DEPARTMENT OF FINANCE
OFFICE OF THE DIRECTOR

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Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to and Addition of Various Budget Bill Items and Reimbursements, Support and Local Assistance, State Department of Education

Federal Funds Adjustments

Items 6110-001-0001 and 6110-001-0890, Support, State Department of Education (SDE), Federal Funds for Supplemental Instructional Materials for Mathematics (Issue 218)—It is requested that Item 6110-001-0890 be increased by $144,000 federal Title I funds and that Item 6110-001-0001 be amended to reflect the availability of one-time carryover for the SDE to complete a review of supplemental instructional materials for mathematics.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in this item, $144,000 is provided in one-time federal Title I carryover funds for the State Department of Education to complete its review of supplemental instructional materials for mathematics.

Item 6110-112-0890, Local Assistance, Public Charter Schools Grant Program (PCSGP) (Issue 442)—It is requested that this item be increased by $1,314,000 Federal Trust Fund to align to the available federal grant award for the PCSGP. The PCSGP awards planning and implementation grants up to $575,000 to new charter schools as well as grants to disseminate charter school best practices.

Item 6110-113-0890, Local Assistance, Federal Title VI Student Assessment Program (Issues 203, 246, and 247)—It is requested that Schedule (2) of this item be decreased by $18,000 to reflect a decrease of $2,036,000 in the available federal grant award and the availability of $2,018,000 in one-time carryover funds. Federal funds for state assessments are provided for costs associated with the development and administration of the Standardized Testing and Reporting program, the English Language Development Test, and the California High School Exit Exam.

It is further requested that provisional language be amended as follows to conform to this action:

"8. Of the funds appropriated in Schedule (2), ~~$2,060,000~~ $2,018,000 is provided in one-time federal carryover funds to support the existing program."

It is also requested that provisional language be added as follows to require expenditure of the funds in Schedule (2) for the Standardized Testing and Reporting program be contingent upon passage of legislation related to statewide assessments in fiscal year 2014-15. This language would ensure that future statewide assessments are fully vetted by the Legislature and Governor through the policy process. (See related Issue 246, Item 6110-113-0001.)

X. The funds appropriated in Schedule (2) shall not be expended until legislation is enacted in the 2013-14 legislative session to address the future of statewide assessments for 2014-15 and later years and shall be programmed in accordance with this legislation.

It is also requested that provisional language be added as follows to allow the SDE to use any savings identified within Schedule (3) of this item to continue developing a new English language proficiency assessment contingent upon approval of the State Board of Education (Board).

X. The State Department of Education, with approval of the State Board of Education, shall use any savings identified from the funds appropriated in Schedule (3) for activities related to the development of statewide English language proficiency initial screener and summative assessments aligned to the English language development standards adopted by the State Board of Education.

It is further requested that related trailer bill language be adopted, as proposed in the trailer bill language section of this letter.

Item 6110-119-0890, Local Assistance, Federal Title I Neglected and Delinquent Program (Issue 204)—It is requested that this item be decreased by $168,000 federal Title I, Part D, Neglected and Delinquent Program funds to align to the available federal grant award. This program provides supplemental instruction, including math and literacy activities, to children and youth in state institutions for juveniles and in adult correctional institutions to ensure that these youth make successful transitions to school or employment.

Item 6110-125-0890, Local Assistance, Migrant Education Program and English Language Acquisition Program (Issues 205 and 206)—It is requested that Schedule (1) of this item be increased by $1,924,000 federal Title I Migrant Education Program funds to reflect $2,196,000 in one-time carryover funds and a decrease of $272,000 to align to the federal grant award. Local educational agencies (LEAs) use these funds for educational support services to meet the needs of highly-mobile children.

It is also requested that Schedule (2) of this item be increased by $3,833,000 federal Title III English Language Acquisition funds to reflect available one-time carryover funds. LEAs use these funds for services to help students attain English proficiency and meet grade level academic standards. Of this amount, it is requested that $1.2 million be provided to LEAs who missed the application deadline for Title III subgrants but provided supplemental services to English learners and immigrant students in 2012-13.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in Schedule (1), $2,196,000 is provided in one-time federal Title I carryover funds to support the existing program.

X. Of the funds appropriated in Schedule (2), $3,833,000 is provided in one-time federal Title III carryover funds to support the existing program. Of this amount, $1,200,000 may be used for grants to local school districts for activities conducted in 2012-13.

Item 6110-134-0890, Local Assistance, Federal Title I Funds for School Improvement Grant Program (Issue 207)—It is requested that Schedule (3) of this item be increased by $614,000 federal Title I funds to reflect an increase in the federal grant award. SDE awards school improvement grants to LEAs with the persistently lowest-achieving Title I schools to implement evidence-based strategies for improving student achievement.

Item 6110-134-0890, Local Assistance, Federal Title I Basic Elementary and Secondary Education Act Program (Issue 208)—It is requested that Schedule (4) of this item be increased by $23,022,000 federal Title I funds for the Title I Basic Elementary and Secondary Education Act to reflect $3,298,000 in one-time carryover funds and an increase of $19,724,000 to align to the federal grant award. LEAs use these funds to support services that assist low-achieving students enrolled in the highest poverty schools.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in Schedule (4), $3,298,000 is provided in one-time federal Title I Basic Program carryover funds to support the existing program.

Item 6110-134-0890, Local Assistance, Federal Title I Set Aside Funds for LEA Corrective Action Program (Issue 243)—It is requested that Schedule (2) of this item be decreased by $33,529,000 federal Title I Set Aside funds to align to estimated program costs. It is also requested that Schedule (4) of this item be increased by $33,529,000 to provide additional funding to LEAs who may be facing reductions due to federal sequestration. The program provides funding for technical assistance to LEAs entering federal Corrective Action. Eighty-six LEAs are expected to be eligible for the program in the budget year, at a cost of approximately $31 million. The funding requested for the Corrective Action program is based on the Board's past practices.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in Schedule (4), $33,529,000 is provided in one-time Title I Set Aside funds for allocation to all Title I local educational agencies and schools using the state's standard distribution methodology for the federal Title I, Part A Basic Program.

Item 6110-136-0890, Local Assistance, McKinney-Vento Homeless Children Education Program (Issue 209)—It is requested that Schedule (1) of this item be increased by $376,000 federal Title I McKinney-Vento Homeless Children Education funds to reflect $396,000 in one-time carryover funds and a decrease of $20,000 to align to the federal grant award. LEAs use these funds to provide services to homeless children.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in Schedule (1), $396,000 is provided in one-time federal Title I funds to support the existing program.

Item 6110-137-0890, Local Assistance, Rural and Low-Income School Program (Issue 237)—It is requested that this item be increased by $38,000 federal Title VI, Part C,

Rural and Low-Income School Program funds to reflect $46,000 in one-time carryover funds and a decrease of $8,000 to align to the federal grant award. This program provides financial assistance to rural districts to help them meet federal accountability requirements and to conduct activities of the federal Elementary and Secondary Education Act program.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in this item, $46,000 is provided in one-time federal Title VI funds to support the existing program.

Item 6110-156-0890, Local Assistance, Adult Education Program (Issue 270)—It is requested that this item be increased by $8,644,000 federal Title II funds for the Adult Education Program to reflect $9.5 million in one-time carryover funds and a decrease of $856,000 to align to the federal grant award. This program provides resources to support the Adult Basic Education, English as a Second Language, and Adult Secondary Education programs.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in this item, $9,500,000 is provided in one-time carryover funds to support the existing program.

Item 6110-161-0890, Local Assistance, Special Education (Issue 794)—It is requested that this item be decreased by $4,747,000 in federal special education funds to align to the anticipated federal Individuals with Disabilities Education Act Part B grant award.

Item 6110-161-0890, Local Assistance, Special Education (Issue 793)—It is also requested that this item be increased by $4,708,000 to reflect one-time federal Individuals with Disabilities Education Act (IDEA) carryover funds. The Administration proposes to use the carryover funds for the following purposes: $840,000 for the IDEA Part B 611 grant; $1.8 million to restore the non-Proposition 98 reduction to the State Special Schools (see related Issue 774, Item 6110-005-0001); $1,374,000 for other state-level activities; $374,000 for the IDEA Part B 619 grant; and $320,000 for the State Personnel Development Grant.

It is also requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in Schedule (1), $840,000 in one-time federal Individuals with Disabilities Education Act (IDEA) carryover funds shall be available to support the existing program and to mitigate the impact of the sequester reduction to grants for local educational agencies.

X. Of the funds appropriated in Schedule (4), $1,800,000 in federal Individuals with Disabilities Education Act (IDEA) carryover funds shall be available for transfer to backfill a General Fund reduction to State Special Schools on a one-time basis.

X. Of the funds appropriated in Schedule (4), $1,374,000 in one-time federal Individuals with Disabilities Education Act (IDEA) carryover funds shall be available to support the existing program and to mitigate the impact of the sequester reduction to grants used for other state-level activities.

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X. Of the funds appropriated in Schedule (5), $374,000 in one-time federal Individuals with Disabilities Education Act (IDEA) carryover funds shall be available to support the existing program and to mitigate the impact of the sequester reduction to the Preschool Grant Program.

X. Of the funds appropriated in Schedule (6), $320,000 in one-time federal Individuals with Disabilities Education Act (IDEA) carryover funds shall be available to support the State Personnel Development Grant. This grant shall not be subject to the sequester reduction.

Item 6110-166-0890, Local Assistance, Vocational Education Program (Issue 271)—It is requested that this item be increased by $6,595,000 federal Title I funds for the Vocational Education Program to reflect $6,443,000 in one-time carryover funds and an increase of $152,000 to align to the federal grant award. This program develops the academic, vocational, and technical skill of students in high school, community colleges, and regional occupational centers and programs.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in this item, $6,443,000 is provided in one-time carryover funds to support the existing program.

Item 6110-183-0890, Local Assistance, Safe and Drug Free Schools Program (Issue 686)—It is requested that this item be increased by $17,000 Federal Trust Fund to reflect $444,000 in one-time carryover funds and a $427,000 decrease to align to the federal grant award. The Safe and Supportive Schools program supports statewide measurement of school climate and helps participating high schools improve conditions such as school safety, bullying, and substance abuse.

It is further requested that provisional language be added as follows to conform to this action:

2. Of the funds appropriated in this item, $444,000 is provided in one-time carryover funds to support the existing program.

Item 6110-193-0890, Local Assistance, Mathematics and Science Partnership Program (Issue 272)—It is requested that this item be increased by $2.5 million federal Title II funds to reflect one-time carryover funds. The Mathematics and Science Partnership Program provides competitive grants to partnerships of low-performing schools and institutions of higher education to provide staff development and curriculum support to mathematics and science teachers.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in this item, $2,500,000 is provided in one-time carryover funds to support the existing program.

Item 6110-195-0890, Local Assistance, Improving Teacher Quality (Issues 273 and 274)—It is requested that Schedule (1) of this item be increased by $1,010,000 federal Title II funds to reflect $369,000 in one-time carryover funds and an increase of $641,000 to align to the federal grant award. The Improving Teacher Quality Grant Program provides funds to LEAs on a formula basis for professional development activities focused on preparing, training, and recruiting highly-qualified teachers.

It is also requested that Schedule (2) of this item be increased by $235,000 federal Title II funds to reflect one-time carryover funds. The Improving Teacher Quality State Level Activities provides funds for the University of California Subject Matter Projects to provide statewide teacher professional development.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in Schedule (1), $369,000 is provided in one-time carryover for Improving Teacher Quality Local Grants. None of these funds shall be used for additional indirect administrative costs.

X. Of the funds appropriated in Schedule (2), $235,000 is provided in one-time carryover for transfer to the University of California and shall be used for Subject Matter Projects. None of these funds shall be used for additional indirect administrative costs.

Item 6110-201-0890, Local Assistance, Federal Child Nutrition Program (Issue 688)—It is requested that Schedule (1) of this item be increased by $372,700,000 Federal Trust Fund due to the anticipated increase in meals served through the Child Nutrition Program. Sponsors of this federal entitlement program include public and private nonprofit schools; local, municipal, county, or tribal governments; residential camps; and private nonprofit organizations.

Item 6110-240-0890, Local Assistance, Advanced Placement (AP) Fee Waiver Program (Issue 687)—It is requested that this item be increased by $1,554,000 Federal Trust Fund to align to the federal grant award. The AP Fee Waiver program reimburses school districts for specified costs of AP, International Baccalaureate, and Cambridge test fees paid on behalf of eligible students. These programs allow students to pursue college-level course work while still in secondary school.

General Fund and Other Adjustments

Item 6110-001-0001, Support, State Department of Education, One-Time Funds to Support the Instructional Quality Commission (Issue 242)—It is requested that Schedule (2) of this item be increased by $233,000 one-time General Fund to support activities of the Instructional Quality Commission (IQC) in 2013-14.

In August 2010, the Board adopted content standards in mathematics and English language arts based on the Common Core State Standards developed by national organizations. Since then the SDE and the Board have been authorized by statute to conduct specific activities related to the new standards. The IQC advises the Board on standards, curriculum frameworks, and instructional materials. In 2013-14, the IQC is required to complete reviews of curriculum frameworks for English language arts and mathematics. Although one-time funding is requested for the activities required of the IQC in 2013-14, the Department of Finance (Finance) will work with the SDE and the Board when developing the 2014-15 Governor's Budget to evaluate the funding needs of the IQC in 2014-15 and future years.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in this item, $233,000 is available in one-time funds to support activities of the Instructional Quality Commission for the 2013-14 fiscal year.

Item 6110-003-0001, Support, Standardized Account Code Structure System (Issue 601)—It is requested that Provision 2 of this item be amended to authorize Finance to augment this item to fund first-year Standardized Account Code Structure system replacement project costs should necessary project replacement costs materialize in 2013-14. The California Technology Agency (CTA) estimates system replacement will begin in April of 2014, subject to the selection of a vendor, the finalization of estimated project costs, the approval of a special project report by the CTA, and the approval of funding for the project by Finance.

Specifically, it is requested that Provision 2 be amended as follows to conform to this action:

"2. ~~The Department of Finance shall work with the State Department of Education to evaluate options for maintaining and enhancing the current Standardized Account Code Structure system utilizing existing resources.~~ Notwithstanding any other provision of law, the Department of Finance may augment this item to fund potential first-year Standardized Account Code Structure system replacement project costs, subject to approval of a special project report by the California Technology Agency and approval of funding for the project by the Department of Finance. Any augmentation shall be authorized no sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairpersons of the committees and appropriate subcommittees that consider the State Budget, and the Chairperson of the Joint Legislative Budget committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may determine."

Item 6110-005-0001, Support, Special Education (Issue 774)—It is requested that this item be amended by increasing reimbursements by $1.8 million to restore a reduction to State Special Schools with one-time federal Individuals with Disabilities Education Act carryover funds. (See related Issue 793, Item 6110-161-0890.)

Item 6110-113-0001, Local Assistance, Proposition 98 Student Assessment Program (Issues 244 and 246)—It is requested that Schedule (2) of this item be increased by $18,000 Proposition 98 General Fund to conform to the reduction in federal Title VI funds for student assessments. Because the student assessment program is funded by both Proposition 98 General Fund and federal Title VI funds, any reduction of federal funds results in the need for a comparable increase in Proposition 98 General Fund to maintain existing program levels.

It is also requested that provisional language be added as follows to require expenditure of the funds in Schedule (2) for the Standardized Testing and Reporting program be contingent upon passage of legislation related to statewide assessments in 2014-15. These actions would ensure that the future of statewide assessments is fully vetted by the Legislature and Governor through the policy process. (See related Issue 246, Item 6110-113-0890.)

X. The funds appropriated in Schedule (2) shall not be expended until legislation is enacted in the 2013-14 legislative session to address the future of statewide assessments for 2014-15 and thereafter and shall be programmed in accordance with this legislation.

Items 6110-139-8080, 6110-639-0001, and 6110-698-8080, Local Assistance, Proposition 39 (Issue 521)—It is requested that Item 6110-139-8080 be increased by $12.5 million Clean Energy Job Creation Fund to reflect increased projected revenues in 2013-14 tied to the corporate tax changes enacted by Proposition 39. It is further requested that non-Budget Act Items 6110-639-0001 and 6110-698-8080 be amended to conform to this action.

Proposition 39, passed by the voters in November 2012, provides a new source of revenue from shifting how corporate taxes are calculated for multistate businesses. Beginning in 2013-14 and ending in 2017-18, the measure requires half of the revenues generated from the corporate tax change be dedicated to energy efficiency related programs and projects. The Governor's Budget estimated revenues of $900 million in 2013-14, $450 million of which must be dedicated to energy efficiency. The Governor's Budget proposed to dedicate $400.5 million Proposition 98 General Fund to K-12 schools with the other $49.5 million going to community colleges. The May Revision estimates revenues of $928 million in 2013-14, $464 million of which must be dedicated to energy efficiency. The May Revision proposes to dedicate $413 million Proposition 98 General Fund to K-12 schools with the other $51 million going to community colleges (see corresponding Issue 150 in the California Community Colleges May Revision Letter). The May Revision proposes a change in the proposed allocation mechanism, described in the trailer bill language portion of this letter.

Items 6110-140-0001, 6110-140-0349, 6110-488, and 6110-602-0001, Local Assistance, Reappropriation for the California Student Information Services (CSIS), Educational Telecommunications Fund (ETF) and Proposition 98 (Issues 684 and 685)—It is requested that Item 6110-140-0349 be decreased by $48,000 ETF and that Schedule (2) of Item 6110-140-0001 be amended to align the appropriation to available funds for CSIS operations. This decrease in funding is a result of lower than expected apportionment-significant audit findings.

It is also requested that Provision 3 of Item 6110-488 be amended, as specified on Attachment I, and non-Budget Act Item 6110-602-0001 be increased to reappropriate $48,000 in one-time Proposition 98 General Fund savings for CSIS operations to offset the reduction in ETF in Item 6110-140-0001. This amount would be in addition to the one-time funding of $5,499,000 included in the Governor's Budget, for a total of $5,547,000.

It is further requested that provisional language in Item 6110-140-0001 be amended as follows to conform to this action:

"2. The funds appropriated in Schedule (2) and ~~$5,499,000~~ $5,547,000 reappropriated in Provision 3 of Item 6110-488 for a total of $5,808,000 shall be for allocation to the Fiscal Crisis and Management Assistance Team for California School Information Services (CSIS), pursuant to the memorandum of understanding with the California Department of Education in support of the California Longitudinal Pupil Achievement Data System (CALPADS)."

Item 6110-150-0001, Local Assistance, Proposition 98 American Indian Early Childhood Education Program (Issue 240)—It is requested that this item be decreased by $1,000 Proposition 98 General Fund to reflect the revised cost-of-living adjustment applied to the American Indian Early Childhood Education Program. This program provides competitive grants for programs that increase academic achievement and self-esteem for American Indian students in pre-kindergarten through grade four.

It is further requested that provisional language be amended as follows to conform to this action:

"1. Of the funds appropriated in this item, ~~$9,000~~ $8,000 is to reflect a cost-of-living adjustment."

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Item 6110-151-0001, Local Assistance, Proposition 98 American Indian Education Centers (Issue 241)—It is requested that this item be decreased by $3,000 Proposition 98 General Fund to reflect the revised cost-of-living adjustment applied to grants for the American Indian Education Centers.

It is further requested that provisional language be amended as follows to conform to this action:

"1. Of the funds appropriated in this item, ~~$65,000~~ $62,000 is to reflect a cost-of-living adjustment."

Item 6110-161-0001, Local Assistance, Special Education (Issue 783)—It is requested that this item be increased by $60,696,000 Proposition 98 General Fund to backfill the sequester reduction to the Individuals with Disabilities Education Act Part B and Part C grants. Specifically, it is requested that Schedule (1) be increased by $60,159,000 and Schedule (2) be increased by $537,000.

It is also requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in Schedule (1), $56,109,000, or an amount otherwise determined by the Department of Finance dependent on the federal grant amount received by the State Department of Education, shall be allocated in 2013-14 based on the federal Individuals with Disabilities Education Act allocation formula pursuant to Section 56837 of the Education Code to backfill the sequester reduction to local entitlements pursuant to Section 1411 of Title 20 of the United States Code.

X. Of the funds appropriated in Schedule (1), $2,511,000 or an amount otherwise determined by the Department of Finance dependent on the federal grant amount received by the State Department of Education, shall be allocated in 2013-14 based on the federal Individuals with Disabilities Education Act allocation formula pursuant to the funding methodology for the grants associated with Schedules (4) and (7) of Item 6110-161-0890 to backfill the sequester reduction to funding for other state-level activities pursuant to Section 1411(e)(2) of Title 20 of the United States Code.

X. Of the funds appropriated in Schedule (1), $1,539,000 or an amount otherwise determined by the Department of Finance dependent on the federal grant amount received by the State Department of Education, shall be allocated in 2013-14 based on the federal Individuals with Disabilities Education Act allocation formula pursuant to Section 56838 of the Education Code to backfill the sequester reduction for preschool grants pursuant to Section 1419 of Title 20 of the United States Code.

X. Of the funds appropriated in Schedule (2), $537,000 or an amount otherwise determined by the Department of Finance dependent on the federal grant amount received by the State Department of Education, shall be available to backfill the sequester reduction to funding for local educational agencies providing services for infants and toddlers with solely low incidence disabilities pursuant to Title 14 (commencing with Section 95000) of the Government Code.

Items 6110-161-0001, 6110-488, and 6110-602-0001, Local Assistance, Reappropriation for Special Education, Proposition 98 (Issues 009 and 784)— It is requested that Item 6110-161-0001 be decreased by $22,480,000 Proposition 98 General Fund.

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It is also requested that Provision 1 of Item 6110-488 be amended, as specified on Attachment I, and Item 6110-602-0001 be increased to reappropriate $29,305,000 in one-time Proposition 98 General Fund savings for special education activities to offset the reduction in ongoing funds to Item 6110-161-0001. This amount would be in addition to the one-time funding of $10,379,000 included in the Governor's Budget, for a total of $39,684,000. This action also corrects an under funding of $6,825,000 for special education in the Governor's Budget.

Item 6110-161-0001, Local Assistance, Special Education (Issues 785, 786, and 796)—It is requested that this item be decreased by $59,011,000 Proposition 98 General Fund. This adjustment includes a decrease of $59,931,000 to reflect increased offsetting property tax revenues; an increase of $3,778,000 to reflect growth in average daily attendance estimates; and a decrease of $2,858,000 to reflect a decrease in the cost-of-living adjustment.

It is further requested that Provisions 18, 19, and 20 of this item be amended as follows to conform to this action:

"18. The funds appropriated in this item reflect an adjustment to the base funding of ~~0.100~~ 0.203 percent for the annual adjustment in statewide average daily attendance.
19. Of the amount provided in Schedule (1), ~~$58,762,000~~ $55,971,000 is to reflect a cost-of-living adjustment.
20. Of the amount provided in Schedule (2), ~~$1,409,000~~ $1,342,000 is to reflect a cost-of-living adjustment."

Item 6110-161-0001, Local Assistance, Provisional Language to Consolidate the Regional Occupational Centers and Programs into a Low Incidence Block Grant (Issue 790)—It is requested that Provision 2 of this item be amended and Provision 4 of this item be deleted as follows to reflect the consolidation of regional occupational centers and programs into the funding for low incidence disabilities.

"2. Of the funds appropriated in Schedule (1), up to ~~$15,126,000~~ $17,226,000, shall be available ~~for the purchase, repair, and inventory maintenance of specialized books, materials, and equipment, and to provide specialized services to pupils with low incidence disabilities, as defined in Section 56026.5 of the Education Code~~ to provide special education and related services to students with low incidence disabilities pursuant to their individualized education program. The Superintendent of Public Instruction shall allocate these funds to special education local plan areas on an equal per pupil rate using the methodology specified in Section 56836.22 of the Education Code."

Item 6110-161-0001, Local Assistance, Provisional Language to Consolidate Extraordinary Cost Pools (Issue 791)—It is requested that Provisions 5 and 17 of this item be deleted and provisional language be added as follows to combine extraordinary cost pools associated with nonpublic, nonsectarian schools and educationally related mental health services.

X. Of the funds appropriated in Schedule (1), up to $6,000,000 shall be made available to the Superintendent of Public Instruction for extraordinary costs associated with single placements in nonpublic, nonsectarian schools, pursuant to Section 56836.21 of the Education Code; for costs associated with pupils residing in licensed children's institutes; and for costs associated with educationally related mental health services for necessary small special education local plan areas as defined in Section 56212 of the Education Code. This consolidated extraordinary cost pool shall be established in collaboration with the Superintendent of Public Instruction, the

Legislative Analyst, and the Department of Finance that assures coverage for educationally related mental health services during the transition related to Chapter 43, Statutes of 2011 (AB 114).

Item 6110-161-0001, Local Assistance, Update Statewide Target Rate for Special Education Funding Formula (Issue 792)—It is requested that this item be increased by $1,333,000 to update the statewide target rate to reflect the average special education local plan area base per-pupil rate at the 50th percentile after removing federal funds from the special education formula. It is also requested that trailer bill language be adopted to implement this change.

The Administration's proposed revisions to the Governor's Budget trailer bill legislation are included in Attachment II.

Item 6110-203-0001, Local Assistance, Proposition 98 Child Nutrition Program (Issue 680)—It is requested that this item be decreased by $105,000 Proposition 98 General Fund to reflect the revised cost-of-living adjustment applied to the per-meal reimbursement rates for the state child nutrition program at public school districts and Proposition 98-eligible child care centers and homes.

It is further requested that provisional language be amended as follows to conform to this action:

"5. Of the funds appropriated in this item, ~~$2,543,000~~ $2,438,000 is to reflect a cost-of-living adjustment."

Item 6110-203-0001, Local Assistance, Proposition 98 Child Nutrition Program (Issue 681)—It is requested that this item be increased by $1,163,000 Proposition 98 General Fund to reflect the revised estimate of meals served through the state child nutrition program at public school districts and Proposition 98-eligible child care centers and homes. The resulting appropriation would fully fund, at the specified rates, all meals projected to be served in 2013-14.

It is further requested that provisional language be amended as follows to conform to this action:

"6. The funds appropriated in this item reflect a growth adjustment of ~~-$2,494,000~~ -$1,331,000 due to a decrease in the projected number of meals served."

Item 6110-203-0001, Local Assistance, Proposition 98 Child Nutrition Program (Issue 682)—It is requested that provisional language be amended to reflect the reimbursement rates for meals served through the state child nutrition program at public school districts and Proposition 98-eligible child care centers and homes. The rate received by schools is currently specified in statute, which must be amended when a cost-of-living adjustment is provided. Trailer bill language proposed in the Governor's Budget would require that rates be referenced in Budget Bill language instead, where they will be updated to conform to the rates used to arrive at the appropriation for estimated meals to be served.

It is requested that provisional language be amended as follows to conform to this action:

"2. Funds designated for child nutrition programs in this item shall be allocated ~~in accordance with Section 49536 of the Education Code; however, the~~ using the following rates: $0.2229 per meal for meals served in schools and $0.1660 per meal for meals served in child care centers

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and homes. The allocation shall be based not on all meals served, but on the number of meals that are served and that qualify as free or reduced-price meals in accordance with Sections 49501, 49550, and 49552 of the Education Code."

Item 6110-488, 6110-602-0001, Local Assistance, Reappropriation for the Adults in Correctional Facilities Program, Proposition 98 (Issue 275)—It is requested that Provision 5 of Item 6110-488 be added, as specified on Attachment I, and non-Budget Act Item 6110-602-0001 be increased to reappropriate $14,967,000 in one-time Proposition 98 General Fund savings for the Adults in Correctional Facilities Program. Specifically, these funds are to reimburse program providers for 2012-13 activities related to services provided pursuant to Item 6110-158-0001, Budget Act of 2012.

Current Year Adjustments

Item 6110-601-0001, Local Assistance, School District Apportionments, Continuous Appropriation, Education Code Section 42238, 2012-13 Miscellaneous Adjustments and Local Property Tax Offset (Issues 640, 641, 643, and 644)—It is requested that this non-Budget Act item be increased by $1,725,002,000 Proposition 98 General Fund to reflect the following: (1) an increase of $42,690,000 in Public Employees' Retirement System offset costs and unemployment insurance reimbursements, (2) a decrease of $7,667,000 to reflect the deficit factor of 22.272 percent, (3) an increase of $87,313,000 to reflect revised offsetting local revenue adjustments, and (4) an increase of $1,602,666,000 to reflect revised current year budgetary deferral repayments.

Item 6110-601-0001, Local Assistance, School District Apportionments, Continuous Appropriation, Education Code Section 42238, Education Protection Account Adjustment (Issue 645)—It is requested that this non-Budget Act item be increased by $164,850,000 Proposition 98 General Fund to reflect revised Education Protection Account revenue estimates.

Item 6110-601-3207, Local Assistance, School District and County Office of Education Apportionments, Continuous Appropriation, Education Code Section 42238, Education Protection Account Adjustment (Issue 645)—It is requested that this non-Budget Act item be decreased by $189,570,000 Education Protection Account funds to reflect revised revenue estimates.

Item 6110-608-0001, Local Assistance, County Offices of Education Base Funding (Issues 094, 095, 096, 097, and 100)—It is requested that this non-Budget Act item be decreased by $9,187,000 Proposition 98 General Fund to reflect the following adjustments: (1) an increase of $1,167,000 to reflect base adjustments for revised growth in average daily attendance, (2) a decrease of $246,000 to reflect the application of a deficit factor of 22.549 percent to a revised base, (3) an increase of $584,000 in Public Employees Retirement System offset costs and unemployment insurance reimbursements, (4) a decrease of $35,412,000 to reflect revised offsetting local revenues, and (5) an increase of $24,720,000 to reflect revised offsetting Education Protection Account revenues.

Item 6110-610-0001, Local Assistance, School District Apportionments, Continuous Appropriation, Education Code Section 42238, Education Protection Account Adjustment (Issue 645)—It is requested that this non-Budget Act item be decreased by $189,570,000, Proposition 98 General Fund to reflect revised Education Protection Account revenue estimates.

Item 6110-662-0001, Local Assistance, Special Education Adjustment for Redevelopment Agency Property Tax Revenues (Issue 767)—It is requested that this non-Budget Act item be decreased by $45,719,000 to reflect an increase in redevelopment agency property tax revenues.

Item 6110-681-0001, Local Assistance, Proposition 98 General Fund, K-12 School Districts (Issue 010)—This non-Budget Act item is being eliminated to remove a reduction of $144,913,000 in K-12 Proposition 98 appropriations in 2012-13. At the Governor's Budget, the 2012-13 Proposition 98 Guarantee was over-appropriated by $162.8 million. This over-appropriation was used to pay down a portion of the settlement obligation incurred by the *CTA v. Schwarzenegger* lawsuit, codified by the Quality Education Investment Act. As a result of an increase in the 2012-13 Proposition 98 Guarantee at the May Revision, the Guarantee is no longer over-appropriated and this adjustment and the settlement payment will be made on its regular schedule.

Item 6110-698-3207, Local Assistance, School District Apportionments, Continuous Appropriation, Education Code Section 42238, Education Protection Account Adjustment (Issue 645)—It is requested that this non-Budget Act item be increased by $189,570,000 Education Protection Account funds to reflect revised revenue estimates.

Trailer Bill Language and Other Pending Legislation (see Attachment II)

English Language Proficiency Assessments—It is requested that trailer bill language be adopted to allow for the use of two separate assessments for determining English language proficiency, an initial screener, and an annual summative assessment. In addition, this language would allow the SDE to move the English language proficiency summative assessment window to the spring to meet the requirements of Chapter 634, Statutes of 2011 (SB 753) and continue to meet federal accountability requirements.

Proposition 98 Over Appropriation and Settle-Up Payments—To the extent the Proposition 98 appropriation levels in 2012-13 and 2013-14, exceed the amount required to fund the Proposition 98 minimum guarantee, the Administration proposes separate trailer bill legislation to count the amount of appropriations in excess of the required Proposition 98 Guarantee toward outstanding settle-up obligations. Payments would be first applied toward meeting the outstanding balance in the *CTA v. Schwarzenegger* settlement agreement.

Additionally, the May Revision proposes to eliminate the 2012-13 settlement payment of $162,824,000 proposed in the Governor's Budget. Trailer bill language will be amended to conform to this action.

Statewide Target Rate for Special Education Funding Formula—It is requested that trailer bill language be amended to reference the inflation factor and to update the statewide target rate.

Low Incidence Disabilities Block Grant—It is requested that trailer bill language be adopted to reflect the consolidation of low incidence disabilities funding.

Special Education Maintenance of Effort—It is requested that trailer bill language be adopted to specify that $45,618,000 provided in the 2011 Budget Act fully funds the maintenance of effort for 2008-09 in the amount of $8,954,000, and fully funds the maintenance of effort for 2009-10 in the amount of $36,664,000.

Changes to K-12 Mandates Block Grant—The 2012 Budget Act created a mandates block grant to provide reimbursements to school districts, county offices of education, and charter schools for the costs of performing nearly all state mandates. The Administration proposes trailer bill language to do all of the following: (1) include the Pupil Expulsions II, Pupil Suspensions II, and Educational Services Plan for Expelled Pupils program and activities associated with the existing Oral Health Assessments program as mandates supported by the K-12 mandates block grant; (2) change the deadline by which school districts, county offices of education and charter schools are required to submit letters to participate in the block grant to August 30 (from September 30 under existing law); and (3) change the deadline by which the SDE is required to submit a report about block grant participation to November 1 of the fiscal year in which funding is apportioned (from September 9 of the following year). The Administration's intent is to include all active mandates in the block grant. Furthermore, changing these deadlines could allow local agencies to receive block grant funding sooner and would allow the Administration and the Legislature to consider block grant participation as part of the budget process.

Provide Funding to Implement the Common Core Standards—In August 2010, the Board revised the state's existing academic standards in English language arts and mathematics to align with the Common Core State Standards developed by the National Governors Association and the Council of Chief State School Officers. The Administration proposes to appropriate $1 billion Proposition 98 General Fund to local educational agencies in 2012-13 for professional development, instructional materials, and technology necessary to implement these standards. Funding would be apportioned on the basis of average daily attendance to school districts, county offices of education, and charter schools.

Proposition 39 Minimum School District Grant Amount—The Administration proposes to revise the Governor's Budget trailer bill legislation related to the allocation of clean energy funding to K-12 local education agencies to support energy efficiency projects consistent with Proposition 39.

To address concerns raised with the Governor's Budget proposed average daily attendance allotments to small LEAs, the May Revision proposes to implement a minimum grant amount of $50,000 and $15,000 for small and exceptionally small LEAs respectively. Specifically, LEAs with an average daily attendance of less than 200 would receive $15,000, and all other LEAs would receive either their proportion average daily attendance-based award amount or $50,000, whichever is greater.

The effect of my requested action is reflected on the attachment.

MAY 14 2013

If you have any questions or need additional information regarding this matter, please call Ed Hanson, Principal Program Budget Analyst, at (916) 445-0328.

ANA J. MATOSANTOS
Director
By:

/s/ Michael Cohen

MICHAEL COHEN
Chief Deputy Director

Attachment

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Bill Emmerson, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mike Gatto, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Marty Block, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Susan Bonilla, Chair, Assembly Budget Subcommittee No. 2
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Honorable Tom Torlakson, Superintendent of Public Instruction, Department of Education
Ms. Jeannie Oropeza, Deputy Superintendent, Department of Education
Ms. Roxanne Eres, Fiscal and Administrative Services Director, Department of Education

Attachment I

Proposed Amendments to Budget Bill Item 6110-488

The Governor's Budget proposed a number of changes to Item 6110-488 to update available unexpended balances from various programs and reappropriate those balances for specific expenditures. The May Revision proposes the following changes to that section. Incremental changes to the Governor's Budget proposal are highlighted in bold font.

"6110-488—Reappropriation, Department of Education. Notwithstanding any other provision of law, the balances from the following items are available for reappropriation for the purposes specified in Provisions 1 to 4 5, inclusive:
0001—General Fund

(1) ~~$4,116,000~~ **$19,966,000** or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Preschool Education and Child Care Services in Schedules (1) and (1.5) of Item 6110-196-0001 of the Budget Act of 2010 (Ch. 712, Stats. 2010).
(2) $931,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Home to School Transportation in Item 6110-111-0001 of the Budget Act of 2010 (Ch. 712, Stats. 2010).
(3) $7,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Educational Services for Foster Youth in Item 6110-119-0001 of the Budget Act of 2010 (Ch. 712, Stats. 2010).
(4) ~~$307,000~~ **$333,000** or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Special Education Program for Exceptional Children in Schedule (1) of Item 6110-161-0001 of the Budget Act of 2010 (Ch. 712, Stats. 2010).
(5) $35,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Agricultural Career Technical Education Incentive Program in Item 6110-167-0001 of the Budget Act of 2010 (Ch. 712, Stats. 2010).
(6) ~~$500,000~~ **$900,000** or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Child Nutrition Programs in Item 6110-203-0001 of the Budget Act of 2010 (Ch. 712, Stats. 2010).
(7) ~~$20,000~~ **$357,000** or whatever greater or lesser amount of the unexpended balance of the amount reappropriated for categorical funding for charter schools commencing operations during or after the 2008-09 fiscal year, pursuant to Section 42606 of the Education Code, in Item 6110-488, Provision (2) of the Budget Act of 2010 (Ch. 712, Stats. 2010).
(8) ~~$19,000~~ **$168,000** or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Quality Improvement Education Act in the 2010-11 fiscal year pursuant to Section 52055.770 of the Education Code.
(9) $1,152,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the After School Education and Safety Program in the 2010-11 fiscal year pursuant to Section 8483.5 of the Education Code.
(10) ~~$510,000~~ **$15,834,000** or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Special Education Program for Exceptional Children in Schedule (1) of Item 6110-161-0001 of the Budget Act of 2011 (Ch. 33, Stats. 2011).
(11) $4,700,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Child Nutrition Programs in Item 6110-203-0001 of the Budget Act of 2011 (Ch. 33, Stats. 2011).
(12) $552,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Categorical Programs for New Schools, pursuant to Section 42606 of the Education Code, in Item 6110-212-0001 of the Budget Act of 2011 (Ch. 33, Stats. 2011).

(13) ~~$24,000~~ **$80,000** or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Child Nutrition School Breakfast and Summer Food Service Program grants in Item 6110-201-0001 of the Budget Act of 2011 (Ch. 33, Stats. 2011).

(14) ~~$238,000~~ **$326,000** or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Quality Improvement Education Act in the 2011-12 fiscal year pursuant to Section 52055.770 of the Education Code.

(15) ~~$1,093,000~~ **$2,411,000** or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the After School Education and Safety Program in the 2011-12 fiscal year pursuant to Section 8483.5 of the Education Code.

(16) $3,000,000 or whatever greater or lesser amount of the unexpended balance of the amount reappropriated for the California English Language Development Test in Item 6110-488, Provision (7) of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012).

(X) $7,731,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for home to school transportation in Item 6110-650-0001, pursuant to Section 5, subdivision (f), of Chapter 3 of the 2009-10 Fourth Extraordinary Session, as amended by Chapter 31 of the 2009-10 Third Extraordinary Session.

(X) $7,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for special education instruction in Item 6110-161-0001, pursuant to Section 5 of Chapter 3 of the 2009-10 Fourth Extraordinary Session, as amended by Chapter 31 of the 2009-10 Third Extraordinary Session.

(X) $78,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for California Partnership Academies in Item 6110-166-0001 of the Budget Act of 2010 (Ch. 712, Stats. 2010).

(X) $335,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for supplemental school counseling in Item 6110-108-0001 of the Budget Act of 2012 (Ch. 21, Stats. 2012).

(X) $200,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Special Education Programs for Exceptional Children in Schedule (1) of Item 6110-161-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012).

(X) $13,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Staff Development: Teacher Improvement, Teacher Incentives National Board Certifications in Item 6110-195-0001 of the Budget Act of 2012 (Ch. 21, Stats. 2012).

(X) $13,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Preschool Education and Child Care Services in Schedules (1) and (1.5) of Item 6110-196-0001 of the Budget Act of 2008 (Chs. 268 and 269, Stats. 2008).

(X) $386,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the California High School Exit Exam Assistance program in Item 6110-204-0001 of the Budget Act of 2012 (Ch. 21, Stats. 2012).

(X) $32,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for English language tutoring in Item 6110-227-0001 of the Budget Act of 2012 (Ch. 21, Stats. 2012).

(X) $147,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Physical Education Teacher Incentive Grants in Item 6110-260-0001 of the Budget Act of 2012 (Ch. 21, Stats. 2012).

(X) $517,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Arts and Music Block Grants in Item 6110-265-0001 of the Budget Act of 2012 (Ch. 21, Stats. 2012).

(X) $24,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Certificated Staff Mentoring program in Item 6110-267-0001 of the Budget Act of 2012 (Ch. 21, Stats. 2012).

(X) $788,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for home to school transportation in Item 6110-111-0001 of the Budget Act of 2011 (Ch. 33, Stats. 2011).

(X) $37,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Green California Partnership Academies in Item 6110-166-0001 of the Budget Act of 2011 (Ch. 33, Stats. 2011).

(X) $16,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for child nutrition programs in Item 6110-201-0001 of the Budget Act of 2010 (Ch. 712, Stats. 2010).

(X) $448,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for class size reduction in Item 6110-234-0001, pursuant to Section 38 of Chapter 12 of the 2009-10 Third Extraordinary Session, as amended by Section 35 of Chapter 724 of the Statutes of 2010.

Provisions:

1. The sum of ~~$10,379,000~~ **$39,684,000** is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction for apportionment for special education programs pursuant to Part 30 (commencing with Section 56000) of Division 4 of Title 2 of the Education Code.
2. The sum of $499,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction to support California School Information Services activities authorized pursuant to Schedule (1) of Item 6110-140-0001.
3. The sum of ~~$5,499,000~~ **$5,547,000** is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction to support California School Information Services activities authorized pursuant to Schedule (2) of Item 6110-140-0001.
4. The sum of $827,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction to local educational agencies for activities authorized pursuant to Schedule (3) of Item 6110-140-0001.
5. **The sum of $14,967,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction for apportionment to reimburse the 2012-13 Adults in Correctional Facilities Program activities authorized pursuant to Item 6110-158-0001 of the Budget Act of 2012 (Ch. 21, Stats. 2012)."**

Proposed Trailer Bill

English Language Proficiency Assessments (New for May Revision)

Section 313 of the Education Code is amended to read:

313. (a) Each school district that has one or more pupils who are English learners and, to the extent required by federal law, each county office of education and each charter school shall assess the English language development of each pupil in order to determine the level of proficiency for purposes of this chapter.
(b) The department, with the approval of the state board, shall establish procedures for conducting the assessment required pursuant to subdivision (a) and for the reclassification of a pupil from English learner to English proficient.
(c) Commencing with the 2000–01 school year until subdivision (d) is implemented, the assessment shall be conducted upon initial enrollment, and annually, thereafter, during a period of time determined by the Superintendent and the state board. The annual assessments shall continue until the pupil is redesignated as English proficient. The assessment shall primarily utilize the English language development test identified or developed by the Superintendent pursuant to Chapter 7 (commencing with Section 60810) of Part 33 of Division 4 of Title 2.
(d) (1) This subdivision shall not be implemented unless and until the department receives written documentation from the United States Department of Education that federal law permits the implementation of the changes set forth in this subdivision or until the 2013–14 school year, whichever occurs later.
(2) The summative assessment shall be conducted annually during a four-month window after January 1 determined by the Superintendent with the approval of the state board ~~period that commences on the day upon which 55 percent of the instructional year is completed through July 1 of that calendar year~~. Annual assessments shall continue until the pupil is redesignated as English proficient. The annual assessment shall primarily utilize the English language development ~~test~~ assessment identified or developed by the Superintendent pursuant to Chapter 7 (commencing with Section 60810) of Part 33 of Division 4 of Title 2.
(3) The assessment for initial identification shall be conducted upon the initial enrollment of a pupil in order to provide information to be used to determine if the pupil is an English learner.
~~(A) If the initial enrollment of a pupil occurs on a date outside of the testing period identified pursuant to paragraph (1), the prior year's annual assessment for the grade in which the pupil is enrolling shall be used for this purpose.~~
~~(B) If the initial enrollment of a pupil occurs on a date within the testing period identified pursuant to paragraph (1), the initial assessment of the pupil shall be conducted as part of the annual assessment conducted pursuant to paragraph (1).~~
(4) Notwithstanding paragraph (1), a school district shall assess the English language development of a pupil pursuant to this section no more than one time per school year for each assessment purpose pursuant to Chapter 7 (commencing with Section 60810) of part 33 of Division 4 of Title 2.
(e) The assessments conducted pursuant to subdivision (d) shall be conducted in a manner consistent with federal statutes and regulations.
(f) The reclassification procedures developed by the department shall utilize multiple criteria in determining whether to reclassify a pupil as proficient in English, including, but not limited to, all of the following:

(1) Assessment of language proficiency using an objective assessment instrument, including, but not limited to, the English language development test that is developed or acquired pursuant to Section 60810.
(2) Teacher evaluation, including, but not limited to, a review of the pupil's curriculum mastery.
(3) Parental opinion and consultation.
(4) Comparison of the performance of the pupil in basic skills against an empirically established range of performance in basic skills based upon the performance of English proficient pupils of the same age, that demonstrates whether the pupil is sufficiently proficient in English to participate effectively in a curriculum designed for pupils of the same age whose native language is English.
(g) This section does not preclude a school district or county office of education from testing English learners more than once in a school year if the school district or county office of education chooses to do so.

Section 60810 of the Education Code is amended to read:

60810(a)(1). The Superintendent shall review existing ~~tests~~ assessments that assess the English language development of pupils whose primary language is a language other than English. The assessment for initial identification shall include, but not be limited to, an assessment in English listening and speaking skills. The annual summative assessments ~~tests~~ shall include, but not be limited to, an assessment of achievement of these pupils in English reading, speaking, listening, and ~~written~~ writing skills.
(2). If no suitable ~~test~~ assessment exists, the Superintendent shall explore the option of a collaborative effort with other states to develop a test or series of ~~tests~~ assessments and share ~~test~~ assessment development costs. If no suitable ~~test~~ assessment exists, the Superintendent, with approval of the state board, ~~may contract to~~ shall release a request for proposals for the development of a ~~test~~ assessment or series of ~~tests~~ assessments that meets the criteria of subdivisions (b) and (c) or may contract to modify an existing ~~test~~ assessment or series of ~~tests~~ assessments so that it will meet the requirements of subdivisions (b) and (c). The state board shall approve assessment blueprints, assessment performance descriptors, and performance-level cut scores based on standard settings.
(3) The Superintendent and the state board shall release a request for proposals for the development of the ~~test~~ assessment or series of ~~tests~~ assessments required by this subdivision. The state board shall select a contractor or contractors for the development of ~~test~~ assessment or series of ~~tests~~ assessments required by this subdivision, to be available for administration during the 2000–01 school year and future years.
(4) The Superintendent shall apportion funds appropriated to enable school districts to meet the requirements of subdivisions (d), (e) and (f). The state board shall establish the amount of funding to be apportioned per test administered, based on a review of the cost per ~~test~~ assessment for initial identification and annual summative assessment purposes.
(5) An adjustment to the amount of funding to be apportioned per ~~test~~ assessment is not valid without the approval of the Director of Finance. A request for approval of an adjustment to the amount of funding to be apportioned per ~~test~~ assessment shall be submitted in writing to the Director of Finance and the chairpersons of the fiscal committees of both houses of the Legislature with accompanying material justifying the proposed adjustment. The Director of Finance is authorized to approve only those adjustments related to activities required by statute. The Director of Finance shall approve or disapprove the amount within 30 days of receipt of the request and shall notify the chairpersons of the fiscal committees of both houses of the Legislature of the decision.
(b)(1). The annual summative assessment ~~test or series of tests~~ developed or acquired pursuant to subdivision (a) shall have sufficient range to assess pupils in ~~grades 2~~ kindergarten to grade 12, inclusive, in English listening, speaking, reading, and writing skills. Pupils in kindergarten and grade 1 shall be assessed in English listening and speaking, and, once an assessment is developed, early literacy skills. The early literacy assessment shall be

administered for a period of ~~three~~ four years beginning after the initial administration of the assessment or until July 1, ~~2012~~ 2014, whichever occurs first. Six months after the results of ~~the last-administered assessment~~ three administrations are collected, but no later than ~~January 1~~ June 30, 2013, the department shall report to the Legislature on the administration of the kindergarten and grade 1 early literacy assessment results, as well as on the administrative process, in order to determine whether reauthorization of the early literacy assessment is appropriate.

(2) In the development and administration of the assessment for pupils in kindergarten and grade 1, the department shall minimize any additional assessment time, to the extent possible. To the extent that it is technically possible, items that are used to assess listening and speaking shall be used to measure early literacy skills. The department shall ensure that the ~~test~~ assessment and procedures for its administration are age and developmentally appropriate. Age and developmentally appropriate procedures for administration may include, but are not limited to, one-on-one administration, a small group setting, and orally responding or circling a response to a question.

(3). The assessment for initial identification developed or acquired pursuant to subdivision (a) shall have sufficient range to determine if the pupil is an English learner.

(c) The initial identification and annual summative assessments ~~test or series of tests~~ shall meet all of the following requirements:

~~(1) Provide sufficient information about pupils at each grade level to determine levels of proficiency ranging from no English proficiency to fluent English proficiency with at least two intermediate levels.~~

(~~2~~1) Have psychometric properties of reliability and validity deemed adequate by technical experts.

(~~3~~2) Be capable of administration to pupils with any primary language other than English.

(~~4~~3) Be capable of administration by classroom teachers.

~~(5) Yield scores that allow comparison of the growth of a pupil over time, can be tied to readiness for various instructional options, and can be aggregated for use in the evaluation of program effectiveness.~~

(~~6~~4) Not discriminate on the basis of race, ethnicity, or gender.

(~~7~~5) Be aligned with the standards for English language development adopted by the state board pursuant to Section 60811.

(~~8~~6) Be age and developmentally appropriate for pupils.

(d). In addition, the annual assessment shall meet the following requirements:

(1) Provide sufficient information about pupils at each grade level to determine levels of proficiency ranging from no English proficiency to fluent English proficiency with at least two intermediate levels.

(2) Yield scores that allow comparison of the growth of a pupil over time, can be tied to readiness for various instructional options, and can be aggregated for use in the evaluation of program effectiveness.

(~~d~~e). The ~~test~~ assessment for initial identification shall be used ~~for the following purposes:~~ to identify pupils who are limited English proficient.

~~(1) To identify pupils who are limited English proficient.~~

(f). The annual summative assessment shall be used for the following purposes:

(~~2~~1) To determine the level of English language proficiency of pupils who are limited English proficient.

(~~3~~2) To assess the progress of limited-English-proficient pupils in acquiring the skills of listening, reading, speaking, and writing in English.

(~~e~~g) (1) A pupil in any of grades 3 to 12, inclusive, shall not be required to retake those portions of the ~~test~~ assessment that measure English language skills for which he or she has previously tested as advanced within each appropriate grade span, as determined by the department in accordance with paragraph (~~8~~6) of subdivision (c).

(2) Notwithstanding paragraph (1), a pupil in any of grades 10 to 12, inclusive, shall not be required to retake those portions of the ~~test~~ assessment that measure English language skills for which he or she has previously tested as early advanced or advanced.
(3) This subdivision shall not be implemented until the ~~test~~ assessment publisher's contract that is in effect on January 1, 2012, expires.
(4) This subdivision shall not be implemented unless and until the department receives written documentation from the United States Department of Education that implementation is permitted by federal law.

Principal Apportionment Deferrals

The Governor's Budget proposed deleting Section 14041.6 of the Education Code and replacing it with an alternative Section 14041.6 to specify changes to inter-year deferral repayments. The May Revision proposes the following changes to that section. Incremental changes to the Governor's Budget proposal are highlighted in bold font.

Section 14041.6 is added to the Education Code to read:

14041.6. (a) Notwithstanding subdivision (a) of Section 14041, or any other law, for the 2008-09 fiscal year warrants for the principal apportionments for the month of February in the amount of two billion dollars ($2,000,000,000) instead shall be drawn in July of the same calendar year pursuant to the certification made pursuant to Section 41339.
(b) Notwithstanding subdivision (a) of Section 14041, or any other law, for the 2009-10 fiscal year warrants for the principal apportionments for the month of February in the amount of two billion dollars ($2,000,000,000) instead shall be drawn in July of the same calendar year and warrants for the month of April in the amount of six hundred seventy-eight million six hundred eleven thousand dollars ($678,611,000) and for the month of May in the amount of one billion dollars ($1,000,000,000) instead shall be drawn in August pursuant to the certification made pursuant to Section 41339.
(c) Notwithstanding subdivision (a) of Section 14041, or any other law, for the 2010-11 fiscal year warrants for the principal apportionments for the month of February in the amount of two billion dollars ($2,000,000,000), for the month of April in the amount of four hundred nineteen million twenty thousand dollars ($419,020,000), for the month of May in the amount of eight hundred million dollars ($800,000,000), and for the month of June in the amount of five hundred million dollars ($500,000,000) instead shall be drawn in July of the same calendar year and warrants for the month of April in the amount of six hundred seventy-eight million six hundred eleven thousand dollars ($678,611,000) and for the month of May in the amount of one billion dollars ($1,000,000,000) instead shall be drawn in August pursuant to the certification made pursuant to Section 41339.
(d) Notwithstanding subdivision (a) of Section 14041, or any other law, for the 2011-12 fiscal year warrants for the principal apportionments for the month of February in the amount of two billion dollars ($2,000,000,000), for the month of April in the amount of four hundred nineteen million twenty thousand dollars ($419,020,000), for the month of May in the amount of eight hundred million dollars ($800,000,000), and for the month of June in the amount of five hundred million dollars ($500,000,000) instead shall be drawn in July of the same calendar year and warrants for the month of March in the amount of one billion three hundred million dollars ($1,300,000,000) and for the month of April in the amount of one billion four hundred forty-two million four hundred five thousand dollars ($1,442,405,000) for the month of April and for the month of May in the amount of one billion dollars ($1,000,000,000) instead shall be drawn in August pursuant to the certification made pursuant to Section 41339.
(e) Notwithstanding subdivision (a) of Section 14041, or any other law, for the 2012-13 fiscal year warrants for the principal apportionments for the month of February in the amount of five hundred thirty-one million seven hundred twenty thousand dollars ($531,720,000), for the month

of April in the amount of five hundred ninety-four million seven hundred forty eight thousand dollars ($594,748,000), for the month of May in the amount of one billion nine hundred seventy six million seven hundred one thousand dollars ($1,976,701,000), and for the month of June in the amount of five hundred million dollars ($500,000,000) instead shall be drawn in July of the same calendar year and warrants for the month of March in the amount of one billion twenty nine million four hundred ninety-three thousand dollars ($1,029,493,000) and for the month of April in the amount of seven hundred sixty-three million seven hundred ninety-four thousand dollars ($763,794,000) for the month of April instead shall be drawn in August pursuant to the certification made pursuant to Section 41339.

(f) Notwithstanding subdivision (a) of Section 14041, or any other law, commencing with the 2013-14 fiscal year warrants for the principal apportionments for the month of April in the amount of ~~three hundred ninety-three million nine hundred thirty nine thousand dollars ($390,939,000)~~ **four hundred sixty-one million fifty-four thousand dollars ($461,054,000),** for the month of May in the amount of one billion nine hundred seventy six million seven hundred one thousand dollars ($1,976,701,000), and for the month of June in the amount of five hundred million dollars ($500,000,000) instead shall be drawn in July of the same calendar year ~~and warrants for the month of April in the amount of seven hundred sixty-three million seven hundred ninety-four thousand dollars ($763,794,000) for the month of April instead shall be drawn in August~~ pursuant to the certification made pursuant to Section 41339.

(g) Notwithstanding subdivision (a) of Section 14041 or any other law, commencing with the 2013-14 fiscal year, warrants for the principal apportionments for the month of May in the amount of two hundred million ($200,000,000) and for the month of June in the amount of six hundred ninety-nine million four hundred seventy-three thousand dollars ($699,473,000) instead shall be drawn in July of the same calendar year pursuant to the certification made pursuant to Section 41339. The Superintendent shall allocate this deferred amount and repayment to local educational agencies based on their proportionate share of funding appropriated to local educational agencies pursuant to Section 92 of Chapter 38 of the Statutes of 2012.

(h) Except as provided in subdivisions (c) and (e) of Section 41202, for purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the warrants drawn pursuant to subdivisions (a), (b), (c), and (d) shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202, for the fiscal year in which the warrants are drawn and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202, for the fiscal year in which the warrants are drawn.

(i) Notwithstanding subdivision (h), for purposes of making the computations required by Section 8 of Article XVI of the California Constitution, $1,602,666,000 of the warrants drawn in August of 2013 pursuant to subdivision (e) 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 2012-13 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 2012-13 fiscal year.

Proposition 98 Over Appropriation and Settle-Up Payments

The Governor's Budget proposed adding Section 41207.7 to the Education Code to deal with a specific over appropriation of the Proposition 98 Guarantee for the 2012-13 fiscal year and changes to settle up payment language in Section 52055.770. The May Revision proposes the following changes to those sections. Incremental changes to the Governor's Budget proposal are highlighted in bold font.

Section 41207.7 is added to the Education Code to read:

41207.7. (a) If the ~~Superintendent and the Director of Finance jointly determine that, for the 2012-13 fiscal year, the~~ state has applied moneys for the support of school districts and community college districts in an amount that exceeds the minimum amount required ~~for the 2012-13 fiscal year~~ pursuant to Section 8 of Article XVI of the California Constitution, the excess **amount~~, up to one hundred sixty-two million eight hundred twenty-four thousand dollars ($162,824,000)~~,** shall be deemed~~, as of June 30, 2013,~~ a payment ~~of the fiscal settlement agreed to by the parties in California Teachers Association, et al. v. Arnold Schwarzenegger (Case Number 05CS01165 of the Superior Court for the County of Sacramento) and Chapter 213 of the Statutes of 2004 for the 2004-05 and 2005-06 fiscal years, as determined in subdivision (a) or (b) of Section 41207.1.~~ **in satisfaction of any outstanding balance of the Proposition 98 minimum funding obligation in prior fiscal years in accordance with the following:**

(1) Amounts shall first be deemed payment of the outstanding balance of the fiscal settlement agreed to by the parties in California Teachers Association, et al. v. Arnold Schwarzenegger (Case Number 05CS01165 of the Superior Court for the County of Sacramento) and Chapter 213 of the Statutes of 2004 for the 2004-05 and 2005-06 fiscal years, as determined in subdivision (a) or (b) of Section 41207.1.

(2) Any amounts made that exceed the payment required in subdivision (a) (1) of this section shall next be applied to any remaining balance of the Proposition 98 minimum funding obligation in prior fiscal years.

(b) The amounts appropriated and allocated pursuant to this section shall be applied to the outstanding balance of the Proposition 98 minimum funding obligation in chronological order and shall be deemed, for purposes of Section 8 of Article XVI of the California Constitution, to be appropriations made and allocated in the fiscal year in which the deficiencies resulting in the outstanding balance were incurred.

(c) This section shall be operative in the 2012-13 fiscal year and subsequent years.

Section 52055.770 of the Education Code is amended to read:

52055.770. (a) School districts and chartering authorities shall receive funding at the following rate, on behalf of funded schools:

(1) For kindergarten and grades 1 to 3, inclusive, five hundred dollars ($500) per enrolled pupil in funded schools.

(2) For grades 4 to 8, inclusive, nine hundred dollars ($900) per enrolled pupil in funded schools.

(3) For grades 9 to 12, inclusive, one thousand dollars ($1,000) per enrolled pupil in funded schools.

(b) For purposes of subdivision (a), enrollment of a pupil in a funded school in the prior fiscal year shall be based on data from the CBEDS. For the 2007–08 fiscal year, the funded rates shall be reduced to reflect the percentage difference in the total amounts appropriated for purposes of this section in that year compared to the amounts appropriated for purposes of this section in the 2008–09 fiscal year.

(c) The following amounts are hereby appropriated from the General Fund for the purposes set forth in subdivision (g):

(1) For the 2007–08 fiscal year, three hundred million dollars ($300,000,000), to be allocated as follows:

(A) Thirty-two million dollars ($32,000,000) for transfer by the Controller to Section B of the State School Fund for allocation by the Chancellor of the California Community Colleges to community colleges for the purpose of providing funding to the community colleges to improve and expand career technical education in public secondary education and lower division public

higher education pursuant to Section 88532, including the hiring of additional faculty to expand the number of career technical education programs and course offerings.
(B) Two hundred sixty-eight million dollars ($268,000,000) for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent pursuant to this article.
(2) For each of the ~~2008–09, 2011–12, and 2014–15~~ 2008-09 and 2011-12 fiscal years, four hundred fifty million dollars ($450,000,000) per fiscal year, to be allocated as follows:
(A) Forty-eight million dollars ($48,000,000) for transfer by the Controller to Section B of the State School Fund for allocation by the Chancellor of the California Community Colleges to community colleges as required under subdivision (e) for the 2008–09 fiscal year, and under subdivision (f) for the 2011–12 and 2014–15 fiscal years.
(B) Four hundred two million dollars ($402,000,000) for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent pursuant to this article.
(3) For the 2009–10 fiscal year, thirty million dollars ($30,000,000), to be allocated for transfer by the Controller to Section B of the State School Fund for allocation by the Chancellor of the California Community Colleges to community colleges as required under subdivision (e).
(4) For the 2010–11 fiscal year, four hundred twenty million dollars ($420,000,000), to be allocated as follows:
(A) Eighteen million dollars ($18,000,000) for transfer by the Controller to Section B of the State School Fund for allocation by the Chancellor of the California Community Colleges to community colleges as required under subdivision (e).
(B) Four hundred two million dollars ($402,000,000) for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent pursuant to this article.
(5) For the 2014–15 fiscal year, the amount of the difference between the sum of amounts appropriated under paragraphs (1) through (4) of subdivision (c) of this section and Sections 41207.6 and 41207.7 **(a)(1)** , and the total fiscal settlement agreed to by the parties in California Teachers Association, et al. v. Arnold Schwarzenegger (Case Number 05CS01165 of the Superior Court for the County of Sacramento), to be allocated pursuant to subparagraphs (A) and (B) of this paragraph. The sum of all fiscal years of funding provided pursuant to this section and Sections 41207.6 and 41207.7 **(a)(1)** shall not exceed the total funds agreed to by those parties, in accordance with both of the following:
(A) Eleven percent for transfer by the Controller to Section B of the State School Fund for allocation by the Chancellor of the California Community Colleges to community colleges as required under subdivision (e).
(B) Eighty nine percent for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent pursuant to this article.
(6)~~(5)~~ Commencing with the 2010–11 fiscal year, payments made pursuant to this subdivision shall be made only on or after October 8 of each fiscal year.
(d) ~~For the 2014–15 fiscal year, the amounts appropriated under subdivision (c) shall be adjusted to reflect the total fiscal settlement agreed to by the parties in California Teachers Association, et al. v. Arnold Schwarzenegger (Case Number 05CS01165 of the Superior Court for the County of Sacramento) and the sum of all fiscal years of funding provided pursuant to this section and Sections 41207.6 shall not exceed the total funds agreed to by those parties. This~~ The annual appropriation made under this section shall continue to be made until the Director of Finance reports to the Legislature, along with all proposed adjustments to the Governor's Budget pursuant to Section 13308 of the Government Code, that the sum of appropriations made and allocated pursuant to subdivision (c) equals the total outstanding balance of the minimum state educational funding obligation to school districts and community college districts required by Section 8 of Article XVI of the California Constitution and Chapter 213 of the Statutes of 2004 for the 2004–05 and 2005–06 fiscal years, as determined in subdivision (a) or (b) of Section 41207.1.
(e) The sum transferred under subparagraph (A) of paragraph (2) of subdivision (c) for the 2008–09 fiscal year shall be allocated by the Chancellor of the California Community Colleges as follows:

(1) Thirty-eight million dollars ($38,000,000) to the community colleges for the purpose of providing funding to the community colleges to improve and expand career technical education in public secondary education and lower division public higher education pursuant to Section 88532, including the hiring of additional faculty to expand the number of career technical education programs and course offerings.
(2) Ten million dollars ($10,000,000) to the community colleges for the purpose of providing one-time block grants to community college districts to be used for one-time items of expenditure, including, but not limited to, the following purposes:
(A) Physical plant, scheduled maintenance, deferred maintenance, and special repairs.
(B) Instructional materials and support.
(C) Instructional equipment, including equipment related to career technical education, with priority for nursing program equipment.
(D) Library materials.
(E) Technology infrastructure.
(F) Hazardous substances abatement, cleanup, and repair.
(G) Architectural barrier removal.
(H) State-mandated local programs.
(3) The Chancellor of the California Community Colleges shall allocate the amount allocated pursuant to paragraph (2) to community college districts on an equal amount per actual full-time equivalent student (FTES) reported for the prior fiscal year, except that each community college district shall be allocated an amount not less than fifty thousand dollars ($50,000), and the equal amount per unit of FTES shall be computed accordingly.
(4) Funds allocated under paragraph (2) shall supplement and not supplant existing expenditures and may not be counted as the community college district contribution for physical plant projects and instructional material purchases funded in Item 6870-101-0001 of Section 2.00 of the annual Budget Act.
(f) For each of the 2011–12 and 2014–15 fiscal years, the sum transferred pursuant to subparagraph (A) of paragraph (2) and subparagraph (A) of paragraph (5) of subdivision (c) shall be allocated by the Chancellor of the California Community Colleges to the community colleges for the purpose of improving and expanding career technical education in public secondary education and lower division public higher education pursuant to Section 88532, including the hiring of additional faculty to expand the number of career technical education programs and course offerings.
(g) The appropriations made under subdivision (c) and the ~~amount~~ amounts specified in Sections 41207.6 and 41207.7 **(a)(1)** are for the purpose of discharging in full the minimum state educational funding obligation to school districts and community college districts pursuant to Section 8 of Article XVI of the California Constitution and Chapter 213 of the Statutes of 2004 for the 2004–05 fiscal year, and the outstanding maintenance factor for the 2005–06 fiscal year resulting from this additional payment of the Chapter 213 amount for the 2004–05 fiscal year.
(h) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, including computation of the state's minimum funding obligation to school districts and community college districts in subsequent fiscal years, the first one billion six hundred twenty million nine hundred twenty-eight thousand dollars ($1,620,928,000) in appropriations made pursuant to subdivision (c) and the amount specified in Sections 41207.6 and 41207.7 **(a)(1)** shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202 and "General Fund Revenues appropriated for community college districts," as defined in subdivision (d) of Section 41202, for the 2004–05 fiscal year and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202, for that fiscal year. The remaining appropriations made pursuant to subdivision (c) and the amount specified in Sections 41207.6 and 41207.7 **(a)(1)** shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202 and "General Fund revenues appropriated for community college districts," as defined in subdivision (d) of Section 41202, for

the 2005–06 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 XIIIB," as defined in subdivision (e) of Section 41202, for that fiscal year.
(i) From funds appropriated under subdivision (c), the Superintendent shall provide both of the following:
(1) Not more than two million dollars ($2,000,000) annually to county superintendents of schools to carry out the requirements of this article, allocated in a manner similar to that created to carry out the new duties of those superintendents under the settlement agreement in the case of Williams v. California (Super. Ct. San Francisco, No. CGC-00-312236).
(2) Five million dollars ($5,000,000) in the 2007–08 fiscal year to support regional assistance under Section 52055.730. It is the intent of the Legislature that the Superintendent and the president of the state board or his or her designee, along with county offices of education, seek foundational and other financial support to sustain and expand these services. Funds provided under this paragraph that are not expended in the 2007–08 fiscal year shall be reappropriated for use in subsequent fiscal years for the same purpose.
(j) Notwithstanding any other law, funds appropriated under subdivision (c) but not allocated to schools with kindergarten or grades 1 to 12, inclusive, in a fiscal year, due to program termination in any year or otherwise, shall be reappropriated in furtherance of the purposes of this article. First priority for those amounts shall be to provide cost-of-living increases and enrollment growth adjustments to funded schools.
(k) The sum of three hundred fifty thousand dollars ($350,000) is hereby appropriated from the General Fund to the department to fund 3.0 positions to implement this article. Funding provided under this subdivision is not part of funds provided pursuant to subdivision (c).

Statewide Target Rate for Special Education Funding Formula

The Governor's Budget proposed amending Sections 56836.08, 56836.10, and 56836.15 of the Education Code to reflect changes proposed to the Special Education program funding formula. The May Revision proposes the following changes to Sections 56836.08 and 56836.15 to the Governor's Budget and adds changes to Section 56836.11 of the Education Code to the Governor's proposal. Incremental changes to the Governor's Budget proposal are highlighted in bold font.

Section 56836.08 of the Education Code is amended to read:

56836.08. (a) For the 1998–99 fiscal year, the ~~superintendent~~ 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~~ 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 pursuant to subdivision (g) 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 the actual amount of the equalization adjustment, if any, computed for the special education local plan area for the fiscal year in which the computation is made pursuant to Section 56836.14 to the amount computed in paragraph (2).
(4) 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 (3).
(c) For the 1998–99 fiscal year ~~and each fiscal year thereafter~~ through the fiscal year 2012-13, the ~~superintendent~~ 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 ~~and each fiscal year thereafter~~ through the fiscal year 2012-13, 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 ~~and each fiscal year thereafter~~ through the 2012-13 fiscal year, the ~~superintendent~~ 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 and the amount determined pursuant to paragraph (e) of Section 56836.155 for the 1997–98 fiscal year that corresponds to the amount determined pursuant to paragraph (1) of subdivision (d) of Section 56836.155 by the inflation adjustment computed pursuant to Section 42238.1 for the 1998–99 fiscal year.
(2) For the 1999–2000 fiscal year ~~and each fiscal year thereafter~~ through the 2012-13 fiscal year, 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 and the amount determined pursuant to paragraph (1) of subdivision (d) of Section 56836.155 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 ~~the~~ 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 ~~and each fiscal year thereafter~~ through the 2012-13 fiscal year, the ~~superintendent~~ 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) For the 1998–99 fiscal year and each fiscal year thereafter to and including the 2002–03 fiscal year, the ~~superintendent~~ Superintendent shall perform the calculation set forth in Section 56836.155 to determine the adjusted entitlement for the incidence of disabilities for each special

education local plan area, but this amount shall not be used in the next fiscal year to determine the base amount of funding for each special education local plan area for the current fiscal year, except as specified in this article.

(f) Notwithstanding any other provision of 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).

(g) 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 ~~adjustment~~ **factor** computed pursuant to ~~paragraph (2) of subdivision (d) of~~ Section ~~42238.02 for the fiscal year in which the computation is made~~ **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 the 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 ~~adjustment~~ **factor** computed pursuant to ~~paragraph (2) of subdivision (d) of~~ Section ~~42238.02 for the fiscal year in which the computation is being made~~ **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.**

Section 56836.11 of the Education Code is amended to read: (New for May Revision)

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) Commencing with the 2005-06 fiscal year and each fiscal year thereafter, to determine the statewide target amount per unit of average daily attendance for special education local plan areas for the purpose of computing the incidence multiplier pursuant to Section 56836.155, the Superintendent shall add the statewide target amount per unit of average daily attendance computed for the prior fiscal year for this purpose to the amount computed in paragraph (2) of subdivision (d) or paragraph (2) of subdivision (e), as appropriate.
(d) 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 the 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).
(e) Commencing with the 2006-07 fiscal year ~~and each fiscal year thereafter~~ **to 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).
(f) For the 2013-14 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 subdivision (g) of Section 56836.08, and growth pursuant to subdivision (c) of Section 56836.15, as follows:
(1) Determine the amount of funding per unit of average daily attendance for each special education local plan area pursuant to subdivision (c) of Section 56836.10.
(2) Identify the amount of funding per unit of average daily attendance for the special education local plan area at the fiftieth percentile.
(3) Multiply the amount computed in paragraph (2) 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.
(4) Add the amounts computed in paragraphs (2) and (3).
(e) Commencing with the 2014-15 fiscal year and each fiscal year thereafter, 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 subdivision (g) 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 2013-14 fiscal year and each fiscal year thereafter.
(3) Add the amounts computed in paragraphs (1) and (2).

Section 56836.15 of the Education Code is amended to read:

56836.15. (a) In order to mitigate the effects of any declining enrollment, commencing in the 1998–99 fiscal year, and each fiscal year thereafter, the ~~superintendent~~ Superintendent shall calculate allocations to special education local plan areas based on the average daily attendance reported for the special education local plan area for the fiscal year in which the computation is made or the prior fiscal year, whichever is greater. However, the prior fiscal year average daily attendance reported for the special education local plan area shall be adjusted for any loss or gain of average daily attendance reported for the special education local plan area due to a reorganization or transfer of territory in the special education local plan area.
(b) For the 1998–99 fiscal year only, the prior year average daily attendance used in this section shall be the 1997–98 average daily attendance reported for the special education local plan area, exclusive of average daily attendance for absences excused pursuant to subdivision (b) of Section 46010, as that section read on July 1, 1996.
(c) If in the fiscal year for which the computation is made, the number of units of average daily attendance upon which allocations to the special education local plan area are based is greater than the number of units of average daily attendance upon which allocations to the special education local plan area were based in the prior fiscal year, the special education local plan area shall be allocated a growth adjustment equal to the product determined by multiplying the amounts determined under paragraphs (1) and (2).
(1) The statewide target amount per unit of average daily attendance for special education local plan areas determined pursuant to Section 56836.11, added to the amount determined in paragraph (1) of subdivision (d) of Section 56836.155.
(2) The difference between the number of units of average daily attendance upon which allocations to the special education local plan area are based for the fiscal year in which the computation is made and the number of units of average daily attendance upon which allocations to the special education local plan area were based for the prior fiscal year.
(d) If in the fiscal year for which the computation is made, the number of units of average daily attendance upon which allocations to the special education local plan area are based is less than the number of units of average daily attendance upon which allocations to the special education local plan area were based in the prior fiscal year, the special education local plan area shall receive a funding reduction equal to the product determined by multiplying the amounts determined under paragraphs (1) and (2):
(1) The amount of funding per unit of average daily attendance computed for the special education local plan area for the prior fiscal year. For the 2013-14 fiscal year only, the amount of funding per unit of average daily attendance computed for the special education local plan area for the 2013-14 fiscal year shall be used for this purpose.
(2) The difference between the number of units of average daily attendance upon which allocations to the special education local plan area are based for the fiscal year in which the computation is made and the number of units of average daily attendance upon which allocations to the special education local plan area were based for the prior fiscal year.

(e) If, in the fiscal year for which the computation is made, the number of units of average daily attendance upon which the allocations to 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 are based is greater than the number of units of average daily attendance upon which the allocations to that special education local plan area were based in the prior fiscal year, that special education local plan area shall be allocated a growth adjustment equal to the product determined by multiplying the amounts determined under paragraphs (1) and (2).
(1) 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 multiplied by one plus the inflation ~~adjustment~~ **factor** computed pursuant to ~~paragraph (2) of subdivision (d) of~~ Section ~~42238.1~~ **42238.02** **42238.1** ~~for the fiscal year in which the computation is being made~~ **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.** For the 2013-14 fiscal year only, the amount of funding per unit of average daily attendance computed for the special education local plan area for the 2013-14 fiscal year shall be used, and multiplied by one plus the inflation ~~adjustment~~ **factor** computed pursuant to ~~paragraph (2) of subdivision (d) of~~ Section ~~42238.02 for the fiscal year in which the computation is being made~~ **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) The difference between the number of units of average daily attendance upon which allocations to the special education local plan area are based for the fiscal year in which the computation is made and the number of units of average daily attendance upon which allocations to the special education local plan area were based for the prior fiscal year.

Low Incidence Disabilities Block Grant

The Governor's Budget proposed changes to the required uses of funds set aside for students with low incidence disabilities. The May Revision proposes additional changes to remove further restrictions on these funds. Incremental changes to the Governor's Budget proposal are highlighted in bold font.

Section 56836.22 of the Education Code is amended to read:

56836.22 (a) Commencing with the 1985–86 fiscal year, and for each fiscal year thereafter, funds to support ~~specialized books, materials, and equipment~~ **special education and related services** as required under the individualized education program for each pupil with low incidence disabilities, as defined in Section 56026.5, shall be determined by dividing the total number of pupils with low incidence disabilities in the state, as reported on December 1 of the prior fiscal year, into the annual appropriation provided for this purpose in the Budget Act.
(b) The per-pupil entitlement determined pursuant to subdivision (a) shall be multiplied by the number of pupils with low incidence disabilities in each special education local plan area to determine the total funds available for each local plan.
(c) The ~~superintendent~~ Superindendent shall apportion the amount determined pursuant to subdivision (b) to the special education local plan area for purposes of ~~purchasing and coordinating the use of specialized books, materials, and equipment, or to provide specialized services for pupils with low incidence disabilities~~ **providing special education and related services as required under the individualized education program for each pupil with low incidence disabilities**.
(d) ~~As a condition of receiving these funds, the~~ ~~The special education local plan area shall~~

~~ensure that the appropriate books, materials, and equipment are purchased, that the use of the equipment is coordinated as necessary, and that the books, materials, and equipment are reassigned to local educational agencies within the special education local plan area once the agency that originally received the books, materials, and equipment no longer needs them.~~
~~(e) It is the intent of the Legislature that special education local plan areas share unused specialized books, materials, and equipment with neighboring special education local plan areas.~~

Special Education Maintenance of Effort (New for May Revision)

Add uncodified language as follows:

Uncodified. Of the amount allocated in Schedule (1) of Item 6110-161-0001 of Section 2.00 of the Budget Act of 2011, eight million nine hundred fifty-four thousand dollars ($8,954,000) is provided to fully fund the 2008-09 maintenance of effort and thirty six million six hundred sixty-four thousand dollars ($36,664,000) is provided to fully fund the 2009-10 maintenance of effort in the special education program.

K-12 Mandates Block Grant

The Governor's Budget proposed changes to the K-12 Mandates Block to incorporate two additional mandated programs. The May Revision proposes additional changes to the structure of the block grant. Incremental changes to the Governor's Budget proposal are highlighted in bold font.

Section 17581.6 of the Government Code is amended to read:

17581.6. ~~(a) Commencing with the 2012-13 fiscal year, funds provided in Item 6110-296-0001 of Section 2.00 of the annual Budget Act shall be allocated as block grants to school districts, charter schools, and county offices of education to support all of the mandated programs described in subdivision (d).~~
(a) Funding apportioned pursuant to this section shall constitute reimbursement pursuant to Section 6 of Article XIII B of the California Constitution for the performance of any state mandates included in the statutes and executive orders identified in subsection (f).
(b) Any school district, county office of education, or charter school may elect to receive block grant funding pursuant to this section.
~~(b) (1) Notwithstanding any other law, each fiscal year a school district or county office of education may receive funding for the performance of the mandated activities listed in subdivision (d) either through the block grant established pursuant to this section or by claiming reimbursement pursuant to Section 17560. A school district or county office of education that claims reimbursement for any mandated activities pursuant to Section 17560 for mandated costs incurred during a fiscal year shall not be eligible for funding pursuant to this section for the same fiscal year.~~
~~(2)~~ **(c) (1)** A school district**,** ~~and~~ county office of education**, or charter school** that elects to receive block grant funding **pursuant to this section in a given fiscal year** ~~instead of seeking reimbursement pursuant to Section 17560 shall, and any charter school that elects to receive block grant funding~~ shall**,** submit a letter **requesting funding of intent** to the Superintendent of Public Instruction on or before ~~September~~ **August** 30 of ~~each~~ **that fiscal** year ~~requesting block grant funding pursuant to this section~~.

(2) The Superintendent of Public Instruction shall, **on November 15, 2013, apportion block grant funding appropriated pursuant to Item 6110-296-0001 of Section 2.00 of the annual Budget Act to all school districts, county offices of education, and charter schools that submitted letters requesting funding in that fiscal year according to the provisions of that item.** ~~distribute funding provided pursuant to subdivision (a) to school districts, charter schools, and county offices of education pursuant to the rates set forth in Item 6110-296-0001 of Section 2.00 of the annual Budget Act. Funding distributed pursuant to this section is in lieu of reimbursement pursuant to Section 6 of Article XIII B of the California Constitution for the performance of all activities specified in subdivision (d) as those activities pertain to school districts and county offices of education. A school district, county office of education, or charter school that submits a letter of intent and receives block grant funding pursuant to this section shall not also be eligible to submit a claim for reimbursement of costs incurred for a mandated program set forth in subdivision (d) for the fiscal year for which the block grant funding is received.~~

(3) A school district or county office of education that receives block grant funding pursuant to this section shall not be eligible to submit claims to the Controller for reimbursement pursuant to Section 17560 for any costs of any state mandates included in the statutes and executive orders identified in subsection (f) incurred in the same fiscal year during which the school district or county office of education received funding pursuant to this section.

(d) ~~**(c) Block grant funding provided to school districts, charter schools, and county offices of education**~~ **Block grant funding apportioned** pursuant to this section is subject to annual **financial and compliance** audits required by Section 41020 of the Education Code.

(e) ~~**(d) Block grant funding provided**~~ **Block grant funding apportioned** pursuant to this section ~~**to individual school districts, charter schools, and county offices of education**~~ is ~~**to support all of the following mandated programs**~~ **specifically intended to fund the costs of the following programs and activities**:

~~(1) Absentee Ballots (CSM 3713; Chapter 77 of the Statutes of 1978 and Chapter 1032 of the Statutes of 2002).~~

~~(2)~~ (1) Academic Performance Index (01-TC-22; Chapter 3 of the Statutes of 1999, First Extraordinary Session; and Chapter 695 of the Statutes of 2000).

~~(3)~~ (2) Agency Fee Arrangements (00-TC-17 and 01-TC-14; Chapter 893 of the Statutes of 2000 and Chapter 805 of the Statutes of 2001).

~~(4)~~ (3) AIDS Instruction and AIDS Prevention Instruction (CSM 4422, 99-TC-07, and 00-TC-01; Chapter 818 of the Statutes of 1991; and Chapter 403 of the Statutes of 1998).

(4) Behavioral Intervention Plans (CSM 4464).

(5) California State Teachers' Retirement System Service Credit (02-TC-19; Chapter 603 of the Statutes of 1994; Chapters 383, 634, and 680 of the Statutes of 1996; Chapter 838 of the Statutes of 1997; Chapter 965 of the Statutes of 1998; Chapter 939 of the Statutes of 1999; and Chapter 1021 of the Statutes of 2000).

(6) Caregiver Affidavits (CSM 4497; Chapter 98 of the Statutes of 1994).

(7) Charter Schools I, II, and III (CSM 4437, 99-TC-03, and 99-TC-14; Chapter 781 of the Statutes of 1992; Chapters 34 and 673 of the Statutes of 1998; Chapter 34 of the Statutes of 1998; and Chapter 78 of the Statutes of 1999).

(8) Child Abuse and Neglect Reporting (01-TC-21: Chapters 640 and 1459 of the Statutes of 1987; Chapter 132 of the Statutes of 1991; Chapter 459 of the Statutes of 1992; Chapter 311 of the Statutes of 1998; Chapter 916 of the Statutes of 2000; and Chapters 133 and 754 of the Statutes of 2001).

(9) Collective Bargaining (CSM 4425; Chapter 961 of the Statutes of 1975).

(10) Comprehensive School Safety Plans (98-TC-01 and 99-TC-10; Chapter 736 of the Statutes of 1997; Chapter 996 of the Statutes of 1999; and Chapter 828 of the Statutes of 2003).

(11) Consolidation of Annual Parent Notification/Schoolsite Discipline Rules/Alternative Schools (CSM 4488, CSM 4461, 99-TC-09, 00-TC-12, 97-TC-24, CSM 4453, CSM 4474, CSM 4462; Chapter 448 of the Statutes of 1975; Chapter 965 of the Statutes of 1977; Chapter 975 of the

Statutes of 1980; Chapter 469 of the Statutes of 1981; Chapter 459 of the Statutes of 1985; Chapters 87 and 97 of the Statutes of 1986; Chapter 1452 of the Statutes of 1987; Chapters 65 and 1284 of the Statutes of 1988; Chapter 213 of the Statutes of 1989; Chapters 10 and 403 of the Statutes of 1990; Chapter 906 of the Statutes of 1992; Chapter 1296 of the Statutes of 1993; Chapter 929 of the Statutes of 1997; Chapters 846 and 1031 of the Statutes of 1998; Chapter 1 of the Statutes of 1999, First Extraordinary Session; Chapter 73 of the Statutes of 2000; Chapter 650 of the Statutes of 2003; Chapter 895 of the Statutes of 2004; and Chapter 677 of the Statutes of 2005).

(12) Consolidation of Law Enforcement Agency Notification and Missing Children Reports (CSM 4505; Chapter 1117 of the Statutes of 1989 and 01-TC-09; Chapter 249 of the Statutes of 1986; and Chapter 832 of the Statutes of 1999).

(13) Consolidation of Notification to Teachers: Pupils Subject to Suspension or Expulsion I and II, and Pupil Discipline Records (00-TC-10 and 00-TC-11; Chapter 345 of the Statutes of 2000).

(14) County Office of Education Fiscal Accountability Reporting (97-TC-20; Chapters 917 and 1452 of the Statutes of 1987; Chapters 1461 and 1462 of the Statutes of 1988; Chapter 1372 of the Statutes of 1990; Chapter 1213 of the Statutes of 1991; Chapter 323 of the Statutes of 1992; Chapters 923 and 924 of the Statutes of 1993; Chapters 650 and 1002 of the Statutes of 1994; and Chapter 525 of the Statutes of 1995).

(15) Criminal Background Checks (97-TC-16; Chapters 588 and 589 of the Statutes of 1997).

(16) Criminal Background Checks II (00-TC-05; Chapters 594 and 840 of the Statutes of 1998; and Chapter 78 of the Statutes of 1999).

(17) Differential Pay and Reemployment (99-TC-02; Chapter 30 of the Statutes of 1998).

(18) Expulsion of Pupil: Transcript Cost for Appeals (SMAS; Chapter 1253 of the Statutes of 1975).

(19) Financial and Compliance Audits (CSM 4498 and CSM 4498-A; Chapter 36 of the Statutes of 1977).

(20) Graduation Requirements (CSM 4181; Chapter 498 of the Statutes of 1983).

~~(20)~~ (21) Habitual Truants (CSM 4487 and CSM 4487-A; Chapter 1184 of the Statutes of 1975).

~~(21)~~ (22) High School Exit Examination (00-TC-06; Chapter 1 of the Statutes of 1999, First Extraordinary Session; and Chapter 135 of the Statutes of 1999).

~~(22)~~ (23) Immunization Records (SB 90-120; Chapter 1176 of the Statutes of 1977).

~~(23)~~ (24) Immunization Records—Hepatitis B (98-TC-05; Chapter 325 of the Statutes of 1978; Chapter 435 of the Statutes of 1979; Chapter 472 of the Statutes of 1982; Chapter 984 of the Statutes of 1991; Chapter 1300 of the Statutes of 1992; Chapter 1172 of the Statutes of 1994; Chapters 291 and 415 of the Statutes of 1995; Chapter 1023 of the Statutes of 1996; and Chapters 855 and 882 of the Statutes of 1997).

~~(24)~~ (25) Interdistrict Attendance Permits (CSM 4442; Chapters 172 and 742 of the Statutes of 1986; Chapter 853 of the Statutes of 1989; Chapter 10 of the Statutes of 1990; and Chapter 120 of the Statutes of 1992).

~~(25)~~ (26) Intradistrict Attendance (CSM 4454; Chapters 161 and 915 of the Statutes of 1993).

~~(26)~~ (27) Juvenile Court Notices II (CSM 4475; Chapters 1011 and 1423 of the Statutes of 1984; Chapter 1019 of the Statutes of 1994; and Chapter 71 of the Statutes of 1995).

~~(27) Mandate Reimbursement Process I and II (CSM 4204, CSM 4485, and 05-TC-05; Chapter 486 of the Statutes of 1975).~~

(28) Notification of Truancy (CSM 4133; Chapter 498 of the Statutes of 1983; Chapter 1023 of the Statutes of 1994; and Chapter 19 of the Statutes of 1995).

~~(29) Open Meetings/Brown Act Reform (CSM 4257 and CSM 4469; Chapter 641 of the Statutes of 1986; and Chapters 1136, 1137, and 1138 of the Statutes of 1993).~~

~~(30)~~ (29) Physical Performance Tests (96-365-01; Chapter 975 of the Statutes of 1995).

~~(31)~~ (30) Prevailing Wage Rate (01-TC-28; Chapter 1249 of the Statutes of 1978).

~~(32)~~ (31) Pupil Health Screenings (CSM 4440; Chapter 1208 of the Statutes of 1976; Chapter 373 of the Statutes of 1991; and Chapter 750 of the Statutes of 1992).

(33) (32) Pupil Promotion and Retention (98-TC-19; Chapter 100 of the Statutes of 1981; Chapter 1388 of the Statutes of 1982; Chapter 498 of the Statutes of 1983; Chapter 1263 of the Statutes of 1990; and Chapters 742 and 743 of the Statutes of 1998).
~~(34)~~ (33) Pupil Safety Notices (02-TC-13; Chapter 498 of the Statutes of 1983; Chapter 482 of the Statutes of 1984; Chapter 948 of the Statutes of 1984; Chapter 196 of the Statutes of 1986; Chapter 332 of the Statutes of 1986; Chapter 445 of the Statutes of 1992; Chapter 1317 of the Statutes of 1992; Chapter 589 of the Statutes of 1993; Chapter 1172 of the Statutes of 1994; Chapter 1023 of the Statutes of 1996; and Chapter 492 of the Statutes of 2000).
~~(35)~~ (34) Pupil Expulsions (CSM 4455; Chapter 1253 of the Statutes of 1975; Chapter 965 of the Statutes of 1977; Chapter 668 of the Statutes of 1978; Chapter 318 of the Statutes of 1982; Chapter 498 of the Statutes of 1983; Chapter 622 of the Statutes of 1984; Chapter 942 of the Statutes of 1987; Chapter 1231 of the Statutes of 1990; Chapter 152 of the Statutes of 1992; Chapters 1255, 1256, and 1257 of the Statutes of 1993; and Chapter 146 of the Statutes of 1994).
~~(36)~~ (35) Pupil Expulsion Appeals (CSM 4463; Chapter 1253 of the Statutes of 1975; Chapter 965 of the Statutes of 1977; Chapter 668 of the Statutes of 1978; and Chapter 498 of the Statutes of 1983).
~~(37)~~ (36) Pupil Suspensions (CSM 4456; Chapter 965 of the Statutes of 1977; Chapter 668 of the Statutes of 1978; Chapter 73 of the Statutes of 1980; Chapter 498 of the Statutes of 1983; Chapter 856 of the Statutes of 1985; and Chapter 134 of the Statutes of 1987).
~~(38)~~ (37) School Accountability Report Cards (97-TC-21, 00-TC-09, 00-TC-13, and 02-TC-32; Chapter 918 of the Statutes of 1997; Chapter 912 of the Statutes of 1997; Chapter 824 of the Statutes of 1994; Chapter 1031 of the Statutes of 1993; Chapter 759 of the Statutes of 1992; and Chapter 1463 of the Statutes of 1989).
~~(39)~~ (38) School District Fiscal Accountability Reporting (97-TC-19; Chapter 100 of the Statutes of 1981; Chapter 185 of the Statutes of 1985; Chapter 1150 of the Statutes of 1986; Chapters 917 and 1452 of the Statutes of 1987; Chapters 1461 and 1462 of the Statutes of 1988; Chapter 525 of the Statutes of 1990; Chapter 1213 of the Statutes of 1991; Chapter 323 of the Statutes of 1992; Chapters 923 and 924 of the Statutes of 1993; Chapters 650 and 1002 of the Statutes of 1994; and Chapter 525 of the Statutes of 1995).
~~(40)~~ (39) School District Reorganization (98-TC-24; Chapter 1192 of the Statutes of 1980; and Chapter 1186 of the Statutes of 1994).
~~(41)~~ (40) Student Records (02-TC-34; Chapter 593 of the Statutes of 1989; Chapter 561 of the Statutes of 1993; Chapter 311 of the Statutes of 1998; and Chapter 67 of the Statutes of 2000).
~~(42)~~ (41) The Stull Act (98-TC-25; Chapter 498 of the Statutes of 1983; and Chapter 4 of the Statutes of 1999).
~~(43)~~ (42) Threats Against Peace Officers (CSM 96-365-02; Chapter 1249 of the Statutes of 1992; and Chapter 666 of the Statutes of 1995).
(43) Pupil Expulsions II, Pupil Suspensions II, and Educational Services Plan for Expelled Pupils (96-358-03, 03A, 98-TC-22, 01-TC-18, 98-TC-23, 97-TC-09; Chapters 972 and 974 of the Statutes of 1995; Chapters 915, 937, and 1052 of the Statutes of 1996; Chapter 637 of the Statutes of 1997; Chapter 498 of the Statutes of 1998; Chapter 332 of the Statutes of 1999; Chapter 147 of the Statutes of 2000; and Chapter 116 of the Statutes of 2001).
(45) Activities included in Education Code section 49452.8 related to oral health assessments (Chapter 413 of the Statutes of 2006).
~~(e)~~ (f) On or before November 1 of each fiscal year, ~~The~~ the Superintendent of Public Instruction shall **~~compile~~ produce a ~~list~~ report ~~of all school districts, charter schools, and county offices of education that received block grant funding in the prior fiscal year pursuant to this section. This list shall include~~ that indicates** the total amount **of block grant funding** each school district, **~~charter school, and~~** county office of education**, and charter school** received **in the current fiscal year pursuant to this section**. The Superintendent of Public Instruction shall provide this **~~information~~ report** to the appropriate fiscal and policy committees of the Legislature, the Controller, the Department of Finance, and the Legislative Analyst's Office **~~on or before September 9 of each year~~**.

Common Core Implementation (New for May Revision)

Add uncodified language as follows:

Uncodified. (a) The sum of one billion dollars ($1,000,000,000) is hereby appropriated from the General Fund to the Superintendent of Public Instruction for transfer to Section A of the State School Fund not sooner than September 16, 2013.
(b) These funds shall be apportioned to all school districts, county superintendents of schools, and charter schools using an equal rate per unit of average daily attendance, as determined for the second principal apportionment of the 2012-13 fiscal year. No funds shall be apportioned to a charter school that has ceased operations prior to September 16, 2013.
(c) (1) A school district, county superintendent of schools, or charter school shall use funding received from this appropriation for instructional materials, professional development, and technology necessary to implement the academic content standards adopted by the state board pursuant to Sections 60605.8, 60605.10, and 60605.11 of the Education Code.
(2) Funds shall be expended pursuant to a plan adopted by the governing board of the school district, the county board of education, or the governing body of the charter school.
(3) A governing board of a school district, a county board of education, or a governing body of a charter school shall hold a public hearing about the plan prior to the adoption of the plan in a public meeting.
(d) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriations made by this section 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 2012-13 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 2012-13 fiscal year.

Proposition 39 Implementation

The Governor's Budget proposed uncodified language to provide funding for K-12 schools and community colleges for energy efficiency projects pursuant to Proposition 39. Incremental changes to the Governor's Budget proposal are highlighted in bold font.

Add uncodified language as follows:

Uncodified. Consistent with the provisions of the California Clean Energy Jobs Act [Division 16.3 (commencing with Section 26200) of the Public Resources Code], funds annually deposited in the Clean Energy Job Creation Fund shall be allocated to school districts, charter schools, county offices of education, and community college districts to support energy efficiency projects.
(a) To ensure that funds provided pursuant to this section are used in accordance with the California Clean Energy Jobs Act, the Superintendent of Public Instruction and the Chancellor of the California Community Colleges shall consult with the California Energy Commission and the Public Utilities Commission to develop guidance for the prioritization and use of funds by school districts, charter schools, county offices of education, and community college districts. At a minimum, the guidance shall be consistent with the state's energy loading order, and shall further specify that school districts, charter schools, county offices of education, and community college districts give consideration to all of the following in the planning and design of their local projects:
(1) Each project should be focused on in-state job creation and energy benefits.
(2) Each project should be cost effective, with total benefits exceeding project cost over time.

(3) Each project should include documentation on project specifications, costs, and projected energy savings.
(4) Eligible project costs may include technical assistance costs associated with the identification, evaluation, and implementation of projects.
(b) In addition to considering the guidance specified in subdivision (a), each school district, charter school, county office of education, and community college district is also encouraged to partner, as practicable, with the California Conservation Corps and local community conservation corps programs in the design and implementation of local projects.
(c) Commencing with the 2013–14 fiscal year and concluding with the 2017–18 fiscal year, of the funds deposited annually in the Clean Energy Job Creation Fund and designated for expenditure for public schools pursuant to paragraph (1) of subdivision (a) of Section 26205 of the Public Resources Code, to the extent consistent with the California Clean Energy Jobs Act, 89 percent shall be provided to school districts, charter schools, and county offices of education by the Superintendent of Public Instruction on the basis of average daily attendance reported as of the second principal apportionment for the prior fiscal year. **No school district, charter school, or county office of education shall receive less than the applicable minimum award amount in any given fiscal year as described in subdivision (d).** To the extent consistent with the California Clean Energy Jobs Act, the remaining 11 percent of these funds shall be provided to community college districts by the Chancellor of the California Community Colleges on the basis of full-time equivalent students reported as of the second principal apportionment for the prior fiscal year.
(d) For every school district, charter school, or county office of education with average daily attendance as reported pursuant to subdivision (c) of 200 or less, the amount awarded shall be $15,000. For every school district, charter school, or county office of education with average daily attendance as reported pursuant to subdivision (c) in excess of 200, the amount awarded shall be either (1) that school district, charter school, or county office of education's proportional award on the basis of average daily attendance or (2) $50,000, whichever is larger.
~~(d)~~ **(e)** As a condition of receiving funding provided pursuant to this section, each school district, charter school, and county office of education shall report its expenditures of Clean Energy Job Creation Fund proceeds to the Superintendent of Public Instruction by October 1 of each year. As a condition of receiving funding provided pursuant to this section, each community college district shall report its expenditures of Clean Energy Job Creation Fund proceeds to the Chancellor of the California Community Colleges by October 1 of each year. The Superintendent of Public Instruction and the Chancellor of the California Community Colleges shall compile and transmit this information to the Citizens Oversight Board by November 1 of each year for their review and evaluation.
~~(e)~~ **(f)** Funding provided to school districts, charter schools, and county offices of education pursuant to this section is subject to annual audits required by Section 41020 of the Education Code. Funding provided to community college districts pursuant to this section is subject to annual audits required by Section 84040 of the Education Code.

Technology-Based Instruction and Independent Study Reforms

The Governor's Budget proposed a number of changes to existing independent study statutes, and other changes intended to authorize asynchronous instruction and expedite the delivery of synchronous instruction. The May Revision proposes to delay these reforms to 2014-15. As a result, the Administration will make the following changes to proposed trailer bill language proposed in January:

- Withdraw proposed amendments to Section 46300.8 of the Education Code.
- Withdraw the proposed addition of Section 46300.9 to the Education Code.
- Withdraw the proposed repeal of Section 51745.6 of the Education Code.

- Withdraw proposed amendments to Section 51747 of the Education Code.
- Withdraw proposed amendments to Section 51747.3 of the Education Code.

DEPARTMENT OF FINANCE
OFFICE OF THE DIRECTOR

EDMUND G. BROWN JR. • GOVERNOR
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

MAY 14 2013

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to and Addition of Various Items, Local Assistance, Local Control Funding Formula

General Fund Adjustments

Item 6110-601-0001, Pending Legislation—District Local Control Funding Formula, Continuous Appropriation, Base Adjustments, and Local Property Tax Offsets (Issues 640, 641, 643, 644, and 645)—For fiscal year 2013-14, pursuant to the proposed Local Control Funding Formula, base funding for districts will be held constant at the 2012-13 funding level, adjusted only for changes in average daily attendance. Therefore, it is requested that this non-Budget Act item be decreased by a total of $1,407,596,000 Proposition 98 General Fund to reflect: (1) an increase of $87,730,000 in Public Employees' Retirement System offset and unemployment insurance 2012-13 costs carried over into 2013-14, (2) a decrease of $17,698,000 to reflect the application of the deficit factor of 22.272 percent, (3) a decrease of $404,542,000 to reflect revised offsetting local revenue adjustments, (4) a decrease of $908,986,000 to reflect revised budgetary deferral repayments and, (5) a decrease of $164.1 million to reflect revised offsetting Education Protection Account revenues.

It is further requested that proposed Local Control Funding Formula trailer bill language be adopted to conform to this adjustment (see Trailer Bill Language section in this letter).

Item 6110-601-3207, Education Protection Account Adjustment, Continuous Appropriation (Issue 645)—It is requested that this non-Budget Act item be increased by $165,540,000 Education Protection Account funds to reflect revised revenue estimates.

It is further requested that proposed Local Control Funding Formula trailer bill language be adopted to conform to this adjustment (see Trailer Bill Language section).

Item 6110-610-0001, Education Protection Account Adjustment, Continuous Appropriation (Issue 645)—It is requested that this non-Budget Act item be increased by $165,540,000, Proposition 98 General Fund to reflect revised Education Protection Account revenue estimates.

It is further requested that proposed Local Control Funding Formula trailer bill language be adopted to conform to this adjustment (see Trailer Bill Language section).

Item 6110-670-0001, Pending Legislation—District Local Control Funding Formula, Continuous Appropriation (Issue 648)—It is requested that this non-Budget Act item be decreased by $8,808,000, Proposition 98 General Fund to reflect revised categorical program funding average daily attendance estimates.

It is further requested that proposed Local Control Funding Formula trailer bill language be adopted to conform to this adjustment (see Trailer Bill Language section).

Item 6110-672-0001, Pending Legislation—District Local Control Funding Formula Implementation, Continuous Appropriation (Issue 647)—It is requested that this non-Budget Act item be increased by $236 million, Proposition 98 General Fund to reflect an increase in funding available to implement the Local Control Funding Formula. Under the proposed district Local Control Funding Formula, a funding target would be established for each district. Beginning in 2013-14, funding from this item would be provided to any district that received less funding in 2012-13 from revenue limits and categorical programs than its calculated Local Control Funding Formula target.

It is further requested that proposed Local Control Funding Formula trailer bill language be adopted to conform to this adjustment (see Trailer Bill Language section).

Item 6110-698-3207, Local Educational Agency Apportionments, Continuous Appropriation (Issue 645)—It is requested that this non-Budget Act item be decreased by $165,540,000 Education Protection Account funds to reflect revised revenue estimates.

It is further requested that proposed Local Control Funding Formula trailer bill language be adopted to conform to this adjustment (see Trailer Bill Language section).

Item 6110-608-0001, Pending Legislation—County Office of Education Local Control Funding Formula, Continuous Appropriation (Issues 094, 095, 096, 097, and 100)—For 2013-14, pursuant to the proposed Local Control Funding Formula, base funding for county offices of education will be held constant at the 2012-13 funding level, adjusted only for changes in average daily attendance for students who are mandatorily expelled, probation-referred, or on probation or parole. Therefore, it is requested that this non-Budget Act item be decreased by a total of $39,868,000 Proposition 98 General Fund to reflect the following: (1) an increase of $8,143,000 to reflect base adjustments for revised growth in average daily attendance, (2) a decrease of $1,819,000 to reflect the application of a deficit factor of 22.549 percent to a revised base, (3) an increase of $584,000 in Public Employees Retirement System offset and unemployment insurance 2012-13 costs carried over into 2013-14, (4) a decrease of $45,336,000 to reflect revised offsetting local revenues, and (5) a decrease of $1,440,000 to reflect revised offsetting Education Protection Account revenues.

It is further requested that proposed Local Control Funding Formula trailer bill language be adopted to conform to this adjustment (see Trailer Bill Language section).

Item 6110-673-0001, Pending Legislation—County Office of Education Local Control Funding Formula Implementation, Continuous Appropriation (Issue 101)—It is requested that this non-Budget Act item be increased by $4 million Proposition 98 General Fund. Under the proposed County Local Control Funding Formula, a funding target would be established for each county office of education. Beginning in 2013-14, funding from this item would be provided to any county office of education that received less funding in 2012-13 from revenue limits and categorical programs than its calculated Local Control Funding Formula target.

It is further requested that proposed Local Control Funding Formula trailer bill language be adopted to conform to this adjustment (see Trailer Bill Language section).

Trailer Bill Language (See Attachment)

Local Control Funding Formula—It is requested that separate trailer bill be adopted to implement the Local Control Funding Formula commencing in 2013-14. Significant amendments to the Local Control Funding Formula trailer bill as proposed at Governor's Budget include the following:

Funding Formula Adjustments:

- Require county offices of education to review school district English learner, free and reduced price meal eligible student, and foster child data and require this data to be subject to audit as part of each local educational agencies annual financial and compliance audit. Further, ensure that all local educational agencies report current English learner, free and reduced price meal eligible student, and foster child data within the California Longitudinal Pupil Achievement Data System.
- To prevent dramatic fluctuations in the data, use a three-year rolling average percentage of English learners, free and reduced price meal eligible students, and foster children for purposes of computing the supplemental and concentration grants.
- Allow local educational agencies to receive supplemental and concentration grant funding for each English learner for up to seven years instead of five years.
- Provide regional occupation centers and programs and home-to-school transportation joint powers authorities with continued funding for two years.
- Specify that funding for Local Control Funding Formula cost-of-living adjustments and transition funding are subject to an annual appropriation in the Budget and clarify that base funding levels as adjusted for average daily attendance are continuously appropriated.
- Ensure that local property tax revenues that currently fund regional occupational centers and programs are included as part of a county office of education's 2012-13 state aid received through categorical programs replaced by the Local Control Funding Formula.

Accountability Adjustments:

- Require local education agencies to spend, for the primary benefit of English learners and students designated fluent-English proficient, free and reduced price meal eligible students, and foster children, a minimum level of funding based on the amount they spent for these students during 2012-13. Further, upon full implementation of the Local Control Funding Formula, require local agencies to spend for the primary benefit of these students at least as much as they receive from the base, supplemental, and concentration grants generated by English learners, free and reduced price meal eligible students, and foster children.
- Require expenditures of supplemental and concentration funds to be proportional to the number of English learners, free and reduced price meal eligible students, and foster children at each school site.
- Allow the State Board of Education to provide direction to the Superintendent of Public Instruction to intervene in place of the county superintendent in a district which is failing to meet academic achievement targets.
- For school districts that fail to meet academic achievement targets set by the State Board of Education for two out of three years, the county superintendent may disapprove local plans that are not likely to improve student achievement; and, in limited cases where a Fiscal Crisis and Management Assistance Team review deems necessary, a

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county superintendent may make changes to a district's plan or overturn decisions made by the district governing board.

- Allow the State Board of Education to provide direction to the Superintendent of Public Instruction to intervene in place of the county superintendent in a district which is failing to meet academic achievement targets.
- Ensure foster care students are identified as a subgroup for purposes of the Academic Performance Index and ensuring districts continue to spend.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Elisa Wynne, Principal Program Budget Analyst, at (916) 445-0328.

ANA J. MATOSANTOS
Director
By:

/s/ Michael Cohen

MICHAEL COHEN
Chief Deputy Director

Attachment

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Bill Emmerson, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mike Gatto, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Marty Block, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Susan Bonilla, Chair, Assembly Budget Subcommittee No. 2
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Honorable Tom Torlakson, Superintendent of Public Instruction, Department of Education
Ms. Jeannie Oropeza, Deputy Superintendent, Department of Education
Ms. Roxanne Eres, Fiscal and Administrative Services Director, Department of Education

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Section Number (RN 13 08722) - New Sections will be denoted by an *	Topic	Amendment
Section 4 (1240)	Duties of County Superintendent	Removed language in (c) that made county superintendent Williams oversight duties contingent upon receipt of funds.
Section 7 (1622)	County Office of Education Budget	Clarified language requiring the county office of education budget to be adopted with the local control and accountability plan or annual update to the plan.
Section 12 (1900)	Adult Education in Correctional Facilities	Restored this section, amended the language and clarified that the programmatic structure is permissive
Section 19 (2509)	Transfer of duties from County Auditor to County Superintendent	This section was restored and updated with conforming language to the LCFF
Section 24 (2574)	County Office Local Control Funding Formula	(a)(3) Added the term "physically located" to specify that the county office of education operations grants include per ADA funding for those students being physically served in the county.
Section 24 (2574)	County Office Local Control Funding Formula	(b)(1)(A)-(C) To prevent dramatic fluctuations in the data, use a three-year rolling average percentage of English learners, free and reduced price meal eligible students, and foster children for purposes of computing the supplemental and concentration grants.
Section 24 (2574)	County Office Local Control Funding Formula	(b)(1)(D) To ensure an accurate unduplicated enrollment count, this section excludes those students in juvenile court schools (all considered unduplicated) and those students who are not provided for in the alternative education grant.
Section 24 (2574)	County Office Local Control Funding Formula	(b)(2) To ensure an accurate unduplicated enrollment count, this section excludes those students in juvenile court schools (all considered unduplicated) and those students who are not provided for in the alternative education grant. This section also provides a reference to the definitions for students who receive supplemental and concentration grants.
Section 24 (2574)	County Office Local Control Funding Formula	(b)(2)" "rephrased classified as a foster youth and is with "and is classified as a foster youth" , changed term "child" to "youth"
Section 24 (2574)	County Office Local Control Funding Formula	(b)(3)(C) Require English learner, free and reduced price meal eligible student, and foster child data to be subject to audit as part of each local educational agencies annual financial and compliance audit.
Section 24 (2574)	County Office Local Control Funding Formula	(b)(4) Allow local educational agencies to receive supplemental and concentration grant funding for each English learner for up to seven years instead of five years.
Section 24 (2574)	County Office Local Control Funding Formula	(c)(1) clarified that the base grant for the alternative education grant is the undeficited 2012-13 statewide average juvenile court school revenue limit plus COLA in 2013-14 and later years
Section 24 (2574)	County Office Local Control Funding Formula	(c)(2)(3)(4) clarified that supplemental and concentration grants are provided for the primary benefit of English learners, free and reduced price lunch eligible, and foster youth and must be spent according to restrictions in the local control and accountability plan.
Section 24 (2574)	County Office Local Control Funding Formula	(c)(4)(A) replaced the term "juvenile court school" with the reference to juvenile court schools in code.
Section 24 (2575)	County Office Local Control Funding Formula	(a) Added Technical clarifying edits for the structure of the calculation.
Section 24 (2575)	County Office Local Control Funding Formula	(a)(2)(A) Included community day school mandatorily expelled students in the list of categorical programs
Section 24 (2575)	County Office Local Control Funding Formula	(a)(2)(B) Included the total amount of local revenues used to support an ROCP for purposes of calculating the hold harmless.
Section 24 (2575)	County Office Local Control Funding Formula	(a)(3) Clarifying amendments to specify that prior year growth adjustments are included in the base amount in future years.
Section 24 (2575)	County Office Local Control Funding Formula	(b) Technical amendments needed for structuring the calculation.

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Section 24 (2575)	County Office Local Control Funding Formula	(d) Added a reference point for purposes of the calculation that subtracts local revenues from the LCFF target calculated in Section 2574.
Section 24 (2575)	County Office Local Control Funding Formula	(e) Added to clarify that this subdivision apportions the total hold harmless amount less property taxes. Included reference to ensure that any excess taxes are restricted.
Section 24 (2575)	County Office Local Control Funding Formula	(f) Added to calculate and apportion the amount of new transition growth funding each year and adds a calculation to provide any excess appropriation proportionately to those counties with remaining need.
Section 24 (2575)	County Office Local Control Funding Formula	(g)(1) provides that, for a county who receives less than the target, in the first year after they reach the target, they are funded according to the LCFF target calculation in that year and thereafter.
Section 24 (2575)	County Office Local Control Funding Formula	(g)(2) provides that, for a county who receives more than the target, in the first year in which the target grows above the their hold harmless level, they are funded according to the LCFF target calculation in that year and thereafter.
Section 24 (2575)	County Office Local Control Funding Formula	(g)(3) provides that, in the year in which 90% or more of counties are funded at or above the LCFF target calculation, the rest of the counties will be funded according to the LCFF target calculation in that year and thereafter.
Section 24 (2575)	County Office Local Control Funding Formula	(g)(4) specifies that after full implementation, the amount calculated for COLA is subject to budget act appropriation.
Section 24 (2575)	County Office Local Control Funding Formula	(g)(5) Provides reference to ensure that any excess taxes are restricted.
Section 24 (2575)	County Office Local Control Funding Formula	(h) Allows county to continue to use funds for any purpose they were previously used for.
Section 24 (2575)	County Office Local Control Funding Formula	(i) Authorized regional occupation center joint powers authorities to continue receiving pass-through funding for the 2013-14 and 2014-15 fiscal years.
Section 24 (2575)	County Office Local Control Funding Formula	(j) Authorized Home-to-School Transportation joint powers authorities to continue receiving pass-through funding for the 2013-14 and 2014-15 fiscal years.
Section 24 (2576)	County Office Local Control Funding Formula	(a) Add reference that enrollment of pupils served by the county but not funded under the County Local Control Funding Formula is credited to the district of residence for purposes of calculating the percentage of unduplicated enrollment.
Section 24 (2576)	County Office Local Control Funding Formula	(b) clarified reference for where homeless students are served.
Section 24 (2578)	County Office Local Control Funding Formula	This section was added to use any county excess taxes to offset trial court costs within the county.
Section 29 (8500)	Adult Education	Removed intent language
Section 29.1 (8510)	Adult Education	Amended the language and clarified that the programmatic structure is permissive
Section 29.3 (8530)	Adult Education	Amended the language and clarified that the programmatic structure is permissive
Section 35 (14002)	Continuous Apportionment	Replaced "actual computed apportionments" with "amounts computed pursuant to" and added a reference to Section 42238.04
Section 35 (14002)	Continuous Apportionment	Updated references to continuous appropriation for COEs and school districts. Revised section to require, upon full implementation of the formula, cost-of-living adjustments to be subject to an appropriation in the annual budget act.
Section 47 (14041.6)	Deferrals	Removed from the Local Control Funding Formula trailer bill and included the language within the omnibus education trailer bill.
Section 50 (14501)	Financial and Compliance Audit	Clarified reference to local control and accountability plans.
Section 53 (17193.5)	Credit Intercept	The terms revenue limits, charter school block grant, and charter school categorical block grant are retained to ensure credit intercepts can be instituted by local agreement from any current or former revenue source

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Section 54 (17199.4)	Credit Intercept	The terms revenue limits, charter school block grant, and charter school categorical block grant are retained to ensure credit intercepts can be instituted by local agreement from any current or former revenue source
Section 71.1 (35035)	District Superintendent Duties	(c-d) added preparing the local control and accountability plan to the District Superintendent's duties.
Section 72 (33127)	Standards and Criteria	(c) Added section to require standards and criteria related to implementing the local control and accountability plans to be updated.
Section 75.5 (35705.5)*	District Reorganizations	Revised the revenue limit reference to local control funding formula
Section 76 (35735)	Reorganizations	Replaced "or" with "and" in subdivision (f)
Section 77 (35735.1)	Reorganizations	Added "per-student" in subdivision (d)
Section 82 (35736.5)	Reorganizations	Specified whether current law or revised law would apply to a school district reorganization.
Section 89 (39809.5)	Transportation Fees	Retained current language permitting transportation fees.
Section 91.1 (41011)	Accounting System	(d) Added section to require the Superintendent to recommended updating definitions for the accounting system for purposes of tracking expenditures as required under the local control and accountability plan.
Section 93 (41020)	Fiscal Management	(c) Updated reference to local control and accountability plan.
Section 105 (41376)	Class Size Penalties	Retained current language requiring class size penalties
Section 106 (41378)	Class Size Penalties	Retained current language requiring class size penalties
Section 108 (41401)	Ratio of Admin to Teachers	Retained current language requiring the ratio of administrator to teacher ratios.
Section 109 (41402)	Ratio of Admin to Teachers	Retained current language requiring the ratio of administrator to teacher ratios.
Section 110 (41403)	Ratio of Admin to Teachers	Retained current language requiring the ratio of administrator to teacher ratios.
Section 111 (41404)	Ratio of Admin to Teachers	Retained current language requiring the ratio of administrator to teacher ratios.
Section 112 (41406)	Ratio of Admin to Teachers	Retained current language requiring the ratio of administrator to teacher ratios.
Section 113 (41407)	Ratio of Admin to Teachers	Retained current language requiring the ratio of administrator to teacher ratios.
Section 114 (41544)	Court Ordered Transfers	Retained language authorizing apportionments to basic aid districts for court ordered pupil transfers at 70% of the base grant. Clarified the computation of the 70% during Formula implementation.
Section 115 (41601)	County ADA	Restored fixed divisor
Section 124 (41972	Available Balances	Revised the revenue limit reference to local control funding formula
Section 126 (41976)	Adult Education	Amended the language and clarified that the programmatic structure is permissive
Section 127 (41976.1)	Adult Education	Amended the language and clarified that the programmatic structure is permissive
Section 128 (41976.2)	Adult Education	Amended the language and clarified that the programmatic structure is permissive
Section 130 (42127)	Budget Requirements	(a)(2), (c)(3), and (d) Clarified references to adopting budget in conjunction with approved local control and accountability plan
Section 131 (42127.8)	FCMAT	(c) (d) Amended language to allow FCMAT to also review the "academic" condition of a school district and train personnel accordingly.
Section 132.5 (42238.01)	Definitions	Added section defining English learners, pupils eligible to receive free and reduced price meals, and foster youth for purposes of the LCFF.
Section 132.5	LCFF	Established a definition section for free and reduced price meal eligible students, foster youth, and English learners. All definitions are current law definitions.
Section 133 (42238.02)	LCFF	(b)(1) struck our code references (definitions of terms now in new Section 42238.01)
Section 133 (42238.02)	LCFF	(b)(1)(C)" "rephrased classified as a foster youth and is with "and is classified as a foster youth"
Section 133 (42238.02)	LCFF	(b)(2) Allow local educational agencies to receive supplemental and concentration grant funding for each English learner for up to seven years instead of five years.
Section 133 (42238.02)	LCFF	(b)(3) clarified data reporting "utilizing CALPADS"

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Section 133 (42238.02)	LCFF	(b)(4)(B) Require county offices of education to review school district English learner, free and reduced price meal eligible student, and foster child data and require this data to be subject to audit as part of each local educational agencies annual financial and compliance audit.
Section 133 (42238.02)	LCFF	(b)(4)(A) Ensure that all local educational agencies report current English learner, free and reduced price meal eligible student, and foster child data within the California Longitudinal Pupil Achievement Data System.
Section 133 (42238.02)	LCFF	(b)(5) Clarified the SPI's use of CALPADS data for purposes of LCFF and require the SPI to provide school districts with the opportunity to revise specified CALPADS submitted data.
Section 133 (42238.02)	LCFF	(b)(6)(A)-(C) To prevent dramatic fluctuations in the data, use a three-year rolling average percentage of English learners, free and reduced price meal eligible students, and foster children for purposes of computing the supplemental and concentration grants.
Section 133 (42238.02)	LCFF	(d)(1) reordered the grade spans from 9-12 to k-3 to k-3 to 9-12
Section 133 (42238.02)	LCFF	(d)(3)(B)-(E) rephrased "annual average class size for each classroom per school site" to "average class enrollment for each school site"
Section 133 (42238.02)	LCFF	(d)(3)(F) Clarified that the class size reduction requirement be included in the annual financial and compliance audit through the annual audit guide.
Section 133 (42238.02)	LCFF	(e) clarified the unduplicated percentage "computed pursuant to paragraph (6) of subdivision (b) and added that supplemental and concentration grants are provided for the primary benefit of English learners, free and reduced price lunch eligible, and foster youth and must be spent according to restrictions in the local control and accountability plan.
Section 133 (42238.02)	LCFF	(f) clarified the unduplicated percentage "computed pursuant to paragraph (6) of subdivision (b) and added that supplemental and concentration grants are provided for the primary benefit of English learners, free and reduced price lunch eligible, and foster youth and must be spent according to restrictions in the local control and accountability plan.
Section 133 (42238.02)	LCFF	(g) clarified the Targeted Instructional Improvement Grant program add-on is net of the basic aid fair share reduction
Section 133 (42238.02)	LCFF	(h) clarified the Home-to-School Transportation program add-on is net of the basic aid fair share reduction and clarified the add-on includes the amount provided pursuant to the small school district bus replacement program
Section 133 (42238.02)	LCFF	(i)(3) Clarified that Necessary Small School ADA qualifies for supplemental and concentration grants
Section 133 (42238.02)	LCFF	(m)(2) authorized school districts to redirect a percentage of required pass-through payments to locally funded charter schools equal to the annual affect of the pass-through payments on implementation funding
Section 133 (42238.02)	LCFF	(o) rephrased "by" to "pursuant to"
Section 134 (42238.03)	LCFF	(a) clarified "compute a base entitlement for transitioning to the local control funding formula"
Section 134 (42238.03)	LCFF	(a) Specified annual growth funding, including the continuous appropriation, in a specific manner.
Section 134 (42238.03)	LCFF	(a)(2) Included community day school mandatorily expelled students in the list of categorical programs
Section 134 (42238.03)	LCFF	(a)(5) Authorized regional occupation center joint powers authorities to continue receiving pass-through funding for the 2013-14 and 2014-15 fiscal years.
Section 134 (42238.03)	LCFF	(a)(6) Authorized Home-to-School Transportation joint powers authorities to continue receiving pass-through funding for the 2013-14 and 2014-15 fiscal years.
Section 134 (42238.03)	LCFF	(b) Clarified that the section computes a "formula transition adjustment"
Section 134 (42238.03)	LCFF	(b)(1) Clarified prior year computation amount for purposes of transitioning
Section 134 (42238.03)	LCFF	(b)(4) clarified "appropriated for the purpose of" and "positive amounts" and rephrased to "expended for the purpose of"
Section 134 (42238.03)	LCFF	(b)(5) clarified that transition funding and cost-of-living adjustments are subject to annual budget appropriations.
Section 134 (42238.03)	LCFF	(c) clarified the property tax offset during formula implementation

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Section 134 (42238.03)	LCFF	(d) clarified that a school district or charter school that has reached its formula target is thereafter funded according to the formula
Section 134 (42238.03)	LCFF	(e) clarified the hold-harmless provision for school districts and charter schools
Section 134 (42238.03)	LCFF	(g) clarified that a school district or charter school may continue to operate programs for which they previously received categorical funds
Section 134 (42238.03)	LCFF	(h) required the Superintendent, when less than 10% of districts have yet to be fully funded pursuant to the local funding formula, to apportion all districts pursuant to the local control funding formula
Section 135 (42238.04)	LCFF	Clarified the date of January 1, 2013
Section 135 (42238.05)	LCFF	Clarified that Necessary Small School Average Daily Attendance qualifies for supplemental and concentration grants
Section 188 (42281)	Necessary Small Schools	Clarified Necessary Small School funding bands
Section 189 (42282)	Necessary Small Schools	Clarified Necessary Small School funding bands
Section 191 (42283)	Necessary Small Schools	Clarified Necessary Small School funding bands
Section 195 (42285)	Necessary Small Schools	Clarified Necessary Small School funding bands
Section 200 (42287)	Necessary Small Schools	Switched sentence order
Section 201 (42289)	Necessary Small Schools	Clarified the NSS funding band adjustments for fiscal years prior to 2013-14
Section 202 (42289.1)	Necessary Small Schools	Clarified the NSS funding band adjustments for fiscal years prior to 2013-14
Section 203 (42289.2)	Necessary Small Schools	Clarified the NSS funding band adjustments for fiscal years prior to 2013-14
Section 204 (42289.3)	Necessary Small Schools	Clarified the NSS funding band adjustments for fiscal years prior to 2013-14
Section 205 (42289.4)	Necessary Small Schools	Clarified the NSS funding band adjustments for fiscal years prior to 2013-14
Section 205 (42289.5)	Necessary Small Schools	Clarified the NSS funding band adjustments for fiscal years prior to 2013-14
Section 214 (42800)	Revolving Fund	Clarified the annual authorized revolving fund authorization increases (RL prior to 2013-14, and LCFF after)
Section 218.5 (44257.5)	Teacher Credentialing	Restored sections that authorize a pathway to a clear credential through national board certifications without restoring the categorical program
Section 218.6 (44258.9)	Teacher Credentialing	Clarified federal funding requirements
Section 243 (45037)	Teacher Credentialing	Restored this section and revised the reference from revenue limits to the local control funding formula
Section 254 (46200)	Longer Day/Longer Year Incentives	Clarified that longer day/longer year penalties are applied to only the incentive funding portion of a districts apportionments.
Section 255 (46201)	Longer Day/Longer Year Incentives	Clarified that longer day/longer year penalties are applied to only the incentive funding portion of a districts apportionments.
Section 257 (46201.2)	Longer Day/Longer Year Incentives	Clarified that longer school district could reduce the school year by five days or equivalent minutes without penalty through 2014-15
Section 266 (46300.1)	Independent Study	Clarified "as implemented pursuant to Section 42238.03"
Section 267 (46300.7)	Independent Study	Restored independent study program requirement
Section 276 (47204.33)	Charter School	Clarified language requiring a charter school budget to include expenditures in their local control and accountability plan
Section 277 (47610)	Charter School	Clarified language to ensure that the local control and accountability plan sections are applicable to charter schools
Section 279 (47613)	Charter School	Repeal outdated California Research Bureau report
Section 284 (47631)	Charter School	Added language to ensure that county sponsored charter schools would receive the county local control funding formula alternative education ada rate for specified pupils
Section 285 (47632)	Charter School	Clarified the definition of educationally disadvantaged pupils to conform with the local control funding formula definitions in section 42238.01
Section 292 (47635)	Charter School	Clarified the computation of in lieu property taxes for basic aid districts that sponsors charter schools
Section 294 (47650)	Charter School	Clarified to include "and section 42238.04"
Section 298 (47663)	Charter School	Clarified the computation of the 70% basic aid supplement
Section 303 (48310)	Charter School	Clarified the computation of the 70% basic aid supplement
Section 304 (48359.5)	Charter School	Clarified the computation of the 70% basic aid supplement
Section 305 (48640)	Opportunity Schools	Restored this section
Section 311 (49430.5)	Meal Reimbursement Rates	Removed from the Local Control Funding Formula trailer bill and included the language within the omnibus education trailer bill.
Section 312 (49452.8)	Oral Health	Restored this section
Section 313 (49536)	Food away from home index	Clarified the cost-of-living citation for years prior to 2013-14 and after 2013-14
Section 314 (51056)	Adult Education	Amended the language and clarified that the programmatic structure is permissive

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Section 316.5 (52052)	API	(a)(2)Added foster youth as a pupil subgroup, (a)(3) amended the definition of pupil subgroup to 30 pupils
Section 318.1 (52052.10)	Foster Youth	Added section requiring the Superintendent to coordinate with the Department of Social Services to share data on foster youth. Also requires additional recommendations surrounding the use of data to improve educational outcomes of foster youth.
Section 323.5 (52060)	Local Control and Accountability Plans	(a) Required the governing board of a school district to adopt a plan by June 30 and consult with any district assistance and intervention team or stakeholders in developing the plan.
Section 323.5 (52060)	Local Control and Accountability Plans	(b) Clarified that the plan may be for up to a five year period, but must be annually updated.
Section 323.5 (52060)	Local Control and Accountability Plans	(c)(2) Linked the school quality reviews to the potential process in Section 52052.
Section 323.5 (52060)	Local Control and Accountability Plans	(e) and (f) Clarified that a school district must set annual goals and determine actions in each of the state priority areas.
Section 323.5 (52060)	Local Control and Accountability Plans	(i) Clarified what updates are required on an annual basis, including: requiring a school district to identify expenditures that primarily benefit the targeted students and students redesignated fluent-English proficient and clarifying the spending requirements on the targeted students and students-redesignated fluent-English proficient prior to and upon implementation of the formula.
Section 323.5 (52061)	Local Control and Accountability Plans	Clarified the process school districts must use to adopt local control and accountability plans.
Section 323.5 (52062)	Local Control and Accountability Plans	Clarified the review by a county superintendent of a local control and accountability plan. Authorized the county superintendent to deny a plan submitted by a district that has not met API targets if the plan would not improve student achievement.
Section 323.5 (52063)	Local Control and Accountability Plans	Authorized FCMAT to conduct an evaluation of a district that has not met API targets and provide county superintendents with additional authority.
Section 323.5 (52063.5)	Local Control and Accountability Plans	Authorized the Superintendent of Public Instruction, with state board approval, to intervene in districts that have not met API targets.
Section 323.5 (52064)	Local Control and Accountability Plans	Required a governing board to establish a Parent Advisory Committee and an English Learner Parent Advisory Committee, both of which would provide advice related to local plans.
Section 323.5 (52065)	Local Control and Accountability Plans	(a) Required the county superintendent to present a local control and accountability plan to the county board for adoption, by June 30, and consult with any district assistance and intervention team or stakeholders in developing the plan.
Section 323.5 (52065)	Local Control and Accountability Plans	(b) Clarified that the plan may be for up to a five year period, but must be annually updated.
Section 323.5 (52065)	Local Control and Accountability Plans	(c)(2) Linked the school quality reviews to the potential process in Section 52052.
Section 323.5 (52065)	Local Control and Accountability Plans	(e) and (f) Clarified that a county superintendent must set annual goals and determine actions in each of the state priority areas.
Section 323.5 (52065)	Local Control and Accountability Plans	(g)(5) Required a county superintendent to include, in the plan, actions the county superintendent to take to coordinate services for foster youth.
Section 323.5 (52065)	Local Control and Accountability Plans	(i) Clarified what updates are required on an annual basis, including: requiring a school district to identify expenditures that primarily benefit the targeted students and students redesignated fluent-English proficient and clarifying the spending requirements on the targeted students and students-redesignated fluent-English proficient prior to and upon implementation of the formula.
Section 323.5 (52066)	Local Control and Accountability Plans	Clarified the process county offices of education must use to adopt local control and accountability plans.
Section 323.5 (52067)	Local Control and Accountability Plans	Clarified the review by a Superintendent of Public Instruction of a local control and accountability plan. Authorized the Superintendent of Public Instruction to deny a plan submitted by a district that has not met API targets if the plan would not improve student achievement.
Section 323.5 (52068)	Local Control and Accountability Plans	Authorized FCMAT to conduct an evaluation of a county offices that has not met API targets.

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Section 323.5 (52069)	Local Control and Accountability Plans	Authorized the Superintendent of Public Instruction, with state board approval, to intervene in county offices that have not met API targets.
Section 323.5 (52071)	Local Control and Accountability Plans	(a) Amended language to require all charter schools to have a local control and accountability plan
Section 323.5 (52071)	Local Control and Accountability Plans	(b) Added technical, clarifying language
Section 323.5 (52071)	Local Control and Accountability Plans	(c) (d) Clarified language that the governing board of a charter shool must adopt a plan at least every 5 years, and that a plan must be adopted by June 30 of the prior year to which the plan will be effective
Section 323.5 (52071)	Local Control and Accountability Plans	(f) Added language requiring a charter school to post the plan on the website.
Section 323.5 (52072)	Local Control and Accountability Plans	This section is added to require the state board to adopt standards and criteria to be used to evaluate the condition of school districts in regards to the academic needs of their students. The state board shall convene a stakeholder workgroup to review standards and criteria prior to adoption.
Section 323.5 (52073)	Local Control and Accountability Plans	(a) Added language to clarify the sections for which the state board must adopt templates.
Section 323.5 (52073)	Local Control and Accountability Plans	(g) Amended the language to limit the state board's authority to adopt emergency regulations for purposes of this section to up to June 30, 2014.
Section 323.5 (52074)	Local Control and Accountability Plans	This section allows the uniform compliant process to be used in regards to the requirements of the local control and accountability plan.
Section 323.5 (52075)	Local Control and Accountability Plans	This section allows the Superintendent to temporarily withhold apportionments made under the local control funding formula and during the transition to the formula pursuant to an audit finding or as a result of a complaint filed under the uniform complaint process.
Section 334 (52302)	ROC/P	Amended the language and clarified that the programmatic structure is permissive
Section 335 (52302.2)	ROC/P	Amended the language and clarified that the programmatic structure is permissive
Section 335.3 (52302.3)*	ROC/P	Amended the language and clarified that the programmatic structure is permissive
Section 335.5 (52302.5)*	ROC/P	Amended the language and clarified that the programmatic structure is permissive
Section 337 (52302.9)	ROC/P	Amended the language and clarified that the programmatic structure is permissive
Section 338.1 (52304)*	ROC/P	Amended the language and clarified that the programmatic structure is permissive
Section 338.3 (52304.1)*	ROC/P	Amended the language and clarified that the programmatic structure is permissive
Section 338.5 (52305)*	ROC/P	Amended the language and clarified that the programmatic structure is permissive
Section 338.7 (52307)*	ROC/P	Amended the language and clarified that the programmatic structure is permissive
Section 339 (52309)	ROC/P	Clarified Federal Perkins requirements
Section 339.5 (52311)*	ROC/P	Amended the language and clarified that the programmatic structure is permissive
Section 340.5 (52314.5)*	ROC/P	Amended the language and clarified that the programmatic structure is permissive
Section 341.1 (52316)*	ROC/P	Amended the language and clarified that the programmatic structure is permissive
Section 341.3 (52317)*	ROC/P	Amended the language and clarified that the programmatic structure is permissive
Section 342	ROC/P	Clarified Section 41201 "of the Government Code"
Section 343.5 (52322)*	ROC/P	Clarified Federal Perkins requirements
Section 345.1 (52324.6)*	ROC/P	Repealed Section that authorized appropriations
Section 348 (52328)	ROC/P	Amended the language and clarified that the programmatic structure is permissive
Section 358 (52335.12)	ROC/P	Clarified Federal Perkins requirements
Section 369 (52500)	Adult Education	Amended the language and clarified that the programmatic structure is permissive

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Section 370 (52540)	Adult Education	Amended the language and clarified that the programmatic structure is permissive
Section 371 (52550)	Adult Education	Amended the language and clarified that the programmatic structure is permissive
Section 372 (52570)	Adult Education	Amended the language and clarified that the programmatic structure is permissive
Section 373 (52610)	Adult Education	Amended the language and clarified that the programmatic structure is permissive
Section 374 (52651)	Adult Education	Amended the language and clarified that the programmatic structure is permissive
Section 397 (58800)	Specialized Sec Schools	Restored this section with the exception of the funding references.
Section 423	uncodified Appropriation	Amended reference to the county office of education local control funding formula and revised the appropriation amounts

MAY 14 2013

Local Control Funding Formula*

5/13/2013

Department of Finance

*The Governor's Budget introduced a Local Control Funding Formula. The May Revision proposes the following changes to the Local Control Funding Formula currently contained in RN 13 08722. Incremental changes to the Governor's Budget proposal are highlighted in bold font.

SECTION 1.

Section 315.5 of the Education Code is repealed.

~~315.5.~~

~~(a)In furtherance of its constitutional and legal requirement to offer special language assistance to children coming from backgrounds of limited English proficiency, the state shall encourage family members and others to provide personal English language tutoring to those children, and support these efforts by raising the general level of English language knowledge in the community.~~

~~(b)Programs funded under this section shall be provided through schools or community organizations.~~

~~(c)Funding for programs authorized under this section shall be provided pursuant to an appropriation in the annual Budget Act. Funds shall be apportioned to the Superintendent for disbursement to school districts for the purpose of providing funding under this section for free or subsidized programs of adult English language instruction to parents or other members of the community who pledge to provide personal English language tutoring to improve the English language proficiency of California school children with limited English proficiency.~~

SEC. 2.

Section 316.5 of the Education Code is repealed.

~~316.5.~~

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

~~(1)The more a parent or guardian is involved in the education of his or her child the better the child will perform in school.~~

~~(2)English language proficiency is critical to academic success.~~

~~(b)As a condition for receiving funding under Section 315.5 for the 2007–08 fiscal year, each school district shall develop a plan, to be approved by the governing board of the school district, certifying that it will do all of the following:~~

~~(1)Emphasize English language acquisition and tutoring skills for parents whose primary language is not English.~~

~~(2)Whenever possible, operate Community-Based English Tutoring (CBET) Programs at neighborhood schoolsites in order to provide full articulation between CBET Programs and instructional programs for school-aged English language learners.~~

~~(3)Describe in its plan how the program will encourage the following:~~

~~(A)Opportunities for parent-child tutoring activities.~~

~~(B)Opportunities for the parent to become involved at the school that his or her child attends.~~

~~(4)Describe how the program will document the following:~~

~~(A)Literacy training for adults that leads to English fluency and the ability to provide educational support for children.~~

~~(B)Development of tutoring skills.~~

~~(5)Describe the projected goals of the program with respect to participant educational achievement and the manner in which the agency will measure and report progress in meeting its goals.~~

~~(6)Describe the manner in which the program will leverage available funding from federal, state, and local sources in the area proposed to be served by the agency.~~

~~(7)Include a program to recruit parents of K–12 English language learners, especially parents of pupils enrolled in K–12 schools that are eligible to participate in the High Priority Schools Grant Program established under Article 3.5 (commencing with Section 52055.600) of Chapter 6.1 of Part 28.~~

~~(8)The plan shall demonstrate that the CBET Program meets the following objectives in order to ensure that adult students in the CBET Program provide the best possible tutoring to K–12 English language learners:~~

~~(A)The adult students participating in the CBET Program shall make measurable English language learning progress.~~

~~(B)The CBET Program shall be administered in accordance with research based strategies for teaching English language learners.~~

~~(C)The data collected under Section 317 shall be used by CBET administrators and staff to inform curriculum, instruction, assessment, research, and in service staff development.~~

~~(c)As a condition for receiving funding under Section 315.5 for the 2008–09 fiscal year and for each fiscal year thereafter, the governing board of the school district shall review, revise as necessary, and approve the plan. The plan shall be reviewed, and revised as necessary, not less than once every three years. During its review, the governing board shall consider the data collected under Section 317.~~

~~(d)For the purposes of this section, the term "parent" includes a parent, legal guardian, primary caregiver, or an individual in loco parentis.~~

SEC. 3.

Section 317 of the Education Code is repealed.

~~317.~~

~~(a)As a condition for receiving funds under Section 315.5 in any fiscal year, a school district shall collect the following data for use in updating its plans and to make available to the state as requested:~~

~~(1)Improvement in adult English as a second language literacy skill levels in reading, writing, and speaking the English language, numeracy, problemsolving, and other literacy skills.~~

~~(2)Improvements in the attendance of pupils with limited English language proficiency who have received tutoring from adults who have been identified as participants in programs established pursuant to Sections 315, 315.5, 316, and 316.5.~~

~~(b)A school district that receives funding under Section 315.5 shall provide a pretest and a posttest of reading achievement for adult English as a second language pupils.~~

~~(c)The district shall review individual K–12 pupil data from the English language development test administered under Section 60810 and the Standardized Testing and Reporting (STAR) Program set forth in Article 4 (commencing with Section 60640) of Chapter 5 of Part 33, in order to determine whether there has been achievement progress made by K–12 pupils who were tutored by Community Based English Tutoring (CBET) Program students.~~

SEC. 4.

Section 1240 of the Education Code is amended to read:

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

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

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

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

(2) (A) For fiscal years 2004–05 to 2006–07, inclusive, **~~to the extent that funds are appropriated for purposes of this paragraph,~~** the county superintendent, or his or her designee, annually shall submit a report, at a regularly scheduled November board meeting, to the governing board of each school district under his or her jurisdiction, the county board of education of his or her county, and the board of supervisors of his or her county describing the state of the schools in the county or of his or her office that are ranked in deciles 1 to 3, inclusive, of the 2003 base Academic Performance Index (API), as ~~defined~~ *described* in subdivision (b) of Section 17592.70, and shall include, among other things, his or her observations while visiting the schools and his or her determinations for each school regarding the status of all of the circumstances listed in subparagraph ~~(J)~~ *(I)* and teacher misassignments and teacher vacancies. As a condition for receipt of funds, the county superintendent, or his or her designee, shall use a standardized template to report the circumstances listed in subparagraph ~~(J)~~ *(I)* and teacher misassignments and teacher vacancies, unless the current

annual report being used by the county superintendent, or his or her designee, already includes those details for each school.

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

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

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

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

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

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

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

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

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

~~(i)That pupils who have not passed the high school exit examination by the end of grade 12 are informed that they are entitled to receive intensive instruction and services for up to two consecutive academic years after completion of grade 12 or until the pupil has passed both~~

~~parts of the high school exit examination, whichever comes first, pursuant to paragraphs (4) and (5) of subdivision (d) of Section 37254.~~

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

~~(F)~~

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

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

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

~~(G)~~

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

~~(H)~~

(G) On a quarterly basis, the county superintendent, or his or her designee, shall report the results of the visits and reviews conducted that quarter to the governing board of the school district at a regularly scheduled meeting held in accordance with public notification requirements. The results of the visits and reviews shall include the determinations of the county superintendent, or his or her designee, for each school regarding the status of all of the circumstances listed in subparagraph ~~(J)~~ *(I)* and teacher misassignments and teacher

vacancies. If the county superintendent, or his or her designee, conducts no visits or reviews in a quarter, the quarterly report shall report that fact.

~~(I)~~

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

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

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

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

~~(J)~~

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

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

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

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

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

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

~~(K)~~

(J) The county superintendent may make the status determinations described in subparagraph ~~(J)~~ *(I)* during a single visit or multiple visits. In determining whether to make a single visit or multiple visits for this purpose, the county superintendent shall take into consideration factors

such as cost-effectiveness, disruption to the schoolsite, deadlines, and the availability of qualified reviewers.

~~(L)~~

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

(i) Return to the school to verify repairs.

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

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

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

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

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

(h) Enforce the course of study.

(i) (1) Enforce the use of state textbooks and instructional materials and of high school textbooks and instructional materials regularly adopted by the proper authority in accordance with Section 51050.

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

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

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

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

(4) If the county superintendent *of schools* determines that a school does not have sufficient textbooks or instructional materials in accordance with subparagraph (A) of paragraph (1) of subdivision (a) of Section 60119 and as defined by subdivision (c) of Section 60119, the county superintendent shall do all of the following:

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

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

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

(D) If the deficiency is not remedied as required pursuant to subparagraph (C), the county superintendent shall request the department to purchase the textbooks or instructional materials necessary to comply with the sufficiency requirement of this subdivision. If the department purchases textbooks or instructional materials for the school district, the department shall issue

a public statement at the first regularly scheduled meeting of the state board occurring immediately after the department receives the request of the county superintendent and that meets the applicable public notice requirements, indicating that the district superintendent and the governing board of the school district failed to provide pupils with sufficient textbooks or instructional materials as required by this subdivision. Before purchasing the textbooks or instructional materials, the department shall consult with the *school* district to determine which textbooks or instructional materials to purchase. ~~All purchases of textbooks or instructional materials shall comply with Chapter 3.25 (commencing with Section 60420) of Part 33.~~ The amount of funds necessary for the purchase of the textbooks and materials is a loan to the school district receiving the textbooks or instructional materials. Unless the school district repays the amount owed based upon an agreed-upon repayment schedule with the Superintendent, the Superintendent shall notify the Controller and the Controller shall deduct an amount equal to the total amount used to purchase the textbooks and materials from the next principal apportionment of the *school* district or from another apportionment of state funds.

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

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

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

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

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

containing that certification shall be sent to the Controller at the time the certification is submitted to the county board of education.

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

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

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

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

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

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

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

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

SEC. 5.

Section 1242 of the Education Code is repealed.

~~1242.~~

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

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

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

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

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

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

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

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

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

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

SEC. 6.

Section 1242.5 of the Education Code is repealed.

~~1242.5.~~

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

SEC. 7.

Section 1622 of the Education Code is amended to read:

1622. (a) On or before July 1 of each fiscal year, the county board of education shall adopt an annual budget for the budget year ~~and, for the 2014–15 fiscal year and each fiscal year thereafter, take action on a local control and accountability plan pursuant to Sections 52062 and 52064~~ *and shall file ~~that~~ the budget* ~~and local control and accountability plan~~ *with the Superintendent ~~of Public Instruction~~, the county board of supervisors, and the county auditor. The budget~~, the local control and accountability plan,~~ and supporting data, shall be maintained and made available for public review. The budget shall indicate the date, time, and location at which the county board of education held the public hearing required under Section 1620. For the 2014–15 fiscal year and each fiscal year thereafter, the county board of education shall not adopt a budget before the county board of education adopts a local control and accountability plan and/or an annual update to the plan,* ~~or approves an update to an existing local control and accountability plan~~ **if an existing local control and accountability plan or annual update to the plan is not effective during the budget year.** *The county board of education shall not adopt a budget that does not* ~~align~~ **include the expenditures identified in** ~~with~~ *the local control and accountability plan* **and the annual update to the local control and accountability plan** *that* ~~applies to~~ **will be effective during** *the subsequent fiscal year.*

(b) (1) The Superintendent ~~of Public Instruction~~ shall examine the budget to determine ~~whether~~ if it (1) complies with the standards and criteria adopted by the ~~State Board of Education~~ state board pursuant to Section 33127 for application to final local educational agency budgets, (2) allows the county office of education to meet its financial obligations during the fiscal year, and (3) is consistent with a financial plan that will enable the county office of education to satisfy its multiyear financial commitments. In addition, the Superintendent shall identify any technical corrections to the budget that must be made. On or before August 15, the Superintendent ~~of Public Instruction~~ shall approve or disapprove the budget and, in the event of a disapproval, transmit to the county office of education in writing his or her recommendations regarding revision of the budget and the reasons for those recommendations. ~~For~~

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

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

(A) The ***Superintendent*** ~~county board of education does~~ ***has not approved*** ~~not file~~ a local control and accountability plan and ***annual update to the plan filed by a county superintendent of schools*** ~~with the Superintendent~~ pursuant to ~~Sections~~ ***Section 52067*** ~~52062 and 52064.~~

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

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

(~~D~~B) If the Superintendent determines that the **~~expenditures included in the~~** budget **~~do not reflect the costs~~ does not include the expenditures** necessary to implement the local control and accountability plan **and the annual update to the local control and accountability plan.**

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

(d) The Superintendent ~~of Public Instruction~~ shall examine the revised budget to determine whether it complies with the standards and criteria adopted by the ~~State Board of Education~~ state board pursuant to Section 33127 for application to final local educational agency budgets and, no later than October 8, shall approve or disapprove the revised budget. For the 2014–15 fiscal year and each fiscal year thereafter, the Superintendent shall disapprove a revised budget if the Superintendent determines that **~~the expenditures included in~~** the budget **~~do not reflect the costs necessary~~ does not include the expenditures necessary** to implement the local control and accountability plan and the annual update to the plan **approved by the Superintendent pursuant to Section 52067, ~~adopted by a county board of education pursuant to Sections 52062 and 52064~~.** If the Superintendent ~~of Public Instruction~~ disapproves the budget, he or she shall call for the formation of a budget review committee pursuant to Section 1623. For the 2011–12 fiscal year, notwithstanding any of the standards and criteria adopted by the state board pursuant to Section 33127, the Superintendent, as a condition on approval of a county office of education budget, shall not require a county office of education to project a lower level of revenue per unit of average daily attendance than it received in the 2010–11 fiscal year nor require the county superintendent to certify in writing whether or not the county office of education is able to meet its financial obligations for the two subsequent fiscal years.

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

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

(2) No later than October 8, after receiving the response required under paragraph (1), the Superintendent ~~of Public Instruction~~ shall review that response and either approve or

disapprove the budget of the county office of education. For the 2014–15 fiscal year and each fiscal year thereafter, the Superintendent shall disapprove a budget if ~~a county board of education does not file a local control and accountability plan with the Superintendent or if~~ the Superintendent determines that ~~the expenditures included in~~ the budget adopted by the county board of education ***does not include the expenditures*** ~~do not reflect the costs~~ necessary to implement the local control and accountability plan **or annual update to the plan approved by the Superintendent pursuant to Section 52067.** If the Superintendent ~~of Public Instruction~~ disapproves the budget, he or she shall call for the formation of a budget review committee pursuant to Section 1623.

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

SEC. 8.

Section 1630 of the Education Code is amended to read:

1630.

(a) The Superintendent shall review and consider studies, reports, evaluations, or audits of the county office of education that contain evidence that the county office of education is demonstrating fiscal distress according to the standards and criteria developed pursuant to Section 33127, or that contain a finding by an external reviewer that more than 3 of the 15 most common predictors of school agencies needing intervention, as determined by the County Office Fiscal Crisis and Management Assistance Team, are present. If those findings are made, the Superintendent shall investigate the financial condition of the county office of education and determine if the county office of education may be unable to meet its financial obligations for the current or two subsequent fiscal years, or should receive a qualified or negative interim financial certification pursuant to Section 1240.

(b) If at any time during the fiscal year the Superintendent determines that the county office of education may be unable to meet its financial obligations for the current or two subsequent fiscal years, or if the county office *of education* has a qualified certification pursuant to Section 1240, he or she shall notify the county board of education and the county superintendent in writing of that determination and the basis for the determination. The notification shall include the assumptions used in making the determination and shall be available to the public. The Superintendent shall do the following, as necessary, to ensure that the county office meets its financial obligations:

(1) Assign a fiscal expert, paid for by the Superintendent, to advise the county office *of education* on its financial problems.

(2) Conduct a study of the financial and budgetary conditions of the county office *of education*. If, in the course of this review, the Superintendent determines that his or her office requires analytical assistance or expertise that is not available through the county office *of education*, he or she may employ, at county office *of education* expense, on a short-term basis, staff, including certified public accountants, to provide the assistance and expertise.

(3) Direct the county office *of education* to submit a financial projection of all fund and cash balances of the county office *of education* as of June 30 of the current year and subsequent fiscal years as he or she requires.

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

(5) Direct the county office *of education* to submit a proposal for addressing the fiscal conditions that resulted in the determination that the county office *of education* may not be able to meet its financial obligations.

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

(c) If, after taking the actions identified in subdivision (a), the Superintendent determines that a county office *of education* will be unable to meet its financial obligations for the current or subsequent fiscal year, he or she shall notify the county board of education and the county superintendent in writing of that determination and the basis for that determination. The notification shall include the assumptions used in making the determination and shall be available to the public.

(d) If the Superintendent ~~of Public Instruction~~ makes that determination, or if the county office *of education* has a negative certification pursuant to Section 1240, the Superintendent, shall, as necessary to enable the county office *of education* to meet its financial obligations, do one or more of the following:

(1) Develop and impose, in consultation with the county board of education and the county superintendent, a budget that will enable the county *office of education* to meet its financial obligations.

(2) Stay or rescind an action that is determined to be inconsistent with the ability of the county office *of education* to meet its obligations for the current or subsequent fiscal year and may, as necessary, appoint a fiscal adviser to perform some or all of the duties prescribed by this paragraph on his or her behalf. This includes actions up to the point that the subsequent year's budget is approved by the Superintendent. The Superintendent shall inform the county board of education in writing of his or her justification for an exercise of authority under this paragraph.

(3) Assist in developing, in consultation with the county board of education and the county superintendent, a financial plan that will enable the county office *of education* to meet its future obligations.

(4) Assist in developing, in consultation with the county board of education and the county superintendent, a budget for the subsequent fiscal year. If necessary, the Superintendent shall continue to work with the county board of education and the county superintendent until the budget for the subsequent year is adopted.

(e) Actions taken by the Superintendent pursuant to paragraph (1) or (2) of subdivision (d) shall be accompanied by a notification that includes the actions to be taken, the reasons for the actions, and the assumptions used to support the necessity for those actions. That notification shall be available to the public.

(f) This section does not authorize the Superintendent to abrogate a provision of a collective bargaining agreement that was entered into by a county office ~~prior to~~ *of education before* the date upon which the Superintendent assumed authority pursuant to subdivision (d).

(g) The county office *of education* shall pay reasonable fees charged by the Superintendent for administrative expenses incurred pursuant to subdivision (d) or costs associated with improving the office's financial management practices.

(h) Notwithstanding any other ~~provision of~~ law, a county treasurer shall not honor a warrant when the Superintendent, as appropriate, has disapproved that warrant, or has disapproved the order on county office *of education* funds for which a warrant was prepared.

(i) For all purposes of errors and liability insurance policies, a fiscal expert appointed pursuant to this section shall be deemed to be an employee of the county office of education. The Superintendent may require that the fiscal adviser be placed on the county office of education payroll for ~~the~~ purposes of remuneration, benefits, and payroll deductions.

(j) If staff persons are hired pursuant to paragraph (2) of subdivision (b), the Superintendent may certify to the Controller an amount to be transferred to the ~~State Department of Education,~~ *state department,* from the funds that otherwise would be apportioned to the county office of education pursuant to Section ~~2558,~~ *2575,* for the purpose of paying all costs incurred by that staff in performing their respective services. The Controller, upon receipt of that certification, shall transfer that amount.

(k) To facilitate the appointment of a county office *of education* fiscal officer and the employment of additional staff pursuant to paragraphs (1) and (2), respectively, of subdivision (b), for the purposes of those paragraphs, the Superintendent ~~of Public Instruction~~ is exempt from the requirements of Article 6 (commencing with Section 999) of Chapter 6 of Division 4 of the Military and Veterans Code and Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code.

SEC. 9.

Article 9 (commencing with Section 1780) of Chapter 6 of Part 2 of Division 1 of Title 1 of the Education Code is repealed.

SEC. 10.

Article 10 (commencing with Section 1790) of Chapter 6 of Part 2 of Division 1 of Title 1 of the Education Code is repealed.

SEC. 11.

Article 11 (commencing with Section 1830) of Chapter 6 of Part 2 of Division 1 of Title 1 of the Education Code is repealed.

SEC. 12.

Article 14.5 (commencing with Section 1900) of Chapter 6 of Part 2 of Division 1 of Title 1 of the Education Code ~~**is repealed.**~~ **is amended to read:**

1900. The county superintendent of schools, with the approval of the county board of education and the board of supervisors, shall have power to establish and maintain classes or schools for prisoners in any county jail, county honor farm, or any county industrial farm or county or joint county road camp, for the purpose of providing instruction in civic, vocational, literacy, health, homemaking, technical, and general education.

1901. The county board of education shall have the authority to award diplomas or certificates to prisoners enrolled in classes or schools in any county jail, county honor farm, or any county industrial farm or county or joint county road camp upon successful completion of a prescribed course of study.

1902. The county board of education may provide for the maintenance on Saturday of classes for prisoners in any county jail, county honor farm, or any county industrial farm or county or joint county road camp.

1903. (a) For purposes of attendance, "adult" means any prisoner confined in any county jail, county honor farm, county industrial farm, county or joint county road camp, or community-based correction program, and who has enrolled in classes or schools authorized by Section 1900.

(b) This chapter is applicable to a community-based correction program.

1904. ~~**For all schools or classes maintained by the county superintendent of schools as authorized by Section 1906 in any county jail, county honor farm, or any county industrial farm or county or joint county road camp, the Superintendent of Public Instruction shall allow the amount computed under Section 1909.**~~ For purposes of this section, the Superintendent of Public Instruction shall, by rules and regulations, establish minimum standards for the conduct of the schools or classes, including, but not necessarily limited to, class size, attendance requirements, and requirements concerning records to be kept and reports to be submitted.

1905. The sheriff or other official in charge of county correctional facilities may, subject to the approval of the board of supervisors, provide for the rehabilitation of prisoners confined in the county jail, county honor farm or any county industrial farm or county or joint county road camp. Such rehabilitation shall emphasize education and vocational training.

1906. The board of supervisors may, by ordinance, direct the county superintendent of schools to establish and maintain classes or schools for prisoners in any county jail, county honor farm, or any county industrial farm or county or joint county road camp established by the county. The county board of education shall have the same powers and duties with respect to such schools, including the establishment of the budget deemed necessary for the operation of the school programs, as the governing board of a school district would have were such schools maintained by a school district.

1907. The board of supervisors, in lieu of proceeding under Section 1906, may provide for the establishment and maintenance of classes or schools in connection with the jail facilities for the education and vocational training of the prisoners. The board, by ordinance, may provide for the establishment and maintenance of school facilities in the county jail, county honor farm, or any county industrial farm or county or joint county road camp, and such schools may be maintained by the governing board of any school district maintaining secondary schools.

1908. (a) The board of supervisors of the county ~~shall~~ **is encouraged to** transfer from the general fund of the county to the county school service fund of the county superintendent of schools such sums, in excess of the amount of money received from the state by the county superintendent of schools, as the county board of education has deemed necessary to maintain the school programs in the county jail, county honor farm, county industrial farm or county or joint county road camps as described in Section 1906.

(b) The board of supervisors, in lieu of proceeding under subdivision (a), ~~shall~~ **is encouraged to** agree with the governing board of the school district providing classes or schools for prisoners, to transfer from the general fund of the county to the general fund of the district such sums, in excess of the amount of money received on the basis of average daily attendance in such programs, as is necessary to maintain its school programs in the county jail, county honor farm, county industrial farm or county or joint county road camps as described in Section 1907.

~~1909. (a) From funds appropriated for allocation pursuant to Sections 2558 and 41841.5, for each county superintendent of schools who maintained schools or classes for adults in correctional facilities in the 1981-82 fiscal year pursuant to Section 1906, and who continues to maintain those schools or classes in each fiscal year thereafter, the Superintendent of Public Instruction shall allow in the 1982-83 fiscal year and each fiscal year thereafter, an amount equal to the actual current expenses of the program, but not to exceed an amount determined as follows:~~

~~(1) Compute the prior year statewide average revenue limit per unit of average daily attendance for adults, increased by the amount specified in Section 52616.16 for the current fiscal year.~~

~~(2) Multiply the amount computed in paragraph (1) by the average daily attendance of the schools or classes in the current fiscal year.~~

~~(3) Multiply the product determined in paragraph (2) for each fiscal year by 0.8.~~

~~(b) Notwithstanding subdivision (a), for the 1993-94 and 1994-95 fiscal years, in no event shall the amount allowed to a county superintendent of schools for each unit of average daily attendance pursuant to that subdivision exceed the statewide average revenue limit at which adults in correctional facilities were funded in the 1992-93 fiscal year, as adjusted by any cost-of-living adjustment pursuant to Section 42238.1.~~

~~1909.5. The calculation made pursuant to Section 1909 is subject to Article 9 (commencing with Section 41840) of Chapter 5 of Part 24.~~

SEC. 13.

Article 14.7 (commencing with Section 1915) of Chapter 6 of Part 2 of Division 1 of Title 1 of the Education Code is repealed.

SEC. 14.

Article 17 (commencing with Section 1940) of Chapter 6 of Part 2 of Division 1 of Title 1 of the Education Code is repealed.

SEC. 15.

Section 1982 of the Education Code is repealed.

~~1982.~~

~~(a)County community schools shall be administered by the county superintendent of schools. For purposes of making apportionments from the State School Fund and the levying of local taxes, any attendance generated by pupils in county community schools in kindergarten or any of grades 1 to 12, inclusive, who are enrolled pursuant to subdivisions (a), (b), and (d) of Section 1981 as well as any attendance generated by pupils in county community schools in kindergarten or any of grades 1 to 6, inclusive, who are enrolled pursuant to paragraph (1) or (2) of subdivision (c) of Section 1981 shall be credited to the district of residence. School districts shall pay to the county for the purposes of the community schools the entire revenue limit for each average daily attendance credited pursuant to this section. No funds generated by average daily attendance credited pursuant to this section shall be retained by the district of residence. The county superintendent of schools may use funds derived from existing tax revenues to provide additional funding per pupil enrolled in county community schools but not to exceed the difference between the amount derived per pupil from the district and the amount available per pupil enrolled in juvenile court schools.~~

~~(b)For the purposes of making apportionments from the State School Fund, pupils enrolled in county community schools pursuant to subdivision (c) of Section 1981 shall be deemed to be enrolled in a county juvenile hall or camp except pupils enrolled in kindergarten or any of grades 1 to 6, inclusive, who are enrolled pursuant to paragraph (1) or (2) of subdivision (c) of Section 1981.~~

~~(c)For the purposes of this section, the county superintendent of schools providing educational services to homeless children shall be deemed to be the district of residence of those children.~~

SEC. 16.

Section 1982.3 of the Education Code is repealed.

~~1982.3.~~

~~Any amounts received by a county superintendent of schools for revenue limit purposes that are derived from the average daily attendance generated by pupils enrolled in a community school shall be expended only for the purposes specified in subdivision (b) of Section 42238.18.~~

SEC. 17.

Section 1982.5 of the Education Code is repealed.

~~1982.5.~~

~~Notwithstanding subdivision (b) of Section 1982, for purposes of making apportionments from the State School Fund, pupils enrolled in juvenile court schools because they were expelled~~

~~pursuant to subdivision (a) of Section 48915 shall be deemed the same as pupils enrolled in county community schools pursuant to subdivision (a), (b), or (d) of Section 1981.~~

SEC. 18.

Section 1983.5 of the Education Code is repealed.

~~1983.5.~~

~~Notwithstanding any other provision of law, apportionments claimed by a county office of education for units of average daily attendance for pupils enrolled pursuant to subdivision (c) of Section 1981 in excess of the number claimed by that county office in the 1991–92 fiscal year shall be funded at the statewide average revenue limit per unit of average daily attendance for that category of enrollment. This section does not apply to pupils enrolled in kindergarten or any of grades 1 to 6, inclusive, pursuant to paragraphs (1) or (2) of subdivision (c) of Section 1981.~~

SEC. 19.

~~*Article 1 (commencing with Section 2509) of Chapter 12 of Part 2 of Division 1 of Title 1 of the Education Code is repealed.*~~

SEC. 20.

Article 3 (commencing with Section 2550) of Chapter 12 of Part 2 of Division 1 of Title 1 of the Education Code is repealed.

SEC. 21.

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

SEC. 22.

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

Article 1. Allocation of Property Tax Revenues

SEC. 23.

Section 2573 of the Education Code is amended to read:

2573.

The remainder computed pursuant to subdivision (d) of Section 2571 is the amount of property tax revenues to be allocated for programs funded pursuant to Section ~~2558.~~ *2575.*

SEC. 24.

Article 2 (commencing with Section 2574) is added to Chapter 12 of Part 2 of Division 1 of Title 1 of the Education Code, to read:

Article 2. County Local Control Funding Formula

2574. For the 2013–14 fiscal year and for each fiscal year thereafter, the Superintendent annually shall calculate **a** ~~the~~ 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. 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 **physically located** within the county, and the schools operated by the county superintendent of schools.

(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.

(4) For the 2014–15 fiscal year and each fiscal year thereafter, adjust each of the amounts 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) ~~Divide the enrollment of unduplicated pupils in all schools operated by a county superintendent of schools by the total enrollment in those schools.~~ **Determine the enrollment percentage of unduplicated pupils as follows:**

(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 most recent prior fiscal years by the sum of the total enrollment in those schools in the current fiscal year and the two most recent prior fiscal years.

(D) For the purposes of determining the enrollment percentage of unduplicated pupils pursuant to this subdivision, enrollment in schools or classes established pursuant to Article 2.5 of Chapter 4 of Part 27 of Division 4 of Title 2 and enrollment of pupils other than those identified in clauses (i), (ii) and (iii) of subparagraph (A) of paragraph (4) of subdivision (c) of this section 2574 shall be excluded from the calculations.

(~~1~~2) For purposes of this section, an "unduplicated pupil" is a pupil who is classified as an English learner ~~pursuant to Section 52164, as that section read on January 1, 2013;~~ eligible to receive a free or reduced-price meal, ~~pursuant to Section 49552, as that section read on January 1, 2013;~~ or a foster youth ~~child pursuant to Sections 300 and 601 of the Welfare and Institutions Code~~. For purposes of this section, English learner, eligible for free or reduced price meal, and foster youth definitions pursuant to Section 42238.01 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 ~~child~~ youth.

(C) The pupil ~~is classified as a foster child and~~ 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 ~~child~~ youth.

~~(2) For purposes of this section, a pupil shall not be classified as an English learner for a total of more than five school years by any school district, charter school, or county office of education.~~

~~(3) For purposes of this subdivision, a pupil enrolled in a juvenile court school operated by a county superintendent of schools shall not be included in any enrollment counts.~~

~~(4)~~ (3) (A) 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 ~~children~~ 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.

(4) For purposes of making the calculations pursuant to this subdivision, the Superintendent shall identify the school year in which a student initially is classified as an English learner by any school district, charter school, or county superintendent of schools. Beginning with the seventh contiguous school year following the school year in which a student initially is classified as an English learner by any school district, charter school, or county office of education, that pupil shall be classified as an unduplicated pupil only if the pupil also is eligible for a free or reduced-price meal, is a foster youth, or is both eligible for a free or reduced-price meal and a foster youth. For purposes of implementing this paragraph, the 2013-14 fiscal year shall be the initial year for any English learners classified prior to the 2013-14 fiscal year.

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

(1) For the 2013–14 fiscal year, a base grant ~~of~~ **equal to the 2012-13 per-pupil undeficited 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. Commencing with the 2013-14 fiscal year the per-pupil base grant shall be adjusted** ~~eleven thousand forty-five dollars ($11,045). For the 2014–15 fiscal year and each fiscal year thereafter, adjust the base grant provided in the prior year~~ 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 defined in paragraph (1) multiplied by the percentage calculated in subdivision (b). **Funds provided pursuant to this calculation are provided primarily for the benefit of pupils for whom any of the definitions included in Section 42238.01 apply and shall be expended pursuant to paragraphs (3) and (4) of subdivision (i) of Section 52065.**

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

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

(B) Zero.

(C) Funds provided pursuant to this calculation are provided primarily for the benefit of pupils for whom any of the definitions included in Section 42238.01 apply and shall be expended pursuant to paragraphs (3) and (4) of subdivision (i) of Section 52065.

(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 ~~a juvenile court school~~ schools or classes established pursuant to Article 2.5 of Chapter 4 of Part 27 of Division 4 of Title 2, who are 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 ~~a juvenile court school~~ schools or classes established pursuant to Article 2.5 of Chapter 4 of Part 27 of Division 4 of Title 2 by the sum of the base grant calculated in paragraph (1), a supplemental grant, equal to 35 percent of the base grant pursuant to paragraph (1), and a concentration grant, equal to 17.5 percent of the base grant pursuant to paragraph (1). Funds provided pursuant to this calculation are provided primarily for the benefit of pupils for whom any of the definitions included in Section 42238.01 apply and shall be expended pursuant to paragraphs (3) and (4) of subdivision (i) of Section 52065.

(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) 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 Article 2 (commencing with Section 39820) of Chapter 1 of Part 23.5 of Division 3 of Title 2, and Article 10 (commencing with Section 41850) of Chapter 5 of Part 24 of Division 3 of Title 2, as those articles read on January 1, 2013.

2575. (a) Commencing with the 2013–14 budget 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 office of education ~~distribute the appropriations in Section 14002 to each county superintendent of schools according~~ pursuant to the sum of the amounts computed pursuant to paragraphs (1) through (3). ~~to the following formula:~~

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

(1) ~~Entitlements for revenue~~ 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 of pupils attending juvenile court schools. 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 Section 41332.

(2) **The sum of the following:**

(A) 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, 6110-119-0001, 6110-122-0001, 6110-124-0001, 6110-128-0001, 6110-137-0001, 6110-144-0001, 6110-156-0001, 6110-158-0001, 6110-166-0001, 6110-167-0001, 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, 6110-234-0001, 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, ~~and~~ 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 it read on January 1, 2013, **and 2012-13 fiscal year funding for the community day school mandatorily expelled pupils program pursuant to subdivision (c) of section 48915 .**

(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 that county office of education** ~~calculated~~ pursuant to **subdivision (f)** ~~paragraph (3) of subdivision (b)~~ in all prior years.

(b) **The Superintendent shall annually compute a county local control funding formula transition** ~~Calculate an~~ adjustment **for each county superintendent of schools** ~~to the amount in subdivision (a)~~ as follows:

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

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

(3) (A) Multiply the proportion calculated ~~in~~ **for each county office of education 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 ~~in~~ **pursuant to** paragraph (1).

~~(B) Add the amount calculated in subparagraph (A) to the allocation to the county superintendent of schools as calculated pursuant to subdivision (a).~~

(c) The Superintendent shall subtract ~~(c) Subtract~~ from the amount calculated in ~~subparagraph (B) of paragraph (3) of subdivision~~ **subdivision (a)** ~~(b)~~ 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, and 34188 of the Health and Safety Code.

(5) (A) 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.

(B) The amount in subparagraph (A) shall only offset the amount included in paragraph (1) of subdivision (a).

(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) ~~(d) (1)~~ The Superintendent shall **annually** apportion to **each** ~~the~~ county superintendent of schools ~~either of the following:~~ **the amount calculated pursuant to subdivision (c) unless the amount computed pursuant to subdivision (c) is negative. Except as provided in subdivision (f), an amount of property tax of that county superintendent of schools, equal to that 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 the 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 of those subdivisions is greater than zero.

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

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

(B) Subtract the amount computed pursuant to subparagraph (A) above 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 (B) by the unapportioned balance in the appropriation.

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

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

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

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

(2) For a county superintendent of schools for which, 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 year in which the amount computed pursuant to subdivision (c) otherwise 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), inclusive of subdivision (c) in that year and each year thereafter, instead of the amounts calculated 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 in (d), inclusive of subdivision (c), as of the second principal apportionment of that fiscal year. If this percentage is less than 10 percent, the Superintendent shall apportion funding to those county superintendents of schools equal to the amount computed in subdivision (d) inclusive, of subdivision (c), in that fiscal year and each year thereafter instead of the amounts calculated pursuant to subdivisions (e) and (f).

(4) Commencing with the first fiscal year after paragraph (3) is operative, the funding provided for cost-of-living-adjustments made pursuant to adjustments in paragraph (4) of subdivision (a) and paragraph (1) of subdivision (c) of Section 2574 shall be subject to an appropriation included in the annual Budget Act.

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

~~(A) If the calculation in paragraph (1) of subdivision (b) is positive, the amount calculated in subdivision (c).~~

~~(B) (i) If the calculation in paragraph (1) of subdivision (b) is equal to zero or is negative, the sum of the amounts in paragraphs (1) and (2) of subdivision (a), less the sum of the amounts included in paragraphs (1) to (5), inclusive, of subdivision (c).~~

~~(ii) For the first fiscal year in which the amount calculated in subdivision (e) of Section 2574 is greater than the sum of the amounts in paragraphs (1) and (2) of subdivision (a) and for each fiscal year thereafter, the Superintendent shall apportion to the county superintendent of schools the amount calculated in subdivision (e) of Section 2574, less the sum of the amounts included in paragraphs (1) to (5), inclusive, of subdivision (c).~~

~~(2) If the amount determined pursuant to paragraph (1) is negative, state aid shall not be apportioned to the county superintendent of schools pursuant to paragraph (1). 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 fiscal year in which subdivision (d) applies. In the following fiscal year, that amount shall be considered local property tax revenue for purposes of paragraph (1) of subdivision (c).~~

(h) A county superintendent of schools may continue to conduct any activities or operate any programs for which funding has previously been provided through any of the items or statutes included in paragraph (2) of subdivision (b).

(i) For the 2013-14 and 2014-15 fiscal years only, a county superintendent of schools that, in the 2012-13 fiscal year, received on behalf of or provided funds to, from any of the sources included in paragraphs (1) or (2) of subdivision (a), 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 the purposes of providing instruction to secondary students shall not redirect that funding for another purpose unless otherwise authorized in law or pursuant to an

agreement between the regional occupational center or joint powers agency and the contracting county superintendent of schools.

(j) For the 2013-14 and 2014-15 fiscal years, a county superintendent of schools that, in the 2012-13 fiscal year, received on behalf of or provided funds to, from any of the sources identified paragraphs (1) or (2) of subdivision (a), 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 Tile 1 of the Government Code for the purposes of providing pupil transportation shall not redirect that funding for another purpose unless otherwise authorized in law or pursuant to an agreement between the home-to-school transportation joint powers agency and the contracting county superintendent of schools.

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

~~(2) Funds apportioned for purposes of a supplemental grant or concentration grant, pursuant to paragraphs (2) and (3), and subparagraph (B) of paragraph (4) of subdivision (c) of Section 2754, shall be available for any locally determined educational purpose that benefits the pupils that generated those funds pursuant to a local control and accountability plan adopted by the county board of education.~~

~~(3) Commencing with the 2013–14 fiscal year, unless otherwise required by federal law, any requirements associated with the items listed in paragraph (2) of subdivision (a) shall not apply.~~

2576. (a) If a county superintendent of schools enrolls in a school operated by the county superintendent of schools a pupil not funded pursuant to clause (i), (ii), or (iii) of subparagraph (A) of paragraph (4) of subdivision (c) of Section 2574, any attendance generated by that pupil shall be credited to the school district of residence. Enrollment of these students shall be transferred to the school district of residence for purposes of calculating the percentage of unduplicated pupils pursuant to Section 42238.02 ~~That school district shall pay to the county superintendent of schools the entire entitlement generated for each unit of average daily attendance by that pupil.~~

(b) For purposes of this section, the school district of residence for a homeless child, as defined in Section 1981.2, enrolled in a school operated by a county superintendent of schools, shall be deemed to be the school district that last provided educational services to that child or, if it is not possible to determine that school district, the largest school district in the county.

2577. Notwithstanding any other law, revenue limit funding for county superintendents of schools for the 2012–13 fiscal year and prior fiscal years shall continue to be adjusted pursuant to Article 3 (commencing with Section 2550) of Chapter 12, as that section read on January 1, 2013.

2578. (a) Each fiscal year, the Superintendent shall determine the amount of funds that will be restricted for each county superintendent of schools pursuant to subdivisions (e) and (g) of Section 2575 as of June 30 of the prior fiscal year.

(b) The auditor-controller of each county shall distribute the amounts determined in subdivision (a) to the Supplemental Revenue Augmentation Fund created within the

county pursuant to Section 100.06 of the Revenue and Taxation Code. The aggregate amount of transfers required by this subdivision shall be made annually in two equal shares, with the first share transferred no later than January 15, of each year, and the second share transferred after that date but no later than May 1.

(c) The moneys transferred to the Supplemental Revenue Augmentation Fund for the purposes of this section shall be transferred by the county office of education to the Controller for those purposes as directed by the Director of Finance, exclusively to reimburse the state for the costs of providing trial court services and costs, until those moneys are exhausted.

SEC. 25.

Article 3 (commencing with Section 8070) of Chapter 1 of Part 6 of Division 1 of Title 1 of the Education Code is repealed.

SEC. 26.

Article 4 (commencing with Section 8080) of Chapter 1 of Part 6 of Division 1 of Title 1 of the Education Code is repealed.

SEC. 27.

Section 8092 of the Education Code is amended to read:

8092.

(a) A school district or districts, a county superintendent or superintendents, or the governing body of any agency maintaining a regional occupational center or program may contract with a private postsecondary school that is authorized or approved pursuant to Chapter ~~3~~ *8* (commencing with Section ~~94300~~) *94800)* of Part 59 *of Division 10 of Title 3* and that has been in operation not less than two full calendar years ~~prior to~~ *before* the effective date of the contract, to provide career technical skill training authorized by this code. A school district, community college district, or county superintendent of schools may contract with an activity center, work activity center, or sheltered workshop to provide career technical skill training authorized by this code in an adult education program for adults with disabilities operated pursuant to subdivision (a) of Section 41976.

(b) A contract between a public entity and a private postsecondary school entered into pursuant to this section, or an activity center, work activity center, or sheltered workshop, shall do ~~all~~ *both* of the following:

(1) Provide that the amount contracted for per student shall not exceed the total direct and indirect costs to provide the same training in the public schools or the tuition the private postsecondary school charges its private students, whichever is lower.

~~(2)Provide that the public school receiving training in a private postsecondary school, or an activity center, work activity center, or sheltered workshop pursuant to that contract may not be charged additional tuition for any training included in the contract. The attendance of those students pursuant to a contract authorized by this section shall be credited to the public entity for the purposes of apportionments from the State School Fund.~~

~~(3)~~

(2) Provide that all programs, courses, and classes of instruction shall meet the standards set forth in the California State Plan for Career Technical Education, or is a course of study for adult schools approved by the department ~~under Section 51056~~.

(c) The students who attend a private postsecondary school or an activity center, work activity center, or sheltered workshop pursuant to a contract under this section shall be enrollees of the public entity and the career technical instruction provided pursuant to that contract shall be under the exclusive control and management of the governing body of the contracting public entity.

(d) The Department of Finance and the ~~State Department of Education~~ *state department* may audit the accounts of both the public entity and the private party involved in these contracts to the extent necessary to ensure the integrity of the public funds involved.

SEC. 28.

Article 8 (commencing with Section 8150) of Chapter 1 of Part 6 of Division 1 of Title 1 of the Education Code is repealed.

SEC. 29.

~~**Chapter 3 (commencing with Section 8500) of Part 6 of Division 1 of Title 1**~~ **Section 8500** *of the Education Code is repealed.*

~~**8500.**~~

~~**The Legislature finds and declares that adult continuing education is essential to the needs of society in an era of rapid technological, economic, and social change and that all adults in California are entitled to quality publicly supported continuing education opportunity, including the following:**~~

~~**(a) The opportunity to acquire the knowledge and skills necessary to participate effectively in today's economy and society.**~~
~~**(b) Access to courses at the postsecondary level that are foundations upon which successive academic or occupational knowledge are dependent.**~~
~~**(c) Participation in other courses designed to meet the particular needs of the local community.**~~

SEC. 29.1.

Section 8510 of the Education code is amended to read:

8510

Unless the context clearly requires otherwise, the definitions set forth in this section govern the construction of this chapter.

(a) "Adult basic education" is education in communication and computational skills to and including the 12th grade level, including English as a second language and citizenship.
(b) "Classes for adults" are classes without a college grade level designation organized primarily for persons 18 years of age or older.
~~(c) "Course approval" is the process of approval by either the State Department of Education or the Board of Governors of the California Community Colleges.~~
~~(d)~~ (c) "Mutual agreement" means an agreement between two or more governing boards of districts.

SEC. 29.3.

Section 8530 of the Education code is amended to read:

8530.

Adult basic education ~~is the responsibility of~~ **may be provided by** high school and unified school districts ~~except in those instances where by mutual agreement the responsibility is assigned to~~ **and by** a community college district.

SEC. 29.5.

Section 8535 of the Education code repealed.

SEC. 30.

Chapter 5.1 (commencing with Section 8820) of Part 6 of Division 1 of Title 1 of the Education Code is repealed.

SEC. 31.

Chapter 9 (commencing with Section 8980) of Part 6 of Division 1 of Title 1 of the Education Code is repealed.

SEC. 32.

Section 10554 of the Education Code is amended to read:

10554.
(a) In order for the governing board to carry out its responsibilities pursuant to this chapter, there is hereby established the Educational Telecommunication Fund. The amount of moneys to be deposited in the fund shall be the amount of any offset made to the principal apportionments made pursuant to Sections ~~1909, 2558, 42238,~~ *2575, 42238.02, as implemented by Section 42238.03,* 52616, Article 1.5 (commencing with Section 52335) of Chapter 9 of Part 28 *of Division 4 of Title 2*, and Chapter 7.2 (commencing with Section 56836) of Part 30 *of Division 4 of Title 2*, based on a finding that these apportionments were not in accordance with law. The maximum amount that may be annually deposited in the fund from the offset is fifteen million dollars ($15,000,000). The Controller shall establish an account to receive and expend moneys in the fund. The placement of the moneys in the fund shall occur only upon a finding by the Superintendent ~~of Public Instruction~~ and the Director of Finance that the principal

apportionments made pursuant to Sections ~~1909, 2558, 42238,~~ *2575, 42238.02, as implemented by Section 42238.03,* 52616, and Article 1.5 (commencing with Section 52335) of Chapter 9 of Part 28 *of Division 4 of Title 2*, and Chapter 7.2 (commencing with Section 56836) of Part 30 *of Division 4 of Title 2* were not in accordance with existing law and were so identified pursuant to Sections 1624, 14506, 41020, 41020.2, 41320, 42127.2, and 42127.3, or an independent audit that was approved by the department.

(b) Moneys in the fund established pursuant to subdivision (a) shall only be available for expenditure upon appropriation by the Legislature in the Budget Act.

(c) The moneys in the fund established pursuant to subdivision (a) may be expended by the governing board to carry out the purposes of this chapter, including for the following purposes:

(1) To support the activities of the team established pursuant to subdivision (c) of Section 10551.

(2) To assist the school districts and county superintendents of schools in purchasing both hardware and software to allow school districts, county superintendents of schools, and the department to be linked for school business and administrative purposes. The governing board shall establish a matching share requirement that applicant school districts and county superintendents of schools must fulfill to receive those funds. It is the intent of the Legislature to encourage the distribution of grants to school districts and county superintendents of schools to the widest extent possible.

(3) To provide technical assistance through county offices of education to school districts in implementing the standards established pursuant to subdivision (a) of Section 10552.

SEC. 33.

Chapter 13 (commencing with Section 11200) of Part 7 of Division 1 of Title 1 of the Education Code is repealed.

SEC. 34.

Chapter 17 (commencing with Section 11600) of Part 7 of Division 1 of Title 1 of the Education Code is repealed.

SEC. 35.

Section 14002 of the Education Code is amended to read:

~~14002.~~

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

~~unified school districts and to all county superintendents of schools in the state, as certified by the Superintendent of Public Instruction, of one hundred eighty dollars ($180).~~

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

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

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 ~~**actual computed apportionments**~~ **amounts apportioned pursuant to subdivisions (e) and (g) of Section 2575, and Sections 2577, 42238.02, as implemented by section 42238.03, and section 42238.04** *for* ~~**the**~~ **each** *fiscal year* ~~**for the purposes set forth in Sections 2575, 42238.02, as implemented by section 42238.03**~~. **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 in subsection (d) of 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.**

~~(d)~~

~~**(b) The Controller shall also transfer to Section A of the State School Fund any additional amounts appropriated thereto by the Legislature in augmentation of any of the amounts for any of the purposes set forth in Sections 41300 and 41301 2575, 42238.02, and 42238.03 and such additional amounts shall be allowed and apportioned by the Superintendent of Public Instruction and warrants therefor drawn by the Controller in the**~~

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

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

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

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

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

SEC. 36.

Section 14002.1 of the Education Code is amended to read:

14002.1.

Notwithstanding any other law, for purposes of determining ~~(a)~~ the amounts to be certified pursuant to ~~Sections~~ *subdivision (a) of Section* 14002 ~~and 14004, (b) allocations made pursuant to Section 41301, (c) the apportionments required to be made pursuant to Sections 41330, 41332, and 41335, (d) revenue limits for school districts pursuant to Section 42238, as adjusted pursuant to Sections 42238.14, 42238.145, and 42238.146, and (e) revenue limits for county offices of education pursuant to Section 2558, as adjusted pursuant to Sections 2558.4, 2558.45, and 2558.46~~, the Superintendent ~~of Public Instruction~~ shall use the property tax estimates received from county auditors pursuant to Section 75.70 of the Revenue and Taxation Code.

SEC. 37.

Section 14002.3 of the Education Code is repealed.

~~14002.3.~~

~~Notwithstanding any other law, for purposes of Sections 14002, 14004, and 41301, for the 2000–01 fiscal year and each fiscal year thereafter, the Superintendent of Public Instruction shall certify to the Controller amounts that do not exceed the amounts needed to fund the revenue limits of school districts, as determined pursuant to Section 42238, the revenue limits of county superintendents of schools, as determined pursuant to Section 2558, warrants issued pursuant to Section 41329.57, and the revenue limit portion of charter school operational funding, as determined pursuant to Section 47633.~~

SEC. 38.

Section 14002.5 of the Education Code is repealed.

~~14002.5.~~

~~In making the computation prescribed by subdivision (b) of Section 14002, the Controller shall cumulatively increase the seventy-nine cents ($0.79) amount prescribed by that subdivision by 6 percent annually, and shall cumulatively increase the twenty-one dollar and fifty cents ($21.50) amount prescribed by that subdivision by 6 percent annually.~~

SEC. 39.

Section 14003 of the Education Code is amended to read:

14003.

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

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

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

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

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

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

~~(B)~~

(A) Such amounts as necessary to ~~reduce the revenue limit deficit factors set forth in Sections 2558.46 and 42238.146 until the deficit factors are reduced to zero~~ *implement the local control funding formula pursuant to Section 42238.02, as implemented by Section 42238.03, and the county local control funding formula, pursuant to Section 2575.*

~~(C)~~

(B) Any remaining amounts transferred pursuant to this paragraph shall be allocated ~~as an equal increase per unit of average daily attendance in general purpose apportionments for~~

~~purposes of Sections 2558, 42238, and 47633~~ *pursuant to Sections 2575 and 42238.02, as implemented by Section 42238.03.*

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

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

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

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

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

SEC. 40.

Section 14004 of the Education Code is repealed.

~~14004.~~

~~In addition to all other funds appropriated and transferred to Section A of the State School Fund, the Controller shall annually transfer from the General Fund to Section A of this State School Fund for apportionment during the fiscal year a total amount per pupil in average daily attendance during the preceding fiscal year credited to all elementary, high, and unified school districts and to all county superintendents of schools in the state as certified by the Superintendent of Public Instruction of fourteen cents ($0.14).~~

SEC. 41.

Section 14022.3 of the Education Code is amended to read:

14022.3.
(a) For purposes of calculating "increases in enrollment" pursuant to paragraph (2) or (3) of subdivision (b) of Section 8 of Article XVI of the California Constitution, the term "enrollment" for school districts, community college districts, and state agencies providing direct elementary and secondary level instructional services means the sum of the following:

(1) Second principal apportionment regular average daily attendance for kindergarten and grades 1 to 12, inclusive, as defined in subdivision (b) of Section ~~42238.5,~~ *42238.05,* and as adjusted for any average daily attendance audit findings.

(2) Annual average daily attendance for county offices of education, as calculated pursuant to subdivision (c) of Section 41601, and as adjusted for any average daily attendance audit findings.

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

SEC. 42.

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

~~14022.5.~~

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

~~(1)In school districts:~~

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

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

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

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

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

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

~~shall be defined as three-fourths day, and six and one-half hours or more per day shall be defined as one full day.~~

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

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

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

~~(A)The annual average daily attendance of a community college district computed pursuant to Chapter 4 (commencing with Section 84500) of Part 50, until Section 84750 becomes operative, and thereafter the number of full-time equivalent students as computed pursuant to Section 84750.~~

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

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

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

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

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

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

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

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

SEC. 43.

Section 14022.5 of the Education Code, as amended by Section 1 of Chapter 92 of the Statutes of 1989, is amended to read:

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

(1) In school districts:

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

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

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

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

~~(E)~~

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

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

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

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

(2) In community college districts:

(A) The annual average daily attendance of a community college district computed pursuant to Chapter 4 (commencing with Section 84500) of Part 50 *of Division 7 of Title 3*, until Section ~~84750~~ *84750.5* becomes operative, and thereafter the number of full-time equivalent students as computed pursuant to Section ~~84750~~ *84750.5*.

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

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

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

(A) The annual average daily attendance equivalent for pupils enrolled in the State Schools for the Handicapped pursuant to Part 32 (commencing with Section 59000) *of Division 4 of Title 2.*

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

(C) The annual average daily attendance equivalent for pupils in the state hospitals operated by the State Department of Developmental Services pursuant to Chapter 8 (commencing with Section 56850) of Part 30 *of Division 4 of Title 2.*

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

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

SEC. 44.

Section 14035 of the Education Code is repealed.

~~14035.~~

~~(a)The county school service fund contingency account is hereby established in the General Fund. In each fiscal year the amount credited to the account shall be one hundred thousand dollars ($100,000). Notwithstanding any provision of Section 14002 to the contrary, the amount to be credited to the county school service fund contingency account each fiscal year shall not be transferred from the General Fund as required or authorized to be transferred by Section 14002, but the amounts required or authorized to be transferred by Section 14002 shall be~~

~~reduced by the amount to be credited to the contingency account and shall remain in the General Fund to the credit of the contingency account.~~

~~(b)The moneys in the General Fund to the credit of the contingency account shall be transferred by the Controller to the State School Fund in amounts as are certified from time to time by the Superintendent of Public Instruction to be necessary to meet actual costs to reimburse county superintendents of schools for expenses incurred in providing emergency education to pupils and making financial grants to school districts pursuant to Section 1602, to reimburse county superintendents of schools for the actual and necessary travel expenses incurred in connection with cooperative county publication projects by the county superintendent of schools or members of his or her staff, and to reimburse county superintendents of schools for expenses incurred in making emergency financial grants to school districts.~~

~~(c)The amount credited, pursuant to this section, in each fiscal year to the county school service fund contingency account in the General Fund shall be reduced by the amount of the balance remaining to the account on June 30 of the preceding fiscal year and an equal reduction shall be made in the amount of the reduction in the amounts required or authorized to be transferred under Section 14002 in accordance with this section.~~

SEC. 45.

Section 14041 of the Education Code is amended to read:

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 Sections 41330 to 41343, inclusive, and Chapter 4 (commencing with Section 41600) and Chapter 5 (commencing with Section 41760.2) and Article 2 (commencing with Section ~~42238)~~ *42238.02)* 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.

(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) Warrants in June shall include the total amounts certified by the Superintendent as the final apportionment.

(7) 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) 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) (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, *as those sections read on June 30, 2013.*

(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, *as those sections read on June 30, 2013.*

(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.~~

SEC. 46.

Section 14041.1 of the Education Code is repealed.

~~14041.1.~~

~~(a)Except as provided pursuant to subdivision (b), notwithstanding paragraphs (1) and (2) of subdivision (a) and subdivision (b) of Section 14041, for the 2008–09 fiscal year only:~~

~~(1)Warrants for amounts allowed to the county school service funds under subdivisions (a) and (b) of Section 14054 shall be for amounts equal to 0.9 percent in July, 12 percent in August, 15.1 percent in September, and 8 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 0.9 percent in July, 12 percent in August, 13.1 percent in September, and 8 percent in October, November, December, and January, of the amounts certified by the Superintendent as a part of the advance apportionment.~~

~~(b)Notwithstanding subdivision (a) and subject to the approval of the Director of Finance, the Controller shall issue warrants pursuant to Section 14041 that include the full amount of the apportionment payments for the month of July for a local educational agency for which the county superintendent of schools certifies to the Superintendent of Public Instruction and to the Director of Finance on or before May 15, 2008, that the deferral of warrants pursuant to subdivision (a) will result in qualifying the local educational agency for an emergency apportionment pursuant to Article 2 (commencing with Section 41320) of Chapter 3 of Part 24 of Division 3 of Title 2.~~

SEC. 47. **Removed from the Local Control Funding Formula Trailer Bill (Included in the Omnibus Education Trailer Bill)**

~~Section 14041.6 of the Education Code is amended to read:~~

~~14041.6.~~

~~(a) Notwithstanding subdivision (a) of Section 14041, or any other law, from for the 2008–09 fiscal year to the 2011–12 fiscal year, inclusive, warrants for the principal apportionments for the month of February in the amount of two billion dollars ($2,000,000,000) instead shall be drawn in July of the same calendar year pursuant to the certification made pursuant to Section 41339. Commencing with the 2012–13 fiscal year, warrants for the principal apportionments for the month of February in the amount of five hundred thirty-one million seven hundred twenty thousand dollars ($531,720,000) instead shall be drawn in July of the same calendar year pursuant to the certification made pursuant to Section 41339.~~

~~(b) Notwithstanding subdivision (a) of Section 14041 or any other law, from for the 2009–10 fiscal year to the 2011–12 fiscal year, inclusive, warrants for the principal apportionments for the month of February in the amount of two billion dollars ($2,000,000,000) instead shall be drawn in July of the same calendar year, and warrants for the month of April in the amount of six hundred seventy-eight million six hundred eleven thousand dollars ($678,611,000) and for the month of May in the amount of one billion dollars ($1,000,000,000) instead shall be drawn in August of the same calendar~~

~~year pursuant to the certification made pursuant to Section 41339. Commencing with the 2012–13 fiscal year, warrants for the principal apportionments for the month of April in the amount of one hundred seventy-five million seven hundred twenty-eight thousand dollars ($175,728,000) and for the month of May in the amount of one billion one hundred seventy-six million seven hundred one thousand dollars ($1,176,701,000) instead shall be drawn in July of the same calendar year pursuant to the certification made pursuant to Section 41339.~~

~~(c) Notwithstanding subdivision (a) of Section 14041 or any other law, commencing with for the 2010–11 fiscal year, warrants for the principal apportionments for the month of February in the amount of two billion dollars ($2,000,000,000), for the month of April in the amount of four hundred nineteen million twenty thousand dollars ($419,020,000), for the month of May in the amount of eight hundred million dollars ($800,000,000), and for the month of June in the amount of five hundred million dollars ($500,000,000) instead shall be drawn in July of the same calendar year and warrants for the month of April in the amount of six hundred seventy-eight million six hundred eleven thousand dollars ($678,611,000) and for the month of May in the amount of one billion dollars ($1,000,000,000) instead shall be drawn in August pursuant to the certification made pursuant to Section 41339.~~

~~(d) Notwithstanding subdivision (a) of Section 14041 or any other law, in for the 2011–12 fiscal year, warrants for the principal apportionments for the month of February in the amount of two billion dollars ($2,000,000,000), for the month of April in the amount of four hundred nineteen million twenty thousand dollars ($419,020,000), for the month of May in the amount of eight hundred million dollars ($800,000,000), and for the month of June in the amount of five hundred million dollars ($500,000,000) instead shall be drawn in July of the same calendar year and warrants for the principal apportionments for the month of March in the amount of one billion three hundred million dollars ($1,300,000,000) and, for the month of April in the amount of seven hundred sixty-three million seven hundred ninety-four thousand dollars ($763,794,000) one billion four hundred forty-two million four hundred five thousand dollars ($1,442,405,000), and for the month of May in the amount of one billion dollars ($1,000,000,000) instead shall be drawn in August of the same calendar year pursuant to the certification made pursuant to Section 41339. Commencing with the 2012–13 fiscal year, warrants for the principal apportionments for the month of March in the amount of one billion twenty-nine million four hundred ninety-three thousand dollars ($1,029,493,000) and for the month of April in the amount of seven hundred sixty-three million seven hundred ninety-four thousand dollars ($763,794,000) instead shall be drawn in August of the same calendar year pursuant to the certification made pursuant to Section 41339.~~

~~(e) Notwithstanding subdivision (a) of Section 14041, or any other law, for the 2012–13 fiscal year warrants for the principal apportionments for the month of February in the amount of five hundred thirty-one million seven hundred twenty thousand dollars ($531,720,000), for the month of April in the amount of five hundred ninety-four million seven hundred forty-eight thousand dollars ($594,748,000), for the month of May in the~~

~~amount of one billion nine hundred seventy-six million seven hundred one thousand dollars ($1,976,701,000), and for the month of June in the amount of five hundred million dollars ($500,000,000) instead shall be drawn in July of the same calendar year and warrants for the month of March in the amount of one billion twenty-nine million four hundred ninety-three thousand dollars ($1,029,493,000) and for the month of April in the amount of seven hundred sixty-three million seven hundred ninety-four thousand dollars ($763,794,000) instead shall be drawn in August pursuant to the certification made pursuant to Section 41339.~~

~~(f) Notwithstanding subdivision (a) of Section 14041, or any other law, commencing with the 2013–14 fiscal year warrants for the principal apportionments for the month of April in the amount of three hundred ninety million nine hundred thirty-nine thousand dollars ($390,939,000), for the month of May in the amount of one billion nine hundred seventy-six million seven hundred one thousand dollars ($1,976,701,000), and for the month of June in the amount of five hundred million dollars ($500,000,000) instead shall be drawn in July of the same calendar year and warrants for the month of April in the amount of seven hundred sixty-three million seven hundred ninety-four thousand dollars ($763,794,000) instead shall be drawn in August pursuant to the certification made pursuant to Section 41339.~~

~~(g) Notwithstanding subdivision (a) of Section 14041 or any other law, commencing with the 2013–14 fiscal year, warrants for the principal apportionments for the month of May in the amount of two hundred million ($200,000,000) and for the month of June in the amount of six hundred ninety-nine million four hundred seventy-three thousand dollars ($699,473,000) instead shall be drawn in July of the same calendar year pursuant to the certification made pursuant to Section 41339. The Superintendent shall allocate this deferred amount and repayment to local educational agencies based on their proportionate share of funding appropriated to local educational agencies pursuant to Section 92 of Chapter 38 of the Statutes of 2012.~~

~~(e)~~

~~(h) Except as provided in subdivisions (c) and (e) of Section 41202, for purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the warrants drawn pursuant to subdivisions (a), (b), (c), and (d) to (g), inclusive, shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202, for the fiscal year in which the warrants are drawn and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIIIB," as defined in subdivision (e) of Section 41202, for the fiscal year in which the warrants are drawn.~~

~~(f)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.~~

SEC. 48.

Section 14041.65 of the Education Code is repealed.

~~14041.65.~~

~~(a)Notwithstanding subdivision (a) of Section 14041.6, for the 2010–11 fiscal year only, warrants for the principal apportionments for the month of February in the amount of twenty-four million seven hundred thousand dollars ($24,700,000) instead shall be drawn in July of the same calendar year pursuant to the certification made pursuant to Section 41339.~~

~~(b)Notwithstanding subdivision (a) of Section 14041.6, for the 2010–11 fiscal year only, warrants for the principal apportionments for the month of February in the amount of one billion four hundred five million five hundred thousand dollars ($1,405,500,000) instead shall be drawn in August of the same calendar year pursuant to the certification made pursuant to Section 41339.~~

~~(c)Notwithstanding subdivision (a) of Section 14041.6, for the 2010–11 fiscal year only, warrants for the principal apportionments for the month of February in the amount of five hundred sixty-nine million eight hundred thousand dollars ($569,800,000) instead shall be drawn in September of the same calendar year pursuant to the certification made pursuant to Section 41339.~~

~~(d)Notwithstanding subdivision (c) of Section 14041.6, for the 2010–11 fiscal year only, warrants for the principal apportionments for the month of April in the amount of four hundred nineteen million twenty thousand dollars ($419,020,000) instead shall be drawn in September of the same calendar year pursuant to the certification made pursuant to Section 41339.~~

~~(e)Notwithstanding subdivision (c) of Section 14041.6, for the 2010–11 fiscal year only, warrants for the principal apportionments for the month of May in the amount of eight hundred million dollars ($800,000,000) instead shall be drawn in September of the same calendar year pursuant to the certification made pursuant to Section 41339.~~

SEC. 49.

Section 14401.1 of the Education Code is repealed.

~~14401.1.~~

~~Of the amounts appropriated in the items listed in paragraph (2) of subdivision (a) of Section 42605 that are contained in the annual Budget Act, payments equal to 5 percent of the total amount appropriated in those items shall be made for the months of July and August. Payments for the months of September to June, inclusive, shall be equal to 9 percent of the total amount appropriated in those items.~~

SEC. 50.

Section 14501 of the Education Code is amended to read:

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

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

(1) Expenditure of ~~these~~ funds in accordance with the local control and accountability plan ~~adopted by the governing board of the school district pursuant to Sections 52060 and 52064 or the county board of education pursuant to Sections 52062 and 52064~~ ***adopted pursuant to Article 3.8 (commencing with Section 52060) is added to Chapter 6.1 of Part 28 of Division 4 of Title 2.***

~~(1)~~

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

~~(2)~~

(3) Teacher misassignments pursuant to Section 44258.9.

~~(3)~~

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

SEC. 51.

Section 17005.3 of the Education Code is amended to read:

17005.3.

(a) ~~Any~~ *A* school district with an average daily attendance of less than 2,501 pupils may apply to the board for a loan to cover the project activities of the first or second phase, as those phases were defined on July 1, 1993, of a project funded under this chapter. The loan shall not be ~~utilized~~ *used* for the purchase of real property and shall be repaid by the school district either through a dedication of fees or charges levied pursuant to Section 17620 until the loan is repaid or upon receiving the project funding at the construction phase, but, in any event, the loan shall be repaid within five years from the date on which the board makes the loan. In addition to the other methods of repayment specified in this subdivision, the board may also notify the Controller if a school district is 90 days late in making loan repayments, in which case the Controller shall reduce the apportionments to which the school district is otherwise entitled under Section 42238, *as that section read on June 30, 2013, and Section 42238.02, as*

implemented pursuant to Section 42238.03, as necessary to recover past due payments and any current payments.

(b) The board may make loans under this section to the extent that the board determines that funds are available for that purpose. The total annual maximum funds that may be loaned under this section is ten million dollars ($10,000,000) per fiscal year.

(c) The board may make loans under this section only for those projects and phases that have met all of the eligibility standards of the board and receive approval for an apportionment, but for which apportionment funds are not available. In any event, the amount of the loan shall not exceed the amount that would have been eligible for apportionment.

SEC. 52.

Section 17008.3 of the Education Code is amended to read:

17008.3.
(a) The board may establish a revolving loan account within the State School Building Lease-Purchase Fund, and may allocate from the fund to that account those amounts it determines to be necessary for ~~the~~ purposes of this section.

(b) The board may apportion to ~~any~~ *a* school district that submits to the board a statement of its intent to subsequently file a project application under this chapter, a loan for the purpose of advance planning and related administrative costs pursuant to the preparation of that application. The loan amount shall not exceed 3 percent of the estimated project cost, as determined pursuant to the building cost standards established under this chapter.

(c) If, within a period of 24 months following the receipt of any loan amounts under this section, the project for which those advance planning funds were provided has not been found by the board to be qualified for funding under this chapter, the board shall so notify the Controller, who shall reduce the apportionments to which the *school* district is otherwise entitled under Section 42238, *as that section read on June 30, 2013, and Section 42238.02, as implemented pursuant to Section 42238.03,* as necessary to repay the amount of all loans provided under this section, over such period of time as the board finds to be reasonable. The Controller shall transfer the amount of all apportionment reductions imposed under this subdivision to the revolving loan account established under this section.

(d) The repayment of loan amounts received under this section by school districts other than those described under subdivision (c) shall be accomplished by the withholding, as determined by the board, of apportionment funds that would be available to the *school* district for purposes of the project for which the *school* district received funding approval under this chapter.

SEC. 53.

Section 17193.5 of the Education Code is amended to read:

17193.5.

(a) For purposes of this section, "public credit provider" means any financial institution or combination of financial institutions, that consists either solely, or has as a member or participant, a public retirement system. Notwithstanding any other law, a public credit provider, in connection with providing credit enhancement for bonds, notes, certificates of participation, or other evidences of indebtedness of a participating party, may require the participating party to agree to the following conditions:

(1) If a participating party adopts a resolution by a majority vote of its board to participate under this section, it shall provide notice to the Controller of that election. The notice shall include a schedule for the repayment of principal and interest on the bonds, notes, certificates of participation, or other evidence of indebtedness and identify the public credit provider that provided credit enhancement. The notice shall be provided not later than the date of issuance of the bonds.

(2) If, for any reason a public credit provider is required to make principal or interest payments or both pursuant to a credit enhancement agreement, the public credit provider shall immediately notify the Controller of that fact and of the amount paid out by the public credit provider.

(3) Upon receipt of the notice required by paragraph (2), the Controller shall make an apportionment to the public credit provider in the amount of the payments made by the public credit provider for the purpose of reimbursing the public credit provider for its expenditures made pursuant to the credit enhancement agreement. The Controller shall make that apportionment only from moneys designated for apportionments to a participating party, provided that such moneys are from one or more of the following:

(A) Any **revenue limit apportionments** ~~**funding apportioned for purposes of revenue limits**~~ *or* ~~**the**~~ *local control funding formula* **apportionments** *pursuant to Section 42238.02, as implemented by Section 42238.03,* to a school district or county office of education without regard to the specific funding source of the apportionment.

(B) Any general apportionments to a community college district without regard to the specific funding source of the apportionment.

(C) Any **charter school block grant apportionments** ~~**funding apportioned for purposes of the charter school block grant**~~ *or* ~~**the**~~ *local control funding formula* **apportionments** *pursuant to Section 42238.02, as implemented by Section 42238.03,* to a charter school without regard to the specific funding source of the apportionment.

(D) Any charter school categorical block grant apportionments to a charter school without regard to the specific funding source of the apportionment.

(b) The amount apportioned for a participating party pursuant to this section shall be deemed to be an allocation to the participating party and shall be included in the computation of allocation, limit, entitlement, or apportionment for the participating party. The participating party and its

creditors do not have a claim to funds apportioned or anticipated to be apportioned to the trustee by the Controller pursuant to paragraph (3) of subdivision (a).

SEC. 54.

Section 17199.4 of the Education Code is amended to read:

17199.4.

(a) Notwithstanding any other law, any participating party, in connection with securing financing or refinancing of projects, or working capital pursuant to this chapter, may elect to guarantee or provide for payment of the bonds and related obligations in accordance with the following conditions:

(1) If a participating party adopts a resolution by a majority vote of its board to participate under this section, it shall provide notice to the Controller of that election. The notice shall include a schedule for the repayment of principal and interest on the bonds, and any other costs necessary or incidental to financing pursuant to this chapter, and identify a trustee appointed by the participating party or the authority for purposes of this section. If payment of all or a portion of the principal and interest on the bond is secured by a letter of credit or other instrument of direct payment, the notice may provide for reimbursements to the provider of the instrument in lieu of payment of that portion of the principal and interest of the bonds. The notice shall be provided not later than the date of issuance of the bonds or 60 days before the next payment, whichever date is later. The participating party shall update the notice at least annually if there is a change in the required payment for any reason, including, but not limited to, providing for new or increased costs necessary or incidental to the financing.

(2) If, for any reason, the participating party will not make a payment at the time the payment is required, the participating party shall notify the trustee of that fact and of the amount of the deficiency. If the trustee receives this notice from the participating party, or does not receive any payment by the date that payment becomes due, the trustee shall immediately communicate that information to the Controller.

(3) Upon receipt of the notice required by paragraph (2), the Controller shall make an apportionment to the trustee on the date shown in the schedule in the amount of the deficiency for the purpose of making the required payment. The Controller shall make that apportionment only from moneys designated for apportionment to a participating party, provided that such moneys are from one or more of the following:

(A) Any-**revenue limit apportionments** ~~**funding apportioned for purposes of revenue limits**~~ *or* ~~**the**~~ *local control funding formula* **apportionments** *pursuant to Section 42238.02, as implemented by Section 42238.03,* to a school district or county office of education without regard to the specific funding source of the apportionment.

(B) Any-**charter school block grant apportionments** ~~**funding apportioned for purposes of the charter school block grant**~~ *or* ~~**the**~~ *local control funding formula* **apportionments** *pursuant to Section 42238.02, as implemented by Section 42238.03,* to a charter school without regard to the specific funding source of the apportionment.

(C) Any charter school categorical block grant apportionments to a charter school without regard to the specific funding source of the apportionment.

(4) As an alternative to the procedures set forth in paragraphs (2) and (3), the participating party may provide a transfer schedule in its notice to the Controller of its election to participate under this section. The transfer schedule shall set forth amounts to be transferred to the trustee and the date for the transfers. The Controller, subject to the limitation in paragraph (3), shall make apportionments to the trustee of those amounts on the specified date for the purpose of making those transfers. The authority may require a participating party to proceed under this subdivision.

(b) The amount apportioned for a participating party pursuant to this section shall be deemed to be an allocation to the participating party and shall be included in the computation of allocation, limit, entitlement, or apportionment for the participating party.

The participating party and its creditors do not have a claim to funds apportioned or anticipated to be apportioned to the trustee by the Controller pursuant to paragraph (3) and (4) of subdivision (a), or to the funds apportioned to by the Controller to the trustee under any other provision of this section.

(c) (1) Participating parties that elect to participate under this section shall apply to the authority. The authority shall consider each of the following priorities in making funds available:

(A) First priority shall be given to school districts, charter schools, or county offices of education that apply for funding for instructional classroom space.

(B) Second priority shall be given to school districts, charter schools, or county offices of education that apply for funding of modernization of instructional classroom space.

(C) Third priority shall be given to all other eligible costs, as defined in Section 17173.

(2) The authority shall prioritize applications at appropriate intervals.

(3) A school district electing to participate under this section that has applied for revenue bond moneys for purposes of joint venture school facilities construction projects, pursuant to Article 5 (commencing with Section 17060) of Chapter 12, shall not be subject to the priorities set forth in paragraph (1).

(d) This section shall not be construed to make the State of California liable for any payments within the meaning of Section 1 of Article XVI of the California Constitution or otherwise, except as expressly provided in this section.

(e) A school district that has a qualified or negative certification pursuant to Section 42131, or a county office of education that has a qualified or negative certification pursuant to Section 1240, may not participate under this section.

SEC. 55.

Section 17582 of the Education Code is amended to read:

17582.

(a) The governing board of ~~each~~ *a* school district may establish a restricted fund to be known as the "district deferred maintenance fund" for ~~the purpose~~ *purposes* of major repair or replacement of plumbing, heating, air conditioning, electrical, roofing, and floor systems, the exterior and interior painting of school buildings, the inspection, sampling, and analysis of building materials to determine the presence of asbestos-containing materials, the encapsulation or removal of asbestos-containing materials, the inspection, identification, sampling, and analysis of building materials to determine the presence of lead-containing materials, the control, management, and removal of lead-containing materials, and any other items of maintenance approved by the State Allocation Board. Funds deposited in the district deferred maintenance fund may be received from any source whatsoever, and shall be accounted for separately from all other funds and accounts and retained in the district deferred maintenance fund for purposes of this section. The term "school building" as used in this article includes a facility that a county office of education is authorized to use pursuant to Article 3 (commencing with Section 17280) of Chapter 3.

(b) Funds deposited in the district deferred maintenance fund shall only be expended for maintenance purposes as provided pursuant to subdivision (a).

(c) The governing board of each school district shall have complete control over the funds and earnings of funds once deposited in the district deferred maintenance fund~~, provided that no funds deposited in the district deferred maintenance fund pursuant to subdivision (a) or (b) of Section 17584 may be expended by the governing board for any purpose except those specified in subdivision (a) of this section~~.

SEC. 56.

Section 17583 of the Education Code is repealed.

~~17583.~~

~~Notwithstanding Section 17582, whenever the state funds provided pursuant to Sections 17584 and 17585 are insufficient to fully match the local funds deposited in the deferred maintenance fund, the governing board of each school district may transfer the excess local funds deposited in that fund to any other expenditure classifications in other funds of the district. A resolution providing for the transfer shall be approved by a two-thirds vote of the governing board members and filed with the county superintendent of schools and the county auditor.~~

SEC. 57.

Section 17584 of the Education Code is repealed.

~~17584.~~

~~(a)Each fiscal year, the State Allocation Board shall apportion, from the State School Deferred Maintenance Fund, to school districts an amount equal to one dollar ($1) for each one dollar~~

~~($1) of local funds up to a maximum of $^1/_2$ percent of the district's second prior fiscal year revenue limit average daily attendance multiplied by the average, per unit of second prior fiscal year average daily attendance, of the total expenditures and ending fund balances of the total general funds and adult education funds for districts of similar size and type, as defined in subdivision (b) of Section 42238.4, for the second prior fiscal year, exclusive of any amounts expended for capital outlay, debt service, or revenues that are passed through to other local education agencies, to the extent of funds available.~~

~~(b)In order to be eligible to receive state aid pursuant to subdivision (a), no district shall be required to budget from local district funds an amount greater than $^1/_2$ percent of the district's second prior fiscal year revenue limit average daily attendance, multiplied by the average, per unit of second prior fiscal year average daily attendance, of the total expenditures and ending fund balances of the total general funds and adult education funds for districts of similar size and type, as defined in subdivision (b) of Section 42238.4 for the second prior fiscal year, exclusive of any amounts expended for capital outlay, debt service, or revenues that are passed through to other local educational agencies.~~

SEC. 58.

Section 17584.1 of the Education Code, as amended by Section 18 of Chapter 7 of the Statutes of 2011, is repealed.

~~17584.1.~~

~~(a)The governing board of a school district shall discuss proposals and plans for expenditure of funds for the deferred maintenance of school district facilities at a regularly scheduled public hearing.~~

~~(b)The purposes of this section are to inform the public regarding the local decisionmaking process relating to the deferred maintenance of school facilities and to provide a foundation for local accountability in that regard.~~

~~(c)This section shall become inoperative on July 1, 2015, and, as of January 1, 2016, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2016, deletes or extends the dates on which it becomes inoperative and is repealed.~~

SEC. 59.

Section 17584.1 of the Education Code, as amended by Section 19 of Chapter 7 of the Statutes of 2011, is repealed.

~~17584.1.~~

~~(a)The governing board of a school district shall discuss proposals and plans for expenditure of funds for the deferred maintenance of school district facilities at a regularly scheduled public hearing.~~

~~(b)In any fiscal year that the school district does not set aside 0.5 percent of its current year revenue limit average daily attendance for deferred maintenance, the governing board of a school district shall submit a report to the Legislature by March 1 of that year, with copies to the Superintendent, the state board, the Department of Finance, and the State Allocation Board.~~

~~(c)The report required pursuant to subdivision (b) shall include all of the following:~~

~~(1)A schedule of the complete school facilities deferred maintenance needs of the school district for the current fiscal year, including a schedule of costs per schoolsite and total costs.~~

~~(2)A detailed description of the school district's spending priorities for the current fiscal year and an explanation of why those priorities, or any other considerations, have prevented the school district from setting aside sufficient local funds so as to permit it to fully fund its deferred maintenance program and, if eligible, to participate in the state deferred maintenance funding program as set forth in Section 17584.~~

~~(3)An explanation of the manner in which the governing board of a school district plans to meet its current year facilities deferred maintenance needs without setting aside the funds set forth in Section 17584.~~

~~(d)Copies of the report shall be made available at each schoolsite within the school district, and shall be provided to the public upon request.~~

~~(e)The purposes of this section are to inform the public regarding the local decisionmaking process relating to the deferred maintenance of school facilities and to provide a foundation for local accountability in that regard.~~

~~(f)This section shall become operative on July 1, 2015.~~

SEC. 60.

Section 17584.2 of the Education Code is repealed.

~~17584.2.~~

~~At the public hearing required pursuant to Section 17584.1, the governing board of the school district shall also address the use of deferred maintenance funds for the inspection, identification, sampling, and analysis of building materials to determine the presence of lead-containing materials and the control, management, and removal of lead-containing materials.~~

SEC. 61.

Section 17584.3 of the Education Code is repealed.

~~17584.3.~~

~~(a)A priority for use of funds appropriated pursuant to Section 17584 shall be to ensure that facilities, including, but not limited to, restroom facilities for pupils, are functional and that they meet local hygiene standards generally applicable to public facilities.~~

~~(b)This section does not authorize the use of funds apportioned pursuant to Section 17584 for regular operational and maintenance costs of restrooms and other facilities. The funds apportioned pursuant to Section 17584 may only be used for the deferred maintenance of these facilities consistent with subdivision (a) of Section 17582.~~

SEC. 62.

Section 17585 of the Education Code is repealed.

~~17585.~~

~~(a)School districts may submit applications to the State Allocation Board for deferred maintenance funding in addition to the amounts specified in Section 17584. In order to be eligible for an additional apportionment, a school district shall do all of the following:~~

~~(1)Certify that if an additional apportionment is provided, the district will have matched the additional apportionment amount with an equal amount of district funds that have not been previously used as a match for state aid.~~

~~(2)Certify an additional claim of not greater than one-half of 1 percent of the district's current-year revenue limit average daily attendance, multiplied by the average, per unit of average daily attendance, of the total general funds and adult education funds budgeted by districts of similar size and type, as defined in Section 42238.4 for the prior fiscal year, excluding any amounts budgeted for capital outlay or debt service, but including adult education funds.~~

~~(3)Certify that any additional funds will be used to meet deferred maintenance identified in the district's five-year deferred maintenance plan.~~

~~(b)The State Allocation Board shall establish rules and regulations regarding the formulas used to apportion additional funds pursuant to this section.~~

~~(c)It is the intent of the Legislature that state funds for deferred maintenance be drawn first from excess bond repayments by school districts, revenues pursuant to subdivision (f) of Section 6217 of the Public Resources Code, and proceeds from existing general obligation bonds.~~

SEC. 63.

Section 17586 of the Education Code is repealed.

~~17586.~~

~~Notwithstanding any limitations imposed as a result of actions taken by the State Allocation Board pursuant to Section 17462, a school district shall be eligible to receive an apportionment pursuant to subdivision (b) of Section 17584, if it meets all of the following criteria:~~

~~(a)There are excess revenues that resulted from the sale of surplus sites upon which there was no encumbrance to the board.~~

~~(b)The Superintendent of Public Instruction has verified all of the following:~~

~~(1)The district had a fiscal emergency in any one or both of the 1987–88 and 1988–89 fiscal years.~~

~~(2)The fiscal emergency was caused primarily by required expenditures.~~

~~(3)The district has taken reasonable steps to address the fiscal emergency.~~

SEC. 64.

Section 17587 of the Education Code is repealed.

~~17587.~~

~~(a)Notwithstanding the limitations of Section 17584, the State Allocation Board may each year reserve an amount not to exceed 10 percent of the funds transferred from any source to the State School Deferred Maintenance Fund for apportionments to school districts, in instances of extreme hardship. The apportionment shall be in addition to the apportionments made pursuant to Section 17584. Not less than one-half of all funds made available by this section shall be apportioned to school districts that had an average daily attendance, excluding summer session attendance, of less than 2,501 during the prior fiscal year.~~

~~An extreme hardship shall exist in a school district if the State Allocation Board determines the existence of all of the following:~~

~~(1)That the district has deposited in its deferred maintenance fund an amount equal to at least 0.5 percent of the total general funds and adult education funds budgeted by the district for the fiscal year, exclusive of any amounts budgeted for capital outlay or debt service.~~

~~(2)That the district has a critical project on its five-year plan which, if not completed in one year, could result in serious damage to the remainder of the facility or would result in a serious hazard to the health and safety of the pupils attending the facility.~~

~~(3)That the total funds deposited by the district and the state pursuant to Section 17584 are insufficient to complete the project.~~

~~(b)If a determination is made that a hardship exists pursuant to subdivision (a), the State Allocation Board may increase the apportionment to a school district by the amount it determines necessary to complete the critical project.~~

~~(c)Notwithstanding subdivision (a), in any fiscal year in which the State Allocation Board has apportioned all funding from the State School Deferred Maintenance Fund for which school districts have qualified under Section 17584, the board may apportion any amount remaining in that fund for the purposes of this section.~~

~~(d)This section shall become operative on July 1, 2015.~~

SEC. 65.

Section 17588 of the Education Code is repealed.

~~17588.~~

~~As a result of the determination made in Section 17587, the State Allocation Board may do any of the following:~~

~~(a)Increase the apportionment to an eligible school district by the amount it determines necessary to complete the critical project, and require a contribution by the district.~~

~~(b)Waive repayment by the district, in whole or in part.~~

~~(c)Reduce state apportionments pursuant to Section 17584 in future years to offset the increased apportionment.~~

~~The State Allocation Board shall develop and adopt regulations for the application of subdivisions (a), (b), and (c). The regulations may give consideration to a school district's financial resources, ongoing deferred maintenance needs, and the nature of the project for which the hardship apportionment is requested.~~

~~The waiver authorized in subdivision (b) may be applied by the board to any repayment otherwise required by law, regardless of apportionment date.~~

SEC. 66.

Section 17592 of the Education Code is repealed.

~~17592.~~

~~From any moneys in the State School Deferred Maintenance Fund, the board shall make available to the Director of General Services such amounts as it determines necessary to provide the assistance, pursuant to this chapter, required by Section 15504 of the Government Code.~~

SEC. 67.

Section 17592.74 of the Education Code is amended to read:

17592.74.
Notwithstanding any other law, the funds provided to school districts from the School Facilities Emergency Repair Account pursuant to this article for the purpose of emergency repair grants shall not be ~~used to do either of the following:~~ *deposited into a school district deferred maintenance fund for purposes established pursuant to Section 17582.*

~~(a)Supplant funds provided to local educational agencies for the deferred maintenance of school facilities pursuant to Sections 17584 and 17587.~~

~~(b)Be deposited into a school district deferred maintenance fund for the purposes established pursuant to Section 17582.~~

SEC. 68.

Part 10.7 (commencing with Section 17910) of Division 1 of Title 1 of the Education Code is repealed.

SEC. 69.

Article 3.6 (commencing with Section 32228) of Chapter 2 of Part 19 of Division 1 of Title 1 of the Education Code is repealed.

SEC. 70.

Section 32282 of the Education Code is amended to read:

32282.
(a) The comprehensive school safety plan shall include, but not be limited to, both of the following:

(1) Assessing the current status of school crime committed on school campuses and at school-related functions.

(2) Identifying appropriate strategies and programs that will provide or maintain a high level of school safety and address the school's procedures for complying with existing laws related to school safety, which shall include the development of all of the following:

(A) Child abuse reporting procedures consistent with Article 2.5 (commencing with Section 11164) of Chapter 2 of Title 1 of Part 4 of the Penal Code.

(B) Disaster procedures, routine and emergency, including adaptations for pupils with disabilities in accordance with the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.). The disaster procedures shall also include, but not be limited to, both of the following:

(i) Establishing an earthquake emergency procedure system in every public school building having an occupant capacity of 50 or more pupils or more than one classroom. A *school* district or county office *of education* may work with the California Emergency Management Agency and the Seismic Safety Commission to develop and establish the earthquake emergency procedure system. The system shall include, but not be limited to, all of the following:

(I) A school building disaster plan, ready for implementation at any time, for maintaining the safety and care of pupils and staff.

(II) A drop procedure whereby each pupil and staff member takes cover under a table or desk, dropping to his or her knees, with the head protected by the arms, and the back to the windows. A drop procedure practice shall be held at least once each school quarter in elementary schools and at least once a semester in secondary schools.

(III) Protective measures to be taken before, during, and following an earthquake.

(IV) A program to ensure that pupils and both the certificated and classified staff are aware of, and properly trained in, the earthquake emergency procedure system.

(ii) Establishing a procedure to allow a public agency, including the American Red Cross, to use school buildings, grounds, and equipment for mass care and welfare shelters during disasters or other emergencies affecting the public health and welfare. The *school* district or county office *of education* shall cooperate with the public agency in furnishing and maintaining the services as the *school* district or county office *of education* may deem necessary to meet the needs of the community.

(C) Policies pursuant to subdivision (d) of Section 48915 for pupils who committed an act listed in subdivision (c) of Section 48915 and other school-designated serious acts which would lead to suspension, expulsion, or mandatory expulsion recommendations pursuant to Article 1 (commencing with Section 48900) of Chapter 6 of Part 27 of Division 4 of Title 2.

(D) Procedures to notify teachers of dangerous pupils pursuant to Section 49079.

(E) A discrimination and harassment policy consistent with the prohibition against discrimination contained in Chapter 2 (commencing with Section 200) of Part 1.

(F) The provisions of any schoolwide dress code, pursuant to Section 35183, that prohibits pupils from wearing "gang-related apparel," if the school has adopted that type of a dress code. For those purposes, the comprehensive school safety plan shall define "gang-related apparel." The definition shall be limited to apparel that, if worn or displayed on a school campus, reasonably could be determined to threaten the health and safety of the school environment. Any schoolwide dress code established pursuant to this section and Section 35183 shall be enforced on the school campus and at any school-sponsored activity by the principal of the school or the person designated by the principal. For purposes of this paragraph, "gang-related apparel" shall not be considered a protected form of speech pursuant to Section 48950.

(G) Procedures for safe ingress and egress of pupils, parents, and school employees to and from school.

(H) A safe and orderly environment conducive to learning at the school.

(I) The rules and procedures on school discipline adopted pursuant to Sections 35291 and 35291.5.

(b) It is the intent of the Legislature that schools develop comprehensive school safety plans using existing resources, including the materials and services of the partnership, pursuant to this chapter. It is also the intent of the Legislature that schools use the handbook developed and distributed by the School/Law Enforcement Partnership Program entitled "Safe Schools: A Planning Guide for Action" in conjunction with developing their plan for school safety.

~~(c)Grants to assist schools in implementing their comprehensive school safety plan shall be made available through the partnership as authorized by Section 32285.~~
~~(d)~~

(c) Each schoolsite council or school safety planning committee in developing and updating a comprehensive school safety plan shall, where practical, consult, cooperate, and coordinate with other schoolsite councils or school safety planning committees.

~~(e)~~

(d) The comprehensive school safety plan may be evaluated and amended, as needed, by the school safety planning committee, but shall be evaluated at least once a year, to ensure that the comprehensive school safety plan is properly implemented. An updated file of all safety-related plans and materials shall be readily available for inspection by the public.

~~(f)~~

(e) As comprehensive school safety plans are reviewed and updated, the Legislature encourages all plans, to the extent that resources are available, to include policies and procedures aimed at the prevention of bullying.

~~(g)~~

(f) The comprehensive school safety plan, as written and updated by the schoolsite council or school safety planning committee, shall be submitted for approval under subdivision (a) of Section 32288.

SEC. 71.

Section 32285 of the Education Code is repealed.

~~32285.~~

~~(a)The governing board of a school district, on behalf of one or more schools within the district that have developed a school safety plan, may apply to the Superintendent of Public Instruction for a grant to implement school safety plans. The partnership shall award grants for school safety plans that include, but are not limited to, the following criteria:~~

~~(1)Assessment of the recent incidence of crime committed on the school campus.~~

~~(2)Identification of appropriate strategies and programs that will provide or maintain a high level of school safety.~~

~~(3)Development of an action plan, in conjunction with local law enforcement agencies, for implementing appropriate safety strategies and programs, and determining the fiscal impact of executing the strategies and programs. The action plan shall identify available resources which will provide for implementation of the plan.~~

~~(b)The Superintendent of Public Instruction shall award grants pursuant to this section to school districts for the implementation of individual school safety plans in an amount not to exceed five thousand dollars ($5,000) for each school. No grant shall be made unless the school district makes available, for purposes of implementing the school safety plans, an amount of funds equal to the amount of the grant. Grants should be awarded through a competitive process, based upon criteria including, but not limited to, the merit of the proposal and the need for imposing school safety, based on school crime rates.~~

~~(c)Any school receiving a grant under this section shall submit to the Superintendent of Public Instruction verified copies of its schoolsite crime report annually for three consecutive years following the receipt of the grant to study the impact of the implementation of the school safety plan on the incidence of crime on the campus of the school.~~

SEC. 71.1. Section 35035 of the Education Code is amended to read:

35035. The superintendent of each school district shall, in addition to other powers and duties granted to or imposed upon him or her:

(a) Be the chief executive officer of the governing board of the district.

(b) Except in a district where the governing board has appointed or designated an employee other than the superintendent, or a deputy, or assistant superintendent, to prepare and submit a budget, prepare and submit to the governing board of the district, at the time it may direct, the budget of the district for the next ensuing school year, and revise and take other action in connection with the budget as the board may desire.

(c) Be responsible for the preparation and submission to the governing board of the district, at the time the governing board may direct, the local control and accountability plan of the district for the next ensuing school year, and revise and take other action in connection with the plan as the board may desire.

(d) Except in a district where the governing board has appointed or designated an employee other than the superintendent, or a deputy, or assistant superintendent, to prepare and submit a local control and accountability, ensure that the local control and accountability plan is implemented.

(c) Subject to the approval of the governing board, assign all employees of the district employed in positions requiring certification qualifications, to the positions in which they are to serve. This power to assign includes the power to transfer a teacher from one school to another school at which the teacher is certificated to serve within the district when the superintendent concludes that the transfer is in the best interest of the district.

(d) Upon adoption, by the district board, of a district policy concerning transfers of teachers from one school to another school within the district, have authority to transfer teachers consistent with that policy.

(e) Determine that each employee of the district in a position requiring certification qualifications has a valid certificated document registered as required by law authorizing him or her to serve in the position to which he or she is assigned.

(f) Enter into contracts for and on behalf of the district pursuant to Section 17604.

(g) Submit financial and budgetary reports to the governing board as required by Section 42130.

SEC. 72.

Section 33127 of the Education Code is amended to read:

33127. (a) The Superintendent ~~of Public Instruction~~, the Controller, and the Director of the Department of Finance shall develop, on or before March 1, 1989, standards and criteria to be reviewed and adopted by the ~~State Board of Education,~~ state board, and to be used by local educational agencies in the development of annual budgets and the management of subsequent expenditures from that budget. During the development of the standards and criteria, the Superintendent ~~of Public Instruction~~ shall convene a committee composed of representatives from school districts, county offices of education, state agencies, the Legislature, and appropriate labor and professional organizations. The committee may review and comment on the proposal standards and criteria prior to their adoption. In addition, the

standards and criteria shall be used to monitor the fiscal stability of local educational agencies as provided for in Sections 1240.1, 1240.2, 1621, 1623, 33131, 42127, and 42127.1.

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

(c) The Superintendent, the Controller, and the Director of the Department of Finance shall update the standards and criteria developed pursuant to subdivision (a) on or before January 1, 2014. ~~**Standards and criteria related**~~ to **address** the requirements of Article 3.8 (commencing with Section 52060) of Chapter 6.1 of Part 28 of Title 2 ~~**shall be included**~~. The updated standards and criteria shall be reviewed and adopted pursuant to the procedure established by subdivision (a) and are applicable to local educational agency budgets commencing with the 2014–15 fiscal year and each fiscal year thereafter.

~~(c)~~

(d) After ~~September 1, 2005,~~ January 1, 2014, to the extent necessary, any revisions or updates to the standards and criteria shall be developed by the Superintendent ~~of Public Instruction~~, the Controller, and the Director of the Department of Finance pursuant the procedures established by subdivision (a). The revisions or updates shall specify the fiscal year in which the revisions or updates are applicable.

SEC. 73.

Section 35186 of the Education Code is amended to read:

35186.

(a) A school district shall use the uniform complaint process it has adopted as required by Chapter 5.1 (commencing with Section 4600) *of Division 1* of Title 5 of the California Code of Regulations, with modifications, as necessary, to help identify and resolve any deficiencies related to instructional materials, emergency or urgent facilities conditions that pose a threat to the health and safety of pupils or staff, *and* teacher vacancy or misassignment~~, and intensive instruction and services provided pursuant to Section 37254 to pupils who have not passed one or both parts of the high school exit examination after the completion of grade 12~~.

(1) A complaint may be filed anonymously. A complainant who identifies himself or herself is entitled to a response if he or she indicates that a response is requested. A complaint form shall include a space to mark to indicate whether a response is requested. If Section 48985 is otherwise applicable, the response, if requested, and report shall be written in English and the primary language in which the complaint was filed. All complaints and responses are public records.

(2) The complaint form shall specify the location for filing a complaint. A complainant may add as much text to explain the complaint as he or she wishes.

(3) Except as provided pursuant to paragraph (4), a complaint shall be filed with the principal of the school or his or her designee. A complaint about problems beyond the authority of the school principal shall be forwarded in a timely manner but not to exceed 10 working days to the appropriate school district official for resolution.

~~(4)A complaint regarding any deficiencies related to intensive instruction and services provided pursuant to Section 37254 to pupils who have not passed one or both parts of the high school exit examination after the completion of grade 12 shall be submitted to the district official designated by the district superintendent. A complaint may be filed at the school district office, or it may be filed at the schoolsite and shall be immediately forwarded to the designee of the district superintendent.~~

(b) The principal or the designee of the district superintendent, as applicable, shall make all reasonable efforts to investigate any problem within his or her authority. The principal or designee of the district superintendent shall remedy a valid complaint within a reasonable time period but not to exceed 30 working days from the date the complaint was received. The principal or designee of the district superintendent shall report to the complainant the resolution of the complaint within 45 working days of the initial filing. If the principal makes this report, the principal shall also report the same information in the same timeframe to the designee of the district superintendent.

(c) A complainant not satisfied with the resolution of the principal or the designee of the district superintendent has the right to describe the complaint to the governing board of the school district at a regularly scheduled hearing of the governing board *of the school district.* As to complaints involving a condition of a facility that poses an emergency or urgent threat, as defined in paragraph (1) of subdivision (c) of Section 17592.72, a complainant who is not satisfied with the resolution proffered by the principal or the designee of the district superintendent has the right to file an appeal to the Superintendent, who shall provide a written report to the state board describing the basis for the complaint and, as appropriate, a proposed remedy for the issue described in the complaint.

(d) A school district shall report summarized data on the nature and resolution of all complaints on a quarterly basis to the county superintendent of schools and the governing board of the school district. The summaries shall be publicly reported on a quarterly basis at a regularly scheduled meeting of the governing board of the school district. The report shall include the number of complaints by general subject area with the number of resolved and unresolved complaints. The complaints and written responses shall be available as public records.

(e) The procedure required pursuant to this section is intended to address all of the following:

(1) A complaint related to instructional materials as follows:

(A) A pupil, including an English learner, does not have standards-aligned textbooks or instructional materials or state-adopted or district-adopted textbooks or other required instructional material to use in class.

(B) A pupil does not have access to instructional materials to use at home or after school.

(C) Textbooks or instructional materials are in poor or unusable condition, have missing pages, or are unreadable due to damage.

(2) A complaint related to teacher vacancy or misassignment as follows:

(A) A semester begins and a teacher vacancy exists.

(B) A teacher who lacks credentials or training to teach English learners is assigned to teach a class with more than 20-percent English learner pupils in the class. This subparagraph does not relieve a school district from complying with state or federal law regarding teachers of English learners.

(C) A teacher is assigned to teach a class for which the teacher lacks subject matter competency.

(3) A complaint related to the condition of facilities that pose an emergency or urgent threat to the health or safety of pupils or staff as defined in paragraph (1) of subdivision (c) of Section 17592.72 and any other emergency conditions the school district determines appropriate and the requirements established pursuant to subdivision (a) of Section 35292.5.

~~(4)A complaint related to the provision of intensive instruction and services pursuant to paragraphs (4) and (5) of subdivision (d) of Section 37254.~~

(f) In order to identify appropriate subjects of complaint, a notice shall be posted in each classroom in each school in the school district notifying parents, guardians, pupils, and teachers of the following:

(1) There should be sufficient textbooks and instructional materials. For there to be sufficient textbooks and instructional materials each pupil, including English learners, must have a textbook or instructional materials, or both, to use in class and to take home.

(2) School facilities must be clean, safe, and maintained in good repair.

(3) There should be no teacher vacancies or misassignments as defined in paragraphs (2) and (3) of subdivision (h).

~~(4)Pupils who have not passed the high school exit examination by the end of grade 12 are entitled to receive intensive instruction and services for up to two consecutive academic years after completion of grade 12 or until the pupil has passed both parts of the high school exit examination, whichever comes first, pursuant to paragraphs (4) and (5) of subdivision (d) of Section 37254. The information in this paragraph, which is to be included in the notice required pursuant to this subdivision, shall only be included in notices posted in classrooms in schools with grades 10 to 12, inclusive.~~

~~(5)~~

(4) The location at which to obtain a form to file a complaint in case of a shortage. Posting a notice downloadable from the Internet Web site of the department shall satisfy this requirement.

(g) A local educational agency shall establish local policies and procedures, post notices, and implement this section on or before January 1, 2005.

(h) For purposes of this section, the following definitions apply:

(1) "Good repair" has the same meaning as specified in subdivision (d) of Section 17002.

(2) "Misassignment" means the placement of a certificated employee in a teaching or services position for which the employee does not hold a legally recognized certificate or credential or the placement of a certificated employee in a teaching or services position that the employee is not otherwise authorized by statute to hold.

(3) "Teacher vacancy" means a position to which a single designated certificated employee has not been assigned at the beginning of the year for an entire year or, if the position is for a one-semester course, a position to which a single designated certificated employee has not been assigned at the beginning of a semester for an entire semester.

SEC. 74.

Section 35292.5 of the Education Code is amended to read:

35292.5.

(a) Every public and private school maintaining any combination of classes from kindergarten to grade 12, inclusive, shall comply with all of the following:

(1) Every restroom shall at all times be maintained and cleaned regularly, fully operational and stocked at all times with toilet paper, soap, and paper towels or functional hand dryers.

(2) The school shall keep all restrooms open during school hours when pupils are not in classes, and shall keep a sufficient number of restrooms open during school hours when pupils are in classes.

(b) Notwithstanding subdivision (a), a school may temporarily close ~~any~~ *a* restroom as necessary for pupil safety or as necessary to repair the facility.

~~(c)Any school district that operates a public school that is in violation of this section as determined by the State Allocation Board, is ineligible for state deferred maintenance fund matching apportionments pursuant to Section 17584 if the school district has not corrected the violation within 30 days after receipt of a written notice of the violation from the board. Prior to determining that the school district is ineligible, the board shall provide the school district with a reasonable opportunity to cure the violation. The board shall notify the Superintendent of Public Instruction regarding a school district found to be in violation of this section. The Superintendent of Public Instruction shall notify the Controller to withhold apportionments otherwise due the school district under Section 17584.~~

SEC. 75.

Article 10.4 (commencing with Section 35294.10) of Chapter 2 of Part 21 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 75.5.

35705.5.
(a) The county committee may add to the petition any of the appropriate provisions specified in Article 3 (commencing with Section 35730) which were not included in the petition as filed and may amend any such provision which was so included.

(b) At least 10 days before the public hearing, or hearings, on the petition, the county committee shall make available to the public and to the governing boards affected by the petition a description of the petition, including all of the following:

(1) The rights of the employees in the affected districts to continued employment.

(2) The **local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03**, per unit of average daily attendance for each affected district and the effect of the petition, if approved, on such **local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03**.

(3) Whether the districts involved will be governed, in part, by provisions of a city charter and, if so, in what way.

(4) Whether the governing boards of any proposed new district will have five or seven members.

(5) A description of the territory or districts in which the election, if any, will be held.

(6) Where the proposal is to create two or more districts, whether the proposal will be voted on as a single proposition.

(7) Whether the governing board of any new district will have trustee areas and, if so, whether the trustees will be elected by only the voters of that trustee area or by the voters of the entire district.

(8) A description of how the property, obligations, and bonded indebtedness of existing districts will be divided.

(9) A description of when the first governing board of any new district will be elected and how the terms of office for each new trustee will be determined.

SEC. 76.

Section 35735 of the Education Code is amended to read:

35735.
(a) Each proposal for the reorganization of school districts shall include a computation of the ~~base revenue limit~~ *current and projected local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03,* per unit of average daily attendance for the *school* districts. That computation shall be an integral part of the proposal and shall not be considered separately from the proposal. The computation of the ~~base revenue limit~~ *local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03,* for the newly organized school districts shall be based on the current information

available for each affected school district for the second principal apportionment period for the fiscal year ~~two years prior to~~ *before* the fiscal year in which the reorganization is to become effective, *unless subdivision (f) applies, in which case the computation for the newly organized school districts shall be based on the local control funding formula grant pursuant to Section 42238.02, as implemented by Section 42238.03.* ~~The computation of any adjustments for employee salaries and benefits shall be based on information from the fiscal year two years prior to the fiscal year in which the reorganization is to become effective.~~ For ~~the~~ purposes of this article "affected school district" means a school district affected by a reorganization because all or a portion of its average daily attendance is to be included in the newly organized school districts.

(b) The county superintendent of schools shall compute the ~~base revenue limit~~ *local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03,* per unit of average daily attendance pursuant to Section 35735.1 for a school district involved in an action to reorganize and in an action to transfer territory.

(c) The ~~State Department of Education~~ *department* shall use information provided pursuant to subdivision (a) by the county superintendent of schools in each county that has a school district affected by an action to unify or by an appeal of a transfer of territory to compute the ~~base revenue limit~~ *local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03,* per unit of average daily attendance for a newly organized school district pursuant to Section 35735.1.

(d) This section shall ~~not~~ *only* apply to any reorganization proposal approved by the ~~State Board of Education prior to January 1, 1995~~ *state board subsequent to July 1, 2013.*

(e) Any costs incurred by the county superintendent of schools in preparing reports pursuant to this section ~~or Section 35735.1 or 35735.2~~ may be billed to the affected school districts on a proportionate basis.

(f) Upon a determination that all school districts ~~or~~ **and** *charter schools equal or exceed the local control funding formula target computed pursuant to Section 42238.02 as determined by the calculation of a zero difference pursuant to paragraph (1) of subdivision (b) of Section 42238.03 for all school districts and charter schools, a reorganizing school district shall compute a per unit of average daily attendance funding level pursuant to the local control funding formula pursuant to Section 42238.02.*

SEC. 77.

Section 35735.1 of the Education Code is amended to read:

35735.1.

(a) The ~~base revenue limit~~ *local control funding formula allocation* per unit of average daily attendance for newly organized school districts shall be equal to the total of the amount of ~~blended revenue limit~~ *the local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03,* per unit of average daily attendance of the affected school districts computed pursuant to paragraph (1), ~~the amount based on salaries and benefits~~

~~of classified employees computed pursuant to paragraph (2), the amount based on salaries and benefits of certificated employees calculated pursuant to paragraph (3), and the amount of the inflation adjustment calculated pursuant to paragraph (4).~~ The following computations shall be made to determine the ~~base revenue limit~~ *local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03,* per unit of average daily attendance for the newly organized school districts:

(1) Perform the following computation to arrive at the blended ~~revenue limit:~~ *local control funding formula pursuant to Section 42238.02, as implemented by Section 42238.03:*

(A) Based on the current information available for each affected school district for the second principal apportionment period for the fiscal year~~, two years prior to~~ *before* the fiscal year in which the reorganization is to become effective, multiply the ~~base revenue limit~~ *local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03,* per unit of average daily attendance for that school district by the number of units of average daily attendance for that school district that the county superintendent of schools determines will be included in the proposed school district.

(B) Add the amounts calculated pursuant to subparagraph (A) *and divide that sum by the number of units of average daily attendance in the newly organized school districts.*

~~(2)For each affected school district in the newly organized school districts, the following computation shall be made to determine the amount to be included in the base revenue limit per unit of average daily attendance for the newly organized school districts that is based on the salaries and benefits of full-time equivalent classified employees:~~

~~(A)For each of those school districts, make the following computation to arrive at the highest average amount expended for salaries and benefits for classified full-time employees by the districts:~~

~~(i)Add the amount of all salaries and benefits for classified employees of the district, including both part-time and full-time employees.~~
~~(ii)Divide the amount computed in clause (i) by the total number of full-time equivalent classified employees in the district.~~

~~(B)Among those school districts that will make up 25 percent or more of the average daily attendance of the resulting newly organized school district, compare the amounts determined for each of those school districts pursuant to subparagraph (A) and identify the highest average amount expended for salaries and benefits for classified employees.~~

~~(C)For each of the school districts with salaries and benefits that are below the highest average amount identified in subparagraph (B) and that are included, in whole or in part, in the newly organized district, subtract the amount determined for the district pursuant to subparagraph (A) from the amount identified pursuant to subparagraph (B).~~

~~(D)For each of those school districts, multiply the amount determined for the district pursuant to subparagraph (C) by the number of full-time equivalent classified employees employed by the district, and then multiply by the percentage of the district's average daily attendance to be included in the new district.~~

~~(E)Add the amounts computed for each school district pursuant to subparagraph (D).~~

~~(3)For each affected school district in the newly organized school districts, the following computation shall be made to determine the amount to be included in the base revenue limit per unit of average daily attendance for the newly organized school districts that is based on the salaries and benefits of full-time equivalent certificated employees:~~

~~(A)For each of those school districts, make the following computation to determine the highest average amount expended for salaries and benefits for certificated full-time employees:~~

~~(i)Add the amount of all salaries and benefits for certificated employees, including both part-time and full-time employees.~~

~~(ii)Divide the amount determined in clause (i) by the total number of full-time equivalent certificated employees in the district.~~

~~(B)Among those school districts that will make up 25 percent or more of the average daily attendance of the resulting newly organized school district, compare the amounts determined for each school district pursuant to subparagraph (A) and identify the highest average amount expended for salaries and benefits for certificated employees.~~

~~(C)For each of the school districts with salaries and benefits that are below the highest average amount identified in subparagraph (B) and that are included, in whole or in part, in the newly organized school district, subtract the amount determined for the district pursuant to subparagraph (A) from the amount identified pursuant to subparagraph (B).~~

~~(D)For each of those school districts, multiply the amount determined for the district pursuant to subparagraph (C) by the number of full-time equivalent certificated employees of the school district, and then multiply by the percentage of the district's average daily attendance to be included in the new district.~~

~~(E)Add the amount calculated for each school district identified pursuant to subparagraph (D).~~

~~(4)The base revenue limit per unit of average daily attendance shall be adjusted for inflation as follows:~~

~~(A)Add the amounts determined pursuant to subparagraph (B) of paragraph (1), subparagraph (E) of paragraph (2), and subparagraph (E) of paragraph (3), and divide that sum by the number of units of average daily attendance in the newly organized school districts. The amount determined pursuant to this subparagraph shall not exceed 110 percent of the blended revenue limit per unit of average daily attendance calculated pursuant to paragraph (1).~~

~~(B)(i)Increase the amount determined pursuant to subparagraph (A) by the amount of the inflation adjustment calculated and used for apportionment purposes pursuant to Section 42238.1 for the fiscal year immediately preceding the year in which the reorganization becomes effective.~~

~~(ii)With respect to a school district that unifies effective July 1, 1997, and that has an average daily attendance in the 1996–97 fiscal year of more than 1,500 units, increase the amount determined pursuant to subparagraph (A) by an amount calculated as follows:~~

~~(I)For each component district of the newly unified district, multiply the amount of revenue limit equalization aid per unit of average daily attendance determined pursuant to Sections 42238.41, 42238.42, and 42238.43, or any other sections of law, for the 1996–97 fiscal year by the 1996–97 second principal apportionment units of average daily attendance determined pursuant to Section 42238.5 for that component district.~~

~~(II)Add the results for all component districts, and divide this amount by the sum of the 1996–97 second principal apportionment units of average daily attendance determined pursuant to Section 42238.5 for all component districts.~~

~~(C)Increase the amount determined pursuant to subparagraph (B) by the amount of the inflation adjustment calculated and used for apportionment purposes pursuant to Section 42238.1 for the fiscal year in which the reorganization becomes effective for all purposes.~~

~~(D)Increase the amount determined pursuant to subparagraph (C) by any other adjustments to the base revenue limit per unit of average daily attendance that the newly organized school districts would have been eligible to receive had they been reorganized in the fiscal year two years prior to the year in which the reorganization becomes effective for all purposes.~~

(b) The amount determined pursuant to ~~subparagraph (D) of paragraph (4) of~~ subdivision (a) shall be the ~~base revenue limit~~ *local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03,* per unit of average daily attendance for the newly organized school districts.

(c) The ~~base revenue limit per unit of~~ average daily attendance ~~for the~~ *of a* newly organized school district ~~shall not be greater than the amount set forth in the proposal for reorganization that is approved by the state board. The Superintendent may make adjustments to base revenue limit apportionments to a newly organized school district, if necessary to cause those apportionments to be consistent with this section.~~*, for purposes of Sections 42238.02 and 42238.03, shall be the average daily attendance that is attributable to the area reorganized for the fiscal year before the fiscal year in which the new school district becomes effective for all purposes.*

~~(d)If the territorial jurisdiction of any school district was revised pursuant to a unification, consolidation, or other reorganization, occurring on or before July 1, 1989, that resulted in a school district having a larger territorial jurisdiction than the original school district prior to the reorganization, and a reorganization of school districts occurs on or after the effective date of the act that added this subdivision that results in a school district having a territorial jurisdiction that is substantially the same, as determined by the state board, as the territorial jurisdiction of that original school district prior to the most recent reorganization occurring on or before July 1, 1989, the revenue limit of the school district resulting from the subsequent reorganization shall be the same, notwithstanding subdivision (b), as the revenue limit that was determined for the original school district prior to the most recent reorganization occurring on or before July 1, 1989.~~

~~(e)The average daily attendance of a newly organized school district, for purposes of subdivision (d) of Section 42238, shall be the average daily attendance that is attributable to the~~

~~area reorganized for the fiscal year two years prior to the fiscal year in which the new district becomes effective for all purposes.~~

~~(f)For purposes of computing average daily attendance pursuant to subdivision (d) of Section 42238 for each school district that exists prior to the reorganization and whose average daily attendance is directly affected by the reorganization, the following calculation shall apply for the fiscal year two years prior to the fiscal year in which the newly reorganized school district becomes effective:~~

~~(1)Divide the 1982–83 fiscal year average daily attendance, computed pursuant to subdivision (d) of Section 42238, by the total average daily attendance of the district pursuant to Section 42238.5.~~
~~(2)Multiply the percentage computed pursuant to paragraph (1) by the total average daily attendance of the district calculated pursuant to Section 42238.5, excluding the average daily attendance of pupils attributable to the area reorganized.~~

~~(g)This section shall not apply to any reorganization proposal approved by the state board prior to January 1, 1995.~~

(d) Notwithstanding this section, commencing with the 2013–14 fiscal year, a newly reorganized school district shall receive state-aid funding pursuant to paragraph (3) of subdivision (b) of Section 42238.03 of at least the total combined **per-student** *funding amount received by each school district pursuant to paragraphs (1) and (2) of subdivision (a) of Section 42238.03 for the fiscal year before the fiscal year in which the new school district becomes effective for all purposes.*

~~(h)~~

(e) Notwithstanding any other ~~provision of~~ law, this section shall not be subject to waiver by the state board pursuant to Section 33050 or by the Superintendent.

(f) Upon a determination that all school districts or charter schools equal or exceed the local control funding formula target computed pursuant to Section 42238.02 as determined by the calculation of a zero difference pursuant to paragraph (1) of subdivision (b) of Section 42238.03, for all school districts and charter schools, this section shall not apply and the newly reorganized school district shall receive an allocation equal to the amount calculated under Section 42238.02 in that fiscal year and future fiscal years.

SEC. 78.

Section 35735.2 of the Education Code is repealed.

~~35735.2.~~

~~(a)If a newly organized school district is unable to provide the school facilities necessary to provide instructional services by employees of the district to all of the pupils who are residents of that district during the fiscal year in which the reorganization becomes effective for all purposes, the base revenue limit per unit of average daily attendance of the newly organized district shall be the blended revenue limit arrived at pursuant to paragraph (1) of subdivision (a)~~

~~of Section 35735.1 as adjusted by the calculations made pursuant to subparagraphs (B), (C), and (D) of paragraph (4) of subdivision (a) of Section 35735.1 and subdivision (b) of Section 35735.1. As the newly organized school district obtains the school facilities necessary to provide instructional services by employees of the district to all or a portion of those pupils, the following adjustment shall be made to the base revenue limit per unit of average daily attendance of the district each fiscal year subsequent to the fiscal year in which the reorganization becomes effective until the fiscal year in which the district provides the facilities necessary to provide those services for all of those pupils:~~

~~(1)Determine the total number of pupils who are residents of the district to whom the district was unable to provide school facilities necessary to provide that instruction during the fiscal year in which the reorganization becomes effective for all purposes.~~

~~(2)Determine the total number of pupils identified in paragraph (1) that will attend school in school facilities located in, and receive instructional services provided by employees of, that district in the current fiscal year.~~

~~(3)Divide the number determined pursuant to paragraph (2) by the number determined pursuant to paragraph (1) to determine the percentage of pupils identified in paragraph (1) who will attend school in school facilities located in, and receive instructional services provided by employees of, that district in the current fiscal year.~~

~~(4)Multiply the numbers determined pursuant to paragraphs (2) and (3) of subdivision (a) of Section 35735.1 by the percentage determined pursuant to paragraph (3) for that fiscal year, and total the amounts. Divide that sum by the number of units of average daily attendance residing in the proposed district in the current fiscal year.~~
~~(5)Increase the base revenue limit calculated pursuant to subdivision (a) of this section for the school district by the amount arrived at pursuant to paragraph (4) as adjusted by the calculations pursuant to subparagraphs (B), (C), and (D) of paragraph (4) of subdivision (a) of Section 35735.1. In no event shall the amount determined pursuant to this paragraph exceed that amount that would otherwise be calculated pursuant to subdivision (a) of Section 35735.1.~~

~~(b)For the purposes of making the adjustments described in subdivision (a), the annual audit of the school district required pursuant to Section 41020 shall include an audit of the average daily attendance of pupils by grade level and the numbers of certificated and classified employees on which the adjustments to the base revenue limit of the district were made pursuant to paragraphs (1), (2), and (3) of subdivision (a) of Section 35735.1. Until the newly organized school district provides the school facilities necessary to provide instructional services by employees of the district to pupils who are residents of the district in the manner and in the timeframes set forth in the proposal to reorganize that was approved by the State Board of Education, the county superintendent of schools shall, for each fiscal year, inform the Superintendent of Public Instruction of the extent to which the district is providing those facilities to those pupils. The county superintendent of schools may charge the school district for the cost of preparation of the report. Based on that information, the superintendent shall make base revenue limit apportionments to the school district in a manner consistent with subdivision (a).~~

~~(c)If the newly organized school district is unable to provide the school facilities necessary to provide instructional services by employees of the district to all of the pupils who are residents of the district five years from the date on which the reorganization becomes effective for all purposes, the State Department of Education shall recommend to the State Board of Education whether or not the district should be lapsed pursuant to Article 5 (commencing with Section~~

~~35780). The State Department of Education shall make that recommendation for each fiscal year until either the school district provides the school facilities necessary to provide instructional services by employees of the district to all of the pupils who are residents of the district or the district is lapsed. Upon recommendation by the State Department of Education, the State Board of Education may direct the county committee on school district organization to lapse the school district according to the procedures set forth in Article 5 (commencing with Section 35780).~~

~~(d)This section shall not apply to any reorganization proposal approved by the State Board of Education prior to January 1, 1995.~~

SEC. 79.

Section 35735.3 of the Education Code is repealed.

~~35735.3.~~

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

SEC. 80.

Section 35735.4 of the Education Code is repealed.

~~35735.4.~~

~~Notwithstanding paragraphs (2) and (3) of subdivision (a) of Section 35735.1, as it read on June 30, 1998, a school district that was reorganized in the 1998-99 fiscal year, had an enrollment of fewer than 2,000 pupils in the second fiscal year prior to the fiscal year of reorganization, was wholly located within a county of the 20th class, as defined pursuant to Section 28041 of the Government Code, and for which the criteria specified in paragraph (2) or (3), or both, of subdivision (a) of Section 35735.1, as it read on June 30, 1998, would have been met had pupils on interdistrict transfers in the second fiscal year prior to the fiscal year of reorganization attended their district of residence, may include the calculations set forth in paragraphs (2) and (3) of subdivision (a) of Section 35735.1, as it read on June 30, 1998, in the calculation of its base revenue limit per unit of average daily attendance.~~

SEC. 81.

Section 35736 of the Education Code is amended to read:

35736.

Plans and recommendations may include a proposal for dividing the property, other than real property, and obligations of any school district proposed to be divided between two or more school districts, or proposed to be partially included in one or more school districts. As used in this section, "property" includes funds, cash on hand, and moneys due but uncollected on the date reorganization becomes effective for all purposes, and state apportionments based on

average daily attendance earned in the year immediately preceding the date reorganization becomes effective for all purposes. In providing for this division, the plans and recommendations may consider the assessed valuation of each portion of the *school* district, the ~~revenue limit~~ *local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03,* per pupil in each *school* district, the number of children of school age residing in each portion of the *school* district, the value and location of the school property, and such other matters as may be deemed pertinent and equitable. Any such proposal shall be an integral part of the proposal and not a separate proposition.

SEC. 82.

Section 35736.5 is added to the Education Code, to read:

35736.5.

Sections 35735 to 35736, inclusive, shall only apply to **actions to reorganize districts initiated after July 1, 2013 for which the order to reorganize, pursuant to section 35765, is appropriately filed after December 1, 2013, pursuant to Government Code Section 54902.** ~~**school district reorganizations.**~~

Actions to reorganize districts initiated ~~**Reorganizations occurring**~~ *before July 1, 2013* **for which the order to reorganize is appropriately filed on or before December 1, 2013**, *shall* ~~**occur**~~ **be implemented** *pursuant to Sections 35735 to 35736, inclusive, as those sections read on January 1, 2013.*

SEC. 83.

Article 4 (commencing with Section 37252) of Chapter 2 of Part 22 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 84.

Chapter 2.5 (commencing with Section 37300) of Part 22 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 85.

Section 37700 of the Education Code is amended to read:

37700.
(a) Notwithstanding any other law, the Pacific Unified School District, the Leggett Valley Unified School District, and the Reeds Creek Elementary School District may operate one or more schools in their respective districts on a four-day school week, if the district complies with the instructional time requirements specified in Section 37701 and the other requirements of this chapter.

(b) If a school district operates one or more schools on a four-day week pursuant to this section and the program for the school year provides less than the 180 days of instruction required under Section 46200, *as it read on January 1, 2013,* the Superintendent ~~of Public Instruction~~ shall reduce the ~~base revenue limit~~ *local control funding formula allocation pursuant to Section 42238.02, as implemented pursuant to Section 42238.03,* per unit of average daily attendance for that fiscal year by the amount the school district would have received for the increase received pursuant to subdivision (a) of Section 46200, *as it read on January 1, 2013,* as adjusted in fiscal years subsequent to the 1984–85 fiscal year. If a school district operates one or more schools on a four-day school week pursuant to this section and the program provides less than the minimum instructional minutes required under Section 46201, *as it read on January 1, 2013,* the Superintendent ~~of Public Instruction~~ shall reduce the ~~base revenue limit~~ *local control funding formula allocation pursuant to Section 42238.02, as implemented pursuant to Section 42238.03,* per unit of average daily attendance for that fiscal year in which the reduction occurs by the amount the school district would have received for the increase in the 1987–88 fiscal year base revenue limit per unit of average daily attendance pursuant to paragraph (6) of subdivision (b) of Section 42238, *as it read on June 30, 2013,* as adjusted ~~in~~ *from* the 1987–88 fiscal year ~~and fiscal years thereafter~~ *to the 2012–13 fiscal year, inclusive, and, commencing with the 2013–14 fiscal year, pursuant to the local control funding formula allocation pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, per unit of average daily attendance.*

(c) A school district with an exclusive bargaining representative may operate a school on a four-day school week pursuant to this section only if the *school* district and the representative of each bargaining unit of *school* district employees mutually agree to that operation in a memorandum of understanding.

(d) Notwithstanding this section, upon a determination that a school district identified in subdivision (a) equals or exceeds its local control funding formula target computed pursuant to Section 42238.02 as determined by the calculation of a zero difference pursuant to paragraph (1) of subdivision (b) of Section 42238.03, the school district, as a condition of apportionment pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, shall offer 180 days or more of instruction per school year, and meet the minimum minute requirements pursuant to paragraph (1) of subdivision (a) of Section 46207.

SEC. 86.

Section 37710.3 of the Education Code is amended to read:

37710.3.

(a) Beginning in the 2010–11 fiscal year, the Alpaugh Unified School District may operate one or more schools in the school district on a four-day school week if the district complies with the instructional time requirements in Section 37701 and the other requirements of this chapter. The state board may waive five-consecutive-day operating requirements for any of the following programs that operate on a four-day school week pursuant to this section, provided that the district meets the minimum time requirement for each program:

(1) Preschools.

(2) Before and after school programs.

(3) Independent study programs.

(4) Child nutrition and food service programs.

(5) Community day schools.

(6) Regional occupational centers or programs.

(7) Continuation high schools.

(b) If the school district operates one or more schools on a four-day school week pursuant to this section, and the program for the school year provides fewer than the 180 days of instruction required under Section 46200, *as it read on January 1, 2013,* the Superintendent shall reduce the ~~base revenue limit~~ *local control funding formula allocation pursuant to Section 42238.02, as implemented pursuant to Section 42238.03,* per unit of average daily attendance for that fiscal year by the amount the school district would have received for the increase received pursuant to subdivision (a) of Section 46200, *as it read on January 1, 2013,* as adjusted in fiscal years subsequent to the 1984–85 fiscal year. If the school district operates one or more schools on a four-day school week pursuant to this section, and the program provides fewer than the minimum instructional minutes required under Section 46201, *as it read on January 1, 2013,* the Superintendent shall reduce the ~~base revenue limit~~ *local control funding formula allocation pursuant to Section 42238.02, as implemented pursuant to Section 42238.03,* per unit of average daily attendance for that fiscal year in which the reduction occurs by the amount the school district would have received for the increase in the base revenue limit per unit of average daily attendance pursuant to subdivision (a) of Section 46201, *as it read on January 1, 2013,* as adjusted ~~in~~ *from* the 1987–88 fiscal year ~~and fiscal years thereafter~~ *to the 2012–13 fiscal year, inclusive, and, commencing with the 2013–14 fiscal year, pursuant to the local control funding formula allocation pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, per unit of average daily attendance.*

(c) Notwithstanding Section 37710, if a small school having between 11 and 99 valid Standardized Testing and Reporting Program test scores operating on a four-day school week fails to achieve its Academic Performance Index growth target pursuant to Section 52052 for two consecutive years, the authority of that school to operate on a four-day school week shall be permanently revoked commencing with the school year following the second consecutive year the school failed to achieve its Academic Performance Index growth rate.

(d) If the school district operates one or more schools on a four-day school week pursuant to this section, the school district shall submit a report to the department, the Senate Committee on Education, and the Assembly Committee on Education on or before January 15, 2015. The report shall include, but not necessarily be limited to, information on all of the following:

(1) Programs the district offered on the fifth schoolday and their participation rates.

(2) Whether the four-day school week schedule resulted in any fiscal savings.

(3) Impact on overall attendance of the schools operating a four-day school week.

(4) Programs for which the state board waived minimum time and five-consecutive-day requirements and the operational and educational effects of the programs if they operated at less time than required.

(5) The impact of the four-day school week on crime statistics, especially on the day on which school would otherwise be in session.

(6) Information on the Academic Performance Index, pursuant to Section 52052, for every year a school in the district operated on a four-day school week. The information shall include, but not necessarily be limited to, the base and growth Academic Performance Index of each school that operated on a four-day school week and whether that school met the Academic Performance growth targets.

(e) Notwithstanding this section, upon a determination that a school district identified in subdivision (a) equals or exceeds its local control funding formula target computed pursuant to Section 42238.02 as determined by the calculation of a zero difference pursuant to paragraph (1) of subdivision (b) of Section 42238.03, the school district, as a condition of apportionment pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, shall offer 180 days or more of instruction per school year, and meet the minimum minute requirements pursuant to paragraph (1) of subdivision (a) of Section 46207.

~~(e)~~
(f) This section shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.

SEC. 87.

Section 37710.5 of the Education Code is amended to read:

37710.3.
(a) Beginning in the 2010–11 fiscal year, the Alpaugh Unified School District may operate one or more schools in the school district on a four-day school week if the district complies with the instructional time requirements in Section 37701 and the other requirements of this chapter. The state board may waive five-consecutive-day operating requirements for any of the following programs that operate on a four-day school week pursuant to this section, provided that the district meets the minimum time requirement for each program:

(1) Preschools.

(2) Before and after school programs.

(3) Independent study programs.

(4) Child nutrition and food service programs.

(5) Community day schools.

(6) Regional occupational centers or programs.

(7) Continuation high schools.

(b) If the school district operates one or more schools on a four-day school week pursuant to this section, and the program for the school year provides fewer than the 180 days of instruction required under Section 46200, *as it read on January 1, 2013,* the Superintendent shall reduce the ~~base revenue limit~~ *local control funding formula allocation pursuant to Section 42238.02, as implemented pursuant to Section 42238.03,* per unit of average daily attendance for that fiscal year by the amount the school district would have received for the increase received pursuant to subdivision (a) of Section 46200, *as it read on January 1, 2013,* as adjusted in fiscal years subsequent to the 1984–85 fiscal year. If the school district operates one or more schools on a four-day school week pursuant to this section, and the program provides fewer than the minimum instructional minutes required under Section 46201, *as it read on January 1, 2013,* the Superintendent shall reduce the ~~base revenue limit~~ *local control funding formula allocation pursuant to Section 42238.02, as implemented pursuant to Section 42238.03,* per unit of average daily attendance for that fiscal year in which the reduction occurs by the amount the school district would have received for the increase in the base revenue limit per unit of average daily attendance pursuant to subdivision (a) of Section 46201, *as it read on January 1, 2013,* as adjusted ~~in~~ *from* the 1987–88 fiscal year ~~and fiscal years thereafter~~ *to the 2012–13 fiscal year, inclusive, and, commencing with the 2013–14 fiscal year, pursuant to the local control funding formula allocation pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, per unit of average daily attendance.*

(c) Notwithstanding Section 37710, if a small school having between 11 and 99 valid Standardized Testing and Reporting Program test scores operating on a four-day school week fails to achieve its Academic Performance Index growth target pursuant to Section 52052 for two consecutive years, the authority of that school to operate on a four-day school week shall be permanently revoked commencing with the school year following the second consecutive year the school failed to achieve its Academic Performance Index growth rate.

(d) If the school district operates one or more schools on a four-day school week pursuant to this section, the school district shall submit a report to the department, the Senate Committee on Education, and the Assembly Committee on Education on or before January 15, 2015. The report shall include, but not necessarily be limited to, information on all of the following:

(1) Programs the district offered on the fifth schoolday and their participation rates.

(2) Whether the four-day school week schedule resulted in any fiscal savings.

(3) Impact on overall attendance of the schools operating a four-day school week.

(4) Programs for which the state board waived minimum time and five-consecutive-day requirements and the operational and educational effects of the programs if they operated at less time than required.

(5) The impact of the four-day school week on crime statistics, especially on the day on which school would otherwise be in session.

(6) Information on the Academic Performance Index, pursuant to Section 52052, for every year a school in the district operated on a four-day school week. The information shall include, but not necessarily be limited to, the base and growth Academic Performance Index of each school that operated on a four-day school week and whether that school met the Academic Performance growth targets.

(e) Notwithstanding this section, upon a determination that a school district identified in subdivision (a) equals or exceeds its local control funding formula target computed pursuant to Section 42238.02 as determined by the calculation of a zero difference pursuant to paragraph (1) of subdivision (b) of Section 42238.03, the school district, as a condition of apportionment pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, shall offer 180 days or more of instruction per school year, and meet the minimum minute requirements pursuant to paragraph (1) of subdivision (a) of Section 46207.

~~(e)~~
(f) This section shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.

SEC. 88.

Section 38101 of the Education Code is amended to read:

38101.
(a) The governing board of a school district may authorize expenditures from the cafeteria fund or cafeteria account only for those charges from that fund or account that are defined in the California School Accounting Manual.

(b) A food service program shall not be charged more than once for expenditures for the same service. If a food service program is being charged for a service as a direct cost, the school district shall not also allocate that cost as a direct support cost or indirect cost.

(c) For purposes of this section, an "indirect cost" shall be limited to the lesser of the school district's prior year indirect cost rate as approved by the department or the statewide average approved indirect cost for the second prior fiscal year.

(d) Charges to, or transfers from, a food service program shall indicate when the charge or transfer was made and shall be accompanied by a written explanation of the purpose of, and basis for, the expenditure.

(e) This section does not authorize a school district to charge a food service program any charges prohibited by state or federal law or regulation.

(f) If the department and the Department of Finance concur that a school district has violated this section, the Superintendent shall direct that school district to transfer double the amount improperly transferred to the general fund of the school district from that fund to the cafeteria fund of the school district or cafeteria account for the subsequent fiscal year which is then to be used for the improvement of the food service program of the school district. If the school district fails to make that transfer as directed, the Superintendent shall reduce the regular apportionment of the school district determined pursuant to Section 42238, *as it read on January 1, 2013, or the local control funding formula allocation pursuant to Section 42238.02, as implemented pursuant to Section 42238.03,* and increase the child nutrition allowance of the school district determined pursuant to Section 41350 by double the amount improperly transferred to the general fund of the school district and that amount is then to be used for improvement of the food service program.

(g) It is the intent of the Legislature in enacting this section that responsible school district officials be held fully accountable for the accounting and reporting of food service programs and that minor and inadvertent instances of noncompliance be resolved in a fair and equitable manner to the satisfaction of the Superintendent and the Department of Finance.

(h) The Superintendent, with the approval of the Department of Finance, may waive up to the full transfer amount in subdivision (f) if he or she determines that the noncompliance involved is minor or inadvertent, or both.

SEC. 89. **Retain Language**

~~**Section 39809.5 of the Education Code is repealed.**~~

39809.5.

(a) The sum of the state aid received and the parent fees collected in a fiscal year may not exceed actual operating cost of home-to-school transportation in that fiscal year.

(b) If excess fees are collected due to errors in estimated costs, fees shall be reduced in succeeding years.

(c) The governing board shall certify to the county superintendent that districts have levied fees in accordance with law, and that fees have been reduced and excess fee revenue eliminated whenever excess fees have been charged.

SEC. 90.

Article 2 (commencing with Section 39820) of Chapter 1 of Part 23.5 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 91.

Section 41003.3 of the Education Code is amended to read:

41003.3.

(a) Consistent with the provisions of Article 4 (commencing with Section 17455) of Chapter 4 of Part 10.5 of Division 1 of Title 1, from July 1, 2008, to June 30, 2010, inclusive, the Dixon Unified School District may sell surplus real property previously used as the school farm on Sievers Road, located five miles outside of the city and which is not feasible for future school construction, together with any personal property located thereon, purchased entirely with local funds. The proceeds of the sale shall be deposited into the general fund of the school district in order to reestablish a 3-percent reserve. The remainder of the proceeds from the sale of the property that are not utilized to reestablish the 3-percent reserve shall be deposited into the capital outlay fund of the school district.

(b) In order to expend funds pursuant to subdivision (a), the *school* district shall meet all of the following conditions:

(1) The *school* district shall not be eligible for new construction funding for 10 years from the date that funds are deposited into the general fund of the school district pursuant to subdivision (a), except that the *school* district may apply for new construction funds if both of the following conditions are met:

(A) At least five years have elapsed since the date upon which the sale was executed pursuant to subdivision (a).

(B) The State Allocation Board determines that the *school* district has demonstrated enrollment growth or a need for additional sites or building construction that the *school* district could not have easily anticipated at the time the sale was executed pursuant to subdivision (a).

(2) The governing board of the *school* district shall complete a governance training program focusing on fiscal management provided by the County Office Fiscal Crisis and Management Assistance Team (FCMAT).

(3) Any remaining funds from the sale of the property shall be exhausted for capital outlay purposes ~~prior to any~~ *before a* request for modernization funding.

(4) Notwithstanding any other provision of law, the Dixon Unified School District, from July 1, 2008, to June 30, 2010, inclusive, shall not be eligible to receive financial hardship assistance pursuant to Article 8 (commencing with Section 17075.10) of Chapter 12.5 of Part 10 of Division 1 of Title 1.

~~(5)The district shall not be eligible to receive hardship funding from the State School Deferred Maintenance Fund pursuant to Section 17587 until all remaining funds from the sale of the property identified in, and pursuant to, subdivision (a) are exhausted for deferred maintenance or capital outlay purposes.~~

~~(6)~~

(5) The governing board of the *school* district shall certify all of the following to the State Allocation Board:

(A) The *school* district has no major deferred maintenance requirements that cannot be completed with existing capital outlay resources.

(B) The sale of the real property pursuant to this section does not violate any provisions of a local general obligation bond act.

(C) The real property sold pursuant to this section is not suitable to meet any projected school construction need for the next 10 years.

~~(7)~~

(6) Before exercising the authority granted by this section, the governing board of the *school* district, at a regularly scheduled meeting ~~of that board~~, shall present a plan for expending one-time resources pursuant to this section. The plan shall identify the source and use of the funds, and describe how the proposed use of funds, in combination with budget reductions, will address the *school* district's deficit spending and restore the ongoing fiscal solvency of the *school* district.

~~(8)~~

(7) No later than 10 years after the date of the sale of surplus property pursuant to subdivision (a), the *school* district shall deposit into its capital outlay fund an amount equal to the amount of the proceeds from the sale of the property that is deposited into the *school* district's general fund as needed to establish the 3-percent reserve in accordance with subdivision (a).

(c) This section shall remain in effect only until January 1, 2021, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2021, deletes or extends that date.

SEC. 91.1. Section 41011 of the Education Code is amended to read:

41011. The accounting system used to record the financial affairs of any school district shall be designed to provide separate recording and clear distinction between expenditures for salaries of classroom teachers employed by the district and expenditures for other purposes of the district.

As used in this section "salaries of classroom teachers" means:

(a) The salary paid to each teacher employed by the district whose duties require that the full time for which the teacher is employed be devoted to the teaching of pupils of the district.

(b) The portion of the salary of each teacher whose duties require that a part, but not all, of the full time for which the teacher is employed be devoted to the teaching of pupils of the district, which is equal to the portion of such full time actually devoted by the teacher to teaching pupils of the district.

(c) The salary paid to each instructional aide employed by the district, any portion of whose duties are required to be performed under the supervision of a classroom teacher.

As used in this section a "teacher" means an employee of the district employed in a position requiring certification qualifications and whose duties require him to teach pupils of the district for at least one full instructional period each schoolday for which the employee is employed. In the case of a teacher employed to teach in an elementary school, an instructional period is a period of not less than 20 minutes. In the case of a teacher employed to teach in a secondary school, an instructional period is the number of minutes equal to the number of minutes of the regular academic period in the junior high school, or high school, in which the teacher is employed to teach.

(d) By June 30, 2014, the Superintendent shall recommend any additional definitions to be added to the accounting system that are necessary to ensure that distinct types of expenditures are recorded consistently by all school districts to support the identification and tracking of expenditures included in the local control and accountability plan as required by Article 3.8 (commencing with Section 52060) is added to Chapter 6.1 of Part 28 of Division 4 of Title 2 of the Education Code. The Superintendent shall consider the applicability of expenditure reporting requirements for individual school sites included in the federal American Recovery and Reinvestment Act of 2009. No later than September 30, 2014, the state board shall adopt, revise, or reject these recommendations.

SEC. 92.

Section 41012 of the Education Code is amended to read:

41012.

For purposes of determining ~~allowances~~ *apportionments* pursuant to ~~Chapter 8 (commencing with Section 52200) of Part 28, and~~ Chapter ~~3~~ *5* (commencing with Section 56500) and Chapter 4 *6* (commencing with Section 56600) of Part 30 *of Division 4*, the Superintendent ~~of Public Instruction~~ shall require the use of a uniform cost accounting procedure, as set forth in the California School Accounting Manual.

SEC. 93.

Section 41020 of the Education Code is amended to read:

41020.

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

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

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

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

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

(5) For purposes of this section, "local educational agency" does not include community colleges.

(c) Each audit conducted in accordance with this section shall include all funds of the local educational agency, including the student body and cafeteria funds and accounts and any other funds under the control or jurisdiction of the local educational agency. Each audit shall also include an audit of pupil attendance procedures. *Each audit shall include a determination of whether funds were expended* ~~**in accordance with a**~~ **pursuant to an approved** *local control and accountability plan* **and approved supplement to a local control and accountability plan** *pursuant to Article 3.8 (commencing with Section 52060) of Chapter 6.1 of Part 28 of Division* **4** ~~**3**~~.

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

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

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

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

(2) Commencing with the 2003–04 fiscal year and except as provided in subdivision (d) of Section 41320.1, it is unlawful for a public accounting firm to provide audit services to a local

educational agency if the lead audit partner, or coordinating audit partner, having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has performed audit services for that local educational agency in each of the six previous fiscal years. The Education Audits Appeal Panel may waive this requirement if the panel finds that no otherwise eligible auditor is available to perform the audit.

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

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

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

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

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

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

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

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

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

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

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

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

(1) Review audit exceptions related to attendance, inventory of equipment, internal control, and other miscellaneous exceptions. Attendance exceptions or issues shall include, but not be limited to, those related to ~~revenue limits, adult education,~~ *local control funding formula allocations pursuant to Section 42238.02, as implemented by Section 42238.03,* and independent study.

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

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

(k) Each county superintendent of schools shall certify to the Superintendent and the Controller, not later than May 15, that his or her staff has reviewed all audits of local educational agencies under his or her jurisdiction for the prior fiscal year, that all exceptions that the county superintendent was required to review were reviewed, and that all of those exceptions, except as otherwise noted in the certification, have been corrected by the local educational agency or that an acceptable plan of correction has been submitted to the county superintendent of schools. In addition, the county superintendent shall identify, by local educational agency, any attendance-related audit exception or exceptions involving state funds, and require the local

educational agency to which the audit exceptions were directed to submit appropriate reporting forms for processing by the Superintendent.

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

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

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

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

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

(2) In addition, the Superintendent shall be responsible for ensuring that county superintendents of schools and each county board of education that serves as the governing board of a local educational agency either correct all audit exceptions identified in the audits of county superintendents of schools and of the local educational agencies for which the county boards of education serve as the governing boards or develop acceptable plans of correction for those exceptions.

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

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

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

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

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

~~(r)~~

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

~~(s)~~

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

SEC. 94.

Section 41202 of the Education Code is amended to read:

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

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

(b) "General Fund revenues which may be appropriated pursuant to Article XIIIB," as used in paragraph (1) of subdivision (b) of Section 8 of Article XVI, means General Fund revenues that are the proceeds of taxes as defined by subdivision (c) of Section 8 of Article XIIIB of the California Constitution, including, for the 1986–87 fiscal year only, any revenues that are determined to be in excess of the appropriations limit established pursuant to Article XIIIB for the fiscal year in which they are received. General Fund revenues for a fiscal year to which paragraph (1) of subdivision (b) is being applied shall include, in that computation, only General Fund revenues for that fiscal year that are the proceeds of taxes, as defined in subdivision (c) of Section 8 of Article XIIIB of the California Constitution, and shall not include prior fiscal year revenues. Commencing with the 1995–96 fiscal year, and each fiscal year thereafter, "General Fund revenues that are the proceeds of taxes," as defined in subdivision (c) of Section 8 of Article XIIIB of the California Constitution, includes any portion of the proceeds of taxes received

from the state sales tax that are transferred to the counties pursuant to, and only if, legislation is enacted during the 1995–96 fiscal year the purpose of which is to realign children's programs. The amount of the proceeds of taxes shall be computed for any fiscal year in a manner consistent with the manner in which the amount of the proceeds of taxes was computed by the Department of Finance for purposes of the Governor's Budget for the Budget Act of 1986.

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

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

(e) "Total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIIIB," as used in paragraph (2) or (3) of subdivision (b) of Section 8 of Article XVI of the California Constitution, means the sum of appropriations made that are for allocation to school districts, as defined in Section 41302.5, and community college districts, regardless of whether those appropriations were made from the General Fund to the Controller, to the Superintendent, to the Chancellor of the California Community Colleges, or to any other fund or state agency for the purpose of allocation to school districts and community college districts. The full amount of any appropriation shall be included in the calculation of the percentage required by paragraph (2) or (3) of subdivision (b) of Section 8 of Article XVI, without regard to any unexpended balance of any appropriation. Any reappropriation of funds appropriated in any prior year shall not be included in the sum of appropriations.

(f) "General Fund revenues appropriated for school districts and community college districts, respectively" and "moneys to be applied by the state for the support of school districts and community college districts," as used in Section 8 of Article XVI of the California Constitution, shall include funds appropriated for part-day California state preschool programs under Article 7 (commencing with Section 8235) of Chapter 2 of Part 6 of Division 1 of Title 1, and the After School Education and Safety Program established pursuant to Article 22.5 (commencing with

Section 8482) of Chapter 2 of Part 6 of Division 1 of Title 1, and shall not include any of the following:

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

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

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

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

(g) "Allocated local proceeds of taxes," as used in paragraph (2) or (3) of subdivision (b) of Section 8 of Article XVI of the California Constitution, means, for school districts as defined, those local revenues, except revenues identified pursuant to paragraph (5) of subdivision ~~(h)~~ *(j)* of Section ~~42238,~~ *42238.02,* that are used to offset state aid for school districts in calculations performed pursuant to Sections ~~2558, 42238,~~ *2575, 42238.02,* and Chapter 7.2 (commencing with Section 56836) of Part 30 *of Division 4*.

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

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

~~(j)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.~~

SEC. 95.

Section 41300 of the Education Code is repealed.

~~41300.~~

~~Commencing with July 1, 1980, the amount transferred to Section A of the State School Fund pursuant to subdivision (a) of Section 14002 shall be expended for basic aid, equalization aid, allowances for adults, and allowances to the county school tuition funds to be apportioned on account of average daily attendance.~~

SEC. 96.

Section 41301 of the Education Code is repealed.

~~41301.~~

~~The amount transferred to Section A of the State School Fund pursuant to Section 14002 and Section 14004 shall be expended in accordance with the following schedule:~~

~~(a)Twenty-six dollars and ninety-five cents ($26.95) multiplied by the total average daily attendance credited during the preceding school year to elementary school districts which during the preceding school year had less than 901 units of average daily attendance, to high school districts which during the preceding school year had less than 301 units of average daily attendance, and to unified districts which during the preceding school year had less than 1,501 units of average daily attendance, but not to exceed an amount equal to ninety-nine cents ($0.99) multiplied by the average daily attendance credited during the preceding fiscal year to all elementary, high, and unified school districts and to all county superintendents of schools in the state, for allowance to county school service funds pursuant to subdivision (a) of Section 14054. Commencing with the 1980–81 fiscal year, the amounts in this subdivision shall be increased annually by the same percentage prescribed by Section 14002.5.~~

~~(b)Fourteen dollars and thirty-five cents ($14.35) multiplied by the total average daily attendance credited to all elementary, high, and unified school districts and to all county superintendents of schools in the state, during the preceding school year for the purposes of Article 10 (commencing with Section 41850) of Chapter 5 of this part.~~

~~(c)Thirty-eight dollars and thirty cents ($38.30) multiplied by the total average daily attendance credited to all elementary, high, and unified school districts and to all county superintendents of schools in the state, during the preceding school year, for the purposes of Article 3 (commencing with Section 56030) of Chapter 1, Chapter 3 (commencing with Section 56500), Chapter 5 (commencing with Section 56700) of Part 30 of Division 4 of this title, and Sections 41863, 41866, 41892, and 41897.~~

~~(d)Four dollars and fifty cents ($4.50) multiplied by the total average daily attendance credited to all elementary, high, and unified school districts and to all county superintendents of schools in the state during the preceding school year for allowances to county school service funds pursuant to subdivision (b) of Section 14054.~~
~~Commencing with the 1980–81 fiscal year, the amount in this subdivision shall be increased by the same percentage allowed in Section 14002.5.~~

~~(e)Three dollars and sixty-nine cents ($3.69) multiplied by the average daily attendance during the preceding fiscal year credited to all elementary, high, and unified school districts and to all county superintendents of schools in the state for allowances to school districts for the purposes of Section 52205. The amount in this subdivision shall be annually increased by the percentage specified in subdivision (e) of Section 14002.~~

~~(f)One thousand three hundred sixty-four dollars and seventy-one cents ($1,364.71) multiplied by the average daily attendance during the preceding fiscal year credited to all elementary, high, and unified school districts and to all county superintendents of schools in the state during the preceding school year for basic aid, equalization aid, allowances for adults, and allowances to the county school tuition funds to be apportioned on account of average daily attendance. The amount expended pursuant to this subdivision shall be annually revised to reflect the adjustment prescribed by subdivision (e) of Section 14002.~~

~~(g)Twenty dollars and seventy cents ($20.70) multiplied by the average daily attendance during the preceding school year credited to all elementary, high, and unified school districts and to all county superintendents of schools in the state for purposes of Chapter 4 (commencing with Section 56600) of Part 30 of Division 4 of this title.~~
~~(h)Ninety cents ($0.90) multiplied by the average daily attendance during the preceding fiscal year credited to all elementary, high, and unified school districts and to all county superintendents of schools in the state for purposes of Article 8 (commencing with Section 8150) of Chapter 1 of Part 6.~~

SEC. 97.

Section 41303 of the Education Code is amended to read:

41303.
The Superintendent ~~of Public Instruction~~ shall report to the Controller, on or before the 20th day of October of each year, the total average daily attendance during the preceding fiscal year credited to all kindergarten, *including average daily attendance for transitional kindergarten,* elementary, *and* high ~~school, and adult~~ schools in the state and to county school tuition funds.

SEC. 98.

Section 41320.1 of the Education Code is amended to read:

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

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

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

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

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

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

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

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

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

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

(2) After the trustee's period of service, and until the loan is repaid, the county superintendent of schools that has jurisdiction over the school district may stay or rescind an action of the governing board of the school district that, in his or her judgment, may affect the financial condition of the school district. The county superintendent of schools shall notify the Superintendent, within five business days, if he or she stays or rescinds an action of the

governing board of the school district. The notice shall include, but not be limited to, both of the following:

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

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

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

(4) The Superintendent may establish timelines and prescribe formats for reports and other materials to be used by the trustee to monitor and review the operations of the school district. The trustee shall approve or reject all reports and other materials required from the school district as a condition of receiving the apportionment. The Superintendent, upon the recommendation of the trustee, may reduce an apportionment to the school district in an amount up to two hundred dollars ($200) per day for each late or unacceptable report or other material required under this part, and shall report to the Legislature a failure of the school district to comply with the requirements of this section. If the Superintendent determines, at any time, that the fiscal plan approved for the school district under Section 41320 is unsatisfactory, he or she may modify the plan as necessary, and the school district shall comply with the plan as modified.

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

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

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

local educational agency to which he or she is assigned, except that a trustee appointed pursuant to paragraph (7) of subdivision (a) is an employee of the department for that purpose.

(f) Except for an individual appointed by the Superintendent as trustee pursuant to paragraph (7) of subdivision (a), the state-appointed trustee is a member of the State Teachers' Retirement System, if qualified, for the period of service as trustee, unless the trustee elects in writing not to become a member. A person who is a member or retirant of the State Teachers' Retirement System at the time of appointment shall continue to be a member or retirant of the system for the duration of the appointment. If the trustee chooses to become a member or is already a member, the trustee shall be placed on the payroll of the school district for purposes of providing appropriate contributions to the system. The Superintendent may also require that an individual appointed as trustee pursuant to paragraph (7) of subdivision (a) be placed on the payroll of the school district for purposes of remuneration, other benefits, and payroll deductions. For purposes of workers' compensation benefits, the state-appointed trustee is deemed an employee of the local educational agency to which he or she is assigned, except that a trustee who is appointed pursuant to paragraph (7) of subdivision (a) is an employee of the department for that purpose.

SEC. 99.

Section 41329.55 of the Education Code is amended to read:

41329.55.

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

(b) Except where financing is for a community college district, the Controller shall make the apportionment only from moneys in Section A of the State School Fund *or any local control funding formula allocations pursuant to Section 42238.02, as implemented by Section 42238.03,* designated for apportionment to the *school* district and ~~any~~ *an* apportionment authorized pursuant to this subdivision shall constitute a lien senior to any other apportionment or payment of State School Fund moneys to or for that *school* district not made pursuant to this subdivision.

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

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

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

SEC. 100.

Section 41332 of the Education Code is amended to read:

41332.
The Superintendent ~~of Public Instruction~~ shall, on or before February 20th of each year, apportion to each elementary school district, high school district, county school service fund, and county school tuition fund the total amounts allowed to them under Sections 14054, 14057, 14058, 41790, 41800, ~~41810, 41811, 41840, 41841, 41863, 41866, 41882, 41884, 41885, 41886, 41888,~~ 41950, 41970, *and* 41971, ~~42004, 42005, 42054, 42055, 42056, and 52205,~~ whichever are in effect. This apportionment shall be called the first principal apportionment.

SEC. 101.

Section 41334 of the Education Code is amended to read:

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

(a) To each elementary, high school, and county school service fund the total of amounts allowed to them under ~~Sections 41850 to 41862, inclusive, and Sections 41930 to 41936, inclusive, and~~ *Article 14 (commencing with Section 41930) of Chapter 5.*

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

This apportionment shall be called the special purpose apportionment.

SEC. 102.

Section 41335 of the Education Code is amended to read:

41335.

(a) The Superintendent ~~of Public Instruction~~ shall on or before July 2 of each year apportion to each elementary school district, high school district, county school service fund, and county school tuition fund the total amounts allowed to each respective district or fund, as would have been apportioned on June 25 of the fiscal year of the apportionment pursuant to Section 41335 as it read on May 30, 2003, under Sections 14054, 14057, 14058, 41790, 41800, ~~41810, 41811, 41840, 41841, 41863, 41866, 41882, 41884, 41885, 41886, 41888,~~ 41950, 41970, *and* 41971, ~~42004, 42005, 42054, 42055, 42056, and 52205,~~ whichever are in effect. This apportionment shall be called the second principal apportionment.

(b) This section shall become operative on June 1, 2003.

SEC. 103.

Section 41341 of the Education Code is amended to read:

41341.

(a) (1) If, during any fiscal year, the amount apportioned to a school district or to any fund from Section A of the State School Fund differs either positively or negatively from the amount to which the district or fund was entitled by an amount equal to revenue limit funding *through the 2012–13 fiscal year, and, commencing with the 2013–14 fiscal year, local control funding formula entitlements pursuant to Section 42238.02, as implemented pursuant to Section 42238.03,* for one unit of average daily attendance, the Superintendent ~~of Public Instruction~~, in accordance with regulations that he or she is hereby authorized to adopt, not later than the first succeeding fiscal year from the fiscal year in which the computational error was made, shall withhold from, or add to, the apportionment made during that fiscal year, the amount of the excess or deficiency, as the case may be. Notwithstanding any other provision of this code to the contrary, excesses withheld or deficiencies added by the Superintendent ~~of Public Instruction~~ under this subdivision shall be added to or allowed from any portion of the State School Fund.

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

(b) If, during any fiscal year, the amount apportioned to a community college district or to any fund from Section B of the State School Fund differs either positively or negatively from the amount to which the *community college* district or fund was entitled, by an amount equal to the funding of one full-time equivalent student, the Chancellor of the California Community Colleges, in accordance with regulations that he or she is hereby authorized to adopt, not later than the first succeeding fiscal year from the fiscal year in which the computational error was made, shall withhold from, or add to, the apportionment made during that fiscal year, the amount of the excess or deficiency, as the case may be. Notwithstanding any other provision of this code to the contrary, excesses withheld or deficiencies added by the Chancellor of the California Community Colleges under this subdivision shall be added to or allowed from any portion of the State School Fund.

SEC. 104.

Section 41344 of the Education Code is amended to read:

41344.

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

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

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

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

(b) (1) For purposes of computing average daily attendance pursuant to Section 42238.5, *as it read on January 1, 2013, and Section 42238.05,* a local educational agency's prior fiscal year average daily attendance shall be reduced by an amount equal to any average daily attendance disallowed in the current year, by an audit or review, as defined in subdivision (e).

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

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

(d) Within 60 days of the date on which a local educational agency receives a final audit report resulting from an audit or review of all or any part of the operations of the local educational agency, or within 30 days of receiving a determination of a summary review pursuant to subdivision (d) of Section 41344.1, a local educational agency may appeal a finding contained in the final report, pursuant to Section 41344.1. Within 90 days of the date on which the appeal is received by the panel, a hearing shall be held at which the local educational agency may present evidence or arguments if the local educational agency believes that the final report contains any finding that was based on errors of fact or interpretation of law, or if the local educational agency believes in good faith that it was in substantial compliance with all legal requirements. A repayment schedule may not commence until the panel reaches a determination regarding the appeal. If the panel determines that the local educational agency is correct in its assertion, in whole or in part, the allowable portion of any apportionment payment that was withheld shall be paid at the next principal apportionment.

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

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

SEC. 105. Retain Language

~~**Section 41376 of the Education Code is repealed.**~~

41376.

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

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

For those districts which do not have any classes with an enrollment in excess of 32 and whose average size for all the classes is 30.0 or less, there shall be no excess declared. For those districts which have one or more classes in excess of an enrollment of 32 or

whose average size for all the classes is more than 30, the excess shall be the total of the number of pupils which are in excess of 30 in each class having an enrollment of more than 30.

(b) For grades 4 to 8, inclusive, he shall determine the total number of pupils enrolled, the number of full-time equivalent classroom teachers, and the average number of pupils per each full-time equivalent classroom teacher. He shall also determine the excess if any, of pupils enrolled in such grades in the following manner:

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

(2) Multiply the number determined in (1) above by the number of full-time equivalent classroom teachers of the current fiscal year.

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

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

(d) If the school district reports that it has maintained, during the current fiscal year, any classes in which there were enrolled pupils in excess of thirty (30) per class pursuant to subdivision (a) of this section, and there is no excess number of pupils computed pursuant to subdivision (b) of this section, he shall decrease the average daily attendance reported under the provisions of Section 41601 by the product determined under subdivision (c) of this section.

(e) If the school district reports that it has maintained, during the current fiscal year, no classes in which there were enrolled pupils in excess of thirty (30) per class determined pursuant to subdivision (a) of this section, and there is an excess number of pupils computed pursuant to subdivision (b) of this section, he shall make the following computation:

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

average daily attendance reported under the provisions of Section 41601 by the resulting product.

(f) If the school district reports that it has maintained, during the current fiscal year, any classes in which there were enrolled pupils in excess of thirty (30) per class determined pursuant to subdivision (a) of this section, and there is an excess number of pupils computed pursuant to subdivision (b) of this section, he shall make the following computation:

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

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

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

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

The provisions of this section are not applicable to school districts with less than 101 units of average daily attendance for the current fiscal year.

Although no decreases in average daily attendance shall be made for the fiscal year 1964–65, reports are required to be filed under the provisions of this section, and the Superintendent of Public Instruction shall notify each school district the amount of the decrease in state allowances which would have been effected had such decrease in average daily attendance been applied.

The Superintendent of Public Instruction shall adopt rules and regulations which he may deem necessary for the effective administration of this section. Such rules and regulations may specify that no decrease in average daily attendance reported under the

provisions of Section 41601 shall be made for a school district on account of large classes due to instructional television or team teaching, which may necessarily involve class sizes at periods during the day larger than the standard set forth in this section.

SEC. 106. Retain Language

~~Section 41378 of the Education Code is repealed.~~

41378.

The Superintendent of Public Instruction, in computing apportionments and allowances from the State School Fund for the second principal apportionment, shall determine the following for the kindergarten classes maintained by each school district maintaining kindergarten classes.

(a) The number of pupils enrolled in each kindergarten class, the total enrollment in all such classes, and the average number of pupils enrolled per class.

(b) The total number of pupils which are in excess of thirty-three (33) in each class having an enrollment of more than thirty-three (33).

(c) The total number of pupils by which the average class size in the district exceeds 31.

(d) The greater number of pupils as determined in (b) or (c) above.

(e) He shall compute the product obtained by multiplying the excess number of pupils computed pursuant to subdivision (d) of this section by ninety-seven hundredths (0.97). He shall decrease the average daily attendance reported under the provisions of Section 41601 by the resulting product.

SEC. 107.

Section 41400 of the Education Code is repealed.

~~41400.~~

~~It is the intent and purpose of the Legislature to improve public education in California by maximizing the allocation of existing resources, to discourage the growth of bureaucracy in the public schools, and to emphasize the importance and significance of the classroom teacher.~~

SEC. 108. Retain Language

~~Section 41401 of the Education Code is repealed.~~

41401.

For the purposes of this article:

(a) "Administrative employee" means an employee of a school district, employed in a position requiring certification qualifications, who does not come within the definition set forth in subdivision (c) or (d).

(b) "Classified employee" means an employee of a school district, employed in a position not requiring certification qualifications.

(c) "Pupil services employee" means an employee of a school district, employed in a position requiring a standard designated services credential, health and development credential, or a librarian credential, who performs direct services to pupils. "Pupil services employee" includes, but is not limited to, in-school librarians, school nurses, assistant in-school librarians, audiovisual personnel, counselors, psychologists, psychometrists, guidance and welfare personnel, attendance personnel, school social workers, and all other certificated personnel performing pupil-personnel, health, or librarian services.

(d) "Teacher" means an employee of a school district, employed in a position requiring certification qualifications, whose duties require him or her to provide direct instruction to pupils in the schools of that district for the full time for which he or she is employed. "Teacher" includes, but is not limited to, teachers of special classes, teachers of exceptional children, teachers of pupils with physical disabilities, teachers of minors with intellectual disabilities, substitute teachers, instructional television teachers, specialist mathematics teachers, specialist reading teachers, home and hospital teachers, and learning disability group teachers. Instructional preparation time shall be counted as part of the teacher full-time equivalent, including, but not limited to, mentor teacher or department chairperson time.

SEC. 109. Retain Language

~~Section 41402 of the Education Code is repealed.~~

41402.

The maximum ratios of administrative employees to each 100 teachers in the various types of school districts shall be as follows:

(a) In elementary school districts—9.

(b) In unified school districts—8.

(c) In high school districts—7.
This section shall not apply to a school district that has one or fewer administrators.

SEC. 110. Retain Language

~~Section 41403 of the Education Code is repealed.~~

41403.

The Superintendent of Public Instruction shall determine, for each current fiscal year, for each school district in the state, to two decimal points, the following:

(a) The total number of administrative employees, except those serving in positions that are supported by categorical grants from any source and are in programs that require

specific teacher/administrator ratios, or that are supported by federal funds. As to those serving in positions that are not supported completely by these categorical grants from any source or completely by federal funds, the number of employees reported shall include the full-time equivalent of all fractional time attributable to that time not supported by categorical grants or federal funds.

(b) The total number of teachers except those serving in positions that are supported by federal funds or by categorical grants from any source and are in programs that require specific teacher/administrator ratios. As to those serving in positions that are not supported completely by these categorical grants from any source or completely by federal funds, the number of employees reported shall include the full-time equivalent of all fractional time attributable to that time not supported by categorical grants or federal funds. Substitute teachers may be counted as teachers only if the employee for whom they are substituting is not counted. In no event shall the number of full-time equivalent teachers reported be greater than the number of full-time equivalent teaching positions in the district.

(c) The total maximum number of administrative employees that should be employed by the district based upon the application of the appropriate ratio prescribed by Section 41402 to the number of teachers determined pursuant to subdivision (b).

(d) The number of administrative employees in excess of the number allowable without penalty as determined by subtracting the number determined pursuant to subdivision (c) from the number determined pursuant to subdivision (a).

The number of employees reported pursuant to subdivisions (a), (b), (c), and (d) shall include the full-time equivalent of all fractional time of those employees.

For purposes of determining the allowable ratio of administrative employees to teachers for the San Diego City School District, the number of employees and the full-time equivalent of all of the fractional time of employees serving the district in positions mandated as the result of the district's court-ordered integration plan is excluded from the numbers identified pursuant to subdivisions (a), (b), (c), and (d).

No individual may be counted as more than one full-time equivalent employee unless the individual is employed on a part-time basis in adult education, driver education, or vocational education, or any part-time or additional teaching assignment, in addition to his or her regular full-time assignment.

SEC. 111. Retain Language

~~Section 41404 of the Education Code is repealed.~~

41404.

The Superintendent of Public Instruction shall determine the reduction in state support resulting from excess administrative employees identified in subdivision (d) of Section 41403 as follows:

(a) Compute the ratio which total state support to the district general fund bears to the total general fund income of the district.

(b) Multiply the ratio determined pursuant to subdivision (a) by the average salary of administrative employees.

(c) Multiply the product of subdivision (b) by the number of administrative employees converted to the nearest whole number in excess of the maximum number specified in Section 41402.

The amount of the second principal apportionment made to the district for the current fiscal year pursuant to Section 41335 shall be reduced by the product so produced. However, no reduction shall reduce the final apportionment below the amount specified in Section 6 of Article IX of the California Constitution.

SEC. 112. Retain Language

~~Section 41406 of the Education Code is repealed.~~

41406.

Amounts allowable from the State School Fund but not transferred thereto because of the operation of Section 41404 and the provisions of subdivision (b) of Section 14002, shall be held in the General Fund and shall be expended for public school purposes pursuant to appropriations thereof enacted by the Legislature.

SEC. 113. Retain Language

~~Section 41407 of the Education Code is repealed.~~

41407.

Notwithstanding any other provision of law, a school district is subject, with regard to Section 41402, to audits conducted pursuant to Section 41020.

SEC. 114.

~~Chapter 3.2 (commencing with Section 41500) of Part 24 of Division 3 of Title 2 of the Education Code is repealed.~~

Section 41544 of the Education Code is amended to read:

41544

(a) For a basic aid district that was entitled to reimbursement pursuant to Section 42247.4, as that section read on January 1, 2001, and that received an apportionment pursuant to subdivision (h) of Section 42247.4, as that section read on January 1, 2001, because a court order directs pupils to transfer to that district as part of the court-ordered voluntary pupil transfer program, the Superintendent, from the 2001–02 fiscal year and through the 2012-13 fiscal year, shall calculate an apportionment of state funds for that basic aid district that provides 70 percent of the school district revenue limit calculated pursuant to Section 42238, as that section read on June 30, 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 district that was entitled to reimbursement pursuant to Section 42247.4, as that section read on January 1, 2001, and that received an apportionment pursuant to subdivision (h) of Section 42247.4, as that section read on January 1, 2001, because a court order directs pupils to transfer to that 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 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), 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) through (4) of subdivision (a) of Section 42238.03 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 that fiscal year computed pursuant to Section 42238.02, inclusive.

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

SEC. 115.

Section 41601 of the Education Code is amended to read:

41601..

For ~~the~~ purposes of this chapter, the governing board of each school district shall report to the Superintendent ~~of Public Instruction~~ during each fiscal year the average daily attendance of the *school* district for all full school months during (1) the period between July 1 and December 31, inclusive, to be known as the "first period" report for the first principal apportionment, and (2) the period between July 1 and April 15, inclusive, to be known as the "second period" report for the second principal apportionment. Each county superintendent of schools shall report the average daily attendance for the schools and classes maintained by him or her and the average daily attendance for the county school tuition fund.

Each report shall be prepared in accordance with instructions on forms prescribed and furnished by the Superintendent ~~of Public Instruction~~. Average daily attendance shall be computed in the following manner:

(a) The average daily attendance in the regular elementary, middle, and high schools, including continuation schools and classes, opportunity schools and classes, and special day classes, maintained by the school districts shall be determined by dividing the total number of days of attendance allowed in all full school months in each period by the number of days the schools are actually taught in all full school months in each period, exclusive of Saturdays or Sundays and exclusive of weekend makeup classes pursuant to Section 37223.

(b) The attendance for schools and classes maintained by a county superintendent of schools and the county school tuition fund shall be reported in the same manner as reported by school districts. The average daily attendance in special education classes operated by county superintendents of schools shall be determined in the same manner as all other attendance under subdivision (a). **The average daily attendance in all other schools and classes maintained by the county superintendents of schools shall be determined by dividing the total number of days of attendance in all full school months in the first period by a divisor of 70, in the second period by 135 and at annual time by 175.** For attendance in special classes ~~and centers~~ pursuant to Section ~~56364 or Section~~ 56364.2, ~~as applicable,~~ the average daily attendance shall be reported by the county superintendents of schools, but credited for revenue limit purposes to the district in which the pupil resides.

~~(c)The days of attendance in classes for adults and regional occupational centers programs shall be reported in the same manner as all other attendance under subdivision (a). The average daily attendance in those schools and classes shall be determined by dividing the total number of days of attendance in all full school months in the first period by a divisor of 85 in the second period by 135 and at annual time by 175.~~

SEC. 116.

Section 41601.5 of the Education Code is amended to read:

41601.5.

For any fiscal year, a school district with an increase in the number of units of average daily attendance from the second principal apportionment to the annual apportionment may request the county superintendent of schools to adjust the *school* district's ~~revenue limit or block grant by utilizing~~ *local control funding formula allocations pursuant to Section 42238.02, as implemented by Section 42238.03, by using* the units of average daily attendance for the annual apportionment in lieu of the units of average daily attendance for the second principal apportionment. To qualify for this adjustment, the increase in the units of average daily attendance between the two periods shall meet the following requirements:

(a) The increase shall be equal to either paragraph (1) or (2):

(1) Equal to or greater than 2 percent.

(2) For the 1984–85 fiscal year and each fiscal year thereafter, for school districts with less than 2,501 units of average daily attendance, equal to or greater than 10 units of average daily attendance.

(b) The increase shall be attributable to pupils of migrant agricultural workers.

SEC. 117.

Section 41601.7 of the Education Code is amended to read:

41601.7.
A school district with an increase or decrease in the number of units of average daily attendance at a necessary small high school from the second principal apportionment to the annual apportionment may request the county superintendent of schools to adjust the district's ~~revenue limit or block grant by utilizing~~ *local control funding formula allocations pursuant to Section 42238.02, as implemented by Section 42238.03, by using* the units of average daily attendance for the annual apportionment for the necessary small high school in lieu of the units of average daily attendance for the second principal apportionment. To qualify for this adjustment, the following conditions shall be met:

(1) The increase or decrease in the units of average daily attendance between the two periods at the necessary small high school shall be equal to or greater than 15 percent and such increase or decrease shall be attributable to pupils attending a necessary small high school which provides a program of education with individualized instruction in a residential setting at an institution for pupils who have been placed in foster care for rehabilitation purposes pursuant to Chapter 2 (commencing with Section 200) of Part 1 of Division 2 of the Welfare and Institutions Code.

(2) The school district reimburses the county superintendent of schools for the administrative costs of making the adjustment prescribed by this section.

SEC. 118.

Section 41800 of the Education Code is amended to read:

41800.
~~The Superintendent of Public Instruction~~ *(a) The Superintendent* shall allow to each high school district one hundred twenty dollars ($120) for each unit of average daily attendance in the *school* district during the fiscal year as computed under subdivision (a) of Section 41601, subject to the provisions of Section 41608, but not less than two thousand four hundred dollars ($2,400) shall be allowed to any high school district, to be known as basic state aid.

~~The Superintendent of Public Instruction shall~~ *(b) The Superintendent shall* exclude from the computation of allowances provided by this section the average daily attendance during the fiscal year of adults~~, as adults are defined in Section 52610, and of inmates of any state penal institution for adults or of any city, county, or city and county jail, road camp or farm for adults~~.

(c) As used in this section, "adult" means a person 18 years of age or older or a person who is not concurrently enrolled in a regular high school program. However, a person 18 years of age or older who is concurrently enrolled in a regular high school program is not an adult for purposes of this section.

SEC. 119.

Article 9 (commencing with Section 41840) of Chapter 5 of Part 24 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 120.

Article 10 (commencing with Section 41850) of Chapter 5 of Part 24 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 121.

Article 10.5 (commencing with Section 41860) of Chapter 5 of Part 24 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 122.

Article 11 (commencing with Section 41880) of Chapter 5 of Part 24 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 123.

Article 13 (commencing with Section 41920) of Chapter 5 of Part 24 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 124.

Section 41972 of the Education Code is amended to read:

41972.

(a) Balances available from any appropriation for apportionments from Section A of the State School Fund and funds provided by subdivision ~~(c)~~ *(b)* of Section 14002, or provided by any other ~~provision of~~ law in lieu of those sections, shall be used to restore any reductions in apportionments to elementary, high, and unified school districts and county superintendents of schools as follows:

~~(a)~~

(1) First, for ~~**revenue limits**~~ **amounts** computed pursuant to Sections ~~2558 and 42238~~ *2575 and 42238.02, as implemented by Section 42238.03.*

~~(b)~~

(2) Second, for special education computed pursuant to Chapter 7.2 (commencing with Section 56836) of Part 30 *of Division 4.*

~~(c)Third, for home-to-school transportation computed pursuant to Section 41856 or, commencing with the 1984–85 fiscal year, Article 10 (commencing with Section 41850) of Chapter 8.~~

~~Any~~

(b) Any remaining balances otherwise transferable under ~~subdivisions (b) and (c)~~ *subdivision (b)* of Section 14002 shall revert to the General Fund.

SEC. 125.

Section 41975 of the Education Code is amended to read:

41975.

(a) Apportionments and allowances to a school district from Section A of the State School Fund in a fiscal year may not be less than the product of one hundred twenty dollars ($120) multiplied by the average daily attendance of the district in the preceding fiscal year, or two thousand four hundred dollars ($2,400), whichever amount is the greater.

(b) State funds apportioned to each school district for categorical education programs, or other state funds apportioned to each school district from the State School Fund, shall be applied to meet the requirement of Section 6 of Article IX of the California Constitution to provide a minimum of one hundred twenty dollars ($120) of state aid per pupil or two thousand four hundred dollars ($2,400) per school district.

(c) Notwithstanding any other law, the Superintendent ~~of Public Instruction may~~ *shall* not increase the ~~revenue limit~~ *local control funding formula pursuant to Section 42238.02, as implemented by Section 42238.03,* apportionment of ~~any~~ *a* school district to provide basic state aid pursuant to Section 6 of Article IX of the California Constitution or any other law, unless that school district has not received the greater amount of one hundred twenty dollars ($120) per pupil or two thousand four hundred dollars ($2,400) from all state funds, including funds for categorical education programs. If a school district receives less than the amount specified in this subdivision, the Superintendent ~~of Public Instruction~~ shall allocate the difference between the amount of state funds received and the constitutional minimum of the greater amount of one hundred twenty dollars ($120) per pupil or two thousand four hundred dollars ($2,400) per school district.

SEC. 126.

Section 41976 of the Education Code is **amended to read:** ~~**repealed.**~~

41976. (a) For purposes of this chapter, the following classes and courses are authorized to be offered by school districts and county superintendents of schools ~~**for apportionment purposes from the adult education fund**~~:

(1) Adult programs in parenting, including parent cooperative preschools, and classes in child growth and development, parent-child relationships, and parenting.

(2) Adult programs in elementary and secondary basic skills and other courses and classes required for the high school diploma. ~~**Apportionments for these courses and classes may only be generated by students who do not possess a high school diploma, except for remedial academic courses or classes in reading, mathematics, and language arts.**~~

(3) Adult education programs in English as a second language.
(4) Adult education programs for immigrants eligible for educational services in citizenship, English as a second language, and workforce preparation classes in the basic skills of speaking, listening, reading, writing, mathematics, decision making and problem solving skills, and other classes required for preparation to participate in job specific technical training.
(5) Adult education programs for adults with disabilities.
(6) Adult short-term career technical education programs with high employment potential. Any reference to "vocational" education or programs in adult education means "career technical" education or programs in adult education.
(7) Adult programs for older adults.
(8) Adult education programs for apprentices.
(9) Adult programs in home economics.
(10) Adult programs in health and safety education.
~~(b) No state apportionment shall be made for any course or class which is not set forth in subdivision (a).~~

SEC. 127.

Section 41976.1 of the Education Code ~~is repealed.~~ **is amended to read:**

41976.1. Notwithstanding Section 41976, any school district may offer adult education courses and classes in the adult education programs described in Section 41976 ~~provided that district qualifies for funding to begin those courses or classes pursuant to Section 52616.18~~.

SEC. 128.

Section 41976.2 of the Education Code ~~is repealed~~ **is amended to read:**

41976.2. Notwithstanding Section 41976, a school district may offer adult education courses and classes ~~if the school district received funding in the 1991–92 fiscal year~~ to conduct programs through independent study for persons 21 years of age or older and persons 19 years of age or older who have not been continuously enrolled in kindergarten, or any of grades 1 to 12, inclusive, since their 18th birthday.

SEC. 129.

Section 41976.5 of the Education Code is repealed.

~~41976.5.~~

~~(a)Each school district or county superintendent of schools providing services in summer school programs for adults with disabilities in the 1977-78 school year shall continue in the 1980-81 fiscal year and each fiscal year thereafter to offer these programs.~~

~~(b)A school district or county superintendent of schools receiving apportionments from Section A of the State School Fund shall offer summer programs for graduating high school seniors in need of courses for graduation.~~

SEC. 130.

Section 42127 of the Education Code is amended to read:

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

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

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

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

(2) Adopt a budget ~~and take action on a local control and accountability plan pursuant to Sections 52060 and 52064~~. Not later than five days after that adoption or by July 1, whichever occurs first, the governing board of the school district shall file that budget with the county superintendent of schools. ~~That~~ The budget~~, the local control and accountability plan,~~ and supporting data shall be maintained and made available for public review. If the governing board of the school district does not want all or a portion of the property tax requirement levied for the purpose of making payments for the interest and redemption charges on indebtedness as described in paragraph (1) or (2) of subdivision (b) of Section 1 of Article XIIIA of the California Constitution, the budget shall include a statement of the amount or portion for which a levy shall not be made. For the 2014–15 fiscal year and each fiscal year thereafter, the governing board of the school district shall not adopt a budget before the governing board of the school district adopts a local control and accountability plan, **if an existing local control and accountability plan or annual update to the plan is not effective for the budget year ~~or approves an update to an existing local control and accountability plan pursuant to Sections 52060 and 52064~~**. The governing board of a school district shall not adopt a budget that does not ~~align with~~ **include the expenditures necessary to implement** the local control and accountability plan **and the annual update to the local control and accountability plan that are effective during ~~that applies to~~** the subsequent fiscal year.

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

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

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

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

(3) Determine whether the adopted budget **includes the expenditures necessary ~~will allow the school district~~** to implement the **~~specific actions and strategies included in the~~** local control and accountability plan **~~adopted by the governing board of the school district pursuant to Section 52060 and 52064~~ and annual update to the plan approved by the county superintendent of schools pursuant to Section 52062.**

(d) On or before August 15, the county superintendent of schools shall approve, conditionally approve, or disapprove the adopted budget for each school district. For the 2014–15 fiscal year and each fiscal year thereafter, the county superintendent of schools shall disapprove a budget **~~if a school district does not file a local control and accountability plan with the county superintendent of schools, if the Superintendent determines that a local control and accountability plan filed does not adhere to the template adopted by the state board pursuant to Section 52066 or does not include all of the components identified in subdivision (a) of Section 52064, or~~** if the county superintendent of schools determines that **~~the expenditures included in~~** the budget **~~do not reflect the costs necessary to implement the plan~~** ***does not include the expenditures necessary to implement a local control and accountability plan or annual update to the plan approved by the county superintendent of schools pursuant to Section 52062.*** If a school district does not submit a budget to the county superintendent of schools, the county superintendent of schools shall develop, at school district expense, a budget for that school district by September 15 and transmit that budget to the governing board of the school district. The budget prepared by the county superintendent of schools shall be deemed adopted, unless the county superintendent of schools approves any modifications made by the governing board of the school district. The approved budget shall be used as a guide for the school district's priorities. The Superintendent shall review and certify the budget approved by the county. If, pursuant to the review conducted pursuant to subdivision (c), the county superintendent of schools determines that the adopted budget for a school district does not satisfy paragraph (1) or (2) of that subdivision, he or she shall conditionally approve or disapprove the budget and, not later than August 15, transmit to the governing board of the school district, in writing, his or her recommendations regarding revision of the budget and the reasons for those recommendations, including, but not limited to, the amounts of any

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

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

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

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

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

(g) The county superintendent of schools shall examine the revised budget to determine whether it (1) complies with the standards and criteria adopted by the state board pursuant to Section 33127 for application to final local educational agency budgets, (2) allows the school district to meet its financial obligations during the fiscal year, (3) satisfies all conditions established by the county superintendent of schools in the case of a conditionally approved budget, and (4) is consistent with a financial plan that will enable the school district to satisfy its multiyear financial commitments, and, not later than October 8, shall approve or disapprove the revised budget. If the county superintendent of schools disapproves the budget, he or she shall call for the formation of a budget review committee pursuant to Section 42127.1, unless the governing board of the school district and the county superintendent of schools agree to waive the requirement that a budget review committee be formed and the department approves the waiver after determining that a budget review committee is not necessary. Upon the grant of a waiver, the county superintendent of schools immediately has the authority and responsibility provided in Section 42127.3. Upon approving a waiver of the budget review committee, the department shall ensure that a balanced budget is adopted for the school district by November 30. If no budget is adopted by November 30, the Superintendent may adopt a budget for the

school district. The Superintendent shall report to the Legislature and the Director of Finance by December 10 if any school district, including a school district that has received a waiver of the budget review committee process, does not have an adopted budget by November 30. This report shall include the reasons why a budget has not been adopted by the deadline, the steps being taken to finalize budget adoption, the date the adopted budget is anticipated, and whether the Superintendent has or will exercise his or her authority to adopt a budget for the school district. For the 2011–12 fiscal year, notwithstanding any of the standards and criteria adopted by the state board pursuant to Section 33127, the county superintendent of schools, as a condition on approval of a school district budget, shall not require a school district to project a lower level of revenue per unit of average daily attendance than it received in the 2010–11 fiscal year nor require the school district to demonstrate that it is able to meet its financial obligations for the two subsequent fiscal years.

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

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

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

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

(3) Not later than October 8, after receiving the response required under paragraph (1), the county superintendent of schools shall review that response and either approve or disapprove the budget. If the county superintendent of schools disapproves the budget, he or she shall call for the formation of a budget review committee pursuant to Section 42127.1, unless the governing board of the school district and the county superintendent of schools agree to waive the requirement that a budget review committee be formed and the department approves the waiver after determining that a budget review committee is not necessary. Upon the grant of a waiver, the county superintendent has the authority and responsibility provided to a budget review committee in Section 42127.3. Upon approving a waiver of the budget review committee, the department shall ensure that a balanced budget is adopted for the school district by November 30. The Superintendent shall report to the Legislature and the Director of Finance by December 10 if any school district, including a school district that has received a waiver of the budget review committee process, does not have an adopted budget by November 30. This report shall include the reasons why a budget has not been adopted by the deadline, the steps being taken to finalize budget adoption, and the date the adopted budget is anticipated. For the

2011–12 fiscal year, notwithstanding any of the standards and criteria adopted by the state board pursuant to Section 33127, the county superintendent of schools, as a condition on approval of a school district budget, shall not require a school district to project a lower level of revenue per unit of average daily attendance than it received in the 2010–11 fiscal year nor require the school district to demonstrate that it is able to meet its financial obligations for the two subsequent fiscal years.

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

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

SEC. 131.

Section 42127.8 of the Education Code is amended to read:

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

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

(c) (1) The Superintendent may request the unit to provide the assistance described in subdivision (b) of Section 1624, Section 1630, subdivision (b) of Section 42127.3, subdivision (c) of Section 42127.6, Section 42127.9, and subdivision (a) of Section ~~42238.2,~~ 42238.051 and to review the fiscal, ~~and~~ administrative, **or academic** condition of any county office of education, school district, or charter school.

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

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

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

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

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

(3) Facilitate fiscal management training through the 11 county service regions to county office of education staff to ensure that they develop the technical skills necessary to perform their fiduciary duties. The governing board established pursuant to subdivision (b) shall determine the extent of the training that is necessary to comply with this paragraph.

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

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

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

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

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

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

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

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

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

SEC. 132.

Section 42238 of the Education Code is repealed.

~~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 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, reconstruction, or remodeling, or deferred maintenance, 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.~~

SEC. 132.5.

Section 42238.01 is added to the Education Code, to read:

42238.01

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

(a) "Pupils of limited English proficiency" shall be defined as pupils who do not have the clearly developed English language skills of comprehension, speaking, reading, and writing necessary to receive instruction only in English at a level substantially equivalent to pupils of the same age or grade whose primary language is English. The determination of which pupils are pupils of limited English proficiency shall be made in accordance with the procedures specified in Sections 52164 and 52164.1, as those sections read on January 1, 2013. Pupils who have no proficiency in their primary language are not included within this definition. "English learner" shall have the same meaning as "Pupils of limited English proficiency".

(b) "Eligible to receive a free or reduced price meal" shall be defined as those children who have been determined to meet federal eligibility criteria for free and reduced price meals as defined in Section 49531, as that section read on January 1, 2013, except for family day care homes which shall be reimbursed for 75 percent of the meals.

(c) "Foster youth" means, on and after January 1, 2012, a foster child, as described in Section 675(8)(B) of Title 42 of the United States Code under the federal Social Security Act who is a current dependent child or ward of the juvenile court, or a nonminor under the transition jurisdiction of the juvenile court, as described in Section 450 of the Welfare and institutions code, who satisfies all of the following criteria:

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

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

(3) He or she is participating in a transitional independent living case plan pursuant to Section 475(8) of the federal Social Security Act (42 U.S.C. Sec. 675(8)), as contained in the federal Fostering Connections to Success and Increasing Adoptions Act of 2008 (Public Law 110-351), as described in Section 11403 of the Welfare and Institutions Code.

SEC. 133.

Section 42238.02 is added to the Education Code, to read:

42238.02.

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

(b) (1) For purposes of this section "unduplicated pupil" means a pupil enrolled in a school district or a charter school who is either classified as an English learner ~~pursuant to Section 52164, as that section read on January 1, 2013,~~ *eligible to receive a free or reduced-price meal* ~~pursuant to Section 49552, as that section read on January 1, 2013,~~ *or is a foster youth* ~~pursuant to Sections 300 and 601 of the Welfare and Institutions Code~~*. 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 ~~classified as a foster youth and is~~ *eligible for a free or reduced-price meal* **and is classified as a foster youth**.

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

~~(2) For purposes if this section, a pupil shall not be classified as an English Learner for more than five school years in total.~~ **(2) For purposes of the computations pursuant to this subdivision, the Superintendent shall identify the school year in which a student initially is classified as an English learner by any school district, charter school, or county office of education. Beginning with the seventh school year following the initial school year in which a student is classified as an English learner by any school district, charter school, or county office of education, that pupil shall be classified as an unduplicated pupil only if the pupil is also eligible for a free or reduced-price meal, is a foster youth, or is both eligible for a free or reduced-price meal and a foster youth. For purposes of implementing the provisions of this paragraph, the 2013-14 fiscal shall be the initial year for any students classified as an English learner prior to the 2013-14 fiscal year.**

(3) Commencing with the 2013–14 fiscal year, a school district or charter school shall annually report their enrolled ~~unduplicated pupil,~~ *free and reduced-price meal eligibility, foster youth, and English learner pupil counts to the Superintendent* **utilizing the California Longitudinal Pupil Achievement Data System**.

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

(B) The Controller shall include instructions deemed necessary to enforce paragraph (3) of this section in the audit guide required by subdivision (a) of Section 14502.1. The

instructions shall include, but not necessarily be limited to, procedures for determining if the English learner, foster youth, and free or reduced-price meal eligible pupil data eligibility counts are consistent with the school district's or charter school's English learner, foster youth, and free or reduced-price meal eligible pupil data records.

(5) The ~~**counts of unduplicated pupils shall be derived by the**~~ *Superintendent* ~~**using the**~~ **shall make the calculations pursuant to this section using the data submitted by local educational agencies through the** *California Longitudinal Pupil Achievement Data System.* **The Superintendent shall allow school districts and charter schools to review and revise, as necessary, submitted free and reduced price meal, English learner, and foster youth data to ensure the accuracy of data reflected in the California Longitudinal Pupil Achievement Data System.**

(6) The Superintendent shall **annually compute** ~~*calculate*~~ *the percentage of unduplicated pupils for each school district and charter school* **as follows:**

(A) For the 2013-14 fiscal year, divide the sum *of unduplicated pupils* **for the 2013-14 fiscal year** *by the* ~~**2013-14**~~ *sum* **of the** *total enrollment* **for the 2013-14 fiscal year**.

(B) For the 2014-15 fiscal year, divide the sum of unduplicated for the 2013-14 and 2014-15 fiscal years by the sum of the total enrollment for the 2013-14 and 2014-15 fiscal years.

(C) For the 2015-16 fiscal year and each fiscal year thereafter, divide the sum unduplicated pupils for the two most recent prior fiscal years and the current fiscal year by the sum of the total enrollment in that school district or charter school for the two most recent prior fiscal years and the current fiscal year.

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

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

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

~~**(A) Seven thousand six hundred eighty dollars ($7,680) for average daily attendance in grades 9 to 12, inclusive.**~~

~~**(B) Six thousand six hundred twenty-eight dollars ($6,628) for average daily attendance in grades 7 and 8.**~~

~~**(C) Six thousand four hundred thirty-seven dollars ($6,437) for average daily attendance in grades 4 to 6, inclusive.**~~

(~~**D**~~**A**) *Six thousand three hundred forty-two dollars ($6,342) for average daily attendance in kindergarten and grades 1 to 3, inclusive.*

(B) Six thousand four hundred thirty-seven dollars ($6,437) for average daily attendance in grades 4 to 6, inclusive.

(C) Six thousand six hundred twenty-eight dollars ($6,628) for average daily attendance in grades 7 and 8.

(D) Seven thousand six hundred eighty dollars ($7,680) for average daily attendance in grades 9 to 12, inclusive.

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

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

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

(i) Determine a school district's ~~annual~~ *average class* ~~size~~ **enrollment** *for each* ~~classroom per~~ *school site for kindergarten and grades 1 to 3, inclusive, in the prior year. For the 2013–14 fiscal year, this amount shall be the* ~~annual~~ *average class* ~~size~~ **enrollment** *for each* ~~classroom per~~ *school site for kindergarten and grades 1 to 3, inclusive, in the 2012–13 fiscal year.*

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

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

(iv) Determine the difference between the amount computed pursuant to clause (i) and an ~~annual~~ *average class* ~~size~~ **enrollment** *of not more than 24 pupils* ~~for each classroom per school site~~.

(v) Calculate a current year ~~annual~~ *average class* ~~size~~ **enrollment** *adjustment for each* ~~classroom per~~ *school site for kindergarten and grades 1 to 3, inclusive, equal to the adjustment calculated in clause (iv) multiplied by one minus the percentage determined pursuant to clause (iii).*

(C) School districts that have an ~~annual~~ *average class* ~~size~~ **enrollment** *for each* ~~classroom per~~ *school site for kindergarten and grades 1 to 3, inclusive, of 24 pupils or less for each* ~~classroom per~~ *school site in the 2012–13 fiscal year, shall be exempt from the requirements of subparagraph (B) so long as the school district continues to maintain an* ~~annual~~ *average class* ~~size~~ **enrollment** *for* ~~each classroom~~ *per school site for kindergarten and grades 1 to 3, inclusive, of not more than 24 pupils* ~~in each classroom~~*, unless a collectively bargained alternative ratio is agreed to by the school district.*

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

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

(F) The Controller shall include instructions deemed necessary to enforce paragraph (3) of this section in the audit guide required by subdivision (a) of Section 14502.1. These instructions shall include, but not necessarily be limited to, procedures for determining if the annual average class enrollment for each school site exceeds 24.4, or an alternative average class enrollment per school site pursuant to the district's collective bargaining agreement, for all classes for which funding is allocated to a school district pursuant to this chapter. The procedures to determine average class enrollment per school site shall include criteria for employing sampling.

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

(e) The Superintendent shall compute a supplemental grant add-on,equal to 35 percent of the base grants as specified in subparagraphs (A) to (D), inclusive, of paragraph (1) of subdivision (d), as adjusted by paragraph (2) of subdivision (d), for each school district'**s** *or charter school*'**s** *percentage of unduplicated pupils* **calculated pursuant to paragraph (6) of subdivision (b) of this section**. *The supplemental grant shall be calculated by multiplying the base grants as specified in subparagraphs (A) to (D), inclusive, of paragraph (1), as adjusted by paragraph (2) of subdivision (d), by 35 percent and by the percentage of unduplicated pupils* **calculated pursuant to paragraph (6) of subdivision (b) of this section** *in that school district or charter school.* **Funds provided pursuant to this calculation are provided primarily for the benefit**

of pupils for whom any of the definitions included in Section 42238.01 apply and shall be expended pursuant to paragraphs (3) and (4) of subdivision (i) of Section 52060.

(f) The Superintendent shall compute a concentration grant add-on, equal to 35 percent of the base grants as specified in subparagraphs (A) to (D), inclusive, of paragraph (1) of subdivision (d), as adjusted by paragraph (2) of subdivision (d), for each school district's or charter school's percentage of unduplicated pupils **calculated pursuant to paragraph (6) of subdivision (b) of this section** *in excess of 50 percent of the school district's or charter school's total enrollment. The concentration grant shall be calculated by multiplying the base grant as specified in subparagraphs (A) to (D), inclusive, of paragraph (1) of subdivision (d), as adjusted by paragraph (2) of subdivision (d), by 35 percent and by the percentage of unduplicated pupils* **calculated pursuant to paragraph (6) of subdivision (b) of this section** *in excess of 50 percent of the total enrollment in that school district or charter school. For a charter school physically located in only one school district, the percentage of unduplicated pupils* **calculated pursuant to paragraph (6) of subdivision (b) of this section** *in excess of 50 percent used to calculate concentration grants shall not exceed the percentage of unduplicated pupils* **calculated pursuant to paragraph (6) of subdivision (b) of this section** *in excess of 50 percent of the school district in which the charter school is physically located.* ~~If the~~ **For a** *charter school* **that** *is physically located in more than one school district, the charter school's percentage of unduplicated pupils* **calculated pursuant to paragraph (6) of subdivision (b) of this section** *in excess of 50 percent used to calculate concentration grants shall not exceed that of the school district with the highest percentage of unduplicated pupils* **calculated pursuant to paragraph (6) of subdivision (b) of this section** *in excess of 50 percent within the charter school's physical location.* **Funds provided pursuant to this calculation are provided primarily for the benefit of pupils for whom any of the definitions included in Section 42238.01 apply and shall be expended pursuant to paragraphs (3) and (4) of subdivision (i) of Section 52060.**

(g) The Superintendent shall compute an add-on to the total sum of a school district's or charter school's base, supplemental, and concentration grants equal to the amount of funding a school district or charter school received from funds allocated pursuant to the Targeted Instructional Improvement Block Grant program, as set forth in Article 6 (commencing with Section 41540) of Chapter 3.2, for the 2012–13 fiscal year, as that article read on January 1, 2013. A school district or charter school shall not receive a total funding amount from this add-on greater than the total amount of funding received by the school district or charter school from that program in the 2012–13 fiscal year. **The amount computed pursuant to this section shall be adjusted to reflect the reduction specified in paragraph (2) of subdivision (a) of Section 42238.03.**

(h) The Superintendent shall compute an add-on to the total sum of a school district's or charter school's base, supplemental, and concentration grants equal to the amount of funding a school district or charter school received from funds allocated pursuant to the Home-to-School Transportation program, as set forth in former Article 2 (commencing with Section 39820) of Chapter 1 of Part 23.5, ~~and~~ *former Article 10 (commencing with Section 41850) of Chapter 5,* **and the Small School District Transportation program as set forth in former Article 4.5 (commencing with Section 42290)** *for the 2012–13 fiscal year. A school district or charter*

school shall not receive a total funding amount from this add-on greater than the total amount received by the school district or charter school for that program in the 2012–13 fiscal year. **The amount computed pursuant to this section shall be adjusted to reflect the reduction specified in subparagraph (C) of paragraph (2) of subdivision (a) of Section 42238.03.**

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

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

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

(3) (A) The amount computed pursuant to Article 4 (commencing with Section 42280) shall be added to the amount computed pursuant to paragraphs (1) through (4) of subdivision (d) as multiplied by paragraphs (1) and (2) of this subdivision, as appropriate.

(B) The amount added pursuant to this paragraph shall not change the calculation of a school district's supplemental and concentration grants.

(j) Notwithstanding any other law, the Superintendent shall adjust the sum of each school district's or charter school's amount determined in subdivisions (g) to (i), inclusive, pursuant to the calculation specified in Section 42238.03, less the sum of the following:

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

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

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

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

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

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

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

of subdivision (a) of Section 33607.5, or Section 33607.7 of the Health and Safety Code that is allocated exclusively for educational facilities. **The amount computed pursuant to this section shall be adjusted to reflect the reduction specified in paragraph (2) of subdivision (a) of Section 42238.03.**

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

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

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

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

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

(2) School districts and charter schools that receive supplemental or concentration grants, or both, pursuant to this section shall use those funds for any locally determined educational purpose so long as it substantially benefits the unduplicated pupils that generated those funds as provided for in a school district's or charter school's local control and accountability plan.

(m) **(1)** *Nothing in this section shall be interpreted to authorize a school district that receives funding on behalf of a charter school pursuant to Section 47651 to redirect this funding for another purpose unless otherwise authorized in law* **pursuant to paragraph (2)** *or pursuant to an agreement between a charter school and its chartering authority.*

(2) A school district that receives funding on behalf of a locally funded charter school pursuant to Sections 42605(b)(2), 42606 and 47634(b) in the 2012-13 fiscal year may annually redirect for another purpose a percentage of the amount of the funding received on behalf of that charter school. The percentage of funding that may be redirected shall be determined pursuant to the following computation:

(A) The percentage of need fulfilled pursuant to paragraph (3) of subdivision (b) of section 42238.03 in the then current fiscal year for the charter school.

(B) The sum of the percentage of need fulfilled in every fiscal year prior to the then current fiscal year pursuant to paragraph (3) of subdivision (b) of section 42238.03 adjusted for changes in average daily attendance pursuant to paragraph (3) of subdivision (a) of section 42238.03 for the charter school.

(C) The sum of the percentages in subparagraphs (A) and (B) multiplied by the amount of funding the school district received on behalf of the charter school pursuant to Sections 42605(b)(2), 42606 and 47634(b) for the 2012-13 fiscal.

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

(o) A school district that does not receive an apportionment of state funds pursuant to this section as implemented pursuant to Section 42238.03, excluding funds apportioned ~~due~~ **pursuant to** *the requirements of subdivision (d) of Section 42238.03 shall be considered a "basic aid school district" or an "excess tax entity."*

SEC. 134.

Section 42238.03 is added to the Education Code, to read:

42238.03.

(a) *Commencing with the 2013–14 fiscal year and each fiscal year thereafter, the Superintendent shall* **calculate a base entitlement for the transition to the local control funding formula for each school district and charter school** ~~**allocate the appropriations in Section 14002 to each charter school and school district according**~~ **pursuant to the** ~~**following formula**~~ **sum of the of the amounts computed pursuant to paragraphs (1) through (4) of this subdivision. The amounts computed pursuant to paragraphs (1) through (6) of this subdivision shall be continuously appropriated pursuant to Section 14002.**

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

(1) ~~**For the 2013–14 fiscal year, the prior**~~ **The current** *year* **base entitlement** *funding level shall be the* ~~**total**~~ **sum of each** *of all of the following:*

(A) For school districts, revenue limits in the 2012–13 fiscal year **as computed** *pursuant to Article 2 (commencing with Section 42238)* **as that section read on June 30, 2013, divided by the 2012-13 average daily attendance of the school district computed pursuant to Section 42238.05 and then multiplied by the average daily attendance of the school district computed pursuant to Section 42238.05 for the current fiscal year.**

(B)(i) For charter schools, general purpose funding as computed pursuant to Article 2 of chapter 6 (commencing with Section 47633), as that section read on June 30, 2013 and the in-lieu property tax amount provided to a charter school pursuant to Section 47635, as that section read on June 30, 2013 ,divided by the 2012-13 average daily attendance of the charter school computed pursuant to Section 42238.05 and then multiplied by the average daily attendance of the charter school computed pursuant to Section 42238.05 for the current fiscal year.

(ii) The computation pursuant to clause (i) shall exclude funds received by a charter school pursuant to Section 47634.1, as that Section read on January 1, 2013.

(C) The computation pursuant to subparagraphs (A) and (B) shall exclude funds received pursuant to Section 47663, as that Section read on January 1, 2013.

(D) The computation pursuant to subparagraph (A) shall exclude amounts computed pursuant to Article 4 (commencing with Section 42280). Qualifying necessary small high schools and necessary small elementary schools shall be adjusted pursuant to Article 4 (commencing with Section 42280), as adjusted pursuant to Section 42238.146, as those sections read on January 1, 2013.

~~(B) Notwithstanding subparagraph (A), entitlements for revenue limits for fiscal years before June 30, 2013, shall be annually adjusted, as necessary, for average daily attendance and revenue offsets, as specified in paragraphs (1) to (7), inclusive, of subdivision (h) of Section 42238, as that section read on June 30, 2013, and the in-lieu property tax amount provided to a charter school pursuant to Section 47635, as that section read on June 30, 2013.~~

(2) The sum of the ~~E~~ entitlements for each school district and charter school *from items contained in Section 2.00, as adjusted pursuant to Section 12.42, of the Budget Act of 2012 for Items 6110-104-0001, 6110-105-0001, 6110-108-0001, 6110-111-0001, 6110-119-0001, 6110-122-0001, 6110-124-0001, 6110-128-0001, 6110-137-0001, 6110-144-0001, 6110-156-0001, 6110-158-0001, 6110-166-0001, 6110-167-0001, 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, 6110-267-0001, 6110-268-0001, 6360-101-0001,* ~~and~~ *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, as it read on January 1, 2013,* and 2012-13 fiscal year funding for the community day school mandatorily expelled pupils program pursuant to subdivision (c) of section 48915. The entitlements for basic aid districts shall reflect the reduction of 8.92% as applied pursuant to subparagraph (A) of paragraph (1) of subdivision (a) of section 3 of Chapter 2 of the Statutes of 2012.

(3) ~~Entitlements~~ The allocations *pursuant to Section 47634.1* and 42606, *as* ~~that~~ those *sections read on January 1, 2013,* ~~shall be adjusted for growth in average daily attendance.~~ divided by the 2012-13 average daily attendance of the charter school and then multiplied by the current year average daily attendance of the charter school.

~~(3) For the 2014–15 fiscal year and each fiscal year thereafter, the prior year amount shall be the amount each school district or charter school received in the prior year pursuant to this section.~~ (4) The amount allocated to a school district or charter school pursuant to paragraph (3) of subdivision (b) of this section for any fiscal years prior to the current fiscal year divided by the average daily attendance of that fiscal year as computed

pursuant to Section 42238.05 and then multiplied by the average daily attendance of the current fiscal year as computed pursuant to Section 42238.05.

(5) For the 2013-14 and 2014-15 fiscal years, any county office of education or school district that in the 2012-13 fiscal year received on behalf of, or provided funds to, from any of the sources identified in paragraphs (1) or (2), 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 Tile 1 of the Government Code for the purposes of providing instruction to secondary students, shall not redirect that funding for another purpose unless otherwise authorized in law or pursuant to an agreement between the regional occupational center or program joint powers agency and the contracting school districts.

(6) For the 2013-14 and 2014-15 fiscal years, any county office of education or school district that in the 2012-13 fiscal year received on behalf of, or provided funds to, from any of the sources identified paragraphs (1) or (2), 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 Tile 1 of the Government Code for the purposes of providing pupil transportation, shall not redirect that funding for another purpose unless otherwise authorized in law or pursuant to an agreement between the home-to-school transportation joint powers agency and the contracting school districts.

(b) ~~Calculate~~ Compute *an* annual Local Control Funding Formula transition adjustment for each school district and charter school ~~to the amount in subdivision (a)~~ *as follows:*

(1) Subtract the amount ~~in~~ computed pursuant to paragraphs (1) through (4) of *subdivision (a) from the amount computed for each school district or charter school under the local control funding formula entitlements* ~~in~~ computed pursuant to *subdivision (ji) of Section 42238.02. School districts and charter schools with a negative difference shall be deemed to have a zero difference.*

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

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

(4) If the total amount of funds appropriated for the purpose of paragraph (3) ~~for allocation~~ *pursuant to this subdivision are sufficient to fully fund* ~~the~~ any positive *amounts computed pursuant to paragraph (1), the local control funding formula grants computed pursuant to subdivision (c) of Section 42238.02 shall be adjusted* ~~such that any~~ to ensure any *available appropriations* authority is expended for the purpose of ~~for this purpose in that fiscal year are expended pursuant to~~ *the local control funding formula.*

(5) Commencing with the first fiscal year after which either the provisions of paragraph (4) of this subdivision are in effect or the first fiscal year after the provisions of paragraph (2) of subdivision (h) are in effect, appropriations for Local Control Funding Formula cost-of-living adjustments pursuant to paragraph (2) of subdivision (d) of Section 42238.02 shall be subject to an appropriation within the annual Budget Act.

(c) The Superintendent shall subtract from the amount computed in subdivision (a) and (b) of this section the sum of each of the following:

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

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

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

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

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

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

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

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

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

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

(~~c~~d) ~~Upon a determination that a school district or charter school equals or exceeds the local control funding formula target computed pursuant to subdivision (j) of Section 42238.02, as determined by the calculation of a zero difference pursuant to paragraph (1) of subdivision (b) of this section, this section shall not apply and the school district or~~

~~charter school shall receive an allocation equal to the amount calculated under Section 42238.02 in that fiscal year and future fiscal years.~~ A school district or charter school that has been determined to have a zero difference pursuant to paragraph (1) of subdivisions (b) in the prior fiscal year shall receive an entitlement equal to the amount calculated pursuant to Section 42238.02 in the current fiscal year and future fiscal years.

~~(d) Notwithstanding subdivisions (b) and (c), commencing with the 2013–14 fiscal year, a school district or charter school shall receive state-aid funding pursuant to paragraph (3) of subdivision (b) of no less than the funding the school district or charter school received from paragraphs (1) and (2) of subdivision (a) for the 2012-13 fiscal year.~~

(e) Notwithstanding the computations pursuant to subdivisions (b), (c), and (d) of this Section and Section 42238.02, commencing with the 2013-14 fiscal year, a school district or charter school shall receive minimum state-aid funding of no less than the sum of amount that each school district or charter school received in the 2012-13 fiscal year computed pursuant to paragraphs (1) through (3).

(1)(A) For school districts, revenue limits in the 2012–13 fiscal year as computed pursuant to Article 2 (commencing with Section 42238) as that section read on June 30, 2013, divided by the 2012-13 average daily attendance of the school district computed pursuant to Section 42238.05, multiplied by the average daily attendance of the school district computed pursuant to Section 42238.05 for the current fiscal year and then offset for local revenues pursuant to subdivision (c) for the current fiscal year.

(B)(i) For charter schools, general purpose funding as computed pursuant to Article 2 of chapter 6 (commencing with Section 47633), as that section read on June 30, 2013 and the in-lieu property tax amount provided to a charter school pursuant to Section 47635, as that section read on June 30, 2013 ,divided by the 2012-13 average daily attendance of the charter school computed pursuant to Section 42238.05 and then multiplied by the average daily attendance of the school district computed pursuant to Section 42238.05 for the current fiscal year and then offset for local revenues pursuant to subdivision (c) for the current fiscal year.

(ii) The amount calculated pursuant to clause (i) shall exclude funds received by a charter school pursuant to Section 47634.1, as that Section read on January 1, 2013.

(C) The computation pursuant to subparagraphs (A) and (B) shall exclude funds pursuant to Section 47663, as that Section read on January 1, 2013.

(D) The computation pursuant to subparagraph (A) shall exclude amounts computed pursuant to Article 4 (commencing with Section 42280). Qualifying necessary small high schools and necessary small elementary schools shall be adjusted pursuant to Article 4 (commencing with Section 42280), as adjusted pursuant to Section 42238.146, as those sections read on January 1, 2013.

(E) The amount computed pursuant to subparagraphs (A) through (C) shall by reduced by the sum of the amount computed pursuant to paragraphs (1) through (8) of subdivision (c).

(2) The sum of the entitlements for each school district and charter school from items contained in Section 2.00, as adjusted pursuant to Section 12.42, of the Budget Act of 2012 for Items 6110-104-0001, 6110-105-0001, 6110-108-0001, 6110-111-0001, 6110-119-0001, 6110-122-0001, 6110-124-0001, 6110-128-0001, 6110-137-0001, 6110-144-0001, 6110-156-0001, 6110-158-0001, 6110-166-0001, 6110-167-0001, 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, 6110-267-0001, 6110-268-0001, 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, as it read on January 1, 2013, and 2012-13 fiscal year funding for the community day school mandatorily expelled pupils program pursuant to subdivision (c) of section 48915. Notwithstanding section 39 of Chapter 38 of the Statutes of 2012, the entitlements in this subparagraph shall reflect a reduction of 8.92% as applied pursuant to subparagraph (A) of paragraph (1) of subdivision (a) of section 3 of Chapter 2 of the Statutes of 2012.

(3) The allocations pursuant to Section 47634.1 and 42606, as those sections read on January 1, 2013, divided by the 2012-13 average daily attendance of the charter school and then multiplied by the current year average daily attendance of the charter school.

(ef) *(1) For purposes of this section, commencing with the 2013–14 fiscal year and until all school districts and charter schools equal or exceed their local control funding formula target computed pursuant to Section 42238.02 as determined by the calculation of a zero difference pursuant to paragraph (1) of subdivision (b), a newly operational charter school shall be determined to have a prior year per average daily attendance funding amount for purposes of the computation pursuant to paragraph (1) of subdivision (b) equal to the lesser of:*

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

(B) The charter school's local control funding formula rate computed pursuant to subdivisions (c) to (i), inclusive, of Section 42238.02.

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

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

(g) A school district or charter school may continue to conduct any activities or operate any programs for which funding has previously been provided through any of the items or statutes included in paragraph (2) of subdivision (a) of this section.

(h) (1) In each fiscal year, the Superintendent shall determine the percentage of school districts that are apportioned funding pursuant to this section that is less than the amount calculated in pursuant to Section 42238.02,inclusive, as of the second principal apportionment of that fiscal year. If this percentage of school districts determined by the Superintendent is less than 10 percent, the Superintendent shall apportion funding to a school district and charter school equal to the amount computed pursuant to Section 42238.02, in that fiscal year.

(2) For each fiscal year thereafter, the Superintendent shall apportion funding to a school district and charter school equal to the amount computed pursuant to Section 42238.02.

SEC. 135.

Section 42238.04 is added to the Education Code, to read:

42238.04.
Notwithstanding any other law, revenue limit funding for school districts and charter school block grant funding for charter schools for the 2012–13 fiscal year and prior fiscal years shall continue to be adjusted pursuant to Article 2 (commencing with Section 42238), and Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4, as those articles read on ~~June 30~~ January, 1, 2013.

SEC. 136.

Section 42238.05 is added to the Education Code, to read:

42238.05.
(a) For purposes of Sections 42238.02 and 42238.03, the fiscal year average daily attendance shall be computed pursuant to paragraphs (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.

(2) A 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 **paragraphs (1), (3) and (4) of subdivision (d) of** *Section 42238.02 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 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) For purposes of this section, the Superintendent shall distribute average daily attendance generated by the difference between prior year average daily attendance and current year average daily attendance, if positive, among kindergarten and each of grades 1 to 12, inclusive, in proportion to the amounts of graded average daily attendance, respectively, in each of these grades.

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

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

SEC. 137.

Section 42238.051 is added to the Education Code, to read:

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

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

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

(B) Compute the attendance of pupils who attended one or more noncharter schools of the school district between July 1, and the last day of the second period, inclusive, in the prior year, and who attended a charter school sponsored by the school district between July 1, and the last

day of the second period, inclusive, in the current year. For purposes of this subparagraph, a pupil enrolled in a grade at a charter school sponsored by the school district shall not be counted if the school district does not offer classes for pupils enrolled in that grade. The amount of the attendance counted for any pupil for the purpose of this subparagraph may not be greater than the attendance claimed for that pupil by the charter school in the current year.

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

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

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

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

(b) For purposes of this section, a "sponsoring school district" shall mean a "sponsoring local educational agency," as defined in Section 47632, as that section read on January 1, 2013.

SEC. 138.

Section 42238.052 is added to the Education Code, to read:

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

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

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

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

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

SEC. 139.

Section 42238.053 is added to the Education Code, to read:

42238.053.

(a) The fiscal year average daily attendance computed under Section 42238.05 shall be increased, for each school district that operates a school that meets the eligibility requirements set forth in subdivision (b), by the number of days of attendance of pupils enrolled in eligible schools in the school district who are currently migratory children, as defined by Section 54441, and who are residing in state-operated migrant housing projects between the second principal apportionment and the end of the regular school year, divided by the number of days school was actually taught in the regular day schools of the district, excluding Saturdays and Sundays.

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

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

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

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

SEC. 140.

Section 42238.1 of the Education Code is repealed.

~~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.~~

SEC. 141.

Section 42238.2 of the Education Code is repealed.

~~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.~~

SEC. 142.

Section 42238.3 of the Education Code is repealed.

~~42238.3.~~

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

~~(b)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.~~

SEC. 143.

Section 42238.4 of the Education Code is repealed.

~~42238.4.~~

~~(a)For the 1995–96 fiscal year, the county superintendent of schools shall compute an equalization adjustment for each school district in the county, so that no district's base revenue limit per unit of average daily attendance is less than the prior fiscal year statewide average base revenue limit for the appropriate size and type of district listed in subdivision (b) plus the inflation adjustment specified in Section 42238.1 for the current fiscal year for the appropriate type of district.~~
~~For purposes of this section, the district base revenue limit and the statewide average base revenue limit shall not include any amounts attributable to Section 45023.4, 46200, or 46201.~~

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

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

~~Unified~~	~~more than 1,500~~

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

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

~~(2)Divide the amount appropriated for purposes of this section for the current fiscal year by the amount computed pursuant to paragraph (1).~~
~~(3)Multiply the amount computed for the school district pursuant to subdivision (a) by the amount computed pursuant to paragraph (2).~~

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

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

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

SEC. 144.

Section 42238.41 of the Education Code is repealed.

~~42238.41.~~

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

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

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

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

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

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

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

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

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

SEC. 145.

Section 42238.42 of the Education Code is repealed.

~~42238.42.~~

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

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

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

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

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

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

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

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

~~Section 41202, allocated to community college districts for the 1996–97 fiscal year by the sum computed pursuant to paragraph (1).~~

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

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

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

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

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

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

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

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

SEC. 146.

Section 42238.43 of the Education Code is repealed.

~~42238.43.~~

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

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

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

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

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

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

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

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

SEC. 147.

Section 42238.44 of the Education Code is repealed.

~~42238.44.~~

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

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

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

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

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

~~Unified more than 1,500~~

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

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

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

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

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

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

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

SEC. 148.

Section 42238.445 of the Education Code is repealed.

~~42238.445.~~

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

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

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

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

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

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

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

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

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

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

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

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

SEC. 149.

Section 42238.45 of the Education Code is repealed.

~~42238.45.~~

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

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

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

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

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

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

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

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

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

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

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

SEC. 150.

Section 42238.46 of the Education Code is repealed.

~~42238.46.~~

~~(a)For the 2003–04 fiscal year, the Superintendent of Public Instruction shall compute an equalization adjustment for each school district so that no district's 2002–03 adjusted base revenue limit per unit of average daily attendance is less than the 2002–03 fiscal year adjusted base revenue limit above which fall not more that 8.25 percent of the total statewide units of average daily attendance for the appropriate size and type of district listed in subdivision (b). For purposes of this section, the district adjusted base revenue limit and the statewide average adjusted base revenue limit may not include any amounts attributable to Section 45023.4, 46200, or 46201.~~

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

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

	more than
Unified	1,500

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

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

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

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

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

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

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

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

SEC. 151.

Section 42238.48 of the Education Code is repealed.

42238.48.

(a)(1)For the 2006–07 fiscal year, the Superintendent shall compute an equalization adjustment for each school district, so that the 2005–06 base revenue limit per unit average daily

~~attendance of a school district is not less than the 2005–06 base revenue limit per unit of average daily attendance above which fall not more than 10 percent of the total statewide units of average daily attendance for each category of school district set forth in subdivision (b).~~

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

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

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

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

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

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

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

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

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

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

SEC. 152.

Section 42238.485 of the Education Code is repealed.

~~42238.485.~~

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

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

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

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

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

SEC. 153.

Section 42238.49 of the Education Code is repealed.

~~42238.49.~~

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

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

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

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

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

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

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

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

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

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

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

SEC. 154.

Section 42238.5 of the Education Code is repealed.

~~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.~~

SEC. 155.

Section 42238.51 of the Education Code is repealed.

~~42238.51.~~

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

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

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

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

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

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

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

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

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

~~(c)This section shall become operative on July 1, 2007.~~

SEC. 156.

Section 42238.52 of the Education Code is repealed.

~~42238.52.~~

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

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

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

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

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

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

SEC. 157.

Section 42238.53 of the Education Code is repealed.

~~42238.53.~~

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

~~(b)For the purposes of this section, "resident pupils" means pupils who reside in, and are otherwise eligible to attend, a school in the specified district.~~

SEC. 158.

Section 42238.6 of the Education Code is repealed.

~~42238.6.~~

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

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

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

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

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

SEC. 159.

Section 42238.7 of the Education Code is repealed.

~~42238.7.~~

~~The governing board of each school district, as a condition of apportionment, shall report to the Superintendent of Public Instruction, not later than May 1, 1998, and September 1, 1998, respectively, the portion of the attendance in the schools and classes maintained by the district that was reported for each of the 1996–97 and 1997–98 school years pursuant to Section 41601 that consisted of absences excused pursuant to subdivision (b) of Section 46010 and to Section 46015, as those sections read on July 1, 1996.~~

SEC. 160.

Section 42238.75 of the Education Code is repealed.

~~42238.75.~~

~~Notwithstanding any other provision of law:~~

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

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

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

SEC. 161.

Section 42238.8 of the Education Code is repealed.

~~42238.8.~~

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

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

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

~~(2) divided by the adjusted average daily attendance determined pursuant to subparagraph (A) of paragraph (3).~~

~~(B)For each school district that had its revenue limit funding for the 1996–97 fiscal year calculated on the basis of its 1995–96 average daily attendance pursuant to paragraph~~

~~(1) of subdivision (a) of Section 42238.5, the revised revenue limit per unit of average daily attendance shall equal the adjusted total base revenue limit determined pursuant to paragraph (2) divided by the adjusted average daily attendance determined pursuant to subparagraphs (B), (C), and (D) of paragraph (3).~~

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

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

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

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

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

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

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

~~(c)If the governing board of any school district demonstrates to the satisfaction of the Superintendent of Public Instruction that, because of extraordinary circumstances beyond the control of the school district, the amount of absences excused in one or more district programs in fiscal year 1996–97 pursuant to subdivision (b) of Section 46010 as it read on July 1, 1996,~~

~~was significantly lower than it would ordinarily have been in comparison to the amount of actual attendance in fiscal year 1996–97, the Superintendent of Public Instruction shall make a compensating adjustment, consistent with the provisions of Section 2 of the Education Code, in the calculation set forth in this section.~~

SEC. 162.

Section 42238.9 of the Education Code is repealed.

~~42238.9.~~

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

SEC. 163.

Section 42238.95 of the Education Code is repealed.

~~42238.95.~~

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

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

~~(2)Determine the second principal apportionment average daily attendance for the 1996–97 fiscal year, including attendance for excused absences, for all of the school districts within the county, excluding average daily attendance for county office special education and county community school programs and nonpublic nonsectarian schools, divided by the corresponding average daily attendance, excluding attendance for excused absences determined pursuant to subdivision (b) of Section 46010 as it read on July 1, 1996, and reported pursuant to Section 41601 for the 1996–97 fiscal year.~~

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

SEC. 164.

Section 42238.11 of the Education Code is repealed.

~~42238.11.~~

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

~~(a)Determine the amount of employer contributions that would have been made in the 1994–95 fiscal year if the applicable Public Employees' Retirement System employer contribution rate in effect immediately prior to the enactment of Chapter 330 of the Statutes of 1982 were in effect during the 1994–95 fiscal year.~~
~~For purposes of this calculation, no school district shall have a contribution rate higher than 13.020 percent.~~

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

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

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

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

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

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

~~(e)The amount of the reduction made by this section shall not be adjusted by the deficit factor calculated pursuant to Section 42238.145.~~
~~It is the intent of the Legislature to make adjustments to school district revenue limits for the 1994–95 fiscal year to reflect savings that these districts will realize in the contributions to the~~

~~Public Employees' Retirement System due to a reduced contribution rate for the 1994–95 fiscal year.~~

SEC. 165.

Section 42238.12 of the Education Code is repealed.

~~42238.12.~~

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

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

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

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

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

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

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

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

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

~~excludable as identified for a particular local educational agency or pursuant to a blanket waiver by the Superintendent and the Director of Finance, before the 2002–03 fiscal year, may be excluded pursuant to this paragraph.~~

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

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

~~(7)For the 2003–04 fiscal year and any fiscal year thereafter, the revenue limit reduction specified in Section 42238.146 may not be applied to the amount of the increase or decrease to the revenue limits of school districts computed pursuant to paragraph (3).~~

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

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

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

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

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

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

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

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

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

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

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

~~(1)Each school district and county office of education subject to a reduced apportionment pursuant to this section or to Section 2558 shall receive a share of the amount described in paragraph (3) that is proportionate to the reduction in their apportionment pursuant to this section or to Section 2558 for the 2004–05 fiscal year as compared to the statewide total reduction as would occur absent this paragraph.~~
~~(2)Instead of the alternative calculation authorized by paragraph (1), the San Francisco Unified School District shall receive funding equal to the amount of funding per unit of average daily attendance specified in paragraph (2) of subdivision (c) as increased annually by cost-of-living adjustments specified in Section 42238.1, multiplied by its second principal apportionment average daily attendance for that fiscal year.~~

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

SEC. 166.

Section 42238.13 of the Education Code is repealed.

~~42238.13.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SEC. 167.

Section 42238.14 of the Education Code is repealed.

~~42238.14.~~

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

SEC. 168.

Section 42238.145 of the Education Code is repealed.

~~42238.145.~~

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

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

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

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

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

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

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

SEC. 169.

Section 42238.146 of the Education Code is repealed.

~~42238.146.~~

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

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

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

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

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

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

~~(7)For the 2010–11 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a 17.963 percent deficit factor.~~

~~(8)For the 2011–12 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a 20.404 percent deficit factor.~~

~~(9)For the 2012–13 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a 22.272 percent deficit factor.~~

~~(b)In computing the revenue limit for each school district for the 2006–07 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that school district~~

~~had been determined for the 2003–04, 2004–05, and 2005–06 fiscal years without being reduced by the deficit factors specified in subdivision (a).~~

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

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

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

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

SEC. 170.

Section 42238.15 of the Education Code is amended to read:

42238.15.

(a) Notwithstanding any other law, and in lieu of any inflation or cost-of-living adjustment otherwise authorized for any of the programs enumerated in subdivision (b), state funding for the programs enumerated in subdivision (b) shall be increased annually by the product of the following:

(1) The sum of 1.0 plus the percentage change determined under *paragraph (2) of* subdivision ~~(b)~~ *(d)* of Section ~~42238.1~~ *42238.02.*

(2) The sum of 1.0 plus the percentage of increase, from the prior fiscal year to the current fiscal year, in each of the workload factors described in subdivision (b).

(b) The programs for which annual state funding increases are determined under this section, and the factors used to measure workload for each of those programs, are as follows:

(1) Special education programs and services, as measured by the regular second principal apportionment average daily attendance for kindergarten and grades 1 to 12, inclusive.

(2) Child care and development programs, and preschool programs, as measured by the state population of children up to and including four years of age.

~~(3)Instructional materials for kindergarten and grades 1 to 8, inclusive, as measured by enrollment in kindergarten and grades 1 to 8, inclusive.~~

~~(4)Instructional materials for grades 9 to 12, inclusive, as measured by enrollment in those grades.~~

~~(5)Regional occupational programs and centers, as measured by enrollment in grades 11 and 12.~~

~~(6)School improvement programs in kindergarten and grades 1 to 6, inclusive, as measured by enrollment in kindergarten and grades 1 to 6, inclusive.~~

~~(7)School improvement programs in grades 7 to 12, inclusive, as measured by enrollment in those grades.~~

~~(8)Economic impact aid, as measured by the number of children of ages 5 to 17 years, inclusive, from families that receive Aid to Families with Dependent Children and the number of pupils of limited English proficiency, as identified pursuant to Section 52163.~~

~~(9)Staff development programs, as measured by enrollment in kindergarten and grades 1 to 12, inclusive.~~

~~(10)Gifted and talented education programs, as measured by enrollment in kindergarten and grades 1 to 12, inclusive.~~

(c) Notwithstanding any other law, child care and development programs shall not receive a cost-of-living adjustment in the 2012–13, 2013–14, and 2014–15 fiscal years.

SEC. 171.

Section 42238.17 of the Education Code is repealed.

~~42238.17.~~

~~Notwithstanding any other provision of law, for any school district that was reorganized effective July 1, 1992, as a unified school district and that is congruent to a school district that was reorganized as an elementary school district effective July 1, 1990, the Superintendent of Public Instruction shall compute apportionments using the following data:~~

~~(a)For the purposes of paragraph (1) of subdivision (d) of Section 42238 for the 1990–91 and 1991–92 fiscal years, the superintendent shall use the actual number of units of average daily attendance for the 1990–91 fiscal year second principal apportionments.~~

~~(b)For the purposes of paragraph (1) of subdivision (d) of Section 42238, for the 1992–93 fiscal year and each fiscal year thereafter, the superintendent shall use the actual number of units of average daily attendance for the 1992–93 fiscal year second principal apportionment.~~

SEC. 172.

Section 42238.18 of the Education Code is repealed.

~~42238.18.~~

~~(a)Notwithstanding any other provision of law, only those pupils enrolled in county office of education programs while detained in a juvenile hall, juvenile home, day center, juvenile ranch, juvenile camp, or regional youth educational facility established pursuant to Article 23 (commencing with Section 850), Article 24 (commencing with Section 880), and Article 24.5 (commencing with Section 894) of Chapter 2 of Part 1 of Division 2 of the Welfare and Institutions Code shall be counted as juvenile court school pupils. For purposes of apportionments, those pupils in a group home housing 25 or more children placed pursuant to Sections 362, 727, and 730 of the Welfare and Institutions Code or in any group home housing 25 or more children and operating one or more additional sites under a central administration for children placed pursuant to Section 362, 727, or 730 of the Welfare and Institutions Code shall be reported as county group home and institutions pupils to the Superintendent and shall be counted as juvenile court school pupils for purposes of apportionments.~~

~~(b)Notwithstanding any other provision of law, any county superintendent of schools operating juvenile court schools, county group home and institutions schools, or community schools, or any combination of these schools shall maintain an account in their general fund to be known as the juvenile court and community school account, and shall deposit all funds derived from the operation of juvenile court, county group home and institutions schools, and community schools into that account. Expenditures from the juvenile court and community school account shall be limited to the following:~~

~~(1)Those expenditures defined as direct costs of instructional programs by the California State School Accounting Manual, except that facility costs, including the costs of renting, leasing, purchasing, remodeling, constructing, or improving buildings and the costs of purchasing or improving land, shall be allowed as an instructional cost in the juvenile court and community school fund. Deferred maintenance contributions made pursuant to Section 17584 may also be allowed as an instructional cost of juvenile court and county community school programs, provided the contribution does not exceed the program's proportionate share of total county school service fund expenditures as defined in Section 17584, and provided the funds are used for deferred maintenance of juvenile court and county community school facilities.~~

~~(2)Expenditures that are defined as documented direct support costs by the California State School Accounting Manual.~~

~~(3)Expenditures that are defined as allocated direct support costs by the California State School Accounting Manual.~~

~~(4)Other expenditures for support and indirect charges. However, these charges may not exceed 10 percent of the sum of the expenditures in paragraphs (1), (2), and (3). Expenditures that represent contract payments to other agencies for the operation of juvenile court and community school programs shall be included in the juvenile court and community school account and the contract costs distributed to the cost categories defined in paragraphs (1), (2), (3), and (4). At the end of any given school year the net ending balance in the juvenile court and community school account may be distributed to a reserved account for economic contingencies or to a reserved account for capital outlay, provided that the combined total transferred does not exceed 15 percent of the current year's authorized expenditures as specified above and also provided that funds placed in the reserved accounts shall only be expended for juvenile court, county group home and institutions, or community school programs. The net ending balance, except for those funds placed in a capital outlay fund, shall not exceed the greater of 15 percent of the previous year's expenditures or twenty-five thousand dollars ($25,000). A county may accumulate over a period of two or more given school years a~~

~~net ending balance in the capital outlay reserved account of more than 15 percent of the current fiscal year's expenditures under provisions of a resolution of the governing board. Funds in the capital outlay reserve are to be used for capital outlay only. The Superintendent shall require an annual certification by county superintendents of schools beginning in the 1989–90 fiscal year that juvenile court, county group home and institutions, and community school funds have been expended as provided in this section and shall withhold from the subsequent year's apportionment an amount equal to any excess ending balance or excess transfers, as provided in this subdivision, in the juvenile court and community school account.~~

~~(c)Notwithstanding any other provision of law, pupils who are referred by the county probation department under Section 601 or 654 of the Welfare and Institutions Code, shall be enrolled and eligible for apportionments in county community schools only after an individualized review and certification of the appropriateness of enrollment in the county group home and institution's school or county community school. The individualized review shall include representatives of the court, the county department of education, the county probation department, and either the school district of residence or, in cases in which the pupil resides in a group home or institution, the school district in which the group home or institution is located, and, in each case, the school district representative shall agree to the appropriateness of the proposed placement and pupils so placed shall have a probation officer assigned to their case.~~

~~(d)Regardless of the operative date of the amendments to this section made during the 1997 portion of the 1997–98 Regular Session, this section, as so amended, shall be implemented as though it had been operative on July 1, 1996. For the purpose of implementing this section for the entire 1996–97 fiscal year, the Superintendent and other public officers shall take all necessary steps to effect the required adjustments and shall have authority to adjust allowance computations, apportionments, and disbursements ordered from Section A of the State School Fund and other public funds.~~

SEC. 173.

Section 42238.20 of the Education Code is amended to read:

42238.20.

(a) Notwithstanding any other law, commencing in the ~~2008–09~~ *2013–14* fiscal year, the minimum schoolday for a pupil concurrently enrolled in regular secondary school classes and classes operating pursuant to a joint powers agreement that became effective before January 1, 2008, is 180 minutes. These regular secondary school classes constitute regular school classes for the purposes of Section 46010.3.

(b) Notwithstanding any other law, for purposes of computing the average daily attendance of a pupil described in subdivision (a), the 180-minute minimum schoolday permitted by this section shall be computed and reported as attendance for three-quarters of the full 240-minute minimum schoolday prescribed by Section 46141.

(c) For a pupil described in subdivision (a), the average daily attendance shall be included as school district average daily attendance computed pursuant to Section ~~42238.5~~ *42238.05*.

(d) (1) Commencing with the ~~2008–09~~ *2013–14* fiscal year, the Superintendent shall compute funding for each pupil enrolled in classes as described in subdivision (a), for the period of time

each day during which the pupil attends classes pursuant to a joint powers agreement, by multiplying the annual clock hours of attendance, up to a maximum of three clock hours per schoolday, by the rate described in subdivision (e) ~~or (f)~~, as applicable.

(2) The Superintendent shall add the amount computed pursuant to paragraph (1) to the ~~revenue limit calculated pursuant to Section 42238~~ *local control funding formula calculated pursuant to Section 42238.02, as implemented by Section 42238.03,* for the school district of attendance of the pupil.

(3) A pupil shall not generate apportionment credit pursuant to this subdivision for more than 540 hours in any school year.

(e) The hourly rate for the ~~2008–09~~ *2012–13* fiscal year shall be determined as follows:

(1) Subtract 73.3 percent of the school district ~~revenue limit~~ *local control funding formula allocation* funding per unit of average daily attendance computed pursuant to Section ~~42238 for the 2007–08~~ *42238.02, as implemented by Section 42238.03, for the 2013–14* fiscal year for the school districts that entered into the joint powers agreement from the statewide average ~~revenue limit~~ *local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03,* funding per unit of average daily attendance ~~received by high school districts computed pursuant to paragraph (1) of subdivision (a) of Section 47633 for the 2007–08 fiscal year~~.

(2) Divide the amount computed in paragraph (1) by 540.

~~(3)Multiply the amount in paragraph (2) by the cost of living, deficit factor, and equalization adjustments applied to revenue limits for the 2008–09 fiscal year.~~
~~(f)Commencing with the 2009–10 fiscal year, the hourly rate for the current fiscal year shall be determined by multiplying the prior year hourly rate by the cost of living, deficit factor, and equalization adjustments applied to the current year revenue limit computed pursuant to Section 42238.~~

~~(g)~~

(f) For purposes of computing attendance pursuant to Section 46300 or any other law, immediate supervision and control of pupils while attending classes pursuant to a joint powers agreement described in subdivision (a) is deemed satisfied regardless of the school district employing the certificated employee providing the supervision and control, provided the school district is a party to the joint powers agreement.

~~(h)~~

(g) The auditor who conducts the annual audit pursuant to Section 41020 shall verify compliance with this section by each school district that is a party to the joint powers agreement as described in subdivision (a). An instance of noncompliance shall be reported as an audit exception. If the noncompliance is a condition of eligibility for the receipt of funds, the audit report shall include a statement of the number of units of average daily attendance or hours, if any, that were inappropriately reported for apportionment.

~~(i)~~

(h) Notwithstanding any other law, the number of hours of instruction at regional occupational centers or programs that are claimed for funding pursuant to subdivision (d) shall be used, in addition to the hourly rate determined pursuant to subdivision (e) or (f), whichever subdivision is applicable, in the computation of the average daily attendance of the regional occupational center or program.

~~(j)This section shall become inoperative on July 1, 2017, and, as of January 1, 2018, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2018, deletes or extends the dates on which it becomes inoperative and is repealed.~~

SEC. 174.

Section 42238.23 of the Education Code is repealed.

~~42238.23.~~

~~Notwithstanding any other provision of law, persons providing services to local education agencies through use of a joint powers authority involving the local education agency who would, in absence of the joint powers authority, otherwise be considered school employees and subject to the Public Employees' Retirement System rate reduction to revenue limits authorized in Section 42238, shall not be excluded from the calculations of the Public Employees' Retirement System reduction authorized in that section.~~

SEC. 175.

Section 42238.24 of the Education Code is repealed.

~~42238.24.~~

~~Costs related to the salaries and benefits of teachers incurred by a school district or county office of education to provide the courses specified in paragraph (1) of subdivision (a) of Section 51225.3 shall be offset by the amount of state funding apportioned to the district pursuant to this article, or in the case of a county office of education pursuant to Article 2 (commencing with Section 2550) of Chapter 12 of Part 2 of Division 1 of Title 1, and the amount of state funding received from any of the items listed in Section 42605 that are contained in the annual Budget Act. The proportion of the school district's current expense of education that is required to be expended for payment of the salaries of classroom teachers pursuant to Section 41372 shall first be allocated to fund the teacher salary costs incurred to provide the courses required by the state.~~

SEC. 176.

Section 42239 of the Education Code is repealed.

~~42239.~~

~~(a)For each fiscal year the Superintendent of Public Instruction shall compute funding for supplemental instruction for each school district or charter school by multiplying the number of pupil hours of supplemental instruction claimed pursuant to Sections 37252 and 37252.2 by the~~

~~pupil hour allowance specified in subdivision (b) or by a pupil hour allowance specified in the annual Budget Act in lieu of the amount computed in subdivision (b).~~

~~(b)Hours of supplemental instruction shall be reimbursed at a rate of three dollars and fifty-three cents ($3.53) per pupil hour, adjusted in the 2005–06 fiscal year and subsequent fiscal years as specified in this section, provided that a different reimbursement rate may be specified for each fiscal year in the annual Budget Act that appropriates funding for that fiscal year. This amount shall be increased annually by the percentage increase pursuant to subdivision (b) of Section 42238.1 granted to school districts or charter schools for base revenue limit cost-of-living increases.~~

~~(c)(1)If appropriated funding is insufficient to pay all claims made in any fiscal year pursuant to Sections 37252 and 37252.2, the superintendent shall use any available funding appropriated for the purposes of reimbursing school districts pursuant to Section 37252 or 37252.2.~~

~~(2)If appropriated funding is still insufficient to pay all claims made in any fiscal year pursuant to Section 37252 or 37252.2, the superintendent shall use any available funding appropriated for the purposes of reimbursing school districts for supplemental instruction in the prior fiscal year.~~

~~(3)If appropriated funding is still insufficient to pay all claims made in any fiscal year pursuant to Section 37252 or 37252.2, the superintendent shall use any available funding appropriated for the purposes of reimbursing school districts for supplemental instruction in the current fiscal year.~~

~~(4)The superintendent shall notify the Director of Finance that there is an insufficiency of funding appropriated for the purposes of Sections 37252 and 37252.2 only after the superintendent has exhausted all available balances of appropriations made for the current or prior fiscal years for the reimbursement of school districts for supplemental instruction.~~

~~(d)Notwithstanding any other provision of law, neither the State Board of Education nor the Superintendent of Public Instruction may waive any provision of this section.~~

SEC. 177.

Section 42240 of the Education Code is repealed.

~~42240.~~

~~For the 1988–89 fiscal year, the Superintendent of Public Instruction shall do the following:~~

~~(a)Using the latest available data as of July 1, 1987, identify each school district that meets all of the following criteria:~~

~~(1)Has a second principal apportionment average daily attendance of fewer than 2,501 for the prior fiscal year.~~

~~(2)Has approved home-to-school transportation costs in excess of 3 percent of its general fund total expense of education in the prior fiscal year.~~

~~(b)For each school district identified pursuant to subdivision (a), or that receives funding pursuant to Section 42240 or 42240.1 in the prior fiscal year, the superintendent shall make the following calculations:~~

~~(1)Subtract from the approved home-to-school transportation costs an amount equal to 3 percent of the general fund total expense of education exclusive of lottery revenues.~~

~~(2)Compare the amount determined in paragraph (1) to the amount the district received in the 1987–88 fiscal year pursuant to Sections 42240 and 42240.1.~~

~~(c)If the comparison results in an amount less than the amount received in the 1987–88 fiscal year, the superintendent shall use that amount, but in no case shall the superintendent use an amount less than 95 percent of the amount received in the 1987–88 fiscal year.~~

~~(d)The superintendent shall calculate the net savings from the comparison in subdivision (c).~~

~~(e)If the comparison results in an amount greater than the amount received in the 1987–88 fiscal year, the superintendent shall use the amount calculated as the sum of the following:~~

~~(1)The amount received in the 1987–88 fiscal year.~~

~~(2)The amount determined by allocating the net savings calculated in subdivision (d) on a pro rata basis to each district in proportion to the amount by which comparison results in an amount greater than the amount received in the 1987–88 fiscal year.~~

~~(f)The superintendent shall divide the amount determined pursuant to subdivision (c) or (e), whichever is appropriate, by the 1987–88 second principal apportionment average daily attendance.~~

~~(g)The amount determined by subdivision (f) may be added to the amount determined pursuant to subdivision (b) of Section 42238.~~

~~(h)The amount determined pursuant to subdivision (c) or (e), whichever is appropriate, may be added to the district's transportation allowance under Section 41850.~~

~~(i)Each school district eligible for funds may elect to have the funds allocated pursuant to either subdivision (g) or (h).~~

~~(j)The amounts added to subdivision (b) of Section 42238 pursuant to subdivision (g) and the amount added to Section 41850 by subdivision (h) shall be considered to be permanent adjustments to the base revenue limit or transportation allowance as appropriate.~~

SEC. 178.

Section 42240.1 of the Education Code is repealed.

~~42240.1.~~

~~Any elementary school district with less than 2,501 units of average daily attendance in grades kindergarten to 6, inclusive, for the second principal apportionment in the 1978–79 fiscal year, whose 7th and 8th grade pupils were being educated by a high school district pursuant to Article~~

~~5 (commencing with Section 37060) of Chapter 1 of Part 22 during the 1978–79 fiscal year, shall be entitled to the revenue limit adjustment computed pursuant to Section 42240 beginning with the 1981–82 fiscal year.~~
~~This section shall become operative January 1, 1982.~~

SEC. 179.

Section 42241.3 of the Education Code is repealed.

~~42241.3.~~

~~(a)This section applies only to the funding generated by the average daily attendance of pupils attending a charter school that has operated as a charter school since prior to July 1, 2005, if a unified school district has been the sponsoring local educational agency as defined in subdivision (i) of Section 47632, and if the unified school district was governed by Section 47660 as that section read on December 31, 2005.~~

~~(b)For the 2005–06 fiscal year only, the revenue limit funding of a unified school district, other than a unified school district that has converted all of its schools to charter status pursuant to Section 47606 and is operating them as charter schools, shall be increased or decreased to reflect half of the difference between the funding provided for the base revenue limit per unit of average daily attendance of the unified school district as set forth in Section 42238 and the general purpose entitlement per unit of average daily attendance of the charter school as set forth in Section 47633.~~

SEC. 180.

Section 42241.7 of the Education Code is repealed.

~~42241.7.~~

~~(a)For the 1978–79 fiscal year, and each fiscal year thereafter, the revenue limit of any elementary, high, or unified school district authorized pursuant to Sections 42237 and 42238 may be increased by an amount sufficient to provide additional revenue equal to the expenditures estimated to be incurred by the district in the budget year in complying with the following provisions of the Unemployment Insurance Code: Sections 605 and 803, Article 6 (commencing with Section 821) of Chapter 3 of Part 1 of Division 1, or Article 3 (commencing with Section 976) of Chapter 4 of Part 1 of Division 1, less the actual expenditures incurred by the district in the 1975–76 fiscal year in complying with the following provisions of the Unemployment Insurance Code: Section 605.2 and Article 6 (commencing with Section 821) of Chapter 3 of Part 1 of Division 1.~~

~~(b)If, at the end of any fiscal year, the actual expenditures of the district specified in subdivision (a) are less than the revenue derived from the increase in revenue limit provided in subdivision (a) for that fiscal year, the difference shall be used in the following fiscal year exclusively for expenditures required pursuant to the Unemployment Insurance Code provisions specified in subdivision (a).~~

~~(c)If, at the end of any fiscal year, the actual expenditures of the district specified in subdivision (a) exceed the revenue derived from the increase in revenue limit provided in subdivision (a) for~~

~~that fiscal year, the difference may be added to the increase in revenue limit, authorized pursuant to this section, in the following fiscal year.~~

~~(d)(1)For the 1994–95 to 2002–03 fiscal years, inclusive, the adjustment computed pursuant to this section shall not be adjusted by the deficit factor applied to the revenue limit of each school district pursuant to Section 42238.145.~~

~~(2)For the 2003–04 fiscal year and each fiscal year thereafter, the revenue limit reduction specified in Section 42238.146 may not be applied to the adjustment computed pursuant to this section.~~

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

SEC. 181.

Section 42242 of the Education Code is repealed.

~~42242.~~

~~The Superintendent of Public Instruction shall determine at the time of each apportionment the proposed receipts and expenditures of funds under the provisions of the Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.). In the event that the proposed distribution of funds results in funds not being expended, those funds are hereby reappropriated for reallocation for local entitlements for special education.~~

~~This section shall become operative July 1, 1984.~~

SEC. 182.

Section 42243.7 of the Education Code is repealed.

~~42243.7.~~

~~(a)For any school district that commenced operations on or after June 30, 1978, or for any school district that receives approval from the department for a new continuation education high school for the 1979–80 fiscal year, or any fiscal year thereafter, the Superintendent of Public Instruction shall compute an adjustment to the district revenue limit pursuant to this section.~~

~~(b)Determine the amount of foundation program that the district would have been entitled to pursuant to subdivision (a) of Section 41711, as that section read on July 1, 1977, if the district had operated during the 1977–78 fiscal year, utilizing the number of units of average daily attendance attending high school in the district in the fiscal year for which the revenue limit is being computed.~~

~~(c)Determine the amount of foundation program that the district would have been entitled to pursuant to paragraph (1) of subdivision (b) of Section 41711, as that section read on July 1, 1977, if the district had operated during the 1977–78 fiscal year, utilizing the same number of units of average daily attendance used in subdivision (b) of this section.~~

~~(d)Subtract the amount determined pursuant to subdivision (c) from the amount computed pursuant to subdivision (b).~~

~~(e)The amount computed pursuant to subdivision (d), if greater than zero, shall be added to the revenue limit computed pursuant to subdivision (c) of Section 42237 or pursuant to Section 42238. If the amount in subdivision (d) is less than zero there is no adjustment.~~

~~(f)The Superintendent of Public Instruction shall reduce by the amount computed pursuant to subdivision (e) the revenue limit computed pursuant to Section 42238 of any district discontinuing the operation of a continuation education school approved pursuant to subdivision (a).~~

~~(g)(1)For the 1994–95 to 2002–03 fiscal years, inclusive, the adjustment computed pursuant to this section may not be adjusted by the deficit factor applied to the revenue limit of each school district pursuant to Section 42238.145.~~

~~(2)For the 2003–04 fiscal year and each fiscal year thereafter, the revenue limit reduction specified in Section 42238.146 may not be applied to the adjustment computed pursuant to this section.~~

~~(h)The adjustment computed pursuant to this section for a new continuation education high school may be applicable for any unified school district that was not fully operational during the first year of operation of the continuation education high school. The number of units of average daily attendance to be used in computing the adjustment shall be the number of units of average daily attendance generated by the continuation education high school in the district for the first year that the district is fully operational in all grades.~~

~~(i)In the 1998–99 fiscal year and each fiscal year thereafter, the ranges of average daily attendance resulting from the calculation set forth in this section pursuant to Section 41711, as that section read on July 1, 1977, shall be reduced by the statewide average percentage that absences excused pursuant to subdivision (b) of Section 46010, as that section read on July 1, 1996, were of total second principal apportionment regular average daily attendance for high schools in 1996–97, with the reduced ranges then rounded to the nearest integer.~~

~~(j)Commencing with the 2005–06 fiscal year and notwithstanding any provision of law, the amount of the adjustment calculated pursuant to this section shall not be added to the revenue limit of a school district, but shall be used in determining the amount of the pupil retention block grant awarded a school district pursuant to Article 1 (commencing with Section 41500) of Chapter 3.2.~~

SEC. 183.

Section 42244 of the Education Code is repealed.

~~42244.~~

~~It is the intent of the Legislature that, in the event a district increases its average daily attendance at a continuation education school above the average daily attendance level approved pursuant to subdivision (a) of Section 42243.7, the entire amount of the revenues generated by the additional average daily attendance shall be expended on the continuation education school program.~~

SEC. 184.

Section 42245 of the Education Code is repealed.

~~42245.~~

~~Whenever any computation required by this article results, because of estimating or other errors, in a total revenue limit in an amount more or less than actual data would have produced, the revenue limit for the succeeding fiscal year shall be reduced by an amount equal to the amount of the error if the total produced was more, and may be increased by an amount up to the amount of the error if the total produced was less.~~

SEC. 185.

Section 42251 of the Education Code is repealed.

~~42251.~~

~~(a)The Superintendent shall make the following calculations for the 2011–12 fiscal year:~~

~~(1)Determine the amount of funds that will be restricted after the Superintendent makes the deduction pursuant to Section 52335.3 for each county office of education pursuant to subdivision (e) of Section 2558 as of June 30, 2012.~~

~~(2)Divide fifty million dollars ($50,000,000) by the statewide sum of the amounts determined pursuant to paragraph (1). If the fraction is greater than one it shall be deemed to be one.~~

~~(3)Multiply the fraction determined pursuant to paragraph (2) by the amount determined pursuant to paragraph (1) for each county office of education.~~

~~(b)The auditor-controller of each county shall distribute the amounts determined in paragraph (3) of subdivision (a) to the Supplemental Revenue Augmentation Fund created within the county pursuant to Section 100.06 of the Revenue and Taxation Code. The aggregate amount of transfers required by this subdivision shall be made in two equal shares, with the first share being transferred no later than January 15, 2012, and the second share being transferred after that date but no later than May 1, 2012.~~

~~(c)The moneys transferred to the Supplemental Revenue Augmentation Fund in the 2011–12 fiscal year shall be transferred by the county office of education to the Controller, in amounts and for those purposes as directed by the Director of Finance, exclusively to reimburse the state for the costs of providing trial court services and costs until those moneys are exhausted.~~

SEC. 186.

Article 3 (commencing with Section 42260) of Chapter 7 of Part 24 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 187.

Section 42280 of the Education Code is amended to read:

42280.

(a) For each school district that meets, in the current or prior fiscal year, the conditions specified in Section 42281, 42282, or 42284 the ~~county superintendent of schools~~ *Superintendent* shall compute, for each qualifying school in the *school* district, an amount pursuant to this article.

(b) For each school district that is a countywide unified school district that had fewer than 2,501 units of average daily attendance in the 1990–91 fiscal year, the ~~county superintendent of schools~~ *Superintendent* shall compute an amount pursuant to this article for those schools that meet the conditions specified in Sections 42283 and 42285 in the current or prior fiscal year. This subdivision is only applicable to those schools funded pursuant to this article in the 1990–91 fiscal year and, in subsequent years, if the school district has no more than 3,000 units of average daily attendance.

~~(c)For the 1998–99 fiscal year, average daily attendance reported pursuant to Section 41601 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, shall be used for the purpose of determining whether school districts meet the conditions in Sections 42281, 42282, and 42284 for the prior fiscal year.~~

SEC. 188.

Section 42281 of the Education Code is amended to read:

42281.

~~(a)~~Except as specified in paragraph (4), for each elementary school district that maintains only one school with a second principal apportionment average daily attendance of less than **97** ~~101~~, the ~~county superintendent~~ *Superintendent* shall make one of the following computations, whichever provides the lesser amount:

~~(1)~~

(a) For each small school that has an average daily attendance during the fiscal year of less than ~~26,~~ **2425**, exclusive of pupils attending the 7th and 8th grades of a junior high school, and for which school at least one teacher was hired full time, the ~~county superintendent~~ *Superintendent* shall compute for the *school* district fifty-two thousand nine hundred twenty-five dollars ($52,925).

~~(2)~~

(b) For each small school that has an average daily attendance during the fiscal year of ~~26~~ *25* or more and less than ~~51,~~ *48,* exclusive of pupils attending the 7th and 8th grades of a junior high school, and for which school at least two teachers were hired full time for more than one-half of the days schools were maintained, the ~~county superintendent~~ *Superintendent* shall compute for the *school* district one hundred five thousand eight hundred fifty dollars ($105,850).

~~(3)~~

(c) For each small school that has an average daily attendance during the fiscal year of ~~51~~ *49* or more but less than ~~76,~~ *72,* exclusive of pupils attending the 7th and 8th grades of a junior high school, and for which school three teachers were hired full time for more than one-half of the days schools were maintained, the ~~county superintendent~~ *Superintendent* shall compute for the *school* district one hundred fifty-eight thousand seven hundred seventy-five dollars ($158,775).

~~(4)~~

(d) For each small school that has an average daily attendance during the fiscal year of ~~76~~ *73* or more and less than ~~101,~~ *96,* exclusive of pupils attending the 7th and 8th grades of a junior high school, and for which school four teachers were hired full time for more than one-half of the days schools were maintained, the ~~county superintendent~~ *Superintendent* shall compute for the *school* district two hundred eleven thousand seven hundred dollars ($211,700). A school district that qualifies under this subdivision may use this funding calculation until the ~~revenue limit~~ *local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03,* per unit of average daily attendance multiplied by the average daily attendance produces state aid equal to the small school funding formula.

~~(b)For the 1998–99 fiscal year and each fiscal year thereafter, the average daily attendance figure of 101 specified in subdivision (a) and the ranges of average daily attendance specified in paragraphs (1) to (4), inclusive, shall be reduced by the statewide average rate of excused absence reported for elementary school districts for the 1996–97 fiscal year pursuant to Section 42238.7, with the resultant figures and ranges rounded to the nearest integer.~~

SEC. 189.

Section 42282 of the Education Code is amended to read:

42282.

For each district with fewer than 2,501 units of second principal apportionment average daily attendance, on account of each necessary small school, the ~~county superintendent~~ *Superintendent* shall make the following computations:

(a) For each necessary small school which has an average daily attendance during the fiscal year of less than ~~26,~~ ~~*24*~~ ***25****,* exclusive of pupils attending the 7th and 8th grades of a junior high school, and for which school at least one teacher was hired full time, the ~~county superintendent~~ *Superintendent* shall compute for the *school* district fifty-two thousand nine hundred twenty-five dollars ($52,925).

(b) For each necessary small school which has an average daily attendance during the fiscal year of ~~26~~ *25* or more and less than ~~51,~~ *48,* exclusive of pupils attending the 7th and 8th grades of a junior high school, and for which school at least two teachers were hired full time for more than one-half of the days schools were maintained, the ~~county superintendent~~ *Superintendent* shall compute for the *school* district one hundred five thousand eight hundred fifty dollars ($105,850).

(c) For each necessary small school which has an average daily attendance during the fiscal year of ~~51~~ *49* or more, but less than ~~76,~~ *72,* exclusive of pupils attending the 7th and 8th grades of a junior high school, and for which school three teachers were hired full time for more than one-half of the days schools were maintained, the ~~county superintendent~~ *Superintendent* shall compute for the *school* district one hundred fifty-eight thousand seven hundred seventy-five dollars ($158,775).

(d) For each necessary small school which has an average daily attendance during the fiscal year of ~~76~~ *73* or more and less than ~~101,~~ *96,* exclusive of pupils attending the 7th and 8th grades of a junior high school, and for which school four teachers were hired full time for more than one-half of the days schools were maintained, the ~~county superintendent~~ *Superintendent* shall compute for the *school* district two hundred eleven thousand seven hundred dollars ($211,700).

(e) A school district that qualifies under this section may use this funding calculation until the ~~revenue limit~~ *local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03,* per unit of average daily attendance multiplied by the average daily attendance produces state aid equal to the small school funding formula.

~~(f)For the 1998–99 fiscal year and each fiscal year thereafter, the ranges of average daily attendance specified in subdivisions (a) to (d), inclusive, shall be reduced by the statewide average rate of excused absences reported for elementary school districts for the 1996–97 fiscal year pursuant to Section 42238.7, with the resultant figures and ranges rounded to the nearest integer.~~

SEC. 190.

Section 42282.1 of the Education Code is repealed.

~~42282.1.~~

~~(a)Notwithstanding Section 42282, or any other provision of law, each necessary small school in the Death Valley Unified School District shall qualify for the apportionment specified in subdivision (b) of Section 42282 if that school has an average daily attendance of 21 or more and less than 51, exclusive of pupils attending the 7th and 8th grades of a junior high school, and for which school at least two teachers were hired full-time for more than one-half of the days schools were maintained.~~

~~(b)It is the intent of the Legislature not to provide a special allowance to the Death Valley Unified School District for one of its schools by future legislation if the average daily attendance at the school is 18 or less.~~

SEC. 191.

Section 42283 of the Education Code is amended to read:

42283.

(a) For ~~the~~ purposes of ~~Section~~ *Sections 42281 and* 42282, a "necessary small school" is an elementary school with an average daily attendance of less than **97** ~~101~~, exclusive of pupils

attending the seventh and eighth grades of a junior high school, maintained by a school district ~~which maintains two or more schools and~~ to which school any of the following conditions apply:

(1) If as many as five pupils residing in the *school* district and attending kindergarten and grades 1 to 8, inclusive, exclusive of pupils attending the seventh and eighth grades of a junior high school in the elementary school with an average daily attendance of less than ~~101~~ 97 would be required to travel more than 10 miles one way from a point on a well-traveled road nearest their home to the nearest other public elementary school.

(2) If as many as 15 pupils residing in the *school* district and attending kindergarten and grades 1 to 8, inclusive, exclusive of pupils attending the seventh and eighth grades of a junior high school in the elementary school with an average daily attendance of less than ~~101~~ 97 would be required to travel more than five miles one way from a point on a well-traveled road nearest their home to the nearest other public elementary school.

(3) If topographical or other conditions exist in a *school* district which would impose unusual hardships if the number of miles specified in paragraph (1) or (2) were required to be traveled, or if during the fiscal year the roads which would be traveled have been impassable for more than an average of two weeks per year for the preceding five years, the governing board of the *school* district may, on or before April 1, request the Superintendent ~~of Public Instruction~~, in writing, for an exemption from these requirements or for a reduction in the miles required. The request shall be accompanied by a statement of the conditions upon which the request is based, giving the information in a form required by the Superintendent ~~of Public Instruction~~. The Superintendent ~~of Public Instruction~~ shall cause an investigation to be made, and shall either grant the request to the extent he or she deems necessary, or deny the request.

~~(b)For the 1998–99 fiscal year and each fiscal year thereafter, a "necessary small school," as defined in subdivision (a), shall be an elementary school with an average daily attendance of less than 101 reduced by the statewide average rate of excused absence reported for elementary school districts for the 1996–97 fiscal year pursuant to Section 42238.7, rounded to the nearest integer.~~

(b) For purposes of this section, "other public elementary school" is a public school, including a charter school, that serves kindergarten or any of grades 1 to 8, inclusive, exclusive of grades 7 and 8 of a junior high school.

SEC. 192.

Section 42283.1 of the Education Code is repealed.

~~42283.1.~~

~~(a)Notwithstanding any provision of this article or any other provision of law, Mt. Hamilton Elementary School and Harney Elementary School each shall be deemed a necessary small school, as defined in Section 42283. In lieu of the amount calculated for necessary small schools, and in addition to the amount per unit of average daily attendance received by the~~

~~districts, as calculated pursuant to Article 2 (commencing with Section 42238), the Alum Rock Union Elementary School District shall receive in each fiscal year, commencing with the 1993-94 fiscal year, a twenty thousand dollar ($20,000) apportionment for Mt. Hamilton Elementary School and the Patterson Joint Unified School District shall receive a twenty thousand dollar ($20,000) apportionment for Harney Elementary School.~~

~~(b)If either Mt. Hamilton Elementary School or Harney Elementary School exceeds 20 units of average daily attendance in any fiscal year, then that school shall no longer be entitled to receive the apportionments set forth in subdivision (a).~~

SEC. 193.

Section 42283.2 of the Education Code is repealed.

~~42283.2.~~

~~(a) Notwithstanding any other provision of law, the Rand Elementary School shall be deemed a necessary small school, as defined in Section 42283. Notwithstanding any other provision of law, the Sierra Sands Unified School District is eligible to receive apportionments for the Rand Elementary School pursuant to Section 42282.~~

~~(b)If the amount of average daily attendance of the Rand Elementary School exceeds 100, then that school shall no longer be entitled to receive apportionments as a necessary small school.~~

SEC. 194.

Section 42284 of the Education Code is amended to read:

42284.
(a) For each district with fewer than 2,501 units of average daily attendance, on account of each necessary small high school, the ~~county superintendent of schools~~ *Superintendent* shall make one of the following computations selected with regard only to the number of certificated employees employed or average daily attendance, whichever provides the lesser amount:

Average daily attendance	Minimum number of certificated employees	Amount to be computed
1–~~20~~ *19*	less than 3	$42,980 per teacher
1–~~20~~ *19*	3	191,340

~~21–40~~ *20– 38*	4	234,320
~~41–60~~ *39– 57*	5	277,300
~~61–75~~ *58– 71*	6	320,280
~~76–90~~ *72– 86*	7	363,260
~~91–105~~ *87– 100*	8	406,240
~~106–120~~*101–114*	9	449,220
~~121–135~~*115–129*	10	492,200
~~136–150~~*130–143*	11	535,180
~~151–180~~*144–171*	12	578,160
~~181–220~~*172–210*	13	621,140
~~221–260~~*211–248*	14	664,120
~~261–300~~*249–286*	15	707,100

(b) For purposes of this section, a "certificated employee" means an equivalent full-time position of an individual holding a credential authorizing service and providing service in grades 9 to 12, inclusive, in any secondary school. Any fraction of an equivalent full-time position remaining after all equivalent full-time positions for certificated employees within the district have been calculated shall be deemed to be a full-time position.

(c) A school district that qualifies under this section may use the funding calculation as provided in this section until the ~~revenue limit~~ *local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03,* per unit of average daily attendance multiplied by the average daily attendance produces state aid equal to the funding provided under this section.

~~(d)For the 1998–99 fiscal year and each fiscal year thereafter, the ranges of average daily attendance specified in the table in subdivision (a) shall be reduced by the statewide average~~

~~rate of excused absence reported for high school districts for the 1996–97 fiscal year pursuant to Section 42238.7, with the resultant ranges rounded to the nearest integer.~~

SEC. 195.

Section 42285 of the Education Code is amended to read:

42285.

(a) For ~~the~~ purposes of Section 42284, a necessary small high school is a high school with an average daily attendance of less than ~~301~~ **289** that comes within any of the following conditions:

(1) The projection of its future enrollment on the basis of the enrollment of the elementary schools in the district shows that within eight years the enrollment in high school in grades 9 to 12, inclusive, will exceed ~~300~~ **289** pupils.

(2) Any one of the following combinations of distance and units of average daily attendance applies:

(A) The high school had an average daily attendance of less than ~~100~~ **96** in grades 9 to 12, inclusive, during the preceding fiscal year and is more than 15 miles by well-traveled road from the nearest other public high school and either 90 percent of the pupils would be required to travel 20 miles or 25 percent of the pupils would be required to travel 30 miles one way from a point on a well-traveled road nearest their homes to the nearest other public high school.

(B) The high school had an average daily attendance of ~~100~~ **96** or more and less than ~~150~~ **144** in grades 9 to 12, inclusive, during the preceding fiscal year and is more than 10 miles by well-traveled road from the nearest other public high school and either 90 percent of the pupils would be required to travel 18 miles or 25 percent of the pupils would be required to travel 25 miles one way from a point on a well-traveled road nearest their homes to the nearest other public high school.

(C) The high school had an average daily attendance of ~~150~~ **144** or more and less than ~~200~~ **192** in grades 9 to 12, inclusive, during the preceding fiscal year and is more than $7^1/_2$ miles by well-traveled road from the nearest other public high school and either 90 percent of the pupils would be required to travel 15 miles or 25 percent of the pupils would be required to travel 20 miles one way from a point on a well-traveled road nearest their homes to the nearest other public high school.

(D) The high school had an average daily attendance of ~~200~~ **192** or more and less than ~~301~~ **289** in grades 9 to 12, inclusive, during the preceding fiscal year and is more than five miles by well-traveled road from the nearest other public high school and either 90 percent of the pupils would be required to travel 10 miles or 25 percent of the pupils would be required to travel 15 miles to the nearest other public high school.

(3) Topographical or other conditions exist in the *school* district which would impose unusual hardships on the pupils if the number of miles specified above were required to be traveled. In

these cases, the Superintendent may, when requested, and after investigation, grant exceptions from the distance requirements.

(4) The Superintendent has approved the recommendation of a county committee on school district organization designating one of two or more schools as necessary isolated schools in a situation where the schools are operated by two or more *school* districts and the average daily attendance of each of the schools is less than ~~301~~ **289** in grades 9 to 12, inclusive.

(b) For ~~the~~ purposes of Section 42284, a necessary small high school also includes ~~any of the following:~~ *a high school maintained by a school district for the exclusive purpose of educating juvenile hall pupils or pupils with exceptional needs.*

~~(1)The only high school maintained by a unified school district.~~

~~(2)A high school maintained by a school district for the exclusive purpose of educating juvenile hall pupils or pupils with exceptional needs.~~

~~(3)(A)The Sea View Elementary School in the Coachella Valley Unified School District, as long as the amount of average daily attendance of that school is 286 or less.~~

~~(B)The West Shores High School in the Coachella Valley Unified School District, as long as the amount of average daily attendance of that school is 286 or less.~~

(c) For ~~the~~ purposes of Section 42284, a necessary small high school does not include a continuation school.

~~(d)For each fiscal year, the high school and junior high school average daily attendance figures specified in subdivision (a) and the ranges of average daily attendance specified in paragraph (2) of subdivision (a) shall be reduced by the statewide average rate of excused absence reported for high school districts for the 1996–97 fiscal year pursuant to Section 42238.7, with the resultant figures and ranges rounded to the nearest integer.~~
(d) For purposes of this section, "other public high school" is a public school, including a charter school, that serves any of grades 9 to 12, inclusive, or grades 7 and 8 in a junior high school.

SEC. 196.

Section 42285.1 of the Education Code is repealed.

~~42285.1.~~

~~(a)For purposes of Section 42285, a necessary small high school includes the Boys Republic High School maintained by the Chino Unified School District in which the majority of the pupils are placed by court order and the enrollment of the school is less than 200 pupils. The total amount annually received by the Chino Unified School District pursuant to this section for the 1988–89 fiscal year and each fiscal year thereafter shall not exceed an amount equal to the sum of one hundred eighty thousand dollars ($180,000) plus the amount of revenue that the average daily attendance in the Boys Republic High School would have generated pursuant to Section 42238 and paragraph~~
~~(1) of subdivision (a) of Section 42238.5.~~

~~(b)The Chino Unified School District shall submit an annual report to the State Department of Education regarding the necessary small high school as defined in this section. The report shall include, but not be limited to, the number of pupils attending the school, the number of teachers teaching in the school, the number of days that classes were held in the school, and the type of program provided by the district.~~

~~(c)It is the intent of the Legislature that the Chino Unified School District receive funding as provided by this section commencing with the 1988–89 fiscal year and continuing in subsequent fiscal years.~~

SEC. 197.

Section 42285.4 of the Education Code is repealed.

~~42285.4.~~

~~Notwithstanding any other provision of law, the River Delta Unified School District is eligible to receive apportionments pursuant to the schedule and criteria for small necessary high schools set forth in Section 42284 if the school district has no more than 3,000 units of average daily attendance.~~

SEC. 198.

Section 42285.5 of the Education Code is amended to read:

42285.5.
(a) For purposes of subdivision (a) of Section 42284 and Section 42285, a school district may include average daily attendance in grades 7 and 8 and the instructors of grade 7 and 8 pupils in the calculation of average daily attendance and number of certificated employees employed ~~in the 2011–12 fiscal year if the school district included average daily attendance in grades 7 and 8 and the instructors of grade 7 and 8 pupils in the calculation of average daily attendance and certificated employees employed in the 2010–11 fiscal year~~.

(b) Notwithstanding Sections 42284 and 42285, for purposes of this section, with respect to a school district eligible to utilize subdivision (a), any references to grades 9 to 12, inclusive, in Sections 42284 and 42285 shall be deemed instead to be references to grades 7 to 12, inclusive.

SEC. 199.

Section 42286 of the Education Code is amended to read:

42286.
(a) Except as required under subdivision (b), if a high school is determined to be a necessary small high school under Section 42285, that status shall not be changed except as a review of the determinative factors made every ~~five~~ *two* years following the date of the determination indicates that the determination should be changed.

(b) If a high school is determined to be a necessary small high school under paragraph (3) of subdivision (b) of Section 42285, that status shall not be changed except as a review of the determinative factors made every two years following the date of the determination indicates that the determination should be changed.

(c) ~~Any~~ *A* high school that has not been determined to be a necessary small high school under Section 42285, may be determined to be a necessary small high school at the beginning of ~~any~~ *a* fiscal year if it meets the criteria specified in Section 42285.

SEC. 200.

Section 42287 of the Education Code is amended to read:

42287.

~~**Commencing with the 2013–14 fiscal year, the Superintendent shall increase the funding amounts specified in Sections 42281, 42282, and 42284 by an amount proportionate to the increase in the statewide average local control funding formula allocations pursuant to Section 42238.02, as implemented by Section 42238.03, for the then current fiscal year.**~~**(a)** For the 1984–85 fiscal year ~~and each fiscal year thereafter,~~ *to the 2012–13 fiscal year, inclusive,* the Superintendent ~~of Public Instruction~~ shall increase the funding amounts specified in Sections 42281, 42282, and 42284 by an amount proportionate to the increase applied to the statewide average revenue limit for unified school districts for the then current fiscal year.

(b) Commencing with the 2013–14 fiscal year, the Superintendent shall increase the funding amounts specified in Sections 42281, 42282, and 42284, by an amount proportionate to the increase in the statewide average local control funding formula allocations pursuant to Section 42238.02, as implemented by Section 42238.03, for the then current fiscal year.

SEC. 201.

~~**Section 42289 of the Education Code is repealed.**~~

42289.

Notwithstanding any other provision of law, for each fiscal year through the 2012-13 fiscal year, prior to calculating the increase in funding amount specified in Section 42287, the Superintendent of Public Instruction shall increase the funding amounts specified in Sections 42281, 42282, and 42284, by the product of subdivisions (a) and (b):

(a) The amount per unit of average daily attendance received by the district pursuant to Section 46201 in the prior fiscal year.

(b) The average daily attendance for each necessary small school and necessary small high school for which the district received funding in the prior fiscal year pursuant to Section 42281, 42282, or 42284, as appropriate.

SEC. 202.

~~Section 42289.1 of the Education Code is repealed.~~

42289.1.

(a) Notwithstanding any other provision of law, for the 1988–89 fiscal year through the 2012-13 fiscal year, after calculating the increase in funding amounts specified in Section 42287, the Superintendent of Public Instruction shall increase the funding amounts specified in Sections 42281, 42282, and 42284, by the sum of paragraphs (1) and (2):

(1) Compute the product of subparagraphs (A) and (B):

(A) The amount per unit of average daily attendance computed pursuant to subdivision (g) of Section 42240.

(B) The average daily attendance for each necessary small school and necessary small high school for which the district receives funding in the current fiscal year pursuant to Section 42281, 42282, or 42284, as appropriate.

(2) Commencing in the 1990–91 fiscal year and through the 2012-13 fiscal year, the amount computed pursuant to paragraph (1) shall be increased by the percentage cost-of-living increase given to school district revenue limits for the then current fiscal year.

SEC. 203.

~~*Section 42289.2 of the Education Code is repealed.*~~

42289.2.

(a) Notwithstanding any other provision of law, for the 1989–90 fiscal year, through the 2012-13 fiscal year, after calculating the increase in funding amounts specified in Section 42287, the Superintendent of Public Instruction shall increase the funding amounts specified in Sections 42281, 42282, and 42284, by the sum of paragraphs (1) and (2):

(1) Compute the product of subparagraphs (A) and (B):

(A) The amount per unit of average daily attendance computed pursuant to subdivision (e) of Section 54060.5.

(B) The average daily attendance for each necessary small school and necessary small high school for which the district receives funding in the current fiscal year pursuant to Section 42281, 42282, or 42284, as appropriate.

(2) Commencing in the 1990–91 fiscal year and through the 2012-13 fiscal year, the amount computed pursuant to paragraph (1) shall be increased by the percentage cost-of-living increase given to school district revenue limits for the then current fiscal year.

SEC. 204.

~~Section 42289.3 of the Education Code is repealed.~~

42289.3.

(a) Notwithstanding any other provision of law, for the 1989–90 fiscal year and through the 2012-13 fiscal year, after calculating the increase in funding amounts specified in Section 42287, the Superintendent of Public Instruction shall increase the funding amounts specified in Sections 42281, 42282, and 42284, by the sum of paragraphs (1) and (2):

(1) Compute the product of subparagraphs (A) and (B):

(A) The amount per unit of average daily attendance computed pursuant to subdivision (e) of Section 54060.6.

(B) The average daily attendance for each necessary small school and necessary small high school for which the district receives funding in the current fiscal year pursuant to Section 42281, 42282, or 42284, as appropriate.

(2) Commencing in the 1990–91 fiscal year and through the 2012-13 fiscal year, the amount computed pursuant to paragraph (1) shall be increased by the percentage cost-of-living increase given to school district revenue limits for the then current fiscal year.

SEC. 205.

~~Section 42289.4 of the Education Code is repealed.~~

42289.4.

(a) Notwithstanding any other provision of law, for the 1989–90 fiscal year through the 2012-13 fiscal year, after calculating the increase in funding amounts specified in Section 42287, the Superintendent of Public Instruction shall increase the funding amounts specified in Sections 42281, 42282, and 42284, by the sum of paragraphs (1) and (2):

(1) Compute the product of subparagraphs (A) and (B):

(A) The amount per unit of average daily attendance computed pursuant to subdivision (b) of Section 54060.7.

(B) The average daily attendance for each necessary small school and necessary small high school for which the district receives funding in the current fiscal year pursuant to Section 42281, 42282, or 42284, as appropriate.

(2) Commencing in the 1990–91 fiscal year and through the 2012-13 fiscal year, the amount computed pursuant to paragraph (1) shall be increased by the percentage cost-of-living increase given to school district revenue limits for the then current fiscal year.

SEC. 206.

~~Section 42289.5 of the Education Code is repealed.~~

42289.5.

Notwithstanding any other provision of law, the increases determined pursuant to Sections 42289, 42289.1, 42289.3, and 42289.4 shall be permanently increased for the 1998–99 fiscal year by the quotient, for each district eligible for an increase, of the amount determined pursuant to subparagraph (B) of paragraph (3) of subdivision (a) of Section 42238.8, as that section read on January 1, 2013, divided by the amount determined pursuant to subparagraph (C) of paragraph (3) of subdivision (a) of Section 42238.8 as that section read on January 1, 2013.

SEC. 207.

Section 42289.6 of the Education Code is repealed.

~~42289.6.~~

~~(a)It is the intent of the Legislature that the Quality Education Commission review the eligibility provisions for the establishment of necessary small schools as specified in Sections 42280, 42282, 42283, 42284, and 42285, including the following:~~

~~(1)The appropriate size for a necessary small elementary school, a necessary small middle school, and a necessary small high school.~~

~~(2)Whether mileage and other eligibility requirements are appropriate or need to be modified.~~

~~(b)It is further the intent of the Legislature that by January 1, 2006, the Quality Education Commission recommend to the Legislature modifications regarding the size, eligibility requirements, and funding of necessary small schools.~~

SEC. 208.

Article 4.5 (commencing with Section 42290) of Chapter 7 of Part 24 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 209.

Article 4.7 (commencing with Section 42300) of Chapter 7 of Part 24 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 210.

Section 42401 of the Education Code is amended to read:

42401.
(a) Revenues from any transactions and use tax imposed pursuant to Chapter 3.5 (commencing with Section 7288.1) of Part 1.7 of Division 2 of the Revenue and Taxation Code shall not be considered "allocated local proceeds of taxes" pursuant to Section 41202 of the Education Code or paragraph (2) of subdivision (b) of Section 8 of Article XVI of the California Constitution.

(b) Revenues derived from any transactions and use tax imposed pursuant to Chapter 3.5 (commencing with Section 7288.1) of Part 1.7 of Division 2 of the Revenue and Taxation Code shall supplement, and shall not be offset against, the allocations made pursuant to ~~Section 2558~~

~~or 42238~~ *Section 2575 or 42238.02, as implemented pursuant to Section 42238.03,* of the Education Code.

SEC. 211.

Section 42604 of the Education Code is repealed.

~~42604.~~

~~Notwithstanding any other provisions of law, the computation of reimbursement for the costs of attendance specified in contractual agreements through which educational services are provided by other than the district or county in which a pupil resides shall be based on the revenue per average daily attendance received by the school district or county in which the pupil resides rather than the computed revenue limit or foundation program per average daily attendance of the district or county of residence.~~

SEC. 212.

Section 42605 of the Education Code is repealed.

~~42605.~~

~~(a)(1)Unless otherwise prohibited under federal law or otherwise specified in subdivision (e), for the 2008–09 fiscal year to the 2014–15 fiscal year, inclusive, recipients of funds from the items listed in paragraph (2) may use funding received, pursuant to subdivision (b), from any of these items listed in paragraph (2) that are contained in Section 2.00 of the annual Budget Act, for any educational purpose.~~

~~(2)Items 6110-104-0001, 6110-105-0001, 6110-108-0001, 6110-122-0001, 6110-124-0001, 6110-137-0001, 6110-144-0001, 6110-150-0001, 6110-151-0001, 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, 6110-227-0001, 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 of Section 2.00.~~

~~(b)(1)For the 2009–10 fiscal year to the 2014–15 fiscal year, inclusive, the Superintendent or other administering state agency, as appropriate, shall apportion from the amounts provided in the annual Budget Act for the items enumerated in paragraph (2) of subdivision (a) an amount to recipients based on the same relative proportion that the recipient received in the 2008–09 fiscal year for the programs funded through the items enumerated in paragraph (2) of subdivision (a).~~

~~(2)This section and Section 42 of Chapter 12 of the Third Extraordinary Session of the Statutes of 2009 do not authorize a school district that receives funding on behalf of a charter school pursuant to Sections 47634.1 and 47651 to redirect this funding for another purpose unless otherwise authorized in law or pursuant to an agreement between a charter school and its chartering authority. Notwithstanding paragraph (1), for the 2008–09 fiscal year to the 2014–15 fiscal year, inclusive, a school district that receives funding on behalf of a charter school pursuant to Sections 47634.1 and 47651 shall continue to distribute the funds to those charter~~

~~schools based on the relative proportion that the school district distributed in the 2007–08 fiscal year, and shall adjust those amounts to reflect changes in charter school attendance in the district. The amounts allocated shall be adjusted for any greater or lesser amount appropriated for the items enumerated in paragraph (2) of subdivision (a). For a charter school that began operation in the 2008–09 fiscal year, if a school district received funding on behalf of that charter school pursuant to Sections 47634.1 and 47651, the school district shall continue to distribute the funds to that charter school based on the relative proportion that the school district distributed in the 2008–09 fiscal year and shall adjust the amount of those funds to reflect changes in charter school attendance in the district. The amounts allocated shall be adjusted for any greater or lesser amount appropriated for the items enumerated in paragraph (2) of subdivision (a).~~

~~(3)Notwithstanding paragraph (1), for the 2008–09 fiscal year to the 2014–15 fiscal year, inclusive, the Superintendent shall apportion from the amounts appropriated by Item 6110-211-0001 of Section 2.00 of the annual Budget Act an amount to a charter school in accordance with the per-pupil methodology prescribed in subdivision (c) of Section 47634.1.~~

~~(4)Notwithstanding paragraph (1), for the 2008–09 fiscal year to the 2014–15 fiscal year, inclusive, the Superintendent shall apportion from the amounts provided in the annual Budget Act an amount to a school district, charter school, and county office of education based on the same relative proportion that the local educational agency received in the 2007–08 fiscal year for the programs funded through the following items contained in Section 2.00 of the annual Budget Act: 6110-104-0001, 6110-105-0001, 6110-156-0001, 6110-190-0001, Schedule (3) of 6110-193-0001, 6110-198-0001, 6110-232-0001, and Schedule (2) of 6110-240-0001.~~
~~(5)For purposes of paragraph (4), if a direct-funded charter school began operation in the 2008–09 fiscal year, the amount that the charter school was entitled to receive from the items enumerated in paragraph (4) for the 2008–09 fiscal year, as certified by the Superintendent in March 2009, is deemed to have been received in the 2007–08 fiscal year.~~

~~(c)(1)This section does not obligate the state to refund or repay reductions made pursuant to this section. A decision by a school district to reduce funding pursuant to this section for a state-mandated local program shall constitute a waiver of the subvention of funds that the school district is otherwise entitled to pursuant to Section 6 of Article XIIIB of the California Constitution on the amount so reduced.~~

~~(2)(A)As a condition of receipt of funds, the governing board of the school district or governing board of the county office of education, as appropriate, at a regularly scheduled open public hearing shall take testimony from the public, discuss, approve or disapprove the proposed use of funding, and make explicit for each of the budget items in paragraph (2) of subdivision (a) the purposes for which the funds will be used.~~

~~(B)The regularly scheduled open public hearing held pursuant to subparagraph (A) shall be held before and independent of a meeting where the governing board of the school district or governing board of the county office of education adopts a budget. If the governing board intends to close a program funded by the items listed in paragraph (2) of subdivision (a), the governing board shall identify, in the notice of the agenda of the public hearing or at another public hearing, the program or programs proposed to be closed.~~

~~(3)Using the Standardized Account Code Structure reporting process, a local educational agency shall report expenditures of funds pursuant to the authority of this section by using the appropriate function codes to indicate the activities for which these funds are expended. The~~

~~department shall collect and provide this information to the Department of Finance and the appropriate policy and budget committees of the Legislature by April 15, 2010, and annually thereafter on April 15 until, and including, April 15, 2016.~~

~~(d)For the 2008–09 fiscal year to the 2014–15 fiscal year, inclusive, local educational agencies that use the flexibility provision of this section shall be deemed to be in compliance with the program and funding requirements contained in statutory, regulatory, and provisional language, associated with the items enumerated in subdivision (a).~~

~~(e)Notwithstanding subdivision (d), the following requirements shall continue to apply:~~

~~(1)For Item 6110-105-0001 of Section 2.00 of the annual Budget Act, the amount authorized for flexibility shall exclude the funding provided to fund remedial educational services pursuant to Provision 4. For Item 6110-156-0001 of Section 2.00 of the annual Budget Act, the amount authorized for flexibility shall exclude the funding provided for instruction of CalWORKs-eligible students pursuant to Schedules (2) and (3) and Provisions 2 and 4.~~

~~(2)(A)Any instructional materials purchased by a local educational agency for kindergarten and grades 1 to 8, inclusive, and for grades 9 to 12, inclusive, shall be aligned with the state standards adopted pursuant to Section 60605 or 60605.8, and shall also meet the reporting and sufficiency requirements contained in Section 60119.~~

~~(B)For purposes of this section, "sufficiency" means that each pupil has sufficient textbooks and instructional materials in the four core areas as defined by Section 60119 and that all pupils within the local educational agency who are enrolled in the same course shall have identical textbooks and instructional materials, as specified in Section 1240.3.~~

~~(3)For Item 6110-195-0001 of Section 2.00 of the annual Budget Act, the item shall exclude moneys that are required to fund awards for teachers that have previously met the requirements necessary to obtain these awards, until the award is paid in full.~~

~~(4)For Item 6110-266-0001 of Section 2.00 of the annual Budget Act, a county office of education shall conduct at least one site visit to each of the required schoolsites pursuant to Section 1240 and shall fulfill all of the duties set forth in Sections 1240 and 44258.9.~~

~~(5)For Item 6110-198-0001 of Section 2.00 of the annual Budget Act, a school district or county office of education that operates the child care component of the Cal-SAFE program shall comply with paragraphs (5) and (6) of subdivision (c) of Section 54746.~~

~~(f)This section does not invalidate any state law pertaining to teacher credentialing requirements or the functions that require credentials.~~

SEC. 213.

Section 42606 of the Education Code is repealed.

~~42606.~~

~~(a)To the extent funds are provided, for the 2010–11 to the 2014–15 fiscal years, inclusive, the Superintendent shall allocate a supplemental categorical block grant to a charter school that began operation during or after the 2008–09 fiscal year. These supplemental categorical block~~

~~grant funds may be used for any educational purpose. Commencing in the 2011–12 fiscal year, a locally or direct funded charter school that converted from a preexisting school between the 2008–09 and 2014–15 fiscal years, inclusive, is not eligible for funding specified in this section. A charter school that receives funding pursuant to this subdivision shall not receive additional funding for programs specified in paragraph (2) of subdivision (a) of Section 42605, with the exception of the program funded pursuant to Item 6110-211-0001 of Section 2.00 of the annual Budget Act.~~

~~(b)(1) For the 2010–11 fiscal year, the supplemental categorical block grant shall equal one hundred twenty-seven dollars ($127) per unit of charter school average daily attendance as determined at the 2010–11 second principal apportionment for charter schools commencing operations during or after the 2008–09 fiscal year. A locally funded charter school that converted from a preexisting school during or after the 2008-09 fiscal year is not eligible for funding specified in this section.~~

~~(2)For the 2011–12 to the 2014–15 fiscal years, inclusive, the supplemental categorical block grant shall equal one hundred twenty-seven dollars ($127) per unit of charter school average daily attendance as determined at the current year second principal apportionment for charter schools commencing operations during or after the 2008–09 fiscal year. In lieu of this supplemental grant, a school district shall provide new conversion charter schools that commenced operations within the district during or after the 2008–09 fiscal year, one hundred twenty-seven dollars ($127) per unit of charter school average daily attendance as determined at the current year second principal apportionment. This paragraph does not preclude a school district and a new conversion charter school from negotiating an alternative funding rate. Absent agreement from both parties on an alternative rate, the school district shall be obligated to provide funding at the one hundred twenty-seven dollars ($127) per average daily attendance rate.~~

SEC. 214.

Section 42800 of the Education Code is amended to read:

42800.

(a) The governing board of ~~any~~ *a* school district may, with the consent of the county superintendent of schools, establish a revolving cash fund for the use of the chief accounting officer of the *school* district, by adopting a resolution setting forth the necessity for the revolving cash fund, the officer for whom and the purposes for which the revolving cash fund shall be available, and the amount of the fund. The purposes for which the revolving cash fund shall be available shall include the purposes specified in Section 45167. Three certified copies of the resolution shall be transmitted to the county superintendent of schools. If he approves the establishment of the fund, the county superintendent shall endorse his consent on the resolution and return one copy to the governing body of the *school* district, and transmit one copy to the county auditor.

(b) The maximum amount allowed for revolving cash funds established pursuant to subdivision (a) shall be the lesser of:

(1) Two percent of the district's estimated expenditures for the current fiscal year, or

(2) A dollar amount limit of seventy-five thousand dollars ($75,000) for any elementary school or high school district and one hundred fifty thousand dollars ($150,000) for any unified school district for fiscal year 1990–91. The dollar amount limit for each *school* district shall, **through the 2012-13 fiscal year,** be increased annually by the percentage increase in the *school* district's revenue limit established by Section 42238 *as that section read on January 1, 2013.* **The dollar amount limit for each *school* district shall thereafter be increased annually by the percentage increase in the school districts *local control funding formula allocation established pursuant to Section 42238.02, as implemented pursuant to Section 42238.03.***

SEC. 215.

Chapter 11.3 (commencing with Section 42920) of Part 24 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 216.

Chapter 11.5 (commencing with Section 42950) of Part 24 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 217.

Chapter 12 (commencing with Section 43001.5) of Part 24 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 218.

Section 44279.2 of the Education Code is amended to read:

44279.2.

(a) The Superintendent and the commission shall jointly administer the California Beginning Teacher Support and Assessment System pursuant to this chapter. In administering this section, the Superintendent and the commission shall provide or contract for the provision of all of the following:

(1) Establishing requirements for reviewing and approving teacher induction programs.

(2) Developing and administering a system for ensuring teacher induction program quality and effectiveness. For purposes of this section, "program effectiveness" means producing excellent program outcomes in relation to the purposes defined in subdivision (b) of Section 44279.1. For purposes of this section, "program quality" means excellence with respect to program factors, including, but not limited to, all of the following:

(A) Program goals.

(B) Design resources.

(C) Management, evaluation, and improvement of the program.

(D) School context and working conditions.

(E) Support and assessment services to each beginning teacher.

(3) Developing purposes and functions for reviewing and approving supplemental grants and standards for program clusters and program consultants, as defined pursuant to Section 44279.7.

(4) Improving and refining the formative assessment system.

(5) Improving and refining professional development materials and strategies for all personnel involved in implementing induction programs.

(6) Conducting and tracking research related to beginning teacher induction.

(7) Periodically evaluating the validity of the California Standards for the Teaching Profession adopted by the commission and the Standards of Quality and Effectiveness for Beginning Teacher Support and Assessment Program adopted by the commission and making changes to those documents, as necessary.

(b) As part of the California Beginning Teacher Support and Assessment System, the commission and the Superintendent shall establish requirements for local teacher induction programs.

(c) A school district or consortium of school districts may ~~apply to the Superintendent for funding to~~ establish a local teacher induction program pursuant to this section~~. From amounts appropriated for purposes of this section, the Superintendent shall allocate three thousand dollars ($3,000) for each beginning teacher participating in the program. That amount shall be adjusted each fiscal year by the inflation factor set forth in Section 42238.1. To be eligible to receive funding, a school district or consortium of school districts~~ *that* shall, at a minimum, meet all of the following requirements:

(1) Develop, implement, and evaluate teacher induction programs that meet the Quality and Effectiveness for Beginning Teacher Induction Program Standards adopted by the commission.

(2) Support beginning teachers in meeting the competencies described in the California Standards for the Teaching Profession adopted by the commission.

(3) Meet criteria for the cost-effective delivery of program services.

~~(4)From amounts received from local, state, or resources available for purposes of teacher induction programs, contribute not less than two thousand dollars ($2,000) for the costs of each beginning teacher served in the induction program.~~

~~(d)Teachers who have received their preliminary credential in a district intern program pursuant to Article 7.5 (commencing with Section 44325) or an intern program pursuant to Article 3 (commencing with Section 44450) of Chapter 3 and who are participating in an induction program pursuant to this section are not eligible for funding pursuant to Article 11 (commencing with Section 44380) of Chapter 2.~~

Section 44257.5 of the Education Code is added to read:

44257.5. (a) Notwithstanding any provision of law except Sections 44332.6, 44340, 44346.1, and 44830.1, a person who is licensed to teach or provide services in the public schools of a state other than California and who is certified by the National Board for Professional Teaching Standards shall be issued a clear teaching or services credential authorizing teaching or service in the area, as determined by the commission, in which the person has received national certification.

(b) Nothing in this section shall be construed to supersede the requirements of Section 44253.3.

44257.6. Notwithstanding any provision of law, except Sections 44332.6, 44340, 44346.1, and 44830.1, the commission shall issue a clear credential to the holder of a preliminary teaching or services credential who attains certification from the National Board for Professional Teaching Standards. The clear credential issued pursuant to this section shall authorize the holder to teach or provide services in the area that the commission determines is equivalent to the certificate field in which the teacher or services provider received certification from the National Board for Professional Teaching Standards.

44257.7. (a) The commission shall issue an authorization for an additional subject or for a new teaching credential type to the holder of a valid California multiple subject or single subject teaching credential, or eligible applicant, who has earned certification from the National Board for Professional Teaching Standards in the additional single subject content area or the new multiple subject or single subject teaching credential type.

(b) Notwithstanding subdivision (a), when there is no direct equivalence between the national certification and the California subject or credential type, the commission shall determine the subject or credential type or may require the applicant to pass a commission-approved subject matter examination before issuance of the credential or authorization request. An applicant for a multiple subject teaching credential may also be required to pass a commission-approved subject matter examination in order to comply with federal and state subject matter requirements, including, but not limited to, the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.).

SEC. 218.6.

Section 44258.9 of the Education Code is amended to read:

44258.9. (a) The Legislature finds that continued monitoring of teacher assignments by county superintendents of schools will ensure that the rate of teacher misassignment remains low. To the extent possible and with **federal** funds provided for that purpose, each county superintendent of schools shall perform the duties specified in subdivisions (b) and (c).

(b) (1) Each county superintendent of schools shall monitor and review school district certificated employee assignment practices in accordance with the following:

(A) Annually monitor and review schools and school districts that are likely to have problems with teacher misassignments and teacher vacancies, as defined in subparagraphs (A) and (B) of paragraph (5) of subdivision (b) of Section 33126, based on past experience or other available information.

(B) Annually monitor and review schools ranked in deciles 1 to 3, inclusive, of the base Academic Performance Index, as specified in paragraph (2) of subdivision (c) of Section 1240, if those schools are not currently under review through a state or federal intervention program. If a review completed pursuant to this subparagraph finds that a school has no teacher misassignments or teacher vacancies for two consecutive years, the next review of that school may be conducted according to the cycle specified in subparagraph (C), unless the school meets the criteria of subparagraph (A).

(C) All other schools on a four-year cycle.

(2) Each county superintendent of schools shall investigate school and district efforts to ensure that a credentialed teacher serving in an assignment requiring a certificate issued pursuant to Section 44253.3, 44253.4, or 44253.7 or training pursuant to Section 44253.10 completes the necessary requirements for these certificates or completes the required training.

(3) The Commission on Teacher Credentialing shall be responsible for the monitoring and review of those counties or cities and counties in which there is a single school district, including the Counties of Alpine, Amador, Del Norte, Mariposa, Plumas, and Sierra, and the City and County of San Francisco. All information related to the misassignment of certificated personnel and teacher vacancies shall be submitted to each affected district within 30 calendar days of the monitoring activity.

(c) County superintendents of schools shall submit an annual report to the Commission on Teacher Credentialing and the department summarizing the results of all assignment monitoring and reviews. These reports shall include, but need not be limited to, the following:

(1) The numbers of teachers assigned and types of assignments made by the governing board of a school district under the authority of Sections 44256, 44258.2, and 44263.

(2) Information on actions taken by local committees on assignment, including the number of assignments authorized, subject areas into which committee-authorized teachers are assigned, and evidence of departures from the implementation plans presented to the county superintendent by school districts.

(3) Information on each school district reviewed regarding misassignments of certificated personnel, including efforts to eliminate these misassignments.

(4) (A) Information on certificated employee assignment practices in schools ranked in deciles 1 to 3, inclusive, of the base Academic Performance Index, as specified in paragraph (2) of subdivision (c) of Section 1240, to ensure that, at a minimum, in any class in these schools in which 20 percent or more pupils are English learners, the assigned teacher possesses a certificate issued pursuant to Section 44253.3 or 44253.4, or has completed training pursuant to Section 44253.10, or is otherwise authorized by statute.

(B) This paragraph shall not relieve a school district from compliance with state and federal law regarding teachers of English learners or be construed to alter the definition of "misassignment" in subparagraph (B) of paragraph (5) of subdivision (b) of Section 33126.

(5) After consultation with representatives of county superintendents of schools, other information as may be determined to be needed by the Commission on Teacher Credentialing.

(d) The Commission on Teacher Credentialing shall submit biennial reports to the Legislature concerning teacher assignments and misassignments that shall be based, in part, on the annual reports of the county superintendents of schools.

(e) (1) The Commission on Teacher Credentialing shall establish reasonable sanctions for the misassignment of credentialholders.

Prior to the implementation of regulations establishing sanctions, the Commission on Teacher Credentialing shall engage in a variety of activities designed to inform school administrators, teachers, and personnel within the offices of county superintendents of schools of the regulations and statutes affecting the assignment of certificated personnel. These activities shall include the preparation of instructive brochures and the holding of regional workshops.

(2) Commencing July 1, 1989, a certificated person who is required by an administrative superior to accept an assignment for which he or she has no legal authorization, after exhausting existing local remedies, shall notify the county superintendent of schools in writing of the illegal assignment. The county superintendent of schools, within 15 working days, shall advise the affected certificated person concerning the legality of his or her assignment. There shall be no adverse action taken against a certificated person who files a notification of misassignment with the county superintendent of schools. During the period of the misassignment, the certificated person who files a written notification with the county superintendent of schools shall be exempt from Section 45034. If it is determined that a misassignment has taken place, any performance evaluation of the employee under Sections 44660 to 44664, inclusive, in any misassigned subject shall be nullified.

(3) The county superintendent of schools shall notify, through the office of the school district superintendent, a certificated school administrator responsible for the assignment of a certificated person to a position for which he or she has no legal authorization of the misassignment and shall advise him or her to correct the assignment within 30 calendar days. The county superintendent of schools shall notify the Commission on Teacher Credentialing of the misassignment if the certificated school administrator has not corrected the misassignment within 30 days of the initial notification, or if the certificated school administrator has not described, in writing, within the 30-day period, to the county superintendent of schools the extraordinary circumstances which make this correction impossible.

(4) The county superintendent of schools shall notify the superintendent of a school district in which 5 percent or more of all certificated teachers in the secondary schools are found to be misassigned of the misassignments and shall advise him or her to correct the misassignments within 120 calendar days. The county superintendent of schools shall notify the Commission on Teacher Credentialing of the misassignments if the school district superintendent has not corrected the misassignments within 120 days of the initial notification, or if the school district superintendent of schools has not described, in writing, within the 120-day period, to the county superintendent of schools the extraordinary circumstances that make this correction impossible.

(f) An applicant for a professional administrative service credential shall be required to demonstrate knowledge of existing credentialing laws, including knowledge of assignment authorizations.

(g) The Superintendent shall submit a summary of the reports submitted by county superintendents pursuant to subdivision (c) to the Legislature. The Legislature may hold, within

a reasonable period after receipt of the summary, public hearings on pupil access to teachers and to related statutory provisions. The Legislature also may assign one or more of the standing committees or a joint committee, to determine the following:

(1) The effectiveness of the reviews required pursuant to this section.

(2) The extent, if any, of vacancies and misassignments, as defined in subparagraphs (A) and (B) of paragraph (5) of subdivision (b) of Section 33126.

(3) The need, if any, to assist schools ranked in deciles 1 to 3, inclusive, of the base Academic Performance Index, as defined in paragraph (2) of subdivision (c) of Section 1240, to eliminate vacancies and misassignments.

SEC. 219.

Section 44279.25 of the Education Code is amended to read:

~~44279.25.~~

~~(a)By December 1, 2007, the Superintendent and the commission shall report to the Legislature and the Governor on the current state of the Beginning Teacher Support and Assessment System. The report shall review the articulation of teacher preparation programs and teacher induction programs to eliminate duplicative requirements and, at a minimum, do all of the following:~~

~~(1)Recommend revisions to laws, regulations, or policies to eliminate duplicative requirements between teacher preparation and teacher induction programs, with particular attention paid to eliminating duplication between induction requirements and requirements for completion of state-approved alternative certification programs.~~

~~(2)Recommend revisions to the system to ensure that teacher credential candidates achieve teaching competence and programs use best practices to transition candidates from teacher preparation programs to induction programs.~~

~~(3)Recommend ways to ensure that beginning teachers receive direct assistance from experienced teachers who are familiar with the grade span, subject matter, and teaching and classroom management techniques appropriate to the teaching assignment of each beginning teacher.~~

~~(b)By July 1, 2008, the Superintendent and the commission shall review and revise, as necessary, the Standards of Quality and Effectiveness for Professional Teacher Induction Programs of March 2002 to ensure that these standards address the application of knowledge and skills previously acquired in a preliminary credential program and to remove any requirements or activities that require candidates to duplicate the acquisition of knowledge through coursework. This review shall include, but need not be limited to, all of the following:~~

~~(1)A review of formative assessment systems in use to ensure that the systems are appropriately flexible and may be adapted to reflect progress of individual candidates.~~

~~(2)A review of professional development provided to induction participants to ensure that it is not duplicative of coursework completed during teacher preparation.~~

~~(3)A review of new teacher support to ensure that the focus is on application and enhancement of skills and knowledge acquired in a preliminary credential program.~~

~~(4)Recommendations for program monitoring with respect to this subdivision.~~
~~(c)~~

44279.25.
(a) In consultation with the Superintendent, the commission shall revise the formative assessment system for beginning teachers, as necessary to ensure that related tasks and activities are aligned to the revised standards *adopted pursuant to subdivision (c)*.

~~(d)~~
(b) The Superintendent and the commission shall identify effective practices and techniques and provide for the dissemination of these to local induction program providers.

~~(e)~~

(c) Immediately following the adoption *by the commission* of revised standards ~~pursuant to subdivision (b),~~ the commission shall review induction programs to determine whether local teacher induction programs are meeting standards of quality and effectiveness ~~adopted pursuant to subdivision (b)~~ and to assure greater program quality and consistency. The commission shall schedule regular reviews following the initial review of programs pursuant to this subdivision.

~~(f)~~

(d) The Superintendent and the commission shall ensure that teacher credential candidates are notified of the opportunity to choose an early completion option pursuant to Section 44468.

~~(g)It is the intent of the Legislature that funds appropriated in Provision 44 of Item 6110-001-0890 of Section 2.00 of the Budget Act of 2006 (Chapter 47 of the Statutes of 2006) be made available for reviews and preparation of the reports required pursuant to subdivisions (a) and (b), and that the implementation of recommendations proceed immediately following the adoption of those reviews and reports.~~

SEC. 220.

Section 44279.7 of the Education Code is amended to read:

~~44279.7.~~

~~(a)The superintendent and the commission shall award supplemental grants on a competitive basis to Beginning Teacher Support and Assessment System teacher induction programs established pursuant to Section 44279.2 that are identified as having expertise according to criteria established by the superintendent and the commission. The supplemental grants received pursuant to this section shall be expended to assist clusters of teacher induction programs operated by school districts or consortiums of school districts.~~

~~(b)~~

44279.7.

(a) The ~~superintendent~~ *Superintendent* and the commission shall designate each school district and consortium of school districts participating in the Beginning Teacher Support and Assessment System established pursuant to Section 44279.2 as belonging to a cluster according to the criteria established pursuant to this subdivision. For ~~the~~ purposes of this section "cluster" means a cluster of school districts or consortium of school districts established pursuant this section. The ~~superintendent~~ *Superintendent* and the commission shall establish criteria for the formation of school districts or consortiums of school district teacher induction program clusters based upon, but not necessarily be limited to, all of the following:

(1) Geographic proximity.

(2) Program size.

(3) The number of beginning teachers served.

(4) The similarity of teacher characteristics and pupil populations in each school district.

~~(c)~~

(b) School districts and consortiums of school districts ~~awarded supplemental grants pursuant to this section shall~~ *may* identify a teacher induction program consultant to assist the school district or consortiums of school districts forming a cluster. The ~~superintendent~~ *Superintendent* and the commission shall identify the purpose and functions of each consultant. Those purposes and functions shall include, but not necessarily be limited to, all the following:

(1) Assisting in designing, implementing, refining, and evaluating their teacher induction programs.

(2) Assisting in building the capacity to provide professional development for all personnel involved in the implementation of teacher induction programs, including, but not limited to, beginning teachers, support providers, and administrators.

(3) Disseminating information on teacher induction programs to all interested participants within the cluster and collaborating with other consultants statewide and with state administrative agency staff to ensure ongoing program improvement.

~~(d)The superintendent and the commission shall ensure that each grant awarded pursuant to this section supports the salary and benefits and other related costs based on the prorated amount of time dedicated to this function for a consultant to assist each cluster.~~

SEC. 221.

Section 44320 of the Education Code is amended to read:

44320.

(a) Professional preparation, including student teaching, shall be made available in the upper division course offerings at all California public institutions of higher learning, except the California Maritime Academy and the Hastings College of the Law. No more than nine semester units, or the equivalent, of professional education courses may be designated as prerequisites for purposes of admission to student teaching, except that, to satisfy the English language requirement as set forth in paragraph (3) of subdivision (b) of Section 44259, candidates may be required to take 12 semester units, or the equivalent, as professional education prerequisites to student teaching.

(b) The commission shall encourage postsecondary institutions that offer programs of professional preparation to collaborate with school districts, county offices of education, and professional organizations in the design and delivery of local programs to function as part of the California beginning teacher support and assessment program pursuant to Section 44279.2. If local educational agencies and institutions of higher education voluntarily agree to implement the program, the following provisions shall apply to each collaborative effort:

(1) Postsecondary institutions and local education agencies shall coordinate and articulate the program of professional preparation and the beginning teacher support and assessment program, so the two programs provide continuity in the preparation, support, and assessment of beginning teachers.

(2) At the discretion of a postsecondary institution that participates in a collaborative effort, the program of professional preparation may be submitted to the commission for approval as a program of preparation, support, and assessment that is at least two years long.

(3) In each program of preparation, support, and assessment, the postsecondary institution shall make it possible for each candidate to complete all requirements for a valid teaching credential in the equivalent of one year of full-time study.

(4) A postsecondary institution that participates in a collaborative effort may, at its discretion, determine that successful completion of the support and assessment components of an articulated program of professional preparation, support, and assessment fulfills some or all of the requirements of subdivision (c) of Section 44259, and may accordingly recommend applicants for the professional teaching credential. The standards and criteria for making these determinations and recommendations shall be included in the institution's proposal for a program.

(5) A local educational agency that collaborates, at its own discretion, with a postsecondary education institution in the design and delivery of an articulated program of professional preparation, support, and assessment that meets the standards and criteria pursuant to subdivision (c) of Section 44279.2, ~~and that receives funds pursuant to the annual Budget Act,~~ may contract with the postsecondary institution to pay the institution's costs of designing and delivering the support and assessment components of the program.

(c) Local educational agencies that are approved by the commission to provide programs of personalized preparation to candidates for designated subjects teaching credentials are encouraged to participate in the design and delivery of local programs under the California beginning teacher support and assessment program pursuant to Article 4.5 (commencing with Section 44279.2), in a manner consistent with subdivision (b).

(d) ~~Prior to~~ *Before* admission to either student teaching under any professional preparation program approved by the commission, or participation in a field experience program as described in Section 44324, a candidate for a credential shall obtain a certificate of clearance from the commission which shall be issued when the commission has verified the candidate's personal identification and health status. The fee for the certificate of clearance shall not exceed one-half of the regular fee for a credential and shall be deducted from the fee for the initial credential applied for by the certificate holder.

SEC. 222.

Section 44328 of the Education Code is amended to read:

44328.
(a) Unless the commission determines that substantial evidence exists that a person is unqualified to teach, upon the completion of successful service as a district intern pursuant to subdivision (b) of Section 44325, and upon the recommendation of the school district governing board, the commission shall award preliminary credentials to district interns in the same manner as applicants recommended for credentials by institutions that operate approved programs of professional preparation.

(b) Notwithstanding paragraphs (1) and (2) of subdivision (a) of Section 44225, paragraphs (3), (4), (5), and (6) of subdivision (b) of Section 44259, paragraphs (1), (2), (3), and (4) of subdivision (c) of Section 44259, and Sections 44261, 44265, and 44335, upon recommendation by the governing board, district interns shall be issued preliminary credentials, upon the completion of successful service as a teacher pursuant to subdivision (b) of Section 44325, unless the governing board recommends, and the commission finds substantial evidence, that the person is not qualified to teach. A school district may require a district intern who is pursuing a clear credential to complete an approved induction program if funds are available or approved coursework in accordance with paragraph (5) of subdivision (c) of Section 44259. ~~Pursuant to Article 11 (commencing with Section 44380), teachers participating in an induction program pursuant to Article 4.5 (commencing with Section 44279.1) are no longer eligible for funding under the district intern program.~~

(c) Notwithstanding Section 44261, the preliminary credential awarded to any district intern holding a district intern credential to teach bilingual education classes shall be a basic teaching credential with a bilingual-crosscultural language and academic development emphasis. Notwithstanding Section 44265, the preliminary credential awarded to any district intern who holds a district intern credential to teach special education pupils shall be a special education specialist instruction credential that authorizes the holder to teach special education pupils.

(d) It is the intent of the Legislature that institutions of higher education that operate approved programs of professional preparation work cooperatively with school districts that offer district intern programs for a special education specialist credential to apply the regular education coursework and fieldwork from the special education district intern program toward earning a multiple or single subject teaching credential through the institution.

SEC. 223.

Article 11 (commencing with Section 44380) of Chapter 2 of Part 25 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 224.

Article 12 (commencing with Section 44390) of Chapter 2 of Part 25 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 225.

Article 13 (commencing with Section 44395) of Chapter 2 of Part 25 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 226.

Article 4.5 (commencing with Section 44500) of Chapter 3 of Part 25 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 227.

Article 5 (commencing with Section 44520) of Chapter 3 of Part 25 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 228.

Article 6 (commencing with Section 44560) of Chapter 3 of Part 25 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 229.

Article 7 (commencing with Section 44570) of Chapter 3 of Part 25 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 230.

Article 8 (commencing with Section 44580) of Chapter 3 of Part 25 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 231.

Article 10 (commencing with Section 44630) of Chapter 3 of Part 25 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 232.

Article 10.5 (commencing with Section 44645) of Chapter 3 of Part 25 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 233.

Article 10.6 (commencing with Section 44650) of Chapter 3 of Part 25 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 234.

Article 3 (commencing with Section 44681) of Chapter 3.1 of Part 25 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 235.

Chapter 3.3 (commencing with Section 44700) of Part 25 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 236.

Chapter 3.33 (commencing with Section 44720) of Part 25 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 237.

Chapter 3.34 (commencing with Section 44730) of Part 25 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 238.

Chapter 3.36 (commencing with Section 44735) of Part 25 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 239.

Chapter 3.45 (commencing with Section 44755) of Part 25 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 240.

Chapter 3.5 (commencing with Section 44760) of Part 25 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 241.

Section 44944 of the Education Code is amended to read:

44944.

(a) (1) In a dismissal or suspension proceeding initiated pursuant to Section 44934, if a hearing is requested by the employee, the hearing shall be commenced within 60 days from the date of the employee's demand for a hearing. The hearing shall be initiated, conducted, and a decision made in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code. However, the hearing date shall be established after consultation with the employee and the governing board *of the school district*, or their representatives, and the Commission on Professional Competence shall have all of the power granted to an agency in that chapter, except that the right of discovery of the parties shall not be limited to those matters set forth in Section 11507.6 of the Government Code but shall include the rights and duties of any party in a civil action brought in a superior court under Title 4 (commencing with Section 2016.010) of Part 4 of the Code of Civil Procedure. Notwithstanding any provision to the contrary, and except for the taking of oral depositions, no discovery shall occur later than 30 calendar days after the employee is served with a copy of the accusation pursuant to Section 11505 of the Government Code. In all cases, discovery shall be completed ~~prior to~~ *before* seven calendar days before the date upon which the hearing commences. If ~~any~~ *a* continuance is granted pursuant to Section 11524 of the Government Code, the time limitation for commencement of the hearing as provided in this subdivision shall be extended for a period of time equal to the continuance. However, the extension shall not include that period of time attributable to an unlawful refusal by either party to allow the discovery provided for in this section.

(2) If the right of discovery granted under paragraph (1) is denied by either the employee or the governing board *of the school district*, all of the remedies in Chapter 7 (commencing with Section 2023.010) of Title 4 of Part 4 of the Code of Civil Procedure shall be available to the party seeking discovery and the court of proper jurisdiction, to entertain his or her motion, shall be the superior court of the county in which the hearing will be held.

(3) The time periods in this section and of Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code and of Title 4 (commencing with Section 2016.010) of Part 4 of the Code of Civil Procedure shall not be applied so as to deny discovery in a hearing conducted pursuant to this section.

(4) The superior court of the county in which the hearing will be held may, upon motion of the party seeking discovery, suspend the hearing so as to comply with the requirement of the preceding paragraph.

(5) No witness shall be permitted to testify at the hearing except upon oath or affirmation. No testimony shall be given or evidence introduced relating to matters that occurred more than four years ~~prior to~~ *before* the date of the filing of the notice. Evidence of records regularly kept by the governing board *of the school district* concerning the employee may be introduced, but no decision relating to the dismissal or suspension of ~~any~~ *an* employee shall be made based on charges or evidence of ~~any~~ *a* nature relating to matters occurring more than four years ~~prior to~~ *before* the filing of the notice.

(b) (1) The hearing provided for in this section shall be conducted by a Commission on Professional Competence. One member of the commission shall be selected by the employee, one member shall be selected by the governing board *of the school district*, and one member shall be an administrative law judge of the Office of Administrative Hearings who shall be chairperson and a voting member of the commission and shall be responsible for assuring that the legal rights of the parties are protected at the hearing. If either the governing board *of the school district* or the employee for any reason fails to select a commission member at least seven calendar days ~~prior to~~ *before* the date of the hearing, the failure shall constitute a waiver of the right to selection, and the county board of education or its specific designee shall immediately make the selection. If the county board of education is also the governing board of the school district or has by statute been granted the powers of a governing board *of a school district*, the selection shall be made by the Superintendent, who shall be reimbursed by the school district for all costs incident to the selection.

(2) The member selected by the governing board *of the school district* and the member selected by the employee shall not be related to the employee and shall not be employees of the *school* district initiating the dismissal or suspension and shall hold a currently valid credential and have at least five years' experience within the past 10 years in the discipline of the employee.

(c) (1) The decision of the Commission on Professional Competence shall be made by a majority vote, and the commission shall prepare a written decision containing findings of fact, determinations of issues, and a disposition that shall be, solely, one of the following:

(A) That the employee should be dismissed.

(B) That the employee should be suspended for a specific period of time without pay.

(C) That the employee should not be dismissed or suspended.

(2) The decision of the Commission on Professional Competence that the employee should not be dismissed or suspended shall not be based on nonsubstantive procedural errors committed by the school district or governing board *of the school district* unless the errors are prejudicial errors.

(3) The commission shall not have the power to dispose of the charge of dismissal by imposing probation or other alternative sanctions. The imposition of suspension pursuant to subparagraph (B) of paragraph (1) shall be available only in a suspension proceeding authorized pursuant to subdivision (b) of Section 44932 or Section 44933.

(4) The decision of the Commission on Professional Competence shall be deemed to be the final decision of the governing board *of the school district*.

(5) The board may adopt from time to time rules and procedures not inconsistent with this section as may be necessary to effectuate this section.

(6) The governing board *of the school district* and the employee shall have the right to be represented by counsel.

(d) (1) If the member selected by the governing board *of the school district* or the member selected by the employee is employed by ~~any~~ *a* school district in this state, the member shall, during any service on a Commission on Professional Competence, continue to receive salary, fringe benefits, accumulated sick leave, and other leaves and benefits from the *school* district in which the member is employed, but shall receive no additional compensation or honorariums for service on the commission.

(2) If service on a Commission on Professional Competence occurs during summer recess or vacation periods, the member shall receive compensation proportionate to that received during the current or immediately preceding contract period from the member's employing *school* district, whichever amount is greater.

(e) (1) If the Commission on Professional Competence determines that the employee should be dismissed or suspended, the governing board *of the school district* and the employee shall share equally the expenses of the hearing, including the cost of the administrative law judge. ~~The state shall pay any costs incurred under paragraph (2) of subdivision (d), the reasonable expenses, as determined by the administrative law judge, of the member selected by the governing board and the member selected by the employee, including, but not limited to, payments or obligations incurred for travel, meals, and lodging, and the cost of the substitute or substitutes, if any, for the member selected by the governing board and the member selected by the employee. The Controller shall pay all claims submitted pursuant to this paragraph from the General Fund, and may prescribe reasonable rules, regulations, and forms for the submission of the claims.~~ The employee and the governing board *of the school district* shall pay their own attorney's fees.

(2) If the Commission on Professional Competence determines that the employee should not be dismissed or suspended, the governing board *of the school district* shall pay the expenses of the hearing, including the cost of the administrative law judge, any costs incurred under paragraph (2) of subdivision (d), the reasonable expenses, as determined by the administrative law judge, of the member selected by the governing board *of the school district* and the member selected by the employee, including, but not limited to, payments or obligations incurred for travel, meals, and lodging, the cost of the substitute or substitutes, if any, for the member selected by the governing board *of the school district* and the member selected by the employee, and reasonable attorney's fees incurred by the employee.

(3) As used in this section, "reasonable expenses" shall not be deemed "compensation" within the meaning of subdivision (d).

(4) If either the governing board *of the school district* or the employee petitions a court of competent jurisdiction for review of the decision of the commission, the payment of expenses to members of the commission required by this subdivision shall not be stayed.

~~(5)(A)If the decision of the commission is finally reversed or vacated by a court of competent jurisdiction, either the state, having paid the commission members' expenses, shall be entitled to reimbursement from the governing board for those expenses, or the governing board, having paid the expenses, shall be entitled to reimbursement from the state.~~

~~(B)Additionally,~~

(5) If the decision of the commission is finally reversed or vacated by a court of competent jurisdiction, either the employee, having paid a portion of the expenses of the hearing, including the cost of the administrative law judge, shall be entitled to reimbursement from the governing board *of the school district* for the expenses, or the governing board *of the school district*, having paid its portion and the employee's portion of the expenses of the hearing, including the cost of the administrative law judge, shall be entitled to reimbursement from the employee for that portion of the expenses.

(f) The hearing provided for in this section shall be conducted in a place selected by agreement among the members of the commission. In the absence of agreement, the place shall be selected by the administrative law judge.

SEC. 242.

Section 44955.5 of the Education Code is amended to read:

44955.5.
(a) During the time period between five days after the enactment of the Budget Act and August 15 of the fiscal year to which that Budget Act applies, if the governing board of a school district determines that its total ~~revenue limit~~ *local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03,* per unit of average daily attendance for the fiscal year of that Budget Act has not increased by at least 2 percent, and if in the opinion of the governing board *of the school district* it is therefore necessary to decrease the number of permanent employees in the *school* district, the governing board *of the school district* may terminate the services of ~~any~~ permanent or probationary certificated employees of the *school* district, including employees holding a position that requires an administrative or supervisory credential. The termination shall be pursuant to Sections 44951 and 44955 but, notwithstanding anything to the contrary in Sections 44951 and 44955, in accordance with a schedule of notice and hearing adopted by the governing board *of the school district.*

(b) This section is inoperative from July 1, 2002, to July 1, 2003, inclusive, and from July 1, 2011, to July 1, 2012, inclusive.

SEC. 243. Retain Language

~~**Section 45037 of the Education Code is repealed.**~~

45037.

(a) Except as provided in Section 45036, for the fiscal year 2001-02 and for any fiscal year thereafter in which a person renders service as a teacher in kindergarten or any of grades 1 to 12, inclusive, who does not have a valid certification document, the school district or county office of education in which the person is employed shall be assessed a penalty that shall be in lieu of any loss of funding that would otherwise result under Chapter 6.10 (commencing with Section 52120) of Part 28. The penalty shall be calculated

as provided in subdivision (b) and withheld from state funding otherwise due to the district or county office of education.

(1) Notwithstanding Section 46300, the attendance of the noncertificated person's pupils during the period of service shall be included in the computation of average daily attendance.

(2) The noncertificated person's period of service shall not be excluded from the determination of eligibility for incentive funding for a longer instructional day or year, or both, pursuant to Article 8 (commencing with Section 46200) of Chapter 2 of Part 26.

(b)(1) For each person who rendered service in the employment of the district or county office of education as a teacher in kindergarten or any of grades 1 to 12, inclusive, during the fiscal year, add the total number of schooldays on which the person rendered any amount of the service.

(2) For each person who rendered service in the employment of the district or county office of education as a teacher in kindergarten or any of grades 1 to 12, inclusive, during the fiscal year, for a period of service during which the person did not have a valid certification document, add the number of schooldays on which the person rendered any amount of the service without a valid certification document.

(3) Divide the number determined in paragraph (2) by the number determined in paragraph (1) and carry the result to four decimal places.

(4) Multiply a school district's ~~revenue limit~~ local control funding formula allocation calculated pursuant to Section 42238.02, as implemented by Section 42238.03,~~entitlement~~ for the fiscal year, ~~calculated pursuant to Section 42238~~, or it's funding amount calculated pursuant to Article 4 (commencing with Section 42280) of Chapter 7 of Part 24, as applicable, or a county office of education's funding for the fiscal year, for the program in which the noncertificated person rendered service by the number determined in paragraph (3).

(c) Beginning in 2002-03, if a county office of education releases a warrant in favor of a person for whom a period of school district service is included in the calculation set forth in paragraph (2) of subdivision (b), and the warrant is either compensation for employment as a teacher or for employment in some other capacity if the county office of education has direct knowledge or is in possession of information giving rise to a reasonable inference that the person is rendering service as a teacher, the county office shall be assessed a penalty. The penalty assessed to a county office for any fiscal year in which one or more district teachers did not have a valid certification document shall be equal to the lesser of three amounts as follows:

(1) Fifty percent of all penalties assessed for that fiscal year to all school districts in the county office's jurisdiction pursuant to subdivision (b).

(2) One-half percent of the total expenditures for that fiscal year from unrestricted resources, as defined in the California School Accounting Manual, in the county office's county school service fund, when two or fewer districts in the county office's jurisdiction are subject to penalties pursuant to subdivision (b).

(3) One percent of the total expenditures for that fiscal year from unrestricted resources, as defined in the California School Accounting Manual, in the county office's county school service fund, when three or more districts in the county office's jurisdiction are subject to penalties pursuant to subdivision (b).

(d) Except as provided in Section 41344.1, nothing in this section may be waived in whole or in part.

SEC. 244.

Article 8.5 (commencing with Section 45370) of Chapter 5 of Part 25 of Division 3 of Title 2 of the Education Code is repealed.

SEC. 245.

Section 46010.2 of the Education Code is repealed.

~~46010.2.~~

~~(a)For the purpose of determining "changes in enrollment" pursuant to subdivision (b) of Section 8 of Article XVI of the California Constitution, as required by subdivision (d) of Section 41204, the total days of attendance by pupils in schools and classes maintained by a school district shall, in the 1997–98 fiscal year, be separately determined both as if subdivision (b) of Section 46010, as it read in the 1997–98 fiscal year, did and did not apply. The days of attendance figure resulting from the application of subdivision (b) of Section 46010 shall be used in calculating average daily attendance for comparison with average daily attendance in the 1996–97 fiscal year. The days of attendance figure determined without applying subdivision (b) of Section 46010 shall be used in calculating average daily attendance for comparison with average daily attendance in the 1998–99 fiscal year.~~

~~(b)For the purpose of determining "changes in enrollment" for the 2008–09 fiscal year pursuant to subdivision (b) of Section 8 of Article XVI of the California Constitution, as required by subdivision (d) of Section 41204, the total days of attendance by pupils in schools and classes maintained by a school district, in the 2007–08 fiscal year, shall be separately determined both as if the California School Age Families Education Program (Cal-SAFE), as set forth in Article 7.1 (commencing with Section 54740) of Chapter 9 of Part 29, as it read on January 1, 2008, did and did not apply. The days of attendance figure resulting from the application of the Cal-SAFE program shall be used in calculating average daily attendance for comparison with average daily attendance in the 2006–07 fiscal year. The days of attendance figure determined without applying the Cal-SAFE program shall be used in calculating average daily attendance for comparison with average daily attendance in the 2008–09 fiscal year.~~

SEC. 246.

Section 46013 of the Education Code is repealed.

~~46013.~~

~~(a)If there is an increase in actual student attendance of any school maintained by a school district to which Section 46013.7 has been made applicable, then an increase in the revenue limit of a school district shall be calculated as follows:~~

~~(1)The Superintendent of Public Instruction shall prescribe the manner in which actual student attendance is calculated.~~

~~(2)Divide the actual student attendance in the 1979–80 fiscal year by total enrollment in the 1979–80 fiscal year.~~

~~(3)Divide the actual student attendance in the current fiscal year by total enrollment in the current fiscal year.~~

~~(4)Subtract the quotient calculated pursuant to paragraph (2) from the quotient calculated pursuant to paragraph (3).~~

~~(5)Divide the difference calculated pursuant to paragraph (4) by 0.02.~~

~~(6)If the quotient calculated pursuant to paragraph (5) is equal to or greater than one, then divide that quotient by 100.~~

~~(7)If the quotient calculated pursuant to paragraph (5) is less than one, then the district shall not be affected by the provisions of this section.~~

~~(8)Multiply the quotient calculated pursuant to paragraph (6) by the revenue limit per unit of average daily attendance in the current fiscal year, and multiply that product by the total enrollment of the school which generated the increased actual student attendance. This is the amount by which revenue limit shall be increased.~~

~~(b)The revenue limit increase calculated pursuant to subdivision (a) shall be allocated as follows:~~

~~(1)If the school receives funds pursuant to either Chapter 3.1 (commencing with Section 44670) of Part 25 or Chapter 6 (commencing with Section 52000) of Part 28, then one-half of the increase shall be added to such funds; the other half of the increase shall be added to the general fund of the district.~~

~~(2)If the school does not receive funds pursuant to either Chapter 3.1 (commencing with Section 44670) of Part 25 or Chapter 6 (commencing with Section 52000) of Part 28, then one-half of the increase shall be used to initiate a program pursuant to Chapter 6 (commencing with Section 52000) of Part 28 at the school; the other half of the increase shall be added to the general fund of the district. If a program is not initiated pursuant to Chapter 6 (commencing with Section 52000) of Part 28 within one year, then those funds shall be deposited in the general fund of the district and the apportionment of funds to the district from Section A of the State School Fund for the then current fiscal year shall be reduced by the same amount.~~

SEC. 247.

Section 46013.7 of the Education Code is repealed.

~~46013.7.~~

~~The Superintendent of Public Instruction may authorize 30 schools in 28 school districts to continue to use the attendance accounting and reporting procedures prescribed by Section~~

~~46013 for the 1985–86 school year through the 1993–94 school year, and shall not require these districts to keep parallel attendance accounting and reporting procedures as required under existing laws otherwise applicable. Subsequent to the 1982–83 fiscal year, no school district shall be eligible to receive a revenue limit increase pursuant to Section 46013.~~

SEC. 248.

Section 46140 of the Education Code is amended to read:

46140.

~~No~~ *A* pupil in a high school, other than a pupil enrolled in ~~a regional occupational center or program,~~ *an* evening high school, continuation high school, or continuation education class, shall *not* be credited with more than one day of attendance in any calendar day and nothing in this article shall be construed to the contrary.

SEC. 249.

Section 46140.5 of the Education Code is repealed.

~~46140.5.~~

~~Any school district which was credited with attendance of pupils pursuant to Section 46140 under a vocational education program occupationally organized and conducted under federal approval in 1976–77, other than a regional occupational program or regional occupational center, may request the county superintendent of schools to increase the district base revenue limit for fiscal year 1977–78 and fiscal years thereafter by the amount of revenue received on account of such vocational education attendance in 1976–77. The county superintendent, upon verification of such amounts, shall adjust the district's base revenue limit.~~

~~As a clarification of the intent of the law, a district, which had not submitted attendance documents of pupils pursuant to Section 46140 under a vocational education program occupationally organized and conducted under federal approval in 1976–77, other than a regional occupational program or regional occupational center, at the time the attendance reports were originally due, shall not have the right at a later date to submit amended attendance documents to have credited this attendance.~~

SEC. 250.

Section 46141 of the Education Code is amended to read:

46141.

The minimum schoolday in a high school is 240 minutes, except in an evening high school, an early college high school, a middle college high school, ~~a regional occupational center, an opportunity school and in opportunity classes,~~ a continuation high school, in continuation education classes, in late afternoon or Saturday occupationally organized vocational training programs conducted under a federally approved plan for vocational education, and for students enrolled in a work experience education program approved under the provisions of Article 7 (commencing with Section 51760) of Chapter 5 of Part 28.

SEC. 251.

Section 46144 of the Education Code is repealed.

~~46144.~~

~~The minimum day in a special day or a Saturday vocational training program and for a pupil enrolled in a work experience education program approved under Article 7 (commencing with Section 51760) of Chapter 5 of Part 28, except for a pupil enrolled in a continuation school or class pursuant to Section 48402, is four periods totaling at least 180 minutes in duration, except that for a pupil in an approved work experience program who attends a school, other than a continuation school or class, in which the regularly scheduled period is greater than 60 minutes in length, the minimum day is one or more periods totaling at least 180 minutes in duration.~~

SEC. 252.

Section 46145 of the Education Code is amended to read:

46145.

Commencing with the first semester or quarter that begins after January 1, 1984, pupils in grade 12 shall be enrolled in at least five courses each semester or the equivalent number of courses per quarter. If ~~any~~ *a* pupil in grade 12 is required by medical prescription to attend school for less than five courses during the semester or the equivalent number of courses during the quarter, the average daily attendance allowed for that pupil's attendance shall bear the same proportion to one day of attendance as the number of courses in which the pupil is enrolled bears to five or the equivalent number for the quarter system.

However, this requirement shall not apply to pupils enrolled in ~~regional occupational programs, regional occupational centers,~~ courses at accredited postsecondary educational institutions, independent study, special education programs where the pupil's individualized education program establishes a different number of courses, continuation education classes, work experience education programs approved under the provisions of Article 7 (commencing with Section 51760) of Chapter 5 of Part 28, or any other course of study authorized by the governing board *of the school district* which is equivalent to the approved high school course of study.

SEC. 253.

Article 7 (commencing with Section 46190) of Chapter 2 of Part 26 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 254.

Section 46200 of the Education Code is amended to read:

~~46200.~~

~~(a)In the 1984–85 fiscal year, for each school district that certifies to the Superintendent of Public Instruction that it offers 180 days or more of instruction per school year, the Superintendent of Public Instruction shall apportion thirty-five dollars ($35) per unit of average daily attendance, exclusive of adult average daily attendance, the average daily attendance of~~

~~pupils while participating in regional occupation centers or programs, and average daily attendance for pupils attending summer school. A multitrack year-round school shall be deemed to be in compliance with the 180-day requirement if it certifies to the Superintendent of Public Instruction that it is a multitrack year-round school and maintains its school for a minimum of 163 schooldays. Each school district that received an apportionment pursuant to this subdivision in the 1984–85 fiscal year shall add thirty-five dollars ($35) to the district's base revenue limit per unit of average daily attendance for the 1985–86 fiscal year.~~

~~(b)For any school district that received an apportionment pursuant to subdivision (a) and that offered less than 180 days, or offered less than the number of days required in subdivision (a) for multitrack year-round schools, of instruction in the 1985–86 fiscal year to the 2000–01 fiscal year, inclusive, and that does not provide the minimum number of instructional minutes specified in subdivision (a) of Section 46201 for that fiscal year, the Superintendent of Public Instruction shall reduce the base revenue limit per unit of average daily attendance for that fiscal year or years by an amount attributable to the increase received pursuant to subdivision (a), as adjusted in fiscal years subsequent to the 1984–85 fiscal year.~~

~~(c)~~

For ~~any~~ *a* school district that received an apportionment pursuant to subdivision (a) *of this section, as it read on January 1, 2013,* and that offers less than 180 days of instruction or, in multitrack year-round schools, fewer than the number of days required in subdivision (a) *of this section, as it read on January 1, 2013,* for multitrack year-round schools, in the ~~2001–02~~ *2013–14* fiscal year, or any fiscal year thereafter, the Superintendent ~~of Public Instruction~~ shall withhold from the ~~district's revenue limit apportionment~~ *school district's local control funding formula grant apportionment pursuant to Section 42238.02, as implemented by Section 42238.03,* for the average daily attendance of each affected grade level the sum of 0.0056 multiplied by that apportionment **received pursuant to subdivision (a), as it read on January 1, 2013**, for each day less than 180, or, in multitrack year-round schools, for each day less than the number of days required in subdivision (a) for year-round schools that the *school* district offered.

~~(d)For any school district that received an apportionment pursuant to subdivision (a) and that offered less than 180 days of instruction as required in subdivision (a) in the 1985–86 fiscal year, to either the end of the final year of the teacher bargaining unit contract in force in that district on January 1, 2002, inclusive, or, if no teacher bargaining unit contract was in force in that district on January 1, 2002, to the end of the 2001–02 fiscal year, inclusive, and that provided the minimum number of instructional minutes in subdivision (a) of Section 46201 during all of the period applicable to the district pursuant to this subdivision, subdivision (c) shall not apply until the first fiscal year following the end of the applicable period of years.~~

SEC. 255.

Section 46201 of the Education Code is amended to read:

~~46201.~~

~~(a)In each of the 1984–85, 1985–86, and 1986–87 fiscal years, for each school district that certifies to the Superintendent of Public Instruction that it offers at least the amount of~~

~~instructional time specified in this subdivision at a grade level or levels, the Superintendent of Public Instruction shall determine an amount equal to twenty dollars ($20) per unit of current year second principal apportionment regular average daily attendance in kindergarten and grades 1 to 8, inclusive, and forty dollars ($40) per unit of current year second principal apportionment regular average daily attendance in grades 9 to 12, inclusive. This section shall not apply to adult average daily attendance, the average daily attendance for pupils attending summer schools, alternative schools, regional occupational centers and programs, continuation high schools, or opportunity schools, and the attendance of pupils while participating in community college or independent study programs.~~

~~(1)In the 1984–85 fiscal year, for kindergarten and each of grades 1 to 12, inclusive, the sum of subparagraphs (A) and (B):~~

~~(A)The number of instructional minutes offered at that grade level in the 1982–83 fiscal year.~~

~~(B)One-third of the difference between the number of minutes specified for that grade level in paragraph (3) and the number of instructional minutes offered at that grade level in the 1982–83 fiscal year.~~

~~(2)In the 1985–86 fiscal year, for kindergarten and each of grades 1 to 12, inclusive, the sum of subparagraphs (A) and (B):~~

~~(A)The number of instructional minutes offered at that grade level in the 1982–83 fiscal year.~~

~~(B)Two-thirds of the difference between the number of minutes specified for that grade level in paragraph (3) and the number of instructional minutes offered at that grade level in the 1982–83 fiscal year.~~

~~(3)In the 1986–87 fiscal year:~~

~~(A)Thirty-six thousand minutes in kindergarten.~~

~~(B)Fifty thousand four hundred minutes in grades 1 to 3, inclusive.~~

~~(C)Fifty-four thousand minutes in grades 4 to 8, inclusive.~~

~~(D)Sixty-four thousand eight hundred minutes in grades 9 to 12, inclusive.~~

~~(4)In any fiscal year, each school district that receives an apportionment pursuant to subdivision (a) for average daily attendance in grades 9 to 12, inclusive, shall offer a program of instruction that allows each student to receive at least 24 course years of instruction, or the equivalent, during grades 9 to 12, inclusive.~~

~~(5)For any schoolsite at which programs are operated in more than one of the grade levels enumerated in subparagraph (B) or (C) of paragraph (3), the school district may calculate a weighted average of minutes for those grade levels at that schoolsite for purposes of making the certification authorized by this subdivision.~~

~~(b)(1)If any of the amounts of instructional time specified in paragraph (3) of subdivision (a) is a lesser number of minutes for that grade level than actually provided by the district in the same grade in the 1982–83 fiscal year, the 1982–83 fiscal year number of minutes for that grade level, adjusted to comply with Section 46111, shall instead be the requirement for the purposes of paragraphs (1), (2), and (3) of subdivision (a). Commencing with the 1990–91 fiscal year, and each fiscal year through the 1995–96 fiscal year, any school district subject to this subdivision that does not maintain the number of instructional minutes for a particular grade level that the school district maintained for the 1982–83 fiscal year, adjusted to comply with Section 46111, shall not be subject to paragraphs (1) to (3), inclusive, of subdivision (c) if that school district maintains at least the minimum number of instructional minutes for each grade level set forth in paragraph (3) of subdivision (a) in the 1990–91 fiscal year and each fiscal year through the 1994–95 fiscal year or the 1995–96 fiscal year for districts whose instructional minutes were adjusted to comply with Section 46111, and thereafter returns to the number of instructional minutes maintained for each grade level in the 1982–83 fiscal year.~~

~~(2)The Legislature finds and declares that the school districts to which paragraph (1) is applicable have not offered any less instructional time than is required of all other school districts and therefore should not be forced to pay any penalty.~~

~~(c)(1)For any school district that receives an apportionment pursuant to subdivision (a) in the 1984–85 fiscal year and that reduces the amount of instructional time offered below the minimum amounts specified in paragraph (1) of subdivision (a) in the 1985–86 fiscal year or any fiscal year thereafter, up to and including the 2000–01 fiscal year, the Superintendent of Public Instruction shall reduce the base revenue limit per unit of average daily attendance for the fiscal year in which the reduction occurs by an amount attributable to the increase in the 1985–86 fiscal year base revenue limit per unit of average daily attendance pursuant to paragraph (4) of subdivision (b) of Section 42238, as adjusted in the 1985–86 fiscal year and fiscal years thereafter.~~

~~(2)For each school district that receives an apportionment pursuant to subdivision (a) in the 1985–86 fiscal year and that reduces the amount of instructional time offered below the minimum amounts specified in paragraph (2) of subdivision (a) in the 1986–87 fiscal year or any fiscal year thereafter, up to and including the 2000–01 fiscal year, the Superintendent of Public Instruction shall reduce the base revenue limit per unit of average daily attendance for the fiscal year in which the reduction occurs by an amount attributable to the increase in the 1986–87 fiscal year base revenue limit per unit of average daily attendance pursuant to paragraph (4) of subdivision (b) of Section 42238, as adjusted in the 1986–87 fiscal year and fiscal years thereafter.~~

~~(3)For each school district that receives an apportionment pursuant to subdivision (a) in the 1986–87 fiscal year and that reduces the amount of instructional time offered below the minimum amounts specified in paragraph (3) of subdivision (a) in the 1987–88 fiscal year or any fiscal year thereafter, up to and including the 2000–01 fiscal year, the Superintendent of Public Instruction shall reduce the base revenue limit per unit of average daily attendance for the fiscal year in which the reduction occurs by an amount attributable to the increase in the 1987–88 fiscal year base revenue limit per unit of average daily attendance pursuant to paragraph (4) of subdivision (b) of Section 42238, as adjusted in the 1987–88 fiscal year and fiscal years thereafter.~~

~~(d)~~

46201.

(a) For each school district that ~~receives~~ *received* an apportionment pursuant to subdivision (a) ~~in the 1986–87 fiscal year~~ *of this section, as it read on January 1, 2013,* and that reduces the amount of instructional time offered below the minimum amounts specified in ~~either paragraph (3) of subdivision (a) or paragraph (1) of~~ subdivision (b), ~~whichever is applicable, in the 2001–02 fiscal year, or any fiscal year thereafter,~~ the Superintendent ~~of Public Instruction~~ shall withhold from the ~~district's revenue limit apportionment~~ *school district's local control funding formula grant apportionment pursuant to Section 42238.02, as implemented by Section 42238.03,* for the average daily attendance of each affected grade level, the sum of that apportionment **received pursuant to subdivision (a), as it read on January 1, 2013** multiplied by the percentage of the minimum offered minutes at that grade level that the *school* district failed to offer.

(b) Commencing with the 2013–14 fiscal year:

(1) Thirty-six thousand minutes in kindergarten.

(2) Fifty thousand four hundred minutes in grades 1 to 3, inclusive.

(3) Fifty-four thousand minutes in grades 4 to 8, inclusive.

(4) Sixty-four thousand eight hundred minutes in grades 9 to 12, inclusive.

SEC. 256.

Section 46201.1 of the Education Code is repealed.

~~46201.1.~~

~~(a)Notwithstanding paragraph (4) of subdivision (b) of Section 42238, for each school district that received an apportionment pursuant to subdivision (a) of Section 46201 in the 1985–86 fiscal year, the county superintendent shall, for the 1986–87 fiscal year, add to the district's base revenue limit per unit of average daily attendance the amount received in the 1985–86 fiscal year, pursuant to subdivision (a) of Section 46201 divided by the sum of paragraphs (1) and (2).~~

~~(1)The district's average daily attendance for the 1985–86 fiscal year computed pursuant to Section 42238.5.~~

~~(2)The units of average daily attendance in the 1985–86 fiscal year resulting from pupils attending schools funded pursuant to Article 4 (commencing with Section 42280).~~

~~(b)Notwithstanding paragraph (4) of subdivision (b) of Section 42238, for each school district that received an apportionment pursuant to subdivision (a) of Section 46201 in the 1984–85 fiscal year, the county superintendent shall, for calculations or recalculations of the district's 1985–86 base revenue limit per unit of average daily attendance, add to the district's base revenue limit per unit of average daily attendance the amount received in the 1984–85 fiscal year pursuant to subdivision (a) of Section 46201 divided by the sum of paragraphs (1) and (2).~~

~~(1)The district's average daily attendance for the 1984–85 fiscal year computed pursuant to Section 42238.5.~~

~~(2)The units of average daily attendance in the 1984–85 fiscal year resulting from pupils attending schools funded pursuant to Article 4 (commencing with Section 42280).~~

~~(c)Notwithstanding paragraph (3) of subdivision (b) of Section 42238, for each school district that received an apportionment pursuant to subdivision (a) of Section 46200 in the 1984–85 fiscal year, the county superintendent shall, for calculations or recalculations of the district's 1985–86 base revenue limit per unit of average daily attendance, add to the district's base revenue limit per unit of average daily attendance the amount received in the 1984–85 fiscal year divided by the sum of paragraphs (1) and (2).~~

~~(1)The district's average daily attendance for the 1984–85 fiscal year computed pursuant to Section 42238.5.~~

~~(2)The units of average daily attendance for the 1984–85 fiscal year resulting from pupils attending schools funded pursuant to Article 4 (commencing with Section 42280).~~

~~(d)Notwithstanding subdivision (b) of Section 46200, for any school district that received an apportionment pursuant to subdivision (a) of Section 46200 that offers less than 180 days of instruction in the 1986–87 fiscal year, the Superintendent of Public Instruction shall reduce the base revenue limit per unit of average daily attendance for the 1986–87 fiscal year by an~~

~~amount attributable to the increase received pursuant to subdivision (a) of Section 46200, as adjusted.~~

SEC. 257.

Section 46201.2 of the Education Code is amended to read:

46201.2.

(a) Commencing with the 2009–10 school year and continuing through the ~~2014–15~~ *2012–13* school year, a school district, county office of education, or charter school may reduce the equivalent of up to five days of instruction or the equivalent number of instructional minutes without incurring the penalties set forth in Sections 41420, 46200, 46200.5, 46201, 46201.5, 46202, and 47612.5, *as those sections read on January 1, 2013.* A school district, county office of education, or charter school shall receive revenue limit funding based on the adjustments prescribed pursuant to Section 42238.146, *as it read on January 1, 2013,* whether or not it reduces the number of schooldays or instructional minutes.

(b) For the 2013–14 and 2014–15 school years, a school district, county office of education, or charter school may reduce the equivalent of up to five days of instruction or the equivalent number of instructional minutes without incurring the penalties set forth in Sections 41420, 46200, 46200.5, 46201, 46201.5, 46202, and 47612.5.

~~(b)~~

(c b) This section shall become inoperative on July 1, 2015, and, as of January 1, 2016, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2016, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 258.

Section 46201.3 of the Education Code is repealed.

~~46201.3.~~

~~(a)For the 2011–12 school year, the minimum number of instructional days and minutes school districts, county offices of education, and charter schools are required to offer as set forth in Sections 41420, 46200, 46200.5, 46201, 46201.5, 46202, and 47612.5 shall be reduced by up to seven days.~~

~~(b)Implementation of the reduction in the number of instructional days offered by a school district, county office of education, and charter school that is subject to collective bargaining pursuant to Chapter 10.7 (commencing with Section 3540) of Division 4 of Title 1 of the Government Code shall be achieved through the bargaining process, provided that the agreement has been completed and reductions implemented no later than June 30, 2012.~~

~~(c)The revenue limit for each school district, county office of education, and charter school determined pursuant to Article 3 (commencing with Section 2550) of Chapter 12 of Part 2 of Division 1 of Title 1, Article 2 (commencing with Section 42238) of Chapter 7 of Part 24 of~~

~~Division 3, and Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4 shall be reduced by the product of 4 percent and the fraction determined pursuant to paragraph (2).~~

~~(1)Subtract the revenue forecast determined pursuant to subdivision (a) of Section 3.94 of the Budget Act of 2011 from eighty-six billion four hundred fifty-two million five hundred thousand dollars ($86,452,500,000).~~

~~(2)Divide the lesser of two billion dollars ($2,000,000,000) or the amount calculated in paragraph (1) by two billion dollars ($2,000,000,000).~~

~~(d)This section does not affect the number of instructional days or instructional minutes that may be reduced pursuant to Section 46201.2.~~

~~(e)The revenue limit reductions authorized by this section, when combined with the reductions applied under subdivision (c) of Section 3.94 of the Budget Act of 2011, may not be applied so as to reduce school funding below the requirements of Section 8 of Article XVI of the California Constitution based on the applicable revenues estimated by the Department of Finance pursuant to Section 3.94 of the Budget Act of 2011.~~

~~(f)This section shall be operative on February 1, 2012, only for the 2011–12 school year and only if subdivision (c) of Section 3.94 of the Budget Act of 2011 is operative.~~

SEC. 259.

Section 46201.6 of the Education Code is repealed.

~~46201.6.~~

~~Any school district that elected not to participate in either or both of the longer-day and longer-year incentive funding programs set forth in this article may commence participation in, and begin receiving funding for, either or both of those programs in the 1998–99 or 1999–2000 fiscal years, on the same basis as if it had participated in the program or programs since July 1, 1984, if the district meets the requirement of paragraph (3) of subdivision (a) of Section 46201 in the fiscal year in which it commences participation and each fiscal year thereafter.~~

SEC. 260.

Section 46202 of the Education Code is amended to read:

~~46202.~~

~~(a)Except as otherwise provided in this section, in fiscal year 2000–01 and prior, if the governing board of a school district offers less instructional time than the amount of instructional time fixed for the 1982–83 fiscal year, the Superintendent of Public Instruction shall, in that fiscal year, reduce that district's apportionment by the average percentage increase in the base revenue limit for districts of similar type and size multiplied by the district's units of average daily attendance.~~
~~(b)Except as otherwise provided in this section, in fiscal year 2001–02 and any fiscal year thereafter, if~~

46202.

If a school district that does not participate in the program set forth in ~~this article~~ *Sections 46200 to 46206, inclusive, as those sections read on January 1, 2013,* offers less instructional time *in a fiscal year* than the amount of instructional time fixed for the 1982–83 fiscal year, the Superintendent ~~of Public Instruction~~ shall withhold for that fiscal year, from the ~~district's revenue limit apportionment~~ *school district's local control funding formula grant apportionment pursuant to Section 42238.03, as implemented by Section 42238.03,* for the average daily attendance of each affected grade level, the amount of that apportionment multiplied by the percentage of instructional minutes fixed in the 1982–83 school year, at that grade level, that the *school* district failed to offer.

~~(c)The Glendora Unified School District shall reinstate the sixth period, which shall be equivalent to at least 50 minutes of instruction, effective the start of the second semester of the 1983–84 fiscal year.~~

SEC. 261.

Section 46203 of the Education Code is repealed.

~~46203.~~

~~Amounts apportioned to school districts pursuant to this article shall supplement, and not supplant, apportionments received pursuant to any other provision of law.~~

SEC. 262.

Section 46204 of the Education Code is repealed.

~~46204.~~

~~The Superintendent of Public Instruction shall reduce the time periods specified in Sections 46200 and 46201 to the extent that the superintendent determines that insufficient funds are available to fund the per pupil amounts prescribed by those sections.~~

SEC. 263.

Section 46207 is added to the Education Code, to read:

46207.

(a) Notwithstanding Sections 46200 to 46205, inclusive, upon a determination that a school district equals or exceeds its local control funding formula target computed pursuant to Section 42238.02 as determined by the calculation of a zero difference pursuant to paragraph (1) of subdivision (b) of Section 42238.03, each school district, as a condition of apportionment pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, shall, for each fiscal year, offer, at a minimum, the following number of minutes of instruction:

(1) To pupils in kindergarten, 36,000 minutes.

(2) To pupils in grades 1 to 3, inclusive, 50,400 minutes.

(3) To pupils in grades 4 to 8, inclusive, 54,000 minutes.

(4) To pupils in grades 9 to 12, inclusive, 64,800 minutes.

(b) For a school district that has met its local control funding formula target that reduces the amount of instructional time offered below the minimum amounts specified in subdivision (a), the Superintendent shall withhold from the school district's local control funding formula apportionment for the average daily attendance of each affected grade level, the sum of that apportionment multiplied by the percentage of the minimum offered minutes at that grade level that the school district failed to offer.

(c) Notwithstanding subdivision (a), for the 2013–14 and 2014–15 school years, a school district that equals or exceeds its computed local control funding formula target may reduce the equivalent of up to five days of instruction or the equivalent number of instructional minutes without incurring the penalties set forth in this section.

SEC. 264.

Section 46208 is added to the Education Code, to read:

46208.
(a) Notwithstanding Sections 46200 to 46205, inclusive, upon a determination that a school district equals or exceeds its local control funding formula target computed pursuant to Section 42238.02 as determined by the calculation of a zero difference pursuant to paragraph (1) of subdivision (b) of Section 42238.03, each school district, as a condition of apportionment pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, shall offer 180 days or more of instruction per school year. A school operating a multitrack year-round school shall be deemed to be in compliance with the 180-day requirement if it certifies to the Superintendent that it is a multitrack year-round school and maintains its school for a minimum of 163 schooldays.

(b) Notwithstanding subdivision (a), for the 2013–14 and 2014–15 school years, a school district that equals or exceeds its computed local control funding formula target may reduce the equivalent of up to five days of instruction or the equivalent number of instructional minutes without incurring the penalties set forth in this section.

SEC. 265.

Section 46300 of the Education Code is amended to read:

46300.
(a) In computing average daily attendance of a school district or county office of education, there shall be included the attendance of pupils while engaged in educational activities required of those pupils and under the immediate supervision and control of an employee of the *school* district or county office *of education* who possessed a valid certification document, registered as required by law.

(b) (1) For purposes of a work experience education program in a secondary school that meets the standards of the California State Plan for Career Technical Education, "immediate supervision," in the context of off-campus work training stations, means pupil participation in on-the-job training as outlined under a training agreement, coordinated by the school district under a state-approved plan, wherein the employer and certificated school personnel share the responsibility for on-the-job supervision.

~~(2)The pupil-teacher ratio in a work experience program shall not exceed 125 pupils per full-time equivalent certificated teacher coordinator. This ratio may be waived by the state board pursuant to Article 3 (commencing with Section 33050) of Chapter 1 of Part 20 of Division 2 under criteria developed by the state board.~~

~~(3)~~

(2) A pupil enrolled in a work experience program shall not be credited with more than one day of attendance per calendar day, and shall be a full-time pupil enrolled in regular classes that meet the requirements of Section 46141 or 46144.

(c) (1) For purposes of the rehabilitative schools, classes, or programs described in Section 48917 that require immediate supervision, "immediate supervision" means that the person to whom the pupil is required to report for training, counseling, tutoring, or other prescribed activity shares the responsibility for the supervision of the pupils in the rehabilitative activities with certificated personnel of the *school* district.

(2) A pupil enrolled in a rehabilitative school, class, or program shall not be credited with more than one day of attendance per calendar day.

~~(d)(1)For purposes of computing the average daily attendance of pupils engaged in the educational activities required of high school pupils who are also enrolled in a regional occupational center or regional occupational program, the school district shall receive proportional average daily attendance credit for those educational activities that are less than the minimum schoolday, pursuant to regulations adopted by the state board; however, none of that attendance shall be counted for purposes of computing attendance pursuant to Section 52324.~~

~~(2)A school district shall not receive proportional average daily attendance credit pursuant to this subdivision for a pupil in attendance for less than 145 minutes each day.~~

~~(3)The divisor for computing proportional average daily attendance pursuant to this subdivision is 240, except that, in the case of a pupil excused from physical education classes pursuant to Section 52316, the divisor is 180.~~

~~(4)Notwithstanding any other provision of law, travel time of pupils to attend a regional occupational center or regional occupational program shall not be used in any manner in the computation of average daily attendance.~~

~~(e)~~

(d) (1) In computing the average daily attendance of a school district, there shall also be included the attendance of pupils participating in independent study conducted pursuant to Article 5.5 (commencing with Section 51745) of Chapter 5 of Part 28 for five or more consecutive schooldays.

(2) A pupil participating in independent study shall not be credited with more than one day of attendance per calendar day.

~~(f)For purposes of cooperative career technical education programs and community classrooms described in Section 52372.1, "immediate supervision" means pupil participation in paid and unpaid on-the-job experiences, as outlined under a training agreement and individualized training plans wherein the supervisor of the training site and certificated school personnel share the responsibility for the supervision of on-the-job experiences.~~

~~(g)~~

(e) (1) In computing the average daily attendance of a school district, there shall be included the attendance of pupils in kindergarten after they have completed one school year in kindergarten or pupils in a transitional kindergarten program after they have completed one year in that program if one of the following conditions is met:

(A) The school district has on file for each of those pupils an agreement made pursuant to Section 48011, approved in form and content by the department and signed by the pupil's parent or guardian, that the pupil may continue in kindergarten for not more than one additional school year.

(B) The pupils participated in a transitional kindergarten program pursuant to subdivision (c) of Section 48000.

(2) A school district may not include for apportionment purposes the attendance of any pupil for more than two years in kindergarten or for more than two years in a combination of transitional kindergarten and kindergarten.

SEC. 266.

Section 46300.1 of the Education Code is amended to read:

46300.1.

Commencing July 1, 1993, ~~no~~ *a* school district ~~may~~ *shall not* receive school district apportionments pursuant to Section ~~42238~~ *42238.02,* **as implemented pursuant to Section 42238.03,** for independent study by pupils 21 years of age or older or by pupils 19 years of age or older who have not been continuously enrolled in kindergarten or any of grades 1 to 12, inclusive, since their 18th birthday.

SEC. 267.

~~**Section 46300.7 of the Education Code is amended to read:**~~

46300.7.

Notwithstanding any other provision of law, no a school district or county office of education shall receive apportionments for any pupil in independent study unless that entity receives written permission from the parent or guardian of the pupil prior to the commencement of independent study by that pupil. The written permission shall specify the actual dates of participation, the methods of study and evaluation, and the resources to be made available for the independent study program for the pupil.

SEC. 268.

Section 46306 of the Education Code is repealed.

~~46306.~~

~~Notwithstanding any other provision of law, the average daily attendance of pupils enrolled in summer schools shall be credited to the school district in the fiscal year in which the last day of the summer school falls.~~

SEC. 269.

Article 5 (commencing with Section 46351) of Chapter 3 of Part 26 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 270.

Section 46392 of the Education Code is amended to read:

46392.

(a) Whenever the average daily attendance of ~~any~~ *a* school district~~,~~ *or* county office of education, ~~or regional occupational center or program~~ during ~~any~~ *a* fiscal year has been materially decreased during ~~any~~ *a* fiscal year because of any of the following, the fact shall be established to the satisfaction of the Superintendent ~~of Public Instruction~~ by affidavits of the members of the governing board of the school district or county office of education, and the county superintendent of schools:

(1) Fire.

(2) Flood.

(3) Impassable roads.

(4) An epidemic.

(5) An earthquake.

(6) The imminence of a major safety hazard as determined by the local law enforcement agency.

(7) A strike involving transportation services to pupils provided by a nonschool entity.

(8) An order provided for in Section 41422.

(b) In the event a state of emergency is declared by the Governor in a county, ~~any~~ *a* decrease in average daily attendance in the county below the approximate total average daily attendance that would have been credited to a school district~~,~~ *or* county office of education~~, or regional occupational center or program~~ had the state of emergency not occurred shall be deemed material. The ~~superintendent~~ *Superintendent* shall determine the length of the period during which average daily attendance has been reduced by the state of emergency. This period which is determined by the ~~superintendent~~ *Superintendent* shall not extend into the next fiscal year following the declaration of the state of emergency by the Governor, except upon a showing by a school district~~,~~ *or* county office of education, ~~or regional occupational center or program,~~ to the satisfaction of the ~~superintendent,~~ *Superintendent,* that extending the period into the next fiscal year is essential to alleviate continued reductions in average daily attendance attributable to the state of emergency.

(c) The average daily attendance of the *school* district~~,~~ *or* county office of education~~, or regional occupational center or program~~ for the fiscal year shall be estimated by the ~~superintendent~~ *Superintendent* in a manner that credits to the school district~~,~~ *or* county office of education~~, or regional occupational center or program~~ for determining the apportionments to be made to the *school* district~~,~~ *or* county office of education~~, or regional occupational center or program~~ from the State School Fund approximately the total average daily attendance that would have been credited to the school district~~,~~ *or* county office of education~~, or regional occupational center or program~~ had the emergency not occurred or had the order not been issued.

(d) This section applies to any average daily attendance that occurs during any part of a school year.

SEC. 271.

Section 46602 of the Education Code is amended to read:

46602.

If the county board of education determines that the pupil should be permitted to attend in the *school* district in which he or she desires to attend, the pupil shall be admitted to school in the *school* district without delay and the attendance may be counted by the *school* district of attendance for ~~revenue limit and~~ *local control funding formula allocations pursuant to Section 42238.02, as implemented by Section 42238.03,* state apportionment purposes.

Written notice of the decision by the county board of education shall be delivered to the pupil and the parent or guardian, or person having custody of him or her, and to the governing boards of the *school* districts.

SEC. 272.

Section 46603 of the Education Code is amended to read:

46603.
For a period not to exceed two school months, the governing board of a school district may provisionally admit to the schools of the *school* district a pupil who resides in another *school* district, pending a decision of the two *governing* boards *of the school districts*, or by the county board of education upon appeal, regarding the interdistrict attendance.

Regardless of whether the decision on interdistrict attendance is allowed, the provisional attendance may be counted by the *school* district of attendance for ~~revenue limit~~ *local control funding formula allocations pursuant to Section 42238.02, as implemented by Section 42238.03,* and state apportionment purposes.

SEC. 273.

Section 46606 of the Education Code is repealed.

~~46606.~~

~~(a)A regional occupational program or regional occupational center maintained by a school district, county superintendent of schools, or a regional occupational program or regional occupational center maintained by two or more school districts pursuant to a joint powers or cooperative agreement, may admit pupils who reside outside the attendance area of the regional occupational program or regional occupational center.~~

~~(b)The average daily attendance for attendance of pupils who reside outside of the regional occupational center or program attendance area and are enrolled in a regional occupational center or program pursuant to Section 52317 shall be credited to the regional occupational center or program that incurs the training costs for purposes of determining state apportionments and the revenue limits.~~

~~(c)For purposes of computing the revenue limits for pupils who enroll in a regional occupational center or program outside their district of residence, the regional occupational center or program shall claim its own revenue limit.~~

~~(d)The regional occupational center or program is not eligible for state reimbursement for home-to-school transportation allowances for pupils who are enrolled in the regional occupational center or program pursuant to this section.~~

SEC. 274.

Section 46607 of the Education Code is amended to read:

46607.
(a) Except as provided in subdivision (b) ~~or (c)~~, the average daily attendance for attendance of pupils from another *school* district shall be credited to the *school* district of attendance for purposes of determining state apportionments and the ~~revenue limit pursuant to Section 42237 or 42238~~ *local control funding formula allocations pursuant to Section 42238.02, as implemented by Section 42238.03.*

(b) For ~~any~~ *a school* district that would have a reduction of 25 percent or more in its federal grant pursuant to Public Law 81-874 if the average daily attendance of pupils residing within the *school* district were credited to the *school* district of attendance, then the average daily attendance resulting from an interdistrict attendance agreement shall be credited to the *school* district of residence and the *school* district of residence shall pay a tuition to the *school* district of attendance no later than the next August 31, after the close of the fiscal year ~~as follows:~~ *pursuant to subdivision (c).*

~~(1)~~

(c) For attendance in regular day schools and summer schools the tuition per unit of average daily attendance, if any, shall not exceed the actual cost per unit of average daily attendance for the grade level or program less any income, other than tuition, received by the *school* district of attendance on account of such attendance.

~~(2)The district in which the pupil resides shall reduce its total revenue limit pursuant to Section 42238 by the total excess, if any, of its revenue limit per unit of average daily attendance multiplied by the total interdistrict attendance over the total tuition to be paid to districts of attendance.~~

~~The district in which the pupil resides may increase its total revenue limit pursuant to Section 42238 by the total excess, if any, of the total tuition to be paid to districts of attendance over the district of residence's revenue limit per unit of average daily attendance multiplied by the total interdistrict average daily attendance.~~

~~(c)For any consortium of school districts operating an adult education and a regional occupational program serving four or more school districts, the school districts may agree to claim the unit of average daily attendance on the basis of the district of residence and pay such interdistrict tuition to the district of attendance as agreed to by the participating districts.~~

SEC. 275.

Section 46610 of the Education Code is amended to read:

46610.

Notwithstanding any other ~~provision of~~ law, the Fallbrook Union High School District shall enter into an interdistrict attendance agreement with the Capistrano Unified School District to allow any pupil, at the request of his or her parent or guardian, to attend schools of the Capistrano Unified School District when the pupil resides in the San Onofre housing area of the Marine Corps Base, Camp Joseph H. Pendleton. No more than 150 pupils from the Fallbrook Union High School District may attend school in the Capistrano Unified School District pursuant to this interdistrict attendance agreement.

The Fallbrook Union High School District shall be credited with the average daily attendance of these pupils for the purpose of determining state apportionments and ~~revenue limits~~ *local control funding formula allocations pursuant to Section 42238.02, as implemented by Section 42238.03,* and for the purpose of receiving federal grants pursuant to Public Law 81-874.

The Fallbrook Union High School District shall pay tuition to the Capistrano Unified School District for the attendance of these pupils only in the amount of the state apportionments paid to the Fallbrook Union High School District for the attendance of these pupils, plus an amount computed as follows:

(a) Divide the amount of funds paid pursuant to Section 3 of Public Law 81-874 (20 U.S.C. 238) to the Fallbrook Union High School District in the current fiscal year by the average daily attendance of the *school* district in the current fiscal year.

(b) Multiply the amount in subdivision (a) by the average daily attendance, for the year of attendance for secondary school pupils attending the schools of the Capistrano Unified School District pursuant to Section 46610.

SEC. 276.

Section 47604.33 of the Education Code is amended to read:

47604.33. (a) Each charter school shall annually prepare and submit the following reports to its chartering authority and the county superintendent of schools, or only to the county superintendent of schools if the county board of education is the chartering authority:

(1) On or before July 1, a preliminary budget **~~and a local control and accountability plan adopted pursuant to Section 52065~~**. For a charter school in its first year of operation, the information submitted pursuant to subdivision (g) of Section 47605 satisfies this requirement. **The budget shall include the expenditures necessary to implement the local control and accountability plan.**

(2) On or before December 15, an interim financial report. This report shall reflect changes through October 31.

(3) On or before March 15, a second interim financial report. This report shall reflect changes through January 31.

(4) On or before September 15, a final unaudited report for the full prior year.

(b) The chartering authority shall use any financial information it obtains from the charter school, including, but not limited to, the reports required by this section, to assess the fiscal condition of the charter school pursuant to subdivision (d) of Section 47604.32.

(c) The cost of performing the duties required by this section shall be funded with supervisorial oversight fees collected pursuant to Section 47613.

SEC. 277.

Section 47610 of the Education Code is amended to read:

47610.
A charter school shall comply with this part and all of the provisions set forth in its charter, but is otherwise exempt from the laws governing school districts, except all of the following:

(a) As specified in Section 47611.

(b) As specified in Section 41365.

(c) As specified in ~~Section 52065~~ **Article 3.8 (commencing with Section 52060) as added to Chapter 6.1 of Part 28 of Division 4 of Title 2**.

~~(c)~~
(d) All laws establishing minimum age for public school attendance.

~~(d)~~

(e) The California Building Standards Code (Part 2 (commencing with Section 101) of Title 24 of the California Code of Regulations), as adopted and enforced by the local building enforcement agency with jurisdiction over the area in which the charter school is located.

~~(e)~~

(f) Charter school facilities shall comply with subdivision (d) by January 1, 2007.

SEC. 278.

Section 47612.7 of the Education Code is repealed.

~~47612.7.~~

~~(a)Notwithstanding Section 47612.5 or any other law, the Center for Advanced Research and Technology, operating pursuant to a joint powers agreement between the Clovis Unified School District and the Fresno Unified School District, is eligible to receive general purpose funding, as calculated pursuant to Section 47633, for the 2005–06 and 2006–07 fiscal years for a total average daily attendance not to exceed the center's average daily attendance as determined at the second principal apportionment for the 2005–06 and 2006–07 fiscal years, respectively, and for the 2007–08 fiscal year for a total average daily attendance not to exceed the center's average daily attendance as determined at the second principal apportionment for the 2006–07 fiscal year.~~

~~(b)Commencing with the 2008–09 fiscal year, the Center for Advanced Research and Technology, as described in subdivision (a), is not eligible to receive funding pursuant to Chapter 6 (commencing with Section 47630).~~

~~(c)This section shall become inoperative on July 1, 2017, and, as of January 1, 2018, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2018, deletes or extends the dates on which it becomes inoperative and is repealed.~~

SEC. 279.

Section 47613 of the Education Code is amended to read:

47613.

(a) Except as set forth in subdivision (b), a chartering authority may charge for the actual costs of supervisorial oversight of a charter school not to exceed 1 percent of the revenue of the charter school.

(b) A chartering authority may charge for the actual costs of supervisorial oversight of a charter school not to exceed 3 percent of the revenue of the charter school if the charter school is able to obtain substantially rent free facilities from the chartering authority.

(c) A local agency that is given the responsibility for supervisorial oversight of a charter school, pursuant to paragraph (1) of subdivision (k) of Section 47605, may charge for the actual costs of supervisorial oversight, and administrative costs necessary to secure charter school funding. A charter school that is charged for costs under this subdivision may not be charged pursuant to subdivision (a) or (b).

(d) This section does not prevent the charter school from separately purchasing administrative or other services from the chartering authority or any other source.

(e) For purposes of this section, a chartering authority means a school district, county board of education, or the state board, that granted the charter to the charter school.

(f) For purposes of this section, "revenue of the charter school" means the ~~general purpose entitlement and categorical block grant, as defined in subdivisions (a) and (b) of Section 47632~~ *local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03.*

~~(g) (1) The California Research Bureau of the California State Library shall prepare and submit to the Legislature on or before January 8, 2009, a report on the key elements and actual costs of charter school oversight. For purposes of the report, the bureau shall define fiscal and academic oversight and shall include any financial relationship between a charter school and its chartering authority that has the effect of furthering the operations of the charter school and that may provide opportunities to oversee the charter school. The report, at a minimum, shall address all of the following issues:~~

~~(A) The range of annual activities that entities providing supervisorial oversight of charter schools are expected to perform.~~

~~(B) Staff time spent on reviewing charter petitions measured by the size of school districts and the number of charter petitions reviewed.~~

~~(C) Staff time spent on oversight responsibilities measured by the size of school districts and the number of charter schools.~~

~~(D) Best practices for charter school oversight measured by efficiency and effectiveness. A cost analysis of those best practices after being measured by efficiency and effectiveness.~~

~~(E) Comparison of school district costs and revenues attributable to charter school oversight.~~

~~(F) Administrative services provided to a charter school by a chartering authority, such as human resources, that may be useful in the oversight of the charter school and chartering authority revenues attributable to those services.~~

~~(G) Length of time required to review a single charter petition.~~

~~(H) Recommendations for structuring charter school oversight and accountability in California, including an assessment of whether or not the associated costs specified in subdivisions (a) and (b) and subparagraph (F) are adequate to support appropriate supervisorial oversight.~~

~~(2) In preparing its report, the California Research Bureau shall consult with an advisory panel to ensure technical accuracy.~~

SEC. 280.

Section 47613.1 of the Education Code is amended to read:

47613.1.

The Superintendent ~~of Public Instruction~~ shall make ~~all~~ *both* of the following apportionments on behalf of a charter school in a school district in which all schools have been converted to charter schools pursuant to Section 47606, ~~and that elects not to be funded pursuant to the block grant funding model set forth in Section 47633 in each fiscal year that the charter school so elects~~:

~~(a)From funds appropriated to Section A of the State School Fund for apportionment for that fiscal year pursuant to Article 2 (commencing with Section 42238) of Chapter 7 of Part 24, an amount for each unit of current fiscal year regular average daily attendance in the charter school that is equal to the current fiscal year base revenue limit for the school district to which the charter petition was submitted.~~

~~(b)~~

(a) For each pupil enrolled in the charter school who is entitled to special education services, the state and federal funds for special education services for that pupil that would have been apportioned for that pupil to the school district to which the charter petition was submitted.

~~(c)~~

(b) Funds for the programs described in ~~clause (i) of subparagraph (B) of paragraph (1) of subdivision (a) of Section 54761, and~~ Sections 63000 and 64000, to the extent that any pupil enrolled in the charter school is eligible to participate.

SEC. 281.

Section 47613.2 of the Education Code is repealed.

~~47613.2.~~

~~Notwithstanding Sections 47613.1 and 47661, for the 2000–01 fiscal year, the revenue limit of an elementary school district may be determined using either the current or prior year second principal apportionment average daily attendance, whichever is greater, if all the schools in the district were converted to charter schools in the 2000–01 fiscal year and the district continued to be funded through the base revenue limit method.~~

SEC. 282.

Section 47630 of the Education Code is amended to read:

47630.

~~(a)~~It is the intent of the Legislature that each charter school be provided with operational funding that is equal to the total funding that would be available to a similar school district serving a similar pupil population, except that a charter school may not be funded as a necessary small school or a necessary small high school~~, nor receive revenue limit funding that exceeds the statewide average for a school district of a similar type~~.

~~(b)The Legislature finds and declares that the funding method established by this chapter provides for simple and, at the option of the charter school, local or direct allocation of funds to charter schools in a manner that is consistent with state and federal law.~~

SEC. 283.

Section 47630.5 of the Education Code is repealed.

~~47630.5.~~

~~(a)This chapter applies to the calculation of operational funding for charter schools. Except as otherwise provided in this chapter, this chapter shall apply to all charter schools without regard to their sponsoring local education agency.~~

~~(b)For the 1999–2000, 2000–01, and 2001–02 fiscal years in the case of a charter school that was assigned a number by the State Board of Education prior to June 1, 1999, the use of the charter school funding method established by this chapter shall be at the discretion of that charter school. A charter school that elects to have its funding determined pursuant to the method established by this chapter shall notify the State Department of Education by June 1 prior to the affected fiscal year. An election to be funded pursuant to the method established by this chapter is irrevocable.~~

~~(c)Additional legal or fiscal responsibilities on the part of a county superintendent of schools are not imposed by this chapter, except as specifically provided in this chapter.~~

SEC. 284.

Section 47631 of the Education Code is amended to read:

47631.

(a) ~~Article 2 (commencing with Section 47633) and~~ Article 3 (commencing with Section 47636) ~~may~~ *shall* not apply to a charter granted pursuant to Section 47605.5.

(b) **~~Notwithstanding subdivision (a), a pupil attending a county-sponsored charter school who is eligible to attend that school solely as a result of parental request pursuant to subdivision (b) of Section 1981 shall be funded pursuant to this chapter the local control funding formula pursuant to Section 42238.02, as implemented by Section 42238.03.~~ A county-sponsored charter school shall receive the average daily attendance rate calculated under paragraph (1) of subdivision (c) of Section 2754 for pupils served who are identified as 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.
(c) A county-sponsored charter school shall be funded pursuant to the local control funding formula pursuant to Section 42238.02, as implemented by Section 42238.03 for all students, except those funded pursuant to (b).

SEC. 285.

Section 47632 of the Education Code is amended to read:

47632.

For purposes of this chapter, the following terms shall be defined as follows:

(a) "General-purpose entitlement" means an amount computed by the ~~formula set forth in Section 47633 beginning in the 1999–2000 fiscal year, which is based on the statewide average amounts of general-purpose funding from those state and local sources identified in Section 47633 received by school districts of similar type and serving similar pupil populations~~ *local control funding formula pursuant to Section 42238.02, as implemented by Section 42238.03.*

~~(b)"Categorical block grant" means an amount computed by the formula set forth in Section 47634 beginning in the 1999–2000 fiscal year, which is based on the statewide average amounts of categorical aid from those sources identified in Section 47634 received by school districts of similar type and serving similar pupil populations.~~

~~(c)~~

(b) "General-purpose funding" means those funds that consist of state aid, local property taxes, and other revenues applied toward a school district's ~~revenue limit, pursuant to Section 42238~~ *local control funding formula, pursuant to Section 42238.02, as implemented by Section 42238.03.*

~~(d)~~

(c) "Categorical aid" means aid that consists of state or federally funded programs, or both, which are apportioned for specific purposes set forth in statute or regulation.

~~(e)"Economic impact aid-eligible pupils" means those pupils that are included in the economic impact aid-eligible pupil count pursuant to Section 54023. For purposes of applying Section 54023 to charter schools, "economically disadvantaged pupils" means the pupils described in paragraph (2) of subdivision (a) of Section 54026.~~

~~(f)~~

(d) "Educationally disadvantaged pupils" means **those children who have been determined to meet federal eligibility criteria for free and reduced price meals as defined in Section 49531, as that section read on January 1, 2013, except for family day care homes which shall be reimbursed for 75 percent of the meals.** ~~those pupils who are eligible for subsidized meals pursuant to Section 49552 or are identified as English learners pursuant to subdivision (a) of Section 306, or both.~~

~~(g)~~

(e) "Operational funding" means all funding except funding for capital outlay.

~~(h)~~

(f) "School district of a similar type" means a school district that is serving similar grade levels.

~~(i)~~

(g) "Similar pupil population" means similar numbers of pupils by grade level, with a similar proportion of educationally disadvantaged pupils.

~~(j)~~

(h) "Sponsoring local educational agency" means the following:

(1) If a charter school is granted by a school district, the sponsoring local educational agency is the school district.

(2) If a charter is granted by a county office of education after having been previously denied by a school district, the sponsoring local educational agency means the school district that initially denied the charter petition.

(3) If a charter is granted by the state board after having been previously denied by a local educational agency, the sponsoring local educational agency means the local educational agency designated by the state board pursuant to paragraph (1) of subdivision (k) of Section 47605 or if a local educational agency is not designated, the local educational agency that initially denied the charter petition.

(4) For pupils attending county-sponsored charter schools who are eligible to attend those schools solely as a result of parental request pursuant to subdivision (b) of Section 1981, the sponsoring local educational agency means the pupils' school district of residence.

(5) For pupils attending countywide charter schools pursuant to Section 47605.6 who reside in a basic aid school district, the sponsoring local educational agency means the school district of residence of the pupil. For purposes of this paragraph, "basic aid school district" means a school district that does not receive an apportionment of state funds ~~pursuant to~~ *as described in* subdivision ~~(h)~~ *(o)* of Section ~~42238~~ *42238.02*.

SEC. 286.

Section 47632.5 of the Education Code is repealed.

~~47632.5.~~

~~A charter school that is established through the conversion of an existing public school where the charter is granted by a district other than the district in which the school is located may not generate or receive revenue limit funding in excess of the revenue limit of the school district in which the school was located prior to the conversion to charter status. This limitation shall apply whether the charter converts to charter status a single existing public school or multiple existing public schools.~~

SEC. 287.

Section 47633 of the Education Code is repealed.

~~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.~~

SEC. 288.

Section 47634.1 of the Education Code, as amended by Section 23 of Chapter 2 of the 4th Extraordinary Session of the Statutes of 2009, is repealed.

~~47634.1.~~

~~(a)Notwithstanding subdivision (a) of Section 47634, a categorical block grant for charter schools for the 2005–06 fiscal year shall be calculated as follows:~~
~~(1)The Superintendent shall divide the total amount of funding appropriated for the purpose of this block grant in the annual Budget Act or another statute, less the total amount calculated in paragraph (2), by the statewide total of charter school average daily attendance, as determined at the second principal apportionment for the 2005–06 fiscal year.~~

~~(2)The statewide average amount, as computed by the Superintendent, of funding per identified educationally disadvantaged pupil received by school districts in the current fiscal year pursuant to Article 2 (commencing with Section 54020) of Chapter 1 of Part 29. This amount shall be multiplied by the number of educationally disadvantaged pupils enrolled in the charter school. The resulting amount, if greater than zero, may not be less than the minimum amount of Economic Impact Aid funding to which a school district of similar size would be entitled pursuant to Section 54022. For purposes of this subdivision, a pupil who is eligible for subsidized meals pursuant to Section 49552 and is identified as an English learner pursuant to subdivision (a) of Section 306 shall count as two pupils.~~

~~(3)For each charter school, the Superintendent shall multiply the amount calculated in paragraph (1) by the school's average daily attendance as determined at the second principal apportionment for the 2005–06 fiscal year.~~

~~(4)The Superintendent shall add the amounts computed in paragraphs (2) and (3). The resulting amount shall be the charter school categorical block grant that the Superintendent shall apportion to each charter school from funds appropriated for this purpose in the annual Budget Act or another statute. The Superintendent shall allocate an advance payment of this grant as early as possible, but no later than October 31, 2005, based on prior year average daily attendance as determined at the second principal apportionment or, for a charter school in its first year of operation that commences instruction on or before September 30, 2005, on estimates of average daily attendance for the current fiscal year determined pursuant to Section 47652.~~

~~(b)(1)For the 2006–07 fiscal year, the categorical block grant allocated by the Superintendent for charter schools shall be four hundred dollars ($400) per unit of charter school average daily attendance as determined at the second principal apportionment for the 2006–07 fiscal year. This amount shall be supplemented by the amount calculated in paragraph (2).~~

~~(2)The statewide average amount, as computed by the Superintendent, of funding per economic impact aid eligible pupil count received by school districts in the current fiscal year, pursuant to Article 2 (commencing with Section 54020) of Chapter 1 of Part 29, shall be multiplied by the number of economic impact aid eligible pupils enrolled in the charter school. The resulting amount, if greater than zero, may not be less than the minimum amount of Economic Impact Aid funding to which a school district of similar size would be entitled pursuant to Section 54022.~~

~~(c)(1)For the 2007–08 fiscal year, the categorical block grant allocated by the Superintendent for charter schools shall be five hundred dollars ($500) per unit of charter school average daily attendance as determined at the second principal apportionment for the 2007–08 fiscal year. For each fiscal year thereafter, this per unit amount shall be adjusted for the cost of living adjustment, as determined pursuant to Section 42238.1, for that fiscal year. This amount shall be supplemented in the 2007–08 fiscal year and each fiscal year thereafter by the amount calculated in paragraph (2).~~

~~(2)The statewide average amount, as computed by the Superintendent, of funding per economic impact aid eligible pupil count received by school districts in the current year, pursuant to Article 2 (commencing with Section 54020) of Chapter 1 of Part 29, shall be multiplied by the number of economic impact aid eligible pupils enrolled in the charter school. The resulting amount, if greater than zero, may not be less than the minimum amount of Economic Impact Aid funding to which a school district of similar size would be entitled pursuant to Section 54022.~~

~~(d)It is the intent of the Legislature to fully fund the categorical block grant for charter schools as specified in this section and to appropriate additional funding that may be needed in order to compensate for unanticipated increases in average daily attendance and counts of economic impact aid eligible pupils, pursuant to Article 2 (commencing with Section 54020) of Chapter 1 of Part 29, in charter schools. In any fiscal year in which the department identifies a deficiency in the categorical block grant, the department shall identify the available balance for programs that count towards meeting the requirements of Section 8 of Article XVI of the California Constitution and have unobligated funds for the year.~~

~~(e)For the purposes of this section, a funding deficiency shall be strictly limited to unanticipated increases in average daily attendance and counts of economic impact aid eligible pupils. In no event shall additional funding be provided to restore reductions made to categorical programs pursuant to Control Section 12.42 of an annual Budget Act.~~

~~(f)On or before July 1, the department shall provide the Department of Finance with a list of those programs and their available balances, and the amount of the deficiency, if any, in the categorical block grant. Within 45 days of the receipt of a notification of deficiency, the Director of Finance shall verify the amount of the deficiency in the categorical block grant and direct the Controller to transfer an amount, equal to the lesser of the amount available or the amount needed to fully fund the categorical block grant, from those programs to the categorical block grant. The Department of Finance shall notify the Joint Legislative Budget Committee within 30 days of any transfer made pursuant to this section.~~

~~(g)Commencing October 1, 2007, the Legislative Analyst's Office shall triennially convene a work group to review, commencing with appropriations proposed for the 2008–09 fiscal year, the appropriateness of the funding level provided by the categorical block grant established in this section.~~

~~(h)Categorical block grant funding may be used for any purpose determined by the governing body of the charter school.~~

~~(i)This section shall become inoperative on July 1, 2013, and, as of January 1, 2014, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2014, deletes or extends the dates on which it becomes inoperative and is repealed.~~

SEC. 289.

Section 47634.1 of the Education Code, as added by Section 24 of Chapter 2 of the 4th Extraordinary Session of the Statutes of 2009, is repealed.

~~47634.1.~~

~~(a)Notwithstanding subdivision (a) of Section 47634, a categorical block grant for charter schools for the 2005–06 fiscal year shall be calculated as follows:~~

~~(1)The Superintendent shall divide the total amount of funding appropriated for the purpose of this block grant in the annual Budget Act or another statute, less the total amount calculated in paragraph (2), by the statewide total of charter school average daily attendance, as determined at the second principal apportionment for the 2005–06 fiscal year.~~

~~(2)The statewide average amount, as computed by the Superintendent, of funding per identified educationally disadvantaged pupil received by school districts in the current fiscal year pursuant to Article 2 (commencing with Section 54020) of Chapter 1 of Part 29. This amount shall be multiplied by the number of educationally disadvantaged pupils enrolled in the charter school. The resulting amount, if greater than zero, shall not be less than the minimum amount of Economic Impact Aid funding to which a school district of similar size would be entitled pursuant to Section 54022. For purposes of this subdivision, a pupil who is eligible for subsidized meals pursuant to Section 49552 and is identified as an English learner pursuant to subdivision (a) of Section 306 shall count as two pupils.~~

~~(3)For each charter school, the Superintendent shall multiply the amount calculated in paragraph (1) by the school's average daily attendance as determined at the second principal apportionment for the 2005–06 fiscal year.~~

~~(4)The Superintendent shall add the amounts computed in paragraphs (2) and (3). The resulting amount shall be the charter school categorical block grant that the Superintendent shall apportion to each charter school from funds appropriated for this purpose in the annual Budget Act or another statute. The Superintendent shall allocate an advance payment of this grant as early as possible, but no later than October 31, 2005, based on prior year average daily attendance as determined at the second principal apportionment or, for a charter school in its first year of operation that commences instruction on or before September 30, 2005, on estimates of average daily attendance for the current fiscal year determined pursuant to Section 47652.~~

~~(b)(1)For the 2006–07 fiscal year, the categorical block grant allocated by the Superintendent for charter schools shall be four hundred dollars ($400) per unit of charter school average daily attendance as determined at the second principal apportionment for the 2006–07 fiscal year. This amount shall be supplemented by the amount calculated in paragraph (2).~~

~~(2)The statewide average amount, as computed by the Superintendent, of funding per economic impact aid eligible pupil count received by school districts in the current fiscal year, pursuant to Article 2 (commencing with Section 54020) of Chapter 1 of Part 29, shall be multiplied by the number of economic impact aid eligible pupils enrolled in the charter school. The resulting amount, if greater than zero, shall not be less than the minimum amount of Economic Impact Aid funding to which a school district of similar size would be entitled pursuant to Section 54022.~~

~~(c)(1)For the 2007–08 fiscal year, the categorical block grant allocated by the Superintendent for charter schools shall be five hundred dollars ($500) per unit of charter school average daily attendance as determined at the second principal apportionment for the 2007–08 fiscal year. For each fiscal year thereafter, this per unit amount shall be adjusted for the cost of living adjustment, as determined pursuant to Section 42238.1, for that fiscal year. This amount shall be supplemented in the 2007–08 fiscal year and each fiscal year thereafter by the amount calculated in paragraph (2).~~

~~(2)The statewide average amount, as computed by the Superintendent, of funding per economic impact aid eligible pupil count received by school districts in the current year, pursuant to Article 2 (commencing with Section 54020) of Chapter 1 of Part 29, shall be multiplied by the number of economic impact aid eligible pupils enrolled in the charter school. The resulting amount, if greater than zero, shall not be less than the minimum amount of Economic Impact Aid funding to which a school district of similar size would be entitled pursuant to Section 54022.~~

~~(d)It is the intent of the Legislature to fully fund the categorical block grant for charter schools as specified in this section and to appropriate additional funding that may be needed in order to compensate for unanticipated increases in average daily attendance and counts of economic impact aid eligible pupils, pursuant to Article 2 (commencing with Section 54020) of Chapter 1 of Part 29, in charter schools. In any fiscal year in which the department identifies a deficiency in the categorical block grant, the department shall identify the available balance for programs that count towards meeting the requirements of Section 8 of Article XVI of the California Constitution and have unobligated funds for the year. On or before July 1, the department shall provide the Department of Finance with a list of those programs and their available balances, and the amount of the deficiency, if any, in the categorical block grant. Within 45 days of the receipt of a notification of deficiency, the Director of Finance shall verify the amount of the deficiency in the categorical block grant and direct the Controller to transfer an amount, equal to the lesser of the amount available or the amount needed to fully fund the categorical block grant, from those programs to the categorical block grant. The Department of Finance shall notify the Joint Legislative Budget Committee within 30 days of any transfer made pursuant to this section.~~

~~(e)Commencing October 1, 2007, the Legislative Analyst's Office shall triennially convene a work group to review, commencing with appropriations proposed for the 2008–09 fiscal year, the appropriateness of the funding level provided by the categorical block grant established in this section.~~

~~(f)Categorical block grant funding may be used for any purpose determined by the governing body of the charter school.~~

~~(g)This section shall become operative on July 1, 2013.~~

SEC. 290.

Section 47634.3 of the Education Code is amended to read:

47634.3.
For purposes of ~~Section 47633,~~ *Sections 42238.02 and 42238.03,* the Superintendent shall compute average daily attendance in each of grades 1 through 12, respectively, as follows:

(a) Distribute statewide total ungraded enrollment and average daily attendance among kindergarten and each of grades 1 through 12, inclusive, in proportion to the amounts of graded enrollment and average daily attendance, respectively, in each of these grades.

(b) Multiply enrollment in each of grades 1 through 12, respectively, by the ratio of average daily attendance to enrollment in the applicable grade range: 1 through 3, inclusive, 4 through 6, inclusive; 7 and 8; and 9 through 12, inclusive.

SEC. 291.

Section 47634.4 of the Education Code is amended to read:

47634.4.
(a) A charter school that elects to receive its funding directly, pursuant to Section 47651, may apply individually for federal and state categorical programs, not excluded in this section, but only to the extent it is eligible for funding and meets the provisions of the program. For purposes of determining eligibility for, and allocation of, state or federal categorical aid, a charter school that applies individually shall be deemed to be a school district, except as otherwise provided in this chapter.

(b) A charter school that does not elect to receive its funding directly, pursuant to Section 47651, may, in cooperation with its chartering authority, apply for federal and state categorical programs not specified in this section, but only to the extent it is eligible for funding and meets the provisions of the program.

(c) Notwithstanding any other ~~provision of~~ law, for the 2006–07 fiscal year and each fiscal year thereafter, a charter school may not apply directly for categorical programs for which services are exclusively or almost exclusively provided by a county office of education.

(d) Consistent with subdivision (c), a charter school may not receive direct funding for any of the following county-administered categorical programs:

(1) American Indian Education Centers.

~~(2)The California Association of Student Councils.~~

~~(3)California Technology Assistance Project established pursuant to Article 15 (commencing with Section 51870) of Chapter 5 of Part 28.~~

~~(4)The Center for Civic Education.~~

~~(5)~~

(2) County Office Fiscal Crisis and Management Assistance Team.

~~(6)~~

(3) The K–12 High Speed Network.

(e) A charter school may apply separately for district-level or school-level grants associated with any of the categorical programs specified in subdivision (d).

~~(f)Notwithstanding any other provision of law, for the 2006–07 fiscal year and each fiscal year thereafter, in addition to the programs listed in subdivision (d), a charter school may not apply for any of the following categorical programs:~~

~~(1)Agricultural Career Technical Education Incentive Program, as set forth in Article 7.5 (commencing with Section 52460) of Chapter 9 of Part 28.~~

~~(2)Bilingual Teacher Training Assistance Program, as set forth in Article 4 (commencing with Section 52180) of Chapter 7 of Part 28.~~

~~(3)California Peer Assistance and Review Program for Teachers, as set forth in Article 4.5 (commencing with Section 44500) of Chapter 3 of Part 25.~~

~~(4)College preparation programs, as set forth in Chapter 12 (commencing with Section 11020) of Part 7, Chapter 8.3 (commencing with Section 52240) of Part 28, and Chapter 8 (commencing with Section 60830) of Part 33.~~

~~(5)Foster youth programs pursuant to Chapter 11.3 (commencing with Section 42920) of Part 24.~~

~~(6)Gifted and talented pupil programs pursuant to Chapter 8 (commencing with Section 52200) of Part 28.~~

~~(7)Home-to-school transportation programs, as set forth in Article 2 (commencing with Section 39820) of Chapter 1 of Part 23.5 and Article 10 (commencing with Section 41850) of Chapter 5 of Part 24.~~

~~(8)International Baccalaureate Diploma Program, as set forth in Chapter 12.5 (commencing with Section 52920) of Part 28.~~

~~(9)Mathematics and Reading Professional Development Program, as set forth in Article 3 (commencing with Section 99230) of Chapter 5 of Part 65.~~

~~(10)Principal Training Program, as set forth in Article 4.6 (commencing with Section 44510) of Chapter 3 of Part 25.~~

~~(11)Professional Development Block Grant, as set forth in Article 5 (commencing with Section 41530) of Chapter 3.2 of Part 24.~~

~~(12)Program to Reduce Class Size in Two Courses in Grade 9 (formerly The Morgan-Hart Class Size Reduction Act of 1989), as set forth in Chapter 6.8 (commencing with Section 52080) of Part 28.~~

~~(13)Pupil Retention Block Grant, as set forth in Article 2 (commencing with Section 41505) of Chapter 3.2 of Part 24.~~

~~(14)Reader services for blind teachers, as set forth in Article 8.5 (commencing with Section 45370) of Chapter 5 of Part 25.~~

~~(15)School and Library Improvement Block Grant, as set forth in Article 7 (commencing with Section 41570) of Chapter 3.2 of Part 24.~~

~~(16)School Safety Consolidated Competitive Grant, as set forth in Article 3 (commencing with Section 41510) of Chapter 3.2 of Part 24.~~

~~(17)School safety programs, as set forth in Article 3.6 (commencing with Section 32228) and Article 3.8 (commencing with Section 32239.5) of Chapter 2 of Part 19.~~

~~(18)Specialized secondary schools pursuant to Chapter 6 (commencing with Section 58800) of Part 31.~~

~~(19)State Instructional Materials Fund, as set forth in Article 3 (commencing with Section 60240) of Chapter 2 of Part 33.~~

~~(20)Targeted Instructional Improvement Block Grant, as set forth in Article 6 (commencing with Section 41540) of Chapter 3.2 of Part 24.~~

~~(21)Teacher dismissal apportionment, as set forth in Section 44944.~~

~~(22)The deferred maintenance program, as set forth in Article 1 (commencing with Section 17565) of Chapter 5 of Part 10.5.~~

~~(23)The General Fund contribution to the State Instructional Materials Fund pursuant to Article 3 (commencing with Section 60240) of Chapter 2 of Part 33.~~

~~(24)Year-Round School Grant Program, as set forth in Article 3 (commencing with Section 42260) of Chapter 7 of Part 24.~~

SEC. 292.

Section 47635 of the Education Code is amended to read:

47635.

(a) A sponsoring local educational agency shall annually transfer to each of its charter schools funding in lieu of property taxes equal to the lesser of the following two amounts:

(1) The average amount of property taxes per unit of average daily attendance, including average daily attendance attributable to charter schools, received by the local educational agency, multiplied by the charter school's average daily attendance.

(2) The ~~statewide average general purpose funding~~ *local control funding formula base grant funding* **computed** *pursuant to* **subdivision (d) of** *Section 42238.02* per unit of average daily attendance received by school districts, as determined by the ~~State Department of Education,~~ *department,* 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 the charter school 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 base grant for purposes of paragraph (2) shall be the sum of the entitlements for the charter school for the specified fiscal year as computed pursuant to paragraphs (1) through 4 of subdivision (a) of Section 42238.03 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 that fiscal year computed pursuant to Section 42238.02, inclusive.

(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 ~~of Public Instruction~~ 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 ~~of Public Instruction~~ 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 ~~of Public Instruction~~ for purposes of the second principal apportionment. A sponsoring local educational agency shall transfer to each of its charter schools an amount equal to the remaining difference between the school's estimated annual entitlement to funding in lieu of property taxes and the amounts provided pursuant to paragraphs (1) and (2).

(4) Final adjustments to the amount of funding in lieu of property taxes allocated to a charter school shall be made in February, in conjunction with the final reconciliation of annual apportionments to schools.

(5) Subdivision (a) and paragraphs (1) to (4), inclusive, ~~of subdivision (b)~~ 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 ~~revenue limit~~ *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 ~~of Public Instruction~~ 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 ~~revenue limit~~ *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 ~~of Public Instruction~~ shall apportion the difference to the charter school from state funds.

SEC. 293.

Section 47636 of the Education Code is amended to read:

47636.

(a) This chapter ~~does~~ *shall* not prevent a charter school from negotiating with a local educational agency for a share of operational funding from sources not otherwise set forth in this chapter including, but not limited to, all of the following:

(1) Forest reserve revenues and other operational revenues received due to harvesting or extraction of minerals or other natural resources.

(2) Sales and use taxes, to the extent that the associated revenues are available for noncapital expenses of public schools.

(3) Parcel taxes, to the extent that the associated revenues are available for noncapital expenses of public schools.

(4) Ad valorem property taxes received by a school district which exceed its ~~revenue limit entitlement~~ *local control funding formula entitlement pursuant to Section 42238.02, as implemented by Section 42238.03.*

(5) "Basic aid" received by a school district pursuant to Section 6 of Article IX of the California Constitution.

(b) This section shall become operative July 1, 2006.

SEC. 294.

Section 47650 of the Education Code is amended to read:

47650.
A charter school shall be deemed to be a school district for purposes of determining the manner in which warrants are drawn on the State School Fund pursuant to Section 14041. For purposes of Section 14041, a charter school's "total amount certified" means the state aid portion of the charter school's total ~~general purpose entitlement and categorical block grant computed pursuant to Sections 47633 and 47634~~ *local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03* **and Section 42238.04**.

SEC. 295.

Section 47651 of the Education Code is amended to read:

47651.
(a) A charter school may receive the state aid portion of the charter school's total ~~general purpose entitlement and categorical block grant~~ *local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03,* directly or through the local educational agency that either grants its charter or was designated by the ~~State Board of Education~~ *state board.*

(1) In the case of a charter school that elects to receive its funding directly, the warrant shall be drawn in favor of the *county* superintendent of schools of the county in which the local educational agency that approved the charter or was designated by the ~~State Board of Education~~ *state board* as the oversight agency pursuant to paragraph (1) of subdivision (k) of Section 47605 is located, for deposit to the appropriate funds or accounts of the charter school in the county treasury. The county superintendent of schools is authorized to establish appropriate funds or accounts in the county treasury for each charter school.

(2) In the case of a charter school that does not elect to receive its funding directly pursuant to Section 47651, the warrant shall be drawn in favor of the *county* superintendent of schools of the county in which the local educational agency that granted the charter is located or was designated the oversight agency by the *state* board pursuant to paragraph (1) of subdivision (k) of Section 47605, for deposit to the appropriate funds or accounts of the local educational agency.

(3) In the case of a charter school, the charter of which was granted by the ~~State Board of Education,~~ *state board,* but for which the *state* board has not delegated oversight responsibilities pursuant to paragraph (1) of subdivision (k) of Section 47605, the warrant shall be drawn in favor of the *county* superintendent of schools in the county where the local educational agency is located that initially denied the charter that was later approved by the *state* board. The county superintendent of schools is authorized to establish appropriate funds or accounts in the county treasury for each charter school.

(b) On or before June 1 of each year, a charter school electing to receive its funding directly shall so notify the county superintendent of schools of the county in which the local educational agency that granted the charter is located or, in the case of charters for which the ~~State Board of Education~~ *state board* has designated an oversight agency pursuant to paragraph (1) of subdivision (k) of Section 47605, the county superintendent of schools of the county in which the designated oversight agency is located. An election to receive funding directly shall apply to all funding that the charter school is eligible to receive including, but not limited to, the ~~charter general purpose entitlements and the categorical block grant computed pursuant to Sections 47633 and 47634,~~ *local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03,* other state and federal categorical aid, and lottery funds.

SEC. 296.

Section 47660 of the Education Code is amended to read:

47660.

~~(a)~~For purposes of computing eligibility for, and entitlements to, general purpose funding and operational funding for categorical programs, the enrollment and average daily attendance of a sponsoring local educational agency shall exclude the enrollment and attendance of pupils in its charter schools funded pursuant to this chapter.

~~(b)(1)Notwithstanding subdivision (a), and commencing with the 2005–06 fiscal year, for purposes of computing eligibility for, and entitlements to, revenue limit funding, the average daily attendance of a unified school district, other than a unified school district that has converted all of its schools to charter status pursuant to Section 47606, shall include all attendance of pupils who reside in the unified school district and who would otherwise have been eligible to attend a noncharter school of the school district, if the school district was a basic aid school district in the prior fiscal year, or if the pupils reside in the unified school district and attended a charter school of that school district that converted to charter status on or after July 1, 2005. Only the attendance of the pupils described by this paragraph shall be included in the calculation made pursuant to paragraph (7) of subdivision (h) of Section 42238.~~

~~(2)Notwithstanding subdivision (a), for the 2005–06 fiscal year only, for purposes of computing eligibility for, and entitlements to, revenue limit funding, the average daily attendance of a unified school district, other than a unified school district that has converted all of its schools to charter status pursuant to Section 47606 and is operating them as charter schools, shall include all attendance of pupils who reside in the unified school district and who would otherwise have been eligible to attend a noncharter school of the unified school district if the pupils attended a charter school operating in the unified school district prior to July 1, 2005. Only the attendance~~

~~of pupils described by this paragraph shall be included in the calculation made pursuant to Section 42241.3. The attendance of the pupils described by this paragraph shall be included in the calculation made pursuant to paragraph (7) of subdivision (h) of Section 42238.~~

~~(c)(1)For the attendance of pupils specified in subdivision (b), the general purpose entitlement for a charter school that is established through the conversion of an existing public school within a unified school district on or after July 1, 2005, but before January 1, 2010, shall be determined using the following amount of general purpose funding per unit of average daily attendance, in lieu of the amount calculated pursuant to subdivision (a) of Section 47633:~~

~~(A)The amount of the actual unrestricted revenues expended per unit of average daily attendance for that school in the year prior to its conversion to, and operation as, a charter school, adjusted for the base revenue limit per pupil inflation increase adjustment set forth in Section 42238.1, if this adjustment is provided, and also adjusted for equalization, deficit reduction, and other state general purpose increases, if any, provided for the unified school district in the year of conversion to, and operation as a charter school.~~

~~(B)For a subsequent fiscal year, the general purpose entitlement shall be determined based on the amount per unit of average daily attendance allocated in the prior fiscal year adjusted for the base revenue limit per pupil inflation increase adjustment set forth in Section 42238.1, if this adjustment is provided, and also adjusted for equalization, deficit reduction, and other state general purpose increases, if any, provided for the unified school district in that fiscal year.~~

~~(2)This subdivision shall not apply to a charter school that is established through the conversion of an existing public school within a unified school district on or after January 1, 2010, which instead shall receive general purpose funding~~
~~pursuant to Section 47633. This paragraph does not preclude a charter school or unified school district from agreeing to an alternative funding formula.~~

~~(d)Commencing with the 2005–06 fiscal year, the general purpose funding per unit of average daily attendance specified for a unified school district for purposes of paragraph (7) of subdivision (h) of Section 42238 for a school within the unified school district that converted to charter status on or after July 1, 2005, shall be deemed to be the amount computed pursuant to subdivision (c).~~

~~(e)A unified school district that is the sponsoring local educational agency as defined in subdivision (j) of Section 47632 of a charter school that is subject to paragraphs (1) and (2) of subdivision (c) shall certify to the Superintendent the amount specified in paragraph (1) of subdivision (c) prior to the approval of the charter petition by the governing board of the school district. This amount may be based on estimates of the unrestricted revenues expended in the fiscal year prior to the school's conversion to charter status and the school's operation as a charter school, provided that the amount is recertified when the actual data becomes available.~~

~~(f)For the purposes of this section, "basic aid school district" means a school district that does not receive from the state an apportionment of state funds pursuant to subdivision (h) of Section 42238.~~

~~(g)A school district may use the existing Standardized Account Code Structure and cost allocation methods, if appropriate, for an accounting of the actual unrestricted revenues expended in support of a school pursuant to subdivision (c).~~

~~(h)For purposes of this section and Section 42241.3, "operating" means that pupils are attending and receiving instruction at the charter school.~~

SEC. 297.

Section 47662 of the Education Code is amended to read:

47662.
For purposes of Section ~~42238,~~ *42238.02, as implemented by Section 42238.03,* the property tax revenues received by a sponsoring local educational agency 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 shall be reduced by the amount of funding in lieu of property taxes allocated to a charter school or schools pursuant to Section 47635.

SEC. 298.

Section 47663 of the Education Code is amended to read:

47663.
(a) **(1)** For a pupil of a charter school sponsored by a basic aid school district who resides in, and is otherwise eligible to attend, a school district other than a basic aid school district, the Superintendent ~~of Public Instruction~~ shall apportion to the sponsoring school district an amount equal to 70 percent of the ~~revenue limit~~ *local control funding formula* **base grant computed** ~~**allocations**~~ *pursuant to* **subdivision (d) of** *Section 42238.02,* ~~**as implemented by Section 42238.03,**~~ 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 that 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, 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) through (4) of subdivision (a) of Section 42238.03 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 that fiscal year computed pursuant to Section 42238.02, inclusive.

(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 ~~revenue limit guarantee, prior to~~ *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 of in lieu of taxes made for pupils who reside in and would otherwise be eligible to attend a school of the school district.*

(2) The total amount of *in lieu of* property taxes transferred pursuant to Section 47635 to the charter school or schools that it sponsors, *except for transfer of in lieu of 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 of 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.

~~(c)~~

(d) The Superintendent ~~of Public Instruction may~~ *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 exception set forth in paragraph (5) of subdivision (b) of Section 47635.

~~(d)~~

(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 ~~pursuant to~~ *as described in* subdivision ~~(h)~~ *(o)* of Section ~~42238~~ *42238.02.*

SEC. 299.

Section 47664 of the Education Code is repealed.

~~47664.~~

~~(a)A school district in which all schools have been converted to charter schools pursuant to Section 47606, at the school district's discretion, may use the funding method provided for by this chapter. A school district that elects to have its funding determined pursuant to the method provided for by this chapter shall so notify the Superintendent of Public Instruction by June 1 prior to the affected fiscal year. Once made, an election to be funded pursuant to the method provided for by this chapter is irrevocable.~~

~~(b)In the case of a school district in which all schools have been converted to charter schools pursuant to Section 47606, and that has not elected to be funded pursuant to the method provided for by this chapter, any increase in district average daily attendance attributable to pupils who reside in, and would otherwise be eligible to attend, a district other than the district sponsoring the charter school shall be funded at the lesser of the following:~~

~~(1)The sponsoring district's own base revenue limit per unit of average daily attendance.~~

~~(2)The statewide average base revenue limit per unit of average daily attendance for districts of a similar type. For purposes of this paragraph, increases in average daily attendance shall be measured relative to the 1998–99 fiscal year or the fiscal year in which all schools in the district were converted to charter schools pursuant to Section 47606, whichever fiscal year is later.~~

~~(c)A school district in which all schools have been converted to charter schools pursuant to Section 47606 and that is the sponsoring entity for a charter school or schools that were previously funded pursuant to the method provided pursuant to this chapter shall have its base revenue limit computed as follows:~~

~~(1)The average daily attendance of the charter school or schools for the fiscal year prior to the fiscal year in which the conversion is effective shall be multiplied by the statewide average base revenue limit per unit of average daily attendance for districts of similar type for the fiscal year in which the conversion is effective.~~

~~(2)The school district's remaining average daily attendance for the fiscal year prior to the fiscal year in which the conversion is effective shall be multiplied by the school district's base revenue limit per unit of average daily attendance for the fiscal year in which the conversion is effective.~~

~~(3)The amounts computed in paragraphs (1) and (2) shall be added and this total shall be divided by the district's total average daily attendance, including average daily attendance in charter schools for which it is the sponsoring entity, for the fiscal year prior to the fiscal year in which the conversion is effective.~~

SEC. 300.

Section 48200.7 of the Education Code is repealed.

~~48200.7.~~

~~(a)The State Department of Education shall identify the three lowest performing elementary schools in the Compton Unified School District for purposes of extending the school year for pupils enrolled in kindergarten or grades 1 and 2 and for those pupils in any of grades 3 to 5, inclusive, who are performing in mathematics or English language arts two or more grade levels below the grade in which those pupils are enrolled as determined under subdivision (d).~~

~~(b)Beginning with the 1998–99 school year, the Compton Unified School District may identify schools of the district, in addition to those identified pursuant to subdivision (a), that are among the lowest performing schools in the district, and may provide extended school year instruction pursuant to Section 41601.1 to any pupil enrolled in kindergarten or any of grades 1 to 12, inclusive, in a school identified pursuant to this subdivision who is performing in mathematics or English language arts at a grade level that is two or more grade levels below the grade in which that pupil is enrolled as determined pursuant to subdivision (d).~~

~~(c)Notwithstanding subdivision (b) of this section and Section 41601.1, the amount of funding claimed by the district for extended year instruction shall not in any year exceed twice the amount claimed pursuant to this section in the 1997–98 fiscal year as adjusted each year by the inflation adjustment determined pursuant to Section 42238.1.~~

~~(d)The determination that a pupil is performing two or more grade levels below the grade in which that pupil is enrolled shall be based on any combination of the following:~~

~~(1)The California Achievement Test Form E.~~

~~(2)The Spanish assessment of basic education.~~

~~(3)Proficiency tests required for graduation.~~

~~(4)District criterion reference tests based on state curriculum guides.~~

~~(5)The STAR test.~~

~~(e)The Compton Unified School District shall test all pupils in kindergarten and grades 1 to 12, inclusive, in its lowest performing schools identified pursuant to subdivisions (a) and (b) prior to those pupils beginning an extended school year program under this section. At the end of the school year the school district shall again test the pupils in kindergarten and grades 1 to 12, inclusive, to determine the grade level at which those pupils are performing.~~

~~(f)The department shall approve each of the following areas in each elementary school identified as high priority pursuant to subdivision (a):~~

~~(1)Curricula.~~

~~(2)Testing instruments.~~

~~(3)Schoolday length.~~

~~(4)Teacher selection, teacher mentoring, and staff development processes.~~

~~(g)The department shall review teacher compensation, including salary and benefits, in each elementary school identified as high priority pursuant to subdivision (a).~~

~~(h)The department shall collect data as to each of the following items for each school in subdivisions (a) and (b):~~

~~(1)Instructional materials used by, and made available to, the school.~~

~~(2)Teacher capacity.~~

~~(3)Any other baseline data deemed necessary by the department.~~

~~(i)Instruction provided to pupils subject to this section during schooldays in excess of schooldays offered to other pupils shall be devoted to instruction in basic skills in mathematics and English language arts.~~

~~(j)In conjunction with the Legislative Analyst, the department shall contract for an independent evaluation to determine the effectiveness of the extended school year curriculum, instructional program, and materials provided pursuant to this section and funded pursuant to Section 41601.1 in improving pupil academic outcomes. Testing and data collection conducted pursuant to this section shall be administered under the oversight of the independent evaluator, who shall~~

~~be provided with copies of all test results. Results of the evaluation shall be reported on or before January 1, 2002, to the Superintendent of Public Instruction, the Legislative Analyst, the Director of Finance, and the appropriate policy and fiscal committees of the Legislature. The Compton Unified School District shall be responsible for all costs incurred pursuant to this subdivision.~~

~~(k)A percentage of funding appropriated for purposes of this section, in an amount to be determined by the Superintendent of Public Instruction, shall be used for purposes of testing and data collecting pursuant to this section.~~

SEC. 301.

Section 48206.3 of the Education Code is amended to read:

48206.3.
(a) Except for those pupils receiving individual instruction provided pursuant to Section 48206.5, a pupil with a temporary disability which makes attendance in the regular day classes or alternative education program in which the pupil is enrolled impossible or inadvisable shall receive individual instruction provided by the *school* district in which the pupil is deemed to reside.

(b) For purposes of this section and Sections 48206.5, 48207, and 48208, the following terms have the following meanings:

(1) "Individual instruction" means instruction provided to an individual pupil in the pupil's home, in a hospital or other residential health facility, excluding state hospitals, or under other circumstances prescribed by regulations adopted for that purpose by the ~~State Board of Education~~ *state board.*

(2) "Temporary disability" means a physical, mental, or emotional disability incurred while a pupil is enrolled in regular day classes or an alternative education program, and after which the pupil can reasonably be expected to return to regular day classes or the alternative education program without special intervention. A temporary disability shall not include a disability for which a pupil is identified as an individual with exceptional needs pursuant to Section 56026.

(c) (1) For purposes of computing average daily attendance pursuant to Section ~~42238.5,~~ *42238.05,* each clock hour of teaching time devoted to individual instruction shall count as one day of attendance.

(2) ~~No~~ *A* pupil shall *not* be credited with more than five days of attendance per calendar week, or more than the total number of calendar days that regular classes are maintained by the *school* district in ~~any~~ *a* fiscal year.

(d) Notice of the availability of individualized instruction shall be given pursuant to Section 48980.

SEC. 302.

Section 48208 of the Education Code is amended to read:

48208.

(a) It shall be the primary responsibility of the parent or guardian of a pupil with a temporary disability to notify the school district in which the pupil is deemed to reside pursuant to Section 48207 of the pupil's presence in a qualifying hospital.

(b) Upon receipt of notification pursuant to subdivision (a), a school district shall do all of the following:

(1) Within five working days of receipt of the notification, determine whether the pupil will be able to receive individualized instruction, and, if the determination is positive, when the individualized instruction may commence. Individualized instruction shall commence no later than five working days after the positive determination has been rendered.

(2) Provide the pupil with individualized instruction pursuant to Section 48206.3. The school district may enter into an agreement with the school district in which the pupil previously attended regular day classes or an alternative education program, to have the school district the pupil previously attended provide the pupil with individualized instruction pursuant to Section 48206.3.

(3) Within five working days of the commencement of individualized instruction, provide the school district in which the pupil previously attended regular day classes or an alternative education program with written notice that the pupil shall not be counted by that *school* district for purposes of computing average daily attendance pursuant to Section ~~42238.5,~~ *42238.05,* effective the date on which individualized instruction commenced.

SEC. 303.

Section 48310 of the Education Code is amended to read:

48310.

(a) The average daily attendance for pupils admitted by a school district of choice pursuant to this article shall be credited to that *school* district pursuant to Section 46607. The attendance report for the school district of choice may include an identification of the school district of residence.

(b) Notwithstanding other provisions of 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 ~~any~~ *a* school district of choice that is a basic aid *school* district, the apportionment of state funds for ~~any~~ average daily attendance credited pursuant to this section shall be 70 percent of the *school* district ~~revenue limit~~ *local control funding formula* **base** *grant* ~~calculated~~ **computed** pursuant to **subdivision (d) of** Section ~~42238~~ *42238.02, as implemented by Section 42238.03,* that would have been apportioned to the *school* district of residence. For purposes of this subdivision, the term "basic aid *school* district" means a school district that does not receive from the state, for ~~any~~ *a* fiscal year in which the subdivision is applied, an apportionment of state funds ~~pursuant to~~ *as described in* subdivision ~~(h)~~ *(o)* of Section ~~42238~~ *42238.02.*

(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 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) through (4) of subdivision (a) of Section 42238.03 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 that fiscal year computed pursuant to Section 42238.02, inclusive.

(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 ~~the~~ purposes of any determination under Article 2 (commencing with Section 17010) of Chapter 12 of Part 10 *of Division 1 of Title 1* that ~~utilizes~~ *uses* an average daily attendance calculation.

SEC. 304.

Section 48359.5 of the Education Code is amended to read:

48359.5.

(a)(1) For a school district of enrollment that is a basic aid *school* district, the apportionment of state funds for ~~any~~ average daily attendance credited pursuant to this article shall be 70 percent of the *school* district ~~revenue limit~~ *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*, ~~as implemented by Section 42238.03~~. 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. For purposes of this section, "basic aid school district" means a school district that does not receive an apportionment of state funds ~~pursuant to~~ *as described in* subdivision ~~(h)~~ *(o)* of Section ~~42238~~ *42238.02* for ~~any~~ *a* fiscal year in which this subdivision may apply.

(2) Notwithstanding paragraph (1), until the Superintendent determines that the school district of enrollment is funded pursuant to Section 42238.02 in the prior fiscal year, the Superintendent shall apportion for average daily attendance pursuant to this article, 70 percent of the sum of the entitlements for the school district of enrollment for the specified fiscal year as computed pursuant to paragraphs (1) through (4) of subdivision (a) of Section 42238.03 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 that fiscal year computed pursuant to Section 42238.02, inclusive.

SEC. 305.

~~Article 2 (commencing with Section 48640) of Chapter 4 of Part 27 of Division 4 of Title 2 of the Education Code is repealed.~~

SEC. 306.

Section 48660 of the Education Code is amended to read:

48660.

The governing board of a school district may establish one or more community day schools for pupils who meet one or more of the conditions described in subdivision (b) of Section 48662. A community day school may serve pupils in any of kindergarten and grades 1 to 6, inclusive, or any of grades 7 to 12, inclusive, or the same or lesser included range of grades as may be found in ~~any~~ *an* individual middle or junior high school operated by the *school* district. If a school district is organized as a *school* district that serves kindergarten and grades 1 to 8, inclusive, but no higher grades, the governing board of the school district may establish a community day school for any kindergarten and grades 1 to 8, inclusive, upon a two-thirds vote of the *governing* board *of the school district*. It is the intent of the Legislature, that to the extent possible, the governing board of a school district operating a community day school for any of kindergarten and grades 1 to 8, inclusive, separate younger pupils from older pupils within that community day school. ~~Except as provided in Section 47634, a charter school may not receive funding as a community day school unless it meets all the conditions of apportionment set forth in this article.~~

SEC. 307.

Section 48660.2 of the Education Code is repealed.

~~48660.2.~~

~~(a)Notwithstanding any other provision of law, and as a condition of receiving apportionments under this article, school districts operating one or more community day schools shall annually report to the Superintendent, on forms approved by the State Board of Education, the direct instructional costs and documented support costs of their community day schools, using definitions included in the California School Accounting Manual, Part I, as it read on July 1, 1997, except that districts may include in these reports the costs of rents and leases for facilities used by community day schools and maintenance and operations costs for facilities used by community day schools. Each school district that has received approval from the department to use the standardized account code structure may satisfy the requirement set forth in this subdivision by reporting the direct costs of the community day school program, and shall maintain documentation of all noninstructional costs charged to the community day school program.~~

~~(b)The Superintendent shall do each of the following:~~

~~(1)Multiply the total of all funds received by each school district on behalf of pupils while enrolled in community day schools by 0.9.~~

~~(2)Subtract the total of each school district's costs for community day schools, as determined pursuant to subdivision (a), from the amount determined pursuant to paragraph (1).~~

~~(3)If the amount determined pursuant to paragraph (2) for a school district is positive, the Superintendent shall subtract that amount from the school district's next apportionment.~~

~~(c)(1)For purposes of making the computation required by paragraph (1) of subdivision (b) for the 2004-05 fiscal year, the "total of all funds received" means the total of all funds received in the 2002-03 to 2004-05 fiscal years, inclusive.~~

~~(2)For purposes of making the computation required by paragraph (2) of subdivision (b) for the 2004-05 fiscal year, the "school district's costs" means the school district's costs incurred in the 2002-03 to 2004-05 fiscal years, inclusive.~~

SEC. 308.

Section 48663 of the Education Code is repealed.

~~48663.~~

~~(a)The minimum schoolday in a community day school is 360 minutes of classroom instruction provided by a certificated employee of the district reporting the attendance of the pupils for apportionment funding.~~

~~(b)A pupil enrolled in a community day school may not generate more than one day of community day school attendance credit in a schoolday for any purpose.~~

~~(c)For the purposes of calculating the additional funding provided to a school district pursuant to Section 48664, only community day school attendance shall be reported in clock hours. Attendance of less than five clock hours in a schoolday shall be disregarded for purposes of Section 48664. Five clock hours of attendance in one schoolday shall be deemed to be one-half day of attendance, for purposes of additional funding pursuant to Section 48664. Six clock hours or more of attendance in one schoolday shall be deemed to be one day of attendance, for purposes of additional funding pursuant to Section 48664.~~

~~(d)Independent study may not be utilized as a means of providing any part of the minimum instructional day provided pursuant to subdivision (a).~~

~~(e)A community day school's academic programs shall be comparable to those available to pupils of a similar age in the school district.~~

SEC. 309.

Section 48664 of the Education Code is repealed.

~~48664.~~

~~(a)(1)In addition to funds from all other sources, the Superintendent of Public Instruction shall apportion to each school district that operates a community day school four thousand dollars ($4,000) per year, and for each county office of education that operates a community day school three thousand dollars ($3,000) per year, for each unit of average daily attendance reported at the annual apportionment for pupil attendance at community day schools, adjusted annually commencing with the 1999–2000 fiscal year for the inflation adjustment calculated pursuant to subdivision (b) of Section 42238.1. Average daily attendance reported for this program shall not~~

~~exceed 0.375 percent of a district's prior year P2 average daily attendance in an elementary school district, 0.5 percent of a district's prior year P2 average daily attendance in a unified school district, or 0.625 percent of a district's prior year P2 average daily attendance in a high school district. The units of average daily attendance of a community day school operated by a county office of education shall not exceed the unused units of average daily attendance of the community day schools operated by the school districts within the jurisdiction of that county office of education.~~

~~(2)The Superintendent of Public Instruction may reallocate to any school district any unexpended balance of the appropriations made for the purposes of this subdivision for actual pupil attendance in excess of the percentage specified in this subdivision for the school district in an amount not to exceed one-half of that percentage. However, the average daily attendance generated by pupils expelled pursuant to subdivision (d) of Section 48915, shall not be subject to these percentage caps on average daily attendance.~~

~~(b)The average daily attendance of a community day school shall be determined by dividing the total number of days of attendance in all full school months, by a divisor of 70 in the first period of each fiscal year, by a divisor of 135 in the second period of each fiscal year, and by a divisor of 180 at the annual time of each fiscal year.~~

~~(c)The Superintendent of Public Instruction shall apportion to each school district that operates a community day school an amount equal to four dollars ($4), adjusted annually commencing with the 1999–2000 fiscal year for inflation pursuant to subdivision (b) of Section 42238.1, multiplied by the total of the number of hours each schoolday, up to a maximum of two hours daily, that each community day school pupil remains at the community day school under the supervision of an employee of the school district, or a consortium of school districts pursuant to Section 48916.1, reporting the attendance of the pupils for apportionment funding following completion of the full six-hour instructional day.~~

~~(d)It is the intent of the Legislature that districts enter into consortia, as feasible, for the purpose of providing community day school programs. Any school district with fewer than 2,501 units of average daily attendance may request a waiver for any fiscal year of the funding limitations set forth in this section. The Superintendent of Public Instruction shall approve a waiver if he or she deems it necessary in order to permit the operation of a community day school of reasonably comparable quality to those offered in a school district with 2,501 or more units of average daily attendance. In no event shall the amount allocated pursuant to a waiver exceed the amount provided for one teacher pursuant to Section 42284, for pupils enrolled in kindergarten and grades 1 to 6, inclusive, or the amount provided for one teacher pursuant to Section 42284, for pupils enrolled in grades 7 to 12, inclusive. The provisions of this act shall not apply to any school district that applied for a waiver within the funding limits established by this subdivision but was denied funding or not fully funded.~~

~~(e)The State Department of Education shall evaluate and report to the appropriate legislative policy committees and budget committees on or before October 1, 1998, and for two years thereafter the following programmatic and fiscal issues:~~

~~(1)The number of expulsions statewide.~~

~~(2)The number of school districts operating community day schools.~~

~~(3)Status of the countywide plans as defined in Section 48926.~~

~~(4)An evaluation of the community day school average daily attendance funding percentage cap.~~

~~(5)Number of small school districts requesting and the number receiving a waiver under this section.~~

~~(6)The effect of hourly accounting under Section 48663 for purposes of receiving the additional funding under Section 48664.~~

~~(7)The number of pupils and average daily attendance served in community day programs, further identified as the number expelled pursuant to subdivision (b) of Section 48915, subdivision (d) of Section 48915, other expulsion criteria, or referred through a formal district process.~~

~~(8)Pupil outcome data and other data as required under Section 48916.1.~~

~~(9)Other programmatic or fiscal matters as determined by the State Department of Education.~~

~~(f)The additional funds provided in subdivisions (a), (c), and (d) shall only be allocated to the extent that funds are appropriated for this purpose in the annual Budget Act or other legislation, or both, except for pupils expelled pursuant to subdivision (d) of Section 48915. For pupils expelled pursuant to subdivision (d) of Section 48915, the funds apportioned under subdivision (a) are continuously appropriated from the General Fund to Section A of the State School Fund.~~

~~(g)A one-time adjustment shall be made to the amount specified in subdivision (a), for the 1998–99 fiscal year and subsequent fiscal years, by increasing that amount by the statewide average quotient resulting from dividing the average daily attendance specified in subparagraph (B) of paragraph (3) of subdivision (a) of Section 42238.8 by the amount specified in subparagraph (C) of paragraph (3) of subdivision (a) of Section 42238.8.~~

SEC. 310.

Section 48667 of the Education Code is amended to read:

48667.
~~(a)~~For ~~the~~ purposes of this article, each county office of education shall be deemed to be a school district.

~~(b)The Superintendent of Public Instruction shall use the revenue limit per unit of average daily attendance of the statewide average juvenile court school revenue limit per unit of average daily attendance for a community day school operated by a county office of education.~~

SEC. 311. **Remove from LCFF Trailer Bill**

~~**Section 49430.5 of the Education Code is amended to read:**~~

~~**49430.5.**~~
~~**(a) The reimbursement a school receives for free and reduced price meals sold or served to pupils in elementary, middle, or high schools included within a school district, charter**~~

~~school, or county office of education shall be twenty-one cents ($0.21) specified in the annual Budget Act.~~

~~(b) To qualify for the reimbursement for free and reduced price meals provided to pupils in elementary, middle, or high schools, a school shall follow the Enhanced Food Based Meal Pattern, Nutrient Standard Meal Planning, or Traditional Meal Pattern developed by the United States Department of Agriculture or the SHAPE Menu Patterns developed by the state.~~

~~(c) The reimbursement rates set forth in this section specified in the annual Budget Act shall be adjusted annually for increases in cost of living in the same manner set forth in Section 42238.1 paragraph (2) of subdivision (d) of Section 42238.02.~~

SEC. 312.

~~*Section 49452.8 of the Education Code is repealed.*~~

Section 49542.8 of the Education Code is amended to read:

49452.8.

(a) A pupil, while enrolled in kindergarten in a public school, or while enrolled in first grade in a public school if the pupil was not previously enrolled in kindergarten in a public school, no later than May 31 of the school year, shall present proof of having received an oral health assessment by a licensed dentist, or other licensed or registered dental health professional operating within his or her scope of practice, that was performed no earlier than 12 months prior to the date of the initial enrollment of the pupil.

(b) The parent or legal guardian of a pupil may be excused from complying with subdivision (a) by indicating on the form described in subdivision (d) that the oral health assessment could not be completed because of one or more of the reasons provided in subparagraphs (A) to (C), inclusive, of paragraph (2) of subdivision (d).
(c)A public school shall notify the parent or legal guardian of a pupil described in subdivision (a) concerning the assessment requirement. The notification, at a minimum, shall consist of a letter that includes all of the following:

(1) An explanation of the administrative requirements of this section.

(2) Information on the importance of primary teeth.

(3) Information on the importance of oral health to overall health and to learning.

(4) A toll-free telephone number to request an application for Healthy Families, Medi-Cal, or other government-subsidized health insurance programs.

(5) Contact information for county public health departments.

(6) A statement of privacy applicable under state and federal laws and regulations.

(d) In order to ensure uniform data collection, the department, in consultation with interested persons, shall develop and make available on the Internet Web site of the department, a standardized notification form as specified in subdivision (c) that shall be used by each school district. The standardized form shall include all of the following:

(1) A section that can be used by the licensed dentist or other licensed or registered dental health professional performing the assessment to record information that is consistent with the information collected on the oral health assessment form developed by the Association of State and Territorial Dental Directors.

(2) A section in which the parent or legal guardian of a pupil can indicate the reason why an assessment could not be completed by marking the box next to the appropriate reason. The reasons for not completing an assessment shall include all of the following:

(A) Completion of an assessment poses an undue financial burden on the parent or legal guardian.

(B) Lack of access by the parent or legal guardian to a licensed dentist or other licensed or registered dental health professional.

(C) The parent or legal guardian does not consent to an assessment.

(e) Upon receiving completed assessments, all school districts, by December 31 of each year, shall submit a report to the county office of education of the county in which the school district is located. The report shall include all of the following:

(1) The total number of pupils in the district, by school, who are subject to the requirement to present proof of having received an oral health assessment pursuant to subdivision (a).

(2) The total number of pupils described in paragraph (1) who present proof of an assessment.

(3) The total number of pupils described in paragraph (1) who could not complete an assessment due to financial burden.

(4) The total number of pupils described in paragraph (1) who could not complete an assessment due to lack of access to a licensed dentist or other licensed or registered dental health professional.

(5) The total number of pupils described in paragraph (1) who could not complete an assessment because their parents or legal guardians did not consent to their child receiving the assessment.

(6) The total number of pupils described in paragraph (1) who are assessed and found to have untreated decay.

(7) The total number of pupils described in paragraph (1) who did not return either the assessment form or the waiver request to the school.

(f) Each county office of education shall maintain the data described in subdivision (e) in a manner that allows the county office to release it upon request.

(g) This section does not prohibit any of the following:

(1) County offices of education from sharing aggregate data collected pursuant to this section with other governmental agencies, philanthropic organizations, or other nonprofit organizations for the purpose of data analysis.

(2) Use of assessment data that is compliant with the federal Health Insurance Portability and Accountability Act of 1996 (P.L. 104-191) for purposes of conducting research and analysis on the oral health status of public school pupils in California.

(h) This section does not preclude a school district or county office of education from developing a schoolsite-based oral health assessment program to meet the requirements of this section.

(i) The Office of Oral Health of the Chronic Disease Control Branch of the State Department of Public Health shall conduct an evaluation of the requirements imposed by this section and prepare and submit a report to the Legislature by January 1, 2010, that discusses improvements in the oral health of children resulting from the imposition of those requirements. The Office of Oral Health may receive private funds and contract with the University of California to fulfill the duties described in this subdivision.
~~(j)Funds appropriated in the annual Budget Act for the activities required by this section shall first be used to offset reimbursement provided to local educational agencies pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code for state-mandated costs imposed by this section.~~

SEC. 313.

Section 49536 of the Education Code is amended to read:

49536.

~~The State Department of Education~~ *(a) The department* shall, ~~prior to~~ *before* July 1 of each year, prescribe an adjustment in the state meal contribution rates established pursuant to this section for the forthcoming fiscal year. The adjustments shall reflect the changes in the cost of operating a school breakfast and lunch program and shall be made commencing on July 1 of each year. The adjustment shall be the average of the separate indices of the "Food Away From Home Index" for Los Angeles and San Francisco as prepared by the United States Bureau of Labor Statistics.

~~In~~

(b) In giving effect to the cost-of-living provisions of this section, the ~~Department of Education~~ *department* shall use the same month for computation of the percentage change in the cost of living after July 1, 1975. The same month shall be used annually thereafter. The product of ~~any~~ *a* percentage increase or decrease in the average index and the per meal reimbursement disbursement rate shall be adjusted by the amount of ~~any~~ *a* cost-of-living change currently in effect pursuant to the provisions of this section.

~~Commencing~~
(c) ~~**Commencing with**~~ **For** the 1990–91 fiscal year **through the 2012-13 fiscal year**, the cost-of-living adjustment shall be equal to the percentage change determined pursuant **to subdivision (b) of Section 42238.1, as that section read on January, 1, 2013. Commencing with the 2013-14 fiscal year , the cost-of living adjustment shall be equal to the percentage determined pursuant to** *paragraph (2) of subdivision (d) of Section 42238.02.*

SEC. 314

Section 51056 of the Education Code is amended to read:

51056. A course of study for each adult school ~~**shall**~~ **is encouraged to** be prepared under the direction of the governing board of the district maintaining the adult school ~~**and shall be subject to approval of the Department of Education**~~.

SEC. 315.

Article 15 (commencing with Section 51870) of Chapter 5 of Part 28 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 316.

Section 52051 of the Education Code is repealed.

~~52051.~~

~~The Public School Performance Accountability Program is hereby established and shall consist of the following three component parts:~~

~~(a)The state Academic Performance Index, to be known as the API.~~

~~(b)The Immediate Intervention/Underperforming Schools Program.~~

~~(c)The Governor's High Achieving/Improving Schools Program.~~

SEC. 316.5

Section 52052 of the Education Code is amended to read:

52052. (a) (1) The Superintendent, with approval of the state board, shall develop an Academic Performance Index (API), to measure the performance of schools, especially the academic performance of pupils.

(2) A school shall demonstrate comparable improvement in academic achievement as measured by the API by all numerically significant pupil subgroups at the school, including:

(A) Ethnic subgroups.

(B) Socioeconomically disadvantaged pupils.

(C) English learners.

(D) Pupils with disabilities.

(E) Foster youth.

(3) (A) For purposes of this section, a numerically significant pupil subgroup is one that **consists of at least 30 pupils, each of whom has a valid test score.**~~meets both of the following criteria:~~

~~(i) The subgroup consists of at least 50 pupils each of whom has a valid test score.~~

~~(ii) The subgroup constitutes at least 15 percent of the total population of pupils at a school who have valid test scores.~~

~~(B) If a subgroup does not constitute 15 percent of the total population of pupils at a school who have valid test scores, the subgroup may constitute a numerically significant pupil subgroup if it has at least 100 valid test scores.~~

~~(C)~~ **(B)** For a school with an API score that is based on no fewer than 11 and no more than 99 pupils with valid test scores, numerically significant pupil subgroups shall be defined by the Superintendent, with approval by the state board.

(4) (A) The API shall consist of a variety of indicators currently reported to the department, including, but not limited to, the results of the achievement test administered pursuant to Section 60640, attendance rates for pupils in elementary schools, middle schools, and secondary schools, and the graduation rates for pupils in secondary schools.

(B) The Superintendent, with the approval of the state board, may also incorporate into the API the rates at which pupils successfully promote from one grade to the next in middle school and high school, and successfully matriculate from middle school to high school.

(C) Graduation rates for pupils in secondary schools shall be calculated for the API as follows:

(i) Four-year graduation rates shall be calculated by taking the number of pupils who graduated on time for the current school year, which is considered to be three school years after the pupils entered grade 9 for the first time, and dividing that number by the total calculated in clause (ii).

(ii) The number of pupils entering grade 9 for the first time in the school year three school years before the current school year, plus the number of pupils who transferred into the class graduating at the end of the current school year between the school year that was three school years before the current school year and the date of graduation, less the number of pupils who transferred out of the school between the school year that was three school years before the current school year and the date of graduation who were members of the class that is graduating at the end of the current school year.

(iii) Five-year graduation rates shall be calculated by taking the number of pupils who graduated on time for the current school year, which is considered to be four school years after the pupils entered grade 9 for the first time, and dividing that number by the total calculated in clause (iv).

(iv) The number of pupils entering grade 9 for the first time in the school year four years before the current school year, plus the number of pupils who transferred into the class graduating at the end of the current school year between the school year that was four school years before the current school year and the date of graduation, less the number of pupils who transferred out of the school between the school year that was four years before the current school year and the date of graduation who were members of the class that is graduating at the end of the current school year.

(v) Six-year graduation rates shall be calculated by taking the number of pupils who graduated on time for the current school year, which is considered to be five school years after the pupils entered grade 9 for the first time, and dividing that number by the total calculated in clause (vi).

(vi) The number of pupils entering grade 9 for the first time in the school year five years before the current school year, plus the number of pupils who transferred into the class graduating at the end of the current school year between the school year that was five school years before the current school year and the date of graduation, less the number of pupils who transferred out of the school between the school year that was five years before the current school year and the date of graduation who were members of the class that is graduating at the end of the current school year.

(D) The inclusion of five- and six-year graduation rates for pupils in secondary schools shall meet the following requirements:

(i) Schools shall be granted one-half the credit in their API scores for graduating pupils in five years that they are granted for graduating pupils in four years.

(ii) Schools shall be granted one-quarter the credit in their API scores for graduating pupils in six years that they are granted for graduating pupils in four years.

(iii) Notwithstanding clauses (i) and (ii), schools shall be granted full credit in their API scores for graduating in five or six years a pupil with disabilities who graduates in accordance with his or her individualized education program.

(E) The pupil data collected for the API that comes from the achievement test administered pursuant to Section 60640 and the high school exit examination administered pursuant to Section 60851, when fully implemented, shall be disaggregated by special education status, English learners, socioeconomic status, gender, and ethnic group. Only the test scores of pupils who were counted as part of the enrollment in the annual data collection of the California Basic Educational Data System for the current fiscal year and who were continuously enrolled during that year may be included in the test result reports in the API score of the school.

(F) (i) Commencing with the baseline API calculation in 2016, and for each year thereafter, results of the achievement test and other tests specified in subdivision (b) shall constitute no more than 60 percent of the value of the index for secondary schools.

(ii) In addition to the elements required by this paragraph, the Superintendent, with approval of the state board, may incorporate into the index for secondary schools valid, reliable, and stable measures of pupil preparedness for postsecondary education and career.

(G) Results of the achievement test and other tests specified in subdivision (b) shall constitute at least 60 percent of the value of the index for primary schools and middle schools.

(H) It is the intent of the Legislature that the state's system of public school accountability be more closely aligned with both the public's expectations for public education and the workforce needs of the state's economy. It is therefore necessary that the accountability system evolve beyond its narrow focus on pupil test scores to encompass other valuable information about school performance, including, but not limited to, pupil preparedness for college and career, as well as the high school graduation rates already required by law.

(I) The Superintendent shall annually determine the accuracy of the graduation rate data. Notwithstanding any other law, graduation rates for pupils in dropout recovery high schools shall not be included in the API. For purposes of this subparagraph, "dropout recovery high school" means a high school in which 50 percent or more of its pupils have been designated as dropouts pursuant to the exit/withdrawal codes developed by the department or left a school and were not otherwise enrolled in a school for a period of at least 180 days.

(J) To complement the API, the Superintendent, with the approval of the state board, may develop and implement a program of school quality review that features locally convened panels to visit schools, observe teachers, interview pupils, and examine pupil work, if an appropriation for this purpose is made in the annual Budget Act.

(K) The Superintendent shall annually provide to local educational agencies and the public a transparent and understandable explanation of the individual components of the API and their relative values within the API.

(L) An additional element chosen by the Superintendent and the state board for inclusion in the API pursuant to this paragraph shall not be incorporated into the API until at least one full school year after the state board's decision to include the element into the API.

(b) Pupil scores from the following tests, when available and when found to be valid and reliable for this purpose, shall be incorporated into the API:

(1) The standards-based achievement tests provided for in Section 60642.5.

(2) The high school exit examination.

(c) Based on the API, the Superintendent shall develop, and the state board shall adopt, expected annual percentage growth targets for all schools based on their API baseline score from the previous year. Schools are expected to meet these growth targets through effective allocation of available resources. For schools below the statewide API performance target adopted by the state board pursuant to subdivision (d), the minimum annual percentage growth target shall be 5 percent of the difference between the actual API score of a school and the statewide API performance target, or one API point, whichever is greater. Schools at or above the statewide API performance target shall have, as their growth target, maintenance of their API score above the statewide API performance target. However, the state board may set differential growth targets based on grade level of instruction and may set higher growth targets for the lowest performing schools because they have the greatest room for improvement. To meet its growth target, a school shall demonstrate that the annual growth in its API is equal to or more than its schoolwide annual percentage growth target and that all numerically significant pupil subgroups, as defined in subdivision (a), are making comparable improvement.

(d) Upon adoption of state performance standards by the state board, the Superintendent shall recommend, and the state board shall adopt, a statewide API performance target that includes consideration of performance standards and represents the proficiency level required to meet the state performance target. When the API is fully developed, schools, at a minimum, shall meet their annual API growth targets to be eligible for the Governor's Performance Award Program as set forth in Section 52057. The state board may establish additional criteria that schools must meet to be eligible for the Governor's Performance Award Program.

(e) (1) A school with 11 to 99 pupils with valid test scores shall receive an API score with an asterisk that indicates less statistical certainty than API scores based on 100 or more test scores.

(2) A school annually shall receive an API score, unless the Superintendent determines that an API score would be an invalid measure of the performance of the school for one or more of the following reasons:

(A) Irregularities in testing procedures occurred.

(B) The data used to calculate the API score of the school are not representative of the pupil population at the school.

(C) Significant demographic changes in the pupil population render year-to-year comparisons of pupil performance invalid.

(D) The department discovers or receives information indicating that the integrity of the API score has been compromised.

(E) Insufficient pupil participation in the assessments included in the API.

(3) If a school has fewer than 100 pupils with valid test scores, the calculation of the API or adequate yearly progress pursuant to the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.) and federal regulations may be calculated over more than one annual administration of the tests administered pursuant to Section 60640 and the high school exit examination administered pursuant to Section 60851, consistent with regulations adopted by the state board.

(f) Only schools with 100 or more test scores contributing to the API may be included in the API rankings.

(g) The Superintendent, with the approval of the state board, shall develop an alternative accountability system for schools under the jurisdiction of a county board of education or a county superintendent of schools, community day schools, nonpublic, nonsectarian schools pursuant to Section 56366, and alternative schools serving high-risk pupils, including continuation high schools and opportunity schools. Schools in the alternative accountability system may receive an API score, but shall not be included in the API rankings.

SEC. 317.

Section 52052.2 of the Education Code is repealed.

~~52052.2.~~

~~A school that receives an API score with an asterisk shall be eligible for the Governor's Performance Awards Program, as set forth in Section 52057 and for participation in the Immediate Intervention/Underperforming Schools Program, as set forth in Section 52053.~~

SEC. 318.

Section 52052.5 of the Education Code is amended to read:

52052.5.

(a) The Superintendent shall establish a broadly representative and diverse advisory committee to advise the Superintendent ~~of Public Instruction~~ and the state board on all appropriate matters relative to the creation of the Academic Performance Index ~~and the implementation of the Immediate Intervention/Underperforming Schools Program and the High Achieving/Improving Schools Program~~. Members of the advisory committee shall serve without compensation for terms not to exceed two years. The department shall provide staff to the advisory panel.

(b) By July 1, 2005, the advisory committee established pursuant to this section shall make recommendations to the Superintendent on the appropriateness and feasibility of a methodology for generating a measurement of academic performance by ~~utilizing~~ *using* unique pupil identifiers for pupils in kindergarten and any of grades 1 to 12, inclusive, and annual academic achievement growth to provide a more accurate measure of a school's growth over time. If appropriate and feasible, the Superintendent, with the approval of the state board, shall thereafter implement this measurement of academic performance.

(c) By January 1, 2011, the Superintendent and the state board, in consultation with the advisory committee established pursuant to subdivision (a), shall make recommendations to the Legislature and the Governor on each of the following:

(1) Approaches to increasing the emphasis of science and mathematics in the calculation of the Academic Performance Index or any successor measure.

(2) Methods to incorporate into the Academic Performance Index, or into other aspects of the state's accountability system, a measure of the degree to which pupils graduate from high school with the skills and knowledge necessary to attain entry-level employment in business or industry, as set forth in subdivision (b) of Section 51228.

(3) Methods to incorporate into the Academic Performance Index, or into other aspects of the state's accountability system, a measure of the degree to which pupils graduate from high school with the skills and knowledge necessary to succeed in postsecondary education.

(d) By July 1, 2013, the Superintendent and the state board, in consultation with the advisory committee established pursuant to subdivision (a), shall make recommendations to the Legislature and the Governor on the establishment of a methodology for generating a measurement of group and individual academic performance growth by utilizing individual pupil results from a longitudinally valid achievement assessment system. These recommendations should also address any interactions between the Academic Performance Index, or any

successor measure, and individual test scores from the state's tests, as well as implications for the reauthorization of the state's assessment system. This paragraph shall not be construed to supersede the provisions of Chapter 273 of the Statutes of 2009.

SEC. 318.1. Section 52052.10 is added to the Education Code to read:

52052.10. (a) The Superintendent shall coordinate with the Department of Social Services to obtain data necessary to include foster children as a subgroup pursuant to paragraph (2) of subdivision (a) of Section 52052.

(b) No later than June 30, 2014, the state board shall make recommendations to the Legislature and the Governor regarding methods to improve the reporting of educational outcomes of foster children.

(b) Prior to submitting recommendations, the state board shall convene a workgroup including representatives of the Department of Education, the Department of Social Services, county child welfare agencies, county offices of education, school districts, charter schools and other stakeholders.

(c) The recommendations shall address how existing data maintained by the Department of Education and the Department of Social Services could be better used to improve reporting of the following outcomes:

(1) Academic performance.

(2) Graduation rates.

(3) Dropout rates.

(4) School attendance.

(5) Disciplinary action, including suspensions and expulsions.

(d) The recommendations made by the Superintendent shall be consistent with the requirements of Section 10601.2 of the Welfare and Institutions Code.

SEC. 319.

Article 3 (commencing with Section 52053) of Chapter 6.1 of Part 28 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 320.

Article 3.5 (commencing with Section 52055.600) of Chapter 6.1 of Part 28 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 321.

Section 52055.750 of the Education Code is amended to read:

52055.750.

(a) A school district or chartering authority that receives funding pursuant to this article shall agree to do all of the following for each funded school within its jurisdiction:

(1) Comply with the program requirements of this article and require that each funded schoolsite complete and meet the criteria of an academic review process that includes the elements of the school assistance and intervention team review process described in Section 52055.51, *as that section read on January 1, 2013.*

(2) Ensure that funded schools meet the requirements of this article.

(3) Ensure that each school administrator in a funded school is confirmed to have exemplary qualifications and experience by the end of the first full year of funding and in each year of funding thereafter. Those qualifications shall include the ability to support the success of all pupils by facilitating the development, articulation, implementation, and stewardship of a vision of learning that is shared and supported by the school community as well as the ability to advocate, nurture, and sustain a school culture and instructional program that is conducive to pupils learning and staff professional growth. The school district or chartering authority shall provide for high quality professional development for each administrator through leadership training, coaching, and mentoring and shall take all reasonable steps to maintain stable school leadership in schools that receive funding pursuant to this article. To the extent appropriate the professional development shall be similar in quality and rigor to that provided pursuant to the Administrator Training Program under Article 4.6 (commencing with Section 44510) of Chapter 3 of Part 25, *as that article read on January 1, 2012.*

(4) Provide all fiscal and evaluation data requested by the Superintendent for initial approval, annual reviews, and reports.

(5) Comply with subdivisions (a) to (c), inclusive, of Section 52055.630, *as that section read on January 1, 2013,* and in the same manner consult with the exclusive representative of classified employees.

(6) Assist eligible schools in developing and carrying out a plan to implement the provisions of this article to ensure the *school* district's plan supports the work of the school.

(7) Agree to focus on conditions that improve instruction and achievement in funded schools.

(8) Express its full understanding that not meeting annual and final program and academic achievement requirements under this article will result in the termination of funding.

(9) Ensure that the funds received on behalf of funded schools are expended on that school, except that during the first partial year of funding *school* districts may use funding under this article for facilities necessary to meet the class size reduction requirements of this article, if all funds are spent on funded schools within the *school* district.

(10) Use the uniform process recommended by the Superintendent pursuant to subdivision (d) of Section 52055.730 to ensure that the average teaching experience of the classroom teachers

in funded schools is equal to or greater than the average teaching experience of classroom teachers in the school district as a whole.

(b) If not expressly prohibited by federal law, a school district or chartering authority on behalf of a funded school is exempt from requirements imposed on the use of state categorical or federal funds in the consolidated application, except those funds related to economic impact aid, if those funds are identified in the revised plan of Section 52055.755. Funded schools are exempt from all program requirements associated with funds in the consolidated application, except requirements regarding parent advisory committees, schoolsite councils, and special education. Funds provided under the economic aid program shall not be used to implement this program.

(c) Each funded school shall ensure that each teacher in a subject-specific classroom or teaching covered subjects participates in professional development that is made available by the *school* district or the schoolsite councils, is developed in a collaborative process with interested parties, and is articulated in an improvement plan. For purposes of this article, professional development activities may include collaboration time for teachers to develop new instructional lessons or analyze pupil data, mentoring projects for new teachers, or extra support for teachers to improve practice. At a minimum, appropriate professional development for the site shall be part of a coherent plan that combines school activities within the school, including, but not limited to, lesson study or coteaching, and external learning opportunities that meet all of the following criteria:

(1) Are related to the academic subjects taught.

(2) Provide time to meet and work with other teachers.

(3) Support instruction and pupil learning to improve instruction in a manner that is consistent with academic content standards.

(4) Include an average of 40 hours per teacher per year.

(d) At a minimum, professional development in a self-contained classroom shall include content regarding mathematics, science, English language arts, reading, and English language development. Professional development for teachers teaching subject specific courses shall include the specific subject and English language development. To the extent appropriate the professional development shall be similar in quality and rigor to the training provided under the Mathematics and Reading Professional Development Program in Article 3 (commencing with Section 99230) of Chapter 5 of Part 65, *as that article read on January 1, 2012.*

(e) On or before the end of the first three years of full funding, funded schools shall do the following:

(1) Increase actual pupil attendance, as compared with monthly enrollment in the school.

(2) For secondary schools, increase graduation rates as described in Section 52055.640.

SEC. 322.

Article 4 (commencing with Section 52056) of Chapter 6.1 of Part 28 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 323. Article 4 (commencing with Section 52056) of Chapter 6.1 of Part 28 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 323.5. Article 3.8 (commencing with Section 52060) is added to Chapter 6.1 of Part 28 of Division 4 of Title 2 of the Education Code, to read:

Article 3.8. Local Control and Accountability Plans

52060. (a) The governing board of each school district shall adopt a local control and accountability plan using a template adopted by the state board. ***A governing board shall adopt a plan by June 30 of the fiscal year prior to any fiscal year for which an existing plan is not in effect. If a school district has been assigned a district assistance and intervention team pursuant to subdivision (e) of 52059, the governing board shall consult with the district intervention and assistance team when developing the plan. The school district shall consult with teachers, principals, administrators, other school personnel, parents, and pupils in developing the plan.***

(b) A local control and accountability plan ~~adopted by a governing board of a school district~~ shall **specify the dates for which the plan is in effect. A governing board of a school district shall adopt a local control and accountability plan at least once every five years and shall adopt an annual update to the plan each year.** ~~be effective for a period of at least one year but no longer than five years. If a governing board of a school district adopts a plan that would be effective for a period longer than one year, the governing board must approve an update to the existing plan at least annually.~~

~~(c) On or before July 1 of each fiscal year, a governing board of a school district shall take action on a local control and accountability plan for the subsequent fiscal year, either by adopting a new local control and accountability plan or by approving an update to a plan the governing board of the school district has previously adopted.~~

~~(d) A governing board of a school district shall update the local control and accountability plan if the governing board of the school district determines that changes in the composition of the base Academic Performance Index require the school district to take specific actions and use strategies that are not already included in the plan to meet the Academic Performance Index growth target for each school in the school district. If the governing board of the school district determines that an update is necessary, the governing board of the school district shall approve the update by November 1 of the year in which the new base Academic Performance Index is released.~~

~~(e) A governing board of a school district shall demonstrate that a local control and accountability plan approved by the governing board of the school district was developed in consultation with teachers, principals, administrators, other school personnel, parents, and pupils.~~

~~(f) A governing board of a school district shall ensure that a local control and accountability plan is consistent with all school plans submitted pursuant to Section 64001 by a school district for schools within the school district.~~

~~(g) Before adopting a local control and accountability plan or approving an update to an existing plan, a governing board of a school district shall hold at least one public hearing to solicit recommendations and opinions of members of the public regarding specific actions and strategies that should be included in the 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 will be available for public inspection. This public hearing shall be held at the same meeting as the public hearing required by paragraph (1) of subdivision (a) of Section 42127.~~

~~(h) A governing board of a school district shall notify members of the public, using the most efficient method possible, of the opportunity to submit written recommendations and opinions regarding specific actions and strategies that should be included in the local control and accountability plan. This subdivision shall not be interpreted to require a school district to produce printed notices or to send notices by mail.~~

~~(i) A governing board of a school district shall adopt a 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 subdivision (g). This meeting shall be the same meeting during which the governing board of the school district considers a budget pursuant to paragraph (2) of subdivision (a) of Section 42127.~~

~~(j) A governing board of a school district may adopt a revised local control and accountability plan if the governing board of the school district is required to adopt a revised budget. A revised local control and accountability plan shall be adopted at the same meeting that a revised budget is adopted.~~

(c) A local control and accountability plan shall include an analysis of the following:

(1) School conditions, using the criteria adopted by the state board pursuant to Section 52072.

(2) An assessment of the effectiveness of the specific actions included in the local control and accountability plan adopted most recently by the governing board in achieving the goals included in that local control and accountability plan.

(d) For purposes of conducting the analysis required by subdivision (c), a governing board of a school district may consider qualitative information, including findings resulting from school quality reviews conducted pursuant to subparagraph (J) of paragraph (4) of subsection (a) of Section 52052 or any other reviews.

(e) A local control and accountability plan adopted by a governing board of a school district shall do all of the following for each of the state priority areas identified in subdivision (f):

(1) Identify the goals, for all students and for each subgroup of students as defined in Section 52052, to be achieved during each year of the plan.

(2) Describe the specific actions the school district will take during each year to achieve these goals.

(f) The state priority areas are as follows:

(1) Pupil achievement on statewide assessments administered pursuant to Article 4 (commencing with Section 60640) of Chapter 5 of Part 33 or any subsequent assessments, as certified by the state board.

(2) If a school district is a unified school district or a high school district:

(A) Pupil achievement on the High School Exit Exam or any subsequent high school graduation assessments, as certified by the state board.

(B) The percentage of pupils who have successfully completed courses that satisfy the requirements for entrance to the University of California and the California State University, career technical education courses and programs, or advanced placement courses.

(C) Graduation rates.

(D) Dropout rates.

(3) School attendance rates.

(4) The percentage of suspensions.

(5) The percentage of expulsions.

(6) Parental involvement.

(g) A local control and accountability plan shall also include a description of how the school district will implement the academic content and performance standards adopted by the state board.

(h) To the extent practicable, data reported in a local control and accountability plan shall be reported in a manner consistent with the way information is reported on school accountability report cards.

(i) A school district shall provide an annual update to the plan. The annual update shall be effective for the period of a fiscal year. The annual update shall be adopted by June 30 of the fiscal year immediately prior to the fiscal year during which the annual update is effective. The annual update shall be developed using a template developed pursuant to Section 52073 and shall include the following.

(1) A review of the progress, using available data, toward the goals included in an adopted local control and accountability plan and a description of any changes to the specific actions the school district will make as a result.

(2) A listing and description of the expenditures for that year implementing the specific actions included in the plan as modified pursuant to paragraph (1) above.

(3) A listing and description of expenditures for that year that primarily benefit pupils for which any of the definitions included in Section 42238.01 apply and pupils redesignated as fluent-English proficient.

(i) In any year in which the school district receives funding equal to or greater than the local control funding formula target calculated for that district pursuant to Section 42238.02, the amount of expenditures identified pursuant to this paragraph shall be no less than the sum of the total amount of supplemental and concentration grant monies received by the school district pursuant to Section 42238.02 and an amount of the base grant received by the school district pursuant to Section 42238.02 equal to the share of the district's total enrollment comprised of pupils for which any of the definitions included in Section 42238.01 and pupils redesignated as fluent-English proficient apply.

(ii) In any year in which the school district receives funding less than the local control funding formula target calculated for that district pursuant to Section 42238.02, the amount of expenditures identified pursuant to this paragraph shall be no less than the total expenditures in fiscal year 2012-13 from the sources included in paragraphs (1) to (3), inclusive, of subdivision (a) of Section 42238.03 during the 2012–13 fiscal year for pupils for whom any of the definitions included in Section 42238.01 applied and pupils redesignated as fluent-English proficient, plus an adjustment to reduce any gap between the minimum required pursuant to this subdivision and subdivision (i) above in proportion to the amount by which the gap calculated for the school district pursuant to Section 42238.03(b)(1) is reduced that fiscal year.

(iii) Notwithstanding subdivisions (i) and (ii) above, for a school district that receives funding equal to or greater than the local control funding formula target calculated for that district pursuant to Section 42238.02 in any of the 2013-14 though the 2015-16 fiscal years, but for which the minimum requirement of subdivision (ii) above is less than the minimum requirement of subdivision (i) above, shall be subject to the minimum requirement of subdivision (ii) for the 2013-14 fiscal year through the 2015-16 fiscal years, after which time it shall be subject to either subdivision (i) or subdivision (ii), whichever is applicable.

(4) In any year in which the school district receives funding equal to or greater than the local control funding formula target calculated for that district pursuant to Section 52238.02, a description of how:

(i) The expenditure of supplemental grant monies received by the school district pursuant to Section 42238.02 reflects and is proportional to the enrollment at each school site of pupils for which any of the definitions included in Section 42238.01 apply and pupils redesignated as fluent-English proficient; and

(ii) The expenditure of concentration grant monies received by the school district pursuant to Section 42238.02 will primarily benefit pupils for which any of the definitions included in Section 42238.01 apply, and pupils redesignated as fluent-English proficient, at school sites with enrollments comprising of a majority of these pupils.

(5) A description of how the school district will ensure that its teachers are fully credentialed in the subject areas they are teaching, that every child in the district has equal access to standards-aligned instructional materials and that its school facilities are safe; and a listing and description of any specific expenditures necessary for that year to correct any deficiencies in these areas.

(6) The specific actions included in any approved corrective action plan created pursuant to Section 52075 and a listing and description of the specific expenditures for that year to implement these actions.

(7) The expenditures identified in paragraphs (2) through (6) above shall be classified using the California School Accounting Manual pursuant to Section 41010.

~~52061. (a) Not later than five days after adoption of a local control and accountability plan or approval of an update to an existing plan pursuant to Section 52060, the governing board of a school district shall file the plan with the county superintendent of schools. The plan shall be filed on the same day that the governing board of the school district files the budget pursuant to paragraph (2) of subdivision (a) of Section 42127.~~

~~(b) The county superintendent of schools shall do all of the following~~

~~(1) Examine if the plan adheres to the template adopted by the state board pursuant to Section 52066 and includes all of the components identified in subdivision (a) of Section 52064.~~

~~(2) Determine if the budget for the subsequent fiscal year adopted by the governing board of the school district includes expenditures sufficient to implement the specific actions and strategies included in the local control and accountability plan adopted by the governing board of the school district, based on the projections of the costs included in the plan.~~

~~(3) In making the determinations pursuant to paragraphs (1) and (2 consider input from teachers, principals, administrators, other school personnel, parents, and pupils from the school district.~~

52061.

(a) Prior to consideration of a local control and accountability plan or the annual update to the plan for adoption by the governing board of a school district:

(1) The superintendent shall present the plan or annual update to the plan to the parent advisory committee pursuant to 52064 for review and receive comments. The superintendent shall respond, in writing, to any comments received by the parent advisory committee.

(2) The superintendent shall present the plan or annual update to the plan to the English learner parent advisory committee pursuant to 52064 for review and receive comments. The superintendent shall respond, in writing, to any comments received by the parent advisory committee.

(3) The superintendent shall notify members of the public of the opportunity to submit written recommendations and opinions regarding specific actions that should be included in the local control and accountability plan or annual update to the plan, using the most efficient method of notification possible. This subdivision does not require a school district to produce printed notices or to send notices by mail.

(4) The governing board shall hold at least one public hearing to solicit recommendations and opinions of members of the public regarding specific actions and strategies that should be included in the plan or annual update to the 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 plan will be available for public inspection. This public hearing shall be held at the same meeting as the public hearing required by paragraph (1) of subdivision (a) of Section 42127.

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

(b) A governing board of a school district shall adopt a local control and accountability plan or annual update to the 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 (4) of subdivision (i). This meeting shall be the same meeting during which the governing board of the school district considers 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. The governing board of a school district may adopt revisions only if the requirements of this section have been met and the governing board adopts the revisions in a public meeting.

52062.

(a) Not later than five days after adoption of a local control and accountability plan or annual update to the plan, the governing board of a school district shall file the plan or annual update to the plan with the county superintendent of schools.

(b) The county superintendent of schools may seek clarification, in writing, from the governing board of a school district about the contents of the local control and accountability plan or annual update to the plan. The governing board of a school district shall respond, in writing, to requests for clarification.

(c) The county superintendent of schools may submit recommendations, in writing, for amendments to the plan or annual update to the plan. The governing board of a school district shall consider those recommendations in a public meeting.

(d) The county superintendent of schools shall approve a local control and accountability plan or annual update to the plan submitted by a school district unless:

(1) The county superintendent of schools makes a determination that the plan or annual update to the plan does not adhere to the template adopted by the state board pursuant to Section 52073 or does not include all of the components required by Section 52060.

(2) The county superintendent of schools makes a determination that a plan or annual update to the plan was not developed pursuant to the process identified in Section 52061.

(3) Beginning in the 2015-16 fiscal year, and every fiscal year thereafter, both of the following conditions are met:

(A) The school district has not met the Academic Performance Index growth target set by the state board for two consecutive years or two out of the three most recent fiscal years for any of the following groups:

(i) All students enrolled in the school district.

(ii) The subgroup of English learners.

(iii) The subgroup of socioeconomically disadvantaged students.

(iv) The subgroup of foster youth.

(B) The county superintendent of schools, in consultation with District Assistance and Intervention Team, if one has been assigned pursuant to subdivision (e) of Section 52059, makes a determination that the plan or annual update to the plan does not include the specific actions that are needed to meet the academic obligations of the school district and improve student achievement.

(e) If the county superintendent of schools does not approve the plan pursuant to subdivision (d) above:

(1) He or she shall present his or her concerns, in writing, citing specific actions to which he or she objects, to the governing board of the school district.

(2) The governing board of a school district shall make changes to the plan or annual update to the plan that address the concerns of the county superintendent of schools. The county superintendent of schools may continue to deny the plan or annual update to the plan until he or she determines that the changes made by the governing board of the school district address the concerns.

(3) The county superintendent of schools may also assign an academic expert or academic assistance team to advise the school district if the district is not already working with a District Assistance and Intervention Team pursuant to subdivision (e) of Section 52059.

(f) In making the determinations pursuant to subdivisions (d) and (e) above, the county superintendent of schools shall consider input from teachers, principals, administrators, other school personnel, parents, and pupils from the school district.

(g) If the governing board of a school district makes changes to a local control and accountability plan or annual update to the plan pursuant to this section, the governing board of the school district shall revise the budget of the school district to include expenditures necessary to implement the local control and accountability plan.

(h) A governing board of a school district shall post a plan or annual update to the plan approved by a county superintendent of schools on the website of the school district.

(i) If a county superintendent of schools has jurisdiction over a single school district, the Superintendent shall designate a county superintendent of schools over an adjoining county to perform the duties identified in this section.

52063.

(a) The Fiscal Crisis and Management Assistance Team shall evaluate the academic condition of any school district that met the condition established by Section 52062(d)(3)(A) in the fiscal year two years prior and did not meet the Academic Performance Index growth target in each of the two most recent years for one or more of the groups identified in Section 52062(d)(3)(A).

(1) The Fiscal Crisis and Management Assistance Team shall use the standards and criteria adopted by the state board pursuant to Section 52072 to conduct the evaluation required pursuant to this subsection.

(2) The evaluation shall be submitted to the Superintendent of Public Instruction, the state board, the county superintendent of schools with jurisdiction for the school district, and the governing board of the school district.

(b) If the evaluation conducted pursuant to subsection (a) above finds that the county superintendent of schools needs additional authority to effectively assist a school district pursuant to this section, the county superintendent of schools shall, for as long as the school district continues to not meet the Academic Performance Index growth target for consecutive years for one or more of the groups identified in Section 52062(d)(3)(A), have the authority to do the following:

(A) Make changes to a local control and accountability plan adopted by the governing board of the school district.

(B) Develop and impose a budget revision, in conjunction with revisions to the local control and accountability plan, that will allow the district to meet its academic obligations

(C) Stay and rescind an action that would prevent the district from meeting its academic obligations.

(c) In exercising the authority provided pursuant to this section, a county superintendent of schools shall consider the actions of and consult with any District Assistance and Intervention Team that has been assigned to the school district pursuant to subdivision (e) of Section 52059.

(d) If a county superintendent of schools has jurisdiction over a single school district, the Superintendent shall designate a county superintendent of schools over an adjoining county to perform the duties identified in this section.

52063.5.

(a) The Superintendent of Public Instruction is authorized, at the direction of the State Board of Education, for any district that meets the condition established by Section 52062(d)(3)(A), to do any of the following:

(1) Make changes to a local control and accountability plan adopted by the governing board of the school district.

(2) Develop and impose a budget revision, in conjunction with revisions to the local control and accountability plan, that will allow the district to meet its academic obligations.

(3) Stay and rescind an action that would prevent the district from meeting its academic obligations.

(b) The Superintendent of Public Instruction shall notify the county superintendent of schools, the county board of education, the superintendent of the school district, and the governing board of the school district of any action by the State Board of Education to direct him or her to exercise any of the powers and authorities specified in subsection (a) above.

(c) The powers and authorities of the county superintendent of schools specified in Sections 52602 and 52603 with respect to the given school district shall be subordinated to that of the Superintendent of Public Instruction if the Superintendent of Public Instruction is directed to exercise any of the powers and authorities specified in subsection (a) above.

(d) The Superintendent may appoint an academic trustee, with approval of the State Board of Education, to exercise the powers and authorities specified in subsection (a) above on his or her behalf.

52064.

(a) The governing board of a school district shall establish a parent advisory committee to provide advice to the governing board and the superintendent of the school district regarding the requirements of this article.

(b) (1) A parent advisory committee shall include parents or legal guardians of students identified in the definitions in Section 42238.01.

(2) This paragraph does not require the governing board to establish a new committee if a governing board of a school district already has established a committee that meets the requirements of this subsection, including any committee established to meet the requirements of the federal Elementary and Secondary Education Act pursuant to Section 1112 of Subpart 1 of Part A of Title I of Public Law 107-110.

(c) (1) The governing board of a school district shall establish an English learner parent advisory committee if the enrollment of the district is at least 20 percent English learners and the district enrolls at least 100 pupils who are English learners.

(2) This paragraph does not require the governing board to establish a new committee if a governing board of a school district already has established a committee that meets the requirements of this subsection.

~~52062.~~ 52065.

(a) Each county superintendent of schools shall develop~~, and each~~ and present to a county board of education ~~shall adopt,~~ for adoption a local control and accountability plan using a template adopted by the state board.

(b) A local control and accountability plan ~~adopted by a county board of education~~ shall ~~be~~ specify the dates for which the plan is in effect. A local control and accountability plan shall be adopted at least once every five years and an annual update to the plan shall be adopted each year. ~~effective for a period of at least one year but no longer than~~ five years. ~~If a county board of education adopts a plan that would be effective for a period longer than one year, the county board of education must approve an update to the plan at least annually.~~ A local control and accountability plan shall be adopted by June 30 prior to a fiscal year during which an existing plan is not effective. The county superintendent of schools shall consult with teachers, principals, administrators, other school personnel, parents, and pupils in developing the plan.

~~(c) On or before July 1 of each fiscal year, a county board of education shall take action on a local control and accountability plan for the subsequent fiscal year, either by adopting a new local control and accountability plan or by approving an update to a plan the county board of education has previously adopted.~~

~~(d) A county superintendent of schools shall update and present to the county board of education for approval the local control and accountability plan if the county board of education determines that changes in the composition of the base Academic Performance Index require the county superintendent of schools to take specific actions and use strategies that are not already included in the plan to meet the Academic Performance Index growth target for each school operated by the county superintendent of schools. If the county board of education determines that an update is necessary, the county board of education shall approve the update by November 1 of the year in which the base Academic Performance Index is released.~~

~~(e) A county superintendent of schools shall demonstrate that a local control and accountability plan was developed in consultation with teachers, principals, administrators, other school personnel, parents, and pupils. A county superintendent of schools also shall demonstrate that the superintendents of all school districts in the county were consulted in the development of the plan.~~

~~(f) A local control and accountability plan shall be consistent with all school plans submitted pursuant to Section 64001 by the county superintendent of schools for schools operated by the county superintendent of schools.~~

~~(g) Before adopting a local control and accountability plan or approving an update to an existing plan, a county board of education shall hold at least one public hearing to solicit recommendations and opinions of members of the public regarding specific actions and strategies that should be included in the plan. The agenda for that hearing shall be~~

~~posted at least 72 hours before the public hearing and shall include the location where 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 Section 1620.~~

~~(h) A county board of education shall notify members of the public, using the most efficient method possible, of the opportunity to submit written recommendations and opinions regarding specific actions and strategies that should be included in the local control and accountability plan. This subdivision shall not be interpreted to require a county board of education to produce printed notices or to send notices by mail.~~

~~(i) A county board of education shall adopt a 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 subdivision (g). The meeting shall be the same meeting during which a county board of education considers a budget pursuant to Section 1620.~~

~~(j) A county board of education may adopt a revised local control and accountability plan if the county board of education is required to adopt a revised budget. A revised local control and accountability plan shall be adopted at the same meeting that a revised budget is adopted.~~

(c) A local control and accountability plan shall include an analysis of the following:

(1) School conditions, using the criteria adopted by the state board pursuant to Section 52072.

(2) An assessment of the effectiveness of the specific actions included in any local control and accountability plans adopted previously in achieving the goals included in those local control and accountability plans.

(d) For purposes of conducting the analysis required by subdivision (c), a county superintendent of schools may consider qualitative information, including findings resulting from school quality reviews conducted pursuant to subparagraph (J) of paragraph (4) of subsection (a) of Section 52052 or any other reviews.

(e) A local control and accountability plan shall do all of the following for each of the state priority areas identified in subdivision (f):

(1) Identify the goals, for all students and for each subgroup of students as defined in Section 52052, to be achieved during each year of the plan.

(2) Describe the specific actions the county superintendent of schools will take during each year to achieve these goals.

(f) The state priority areas are as follows:

(1) Pupil achievement on statewide assessments administered pursuant to Article 4 (commencing with Section 60640) of Chapter 5 of Part 33 or any subsequent assessments, as certified by the state board.

(2) Pupil achievement on the High School Exit Exam or any subsequent high school graduation assessments, as certified by the state.

(3) The percentage of pupils who have successfully completed courses that satisfy the requirements for entrance to the University of California and the California State University, career technical education courses and programs, or advanced placement courses.

(4) Graduation rates.

(5) Dropout rates.

(6) School attendance rates.

(7) The percentage of suspensions.

(8) The percentage of expulsions.

(9) Parental involvement

(g) A local control and accountability plan shall also include:

(1) A description of how the county superintendent of schools will implement the academic content and performance standards adopted by the state board in schools operated by the county superintendent of schools.

(2) A description of how the county superintendent of schools will provide oversight of school districts pursuant to Article 2 (commencing with Section 1240) of Chapter 2 of Part 2 of Division 1 of Title 1 and Chapter 6 (commencing with Section 42100) of Part 24 of Division 3 of Title 2.

(3) A description of how the county superintendent of schools will provide support to school districts in the county.

(4) A description of how the county superintendent of schools will coordinate instruction for expelled pupils pursuant to Section 48926.

(5) A description of how the county superintendent of schools will coordinate services for foster children, including, but not limited to:

(A) Working with the county child welfare agency to minimize changes in school placement.

(B) Providing education-related information to the child welfare agency to assist the child welfare agency to deliver services to foster children, including, but not limited to, educational status and progress information required for inclusion in court reports.

(C) Responding to requests from the juvenile court for information and working with the court to ensure the delivery and coordination of necessary educational services.

(D) Establishing a mechanism for the efficient and expeditious transfer of health and education records and the health and education passport.

(h) To the extent practicable, data reported in a local control and accountability plan shall be reported in a manner consistent with the way information is reported on school accountability report cards.

(i) A county superintendent of schools shall develop and present to a county board of education for adoption, each year, an annual update to a local control and accountability plan using a template adopted by the state board, pursuant to Section 52073. The annual update shall be effective for the period of a fiscal year. The annual update shall be adopted by June 30 of the fiscal year immediately prior to the fiscal year during which the annual update is effective. This annual update shall include all of the following:

(1) A review of the progress, using available data, toward the goals included in an adopted local control and accountability plan and any changes to the specific actions the county superintendent of schools will make as a result.

(2) A listing and description of the expenditures for that year implementing the specific actions included in the plan as modified pursuant to paragraph (1) above.

(3) A listing and description of the expenditures for that year which primarily benefit pupils for which any of the definitions included in Section 42238.01 apply and pupils redesignated as fluent-English proficient.

(i) In any year in which the county superintendent of schools receives funding equal to or greater than the local control funding formula target calculated for that county superintendent of schools pursuant to Section 2574, the amount of expenditures identified pursuant to this paragraph shall be no less than the sum of the total amount of supplemental and concentration grant monies received by the county superintendent of schools pursuant to Section 2574 and an amount of the base grant received by the county superintendent of schools pursuant to Section 2574 equal to the share of the county superintendent of schools total enrollment comprised of pupils for which any of the definitions included in Section 42238.01 apply and pupils redesignated as fluent-English proficient.

(ii) In any year in which the county superintendent of schools receives funding less than the local control funding formula target calculated for that county superintendent of schools pursuant to Section 2574, the amount of expenditures identified pursuant to this paragraph shall be no less than the total expenditures in fiscal year 2012-13 from the sources included in paragraphs (1) to (3), inclusive, of subdivision (a) of Section 2575 during the 2012–13 fiscal year for pupils for whom any of the definitions included in Section 42238.01 applied and pupils redesignated as fluent-English proficient, plus an adjustment to reduce any gap between the minimum required pursuant to this subdivision and subdivision (i) above in proportion to the amount by which the gap calculated for the county superintendent of schools pursuant to Section 2575(b)(1) is reduced that fiscal year.

(iii) Notwithstanding subdivisions (i) and (ii) above, for a county superintendent of schools which receives funding equal to or greater than the local control funding formula target calculated for that district pursuant to Section 2574 in any of the 2013-14 though

the 2015-16 fiscal years, but for which the minimum requirement of subdivision (ii) above is less than the minimum requirement of subdivision (i) above, shall be subject to the minimum requirement of subdivision (ii) for the 2013-14 fiscal year through the 2015-16 fiscal years, after which time it shall be subject to either subdivision (i) or subdivision (ii), whichever is applicable.

(4) In any year in which the county superintendent of schools receives funding equal to or greater than the local control funding formula target calculated for that district pursuant to Section 2574, a description of how:

(i) The expenditure of supplemental grant monies received by the county superintendent of schools pursuant to Section 2574 reflects and is proportional to the enrollment at each school site of pupils for which any of the definitions included in Section 42238.01 apply and pupils redesignated as fluent-English proficient; and

(ii) The expenditure of concentration grant monies received by the county superintendent of schools pursuant to Section 2574 will primarily benefit pupils for which any of the definitions included in Section 42238.01 apply, and pupils redesignated as fluent-English proficient, at school sites with enrollments comprising of a majority of these pupils.

(5) A description of how the county superintendent of schools will ensure that its teachers are fully credentialed in the subject areas they are teaching, that every child in the district has equal access to standards-aligned instructional materials and that its school facilities are safe; and a listing and description of any specific expenditures necessary for that year to correct any deficiencies in these areas.

(6) The specific actions included in any approved corrective action plan created pursuant to Section 52075 and a listing and description of the specific expenditures for that year to implement these actions.

(7) The expenditures identified in paragraphs (2) through (6) above shall be classified using the California School Accounting Manual pursuant to Section 41010.

52066.

(a) Prior to presenting a local control and accountability plan or the annual update to the plan to a county board of education for adoption, the county superintendent of schools shall do all of the following:

(1) Present the plan or the annual update to the plan to the parent advisory committee pursuant to Section 52070 for review and respond, in writing, to any comments received by the parent advisory committee.

(2) Present the plan or the annual update to the plan to the English learner parent advisory committee pursuant to 52070 for review and respond, in writing, to any comments received by the parent advisory committee.

(3) Notify members of the public of the opportunity to submit written recommendations and opinions regarding specific actions that should be included in the plan or the annual update to the plan, using the most efficient method of notification possible. This

subdivision does not require a county superintendent of schools to produce printed notices or to send notices by mail.

(4) Hold at least one public hearing to solicit recommendations and opinions of members of the public regarding specific actions that should be included in the plan or the annual update to the 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 plan or the annual update to the plan will be available for public inspection. This public hearing shall be held at the same meeting as the public hearing required by paragraph (1) of subdivision (a) of Section 42127.

(b) A county board of education shall adopt a plan or the annual update to the 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 (4) of subdivision (d). This meeting shall be the same meeting during which the county board of education considers a budget pursuant to paragraph (2) of subdivision (a) of Section 42127.

(c) A county superintendent of schools may develop and present to a county board of education for adoption, revisions to a plan or the annual update to the plan. The county superintendent of schools may present revisions only if the requirements of subdivision (a) have been met.

52067.

(a) Not later than five days after adoption of a local control and accountability plan or the annual update to the plan, the county superintendent of schools shall file the plan with the Superintendent.

(b) The Superintendent may seek clarification, in writing, from the county superintendent of schools about the content of the local control and accountability plan or the annual update to the plan. The county superintendent of schools shall respond, in writing.

(c) The Superintendent may submit recommendations, in writing, for amendments to the local control and accountability plan or the annual update to the plan. The county superintendent of schools shall make a determination about whether to make the amendments and present the determination to the county board of education for adoption at a public meeting.

(d) The Superintendent shall approve a local control and accountability plan or the annual update to the plan submitted by a county superintendent of schools unless:

(1) The Superintendent makes a determination that the plan or the annual update to the plan does not adhere to the template adopted by the state board pursuant to Section 52073 or does not include all of the components identified required by Section 52065.

(2) The Superintendent makes a determination that a plan or the annual update to the plan was not developed pursuant to the process identified in Section 52066.

(3) Beginning in the 2015-16 fiscal year, and every fiscal year thereafter, both of the following conditions are met:

(A) The county superintendent of schools has not met the Academic Performance Index growth target set by the state board for two consecutive or two out of the three most recent fiscal years for any of the following groups:

(i) All students enrolled in the schools operated by the county superintendent of schools.

(ii) The subgroup of English learners.

(iii) The subgroup of socioeconomically disadvantaged students.

(iv) The subgroup of foster children.

(B) The Superintendent makes a determination that the plan or annual update to the plan does not include the specific actions that are needed to meet the academic obligations of the county superintendent of schools and to improve student achievement.

(e) If the Superintendent does not approve the plan pursuant to subdivision (d) above:

(1)The Superintendent shall present his or her concerns, in writing, citing specific actions to which he or she objects, to the county board of education.

(2) The county superintendent of schools shall make changes to the plan or annual update to the plan that address the concerns of the Superintendent. The Superintendent may continue to deny the plan or annual update to the plan until he or she determines the changes made address the concerns.

(3) The Superintendent may also assign an academic expert or academic assistance team to advise the county superintendent of schools.

(f) In making the determinations pursuant to subdivision (d), the Superintendent consider input from teachers, principals, administrators, other school personnel, parents, and pupils enrolled in schools operated by the county superintendent of schools.

(g) If the county board of education makes changes to a local control and accountability plan or annual update to the plan pursuant to this section, the county superintendent of schools shall revise the budget to include expenditures necessary to implement the local control and accountability plan.

(h) A county superintendent of schools shall post a plan or annual update to a plan approved by the Superintendent on the website of the county superintendent of schools.

~~52063. (a) No later than five days after adoption of a local control and accountability plan or approval of an update to an existing plan pursuant to Section 52062 by a county board of education, the county superintendent of schools shall file the plan with the Superintendent, the county board of supervisors, and the county auditor. The plan shall be filed on the same day that the county superintendent of schools files the budget pursuant to subdivision (a) of Section 1622.~~

~~(b) The Superintendent shall do all of the following~~

~~(1) Examine if the plan adheres to the template adopted by the state board pursuant to Section 52066 and includes all of the components identified in subdivision (a) of Section 52064~~

~~(2) Determine if the budget for the subsequent fiscal year adopted by the county board of education includes expenditures sufficient to implement the specific actions and strategies included in the local control and accountability plan adopted by the county board of education, based on the projections of the costs included in the plan.~~

~~(3) In making the determinations pursuant to paragraphs (1) and (2) consider input from teachers, principals, administrators, other school personnel, parents, and pupils in the county.~~

52068.

(a) The Fiscal Crisis and Management Assistance Team shall evaluate the academic condition of any county office of education that met the condition established by Section 52067(d)(3)(A) in the fiscal year two years prior did not meet the Academic Performance Index growth target in each of the two most recent fiscal years for one or more of the groups identified in Section 52067(d)(3)(A).

(1)The Fiscal Crisis and Management Assistance Team shall use the standards and criteria adopted by the state board pursuant to Section 52072 to conduct the evaluation required pursuant to subparagraph (1) above.

(2)The evaluation shall be submitted to the Superintendent of Public Instruction, the state board, the county superintendent of schools, and the county board of education.

(b) If the evaluation conducted pursuant to subsection (a) above finds that the Superintendent needs additional authority to effectively assist a county office of education pursuant to this section, the Superintendent shall, for as long as the county office of education continues to not meet the Academic Performance Index growth target for consecutive years for one or more of the groups identified in Section 52067(d)(3)(A), have the authority to do the following:

(A) Make changes to a local control and accountability plan developed by a county superintendent of schools adopted by the county board of education.

(B) Develop and impose a budget revision, in conjunction with revisions to the local control and accountability plan, that will allow the county office of education to meet its academic obligations.

(C) Stay and rescind an action that would prevent the county office of education from meeting its academic obligations.

52069.

(a) The Superintendent of Public Instruction is authorized, at the direction of the State Board of Education, for any county office of education that meets the condition established by Section 52067(d)(3)(A), to do any of the following:

(1) Make changes to a local control and accountability plan developed by the county superintendent of schools and adopted by the county board of education.

(2) Develop and impose a budget revision, in conjunction with revisions to the local control and accountability plan, that will allow the county office of education to meet its academic obligations

(3) Stay and rescind an action that would prevent the county office of education from meeting its academic obligations.

(b) The Superintendent of Public Instruction shall notify the county superintendent of schools, the county board of education of any action by the State Board of Education to direct him or her to exercise any of the powers and authorities specified in subsection (a) above.

(c) The Superintendent may appoint an academic trustee, with approval of the State Board of Education, to exercise the powers and authorities specified in subsection (a) above on his or her behalf.

52070.

(a) A county superintendent of schools shall establish a parent advisory committee to provide advice to the county board of education and the county superintendent of schools regarding the requirements of this article.

(d) (1) A parent advisory committee shall include parents or legal guardians of pupils identified in the definitions in 42238.01

(e) This paragraph does not require the county superintendent of schools to establish a new committee if the county superintendent of schools already has established a committee that meets the requirements of this subsection, including any committee established to meet the requirements of the federal Elementary and Secondary Education Act pursuant to Section 1112 of Subpart 1 of Part A of Title I of Public Law 107-110.

(e) (1) A county superintendent of schools shall establish an English learner parent advisory committee if the enrollment of the schools operated by the county superintendent of schools is at least 20 percent English learners and schools operated by the county superintendent of schools enroll at least 100 pupils who are English learners.

(2) This paragraph does not require the county superintendent of schools to establish a new committee if the county superintendent of schools already has established a committee that meets the requirements of this subsection.

~~52064. (a) A local control and accountability plan adopted by a governing board of a school district or a county board of education shall identify goals and describe the specific actions the school district or county superintendent of schools will take and strategies that will be used to achieve all of the following:~~

~~(1) Implement, for all pupils, the content standards adopted by the state board pursuant to Sections 60605.8, 60605.10, and 60605.11.~~

~~(2) Increase the Academic Performance Index for each school and for each numerically significant pupil subgroup pursuant to Section 52052 and reduce gaps in the Academic Performance Index and other measures of pupil achievement between numerically significant pupil subgroups.~~

~~(3) Improve pupil achievement of the content standards adopted by the state board pursuant to Sections 60605, 60605.2, 60605.3, 60605.8, and 60605.85, at all grade levels, as evidenced by the results of statewide assessments pursuant to Article 4 (commencing with Section 60640) of Chapter 5 of Part 33, other statewide assessments, and appropriate local assessments.~~

~~(4) Increase high school graduation rates, if a school district or a county superintendent of schools enrolls high school pupils, increase attendance rates, and reduce dropout rates.~~

~~(5) Increase the percentage of pupils who have successfully completed each of the following:~~

~~(A) Courses that satisfy the requirements for entrance to the University of California and the California State University.~~

~~(B) Advanced placement courses.~~

~~(C) Career technical education programs.~~

~~(6) Identify and address needs of pupils, and schools predominantly serving pupils, who meet any of the following definitions:~~

~~(A) Pupils who have been classified as an English learner pursuant to Section 52164.~~

~~(B) Pupils who qualify for the free and reduced-price meal program pursuant to Section 49552.~~

~~(C) Foster children as defined in Sections 300 and 601 of the Welfare and Institutions Code.~~

~~(D) Pupils enrolled in a juvenile court school operated by a county superintendent of schools pursuant to subdivision (a) of Section 48645.2, if applicable.~~

~~(7) Remedy deficiencies in any school in the school district or any school operated by the county board of education and improve school conditions in any of the areas included in paragraphs (5), (6), and (8) of subdivision (b) of Section 33126. This includes ensuring access for each pupil to the following:~~

~~(A) Sufficient textbooks and instructional materials.~~

~~(B) Safe, clean, and adequate school facilities.~~

~~(C) Qualified teachers.~~

~~(8) Provide meaningful opportunities for parent involvement, including, at a minimum, supporting effective schoolsite councils or other structures at each school and advisory panels to the governing board of the school district or the county board of education or, if parents so choose, creating other processes or structures, such as creating the role of an ombudsman for parents, to address complaints and other issues raised by parents.~~

~~(b) A local control and accountability plan developed by a county superintendent of schools and approved by a county board of education shall also include, in addition to the elements included in subdivision (a), goals related to addressing countywide needs, and describe specific actions and strategies to do all of the following:~~

~~(1) Conduct effective oversight of school districts pursuant to Article 2 (commencing with Section 1240) of Chapter 2 of Part 2 of Division 1 of Title 1 and Chapter 6 (commencing with Section 42100) of Part 24 of Division 3 of Title 2.~~

~~(2) Provide support to school districts in the county, including support related to school district operations, educational technology, and professional development, and guidance to school districts related to curriculum and instructional practices.~~

~~(3) Coordinate instruction for expelled pupils pursuant to Section 48926.~~

~~(c) A local control and accountability plan shall include an analysis of both the following:~~

~~(1) Pupil achievement of those pupils enrolled in schools in a school district or schools operated by a county superintendent of schools at the time the plan is adopted by the governing board of the school district or the county board of education.~~

~~(2) If a governing board of a school district or a county board of education previously has adopted a local control and accountability plan, progress made in implementing the goals identified in the plan in effect immediately before the adoption of a new plan by the governing board of the school district or the county board of education.~~

~~(d) For purposes of conducting the analysis required by subdivision (c), a governing board of a school district or a county superintendent of schools may consider qualitative information, including reviews conducted by panels of experts during visits to schools in the school district or schools operated by the county office of education.~~

~~(e) Data reported in a local control and accountability plan shall be consistent with information reported on school accountability report cards for schools in a school district or schools operated by a county superintendent of schools.~~

~~(f) A local control and accountability plan shall include projections of the costs of implementing the specific actions and strategies included in the plan. Expenditures that reflect these cost projections shall be included in the budget adopted by the governing board of the school district pursuant to Section 42127.~~

~~(g) A local control and accountability plan adopted by a governing board of a school district shall document all of the following:~~

~~(1) For those fiscal years in which it is anticipated that the school district will receive less funding than is calculated under the local control funding formula pursuant to Section~~

~~42238.02, as implemented by Section 42238.03, a projection of the total funding required for the specific actions the school district will take and strategies that will be used to implement paragraph (6) of subdivision (a), divided by the average daily attendance of the pupils for whom any of the definitions included in paragraph (6) of subdivision (a) apply. This amount of funding shall not be less than the total expenditures from the sources included in paragraphs (1) to (3), inclusive, of subdivision (i) of Section 42238.02 during the 2012–13 fiscal year for services for pupils for whom any of the definitions included in paragraph (6) of subdivision (a) applied during the 2012–13 fiscal year, divided by the average daily attendance of these students during the 2012–13 fiscal year.~~

~~(2) For those fiscal years in which it is anticipated that the school district will receive funding equal to or greater than the amount calculated under the local control funding formula pursuant to Section 42238.02, as implemented by Section 42238.03, a projection of the total funding required for the specific actions the school district will take and strategies that will be used to implement paragraph (6) of subdivision (a), divided by the average daily attendance of the pupils for which any of the definitions included in paragraph (6) of subdivision (a). This funding shall not be less than the supplemental grants and concentration grants the governing board of the school district projects receiving pursuant to subdivisions (e) and (f) of Section 42238.02, divided by the average daily attendance of the pupils for which any of the definitions included in paragraph (6) of subdivision (a) apply.~~

~~(h) A local control and accountability plan adopted by a county board of education shall document all of the following:~~

~~(1) For those fiscal years in which it is anticipated that the county office of education will receive less funding than is calculated under the county local control funding formula pursuant to Section 2574, a projection of the total funding required for the specific actions the county superintendent of schools will take and strategies that will be used to implement paragraph (6) of subdivision (a), divided by the average daily attendance of the pupils for whom any of the definitions included in paragraph (6) of subdivision (a) apply. This amount of funding shall not be less than the total expenditures from the sources included in paragraphs (1) and (2) of subdivision (g) of Section 2574 during the 2012–13 fiscal year for services for pupils for whom any of the definitions included in paragraph (6) of subdivision (a) applied during the 2012–13 fiscal year, divided by the average daily attendance of these pupils during the 2012–13 fiscal year.~~

~~(2) For those fiscal years in which it is anticipated that the county office of education will receive funding equal to or greater than the amount calculated under the county local control funding formula pursuant to Section 2574, a projection of the total funding required for the specific actions the county superintendent of schools will take and strategies that will be used to implement paragraph (6) of subdivision (a), divided by the average daily attendance of the pupils for which any of the definitions included in paragraph (6) of subdivision (a) apply. This funding shall not be less than the supplemental grants and concentration grants the county board of education projects receiving pursuant to subdivisions (b) and (c) of Section 2574, divided by the average daily attendance of the pupils for which any of the definitions included in paragraph (6) of subdivision (a) apply.~~

~~(i) A local control and accountability plan shall account for the funds provided to charter schools that elect to receive funding through the school district or the county office of education pursuant to Section 47651.~~

~~52065.~~ 52071. (a) The governing body of a charter school ~~that elects to receive its funding directly, pursuant to Section 47651,~~ shall adopt a local control and accountability plan using a template adopted by the state board.

(b) ~~Notwithstanding Section 52064, a~~ A local control and accountability plan adopted by the governing body of a charter school shall identify specific ~~steps~~ actions the charter school will take ~~and strategies that will be used~~ to accomplish the goals identified in ~~the~~ its charter petition granted pursuant to ~~Sections~~ Section 47605, 47605.5, 47605.6, 47605.8, ~~and~~ or 47606.

(c) A local control and accountability plan adopted by a governing body of a charter school shall specify the dates for which the plan is effective. A governing body of a charter school shall adopt a local control and accountability plan at least once every five years. ~~be effective for a period of at least one year but no longer than five years. If the governing body of the charter school adopts a plan that would be effective for a period longer than one year, the governing body of the charter school must approve an update to the existing plan at least annually.~~

(d) ~~On or before July 1 of each fiscal year, a governing body of a charter school shall take action on a local control and accountability plan for the subsequent fiscal year, either by adopting a new local control and accountability plan or by approving an update to a plan the charter school has previously adopted.~~ A governing body of a charter school shall adopt a local control and accountability plan by June 30 of the fiscal year prior to any fiscal year for which an existing plan is not effective.

(e) The plan shall be submitted to the charter school's chartering authority and the county superintendent of schools, or only to the county superintendent of schools if the county board of education is the chartering authority, on the same day that the charter school submits its preliminary budget pursuant to paragraph (1) of subdivision (a) of Section 47604.33.

(f) A plan approved by the governing body of a charter shall be posted on the website of the charter school.

52072. (a) The state board shall adopt standards and criteria to be used to evaluate the condition of school districts and the ability of school districts to meet the educational needs of pupils enrolled in the district.

(b) The state board shall convene a committee composed of representatives from school districts, county superintendents of schools, the Legislature, labor and professional organizations, parent and student representatives and other education stakeholders. The committee may review and comment on the proposal standards and criteria prior to their adoption.

(c) The standards and criteria shall be used to evaluate the condition of school districts pursuant to Sections 52060, 52062, and 52063 and county offices of education pursuant to Sections 52065, 52067,and 52068.

(d) To the extent necessary, any revisions or updates to the standards and criteria shall be developed by the state board pursuant the procedures established by subdivisions (a) and (b). The revisions or updates shall specify the fiscal year in which the revisions or updates are applicable.

~~52066.~~ 52073. (a) The state board shall **adopt** ~~a template for use by school districts and a separate template for use by county superintendents of schools that includes the elements identified in Section 52064.~~ templates for use for the following purposes:

(1) For use by school districts to meet the requirements of Sections 52060, 52061, 52062, and 52063.

(2) For use by county superintendents of schools to meet the requirements of Sections 52056, 52067.

(2) For use by charter schools to meet the requirements of Section 52071.

~~(b) The state board shall also adopt a template for use by charter schools to satisfy the requirements of Section 52065.~~

(c) The templates developed by the state board shall allow a school district, county superintendent of schools, or charter school to complete a single local control and accountability plan to meet the requirements of this article and the requirements of the federal Elementary and Secondary Education Act related to local educational agency plans pursuant to Section 1112 of Subpart 1 of Part A of Title I of Public Law 107-110. The state board shall also take steps to minimize duplication of effort at the local level to the greatest extent possible.

(d) If possible, the ~~template~~ templates identified in subdivision (a) for use by county superintendents of schools shall allow a county superintendent of schools to develop a single local control and accountability plan that would also satisfy the requirements of Section 48926.

(e) The state board shall approve the templates identified in subdivisions (a) and (b) by January 30, 2014. Revisions to the templates shall be approved by the state board by January 1 before the fiscal year during which a template is to be used by a school district, county superintendent of schools, or charter school.

(f) The adoption of a template by the state board shall not create a requirement for a governing board of a school district, a county board of education, or a governing body of a charter school to submit a local control and accountability plan to the state board, unless otherwise required by federal law. The Superintendent shall not require a local control and accountability plan to be submitted by a governing board of a school district or the governing body of a charter school. The state board may adopt a template that would authorize a school district or a charter school to submit to the state board only the sections of the local control and accountability plan required by federal law.

(g) Until June 30, 2014, the ~~The~~ state board may adopt emergency regulations for purposes of implementing this section.

52074. (a) A complaint that a school district, county superintendent of schools, or charter school has not complied with the requirements of this article may be filed with a school district, county superintendent of schools, or charter school pursuant to the Uniform

Complaint Procedures set forth in Chapter 5.1 (commencing with Section 4600) of Division 1 of Title 5 of the California Code of Regulations.

(b) A complaint may be filed anonymously if the complaint provides evidence or information leading to evidence to support an allegation of noncompliance with the requirements of this article.

(c) A complainant not satisfied with the decision of a school district, county superintendent of schools, or charter school may appeal the decision to the Superintendent and shall receive a written appeal decision within 60 days of the Superintendent's receipt of the appeal.

(d) If a school district or county superintendent of schools finds merit in a complaint, or the Superintendent finds merit in an appeal, the school district, county superintendent of schools, or charter school shall provide a remedy to all affected pupils, parents, and guardians.

(e) Information regarding the requirements of this article shall be included in the annual notification distributed to pupils, parents and guardians, employees, and other interested parties pursuant to Section 4622 of Title 5 of the California Code of Regulations.

(f) School districts, county superintendents of schools, or charter schools shall establish local policies and procedures to implement the provisions of this section on or before June 30, 2014.

52075

(a) The Superintendent of Public Instruction shall temporarily withhold an apportionment that otherwise would be made to a school district or charter school pursuant to Section 42238.02, as implemented by Section 42239.03, or an apportionment that otherwise would be made to a county superintendent of schools pursuant to Section 2575, whichever is applicable, when:

(1) A financial and compliance audit includes an audit exception related to the requirements of this article.

(2) The Superintendent finds merit in an appeal of a complaint related to the expenditure requirements of this article submitted through the Uniform Complaint Procedures pursuant to Section 52072.

(b) The amount withheld temporarily pursuant to subdivision (a) shall be equal to the expenditures directly associated with the finding of noncompliance.

(c) The school district, charter school, or county superintendent of schools shall file a corrective action plan with the Superintendent to remedy the finding of noncompliance and compensate for the harm done to a particular student or group of students as a result of the noncompliance. A school district or county office of education that did not make all of the expenditures identified in their local control and accountability plan for the primary benefit of pupils for which any of the definitions included in Section 42238.01 apply and pupils redesignated as fluent-English proficient must spend in the next fiscal year, in addition to the amounts identified pursuant to Sections 52060(i)(3) and

52065(i)(3), an amount for the primary benefit of these pupils equal to the amount of the expenditures they failed to make. The school district or county superintendent of schools may not use supplemental grant or concentration grant monies provided pursuant to Sections 42238.02 and 2575 for any expenditures included in the corrective action plan to compensate for a failure to make all of the expenditures identified in their local control and accountability plan for the primary benefit of pupils for which any of the definitions included in Section 42238.01 apply and pupils redesignated as fluent-English proficient.

(d) The Superintendent shall approve a corrective action plan unless the Superintendent determines that the plan would not resolve the finding of non-compliance and compensate for the harm done to a particular student or group of students, or it would impair the educational program of the school district, charter school, or county superintendent of schools.

(e) Upon approval of a corrective action plan, the Superintendent shall, as soon as practicable, apportion the funds temporarily withheld pursuant to subsection (a) above.

(f) The school district, charter school, or county superintendent of schools may file an appeal to the state board of a decision by the Superintendent not to approve a corrective action plan or apportion funds that have been temporarily withheld. The state board may direct the Superintendent to make, as soon as practicable, an apportionment that has been withheld.

SEC. 324.

Chapter 6.8 (commencing with Section 52080) of Part 28 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 325.

Chapter 6.9 (commencing with Section 52100) of Part 28 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 326.

Chapter 6.10 (commencing with Section 52120) of Part 28 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 327.

Chapter 7 (commencing with Section 52130) of Part 28 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 328.

Chapter 8 (commencing with Section 52200) of Part 28 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 329.

Chapter 8.3 (commencing with Section 52240) of Part 28 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 330.

Chapter 8.5 (commencing with Section 52250) of Part 28 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 331.

Chapter 8.6 (commencing with Section 52270) of Part 28 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 332.

Section 52301 of the Education Code is amended to read:

52301.

(a) ~~(1)~~The county superintendent of schools of each county~~, with the consent of the state board,~~ may establish and maintain, or with one or more counties may establish and maintain, a regional occupational center, or regional occupational program, in the county to provide education and training in career technical courses. The governing boards of any school districts maintaining high schools in the county may, with the consent ~~of the state board and of~~ the county superintendent of schools, cooperate in the establishment and maintenance of a regional occupational center or program, except that if a school district also maintains 500 or more schools, ~~its~~ *the* governing board *of the school district* may establish and maintain one or more regional occupational centers or programs, without those restrictions. A regional occupational center or program may be established by two or more school districts maintaining high schools through the use of the staff and facilities of a community college or community colleges serving the same geographic area as the school districts maintaining the high schools, with the consent of ~~the state board and~~ the county superintendent of schools.

~~(2)~~

(b) The establishment and maintenance of a regional occupational center or program, by two or more school districts may be undertaken pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code. In a regional occupational center or program, the functions of the county auditor undertaken pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code shall be performed by the county superintendent of schools in a county in which the board of supervisors has transferred educational functions from the county auditor to the county superintendent of schools pursuant to Sections 42649, as added by Chapter 533 of the Statutes of 1977, and 85265.5. If a school district or school districts establish and maintain a regional occupational center or program, pursuant to this chapter, the county superintendent of schools may~~, with the~~

~~consent of the state board,~~ establish and maintain a separate regional occupational center or centers or program or programs.

~~(b)Notwithstanding other provisions of this section, a single school district located in a class 1 county, as defined in Section 1205, and having an average daily attendance of 50,000 or more, or a single school district located in a class 2 county, as defined in Section 1205, and having an average daily attendance of 100,000 or more, may apply to the state board through the county superintendent of schools for permission to establish a regional occupational center or program. Except as provided in subdivision (c), the state board shall, within 90 days of receipt of an application, prescribe a procedure whereby the school district may establish a center or program in accordance with its application and in compliance with the provisions of the State Plan for Career Technical Education. The county superintendent of schools may supervise establishment of the center or program.~~

~~(c)(1)The state board may disapprove a waiver application submitted by a single school district pursuant to Article 3 (commencing with Section 33050) of Chapter 1 of Part 20 for permission to establish a regional occupational center or program which does not meet the requirements of this section if the state board determines that the establishment of the center or program would have an adverse effect upon existing regional occupational centers or programs located in school districts which are contiguous to the applicant school district.~~

~~(2)The state board shall establish criteria to measure adverse effect. The criteria shall include, but not be limited to, hardship on (A) school districts operating regional occupational centers or programs which are contiguous to the applicant school district and (B) students of school districts operating regional occupational centers or programs that are contiguous to the applicant school district.~~

~~(d)Notwithstanding any other provision of law, any regional occupational center or program operated by a single school district under Section 33050 shall be granted permanent status if the single school district has previously been granted two waivers from the state board to operate a single school district regional occupational center or program and the single school district maintains at least three but not more than five comprehensive high schools within the school district. The revenue limit for a regional occupational center or program established under this subdivision shall be the lower of either: (1) the revenue limit under which the center or program operates as of January 1, 1985, or (2) the revenue limit of the school district as of January 1, 1985, except that this revenue limit shall be subject to annual percentage cost-of-living adjustments provided for regional occupational centers and programs.~~ The governing board of the school district shall retain authority to decide whether or not to operate the regional occupational center or program ~~under this subdivision~~.

SEC. 333.

Section 52301.3 of the Education Code is repealed.

~~52301.3.~~

~~Notwithstanding subdivision (d) of Section 52301, the State Board of Education may grant permanent status to the Kern Union High School District to operate a single district regional~~

~~occupational center or program, if that status is requested in writing by the county superintendent of schools of Kern County and the governing board of the Kern Union High School District.~~

SEC. 334.

Section 52302 of the Education Code is amended to read:

52302.

(a) ~~On or before July 1, 2010, the~~ *The* governing board of each regional occupational center or program ~~**shall**~~ **is encouraged to** ensure that at least 90 percent of all state-funded courses offered by the center or program, in occupational areas in which both the program or center and the community college offer instruction, are part of occupational course sequences that target comprehensive skills. Each occupational sequence ~~**shall**~~ **is encouraged to** do all of the following:

(1) Result in an occupational skill certificate developed in cooperation with the appropriate employer advisory board created under Section 52302.2.

(2) Provide prerequisite courses that are needed to enter apprenticeship or postsecondary vocational certificate or degree programs. ~~**Where possible, sequenced courses shall**~~

(3) ~~**b**~~Be linked to certificate and degree programs in the region.

~~**(3)**~~ **(4)** ~~Focus~~ on occupations requiring comprehensive skills leading to high entry-level wages or the possibility of significant wage increases after a few years on the job, or both.

~~**(4)**~~ **(5)** Offer as many courses as possible that have been approved by the University of California as courses meeting the "A-G" admissions requirements.

(b) (1) ~~On or before July 1, 2008, the~~ *The* governing board of each regional occupational center or program ~~**shall**~~ **is encouraged to** develop a plan for establishing sequences of courses~~**, and certify to the department,**~~ that ~~**those sequences**~~ have been developed, as described in subdivision (a). The board ~~**shall**~~ **is encouraged to** consult with the superintendents of the school districts served by the center or program and presidents of community colleges in the area during the development of the plan.

(2) The ~~***plan shall be presented***~~ ***governing board is encouraged to present the plan*** ***at*** a public hearing ~~**by the governing board of**~~ **at** each school district served by the regional occupational center or program and by the county board of education.

(3) Community college boards with identified articulated programs ~~**shall**~~ **are encouraged to** ~~**also**~~ review the plans in a public session.

(4) In developing the plan, each regional occupational program or center ~~**shall**~~ **is encouraged to** consult with school districts and community college districts located within the region served by the program or center and with the relevant occupational advisers and local workforce investment board to ensure the plan meets the vocational education needs of high school pupils

in the region by providing sequences of courses that begin with middle or high school introductory courses, including, but not limited to, occupational skill courses provided by high schools or regional occupational programs or centers.

~~(5)~~ **(6)** The plan ~~**shall**~~ **may** maximize the use of local, state, and federal resources in helping high school pupils enter comprehensive skill occupations or apprenticeship programs, or continue education in college, or all of these, after graduating from high school.

~~(6)~~ **(7)** The plan ~~**shall**~~ **may** include strategies for filling gaps in courses or other services needed to make the sequences effective in meeting the needs of pupils in developing skills and attending community college upon graduation from high school.

~~(7)~~ **(8)** ~~Each~~ *Commencing September 1, 2008, each* center or program ~~**shall**~~ **is encouraged to** submit a copy of the ~~approved~~ plan to the appropriate community college or colleges in the region ~~**and the Superintendent** on or before September 1, 2008~~. Every four years after this date, on or before July 1, each center and program ~~**shall**~~ **is encouraged to** submit an update to the plan to the local community college or colleges ~~and the Superintendent~~.

(c) As a condition of receiving federal funds provided under the Carl D. Perkins Vocational and Applied Technology Education Act of 1998 (20 U.S.C. Sec. 2301 et seq.), or a successor of that act, and to the extent permitted by federal law, school districts, regional occupational centers or programs, and community college districts shall do all of the following:

(1) Develop course sequences that meet **all** the ~~**requirements**~~ **recommendations** of this section ~~according to the schedule set forth in this paragraph.~~, *as follows:*

(A) ~~On or before July 1, 2008, school~~ *School* districts, regional occupational centers or programs, and community college districts shall have adopted an approved plan as ~~**required**~~ **encouraged** under this section.

(B) ~~**On or before July 1, 2009, school *School* districts, regional occupational centers or programs, and community college districts shall have established course sequences as required under this section that include at least one-third of the courses offered by the regional occupational center or program in occupational areas in which both the program or center and the community college offer instruction.**~~

~~(C)~~ ~~On or before July 1, 2010, school~~ *School* districts, regional occupational centers or programs, and community college districts shall have established course sequences as ~~**required**~~ **encouraged** under this section that include at least two-thirds of the courses offered by the regional occupational center or program in occupational areas in which both the program or center and the community college offer instruction.

(2) Provide pupils who are participating in vocational sequences with information and experiences designed to increase their postgraduation work and school options, including, but not limited to, all of the following:

(A) Information about the admissions requirements of the University of California and California State University.

(B) Information about the placement requirements of the local community college or colleges.

(C) Information about higher education options related to the interests of the pupil.

(D) Encourage visits to local colleges and universities offering programs that allow pupils to gain additional skills and degrees in related occupations.

(E) Information and referrals to employers for internships, summer employment opportunities, and employment after graduation from high school.

(3) School districts, regional occupational centers or programs, and community college districts that do not develop course sequences ~~on or before the dates established under this subdivision, and have not received a waiver under subdivision (d),~~ shall enter into a corrective action plan with the department and shall meet any timelines established by the Superintendent.

(d) (1) The department, with the assistance of the Office of the Chancellor of the California Community Colleges, shall meet with each program or center **that receives funds provided under the Carl D. Perkins Vocational and Applied Technology Education Act of 1998 (20 U.S.C. Sec. 2301 et seq.), or a successor of that act**, and the community college or colleges in the region ~~no later than the 2009–10 fiscal year~~ to validate that course sequences meeting the requirements of this section have been developed. These meetings shall be conducted using the existing resources of the department and shall be consistent with the standards developed pursuant to Section 51226.

(2) The department and the office of the chancellor shall provide technical assistance to programs or centers and community colleges that have developed articulated sequences for less than half of the courses offered by the program or center.

~~(3)The Superintendent may waive the requirements of subdivision (a) for programs or centers and community colleges located in rural areas of the state if the Superintendent finds that development of sequences is infeasible because of the distance, travel time, or safety between the center or program and the community college.~~

SEC. 335.

Section 52302.2 of the Education Code is amended to read:

52302.2.

(a) The governing board of each regional occupational center or program ~~shall~~ **is encouraged to** establish and maintain an employer advisory board or boards pursuant to guidelines developed by the department. The advisory board ~~shall~~ **is encouraged to** do all of the following:

(1) Assist in the development of skill certificates that identify the skills and knowledge that pupils completing an occupational course sequence are expected to acquire upon completing the

sequence. ~~The advisory board also shall~~, and recommend the measures and criteria, and methods to evaluate whether pupils actually acquired the identified skills and knowledge.

(2) Review at least once a year whether pupils who are assessed as having met the requirements for a skill certificate possess the skills needed for success in employment in that occupation.

(3) Review the specific occupational sequences offered by the regional occupational center or program to train pupils for jobs that are in demand and offer high beginning salaries or the potential for significant wage increase after several years on the job.

(4) Assist the regional occupational center or program in developing internships, paid summer employment, and postgraduation employment opportunities for pupils participating in the course sequences.

(5) Assist the regional occupational center or program in identifying and creating college scholarships for pupils participating in the course sequences.

(b) Employer advisory boards ~~shall~~ **are encouraged to** be composed of representatives of trade organizations and businesses or government agencies that hire a significant number of employees each year and require the skills and knowledge that are taught in the course sequence or sequences in that occupational area, as well as at least one representative from a school district career technical educational advisory committee. The department shall develop regulations guiding the establishment of these boards.

(c) Regional occupational centers or programs operated in a rural county ~~of the sixth, seventh, or eighth class~~ may designate a local business or industry organization as the advisory board and consult with the leadership of the local business or industry organization to determine skill needs in the region and emerging job market needs. For purposes of this section, the local business organization may be designated as the advisory board for the regional occupational center or program.

SEC. 335.3.

Section 52302.3 of the Education Code is amended to read:

52302.3.
(a) Every career technical course or program offered by a school district or districts or county superintendent or superintendents sponsoring a regional occupational center or program ~~shall~~ **is encouraged to** be reviewed every two years by the appropriate governing body to assure that each course or program does all of the following:

(1) Meets a documented labor market demand.

(2) Does not represent unnecessary duplication of other job skills training programs in the area.

(3) Is of demonstrated effectiveness as measured by the employment and completion success of its pupils.

(b) Any course or program that does not meet the requirements of subdivision (a) and the standards promulgated by the governing body ~~shall~~ **may** be terminated within one year.

SEC. 335.5.

Section 52302.5 of the Education Code is amended as follows:

52302.5.
A regional occupational center or regional occupational program ~~shall~~ **is encouraged to** do all of the following:

(a) Provide individual counseling and guidance in career technical matters.

(b) Provide a curriculum that includes a sequence of academic and skill instruction in specific occupational fields leading to an approved skill certificate and vocational degree, apprenticeship, or postsecondary certificate program pursuant to paragraph (2) of subdivision (b) of Section 52302, or provide an opportunity for pupils to acquire entry-level career technical skills.

(c) Maintain a pupil-teacher ratio which will enable pupils to achieve optimum benefits from the instructional program.

(d) Assign the highest priority in services to youth from the age of 16 to 18 years, inclusive.

SEC. 336.

Section 52302.8 of the Education Code is amended to read:

52302.8.
(a) The Legislature hereby finds and declares that vocational training resources that are provided through regional occupational centers and programs are an essential component of the state's secondary school system and the local system of providing occupational skills training to high school pupils. For this reason, the Legislature finds and declares that these resources should be focused primarily on the needs of pupils enrolled in high school.

~~(b)For the 2008–09 fiscal year, a regional occupational center or program may claim no more than 50 percent of the state-funded average daily attendance for which the center or program is eligible, for services provided to students who are not enrolled in grades 9 to 12, inclusive.~~

~~(c)For the 2009–10 fiscal year, a regional occupational center or program may claim no more than 30 percent of the state-funded average daily attendance for which the center or program is eligible, for services provided to students who are not enrolled in grades 9 to 12, inclusive.~~

~~(d)For the 2011–12 fiscal year and every fiscal year thereafter, a regional occupational center or program may claim no more than 10 percent of the state-funded average daily attendance for which the center or program is eligible, for services provided to students who are not enrolled in grades 9 to 12, inclusive, and up to an additional 5 percent for CalWORKs, Temporary Assistance Program, or Job Corps participants and participants under the federal Workforce~~

~~Investment Act of 1998 (29 U.S.C. Sec. 2810 et seq.) who are enrolled in Intensive Training services.~~

~~(e)~~

(b) Pupils who are CalWORKs, Temporary Assistance Program, or Job Corps participants shall have priority for service ~~within the percentage limits established under subdivision (d).~~

~~(f)Notwithstanding subdivision (d), a regional occupational center or program may claim more than 15 percent of its average daily attendance for students who are not enrolled in grades 9 to 12, inclusive, if all of the students who are not enrolled in grades 9 to 12, inclusive, are CalWORKs, Temporary Assistance Program, or Job Corps participants, and if the governing board of the regional occupational center or program does all of the following:~~

~~(1)Meets with local human services directors, and representatives of adult education programs, community colleges and other institutions of higher education, to assess the needs of CalWORKs, Temporary Assistance Program, or, Job Corps and federal Workforce Investment Act participants to identify alternative ways to meet the needs of these adult students.~~

~~(2)Enters into a transition plan, approved by the Superintendent, to become in compliance with subdivision (d) in accordance with benchmarks and timelines established in the transition plan. Transition plans shall be established pursuant to guidelines issued by the department, in consultation with the State Department of Social Services, and shall be resubmitted and reviewed annually.~~

~~(g)Notwithstanding subdivisions (b), (c), and (d), a regional occupational center or program that claims more than 40 percent of its students are not enrolled in grades 9 to 12, inclusive, on January 1, 2007, shall submit a letter to the Superintendent by July 1 of each year until it complies with this subdivision, outlining the goals of the regional occupational center or program to reduce the number of adult students in order to comply with subdivision (d) on or before July 1, 2013.~~

~~(h)Regional occupational centers and programs operated in a rural county of the sixth, seventh, or eighth class may exceed the number of adults by an additional 10 percent of the limits established in subdivisions (b), (c), and (d).~~

~~(i)(1)For purposes of this calculation, adult average daily attendance attributable to continuously enrolled grade 12 pupils who have not passed the high school exit examination pursuant to Section 60851 is excluded from the calculation under this section. Amounts that may become available from reductions resulting from the enactment of this section shall be redirected to other regional occupational centers or programs to serve additional secondary pupils.~~

~~(2)Adult average daily attendance funding for a regional occupational center or program that has entered into a corrective action plan pursuant to subdivision (k) shall not be redirected to other regional occupational centers or programs to serve additional secondary pupils for up to three years while the regional occupational center or program is in corrective action.~~

~~(j)~~

(c) The governing boards of a community college district and a regional occupational center or program may enter into contractual agreements under which the center or program provides services to adult students of the community college district affected by this section ~~if both of the following are satisfied:~~ *the agreements conform to state regulations and audit requirements jointly developed by the Chancellor of the Office of the California Community Colleges and the State Department of Education, in consultation with, and subject to approval by, the Department of Finance.*

~~(1)The agreements conform to state regulations and audit requirements jointly developed by the Chancellor of the Office of the California Community Colleges and the State Department of Education, in consultation with, and subject to approval by, the Department of Finance.~~

~~(2)A course offered for adults pursuant to an agreement entered into pursuant to this subdivision is limited to the same cost per student to the state as if the course were offered at the regional occupational center or program. This subdivision does not authorize the apportionment of funds for community colleges for adult students in excess of the revenue limit for regional occupational centers or programs if a course is deemed eligible for college credit.~~

~~(k)A regional occupational center or program that fails to meet a timeline established under subdivision (c), (d), or (g) shall meet with the community college, adult education program, or other adult service to identify alternative means of meeting the needs of adult students and shall enter into a corrective action plan administered by the department. The corrective action plan shall be established pursuant to guidelines issued by the department and shall be submitted to the department annually for review.~~

SEC. 337.

Section 52302.9 of the Education Code is amended to read:

52302.9.
Regional occupational centers and programs may jointly establish, operate, and share the enrollments and costs of career technical education instruction with adult education programs offered by school districts serving the same geographic area. These programs shall be approved by ~~the State Board of Education and~~ the county superintendent of schools and ~~**shall be subject to**~~ **are encouraged to conform with** guidelines established by the Superintendent ~~of Public Instruction. These programs shall also be funded at the adult revenue limit amount provided pursuant to Section 42238~~.

SEC. 338.

Section 52306 of the Education Code is amended to read:

52306.
(a) Any business, commercial, trade, manufacturing, or construction activity referred to in subdivision (c) of Section 52305 may be undertaken as part of a regional occupational center or program provided all the following conditions have been complied with:

(1) Any facility or program operated pursuant to this section shall be only for the education or training of students enrolled in a regional occupational center or program.

(2) The facility or program shall be operated on a nonprofit basis, with all revenues restricted in their use to cover instructional and operating costs.

(3) Notwithstanding any other provision of law, the facility or program initially shall obtain the approval of the appropriate trade associations concerned with the activity proposed and the approval of the county labor council in the county in which the facility or program is located.

(b) An activity conducted by a regional occupational center or program, as described in subdivision (a), may be conducted without the need to apply for or obtain local business licenses or permits, nor shall the activity be subject to payment of local business taxes.

Notwithstanding any other ~~provision of~~ law, proceeds from business activities authorized in this section may, subject to the approval of the governing board, be deposited in a checking account or accounts by each regional occupational center or program and disbursed for the necessary expenses of those business activities. The account shall be established by the regional occupational center or program and be in the custody of the principal or other administrative official designated by the governing board or the county superintendent of schools, as the case may be. The principal or administrative official shall be responsible for all expenditures therefrom, subject to regulations prescribed for this purpose by the governing board or the county superintendent of schools, as the case may be. An exact accounting of receipts and disbursements shall be made to the district or county accounting office within a reasonable period of time. The governing board or the county superintendent of schools, as the case may be, shall provide for an audit of these accounts on a regular basis.

~~(c)Attendance of students in any business, commercial, trade, manufacturing, or construction activity referred to in subdivision (c) of Section 52305, at any regional occupational center or regional occupational program, shall be credited to that facility or program for the purposes of apportionments from the State School Fund.~~

SEC. 338.1.

Section 52304 of the Education Code is amended as follows:

52304.
Subsequent to completing the **survey** ~~**required by**~~ **described in** Section 52302 and prior to establishing a regional occupational center or program authorized by Section 52301, the appropriate governing board, boards, or county superintendent of schools, as the case may be, ~~**shall**~~ **is encouraged to** determine whether or not the survey and analysis made pursuant to Section 52302 justifies the proposed skill training, and ~~**shall**~~ further determine whether the skill training will be offered through a regional occupational center or program, or through a contract with an approved private postsecondary school pursuant to the provisions of Section 8092.

SEC. 338.3.

Section 52304.1 of the Education Code is amended as follows:

52304.1.
The governing board of each school district maintaining a high school ~~**shall**~~ **is encouraged to** annually review and assess the participation of pupils in grades 11 and 12 in regional

occupational centers and programs. The governing board ~~shall~~ **is encouraged to** prepare an annual plan to increase the participation of these pupils unless it determines that there are no additional pupils enrolled in the district who would benefit from this participation.

The governing board ~~shall~~ **is encouraged to** conduct public hearings for purposes of reviewing the participation of these pupils and for the adoption of the plan required under this section.

SEC. 338.5.

Section 52305 of the Education Code is amended as follows:

52305.
A regional occupational center or regional occupational program may:

(a) Be established pursuant to Section 52301 to provide day, including Saturday and Sunday, and evening full-time and part-time career technical education programs for minors and adults, the year around.

(b) Include within its career technical training programs, the establishment and operation of a sheltered workshop.

(c) Permit the establishment and operation of business, commercial, trade, manufacturing, or construction activities as will best serve the aims and purposes of career technical education. These activities ~~shall~~ **may** also permit the sale of products or services to private or public corporations or companies, or to the general public.

SEC. 338.7.

Section 52307 of the Education Code is amended as follows:

52307.
To the extent feasible, in establishing programs pursuant to subdivision (c) of Section 52305, ~~efforts shall be made~~ **programs are encouraged** to work cooperatively with sheltered workshops which are located in the area of such programs.

SEC. 339.

Section 52309 of the Education Code is amended to read:

52309.
(a) The curriculum initially provided by a regional occupational center or regional occupational program ~~upon commencing operation~~ **that receives funds provided under the Carl D. Perkins Vocational and Applied Technology Education Act of 1998 (20 U.S.C. Sec. 2301 et seq.), or a successor of that act,** shall be subject to the approval of the department and shall comply with all requirements and standards set forth in the State Plan for Career Technical Education. ~~The department shall approve regional occupational centers only after giving due consideration to career technical education opportunities offered by community colleges serving the same geographical area. The State Board of Education~~ *The state board* shall adopt rules and regulations establishing guidelines and criteria for differentiating between courses

appropriate for regional occupational centers or regional occupational programs and those appropriate for high schools.

(b) The Superintendent ~~of Public Instruction~~ shall prepare and distribute by April 1, 1977, and thereafter maintain, a detailed handbook for use by the local educational agencies and regional councils ~~established pursuant to Section 8020~~. The handbook shall contain course approval criteria, job market study criteria, implementation plans for administrative regulations, and procedures for securing course and program approvals.

(c) Notwithstanding subdivision (a), the curriculum provided by a regional occupational center or program shall not be subject to the approval of the department as to any curriculum that is certified, by resolution of the governing body of the regional occupational center or program, to comply with the course approval criteria set forth in the handbook described in subdivision (b).

SEC. 339.5.

Section 52311 of the Education Code is amended as follows:

52311.
Each regional occupational center ~~shall~~ **is encouraged to** be established at a readily accessible place selected to serve the pupils who will attend the center. The county superintendent of schools or district or districts, as the case may be, maintaining, or participating in the operation of, the center may provide necessary transportation to the pupils attending such center.

SEC. 340.

Section 52314 of the Education Code is amended to read:

52314.
(a) (1) Except as provided in subdivision (b), ~~any~~ *a* pupil eligible to attend a high school or adult school in a school district subject to the jurisdiction of a county superintendent of schools operating a regional occupational center or regional occupational program, and who resides in a school district which by itself or in cooperation with other school districts, has not established a regional occupational center, or regional occupational program, is eligible to attend a regional occupational center or regional occupational program maintained by the county superintendent of schools. ~~Any~~ *A* school district which in cooperation with other school districts maintains a regional occupational center, or regional occupational program, or ~~any~~ cooperating school districts, may admit to the center, or program, any pupil, otherwise eligible, who resides in the *school* district or in any of the cooperating *school* districts. ~~Any~~ *A* school district which by itself maintains a regional occupational center, or regional occupational program, may admit to the center, or program, any pupil, otherwise eligible, who resides in the *school* district. ~~No~~ *A* pupil, including ~~adults under Section 52610~~ *a person 18 years of age or older or a person who is not concurrently enrolled in a regular high school program,* shall *not* be admitted to a regional occupational center, or regional occupational program, unless the county superintendent of schools or governing board of the *school* district or *school* districts maintaining the center, or

program, as the case may be, determines that the pupil will benefit therefrom and approves of his or her admission to the regional occupational center or regional occupational program.

(2) Adult students shall not be enrolled in regional occupational center or program courses during the school day on a high school campus unless specifically authorized by the policy of the governing board of the school district.

(3) A pupil may be admitted on a full-time or part-time basis, as determined by the county superintendent of schools or governing board of the school district or districts maintaining the center, or program, as the case may be.

(b) A pupil is not eligible to be admitted to a regional occupational center or program, and his or her attendance shall not be credited to a regional occupational center or program, until he or she has attained the age of 16 years, unless the pupil meets one or more of the following conditions:

(1) The pupil is enrolled in grade 11 or a higher grade.

(2) The pupil received a referral and all of the following conditions are met:

(A) The pupil is referred to a regional occupational center or program as part of a comprehensive high school plan that has been approved by a school counselor or school administrator. The approval of the pupil's parents or guardian may be sought but is not required.

(B) The pupil's comprehensive high school plan requires referral to a regional occupational center or program as part of a sequence of vocational courses that allows the pupil to learn a comprehensive skill occupation that culminates in earning a postsecondary vocational certificate or diploma or its equivalent.

(C) The pupil is enrolled in a school that maintains any of grades 9 to 12, inclusive.

(3) The individualized education program of a pupil adopted pursuant to the requirements of Chapter 4 (commencing with Section 56300) of Part 30 prescribes occupational training for which his or her enrollment in a regional occupational center or program is deemed appropriate.

(4) The pupil is enrolled in grade 10 and has a comprehensive high school plan that has been approved by a school counselor, and the admission of that pupil will not result in the denial of admission or displacement of pupils in grades 11 and 12 that would otherwise participate in the regional occupational center or program.

~~(c)Each school district, county superintendent of schools, or joint powers agency that maintains a regional occupational center or regional occupational program shall submit to the department, at the time and in the manner prescribed by the Superintendent, the enrollment and average daily attendance for each grade level and the enrollment and average daily attendance for each exemption set forth in subdivision (b).~~

SEC. 340.5.

Section 52314.5 of the Education Code is amended as follows:

52314.5.
A regional occupational center or program established and maintained by a county superintendent of schools, school districts, or joint powers agencies pursuant to Section 52301 ~~shall~~ **may** admit youths between the ages of 15 to 18 years who are eligible to attend a high school in a school district, but who have not been enrolled on a full-time or part-time basis for a period of more than three months during the regular school year, if all of the following apply:

(a) The center or program, in conjunction with the appropriate school district, develops a comprehensive high school plan that describes the academic and vocational instruction that will be provided to the pupil.

(b) The pupil's parents or guardian approves the comprehensive plan in writing.

(c) The pupil enrolls in the appropriate adult school or high school courses that are needed to satisfy the comprehensive high school plan.

SEC. 341.

Section 52315 of the Education Code is amended to read:

52315.
(a) ~~Any~~ *A* visually impaired, orthopedically impaired, or deaf person who is not enrolled in a regular high school or community college program may attend a regional occupational center or regional occupational program pursuant to the requirements described in Section 52314.5. Additional special instruction and support services shall be provided to these persons.

(b) If the Superintendent determines that there would be a duplication of effort to these impaired persons if a regional occupational center or regional occupational program provided services to them, in that other programs exist that are available to them, the Superintendent may disapprove of the curriculum to provide programs to these impaired persons pursuant to Section 52309~~ and of any state funding made available pursuant to Section 41897 for these purposes~~.

SEC. 341.1.

Section 52316 of the Education Code is amended as follows:

52316.
Any pupil enrolled in grade 10, 11, or 12, and who is also attending a regional occupational center or regional occupational program may be excused from attending courses in physical education by the governing board of the school district maintaining grade 10, 11, or 12, and in which the pupil is enrolled, if attendance upon such classes results in hardship because of travel time involved.

If a pupil is excused from physical education classes pursuant to this section, the minimum schoolday for ~~him~~ **the pupil** in his **or her** regular high school is 180 minutes.

SEC. 341.3.

Section 52317 of the Education Code is amended as follows:

52317.
The governing board of any regional occupational center or program operated by a joint powers agency, a single district, or a county superintendent of schools maintaining a county regional occupational center or program, may admit to its programs or classes, on a full-time or part-time basis, any person who can benefit from the program or class, including a person who does not reside in the attendance area of the center or program, if there are openings in the program or class. For purposes of this section, an interdistrict attendance agreement shall not be required for out-of-district enrollments.

~~Under no circumstances shall any person be enrolled in a regional occupational center or program pursuant to this section in a manner which contradicts delineation of function agreements.~~ **Regional occupational centers and programs are encouraged to consider and conform to existing delineation agreements when enrolling persons in their program.**

Notwithstanding Section 51769 of the Education Code and Section 3368 of the Labor Code, regional occupational centers or programs or school districts within the area controlled by regional occupational centers or programs offering training to pupils residing outside its attendance area, shall provide for workers' compensation for pupils enrolled in a community classroom program.

SEC. 342.

Section 52319 of the Education Code is amended to read:

52319.
(a) Whenever the establishment and maintenance of a regional occupational center by two or more school districts has been undertaken pursuant to an agreement entered into in accordance with the provisions of Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code, and the terms of the agreement so authorize, provision may be made for the issuance of bonds for construction and other capital expenditure for the regional occupational center. An election shall be called, held, and conducted in the manner provided in Chapter 3 (commencing with Section 5300) of Part 4 of Division 1 of Title 1 on the question of the approval of the issuance of such bonds. If, at the election, the requisite number of voters cast their ballots in favor of the issuance of bonds, the bonds shall be issued and sold in the manner provided by law for the issuance and sale of bonds of a high school district. The issuance and sale of such bonds shall be deemed to be an act of the governing board of a high school district.

~~The~~
(b) The total amount of bonds issued shall not exceed one-half of 1 percent of the taxable property of the area served by the regional occupational center as shown by the last equalized assessment roll of the county or counties which the center serves, ~~and as modified pursuant to Section 41201~~ **and as modified pursuant to Section 41201 of the Government Code.**

~~Bonds~~
(c) Bonds issued and sold pursuant to this section shall be retired from proceeds of the tax under the provisions of Section 52317.

SEC. 343.

Section 52321 of the Education Code is amended to read:

~~52321.~~

~~(a)(1)Commencing in the 2009–10 fiscal year, a regional occupational center or program established and maintained by school districts or joint powers agencies pursuant to Section 52301 shall receive in annual operating funds directly from the county office of education in which it is located an amount per unit of average daily attendance equal to the revenue limit received by each of the participating school districts for each unit of average daily attendance generated in the regional occupational center or program by each participating school district.~~

~~(2)A regional occupational center or program established and maintained by a county superintendent of schools pursuant to Section 52301 shall receive funding pursuant to Section 2550. A county superintendent of schools shall report average daily attendance to the Superintendent for that funding.~~

~~(b)~~

52321.

(a) A regional occupational center or program may budget and accumulate an amount necessary to meet the cashflow needs of the regional occupational center or program known as a general reserve, and also may budget and accumulate amounts known as the designated fund balance and as the unappropriated fund balance. Alternatively, a regional occupational center or program may budget and accumulate amounts necessary to meet its long-term program needs in a separate account known as the capital outlay and equipment replacement reserve account, and this account shall be part of the designated fund balance. At the end of each school year, the ending balance in the regional occupational center or program account may be distributed to any of the general reserve, designated fund balance, and unappropriated fund balance accounts, provided that the combined total distributed does not exceed 15 percent of the expenditures for the current school year.

(1) The general reserve, the designated fund balance, including the capital outlay and equipment replacement reserve account, and the unappropriated fund balance shall be available for appropriation only after approval by a majority vote of the governing body of the regional occupational center or program.

(2) Funds of a regional occupational center or program shall be distributed to the capital outlay and equipment replacement reserve account only upon adoption by the governing board of a resolution specifying the general use to which each appropriation from the account would be put.

~~(c)~~

(b) (1) At the end of each school year, the combined ending balances of the general reserve, the designated fund balance, except the capital outlay and equipment replacement reserve account, and the unappropriated fund balance shall not exceed 15 percent of the expenditures for the current fiscal year.

(2) A regional occupational center or program may accumulate, over a period of two or more school years, an ending balance in the capital outlay and equipment replacement reserve account of more than 15 percent of the expenditures for the current fiscal year, under provisions of a resolution of the governing board pursuant to paragraph (2) of subdivision ~~(b)~~ *(a)*.

~~(d)~~
(c) Funds placed in either the general reserve, the designated fund balance, including the capital outlay and equipment replacement reserve account, or the unappropriated fund balance shall be expended only for regional occupational center or program educational purposes.

~~(e)Commencing in the 2007–08 fiscal year, the Superintendent shall require an annual certification by school districts, county superintendents of schools, and joint powers agencies that the regional occupational center or program funds have been expended as provided in this section. The Superintendent shall withhold from the apportionment of a subsequent fiscal year, any ending fund balance in excess of 15 percent of the expenditures for the year, except those funds specifically set aside by the governing board in the capital outlay and equipment replacement reserve account.~~

SEC. 343.5.

Section 52322 of the Education Code is amended as follows:

52322.
The State Board of Education shall make provision in allocating any funds received from the federal government pursuant to Public Law 576 of the 90th Congress to include regional occupational centers and programs that comply with the **federal** requirements ~~**of this chapter**~~ **associated with receipt of the federal funds**.

SEC. 344.

Section 52324 of the Education Code is repealed.

~~52324.~~

~~Units of average daily attendance in the regional occupational centers or regional occupational programs of a county for a fiscal year are the quotient arising from dividing the total number of days of pupil's attendance in the centers, or programs, during the fiscal year by 175.~~

~~Attendance in regional occupational centers, or regional occupational programs, operated under subdivision (a) of Section 52305 shall be considered pupil's attendance under this section, but attendance in regional occupational centers, or regional occupational programs, under subdivision (b) of Section 52305 shall not be so considered.~~

~~As used in this section, "school district" includes each of those districts which are cooperating in the maintenance of the center or program, with the approval of the county superintendent of schools, pursuant to Section 52301; and units of average daily attendance of pupils residing in the school district shall be credited to the school district.~~

SEC. 345.

Section 52324.5 of the Education Code is repealed.

~~52324.5.~~

~~For the purpose of crediting attendance for apportionments from Section A of the State School Fund during the fiscal year, any person who is concurrently enrolled in a nonpublic high school and in a regional occupational center or program operated under subdivision (a) of Section 52305 and maintained by a district or districts shall be classified as a regular student enrolled in a regular high school program, notwithstanding Section 52610.~~

~~For the purposes of this section, a nonpublic high school is a school which satisfies the requirements of Section 48222 if such school is exempt from taxation under Section 214 of the Revenue and Taxation Code, and if instruction in such school is given through grade 12.~~

SEC. 345.5.

Section 52324.6 of the Education Code is repealed.

~~52324.6.~~

~~(a) Any regional occupational program shall be eligible to apply for apportionments as a necessary small regional occupational program under this section if it is a regional occupational program with an annual total average daily attendance of 350 or less in the prior fiscal year, and the regional occupational program provides instructional service to a comprehensive high school or schools that have an average daily attendance in grades 9 to 12, inclusive, during the fiscal year of 350 or less.~~

~~A necessary small regional occupational program may apply for a small school regional occupational program service allocation pursuant to this section for any or all of the comprehensive high schools within its boundaries that have an average daily attendance of 350 or less during the fiscal year, and at which instruction is provided by the regional occupational program.~~

~~The county superintendents of schools shall annually certify the eligibility of a regional occupational program as a necessary small regional occupational program and annually certify the eligibility of all comprehensive high schools within the boundaries that have been selected by the necessary small regional occupational program to receive small school regional occupational program service allocations.~~

~~(b) The Superintendent of Public Instruction shall annually allocate small school regional occupational program service funding, in accordance with the schedule prescribed in this subdivision, for any and all comprehensive high schools that are certified as eligible and are selected in accordance with subdivision (a). Regional occupational programs that do not certify the employment of the minimum number of full-time equivalent certificated employees at each school shall have the total small school regional occupational program service allocation for that school reduced by a pro rata amount, based on the percentage of employee service provided in comparison to the total number of regional occupational program employees required for full funding. Full-time equivalency for purposes of this subdivision shall be equal to six teaching periods of comprehensive high school.~~

~~The small school regional occupational program service allocation shall be adjusted annually by the same percentage cost-of-living adjustment applied to other regional occupational center and program revenue limits.~~

~~(c) (1) If a regional occupational program applies for funding under this section, the regional occupational program shall certify to the Superintendent of Public Instruction all concurrently enrolled average daily attendance generated during the previous year in each school to which small school regional occupational program service funds were allocated under subdivision (b). The average daily attendance certified under this subdivision shall be subtracted from the regional occupational program's prior year total allowable average daily attendance, and the remainder shall become the current year allowable regional occupational program average daily attendance for all nonconcurrently enrolled students and concurrently enrolled students from schools not funded under subdivision (b). This calculation shall be completed the year a regional occupational program applies to become a necessary small regional occupational program or the year that the eligible regional occupational program selects any comprehensive high school defined in subdivision (a) to receive a small school regional occupational program service allocation.~~

~~(2) In the fiscal year that an eligible regional occupational program selects to remove a certified comprehensive high school from the small school regional occupational program service allocation funding or when the comprehensive high school no longer qualifies under the provisions of subdivision (a), the superintendent shall allocate a sum equal to the average of the prior two years' annual regional occupational program average daily attendance for the comprehensive high school multiplied by either the statewide average revenue limit per average daily attendance or the revenue limit per average daily attendance of the regional occupational program, whichever is greater, to the revenue limit of the eligible regional occupational program.~~

~~(3) In addition, the superintendent shall raise the prior year's annual concurrently enrolled average daily attendance for all schools not funded under subdivision (b) of the eligible small school regional occupational program an amount equal to the average of the prior two years' annual regional occupational program average daily attendance for the comprehensive high school. This adjusted allowable average daily attendance shall be the new base upon which growth is calculated for nonconcurrently enrolled students and concurrently enrolled students from high schools not funded under subdivision (b), within an eligible regional occupational program.~~

~~(d) Total annual apportionments for regional occupational programs that qualify for funding under this section as necessary small regional occupational programs shall be calculated in accordance with the following formula:~~

~~Total small school ROP service allocations to selected comprehensive high schools of 350 or less~~	~~+~~	~~Reported allowable average daily attendance pursuant to subdivision (c) multiplied by either the~~	~~=~~	~~Total annual state apportionment for a necessary small ROP~~

~~average daily attendance pursuant to subdivision (b)~~		~~statewide average ROP revenue limit or the ROP revenue limit, whichever is greater~~		

~~(e) Nothing in this section shall be construed to require eligible regional occupational programs to apply for funding under this section.~~

~~(f) In fiscal years subsequent to the 1989-90 fiscal year, the prior year's apportionment under this section shall be annually adjusted by the same cost-of-living increase provided to regional occupational programs through the standard apportionment system.~~

SEC. 346.

Section 52327 of the Education Code is amended to read:

52327.

The governing board of ~~any~~ *a school* district maintaining a regional occupational center may establish a bookstore on *school* district property for the purpose of offering for sale textbooks, workbooks, supplementary textbooks and workbooks, school supplies, stationery supplies, confectionary items, and related auxiliary school supplies and services.

The governing board *of the school district* may establish a bookstore fund into which the proceeds derived from the operation of a regional occupational center bookstore may be transferred. Moneys in a bookstore fund shall be deposited or invested in one or more of the following ways:

(a) Deposits in a bank or banks, or other institution, whose accounts are federally insured.

(b) Investment certificates or withdrawable shares in state-chartered savings and loan associations and savings accounts of federal savings and loan associations, provided the associations are doing business in this state and have their accounts insured by the Federal Savings and Loan Insurance Corporation.

(c) Purchase of United States securities pursuant to subdivision (a) of Section 16430 of the Government Code.

The governing board *of the school district* shall designate an employee or official of the *school* district to act as trustee for funds derived from the operation of a regional occupational center bookstore and to receive those funds in accordance with procedures established by the board.

All necessary expenses, including salaries, wages and costs of capital improvements may be deducted from the revenue of a regional occupational center bookstore. Net proceeds from the

operation of a regional occupational center bookstore shall be used for the general benefit of the student body as determined by the governing board *of the school district*. Income from a regional occupational center bookstore shall not be included in the *school* district ~~revenue limit~~ *funding allocation*. Funds derived from the operation of a regional occupational center bookstore shall be subject to audit pursuant to Section 41020.

SEC. 347.

Section 52327.5 of the Education Code is amended to read:

52327.5.
Each governing board establishing or maintaining a regional occupational center or program pursuant to Section 52310.5 shall meet the requirements set forth in Sections 35145, 41010, 41011, 41015, 41020, 42103, 51040, 51041, *and* 51050~~, and 51056~~.

SEC. 348.

Section 52328 of the Education Code is amended to read:

52328.
~~(a)Any~~ *A* school district, located in whole or in part in a county contiguous with the Republic of Mexico, or any county superintendent of schools of a county contiguous with the Republic of Mexico, which maintains a regional occupational center may enter into a student exchange agreement with a trade and technical training school located in the Republic of Mexico. Such student exchange agreement ~~shall~~ **may** permit Mexican ~~students~~ *pupils* to take all or part of their occupational training in the regional occupational center and ~~shall~~ **may** permit United States ~~students~~ *pupils* to take all or part of their occupational training in the Mexican trade and technical school.

~~(b)In computing the average daily attendance of the regional occupational center, the Superintendent of Public Instruction shall include any Mexican students in attendance if all of the following conditions are met:~~

~~(1)The student exchange agreement provides as nearly as practicable for the exchange of students on a one for one basis between the regional occupational center and the trade and technical school.~~

~~(2)The educational services provided the United States students in Mexico are at least equivalent in quality to the services provided in the regional occupational center.~~

~~(3)The student exchange agreement has been approved by the Superintendent of Public Instruction prior to its operative date.~~

~~(c)No average daily attendance shall be credited to the regional occupational center for the United States students while in attendance at the Mexican trade and technical school.~~

SEC. 349.

Section 52329 of the Education Code is amended to read:

52329.

The governing board of a school district located in a county, or the county superintendent of schools maintaining a regional occupational program in a county, any of the boundaries of which are contiguous to the State of Arizona, may enter into an agreement with a public or private educational agency located in ~~that state~~ *the State of Arizona* to provide to ~~students~~ *pupils* living in the *school* district and enrolled in a regional occupational program, career technical or technical training which, due to geographical isolation, is not otherwise available to these ~~students~~ *pupils*.

The program of training at the public or private educational agency ~~shall be approved by the Superintendent of Public Instruction of California and~~ shall conform to the California State Plan for Career Technical Education.

~~The attendance of pupils receiving career technical or technical training at a public or private educational agency as authorized by this section shall be included in the computation of average daily attendance as prescribed by Sections 52324 and 52325, and shall be credited to the county school service fund of the county of residence. In no event, however, shall the county school service fund be credited with more than one unit of average daily attendance per calendar year on account of a pupil participating in a program authorized by this section.~~

SEC. 350.

Section 52334 of the Education Code is amended to read:

52334.

(a) Indirect costs charged to regional occupational centers and programs may not exceed ~~that of~~ the school district or county office of education, as appropriate, prior year indirect cost rate as approved by the ~~State Department of Education~~ *department*.

~~The~~

(b) The indirect costs charged by county offices of education and school districts that provide regional occupational centers and programs services on behalf of the county office of education or joint powers authority, when added together, may not exceed the indirect cost rate approved by the ~~State Department of Education~~ *department* for the county office of education or the school district, whichever is higher.

~~Revenue limit funds apportioned to a county office of education or school district for regional occupational centers and programs must be expended on programs and services offered by the regional occupational centers and programs.~~

SEC. 351.

Section 52335 of the Education Code is amended to read:

~~52335.~~

~~Commencing with the 1988–89 fiscal year, funds for regional occupational centers and programs shall be apportioned in accordance with this article.~~
~~For~~

52335.
For purposes of this article, "ROC/P" means regional occupational center or program.

SEC. 352.

Section 52335.1 of the Education Code is repealed.

~~52335.1.~~

~~From funds appropriated in the annual Budget Act for that purpose, the Superintendent of Public Instruction shall apportion funds for ROC/Ps according to the following priorities:~~

~~(a)Apportionments for necessary small ROC/Ps pursuant to Section 52324.6.~~

~~(b)Apportionments for ROC/P revenue limits pursuant to Section 52335.2.~~

SEC. 353.

Section 52335.2 of the Education Code is repealed.

~~52335.2.~~

~~The Superintendent of Public Instruction shall calculate a revenue limit for each ROC/P in the following manner:~~

~~(a)Calculate a base revenue limit per unit of average attendance for the current fiscal year as follows:~~

~~(1)Divide the revenue limit for the prior year computed pursuant to this section by the annual units of average daily attendance funded in the prior year pursuant to subdivisions (c) and (d).~~

~~(2)Increase the amount computed in paragraph (1) by the percentage inflation adjustment specified in the Budget Act for the current fiscal year multiplied by the statewide average ROC/P revenue limit per unit of average daily attendance for the prior fiscal year.~~

~~(b)Calculate a revenue limit per unit of average daily attendance for program growth by increasing the revenue limit per unit of average daily attendance for program growth computed pursuant to this subdivision for the prior fiscal year by the percentage inflation adjustment specified in the Budget Act for the current fiscal year.~~

~~(c)Multiply the amount computed pursuant to subdivision (a) by the lesser of the ROC/P's annual units of average daily attendance for the current fiscal year or the ROC/P's annual units of funded average daily attendance for the prior fiscal year.~~

~~(d)Subtract the ROC/P's annual units of funded average daily attendance for the prior fiscal year from the ROC/P's annual units of average daily attendance for the current fiscal year and multiply the difference by the amount computed pursuant to subdivision (b). If the product computed pursuant to this subdivision is negative, it shall be deemed to be zero.~~

~~(e)Except as provided in Section 52335.3, the Superintendent of Public Instruction shall apportion to the ROC/P the sum of the amounts computed pursuant to subdivisions (c) and (d).~~

~~(f)The average daily attendance used for purposes of this section shall not include the average daily attendance in schools receiving funding pursuant to Section 52324.6.~~

~~(g)Any state funds made available as a result of local property tax revenues deducted pursuant to Section 52335.3 shall be allocated to each ROC/P in an equal amount per unit of funded average daily attendance and shall not be included in the calculation of the base revenue limit made pursuant to subdivision (a) for the subsequent fiscal year.~~

~~(h)Before making the calculations described in subdivisions (c) and (d) to determine the amount to be apportioned to each ROC/P pursuant to subdivision (e) for the 1998–99 fiscal year, average daily attendance for the 1997–98 fiscal year shall be adjusted by a factor equal to the number one minus the quotient of the number of units of that ROC/P's 1996–97 average daily attendance for absences excused pursuant to subdivision (b) of Section 46010, as that subdivision read on July 1, 1996, divided by that ROC/P's total 1996–97 average daily attendance.~~

SEC. 354.

Section 52335.3 of the Education Code is repealed.

~~52335.3.~~

~~The Superintendent of Public Instruction shall deduct from the amount computed pursuant to subdivision (e) of Section 52335.2 for each ROC/P operated by a county office of education any local revenue that would otherwise be deemed restricted and not available for expenditure in the current fiscal year pursuant to subdivision (e) of Section 2558. Any local revenue so deducted shall be used by the county office for support of the ROC/P.~~

SEC. 355.

Section 52335.4 of the Education Code is repealed.

~~52335.4.~~

~~The Superintendent of Public Instruction shall determine each ROC/P's share of funded growth average daily attendance by computing the sum of subdivisions (a), (b), and (c):~~

~~(a)Subtract the ROC/P's annual units of funded average daily attendance for the prior year from the ROC/P's annual units of funded average daily attendance for the second prior year. If the amount computed pursuant to this subdivision is negative, it shall be deemed to be zero.~~

~~(b)Allocate 25 percent of the allowable growth average daily attendance funded in the Budget Act to low participation ROC/P's, pursuant to criteria established by the Superintendent of Public Instruction.~~

~~(c)(1)Subtract the statewide sum of the growth average daily attendance computed pursuant to subdivisions (a) and (b) from the allowable growth in average daily attendance funded in the Budget Act. If the amount computed is negative, it shall be deemed to be zero.~~

~~(2)(A)Calculate the ROC/P's pro rata share of the funded growth average daily attendance calculated pursuant to paragraph (1), based on the prior year average daily attendance in grades 9 to 12, inclusive, for the school districts served by the ROC/P in relation to the total statewide prior year average daily attendance in grades 9 to 12, inclusive. For purposes of the calculation required by this paragraph, the Superintendent of Public Instruction shall use the average daily attendance reported for the second principal apportionment of the prior year.~~
~~(B)In calculating the pro rata share of funded growth average daily attendance, the Superintendent of Public Instruction shall ensure that each ROC/P is provided at least 10 units of allowed growth average daily attendance pursuant to subdivisions (b) and (c).~~

~~(d)(1)It is the intent of the Legislature that each ROC/P use its share of funded growth average daily attendance provided pursuant to this section to serve pupils in grades 9 to 12, inclusive, unless the governing board or governing boards of the school district or districts overseeing the ROC/P determine that the needs of pupils in grades 9 to 12, inclusive, have been met.~~

~~(2)It is the intent of the Legislature that, if a determination is made pursuant to paragraph (1) that the needs of pupils in grades 9 to 12, inclusive, have been met, then the governing board or governing boards of the school district or districts overseeing the ROC/P may authorize the ROC/P to use its share of funded growth average daily attendance provided pursuant to this section to serve adults.~~

SEC. 356.

Section 52335.5 of the Education Code is repealed.

~~52335.5.~~

~~In the event that the funds appropriated for purposes of this article are insufficient to fully fund the apportionments herein authorized, the Superintendent of Public Instruction shall reduce the amounts computed pursuant to Section 52335.2 for each ROC/P based on equal amounts per unit of average daily attendance, consistent with the following priorities:~~

~~(a)First priority shall be given to fully funding average daily attendance that is less than or equal to the average daily attendance funded in the prior fiscal year.~~

~~(b)Second priority shall be given to fully funding each ROC/P's share of funded growth average daily attendance determined pursuant to Section 52335.4.~~

~~(c)Third priority shall be given to funding current year annual average daily attendance that exceeds the sum of the average daily attendance specified in subdivisions (a) and (b).~~

SEC. 357.

Section 52335.6 of the Education Code is repealed.

~~52335.6.~~

~~For purposes of allocating allowable growth average daily attendance to low participation ROC/Ps, the Superintendent of Public Instruction shall:~~

~~(a)Calculate for each ROC/P the prior year average daily attendance in grades 9 to 12, inclusive, for the school districts served by the ROC/P.~~

~~(b)Divide the funded average daily attendance of the ROC/P for the prior year by the amount calculated in subdivision (a).~~

~~(c)Divide the statewide funded ROC/P average daily attendance for the prior year by the prior year statewide average daily attendance in grades 9 to 12, inclusive.~~

~~(d)For each ROC/P where the amount calculated in subdivision (b) is less than the amount calculated in subdivision (c), calculate the ROC/P's pro rata share of allowable growth daily attendance for low participation ROC/Ps, based on the average daily attendance needed by the ROC/P to be at the percentage of participation calculated in subdivision (c) in relation to the total of average daily attendance needed by low participation ROC/Ps for each ROC/P to be at the percentage of participation calculated in subdivision (c).~~

SEC. 358.

Section 52335.12 of the Education Code is amended to read:

52335.12.

(a) As a condition of receiving ~~additional funding based on average daily attendance, state or federal funds~~ **funds provided under the Carl D. Perkins Vocational and Applied Technology Education Act of 1998 (20 U.S.C. Sec. 2301 et seq.), or a successor of that act,** the regional occupational center or program shall report annually to the department the academic and workforce preparation progress of the secondary pupils enrolled in the center or program. Indicators to measure that progress shall include, but are not limited to, the Standardized Testing and Reporting (STAR) Program, pursuant to Article 4 (commencing with Section 60640) of Chapter 5 of Part 33; the high school exit examination, pursuant to Chapter 9 (commencing with 60850) of Part 33; and other indicators of academic and workforce preparation success, such as reduced dropout rates, workforce preparation, increased matriculation into postsecondary educational institutions, and other measures as determined by the department.

(b) This section shall become effective only when the longitudinal data on pupils enrolled in regional occupational centers and programs can be disaggregated from the California longitudinal pupil achievement data system ~~(CALPADs)~~ database, established pursuant to Chapter 10 (commencing with Section 60900) of Part 33.

~~(c)On or before October 1, 2007, the department shall submit to the Department of Finance a detailed proposal for the implementation of the outcome reports required in subdivision (a). The proposal shall identify the specific data elements to be collected and the costs associated with the data collection and preparation of the report. The department shall consult with the Department of Finance and the office of the Legislative Analyst during the development of this proposal.~~

SEC. 359.

Article 1.7 (commencing with Section 52336) of Chapter 9 of Part 28 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 360.

Article 2 (commencing with Section 52340) of Chapter 9 of Part 28 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 361.

Article 3 (commencing with Section 52350) of Chapter 9 of Part 28 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 362.

Article 4 (commencing with Section 52370) of Chapter 9 of Part 28 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 363.

Article 4.5 (commencing with Section 52378) of Chapter 9 of Part 28 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 364.

Article 5 (commencing with Section 52381) of Chapter 9 of Part 28 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 365.

Article 7 (commencing with Section 52450) of Chapter 9 of Part 28 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 366.

Article 7.5 (commencing with Section 52460) of Chapter 9 of Part 28 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 367.

Article 8 (commencing with Section 52480) of Chapter 9 of Part 28 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 368.

Article 9 (commencing with Section 52485) of Chapter 9 of Part 28 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 369.

Article 1 (commencing with Section 52500) of Chapter 10 of Part 28 of Division 4 of Title 2 of the Education Code ~~is repealed.~~**is amended to read:**

52500. Adult schools and evening high schools ~~shall~~ **are intended to** consist of classes for adults. Minors may be admitted to those classes pursuant to board policy and Section 52500.1.

52500.1. Eligibility of high school pupils for enrollment in adult education programs, courses, and classes ~~shall~~ **is encouraged to** be limited to pupils who meet all of the following conditions:

(a) High school pupils who enroll in adult education programs, courses, and classes pursuant to Section 41976~~, except that high school pupils shall not be counted for adult education apportionment purposes if those pupils are enrolled in programs, courses, or classes pursuant to paragraph (5), (7), (8), (9), or (10) of subdivision (a) of Section 41976.~~

(b) High school pupils who have completed a counseling session that involved the pupil, a certificated representative of the high school, and the pupil's parent or guardian, and who have a school record that contains written documentation of the session and a statement that the pupil is voluntarily enrolling in the adult education course or class, and that enrollment in an adult education program, course, or class will enhance the pupil's progress toward meeting the educational requirements for graduation from high school. ~~Commencing July 1, 1994, no school district shall enroll high school pupils pursuant to this subdivision unless the school district complies with the conditions set forth in this subdivision.~~

52501. The governing board of any school district maintaining secondary schools ~~shall have power with the approval of the Department of Education to~~ **may** establish and maintain classes for adults, except program and classes in outdoor science education and conservation education as the term is employed in Section 8760, for the purpose of providing instruction in civic, vocational, literacy, health, homemaking, technical and general education.

52501.3. Each governing board maintaining classes for adults ~~shall~~ **is encouraged to** meet the requirements set forth in Sections 35145, 41010, 41011, 41015, 41020, 42103, 42600, 51040, 51041, **and** 51050~~, and 51056~~.

~~52501.5. (a) Except as provided in subdivision (b), no revenue derived from the average daily attendance of adult education programs shall be expended for other than adult education purposes, nor shall revenue derived from other average daily attendance be expended for adult education purposes.~~

~~(b) When a district's adult revenue limit as allowed by Section 52616 is composed of average daily attendance from both a regional occupational center or program and an adult education program, the adult revenue limit income may be allocated to each program in a proportion other than the amount of adult revenue limit per average daily attendance otherwise allocable thereto.~~

52502. The governing board of a high school district or unified school district may establish classes for adults~~. If such classes result in average daily attendance in any school year of 100 or more, such districts shall establish~~ **The governing board of a high school district or unified school district may also establish** an adult school for the administration of the program.

52503. The governing board of a high school district or unified school district may establish and maintain one or more adult schools by resolution of the governing board.

52504. Classes for adults ~~shall~~ **are encouraged to** conform to any course of study and graduation requirements otherwise imposed by law or under the authority of law.

52505. Such classes may be convened at such hours and for such length of time during the day or evening and at such period and for such length of time during the school year as may be determined by the governing authority.

52506. The department shall establish standards including standards of ~~attendance,~~ curriculum, administration, and guidance and counseling service for these classes ~~as a basis for the several apportionments of state funds provided herein for the support of these classes~~. The Superintendent of Public Instruction shall prepare, distribute, and maintain a detailed handbook for use by the local educational agencies. The handbook shall contain course ~~approval~~ criteria, implementation plans for administrative regulations, and procedures for ~~securing~~ course and program ~~approvals~~ **development.**

52507. Governing boards ~~shall have the authority to provide for granting~~ **may grant** appropriate credits, certificates, diplomas or other recognition of skill or accomplishment in such classes which such districts are otherwise authorized to grant.

52508. The governing board of a high school district or a unified school district ~~shall have the authority to~~ **may** award diplomas or certificates to adults and eligible minors enrolled in adult schools upon satisfactory completion of a prescribed course of study in an elementary school program.

52509. The governing board of any school district maintaining an adult school ~~shall~~ **may** prescribe the requirements for the granting of diplomas.

52510. The governing board of each district maintaining an adult school and offering an elementary program ~~shall~~ **may** prescribe requirements for eighth grade graduation from the adult school.

52511. (a) Whenever the governing board of a school district maintaining an adult school or classes for adults is unable to maintain the school or classes in the district because of its inability to secure a teacher or teachers, or because of lack of facilities, the board may, with the approval of the county superintendent of schools ~~and the Superintendent of Public Instruction~~, maintain the school or classes of the district elsewhere than within the district or contract for instruction of the students in such school or classes with the governing board of another district.

(b) Notwithstanding the provisions of subdivision (a) of this section, whenever the governing board of a school district offering automobile driver training in an adult school or classes for adults determines that such training cannot be conducted effectively wholly within the district's boundaries, it may cause the training to be conducted outside the boundaries of the district.

52512. Classes for adults may be maintained in conjunction with day or evening high schools, day or evening adult schools, or day or evening regional occupational centers.

52513. The governing board of any high school district or unified school district may provide for the maintenance on Saturday and Sunday of classes for adults.

52514. High schools maintained in any state Institution for adults or in any city, county, or city and county jail, road camp or farm shall consist only of classes for adults.

~~52515. State funds shall not be apportioned to a school district based on the attendance of students enrolled in adult schools, unless the courses have been approved by the department pursuant to Section 41976.~~

52516. The governing board of any school district maintaining an adult school ~~shall have authority with the approval of the Department of Education to~~ may establish a prescribed course in elementary subjects appropriate to needs of adults.

~~52517. No high school or unified school district shall report for state apportionments average daily attendance in classes: (1) if the district receives full compensation for such class from any public or private agency, individual or group of individuals, except fees authorized by Section 52612; or (2) if such classes are not located in facilities clearly identified in such a manner, and established by appropriate procedures, to insure that attendance in such classes is open to the general public, except those authorized pursuant to Section 52570 and those in state hospitals. The State Board of Education may adopt such regulations as may be necessary to enforce this section.~~

~~52518. No class for adults in dancing or recreational physical education shall be maintained by any district for which the district receives money from the State School Fund.~~

52519. (a) The governing board of any high school district or unified school district ~~shall~~ **is encouraged to**, prior to establishing a vocational or occupational training program, conduct a job market study of the labor market area in which it proposes to establish the program. The study ~~shall~~ **is encouraged to** use the State-Local Cooperative Labor Market Information Program established in Section 10533 of the Unemployment Insurance Code, or if this program is not available in the labor market area, other available sources of labor market information. The study ~~shall~~ **is encouraged to** include a California Occupational Information System supply analysis of existing vocational and occupational education or training programs for adults maintained by high schools, community colleges, and private postsecondary schools in the area to ensure that the anticipated employment demand for the adults enrolled in the proposed program justifies the establishment of the proposed courses of instruction.

(b) Subsequent to completing the study required by this section and prior to establishing the program, the governing board of the high school or unified school district ~~shall~~ **is encouraged to** determine whether or not the study justifies the proposed vocational education program.

(c) If the governing board of the high school district or unified school district determines that the job market study justifies the initiation of the proposed program, it ~~shall, by resolution,~~ **is encouraged to** determine whether the program shall be offered through the district's own facilities or through a contract with an approved private postsecondary school pursuant to Section 8092.

52520. (a) Every vocational or occupational training program for adults offered by any high school district or unified school district ~~*shall*~~ **is encouraged to** be reviewed every two years by the governing board to assure that each program does all of the following:

(1) Meets a documented labor market demand.

(2) Does not represent unnecessary duplication of other manpower training programs in the area.

(3) Is of demonstrated effectiveness as measured by the employment and completion success of its students.

(b) Any program that does not meet the requirements of subdivision (a) and the standards promulgated by the governing board ~~shall~~ may be terminated within one year.

(c) The review process required by this section ~~shall~~ may include the review and comments by the local workforce Investment board established pursuant to the Workforce Investment Act of 1998 (29 U.S.C. Sec. 2801 et seq.), and pursuant to (Division 8 (commencing with Section 15000) of the Unemployment Insurance Code), which review and comments shall occur prior to any decision by the appropriate governing body.

52522. (a) ~~The Superintendent may approve school district plans for adult education innovation and alternative instructional delivery.~~ School districts ~~making an application under this section shall demonstrate~~ are encouraged to consider how the needs of adults will be addressed by programs, including, but not limited to:

(1) Worksite adult basic education skills instruction.

(2) Distance learning, as defined in Section 51865.

(3) Home-based and community-based independent study approaches using instructional technologies.

~~(4) Tests of alternative reimbursement approaches other than average daily attendance to determine whether they are reasonable and feasible, to the extent that there is no decrease in the number of students served nor an increase in cost to the state.~~

(b) ~~School districts approved to implement demonstration programs under this section may claim and expend up to 5 percent of their adult block entitlement for implementation of approved programs.~~

~~(c) In addition to subdivision (b), a school district may claim and expend more than 5 percent, but no more than 15 percent, of its adult block entitlement if the program is approved by the Superintendent pursuant to subdivision (a).~~

~~(1) The Superintendent shall not approve a claim for a program pursuant to this subdivision unless the school district maintains~~ School districts offering adult education courses or programs are encouraged to maintain the following accountability mechanisms for the program ~~that may be verified through annual audits~~:

(A) ~~The school district maintains documentation of the hours of student attendance required for apportionment purposes.~~

~~(B)~~ Instructional resources are available to students.

~~(C)~~ (B) Measurement of academic gains in knowledge and skills may be determined.

~~(D)~~ (C) Student-to-teacher ratios for each course offered do not exceed the average statewide ratio for similar adult education programs.

~~(2) An application for adult education innovation and alternative instructional delivery shall include, but is not necessarily limited to, all of the following information for each course:~~

~~(A)~~ (D) How contact between students and teachers, including manner, frequency, and rules for submission and review of student work, is accomplished, including, but not necessarily limited to, the form of contract to be used between students and the teacher of record.

~~(B) Methods of maintaining course and student data that document instructional time to ensure that claimed units of average daily attendance are based on the equivalent of 525 hours of student attendance under the supervision of the teacher of record, that shall include the manner in which the school district does all of the following:~~

~~(i) Determines~~ (E) Beginning and ending dates of course enrollments.

~~(ii)~~ (F) ~~Documents~~ Documentation of student-teacher meeting time.

~~(iii)~~ (G) ~~Documents~~ Documentation of the value of student work that is not accomplished in the presence of the teacher of record.

~~(C)~~ (H) The specific instructional resources that are available to students to complete course requirements, and how those resources are provided and accessed.

~~(D)~~ (I) The methods of assessing the academic gains of each student, including pre- and post-test systems.

~~(E)~~ (J) The number of students assigned to each teacher of record, and how the planned student-to-teacher ratio will be maintained for open entry and exit course scheduling.

~~(d) School districts implementing programs under this section shall report expenditures to the Superintendent in an annual fiscal report, as specified in regulations adopted by the Superintendent.~~

~~Funds reported under this section and approved by the Superintendent shall continue to be allocated as part of the district's adult block entitlement in subsequent fiscal years.~~

~~(e) The Superintendent shall adopt rules and regulations for the administration of this section to include:~~

~~(1) Allowable expenditures.~~

~~(2) The range of expenditures per pupil enrolled in the program.~~

~~(3) Reporting requirements.~~

~~(4) Program evaluation.~~

~~52522.2. It is the intent of the Legislature that the State Department of Education vigorously monitor the compliance of school districts regarding the programs and funding requirements for adult education. Therefore, not later than January 1, 1996, the State Department of Education shall report to the Governor and the fiscal committees and the education policy committees of both houses of the Legislature on the implementation of the adult education program and the fiscal aspects of the adult education program for the period of July 1, 1993, to June 30, 1995. The report shall identify, by school district, any abuses of the letter or intent of the statutes pertaining to adult education, and the report shall contain recommendations for the modification, if necessary, of the funding formulas used to calculate the adult block entitlement or for program improvements to adult education.~~

52523. Adult education programs, courses, and classes ~~shall~~ **are** not **intended to** be used to supplant the regular high school curriculum for high school pupils enrolled in adult education. Adult education ~~shall~~ **may** supplement and enrich the high school pupil's educational experiences. Therefore, adult education **programs**, at a minimum, ~~shall~~ **are encouraged to** meet the following criteria:

(a) All programs, courses, and classes conducted as adult education ~~shall~~ **are encouraged to** be open to adults and listed in the district's catalog of adult education classes provided to the public and ~~shall~~ be under the supervision and jurisdiction of the adult education administrator as determined by the school district governing board. Adults ~~shall~~ **are intended to** have priority over other students for admission to any adult education class if those adults enroll not later than the regular enrollment period for those classes. The enrollment period ~~shall~~ **is encouraged to** be published in the course catalog. ~~No~~ **Programs are encouraged not to offer any** course required by the school district for high school graduation or necessary for pupils to maintain satisfactory academic progress ~~shall be offered~~ exclusively through the adult education program. An adult for purposes of this section is a person 18 years of age or older or other person who is not concurrently enrolled in a regular high school program.

(b) Each adult education teacher, whether part time or full time, under contract status or in an hourly position, ~~shall~~ **may** be part of the adult school faculty and ~~shall~~ **may** be under the direct supervision of the authorized adult education administrator.

(c) Enrollment of high school pupils ~~shall~~ **is encouraged to** be voluntary on the part of the pupil taking the class. Prior to enrollment by a high school pupil in an adult education program, class, or course, the pupil ~~shall~~ **is encouraged to** have documentation of the counseling session held pursuant to subdivision (b) of Section 52500.1.

(d) Enrollment of a high school pupil in an adult education program, course, or class ~~shall~~ is encouraged to be for sound educational purposes, including, but not limited to, the following:

(1) The adult education program, course, or class is not offered in the regular high school curriculum.

(2) The adult education program, course, or class is needed by the pupil to make up deficient credits for graduation from high school.

(3) The adult education program, course, or class allows the pupil to gain vocational and technical skills beyond that provided by the regular high school's vocational and technical education program.

(4) The adult education program, course, or class, supplements and enriches the high school pupil's educational experience.

~~(e) A high school pupil shall not be enrolled for apportionment purposes in an adult education program, course, or class that would be considered any of the following:~~

~~(1) Physical education.~~

~~(2) Driver's training and education.~~

~~(3) Visual and performing arts.~~

~~(4) Band.~~

~~(5) Preparation of a school yearbook or school newspaper.~~

~~(6) Training for, or participation in, athletic camps, cheerleading or spirit organizations, student government, or extracurricular student clubs.~~

~~The Superintendent of Public Instruction shall issue a program advisory that further defines the purposes set forth in subdivision (d) and the courses set forth in subdivision (e). The superintendent is authorized to issue, at any time, rules and regulations instead of the program advisory.~~

~~52525. The Legislature finds and declares all of the following:~~

~~(a) A healthy state economy is dependent on an educated and well-prepared workforce. Career technical education plays a critical role in developing the workforce necessary for the economic viability of the state, keeping pupils engaged in the educational process, and providing meaningful skills that translate to productive careers.~~

~~(b) Data and projections from the Employment Development Department reveal that between the years of 2000 and 2006, approximately 711,290 jobs that do not require a college degree will need to be filled.~~

~~(c) The United States Department of Labor indicates that only about 20 percent of the jobs in the workforce require a baccalaureate degree.~~

~~(d) The State Department of Education reports that over 75 percent of the "industrial technology education," which includes, but is not limited to, automotive, construction, and manufacturing programs in California's schools have closed since the mid-1970s.~~

~~(e) The Employment Development Department and other sources reveal that current course offerings and enrollments are insufficient to fill the projected need of the state's future labor market. Existing courses provide only 65 percent of the projected course requirements.~~

~~(b) No district maintaining classes for adults shall include the attendance of F-1 visa students enrolled in a class in English and citizenship for foreigners or in a class in elementary subjects for apportionment purposes.~~

SEC. 370.

Article 3 (commencing with Section 52540) of Chapter 10 of Part 28 of Division 4 of Title 2 of the Education Code is amended to read:

52540. Upon application of ~~20 or more~~ persons above the age of 18 years residing in a high school district who cannot speak, read, or write the English language to a degree of proficiency equal to that required for the completion of the eighth grade of the elementary schools, the governing board of the high school district ~~shall~~ **is encouraged to** establish classes in English.

52541. Application for classes ~~shall~~ **is encouraged to** be made in time to permit the board to arrange to meet the expenses of the classes.

52542. The board may establish the classes without demand and with ~~a lesser~~ **any** number of students.

52543. The classes ~~shall~~ **are encouraged to** be held at least twice a week for a two-hour period.

52544. If the enrollment in any class ~~falls to 10 or~~ for a one-month period, ~~less~~ **is deemed by the governing board to be insufficient to justify the class,** the governing board may discontinue the class for that year.

SEC. 371.

Article 4 (commencing with Section 52550) of Chapter 10 of Part 28 of Division 4 of Title 2 of the Education Code ~~is repealed.~~**is amended to read:**

52550. In counties in which the U.S. district courts are located, the superintendent of schools of the county or city and county ~~shall~~ **is encouraged to** obtain monthly from the clerk of the U.S. district court the names and addresses of all persons filing their declarations of intention to become citizens of the United States or their petitions for naturalization.

52551. The superintendent of schools of the county or city and county, after obtaining the names and addresses of the applicants, ~~shall~~ **is encouraged to** send a written or printed notice to the applicants, stating that this article authorizes the governing board of any school district to establish upon application classes in training for citizenship. The form of this notice shall be furnished by the Superintendent of Public Instruction.

52552. Upon application of ~~25 or more~~ persons desiring training for citizenship and residing in a high school district, the governing board ~~shall~~ **is encouraged to** establish special classes in training for citizenship. Upon demand the board may establish the classes with a lesser number of applicants.

52553. Application for classes ~~shall~~ **is encouraged to** be made in time to permit the governing board to arrange to meet the expenses of the classes.

~~**52554. Upon satisfactory evidence that any school district required to do so has failed to establish and maintain classes in training for citizenship, the Superintendent of Public Instruction and county superintendent of schools may withhold 5 percent of state and county apportionments until the district has complied with the provisions of this article.**~~

52555. The course of study in training for citizenship shall consist of the teaching of U.S. history, state and community civics, and the Constitution of the United States, with special reference to those sections in the Constitution which relate directly to the duties, privileges, and rights of the individual, and such allied subjects, including English for foreigners, or activities as will properly prepare the applicants to understand and assume the responsibilities of citizenship.

52556. The classes ~~shall~~ **are encouraged to** be held at least twice a week for three months. At the close of this period, if the enrollment in any class ~~has fallen to 10 or less~~ **is deemed by the governing board to be insufficient to justify the class** ~~for the month~~, the governing board of the district may.

SEC. 372.

Article 5 (commencing with Section 52570) of Chapter 10 of Part 28 of Division 4 of Title 2 of the Education Code ~~is repealed.~~**is amended to read:**

52570. The governing board of any school district maintaining secondary schools or the county superintendent of schools~~, shall have the power, with the approval of the Department of Education, to~~ **may** establish special classes for adults designed to serve the educational needs of adults with disabilities. These classes ~~shall~~ **are encouraged to** be directed to providing instruction in civic, vocational, literary, homemaking, technical, and general education and shall conform to standards of attendance, curriculum, and administration established by the department. ~~Attendance of adults with disabilities in such classes established by the county superintendent of schools shall be included for purposes of apportionments to the county school service fund.~~

52571. Special classes for adults with disabilities may be conducted under the direction of the governing board of the school district in workshop and training facilities provided by nonprofit organizations, or in public school facilities. These facilities may include those where part-time paid work education and training is conducted and where less than the state minimum wage is paid.

52572. The governing board of any school district or the county superintendent of schools authorized by this article to establish special classes for adults designed to serve the educational needs of adults with disabilities may contract for the providing of those classes by any adjacent high school district~~, subject to the approval of the Superintendent. For purposes of apportionments, the average daily attendance in classes conducted pursuant to the contract shall accrue to and be reported by the district in which the student resides. Any~~ **It is recommended that any** contract entered into pursuant to this section ~~shall~~ be for a term ~~of~~ not to exceed one year ~~but~~ **and** may be renewed or revised and renewed annually.

SEC. 373.

Article 6 (commencing with Section 52610) of Chapter 10 of Part 28 of Division 4 of Title 2 of the Education Code ~~is repealed.~~**is amended to read:**

52610.
"Adult," for purposes of this section, means a person 18 years of age or older or a person who is not concurrently enrolled in a regular high school program. However, persons 18 years of age or

older who are concurrently enrolled in a regular high school program are not adults for purposes of this section. ~~Adults enrolled in any classes maintained by high school or unified school districts or county superintendents of schools pursuant to Sections 52300 through 52330, 8530, 8531, 8532, and 8533 shall be reported separately, and the adult foundation program shall be used in computing district apportionments.~~

52610.5.
Notwithstanding Section 52610, any minor, regardless of age, who is pregnant or is a parent actively engaged in raising one or more of his or her children, is eligible to enroll in any adult education course or class described in subdivision (a) of Section 41976. ~~or in Section 52616.2. The attendance of that pupil in that course or class shall be counted for adult education apportionment purposes, except that no district shall be entitled to claim average daily attendance for apportionment purposes in excess of the amount authorized by subdivision (b) of Section 52616. In addition, no district may count the attendance of any pupil toward the computation of both adult average daily attendance, as computed pursuant to Section 41601, and regular average daily attendance, as computed pursuant to Section 46300.~~

52613.
(a) Notwithstanding any section to the contrary, each governing board of a school district maintaining classes for adults that issues a Certificate of Eligibility for Nonimmigrant (F-1) Student Status - For Academic and Language Students, Form I-20AB, or completes Form I-20AB for a nonimmigrant alien, as defined in subparagraph (F)(i) of paragraph (15) of subsection (a) of Section 1101 of Title 8 of the United States Code, for the purposes of enrolling the nonimmigrant alien in a class in English and citizenship for foreigners or a class in an elementary subject, ~~shall~~ **may** charge the nonimmigrant alien a fee to cover the full costs of instruction, but in no case shall the fee exceed the actual cost of the instruction. The fee ~~shall~~ **is encouraged to** be adopted at a regular meeting of the governing board of each of these school districts maintaining classes for adults at least 90 days prior to the commencement of the classes for which the fee is charged.

52614.
The governing board of the district ~~shall~~ **may** designate an employee or employees of the district to have custody of the incidental expense account, or accounts, who shall be responsible for the payment into the account, or accounts, of all moneys required to be paid into the account or accounts, and for all expenditures therefrom, subject to such regulations as the governing board prescribes.

52615.
The regulations of the governing board may provide for the sale of materials purchased from the incidental expense account to pupils in classes for adults, for use in connection with such classes. The proceeds of all such sales shall be deposited in that account and shall be available for the purposes of that account.

~~52616.~~
~~(a) Notwithstanding any other provision of law, commencing July 1, 1993, the Superintendent of Public Instruction shall determine an adult block entitlement, to be paid from appropriations to Section A of the State School Fund as part of the principal apportionment to school districts, for those school districts that maintain education programs for adults by multiplying the adult education revenue limit per unit of average~~

~~daily attendance determined pursuant to Section 52616.16 and the adult education average daily attendance determined pursuant to Section 52616.17.~~

~~(b) The adult block entitlement shall be deposited in a separate fund of the school district to be known as the "adult education fund." Money in an adult education fund shall be expended only for adult education purposes. Moneys received for programs other than adult education shall not be expended for adult education.~~

~~52616.2.~~
~~For purposes of calculating the adult block entitlement under Section 52616 for any school district that maintains education programs for adults, as described under subdivision (a) of Section 41976, the Superintendent of Public Instruction shall include the average daily attendance for any parenting programs offered by the district for parents of high-risk pupils, as defined in Section 54721, between the ages of 5 and 18 years, inclusive, which programs shall include, but not necessarily be limited to, instruction in the value of the following pupil objectives:~~

~~(a) Completion of the educational process leading to the granting of a diploma of graduation from high school.~~

~~(b) Study and learning in conjunction with other pupils.~~

~~(c) Fulfillment of school homework requirements.~~

~~(d) School attendance and participation as preparation for employment and other activities.~~

~~52616.4.~~
~~(a) Money in the Adult Education Fund of a school district may be expended only for the following charges:~~

~~(1) Direct instructional costs relating directly to the adult education program, including, but not limited to, the salaries and benefits of adult education teachers and aides, textbooks, instructional supplies, travel and conference expenses for employees who work in the adult education program, and repair, maintenance, acquisition, and replacement of instructional equipment used in the adult education program.~~

~~(2) Direct support costs for the adult education program. For the purposes of this section, "direct support costs" means:~~

~~(A) Instructional administration and instructional media costs that are supported by auditable documentation. For purposes of this paragraph, instructional administration costs include the documented costs of individuals who, regardless of specific job title, administer the district's adult education program.~~

~~(B) School administration and pupil services costs that are supported by auditable documentation and that represent the activities of individuals whose employment by the school district is exclusively in support of the adult education program, or school administration and pupil services costs that are supported by auditable documentation and that meet all of the following conditions:~~

~~(i) Those costs are able to be identified in a separate contract with the adult education program.~~

~~(ii) The administration and services are provided exclusively to adult students and only for the period identified in the contract made pursuant to clause (i).~~

~~(iii) The services are provided during a time that is different than when services to pupils in kindergarten and grades 1 to 12, inclusive, are provided, and the administration is provided after 4:00 p.m.~~

~~(iv) The persons who provide the services and administration to adult students report to the adult education director during the period of the contract made pursuant to clause (i).~~

~~(v) The person providing the administration immediately supervises the adult school personnel.~~

~~(C) Plant maintenance and operations costs, including costs for facilities that are used to provide child care services to the children of the students attending the adult education program at a particular site as follows:~~

~~(i) For facilities that exclusively house adult education programs, the costs that are supported by auditable documentation. For purposes of this subparagraph, a facility that houses an adult education program and a regional occupational center or program or a child care program, or both, is a facility that exclusively houses an adult education program.~~

~~(ii) For facilities that are used by more than one program, including the adult education program, a district may charge the Adult Education Fund for an amount attributable to the adult education program, but this charge shall not exceed the amount derived from the following calculation:~~

~~(I) Calculate, according to the general description in the California School Accounting Manual, the prorated number of classroom units that the adult education program uses for instructional and child care purposes.~~

~~(II) Calculate the total number of classroom units in the district.~~

~~(III) Divide the amount calculated in (I) by the amount calculated in (II).~~

~~(IV) Multiply the quotient calculated in (III) by the district's total plant maintenance and operations costs.~~

~~(D) Facilities costs for nondistrict-owned facilities that exclusively house adult education programs, including, but not limited to, costs of facilities that are used to provide child care services to the children of the students attending the adult education program at the same site. For purposes of this paragraph, a facility that houses an adult education program and a regional occupational center or program or a child care program, or both, is a facility that exclusively houses an adult education program.~~

~~(E) Facilities costs for the acquisition of facilities originally acquired by adult education programs, or for the restoration of those facilities, including costs for debt service for the~~

~~acquisition or restoration of a facility, including the costs of facilities that are used to provide child care services to the children of the students attending the adult education program at the same site.~~

~~For the purposes of this paragraph, "auditable documentation" means time reports and other contemporaneous records that establish the time that individual employees spend working for the adult education program, and the documentation that supports nonpersonnel costs substantiating that the adult education program received the service, supply, or equipment. That documentation shall comply with the documentation requirements set forth in the California School Accounting Manual published pursuant to Section 41010.~~

~~(3) Indirect costs of the adult education program. For the purposes of this paragraph, "indirect costs" means the lesser of the school district's prior-year indirect cost rate as approved by the State Department of Education or the statewide average indirect cost rate for high school and unified school districts for the second prior fiscal year.~~

~~(4) As an alternative to charging the costs in both paragraphs (2) and (3) to the adult education program, a school district may transfer not more than 8 percent of the annual revenue deposited in the district's Adult Education Fund to the district's general fund for expenditures the district incurs in operating its adult education program.~~

~~(b) If the State Department of Education and the Department of Finance concur that a school district has violated this section, the Superintendent of Public Instruction shall direct that school district to transfer double the amount improperly transferred to the district's general fund from that fund to the district's Adult Education Fund for the subsequent fiscal year, which amount shall be used for the improvement of the district's adult education program. If the school district fails to make that transfer as directed, the superintendent shall reduce the school district's regular apportionment determined pursuant to Section 42238 and increase the district's adult block entitlement determined pursuant to Section 52616 by that amount, which amount shall be used for improvement of the district's adult education program.~~
~~(c) It is the intent of the Legislature in enacting this section that responsible school district officials be held fully accountable for the accounting and reporting of adult education programs and that minor and inadvertent instances of noncompliance be resolved in a fair and equitable manner to the satisfaction of the Superintendent of Public Instruction and the Department of Finance.~~

~~(d) The Superintendent of Public Instruction, with the approval of the Department of Finance, may waive up to the full transfer amount in subdivision (b) if he or she determines that the noncompliance involved is minor or inadvertent, or both.~~

~~52616.5.~~
~~(a) Notwithstanding the provisions of Section 52616.4, the Merced Union High School District may use money in its Adult Education Fund to purchase up to 20 existing district-owned classrooms for the exclusive use of its adult education program.~~

~~(b) The Adult Education Fund money used by the Merced Union High School District to purchase existing district-owned classrooms for the exclusive use of its adult education program shall be placed in a separate account after the purchase is completed.~~

~~(c) The money in the separate account established pursuant to subdivision (b) shall be used by the Merced Union High School District solely for the purpose of purchasing classrooms for use by students in grades 9 to 12, inclusive. The school district shall purchase, with the funds in the separate account, an equal number of classrooms for use by students in grades 9 to 12, inclusive, as the number of classrooms purchased for the adult education program pursuant to subdivision (a).~~

~~(1) If the funds in the separate account are insufficient to purchase an equal number of classrooms for use by students in grades 9 to 12, inclusive, then the school district may use district general fund money to complete the purchase of the classrooms.~~

~~(2) If there are funds remaining in the separate account after the purchase of an equal number of classrooms for use by students in grades 9 to 12, inclusive, those funds shall be transferred back to the Adult Education Fund.~~

~~(d) The classrooms purchased pursuant to this section shall meet the structural standards imposed by law for earthquake safety pursuant to Article 3 (commencing with Section 39140) and Article 6 (commencing with Section 39210) of Chapter 2 of Part 23.~~

~~(e) Any classrooms purchased pursuant to subdivision (a) shall not be included in the area of adequate school construction existing in the school district pursuant to Section 17742.7.~~

~~(f) This section shall not expand the Merced Union High School District's eligibility for funding pursuant to the Public Education Facilities Bond Act of 1996 (Part 66 (commencing with Section 100000)).~~

~~52616.6.~~
~~A school district or county superintendent of schools may expend funds allocated to it for the purposes of classes for adults in correctional facilities only for the direct instructional charges of those classes and for related direct and indirect support costs.~~

~~52616.16.~~
~~(a) For the 1993-94 fiscal year, each school district's adult education revenue limit per unit of average daily attendance shall be determined as follows:~~

~~(1) (A) Add the total apportionment the school district received for the 1991-92 fiscal year for its adult education program and the portion of its state apportionment that represents the funding for those secondary school pupils concurrently enrolled in adult education.~~

~~(B) Add the school district's average daily attendance funded for the annual apportionment for the 1991-92 fiscal year for adult education and the portion of the district's funded regular average daily attendance for secondary school pupils concurrently enrolled in adult education.~~

~~(C) Divide subparagraph (A) by subparagraph (B) to determine the school district's adult education revenue limit per unit of average daily attendance.~~

~~(2) (A) For a school district offering adult education courses and classes pursuant to Section 41976.2, multiply the funded average daily attendance for the second principal apportionment made in the 1991-92 fiscal year for independent study pupils 21 years of~~

~~age or older and pupils 19 years of age or older who have not been continuously enrolled in kindergarten or any of grades 1 to 12, inclusive, since their 18th birthday, as calculated pursuant to Section 46300.1, as that section read on January 1, 1992, by the statewide average funded adult education revenue limit for the 1992-93 fiscal year. This amount shall be added to the amount calculated pursuant to subparagraph (A) of paragraph (1) of this subdivision.~~

~~(B) Determine the funded average daily attendance made in the second principal apportionment for the 1991-92 fiscal year for independent study pupils 21 years of age or older and pupils 19 years of age or older who have not been continuously enrolled in kindergarten or any of grades 1 to 12, inclusive, since their 18th birthday, as calculated pursuant to Section 46300.1, as that section read on January 1, 1992. This amount shall be added to the amount calculated pursuant to subparagraph (B) of paragraph (1) of this subdivision.~~

~~(3) If the amount determined in paragraph (1) is between one thousand seven hundred seventy-five dollars ($1,775) and two thousand fifty dollars ($2,050), that amount shall be the district's adult education revenue limit per unit of average daily attendance for the 1993-94 fiscal year.~~

~~(4) If the amount determined in paragraph (1) is greater than two thousand fifty dollars ($2,050), the difference between that amount and two thousand fifty dollars ($2,050) shall be multiplied by 0.67 and that product shall be added to two thousand fifty dollars ($2,050). That amount shall be the district's adult education revenue limit per unit of average daily attendance for the 1993-94 fiscal year.~~

~~(5) If the amount determined in paragraph (1) is less than one thousand seven hundred seventy-five dollars ($1,775), the difference between that amount and one thousand seven hundred seventy-five dollars ($1,775) shall be multiplied by .67 and that product shall be subtracted from one thousand seven hundred seventy-five dollars ($1,775). That amount shall be the district's adult education revenue limit per unit of average daily attendance for the 1993-94 fiscal year.~~

~~(6) Any school district that establishes a new adult education program and receives a state apportionment for adult education on or after July 1, 1993, shall have an adult education revenue limit per unit of average daily attendance equal to the statewide average adult education revenue limit for the 1993-94 fiscal year.~~

~~(b) For the 1994-95 fiscal year, each school district's adult education revenue limit per unit of average daily attendance shall be determined as follows:~~

~~(1) (A) Add the total apportionment the school district received for the 1991-92 fiscal year for its adult education program and the portion of its state apportionment that represents the funding for those secondary school pupils concurrently enrolled in adult education.~~

~~(B) Add the school district's average daily attendance funded for the annual apportionment for the 1991-92 fiscal year for adult education and the portion of the district's funded regular average daily attendance for secondary school pupils concurrently enrolled in adult education.~~

~~(C) Divide subparagraph (A) by subparagraph (B) to determine the school district's adult education revenue limit per unit of average daily attendance.~~

~~(2) (A) For a school district offering adult education courses and classes pursuant to Section 41976.2, multiply the funded average daily attendance for the second principal apportionment made in the 1991-92 fiscal year for independent study pupils 21 years of age or older and pupils 19 years of age or older who have not been continuously enrolled in kindergarten or any of grades 1 to 12, inclusive, since their 18th birthday, as calculated pursuant to Section 46300.1, as that section read on January 1, 1992, by the statewide average funded adult education revenue limit for the 1992-93 fiscal year. This amount shall be added to the amount calculated pursuant to subparagraph (A) of paragraph (1) of this subdivision.~~

~~(B) Determine the funded average daily attendance for the second principal apportionment made in the 1991-92 fiscal year for independent study pupils 21 years of age or older and pupils 19 years of age or older who have not been continuously enrolled in kindergarten or any of grades 1 to 12, inclusive, since their 18th birthday, as calculated pursuant to Section 46300.1, as that section read on January 1, 1992. This amount shall be added to the amount calculated pursuant to subparagraph (B) of paragraph (1) of this subdivision.~~

~~(3) If the amount determined in paragraph (1) is between one thousand seven hundred seventy-five dollars ($1,775) and two thousand fifty dollars ($2,050), that amount shall be the district's adult education revenue limit per unit of average daily attendance for the 1994-95 fiscal year.~~

~~(4) If the amount determined in paragraph (1) is greater than two thousand fifty dollars ($2,050), the difference between that amount and two thousand fifty dollars ($2,050) shall be multiplied by 0.33 and that product shall be added to two thousand fifty dollars ($2,050). That amount shall be the district's adult education revenue limit per unit of average daily attendance for the 1994-95 fiscal year.~~

~~(5) If the amount determined in paragraph (1) is less than one thousand seven hundred seventy-five dollars ($1,775), the difference between that amount and one thousand seven hundred seventy-five dollars ($1,775) shall be multiplied by .34 and that product shall be subtracted from one thousand seven hundred seventy-five dollars ($1,775). That amount shall be the district's adult education revenue limit per unit of average daily attendance for the 1994-95 fiscal year.~~

~~(6) Any school district that establishes a new adult education program and receives a state apportionment for adult education on or after July 1, 1993, shall have an adult education revenue limit per unit of average daily attendance that is equal to the statewide average adult education revenue limit for the 1994-95 fiscal year.~~

~~(c) For the 1995-96 fiscal year the adult education revenue limit per unit of average daily attendance shall be one of the following:~~

~~(1) The amount determined in paragraph (1) of subdivision (a).~~

~~(2) Two thousand fifty dollars ($2,050) for any district that had a 1993-94 fiscal year adult education revenue limit per unit of average daily attendance determined pursuant to paragraph (4) of subdivision (a).~~

~~(3) One thousand seven hundred seventy-five dollars ($1,775) for any district that had a 1993-94 fiscal year adult education revenue limit per unit of average daily attendance determined pursuant to paragraph (5) or paragraph (6) of subdivision (a).~~

~~(d) Commencing July 1, 1996, an inflation adjustment shall be calculated for each district so that over time the adult education revenue limit per unit of average daily attendance shall be the same for all districts. A school district's adult education revenue limit per unit of average daily attendance shall be the district's prior fiscal year's adult education revenue limit per unit of average daily attendance increased by a dollar amount calculated as follows:~~

~~(1) Determine the dollar amount by multiplying the statewide average funded adult education revenue limit per unit of average daily attendance for the prior fiscal year by the inflation adjustment used to increase revenue limits for unified school districts pursuant to Section 42238.1.~~

~~(2) Determine a factor as follows:~~

~~(A) Multiply the highest funded adult education revenue limit per unit of average daily attendance in the state for the prior fiscal year by 1.02.~~

~~(B) Divide the amount determined in subparagraph (A) by the funded adult education revenue limit per unit of average daily attendance of the school district for the prior fiscal year.~~

~~(C) If the number determined in subparagraph (B) is greater than 1.10, that result shall be reduced to 1.10. If the number determined in subparagraph (B) is less than 1.02, that result shall be increased to 1.02.~~

~~(D) Subtract 1.0 from the number determined in subparagraph (C).~~

~~(E) Divide the number determined in subparagraph (D) by the inflation adjustment used to increase revenue limits for a unified school district pursuant to Section 42238.1.~~

~~(3) Multiply the dollar amount determined in paragraph (1) by the factor determined in paragraph (2).~~

~~(4) Add the amount determined in paragraph (3) to the funded adult revenue limit per unit of average daily attendance of the school district for the prior fiscal year. In no case shall any revenue limit per unit of average daily attendance be increased above the amount calculated in subparagraph (A) of paragraph (2).~~

~~The Superintendent of Public Instruction shall reallocate any amounts calculated for a district in excess of the amount calculated in subparagraph (A) of paragraph (2) to augment the inflation adjustments of other districts.~~

~~If the amount of funds needed to provide inflation adjustments calculated pursuant to this subdivision exceeds the amount appropriated in the annual Budget Act for adult education program inflation adjustments, the superintendent shall prorate the amounts calculated pursuant to this subdivision.~~

~~(e) When each district's adult education revenue per unit of average daily attendance is the same, each district, notwithstanding paragraphs (1) and (2) of subdivision (d), shall receive the same inflation adjustment calculated pursuant to the inflation adjustment used to increase revenue limits for unified school districts pursuant to Section 42238.1.~~

~~(f) If there is an average daily attendance audit adjustment for any of the 1990-91, 1991-92, or 1992-93 fiscal years, for purposes of calculating the district's adjusted adult education revenue limit pursuant to this section, the superintendent, with the approval of the Department of Finance, may waive the average daily attendance audit adjustment if the superintendent determines that the audit exception was minor or inadvertent, or both.~~

~~52616.17.~~
~~Commencing July 1, 1993, the Superintendent of Public Instruction shall determine an authorized limit of adult education average daily attendance for all high school districts and unified school districts that operated and claimed adult education state apportionment for the 1992-93 fiscal year, as follows:~~

~~(a) For the 1993-94 fiscal year, the district's authorized adult education average daily attendance shall be one of the following:~~

~~(1) The district's adult education average daily attendance added to the district's average daily attendance for concurrently enrolled high school pupils in adult education programs that was certified for the annual principal apportionment report and for which state apportionment for the 1991-92 fiscal year was received.~~

~~(2) If the district's average daily attendance for concurrently enrolled high school pupils in adult education used in paragraph (1) exceeds 10 percent of the district's total average daily attendance for all pupils in grades 9 to 12, inclusive, for the same reporting period, the district's authorized adult education average daily attendance pursuant to paragraph (1) shall be reduced by multiplying the amount of certified average daily attendance for concurrently enrolled high school pupils in adult education that exceeds 10 percent by 0.33 and subtracting that amount from the district's authorized adult education average daily attendance pursuant to paragraph (1).~~

~~(3) For a school district offering adult education courses and classes pursuant to Section 41976.2, add to the amount calculated pursuant to paragraphs (1) or (2) the number of units of average daily attendance claimed by that district for the second principal apportionment made in the 1991-92 fiscal year for independent study pupils 21 years of age or older and pupils 19 years of age or older who have not been continuously enrolled in kindergarten or any of the grades 1 to 12, inclusive, since their 18th birthday, as calculated pursuant to Section 46300.1, as that section read on January 1, 1992.~~

~~(b) For the 1994-95 fiscal year, the district's authorized adult education average daily attendance shall be one of the following:~~

~~(1) The district's adult education average daily attendance added to the district's average daily attendance for concurrently enrolled high school pupils in adult education programs that was certified for the annual principal apportionment report and for which state apportionment for the 1991-92 fiscal year was received.~~

~~(2) If the district's average daily attendance for concurrently enrolled high school pupils in adult education used in paragraph (1) exceeds 10 percent of the district's total average daily attendance for all pupils in grades 9 to 12, inclusive, for the same reporting period, the district's authorized adult education average daily attendance pursuant to paragraph (1) shall be reduced by multiplying the amount of certified average daily attendance for concurrently enrolled high school pupils in adult education that exceeds 10 percent by 0.67 and subtracting that amount from the district's authorized adult education average daily attendance pursuant to paragraph (1).~~

~~(3) For a school district offering adult education courses and classes pursuant to Section 41976.2, add to the amount calculated pursuant to paragraphs (1) or (2) the number of units of average daily attendance claimed by that district for the second principal apportionment made in the 1991-92 fiscal year for independent study pupils 21 years of age or older and pupils 19 years of age or older who have not been continuously enrolled in kindergarten or any of the grades 1 to 12, inclusive, since their 18th birthday, as calculated pursuant to Section 46300.1, as that section read on January 1, 1992.~~

~~(c) For the 1995-96 fiscal year, the district's authorized adult education average day attendance shall be one of the following:~~

~~(1) The district's adult education average daily attendance added to the district's average daily attendance for concurrently enrolled high school pupils in adult education programs that was certified for the annual principal apportionment report and for which the state apportionment for the 1991-92 fiscal year was received.~~

~~(2) If the district's average daily attendance for concurrently enrolled high school pupils in adult education used in paragraph (1) exceeds 10 percent of the district's total average daily attendance for all pupils in grades 9 to 12, inclusive, for the same reporting period, the district's authorized adult education average daily attendance pursuant to paragraph (1) shall be reduced by multiplying the amount of certified average daily attendance for concurrently enrolled high school pupils in adult education that exceeds 10 percent by 1.00 and subtracting that amount from the district's authorized adult education average daily attendance pursuant to paragraph (1).~~

~~(3) For a school district offering adult education courses and classes pursuant to Section 41976.2, add to the amount calculated pursuant to paragraph (1) or (2), whichever is applicable, the number of units of average daily attendance claimed by the district for the second principal apportionment for the 1991-92 fiscal year for independent study pupils 21 years of age and older and pupils 19 years of age or older who have not been continuously enrolled in kindergarten, or any of grades 1 to 12, inclusive, since their 18th birthday, as calculated pursuant to Section 46300.1, as that section read on January 1, 1992.~~

~~(d) For the 1996-97 fiscal year, and each fiscal year thereafter, a school district's adult education average daily attendance for apportionment purposes shall be its authorized adult education average daily attendance for the prior fiscal year multiplied by~~

~~1.025.~~

~~(e) Commencing July 1, 1996, a school district shall not certify for apportionment purposes, that portion of any average daily attendance in adult education programs generated by pupils who are concurrently enrolled for apportionment purposes in high school that exceeds 10 percent of the district's average daily attendance for all pupils in grades 9 to 12, inclusive, for the same reporting period.~~

~~(f) It is the intent of the Legislature that, commencing July 1, 1993, each school district that conducted programs in the 1991-92 fiscal year through independent study for pupils 21 years of age or older and pupils 19 years of age or older who have not been continuously enrolled in kindergarten or any of grades 1 to 12, inclusive, since their 18th birthday, as calculated pursuant to Section 46300.1, as that section read on January 1, 1992, continue to serve at least the same number of units of average daily attendance through adult education for high school diploma programs in all subsequent years as were funded through those independent study programs in the 1991-92 fiscal year, unless the school district governing board determines that meeting this service requirement would incur costs in excess of the revenue received.~~

~~52616.18.~~
~~(a) Commencing July 1, of each fiscal year, notwithstanding that a school district was not authorized to operate an adult education program pursuant to Section 41976, a school district may apply to the department for initial program approval and funding to begin any adult education programs specified in Section 41976 provided the district meets the following criteria:~~

~~(1) The district did not operate nor claim state apportionment for an adult education program in the prior fiscal year.~~

~~(2) The district enters into a written delineation of function agreement pursuant to Chapter 3 (commencing with Section 8500) of Part 6 for the fiscal year for which initial funding is authorized between the applicant school district and the community college district in the same geographical area.~~

~~(b) The Superintendent of Public Instruction may approve the program and state apportionment funding on the basis of the school district's documented need for adult education programs. The superintendent shall issue a program advisory that sets forth the criteria of need that a district is required to document.~~

~~(c) A school district that receives state funding under this section shall ensure that priority for program service is given to persons applying for the district's adult education programs authorized by paragraphs (2), (3), and (4) of subdivision (a) of Section 41976.~~

~~(d) A school district that maintains a current delineation of function agreement with a community college district pursuant to Chapter 3 (commencing with Section 8500) of Part 6 are authorized to divide the responsibility for offering courses pursuant to Section 41976 by mutual agreement of the boards of those districts.~~

~~(e) This section shall be operative to the extent that the superintendent determines that funds are available pursuant to Section 52616.19 to implement the section on or after July 1, of each fiscal year.~~

~~52616.19.~~
~~(a) Commencing with the 1993-94 fiscal year, and each fiscal year thereafter, the only funding available for purposes of Sections 52616, 52616.16, 52616.17, and 52616.18 shall be the following:~~

~~(1) Funds that would have been apportioned for purposes of Section 52616, as that section read on June 30, 1993.~~

~~(2) Funds that would have been apportioned for purposes of concurrently enrolled average daily attendance pursuant to Section 42238.5, as that section read on June 30, 1993.~~

~~(3) Funds that would have been available for purposes of adult elementary and secondary independent study average daily attendance pursuant to Section 46300.1, as that section read on June 30, 1993.~~

~~(b) In the 1993-94 fiscal year, up to four million two hundred fifty thousand dollars ($4,250,000) shall be available for the start up of new adult education programs pursuant to Section 52616.18. In the 1994-95 fiscal year, up to eight million five hundred thousand dollars ($8,500,000) shall be available for the startup of new adult education programs and the continuation of programs started and funded in the 1993-94 fiscal year. Four million two hundred fifty thousand dollars ($4,250,000) of that amount shall only be available for new adult education programs if there is no deficit applied pursuant to subdivision (c). It is the intent of the Legislature that, commencing in the 1995-96 fiscal year, those adult education programs started and funded in the 1993-94 and 1994-95 fiscal years shall continue to be funded.~~

~~(c) If the funds available pursuant to subdivision (a) are not sufficient to fully fund Sections 52616, 52616.16, 52616.17, and 52616.18, the Superintendent of Public Instruction shall reduce the adult education apportionment for each district that received funding pursuant to Section 52616.16.~~

~~(d) If the funds available pursuant to subdivision (a) exceed the amount needed to fund the purposes specified in Sections 52616, 52616.16, 52616.17, 52616.18, and 52617, the Superintendent shall allocate those excess funds on a one-time basis to a school district operating adult education programs that have exceeded its number of units of authorized adult education average daily attendance in proportion to the excess units of average daily attendance served by each school district for that fiscal year. The Superintendent may not allocate an amount of funds to a school district pursuant to this subdivision that exceeds the total number of units of authorized adult education average daily attendance served by the school district multiplied by the appropriate funding rate per unit of average daily attendance.~~

~~52616.20.~~
~~For purposes of calculating a school district's authorized adult education average daily attendance pursuant to Section 52616.17, average daily attendance for concurrently enrolled high school pupils in adult education programs for districts that currently are party to an adult education joint powers agreement established prior to January 1, 1963, shall be based upon the aggregate average daily attendance of all participating districts' pupils in grades 9 to 12, inclusive. Notwithstanding this section, the average daily~~

~~attendance for concurrently enrolled high school pupils in the Covina-Valley Unified School District, operated by the Tri-Community Adult Education joint powers authority, shall not exceed the average daily attendance for concurrently enrolled high school pupils in the Covina-Valley Unified School District for the 1992-93 fiscal year.~~

~~52616.21.~~
~~Notwithstanding subdivision (a) of Section 46300 or any other law, a county office of education may administer an adult education program and each eligible school district, as specified in subdivision (e), within its jurisdiction may participate in the program. A county office of education administering that adult education program may report the average daily attendance of each school district participating in the adult education program for the purpose of receiving apportionments pursuant to Sections 52616.18 and 52616.19. The Superintendent of Public Instruction shall make apportionments pursuant to those sections to a county office of education administering that adult education program provided the following conditions are met:~~

~~(a) The county office of education has a current, valid, written mutual delineation agreement with the local community college located in the geographic area in which the adult education program is offered.~~

~~(b) The attendance of students reported is attendance while engaged in educational activities required of those students under the immediate supervision and control of a certificated employee of a school district that is under the jurisdiction of the county office of education.~~

~~(c) The county office of education serves an area of large geographic expanse that is sparsely populated and geographically isolated, as determined by the Superintendent of Public Instruction.~~

~~(d) The average daily attendance reported is only for those school districts that have agreed to participate in the county-administered adult education program.~~

~~(e) At least 5 percent of the average daily attendance reported by the school districts served by the county office of education is attributable to the school districts participating in the county-administered adult education program for the purposes of apportionments pursuant to Sections 52616.18 and 52616.19.~~

~~52616.24.~~
~~In the event that a school district is found, pursuant to an audit, to have incorrectly reported adult education or concurrently enrolled average daily attendance to the State Department of Education, the Superintendent of Public Instruction shall recalculate the average daily attendance for purposes of determining the adult block entitlement pursuant to Section 52616.~~

~~52617.~~
~~(a) (1) Commencing in the 2006-07 fiscal year, and in each fiscal year thereafter, the Superintendent shall, after making adjustments pursuant to subdivision (d) of Section 52616.17, and based on data reported to the department by local educational agencies on or before July 15 of each fiscal year, adjust the allocation of apportionments for adult education average daily attendance as follows:~~

~~(A) For a school district operating an adult education program with fewer than 100 units of authorized adult education average daily attendance, as determined pursuant to Section 52616.17, in the two prior fiscal years, and which served or exceeded its adult education average daily attendance authorized limit in the two prior fiscal years, the Superintendent shall grant to the school district up to 30 additional units of authorized adult education average daily attendance made available after he or she performs the adjustments pursuant to subparagraph (C) upon the request of the district. A school district that receives additional units may not exceed 100 total units. If available units are insufficient to provide for this adjustment, the school district shall receive a prorated amount, relative to the units of authorized adult education average daily attendance of the school district.~~

~~(B) For a school district operating an adult education program with 100 or more units of authorized adult education average daily attendance, as determined pursuant to Section 52616.17, in the two prior fiscal years, and which served or exceeded its units of authorized adult education average daily attendance for the school district in the two prior fiscal years, the school district shall receive a prorated amount of units available, as specified in paragraph (2), after the Superintendent performs the adjustment required by subparagraphs (A) and (C), relative to the adult education average daily attendance authorized limit of the school district.~~

~~(C) For a school district operating an adult education program that failed to serve its units of authorized adult education average daily attendance for the school district in the two prior fiscal years, the units of authorized adult education average daily attendance of the school district shall be reduced by an amount equal to one-half of the lowest level of unearned adult education average daily attendance in either of the two prior fiscal years. The Superintendent shall notify a school district that its units of authorized adult education average daily attendance for the school district are reduced pursuant to this paragraph.~~

~~(2) The Superintendent may not perform adjustments pursuant to paragraph (1) that result in a total statewide apportionment of units of authorized adult education average daily attendance that exceeds the amount funded in the annual Budget Act.~~

~~(3) (A) A school district that receives additional units of authorized adult education average daily attendance pursuant to paragraph (1) shall provide a number of career technical education courses that is equal to the percentage of average daily attendance of adults attending those courses in the prior three fiscal years without regard to units of authorized adult education average daily attendance added pursuant to paragraph (1).~~

~~(B) A school district shall use funds derived from an adjustment performed pursuant to paragraph (1) for the purpose of providing access to, or direct instruction in, career technical education courses.~~

~~(C) "Career technical education courses" means those included within the career and technical education curriculum framework developed pursuant to Section 51226.1.~~

~~(b) (1) The following school districts are not eligible for an increase in the additional units of authorized adult education average daily attendance, as specified in Section 52616.17, or for additional units of authorized adult education average daily attendance pursuant to subdivision (a), for the 2005-06 fiscal year:~~

~~(A) Alhambra Unified School District.~~

~~(B) Azusa Unified School District.~~

~~(C) Banning Unified School District.~~

~~(D) East Side Union High School District.~~

~~(E) El Monte Union High School District.~~

~~(F) Grant Joint Union High School District.~~

~~(G) Madera Unified School District.~~

~~(H) Montebello Unified School District.~~

~~(I) Perris Union High School District.~~

~~(J) Santa Maria Joint Union High School District.~~

~~(K) Ventura Unified School District.~~

~~(2) The following school districts are not eligible for an increase in the additional units of authorized adult education average daily attendance, as specified in Section 52616.17, or for additional units of authorized adult education average daily attendance pursuant to subdivision (a), for the 2005-06 and 2006-07 fiscal years:~~

~~(A) Amador County Unified School District.~~

~~(B) Dublin Unified School District.~~

~~(C) Manteca Unified School District.~~

~~(D) Martinez Unified School District.~~

~~(E) Novato Unified School District.~~

~~(F) Oakdale Joint Unified School District.~~

~~(G) Pittsburg Unified School District.~~

~~(H) Salinas Union High School District.~~

~~(I) Baldwin Park Unified School District.~~

~~(3) (A) Notwithstanding paragraph (1) or (2), for the 2005-06 and 2006-07 fiscal years, a school district specified by paragraph (1) or (2) is eligible for an increase in the units of authorized adult education average daily attendance equal to one-half of one percent of the units of authorized adult education average daily attendance of the school district for~~

~~the sole purpose of the creation of new average daily attendance within a new or existing nursing preparation program.~~

~~(B) A school district that receives an increase pursuant to subparagraph (A) shall maintain at least the amount of nursing preparation average daily attendance that is equal to the average daily attendance generated by the school district in nursing preparation programs for the prior three fiscal years to be eligible for the increase specified in subparagraph (A).~~

~~(4) It is the intent of the Legislature that this subdivision resolves disputed claims for adult education average daily attendance made for the 1990-91 and 1991-92 fiscal years.~~

SEC. 374.

Chapter 10.5 (commencing with Section 52651) of Part 28 of Division 4 of Title 2 of the Education Code ~~is repealed.~~**is amended to read:**

52651.

For the purposes of this chapter, unless the context otherwise requires, the following terms shall have the following meanings:

(a) "Board of Governors" means the Board of Governors of the California Community Colleges.

(b) "Chancellor" means the Chancellor of the California Community Colleges.

(c) "Community-based organizations" means public nonprofit benefit corporations of demonstrated effectiveness approved by the superintendent to provide educational services to eligible legalized persons.

(d) "Department" means the State Department of Education.

(e) "Educational outreach activities" means:

(1) Information transmitted to temporary resident aliens regarding the requirements of the Immigration and Nationality Act of 1986 (8 U.S.C. Secs. 1160, 1161, and 1255a), as those requirements existed on the effective date of this chapter, relating to adjustment of resident status, sources of assistance to those aliens obtaining adjustment of resident status, including educational, informational, and referral services, and the rights and responsibilities of those aliens and aliens lawfully admitted for permanent residence, the identification of health, employment, and social services, and the importance of identifying oneself as a temporary resident alien to service providers. It does not include client counseling or any other service that would assume responsibility of the alien's application for the adjustment of resident status.

(2) Information provided to newly legalized persons and other immigrants regarding educational opportunities available to them.

(f) "Immigrant" means a person who is a citizen of a country other than the United States and is eligible for education services in California or a naturalized United States citizen who is now residing in California.

(g) "Newly legalized person" means an alien who has been granted lawful temporary resident status under Sections 1160, 1161, and 1255a of Title 8 of the United States Code, as those

sections exist on the effective date of this chapter. In addition, it means a person who has, after being granted lawful temporary resident status, obtained permanent resident or citizenship status.

(h) "Services provider" means any community-based organization, school district maintaining adult education programs, or community college that has been approved by the superintendent in the 1991-92 fiscal year as eligible to provide educational services to newly legalized persons pursuant to subdivision (k) of Section 23.50 of the Budget Act of 1991.

(i) "SLIAG" means the State Legalization Impact-Assistance Grants as set forth in Section 204 of the Immigration Reform and Control Act of 1986, (Sec. 204, P.L. 99-603), as it exists on the effective date of this chapter.

(j) "Superintendent" means the Superintendent of Public Instruction.

52652.

It is the intent of the Legislature that the students enrolled in classes and courses for immigrants pursuant to this chapter be provided with information written in a language understood by the student on available programs to enable that student to continue education and training through existing courses.

52653.

School districts ~~that receive funding pursuant to Section 52656 shall~~ **offering courses for immigrants are encouraged to** provide the following:

(a) Classes and courses offered pursuant to paragraph (4) of subdivision (a) of Section 41976.

(b) Services ~~that were reimbursable under the provisions of SLIAG in the 1991-92 fiscal year,~~ including but not limited to, instruction in English as a second language, citizenship, basic skills, and ancillary services such as outreach and counseling.

(c) Services to develop the work and educational skills needed by the immigrant in the workplace, including, but not limited to, the communication, computational, problem solving, and interpersonal skills needed to succeed in the workplace.

(d) Services that enable immigrants to access educational services and economic development services available to all Californians.

52654.

Community college districts ~~that receive funding for the purposes of this chapter shall~~ **offering courses for immigrants are encouraged to** provide the following:

(a) Services ~~that were reimbursable under the provision of SLIAG in the 1991-92 fiscal year,~~ including, but not limited to, instruction in English as a second language, citizenship, basic skills, and ancillary services such as outreach counseling, whether provided for credit or noncredit.

(b) Services to develop the work and education skills needed by the immigrant in the workplace, including, but not limited to, the communication, computational, problem solving, and interpersonal skills needed to succeed in the workplace, whether provided for credit or noncredit.

(c) Services that enable immigrants to access educational services and economic development services available to all Californians, whether provided for credit or noncredit.

52655.
It is the intent of the Legislature that the superintendent develop a course of instruction for each level of English as a second language and basic skills instruction leading, respectively, to a Certificate of Proficiency in English as a Second Language, and a Certificate of Proficiency in Basic Skills. It is further the intent of the Legislature that the superintendent establish the level of performance and the measures for granting the certificates for adult schools and community-based organizations and that the Board of Governors establish the level of performance and the measures for granting the certificates for community colleges.

52656.
(a) ~~Notwithstanding any other provision of law, school districts that received apportionment for extraordinary needs in English as a second language and basic skills from Provision (4) of Schedule (a) of Item 6110-156-001 of the Budget Act of 1991 for the 1991-92 fiscal year shall continue to receive those funds in the school district's adult block entitlement in the 1992-93 fiscal year, and each fiscal year thereafter.~~

~~(b) Commencing in the 1993-94 fiscal year, school districts that receive an apportionment from subdivision (a) shall~~ **School districts offering courses for immigrants are encouraged to** give priority to eligible immigrants in need of courses pursuant to paragraphs (2), (3), and (4) of subdivision (a) of Section 41976 ~~and Section 52653 of the Education Code~~.

(c) School districts are not restricted by this chapter from providing classes for immigrants pursuant to paragraph (4) of subdivision (a) of Section 41976 of the Education Code ~~with other funds for adult education that are available to the district~~.

SEC. 375.

Article 4 (commencing with Section 52750) of Chapter 11 of Part 28 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 376.

Article 1 (commencing with Section 52800) of Chapter 12 of Part 28 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 377.

Chapter 13 (commencing with Section 52910) of Part 28 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 378.

Chapter 12.5 (commencing with Section 52920) of Part 28 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 379.

Chapter 17 (commencing with Section 53080) of Part 28 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 380.

Chapter 1 (commencing with Section 54000) of Part 29 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 381.

Chapter 2 (commencing with Section 54100) of Part 29 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 382.

Section 54690 of the Education Code is amended to read:

54690.

(a) The Legislature hereby finds and declares that the partnership academies program has proven to be a highly effective state-school-private sector partnership, providing combined academic and occupational training to high school pupils who present a high risk of dropping out of school, and motivating those pupils to stay in school and graduate. Partnership academies are functioning in high schools across the state, with occupational education and skills development successfully offered in California's 15 different industry sectors, including electronics, computer technology, finance, agribusiness, alternative energy, environmental design and construction, graphic arts and printing, international business, and space. Partnership academies have been honored with national awards for excellence, and the California partnership academies have been given high accolades in various textbooks and studies addressing career technical education programs.

(b) The Legislature finds the partnership academies are in the forefront of school efforts to integrate academic and career technical education and that they can be effective in providing an integrated learning program and high motivation toward pursuing skilled occupational fields to pupils at risk of dropping out of school and to pupils not motivated by the regular educational curriculum. Further, the Legislature finds the partnership academies can make a very positive contribution towards meeting the needs of the state for a highly skilled and educated workforce in the 21st century.

(c) Therefore, the Legislature hereby states its intent to expand the number of partnership academies in this state's high schools, hereafter to be known as California Partnership Academies; to broaden the availability of these learning experiences to interested pupils who do not meet the criteria of "at-risk" pupils; and to encourage the establishment of academies whose occupational fields address the needs of developing technologies.

(d) For purposes of this article, an "at-risk" pupil means a pupil enrolled in high school who is at risk of dropping out of school, as indicated by at least three of the following criteria:

(1) Past record of irregular attendance. For purposes of this section, "irregular attendance" means absence from school 20 percent or more of the school year.

(2) Past record of underachievement in which the pupil is at least one-third of a year behind the coursework for the respective grade level, or as demonstrated by credits achieved.

(3) Past record of low motivation or a disinterest in the regular school program.

(4) Disadvantaged economically.

(5) Scoring below basic or far below basic in mathematics or English language arts on the standardized test administered pursuant to Article 4 (commencing with Section 60640) of Chapter 5 of Part 33.

(6) Maintaining a grade point average of 2.2 or below, or the equivalent of a C minus.

(e) Up to one-half of the pupils enrolled at a partnership academy may be pupils who do not meet the criteria of "at-risk" pupils.

~~(f)The department may expend no more than 5 percent of the funds received to carry out this article on administrative expenses.~~

SEC. 383.

Section 54691 of the Education Code is amended to read:

~~54691.~~

~~Commencing with the 1993–94 fiscal year, from the funds appropriated for that purpose, the Superintendent shall issue grants to school districts maintaining high schools that meet the specifications of Section 54692, for purposes of planning, establishing, and maintaining academies, as follows:~~

~~(a)The Superintendent may issue planning grants for purposes of planning partnership academies. The Superintendent shall ensure that the planning grants are equitably distributed among high-wealth and low-wealth school districts in urban, rural, and suburban areas. Each planning grant shall be in the amount of fifteen thousand dollars ($15,000).~~

~~(b)For the 1993–94 fiscal year, and each fiscal year thereafter, the Superintendent may issue grants for the implementation and maintenance of existing academies or academies planned pursuant to subdivision (a). Implementation and maintenance grants shall be calculated in accordance with the following schedule:~~

~~(1)Districts operating academies may receive one thousand four hundred dollars ($1,400) per year for each qualified pupil enrolled in an academy during the first year of that academy's operation, provided that no more than forty-two thousand dollars ($42,000) may be granted to any one academy for the initial year.~~

~~(2)Districts operating academies may receive one thousand two hundred dollars ($1,200) for each qualified pupil enrolled in an academy during the second year of that academy's operation,~~

~~provided that no more than seventy-two thousand dollars ($72,000) may be granted to any one academy for the second year.~~

~~(3)Districts operating academies may receive nine hundred dollars ($900) for each qualified pupil enrolled in an academy during the third and following years of that academy's operation, provided that no more than eighty-one thousand dollars ($81,000) may be granted to any one academy for each fiscal year.~~

~~(c)For purposes of this section, a qualified pupil~~

54691.

(a) An academy pupil is a pupil who is enrolled in a partnership academy for the 10th, 11th, or 12th grade, obtains 90 percent of the credits each academic year in courses that are required for graduation, and does any of the following:

(1) Successfully completes a school year during the 10th grade with an attendance record of no less than 80 percent.

(2) Successfully completes a school year during the 11th grade with an attendance record of no less than 80 percent.

(3) Successfully graduates after the 12th grade.

A pupil enrolled in an academy who successfully completes only one semester with regard to enrollment, attendance, and credits within the school year is considered qualified for that semester ~~and the district may receive one-half of the funds specified under subdivision (b) for that pupil~~.

~~(d)~~

(b) At the end of each school year, school districts that ~~have been approved~~ *choose* to operate ~~academies~~ *an academy* pursuant to this article ~~shall certify the~~ *are encouraged to report* following information to the Superintendent:

(1) The operation of each academy in accordance with this article, including Sections 54692 and 54694.

(2) The number of qualified pupils enrolled during the just completed school year, by grade level, for each academy operated by the *school* district.

(3) The amount of matching funds and the dollar value of in-kind support made available to each academy in accordance with subdivisions (a) and (b) of Section 54692.

~~(e)The Superintendent shall adjust each school district's grant in accordance with the certification made to him or her pursuant to subdivision (d) or in accordance with any discrepancies to the certification that may be revealed by audit. Notwithstanding the provisions of this section, the Superintendent may advance up to 50 percent of the funds as he or she deems appropriate to districts that are approved to operate, or plan to operate partnership academies.~~

~~(f)Funds granted to school districts pursuant to this article may be expended without regard to fiscal year. However, the funds must be expended for the maintenance and operation of academies.~~

SEC. 384.

Section 54692 of the Education Code is amended to read:

~~54692.~~

~~In order to be eligible to receive funding pursuant to this article, a school district shall provide all of the following:~~

~~(a)An amount equal to a 100 percent match of all funds received pursuant to this article in the form of direct and in-kind support provided by the district.~~

~~(b)An amount equal to a 100 percent match of all funds received pursuant to this article in the form of direct and in-kind support provided by participating companies or other private sector organizations.~~

~~(c)An assurance that state funds provided by the partnership academies program shall be used only for the development, operation, and support of partnership academies.~~

~~(d)An assurance that each~~

54692.

A school district operating a partnership academy is encouraged to operate an academy as follows:

(a) Establish each academy ~~will be established~~ as a "school within a school." Academy teachers shall work as a team in planning, teaching, and troubleshooting program activities. Classes in the academy program shall be limited to academy pupils as specified in subdivision (e). Each participating school district shall establish an advisory committee consisting of individuals involved in academy operations, including school district and school administrators, lead teachers, and representatives of the private sector.

~~(e)Assurance that each~~

(b) Provide each academy pupil ~~will be provided~~ with the following:

(1) Instruction in at least three academic subjects each regular school term that prepares the pupil for a regular high school diploma, and, where possible and appropriate, to meet the subject requirements for admission to the California State University and the University of California. These subjects should contribute to an understanding of the occupational field of the academy.

(2) Career technical education courses offered at each grade level at the academy that are part of an occupational course sequence that targets comprehensive skills and that does the following:

(A) Provides career technical education in high skill occupations of regional and local economic need.

(B) Focuses on occupations requiring comprehensive skills leading to higher than entry-level wages, or the possibility of significant wage increases after a few years on the job, or both.

(C) Provides a sequence of courses that build upon each other in knowledge, skill development, and experience, and ends in a capstone course that includes an internship component.

(D) Prepares pupils for employment and postsecondary education. Sequenced courses shall be linked to certificate and degree programs in the region, where possible.

(E) Whenever possible, prepares pupils for industry-recognized certifications.

(F) Whenever possible and appropriate, offers career technical education courses that also meet the subject requirements for admission to the California State University and the University of California.

(3) A class schedule that limits the attendance to the classes required in paragraphs (1) and (2) to pupils of the academy. Whenever possible, these classes should be block scheduled in a cluster to provide flexibility to academy teachers. During the 12th grade the number of academic classes may vary.

(4) A mentor from the business community during the pupil's 11th grade year.

(5) An employer-based internship or work experience that occurs in the summer following the 11th grade or during 12th grade year.

(6) Additional motivational activities with private sector involvement to encourage academic and occupational preparation.

~~(f)Assurance that academy teachers have a~~

(c) Provide academy teachers a common planning period to interchange pupil and educational information. A second planning period should be provided for the lead teacher in addition to the normal planning period for full-time teachers and be supported as a part of the school district's matching funds, whenever practical.

SEC. 385.

Section 54693 of the Education Code is repealed.

~~54693.~~

~~The Superintendent of Public Instruction shall establish eligibility criteria for school districts that apply for grants pursuant to this article. When establishing criteria, the superintendent shall consider the commitment and need of the applicant district. The superintendent may consider district indicators of need such as the number or percent of pupils in poverty or with limited English proficiency, and the dropout rate.~~

SEC. 386.

Section 54695 of the Education Code is amended to read:

54695.

(a) The ninth grade teachers and counselors in schools maintained by school districts ~~approved to~~ *that* operate academies pursuant to this article shall identify ~~students~~ *pupils* eligible to participate in an academy.

(b) Teachers and counselors in schools maintained by school districts ~~approved to~~ *that* operate academies pursuant to this article, business representatives, and academy ~~students~~ *pupils* of academies that are operating in the area shall be encouraged to make presentations to prospective ~~students~~ *pupils* and their parents.

(c) The staff of each academy shall select ~~students~~ *pupils* from among those who have expressed an interest in the academy and whose parents or guardians have approved the ~~student's~~ *pupil's* participation.

SEC. 387.

Section 54699 of the Education Code is amended to read:

~~54699.~~

~~(a)(1)The Controller shall annually allocate the sum of eight million dollars ($8,000,000) from the Renewable Resource Trust Fund established pursuant to Section 25751 of the Public Resources Code or other related fund, upon appropriation by the Legislature, to the Superintendent for expenditure in the form of grants to school districts, that shall be allocated using the same criteria as provided in Article 5 (commencing with Section 54690), except as provided in subdivision (b) of Section 54691, and pursuant to the additional requirements of this article.~~

~~(2)If sufficient funds are not available to fully meet the funding requirement of paragraph (1), for the 2010–11, 2011–12, and 2012–13 fiscal years, the Controller shall allocate the balance of funds required to meet the funding requirement from the Alternative and Renewable Fuel and Vehicle Technology Fund established pursuant to Section 44273 of the Health and Safety Code, upon appropriation by the Legislature, for expenditure in the form of grants to school districts, that shall be allocated using the same criteria as provided in Article 5 (commencing with Section 54690), except as provided in subdivision (b) of Section 54691, and pursuant to the additional requirements of this article.~~

~~(b)The Superintendent shall award grants pursuant to this article to school districts that do all of the following:~~

~~(1)Meet the requirements specified in Article 5 (commencing with Section 54690).~~

~~(2)Propose to implement~~

54699.

(a) School districts may implement a partnership academy, or ~~to~~ maintain an existing academy, that focuses on employment in clean technology businesses or renewable energy businesses and provides skilled workforces for the products and services for energy or water conservation, or both, renewable energy, pollution reduction, or other technologies that improve the environment in furtherance of state environmental laws.

~~(c)The Superintendent shall review grant applications submitted by school districts in consultation with the State Energy Resources Conservation and Development Commission.~~

~~(d)The Superintendent, in consultation with the State Energy Resources Conservation and Development Commission, shall review ongoing programs to ensure that those programs comply with subdivision (b).~~

~~(e)(1)No later than 60 days after the effective date of this article, and prior to the department issuing a request for grant applications, the State~~

(b) The State Energy Resources Conservation and Development Commission, in consultation with the Superintendent, shall adopt guidelines ~~to ensure~~ *so* that programs ~~receiving grants~~ *may* reflect current state energy policies and priorities as well as provide skills and education linked to the needs of relevant industries.

~~(2)~~

(c) Notwithstanding any other law, any guideline adopted pursuant to this section shall be exempt from the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

~~(f)(1)The Superintendent shall give priority for grants pursuant to this article according to the following:~~

~~(A)First, to school districts that propose~~

(d) School districts are encouraged to establish partnership academies that are consistent with the guidelines developed by the State Energy Resources Conservation and Development Commission pursuant to subdivision ~~(e)~~ *(b)*.

~~(B)Second, to school districts that propose to establish a partnership academy at schoolsites that do not currently participate in the partnership academies program pursuant to Article 5 (commencing with Section 54690).~~

~~(C)Third, to school districts that would establish a partnership academy at schoolsites that do not currently participate in the green partnership academies program funded pursuant to Section 32 of Chapter 757 of the Statutes of 2008.~~

~~(2)Notwithstanding subparagraphs (B) and (C) of paragraph (1), the Superintendent may assign a higher priority to a school district that has received a grant pursuant to the green partnership~~

~~academies program funded pursuant to Section 32 of Chapter 757 of the Statutes of 2008, subject to subdivision (d).~~

~~(3)The Superintendent shall award grants to a school district to establish or operate a partnership academy pursuant to this article in the following amounts:~~

~~(A)A district operating a partnership academy may receive one thousand dollars ($1,000) per year for each qualified student enrolled in grade 9 in an academy during the first year of that academy's operation, except that no more than forty-five thousand dollars ($45,000) may be granted to any one academy for the initial year.~~

~~(B)A district operating a partnership academy may receive one thousand dollars ($1,000) per year for each qualified student enrolled in either grade 9 or 10 in an academy during the second year of that academy's operation, except that no more than eighty thousand dollars ($80,000) may be granted to any one academy for the second year.~~

~~(C)A district operating a partnership academy may receive one thousand dollars ($1,000) for each qualified student enrolled in any of grades 9 to 11, inclusive, in an academy during the third year of that academy's operation, except that no more than one hundred twenty thousand dollars ($120,000) may be granted to any one academy for the third year.~~

~~(D)A district operating a partnership academy may receive one thousand dollars ($1,000) for each qualified student enrolled in any of grades 9 to 12, inclusive, in an academy during the fourth and following years of that academy's operation, except that no more than one hundred fifty thousand dollars ($150,000) may be granted to any one academy for each fiscal year.~~

~~(4)For purposes of this section, "qualified student" has the same meaning as described in subdivision (c) of Section 54691, but shall also include a 9th grade pupil who meets the at-risk criteria specified in Section 54690, who is enrolled in an academy for the 9th grade, obtains 90 percent of the credits each academic year in courses that are required for graduation, and successfully completes a school year during the 9th grade with an attendance record of not less than 80 percent.~~

~~(g)The Superintendent shall encourage a school district that receives a grant under this article to~~

(e) School districts that operate a clean technology partnership academy are encouraged to work and coordinate with regional occupational centers and programs for the required career technical education sequence of courses.

~~(h)A school district may apply for planning grants, in accordance with subdivision (a) of Section 54691, for implementing a partnership academy pursuant to this article.~~

~~(i)~~

(f) Commencing in 2014 and not later than January 1 of each year for which this article is operative, the Superintendent, in consultation with the State Energy Resources Conservation and Development Commission, shall provide a report to the Legislature that includes, but is not

limited to, a description of the curriculum and substance of the programs ~~funded by grants awarded~~ *operated* pursuant to this article. The first annual report shall include the identification of gaps in available curricula relating to clean technology and renewable energy that are consistent with current state energy policy and priorities, as well as the proportion of participating pupils who meet the at-risk criteria enumerated in subdivision (d) of Section 54690. The report also shall include *available* pupil participation data ~~and data collected pursuant to subdivision (d) of Section 54691~~.

~~(j)Up to 5 percent of the funds transferred to the Superintendent pursuant to this article may be expended to pay the costs incurred in the administration of this article.~~

SEC. 388.

Article 7.1 (commencing with Section 54740) of Chapter 9 of Part 29 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 389.

Section 54750 of the Education Code is amended to read:

54750.

(a) ~~Commencing with the 2009–10 school year, when funds become available for additional partnership academies within the total number of grants available for all partnership academies pursuant to Section 54691, the Superintendent shall issue grants for the establishment of partnership academies and shall give priority to the establishment of~~ *School districts are encouraged to establish* partnership academies dedicated to educating pupils in the emerging environmentally sound technologies ~~until no less than one green technology partnership academy has been established in each of the nine economic regions established by the state~~. The academies may include, but are not limited to, technologies that educate pupils in the following areas:

(1) Energy audits that include a determination of energy savings.

(2) Retrofitting and weatherization activities that increase energy efficiency and conservation.

(3) Energy-efficient and water-efficient buildings.

(4) Retrofitting and installing energy-efficient household appliances, windows, doors, insulation, and lighting.

(5) Retrofitting and installing water and energy conservation technologies in existing homes, industrial buildings, and commercial and public buildings, to improve efficiency, including the use of energy and water management technologies and control systems.

(6) The design, construction, manufacture, sale, assembly, installation, and maintenance of energy-efficient technologies and renewable energy facilities, or the component parts of renewable energy technologies.

(7) Energy-efficient technologies or practices and renewable energy production, or the component parts of renewable energy plants and energy distribution, including energy storage; energy infrastructure, including transmission; transportation, including logistics; and water and wastewater, including water conservation.

(8) Performance and low-emission vehicle technology, automotive computer systems, mass transit fleet conversion, and the servicing and maintenance of those technologies.

(9) Pollution prevention and hazardous and solid waste reduction.

(10) Ocean, soil, or water conservation, or forestation strategies to mitigate climate change impacts.

~~(b)(1)The selection of school districts to establish the green technology partnership academies and the planning and development of the green technology partnership academies shall be conducted pursuant to the procedures and requirements established in Section 54691 for all partnership academies. The planning grants shall be made available for academies pursuant to this article from the total number of grants established pursuant to Section 54691.~~

~~(2)In the event a school district applies to convert an existing school program to a partnership academy and meets all the criteria for a partnership academy pursuant to Section 54692 and paragraph (3), the department, in coordination with the Superintendent, may provide that academy with first-year implementation funds, as appropriate.~~

~~(3)(A)In order to be eligible for funding pursuant to this article, the coursework and internship or preapprenticeship programs of the proposed academy shall focus on the use of environmentally sound technologies and practices. The proposed academy shall demonstrate this through its efforts to obtain input from environmental industry, utilities, and professional trade organizations.~~

~~(B)Staff~~

(b) A school district operating green technology partnership academies is encouraged to provide staff development opportunities ~~also shall be included in the academy plans~~ to ensure that teaching staff has the opportunity to be educated in the use of emerging technologies and to become familiar with new materials and current practices in the field.

~~(c)The priority established in this section may be satisfied when the specified number of green technology partnership academies meeting the requirements of this article are funded by any of, or a combination of, funds appropriated for the establishment of partnership academies.~~

SEC. 390.

Article 7.7 (commencing with Section 54760) of Chapter 9 of Part 29 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 391.

Section 56365 of the Education Code is amended to read:

56365.

(a) Services provided by nonpublic, nonsectarian schools, as defined pursuant to Section 56034, and nonpublic, nonsectarian agencies, as defined pursuant to Section 56035, shall be made available. These services shall be provided pursuant to Section 56366, and in accordance with Section 300.146 of Title 34 of the Code of Federal Regulations, under contract with the local educational agency to provide the appropriate special educational facilities, special education, or designated instruction and services required by the individual with exceptional needs if no appropriate public education program is available.

(b) Pupils enrolled in nonpublic, nonsectarian schools and agencies under this section shall be deemed to be enrolled in public schools for all purposes of Chapter 4 (commencing with Section 41600) of Part 24 *of Division 3* and Section ~~42238~~ *42238.02.* The local educational agency shall be eligible to receive allowances under Articles 3 (commencing with Section 56836.165) and 4 (commencing with Section 56836.20) of Chapter 7.2 for services that are provided to individuals with exceptional needs pursuant to the contract.

(c) If the state participates in the federal program of assistance for state-operated or state-supported programs for individuals with exceptional needs ~~(P.L.~~ *(Public Law* 89-313, Sec. 6), pupils enrolled in nonpublic, nonsectarian schools shall be deemed to be enrolled in state-supported institutions for all purposes of that program and shall be eligible to receive allowances under Chapter 7.2 (commencing with Section 56836) for supplemental services provided to individuals with exceptional needs pursuant to a contract with a local educational agency. In order to participate in the federal program, the state shall find that participation will not result in any additional expenditures from the General Fund.

(d) The local educational agency shall pay to the nonpublic, nonsectarian school or agency the full amount of the tuition for individuals with exceptional needs that are enrolled in programs provided by the nonpublic, nonsectarian school pursuant to the contract.

(e) Before contracting with a nonpublic, nonsectarian school or agency outside of this state, the local educational agency shall document its efforts to utilize public schools or to locate an appropriate nonpublic, nonsectarian school or agency program, or both, within the state.

(f) If a local educational agency places a pupil with a nonpublic, nonsectarian school or agency outside of this state, the pupil's individualized education program team shall submit a report to the Superintendent within 15 days of the placement decision. The report shall include information about the special education and related services provided by the out-of-state program placement and the costs of the special education and related services provided, and shall indicate the efforts of the local educational agency to locate an appropriate public school or nonpublic, nonsectarian school or agency, or a combination thereof, within the state. The Superintendent shall submit a report to the board on all placements made outside of this state.

(g) If a local educational agency decides to place a pupil with a nonpublic, nonsectarian school or agency outside of this state, that local educational agency shall indicate the anticipated date for the return of the pupil to a public or nonpublic, nonsectarian school or agency placement, or

a combination thereof, located in the state and shall document efforts during the previous placement year to return the pupil.

(h) In addition to meeting the requirements of Section 56366.1, a nonpublic, nonsectarian school or agency that operates a program outside of this state shall be certified or licensed by that state to provide, respectively, special education and related services and designated instruction and related services to pupils under the federal Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.).

(i) A nonpublic, nonsectarian school or agency that is located outside of this state is eligible for certification pursuant to Section 56366.1 only if a pupil is enrolled in a program operated by that school or agency pursuant to the recommendation of an individualized education program team in California, and if that pupil's parents or guardians reside in California.

(j) In accordance with Section 300.147(b) and (c) of Title 34 of the Code of Federal Regulations, the department shall disseminate copies of applicable standards to each nonpublic, nonsectarian school and nonpublic, nonsectarian agency to which a local educational agency has referred or placed an individual with exceptional needs and shall provide an opportunity for those nonpublic, nonsectarian schools and nonpublic, nonsectarian agencies to participate in the development and revision of state standards that apply to those entities.

SEC. 392.

Section 56366.1 of the Education Code is amended to read:

56366.1.
(a) A nonpublic, nonsectarian school or agency that seeks certification shall file an application with the Superintendent on forms provided by the department and include the following information on the application:

(1) A description of the special education and designated instruction and services provided to individuals with exceptional needs if the application is for nonpublic, nonsectarian school certification.

(2) A description of the designated instruction and services provided to individuals with exceptional needs if the application is for nonpublic, nonsectarian agency certification.

(3) A list of appropriately qualified staff, a description of the credential, license, or registration that qualifies each staff member rendering special education or designated instruction and services to do so, and copies of their credentials, licenses, or certificates of registration with the appropriate state or national organization that has established standards for the service rendered.

(4) An annual operating budget.

(5) Affidavits and assurances necessary to comply with all applicable federal, state, and local laws and regulations that include criminal record summaries required of all nonpublic,

nonsectarian school or agency personnel having contact with minor children under Section 44237.

(b) (1) The applicant shall provide the special education local plan area in which the applicant is located with the written notification of its intent to seek certification or renewal of its certification. The applicant shall submit on a form, developed by the department, a signed verification by local educational agency representatives that they have been notified of the intent to certify or renew certification. The verification shall include a statement that representatives of the local educational agency for the area in which the applicant is located have had the opportunity to review the application at least 60 calendar days prior to submission of an initial application to the Superintendent, or at least 30 calendar days prior to submission of a renewal application to the Superintendent. The signed verification shall provide assurances that local educational agency representatives have had the opportunity to provide input on all required components of the application.

(2) If the applicant has not received a response from the local educational agency 60 calendar days from the date of the return receipt for initial applications or 30 calendar days from the date of the return receipt for renewal applications, the applicant may file the application with the Superintendent. A copy of the return receipt shall be included with the application as verification of notification efforts to the local educational agency.

(3) The department shall mail renewal application materials to certified nonpublic, nonsectarian schools and agencies at least 120 days ~~prior to~~ *before* the date their current certification expires.

(c) If the applicant operates a facility or program on more than one site, each site shall be certified.

(d) If the applicant is part of a larger program or facility on the same site, the Superintendent shall consider the effect of the total program on the applicant. A copy of the policies and standards for the nonpublic, nonsectarian school or agency and the larger program shall be available to the Superintendent.

(e) ~~Prior to~~ *Before* certification, the Superintendent shall conduct an onsite review of the facility and program for which the applicant seeks certification. The Superintendent may be assisted by representatives of the special education local plan area in which the applicant is located and a nonpublic, nonsectarian school or agency representative who does not have a conflict of interest with the applicant. The Superintendent shall conduct an additional onsite review of the facility and program within three years of the effective date of the certification, unless the Superintendent conditionally certifies the school or agency or unless the Superintendent receives a formal complaint against the school or agency. In the latter two cases, the Superintendent shall conduct an onsite review at least annually.

(f) The Superintendent shall make a determination on an application within 120 days of receipt of the application and shall certify, conditionally certify, or deny certification to the applicant. If the Superintendent fails to take one of these actions within 120 days, the applicant is

automatically granted conditional certification for a period terminating on August 31 of the current school year. If certification is denied, the Superintendent shall provide reasons for the denial. The Superintendent may certify the school or agency for a period of not longer than one year.

(g) Certification becomes effective on the date the nonpublic, nonsectarian school or agency meets all the application requirements and is approved by the Superintendent. Certification may be retroactive if the school or agency met all the requirements of this section on the date the retroactive certification is effective. Certification expires on December 31 of the terminating year.

(h) The Superintendent annually shall review the certification of each nonpublic, nonsectarian school and agency. For this purpose, a certified school or agency annually shall update its application between August 1 and October 31, unless the board grants a waiver pursuant to Section 56101. The Superintendent may conduct an onsite review as part of the annual review.

(i) (1) The Superintendent shall conduct an investigation of a nonpublic, nonsectarian school or agency onsite at any time without prior notice if there is substantial reason to believe that there is an immediate danger to the health, safety, or welfare of a child. The Superintendent shall document the concern and submit it to the nonpublic, nonsectarian school or agency at the time of the onsite investigation. The Superintendent shall require a written response to any noncompliance or deficiency found.

(2) With respect to a nonpublic, nonsectarian school, the Superintendent shall conduct an investigation, which may include an unannounced onsite visit, if the Superintendent receives evidence of a significant deficiency in the quality of educational services provided, a violation of Section 56366.9, or noncompliance with the policies expressed by subdivision (b) of Section 1501 of the Health and Safety Code by the nonpublic, nonsectarian school. The Superintendent shall document the complaint and the results of the investigation and shall provide copies of the documentation to the complainant, the nonpublic, nonsectarian school, and the contracting local educational agency.

(3) Violations or noncompliance documented pursuant to paragraph (1) or (2) shall be reflected in the status of the certification of the school, at the discretion of the Superintendent, pending an approved plan of correction by the nonpublic, nonsectarian school. The department shall retain for a period of 10 years all violations pertaining to certification of the nonpublic, nonsectarian school or agency.

(j) The Superintendent shall monitor the facilities, the educational environment, and the quality of the educational program, including the teaching staff, the credentials authorizing service, the standards-based core curriculum being employed, and the standard-focused instructional materials used, of an existing certified nonpublic, nonsectarian school or agency on a three-year cycle, as follows:

(1) The nonpublic, nonsectarian school or agency shall complete a self-review in year one.

(2) The Superintendent shall conduct an onsite review of the nonpublic, nonsectarian school or agency in year two.

(3) The Superintendent shall conduct a followup visit to the nonpublic, nonsectarian school or agency in year three.

(k) (1) Notwithstanding any other ~~provision of~~ law, the Superintendent shall not certify a nonpublic, nonsectarian school or agency that proposes to initiate or expand services to pupils currently educated in the immediate prior fiscal year in a juvenile court program, community school pursuant to Section 56150, or other nonspecial education program, including independent study or adult school, or both, unless the nonpublic, nonsectarian school or agency notifies the county superintendent of schools and the special education local plan area in which the proposed new or expanded nonpublic, nonsectarian school or agency is located of its intent to seek certification.

(2) The notification shall occur no later than the December 1 ~~prior to~~ *before* the new fiscal year in which the proposed or expanding school or agency intends to initiate services. The notice shall include the following:

(A) The specific date upon which the proposed nonpublic, nonsectarian school or agency is to be established.

(B) The location of the proposed program or facility.

(C) The number of pupils proposed for services, the number of pupils currently served in the juvenile court, community school, or other nonspecial education program, the current school services including special education and related services provided for these pupils, and the specific program of special education and related services to be provided under the proposed program.

(D) The reason for the proposed change in services.

(E) The number of staff who will provide special education and designated instruction and services and hold a current valid California credential or license in the service rendered.

(3) In addition to the requirements in subdivisions (a) to (f), inclusive, the Superintendent shall require and consider the following in determining whether to certify a nonpublic, nonsectarian school or agency as described in this subdivision:

(A) A complete statement of the information required as part of the notice under paragraph (1).

(B) Documentation of the steps taken in preparation for the conversion to a nonpublic, nonsectarian school or agency, including information related to changes in the population to be served and the services to be provided pursuant to each pupil's individualized education program.

(4) Notwithstanding any other ~~provision of~~ law, the certification becomes effective no earlier than July 1 if the school or agency provided the notification required pursuant to paragraph (1).

(l) (1) Notwithstanding any other ~~provision of~~ law, the Superintendent shall not certify or renew the certification of a nonpublic, nonsectarian school or agency, unless all of the following conditions are met:

(A) The entity operating the nonpublic, nonsectarian school or agency maintains separate financial records for each entity that it operates, with each nonpublic, nonsectarian school or agency identified separately from any licensed children's institution that it operates.

(B) The entity submits an annual budget that identifies the projected costs and revenues for each entity and demonstrates that the rates to be charged are reasonable to support the operation of the entity.

(C) The entity submits an entitywide annual audit that identifies its costs and revenues, by entity, in accordance with generally accepted accounting and auditing principles. The audit shall clearly document the amount of moneys received and expended on the education program provided by the nonpublic, nonsectarian school.

(D) The relationship between various entities operated by the same entity are documented, defining the responsibilities of the entities. The documentation shall clearly identify the services to be provided as part of each program, for example, the residential or medical program, the mental health program, or the educational program. The entity shall not seek funding from a public agency for a service, either separately or as part of a package of services, if the service is funded by another public agency, either separately or as part of a package of services.

(2) For purposes of this section, "licensed children's institution" has the same meaning as it is defined by Section 56155.5.

(m) The school or agency shall be charged a reasonable fee for certification. The Superintendent may adjust the fee annually commensurate with the statewide average percentage inflation adjustment computed for ~~revenue limits~~ *local control funding formula allocations pursuant to Section 42238.02, as implemented by Section 42238.03,* of unified school districts with greater than 1,500 units of average daily attendance if the percentage increase is reflected in the *school* district ~~revenue limit~~ *local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03,* for inflation purposes. For purposes of this section, the base fee shall be the following:

(1) 1–5 pupils	$300
(2) 6–10 pupils	500
(3) 11–24 pupils	1,000
(4) 25–75 pupils	1,500

(5) 76 pupils and over 2,000

The school or agency shall pay this fee when it applies for certification and when it updates its application for annual renewal by the Superintendent. The Superintendent shall use these fees to conduct onsite reviews, which may include field experts. No fee shall be refunded if the application is withdrawn or is denied by the Superintendent.

(n) (1) Notwithstanding any other ~~provision of~~ law, only those nonpublic, nonsectarian schools and agencies that provide special education and designated instruction and services utilizing staff who hold a certificate, permit, or other document equivalent to that which staff in a public school are required to hold in the service rendered are eligible to receive certification. Only those nonpublic, nonsectarian schools or agencies located outside of California that employ staff who hold a current valid credential or license to render special education and related services as required by that state shall be eligible to be certified.

(2) The board shall develop regulations to implement this subdivision.

(o) In addition to meeting the standards adopted by the board, a nonpublic, nonsectarian school or agency shall provide written assurances that it meets all applicable standards relating to fire, health, sanitation, and building safety.

SEC. 393.

Section 56836.21 of the Education Code is amended to read:

56836.21.
(a) The department shall administer an extraordinary cost pool to protect special education local plan areas from the extraordinary costs associated with single placements as described in subdivision (d). Funds shall be appropriated for this purpose in the annual Budget Act. Special education local plan areas shall be eligible for reimbursement from this pool in accordance with this section.

(b) The threshold amount for claims under this section shall be the lesser of the following:

(1) One percent of the allocation calculated pursuant to Section 56836.08 for the special education local plan area for the current fiscal year for any special education local plan area that meets the criteria in Section 56212.

(2) The department shall calculate the average cost of a nonpublic, nonsectarian school placement in the 1997–98 fiscal year. This amount shall be multiplied by 2.5, then by one plus the inflation factor computed pursuant to Section 42238.1, *as that section read on June 30, 2013,* to obtain the alternative threshold amount for claims in the 1998–99 fiscal year. In subsequent fiscal years, the alternative threshold amount shall be the alternative threshold amount for the prior fiscal year multiplied by one plus the inflation factor computed pursuant to Section 42238.1, *as that section read on June 30, 2013, through the 2012–13 fiscal year and commencing with the 2013–14 fiscal year, paragraph (2) of subdivision (d) of Section 42238.02.*

(c) Special education local plan areas are eligible to submit claims for costs exceeding the threshold amount on forms developed by the department. All claims for a fiscal year shall be submitted by November 30 following the close of the fiscal year. If the total amount claimed by special education local plan areas exceeds the amount appropriated, the claims shall be prorated.

(d) Special education local plan areas are eligible to submit claims for the costs of nonpublic, nonsectarian school placements in excess of those in existence in the 1997–98 fiscal year and of special education and related services for pupils who reside in licensed children's institutions.

SEC. 394.

Section 56836.24 of the Education Code is amended to read:

56836.24.

Commencing with the 1998–99 fiscal year and each year thereafter, the ~~superintendent~~ *Superintendent* shall make the following computations to determine the amount of funding for the purposes specified in Section 56836.23 to apportion to each special education local plan area for the fiscal year in which the computation is made:

(a) For the 1998–99 fiscal year the superintendent shall make the following computations:

(1) 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 chapter existed on December 31, 1998, by one plus the inflation factor computed pursuant to subdivision (b) of Section 42238.1, *as that section read on June 30, 2013,* for the 1998–99 fiscal year.

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

(3) To determine the amount to be allocated to each special education local plan area in the 1998–99 fiscal year, the superintendent shall multiply the amount computed in paragraph (2) by the number of units of average daily attendance reported for the special education local plan area for the 1998–99 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 1998–99 fiscal year shall be deemed to have 15,000 units of average daily attendance, and no special education local plan area shall receive less than it received in the 1997–98 fiscal year.

(b) For the 1999–2000 fiscal year and each fiscal year thereafter, the ~~superintendent~~ *Superintendent* shall make the following calculations:

(1) Multiply the amount determined in paragraph (2) of subdivision (a) by one plus the inflation factor computed pursuant to subdivision (b) of Section 42238.1, *as that section read on June*

30, 2013, and commencing with the 2013–14 fiscal year, paragraph (2) of subdivision (d) of Section 42238.02 for the current fiscal year.

(2) Multiply the amount determined in paragraph (1) 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.

SEC. 395.

Chapter 3.1 (commencing with Section 58520) of Part 31 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 396.

Chapter 5 (commencing with Section 58700) of Part 31 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 397.

~~**Chapter 6 (commencing with Section 58800) of Part 31 of Division 4 of Title 2 of the Education Code is repealed.**~~

58800. It is the intent of the Legislature in enacting this chapter to assist in the establishment of specialized high schools in the state to provide advanced instruction and training in high technology fields and in the performing arts.

The Legislature recognizes that the establishment of these specialized high schools will benefit the state economy by providing opportunities to talented pupils to obtain enhanced learning opportunities in high technology fields and in the performing arts while enrolled in schools located in school districts in close proximity to areas in which these industries are located.

The Legislature also recognizes that the high technology specialized high schools established under this chapter will enable the faculty providing instruction in these schools to develop model curricula of general application in the fields of mathematics, science, performing arts, and computer technology to be made available to other school districts in the public school system.

58801. Any school district operating one or more high schools, or any consortium of school districts that operate one or more high schools, or any county superintendent of schools, or any county board of education, may submit a proposal to the Superintendent of Public Instruction to establish a school or schools with specialized curricula in high technology, performing arts, or other special curricular areas, for pupils in grades 9 through 12. School districts that submit proposals as a consortium shall agree to accept pupils from each district in the consortium at the specialized school.

The Superintendent of Public Instruction shall, commencing with the 1984–85 fiscal year, allocate funds for startup costs of these specialized secondary schools or programs.

~~58801.5. Entities eligible for funding of startup costs pursuant to Section 58801 shall be eligible to compete for funding for startup costs regardless of funding in any prior year. Receipt of funds for additional startup costs shall be based upon the addition of new program offerings. Funds provided pursuant to this section shall supplement, and shall not supplant, funds provided pursuant to Section 58801.~~

~~58801.6. The Superintendent of Public Instruction shall apportion funds as available from the annual Budget Act for support of specialized secondary programs established prior to the 1991–92 fiscal year that operate in conjunction with the California State University. Funds apportioned pursuant to this section shall be distributed equally among eligible specialized secondary schools.~~

58802. Faculty members providing instruction in specialized secondary programs shall develop model curricula which the Superintendent of Public Instruction shall make available to other school districts in the state.

58803. Notwithstanding any other provision of law, specialized secondary programs may select as teachers noncredentialed persons who possess unique talents or skills from business, performing arts, or postsecondary institutions. No noncredentialed person shall be retained as a teacher in a specialized secondary program unless, within 60 days after the governing board has hired such a person, the Commission on Teacher Credentialing has issued a certificate of clearance for him or her, which the commission shall issue when it has verified the person's personal identification and good moral character.

Each school district governing board that employs noncredentialed persons to teach in specialized secondary programs shall annually report to the Superintendent of Public Instruction the number of those persons employed, the subjects they are employed to teach, and the unique talents and skills they possess.

~~58804. From the funds appropriated by the Legislature for the purposes of Section 42238, the Superintendent of Public Instruction shall make allocations for the purposes of this chapter to county superintendents of schools, and county boards of education, operating approved specialized secondary schools, as follows:~~
~~(a) For the 1985–86 fiscal year, and for each fiscal year thereafter, in lieu of the funding calculation set forth in Section 42238, the revenue limit for each county superintendent of schools, or county board of education, operating one or more specialized secondary schools shall be calculated by multiplying the average daily attendance for the school or schools by the statewide average base revenue limit per unit of average daily attendance, for high school districts, as computed under paragraph (2) of subdivision (d) of Section 42238.~~
~~(b) The school district of residence of any pupil enrolled in a specialized secondary school operated by a county superintendent of schools or county board of education shall not include the attendance of that pupil in any computation of average daily attendance for purposes of Section 42238.~~

58804.2. Commencing with the 1992–93 academic year, each specialized secondary school operated pursuant to Section 58801.6 shall annually evaluate the success of its program as follows:
(a) The program shall be deemed successful if it meets all of the following:
(1) Eighty percent of the pupils participating in the program pursue either postsecondary education or additional professional training in their chosen fields of study after graduation from high school.
(2) Eighty percent of the pupils that remain in the program complete their high school education.
(b) The program shall also be evaluated based on an assessment of other factors including, but not limited to, the following:
(1) Increased pupil, parent, community, professional and business community, and school employee satisfaction with pupil learning, school organization, and school governance and management.
(2) Counseling and other support services that enhance the program and the success of the pupils.
(3) Improvement in the academic performance of pupils as measured by grade point average or other appropriate standards of achievement.
(Amended by Stats. 1993, Ch. 1296, Sec. 32. Effective October 11, 1993.)

58805. (a) The Superintendent of Public Instruction may enter into an interagency agreement with a consortium of two or more school districts to establish an academy of visual and performing arts to operate specialized secondary school programs in visual and performing arts that are conducted outside the regular schoolday, subject to this chapter.
(b) The governing boards of any two or more school districts or county offices of education may enter into the consortium described in subdivision (a). The academy established by this section shall be governed, subject to the interagency agreement provided for by subdivision (a), by a five-member governing board which shall be made up of 3 members representing the consortium who shall be superintendents or their designees of school districts or county offices of education with the largest student participation; and two members appointed by the Foundation for the Academy of Performing and Visual Arts. The authority of the board to operate the academy shall include, but not be limited to, the following:
(1) The appointment of a director to develop and administer the academy and the specialized secondary school programs operated by the academy.
(2) The execution of an agreement with any urban campus of a college or university with a means for assisting in the development of similar programs at other campuses or universities on a statewide basis, for the use of the educational resources of that campus for the purposes of this section.
(3) Responsibility over the fiscal accountability of the academy.
(c) For the purposes of subdivision (e) of Section 46300, the off-campus participation, by a pupil in any of the grades 9 to 12, inclusive, in any program of visual or performing arts operated under this section may be authorized as an independent study program in accordance with Article 5.5 (commencing with Section 51745) of Chapter 5 of Part 28. In no event shall a pupil concurrently enrolled in an independent study program and in a regular comprehensive high school or junior high school generate, for the purposes of Section 46300, more than one unit of average daily attendance per school year.

~~58806. A specialized secondary school operated by a county superintendent of schools under this chapter shall be considered a school district by the Superintendent of Public Instruction for purposes of receiving funds pursuant to Sections 42239 and 42239.5 of the Education Code. If a specialized secondary school counts a pupil in its summer school enrollment, the school shall notify the pupil's school district of original attendance, and that school district shall not count that pupil in its summer school enrollment.~~

SEC. 398.

The heading of Article 7 (commencing with Section 60117) of Chapter 1 of Part 33 of Division 4 of Title 2 of the Education Code is amended to read:

Article 7. ~~Pupil Textbook and Instructional Materials Incentive Program~~ *Sufficiency of Instructional Materials*

SEC. 399.

Section 60117 of the Education Code is repealed.

~~60117.~~

~~This article shall be known and may be cited as the Pupil Textbook and Instructional Materials Incentive Program Act.~~

SEC. 400.

Section 60118 of the Education Code is repealed.

~~60118.~~

~~County offices of education may, at their option, be eligible to receive funds pursuant to this article. Allocations to county offices of education shall be based upon prior year average daily attendance in county operated educational programs and at the average amount allocated to school districts per unit of average daily attendance. For the purposes of this article, the terms "governing board of a school district" and "governing board" are deemed to include county boards of education.~~

SEC. 401.

Section 60119 of the Education Code is amended to read:

60119.

(a) ~~In order to be eligible to receive funds available for purposes of this article, the~~ *The* governing board of a school district shall take the following actions:

(1) (A) The governing board of a school district shall hold a public hearing or hearings at which the governing board *of the school district* shall encourage participation by parents, teachers, members of the community interested in the affairs of the school district, and bargaining unit leaders, and shall make a determination, through a resolution, as to whether each pupil in each

school in the school district has sufficient textbooks or instructional materials, or both, that are aligned to the content standards adopted pursuant to Section 60605 or 60605.8 in each of the following subjects, as appropriate, that are consistent with the content and cycles of the curriculum framework adopted by the state board:

(i) Mathematics.

(ii) Science.

(iii) History-social science.

(iv) English language arts, including the English language development component of an adopted program.

(B) The public hearing shall take place on or before the end of the eighth week from the first day pupils attend school for that year. A school district that operates schools on a multitrack, year-round calendar shall hold the hearing on or before the end of the eighth week from the first day pupils attend school for that year on any tracks that begin a school year in August or September. For purposes of the 2004–05 fiscal year only, the governing board of a school district shall make a diligent effort to hold a public hearing pursuant to this section on or before December 1, 2004.

(C) As part of the hearing required pursuant to this section, the governing board of a school district also shall make a written determination as to whether each pupil enrolled in a foreign language or health course has sufficient textbooks or instructional materials that are consistent with the content and cycles of the curriculum frameworks adopted by the state board for those subjects. The governing board of a school district also shall determine the availability of laboratory science equipment as applicable to science laboratory courses offered in grades 9 to 12, inclusive. The provision of the textbooks, instructional materials, or science equipment specified in this subparagraph is not a condition of receipt of funds provided by this subdivision.

(2) (A) If the governing board of a school district determines that there are insufficient textbooks or instructional materials, or both, the governing board *of the school district* shall provide information to classroom teachers and to the public setting forth, in the resolution, for each school in which an insufficiency exists, the percentage of pupils who lack sufficient standards-aligned textbooks or instructional materials in each subject area and the reasons that each pupil does not have sufficient textbooks or instructional materials, or both, and take any action, except an action that would require reimbursement by the Commission on State Mandates, to ensure that each pupil has sufficient textbooks or instructional materials, or both, within two months of the beginning of the school year in which the determination is made.

(B) In carrying out subparagraph (A), the governing board of a school district may use moneys in any of the following funds:

(i) Any funds available for textbooks or instructional materials, or both, ~~from categorical programs, including any funds allocated to school districts that have been appropriated in the~~

~~annual Budget Act~~ *including any funds received pursuant to Section 8880.5 of the Government Code.*

~~(ii)Any funds of the school district that are in excess of the amount available for each pupil during the prior fiscal year to purchase textbooks or instructional materials, or both.~~
~~(iii)~~
(ii) Any other funds available to the school district for textbooks or instructional materials, or both.

(b) The governing board of a school district shall provide 10 days' notice of the public hearing or hearings set forth in subdivision (a). The notice shall contain the time, place, and purpose of the hearing and shall be posted in three public places in the school district. The hearing shall be held at a time that will encourage the attendance of teachers and parents and guardians of pupils who attend the schools in the school district and shall not take place during or immediately following school hours.

(c) (1) For purposes of this section, "sufficient textbooks or instructional materials" means that each pupil, including English learners, has a standards-aligned textbook or instructional materials, or both, to use in class and to take home. This paragraph does not require two sets of textbooks or instructional materials for each pupil. The materials may be in a digital format as long as each pupil, at a minimum, has and can access the same materials in the class and to take home, as all other pupils in the same class or course in the school district and has the ability to use and access them at home.

(2) Sufficient textbooks or instructional materials as defined in paragraph (1) do not include photocopied sheets from only a portion of a textbook or instructional materials copied to address a shortage.

(d) The governing board of a school district that receives funds for instructional materials from any state source is subject to the requirements of this section.

(e) For the purpose of transitioning to instructional materials that are aligned with the common core academic content standards, it is the intent of the Legislature that textbooks, instructional materials, and supplemental instructional materials be deemed to be aligned with the content standards pursuant to subdivisions (a) and (c), and be deemed consistent with the content and cycles of the curriculum framework adopted by the state board pursuant to subdivision (a) if the textbooks, instructional materials, supplemental instructional materials, or a combination of any such materials are aligned to the content standards adopted pursuant to Section 60605 or 60605.8.

SEC. 402.

Article 3 (commencing with Section 60240) of Chapter 2 of Part 33 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 403.

Article 7 (commencing with Section 60350) of Chapter 2 of Part 33 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 404.

Chapter 4 (commencing with Section 60500) of Part 33 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 405.

Section 60851 of the Education Code is amended to read:

60851.
(a) Commencing with the 2003–04 school year and each school year thereafter, each pupil completing grade 12 shall successfully pass the high school exit examination as a condition of receiving a diploma of graduation or a condition of graduation from high school. Funding for the administration of the high school exit examination shall be provided for in the annual Budget Act. The Superintendent shall apportion funds appropriated for this purpose to enable school districts to meet the requirements of this subdivision and subdivisions (b), (c), and (d). The state board shall establish the amount of funding to be apportioned per test administered, based on a review of the cost per test.

(b) Each pupil shall take the high school exit examination in grade 10 beginning in the 2001–02 school year and may take the examination during each subsequent administration, until each section of the examination has been passed.

(c) (1) At the parent or guardian's request, a school principal shall submit a request for a waiver of the requirement to successfully pass the high school exit examination to the governing board of the school district for a pupil with a disability who has taken the high school exit examination with modifications that alter what the test measures and has received the equivalent of a passing score on one or both subject matter parts of the high school exit examination. A governing board of a school district may waive the requirement to successfully pass one or both subject matter parts of the high school exit examination for a pupil with a disability if the principal certifies to the governing board of the school district that the pupil has all of the following:

(A) An individualized education program adopted pursuant to the federal Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.) or a plan adopted pursuant to Section 504 of the federal Rehabilitation Act of 1973 (29 U.S.C. Sec. 794(a)) in place that requires the accommodations or modifications to be provided to the pupil when taking the high school exit examination.

(B) Sufficient high school level coursework either satisfactorily completed or in progress in a high school level curriculum sufficient to have attained the skills and knowledge otherwise needed to pass the high school exit examination.

(C) An individual score report for the pupil showing that the pupil has received the equivalent of a passing score on the high school exit examination while using a modification that

fundamentally alters what the high school exit examination measures as determined by the state board.

(2) A school district shall report to the state board, in a manner and by a date determined by the Superintendent, the number and characteristics of waivers reviewed, granted, and denied under this subdivision and any additional information determined to be in furtherance of this subdivision.

(d) The high school exit examination shall be offered in each public school and state special school that provides instruction in grades 10, 11, or 12, on the dates designated by the Superintendent. An exit examination may not be administered on any date other than those designated by the Superintendent as examination days or makeup days.

(e) The results of the high school exit examination shall be provided to each pupil taking the examination within eight weeks of the examination administration and in time for the pupil to take any section of the examination not passed at the next administration. A pupil shall take again only those parts of the examination he or she has not previously passed and may not retake any portion of the exit examination that he or she has previously passed.

(f) Supplemental instruction shall be provided to any pupil who does not demonstrate sufficient progress toward passing the high school exit examination. To the extent that school districts have aligned their curriculum with the state academic content standards adopted by the state board, the curriculum for supplemental instruction shall reflect those standards and shall be designed to assist the pupils to succeed on the high school exit examination. This chapter does not require the provision of supplemental services using resources that are not regularly available to a school or school district, including summer school instruction ~~provided pursuant to Section 37252~~. In no event shall any action taken as a result of this subdivision cause or require reimbursement by the Commission on State Mandates. Sufficient progress shall be determined on the basis of either of the following:

(1) The results of the assessments administered pursuant to Article 4 (commencing with Section 60640) of Chapter 5 ~~of Part 33~~ and the minimum levels of proficiency recommended by the state board pursuant to Section 60648.

(2) The grades of the pupil and other indicators of academic achievement designated by the school district.

SEC. 406.

Section 62002 of the Education Code is repealed.

~~62002.~~

~~If the Legislature does not enact legislation to continue a program listed in this part, the funding of that program shall continue for the general purposes of that program as specified in the provisions relating to the establishment and operation of the program. The funds shall be disbursed according to the identification criteria and allocation formulas for the program in effect on the date the program shall cease to be operative pursuant to this part both with regard to~~

~~state-to-district and district-to-school disbursements. The funds shall be used for the intended purposes of the program, but all relevant statutes and regulations adopted thereto regarding the use of the funds shall not be operative, except as specified in Section 62002.5.~~

SEC. 407.

Section 62002.5 of the Education Code is repealed.

~~62002.5.~~

~~Parent advisory committees and school site councils which are in existence pursuant to statutes or regulations as of January 1, 1979, shall continue subsequent to the termination of funding for the programs sunsetted by this chapter. Any school receiving funds from Economic Impact Aid or Bilingual Education Aid subsequent to the sunsetting of these programs as provided in this chapter, shall establish a school site council in conformance with the requirements in Section 52012. The functions and responsibilities of such advisory committees and school site councils shall continue as prescribed by the appropriate law or regulation in effect as of January 1, 1979.~~

SEC. 408.

Section 62003 of the Education Code is repealed.

~~62003.~~

~~The Department of Education shall apportion the funds specified in Section 62002 to school districts and shall audit the use of such funds to ensure that such funds are expended for eligible pupils according to the purposes for which the legislation was originally established for such programs.~~

SEC. 409.

Section 62004 of the Education Code is repealed.

~~62004.~~

~~The State Auditor shall audit, on a sampling basis, school districts' use of the funds specified in Section 62002.~~

SEC. 410.

Section 62005 of the Education Code is repealed.

~~62005.~~

~~If the Superintendent of Public Instruction determines that a school district did not comply with the provisions of this chapter, any apportionment subsequently made pursuant to Section 62003 shall be reduced by two times the amount the superintendent determines was not used in compliance with the provisions of this chapter.~~

SEC. 411.

Section 62005.5 of the Education Code is repealed.

~~62005.5.~~

~~Notwithstanding Section 62005, if the Superintendent of Public Instruction determines that a school district or county superintendent of schools fails to comply with the purposes of the funds apportioned pursuant to Section 62003, the Superintendent of Public Instruction may terminate the funding to that district or county superintendent beginning with the next succeeding fiscal year.~~

SEC. 412.

Section 63000 of the Education Code is amended to read:

63000.

The provisions of this chapter shall apply to funds received for ~~the following categorical programs:~~ *child care and development programs pursuant to Chapter 2 (commencing with Section 8200) of Part 6 of Division 1 of Title 1.*

~~(a)Child care and development programs pursuant to Chapter 2 (commencing with Section 8200) of Part 6.~~

~~(b)School and Library Improvement Block Grant pursuant to Article 7 (commencing with Section 41570) of Chapter 3.2 of Part 24.~~

~~(c)Bilingual education programs pursuant to Article 1 (commencing with Section 52000) and Article 3 (commencing with Section 52160) of Chapter 7 of Part 28.~~

~~(d)Economic Impact Aid programs pursuant to Chapter 1 (commencing with Section 54000) of Part 29.~~

~~(e)The Miller-Unruh Basic Reading Act of 1965 pursuant to Chapter 2 (commencing with Section 54100) of Part 29.~~

~~(f)Compensatory education programs pursuant to Chapter 4 (commencing with Section 54400) of Part 29, except for programs for migrant children pursuant to Article 3 (commencing with Section 54440) of Chapter 4 of Part 29.~~

SEC. 413.

Section 63001 of the Education Code is amended to read:

63001.

~~Each~~ *A* school district that, in ~~any~~ *a* fiscal year, receives ~~any~~ *an* apportionment for ~~any~~ *a* program specified in Section 63000 shall ~~utilize~~ *use* no less than 85 percent of that apportionment at schoolsites for direct services to pupils. ~~To the extent a school district chooses to transfer, pursuant to Section 41500, up to 15 percent of School and Library Improvement Block Grant funds, apportioned pursuant to Article 7 (commencing with Section 45170) of Chapter 3.2 of Part 24, a school district shall utilize no less than 85 percent of the amount remaining after the transfer for direct services to pupils.~~

SEC. 414.

Section 64000 of the Education Code is amended to read:

64000.

(a) The provisions of this part shall apply to applications for funds under the following categorical programs:

~~(1)Bilingual education programs pursuant to Article 3 (commencing with Section 52160) of Chapter 7 of Part 28.~~

~~(2)School-based coordinated categorical programs established pursuant to Chapter 12 (commencing with Section 52800) of Part 28.~~

~~(3)Economic Impact Aid programs established pursuant to Chapter 1 (commencing with Section 54000) of Part 29.~~

~~(4)The Miller-Unruh Basic Reading Act of 1965 pursuant to Chapter 2 (commencing with Section 54100) of Part 29.~~

~~(5)Compensatory education programs established pursuant to Chapter 4 (commencing with Section 54400) of Part 29, except for programs for migrant children pursuant to Article 3 (commencing with Section 54440) of Chapter 4 of Part 29.~~

~~(6)~~

(1) Programs providing assistance to disadvantaged pupils under Section 6312 of Title 20 of the United States Code, and programs providing assistance for neglected or delinquent pupils who are at risk of dropping out of school, as funded by Section 6421 of Title 20 of the United States Code.

~~(7)Capital expense funding, as provided by Title I of the Improving America's Schools Act of 1994 (20 U.S.C. Sec. 1001 et seq.).~~

~~(8)California Peer Assistance and Review Programs for Teachers established pursuant to Article 4.5 (commencing with Section 44500) of Chapter 3 of Part 25.~~

~~(9)~~

(2) Professional development programs established pursuant to Section 6601 of Title 20 of the United States Code.

~~(10)Innovative Program Strategies Programs established pursuant to Section 7303 of Title 20 of the United States Code.~~

~~(11)Programs established under the federal Class Size Reduction Initiative (P.L. 106-554).~~

~~(12)~~

(3) Programs for tobacco use prevention funded by Section 7115 of Title 20 of the United States Code.

~~(13)School safety and violence prevention programs, established pursuant to Article 3.6 (commencing with Section 32228) of Chapter 2 of Part 19.~~

~~(14)~~

(4) Safe and Drug Free Schools and Communities programs established pursuant to Section 7113 of Title 20 of the United States Code.

~~(b)Each school district that elects to apply for any of these state funds shall submit to the department, for approval by the state board, a single consolidated application for approval or continuance of those state categorical programs subject to this part.~~

~~(c)Each school~~

(b) A school district that elects to apply for any of these federal funds may submit to the department for approval, by the state board, a single consolidated application for approval or continuance of those federal categorical programs subject to this part.

SEC. 415.

Section 7906 of the Government Code is amended to read:

7906.
For school districts:

(a) "ADA" means a school district's second principal apportionment units of average daily attendance as determined pursuant to Section ~~42238.5~~ *42238.05* of the Education Code, including average daily attendance in summer school, regional occupational centers and programs, and apprenticeship programs, and excluding average daily attendance in adult education programs. All other units of average daily attendance including, but not limited to, special day classes for special education pupils, shall be included.

~~(1)For purposes of this subdivision, the average daily attendance of summer school programs shall be determined pursuant to subparagraph (F) of paragraph (1) of subdivision (a) of Section 14022.5 of the Education Code.~~
~~(2)~~
(1) For purposes of this subdivision, the average daily attendance of apprenticeship programs shall be determined pursuant to ~~subparagraph (D) of paragraph (1) of subdivision (a) of Section 14022.5~~ *Section 79149.1* of the Education Code.

~~(3)For the 2008–09, 2009–10, 2010–11, 2011–12, 2012–13, 2013–14, and 2014–15 fiscal years, the~~
(2) For the 2008–09 fiscal year and each fiscal year thereafter, the average daily attendance of public school districts, including county superintendents of schools, serving kindergarten and grades 1 to 12, inclusive, or any part thereof, shall include the same amount of average daily attendance for classes for supplemental instruction and regional occupational centers and programs that was used for purposes of this section for the 2007–08 fiscal year.

(b) "Foundation program level" means:

(1) For the 1978–79 fiscal year, one thousand two hundred forty-one dollars ($1,241) for elementary school districts, one thousand three hundred twenty-two dollars ($1,322) for unified school districts, and one thousand four hundred twenty-seven dollars ($1,427) for high school districts.

(2) For the 1979–80 fiscal year to the 1986–87 fiscal year, inclusive, the levels specified in paragraph (1) increased by the lesser of the change in cost of living or California per capita personal income for the preceding calendar year.

(3) For the 1986–87 fiscal year, the levels specified in paragraph (2) increased by one hundred eighty dollars ($180) for elementary school districts, one hundred ninety-one dollars ($191) for unified school districts, and two hundred seven dollars ($207) for high school districts.

(4) For the 1987–88 fiscal year, the levels specified in paragraph (3) increased by the lesser of the change in cost of living or California per capita personal income for the preceding calendar year.

(5) For the 1988–89 fiscal year and each fiscal year thereafter, the foundation program level shall be the appropriations limit of the school district for the current fiscal year, plus amounts paid for any nonreimbursed court or federal mandates imposed on or after November 6, 1979, less the sum 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 fiscal year, such as parcel taxes or square foot taxes, unless for voter-approved bonded debt.

(D) Any other local proceeds of taxes received during the current fiscal year, other than local taxes which count towards the revenue limit, such as excess bond revenues transferred to a district's general fund pursuant to Section 15234 of the Education Code.

(c) "Proceeds of taxes" shall be deemed to include subventions received from the state only if those subventions are for one of the following two purposes:

(1) Basic aid subventions of one hundred twenty dollars ($120) per ADA.

(2) Additional apportionments that, when added to the district's local revenues as defined in Section 42238 of the Education Code, do not exceed the foundation program level for that district. In no case shall subventions received from the state for reimbursement of state mandates in accordance with the provisions of Section 6 of Article XIIIB of the California Constitution or of Section 17561 or for reimbursement of court or federal mandates imposed on or after November 6, 1979, be considered "proceeds of taxes" for purposes of this section.

(d) Proceeds of taxes for a fiscal year shall not include any proceeds of taxes within the district's beginning balance or reserve, unless those funds were not appropriated in a prior fiscal year. Funds that were appropriated to a reserve or other fund referenced in Section 5 of Article XIIIB of the California Constitution shall be deemed to be appropriated for the purpose of this paragraph.

(e) The remainder of the state apportionments, including special purpose apportionments and categorical aid subventions shall not be considered proceeds of taxes for a school district.

(f) Each school district shall report to the Superintendent of Public Instruction and to the Director of Finance at least annually its appropriations limit, its appropriations subject to limitation, the amount of its state aid apportionments and subventions included within the proceeds of taxes of the school district, and amounts excluded from its appropriations limit, at a time and in a manner prescribed by the Superintendent of Public Instruction and approved by the Director of Finance.

(g) For the 1988–89 fiscal year and each fiscal year thereafter, nothing in paragraph (2) of subdivision (c) shall be so construed as to require that the amount determined pursuant to subdivision (b) be multiplied by the amount determined pursuant to subdivision (a) for purposes of determining the amount of state aid included in school district "proceeds of taxes" for purposes of this section.

SEC. 416.

Section 50286 of the Government Code is amended to read:

50286.

(a) If a contract is canceled under Section 50284, the owner shall pay a cancellation fee equal to $12^1/_2$ percent of the current fair market value of the property , as determined by the county assessor as though the property were free of the contractual restriction.

(b) The cancellation fee shall be paid to the county auditor, at the time and in the manner that the county auditor shall prescribe, and shall be allocated by the county auditor to each jurisdiction in the tax rate area in which the property is located in the same manner as the auditor allocates the annual tax increment in that tax rate area in that fiscal year.

(c) Notwithstanding any other ~~provision of~~ law, revenue received by a school district pursuant to this section shall be considered property tax revenue for ~~the~~ purposes of Section ~~42238~~ *42238.02 of the Education Code, as implemented pursuant to Section 42238.03* of the Education Code, and revenue received by a county superintendent of schools pursuant to this

section shall be considered property tax revenue for ~~the~~ purposes of Article ~~3~~ *4* (commencing with Section ~~2550)~~ *2570)* of Chapter 12 of Part 2 of Division 1 of Title 1 of the Education Code.

SEC. 417.

Section 33492.78 of the Health and Safety Code is amended to read:

33492.78.

(a) Section 33607.5 shall not apply to an agency created pursuant to this article. For purposes of Sections ~~42238, 84750,~~ *42238.02, 84750.5,* and 84751 of the Education Code, funds allocated pursuant to this section shall be treated as if they were allocated pursuant to Section 33607.5.

(1) This section shall apply to each redevelopment project area created pursuant to a redevelopment plan that contains the provisions required by Section 33670 and is created pursuant to this article. All the amounts calculated pursuant to this section shall be calculated after the amount required to be deposited in the Low and Moderate Income Housing Fund pursuant to Sections 33334.2, 33334.3, and 33334.6, as modified by Section 33492.76, has been deducted from the total amount of tax-increment funds received by the agency in the applicable fiscal year.

(2) The payments made pursuant to this section shall be in addition to any amounts the school district or districts and community college district or districts receive pursuant to subdivision (a) of Section 33670. The agency shall reduce its payments pursuant to this section to an affected school or community college district by any amount the agency has paid, directly or indirectly, pursuant to Section 33445, 33445.5, or 33446, or any provision of law other than this section for, or in connection with, a public facility owned or leased by that affected school or community college district.

(3) (A) Of the total amount paid each year pursuant to this section to school districts, 43.9 percent shall be considered to be property taxes for the purposes of paragraph (1) of subdivision ~~(h)~~ *(i)* of Section ~~42238~~ *42238.02* of the Education Code, and 56.1 percent shall not be considered to be property taxes for the purposes of that section, and shall be available to be used for educational facilities.

(B) Of the total amount paid each year pursuant to this section to community college districts, 47.5 percent shall be considered to be property taxes for the purposes of Section ~~84750~~ *84750.5* of the Education Code, and 52.5 percent shall not be considered to be property taxes for the purposes of that section, and shall be available to be used for educational facilities.

(C) Of the total amount paid each year pursuant to this section to county offices of education, 19 percent shall be considered to be property taxes for the purposes of paragraph (1) of subdivision ~~(h)~~ *(g)* of Section ~~42238~~ *2574* of the Education Code, and 81 percent shall not be considered to be property taxes for the purposes of that section, and shall be available to be used for educational facilities.

(D) Of the total amount paid each year pursuant to this section to special education, 19 percent shall be considered to be property taxes for the purposes of paragraph (1) of subdivision ~~(h)~~ *(j)* of Section ~~42238~~ *42238.02* of the Education Code, and 81 percent shall not be considered to be property taxes for the purposes of that section, and shall be available to be used for educational facilities.

(4) Local education agencies that use funds received pursuant to this section for educational facilities shall spend these funds at schools that are any one of the following:

(A) Within the project area.

(B) Attended by students from the project area.

(C) Attended by students generated by projects that are assisted directly by the redevelopment agency.

(D) Determined by a local education agency to be of benefit to the project area.

(b) Commencing with the first fiscal year in which the agency receives tax increments, and continuing through the last fiscal year in which the agency receives tax increments, a redevelopment agency created pursuant to this article shall pay to each affected school and community college district an amount equal to the product of 25 percent times the percentage share of total property taxes collected that are allocated to each affected school or community college district, including any amount allocated to each district pursuant to Sections 97.03 and 97.035 of the Revenue and Taxation Code times the total of the tax increments received by the agency after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted.

(c) Commencing with the 11th fiscal year in which the agency receives tax increments and continuing through the last fiscal year in which the agency receives tax increments, a redevelopment agency created pursuant to this article shall pay to each affected school and community college district, in addition to the amounts paid pursuant to subdivision (b), an amount equal to the product of 21 percent times the percentage share of total property taxes collected that are allocated to each affected school or community college district, including any amount allocated to each district pursuant to Sections 97.03 and 97.035 of the Revenue and Taxation Code times the total of the first adjusted tax increments received by the agency after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted. The first adjusted tax increments received by the agency shall be calculated by applying the tax rate against the amount of assessed value by which the current year assessed value exceeds the first adjusted base year assessed value. The first adjusted base year assessed value is the assessed value of the project area in the 10th fiscal year in which the agency receives tax increment.

(d) Commencing with the 31st fiscal year in which the agency receives tax increments and continuing through the last fiscal year in which the agency receives tax increments, a redevelopment agency shall pay to the affected school and community college districts, in addition to the amounts paid pursuant to subdivisions (b) and (c), an amount equal to 14

percent times the percentage share of total property taxes collected that are allocated to each affected school or community college district, including any amount allocated to each district pursuant to Sections 97.03 and 97.035 of the Revenue and Taxation Code times the total of the second adjusted tax increments received by the agency after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted. The second adjusted tax increments received by the agency shall be calculated by applying the tax rate against the amount of assessed value by which the current year assessed value exceeds the second adjusted base year assessed value. The second adjusted base year assessed value is the assessed value of the project area in the 30th fiscal year in which the agency receives tax increments.

(e) (1) The Legislature finds and declares both of the following:

(A) The payments made pursuant to this section are necessary in order to alleviate the financial burden and detriment that affected school and community college districts may incur as a result of the adoption of a redevelopment plan, and payments made pursuant to this section will benefit redevelopment project areas.

(B) The payments made pursuant to this section are the exclusive payments that are required to be made by a redevelopment agency to affected school and community college districts during the term of a redevelopment plan.

(2) Notwithstanding any other provision of law, a redevelopment agency shall not be required, either directly or indirectly, as a measure to mitigate a significant environmental effect or as part of any settlement agreement or judgment brought in any action to contest the validity of a redevelopment plan pursuant to Section 33501, to make any other payments to affected school or community college districts, or to pay for public facilities that will be owned or leased to an affected school or community college district.

(f) As used in this section, a "local education agency" includes a school district, a community college district, or a county office of education.

SEC. 418.

Section 33607.5 of the Health and Safety Code is amended to read:

33607.5.

(a) (1) This section shall apply to each redevelopment project area that, pursuant to a redevelopment plan which contains the provisions required by Section 33670, is either: (A) adopted on or after January 1, 1994, including later amendments to these redevelopment plans; or (B) adopted prior to January 1, 1994, but amended, after January 1, 1994, to include new territory. For plans amended after January 1, 1994, only the tax increments from territory added by the amendment shall be subject to this section. All the amounts calculated pursuant to this section shall be calculated after the amount required to be deposited in the Low and Moderate Income Housing Fund pursuant to Sections 33334.2, 33334.3, and 33334.6 has been deducted from the total amount of tax increment funds received by the agency in the applicable fiscal year.

(2) The payments made pursuant to this section shall be in addition to any amounts the affected taxing entities receive pursuant to subdivision (a) of Section 33670. The payments made pursuant to this section to the affected taxing entities, including the community, shall be allocated among the affected taxing entities, including the community if the community elects to receive payments, in proportion to the percentage share of property taxes each affected taxing entity, including the community, receives during the fiscal year the funds are allocated, which percentage share shall be determined without regard to any amounts allocated to a city, a city and county, or a county pursuant to Sections 97.68 and 97.70 of the Revenue and Taxation Code, and without regard to any allocation reductions to a city, a city and county, a county, a special district, or a redevelopment agency pursuant to Sections 97.71, 97.72, and 97.73 of the Revenue and Taxation Code and Section 33681.12. The agency shall reduce its payments pursuant to this section to an affected taxing entity by any amount the agency has paid, directly or indirectly, pursuant to Section 33445, 33445.5, 33445.6, 33446, or any other provision of law other than this section for, or in connection with, a public facility owned or leased by that affected taxing agency, except: (A) any amounts the agency has paid directly or indirectly pursuant to an agreement with a taxing entity adopted prior to January 1, 1994; or (B) any amounts that are unrelated to the specific project area or amendment governed by this section. The reduction in a payment by an agency to a school district, community college district, or county office of education, or for special education, shall be subtracted only from the amount that otherwise would be available for use by those entities for educational facilities pursuant to paragraph (4). If the amount of the reduction exceeds the amount that otherwise would have been available for use for educational facilities in any one year, the agency shall reduce its payment in more than one year.

(3) If an agency reduces its payment to a school district, community college district, or county office of education, or for special education, the agency shall do all of the following:

(A) Determine the amount of the total payment that would have been made without the reduction.

(B) Determine the amount of the total payment without the reduction which: (i) would have been considered property taxes; and (ii) would have been available to be used for educational facilities pursuant to paragraph (4).

(C) Reduce the amount available to be used for educational facilities.

(D) Send the payment to the school district, community college district, or county office of education, or for special education, with a statement that the payment is being reduced and including the calculation required by this subdivision showing the amount to be considered property taxes and the amount, if any, available for educational facilities.

(4) (A) Except as specified in subparagraph (E), of the total amount paid each year pursuant to this section to school districts, 43.3 percent shall be considered to be property taxes for the purposes of paragraph (1) of subdivision (h) of Section 42238 of the Education Code, *as it read on January 1, 2013, and paragraph (1) of subdivision (i) of Section 42238.02 of the Education Code,* and 56.7 percent shall not be considered to be property taxes for the purposes of that

section and shall be available to be used for educational facilities, including, in the case of amounts paid during the 2011–12 fiscal year through the 2015–16 fiscal year, inclusive, land acquisition, facility construction, reconstruction, remodeling, maintenance, or deferred maintenance.

(B) Except as specified in subparagraph (E), of the total amount paid each year pursuant to this section to community college districts, 47.5 percent shall be considered to be property taxes for the purposes of Section 84751 of the Education Code, and 52.5 percent shall not be considered to be property taxes for the purposes of that section and shall be available to be used for educational facilities, including, in the case of amounts paid during the 2011–12 fiscal year through the 2015–16 fiscal year, inclusive, land acquisition, facility construction, reconstruction, remodeling, maintenance, or deferred maintenance.

(C) Except as specified in subparagraph (E), of the total amount paid each year pursuant to this section to county offices of education, 19 percent shall be considered to be property taxes for the purposes of Section 2558 of the Education Code, *as it read on January 1, 2013, and Section 2574 of the Education Code,* and 81 percent shall not be considered to be property taxes for the purposes of that section and shall be available to be used for educational facilities, including, in the case of amounts paid during the 2011–12 fiscal year through the 2015–16 fiscal year, inclusive, land acquisition, facility construction, reconstruction, remodeling, maintenance, or deferred maintenance.

(D) Except as specified in subparagraph (E), of the total amount paid each year pursuant to this section for special education, 19 percent shall be considered to be property taxes for the purposes of Section 56712 of the Education Code, and 81 percent shall not be considered to be property taxes for the purposes of that section and shall be available to be used for education facilities, including, in the case of amounts paid during the 2011–12 fiscal year through the 2015–16 fiscal year, inclusive, land acquisition, facility construction, reconstruction, remodeling, maintenance, or deferred maintenance.

(E) If, pursuant to paragraphs (2) and (3), an agency reduces its payments to an educational entity, the calculation made by the agency pursuant to paragraph (3) shall determine the amount considered to be property taxes and the amount available to be used for educational facilities in the year the reduction was made.

(5) Local education agencies that use funds received pursuant to this section for school facilities shall spend these funds at schools that are: (A) within the project area, (B) attended by students from the project area, (C) attended by students generated by projects that are assisted directly by the redevelopment agency, or (D) determined by the governing board of a local education agency to be of benefit to the project area.

(b) Commencing with the first fiscal year in which the agency receives tax increments and continuing through the last fiscal year in which the agency receives tax increments, a redevelopment agency shall pay to the affected taxing entities, including the community if the community elects to receive a payment, an amount equal to 25 percent of the tax increments received by the agency after the amount required to be deposited in the Low and Moderate

Income Housing Fund has been deducted. In any fiscal year in which the agency receives tax increments, the community that has adopted the redevelopment project area may elect to receive the amount authorized by this paragraph.

(c) Commencing with the 11th fiscal year in which the agency receives tax increments and continuing through the last fiscal year in which the agency receives tax increments, a redevelopment agency shall pay to the affected taxing entities, other than the community which has adopted the project, in addition to the amounts paid pursuant to subdivision (b) and after deducting the amount allocated to the Low and Moderate Income Housing Fund, an amount equal to 21 percent of the portion of tax increments received by the agency, which shall be calculated by applying the tax rate against the amount of assessed value by which the current year assessed value exceeds the first adjusted base year assessed value. The first adjusted base year assessed value is the assessed value of the project area in the 10th fiscal year in which the agency receives tax increment revenues.

(d) Commencing with the 31st fiscal year in which the agency receives tax increments and continuing through the last fiscal year in which the agency receives tax increments, a redevelopment agency shall pay to the affected taxing entities, other than the community which has adopted the project, in addition to the amounts paid pursuant to subdivisions (b) and (c) and after deducting the amount allocated to the Low and Moderate Income Housing Fund, an amount equal to 14 percent of the portion of tax increments received by the agency, which shall be calculated by applying the tax rate against the amount of assessed value by which the current year assessed value exceeds the second adjusted base year assessed value. The second adjusted base year assessed value is the assessed value of the project area in the 30th fiscal year in which the agency receives tax increments.

(e) (1) Prior to incurring any loans, bonds, or other indebtedness, except loans or advances from the community, the agency may subordinate to the loans, bonds, or other indebtedness the amount required to be paid to an affected taxing entity by this section, provided that the affected taxing entity has approved these subordinations pursuant to this subdivision.

(2) At the time the agency requests an affected taxing entity to subordinate the amount to be paid to it, the agency shall provide the affected taxing entity with substantial evidence that sufficient funds will be available to pay both the debt service and the payments required by this section, when due.

(3) Within 45 days after receipt of the agency's request, the affected taxing entity shall approve or disapprove the request for subordination. An affected taxing entity may disapprove a request for subordination only if it finds, based upon substantial evidence, that the agency will not be able to pay the debt payments and the amount required to be paid to the affected taxing entity. If the affected taxing entity does not act within 45 days after receipt of the agency's request, the request to subordinate shall be deemed approved and shall be final and conclusive.

(f) (1) The Legislature finds and declares both of the following:

(A) The payments made pursuant to this section are necessary in order to alleviate the financial burden and detriment that affected taxing entities may incur as a result of the adoption of a redevelopment plan, and payments made pursuant to this section will benefit redevelopment project areas.

(B) The payments made pursuant to this section are the exclusive payments that are required to be made by a redevelopment agency to affected taxing entities during the term of a redevelopment plan.

(2) Notwithstanding any other provision of law, a redevelopment agency shall not be required, either directly or indirectly, as a measure to mitigate a significant environmental effect or as part of any settlement agreement or judgment brought in any action to contest the validity of a redevelopment plan pursuant to Section 33501, to make any other payments to affected taxing entities, or to pay for public facilities that will be owned or leased to an affected taxing entity.

(g) As used in this section, a "local education agency" is a school district, a community college district, or a county office of education.

SEC. 419.

Section 33684 of the Health and Safety Code is amended to read:

33684.
(a) (1) This section shall apply to each redevelopment project area that, pursuant to a redevelopment plan that contains the provisions required by Section 33670, meets any of the following:

(A) Was adopted on or after January 1, 1994, including later amendments to these redevelopment plans.

(B) Was adopted prior to January 1, 1994, but amended after January 1, 1994, to include new territory. For plans amended after January 1, 1994, only the tax increments from territory added by the amendment shall be subject to this section.

(C) Was adopted prior to January 1, 1994, but amended after January 1, 1994, to increase the limitation on the number of dollars to be allocated to the agency or that increased, or eliminated, pursuant to paragraph (1) of subdivision (e) of Section 33333.6, the time limit on the establishing of loans, advances, and indebtedness established pursuant to paragraphs (1) and (2) of subdivision (a) of Section 33333.6, as those paragraphs read on December 31, 2001, or that lengthened the period during which the redevelopment plan is effective if the redevelopment plan being amended contains the provisions required by subdivision (b) of Section 33670.

(2) This section shall apply to passthrough payments, as required by Sections 33607.5 and 33607.7, for the 2003–04 to 2008–09, inclusive, fiscal years. For purposes of this section, a passthrough payment shall be considered the responsibility of an agency in the fiscal year the agency receives the tax increment revenue for which the passthrough payment is required.

(3) For purposes of this section, "local educational agency" is a school district, a community college district, or a county office of education.

(b) On or before October 1, 2008, each agency shall submit a report to the county auditor and to each affected taxing entity that describes each project area, including its location, purpose, date established, date or dates amended, and statutory and contractual passthrough requirements. The report shall specify, by year, for each project area all of the following:

(1) Gross tax increment received between July 1, 2003, and June 30, 2008, that is subject to a passthrough payment pursuant to Sections 33607.5 and 33607.7, and accumulated gross tax increments through June 30, 2003.

(2) Total passthrough payments to each taxing entity that the agency deferred pursuant to a subordination agreement approved by the taxing agency under subdivision (e) of Section 33607.5 and the dates these deferred payments will be made.

(3) Total passthrough payments to each taxing entity that the agency was responsible to make between July 1, 2003, and June 30, 2008, pursuant to Sections 33607.5 and 33607.7, excluding payments identified in paragraph (2).

(4) Total passthrough payments that the agency disbursed to each taxing entity between July 1, 2003, and June 30, 2008, pursuant to Sections 33607.5 and 33607.7.

(5) Total sums reported in paragraph (4) for each local educational agency that are considered to be property taxes under the provisions of paragraph (4) of subdivision (a) of Section 33607.5 and Section 33607.7.

(6) Total outstanding payment obligations to each taxing entity as of June 30, 2008. This amount shall be calculated by subtracting the amounts reported in paragraph (4) from paragraph (3) and reporting any positive difference.

(7) Total outstanding overpayments to each taxing entity as of June 30, 2008. This amount shall be calculated by subtracting the amounts reported in paragraph (3) from paragraph (4) and reporting any positive difference.

(8) The dates on which the agency made payments identified in paragraph (6) or intends to make the payments identified in paragraph (6).

(9) A revised estimate of the agency's total outstanding passthrough payment obligation to each taxing agency pursuant to paragraph (6) of subdivision (b) and paragraph (6) of subdivision (c) and the dates on which the agency intends to make these payments.

(c) On or before October 1, 2009, each agency shall submit a report to the county auditor and to each affected taxing entity that describes each project area, including its location, purpose, date established, date or dates amended, and statutory and contractual passthrough requirements. The report shall specify, by year, for each project area all of the following:

(1) Gross tax increment received between July 1, 2008, and June 30, 2009, that is subject to a passthrough payment pursuant to Sections 33607.5 and 33607.7.

(2) Total passthrough payments to each taxing entity that the agency deferred pursuant to a subordination agreement approved by the taxing entity under subdivision (e) of Section 33607.5 and the dates these deferred payments will be made.

(3) Total passthrough payments to each taxing entity that the agency was responsible to make between July 1, 2008, and June 30, 2009, pursuant to Sections 33607.5 and 33607.7, excluding payments identified in paragraph (2).

(4) Total passthrough payments that the agency disbursed to each taxing entity between July 1, 2008, and June 30, 2009, pursuant to Sections 33607.5 and 33607.7.

(5) Total sums reported in paragraph (4) for each local educational agency that are considered to be property taxes under the provisions of paragraph (4) of subdivision (a) of Sections 33607.5 and 33607.7.

(6) Total outstanding payment obligations to each taxing entity as of June 30, 2009. This amount shall be calculated by subtracting the amounts reported in paragraph (4) from paragraph (3) and reporting any positive difference.

(7) Total outstanding overpayments to each taxing entity as of June 30, 2009. This amount shall be calculated by subtracting the amounts reported in paragraph (3) from paragraph (4) and reporting any positive difference.

(8) The dates on which the agency made payments identified in paragraph (6) or intends to make the payments identified in paragraph (6).

(d) If an agency reports pursuant to paragraph (6) of subdivision (b) or paragraph (6) of subdivision (c) that it has an outstanding passthrough payment obligation to any taxing entity, the agency shall submit annual updates to the county auditor on October 1 of each year until such time as the county auditor notifies the agency in writing that the agency's outstanding payment obligations have been fully satisfied. The report shall contain both of the following:

(1) A list of payments to each taxing agency and to the Educational Revenue Augmentation Fund pursuant to subdivision (j) that the agency disbursed after the agency's last update filed pursuant to this subdivision or, if no update has been filed, after the agency's submission of the reports required pursuant to subdivisions (b) and (c). The list of payments shall include only those payments that address obligations identified pursuant to paragraph (6) of subdivision (b) and paragraph (6) of subdivision (c). The update shall specify the date on which each payment was disbursed.

(2) A revised estimate of the agency's total outstanding passthrough payment obligation to each taxing agency pursuant to paragraph (6) of subdivision (b) and paragraph (6) of subdivision (c) and the dates on which the agency intends to make these payments.

(e) The county auditor shall review each agency's reports submitted pursuant to subdivisions (b) and (c) and any other relevant information to determine whether the county auditor concurs with the information included in the reports.

(1) If the county auditor concurs with the information included in a report, the county auditor shall issue a finding of concurrence within 45 days.

(2) If the county auditor does not concur with the information included in a report or considers the report to be incomplete, the county auditor shall return the report to the agency within 45 days with information identifying the elements of the report with which the county auditor does not concur or considers to be incomplete. The county auditor shall provide the agency at least 15 days to respond to concerns raised by the county auditor regarding the information contained in the report. An agency may revise a report that has not received a finding of concurrence and resubmit it to the county auditor.

(3) If an agency and county auditor do not agree regarding the passthrough requirements of Sections 33607.5 and 33607.7, an agency may submit a report pursuant to subdivisions (b) and (c) and a statement of dispute identifying the issue needing resolution.

(4) An agency may amend a report for which the county auditor has issued a finding of concurrence and resubmit the report pursuant to paragraphs (1), (2), and (3) if any of the following apply:

(A) The county auditor and agency agree that an issue identified in the agency's statement of dispute has been resolved and the agency proposes to modify the sections of the report to conform with the resolution of the statement of dispute.

(B) The county auditor and agency agree that the amount of gross tax increment or the amount of a passthrough payment to a taxing entity included in the report is not accurate.

(5) The Controller may revoke a finding of concurrence and direct the agency to resubmit a report to the county auditor pursuant to paragraphs (1), (2), and (3) if the Controller finds significant errors in a report.

(f) On or before December 15, 2008, and annually thereafter through 2014, the county auditor shall submit a report to the Controller that includes all of the following:

(1) The name of each redevelopment project area in the county for which an agency must submit a report pursuant to subdivision (b) or (c) and information as to whether the county auditor has issued a finding of concurrence regarding the report.

(2) A list of the agencies for which the county auditor has issued a finding of concurrence for all project areas identified in paragraph (1).

(3) A list of agencies for which the county auditor has not issued a finding of concurrence for all project areas identified in paragraph (1).

(4) Using information applicable to agencies listed in paragraph (2), the county auditor shall report all of the following:

(A) The total sums reported by each redevelopment agency related to each taxing entity pursuant to paragraphs (1) to (7), inclusive, of subdivision (b) and, on or after December 15, 2009, pursuant to paragraphs (1) to (7), inclusive, of subdivision (c).

(B) The names of agencies that have outstanding passthrough payment obligations to a local educational agency that exceed the amount of outstanding passthrough payments to the local educational agency.

(C) Summary information regarding agencies' stated plans to pay the outstanding amounts identified in paragraph (6) of subdivision (b) and paragraph (6) of subdivision (c) and the actual amounts that have been deposited into the county Educational Revenue Augmentation Fund pursuant to subdivision (j).

(D) All unresolved statements of dispute filed by agencies pursuant to paragraph (3) of subdivision (e) and the county auditor's analyses supporting the county auditor's conclusions regarding the issues under dispute.

(g) (1) On or before February 1, 2009, and annually thereafter through 2015, the Controller shall submit a report to the Legislative Analyst's Office and the Department of Finance and provide a copy to the Board of Governors of the California Community Colleges. The report shall provide information as follows:

(A) Identify agencies for which the county auditor has issued a finding of concurrence for all reports required under subdivisions (b) and (c).

(B) Identify agencies for which the county auditor has not issued a finding of concurrence for all reports required pursuant to subdivision (b) and all reports required pursuant to subdivision (c) or for which a finding of concurrence has been withdrawn by the Controller.

(C) Summarize the information reported in paragraph (4) of subdivision (f). This summary shall identify, by local educational agency and by year, the total amount of passthrough payments that each local educational agency received, was entitled to receive, subordinated, or that has not yet been paid, and the portion of these amounts that are considered to be property taxes for purposes of Sections 2558~~,~~ *and* 42238 *of the Education Code, as those sections read on January 1, 2013*, and *Section* 84751 of the Education Code. The report shall identify, by agency, the amounts that have been deposited to the county Educational Revenue Augmentation Fund pursuant to subdivision (j).

(D) Summarize the statements of dispute. The Controller shall specify the status of these disputes, including whether the Controller or other state entity has provided instructions as to how these disputes should be resolved.

(E) Identify agencies that have outstanding passthrough payment liabilities to a local educational agency that exceed the amount of outstanding passthrough overpayments to the local educational agency.

(2) On or before February 1, 2009, and annually thereafter through 2015, the Controller shall submit a report to the State Department of Education and the Board of Governors of the California Community Colleges. The report shall identify, by local educational agency and by year of receipt, the total amount of passthrough payments that the local educational agency received from redevelopment agencies listed in subparagraph (A) of paragraph (1).

(h) (1) On or before April 1, 2009, and annually thereafter until April 1, 2015, the State Department of Education shall do all of the following:

(A) Calculate for each school district for the 2003–04 to 2007–08, inclusive, fiscal years the difference between 43.3 percent of the amount reported pursuant to paragraph (2) of subdivision (g) and the amount subtracted from each school district's apportionment pursuant to paragraph (6) of subdivision (h) of Section 42238 of the Education Code, *as it read on January 1, 2013.*

(B) Calculate for each county superintendent of schools for the 2003–04 to 2007–08, inclusive, fiscal years the difference between 19 percent of the amount reported pursuant to paragraph (2) of subdivision (g) and the amount received pursuant to Sections 33607.5 and 33607.7 and subtracted from each county superintendent of schools apportionment pursuant to subdivision (c) of Section 2558 of the Education Code, *as it read on January 1, 2013.*

(C) Notify each school district and county superintendent of schools for which any amount calculated in subparagraph (A) or (B) is nonzero as to the reported change and its resulting impact on apportionments. After April 1, 2009, however, the department shall not notify a school district or county superintendent of schools if the amount calculated in subparagraph (A) or (B) is the same amount as the department calculated in the preceding year.

(2) On or before April 1, 2010, and annually thereafter until April 1, 2015, the State Department of Education shall do all of the following:

(A) Calculate for each school district for the 2008–09 fiscal year the difference between 43.3 percent of the amount reported pursuant to paragraph (2) of subdivision (g) and the amount subtracted from each school district's apportionment pursuant to paragraph (6) of subdivision (h) of Section 42238 of the Education Code, *as it read on January 1, 2013.*

(B) Calculate for each county superintendent of schools for the 2008–09 fiscal year the difference between 19 percent of the amount reported pursuant to paragraph (2) of subdivision (g) and the amount received pursuant to Sections 33607.5 and 33607.7 and subtracted from each county superintendent of schools apportionment pursuant to subdivision (c) of Section 2558 of the Education Code, *as it read on January 1, 2013.*

(C) Notify each school district and county superintendent of schools for which any amount calculated in subparagraph (A) or (B) is nonzero as to the reported change and its resulting

impact on revenue limit apportionments. After April 1, 2010, however, the department shall not notify a school district or county superintendent of schools if the amount calculated in subparagraph (A) or (B) is the same amount as the department calculated in the preceding year.

(3) For the purposes of Article 3 (commencing with Section 41330) of Chapter 3 of Part 24 of Division 3 of Title 2 of the Education Code, the amounts reported to each school district and county superintendent of schools in the notification required pursuant to subparagraph (C) of paragraph (1) and subparagraph (C) of paragraph (2) shall be deemed to be apportionment significant audit exceptions and the date of receipt of that notification shall be deemed to be the date of receipt of the final audit report that includes those audit exceptions.

(4) On or before March 1, 2009, and annually thereafter until March 1, 2015, the Board of Governors of the California Community Colleges shall do all of the following:

(A) Calculate for each community college district for the 2003–04 to 2007–08, inclusive, fiscal years the difference between 47.5 percent of the amount reported pursuant to paragraph (2) of subdivision (g) and the amount subtracted from each district's total revenue owed pursuant to subdivision (d) of Section 84751 of the Education Code.

(B) Notify each community college district for which any amount calculated in subparagraph (A) is nonzero as to the reported change and its resulting impact on apportionments. After March 1, 2009, however, the board shall not notify a school district or county superintendent of schools if the amount calculated in subparagraph (A) is the same amount as the board calculated in the preceding year.

(5) On or before March 1, 2010, and annually thereafter until March 1, 2015, the Board of Governors of the California Community Colleges shall do all of the following:

(A) Calculate for each community college district for the 2003–04 to 2007–08, inclusive, fiscal years the difference between 47.5 percent of the amount reported pursuant to paragraph (2) of subdivision (g) and the amount subtracted from each district's total revenue owed pursuant to subdivision (d) of Section 84751 of the Education Code.

(B) Notify each community college district for which any amount calculated in subparagraph (A) is nonzero as to the reported change and its resulting impact on revenue apportionments. After March 1, 2010, however, the board shall not notify a community college district if the amount calculated in subparagraph (A) is the same amount as the board calculated in the preceding year.

(6) A community college district may submit documentation to the Board of Governors of the California Community Colleges showing that all or part of the amount reported to the district pursuant to subparagraph (B) of paragraph (4) and subparagraph (B) of paragraph (5) was previously reported to the California Community Colleges for the purpose of the revenue level calculations made pursuant to Section 84751 of the Education Code. Upon acceptance of the documentation, the board shall adjust the amounts calculated in paragraphs (4) and (5) accordingly.

(7) The Board of Governors of the California Community Colleges shall make corrections in any amounts allocated in any fiscal year to each community college district for which any amount calculated in paragraphs (4) and (5) is nonzero so as to account for the changes reported pursuant to paragraph (4) of subdivision (b) and paragraph (4) of subdivision (c). The board may make the corrections over a period of time, not to exceed five years.

(i) (1) After February 1, 2009, for an agency listed on the most recent Controller's report pursuant to subparagraph (B) or (E) of paragraph (1) of subdivision (g), all of the following shall apply:

(A) The agency shall be prohibited from adding new project areas or expanding existing project areas. For purposes of this paragraph, "project area" has the same meaning as in Sections 33320.1 to 33320.3, inclusive, and Section 33492.3.

(B) The agency shall be prohibited from issuing new bonds, notes, interim certificates, debentures, or other obligations, whether funded, refunded, assumed, or otherwise, pursuant to Article 5 (commencing with Section 33640).

(C) The agency shall be prohibited from encumbering any funds or expending any moneys derived from any source, except that the agency may encumber funds and expend funds to pay, if any, all of the following:

(i) Bonds, notes, interim certificates, debentures, or other obligations issued by an agency before the imposition of the prohibition in subparagraph (B) whether funded, refunded, assumed, or otherwise, pursuant to Article 5 (commencing with Section 33460).

(ii) Loans or moneys advanced to the agency, including, but not limited to, loans from federal, state, local agencies, or a private entity.

(iii) Contractual obligations that, if breached, could subject the agency to damages or other liabilities or remedies.

(iv) Obligations incurred pursuant to Section 33445.

(v) Indebtedness incurred pursuant to Section 33334.2 or 33334.6.

(vi) Obligations incurred pursuant to Section 33401.

(vii) An amount, to be expended for the monthly operation and administration of the agency, that may not exceed 75 percent of the average monthly amount spent for those purposes in the fiscal year preceding the fiscal year in which the agency was first listed on the Controller's report pursuant to subparagraph (B) or (E) of paragraph (1) of subdivision (g).

(2) After February 1, 2009, an agency identified in subparagraph (B) or (E) of paragraph (1) of subdivision (g) shall incur interest charges on any passthrough payment that is made to a local educational agency more than 60 days after the close of the fiscal year in which the passthrough payment was required. Interest shall be charged at a rate equal to 150 percent of the current Pooled Money Investment Account earnings annual yield rate and shall be charged

for the period beginning 60 days after the close of the fiscal year in which the passthrough payment was due through the date that the payment is made.

(3) The Controller, with the concurrence of the Director of Finance, may waive the provisions of paragraphs (1) and (2) for a period of up to 12 months if the Controller determines all of the following:

(A) The county auditor has identified the agency in its most recent report issued pursuant to paragraph (2) of subdivision (f) as an agency for which the auditor has issued a finding of concurrence for all reports required pursuant to subdivisions (b) and (c).

(B) The agency has filed a statement of dispute on an issue or issues that, in the opinion of the Controller, are likely to be resolved in a manner consistent with the agency's position.

(C) The agency has made passthrough payments to local educational agencies and the county Educational Revenue Augmentation Fund, or has had funds previously withheld by the auditor, in amounts that would satisfy the agency's passthrough payment requirements to local educational agencies if the issue or issues addressed in the statement of dispute were resolved in a manner consistent with the agency's position.

(D) The agency would sustain a fiscal hardship if it made passthrough payments to local educational agencies and the county Educational Revenue Augmentation Fund in the amounts estimated by the county auditor.

(j) Notwithstanding any other provision of law, if an agency report submitted pursuant to subdivision (b) or (c) indicates outstanding payment obligations to a local educational agency, the agency shall make these outstanding payments as follows:

(1) Of the outstanding payments owed to school districts, including any interest payments pursuant to paragraph (2) of subdivision (i), 43.3 percent shall be deposited in the county Educational Revenue Augmentation Fund and the remainder shall be allocated to the school district or districts.

(2) Of the outstanding payments owed to community college districts, including any interest payments pursuant to paragraph (2) of subdivision (i), 47.5 percent shall be deposited in the county Educational Revenue Augmentation Fund and the remainder shall be allocated to the community college district or districts.

(3) Of the outstanding payments owed to county offices of education, including any interest payments pursuant to paragraph (2) of subdivision (i), 19 percent shall be deposited in the county Educational Revenue Augmentation Fund and the remainder shall be allocated to the county office of education.

(k) (1) This section shall not be construed to increase any allocations of excess, additional, or remaining funds that would otherwise have been allocated to cities, counties, cities and counties, or special districts pursuant to clause (i) of subparagraph (B) of paragraph (4) of subdivision (d) of Section 97.2 of, clause (i) of subparagraph (B) of paragraph (4) of subdivision

(d) of Section 97.3 of, or Article 4 (commencing with Section 98) of Chapter 6 of Part 0.5 of Division 1 of, the Revenue and Taxation Code had this section not been enacted.

(2) Notwithstanding any other provision of law, no funds deposited in the county Educational Revenue Augmentation Fund pursuant to subdivision (j) shall be distributed to a community college district.

(l) A county may require an agency to reimburse the county for any expenses incurred by the county in performing the services required by this section.

SEC. 420.

Section 95 of the Revenue and Taxation Code is amended to read:

95.
For ~~the purpose~~ *purposes* of this chapter:

(a) "Local agency" means a city, county, and special district.

(b) "Jurisdiction" means a local agency, school district, community college district, or county superintendent of schools. A jurisdiction as defined in this subdivision is a "district" for purposes of Section 1 of Article XIIIA of the California Constitution.

For jurisdictions located in more than one county, the county auditor of each county in which that jurisdiction is located shall, for the purposes of computing the amount for that jurisdiction pursuant to this chapter, treat the portion of the jurisdiction located within that county as a separate jurisdiction.

(c) "Property tax revenue" includes the amount of state reimbursement for the homeowners' exemption. "Property tax revenue" does not include the amount of property tax levied for the purpose of making payments for the interest and principal on either of the following:

(1) General obligation bonds or other indebtedness approved by the voters prior to July 1, 1978, including tax rates levied pursuant to Part 10 (commencing with Section 15000) of Division 1 of, and Sections 39308 and 39311 and former Sections 81338 and 81341 of the Education Code, and Section 26912.7 of the Government Code.

(2) Bonded indebtedness for the acquisition or improvement of real property approved by two-thirds of the voters on or after June 4, 1986.

(d) "Taxable assessed value" means total assessed value minus all exemptions other than the homeowners' and business inventory exemptions.

(e) "Jurisdictional change" includes any change of organization, as defined in Section 56021 of the Government Code and a reorganization, as defined in Section 56073 of the Government Code. "Jurisdictional change" also includes any change in the boundary of those special districts that are not under the jurisdiction of a local agency formation commission.

"Jurisdictional change" also includes a functional consolidation where two or more local agencies, except two or more counties, exchange or otherwise reassign functions and any change in the boundaries of a school district or community college district or county superintendent of schools.

(f) "School entities" means school districts, community college districts, the Educational Revenue Augmentation Fund, and county superintendents of schools.

(g) Except as otherwise provided in this subdivision, "tax rate area" means a specific geographic area all of which is within the jurisdiction of the same combination of local agencies and school entities for the current fiscal year.

In the case of a jurisdictional change pursuant to Section 99, the area subject to the change shall constitute a new tax rate area, except that if the area subject to change is within the same combinations of local agencies and school entities as an existing tax rate area, the two tax rate areas may be combined into one tax rate area.

Existing tax rate areas having the same combinations of local agencies and school entities may be combined into one tax rate area. For the combination of existing tax rate areas, the factors used to allocate the annual tax increment pursuant to Section 98 shall be determined by calculating a weighted average of the annual tax increment factors used in the tax rate areas being combined.

(h) "State assistance payments" means:

(1) For counties, amounts determined pursuant to subdivision (b) of Section 16260 of the Government Code, increased by the amount specified for each county pursuant to Section 94 of Chapter 282 of the Statutes of 1979, with the resultant sum reduced by an amount derived by the calculation made pursuant to Section 16713 of the Welfare and Institutions Code.

(2) For cities, 82.91 percent of the amounts determined pursuant to subdivisions (b) and (i) of Section 16250 of the Government Code, plus for any city an additional amount equal to one-half of the amount of any outstanding debt as of June 30, 1978, for "museums" as shown in the Controller's "Annual Report of Financial Transactions of Cities for Fiscal Year 1977–78."

(3) For special districts, 95.24 percent of the amounts received pursuant to Chapter 3 (commencing with Section 16270) of Part 1.5 of Division 4 of Title 2 of the Government Code, Section 35.5 of Chapter 332 of the Statutes of 1978, and Chapter 12 of the Statutes of 1979.

(i) "City clerk" means the clerk of the governing body of a city or city and county.

(j) "Executive officer" means the executive officer of a local agency formation commission.

(k) "City" means any city whether general law or charter, except a city and county.

(l) "County" means any chartered or general law county. "County" includes a city and county.

(m) "Special district" means any agency of the state for the local performance of governmental or proprietary functions within limited boundaries. "Special district" includes a county service area, a maintenance district or area, an improvement district or improvement zone, or any other zone or area, formed for the purpose of designating an area within which a property tax rate will be levied to pay for a service or improvement benefiting that area. "Special district" includes the Bay Area Air Quality Management District. "Special district" does not include a city, a county, a school district, or a community college district. "Special district" does not include any agency that is not authorized by statute to levy a property tax rate. However, any special district authorized to levy a property tax by the statute under which the district was formed shall be considered a special district. Additionally, a county free library established pursuant to Article 1 (commencing with Section 19100) of Chapter 6 of Part 11 of Division 1 of Title 1 of the Education Code, and for which a property tax was levied in the 1977–78 fiscal year, shall be considered a special district.

(n) "Excess tax school entity" means an educational agency for which the amount of the state funding entitlement determined under Section ~~2558, 42238, 84750,~~ *2575, 84750.5,* or 84751 of the Education Code, as appropriate, is zero*, and as described in subdivision (o) of Section 42238.02 of the Education Code, as implemented by Section 42238.03 of the Education Code.*

SEC. 421.

Section 196.4 of the Revenue and Taxation Code is amended to read:

196.4.

(a) In the 1991–92 fiscal year, the county auditor of an eligible county, proclaimed by the Governor to be in a state of disaster as a result of the Oakland/Berkeley Fire that occurred in October 1991, shall certify to the Director of Finance an estimate of the total amount of the reduction in property tax revenues on both the regular secured roll and the supplemental roll for that fiscal year resulting from the reassessment of eligible properties by the county assessor pursuant to Section 170, except that the amount certified shall not include any estimated property tax revenue reductions to school districts (other than basic state aid school districts), county offices of education, and community college districts.

(b) In the 1991–92 fiscal year, the county auditor of an eligible county, proclaimed by the Governor to be in a state of disaster as a result of the Painted Cave Fire that occurred in June 1990, shall certify to the Director of Finance an estimate of the total amount of the reduction in property tax revenues on both the regular secured roll and the supplemental roll for the 1990–91 fiscal year resulting from the reassessment of eligible properties by the county assessor pursuant to Section 170, except that the amount certified shall not include any estimated property tax revenue reductions to school districts (other than basic aid school districts), county offices of education, and community college districts.

(c) For purposes of this section, "basic state aid school district" means any school district that does not receive a state apportionment pursuant to subdivision (h) of Section 42238 of the Education Code, *as it read on January 1, 2013,* but receives from the state only a basic apportionment pursuant to Section 6 of Article IX of the California Constitution.

SEC. 422.

Section 903.7 of the Welfare and Institutions Code is amended to read:

903.7.

(a) There is in the State Treasury the Foster Children and Parent Training Fund. The moneys contained in the fund shall be used exclusively for the purposes set forth in this section.

(b) For each fiscal year beginning with the 1981-82 fiscal year, except as provided in Sections 15200.1, 15200.2, 15200.3, 15200.8, and 15200.81, and Section 17704 of the Family Code, the Department of Child Support Services shall determine the amount equivalent to the net state share of foster care collections attributable to the enforcement of parental fiscal liability pursuant to Sections 903, 903.4, and 903.5. On July 1, 1982, and every three months thereafter, the department shall notify the Chancellor of the Community Colleges, the Department of Finance, and the Superintendent of Public Instruction of the above-specified amount. The Department of Child Support Services shall authorize the quarterly transfer of any portion of this amount for any particular fiscal year exceeding three million seven hundred fifty thousand dollars ($3,750,000) of the net state share of foster care collections to the Treasurer for deposit in the Foster Children and Parent Training Fund, except that, commencing with the 2002-03 fiscal year, a total of not more than three million dollars ($3,000,000) may be transferred to the fund in any fiscal year.

(c) (1) If sufficient moneys are available in the Foster Children and Parent Training Fund, up to three million dollars ($3,000,000) shall be allocated for the support of foster parent training programs conducted in community colleges. The maximum amount authorized to be allocated pursuant to this subdivision shall be adjusted annually by a cost-of-living increase each year based on the percentage given to discretionary education programs. Funds for the training program shall be provided in a separate budget item in that portion of the Budget Act pertaining to the Chancellor of the California Community Colleges, to be deposited in a separate bank account by the Chancellor of the California Community Colleges.

(2) The chancellor shall use these funds exclusively for foster parent training, as specified by the chancellor in consultation with the California State Foster Parents Association and the State Department of Social Services.

(3) The plans for each foster parent training program shall include the provision of training to facilitate the development of foster family homes and small family homes to care for no more than six children who have special mental, emotional, developmental, or physical needs.

(4) The State Department of Social Services shall facilitate the participation of county welfare departments in the foster parent training program. The California State Foster Parents Association, or the local chapters thereof, and the State Department of Social Services shall identify training participants and shall advise the chancellor on the form, content, and methodology of the training program. Funds shall be paid monthly to the foster parent training program until the maximum amount of funds authorized to be expended for that program is expended. No more than 10 percent or seventy-five thousand dollars ($75,000) of these

moneys, whichever is greater, shall be used for administrative purposes; of the 10 percent or seventy-five thousand dollars ($75,000), no more than ten thousand dollars ($10,000) shall be expended to reimburse the State Department of Social Services for its services pursuant to this paragraph.

~~(d)Beginning with the 1983-84 fiscal year, and each fiscal year thereafter, after all allocations for foster parent training in community colleges have been made, any moneys remaining in the Foster Children and Parent Training Fund may be allocated for foster children services programs pursuant to Chapter 11.3 (commencing with Section 42920) of Part 24 of the Education Code.~~

~~(e)~~

(d) (1) The Controller shall transfer moneys from the Foster Children and Parent Training Fund to the Chancellor of the California Community Colleges and the Superintendent of Public Instruction as necessary to fulfill the requirements of ~~subdivisions~~ *subdivision* (c) ~~and (d)~~.

(2) After the maximum amount authorized in any fiscal year has been transferred to the Chancellor of the California Community Colleges and the Superintendent of Public Instruction, the Controller shall transfer any remaining funds to the General Fund for expenditure for any public purpose.

~~(f)~~

(e) This section shall be operative until June 30, 2005, and thereafter is operative only if specified in the annual Budget Act or in another statute.

SEC. 423.

(a) The sum of one billion ~~**six**~~ **eight** *hundred* ~~**thirty**~~ **seventy** *million two hundred twenty-two thousand dollars (*~~**$1,630,222,000**~~ **$1,870,222,000**) *is hereby appropriated from the General Fund to the Superintendent of Public Instruction.*

(b) (1) Of the amount appropriated in subdivision (a), one billion ~~**six**~~ **eight** *hundred* ~~**two**~~ **thirty-eight** *million two hundred one thousand dollars (*~~**$1,602,201,000**~~ **$1,838,201,000**) *shall be allocated pursuant to the calculation in subdivision (b) of Section 42238.03 of the Education Code.*

(2) Of the amount appropriated in subdivision (a), **twenty-eight** **thirty-two** *million twenty-one thousand dollars (*~~**$28,021,000**~~ **$32,021,000**) *shall be allocated pursuant to the calculation in subdivision (*~~**d**~~ **f**) *of Section 2575.*

(c) 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 2013–14 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202, for the 2013–14 fiscal year.

SEC. 424.

If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

SEC. 425.

This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.

DEPARTMENT OF FINANCE
OFFICE OF THE DIRECTOR

EDMUND G. BROWN JR. • GOVERNOR
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MAY 14 2013

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Various Budget Bill Items, Local Assistance, Related to Child Care and State Preschool Programs, Department of Education

Child Care

Item 6110-194-0001, Local Assistance, Adjust CalWORKs Child Care Caseload Funding (Issue 931)—It is requested that Item 6110-194-0001 be decreased by $15,580,000 to reflect revised estimates of caseload costs for CalWORKs Stage 2 (-$511,000) and Stage 3 Child Care (-$15,069,000). At the Governor's Budget, it was assumed that approximately 6,000 children that were diverted to Stage 2 would transfer back to Stage 3. However, at the May Revision, actual caseload information indicates that the Stage 3 population fell well short of these estimates. As a result, the May Revision reflects a Stage 3 appropriation of $157,525,000 versus the $172,595,000 reflected in the Governor's Budget.

Item 6110-194-0001, Local Assistance, Adjust Non-Proposition 98 Child Care Programs for Growth (Issue 936)—It is requested that Item 6110-194-0001 be increased by $1,666,000 to reflect a revised growth adjustment of 0.20 percent. At the Governor's Budget, demographic information indicated a 0.05 percent reduction in the 0-4 year old population.

It is requested that Provision 5 of this item be amended as follows:

"5. The amounts provided in Schedules (1.5)(a), (1.5)(c), (1.5)(d), and (1.5)(j) of this item reflect an adjustment to the base funding of ~~-0.05~~ 0.20 percent for ~~a decrease~~ an increase in the population of 0-4 year-olds."

Items 6110-194-0001 and 6110-194-0890, Local Assistance, Adjust Federal Child Care Funds (Issues 938, 939, 940, and 941)—It is requested that Item 6110-194-0890 be increased by $18,282,000 to reflect the following: (1) an increase of $7,128,000 in one-time federal funds available from prior years and (2) an increase of $11,154,000 ongoing federal funds. It is also requested that Item 6110-194-0001 be amended to reflect this change. These funds will offset a like amount of non-Proposition 98 General Fund for the CalWORKs Stage 3 program. The Governor's Budget identified $16.8 million of one-time carryover funds available in 2013-14 and this adjustment will increase the total available carryover funds to $23,928,000.

It is also requested that Provision 4 of Item 6110-194-0890 be amended as follows:

"4. Of the funds appropriated in this item, ~~$16,800,000~~ $23,982,000 is available on a one-time basis for CalWORKs Stage 3 child care from federal Child Care and Development Block Grant funds appropriated prior to the 2013-14 federal fiscal year."

State Preschool Program

Item 6110-196-0001, Local Assistance, Adjust State Preschool for Growth (Issue 937)—It is requested that Item 6110-196-0001 be increased by $1,204,000 to reflect a revised growth adjustment of 0.20 percent. At the Governor's Budget, demographic information indicated a 0.05 percent reduction in the 0-4 year old population.

It is requested that Provision 3 of this item be amended as follows:

"3. The amount provided in Schedule (1) reflects an adjustment to the base funding of ~~-0.05~~ 0.20 percent for ~~a decrease~~ an increase in the population of 0-4 year-olds."

Race to the Top—Early Learning Challenge Grant (RTT—ELC)

Item 6110-200-0890, Local Assistance, RTT—ELC (Issue 934)—It is requested that Provision 3 of Item 6110-200-0890 be amended to reflect a change to when the State Department of Education (SDE) is required to submit their annual report on the RTT—ELC federal grant. SDE reports that the work on their annual RTT—ELC report cannot be started until a separate federal report is completed by February 15, which makes the current March 1 deadline difficult to meet. Instead, it is requested that Item 6110-200-0890 be amended to reflect a new date of May 1.

Specific amendments are proposed in the following language:

"3. The State Department of Education shall submit a report to the fiscal committees of the Legislature and the administration by ~~March~~ May 1 of each fiscal year on the state and local activities undertaken with the Race to the Top-Early Learning Challenge Grant. The department shall submit this report each year until a final report on the project is completed. The report shall include funding allocations and a detailed description for each activity funded with the grant."

Other Adjustments

Item 6110-197-0890, Local Assistance, 21st Century Community Learning Centers Program (Issues 943 and 944)—It is requested that Item 6110-197-0890 be increased by $10,828,000 to reflect the addition of $10,700,000 of one-time carryover funds and an increase of $128,000 to align the state appropriation with the federal grant for the federal 21st Century Community Learning Centers program.

It is further requested that provisional language be added as follows:

X. Of the funds appropriated in this item, $10,700,000 is provided in one-time carryover funds to support the existing program.

The effect of my requested action is reflected on the attachment.

MAY 14 2013

If you have any questions or need additional information regarding this matter, please call Ryan Storm, Assistant Program Budget Manager, at (916) 445-0328.

ANA J. MATOSANTOS
Director
By:

/s/ Michael Cohen

MICHAEL COHEN
Chief Deputy Director

Attachment

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Bill Emmerson, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mike Gatto, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Marty Block, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Susan Bonilla, Chair, Assembly Budget Subcommittee No. 2
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Honorable Tom Torlakson, Superintendent of Public Instruction, Department of Education
Ms. Jeannie Oropeza, Deputy Superintendent, Department of Education
Ms. Roxanne Eres, Fiscal and Administrative Services Director, Department of Education

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MAY 14 2013

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Budget Bill Items 6120-011-0001 and 6120-011-0020 and Addition of Budget Bill Item 6120-490, Support, California State Library

Library and Courts Building (LCI) Relocation (Issue 102)—It is requested that Item 6120-011-0001 be increased by $1,565,000 General Fund, including $1,461,000 in one-time funds and $104,000 in ongoing funds. Due to delays in the renovation of LCI, the California State Library (Library) requires one-time funding to extend the lease on warehouse space and support increased costs for services needed to move into LCI. Ongoing funding will support increased bandwidth needed to accommodate network demands at LCI as well as increased security services for Library staff and patrons.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in this item, $1,461,000 is provided on a one-time basis for costs associated with relocating staff and materials during the renovation of the Library and Courts Building.

X. Of the funds appropriated in this item, $104,000 is provided on an ongoing basis for security services and increased network bandwidth.

California State Law Library (Issue 107)—It is requested that Item 6120-011-0020 be decreased by $35,000 to align with the revised estimate of revenues available from the California State Law Library Special Account. Due to fewer court transactions that generate revenue for this account, revenues are estimated to be lower in fiscal years 2012-13 and 2013-14. This adjustment is needed to avoid a negative fund balance in 2013-14.

Expenditure Authority (Issue 103)—It is requested that Item 6120-490 be added to reappropriate expenditure authority of up to $2 million General Fund be extended through 2013-14 to support costs associated with relocating Library staff and materials to LCI. The 2012 Budget Act contains $4,839,000 in one-time General Fund for relocation to LCI, which was anticipated to occur in November 2012. Renovation delays have required contracts for move-in services to be renegotiated and encumbrance of associated funds to be postponed possibly until 2013-14.

It is requested that this item be added to the Budget Bill as follows to conform to this action:

6120-490—Reappropriation, California State Library. The amounts specified in the following citations are reappropriated for the purposes specified below and shall be available for encumbrance or expenditure until June 30, 2014:
0001—General Fund
(1) Up to $2,000,000 of Item 6120-011-0001, Budget Act of 2012 (Ch. 21, Stats. 2012), shall be available for expenditure by the California State Library for the purposes of relocating staff and materials associated with the renovation of the Library and Courts Building.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Thomas Todd, Assistant Program Budget Manager, at (916) 445-0328.

ANA J. MATOSANTOS
Director
By:

/s/ Michael Cohen

MICHAEL COHEN
Chief Deputy Director

Attachment

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Attention: Mr. Geoff Long, Chief Consultant
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Marty Block, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Susan Bonilla, Chair, Assembly Budget Subcommittee No. 2
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Gerry Maginnity, Acting State Librarian, California State Library
Ms. Debbie Newton, Bureau Chief, Administrative Services Bureau, California State Library
Ms. Sharleen Finn, Manager, Fiscal Services, California State Library

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Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Budget Bill Item 6440-001-0001, Support, University of California

Reduce General Obligation Bond Debt Service Payments (Issue 410)—It is requested that Item 6440-001-0001 be decreased by $1,352,000 to reflect the University of California's (UC) lower costs of General Obligation bond debt service payments in fiscal year 2013-14. The Governor's Budget added these costs to UC's main General Fund item beginning in 2013-14.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Mollie Quasebarth, Principal Program Budget Analyst, at (916) 445-0328.

ANA J. MATOSANTOS
Director
By:

/s/ Michael Cohen

MICHAEL COHEN
Chief Deputy Director

Attachment

cc: On following page

MAY 14 2013

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Bill Emmerson, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mike Gatto, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Marty Block, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Susan Bonilla, Chair, Assembly Budget Subcommittee No. 2
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Patrick Lenz, Vice President, Budget and Capital Resources, University of California
Ms. Deborah Obley, Associate Vice President, Budget and Capital Resources, University of California
Ms. Deborah Wylie, Associate Vice President, Capital Resources Management, University of California

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Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Budget Bill Item 6610-001-0001, Support, California State University

Reduce General Obligation Bond Debt Service Payments (Issue 460)—It is requested that Item 6610-001-0001 be decreased by $1,290,000 to reflect the California State University's (CSU) lower costs of General Obligation bond debt service payments in fiscal year 2013-14. The Governor's Budget added these costs to CSU's main General Fund item beginning in 2013-14.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Mollie Quasebarth, Principal Program Budget Analyst, at (916) 445-0328.

ANA J. MATOSANTOS
Director
By:

/s/ Michael Cohen

MICHAEL COHEN
Chief Deputy Director

Attachment

cc: On following page

MAY 14 2013

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee
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Honorable Bill Emmerson, Vice Chair, Senate Budget and Fiscal Review Committee
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Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Robert Turnage, Assistant Vice Chancellor for Budget, California State University
Mr. Rodney Rideau, Director of Budget, California State University
Ms. Elvyra San Juan, Assistant Vice Chancellor, Capital Planning, Design and Construction, California State University
Mr. Larry Piper, Chief, Capital Planning, Design and Construction, California State University

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Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Various Budget Bill Items, Local Assistance, California Community Colleges, Chancellor's Office

Budget Year

General Fund and Other Adjustments, Local Assistance

Item 6870-101-0001, Adult Education Partnership Program Funding (Issues 110 and 111)—It is requested that Schedule (25) of Item 6870-101-0001 be decreased by a net $270 million Proposition 98 General Fund, which consists of a $300 million decrease to remove funding included in the Governor's Budget for adult education and a $30 million increase to be allocated to community college districts for use in forming regional consortia of local adult education providers.

It is further requested that Provision 41 of this item be amended as follows to conform to these actions:

"41. The amount appropriated in Schedule (25) ~~for Adult Education shall be allocated to community college districts for the purpose of providing courses and classes in accordance with Section 84757 of the Education Code. Prior to the expenditure of these funds, the Chancellor of the California Community Colleges shall submit a proposed expenditure plan and the rationale therefor, to the Department of Finance by July 1, 2013 for approval.~~ shall be allocated by the California Community Colleges, Chancellor's Office as two-year planning and implementation grants to regional consortia of community college districts and school districts jointly selected by the Chancellor's Office and the State Department of Education for the purpose of developing applications for the Adult Education Partnership Program as described in Article 3, Part 50 , Division 7, Title 3, of the California Education Code. Notwithstanding any other provision of law, the funds appropriated in this provision are available for encumbrance until June 30, 2015."

The Governor's Budget attempted to improve the state's bifurcated and declining adult education system by transferring the responsibility of governance to the California Community Colleges, Chancellor's Office, and provided a $300 million augmentation for additional adult education courses.

Given concerns raised with the timing and structure of the proposal, the May Revision proposes an alternative. The revised proposal provides $30 million for planning and implementation

grants to be spent over the next two years. These grants will allow community colleges, local school districts, county offices of education, correctional facilities, other local public agencies, and community based organizations to work together to develop comprehensive plans to serve adults in their region. This will reduce the level of uncertainty for existing programs, yet still articulate clear responsibility for adult education governance in the state over time.

Commencing in 2015-16, $500 million will be allocated to regional consortia consisting of at least one community college district and one school district based on the number of adult education courses they can offer and the need for adult education in their region. At least two-thirds of these funds will be allocated to existing adult education providers who maintain their 2012-13 level of state-funded spending for adult education in 2013-14 and 2014-15 and into the future. See Attachment A for related trailer bill language.

Items 6870-101-0001 and 6870-601-0986, Increase Property Tax Revenues (Issue 130)—It is requested that Schedule (1) of Item 6870-101-0001 be decreased by $70,793,000 Proposition 98 General Fund to reflect an increase in estimated local property tax revenues. The adjustment largely reflects increased estimates from the Educational Revenue Augmentation Fund and additional property tax revenues resulting from the elimination of redevelopment agencies. It is further requested that Item 6870-601-0986 be increased to conform to this action.

Items 6870-101-0001 and 6870-601-0992, Increase Student Fee Revenues (Issue 131)—It is requested that Schedule (1) of Item 6870-101-0001 be decreased by $38,910,000 Proposition 98 General Fund to reflect an increase in estimated student fee revenue. The adjustment largely reflects a decreased estimate in students eligible for the fee waiver program. It is further requested that Item 6870-601-0992 be increased to conform to this action.

Item 6870-101-0001, Decrease Student Financial Aid Administration Program and Board Financial Assistance Program (Issues 132 and 133)—It is requested that Schedule (6) of Item 6870-101-0001 be decreased by a total of $598,000 Proposition 98 General Fund to reflect a decrease in estimated available funding due to a decrease in the rate of students who are eligible for the fee waiver program. The Student Financial Aid Administration Program is decreased by $297,000 and provides a reimbursement of $0.91 per unit of fees waived. The Board Financial Assistance Program is decreased by $301,000 and provides a reimbursement of two percent of the total fee waiver amount.

It is further requested that Provision 20 (a) and (b) of this item be amended as follows to conform to these actions:

"20. (a) Of the funds appropriated in Schedule (6) for Student Financial Aid Administration, not less than ~~$15,482,000~~ $15,185,000 is available to provide $0.91 per unit reimbursement to community college districts for the provision of board of governors (BOG) fee waiver awards pursuant to paragraph (2) of subdivision (m) of Section 76300 of the Education Code.
(b) Of the funds appropriated in Schedule (6), not less than ~~$15,652,000~~ $15,351,000 is available to provide reimbursement of 2 percent of total waiver value to community college districts for the provision of BOG fee waiver awards pursuant to paragraph (2) of subdivision (m) of Section 76300 of the Education Code."

Item 6870-101-0001, Increase Apportionment Growth, Apportionment Cost of Living Adjustment, and Matriculation (Issues 134, 135, 136, and 137)—It is requested that Schedule (1) of Item 6870-101-0001 be decreased by $196,938,000 Proposition 98

General Fund to withdraw the Governor's Budget proposal to allocate these funds on a general purpose basis. Instead the May Revision allocates these funds for specific purposes.

It is further requested that Schedule (1) of Item 6870-101-0001 be increased by $87,517,000 Proposition 98 General Fund to reflect a 1.57 percent cost-of-living adjustment for apportionments to maintain current purchasing power at the colleges (see Issues 134 and 136).

It is further requested that Schedule (4) of Item 6870-101-0001 be increased by $89,421,000 Proposition 98 General Fund to reflect a 1.63 percent growth for apportionments to increase student course access (see Issue 135).

It is further requested that Schedule (10) of Item 6870-101-0001 be increased by $50 million Proposition 98 General Fund for matriculation program activities to provide additional student support services including orientation, assessments, counseling, advising, and education planning (see Issue 137). Of the amount provided in this Schedule, up to $7 million may be used to procure and/or develop E-Transcript and E-Planning tools for the community colleges.

In total, these four adjustments increase this item by $30 million Proposition 98 General Fund.

It is further requested that Provision 25 of this item be amended as follows to conform to these actions:

"25. (a) Funds appropriated in Schedule (10) for the Matriculation Program are for the purpose of student matriculation pursuant to Article 1 (commencing with Section 78210) of Chapter 2 of Part 48 of Division 7 of Title 3 of the Education Code.
(b) Of the amount appropriated in Schedule (10), $9,381,000 shall be allocated to community college districts on a one-to-one matching funds basis to provide matriculation services, including, but not limited to, orientation, assessment, and counseling, for students enrolled in designated noncredit classes and programs who may benefit most, as determined by the Chancellor of the California Community Colleges pursuant to Sections 78216 and 78218 of the Education Code.
(c) Of the funds appropriated in Schedule (10), up to $7,000,000 may be used by the Chancellor of the California Community Colleges for the purpose of procuring and/or developing E-Transcript and E-Planning tools. Prior to the expenditure of these funds, the Chancellor of the California Community Colleges shall submit a proposed expenditure plan to the Department of Finance."

Item 6870-101-0001, Decrease Inter-Year Deferral Buy-Down (Issue 138)—It is requested that Schedule (1) of Item 6870-101-0001 be decreased by $115,350,000 Proposition 98 General Fund to reflect a decreased level of deferral buy-down funding. The current year deferral buy-down amount is increased by $179,861,000 (see Issue 180), which carries forward to the budget year. In total, these two adjustments decrease budget year deferrals by $64,511,000.

Items 6870-101-0001 and 6870-615-0001, Reduce Inter-year Deferral Payments (Issue 160)—It is requested that Schedule (1) of Item 6870-101-0001 be increased by $179,861,000 Proposition 98 General Fund to reflect an increased level of deferral buy-down funding in 2012-13 (see Issue 180). It is further requested that non-Budget Act Item 6870-615-0001 be decreased to conform to this action.

Items 6870-101-0001, 6870-601-3207, 6870-610-0001, and 6870-698-3207, Increase Education Protection Account Revenue Estimate and Decrease Proposition 98 General Fund Backfill (Issue 171)—It is requested that Schedule (1) of Item 6870-101-0001 be decreased by $20,460,000 Proposition 98 General Fund to reflect increased Education Protection Account revenue estimates. It is further requested that Item 6870-601-3207 be increased to conform to this action.

It is further requested that Item 6870-610-0001 be increased by $20,460,000 Proposition 98 General Fund to reflect an increased backfill need resulting from increased Education Protection Account revenue estimates. It is further requested that Item 6870-698-3207 be decreased to conform to this action.

Item 6870-101-0001, Revise Economic and Workforce Development Provisional Language (Issue 183)—It is requested that provisional language be amended as follows to ensure relevant information is included in the annual expenditure plan and to limit state-level activities to no more than ten percent.

"28. ~~The amount appropriated in Schedule (17) shall be used for the Economic and Workforce Development Program. Prior to the expenditure of these funds, the Chancellor of the California Community Colleges shall submit a proposed expenditure plan and the rationale therefor, to the Department of Finance by July 1, 2013 for approval.~~ Of the funds provided in Schedule (17) for the Economic and Workforce Development Program (EWD), pursuant to Part 52.2 (commencing with Section 88600) of Division 7 of Title 3 of the Education Code,

(a) Up to ten percent may be allocated for state level technical assistance activities in support of the intent of Chapter 361 of the Statutes of 2012, including statewide network leadership, organizational development, coordination, information and support services, or other program purposes. Any augmentation to state level technical assistance activities funding is subject to approval of the Department of Finance, not sooner than 30 days after the notification in writing to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee.

(b) All remaining funds shall be allocated for programs that target investment at priority and emergent sectors, including statewide and/or regional centers, hubs, collaborative communities, advisory bodies, and short-term grants. Short-term grants can include industry-driven regional education and training, Responsive Incumbent Worker Training, and Job Development Incentive Training.

(c) Prior to the expenditure of these funds, the Chancellor of the California Community Colleges shall submit a proposed expenditure plan and the rationale therefore, to the Department of Finance for approval. The expenditure plan shall include the following:

(i) A statewide and regional delivery system.

(ii) A targeting of investments to competitive and emergent sectors important to regional economies as well as use of short-term grants to meet employer-driven training needs.

(iii) Program support to increase the impact of college Career Technical Education (CTE) programs (including contextualized CTE programs) on regional economies; statewide accountability data collection and performance evaluation; statewide training, development, and coordination; labor market research; and continuous program improvements.

(d) The following provisions apply to the expenditures of these funds:

(i) Funds applied to performance-based training shall be matched by a minimum of $1 of private business and industry funding for each $1 of state funds. The Chancellor of the California Community Colleges shall consider the level of involvement and financial commitments of business and industry in making awards for performance-based training.

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(ii) Funds allocated by the Chancellor of the California Community Colleges under this program may not be used by community college districts to supplant existing contract education offerings. The Chancellor of the California Community Colleges shall ensure that funds are spent only for expanded services and shall implement accountability reporting for districts receiving these funds to ensure that training, credit, and noncredit programs remain relevant to business needs.

(iii) Any funds that become available due to savings, discontinuance, or reduction of amounts shall be evaluated against labor market needs and regional economies for reallocation within the economic and workforce development program.

(e) Fiscal agents of program funds intended to serve statewide or regional functions do not have authority to flex program funds. The Chancellor of the California Community Colleges may adjust allocations, as necessary, to preclude this action."

Item 6870-101-0001, Add Desert Community College District Repayment Plan Reporting Requirement Provisional Language (Issue 181)—It is requested that provisional language be added as follows to ensure the Administration is informed on the progress that the Chancellor of the California Community Colleges is making in recouping funds owed to the state from the Desert Community College District.

X. The Chancellor of the California Community Colleges shall report annually no later than September 30, on the status of recouping funds owed to the state from the Desert Community College District.

Items 6870-139-8080, 6870-639-0001, and 6870-698-8080, Increase Clean Energy Job Creation Fund Revenue Estimate (Issue 150)—It is requested that Item 6870-139-8080 be increased by $1.5 million Clean Energy Job Creation Fund to reflect increased Clean Energy Job Creation Fund revenue estimates, and fund additional energy efficiency projects at the California Community Colleges. It is further requested that Item 6870-639-0001 be increased and Item 6870-698-8080 be decreased to conform to this action.

Current Year

General Fund and Other Adjustments, Local Assistance

Items 6870-101-0001, 6870-601-3207, 6870-610-0001, and 6870-698-3207, Decrease Education Protection Account Revenue Estimate and Increase Proposition 98 General Fund Backfill (Issue 170)—It is requested that Schedule (1) of Item 6870-101-0001 be increased by $23,430,000 Proposition 98 General Fund to reflect decreased Education Protection Account revenue estimates. It is further requested that Item 6870-601-3207 be decreased to conform to this action.

It is further requested that Item 6870-610-0001 be decreased by $23,430,000 Proposition 98 General Fund to reflect decreased Education Protection Account revenue estimates. It is further requested that Item 6870-698-3207 be increased to conform to this action.

Item 6870-101-0001, Increase Inter-year Deferral Buy-down (Issue 180)—It is requested that Schedule (1) of Item 6870-101-0001 be increased by $179,861,000 Proposition 98 General Fund to reflect additional funding to buy-down previous deferrals.

Item 6870-616-0001, Decrease Redevelopment Agency Backfill (Issue 175)—It is requested that Item 6870-616-0001 be decreased by $41,209,000 Proposition 98 General Fund based on revised increased redevelopment agency revenue estimates.

Item 6870-681-0001, Restore Over-Appropriation (Issue 185)—It is requested that Item 6870-681-0001 be increased by $17,911,000 Proposition 98 General Fund to eliminate this item and reflect an increased Proposition 98 Guarantee. At the Governor's Budget, the 2012-13 Proposition 98 Guarantee was over-appropriated by $162.8 million. This over-appropriation was used to pay down a portion of the settlement obligation incurred by the *California Teachers Association v. Schwarzenegger* lawsuit, codified by the Quality Education Investment Act. As a result of an increase in the 2012-13 Proposition 98 Guarantee at the May Revision, the Guarantee is no longer over-appropriated and the settlement payment will be made on its regular schedule.

Trailer Bill Language (See Attachment A)

Apprenticeship Programs—The May Revision continues to consolidate apprenticeship programs at the Chancellor's Office, generally maintaining the structure of programs currently administered by both the Chancellor's Office and SDE. The May Revision also removes the Chancellor's Office program from categorical flexibility and allows community colleges geographic freedom to administer programs covering areas outside their district boundaries, similar to what is already allowed for SDE programs.

Board of Governors Fee Waiver Program Reform—The current fee waiver program provides financial aid to students with limited verification of financial need. The Governor's Budget proposed that students seeking financial aid be required to fill out a Free Application for Federal Student Aid (FAFSA) and include both parent and student income when determining fee waiver eligibility. Concerns were raised that financial aid processing time is longer using the FAFSA and that the proposal would reduce participation for some emancipated students whose parents are unwilling to provide their income for FAFSA purposes. The May Revision proposes the following adjustments to preserve the state's resources for students in need:

- The May Revision provides students one academic term to collect all documentation necessary to validate financial need.
- The Board of Governors will be required to establish criteria that provide emancipated students the opportunity to prove that they are living independently of their parents and are financially needy.
- The new policies will commence with the 2014-15 academic year.

Community College Mandates Block Grant—The May Revision proposes to change the date by which community college districts are required to submit letters to participate in the mandates block grant to August 30 (from September 30 under existing law) and change the date the Chancellor's Office is required to submit a report about block grant participation to November 1 of the fiscal year in which funding is apportioned (from September 9 of the following year).

Proposition 98 Over Appropriation and Settle-Up Payments—To the extent the Proposition 98 appropriation levels in 2012-13 and 2013-14 exceed the amount required to fund the Proposition 98 minimum guarantee, the May Revision proposes separate trailer bill legislation to count the amount of appropriations in excess of the required Proposition 98 guarantee toward outstanding settle-up obligations. Payments would be first applied toward

meeting the outstanding balance in the *California Teachers Association v. Schwarzenegger* settlement agreement and the resulting Quality Education Investment Act program.

Informational

Pursuant to Education Code section 84758, the Department of Finance (Finance) is required to notify the Legislature and the Chancellor's Office of the amount of revenue estimated to be available to community college districts during the next fiscal year from local property taxes, exclusive of bond interest and redemption, and timber taxes received.

Finance estimates that property taxes totaling $2,241,359,000 net of excess taxes will be available to offset district apportionments in fiscal year 2013-14. This estimate reflects the property tax adjustments to non-Budget Act Item 6870-601-0986 and excludes $456,000 in estimated timber tax revenues.

Education Code section 84758 also requires Finance to notify the Legislature of the difference between the Chancellor's Office 2012-13 property tax estimate, excluding timber taxes, and Finance's 2012-13 property tax estimates as of May 2012, excluding timber taxes.

The Chancellor's Office reported 2012-13 property taxes of $2,109,870,275, net of excess taxes and excluding timber taxes of $456,452, as of the second principal apportionment payment. Finance's 2012-13 property tax estimate as of May 2012, was $2,291,795,000, net of excess taxes and excluding timber taxes of $477,000. Therefore, the Chancellor's Office current property tax estimate for 2012-13 reflects a $181,924,725 decrease from Finance's May 2012 estimate.

Finance notes that the 2012-13 property tax estimate as of the 2012 Budget Act was $2,303,793,000, net of excess taxes and excluding timber taxes of $477,000. Finance also notes that Finance's 2012-13 property tax estimate as of May 2013 is $2,252,695,000, net of excess taxes and excluding timber taxes of $456,000.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Mollie Quasebarth, Principal Program Budget Analyst, at (916) 445-0328.

ANA J. MATOSANTOS
Director
By:

/s/ Michael Cohen

MICHAEL COHEN
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Bill Emmerson, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mike Gatto, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Marty Block, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Susan Bonilla, Chair, Assembly Budget Subcommittee No. 2
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Dr. Brice Harris, Chancellor, California Community Colleges, Chancellor's Office
Mr. Dan Troy, Vice Chancellor for Fiscal Policy, California Community Colleges, Chancellor's Office

Attachment A

Adult Education Realignment

Sections 84830, 84831, 84832, 84833, 84834, 84835, 84836, 84837, and 84838 of the Education Code are added as follows:

"84830. (a) Commencing with the 2015-16 fiscal year, the California Community College, Chancellor's Office shall administer an Adult Education Partnership Program, which will be funded in the annual Budget Act.

(b) Eligibility shall be limited to a consortium consisting of at least one community college district, which shall also act as the consortia's fiscal agent, and at least one school district within the boundaries of the community college district.

(c) If a community college district chooses not to participate in a consortium, a neighboring community college district may form a consortium with school districts within the boundaries of the non-participating community college district.

(d) Consortia may include other entities providing adult education courses, including, but not limited to, correctional facilities, other local public entities, and community-based organizations.

84831. The Adult Education Partnership Program will provide funding at a rate consistent with subparagraph (A), of paragraph (4), of subdivision (d), of section 84750.5, and only for courses consistent with subdivision (a), of Section 84760.5.

84832. (a) The Adult Education Partnership Program will only provide funding for courses in paragraphs (2) through (6), of subdivision (a), of section 84757.

84833. (a) Each regional consortium shall create a plan to serve adults in their region, which shall include, at a minimum:

(1) Current levels and types of adult education programs within their region, including correctional education as defined in 84838, and including credit, noncredit, and enhanced noncredit adult education coursework, as defined in 84838.

(2) Current need for adult education programs within their region.

(3) Plans for parties that make up the consortium to integrate their existing programs.

(4) Plans to address the gap(s) identified between paragraphs (1) and (2).

(5) Plans to integrate existing programs with funding received from the Adult Education Partnership Program.

(b) The California Community College Chancellor's Office and the State Department of Education may identify additional items consortia must include in the plan.

84834. (a) The California Community College Chancellor's Office shall allocate funding to consortia for the Adult Education Partnership Program based on the joint review pursuant to (b) of this section.

(b) For the purpose of determining allocations for (a) of this section, the California Community College Chancellor's Office and the State Department of Education shall jointly review and score plans submitted by regional consortia and shall consider, at a minimum:

(1) The completeness and quality of the consortium's plan.

(2) The capacity to implement the consortium's plan.

(3) The need for adult education in the consortium's service area.

(4) The number of full-time equivalent students each consortium proposes to serve.

(c) At minimum, two-thirds of the funding provided for this program shall be allocated to existing providers in consortiums, so long as those providers maintain their 2012-13 level of state-funded spending for adult education and correctional education in 2013-14 and 2014-15.

84835. Of the funds allocated pursuant to 84834:
(a) No more than five percent of the funding may be used by a community college district for costs associated with serving as the fiscal agent.
(b) No more than an additional five percent of the funds may be used by the consortium for administrative costs.
(c) Counseling, instructional support, academic advising, or other support services, are not be considered administrative costs for the purposes of subdivision (a) and (b).

84836. By 2016-17, consortiums shall develop full articulation agreements between adult education coursework and career technical education coursework or collegiate coursework.

84837. Minimum qualifications for instructors may be satisfied through either the current requirements in division 6 or division 8, of title 5, of the California Code of Regulations.

84838. For this Part, "adult education" shall be defined as coursework that is pre-collegiate, whereas "pre-collegiate" is defined as not transferable to the University of California, or the California State University. For this Part, "correctional education" shall be defined as educational services provided to adults in correctional facilities."

Apprenticeship Programs

Sections 79146 and 79148 of the Education Code are amended, and 79149, 79149.1, 79149.2, 79149.3, 79149.4, 79149.5, and 79149.6 of the Education Code are added as follows:

"79146. To the extent sufficient resources exist, the board of governors may establish internship training programs and actively support apprenticeship training programs in collaboration with ~~the State Department of Education and~~ the Division of Apprenticeship Standards. The board of governors may establish internship training programs pursuant to this section for only those occupations not covered by an apprenticeship training program approved by the Division of Apprenticeship Standards of the Department of Industrial Relations prior to January 1, 1998.

79148. ~~(a)~~ To the extent that sufficient federal funds and other resources are available, the Division of Apprenticeship Standards, in partnership with ~~the State Department of Education and~~ the California Community Colleges, shall develop and implement innovative apprenticeship training demonstration projects in high-growth industries in emerging and transitioning occupations that meet local labor market needs and that are validated by current labor market data.

~~(b) The Division of Apprenticeship Standards, in collaboration with the State Department of Education and the California Community Colleges, shall submit a report not later than December 31, 1998, to the Governor and the Legislature containing a summary of educational and vocational outcomes resulting from innovative apprenticeship training demonstration projects. The report shall include a status report on the number of participating registered apprentices as well as a statewide analysis and needs assessment regarding the extent that these apprenticeship training demonstration projects are meeting work force training needs in high growth industries.~~

79149. (a) The California Community Colleges shall be granted authority to contract with high school, unified school district, regional occupation center or program, or adult school apprenticeship programs for purposes of program supervision and reimbursement.

(b) Contracted apprenticeship programs offered through high school, unified school district, regional occupation center or program, or adult school will be allowed to maintain their existing curriculum, faculty, and Local Education Agencies separate from the requirements of the California Community Colleges.

79149.1. Attendance of apprentices enrolled in any class maintained by a high school, unified school district, regional occupation center or program, community college, or adult school, pursuant to Section 3074 of the Labor Code, shall be reimbursed pursuant to Section 79149.3 only if reported separately to the Chancellor of the California Community Colleges, as appropriate. Attendance reported pursuant to this section shall be used only for purposes of calculating allowances pursuant to Section 79149.3.

79149.2. (a) An apprentice attending a high school, unified school district, regional occupational center or program, community college, or adult school in classes of related and supplemental instruction as provided under Section 3074 of the Labor Code and in accordance with the requirements of subdivision (d) of Section 3078 of the Labor Code shall be exempt from the requirements of any interdistrict attendance agreement for such classes.

(b) Community colleges shall be permitted to establish apprenticeship courses and programs outside the district for nonresidents of the district when the participants are indentured apprentices and the apprenticeship program and courses are approved by the Division of Apprenticeship Standards in the Department of Industrial Relations.

79149.3. (a) The reimbursement rate shall be established in the annual Budget Act.

(b) For the purposes of this section, each hour of teaching time may include up to 10 minutes of passing time and breaks.

(c) This section also applies to isolated apprentices, as defined in Section 3074 of the Labor Code, for which alternative methods of instruction are provided.

(d) The Chancellor of the California Community Colleges shall make the reimbursements specified in this section for teaching time provided by high schools, unified school districts, regional occupational centers or programs, community colleges, or adult schools.

(e) Reimbursements may be made under this section for related and supplemental instruction provided to indentured apprentices only if the instruction is provided by a program approved by the Division of Apprenticeship Standards in the Department of Industrial Relations in accordance with Chapter 4 (commencing with Section 3070) of Division 3 of the Labor Code.

79149.4. For purposes of the California Firefighter Joint Apprenticeship Program, classes of related and supplemental instruction which qualify for funding pursuant to Section 79149.3, include, but are not limited to, classes which meet both of the following requirements:

(a) The classes are conducted at the workplace.

(b) The person providing instruction is qualified, by means of education or experience, as a journeyman and shares the responsibility for supervision of the apprentices participating in the classes with the certified community college or adult education coordinator.

79149.5. (a) The Chancellor of the California Community Colleges, in consultation with the Division of Apprenticeship Standards, shall annually review the amount of state funding necessary to provide the reimbursements specified in Section 79149.3, and shall include an estimate of required funds in their budgets for each fiscal year.

79149.6. (a) The Chancellor of the California Community Colleges and the Division of Apprenticeship Standards shall jointly develop a model format for agreements between Joint Apprenticeship Training Councils and local education agencies for instruction pursuant to Section 3074 of the Labor Code.

(b) The Chancellor of the California Community Colleges, and the Division of Apprenticeship Standards shall jointly develop a model format for agreements between Joint Apprenticeship Training Councils and local education agencies concerning the calculation and payment of excess costs pursuant to Section 3074 of the Labor Code."

Board of Governors Fee Waiver Program Reform

Section 76300 of the Education Code is amended as follows:

"76300. (a) The governing board of each community college district shall charge each student a fee pursuant to this section.

(b) (1) The fee prescribed by this section shall be forty-six dollars ($46) per unit per semester, effective with the summer term of the 2012 calendar year.

(2) The board of governors shall proportionately adjust the amount of the fee for term lengths based upon a quarter system, and also shall proportionately adjust the amount of the fee for summer sessions, intersessions, and other short-term courses. In making these adjustments, the board of governors may round the per unit fee and the per term or per session fee to the nearest dollar.

(c) For the purposes of computing apportionments to community college districts pursuant to Section 84750.5, the board of governors shall subtract, from the total revenue owed to each district, 98 percent of the revenues received by districts from charging a fee pursuant to this section.

(d) The board of governors shall reduce apportionments by up to 10 percent to any district that does not collect the fees prescribed by this section.

(e) The fee requirement does not apply to any of the following:

(1) Students enrolled in the noncredit courses designated by Section 84757.

(2) California State University or University of California students enrolled in remedial classes provided by a community college district on a campus of the University of California or a campus of the California State University, for whom the district claims an attendance apportionment pursuant to an agreement between the district and the California State University or the University of California.

(3) Students enrolled in credit contract education courses pursuant to Section 78021, if the entire cost of the course, including administrative costs, is paid by the public or private agency, corporation, or association with which the district is contracting and if these students are not included in the calculation of the full-time equivalent students (FTES) of that district.

(f) The governing board of a community college district may exempt special part-time students admitted pursuant to Section 76001 from the fee requirement.

(g) (1) The fee requirements of this section shall be waived for any student who meets all of the following requirements:

(A) Meets minimum academic and progress standards adopted by the board of governors, which fulfill the requirements outlined in this paragraph and paragraphs (2) to (5), inclusive. Any minimum academic and progress standards adopted pursuant to this section shall be uniform across all community college districts and campuses. These standards shall not include a maximum unit cap, and community college districts and colleges shall not impose requirements

for fee waiver eligibility other than the minimum academic and progress standards adopted by the board of governors and the requirements of subparagraph (B).

(B) Meets one of the following criteria:

(i) At the time of enrollment, is a recipient of benefits under the Temporary Assistance for Needy Families program, the Supplemental Security Income/State Supplementary Payment Program, or a general assistance program.

(ii) Demonstrates eligibility according to income standards established by regulations of the board of governors.

(iii) Demonstrates financial need in accordance with the methodology set forth in federal law or regulation for determining the expected family contribution of students seeking financial aid.

(2) (A) The board of governors, in consultation with students, faculty, and other key stakeholders, shall consider all of the following in the development and adoption of minimum academic and progress standards pursuant to subparagraph (A) of paragraph (1):

(i) Minimum uniform academic and progress standards that do not unfairly disadvantage financially needy students in pursuing their education.

(ii) Criteria for reviewing extenuating circumstances and granting appeals that, at a minimum, take into account and do not penalize a student for circumstances outside his or her control, such as reductions in student support services or changes to the economic situation of the student.

(iii) A process for reestablishing fee waiver eligibility that provides a student with a reasonable opportunity to continue or resume his or her enrollment at a community college.

(B) To ensure that students are not unfairly impacted by the requirements of subparagraph (A) of paragraph (1), the board of governors shall establish a reasonable implementation period that commences no sooner than one year from adoption of the minimum academic and progress standards, or any subsequent changes to these standards, pursuant to subparagraph (A) of paragraph (1) and that is phased in to provide students adequate notification of this requirement and information about available support resources.

(3) It is the intent of the Legislature that minimum academic and progress standards adopted pursuant to subparagraph (A) of paragraph (1) be implemented only as campuses develop and implement the student support services and interventions necessary to ensure no disproportionate impact to students based on ethnicity, gender, disability, or socioeconomic status. The board of governors shall consider the ability of community college districts to meet the requirements of this paragraph before adopting minimum academic and progress standards, or any subsequent changes to these standards, pursuant to subparagraph (A) of paragraph (1).

(4) It is the intent of the Legislature to ensure that a student shall not lose fee waiver eligibility without a community college campus first demonstrating a reasonable effort to provide a student with adequate notification and assistance in maintaining his or her fee waiver eligibility. The board of governors shall adopt regulations to implement this paragraph that ensure all of the following:

(A) Students are provided information about the available student support services to assist them in maintaining fee waiver eligibility.

(B) Community college district policies and course catalogs reflect the minimum academic and progress standards adopted pursuant to subparagraph (A) of paragraph (1) and that appropriate notice is provided to students before the policies are put into effect.

(C) A student does not lose fee waiver eligibility unless he or she has not met minimum academic and progress standards adopted pursuant to subparagraph (A) of paragraph (1) for a period of no less than two consecutive academic terms.

(5) The board of governors shall provide notification of a proposed action to adopt regulations pursuant to this subdivision to the appropriate policy and fiscal committees of the Legislature in accordance with the requirements of paragraph (1) of subdivision (a) of Section 70901.5. This notification shall include, but not be limited to, all of the following:

(A) The proposed minimum academic and progress standards and information detailing how the requirements of paragraphs (1) to (4), inclusive, have been or will be satisfied.

(B) How many students may lose fee waiver eligibility by ethnicity, gender, disability, and, to the extent relevant data is available, by socioeconomic status.

(C) The criteria for reviewing extenuating circumstances, granting appeals, and reestablishing fee waiver eligibility pursuant to paragraph (2).

(h) The fee requirements of this section shall be waived for any student who, at the time of enrollment, is a dependent or surviving spouse who has not remarried, of any member of the California National Guard who, in the line of duty and while in the active service of the state, was killed, died of a disability resulting from an event that occurred while in the active service of the state, or is permanently disabled as a result of an event that occurred while in the active service of the state. "Active service of the state," for the purposes of this subdivision, refers to a member of the California National Guard activated pursuant to Section 146 of the Military and Veterans Code.

(i) The fee requirements of this section shall be waived for any student who is the surviving spouse or the child, natural or adopted, of a deceased person who met all of the requirements of Section 68120.

(j) The fee requirements of this section shall be waived for any student in an undergraduate program, including a student who has previously graduated from another undergraduate or graduate program, who is the dependent of any individual killed in the September 11, 2001, terrorist attacks on the World Trade Center and the Pentagon or the crash of United Airlines Flight 93 in southwestern Pennsylvania, if that dependent meets the financial need requirements set forth in Section 69432.7 for the Cal Grant A Program and either of the following applies:

(1) The dependent was a resident of California on September 11, 2001.

(2) The individual killed in the attacks was a resident of California on September 11, 2001.

(k) A determination of whether a person is a resident of California on September 11, 2001, for purposes of subdivision (j) shall be based on the criteria set forth in Chapter 1 (commencing with Section 68000) of Part 41 of Division 5 for determining nonresident and resident tuition.

(l) (1) "Dependent," for purposes of subdivision (j), is a person who, because of his or her relationship to an individual killed as a result of injuries sustained during the terrorist attacks of September 11, 2001, qualifies for compensation under the federal September 11th Victim Compensation Fund of 2001 (Title IV (commencing with Section 401) of Public Law 107-42).

(2) A dependent who is the surviving spouse of an individual killed in the terrorist attacks of September 11, 2001, is entitled to the waivers provided in this section until January 1, 2013.

(3) A dependent who is the surviving child, natural or adopted, of an individual killed in the terrorist attacks of September 11, 2001, is entitled to the waivers under subdivision (j) until that person attains 30 years of age.

(4) A dependent of an individual killed in the terrorist attacks of September 11, 2001, who is determined to be eligible by the California Victim Compensation and Government Claims Board, is also entitled to the waivers provided in this section until January 1, 2013.

(m) (1) It is the intent of the Legislature that sufficient funds be provided to support the provision of a fee waiver for every student who demonstrates eligibility pursuant to subdivisions (g) to (j), inclusive.

(2) From funds provided in the annual Budget Act, the board of governors shall allocate to community college districts, pursuant to this subdivision, an amount equal to 2 percent of the fees waived pursuant to subdivisions (g) to (j), inclusive. From funds provided in the annual Budget Act, the board of governors shall allocate to community college districts, pursuant to this subdivision, an amount equal to ninety-one cents ($0.91) per credit unit waived pursuant to subdivisions (g) to (j), inclusive. It is the intent of the Legislature that funds provided pursuant to this subdivision be used to support the determination of financial need and delivery of student

financial aid services, on the basis of the number of students for whom fees are waived. It also is the intent of the Legislature that the funds provided pursuant to this subdivision directly offset mandated costs claimed by community college districts pursuant to Commission on State Mandates consolidated Test Claims 99-TC-13 (Enrollment Fee Collection) and 00-TC-15 (Enrollment Fee Waivers). Funds allocated to a community college district for determination of financial need and delivery of student financial aid services shall supplement, and shall not supplant, the level of funds allocated for the administration of student financial aid programs during the 1992–93 fiscal year.

(n) The board of governors shall adopt regulations implementing this section.

(o) This section shall become operative on May 1, 2012, only if subdivision (b) of Section 3.94 of the Budget Act of 2011 is operative.

(p) This section shall become inoperative and is repealed on June 30, 2014.

76300. (a) The governing board of each community college district shall charge each student a fee pursuant to this section.

(b) (1) The fee prescribed by this section shall be forty-six dollars ($46) per unit per semester, effective with the summer term of the 2012 calendar year.

(2) The board of governors shall proportionately adjust the amount of the fee for term lengths based upon a quarter system, and also shall proportionately adjust the amount of the fee for summer sessions, intersessions, and other short-term courses. In making these adjustments, the board of governors may round the per unit fee and the per term or per session fee to the nearest dollar.

(c) For the purposes of computing apportionments to community college districts pursuant to Section 84750.5, the board of governors shall subtract, from the total revenue owed to each district, 98 percent of the revenues received by districts from charging a fee pursuant to this section.

(d) The board of governors shall reduce apportionments by up to 10 percent to any district that does not collect the fees prescribed by this section.

(e) The fee requirement does not apply to any of the following:

(1) Students enrolled in the noncredit courses designated by Section 84757.

(2) California State University or University of California students enrolled in remedial classes provided by a community college district on a campus of the University of California or a campus of the California State University, for whom the district claims an attendance apportionment pursuant to an agreement between the district and the California State University or the University of California.

(3) Students enrolled in credit contract education courses pursuant to Section 78021, if the entire cost of the course, including administrative costs, is paid by the public or private agency, corporation, or association with which the district is contracting and if these students are not included in the calculation of the full-time equivalent students (FTES) of that district.

(f) The governing board of a community college district may exempt special part-time students admitted pursuant to Section 76001 from the fee requirement.

(g) (1) The fee requirements of this section shall be waived for any student who meets all of the following requirements:

(A) Meets minimum academic and progress standards adopted by the board of governors, which fulfill the requirements outlined in this paragraph and paragraphs (2) to (5), inclusive. Any minimum academic and progress standards adopted pursuant to this section shall be uniform across all community college districts and campuses. These standards shall not include a maximum unit cap, and community college districts and colleges shall not impose requirements for fee waiver eligibility other than the minimum academic and progress standards adopted by the board of governors and the requirements of subparagraph (B).

(B) Meets one of the following criteria:

(i) At the time of enrollment, is a recipient of benefits under the Temporary Assistance for Needy Families program, the Supplemental Security Income/State Supplementary Payment Program, or a general assistance program.

(ii) Demonstrates ~~eligibility according to income standards established by regulations of the board of governors~~ total family income in the prior year equal to or less than 150 percent of the United States Department of Health and Human Services Poverty Guidelines for a family of that size. Family income shall be calculated in accordance with the methodology set forth in federal law for determining if the student is independent or dependent, with exceptions that shall be articulated in regulations by the board of governors.

(iii) Demonstrates financial need in accordance with the methodology set forth in federal law or regulation for determining the expected family contribution of students seeking financial aid.

(C) Eligibility for subdivisions (B)(i), (B)(ii) and (B)(iii) shall be determined by utilizing the Free Application for Federal Student Aid, or a California Dream Act Application, whichever applies.

(D) Fees shall be waived for one term for students who do not have the necessary documentation, so long as they are in the process of completing the Free Application for Federal Student Aid, or a California Dream Act Application, whichever applies.

(2) (A) The board of governors, in consultation with students, faculty, and other key stakeholders, shall consider all of the following in the development and adoption of minimum academic and progress standards pursuant to subparagraph (A) of paragraph (1):

(i) Minimum uniform academic and progress standards that do not unfairly disadvantage financially needy students in pursuing their education.

(ii) Criteria for reviewing extenuating circumstances and granting appeals that, at a minimum, take into account and do not penalize a student for circumstances outside his or her control, such as reductions in student support services or changes to the economic situation of the student.

(iii) A process for reestablishing fee waiver eligibility that provides a student with a reasonable opportunity to continue or resume his or her enrollment at a community college.

(B) To ensure that students are not unfairly impacted by the requirements of subparagraph (A) of paragraph (1), the board of governors shall establish a reasonable implementation period that commences no sooner than one year from adoption of the minimum academic and progress standards, or any subsequent changes to these standards, pursuant to subparagraph (A) of paragraph (1) and that is phased in to provide students adequate notification of this requirement and information about available support resources.

(3) It is the intent of the Legislature that minimum academic and progress standards adopted pursuant to subparagraph (A) of paragraph (1) be implemented only as campuses develop and implement the student support services and interventions necessary to ensure no disproportionate impact to students based on ethnicity, gender, disability, or socioeconomic status. The board of governors shall consider the ability of community college districts to meet the requirements of this paragraph before adopting minimum academic and progress standards, or any subsequent changes to these standards, pursuant to subparagraph (A) of paragraph (1).

(4) It is the intent of the Legislature to ensure that a student shall not lose fee waiver eligibility without a community college campus first demonstrating a reasonable effort to provide a student with adequate notification and assistance in maintaining his or her fee waiver eligibility. The board of governors shall adopt regulations to implement this paragraph that ensure all of the following:

(A) Students are provided information about the available student support services to assist them in maintaining fee waiver eligibility.

(B) Community college district policies and course catalogs reflect the minimum academic and progress standards adopted pursuant to subparagraph (A) of paragraph (1) and that appropriate notice is provided to students before the policies are put into effect.

(C) A student does not lose fee waiver eligibility unless he or she has not met minimum academic and progress standards adopted pursuant to subparagraph (A) of paragraph (1) for a period of no less than two consecutive academic terms.

(5) The board of governors shall provide notification of a proposed action to adopt regulations pursuant to this subdivision to the appropriate policy and fiscal committees of the Legislature in accordance with the requirements of paragraph (1) of subdivision (a) of Section 70901.5. This notification shall include, but not be limited to, all of the following:

(A) The proposed minimum academic and progress standards and information detailing how the requirements of paragraphs (1) to (4), inclusive, have been or will be satisfied.

(B) How many students may lose fee waiver eligibility by ethnicity, gender, disability, and, to the extent relevant data is available, by socioeconomic status.

(C) The criteria for reviewing extenuating circumstances, granting appeals; and reestablishing fee waiver eligibility pursuant to paragraph (2).

(h) The fee requirements of this section shall be waived for any student who, at the time of enrollment, is a dependent or surviving spouse who has not remarried, of any member of the California National Guard who, in the line of duty and while in the active service of the state, was killed, died of a disability resulting from an event that occurred while in the active service of the state, or is permanently disabled as a result of an event that occurred while in the active service of the state. "Active service of the state," for the purposes of this subdivision, refers to a member of the California National Guard activated pursuant to Section 146 of the Military and Veterans Code.

(i) The fee requirements of this section shall be waived for any student who is the surviving spouse or the child, natural or adopted, of a deceased person who met all of the requirements of Section 68120.

(j) The fee requirements of this section shall be waived for any student in an undergraduate program, including a student who has previously graduated from another undergraduate or graduate program, who is the dependent of any individual killed in the September 11, 2001, terrorist attacks on the World Trade Center and the Pentagon or the crash of United Airlines Flight 93 in southwestern Pennsylvania, if that dependent meets the financial need requirements set forth in Section 69432.7 for the Cal Grant A Program and either of the following applies:

(1) The dependent was a resident of California on September 11, 2001.

(2) The individual killed in the attacks was a resident of California on September 11, 2001.

(k) A determination of whether a person is a resident of California on September 11, 2001, for purposes of subdivision (j) shall be based on the criteria set forth in Chapter 1 (commencing with Section 68000) of Part 41 of Division 5 for determining nonresident and resident tuition.

(l) (1) "Dependent," for purposes of subdivision (j), is a person who, because of his or her relationship to an individual killed as a result of injuries sustained during the terrorist attacks of September 11, 2001, qualifies for compensation under the federal September 11th Victim Compensation Fund of 2001 (Title IV (commencing with Section 401) of Public Law 107-42).

(2) A dependent who is the surviving spouse of an individual killed in the terrorist attacks of September 11, 2001, is entitled to the waivers provided in this section until January 1, 2013.

(3) A dependent who is the surviving child, natural or adopted, of an individual killed in the terrorist attacks of September 11, 2001, is entitled to the waivers under subdivision (j) until that person attains 30 years of age.

(4) A dependent of an individual killed in the terrorist attacks of September 11, 2001, who is determined to be eligible by the California Victim Compensation and Government Claims Board, is also entitled to the waivers provided in this section until January 1, 2013.

(m) (1) It is the intent of the Legislature that sufficient funds be provided to support the provision of a fee waiver for every student who demonstrates eligibility pursuant to subdivisions (g) to (j), inclusive.

(2) From funds provided in the annual Budget Act, the board of governors shall allocate to community college districts, pursuant to this subdivision, an amount equal to 2 percent of the fees waived pursuant to subdivisions (g) to (j), inclusive. From funds provided in the annual Budget Act, the board of governors shall allocate to community college districts, pursuant to this subdivision, an amount equal to ninety-one cents ($0.91) per credit unit waived pursuant to subdivisions (g) to (j), inclusive. It is the intent of the Legislature that funds provided pursuant to this subdivision be used to support the determination of financial need and delivery of student financial aid services, on the basis of the number of students for whom fees are waived. It also is the intent of the Legislature that the funds provided pursuant to this subdivision directly offset mandated costs claimed by community college districts pursuant to Commission on State Mandates consolidated Test Claims 99-TC-13 (Enrollment Fee Collection) and 00-TC-15 (Enrollment Fee Waivers). Funds allocated to a community college district for determination of financial need and delivery of student financial aid services shall supplement, and shall not supplant, the level of funds allocated for the administration of student financial aid programs during the 1992–93 fiscal year.

(n) The board of governors shall adopt regulations implementing this section.

(o) This section shall become operative on May 1, 2012, only if subdivision (b) of Section 3.94 of the Budget Act of 2011 is operative.

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

76305. The board of governors, prior to January 1, 2014, shall establish alternative methods for students to demonstrate their financial independence that are less restrictive than those used in other state and federal financial aid programs. These methods may include, but are not limited to, a student providing recent tax information demonstrating filing as an independent."

Community College Mandates Block Grant

Section 17581.7of the Government Code is amended as follows:

17581.7. ~~(a) Commencing with the 2012–13 fiscal year, funds provided in Item 6870-296-0001 of Section 2.00 of the annual Budget Act shall be allocated as block grants to community college districts to support all of the mandated programs described in subdivision (d).~~ (a) Funding apportioned pursuant to this section shall constitute reimbursement pursuant to Section 6 of Article XIII B of the California Constitution for the performance of any state mandates included in the statutes and executive orders identified in subsection (f).

~~(b) (1) Notwithstanding any other law, each fiscal year a community college district may receive funding for the performance of mandated activities listed in subdivision (d) either through the block grant established pursuant to this section or by claiming reimbursement pursuant to Section 17560. A community college district that claims reimbursement for any mandated activities pursuant to Section 17560 for mandated costs incurred during a fiscal year shall not be eligible for funding pursuant to this section for the same fiscal year.~~

(b) Any community college district may elect to receive block grant funding pursuant to this section.

~~(2)~~(c) (1) A community college district that elects to receive block grant funding pursuant to this section in a given fiscal year ~~instead of seeking reimbursement pursuant to Section 17560~~ shall submit a letter requesting funding ~~of intent~~ to the Chancellor of the California Community Colleges on or before ~~September~~ August 30 of ~~each~~ that fiscal year ~~requesting block grant funding pursuant to this section~~.

(2) The chancellor shall apportion block grant funding appropriated in Item 6870-296-0001 of Section 2.00 of the annual Budget Act to all community college districts that submitted letters

requesting funding in that fiscal year according to the provisions of that item ~~distribute funding provided pursuant to subdivision (a) to community colleges pursuant to the rates set forth in Item 6870-296-0001 of Section 2.00 of the annual Budget Act.~~

(3) A community college district that receives block grant funding pursuant to this section shall not be eligible to submit claims to the Controller for reimbursement pursuant to Section 17560 for any costs of any state mandates included in the statutes and executive orders identified in subsection (f) incurred in the same fiscal year during which the community college district received funding pursuant to this section. ~~Funding distributed pursuant to this section is in lieu of reimbursement pursuant to Section 6 of Article XIIIB of the California Constitution for the performance of all activities specified in subdivision (d) as those activities pertain to community college districts. A community college district that submits a letter of intent and receives block grant funding pursuant to this section shall not also be eligible to submit a claim for reimbursement of costs incurred for a mandated program set forth in subdivision (d) for the fiscal year for which the block grant funding is received.~~

(e) ~~(c) Block grant funding provided to community college districts~~ All funding apportioned pursuant to this section is subject to annual financial and compliance audits required by Section 84040 of the Education Code.

(f) ~~(d) Block grant funding provided~~ Block grant funding apportioned pursuant to this section ~~to individual community college districts~~ is ~~to support all of the following mandated programs~~ specifically intended to fund the costs of the following programs:

(1) Absentee Ballots (CSM 3713; Chapter 77 of the Statutes of 1978; and Chapter 1032 of the Statutes of 2002).

(2) Agency Fee Arrangements (00-TC-17 and 01-TC-14; Chapter 893 of the Statutes of 2000; and Chapter 805 of the Statutes of 2001).

(3) Cal Grants (02-TC-28; Chapter 403 of the Statutes of 2000).

(4) California State Teachers Retirement System Service Credit (02-TC-19; Chapter 603 of the Statutes of 1994; Chapters 383, 634, and 680 of the Statutes of 1996; Chapter 838 of the Statutes of 1997; Chapter 965 of the Statutes of 1998; Chapter 939 of the Statutes of 1999; and Chapter 1021 of the Statutes of 2000).

(5) Collective Bargaining (CSM 4425 and 97-TC-08; Chapter 961 of the Statutes of 1975).

(6) Community College Construction (02-TC-47; Chapter 910 of the Statutes of 1980; Chapters 470 and 891 of the Statutes of 1981; Chapter 973 of the Statutes of 1988; Chapter 1372 of the Statutes of 1990; Chapter 1038 of the Statutes of 1991; and Chapter 758 of the Statutes of 1995).

(7) Discrimination Complaint Procedures (02-TC-42 and portions of 02-TC-25 and 02-TC-31; Chapter 1010 of the Statutes of 1976; Chapter 470 of the Statutes of 1981; Chapter 1117 of the Statutes of 1982; Chapter 143 of the Statutes of 1983; Chapter 1371 of the Statutes of 1984; Chapter 973 of the Statutes of 1988; Chapter 1372 of the Statutes of 1990; Chapter 1198 of the Statutes of 1991; Chapter 914 of the Statutes of 1998; Chapter 587 of the Statutes of 1999; and Chapter 1169 of the Statutes of 2002).

(8) Enrollment Fee Collection and Waivers (99-TC-13 and 00-TC-15).

(9) Health Fee Elimination (CSM 4206; Chapter 1 of the Statutes of 1984, Second Extraordinary Session).

(10) Mandate Reimbursement Process I and II (CSM 4204, CSM 4485, and 05-TC-05; Chapter 486 of the Statutes of 1975).

(11) Minimum Conditions for State Aid (02-TC-25 and 02-TC-31; Chapter 802 of the Statutes of 1975; Chapters 275, 783, 1010, and 1176 of the Statutes of 1976; Chapters 36 and 967 of the Statutes of 1977; Chapters 797 and 977 of the Statutes of 1979; Chapter 910 of the Statutes of 1980; Chapters 470 and 891 of the Statutes of 1981; Chapters 1117 and 1329 of the Statutes of 1982; Chapters 143 and 537 of the Statutes of 1983; Chapter 1371 of the Statutes of 1984; Chapter 1467 of the Statutes of 1986; Chapters 973 and 1514 of the Statutes of 1988; Chapters

1372 and 1667 of the Statutes of 1990; Chapters 1038, 1188, and 1198 of the Statutes of 1991; Chapters 493 and 758 of the Statutes of 1995; Chapters 365, 914, and 1023 of the Statutes of 1998; Chapter 587 of the Statutes of 1999; Chapter 187 of the Statutes of 2000; and Chapter 1169 of the Statutes of 2002).

(12) Open Meetings/Brown Act Reform (CSM 4257 and CSM 4469; Chapter 641 of the Statutes of 1986; and Chapters 1136, 1137, and 1138 of the Statutes of 1993).

(13) Prevailing Wage Rate (01-TC-28; Chapter 1249 of the Statutes of 1978).

(14) Reporting Improper Governmental Activities (02-TC-24; Chapter 416 of the Statutes of 2001; and Chapter 81 of the Statutes of 2002).

(15) Sex Offenders: Disclosure by Law Enforcement Officers (97-TC-15; Chapters 908 and 909 of the Statutes of 1996; Chapters 17, 80, 817, 818, 819, 820, 821, and 822 of the Statutes of 1997; and Chapters 485, 550, 927, 928, 929, and 930 of the Statutes of 1998).

(16) Threats Against Peace Officers (CSM 96-365-02; Chapter 1249 of the Statutes of 1992; and Chapter 666 of the Statutes of 1995).

(17) Tuition Fee Waivers (02-TC-21; Chapter 36 of the Statutes of 1977; Chapter 580 of the Statutes of 1980; Chapter 102 of the Statutes of 1981; Chapter 1070 of the Statutes of 1982; Chapter 753 of the Statutes of 1988; Chapters 424, 900, and 985 of the Statutes 1989; Chapter 1372 of the Statutes of 1990; Chapter 455 of the Statutes of 1991; Chapter 8 of the Statutes of 1993; Chapter 389 of the Statutes of 1995; Chapter 438 of the Statutes of 1997; Chapter 952 of the Statutes of 1998; Chapters 571 and 949 of the Statutes of 2000; Chapter 814 of the Statutes of 2001; and Chapter 450 of the Statutes of 2002).

(g) ~~(e)~~ On or before November 1 of each fiscal ~~year~~, ~~The~~ the chancellor ~~Chancellor of the California Community Colleges~~ shall ~~compile~~ produce a report ~~list of all community college districts that received block grant funding in the prior fiscal year pursuant to subdivision (a). This list shall include~~ that indicates the total amount of block grant funding each community college district received in the current fiscal year pursuant to this section. The chancellor shall provide this ~~information~~ report to the appropriate fiscal and policy committees of the Legislature, the Controller, the Department of Finance, and the Legislative Analyst's Office ~~on or before September 9 of each year~~.

Application of Moneys in Excess of the Proposition 98 Minimum Funding Amount

Section 41207.7 of the Education Code is added as follows:

"41207.7. (a) If the Superintendent and the Director of Finance jointly determine that, in the current fiscal year, the state has applied moneys for the support of school districts and community college districts in an amount that exceeds the minimum amount required for that fiscal year pursuant to Section 8 of Article XVI of the California Constitution, the excess amount shall be deemed, as of June 30 of that fiscal year, a payment in satisfaction of any outstanding balance of the Proposition 98 minimum funding obligation in prior fiscal years in accordance with the following:

(1) Amounts shall first be deemed payment of the outstanding balance of the fiscal settlement agreed to by the parties in California Teachers Association, et al. v. Arnold Schwarzenegger (Case Number 05CS01165 of the Superior Court for the County of Sacramento) and Chapter 213 of the Statutes of 2004 for the 2004-05 and 2005-06 fiscal years, as determined in subdivision (a) or (b) of Section 41207.1.

(2) Any amounts made that exceed the payment required in subdivision (a) (1) of this section shall next be applied to any remaining balance of the Proposition 98 minimum funding obligation in prior fiscal years.

(b) The amounts appropriated and allocated pursuant to this section shall be applied to the outstanding balance of the Proposition 98 minimum funding obligation in chronological order and shall be deemed, for purposes of Section 8 of Article XVI of the California Constitution, to be appropriations made and allocated in the fiscal year in which the deficiencies resulting in the outstanding balance were incurred.

(c) This section shall be operative in the 2012-13 fiscal year and subsequent years."

Quality Education Investment Act (QEIA)

Section 52055.770 of the Education is amended as follows:

"52055.770. (a) School districts and chartering authorities shall receive funding at the following rate, on behalf of funded schools:

(1) For kindergarten and grades 1 to 3, inclusive, five hundred dollars ($500) per enrolled pupil in funded schools.

(2) For grades 4 to 8, inclusive, nine hundred dollars ($900) per enrolled pupil in funded schools.

(3) For grades 9 to 12, inclusive, one thousand dollars ($1,000) per enrolled pupil in funded schools.

(b) For purposes of subdivision (a), enrollment of a pupil in a funded school in the prior fiscal year shall be based on data from the CBEDS. For the 2007–08 fiscal year, the funded rates shall be reduced to reflect the percentage difference in the total amounts appropriated for purposes of this section in that year compared to the amounts appropriated for purposes of this section in the 2008–09 fiscal year.

(c) The following amounts are hereby appropriated from the General Fund for the purposes set forth in subdivision (g):

(1) For the 2007–08 fiscal year, three hundred million dollars ($300,000,000), to be allocated as follows:

(A) Thirty-two million dollars ($32,000,000) for transfer by the Controller to Section B of the State School Fund for allocation by the Chancellor of the California Community Colleges to community colleges for the purpose of providing funding to the community colleges to improve and expand career technical education in public secondary education and lower division public higher education pursuant to Section 88532, including the hiring of additional faculty to expand the number of career technical education programs and course offerings.

(B) Two hundred sixty-eight million dollars ($268,000,000) for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent pursuant to this article.

(2) For each of the 2008–09, and 2011–12, ~~and 2014–15~~ fiscal years, four hundred fifty million dollars ($450,000,000) per fiscal year, to be allocated as follows:

(A) Forty-eight million dollars ($48,000,000) for transfer by the Controller to Section B of the State School Fund for allocation by the Chancellor of the California Community Colleges to community colleges as required under subdivision (e) for the 2008–09 fiscal year, and under subdivision (f) for the 2011–12 and 2014–15 fiscal years.

(B) Four hundred two million dollars ($402,000,000) for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent pursuant to this article.

(3) For the 2009–10 fiscal year, thirty million dollars ($30,000,000), to be allocated for transfer by the Controller to Section B of the State School Fund for allocation by the Chancellor of the California Community Colleges to community colleges as required under subdivision (e).

(4) For the 2010–11 fiscal year, four hundred twenty million dollars ($420,000,000), to be allocated as follows:

(A) Eighteen million dollars ($18,000,000) for transfer by the Controller to Section B of the State School Fund for allocation by the Chancellor of the California Community Colleges to community colleges as required under subdivision (e).

(B) Four hundred two million dollars ($402,000,000) for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent pursuant to this article.

(5) For the 2014–15 fiscal year, the amount of the difference between the sum of amounts appropriated under paragraphs (1) through (4) of subdivision (c) of this section and Sections 41207.6 and 41207.7(a)(1), and the total fiscal settlement agreed to by the parties in California Teachers Association, et al. v. Arnold Schwarzenegger (Case Number 05CS01165 of the Superior Court for the County of Sacramento), to be allocated pursuant to subparagraphs (A) and (B) of this paragraph. The sum of all fiscal years of funding provided pursuant to this section and Sections 41207.6 and 41207.7(a)(1) shall not exceed the total funds agreed to by those parties.

(A) Eleven percent for transfer by the Controller to Section B of the State School Fund for allocation by the Chancellor of the California Community Colleges to community colleges as required under subdivision (e).

(B) Eighty nine percent for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent pursuant to this article.

(6)~~(5)~~ Commencing with the 2010–11 fiscal year, payments made pursuant to this subdivision shall be made only on or after October 8 of each fiscal year.

(d) ~~For the 2014–15 fiscal year, the amounts appropriated under subdivision (c) shall be adjusted to reflect the total fiscal settlement agreed to by the parties in California Teachers Association, et al. v. Arnold Schwarzenegger (Case Number 05CS01165 of the Superior Court for the County of Sacramento) and the sum of all fiscal years of funding provided pursuant to this section and Sections~~ 41207.6 ~~shall not exceed the total funds agreed to by those parties.~~ This annual appropriation shall continue to be made until the Director of Finance reports to the Legislature, along with all proposed adjustments to the Governor's Budget pursuant to Section 13308 of the Government Code, that the sum of appropriations made and allocated pursuant to subdivision (c) equals the total outstanding balance of the minimum state educational funding obligation to school districts and community college districts required by Section 8 of Article XVI of the California Constitution and Chapter 213 of the Statutes of 2004 for the 2004–05 and 2005–06 fiscal years, as determined in subdivision (a) or (b) of Section 41207.1.

(e) The sum transferred under subparagraph (A) of paragraph (2) of subdivision (c) for the 2008–09 fiscal year shall be allocated by the Chancellor of the California Community Colleges as follows:

(1) Thirty-eight million dollars ($38,000,000) to the community colleges for the purpose of providing funding to the community colleges to improve and expand career technical education in public secondary education and lower division public higher education pursuant to Section 88532, including the hiring of additional faculty to expand the number of career technical education programs and course offerings.

(2) Ten million dollars ($10,000,000) to the community colleges for the purpose of providing one-time block grants to community college districts to be used for one-time items of expenditure, including, but not limited to, the following purposes:

(A) Physical plant, scheduled maintenance, deferred maintenance, and special repairs.

(B) Instructional materials and support.

(C) Instructional equipment, including equipment related to career technical education, with priority for nursing program equipment.

(D) Library materials.

(E) Technology infrastructure.

(F) Hazardous substances abatement, cleanup, and repair.

(G) Architectural barrier removal.

(H) State-mandated local programs.

(3) The Chancellor of the California Community Colleges shall allocate the amount allocated pursuant to paragraph (2) to community college districts on an equal amount per actual full-time equivalent student (FTES) reported for the prior fiscal year, except that each community college district shall be allocated an amount not less than fifty thousand dollars ($50,000), and the equal amount per unit of FTES shall be computed accordingly.

(4) Funds allocated under paragraph (2) shall supplement and not supplant existing expenditures and may not be counted as the community college district contribution for physical plant projects and instructional material purchases funded in Item 6870-101-0001 of Section 2.00 of the annual Budget Act.

(f) For each of the 2011–12 and 2014–15 fiscal years, the sum transferred pursuant to subparagraph (A) of paragraphs (2) and (5) of subdivision (c) shall be allocated by the Chancellor of the California Community Colleges to the community colleges for the purpose of improving and expanding career technical education in public secondary education and lower division public higher education pursuant to Section 88532, including the hiring of additional faculty to expand the number of career technical education programs and course offerings.

(g) The appropriations made under subdivision (c) and the amount specified in Sections 41207.6 and 41207.7 (a)(1) are for the purpose of discharging in full the minimum state educational funding obligation to school districts and community college districts pursuant to Section 8 of Article XVI of the California Constitution and Chapter 213 of the Statutes of 2004 for the 2004–05 fiscal year, and the outstanding maintenance factor for the 2005–06 fiscal year resulting from this additional payment of the Chapter 213 amount for the 2004–05 fiscal year.

(h) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, including computation of the state's minimum funding obligation to school districts and community college districts in subsequent fiscal years, the first one billion six hundred twenty million nine hundred twenty-eight thousand dollars ($1,620,928,000) in appropriations made pursuant to subdivision (c) and the amount specified in Sections 41207.6 and 41207.7(a)(1) shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202 and "General Fund Revenues appropriated for community college districts," as defined in subdivision (d) of Section 41202, for the 2004–05 fiscal year and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202, for that fiscal year. The remaining appropriations made pursuant to subdivision (c) and the amount specified in Sections 41207.6 and 41207.7(a)(1) shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202 and "General Fund revenues appropriated for community college districts," as defined in subdivision (d) of Section 41202, for the 2005–06 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 XIIIB," as defined in subdivision (e) of Section 41202, for that fiscal year.

(i) From funds appropriated under subdivision (c), the Superintendent shall provide both of the following:

(1) Not more than two million dollars ($2,000,000) annually to county superintendents of schools to carry out the requirements of this article, allocated in a manner similar to that created to carry out the new duties of those superintendents under the settlement agreement in the case of Williams v. California (Super. Ct. San Francisco, No. CGC-00-312236).

(2) Five million dollars ($5,000,000) in the 2007–08 fiscal year to support regional assistance under Section 52055.730. It is the intent of the Legislature that the Superintendent and the president of the state board or his or her designee, along with county offices of education, seek foundational and other financial support to sustain and expand these services. Funds provided

under this paragraph that are not expended in the 2007–08 fiscal year shall be reappropriated for use in subsequent fiscal years for the same purpose.

(j) Notwithstanding any other law, funds appropriated under subdivision (c) but not allocated to schools with kindergarten or grades 1 to 12, inclusive, in a fiscal year, due to program termination in any year or otherwise, shall be reappropriated in furtherance of the purposes of this article. First priority for those amounts shall be to provide cost-of-living increases and enrollment growth adjustments to funded schools.

(k) The sum of three hundred fifty thousand dollars ($350,000) is hereby appropriated from the General Fund to the department to fund 3.0 positions to implement this article. Funding provided under this subdivision is not part of funds provided pursuant to subdivision (c)."

Community College Deferrals

Section 84321.6 of the Education Code is amended as follows:

"84321.6. (a) Notwithstanding any other law that governs the regulations adopted by the Chancellor of the California Community Colleges to disburse funds, the payment of apportionments to community college districts pursuant to Sections 84320 and 84321 shall be adjusted by the following:

(1) For the month of January, one hundred twenty-six million ninety-four thousand dollars ($126,094,000) shall be deferred to July.

(2) For the month of February, one hundred thirty-five million dollars ($135,000,000)shall be deferred to July.

(3) For the month of March, one hundred thirty-five million dollars ($135,000,000) shall be deferred to July.

(4) For the month of April, one hundred thirty-five million dollars ($135,000,000) shall be deferred to July.

(5) For the month of May, one hundred thirty-five million dollars ($135,000,000) shall be deferred to July.

(6) For the month of June, one hundred thirty-five million dollars ($135,000,000) shall be deferred to July.

(b) In satisfaction of the moneys deferred pursuant to subdivision (a), the sum of eight hundred one million ninety-four thousand dollars ($801,094,000) is hereby appropriated in July of the 2013-14 fiscal year from the General Fund to the Board of Governors of the California Community Colleges for apportionments to community college districts, for expenditure during the 2013-14 fiscal year, to be expended in accordance with Schedule (1) of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2012.

(c) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, one hundred seventy-nine million, eight hundred and sixty-one thousand dollars ($179,861,000) of the appropriations made by subdivision (b) shall be deemed to be "General Fund revenues appropriated for community college districts," as defined in subdivision (d) of Section 41202, for the 2012-13 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202, for the 2012-13 fiscal year.

(ed) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, six hundred twenty-one million, two hundred thirty-three thousand dollars ($621,233,000) of the appropriations made by subdivision (b) shall be deemed to be "General Fund revenues appropriated for community college districts," as defined in subdivision (d) of Section 41202, for the 2013-14 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated

pursuant to Article XIII B," as defined in subdivision (e) of Section 41202, for the 2013-14 fiscal year.

(~~d~~e) This section shall not become operative until December 15, 2012, and ~~shall become operative only if the Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12-0009) is approved by the voters at the November 6, 2012, statewide general election, and all of the provisions of that act that modify personal income tax rates become operative. 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, this section shall not become operative and shall be repealed on January 1, 2013.~~as of January 1, 2014, is repealed.

84321.6. (a) Notwithstanding any other law that governs the regulations adopted by the Chancellor of the California Community Colleges to disburse funds, the payment of apportionments to community college districts pursuant to Sections 84320 and 84321 shall be adjusted by the following:

(1) For the month of February, seventeen million five hundred and thirty-four thousand dollars ($17,534,000) shall be deferred to July.

(2) For the month of March, one hundred thirty-five million dollars ($135,000,000) shall be deferred to July.

(3) For the month of April, one hundred thirty-five million dollars ($135,000,000) shall be deferred to July.

(4) For the month of May, one hundred thirty-five million dollars ($135,000,000) shall be deferred to July.

(5) For the month of June, one hundred thirty-five million dollars ($135,000,000) shall be deferred to July.

(b) In satisfaction of the moneys deferred pursuant to subdivision (a), the sum of five hundred fifty-seven million five hundred and thirty-four thousand dollars ($557,534,000) is hereby appropriated in July of the 2014-15 fiscal year from the General Fund to the Board of Governors of the California Community Colleges for apportionments to community college districts, for expenditure during the 2014-15 fiscal year, to be expended in accordance with Schedule (1) of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2013.

(c) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriations made by subdivision (b) shall be deemed to be "General Fund revenues appropriated for community college districts," as defined in subdivision (d) of Section 41202, for the 2014-15 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision

(e) of Section 41202, for the 2014-15 fiscal year.

(d) This section shall not become operative until December 15, 2013, and, as of January 1, 2015, is repealed."

DEPARTMENT OF FINANCE
OFFICE OF THE DIRECTOR

EDMUND G. BROWN JR. • GOVERNOR
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

MAY 14 2013

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendments to Various Budget Bill Items and Reimbursements, Support and Local Assistance, California Student Aid Commission

Reestablish Support Services Provided by Educational Credit Management Corporation (ECMC) (Issue 017)—It is requested that Schedule (1) of Item 6980-001-0001 be increased by $610,000 General Fund and 7 positions to reestablish printing and mailroom services and information technology support currently provided by ECMC. ECMC currently provides these services based on an operating agreement between ECMC and the Commission. However, the agreement is scheduled to expire June 30, 2013.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in Schedule (1), up to $610,000 is available for any expenses that may be necessary for the Commission to assume activities previously provided by Educational Credit Management Corporation. These funds shall not be expended unless first approved by the Department of Finance.

Revise Cal Grant Program Caseload (Issue 014)—It is requested that Schedule (1) of Item 6980-101-0001 be decreased by $42,018,000 General Fund to reflect revised caseload estimates for the Cal Grant Program. The May Revision estimates Cal Grant program costs increasing by $119.1 million from fiscal year 2012-13 to 2013-14.

Revise Loan Assumption Programs Caseload (Issue 015)—It is requested that Schedule (1) of Item 6980-101-0001 be decreased by $3,310,000 General Fund to reflect the revised caseload estimates for the loan assumption programs. The May Revision estimates loan assumption program costs decreasing by $8.5 million from 2012-13 to 2013-14.

Increase Offset of Cal Grant Program Costs with Student Loan Operating Fund (SLOF) (Issue 016)—It is requested that Schedule (3) of Item 6980-101-0001 be decreased by $38,149,000 and Item 6980-101-0784 be increased by $38,149,000 to reflect the availability of additional SLOF to offset Cal Grant General Fund program costs. Combined, the Governor's Budget and the May Revision provide $98,149,000 SLOF to generate a corresponding General Fund savings.

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Decrease Offset of Cal Grant Program Costs with Temporary Assistance for Needy Families (TANF) Reimbursement (Issue 018)—It is requested that Schedule (2) of Item 6980-101-0001 be increased by $18,696,000 and Item 6980-601-0001 be decreased by $18,696,000 to reflect a decrease in the amount of TANF reimbursements budgeted to offset Cal Grant General Fund costs. Combined, the Governor's Budget and May Revision provide $924,216,000 TANF reimbursements to generate a corresponding General Fund savings.

It is further requested that Provision 5 of Item 6980-101-0001 be amended as follows to conform to this action:

"5. Of the funds appropriated in Schedules (1) and (2), ~~$942,912,000~~ $924,216,000 reflects reimbursements from the State Department of Social Services from the Temporary Assistance for Needy Families Block Grant for the purposes of offsetting General Fund costs of the Cal Grant Program."

Federal Sequester Implementation (Issue 011)—It is requested that Provisions 1, 2, and 3 of Item 6980-101-0890 be amended as follows to clarify that the sequester of federal College Access Challenge Grant (Challenge Grant) funds does not reduce the amount of federal funds available to offset General Fund loan assumption program costs. Currently, the Challenge Grant supports two outreach programs, Cash for College and California Student Opportunity and Access Program, and a portion of the loan assumption programs.

"1. Of the funds appropriated in this item, up to $328,000 ~~is~~ may be available for the Cash for College Program. This amount reflects funds anticipated from the College Access Challenge Grant Program for the 2013–14 and 2014–15 federal fiscal years.

2. Of the funds appropriated in this item, up to $7,221,000 ~~is~~ may be available for California Student Opportunity and Access Program (Cal-SOAP), established under Article 4 (commencing with Section 69560) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code, and shall be for contract agreements and shall be available to provide financial aid awareness and outreach to students who are preparing to enter, or are currently enrolled in, college. Of this amount, $1,000,000 is dedicated for career technical education and the resulting career opportunities. The Student Aid Commission shall consult with the State Department of Education and the Office of the Chancellor of the California Community Colleges in determining the projects and activities for these funds. This amount reflects funds anticipated from the College Access Challenge Grant Program for the 2013-14 and 2014–15 federal fiscal years.

3. Of the funds appropriated in this item, at least $7,227,000 ~~is available for the purpose of offsetting~~ shall offset General Fund costs of financial aid programs. This amount reflects funds anticipated from the College Access Challenge Grant Program."

Current Year Adjustments

The following is informational and reflects programmatic savings:

Revise Cal Grant Program Caseload (Issue 014)—Schedule (1) of Item 6980-601-0001 is being decreased by $23,590,000 to reflect revised caseload estimates for the Cal Grant Program. The May Revision estimates Cal Grant program costs increasing by $37.4 million in 2012-13.

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Revise Loan Assumption Programs Caseload (Issue 015)—Schedule (1) of Item 6980-601-0001 is being decreased by $3,968,000 to reflect revised caseload estimates for the loan assumption programs. The May Revision estimates loan assumption program costs decreasing by $7.6 million in 2012-13.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Ed Hanson, Principal Program Budget Analyst, at (916) 445-0328.

ANA J. MATOSANTOS
Director
By:

/s/ Michael Cohen

MICHAEL COHEN
Chief Deputy Director

Attachment

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Bill Emmerson, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mike Gatto, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Marty Block, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Susan Bonilla, Chair, Assembly Budget Subcommittee No. 2
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Diana Fuentes-Michel, Executive Director, California Student Aid Commission