

AMENDED IN ASSEMBLY APRIL 18, 2013

AMENDED IN ASSEMBLY APRIL 3, 2013

AMENDED IN ASSEMBLY MARCH 19, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 200**

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**Introduced by Assembly Member Hagman**

January 29, 2013

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An act to amend Sections 42605 and 42606 of the Education Code, relating to education finance.

LEGISLATIVE COUNSEL'S DIGEST

AB 200, as amended, Hagman. Education finance: categorical programs.

(1) Existing law establishes various categorical education programs, and appropriates the funding for those programs in the annual Budget Act. Existing law requires the Superintendent of Public Instruction, for the 2008–09 to 2014–15 fiscal years, inclusive, to apportion from the amounts provided in the annual Budget Act for specified categorical education programs an amount based on the relative proportion that the local educational agency received in the 2008–09 fiscal year for those programs and authorizes local educational agencies, for those fiscal years, to use these funds, with specified exceptions, for any educational purpose, to the extent permitted by federal law. Existing law requires a school district that receives funding on behalf of a charter school pursuant to certain provisions, for the 2008–09 to 2014–15 fiscal years, inclusive, to continue to distribute the funds to those charter schools based on the same relative proportion that the school district distributed in the 2007–08 fiscal year, as adjusted by the school district to reflect

changes in charter school attendance in the school district. Existing law requires a local educational agency to report expenditures of these funds to the State Department of Education. Existing law also requires the Superintendent, for the 2010–11 to 2014–15 fiscal years, inclusive, to allocate a supplemental categorical block grant to a charter school that began operation on or after the 2008–09 fiscal year, as specified.

This bill would delete the 2014–15 fiscal year termination dates and would require, commencing with the 2014–15 fiscal year, the apportionments from the categorical education programs, as described above, to be apportioned to recipients by multiplying the recipient’s per-pupil rate, calculated as specified, by the recipient’s current fiscal year average daily attendance. The bill would also require the department to adopt uniform definitions for reporting the expenditure of the funds and would require a local educational agency, as a condition of receiving the funds, to (A) report the expenditure of those funds ~~at each schoolsite~~ to the department, *as specified*, and (B) ~~post information on the Internet Web site of the local educational agency on the expenditure of the funds at each schoolsite on the Internet Web site of the local educational agency~~ *at the school district level on a per pupil basis and identify separately the amount expended at each schoolsite on a per pupil basis*. By requiring school districts to continue to distribute funds to charter schools, as discussed above, beyond the 2014–15 fiscal year, the bill would impose a state-mandated local program.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

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

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

- 1 SECTION 1. Section 42605 of the Education Code is amended
- 2 to read:
- 3 42605. (a) (1) Unless otherwise prohibited under federal law
- 4 or otherwise specified in subdivision (e), commencing with the

1 2008–09 fiscal year, recipients of funds from the items listed in  
2 paragraph (2) may use funding received, pursuant to subdivision  
3 (b), from any of these items listed in paragraph (2) that are  
4 contained in Section 2.00 of the annual Budget Act, for any  
5 educational purpose.

6 (2) Items 6110-104-0001, 6110-105-0001, 6110-108-0001,  
7 6110-122-0001, 6110-124-0001, 6110-137-0001, 6110-144-0001,  
8 6110-150-0001, 6110-151-0001, 6110-156-0001, 6110-181-0001,  
9 6110-188-0001, 6110-189-0001, 6110-190-0001, 6110-193-0001,  
10 6110-195-0001, 6110-198-0001, 6110-204-0001, 6110-208-0001,  
11 6110-209-0001, 6110-211-0001, 6110-227-0001, 6110-228-0001,  
12 6110-232-0001, 6110-240-0001, 6110-242-0001, 6110-243-0001,  
13 6110-244-0001, 6110-245-0001, 6110-246-0001, 6110-247-0001,  
14 6110-248-0001, 6110-260-0001, 6110-265-0001, 6110-266-0001,  
15 6110-267-0001, 6110-268-0001, and 6360-101-0001 of Section  
16 2.00.

17 (b) (1) (A) For the 2009–10 fiscal year to the 2013–14 fiscal  
18 year, inclusive, the Superintendent or other administering state  
19 agency, as appropriate, shall apportion from the amounts provided  
20 in the annual Budget Act for the items enumerated in paragraph  
21 (2) of subdivision (a) an amount to recipients based on the same  
22 relative proportion that the recipient received in the 2008–09 fiscal  
23 year for the programs funded through the items enumerated in  
24 paragraph (2) of subdivision (a).

25 (B) (i) Commencing with the 2014–15 fiscal year, the  
26 Superintendent or other administering state agency, as appropriate,  
27 shall, for the items enumerated in paragraph (2) of subdivision (a),  
28 apportion an amount to a recipient by multiplying the per-pupil  
29 rate, as determined in clause (ii), by the recipient’s current fiscal  
30 year average daily attendance.

31 (ii) For purposes of this subparagraph, the per-pupil rate shall  
32 be determined by dividing the amount a recipient received in the  
33 ~~2008–09~~ 2013–14 fiscal year for the programs funded through the  
34 items enumerated in paragraph (2) of subdivision (a) by the  
35 recipient’s ~~2008–09~~ 2013–14 fiscal year average daily attendance.

36 (2) This section and Section 42 of Chapter 12 of the Third  
37 Extraordinary Session of the Statutes of 2009 do not authorize a  
38 school district that receives funding on behalf of a charter school  
39 pursuant to Sections 47634.1 and 47651 to redirect this funding  
40 for another purpose unless otherwise authorized in law or pursuant

1 to an agreement between a charter school and its chartering  
2 authority. Notwithstanding paragraph (1), commencing with the  
3 2008–09 fiscal year, a school district that receives funding on  
4 behalf of a charter school pursuant to Sections 47634.1 and 47651  
5 shall continue to distribute the funds to those charter schools based  
6 on the relative proportion that the school district distributed in the  
7 2007–08 fiscal year, and shall adjust those amounts to reflect  
8 changes in charter school attendance in the school district. The  
9 amounts allocated shall be adjusted for any greater or lesser amount  
10 appropriated for the items enumerated in paragraph (2) of  
11 subdivision (a). For a charter school that began operation in the  
12 2008–09 fiscal year, if a school district received funding on behalf  
13 of that charter school pursuant to Sections 47634.1 and 47651, the  
14 school district shall continue to distribute the funds to that charter  
15 school based on the relative proportion that the school district  
16 distributed in the 2008–09 fiscal year and shall adjust the amount  
17 of those funds to reflect changes in charter school attendance in  
18 the school district. The amounts allocated shall be adjusted for any  
19 greater or lesser amount appropriated for the items enumerated in  
20 paragraph (2) of subdivision (a).

21 (3) Notwithstanding paragraph (1), commencing with the  
22 2008–09 fiscal year, the Superintendent shall apportion from the  
23 amounts appropriated by Item 6110-211-0001 of Section 2.00 of  
24 the annual Budget Act an amount to a charter school in accordance  
25 with the per-pupil methodology prescribed in subdivision (c) of  
26 Section 47634.1.

27 (4) Notwithstanding paragraph (1), commencing with the  
28 2008–09 fiscal year, the Superintendent shall apportion from the  
29 amounts provided in the annual Budget Act an amount to a school  
30 district, charter school, and county office of education based on  
31 the same relative proportion that the local educational agency  
32 received in the 2007–08 fiscal year for the programs funded  
33 through the following items contained in Section 2.00 of the annual  
34 Budget Act: 6110-104-0001, 6110-105-0001, 6110-156-0001,  
35 6110-190-0001, Schedule (3) of 6110-193-0001, 6110-198-0001,  
36 6110-232-0001, and Schedule (2) of 6110-240-0001.

37 (5) For purposes of paragraph (4), if a direct-funded charter  
38 school began operation in the 2008–09 fiscal year, the amount that  
39 the charter school was entitled to receive from the items  
40 enumerated in paragraph (4) for the 2008–09 fiscal year, as certified

1 by the Superintendent in March 2009, is deemed to have been  
2 received in the 2007–08 fiscal year.

3 (c) (1) This section does not obligate the state to refund or repay  
4 reductions made pursuant to this section. A decision by a school  
5 district to reduce funding pursuant to this section for a  
6 state-mandated local program shall constitute a waiver of the  
7 subvention of funds that the school district is otherwise entitled to  
8 pursuant to Section 6 of Article XIII B of the California  
9 Constitution on the amount so reduced.

10 (2) (A) As a condition of receipt of funds, the governing board  
11 of the school district or governing board of the county office of  
12 education, as appropriate, at a regularly scheduled open public  
13 hearing shall take testimony from the public, discuss, approve or  
14 disapprove the proposed use of funding, and make explicit for each  
15 of the budget items in paragraph (2) of subdivision (a) the purposes  
16 for which the funds will be used.

17 (B) The regularly scheduled open public hearing held pursuant  
18 to subparagraph (A) shall be held before and independent of a  
19 meeting where the governing board of the school district or  
20 governing board of the county office of education adopts a budget.  
21 If the governing board intends to close a program funded by the  
22 items listed in paragraph (2) of subdivision (a), the governing board  
23 shall identify, in the notice of the agenda of the public hearing or  
24 at another public hearing, the program or programs proposed to  
25 be closed.

26 (3) (A) ~~As a condition of receipt of funds, using the~~  
27 ~~Standardized Account Code Structure reporting process, a local~~  
28 ~~educational agency shall report to the department expenditures of~~  
29 ~~funds at each schoolsite pursuant to the authority of this section~~  
30 *The Legislature hereby finds and declares that, notwithstanding*  
31 *the flexibility authorized by paragraph (1) of subdivision (a), the*  
32 *intent of supplemental state aid is to ensure every pupil at every*  
33 *schoolsite receives effective instruction in order to preserve the*  
34 *fundamental right to a basic education and opportunity to learn.*  
35 *Accordingly, as a condition of receipt of funds for this purpose*  
36 *and to ensure reasonable transparency at the schoolsite level, each*  
37 *local educational agency receiving funds pursuant to this section*  
38 *shall report to the department expenditures of these funds at the*  
39 *school district level and identify separately the amount expended*  
40 *at each schoolsite pursuant to the definitions adopted pursuant to*

1 *subparagraph (B)*. by using the appropriate function codes to  
2 indicate the activities for which these funds are expended. The  
3 department shall collect and provide this information to the  
4 Department of Finance and the appropriate policy and budget  
5 committees of the Legislature by April 15, 2010, and annually  
6 thereafter on April 15.

7 (B) The department shall adopt uniform definitions for the  
8 Standardized Account Code Structure reporting process *that, at a*  
9 *minimum, include all data field definitions consistent with*  
10 *school-level expenditure reporting adopted by the department*  
11 *pursuant to the requirements of the federal American Recovery*  
12 *and Reinvestment Act of 2009 (Public Law 111-5).*

13 (4) As a condition of receipt of funds, a local educational agency  
14 shall post information *on its Internet Web site* on the expenditures  
15 of funds ~~at each schoolsite pursuant to the authority of this section~~  
16 ~~on its Internet Web site~~ *at the school district level on a per pupil*  
17 *basis and identify separately the amount expended at each*  
18 *schoolsite on a per pupil basis.*

19 (d) Commencing with the 2008–09 fiscal year local educational  
20 agencies that use the flexibility provision of this section shall be  
21 deemed to be in compliance with the program and funding  
22 requirements contained in statutory, regulatory, and provisional  
23 language, associated with the items enumerated in subdivision (a).

24 (e) Notwithstanding subdivision (d), the following requirements  
25 shall continue to apply:

26 (1) For Item 6110-105-0001 of Section 2.00 of the annual  
27 Budget Act, the amount authorized for flexibility shall exclude the  
28 funding provided to fund remedial educational services pursuant  
29 to Provision 4. For Item 6110-156-0001 of Section 2.00 of the  
30 annual Budget Act, the amount authorized for flexibility shall  
31 exclude the funding provided for instruction of CalWORKs-eligible  
32 pupils pursuant to Schedules (2) and (3) and Provisions 2 and 4.

33 (2) (A) Any instructional materials purchased by a local  
34 educational agency for kindergarten and grades 1 to 8, inclusive,  
35 and for grades 9 to 12, inclusive, shall be aligned with the state  
36 standards adopted pursuant to Section 60605 or 60605.8, and shall  
37 also meet the reporting and sufficiency requirements contained in  
38 Section 60119.

39 (B) For purposes of this section, “sufficiency requirements” are  
40 the requirements that each pupil has sufficient textbooks and

1 instructional materials in the four core areas as defined by Section  
2 60119 and that all pupils within the local educational agency who  
3 are enrolled in the same course shall have identical textbooks and  
4 instructional materials, as specified in Section 1240.3.

5 (3) For Item 6110-195-0001 of Section 2.00 of the annual  
6 Budget Act, the item shall exclude moneys that are required to  
7 fund awards for teachers that have previously met the requirements  
8 necessary to obtain these awards, until the award is paid in full.

9 (4) For Item 6110-266-0001 of Section 2.00 of the annual  
10 Budget Act, a county office of education shall conduct at least one  
11 site visit to each of the required schoolsites pursuant to Section  
12 1240 and shall fulfill all of the duties set forth in Sections 1240  
13 and 44258.9.

14 (5) For Item 6110-198-0001 of Section 2.00 of the annual  
15 Budget Act, a school district or county office of education that  
16 operates the child care component of the Cal-SAFE program shall  
17 comply with paragraphs (5) and (6) of subdivision (c) of Section  
18 54746.

19 (f) This section does not invalidate any state law pertaining to  
20 teacher credentialing requirements or the functions that require  
21 credentials.

22 SEC. 2. Section 42606 of the Education Code is amended to  
23 read:

24 42606. (a) To the extent funds are provided, commencing with  
25 the 2010–11 fiscal year, the Superintendent shall allocate a  
26 supplemental categorical block grant to a charter school that began  
27 operation during or after the 2008–09 fiscal year. These  
28 supplemental categorical block grant funds may be used for any  
29 educational purpose. Commencing in the 2011–12 fiscal year, a  
30 locally or direct funded charter school that converted from a  
31 preexisting school on or after the 2008–09 fiscal year, is not eligible  
32 for funding specified in this section. A charter school that receives  
33 funding pursuant to this subdivision shall not receive additional  
34 funding for programs specified in paragraph (2) of subdivision (a)  
35 of Section 42605, with the exception of the program funded  
36 pursuant to Item 6110-211-0001 of Section 2.00 of the annual  
37 Budget Act.

38 (b) (1) For the 2010–11 fiscal year, the supplemental categorical  
39 block grant shall equal one hundred twenty-seven dollars (\$127)  
40 per unit of charter school average daily attendance as determined

1 at the 2010–11 second principal apportionment for charter schools  
2 commencing operations during or after the 2008–09 fiscal year.  
3 A locally funded charter school that converted from a preexisting  
4 school during or after the 2008–09 fiscal year is not eligible for  
5 funding specified in this section.

6 (2) Commencing with the 2011–12 fiscal year, the supplemental  
7 categorical block grant shall equal one hundred twenty-seven  
8 dollars (\$127) per unit of charter school average daily attendance  
9 as determined at the current year second principal apportionment  
10 for charter schools commencing operations during or after the  
11 2008–09 fiscal year. In lieu of this supplemental grant, a school  
12 district shall provide new conversion charter schools that  
13 commenced operations within the school district during or after  
14 the 2008–09 fiscal year, one hundred twenty-seven dollars (\$127)  
15 per unit of charter school average daily attendance as determined  
16 at the current year second principal apportionment. This paragraph  
17 does not preclude a school district and a new conversion charter  
18 school from negotiating an alternative funding rate. Absent  
19 agreement from both parties on an alternative rate, the school  
20 district shall be obligated to provide funding at the one hundred  
21 twenty-seven dollars (\$127) per average daily attendance rate.

22 SEC. 3. If the Commission on State Mandates determines that  
23 this act contains costs mandated by the state, reimbursement to  
24 local agencies and school districts for those costs shall be made  
25 pursuant to Part 7 (commencing with Section 17500) of Division  
26 4 of Title 2 of the Government Code.