

Date of Hearing: July 15, 2015

ASSEMBLY COMMITTEE ON EDUCATION

Patrick O'Donnell, Chair

SB 148 (McGuire) – As Amended June 2, 2015

[Note: This analysis is on the bill as proposed to be amended.]

SENATE VOTE: Not relevant

SUBJECT: Career technical education: Career and Job Skills Education Act.

SUMMARY: Updates statutory provisions governing school district reorganization to reflect the change from revenue limit funding to the local control funding formula (LCFF).

Specifically, **this bill:**

- 1) Defines “affected district” to mean a district that has been, or is proposed to be, affected by an action to reorganize.
- 2) Defines “original district” to mean a district as it existed prior to an action to reorganize.
- 3) Defines “former district” to mean a district that has been wholly included in another district or has had all of its territory made part of two or more other districts through any action to reorganize.
- 4) Defines “new district” to mean a district that is formed from all or portions of one or more other districts by an action to reorganize.
- 5) Defines “acquiring district” to mean a district that has all or portions of one or more other districts transferred into, or lapsed into, its boundaries.
- 6) Defines “divided district” to mean a district that has had a portion of its territory become part of a new district or transferred into one or more other districts by an action to reorganize.
- 7) Defines the “reorganized portion of a divided district” to mean the portion of the divided district’s territory that becomes part of a new district or is transferred into one or more other districts.
- 8) Defines the “remaining portion of a divided district” to mean the portion of the divided district’s territory that does not become part of a new district or that is not transferred into one or more other districts.
- 9) Defines “reorganized district” to mean a district that is a “new district,” an “acquiring district,” or a “divided district.”
- 10) Defines “component district” to mean an elementary school district which is included within a high school district or an elementary school district excluded from an action to unify a high school district but which continues to feed into the high schools of the new unified school district.

- 11) Replaces references to "base revenue limit" with references to "local control funding formula (LCFF) entitlement."
- 12) Repeals procedures for the computation of adjustments for employee salaries and benefits for a newly reorganized district based on revenue limit differences between the former districts.
- 13) Specifies procedures for making the following calculations for reorganized districts:
 - a) The LCFF entitlement;
 - b) The percentage of unduplicated pupils;
 - c) Categorical program funding;
 - d) Economic recovery target;
 - e) Transition funding (from revenue limits to the LCFF), including the calculation of revenue limit funding rates used to determine base funding during transition;
 - f) Calculation of the prior year funding gap; and
 - g) Calculation of the necessary small school add-on;

EXISTING LAW: Establishes provisions for determining the funding for reorganized districts based on revenue limits and categorical program funding.

FISCAL EFFECT: Unknown

COMMENTS: School district reorganization is the process of forming one or more districts from one or more existing districts. It can take many forms. For example, two or more districts can combine to form a single district, a single district can annex a portion of a neighboring district (in which case the neighboring district also loses territory), or a single district is broken into two or more smaller districts. In each case, the amount of funding that the reorganized districts are entitled to must be computed by taking into account existing funding formulas and the historical funding levels of the former districts.

Historically, this involved adjusting revenue limit and categorical program funding. However, the revenue limit financing system was replaced by the LCFF in 2013-14. In the adoption of LCFF, an attempt was made to provide a methodology to blend LCFF funding for newly organized school districts. Unfortunately, those provisions do not address all of the specific categories of LCFF funding and how they should be calculated for each affected school district. Therefore, the current LCFF statutes relating to district reorganization are not necessarily revenue neutral for either the school districts or the state.

This bill establishes how specific LCFF funding components will be calculated for various types of district reorganizations. According to the California Department of Education (CDE), the calculations will be revenue neutral to the state and equitable for all affected school districts.

Specifically, this bill establishes how specific LCFF funding components will be calculated for several types of district reorganizations, as follows:

1. Provides definitions for the districts affected by the reorganization, including but not limited to:
 - a) a new district (i.e. a new district that is formed from all or portions of one or more other districts),
 - b) an acquiring district (i.e. an existing district that acquires territory from one or more districts),
 - c) the reorganized portion of a divided district (i.e. the portion of an existing district that moves into a new or acquiring district),
 - d) the remaining portion of a divided district (i.e. an existing district that loses part of its territory to a new or acquiring district)

2. Specifies how funding will be calculated (e.g. summed, divided, etc.), based on the type of affected district (see number 1 above), for the following LCFF funding components during LCFF transition, including but not limited to:
 - a) Treatment of categorical funding subsumed into LCFF
 - b) Calculation of necessary small school add-on amount
 - c) Allowance for Minimum state aid
 - d) Calculation of revenue limit rates used to determine base funding during LCFF transition
 - e) Percentage of unduplicated pupils for LCFF funding
 - f) Calculation of prior year cumulative gap funding
 - g) Calculation of economic recovery target funding

3. Makes other technical or conforming changes to comport with the LCFF model

According to the CDE, about a dozen districts are currently in the process of reorganization.

Definition of terms

Unduplicated pupil are pupils who are either low income, an English learner, or in foster care. For purposes of the LCFF, a pupil who falls into more than category is counted only once (i.e., is "unduplicated").

The economic recovery target ensures that, upon full funding of the LCFF targets, all districts will have at least the same purchasing power as they had in 2007-08.

The funding gap is the difference between the LCFF funding target (i.e., the level of funding at full funding) for each district and the actual amount of LCFF funding it receives, based on the Budget Act.

REGISTERED SUPPORT / OPPOSITION:

Support

None received on this version

Opposition

None received on this version

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