

**Senate Bill No. 81**

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Passed the Senate February 2, 2012

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*Secretary of the Senate*

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Passed the Assembly February 2, 2012

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*Chief Clerk of the Assembly*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2012, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

An act to amend Sections 2558.46 and 42238.146 of the Education Code, and to amend Section 57 of Chapter 7 of the Statutes of 2011, relating to education finance, and making an appropriation therefor, to take effect immediately, bill related to the budget.

## LEGISLATIVE COUNSEL'S DIGEST

SB 81, Committee on Budget and Fiscal Review. Budget Act of 2011.

(1) Under existing law, the amount of revenue that a district may collect annually for general purposes, called a revenue limit, is calculated in accordance with various statutory formulas. A basic aid school district is a school district where property tax revenues exceed the revenue limit and the district consequently does not receive a state apportionment. Existing law also expresses legislative intent that basic aid school districts assume categorical funding reductions proportionate to the revenue limit reductions implemented for nonbasic aid school districts in the 2008–09 and 2009–10 fiscal years. Existing law requires calculations to implement the funding reductions, including, in specified circumstances, subtracting an amount determined by multiplying each district's 2011–12 fiscal year total revenue limit, subject to a specified deficit factor and calculated as specified, by 8.92%.

This bill would instead require each district's 2011–12 fiscal year total revenue limit to be multiplied by 9.57%.

(2) Existing law requires a revenue limit to be calculated for each county superintendent of schools, adjusted for various factors, and reduced, as specified. Existing law reduces the revenue limit for each county superintendent of schools for the 2011–12 fiscal year by a deficit factor of 20.041%.

This bill would instead set the deficit factor for each county superintendent of schools for the 2011–12 fiscal year at 20.691%.

(3) Existing law requires the county superintendent of schools to determine a revenue limit for each school district in the county and requires the amount of the revenue limit to be adjusted for various factors. Existing law reduces the revenue limit for each

school district for the 2011–12 fiscal year by a deficit factor of 19.754%.

This bill would instead set the deficit factor for each school district for the 2011–12 fiscal year at 20.404%.

(4) Existing law authorized the Director of Finance to make reductions to certain appropriations in the Budget Act of 2011 if the higher of 2 specified revenue forecasts for the 2011–12 fiscal year was less one or both of 2 specified sums. Pursuant to this provision, the Director of Finance is required to reduce the appropriation for home-to-school transportation and small school district transportation that was included in the Budget Act of 2011 by up to \$248,000,000.

This bill would make an appropriation of \$248,000,000 from the General Fund to the State Department of Education, for transfer to Section A of the State School Fund, to restore any funding for home-to-school transportation and small school district transportation for the 2011–12 fiscal year reduced pursuant to this authority.

(5) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Appropriation: yes.

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

SECTION 1. Section 2558.46 of the Education Code is amended to read:

2558.46. (a) (1) For the 2003–04 fiscal year, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced by a 1.195 percent deficit factor.

(2) For the 2004–05 fiscal year, the revenue limit for each county superintendent of schools 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 county superintendent of schools determined pursuant to this article shall be reduced further by a 1.826 percent deficit factor.

(4) For the 2005–06 fiscal year, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced further by a 0.898 percent deficit factor.

(5) For the 2008–09 fiscal year, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced by a 7.839 percent deficit factor.

(6) For the 2009–10 fiscal year, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced by an 18.621 percent deficit factor.

(7) For the 2010–11 fiscal year, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced by an 18.250 percent deficit factor.

(8) For the 2011–12 fiscal year, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced by a 20.691 percent deficit factor.

(b) In computing the revenue limit for each county superintendent of schools for the 2006–07 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that county superintendent of schools 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 county superintendent of schools for the 2010–11 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that county superintendent of schools 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 county superintendent of schools for the 2011–12 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that county superintendent of schools 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 county superintendent of schools for the 2012–13 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that county superintendent of schools had been determined for the 2011–12 fiscal year without being reduced by the deficit factor specified in subdivision (a).

SEC. 2. Section 42238.146 of the Education Code is amended to read:

42238.146. (a) (1) For the 2003–04 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a 1.198 percent deficit factor.

(2) For the 2004–05 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a 0.323 percent deficit factor.

(3) For the 2003–04 and 2004–05 fiscal years, the revenue limit for each school district determined pursuant to this article shall be further reduced by a 1.826 percent deficit factor.

(4) For the 2005–06 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a 0.892 percent deficit factor.

(5) For the 2008–09 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a 7.844 percent deficit factor.

(6) For the 2009–10 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a 18.355 percent deficit factor.

(7) For the 2010–11 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a 17.963 percent deficit factor.

(8) For the 2011–12 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a 20.404 percent deficit factor.

(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).

SEC. 3. Section 57 of Chapter 7 of the Statutes of 2011 is amended to read:

Sec. 57. (a) It is the intent of the Legislature that basic aid school districts assume categorical funding reductions proportionate to the revenue limit reductions implemented for nonbasic aid school districts in the 2008–09 and 2009–10 fiscal years. It is the intent of the Legislature that the reductions to categorical funding for basic aid school districts set forth in this section be restored at the same time as, and in direct proportion to, reductions in the deficit factor for school district revenue limits set forth in Section 42238.146 of the Education Code. The Superintendent of Public Instruction shall reduce the amount of categorical funding allocated to basic aid school districts in the 2011–12 fiscal year, as follows:

(1) For the 2011–12 fiscal year, the State Department of Education shall notify each basic aid school district, by September 1, 2012, or two months after the Budget Act of 2012 is enacted, whichever is later, of the amount of funds to be reduced from its categorical funding allocations, as follows:

(A) Multiply each district's 2011–12 fiscal year total revenue limit subject to the deficit factor specified in paragraph (5) of subdivision (a) of Section 42238.146 of the Education Code, calculated as of the 2011–12 fiscal year certified second principal apportionment, by 9.57 percent.

(B) The department shall recover from categorical funds identified in paragraph (2) and apportioned in the 2012–13 fiscal year to school districts that were basic aid school districts in the 2011–12 fiscal year, the lesser of the amount calculated in subparagraph (A) or the amount by which the sum of the amounts described in subdivision (h) of Section 42238 of the Education Code exceeds the school district's revenue limit. This result will be further limited by the following:

(i) The amount of categorical funds to be reduced shall be limited to the extent that the provisions of Section 41975 of the Education Code cannot be met through other state aid.

(ii) If the amount determined in subparagraph (A) exceeds the amount of categorical funding owed or paid in the 2012–13 fiscal year to the basic aid school district for programs identified in paragraph (2), the department shall recover the lesser amount.

(2) The State Department of Education shall recover the amount of funds calculated in paragraph (1) and may offset funds for any categorical program to be received in the 2012–13 fiscal year, with the exception of funds received under the After School Education and Safety Program, the Quality Education Investment Act of 2006, and child care and development.

(b) By June 30, 2013, the State Department of Education shall report to the Controller and the Director of Finance the amounts that were recovered from each categorical education program and the corresponding item of appropriation in the Budget Act of 2011 that is to be reduced. The amounts so reduced shall revert to the General Fund. The reductions pursuant to this subdivision shall be reductions in the amount appropriated for purposes of Section 8 of Article XVI of the California Constitution for the 2011–12 fiscal year.

(c) For purposes of this section, “basic aid school district” means a school district that does not receive from the state, for the 2011–12 fiscal year, an apportionment of state funds pursuant to subdivision (h) of Section 42238 of the Education Code.

SEC. 4. In restoration of any moneys reduced pursuant to paragraph (1) of subdivision (c) of Section 3.94 of the Budget Act of 2011, the sum of two hundred forty-eight million dollars (\$248,000,000) is hereby appropriated from the General Fund to the State Department of Education, Program 10–Instruction, for transfer to Section A of the State School Fund, for Home to School Transportation and Small School District Transportation for the 2011–12 fiscal year, in augmentation of Item 6110-111-0001 of Section 2.00 of the Budget Act of 2011.

SEC. 5. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.

Approved \_\_\_\_\_, 2012

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*Governor*