public hearing shall be posted at least 72 hours before the public hearing and shall include the location where the local control and accountability plan or annual update to the local control and accountability plan will

be available for public inspection. The public hearing shall be held at the same meeting as the public hearing required by paragraph (1) of subdivision (a) of Section 42127.

(2) A governing board of a school district shall adopt a local control and accountability plan or annual update to the local control and accountability plan in a public meeting. This meeting shall be held after, but not on the same day as, the public hearing held pursuant to paragraph (1). This meeting shall be the same meeting as that during which the governing board of the school district adopts a budget pursuant to paragraph (2) of subdivision (a) of Section 42127.

(c) A governing board of a school district may adopt revisions to a local control and accountability plan during the period the local control and accountability plan is in effect. A governing board of a school district may only adopt a revision to a local control and accountability plan if it follows the process to adopt a local control and accountability plan pursuant to this section and the revisions are adopted in a public meeting.

Section 52068 of the Education Code is amended to read:

52068. (a) Before the county board of education considers the adoption of a local control and accountability plan or an annual update to the local control and accountability plan, all of the following shall occur:

(1) The county superintendent of schools shall present the local control and accountability plan or annual update to the local control and accountability plan to a parent advisory committee established pursuant to Section 52069 for review and comment. The county superintendent of schools shall respond, in writing, to comments received from the parent advisory committee.

(2) The county superintendent of schools shall present the local control and accountability plan or annual update to the local control and accountability plan to the English learner parent advisory committee established pursuant to Section 52069, if applicable, for review and comment. The county superintendent of schools shall respond, in writing, to comments received from the English learner parent advisory committee.

(3) The county superintendent of schools shall notify members of the public of the opportunity to submit written comments regarding the specific actions and expenditures proposed to be included in the local control and accountability plan or annual update to the local control and accountability plan, using the most efficient method of notification possible. This paragraph shall not require a county superintendent of schools to produce printed notices or to send notices by mail. The county superintendent of schools shall ensure that all written notifications related to the local control and accountability plan or annual update to the local control and accountability plan are provided consistent with Section 48985.

(4) The county superintendent of schools shall review school plans submitted pursuant to Section 64001 for schools operated by the county superintendent of schools and ensure that the specific actions included in the local control and accountability plan or annual update to the local control and accountability plan are consistent with strategies included in the school plans submitted pursuant to Section 64001.

(5) The county superintendent of schools shall consult with its special education local plan area administrator(s) to determine that the specific actions for individuals with exceptional needs are included in the local control and accountability plan or annual update to the local control and accountability plan, and are consistent with strategies included in the local plan annual assurances support plan for the education of individuals with exceptional needs.

(b) (1) The county board of education shall hold at least one public hearing to solicit the recommendations and comments of members of the public regarding the specific actions and expenditures proposed to be included in the local control and accountability plan or annual update to the local control and accountability plan. The agenda for the public hearing shall be posted at least 72 hours before the public hearing and shall include the location where the local control and accountability plan or annual update to the local control and accountability plan, and any comments received pursuant to paragraphs (1) to (3), inclusive, of subdivision (a), will be

available for public inspection. The public hearing shall be held at the same meeting as the public hearing required by Section 1620.

(2) The county board of education shall adopt a local control and accountability plan or annual update to the local control and accountability plan in a public meeting. This meeting shall be held after, but not on the same day as, the public hearing held pursuant to paragraph (1). This meeting shall be the same meeting as that during which the county board of education adopts a budget pursuant to Section 1622.

(c) A county superintendent of schools may develop and present to a county board of education for adoption revisions to a local control and accountability plan during the period the local control and accountability plan is in effect. The county board of education may only adopt a revision to a local control and accountability plan if it follows the process to adopt a local control and accountability plan pursuant to this section and the revisions are adopted in a public meeting.

### **Special Education Local Plan Areas and the Statewide System of Support**

Section 52080.1 of the Education Code is repealed:

~~**52080.1 (a) The California Collaborative for Educational Excellence and the department shall establish a process, administered by the department, to select, subject to approval by the executive director of the state board in consultation with the Department of Finance, special education local plan areas to serve as lead agencies to work with county offices of education to improve pupil outcomes as part of the statewide system of support pursuant to this chapter.**~~

~~**(b) The process to select lead agencies shall ensure that no fewer than six and no more than 10 lead agencies are selected in a manner to ensure statewide representation. Lead agencies shall be selected for a term not to exceed five years.**~~

~~**(c) Commencing with the 2018-19 fiscal year, the sum of ten million dollars (\$10,000,000) is hereby appropriated annually from the General Fund to the Superintendent for support of the lead agencies selected pursuant to this section.**~~

### **Special Education Local Plan Area Fiscal Accountability and Transparency**

Section 56122 of the Education Code is amended to read:

56122. The superintendent~~(a) The Superintendent~~ shall establish guidelines for the development of local plans, including a standard format for local plans, and provide assistance in the development of local plans. The purposes of ~~such the~~ guidelines and assistance shall be to help districts and county offices benefit from the experience of other local agencies that implement programs under this part, including, but not limited to, reducing paperwork, increasing parental involvement, improving transparency, and providing effective staff development activities. To the extent possible, all forms, reports, and evaluations shall be designed to satisfy simultaneously state and federal requirements.

~~**(b) On or before March 31 July 1, 2019, the department shall develop templates that will be used for use**~~ by districts and county superintendents of schools to meet the requirements of Sections 56195.1 and 56205.

~~**(c) Commencing July 1, 2020, each local plan shall include an annual assurances support plan a summary document that links the annual budget plan to the services and activities in the local plan for the ensuing fiscal year. The purpose of the annual assurances support plan is to demonstrate how the special education local plan area and its participating members are coordinating for purposes of assuring effective outcomes for students with disabilities.**~~ The department shall develop a template for the annual

~~assurances support plan summary document~~ by March 31, 2019. ~~The summary document annual assurances support plan~~ shall include all of the following elements:

~~(1) A description of the ways in which specific actions included in the annual service plan are consistent with the goals and actions for individuals with exceptional needs identified in the local control and accountability plan or annual update to the local control and accountability plan for all participating agencies in the special education local plan area.~~

~~(21) A description of how the special education local plan area supports participating agencies in achieving the goals, actions and services identified in their local control and accountability plans.~~

~~(32) A description of how the special education local plan area connects its participating members in need of technical assistance to the statewide system of support.~~

~~(3) A brief description of the services, technical assistance and support a special education local plan area provides in meeting the requirements under paragraphs (1-21) of subdivision (a) of Section 56205.~~

Section 56140 of the Education Code is amended to read:

56140. County offices shall do all of the following:

(a) ~~Initiate and submit to the superintendent~~ Superintendent a countywide plan for special education ~~which that~~ demonstrates the coordination of all local plans submitted pursuant to Section 56205 and ~~which that~~ ensures that all individuals with exceptional needs residing within the county, including those enrolled in alternative education programs, including, but not limited to, alternative schools, charter schools, opportunity schools and classes, community day schools operated by ~~school~~ districts, community schools operated by county offices of education, and juvenile court schools, will have access to appropriate special education programs and related services. However, a county office shall not be required to submit a countywide plan when all the districts within the county elect to submit a single local plan.

(b) Within 45 days, approve or disapprove any proposed local plan submitted by a district or group of districts within the county or counties. If approved, the county office shall submit the plan with comments and recommendations to the Superintendent. If disapproved, the county office shall return the plan with comments and recommendations to the district. This district may immediately appeal to the Superintendent to overrule the county office's disapproval. The Superintendent shall make a decision on an appeal within 30 days of receipt of the appeal. A local plan may not be implemented without approval of the plan by the county office or a decision by the superintendent to overrule the disapproval of the county office. Approval shall be based on ~~the capacity of the district or districts to ensure that special education programs and services are provided to all individuals with exceptional needs.~~ **the capacity of the district or districts to ensure that special education programs and services are provided to all individuals with exceptional needs, and both all** of the following:

~~(1) If approved, the county office shall submit the plan with comments and recommendations to the superintendent.~~

~~(2) If disapproved, the county office shall return the plan with comments and recommendations to the district. This district may immediately appeal to the superintendent to overrule the county office's disapproval. The superintendent shall make a decision on an appeal within 30 days of receipt of the appeal.~~

~~(3) A local plan may not be implemented without approval of the plan by the county office or a decision by the superintendent to overrule the disapproval of the county office.~~

(1) Whether the local plan adheres to the guidelines established pursuant to Section 56122 for the development of local plans.

(2) Whether the local plan contains all of the required components as detailed in Section 56205.

**(3) Whether the specific actions included within the local plan are consistent with the goals, actions, and services for individuals with exceptional needs identified in the local**

**control and accountability plan or annual update to the local control and accountability plan for all participating local educational agencies in the special education local plan area.**

(c) Participate in the state onsite review of the district's implementation of an approved local plan.

(d) Join with districts in the county ~~which~~ that elect to submit a plan or plans pursuant to subdivision (c) of Section 56195.1. Any plan may include more than one county, and districts located in more than one county. Nothing in this subdivision shall be construed to limit the authority of a county office to enter into other agreements with these districts and other districts to provide services relating to the education of individuals with exceptional needs.

(e) For each special education local plan area located within the jurisdiction of the county office of education that has submitted a revised local plan pursuant to Section 56836.03, the county office shall comply with Section 48850, as it relates to individuals with exceptional needs, by making available to agencies that place children in licensed children's institutions a copy of the annual service plan adopted pursuant to paragraph (2) of subdivision (b) of Section 56205.

Section 56195.9 of the Education Code is amended to read:

56195.9. (a) The plan for special education shall be developed and updated cooperatively by a committee of representatives of special and regular teachers and administrators selected by the groups they represent and with participation by parent members of the community advisory committee, or parents selected by the community advisory committee, to ensure adequate and effective participation and communication.

(b) Commencing July 1, 2020, **special education local plan areas shall review their local plan at least once every three years and update as needed to ensure information contained within the plan remains relevant and accurate. a local plan shall be effective for a period of three years, and shall be updated every three years thereafter.** ~~This requirement shall not be construed to change the annual budget plan and annual service plan requirements that are contained in Section 56205.~~

Section 56205 of the Education Code is amended to read:

56205. (a) Each special education local plan area submitting a local plan to the Superintendent under this part shall ensure, in conformity with Sections 1412(a) and 1413(a)(1) of Title 20 of the United States Code, and in accordance with Section 300.201 of Title 34 of the Code of Federal Regulations, that it has in effect policies, procedures, and programs that are consistent with state laws, regulations, and policies governing the following:

- (1) Free appropriate public education.
- (2) Full educational opportunity.
- (3) Child find and referral.
- (4) Individualized education programs, including development, implementation, review, and revision.
- (5) Least restrictive environment.
- (6) Procedural safeguards.
- (7) Annual and triennial assessments.
- (8) Confidentiality.
- (9) Transition from Subchapter III (commencing with Section 1431) of Title 20 of the United States Code to the preschool program.
- (10) Children in private schools.
- (11) Compliance assurances, including general compliance with the federal Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.), Section 504 of the federal Rehabilitation Act of 1973 (29 U.S.C. Sec. 794), the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.), federal regulations relating thereto, and this part.

(12) (A) A description of the governance and administration of the local plan, including identification of the governing body of a multidistrict local plan or the individual responsible for administration in a single district plan, and of the elected officials to whom the governing body or individual is responsible.

(B) A description of the regionalized operations and services listed in Section 56836.23 and the direct instructional support provided by program specialists in accordance with Section 56368 to be provided through the local plan.

(C) Verification that a community advisory committee has been established pursuant to Section 56190.

(D) Multidistrict local plans, submitted pursuant to subdivision (b) or (c) of Section 56195.1, shall do the following:

(i) Specify the responsibilities of each participating county office and district governing board in the policymaking process, the responsibilities of the superintendents of each participating district and county in the implementation of the local plan, and the responsibilities of district and county administrators of special education in coordinating the administration of the local plan.

(ii) Identify the respective roles of the administrative unit and the administrator of the special education local plan area and the individual local educational agencies within the special education local plan area in relation to the following:

(I) The hiring, supervision, evaluation, and discipline of the administrator of the special education local plan area and staff employed by the administrative unit in support of the local plan.

(II) The allocation from the state of federal and state funds to the special education local plan area administrative unit or to local educational agencies within the special education local plan area.

(III) The operation of special education programs.

(IV) Monitoring the appropriate use of federal, state, and local funds allocated for special education programs.

(V) The preparation of program and fiscal reports required of the special education local plan area by the state.

(iii) Include copies of joint powers agreements or contractual agreements, as appropriate, for districts and counties that elect to enter into those agreements pursuant to subdivision (b) or (c) of Section 56195.1.

(E) The description of the governance and administration of the local plan, and the policymaking process, shall be consistent with subdivision (f) of Section 56001, subdivision (a) of Section 56195.3, and Section 56195.9, and shall reflect a schedule of regular consultations regarding policy and budget development with representatives of special education and regular education teachers and administrators selected by the groups they represent and parent members of the community advisory committee established pursuant to Article 7 (commencing with Section 56190) of Chapter 2.

(13) Personnel qualifications to ensure that personnel, including special education teachers and personnel and paraprofessionals providing related services, necessary to implement this part are appropriately and adequately prepared and trained in accordance with Sections 56058 and 56070 and Sections 1412(a)(14) and 1413(a)(3) of Title 20 of the United States Code.

(14) Performance goals and indicators.

(15) Participation in state and districtwide assessments, including assessments described under Section 1111 of the federal Elementary and Secondary Education Act of 1965 (20 U.S.C. Sec. 6301 et seq.) and alternate assessments in accordance with Section 1412(a)(16) of Title 20 of the United States Code, and reports relating to assessments.

(16) Supplementation of state, local, and other federal funds, including nonsupplantation of funds.

(17) Maintenance of financial effort.

(18) Opportunities for public participation ~~prior to~~ before adoption of policies and procedures.

(19) Suspension and expulsion rates.

(20) Access to instructional materials by blind individuals with exceptional needs and others with print disabilities in accordance with Section 1412(a)(23) of Title 20 of the United States Code.

(21) Overidentification and disproportionate representation by race and ethnicity of children as individuals with exceptional needs, including children with disabilities with a particular impairment described in Section 1401 of Title 20 of the United States Code and in accordance with Section 1412(a)(24) of Title 20 of the United States Code.

(22) Prohibition of mandatory medication use pursuant to Section 56040.5 and in accordance with Section 1412(a)(25) of Title 20 of the United States Code.

(b) Each local plan submitted to the Superintendent under this part shall also contain all the following:

(1) An annual budget plan that shall be adopted at a public hearing held by the special education local plan area. Notice of this hearing shall be posted in each school in the local plan area at least 15 days ~~prior to~~ before the hearing. The annual budget plan may be revised during any fiscal year according to the policymaking process established pursuant to subparagraphs (D) and (E) of paragraph (12) of subdivision (a) and consistent with subdivision (f) of Section 56001 and Section 56195.9. The annual budget plan shall identify expected expenditures for all items required by this part which shall include, but not be limited to, the following:

(A) A description of the special education local plan area's allocation plan Funds received in accordance with Chapter 7.2 (commencing with Section 56836), including funds apportioned to the administrative unit of the special education local plan area.

(B) All revenues by revenue source received by the special education local plan area specifically for the purpose of special education, including any property taxes allocated to the special education local plan area as designated in Section 2572 Administrative costs of the local plan.

(C) A breakdown of the distribution of funds to each local educational agency within the special education local plan area Special education services to pupils with severe disabilities and low incidence disabilities.

(D) A description of projected total special education expenditures by local educational agency, including supplemental Supplemental aids and services to meet the individual needs of pupils placed in regular education classrooms and environments and special education services to pupils with low incidence disabilities.

(E) A description of projected total expenditures by special education local plan area and local educational agency by standardized account code structure object code Regionalized operations and services, and direct instructional support by program specialists in accordance with Article 6 (commencing with Section 56836.23) of Chapter 7.2.

(F) A description of projected funding to be received specifically for regionalized operations and a breakdown of projected special education local plan area operating expenditures by standardized account code structure code The use of property taxes allocated to the special education local plan area pursuant to Section 2572.

(2) An annual service plan shall be adopted at a public hearing held by the special education local plan area. Notice of this hearing shall be posted in each ~~district~~ local educational agency in the special education local plan area at least 15 days ~~prior to~~ before the hearing. The annual service plan may be revised during any fiscal year according to the policymaking process established pursuant to subparagraphs (D) and (E) of paragraph (12) of subdivision (a) and consistent with subdivision (f) of Section 56001 and with Section 56195.9. The annual service plan shall include a description of services to be provided by each ~~district and county office~~ local educational agency, including the nature of the services and the physical location at which the services will be provided, including alternative schools, ~~charter schools~~, opportunity schools and classes, community day schools operated by districts, community schools operated by county offices, and juvenile court schools, regardless of whether the ~~district or county office~~ local educational agency is participating in the local plan. This description shall demonstrate that all individuals with exceptional needs shall have access to



services and instruction appropriate to meet their needs as specified in their individualized education programs.

**(3) An annual assurances support plan shall be adopted at a public hearing held by the special education local plan area. Notice of this hearing shall be posted in each local educational agency in the special education local plan area at least 15 days prior to before the hearing. The annual assurances support plan may be revised during any fiscal year according to the policymaking process established pursuant to subparagraphs (D) and (E) of paragraph (12) of subdivision (a) and consistent with subdivision (f) of Section 56001 and with Section 56195.9. The annual assurances support plan shall meet the requirements of subdivision (c) of Section 56122.**

~~(34)~~ A description of programs for early childhood special education from birth through five years of age.

~~(45)~~ A description of the method by which members of the public, including parents or guardians of individuals with exceptional needs who are receiving services under the local plan, may address questions or concerns to the governing body or individual identified in subparagraph (A) of paragraph (12) of subdivision (a).

~~(56)~~ A description of a dispute resolution process, including mediation and final and binding arbitration to resolve disputes over the distribution of funding, the responsibility for service provision, and the other governance activities specified within the local plan.

~~(67)~~ Verification that the local plan has been reviewed by the community advisory committee and that the committee had at least 30 days to conduct this review ~~prior to~~ before submission of the local plan to the Superintendent.

~~(78)~~ A description of the process being utilized to meet the requirements of Section 56303.

**(8) A description of the elements required to be highlighted in the summary document pursuant to Section 56122.**

(c) A description of the process being utilized to oversee and evaluate placements in nonpublic, nonsectarian schools and the method of ensuring that all requirements of each pupil's individualized education program are being met. The description shall include a method for evaluating whether the pupil is making appropriate educational progress.

(d) The local plan, budget plan, ~~and~~ annual service plan, **and the annual assurances support plan** shall adhere to the guidelines established pursuant to Section 56122, and shall be written in language that is understandable to the general public.

Section 56205.5 of the Education Code is added to read:

**56205.5 (a) The superintendent of a ~~district~~ local educational agency shall post on the Internet Web site of the ~~district~~ local educational agency any local plan, annual budget plan, ~~and~~ annual service plan, ~~and~~ annual assurances support plan upon approval of ~~approved~~ by the governing board of the ~~school districts~~ special education local plan area, and any updates or revisions to the plans upon approval of ~~approved~~ by the governing board of the ~~school districts~~ special education local plan area.**

**(b) A county superintendent of schools shall do both of the following:**

**(1) Post on the Internet Web site of the county office any local plan, annual budget plan, ~~and~~ annual service plan, ~~and~~ annual assurances support plan upon approval of ~~approved~~ by the county ~~office~~ board of education, and any updates or revisions to the plans upon approval of ~~approved~~ by the county ~~office~~ board of education.**

**(2) Post on the Internet Web site of the county office all local plans submitted by ~~districts~~ special education local plan areas in the county, or links to those plans.**

**(c) A complete copy of the local plan, including policies and procedures and the annual budget, ~~and~~ annual service plan, ~~and~~ annual assurances support plan, shall be held on file in the special education local plan area office and at each participating local education agency, and shall be accessible to any interested party.**

## Special Education Local Plan Area Funding

Section 56836.08 of the Education Code is amended to read: (New for May Revision)

56836.08. (a) For the 1998–99 fiscal year, the Superintendent shall make the following computations to determine the amount of funding for each special education local plan area:

(1) Add the amount of funding per unit of average daily attendance computed for the special education local plan area pursuant to paragraph (1) of subdivision (a) of Section 56836.10 to the inflation adjustment computed pursuant to subdivision (d) for the 1998–99 fiscal year.

(2) Multiply the amount computed in paragraph (1) by the units of average daily attendance reported for the special education local plan area for the 1997–98 fiscal year, exclusive of average daily attendance for absences excused pursuant to subdivision (b) of Section 46010, as that subdivision read on July 1, 1996.

(3) Add the actual amount of the equalization adjustment, if any, computed for the 1998–99 fiscal year pursuant to Section 56836.14 to the amount computed in paragraph (2).

(4) Add or subtract, as appropriate, the adjustment for growth computed pursuant to Section 56836.15 from the amount computed in paragraph (3).

(b) For the 1999–2000 fiscal year and each fiscal year thereafter, the Superintendent shall make the following computations to determine the amount of funding for each special education local plan area for the fiscal year in which the computation is made:

(1) Add the amount of funding per unit of average daily attendance computed for the special education local plan area for the prior fiscal year pursuant to Section 56836.10 to the inflation adjustment computed pursuant to subdivision (d) through the 2012–13 fiscal year, and for the 2013–14 fiscal year and each fiscal year thereafter, the inflation adjustment computed pursuant to subdivision ~~(g)~~ (f), for the fiscal year in which the computation is made.

(2) Multiply the amount computed in paragraph (1) by the units of average daily attendance reported for the special education local plan area for the prior fiscal year.

(3) Add or subtract, as appropriate, the adjustment for growth or decline in enrollment, if any, computed for the special education local plan area for the fiscal year in which the computation is made pursuant to Section 56836.15 from the amount computed in paragraph (2).

(c) For the 1998–99 fiscal year to the 2012–13 fiscal year, inclusive, the Superintendent shall make the following computations to determine the amount of General Fund moneys that the special education local plan area may claim:

(1) Add the total of the amount of property taxes for the special education local plan area pursuant to Section 2572 for the fiscal year in which the computation is made to the amount of federal funds allocated for the purposes of paragraph (1) of subdivision (a) of Section 56836.09 for the fiscal year in which the computation is made.

(2) Add the amount of funding computed for the special education local plan area pursuant to subdivision (a) for the 1998–99 fiscal year, and commencing with the 1999–2000 fiscal year to the 2012–13 fiscal year, inclusive, the amount computed for the fiscal year in which the computations were made pursuant to subdivision (b) to the amount of funding computed for the special education local plan area pursuant to Article 3 (commencing with Section 56836.16).

(3) Subtract the sum computed in paragraph (1) from the sum computed in paragraph (2).

(d) For the 1998–99 fiscal year to the 2012–13 fiscal year, inclusive, the Superintendent shall make the following computations to determine the inflation adjustment for the fiscal year in which the computation is made:

(1) For the 1998–99 fiscal year, multiply the sum of the statewide target amount per unit of average daily attendance for special education local plan areas for the 1997–98 fiscal year computed pursuant to paragraph (3) of subdivision (a) of Section 56836.11 by the inflation adjustment computed pursuant to Section 42238.1 for the 1998–99 fiscal year.

(2) For the 1999–2000 fiscal year to the 2012–13 fiscal year, inclusive, multiply the sum of the statewide target amount per unit of average daily attendance for special education local plan areas for the prior fiscal year computed pursuant to Section 56836.11 for the prior fiscal year by

the inflation adjustment computed pursuant to Section 42238.1 for the fiscal year in which the computation is made.

(3) For purposes of computing the inflation adjustment for the special education local plan area identified as the Los Angeles County Juvenile Court and Community School/Division of Alternative Education Special Education Local Plan Area for the 1998–99 fiscal year to the 2012–13 fiscal year, inclusive, the Superintendent shall multiply the amount of funding per unit of average daily attendance computed for that special education local plan area for the prior fiscal year pursuant to Section 56836.10 by the inflation adjustment computed pursuant to Section 42238.1 for the fiscal year in which the computation is being made.

(e) Notwithstanding any other law, for the 2013–14 fiscal year and each fiscal year thereafter, the Superintendent shall make the following computations to determine the amount of General Fund moneys that the special education local plan area may claim:

(1) Determine the total amount of property taxes for the special education local plan area pursuant to Section 2572 for the fiscal year in which the computation is made.

(2) Calculate the amount of funding computed for the special education local plan area pursuant to subdivision (b) for the fiscal year in which the computation is made.

(3) Subtract the amount computed in paragraph (1) from the amount computed in paragraph (2).

(f) For the 2013–14 fiscal year and each fiscal year thereafter, the Superintendent shall make the following computations to determine the inflation adjustment for the fiscal year in which the computation is made:

(1) Multiply the statewide target amount per unit of average daily attendance for special education local plan areas for the prior fiscal year computed pursuant to Section 56836.11 by the inflation factor computed pursuant to Section 42238.1, as that section read on January 1, 2013, or any successor section of law enacted by the Legislature that specifies the inflation factor contained in Section 42238.1, as that section read on January 1, 2013, for application to the 2013–14 fiscal year and each fiscal year thereafter.

(2) For purposes of computing the inflation adjustment for the special education local plan area identified as the Los Angeles County Juvenile Court and Community School/Division of Alternative Education Special Education Local Plan Area, the Superintendent shall multiply the amount of funding per unit of average daily attendance computed for that special education local plan area for the prior fiscal year pursuant to Section 56836.10 by the inflation factor computed pursuant to Section 42238.1, as that section read on January 1, 2013, or any successor section of law enacted by the Legislature that specifies the inflation factor contained in Section 42238.1, as that section read on January 1, 2013, for application to the 2013–14 fiscal year and each fiscal year thereafter.

### **Special Education Local Plan Area Program Specialist/Regionalized Services Rate**

Section 56836.11 of the Education Code is amended to read:

56836.11. (a) For the purpose of computing the equalization adjustment for special education local plan areas for the 1998–99 fiscal year, the Superintendent shall make the following computations to determine the statewide target amount per unit of average daily attendance for special education local plan areas:

(1) Total the amount of funding computed for each special education local plan area exclusive of the amount of funding computed for the special education local plan area identified as the Los Angeles County Juvenile Court and Community School/Division of Alternative Education Special Education Local Plan Area, pursuant to Section 56836.09 for the 1997–98 fiscal year.

(2) Total the number of units of average daily attendance reported for each special education local plan area for the 1997–98 fiscal year, exclusive of average daily attendance for absences excused pursuant to subdivision (b) of Section 46010 as that section read on July 1, 1996, and exclusive of the units of average daily attendance computed for the special education local plan

area identified as the Los Angeles County Juvenile Court and Community School/Division of Alternative Education Special Education Local Plan Area.

(3) Divide the sum computed in paragraph (1) by the sum computed in paragraph (2) to determine the statewide target amount for the 1997–98 fiscal year.

(4) Add the amount computed in paragraph (3) to the inflation adjustment computed pursuant to subdivision (d) of Section 56836.08 for the 1998–99 fiscal year to determine the statewide target amount for the 1998–99 fiscal year.

(b) Commencing with the 1999–2000 fiscal year to the 2004–05 fiscal year, inclusive, to determine the statewide target amount per unit of average daily attendance for special education local plan areas, the Superintendent shall multiply the statewide target amount per unit of average daily attendance computed for the prior fiscal year pursuant to this section by one plus the inflation factor computed pursuant to subdivision (b) of Section 42238.1 for the fiscal year in which the computation is made.

(c) For the 2005–06 fiscal year, the Superintendent shall make the following computation to determine the statewide target amount per unit of average daily attendance to determine the inflation adjustment pursuant to paragraph (2) of subdivision (d) of Section 56836.08 and growth pursuant to subdivision (c) of Section 56836.15, as follows:

(1) The 2004–05 fiscal year statewide target amount per unit of average daily attendance less the sum of the 2004–05 fiscal year total amount of federal funds apportioned pursuant to Schedule (1) in Item 6110-161-0890 of Section 2.00 of the Budget Act of 2004 for purposes of special education for individuals with exceptional needs enrolled in kindergarten and grades 1 to 12, inclusive, divided by the total average daily attendance computed for the 2004–05 fiscal year.

(2) Multiply the amount computed in paragraph (1) by the inflation factor computed pursuant to subdivision (b) of Section 42238.1 for the fiscal year in which the computation is made.

(3) Add the amounts computed in paragraphs (1) and (2).

(d) Commencing with the 2006–07 fiscal year and continuing through the 2012–13 fiscal year, inclusive, the Superintendent shall make the following computation to determine the statewide target amount per unit of average daily attendance for special education local plan areas for the purpose of computing the inflation adjustment pursuant to paragraph (2) of subdivision (d) of Section 56836.08 and growth pursuant to subdivision (c) of Section 56836.15:

(1) The statewide target amount per unit of average daily attendance computed for the prior fiscal year pursuant to this section.

(2) Multiply the amount computed in paragraph (1) by the inflation factor computed pursuant to subdivision (b) of Section 42238.1 for the fiscal year in which the computation is made.

(3) Add the amounts computed in paragraphs (1) and (2).

(e) For the 2013–14 fiscal year, the Superintendent shall make the following computations to determine the statewide target amount per unit of average daily attendance to determine the inflation adjustment pursuant to subdivision (f) of Section 56836.08 and growth pursuant to subdivision (c) of Section 56836.15, as follows:

(1) Total the amount of funding computed for each special education local plan area pursuant to the amount computed in subdivision (b) of Section 56836.08, including the amount of funds appropriated pursuant to Provision 22 of Item 6110-161-0001 of Section 2.00 of the Budget Act of 2013, and excluding the amount of funding computed for the special education local plan area identified as the Los Angeles County Juvenile Court and Community School/Division of Alternative Education Special Education Local Plan Area, for the 2013–14 fiscal year.

(2) Total the number of units of average daily attendance reported for each special education local plan area for the 2012–13 fiscal year, exclusive of the units of average daily attendance computed for the special education local plan area identified as the Los Angeles County Juvenile Court and Community School/Division of Alternative Education Special Education Local Plan Area.

(3) Divide the sum computed in paragraph (1) by the sum computed in paragraph (2).

(f) Commencing with the 2014–15 fiscal year and continuing ~~each fiscal year thereafter through 2017-18 fiscal year~~, the Superintendent shall make the following computations to determine the statewide target amount per unit of average daily attendance for special education local plan areas for the purpose of computing the inflation adjustment pursuant to subdivision (f) of Section 56836.08 and growth pursuant to subdivision (c) of Section 56836.15:

(1) The statewide target amount per unit of average daily attendance computed for the prior fiscal year pursuant to this section.

(2) Multiply the amount computed in paragraph (1) by the inflation factor computed pursuant to Section 42238.1, as that section read on January 1, 2013, or any successor section of law enacted by the Legislature that specifies the inflation factor contained in Section 42238.1, as that section read on January 1, 2013, for application to the 2014–15 fiscal year and each fiscal year thereafter.

(3) Add the amounts computed in paragraphs (1) and (2).

**(g) For the 2018–19 fiscal year, the Superintendent shall make the following computations to determine the statewide target amount per unit of average daily attendance to determine the inflation adjustment pursuant to subdivision (f) of Section 56836.08 and growth pursuant to subdivision (c) of Section 56836.15, as follows:**

**(1) The statewide target amount per unit of average daily attendance computed for the prior year pursuant to this section.**

**(2) Subtract the amount computed pursuant to paragraph (2) of subdivision (a) of Section 56836.24 from the amount computed in paragraph (1).**

**(3) Multiply the amount computed in paragraph (2) by the inflation factor computed pursuant to paragraph (2) of subdivision (d) of Section 42238.02 for the 2018-19 fiscal year.**

**(4) Add the amounts computed in paragraphs (1) and (3).**

**(h) Commencing with the 2019–20 fiscal year and continuing each fiscal year thereafter, the Superintendent shall make the following computations to determine the statewide target amount per unit of average daily attendance for special education local plan areas for the purpose of computing the inflation adjustment pursuant to subdivision (f) of Section 56836.08 and growth pursuant to subdivision (c) of Section 56836.15:**

**(1) The statewide target amount per unit of average daily attendance computed for the prior fiscal year pursuant to this section.**

**(2) Multiply the amount computed in paragraph (1) by the inflation factor computed pursuant to paragraph (2) of subdivision (d) of Section 42238.02 for the current fiscal year.**

**(3) Add the amounts computed in paragraphs (1) and (2).**

Section 56836.24 of the Education Code is amended to read:

**56836.24. Commencing with the 2018–19 fiscal year and each fiscal year thereafter, the Superintendent shall make the following computations to determine the amount of funding for the purposes specified in Section 56836.23 ~~to~~for apportionment to each special education local plan area for the fiscal year in which the computation is made:**

**(a) Multiply the total amount of state General Fund money allocated to the special education local plan areas in the 1997–98 fiscal year, for the purposes of Article 9 (commencing with Section 56780) of Chapter 7, as that article read on December 31, 1998, by one plus the inflation factor computed pursuant to subdivision (b) of Section 42238.1 for the 1998–99 fiscal year.**

**(b) Divide the amount calculated in subdivision (a) by the units of average daily attendance, exclusive of average daily attendance for absences excused pursuant to subdivision (b) of Section 46010, as that section read on July 1, 1997, reported for the special education local plan area for the 1997–98 fiscal year.**

~~(c) Multiply the amount determined in subdivision (b) by one plus the inflation factor computed pursuant to subdivision (b) of Section 42238.1 for the current fiscal year.  
(d) Multiply the amount determined in subdivision (a) by the number of units of average daily attendance reported for the special education local plan area for the current fiscal year, except that a special education local plan area designated as a necessary small special education local plan area in accordance with Section 56212 and reporting fewer than 15,000 units of average daily attendance for the current fiscal year shall be deemed to have 15,000 units of average daily attendance.~~

~~(a) For the 2018-19 fiscal year the superintendent shall make the following computations:~~

~~(1) Compute the statewide average for program specialists and regionalized services, exclusive of the amount computed for the special education local plan area identified as the Los Angeles County Juvenile Court and Community School/Division of Alternative Education Special Education Local Plan Area, for the 2012-13 fiscal year.~~

~~(2) Multiply the computed amount in paragraph (1) by one plus the inflation factor computed pursuant to paragraph (2) of subdivision (d) of Section 42238.02 for the 2013-14 through 2017-18 fiscal years.~~

~~(3) Multiply the amount computed in paragraph (2) by one plus the inflation factor computed pursuant to paragraph (2) of subdivision (d) of Section 42238.02 for the 2018-19 fiscal year.~~

~~(4) Multiply the amount computed in paragraph (3) by the number of units of average daily attendance upon which funding is based pursuant to subdivision (d) of Section 56836.10 for the special education local area.~~

~~(b) For the 2019-20 fiscal year and each year thereafter, the superintendent shall make the following computations:~~

~~(1) Multiply the prior fiscal year statewide average amount by one plus the inflation factor computed pursuant to paragraph (2) of subdivision (d) of Section 42238.02 for the current fiscal year.~~

~~(2) Multiply the amount computed in paragraph (1) by the number of units of average daily attendance upon which funding is based pursuant to subdivision (d) of Section 56836.10 for the special education local area.~~

~~(c) For the purposes of this section, the special education local plan area that only includes charter schools shall be apportioned by the Superintendent for each unit of average daily attendance reported pursuant to subdivision (a) of Section 56836.06.~~

Section 56836.30 of the Education Code is repealed:

~~**56836.30. If special education local plan areas reorganize, including any mergers or divisions, the department shall adjust rates for payments to and from the resulting special education local plan areas so that overall funding neither increases nor decreases from what it would have been before the reorganization. The effect of this section may be modified for any specific reorganization by enactment of legislation.**~~

### **Supplemental Funding for Necessary Small Special Education Local Plan Areas**

Section 56836.31 of the Education Code is amended to read:

56836.31. To accomplish the activities set forth in Section 56836.23, supplemental funds shall be apportioned to special education local plan areas that are designated as necessary small special education local plan areas in accordance with Section 56212 and that report fewer than 15,000 units of average daily attendance.

(a) For 2013–14 fiscal year and ~~each fiscal year thereafter~~ continuing through 2017-18 fiscal year, the Superintendent shall allocate this supplemental amount based on the following computations:

(1) Calculate the difference between the number of units of average daily attendance reported for the necessary small special education local plan area for the current fiscal year and 15,000 units of average daily attendance.

(2) Multiply the amount calculated in paragraph (1) by the rate calculated in subdivision (b).

(b) For the 2013–14 fiscal year, the supplemental rate per unit of average daily attendance shall be fifteen dollars (\$15). For the 2014–15 fiscal year and each fiscal year thereafter, the supplemental rate per unit of average daily attendance shall be fifteen dollars (\$15) multiplied by one plus the inflation factor computed pursuant to subdivision (b) of Section 42238.1 for the current fiscal year.

**(c) For 2018–19 fiscal year and each fiscal year thereafter, the Superintendent shall allocate this supplemental amount based on the following computations:**

**(1) Calculate the difference between the number of units of average daily attendance determined pursuant to Section 56836.24 for the necessary small special education local area and 15,000 units of average daily attendance.**

**(2) For the 2018-19 fiscal year, the supplemental rate per unit of average daily attendance shall be the rate computed pursuant to paragraph (3) of subdivision (a) of Section 56836.24. For the 2019-20 fiscal year and each fiscal year thereafter, the supplemental rate per unit of average daily attendance shall be the rate computed pursuant to paragraph (1) of subdivision (b) of Section 56836.24.**

**(3) Multiply the amount calculated in paragraph (1) by the rate calculated in paragraph (2).**

### **Out-of-Home Care Funding Amounts**

Section 56836.165 of the Education Code is amended to read:

56836.165. (a) For the 2004–05 fiscal year and each fiscal year thereafter, the Superintendent shall calculate for each special education local plan area an amount based on (1) the number of children and youth residing in foster family homes, small family homes, and foster family agencies, (2) the licensed capacity of group homes licensed by the State Department of Social Services, and (3) the number of children and youth ages 3 to 21 years, inclusive, referred by the State Department of Developmental Services who are residing in skilled nursing facilities or intermediate care facilities licensed by the State Department of Health Services and the number of children and youth, ages 3 to 21 years, inclusive, referred by the State Department of Developmental Services who are residing in community care facilities licensed by the State Department of Social Services.

(b) The department shall assign each facility described in paragraphs (1), (2), and (3) of subdivision (a) a severity rating. The severity ratings shall be on a scale from 1 to 14. Foster family homes and small family homes shall be assigned a severity rating of 1. Foster family agencies shall be assigned a severity rating of 2. Facilities described in paragraph (2) of subdivision (a) shall be assigned the same severity rating as its State Department of Social Services rate classification level. For facilities described in paragraph (3) of subdivision (a), skilled nursing facilities shall be assigned a severity rating of 14, intermediate care facilities shall be assigned a severity rating of 11, and community care facilities shall be assigned a severity rating of 8.

(c) (1) The department shall establish a “bed allowance” for each severity level. For the 2004–05 fiscal year, the bed allowance shall be calculated as described in paragraph (2). For the 2005–06 fiscal year and each fiscal year thereafter, the department shall increase the bed allowance by the inflation adjustment computed pursuant to Section 42238.1. The department shall not establish a bed allowance for any facility defined in paragraphs (2) and (3) of subdivision (a) if it is not licensed by the State Department of Social Services or the State Department of Health Services.

(2) (A) The bed allowance for severity level 1 shall be five hundred two dollars (\$502).

- (B) The bed allowance for severity level 2 shall be six hundred ten dollars (\$610).
- (C) The bed allowance for severity level 3 shall be one thousand four hundred thirty-four dollars (\$1,434).
- (D) The bed allowance for severity level 4 shall be one thousand six hundred forty-nine dollars (\$1,649).
- (E) The bed allowance for severity level 5 shall be one thousand eight hundred sixty-five dollars (\$1,865).
- (F) The bed allowance for severity level 6 shall be two thousand eighty dollars (\$2,080).
- (G) The bed allowance for severity level 7 shall be two thousand two hundred ninety-five dollars (\$2,295).
- (H) The bed allowance for severity level 8 shall be two thousand five hundred ten dollars (\$2,510).
- (I) The bed allowance for severity level 9 shall be five thousand four hundred fifty-one dollars (\$5,451).
- (J) The bed allowance for severity level 10 shall be five thousand eight hundred eighty-one dollars (\$5,881).
- (K) The bed allowance for severity level 11 shall be nine thousand four hundred sixty-seven dollars (\$9,467).
- (L) The bed allowance for severity level 12 shall be thirteen thousand four hundred eighty-three dollars (\$13,483).
- (M) The bed allowance for severity level 13 shall be fourteen thousand three hundred forty-three dollars (\$14,343).
- (N) The bed allowance for severity level 14 shall be twenty thousand eighty-one dollars (\$20,081).
- (d) (1) For each fiscal year, the department shall calculate an out-of-home care funding amount for each special education local plan area as the sum of amounts computed pursuant to paragraphs (2), (3), and (4). The State Department of Social Services and the State Department of Developmental Services shall provide the State Department of Education with the residential counts identified in paragraphs (2), (3), and (4).
- (2) The number of children and youth residing on April 1 in foster family homes, small family homes, and foster family agencies located in each special education local plan area times the appropriate bed allowance.
- (3) The capacity on April 1 of each group home licensed by the State Department of Social Services located in each special education local plan area times the appropriate bed allowance.
- (4) The number on April 1 of children and youth (A) ages 3 through 21 referred by the State Department of Developmental Services who are residing in skilled nursing facilities and intermediate care facilities licensed by the State Department of Health Services located in each special education local plan area times the appropriate bed allowance, and (B) ages 3 to 21 years, inclusive, referred by the State Department of Developmental Services who are residing in community care facilities licensed by the State Department of Social Services located in each special education local plan area times the appropriate bed allowance.
- (5) Notwithstanding subdivision (b) and paragraphs (2) and (3), for purposes of the ~~2017–18~~ **2017–18 and 2018–19** fiscal years out-of-home care funding amount for group homes, foster family homes, small family homes, and foster family agencies, the Superintendent shall use the data received from the State Department of Social Services that was used for the funding for the 2016–17 fiscal year.
- (e) In determining the amount of the first principal apportionment for a fiscal year pursuant to Section 41332, the Superintendent shall continue to apportion funds from Section A of the State School Fund to each special education local plan area equal to the amount apportioned at the advance apportionment pursuant to Section 41330 for that fiscal year.
- (f) Notwithstanding subdivision (b) and paragraph (3) of subdivision (d), for purposes of the 2016–17 fiscal year funding for group homes, the Superintendent shall use the rate classification levels as they exist on December 31, 2016, and the capacity of each group home



licensed by the State Department of Social Services located in each special education local plan area on December 31, 2016.

### **Align County Office of Education Appropriations Limit calculation With LCFF**

Section 7907 of the Government Code is amended to read:

7907. For county superintendents of schools:

(a) ~~“Proceeds of taxes”~~ For the 1978–79 fiscal year to the 2012–13 fiscal year, inclusive, “proceeds of taxes” shall be deemed to include subventions received from the state only if those subventions are received for one or more of the following programs:

**(A)(1)** Educational services provided directly to pupils, including, but not limited to, the services described in subdivision (c) of Section 1981 of, Sections 1904, 2550.2, 2551.3, 8152, 48633, 52570, and 58804 of, and Article 1 (commencing with Section 52300) of Chapter 9 of Part 28 of, the Education Code.

**(B)(2)** Support services provided to school districts, including, but not limited to, the services described in subdivision (b) of Section 2550 of, and Sections 1510, 2509, 2551, 2554, and 2555 of, the Education Code.

**(C)(3)** Direct services provided to school districts, as described in subdivision (a) of Section 2550 of the Education Code.

**(2) For fiscal years 2013-14 and each year thereafter, “proceeds of taxes” shall be deemed to include subventions received from the state only if those subventions are received for one or more of the following programs:**

**(A) Alternative education grant as described in Section 2574.**

**(B) Operations grant as described in Section 2574.**

**(C) Add-on amount as described in paragraph (e) of Section 2574 and any amounts added either pursuant to calculations in Sections 2575 or added to the calculations in Section 2575.**

(b) For programs identified in paragraph (1)**(A)** of subdivision (a), an amount shall be calculated equal to the appropriations made for those programs from the proceeds of taxes for the 1978–79 fiscal year, adjusted for the 1979–80 and 1980–81 fiscal years by the lesser of the change in cost of living or change in California per capita personal income applicable to each year and by the percentage change in average daily attendance in those programs for the 1979–80 and 1980–81 fiscal years.

(c) For all other programs operated by the county superintendent of schools, including, but not limited to, the programs identified in paragraphs ~~(1)(B)(2)~~ and ~~(1)(C)(3)~~ of subdivision (a), an amount shall be calculated equal to the appropriations made for those programs from the proceeds of taxes for the 1978–79 fiscal year, adjusted for the 1979–80 and 1980–81 fiscal years by the lesser of the change in cost of living or change in California per capita personal income for each year and by the percentage change in population, as defined by subdivision (d) of Section 7901, for all the districts in the county for the 1979–80 and 1980–81 fiscal years. The “percentage change in population” for the program identified in paragraph ~~(1)(C)(3)~~ of subdivision (a) shall be, for purposes of this subdivision, the percentage change in direct services average daily attendance as calculated pursuant to subdivision (a) of Section 2550 of the Education Code.

(d) The sum of the amounts calculated in subdivisions (b) and (c) shall be the appropriations limit for the county superintendent for the 1980–81 fiscal year.

(e) **(1)** For the 1981–82 fiscal year and each year thereafter, the appropriations limit for the prior year shall be adjusted by the appropriate average daily attendance and the lesser of the change in cost of living or California per capita personal income.

**(2) For 2017-18, the appropriations limit shall be determined as follows:**

**(A) The 2016-17 appropriations limit shall be divided into alternative education and other services components. The alternative education component shall be equal to the 2016-17**

**alternative education grant amount as described in paragraph (a)(2)(A). The other services amount shall be the remainder of the 2016-17 appropriations limit. (B) The components of the 2016-17 appropriations limit shall be adjusted by the appropriate average daily attendance and the lesser of the change in cost of living or California per capita personal income.**

(f) For the 1981–82 fiscal year through the 1987–88 fiscal year, state apportionments to county superintendents in excess of the amounts in subdivision (d) or (e) shall not be considered proceeds of taxes for a county superintendent of schools.

(g) For the 1988–89 fiscal year and each fiscal year thereafter, the state apportionments to county superintendents that shall be considered “proceeds of taxes” for a county superintendent of schools shall be equal to the lesser of the following:

(1) The total amount of state apportionments received for that fiscal year, excluding amounts paid for reimbursement of state mandates in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or of Section 17561 or for reimbursement of court or federal mandates imposed on or after November 6, 1979.

(2) The appropriations limit for the county superintendent for that fiscal year, less the sum of all of the following:

(A) Interest earned on the proceeds of taxes during the current fiscal year.

(B) The 50 percent of miscellaneous funds received during the current fiscal year that are from the proceeds of taxes.

(C) Locally voted taxes received during the current year, such as parcel taxes or square foot taxes, other than for voter-approved bonded debt.

(D) Any other local proceeds of taxes received during the current year, such as excess bond revenues transferred to a district’s general fund pursuant to Section 15234 of the Education Code.

(E) Local proceeds of taxes received during the current fiscal year which offset state aid.

(3) Amounts paid for court or federal mandates shall be excluded from the appropriations limit.

### **Discretionary Funding**

Section 17581.97 of Government Code is amended to read:

17581.97. (a) (1) For the 2018-19 fiscal year, the sum of one billion ~~four six hundred sixty-seven fifty-one million one-three~~ hundred ~~ninety-four fifty-seven~~ thousand dollars ~~(\$1,467,194,000)~~ **(\$1,651,357,000)** is hereby appropriated from the General Fund to the Superintendent of Public Instruction for allocation to school districts and county superintendents of schools in the manner, and for the purposes, set forth in this section.

(2) For purposes of this section, a school district includes a county office of education and a charter school.

(b) The Superintendent of Public Instruction shall allocate the funds, appropriated pursuant to paragraph (1) of subdivision (a) to school districts on the basis of an equal amount per unit of regular average daily attendance, as those average daily attendance numbers are reported at the time of the second principal apportionment for the 2017-18 fiscal year.

(c) (1) If a school district is required to repay claims disallowed under the federal School-Based Medi-Cal Administrative Activities or Local Educational Agency Medi-Cal Billing Option programs for state fiscal years 2009-10 through 2015-16, the Controller shall, upon notification from the Department of Finance, withhold the specified amounts owed by the applicable school district from the allocations made to those school districts pursuant subdivision (b) of this section.

(2) The Controller shall transfer the amounts withheld in paragraph (1) of subdivision (c) to the General Fund as reimbursement of the payments made by the state in 2017-18 and 2018-19 to the federal Centers for Medicare and Medicaid Services on behalf of those school districts.

(d) Allocations made pursuant subdivision (b) of this section less any amount withheld pursuant to subdivision (c) shall first satisfy any outstanding claims pursuant to Section 6 of Article XIII B of the California Constitution for reimbursement of state-mandated local program costs for any fiscal year. Notwithstanding Section 12419.5 and any amounts that are paid in satisfaction of outstanding claims for reimbursement of state-mandated local program costs, the Controller may audit any claim as allowed by law, and may recover any amount owed by school districts or community college districts pursuant to an audit only by reducing amounts owed by the state to school districts or community college districts for any other mandate claims. Under no circumstances shall a school district or community college district be required to remit funding back to the state to pay for disallowed costs identified by a Controller audit of claimed reimbursable state-mandated local program costs. The Controller shall not recover any amount owed by a school district or community college district pursuant to an audit of claimed reimbursable state-mandated local program costs by reducing any amount owed a school district or community college district for any purpose other than amounts owed for any other mandate claims. The Controller shall apply amounts received by each school district or community college district against any balances of unpaid claims for reimbursement of state-mandated local program costs and interest in chronological order beginning with the earliest claim. The Controller shall report to each school district and community college district the amounts of any claims and interest that are offset from funds provided pursuant to this section, and shall report a summary of the amounts offset for each mandate for each fiscal year to the Department of Finance and the fiscal committees of the Legislature.

(e) (1) The governing board of a school district may expend the one-time funds pursuant to this section for any purpose, as determined by the governing board of the school district.

(2) It is the intent of the Legislature that school districts shall prioritize the use of these one-time funds for professional development, induction for beginning teachers with a focus on relevant mentoring, instructional materials, technology infrastructure, employee benefits, and any other investments necessary to support implementation of the common core standards in English language arts and mathematics, the implementation of English language development standards, and the implementation of the Next Generation Science standards.

(f) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, ~~forty-two one hundred sixty-nine million seven hundred sixty-eight three hundred fifty-eight thousand dollars (\$42,768,000)~~ **\$169,358,000** of 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 2016-17 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 2016-17 fiscal year.

(g) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, ~~five hundred three six hundred sixty-nine million seven hundred eighty fifty-six thousand dollars (\$503,780,000)~~ **\$669,756,000** of 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 2017-18 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 2017-18 fiscal year.

(h) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, ~~nine hundred twenty eight hundred twelve million six two hundred forty-five three thousand dollars (\$920,645,000)~~ **\$812,243,000** of 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 2018-19 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 2018-19 fiscal year.

## Teacher Residency Program

Amend uncodified language as follows:

(a) For the 2018–19 fiscal year, the sum of fifty million dollars (\$50,000,000) is hereby appropriated from the General Fund to the Commission on Teacher Credentialing to establish the Teacher Residency Grant Program to provide one-time competitive grants to local educational agencies to develop new, or expand existing, teacher residency programs that recruit and support the preparation of special education teachers. This funding shall be available for encumbrance until June 30, 2023.

(b) The commission shall make one-time grants to local educational agencies or consortia of local educational agencies to establish new or expand existing teacher residency programs. Grant recipients shall work with one or more commission-accredited teacher preparation programs and may work with other community partners or nonprofit organizations to develop and implement programs of preparation and mentoring for resident teachers who will be supported through program funds and subsequently employed by the sponsoring local educational agency.

(c) Grants allocated pursuant to subdivision (b) shall be up to twenty thousand dollars (\$20,000) per teacher candidate in the residency program of the jurisdiction of the local educational agency or consortium, matched by that local educational agency or consortium on a dollar-for-dollar basis. Grant program funding shall be used for, but is not limited to, any of the following: teacher preparation costs, stipends for mentor teachers, stipends for teacher candidates, and mentoring and beginning teacher induction costs following initial preparation.

(d) A grant recipient shall not use more than 5 percent of a grant award for program administration costs.

(e) A grant recipient shall provide a 100-percent match of grant funding in the form of one or both of the following:

(1) One dollar (\$1) for every one dollar (\$1) of grant funding received that is to be used in a manner consistent with allowable grant activities pursuant to subdivision (c).

(2) An in-kind match of mentor teacher personnel costs or other personnel costs related to the Teacher Residency Grant Program.

(f) For purposes of this section, the following terms have the following meanings:

(1) “Teacher residency program” is a local educational agency-based program that partners with one or more teacher preparation programs accredited by the commission and in which a prospective teacher teaches at least one-half time alongside a teacher of record, who is designated as the experienced mentor teacher, for at least one full school year while engaging in initial preparation coursework.

(2) An “experienced mentor teacher” for purposes of the Teacher Residency Grant Program is an educator who meets all of the following requirements:

(A) Has at least three years of teaching experience and a clear education specialist credential authorizing instruction of special education pupils.

(B) Has a record of successful teaching as demonstrated, at a minimum, by satisfactory annual performance evaluations for the preceding three years.

(C) Receives specific training for the mentor teacher role, and engages in ongoing professional learning and networking with other mentors.

(D) Receives compensation, appropriate release time, or both, to serve as a mentor in the initial preparation or beginning teacher induction component of the teacher residency program.

(3) “Commission” means the Commission on Teacher Credentialing.

(g) Grant recipients shall do all of the following:

(1) Ensure that candidates are prepared to earn a preliminary teaching credential in special education upon completion of the program.

(2) Ensure that candidates are provided instruction in all of the following:

- (A) Teaching the content area or areas in which the teacher will become certified to teach.
- (B) Planning, curriculum development, and assessment.
- (C) Learning and child development.
- (D) Management of the classroom environment.
- (E) Use of culturally responsive practices, supports for language development, and supports for serving pupils with disabilities.
- (F) Professional responsibilities, including interaction with families and colleagues.
- (3) Provide each candidate mentoring and beginning teacher induction support following the completion of the initial credential program necessary to obtain a clear credential and ongoing professional development and networking opportunities during his or her first years of teaching.
- (4) Prepare candidates to teach in the same local educational agency in which they will work and learn the instructional initiatives and curriculum of the local educational agency.
- (5) Group teacher candidates in cohorts to facilitate professional collaboration among residents, and place candidates in teaching schools or professional development programs that are organized to support a high-quality teacher learning experience in a supportive work environment.
- (h) A grant applicant may consist of one or more, or any combination, of the following:
  - (1) School districts.
  - (2) County offices of education.
  - (3) Charter schools.
  - (4) Regional occupational centers or programs operated by a joint powers authority.
- (i) To receive a grant, an applicant shall submit an application to the commission at a time, in a manner, and containing information prescribed by the commission.
- (j) When selecting grant recipients, the commission shall do both of the following:
  - (1) Require applicants to demonstrate a need for special education teachers and to propose to establish a new, or expand an existing, teacher residency program that recruits, prepares, and supports teachers to teach special education in a school within the jurisdiction of the sponsoring local educational agency or consortium.
  - (2) Give priority consideration to grant applicants with one or more schools that exhibit one or more of the following characteristics:
    - (A) A school where 50 percent or more of the enrolled pupils are eligible for free and reduced-price meals.
    - (B) A school where at least 5 percent of the teachers are misassigned, as determined by the commission, or working on a short-term staffing permit, a short-term intern permit, or a waiver.
    - (C) A school that is located in either a rural location or a densely populated region.
    - (D) A school with a cumulative voluntary teacher attrition rate that exceeded 20 percent over the three preceding school years.
- (k) A candidate in a teacher residency program sponsored by a grant provided pursuant to subdivision (b) shall agree in writing to be placed as a teacher of record in a **special education classroom in a** school within the local educational agency or consortium of local educational agencies that sponsored the candidate for a period of at least four school years beginning with the school year that begins after the candidate successfully completes the initial year of preparation and obtains a preliminary teaching credential. A candidate who fails to earn a preliminary credential or complete the period of the placement shall reimburse the sponsoring local educational agency or consortium the amount of grant funding invested in the candidate's residency training. The amount to be reimbursed shall be adjusted proportionately to reflect the service provided if the candidate taught at least one year, but less than four years, at the sponsoring local educational agency or consortium.
- (l) If a candidate is unable to complete a school year of teaching, that school year may still be counted toward the required four complete and consecutive school years if any of the following occur:
  - (1) The candidate has completed at least one-half of the school year.

(2) The employer deems the candidate to have fulfilled his or her contractual requirements for the school year for the purposes of salary increases, probationary or permanent status, and retirement.

(3) The candidate was not able to teach due to the financial circumstances of the local educational agency, including a decision to not reelect the employee for the next succeeding school year.

(4) The candidate has a condition covered under the federal Family and Medical Leave Act of 1993 (29 U.S.C. Sec. 2061 et seq.) or similar state law.

(5) The candidate was called or ordered to active duty status for more than 30 days as a member of a reserve component of the Armed Forces of the United States.

(m) For purposes of administering the grant program pursuant to subdivision (b), the commission shall do all of the following:

(1) Determine the number of grants to be awarded and the total amount awarded to each grant applicant.

(2) Require grant recipients to submit program and expenditure reports, as specified by the commission, as a condition of receiving grant funds.

(3) Annually review each grant recipient's program and expenditure reports to determine if any candidate has failed to meet his or her commitment pursuant to subdivision (k).

(n) If the commission determines or is informed that a sponsored candidate failed to earn a preliminary credential or to meet his or her commitment to teach pursuant to subdivision (k), the commission shall confirm with the grant recipient the applicable ~~cost~~ grant amount to be recovered from the candidate and the grant recipient. The amount to be recovered shall be adjusted proportionately to reflect the service provided if the candidate taught at least one year, but less than four years, at the sponsoring local educational agency.

~~(o) The commission shall notify the State Department of Education to reduce the grant recipient's next principal apportionment by the amount of grant funding that the grant recipient may recover from the candidate. If the grant recipient is a consortium of local educational agencies or a ROCP, the State Department of Education shall reduce each agency's principal apportionment by a proportional amount based on each agency's average daily attendance as of the second principal apportionment for the preceding fiscal year.~~

(o) Upon confirming the amount to be recovered from the grant recipient pursuant to subdivision (n), the commission shall notify the grant recipient of the amount to be repaid within 60 days. The grant recipient shall have 60 days from the date of the notification to make the required repayment to the commission. If the grant recipient fails to make the required payment within 60 days, the commission shall notify the State Controller and the grant recipient of the failure to repay the amount owed. The State Controller shall deduct an amount equal to the amount owed to the commission from the grant recipient's next principal apportionment or apportionments of state funds, other than basic aid apportionments required by Section 6 of Article IX of the California Constitution. If the grant recipient is a regional occupational center or program or a program operated by a joint powers authority that does not receive principal apportionment or apportionments of state funds, or a consortia of local educational agencies, the commission shall notify the State Controller of the local educational agency where the candidate taught and the State Controller shall deduct the amount owed from the applicable local educational agency's next principal apportionment or apportionments of state funds, other than basic aid apportionments required by Section 6 of Article IX of the California Constitution.

(p) The amounts recovered by the commission and the State Controller shall be deposited into the Proposition 98 Reversion Account.

~~(q)~~ (q) Grant recipients may recover from a sponsored candidate who fails to earn a preliminary credential or to complete the period of placement the amount of grant funding invested in the candidate's residency training. The amount to be recovered shall be adjusted

proportionately to reflect the service provided if the candidate taught at least one year, but less than four years, at the sponsoring local educational agency or at a school within a consortium of local educational agencies.

(g) (r) Grant recipients shall not charge a teacher resident a fee to participate in the Teacher Residency Grant Program.

(f) (s) (1) The commission may allocate up to one million five hundred thousand dollars (\$1,500,000) of the amount appropriated pursuant to subdivision (a) to capacity grants that shall be awarded on a competitive basis to local educational agencies or consortia partnering with institutions of higher education to expand or create teacher residency programs that lead to more credentialed special education teachers.

(2) (A) The commission shall determine the number of capacity grants to be awarded and the amount of the applicable grants.

(B) Individual capacity grants shall not exceed seventy-five thousand dollars (\$75,000) per grant recipient.

(s) (t) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriation 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 2017–18 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 2017–18 fiscal year.

### **Fire-Related State Testing Exemption**

Add uncodified language as follows:

(New for May Revision)

Upon receipt of a waiver from the U.S. Department of Education for the 2017-18 school year, the Piner-Olivet Union School District, Santa Rosa Elementary School District, and Santa Rosa High School District shall not be required to administer the 2017-18 California Assessment of Student Performance and Progress System assessments pursuant to Section 60640.

### **Community Engagement Initiative**

Add uncodified language as follows:

(New for May Revision)

(a) The Legislature declares the following:

(1) Without capacity in California's public school system to conduct meaningful stakeholder engagement, especially as it relates to the local control and accountability plan development process, students, families, and communities may not be able to hold school districts accountable for decisions that affect student outcomes.

(2) The Statewide System of Support established pursuant to Section 52069.5 of the Education Code should include expertise and resources to help school districts improve in their ability to engage stakeholders meaningfully.

(b) The Community Engagement Initiative is hereby established for the purpose of:

(1) Building capacity in communities and school districts to have difficult conversations with each other and build trust, with a focus on improving outcomes for students;

(2) Identifying effective models of community engagement and metrics to evaluate those models;

(3) Developing effective peer-to-peer partnerships between school districts and county offices of education, utilizing the existing professional learning networks structure administered by the California Collaborative for Educational Excellence, to deepen community engagement using lessons learned from the work identified in paragraph (1) and the models identified in paragraph (2); and

(4) Scaling up the work identified in paragraphs (1), (2), and (3) to improve community engagement statewide and incorporate practices that prove effective towards school district and county office of education continuous improvement efforts.

(c) By November 1, 2018, the department and the California Collaborative for Educational Excellence, with approval from the executive director of the state board, shall select an expert lead, consistent with Section 52073.1 of the Education Code, to co-administer the Community Engagement Initiative with the California Collaborative for Educational Excellence. The lead agency selected for this work shall demonstrate a willingness and capacity to do all of the following:

(1) Develop and disseminate expertise in community engagement;

(2) Work collaboratively with the California Collaborative for Educational Excellence and a diverse group of education stakeholders;

(3) Communicate regularly with the department, the California Collaborative for Educational Excellence, and the lead agencies specified in Section 52073 of the Education Code through the formal process established pursuant to subparagraph (B) of paragraph (1) of Section 52073 of the Education Code;

(4) Document the outcomes of the activities authorized by this section through the duration of the Community Engagement Initiative and, in partnership with the California Collaborative for Educational Excellence and the Community Engagement Initiative participants, develop resources based on the experiences and conclusions of the Community Engagement Initiative participants from their specific contexts that are broadly applicable and actionable statewide; and,

(5) Play a leadership role in disseminating the information specified in paragraph (4) throughout the Statewide System of Support established pursuant to Section 52059.5 of the Education Code and serving as a resource to local educational agencies and community stakeholders in applying that information to their local context.

(d) By February 1, 2019, the California Collaborative for Educational Excellence and the lead agency selected pursuant to subdivision (c) shall solicit teams to participate in the Community Engagement Initiative. These teams shall each represent a different region of the state and shall include community members, school site staff, school district staff, and county office of education staff affiliated with a common single school district. These teams must be willing to:

(1) Participate in and co-facilitate a professional learning network for no less than three years;

(2) Engage in an open dialogue on issues related to improving local student outcomes; and,

(3) Partner with other communities and school districts on improving community engagement.

(e) The California Collaborative for Educational Excellence and the lead agency selected pursuant to subdivision (c) shall select four (4) to six (6) teams from the applicants solicited pursuant to subdivision (d), and by June 1, 2019, shall convene the first meeting of a professional learning network with those teams.

(f) The goals of the professional learning network established pursuant to subdivision (e) shall be all of the following:

(1) Deepen the community engagement of the school districts and communities participating in the professional learning network;

(2) Define common characteristics and best practices of communities where engagement between communities, students, schools, and school districts is strong;

(3) Identify and test metrics for measuring increases in community engagement;

(4) Develop a protocol for facilitating future professional learning networks to help other communities and school districts improve and deepen their interactions;

(5) Develop criteria for selecting other teams that would benefit from and be successful in improving community engagement; and,

(6) Create capacity within each team to co-facilitate a future community engagement professional learning network.

(g) For the 2020-21 and 2021-22 fiscal years, the California Collaborative for Educational Excellence and the lead agency selected pursuant to subdivision (c) shall convene five (5)



community engagement professional learning networks. Each of these professional learning networks shall be similar in composition as those described in subdivision (d). These teams must be willing to:

(1) Participate in the professional learning network for no less than two years;

(2) Engage in open dialogue on issues related to improving local student outcomes; and,

(3) Partner with other communities and school districts on improving community engagement.

(h) Each of the professional learning networks created pursuant to subdivision (g) shall include as a co-facilitator member(s) of a team that participated in the initial community engagement professional learning network established pursuant to subdivision (e).

(i) Each of the professional learning networks established pursuant to subdivision (g) shall:

(1) Deepen the community engagement of the school districts and communities participating in each professional learning network, including by engaging in the protocol developed pursuant to paragraph (4) of subdivision (f); and,

(2) Use the metrics developed pursuant to paragraph (3) of subdivision (f) to measure changes in community engagement in each of the participating communities and school districts.

(j) By January 1, 2021, and using funds provided for this purpose in the annual Budget Act, the California Collaborative for Educational Excellence shall develop and conduct a statewide training on community engagement based on the findings of the professional learning networks created pursuant to subdivisions (e) and (g). The California Collaborative for Educational Excellence shall periodically update this training, as needed, based on the findings of future community engagement professional learning networks, and is encouraged to feature this training in the future years using funds provided for purpose in the annual Budget Act.

(k) For the 2022-23 and 2023-24 fiscal years, the California Collaborative for Educational Excellence and the lead agency selected pursuant to subdivision (c) shall convene additional community engagement professional learning networks with the remaining funds available for that purpose. Each of these professional learning networks shall be similar in composition as those described in subdivision (d). These teams must be willing to:

(1) Participate in the professional learning network for no less than two years;

(2) Engage in open dialogue on issues related to improving local student outcomes; and,

(3) Partner with other communities and school districts on improving community engagement.

(l) To the extent possible, each of the professional learning networks created pursuant to subdivision (k) shall include as a co-facilitator members of a team that had previously participated in a community engagement professional learning network established pursuant to this section.

(m) Each of the professional learning networks established pursuant to subdivision (k) shall:

(1) Deepen the community engagement of the school districts and communities participating in each professional learning network, including by engaging in the protocol developed pursuant to paragraph (4) of subdivision (f), updated as appropriate by the lead agency selected pursuant to subdivision (c) based on feedback from the professional learning networks authorized by subdivision (g); and,

(2) Use the metrics developed pursuant to paragraph (3) of subdivision (f), updated as appropriate by the lead agency selected pursuant to subdivision (c) based on feedback from the professional learning networks authorized by subdivision (g), to measure changes in community engagement in each of the participating communities and school districts.

(n) By June 30, 2024, the California Collaborative for Educational Excellence and the lead agency selected pursuant to subdivision (c) shall submit a report to the Executive Director of the State Board of Education, the Superintendent of Public Instruction, the Executive Director of the California Collaborative of Educational Excellence, the superintendent of each of the lead agencies identified pursuant to Section 52073, and the chairs of each of education committees in the Legislature that includes all of the following:

(1) A description of best practices for improving community engagement identified by the professional learning networks established under the Community Engagement Initiative, and any changes in the understanding of best practices throughout the duration of the program;

(2) Using the metrics identified pursuant to paragraph (3) of subdivision (f) and additional metrics developed by subsequent professional learning networks an analysis of the impact of the work done by each team through the professional learning networks on their home communities and school districts; and,

(3) Feedback to improve the community engagement professional learning network protocol and metrics, and additional activities or resources that would assist in continued development of capacity within local educational agencies and local communities for conducting meaningful stakeholder engagement.

(o) The sum of thirteen million two hundred and seventy-four thousand (\$13,274,000) is hereby appropriated from the General Fund to the Superintendent of Public Instruction for allocation to the California Collaborative for Educational Excellence for the Community Engagement Initiative and pursuant to this section. The administrative agent of the California Collaborative of Educational Excellence, pursuant to policy and program direction from the governing board of the California Collaborative for Educational Excellence, shall develop the budget for the Community Engagement Initiative, subject to Department of Finance approval. Of the amount appropriated in this subdivision, six hundred and sixty thousand dollars (\$660,000) shall be allocated to the administrative agent of the California Collaborative for Educational Excellence for costs associated with administering this program. All funds appropriated pursuant to this subdivision shall be available for encumbrance until June 30, 2024.

(p) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriation made by subdivision (o) 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 2016-17 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 2016-17 fiscal year.

### **ELPAC and Alternative ELPAC Computer-Based Assessments**

Add uncodified language as follows:

(New for May Revision)

(a) For the 2016–17 fiscal year, the sum of twenty-seven million three hundred and seventy thousand dollars (\$27,370,000) is appropriated from the General Fund to the Department of Education for the development of a computer-based English Language Proficiency Assessment for California and a computer-based alternative English Language Proficiency Assessment for California for students with disabilities, to be available for the 2018–19, 2019–20, 2020–21, and 2021–22 fiscal years. The assessments developed pursuant to this section shall be developed as part of the California Assessment of Student Performance and Progress system.

(b) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriation 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 2016–17 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 2016–17 fiscal year.

### **Standardized Account Code Structure System Replacement Project**

Add uncodified language as follows:

(New for May Revision)

(a) For the 2018-19 fiscal year, the sum of seven hundred and sixteen thousand dollars (\$716,000) is hereby appropriated from the Educational Telecommunication Fund to the Superintendent of Public Instruction for the purposes set forth in subdivision (b).

(b). The Superintendent shall allocate the funds appropriated pursuant to subdivision (a) to a county office of education, as determined by the Department of Education, for the Standardized Account Code Structure system replacement project.

### **Improving School Climate**

(New for May Revision)

Add uncodified language as follows:

(a) The sum of fifteen million dollars (\$15,000,000) is hereby appropriated from the General Fund to the Superintendent of Public Instruction for transfer by the Controller to Section A of the State School Fund. The Superintendent of Public Instruction shall allocate these funds to the Orange County Department of Education in the manner, and for the purposes, set forth in this section.

(b) The Orange County Department of Education jointly with Butte County Office of Education, shall contract with a California institution of higher learning selected in consultation with the executive director of the State Board of Education, to expand the state's Multi-Tiered System of Support framework to foster positive school climate in both academic and behavioral areas, including but not limited to, positive behavior interventions and support, restorative justice, bullying prevention, social and emotional learning, trauma-informed practice, and cultural competency. The institution of higher learning shall be selected no later than August 1, 2018.

(c) The designated county offices of education and the selected institution of higher learning shall develop new evidence-based resources and activities, as well as develop and identify existing evidence-based resources, professional development activities, and other efforts currently available at the state, federal, and local levels, designed to help local educational agencies and charter schools across the state to create a positive school climate. The designated county offices of education shall encumber or expend the funds allocated pursuant to subdivision (a) by June 30, 2023.

(d) (1) Beginning in the 2018-19 fiscal year, the designated county offices of education and the selected institution of higher learning shall implement a pilot program to assist local educational agencies in creating a positive school climate. On or before December 1, 2018, the designated county offices of education and the selected institution of higher learning shall submit a plan for implementing the pilot program to the relevant policy and fiscal committees of the Legislature, the Director of Finance, and the Legislative Analyst's Office. At a minimum, the plan shall describe all of the following:

(A) The goals of the pilot program, including, but not limited to, fostering positive school climate, student-teacher relationships, student engagement, and discipline.

(B) The major implementation activities of the pilot program and the means for assessing whether the goals are met.

(C) An implementation timeline and a program budget, with anticipated expenditures and funding sources.

(D) The approach for aligning the major implementation activities of the pilot program with the Statewide System of Support authorized pursuant to Section 52059.5 of the Education Code, including the strategy for ensuring communication with county offices of education providing technical assistance pursuant to subdivision (c) of Section 52071 of the Education Code to any participating school district.

(2) The designated county offices of education and the selected institution of higher learning, with approval from the executive director of the state board, shall identify school districts for participation in the pilot that are in need of specialized training to improve school climate. In selecting districts, priority shall be given to those districts with a demonstrated need to improve school climate, as measured through the state and local indicators included on the California School Dashboard. Participation by a local educational agency in the pilot program is voluntary. Participants of the pilot will work with the designated county offices of education and the selected institution of higher learning to do all of the following:

(1) Explore evidence-based restorative models within California and across the country related to restorative educational approaches, developing the social and emotional literacy of educators and instructional strategies around student engagement to support deeper learning.

(2) Identify resources and curriculum that will enhance educators' cultural understanding of students and families, including issues of race, language, culture, and the role of implicit bias.

(3) Identify and promote common skills and competencies around relationship building and social and emotional learning for all education stakeholders.

(4) Develop and execute a local strategy for supporting classroom, department, and school training within their district on the implementation of restorative practices and strategies. Plans shall be revised as needed, as part of the continuous improvement process.

(e) In developing and identifying resources and activities pursuant to subdivision (c), the work of the designated county offices of education and the selected institution of higher learning shall be informed by the pilot created pursuant to subdivision (d). The designated county offices of education and the selected institution of higher learning shall employ strategies to maximize the availability, efficacy, and usage of resources and activities identified or developed and to build the capacity of all agencies charged with providing assistance within the Statewide System of Support authorized pursuant to Section 52059.5 of the Education Code, which may include the following:

(1) Collect and disseminate evidence-based best practices.

(2) Develop train-the-trainer models and online training modules.

(3) Offer regional conferences and workshops.

(4) Provide technical assistance to local educational agencies and charter schools.

(5) Develop a network of educators who can provide coaching and training to other local educational agencies and charter schools.

(6) Provide stipends for school personnel to attend training sessions.

(7) Develop evaluation tools to measure the effectiveness of evidence-based strategies.

(8) Provide competitive startup grants to help local educational agencies and charter schools implement the practices described in subdivision (c).

(9) Provide demonstration grants to local educational agencies and charter schools for the purpose of identifying, evaluating, learning about, or testing the feasibility of effective approaches, for the purposes of informing the other activities and resources developed pursuant to this subdivision.

(f) A local educational agency or charter school that receives a grant from the designated county offices of education, as described in paragraphs (8) and (9) of subdivision (e), shall, as a condition of receiving the grant, provide to the designated county offices of education any available outcome data resulting from the new practices implemented. Such outcome data may include, but is not limited to, changes in rates of suspension or expulsion, discipline referrals, referrals to special education, pupil attendance, incidents of bullying or harassment, graduation rates, dropout rates, and measures of pupil academic achievement.

(g) By September 30 of each fiscal year until the designated county offices of education have fully expended the funds allocated pursuant to subdivision (a), the designated county offices of education shall submit an annual report to the Superintendent of Public Instruction summarizing how the designated county offices of education used the funds in the prior fiscal year. The Superintendent of Public Instruction shall provide copies of these reports to the appropriate fiscal and policy committees of the Legislature, the Department of Finance, the State Board of Education, and the Legislative Analyst's Office. Each annual report shall include all of the following:

(1) A summary of the activities conducted and resources developed.

(2) The number of local educational agencies and charter schools, educators, and pupils served by the activities and resources.

(3) A description of effective evidence-based strategies identified for implementing the practices described in subdivision (c).

(4) A summary of any data that is available on outcomes resulting from the activities conducted, including any data reported by local educational agencies or charter schools pursuant to subdivision (f).

(5) Recommendations for improving state-level activities or policies.

(h) The Orange County Department of Education and the Butte County Office of Education may use up to seven hundred and fifty thousand dollars (\$750,000) in total to administer the grants and provide support to the grantees pursuant to Department of Finance approval of an expenditure plan and no sooner than 30 days after the notification in writing is provided to the Joint Legislative Budget Committee.

### **Special Education Redevelopment Agency Revenue Tax Backfill**

Amend uncodified language as follows:

(a) On or before June 30, 2019, an amount to be determined by the Director of Finance shall be appropriated from the General Fund to the Superintendent of Public Instruction in augmentation of Schedule (1) of Item 6100-161-0001 of Section 2.00 of the Budget Act of ~~2017~~ 2018.

(b) The funds appropriated in subdivision (a) shall only be available to the extent that revenues distributed to local educational agencies for special education programs pursuant to Sections 34177, 34179.5, 34179.6, and 34188 of the Health and Safety Code are less than the estimated amount reflected in the Budget Act of 2018, as determined by the Director of Finance.

(c) On or before June 30, 2019, the Director of Finance shall determine if the revenues distributed to local educational agencies for special education programs pursuant to Sections 34177, 34179.5, 34179.6, and 34188 of the Health and Safety Code exceed the estimated amount reflected in the Budget Act of 2018 and shall reduce Schedule (1) of Item 6100-161-0001 of Section 2.00 of the Budget Act of 2018 by the amount of that excess.

(d) In making the determinations pursuant to subdivisions (b) and (c), the Director of Finance shall consider any other local property tax revenues collected in excess or in deficit of the estimated amounts reflected in the Budget Act of 2018.

(e) The Director of Finance shall notify the Chairperson of the Joint Legislative Budget Committee, or his or her designee, of his or her intent to notify the Controller of the necessity to release funds appropriated in subdivision (a) or to make the reduction pursuant to subdivision (c), and the amount needed to address the property tax shortfall determined pursuant to subdivision (b) or the amount of the reduction made pursuant to subdivision (c). The Controller shall make the funds available pursuant to subdivision (a) not sooner than five days after this notification and the State Department of Education shall work with the Controller to allocate these funds to local educational agencies as soon as practicable.

(f) 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 2018–19 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 2018–19 fiscal year.