

CALIFORNIA CODES
EDUCATION CODE
SECTION 42238-42251

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 prior to 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) 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.

(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 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 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 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.

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.

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.

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.

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

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

(b) Subdivision (a) shall apply to the following school districts,

which shall be grouped according to size and type as follows:

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

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

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

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

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

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

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

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

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).

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.

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.

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.

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.

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.

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 than 8.25 percent of the total statewide units of average daily attendance for the appropriate size and type of district listed in subdivision (b).

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

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

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

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

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

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

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

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

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

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

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

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.

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

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

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

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

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

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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).

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.

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 prior to the enactment of Chapter 330 of the Statutes of 1982 were in effect during the current fiscal year.

(B) For the 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 paragraph (1) of subdivision (a) of Section 54203.

(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 of Public Instruction 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 of Public Instruction and the Director of Finance, prior to the 2002-03 fiscal year, may be excluded pursuant to this paragraph.

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

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

(7) For the 2003-04 fiscal year and any fiscal year thereafter, the revenue limit reduction specified in Section 42238.146 may not be applied to the amount of the increase or decrease to the revenue limits of school districts computed pursuant to paragraph (3).

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

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

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

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

daily attendance for the 2001-02 fiscal year.

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

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

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

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

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

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

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

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

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

(3) Notwithstanding any other law, total limitations pursuant to this subdivision may not annually exceed the amount described in paragraph (3) of subdivision (c) 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.

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.

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.

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.

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 19.754 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).

42238.15. (a) Notwithstanding any other provision of 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 subdivision (b) of Section 42238.1.

(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.

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.

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.

42238.19. For federal audit actions that became final by entry of judgment or final administrative decision on or after July 1, 1987, and that require repayment of funds to the federal government by the State Department of **Education** for federal audit exceptions based on findings in any school district or any other agency receiving federal funds through the department, the amount of the repayments, with interest due the federal government, may be deducted from the apportionment made to those districts or agencies by the Superintendent of Public Instruction. The amount that is repaid to the state under the provisions of Section 459 of the General **Education** Provisions Act (20 U.S.C. Sec. 1234h) shall be apportioned to the district in accordance with any grant back plan submitted by the district and the department and approved by the United States Department of **Education**.

42238.20. (a) Notwithstanding any other provision of law, commencing in the 2008-09 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 prior to 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 provision of 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.

(d) (1) Commencing with the 2008-09 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 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 fiscal year shall be determined as follows:

(1) Subtract 73.3 percent of the school district revenue limit funding per unit of average daily attendance computed pursuant to Section 42238 for the 2007-08 fiscal year for the school districts that entered into the joint powers agreement from the statewide average revenue limit 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) For purposes of computing attendance pursuant to Section 46300 or any other provision of 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) The auditor who conducts the annual audit pursuant to Section 41020 shall verify compliance with the requirements of 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) Notwithstanding any other provision of 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, 2012, and, as of January 1, 2013, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2013, deletes or extends the dates on which it becomes inoperative and 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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

42250.1. (a) From funds appropriated by the Legislature for this purpose for any fiscal year, the State Allocation Board shall

allocate to school districts selected by the board pursuant to this section, funding for the expenses of air-conditioning equipment and insulation materials, and for the costs of installing the equipment and materials, for **schools** operating in the current fiscal year or planning to operate in the second subsequent fiscal year on a year-round or continuous basis pursuant to Chapter 3 (commencing with Section 37400), Chapter 4 (commencing with Section 37500), or Chapter 5 (commencing with Section 37600) of Part 22.

(b) The board shall allocate the funds appropriated under subdivision (a) only to those school districts in which a high percentage of the pupils, or a significant number of the pupils, are enrolled in the current fiscal year or will be enrolled in the second subsequent fiscal year in year round or continuous **schools** as described in subdivision (a). The board shall grant preference in the allocation of those funds to those year round or continuous **schools** that are both situated in climates that require air-conditioning and insulation during June, July, and August, and have a high percentage of overcrowding of pupils. In addition, all **schools** participating in the demonstration program provided pursuant to Chapter 2.5 (commencing with Section 37300) of Part 22 and satisfying the criteria set forth in this subdivision shall be eligible to receive, and given priority for, the maximum allocation of funds under this section.

(c) Whenever a school district has received an allocation pursuant to this section for a school that was scheduled to begin operating year round in the second subsequent fiscal year but that did not begin operating year round in that fiscal year, the school district shall repay the amount allocated with interest to the State School Building Fund.

(d) A school district may elect to apply for funding under this section on a basis that groups two or more qualifying **schools** in the district.

A school district that elects to apply for funding pursuant to this subdivision shall identify the cost for each school in that application. The total of those costs shall be the maximum amount apportioned by the state for those **schools** contained in that single application and that amount shall be no more than the amount that would have been apportioned to each school if each school had submitted an application individually.

(e) Funds allocated to any school district under this section may be expended only to pay the actual allowable expenses of air-conditioning equipment and insulation materials, and of the installation of air-conditioning equipment and insulation materials, at the project sites that generated the funding eligibility.

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.