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AB-2659 Elementary and secondary education: omnibus revisions. (2015-2016)

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Assembly Bill No. 2659

CHAPTER 186

An act to amend Sections 8261, 35147, 35514, 35531, 35545, 35555, 35556, 35559, 35561, 35562, 35563, 35566, 35572, 35574, 35576, 35577, 35578, 35579, 35700.1, 35705.5, 35706, 35706.5, 35708, 35709, 35710, 35711, 35720.5, 35736, 35740, 35753, 35754, 35755, 35759, 35780, 35780.1, 37223, 41326, 41327.2, 41339, 42103, 42127.1, 46600, 47605.1, 47605.6, 47612.1, 48300, 51781, 52302.8, 52520, 56337.5, 56339, 56426.6, 56441.11, 56475, 60800, and 60900 of, and to repeal Sections 32253, 41020.6, 41320.3, and 49082 of, the Education Code, and to amend Section 12 of Chapter 525 of the Statutes of 1995, relating to elementary and secondary education.

[Approved by Governor August 25, 2016. Filed with Secretary of State August 25, 2016.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2659, Committee on Education. Elementary and secondary education: omnibus revisions.

Existing law establishes a system of public elementary and secondary schools throughout the state. These schools are operated by local educational agencies and provide instruction to pupils in kindergarten and grades 1 to 12, inclusive.

Existing law requires a free appropriate public education to be made available to individuals with exceptional needs in accordance with specified federal regulations adopted pursuant to the federal Individuals with Disabilities Education Act.

Existing law requires each person between the ages of 6 to 18 years, inclusive, who is not otherwise exempt, to attend the public full-time day school in the school district in which his or her parent or guardian is a resident. Existing law authorizes the governing boards of 2 or more school districts to enter into an agreement, for a term not to exceed 5 school years, for the interdistrict attendance of pupils who are residents of the school districts.

This bill would make changes in statutes relating to public elementary and secondary schools, including specified statutes relating to the educational services provided to individuals with exceptional needs. The bill would prohibit a school district of residence, regardless of whether an interdistrict transfer agreement exists, from prohibiting the transfer of a pupil who is a child of an active military duty parent, as defined, to a school district of proposed enrollment if the school district of proposed enrollment approves the application for transfer. The bill would make clarifying changes in numerous terms and phrases, conform state statutes to federal regulations, and update cross-references to statutes and to state regulations adopted pursuant to federal regulations. The bill would also delete requirements for the submission of numerous reports relating to elementary and secondary education.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 8261 of the Education Code is amended to read:

8261. (a) The Superintendent shall adopt rules and regulations pursuant to this chapter. The rules and regulations shall include, but not be limited to, provisions that do all of the following:

(1) Provide clear guidelines for the selection of agencies when child development contracts are let, including, but not limited to, specification that any agency headquartered in the proposed service area on January 1, 1985, will be given priority for a new contract in that area, unless the department makes a written determination that (A) the agency is not able to deliver the level of services specified in the request for proposal, or (B) the department has notified the agency that it is not in compliance with the terms of its contract.

(2) Provide for a contract monitoring system to ensure that agencies expend funds received pursuant to this chapter in accordance with the provisions of their contracts.

(3) Specify adequate standards of agency performance.

(4) Establish reporting requirements for service reports, including provisions for varying the frequency with which these reports are to be submitted on the basis of agency performance.

(5) Specify standards for withholding payments to agencies that fail to submit required fiscal reports.

(6) Set forth standards for department site visits to contracting agencies, including, but not limited to, specification as to the purpose of the visits, the personnel that will perform these visits, and the frequency of these visits which shall be as frequently as staff and budget resources permit.

(7) Authorize the department to develop a process that requires every contracting agency to recompetes for continued funding no less frequently than every five years.

(b) The Superintendent shall consult with the State Department of Social Services with respect to rules and regulations adopted relative to the disbursement of federal funds under Title XX of the federal Social Security Act.

(c) For purposes of expediting the implementation of state or federal legislation to expand child care services, the Superintendent may waive (1) the regulations regarding the point qualifications for, and the process and scoring of, interviews of contract applicants pursuant to Section 18002 of Title 5 of the California Code of Regulations, or (2) the time limitations for scheduling and notification of appeal hearings and their results pursuant to Section 18003 of Title 5 of the California Code of Regulations. The Superintendent shall ensure that the appeal hearings provided for in Section 18003 of Title 5 of the California Code of Regulations are conducted in a timely manner.

(d) (1) Child care and development programs operated under contract from funds made available pursuant to the federal Child Care and Development Fund shall be administered according to Chapter 19 (commencing with Section 17906) of Division 1 of Title 5 of the California Code of Regulations, unless provisions of these regulations conflict with federal regulations. If state and federal regulations conflict, the federal regulations shall apply unless a waiver of federal regulations is authorized.

(2) For purposes of this section, "Child Care and Development Fund" has the same meaning as in Section 98.2 of Title 45 of the Code of Federal Regulations.

SEC. 2. Section 32253 of the Education Code is repealed.

SEC. 3. Section 35147 of the Education Code is amended to read:

35147. (a) Except as specified in this section, any meeting of the councils or committees specified in subdivision (b) is exempt from the provisions of this article, the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Division 3 of Title 2 of the Government Code), and the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Division 2 of Title 5 of the Government Code).

(b) The councils and schoolsite advisory committees established pursuant to Sections 52063, 52069, 52176, and 52852, subdivision (b) of Section 54425, Sections 54444.2 and 62002.5, and committees formed pursuant to Section 11503 are subject to this section.

(c) (1) Any meeting held by a council or committee specified in subdivision (b) shall be open to the public, and any member of the public shall be able to address the council or committee during the meeting on any item within the subject matter jurisdiction of the council or committee. Notice of the meeting shall be posted at the schoolsite, or other appropriate place accessible to the public, at least 72 hours before the time set for the meeting. The notice shall specify the date, time, and location of the meeting and contain an agenda describing each item of business to be discussed or acted upon. The council or committee may not take any action on any item of business unless that item appeared on the posted agenda or unless the council or committee members present, by unanimous vote, find that there is a need to take immediate action and that the need for action came to the attention of the council or committee subsequent to the posting of the agenda.

(2) Questions or brief statements made at a meeting by members of the council, committee, or public that do not have a significant effect on pupils or employees in the school or school district, or that can be resolved solely by the provision of information, need not be described on an agenda as items of business. If a council or committee violates the procedural meeting requirements of this section, upon demand of any person, the council or committee shall reconsider the item at its next meeting, after allowing for public input on the item.

(d) Any materials provided to a schoolsite council shall be made available to any member of the public who requests the materials pursuant to the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code).

SEC. 4. Section 35514 of the Education Code is amended to read:

35514. As used in this chapter and in Chapter 4 (commencing with Section 35700):

(a) "Affected district" means a school district that has been, or is proposed to be, affected by an action to reorganize pursuant to Section 35511 or by an action to lapse a school district pursuant to Section 35780.1. Affected districts include all of the following school district types:

(1) "Original district" means a school district as it existed before an action to reorganize pursuant to Section 35511 or before an action to lapse a school district pursuant to Section 35780.1. The boundaries of an "original district" are those of the school district as it existed immediately before the action to reorganize or lapse.

(2) "Former district" means a school district that has been wholly included in another school district, or has had all of its territory made part of two or more other school districts, through any action taken pursuant to Section 35511 or through a lapsation pursuant to Section 35780.1. The boundaries of a former district are those of the school district as it existed immediately before an action to reorganize or lapse.

(3) "New district" means a school district that is formed from all or portions of one or more other school districts by an action to reorganize taken pursuant to subdivision (a) of Section 35511. A new district does not exist before such an action.

(4) "Acquiring district" means a school district that has all or portions of one or more other school districts transferred into, or lapsed into, its boundaries pursuant to subdivision (b) of Section 35511 or Section 35780.1.

(5) "Divided district" means a school district that has had a portion of its territory become part of a new school district or transferred into one or more other school districts by an action to reorganize taken pursuant to Section 35511.

(A) The "reorganized portion of a divided district" means the portion of the divided school district's territory that becomes part of a new school district or is transferred into one or more other school districts.

(B) The "remaining portion of a divided district" means the portion of the divided school district's territory that does not become part of a new school district or that is not transferred into one or more other school districts.

(6) "Reorganized district" means a school district that is a "new district," an "acquiring district," or a "divided district."

(b) "Districts" means school districts of every kind or class.

SEC. 5. Section 35531 of the Education Code is amended to read:

35531. An action to form a unified school district pursuant to Section 35542 is complete upon the date of completion of the action by which the boundaries of the school districts comprising the unified school district become coterminous.

SEC. 6. Section 35545 of the Education Code is amended to read:

35545. (a) Before the date upon which a reorganized district becomes effective for all purposes, the county committee may include all, or part of, the territory in plans and recommendations for further reorganization.

(b) During the first five years after the effective date for all purposes of the formation of a new district, no territory shall be removed from the school district without the consent of the governing board of the school district.

SEC. 7. Section 35555 of the Education Code is amended to read:

35555. (a) The reorganization of any school district or school districts shall not affect the classification of certificated employees already employed by any school district affected. Those employees have the same status with respect to their classification by the school district, including time served as probationary employees of the school district, after the reorganization as they had

before it. If the reorganization results in the school or other place in which the employee is employed being maintained by another school district, the employee, if a permanent employee of the school district that formerly maintained the school or other place of employment, shall be employed as a permanent employee of the school district that thereafter maintains the school or other place of employment, unless the employee elects before February 1 of the year in which the action will become effective for all purposes to continue in the employ of the first school district.

(b) If the employee is a probationary employee of the school district that formerly maintained the school or other place of employment, he or she shall be employed by the school district that thereafter maintains the school or other place of employment, unless the probationary employee is terminated by the school district pursuant to Section 44929.21, 44948, 44948.3, 44949, or 44955, and, if not so terminated, his or her status with respect to classification by the school district shall be the same as it would have been had the school or other place of employment continued to be maintained by the school district that formerly maintained it. As used in this paragraph, "the school or other place in which the employee is employed" and all references thereto, includes, but is not necessarily limited to, the school services or school program that, as a result of any reorganization of a school district, will be provided by another school district, irrespective of whether any particular building or buildings in which the schoolwork or school program was conducted is physically located in the reorganized district and irrespective of whether any reorganized district elects to provide for the education of its pupils by contracting with another school district until the reorganized district constructs its own facilities.

SEC. 8. Section 35556 of the Education Code is amended to read:

35556. (a) The reorganization of any school district, or school districts, shall not affect the rights of persons employed in positions not requiring certification qualifications to retain the salary, leaves, and other benefits that they would have had if the reorganization had not occurred. These persons shall be treated in the manner provided in this section.

(b) All employees of every school district that is included in any other school district, or all school districts included in a new district, shall become employees of the new district.

(c) (1) When a portion of the territory of any school district becomes part of another school district, employees regularly assigned to perform their duties in the territory affected shall become employees of the acquiring district unless, in a manner consistent with relevant provisions of this code and with any applicable collective bargaining agreement, one of the following events occurs:

(A) An employee elects to accept a vacant position, for which he or she qualifies, that the original district elects to fill.

(B) An employee elects to fill, by exercise of his or her rights of seniority under existing law or the collective bargaining agreement with the original district, a position, for which he or she qualifies, in the original district.

(C) An employee elects to have his or her name entered on a reemployment list of the original district.

(2) Employees whose assignments pertained to the affected territory, but whose employment situs was not in that territory, may elect to remain with the original district or become employees of the acquiring district.

(d) When the territory of any school district is divided between, or among, two or more new or acquiring districts, and the original district ceases to exist, employees of the original district regularly assigned to perform their duties in any specific territory of the school district shall become employees of the school district acquiring the territory. Employees not assigned to specific territory within the original district shall become employees of any acquiring district at the election of the employees.

(e) An employee regularly assigned by the original district to any school in the school district shall be an employee of the school district in which the school is located unless that employee elects to continue in the employ of the original district pursuant to subdivision (c).

(f) Except as otherwise provided in this section, nothing in this section shall be construed to deprive the governing board of the new or acquiring district from making reasonable reassignments of duties.

(g) The amendments to this section made during the 1999–2000 Regular Session of the Legislature shall apply only to school district reorganizations commenced on or after January 1, 2000.

SEC. 9. Section 35559 of the Education Code is amended to read:

35559. Notwithstanding Sections 5000 and 35105, when the first elected board of any new district is elected on the same date that the election is held for adopting the proposal for the formation of the new district and when the terms of several members of the first governing board would expire before the date on which the school district becomes effective for all purposes, no election shall be held in November of that odd-numbered year, but the several members whose terms expire shall serve until April 30 of the next succeeding even-numbered year. A governing board election shall be held on the second Tuesday in April of that even-numbered year to fill the offices of the members whose terms expire on the April 30 next succeeding the election. The terms of

office of the members so elected shall expire on the first Friday in December of the second succeeding odd-numbered year. Their successors shall be elected pursuant to Section 5000.

SEC. 10. Section 35561 of the Education Code is amended to read:

35561. Any funds derived from the sale of the school bonds issued by the original district shall be used for the acquisition, construction, or improvement of school property only in the territory that comprised the original district or to discharge bonded indebtedness of the original district, except that, if the bonded indebtedness is assumed by the new or acquiring district, the funds may be used in any area of the new district for the purposes for which the bonds were originally voted.

SEC. 11. Section 35562 of the Education Code is amended to read:

35562. If all the territory of a school district becomes part of two or more school districts of any type, and the inclusion in the two or more new or acquiring districts of the several portions of territory comprising the whole of the former district is effective for all purposes on the same date, the records of the former district shall be disposed of as follows:

(a) All records of the former district that are required by law to be kept on file shall be deposited with the governing board of the school district which, after the reorganization has become effective for all purposes, has located within its boundaries the former office of the superintendent of the original district.

(b) Records of employees shall be transferred to the school district thereafter employing the personnel or thereafter maintaining the last place of employment.

(c) Records of pupils shall be transferred to the school district that, after the date on which the reorganization becomes effective for all purposes, maintains the school in which a pupil was last enrolled.

SEC. 12. Section 35563 of the Education Code is amended to read:

35563. (a) If all of the territory of a school district becomes part of two or more school districts of any type, and the inclusion in the two or more new school districts of the several portions of territory comprising the former district is effective for all purposes on the same date, the county superintendent of schools having jurisdiction over the former district shall assume responsibility for all of the following:

(1) Completing all records and reports of the former district.

(2) Paying all outstanding obligations, except obligations resulting from contracts that are to be assumed by a new or acquiring district.

(3) Preparing for proper filing all records of the former district required to be kept permanently by the provisions of any applicable code.

(4) Distributing records as provided in Section 35562.

(5) Employing an auditor as required in Section 41020.

(6) Discharging other functions that he or she deems necessary to the dissolution of the school district.

(b) In discharging these duties, the county superintendent of schools may request the services of employees of the original district or the new or acquiring district, and the new or acquiring districts shall release those employees to the county superintendent of schools for the purpose of accomplishing the requirements of this section. The salaries of those employees and all other necessary expenses of completing the requirements of this section shall be charged against the accumulated funds of the former district before the final distribution of those funds to the new or acquiring districts.

SEC. 13. Section 35566 of the Education Code is amended to read:

35566. Notwithstanding any other provision of this article, exchanges of property tax revenues between school districts as a result of an action to reorganize shall be determined pursuant to subdivision (i) of Section 99 of the Revenue and Taxation Code if one or more affected districts receive only basic aid apportionments required by Section 6 of Article IX of the California Constitution.

SEC. 14. Section 35572 of the Education Code is amended to read:

35572. No territory shall be taken from any school district having any outstanding bonded indebtedness and made a part of another school district where the action, if taken, would so reduce the last equalized assessed valuation of the divided district so

that the outstanding bonded indebtedness of the divided district would exceed 5 percent of the assessed valuation in the remaining territory of the divided district for each level maintained, on the date the reorganization is effective pursuant to Section 35766.

SEC. 15. Section 35574 of the Education Code is amended to read:

35574. Notwithstanding any other provision of this code, for the purposes of applying the State School Building Aid Law of 1952 (Chapter 6 (commencing with Section 16000) of Part 10 of Division 1 of Title 1), the amount of outstanding bonded indebtedness, exclusive of interest, of the former or divided districts that is equal to the liability incurred by the new or acquiring district pursuant to Section 35576 shall be considered a liability of the new or acquiring district for purposes of computing the bonding capacity of the school district.

SEC. 16. Section 35576 of the Education Code is amended to read:

35576. (a) If territory is taken from one school district and annexed to, or included in, a new or acquiring district by any procedure, and the area transferred contains real property, the new or acquiring district shall take possession of the real property, pursuant to paragraph (1) of subdivision (a) of Section 35560, on the day when the action to reorganize becomes effective for all purposes. The reorganized territory shall cease to be liable for the bonded indebtedness of the school district of which it was formerly a part, and shall automatically assume its proportionate share of the outstanding bonded indebtedness of any school district of which it becomes a part.

(b) The new or acquiring district shall be liable for the greater of the amounts determined under provisions of paragraph (1) or (2), or the amount determined pursuant to a method prescribed under Section 35738.

(1) The proportionate share of the outstanding bonded indebtedness of the original district, which proportionate share shall be in the ratio that the total assessed valuation of the transferring territory bears to the total assessed valuation of the original district in the year immediately preceding the date on which the action to reorganize is effective for all purposes. This ratio shall be used each year until the bonded indebtedness for which the new or acquiring district is liable has been repaid.

(2) The portion of the outstanding bonded indebtedness of the original district that was incurred for the acquisition or improvement of real property, or fixtures located on the real property, and situated in the reorganized territory.

(c) The county board of supervisors shall compute for the reorganized districts an annual tax rate for bond interest and redemption that will include the bond interest and redemption on the outstanding bonded indebtedness specified in paragraph (1) or (2) of subdivision (b), or the amount determined pursuant to a method prescribed under Section 35738. The county board of supervisors shall also compute tax rates for the annual charge and use charge prescribed by former Sections 1822.2 and 1825, as they read on July 1, 1970, when those charges were established before November 23, 1970. All of those tax rates shall be levied in excess of any other ad valorem property tax authorized or required by law, and shall not be included in the computation of the limitation specified in subdivision (a) of Section 1 of Article XIII A of the California Constitution.

SEC. 17. Section 35577 of the Education Code is amended to read:

35577. Whenever a school district having authorized but unsold bonds is completely divided between two or more new or acquiring districts so that the original district ceases to exist, pursuant to any provision of this chapter, the board of supervisors shall, before the date the action is effective for the purposes of Section 35534, make and enter an order in the minutes of its proceedings that the authorization to issue the unsold bonds be divided between each new or acquiring district in the ratio that the assessed valuation of the reorganized territory included in each school district bears to the total assessed valuation of the former district. The bonds, if issued by any new or acquiring district, shall be considered a liability of the school district for purposes of computing the bonding capacity of the school district when applying the State School Building Aid Law of 1952 (Chapter 6 (commencing with Section 16000) of Part 10 of Division 1 of Title 1).

SEC. 18. Section 35578 of the Education Code is amended to read:

35578. Any unsold bonds of an elementary, high, or unified school district that is included as a whole in a new or acquiring district through any kind of reorganization may be issued by the board of supervisors in the name of the new or acquiring district and the proceeds derived upon the sale thereof shall be the funds of the new or acquiring district. However, the proceeds derived upon the sale thereof shall be expended only for the purpose, or purposes, for which those bonds were authorized.

SEC. 19. Section 35579 of the Education Code is amended to read:

35579. Any unsold bonds of an elementary, high, or unified school district that is included as a whole in a new or acquiring district through any kind of reorganization, if issued by the board of supervisors in the names of the former districts shall be considered a liability of the new or acquiring district for purposes of computing the bonding capacity of the school district when applying the State School Building Aid Law of 1952 (Chapter 6 (commencing with Section 16000) of Part 10 of Division 1 of Title 1).

SEC. 20. Section 35700.1 of the Education Code is amended to read:

35700.1. (a) A county superintendent of schools may do any of the following, as necessary, with respect to the reorganization of school districts within the jurisdiction of a county superintendent of schools:

- (1) Before the initiation of an action to reorganize, a county superintendent of schools may do any of the following:
 - (A) Provide information, coordination, and guidance to potential petitioners for reorganization and to other parties inquiring about the petition process.
 - (B) Provide procedural advice and counseling.
 - (C) Provide information and assistance for community meetings, information sessions, and briefing sessions.
 - (D) Provide for coordination of media and community relations.
- (2) A county superintendent of schools may perform the following duties for the processing and evaluation of multiple petitions to reorganize one or more school districts:
 - (A) Ensure compliance with all requirements pertaining to the petitions.
 - (B) Ensure compliance with all required timelines or deadlines for petitions.
 - (C) Apply new and preexisting evaluation criteria to the petition.
- (3) A county superintendent of schools may provide assistance to reorganized districts during the interim period, as follows:
 - (A) To ensure smooth transitions with minimum disruption to pupils and staff.
 - (B) To provide advisory and consulting expertise on any of the following:
 - (i) Board and administrative policies and regulations.
 - (ii) Personnel policies.
 - (iii) Curriculum.
 - (iv) Instructional programs and services.
 - (v) Financial and budgeting functions.
 - (vi) Distribution of assets and liabilities.

(b) No funds appropriated in the annual Budget Act or another statute and allocated to the Los Angeles County Office of Education shall be used to instigate, solicit, or promote the development of plans to reorganize a school district or school districts within the jurisdiction of the county office of education, except that the funds may be used to support the research necessary to review and make recommendations regarding reorganization plans that are submitted to the county office of education.

SEC. 21. Section 35705.5 of the Education Code is amended to read:

35705.5. (a) The county committee may add to the petition any of the appropriate provisions specified in Article 3 (commencing with Section 35730) that were not included in the petition as filed and may amend any such provision that was so included.

(b) At least 10 days before the public hearing, or hearings, on the petition, the county committee shall make available to the public and to the governing boards affected by the petition a description of the petition, including all of the following:

- (1) The rights of the employees in the affected districts to continued employment.
- (2) The local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03, per pupil, for each affected district and the effect of the petition, if approved, on that allocation.
- (3) Whether the school districts involved will be governed, in part, by provisions of a city charter and, if so, in what way.

- (4) Whether the governing boards of any proposed new district will have five or seven members.
- (5) A description of the territory or school districts in which the election, if any, will be held.
- (6) Where the proposal is to create two or more new districts, whether the proposal will be voted on as a single proposition.
- (7) Whether the governing board of any new district will have trustee areas and, if so, whether the trustees will be elected by only the voters of that trustee area or by the voters of the entire school district.
- (8) A description of how the property, obligations, and bonded indebtedness of original districts will be divided.
- (9) A description of when the first governing board of any new district will be elected and how the terms of office for each new trustee will be determined.

SEC. 22. Section 35706 of the Education Code is amended to read:

35706. (a) Within 120 days of the commencement of the first public hearing on the petition, the county committee shall recommend approval or disapproval of a petition to form one or more new districts or for the division of the entire territory of a school district into two or more new or acquiring districts, as the petition may be augmented, or shall approve or disapprove a petition for the transfer of territory, as the petition may be augmented. The county committee also shall approve or disapprove a petition to form one or more new districts if the conditions of subdivision (b) of Section 35710 are met.

(b) The 120-day period for approving or disapproving a petition pursuant to Section 35709 or 35710 shall commence after certification of an environmental impact report, approval of a negative declaration, or a determination that the project is exempt from the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).

SEC. 23. Section 35706.5 of the Education Code is amended to read:

35706.5. (a) No action to reorganize a school district shall be initiated or completed without the consent of a majority of all of the members of the governing board of the affected district if both of the following conditions apply to the school district:

- (1) It has obtained an emergency apportionment loan from the State of California, but the Superintendent has determined that a state administrator is no longer necessary, and has restored, before the effective date of this section, the legal rights, duties, and powers of the governing board of the school district pursuant to Section 41326.
- (2) It has a pupil population 70 percent of which is from either a "lower income household" or "very low income household" as those terms are defined in Sections 50079.5 and 50105, respectively, of the Health and Safety Code.

(b) For purposes of this section, for any school district that meets the description specified in paragraph (1) of subdivision (a), consent to an action to reorganize the boundaries of the school district shall no longer be required when 10 years have elapsed from the date of final payment by the school district of the emergency loan to the State of California.

SEC. 24. Section 35708 of the Education Code is amended to read:

35708. Except for a petition to form one or more new districts approved pursuant to subdivision (b) of Section 35710, a petition transmitted pursuant to Section 35707, including the plans and recommendations included therein, if any, together with the recommended approval or disapproval and the plans and recommendations, if any, of the county committee shall be heard by the state board as provided in Article 4 (commencing with Section 35750).

SEC. 25. Section 35709 of the Education Code is amended to read:

35709. If the following conditions are met, the county committee may approve the petition and order that the petition be granted, and shall so notify the county board of supervisors:

(a) The county committee finds that the conditions enumerated in paragraphs (1) to (10), inclusive, of subdivision (a) of Section 35753 are substantially met, and:

(b) Either:

- (1) The petition is to transfer uninhabited territory from one school district to another and the owner of the territory, or a majority of the owners of the territory, and the governing board of each affected district consents to the transfer; or
- (2) The petition is to transfer inhabited territory of less than 10 percent of the assessed valuation of the school district from which the territory is being transferred, and the governing board of each affected district consents to the transfer.

SEC. 26. Section 35710 of the Education Code is amended to read:

35710. (a) For all other petitions to transfer territory, if the county committee finds that the conditions enumerated in paragraphs (1) to (10), inclusive, of subdivision (a) of Section 35753 substantially are met, the county committee may approve the petition and, if approved, shall notify the county superintendent of schools who shall call an election in the territory of the affected districts as determined by the county committee, to be conducted at the next election of any kind in accordance with either of the following:

(1) Section 1002 of the Elections Code and Part 4 (commencing with Section 5000) of Division 1 of Title 1.

(2) Division 4 (commencing with Section 4000) of the Elections Code.

(b) A county committee also may approve a petition to form one or more new districts if the requirements of subdivision (a), and the following conditions, are met:

(1) Each county superintendent of schools with jurisdiction over an affected district elects to grant approval authority to the county committee on school district organization for which he or she is secretary pursuant to Section 4012, and that county committee chooses to accept that authority.

(2) The governing board of each of the affected districts consents to the petition.

(3) The secretary of the county committee designated as the lead agency pursuant to Section 35710.3 or subdivision (a) of Section 35520.5 enters into an agreement on behalf of the county committee for any or all affected districts to share among those districts the costs of complying with the requirements of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).

(c) A petition to form one or more new districts that meets the conditions described in subdivision (b), but is not approved by the county committee, shall be transmitted to the state board pursuant to subdivision (a) of Section 35707 and heard by the state board pursuant to Section 35708. The state board, rather than the county committee, shall be the lead agency, as defined in Section 21067 of the Public Resources Code, for purposes of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) for each petition transmitted pursuant to this subdivision, including a petition disapproved by the county committee after determining the project is exempt from the California Environmental Quality Act pursuant to paragraph (5) of subdivision (b) of Section 21080 of the Public Resources Code.

SEC. 27. Section 35711 of the Education Code is amended to read:

35711. (a) A person questioning the finding of the county committee pursuant to Section 35709 or 35710 that the action to transfer territory or form one or more new districts will not adversely affect the racial or ethnic integration of the schools of the districts affected, may appeal a decision based on that finding. The appeal shall be made to the state board within 30 days. The appeal shall be based upon factual and statistical evidence.

(b) If the state board denies the appeal, the decision of the county committee shall stand. If the state board approves the appeal, it shall review the findings of the county committee at a regular meeting of the state board.

(c) The state board shall notify the county committee of its decision on the appeal. If the state board approves the appeal, the county committee shall transmit a copy of the proceedings to the state board within 30 days after receipt of notice. The state board shall review the transcript, considering all factors involved. The state board may reverse, or may affirm, the decision of the county committee, or if it appears that inadequate consideration was given to the effect of the transfer on integration of the schools of the school districts affected, it shall direct the county committee to reconsider its decision and for this purpose to hold another hearing.

SEC. 28. Section 35720.5 of the Education Code is amended to read:

35720.5. (a) The county committee shall adopt a tentative recommendation following which action it shall hold one or more public hearings in the area proposed for reorganization at least 30 days before submission of a final recommendation for unification or other reorganization to the state board.

(b) The public hearing required by this section shall be called when both of the following conditions are met:

(1) Notice is sent to the governing board of each affected district at least 10 days before the hearing.

(2) Notice of the hearing is either published in a newspaper of general circulation or posted in every schoolhouse and at least three public places in the affected territory, school district, or school districts.

(c) The notice shall contain information as to the time, place, and purpose of the hearing.

SEC. 29. Section 35736 of the Education Code is amended to read:

35736. Plans and recommendations may include a proposal for dividing the property, other than real property, and obligations of any school district proposed to be divided between two or more new or acquiring districts, or proposed to be partially included in one or more new or acquiring districts. As used in this section, "property" includes funds, cash on hand, and moneys due but uncollected on the date reorganization becomes effective for all purposes, and state apportionments based on average daily attendance earned in the year immediately preceding the date reorganization becomes effective for all purposes. In providing for this division, the plans and recommendations may consider the assessed valuation of each portion of the school district, the local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03, in each school district, the number of children of schoolage residing in each portion of the school district, the value and location of the school property, and other matters that may be deemed pertinent and equitable. Any such proposal shall be an integral part of the proposal and not a separate proposition.

SEC. 30. Section 35740 of the Education Code is amended to read:

35740. In addition to satisfying the requirements of subdivision (j) of Section 42127.6, upon the approval of a petition for reorganization and continuing after the certification of the election results for an action to reorganize a school district pursuant to Section 35763, or upon the appointment of an interim governing board pursuant to Section 35100, until the effective date of the reorganized district in accordance with Article 4 (commencing with Section 35530) of Chapter 3, an affected district is subject to all of the following:

(a) (1) The interim board or the governing board of the original district or districts, and, where applicable, the administrators of the original district or districts, shall notify the county superintendent of schools in writing, and provide relevant documents and information no less than 10 schooldays before taking any action on any matter that could have a material fiscal impact on, or impose a debt or liability on, the original, proposed, or reorganized school district.

(2) Notwithstanding any other law, failure to provide the notice and relevant documents and information required by paragraph (1) shall nullify the action taken by the board or administrator of the affected district or districts.

(3) As used in this section, "schoolday" means a day upon which the schools of the district are in session or nonholiday weekdays during the summer recess.

(b) The county superintendent of schools may review any action taken or proposed to be taken by any interim or existing governing board or school district administrators to determine whether that action would have a material fiscal impact, debt, or liability on the original, proposed, or reorganized school district. If, based on the review of the county superintendent of schools, the county superintendent of schools determines that the action or proposed action would have a material fiscal impact on the original, proposed, or reorganized school district, and that action is unnecessary for the immediate functioning of the original or reorganized school district, the county superintendent of schools may stay or rescind that action. The county superintendent of schools shall inform the original or interim reorganized school district governing board or the school district administrators in writing of his or her justification for the exercise of authority under this subdivision to stay or rescind any action of the interim or original school district governing board.

(c) A school district shall provide any documents or information requested by the county superintendent of schools in a timely manner related to proposed actions that are under review pursuant to this section.

(d) The provisions of this section shall apply irrespective of a school district's budget or certification status under Article 2 (commencing with Section 42120) or Article 3 (commencing with Section 42130) of Chapter 6 of Part 24.

SEC. 31. Section 35753 of the Education Code is amended to read:

35753. (a) The state board may approve proposals for the reorganization of school districts, if the state board has determined, with respect to the proposal and the resulting school districts, that all of the following conditions are substantially met:

(1) The reorganized districts will be adequate in terms of number of pupils enrolled.

(2) The school districts are each organized on the basis of a substantial community identity.

(3) The proposal will result in an equitable division of property and facilities of the original district or districts.

(4) The reorganization of the school districts will preserve each affected district's ability to educate pupils in an integrated environment and will not promote racial or ethnic discrimination or segregation.

(5) Any increase in costs to the state as a result of the proposed reorganization will be insignificant and otherwise incidental to the reorganization.

(6) The proposed reorganization will continue to promote sound education performance and will not significantly disrupt the educational programs in the affected districts.

(7) Any increase in school facilities costs as a result of the proposed reorganization will be insignificant and otherwise incidental to the reorganization.

(8) The proposed reorganization is primarily designed for purposes other than to significantly increase property values.

(9) The proposed reorganization will continue to promote sound fiscal management and not cause a substantial negative effect on the fiscal status of the affected district.

(10) Any other criteria that the state board may, by regulation, prescribe.

(b) The state board may approve a proposal for the reorganization of school districts if the state board determines that it is not practical or possible to apply the criteria of this section literally, and that the circumstances with respect to the proposals provide an exceptional situation sufficient to justify approval of the proposals.

SEC. 32. Section 35754 of the Education Code is amended to read:

35754. After affording interested persons an opportunity to present their views on the petition to reorganize school districts, and after hearing any findings and recommendations of the Superintendent, the state board shall approve or disapprove the petition. If the state board approves the petition, it may amend or include in the proposal any of the appropriate provisions of Article 3 (commencing with Section 35730).

SEC. 33. Section 35755 of the Education Code is amended to read:

35755. After the state board has approved the plans and recommendations for the unification or other reorganization of the school districts in any area, including approval through affirmation or reversal of the action of a county committee, the secretary of the state board shall give notice of the approval to the county superintendent of schools having jurisdiction over any of the school districts whose boundaries or status would be affected by the reorganization as proposed.

SEC. 34. Section 35759 of the Education Code is amended to read:

35759. The cost of preparation and distribution of the statement setting forth the arguments in favor of, and those opposed to, the recommendations of the county board, and the cost of any election held pursuant to this article shall be a charge against the general fund of the county. If the proposed reorganized district is situated in more than one county, the cost of the election shall be prorated against each county in the same proportion as the assessed valuation of the territory of the proposed reorganized district lying in that county bears to the total assessed valuation of the proposed reorganized districts.

SEC. 35. Section 35780 of the Education Code is amended to read:

35780. (a) A school district that has been organized for more than three years shall be lapsed as provided in this article if the number of registered electors in the school district is less than six or if the average daily attendance of pupils in the school or schools maintained by the school district is less than six in grades 1 through 8 or is less than 11 in grades 9 through 12, except that for any unified district that has established and continues to operate at least one senior high school, the board of supervisors shall defer the lapsation of the school district for one year upon a written request of the governing board of the school district and written concurrence of the county committee. The board of supervisors shall make no more than three such deferments.

(b) For a new district that has been unable to provide the school facilities necessary for instructional services by employees of the school district to all of the pupils who are residents of the school district after five years from the date that the reorganization became effective, the county committee on school district organization, upon direction from the state board, shall initiate lapsation procedures pursuant to Section 35783 or revert the reorganized district to its original status.

(c) A school district may also be lapsed when there are no school facilities or sites on which to maintain any school in the school district.

SEC. 36. Section 35780.1 of the Education Code is amended to read:

35780.1. For purposes of this article, the following terms have the following meanings:

(a) "Lapse" means dissolving a school district and annexing the entire territory of that school district to one or more adjoining school districts.

(b) "Lapsation" means an action to lapse as defined by this section.

SEC. 37. Section 37223 of the Education Code is amended to read:

37223. (a) The governing board of any elementary, high school, or unified school district or any county superintendent of schools may maintain classes on Saturday or Sunday, or both. The classes maintained pursuant to this section may include, but are not necessarily limited to, all of the following:

- (1) Continuation classes.
- (2) Special day classes for mentally gifted minors.
- (3) Makeup classes for absences occurring during the week.
- (4) The programs of a regional occupational center or regional occupational program.

(b) Except as otherwise provided in this code, the attendance of any pupil in a class or program held on a Saturday or Sunday shall not result in the crediting of more than five days of attendance for the pupil per week.

(c) Attendance at classes conducted on Saturday or Sunday, or both, shall be at the election of the pupil or, in the case of a minor pupil, the parent or guardian of the pupil. However, the governing board may require truants, as defined by Section 48260, to attend makeup classes conducted on one day of a weekend.

(d) Except as otherwise provided in this code, any class that is offered on a Saturday or Sunday shall be one offered during the regular Monday through Friday school week.

(e) The voluntary attendance of pupils in approved programs for mentally gifted minors, as defined in Section 52200, in special educational activities conducted on Saturday or Sunday shall not be included in the computation of the average daily attendance of the school district.

(f) Subdivisions (b) and (d) shall not apply to regional occupational centers or programs.

SEC. 38. Section 41020.6 of the Education Code is repealed.

SEC. 39. Section 41320.3 of the Education Code is repealed.

SEC. 40. Section 41326 of the Education Code is amended to read:

41326. (a) Notwithstanding any other provision of this code, the acceptance by a school district of an apportionment made pursuant to Section 41320 that exceeds an amount equal to 200 percent of the amount of the reserve recommended for that school district under the standards and criteria adopted pursuant to Section 33127 constitutes the agreement by the school district to the conditions set forth in this article. Before applying for an emergency apportionment in the amount identified in this subdivision, the governing board of a school district shall discuss the need for that apportionment at a regular or special meeting of the governing board of the school district and, at that meeting, shall receive testimony regarding the apportionment from parents, exclusive representatives of employees of the school district, and other members of the community. For purposes of this article, "qualifying school district" means a school district that accepts a loan as described in this subdivision.

(b) The Superintendent shall assume all the legal rights, duties, and powers of the governing board of a qualifying school district. The Superintendent, in consultation with the county superintendent of schools, shall appoint an administrator to act on his or her behalf in exercising the authority described in this subdivision in accordance with all of the following:

- (1) The administrator shall serve under the direction and supervision of the Superintendent until terminated by the Superintendent at his or her discretion. The Superintendent shall consult with the county superintendent of schools before terminating the administrator.
- (2) The administrator shall have recognized expertise in management and finance.
- (3) To facilitate the appointment of the administrator and the employment of necessary staff, for purposes of this section, the Superintendent is exempt from the requirements of Article 6 (commencing with Section 999) of Chapter 6 of Division 4 of the Military and Veterans Code and Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code.
- (4) Notwithstanding any other law, the Superintendent may appoint an employee of the state or the office of the county superintendent of schools to act as administrator for up to the duration of the administratorship. During the tenure of his or her

appointment, the administrator, if he or she is an employee of the state or the office of the county superintendent of schools, is an employee of the qualifying school district, but shall remain in the same retirement system under the same plan that has been provided by his or her employment with the state or the office of the county superintendent of schools. Upon the expiration or termination of the appointment, the employee shall have the right to return to his or her former position, or to a position at substantially the same level as that position, with the state or the office of the county superintendent of schools. The time served in the appointment shall be counted for all purposes as if the administrator had served that time in his or her former position with the state or the office of the county superintendent of schools.

(5) Except for an individual appointed as an administrator by the Superintendent pursuant to paragraph (4), the administrator shall be a member of the State Teachers' Retirement System, if qualified, for the period of service as administrator, unless he or she elects in writing not to become a member. A person who is a member or retirant of the State Teachers' Retirement System at the time of appointment shall continue to be a member or retirant of the system for the duration of the appointment. If the administrator chooses to become a member or is already a member, the administrator shall be placed on the payroll of the qualifying school district for purposes of providing appropriate contributions to the system. The Superintendent may also require the administrator to be placed on the payroll of the qualifying school district for purposes of remuneration, other benefits, and payroll deductions.

(6) For purposes of workers' compensation benefits, the administrator is an employee of the qualifying school district, except that an administrator appointed pursuant to paragraph (4) may be deemed an employee of the state or office of the county superintendent of schools, as applicable.

(7) The qualifying school district shall add the administrator as a covered employee of the qualifying school district for all purposes of errors and omissions liability insurance policies.

(8) The salary and benefits of the administrator shall be established by the Superintendent and paid by the qualifying school district.

(9) The Superintendent or the administrator may employ, on a short-term basis and at the expense of the qualifying school district, any staff necessary to assist the administrator, including, but not limited to, a certified public accountant.

(10) The administrator may do all of the following:

(A) Implement substantial changes in the fiscal policies and practices of the qualifying school district, including, if necessary, the filing of a petition under Chapter 9 (commencing with Section 901) of Title 11 of the United States Code for the adjustment of indebtedness.

(B) Revise the educational program of the qualifying school district to reflect realistic income projections and pupil performance relative to state standards.

(C) Encourage all members of the school community to accept a fair share of the burden of the fiscal recovery of the qualifying school district.

(D) Consult, for the purposes described in this subdivision, with the governing board of the qualifying school district, the exclusive representatives of the employees of the qualifying school district, parents, and the community.

(E) Consult with, and seek recommendations from, the Superintendent, the county superintendent of schools, and the County Office Fiscal Crisis and Management Assistance Team authorized pursuant to subdivision (c) of Section 42127.8 for purposes described in this article.

(F) With the approval of the Superintendent, enter into agreements on behalf of the qualifying school district and, subject to any contractual obligation of the qualifying school district, change existing school district rules, regulations, policies, or practices as necessary for the effective implementation of the recovery plans referred to in Sections 41327 and 41327.1.

(G) Request the advice and assistance of the California Collaborative for Educational Excellence pursuant to paragraph (1) of subdivision (f) of Section 52074.

(c) (1) Except as provided for in paragraph (2), the period of time during which the Superintendent exercises the authority described in subdivision (b), the governing board of the qualifying school district shall serve as an advisory body reporting to the state-appointed administrator, and has no rights, duties, or powers, and is not entitled to any stipend, benefits, or other compensation from the qualifying school district.

(2) (A) After one complete fiscal year has elapsed following the qualifying school district's acceptance of an emergency apportionment, the governing board of the qualifying school district may conduct an annual advisory evaluation of an administrator for the duration of the administratorship.

(B) An advisory evaluation of an administrator shall focus on the administrator's effectiveness in leading the qualifying school district toward fiscal recovery and improved academic achievement. Advisory evaluation criteria shall be agreed upon by the governing board of the qualifying school district and the administrator before the advisory evaluation. The advisory evaluation shall include, but not be limited to, all of the following:

(i) Goals and standards consistent with Section 41327.1.

(ii) Commendations in the areas of the administrator's strengths and achievements.

(iii) Recommendations for improving the administrator's effectiveness in areas of concern and unsatisfactory performance.

(C) An advisory evaluation of an administrator conducted by the governing board of a qualifying school district shall be submitted to the Governor, the Legislature, the Superintendent, and the County Office Fiscal Crisis and Management Assistance Team.

(3) Upon the appointment of an administrator pursuant to this section, the district superintendent of schools is no longer an employee of the qualifying school district.

(4) A determination of the severance compensation for the district superintendent of schools shall be made pursuant to subdivision (j).

(d) Notwithstanding Section 35031 or any other law, the administrator, after according the affected employee reasonable notice and the opportunity for a hearing, may terminate the employment of a deputy, associate, assistant superintendent, or other school district level administrator who is employed by a qualifying school district under a contract of employment signed or renewed after January 1, 1992, if the employee fails to document, to the satisfaction of the administrator, that before the date of the acceptance of the emergency apportionment he or she either advised the governing board of the qualifying school district, or his or her superior, that actions contemplated or taken by the governing board of the qualifying school district could result in the fiscal insolvency of the qualifying school district, or took other appropriate action to avert that fiscal insolvency.

(e) The authority of the Superintendent, and the administrator, under this section shall continue until all of the following occur:

(1) (A) After one complete fiscal year has elapsed following the qualifying school district's acceptance of an emergency apportionment as described in subdivision (a), the administrator determines, and so notifies the Superintendent and the county superintendent of schools, that future compliance by the qualifying school district with the recovery plans approved pursuant to paragraph (2) is probable.

(B) The Superintendent may return power to the governing board of the qualifying school district for an area listed in subdivision (a) of Section 41327.1 if performance under the recovery plan for that area has been demonstrated to the satisfaction of the Superintendent.

(2) The Superintendent has approved all of the recovery plans referred to in subdivision (a) of Section 41327 and the County Office Fiscal Crisis and Management Assistance Team completes the improvement plans specified in Section 41327.1 and has completed a minimum of two reports identifying the qualifying school district's progress in implementing the improvement plans.

(3) The administrator certifies that all necessary collective bargaining agreements have been negotiated and ratified, and that the agreements are consistent with the terms of the recovery plans.

(4) The qualifying school district has completed all reports required by the Superintendent and the administrator.

(5) The Superintendent determines that future compliance by the qualifying school district with the recovery plans approved pursuant to paragraph (2) is probable.

(f) When the conditions stated in subdivision (e) have been met, and at least 60 days after the Superintendent has notified the Legislature, the Department of Finance, the Controller, and the county superintendent of schools that he or she expects the conditions prescribed pursuant to this section to be met, the governing board of the qualifying school district shall regain all of its legal rights, duties, and powers, except for the powers held by the trustee provided for pursuant to Article 2 (commencing with Section 41320). The Superintendent shall appoint a trustee under Section 41320.1 to monitor and review the operations of the qualifying school district until the conditions of subdivision (b) of that section have been met.

(g) Notwithstanding subdivision (f), if the qualifying school district violates a provision of the recovery plans approved by the Superintendent pursuant to this article within five years after the trustee appointed pursuant to Section 41320.1 is removed or after the emergency apportionment is repaid, whichever occurs later, or the improvement plans specified in Section 41327.1 during the period of the trustee's appointment, the Superintendent may reassume, either directly or through an administrator

appointed in accordance with this section, all of the legal rights, duties, and powers of the governing board of the qualifying school district. The Superintendent shall return to the governing board of the qualifying school district all of its legal rights, duties, and powers reassumed under this subdivision when he or she determines that future compliance with the approved recovery plans is probable, or after a period of one year, whichever occurs later.

(h) Article 2 (commencing with Section 41320) shall apply except as otherwise specified in this article.

(i) It is the intent of the Legislature that the legislative budget subcommittees annually conduct a review of each qualifying school district that includes an evaluation of the financial condition of the qualifying school district, the impact of the recovery plans upon the qualifying school district's educational program, and the efforts made by the state-appointed administrator to obtain input from the community and the governing board of the qualifying school district.

(j) (1) The district superintendent of schools is entitled to a due process hearing for purposes of determining final compensation. The final compensation of the district superintendent of schools shall be between zero and six times his or her monthly salary. The outcome of the due process hearing shall be reported to the Superintendent and the public. The information provided to the public shall explain the rationale for the compensation.

(2) This subdivision applies only to a contract for employment negotiated on or after June 21, 2004.

(k) (1) When the Superintendent assumes control over a qualifying school district pursuant to subdivision (b), he or she shall, in consultation with the County Office Fiscal Crisis and Management Assistance Team, review the fiscal oversight of the qualifying school district by the county superintendent of schools. The Superintendent may consult with other fiscal experts, including other county superintendents of schools and regional fiscal teams, in conducting this review.

(2) Within three months of assuming control over a qualifying school district, the Superintendent shall report his or her findings to the Legislature and shall provide a copy of that report to the Department of Finance. This report shall include findings as to fiscal oversight actions that were or were not taken and may include recommendations as to an appropriate legislative response to improve fiscal oversight.

(3) If, after performing the duties described in paragraphs (1) and (2), the Superintendent determines that the county superintendent of schools failed to carry out his or her responsibilities for fiscal oversight as required by this code, the Superintendent may exercise the authority of the county superintendent of schools who has oversight responsibilities for a qualifying school district. If the Superintendent finds, based on the report required in paragraph (2), that the county superintendent of schools failed to appropriately take into account particular types of indicators of financial distress, or failed to take appropriate remedial actions in the qualifying school district, the Superintendent shall further investigate whether the county superintendent of schools failed to take into account those indicators, or similarly failed to take appropriate actions in other school districts with negative or qualified certifications.

SEC. 41. Section 41327.2 of the Education Code is amended to read:

41327.2. (a) The appointment of an administrator pursuant to Section 41326 does not remove any statutory rights, duties, or obligations from the county superintendent of schools. The county superintendent of schools retains the responsibility to superintend school districts under his or her jurisdiction.

(b) The county superintendent of schools shall submit reports to the Superintendent, the appropriate fiscal and policy committees of the Legislature, and the Director of Finance subsequent to review by the county superintendent of schools of the school district's budget and interim reports in accordance with subdivision (d) of, and paragraph (1) of subdivision (f) of, Section 42127, and paragraph (2) of subdivision (a) of, and subdivision (e) of, Section 42131. These reports shall document the fiscal and administrative status of the qualifying school district, particularly in regard to the implementation of fiscal and management recovery plans. Each report shall also include a determination of whether the revenue streams to the school district appear to be consistent with its expenditure plan, according to the most recent data available at the time of the report. These reports are required until six months after all rights, duties, and powers are returned to the school district pursuant to this article.

SEC. 42. Section 41339 of the Education Code is amended to read:

41339. The Superintendent shall certify each apportionment made by him or her under Sections 41332 to 41340, inclusive, whichever are in effect, to the Controller.

SEC. 43. Section 42103 of the Education Code is amended to read:

42103. (a) The governing board of each school district shall hold a public hearing on the proposed budget in a school district facility, or some other place conveniently accessible to the residents of the school district. The public hearing shall be held any day on or before the date specified for this purpose in subdivision (a) of, or paragraph (3) of subdivision (d) of, Section 42127, but

not less than three working days following availability of the proposed budget for public inspection. At the hearing any resident in the school district may appear and object to the proposed budget or any item in the budget.

(b) The public hearing required by this section may be concluded on the proposed budget when there are no requests for further hearing on file, and shall be concluded no later than the date specified for this purpose in subdivision (a) of, or paragraph (3) of subdivision (d) of, Section 42127. The budget shall not be finally adopted by the governing board of the school district until after the public hearing has been held.

(c) The proposed budget shall show expenditures, cash balances, and all revenues as required to be tabulated in Sections 42122 and 42123, and also shall include an estimate of those figures, unaudited, for the preceding fiscal year. In addition, any tax statement submitted by the governing board of the school district pursuant to subdivision (a) of Section 42127, any district tax requirement computed pursuant to subdivision (b) of Section 42127 for the school year to which the proposed budget is intended to apply, and any recommendations made by the county superintendent of schools pursuant to subdivision (d) of Section 42127 shall be made available by the school district for public inspection in a facility of the school district or in some other place conveniently accessible to residents of the school district.

(d) Notification of dates and location or locations at which the proposed budget may be inspected by the public and the date, time, and location of the public hearing on the proposed budget shall be published by the county superintendent of schools in a newspaper of general circulation in the school district or, if there is no newspaper of general circulation in the school district, in any newspaper of general circulation in the county, at least three days before the availability of the proposed budget for public inspection. The publication of the dates and locations shall occur no earlier than 45 days before the final date for the hearing as specified in subdivision (a) of, or paragraph (3) of subdivision (d) of, Section 42127, but not less than 10 days before the date set for hearing. The cost of the publication shall be a legal and proper charge against the school district for which the publication is made.

SEC. 44. Section 42127.1 of the Education Code is amended to read:

42127.1. (a) Pursuant to subdivision (f) of Section 42127, upon the disapproval of a school district budget by the county superintendent of schools, the county superintendent of schools shall call for the formation of a budget review committee unless the governing board of the school district and the county superintendent of schools agree to waive the requirement that a budget review committee be formed, and the department approves the waiver after determining that a budget review committee is not necessary. Upon the grant of a waiver, the county superintendent of schools has the authority and responsibility provided to a budget review committee in Section 42127.3. Upon approving a waiver of the budget review committee, the department shall ensure that a balanced budget is adopted for the school district by December 31.

(b) The budget review committee shall be composed of three persons selected by the governing board of the school district from a list of candidates provided to the governing board of the school district by the Superintendent. The list of candidates shall be composed of persons who have expertise in the management of a school district or county office of education. Their experience shall include, but not necessarily be limited to, the fiscal and educational aspects of local educational agency management.

(c) Notwithstanding subdivision (b) or any other provision of this article, with the approval of the Superintendent and the governing board of the school district, the county superintendent of schools may select and convene a regional review committee, consisting of persons having the expertise described in subdivision (b). The regional review committee shall operate in place of the budget review committee, in accordance with the provisions of this article governing budget review committees.

(d) Members of the committee shall be reimbursed by the department for their services and associated expenses while on official business at rates established by the state board.

SEC. 45. Section 46600 of the Education Code is amended to read:

46600. (a) (1) The governing boards of two or more school districts may enter into an agreement, for a term not to exceed five school years, for the interdistrict attendance of pupils who are residents of the school districts. The agreement may provide for the admission to a school district other than the school district of residence of a pupil who requests a permit to attend a school district that is a party to the agreement and that maintains schools and classes in kindergarten or any of grades 1 to 12, inclusive, to which the pupil requests admission. Once a pupil in kindergarten or any of grades 1 to 12, inclusive, is enrolled in a school pursuant to this chapter, the pupil shall not have to reapply for an interdistrict transfer, and the governing board of the school district of enrollment shall allow the pupil to continue to attend the school in which he or she is enrolled, except as specified in paragraphs (2) and (4).

(2) The agreement shall stipulate the terms and conditions under which interdistrict attendance shall be permitted or denied. The agreement may contain standards for reapplication agreed to by the school district of residence and the school district of

enrollment that differ from the requirements prescribed by paragraph (1). The agreement may stipulate terms and conditions established by the school district of residence and the school district of enrollment under which the permit may be revoked.

(3) The supervisor of attendance of the school district of residence shall issue an individual permit verifying the school district's approval, pursuant to policies of the governing board of the school district and terms of the agreement for the transfer. A permit shall be valid upon concurring endorsement by the designee of the governing board of the school district of proposed enrollment. The stipulation of the terms and conditions under which the permit may be revoked is the responsibility of the school district of enrollment.

(4) Notwithstanding paragraph (2), a school district of residence or school district of enrollment shall not rescind existing transfer permits for pupils entering grade 11 or 12 in the subsequent school year.

(b) A pupil who has been determined by personnel of either the school district of residence or the school district of proposed enrollment to have been the victim of an act of bullying, as defined in subdivision (r) of Section 48900, committed by a pupil of the school district of residence shall, at the request of the person having legal custody of the pupil, be given priority for interdistrict attendance under any existing interdistrict attendance agreement or, in the absence of an agreement, be given additional consideration for the creation of an interdistrict attendance agreement.

(c) In addition to the requirements of subdivision (e) of Section 48915.1, and regardless of whether an agreement exists or a permit is issued pursuant to this section, any school district may admit a pupil expelled from another school district in which the pupil continues to reside.

(d) (1) Notwithstanding any other law, and regardless of whether an agreement exists or a permit is issued pursuant to this section, a school district of residence shall not prohibit the transfer of a pupil who is a child of an active military duty parent to a school district of proposed enrollment if the school district of proposed enrollment approves the application for transfer.

(2) (A) For purposes of this subdivision, "active military duty parent" means a parent with full-time military duty status in the active uniformed service of the United States, including members of the National Guard and the State Military Reserve on active duty orders pursuant to Chapter 1209 (commencing with Section 12301) and Chapter 1211 (commencing with Section 12401) of Part II of Subtitle E of Title 10 of the United States Code.

(B) For purposes of this subdivision, "parent" means the natural or adoptive parent or guardian of a dependent child.

SEC. 46. Section 47605.1 of the Education Code is amended to read:

47605.1. (a) (1) Notwithstanding any other law, a charter school that is granted a charter from the governing board of a school district or county office of education after July 1, 2002, and commences providing educational services to pupils on or after July 1, 2002, shall locate in accordance with the geographic and site limitations of this part.

(2) Notwithstanding any other law, a charter school that is granted a charter by the state board after July 1, 2002, and commences providing educational services to pupils on or after July 1, 2002, based on the denial of a petition by the governing board of a school district or county board of education, as described in paragraphs (1) and (2) of subdivision (j) of Section 47605, may locate only within the geographic boundaries of the chartering entity that initially denied the petition for the charter.

(3) A charter school that receives approval of its charter from a governing board of a school district, a county office of education, or the state board before July 1, 2002, but does not commence operations until after January 1, 2003, shall be subject to the geographic limitations of this part, in accordance with subdivision (e).

(b) This section is not intended to affect the admission requirements contained in subdivision (d) of Section 47605.

(c) Notwithstanding any other law, a charter school may establish a resource center, meeting space, or other satellite facility located in a county adjacent to that in which the charter school is authorized if the following conditions are met:

(1) The facility is used exclusively for the educational support of pupils who are enrolled in nonclassroom-based independent study of the charter school.

(2) The charter school provides its primary educational services in, and a majority of the pupils it serves are residents of, the county in which the charter school is authorized.

(d) Notwithstanding subdivision (a) or subdivision (a) of Section 47605, a charter school that is unable to locate within the geographic boundaries of the chartering school district may establish one site outside the boundaries of the school district, but within the county within which that school district is located, if the school district in which the charter school proposes to operate is notified in advance of the charter petition approval, the county superintendent of schools is notified of the location of the charter school before it commences operations, and either of the following circumstances exist:

(1) The charter school has attempted to locate a single site or facility to house the entire program, but such a facility or site is unavailable in the area in which the charter school chooses to locate.

(2) The site is needed for temporary use during a construction or expansion project.

(e) (1) For a charter school that was granted approval of its charter before July 1, 2002, and provided educational services to pupils before July 1, 2002, this section only applies to new educational services or schoolsites established or acquired by the charter school on or after July 1, 2002.

(2) For a charter school that was granted approval of its charter before July 1, 2002, but did not provide educational services to pupils before July 1, 2002, this section only applies upon the expiration of a charter that is in existence on January 1, 2003.

(3) Notwithstanding other implementation timelines in this section, by June 30, 2005, or upon the expiration of a charter that is in existence on January 1, 2003, whichever is later, all charter schools shall be required to comply with this section for schoolsites at which educational services are provided to pupils before or after July 1, 2002, regardless of whether the charter school initially received approval of its charter school petition before July 1, 2002. To achieve compliance with this section, a charter school shall be required to receive approval of a charter petition in accordance with this section and Section 47605.

(4) This section is not intended to affect the authority of a governmental entity to revoke a charter that is granted on or before the effective date of this section.

(f) A charter school that submits its petition directly to a county board of education, as authorized by Section 47605.5 or 47605.6, may establish charter school operations only within the geographical boundaries of the county in which that county board of education has jurisdiction.

(g) Notwithstanding any other law, the jurisdictional limitations set forth in this section do not apply to a charter school that provides instruction exclusively in partnership with any of the following:

(1) The federal Workforce Innovation and Opportunity Act (29 U.S.C. Sec. 3101 et seq.).

(2) Federally affiliated Youth Build programs.

(3) Federal job corps training or instruction provided pursuant to a memorandum of understanding with the federal provider.

(4) The California Conservation Corps or local conservation corps certified by the California Conservation Corps pursuant to Sections 14507.5 or 14406 of the Public Resources Code.

(5) Instruction provided to juvenile court school pupils pursuant to subdivision (b) of Section 42238.18 or pursuant to Section 1981 for individuals who are placed in a residential facility.

SEC. 47. Section 47605.6 of the Education Code is amended to read:

47605.6. (a) (1) In addition to the authority provided by Section 47605.5, a county board of education may also approve a petition for the operation of a charter school that operates at one or more sites within the geographic boundaries of the county and that provides instructional services that are not generally provided by a county office of education. A county board of education may approve a countywide charter only if it finds, in addition to the other requirements of this section, that the educational services to be provided by the charter school will offer services to a pupil population that will benefit from those services and that cannot be served as well by a charter school that operates in only one school district in the county. A petition for the establishment of a countywide charter school pursuant to this subdivision may be circulated throughout the county by any one or more persons seeking to establish the charter school. The petition may be submitted to the county board of education for review after either of the following conditions is met:

(A) The petition is signed by a number of parents or guardians of pupils residing within the county that is equivalent to at least one-half of the number of pupils that the charter school estimates will enroll in the school for its first year of operation and each of the school districts where the charter school petitioner proposes to operate a facility has received at least 30 days' notice of the petitioner's intent to operate a charter school pursuant to this section.

(B) The petition is signed by a number of teachers that is equivalent to at least one-half of the number of teachers that the charter school estimates will be employed at the school during its first year of operation and each of the school districts where the charter school petitioner proposes to operate a facility has received at least 30 days' notice of the petitioner's intent to operate a charter school pursuant to this section.

(2) An existing public school shall not be converted to a charter school in accordance with this section.

(3) After receiving approval of its petition, a charter school that proposes to establish operations at additional sites within the geographic boundaries of the county board of education shall notify the school districts where those sites will be located. The charter school shall also request a material revision of its charter by the county board of education that approved its charter and the county board of education shall consider whether to approve those additional locations at an open, public meeting, held no sooner than 30 days following notification of the school districts where the sites will be located. If approved, the location of the approved sites shall be a material revision of the school's approved charter.

(4) A petition shall include a prominent statement indicating that a signature on the petition means that the parent or guardian is meaningfully interested in having his or her child or ward attend the charter school, or in the case of a teacher's signature, means that the teacher is meaningfully interested in teaching at the charter school. The proposed charter shall be attached to the petition.

(b) No later than 60 days after receiving a petition, in accordance with subdivision (a), the county board of education shall hold a public hearing on the provisions of the charter, at which time the county board of education shall consider the level of support for the petition by teachers, parents or guardians, and the school districts where the charter school petitioner proposes to place school facilities. Following review of the petition and the public hearing, the county board of education shall either grant or deny the charter within 90 days of receipt of the petition. However, this date may be extended by an additional 30 days if both parties agree to the extension. A county board of education may impose any additional requirements beyond those required by this section that it considers necessary for the sound operation of a countywide charter school. A county board of education may grant a charter for the operation of a school under this part only if it is satisfied that granting the charter is consistent with sound educational practice and that the charter school has reasonable justification for why it could not be established by petition to a school district pursuant to Section 47605. The county board of education shall deny a petition for the establishment of a charter school if it finds one or more of the following:

(1) The charter school presents an unsound educational program for the pupils to be enrolled in the charter school.

(2) The petitioners are demonstrably unlikely to successfully implement the program set forth in the petition.

(3) The petition does not contain the number of signatures required by subdivision (a).

(4) The petition does not contain an affirmation of each of the conditions described in subdivision (e).

(5) The petition does not contain reasonably comprehensive descriptions of all of the following:

(A) (i) The educational program of the charter school, designed, among other things, to identify those pupils whom the charter school is attempting to educate, what it means to be an "educated person" in the 21st century, and how learning best occurs. The goals identified in that program shall include the objective of enabling pupils to become self-motivated, competent, and lifelong learners.

(ii) The annual goals for the charter school for all pupils and for each subgroup of pupils identified pursuant to Section 52052, to be achieved in the state priorities, as described in subdivision (d) of Section 52060, that apply for the grade levels served, or the nature of the program operated, by the charter school, and specific annual actions to achieve those goals. A charter petition may identify additional school priorities, the goals for the school priorities, and the specific annual actions to achieve those goals.

(iii) If the proposed charter school will enroll high school pupils, the manner in which the charter school will inform parents regarding the transferability of courses to other public high schools. Courses offered by the charter school that are accredited by the Western Association of Schools and Colleges may be considered to be transferable to other public high schools.

(iv) If the proposed charter school will enroll high school pupils, information as to the manner in which the charter school will inform parents as to whether each individual course offered by the charter school meets college entrance requirements. Courses approved by the University of California or the California State University as satisfying their prerequisites for admission may be considered as meeting college entrance requirements for purposes of this clause.

(B) The measurable pupil outcomes identified for use by the charter school. "Pupil outcomes," for purposes of this part, means the extent to which all pupils of the school demonstrate that they have attained the skills, knowledge, and aptitudes specified as goals in the school's educational program. Pupil outcomes shall include outcomes that address increases in pupil academic achievement both schoolwide and for all groups of pupils served by the charter school, as that term is defined in subparagraph (B) of paragraph (3) of subdivision (a) of Section 47607. The pupil outcomes shall align with the state priorities, as described in subdivision (d) of Section 52060, that apply for the grade levels served, or the nature of the program operated, by the charter school.

(C) The method by which pupil progress in meeting those pupil outcomes is to be measured. To the extent practicable, the method for measuring pupil outcomes for state priorities shall be consistent with the way information is reported on a school accountability report card.

(D) The location of each charter school facility that the petitioner proposes to operate.

(E) The governance structure of the charter school, including, but not limited to, the process to be followed by the charter school to ensure parental involvement.

(F) The qualifications to be met by individuals to be employed by the charter school.

(G) The procedures that the charter school will follow to ensure the health and safety of pupils and staff. These procedures shall include the requirement that each employee of the charter school furnish it with a criminal record summary as described in Section 44237.

(H) The means by which the charter school will achieve a racial and ethnic balance among its pupils that is reflective of the general population residing within the territorial jurisdiction of the school district to which the charter petition is submitted.

(I) The manner in which annual, independent, financial audits shall be conducted, in accordance with regulations established by the state board, and the manner in which audit exceptions and deficiencies shall be resolved.

(J) The procedures by which pupils can be suspended or expelled.

(K) The manner by which staff members of the charter school will be covered by the State Teachers' Retirement System, the Public Employees' Retirement System, or federal social security.

(L) The procedures to be followed by the charter school and the county board of education to resolve disputes relating to provisions of the charter.

(M) Admission requirements of the charter school, if applicable.

(N) The public school attendance alternatives for pupils residing within the county who choose not to attend the charter school.

(O) The rights of an employee of the county office of education, upon leaving the employment of the county office of education, to be employed by the charter school, and any rights of return to the county office of education that an employee may have upon leaving the employ of the charter school.

(P) The procedures to be used if the charter school closes. The procedures shall ensure a final audit of the school to determine the disposition of all assets and liabilities of the charter school, including plans for disposing of any net assets and for the maintenance and transfer of public records.

(6) A declaration of whether or not the charter school shall be deemed the exclusive public school employer of the employees of the charter school for purposes of the Educational Employment Relations Act (Chapter 10.7 (commencing with Section 3540) of Division 4 of Title 1 of the Government Code).

(7) Any other basis that the county board of education finds justifies the denial of the petition.

(c) A county board of education that approves a petition for the operation of a countywide charter may, as a condition of charter approval, enter into an agreement with a third party, at the expense of the charter school, to oversee, monitor, and report to the county board of education on the operations of the charter school. The county board of education may prescribe the aspects of the charter school's operations to be monitored by the third party and may prescribe appropriate requirements regarding the reporting of information concerning the operations of the charter school to the county board of education.

(d) (1) Charter schools shall meet all statewide standards and conduct the pupil assessments required pursuant to Section 60605 and any other statewide standards authorized in statute or pupil assessments applicable to pupils in noncharter public schools.

(2) Charter schools shall on a regular basis consult with their parents and teachers regarding the charter school's educational programs.

(e) (1) In addition to any other requirement imposed under this part, a charter school shall be nonsectarian in its programs, admission policies, employment practices, and all other operations, shall not charge tuition, and shall not discriminate against any pupil on the basis of ethnicity, national origin, gender, gender identity, gender expression, or disability. Except as provided in paragraph (2), admission to a charter school shall not be determined according to the place of residence of the pupil, or of his or her parent or guardian, within this state.

(2) (A) A charter school shall admit all pupils who wish to attend the charter school.

(B) If the number of pupils who wish to attend the charter school exceeds the school's capacity, attendance, except for existing pupils of the charter school, shall be determined by a public random drawing. Preference shall be extended to pupils currently attending the charter school and pupils who reside in the county except as provided for in Section 47614.5. Other preferences may be permitted by the chartering authority on an individual charter school basis and only if consistent with the law.

(C) In the event of a drawing, the county board of education shall make reasonable efforts to accommodate the growth of the charter school and in no event shall take any action to impede the charter school from expanding enrollment to meet pupil demand.

(f) The county board of education shall not require an employee of the county or a school district to be employed in a charter school.

(g) The county board of education shall not require a pupil enrolled in a county program to attend a charter school.

(h) The county board of education shall require that the petitioner or petitioners provide information regarding the proposed operation and potential effects of the charter school, including, but not limited to, the facilities to be used by the charter school, the manner in which administrative services of the charter school are to be provided, and potential civil liability effects, if any, upon the charter school, any school district where the charter school may operate, and upon the county board of education. The petitioner or petitioners shall also be required to provide financial statements that include a proposed first-year operational budget, including startup costs, and cashflow and financial projections for the first three years of operation.

(i) In reviewing petitions for the establishment of charter schools within the county, the county board of education shall give preference to petitions that demonstrate the capability to provide comprehensive learning experiences to pupils identified by the petitioner or petitioners as academically low achieving pursuant to the standards established by the department under Section 54032, as that section read before July 19, 2006.

(j) Upon the approval of the petition by the county board of education, the petitioner or petitioners shall provide written notice of that approval, including a copy of the petition, to the school districts within the county, the Superintendent, and the state board.

(k) If a county board of education denies a petition, the petitioner may not elect to submit the petition for the establishment of the charter school to the state board.

(l) Teachers in charter schools shall be required to hold a Commission on Teacher Credentialing certificate, permit, or other document equivalent to that which a teacher in other public schools would be required to hold. These documents shall be maintained on file at the charter school and shall be subject to periodic inspection by the chartering authority.

(m) A charter school shall transmit a copy of its annual, independent, financial audit report for the preceding fiscal year, as described in subparagraph (l) of paragraph (5) of subdivision (b), to the county office of education, the Controller, and the department by December 15 of each year. This subdivision does not apply if the audit of the charter school is encompassed in the audit of the chartering entity pursuant to Section 41020.

SEC. 48. Section 47612.1 of the Education Code is amended to read:

47612.1. (a) Except for the requirement that a pupil be a California resident, subdivision (b) of Section 47612 shall not apply to a charter school program that provides instruction exclusively in partnership with any of the following:

(1) The federal Workforce Innovation and Opportunity Act (29 U.S.C. Sec. 3101 et seq.).

(2) Federally affiliated Youth Build programs.

(3) Federal job corps training or instruction provided pursuant to a memorandum of understanding with the federal provider.

(4) The California Conservation Corps or local conservation corps certified by the California Conservation Corps pursuant to Section 14406 or 14507.5 of the Public Resources Code.

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

SEC. 49. Section 48300 of the Education Code is amended to read:

48300. For purposes of this article, the following definitions apply:

(a) "Active military duty" means full-time military duty status in the active uniformed service of the United States, including members of the National Guard and the State Reserve on active duty orders pursuant to Chapter 1209 (commencing with Section 12301) of, and Chapter 1211 (commencing with Section 12401) of, Part II of Subtitle E of Title 10 of the United States Code.

(b) "Parent" means the natural or adoptive parent or guardian of a dependent child.

(c) "School district of choice" means a school district for which a resolution is in effect as described in subdivision (a) of Section 48301.

(d) "School district of residence" means the school district that a pupil would be directed by this chapter to attend, except as otherwise provided by this article.

SEC. 50. Section 49082 of the Education Code is repealed.

SEC. 51. Section 51781 of the Education Code is amended to read:

51781. (a) The department shall prepare, and distribute to school districts, guidelines and plans for the preparation of comprehensive educational programs for the prevention of genetic diseases, disorders, and birth defects, and, in cooperation with those county offices of education that desire to participate, shall assist school districts in developing comprehensive genetic diseases and disorders plans and programs.

(b) For the purposes set forth in subdivision (a), the department shall conduct, on an annual basis, at least 25 workshops and training programs for approximately 2,500 school district teams of certified school personnel, using instructional materials, curricula, and guidelines developed by the department for dissemination at training programs conducted during the year.

SEC. 52. Section 52302.8 of the Education Code is amended to read:

52302.8. (a) The Legislature hereby finds and declares that vocational training resources that are provided through regional occupational centers and programs are an essential component of the state's secondary school system and the local system of providing occupational skills training to high school pupils. For this reason, the Legislature finds and declares that these resources should be focused primarily on the needs of pupils enrolled in high school.

(b) For the 2008–09 fiscal year, a regional occupational center or program may claim no more than 50 percent of the state-funded average daily attendance for which the center or program is eligible, for services provided to students who are not enrolled in grades 9 to 12, inclusive.

(c) For the 2009–10 fiscal year, a regional occupational center or program may claim no more than 30 percent of the state-funded average daily attendance for which the center or program is eligible, for services provided to students who are not enrolled in grades 9 to 12, inclusive.

(d) For the 2011–12 fiscal year and every fiscal year thereafter, a regional occupational center or program may claim no more than 10 percent of the state-funded average daily attendance for which the center or program is eligible, for services provided to students who are not enrolled in grades 9 to 12, inclusive, and up to an additional 5 percent for CalWORKs, Temporary Assistance Program, or Job Corps participants and participants under the federal Workforce Innovation and Opportunity Act (29 U.S.C. Sec. 3101 et seq.) who are enrolled in Intensive Training services.

(e) Pupils who are CalWORKs, Temporary Assistance Program, or Job Corps participants shall have priority for service within the percentage limits established under subdivision (d).

(f) Notwithstanding subdivision (d), a regional occupational center or program may claim more than 15 percent of its average daily attendance for students who are not enrolled in grades 9 to 12, inclusive, if all of the students who are not enrolled in grades 9 to 12, inclusive, are CalWORKs, Temporary Assistance Program, or Job Corps participants, and if the governing board of the regional occupational center or program does all of the following:

(1) Meets with local human services directors, and representatives of adult education programs, community colleges and other institutions of higher education, to assess the needs of CalWORKs, Temporary Assistance Program, or Job Corps and federal Workforce Innovation and Opportunity Act participants to identify alternative ways to meet the needs of these adult students.

(2) Enters into a transition plan, approved by the Superintendent, to become in compliance with subdivision (d) in accordance with benchmarks and timelines established in the transition plan. Transition plans shall be established pursuant to guidelines issued by the department, in consultation with the State Department of Social Services, and shall be resubmitted and reviewed annually.

(g) Notwithstanding subdivisions (b), (c), and (d), a regional occupational center or program that claims more than 40 percent of its students are not enrolled in grades 9 to 12, inclusive, on January 1, 2007, shall submit a letter to the Superintendent by July 1 of each year until it complies with this subdivision, outlining the goals of the regional occupational center or program to reduce the number of adult students in order to comply with subdivision (d) on or before July 1, 2013.

(h) Regional occupational centers and programs operated in a rural county of the sixth, seventh, or eighth class may exceed the number of adults by an additional 10 percent of the limits established in subdivisions (b), (c), and (d).

(i) (1) For purposes of this calculation, adult average daily attendance attributable to continuously enrolled grade 12 pupils who have not passed the high school exit examination pursuant to Section 60851 is excluded from the calculation under this section. Amounts that may become available from reductions resulting from the enactment of this section shall be redirected to other regional occupational centers or programs to serve additional secondary pupils.

(2) Adult average daily attendance funding for a regional occupational center or program that has entered into a corrective action plan pursuant to subdivision (k) shall not be redirected to other regional occupational centers or programs to serve additional secondary pupils for up to three years while the regional occupational center or program is in corrective action.

(j) The governing boards of a community college district and a regional occupational center or program may enter into contractual agreements under which the center or program provides services to adult students of the community college district affected by this section if both of the following are satisfied:

(1) The agreements conform to state regulations and audit requirements jointly developed by the Chancellor of the Office of the California Community Colleges and the department, in consultation with, and subject to approval by, the Department of Finance.

(2) A course offered for adults pursuant to an agreement entered into pursuant to this subdivision is limited to the same cost per student to the state as if the course were offered at the regional occupational center or program. This subdivision does not authorize the apportionment of funds for community colleges for adult students in excess of the revenue limit for regional occupational centers or programs if a course is deemed eligible for college credit.

(k) A regional occupational center or program that fails to meet a timeline established under subdivision (c), (d), or (g) shall meet with the community college, adult education program, or other adult service to identify alternative means of meeting the needs of adult students and shall enter into a corrective action plan administered by the department. The corrective action plan shall be established pursuant to guidelines issued by the department and shall be submitted to the department annually for review.

SEC. 53. Section 52520 of the Education Code is amended to read:

52520. (a) Every vocational or occupational training program for adults offered by any high school district or unified school district shall be reviewed every two years by the governing board to assure that each program does all of the following:

(1) Meets a documented labor market demand.

(2) Does not represent unnecessary duplication of other manpower training programs in the area.

(3) Is of demonstrated effectiveness as measured by the employment and completion success of its students.

(b) Any program that does not meet the requirements of subdivision (a) and the standards promulgated by the governing board shall be terminated within one year.

(c) The review process required by this section shall include the review and comments by the local workforce investment board established pursuant to the federal Workforce Innovation and Opportunity Act (29 U.S.C. Sec. 3101 et seq.), and pursuant to Division 8 (commencing with Section 15000) of the Unemployment Insurance Code, which review and comments shall occur before any decision by the appropriate governing body.

SEC. 54. Section 56337.5 of the Education Code is amended to read:

56337.5. (a) A pupil who is assessed as being dyslexic and meets eligibility criteria specified in Section 56337 and paragraph (10) of subdivision (b) of Section 3030 of Title 5 of the California Code of Regulations for the federal Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.) category of specific learning disabilities is entitled to special education and related services.

(b) If a pupil who exhibits the characteristics of dyslexia or another related reading dysfunction is not found to be eligible for special education and related services pursuant to subdivision (a), the pupil's instructional program shall be provided in the regular education program.

(c) It is the intent of the Legislature that the program guidelines developed pursuant to Section 2 of Chapter 1501 of the Statutes of 1990, for specific learning disabilities, including dyslexia and other related disorders, be available for use by teachers and parents in order for them to have knowledge of the strategies that can be utilized with pupils for the remediation of the various types of specific learning disabilities.

SEC. 55. Section 56339 of the Education Code is amended to read:

56339. (a) A pupil whose educational performance is adversely affected by a suspected or diagnosed attention deficit disorder or attention deficit hyperactivity disorder and demonstrates a need for special education and related services by meeting eligibility criteria specified in paragraph (4) or (9) of subdivision (b) of Section 3030 of Title 5 of the California Code of Regulations or Section 56337 and paragraph (10) of subdivision (b) of Section 3030 of Title 5 of the California Code of Regulations for the federal Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.) categories of "emotional disturbance," "other health impairments," or "specific learning disabilities," is entitled to special education and related services.

(b) If a pupil with an attention deficit disorder or attention deficit hyperactivity disorder is not found to be eligible for special education and related services pursuant to subdivision (a), the pupil's instructional program shall be provided in the regular education program.

(c) It is the intent of the Legislature that local educational agencies promote coordination between special education and regular education programs to ensure that all pupils, including those with attention deficit disorders or attention deficit hyperactivity disorders, receive appropriate instructional interventions.

(d) It is further the intent of the Legislature that regular education teachers and other personnel be trained to develop an awareness about attention deficit disorders and attention deficit hyperactivity disorders and the manifestations of those disorders, and the adaptations that can be implemented in regular education programs to address the instructional needs of pupils having these disorders.

SEC. 56. Section 56426.6 of the Education Code is amended to read:

56426.6. (a) Early education services shall be provided by a local educational agency through a transdisciplinary team consisting of a group of professionals from various disciplines, agencies, and parents who shall share their expertise and services to provide appropriate services for infants and their families. Each team member shall be responsible for providing and coordinating early education services for one or more infants and their families, and shall serve as a consultant to other team members and as a provider of appropriate related services to other infants in the program.

(b) Credentialed personnel with expertise in vision or hearing impairments shall be made available by the local educational agency to early education programs serving infants identified in accordance with paragraph (2), (5), or (13) of subdivision (b) of Section 3030 of Title 5 of the California Code of Regulations, and shall be the primary providers of services under those programs whenever possible.

(c) Transdisciplinary teams may include, but need not be limited to, qualified persons from the following disciplines:

- (1) Early childhood special education.
- (2) Speech and language therapy.
- (3) Nursing, with a skill level not less than that of a registered nurse.
- (4) Social work, psychology, or mental health.
- (5) Occupational therapy.
- (6) Physical therapy.
- (7) Audiology.
- (8) Parent-to-parent support.

(d) A person who is authorized by the local educational agency to provide early education or related services to infants shall have appropriate experience in normal and atypical infant development and an understanding of the unique needs of families of infants with exceptional needs, or, absent that experience and understanding, shall undergo a comprehensive training plan for that purpose, which plan shall be developed and implemented as part of the staff development component of the local plan for early education services.

SEC. 57. Section 56441.11 of the Education Code is amended to read:

56441.11. (a) Notwithstanding any other law or regulation, the special education eligibility criteria in subdivision (b) shall apply to preschool children, between the ages of three and five years.

(b) A preschool child, between the ages of three and five years, qualifies as a child who needs early childhood special education services if the child meets the following criteria:

(1) Is identified as having one of the following disabling conditions, as defined in Section 300.8 of Title 34 of the Code of Federal Regulations, or an established medical disability, as defined in subdivision (d):

(A) Autism.

(B) Deaf-blindness.

(C) Deafness.

(D) Hearing impairment.

(E) Intellectual disability.

(F) Multiple disabilities.

(G) Orthopedic impairment.

(H) Other health impairment.

(I) Emotional disturbance.

(J) Specific learning disability.

(K) Speech or language impairment in one or more of voice, fluency, language and articulation.

(L) Traumatic brain injury.

(M) Visual impairment.

(N) Established medical disability.

(2) Needs specially designed instruction or services as defined in Sections 56441.2 and 56441.3.

(3) Has needs that cannot be met with modification of a regular environment in the home or school, or both, without ongoing monitoring or support as determined by an individualized education program team.

(4) Meets eligibility criteria specified in Section 3030 of Title 5 of the California Code of Regulations.

(c) A child is not eligible for special education and services if the child does not otherwise meet the eligibility criteria and his or her educational needs are due primarily to:

(1) Unfamiliarity with the English language.

(2) Temporary physical disabilities.

(3) Social maladjustment.

(4) Environmental, cultural, or economic factors.

(d) For purposes of this section, "established medical disability" means a disabling medical condition or congenital syndrome that the individualized education program team determines has a high predictability of requiring special education and services.

(e) When standardized tests are considered invalid for children between the ages of three and five years, alternative means, including scales, instruments, observations, and interviews, shall be used as specified in the assessment plan.

(f) In order to implement the eligibility criteria in subdivision (b), the Superintendent shall do all of the following:

(1) Provide for training in developmentally appropriate practices, alternative assessment, and placement options.

(2) Provide a research-based review for developmentally appropriate application criteria for young children.

(3) Provide program monitoring for appropriate use of the eligibility criteria.

(g) If legislation is enacted mandating early intervention services to infants and toddlers with disabilities pursuant to the federal Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.), the Superintendent shall reconsider the eligibility criteria for preschool children, between the ages of three and five years, and recommend appropriate changes to the Legislature.

SEC. 58. Section 56475 of the Education Code is amended to read:

56475. (a) The Superintendent and the directors of the State Department of Health Care Services, the State Department of Developmental Services, the State Department of Social Services, the Department of Rehabilitation, the Department of Corrections and Rehabilitation, Division of Juvenile Facilities, and the Employment Development Department shall develop written interagency agreements or adopt joint regulations that include responsibilities, in accordance with Section 1412(a)(12) of Title 20 of the United States Code and Section 300.154 of Title 34 of the Code of Federal Regulations, for the provision of special education and related services to individuals with exceptional needs in the State of California.

(b) The Superintendent shall develop interagency agreements with other state and local public agencies, as deemed necessary by the Superintendent, to carry out the provisions of state and federal law.

SEC. 59. Section 60800 of the Education Code is amended to read:

60800. (a) During the month of February, March, April, or May, the governing board of each school district maintaining any of grades 5, 7, and 9 shall administer to each pupil in those grades the physical performance test designated by the state board. Each pupil with a physical disability and each pupil who is physically unable to take all of the physical performance test shall be given as much of the test as his or her condition will permit.

(b) Upon request of the department, a school district shall submit to the department, at least once every two years, the results of its physical performance testing.

(c) Pupils shall be provided with their individual results after completing the physical performance testing. The test results may be provided orally as the pupil completes the testing.

(d) The governing board of a school district shall report the aggregate results of its physical performance testing administered pursuant to this section in its annual school accountability report card required by Sections 33126 and 35256.

SEC. 60. Section 60900 of the Education Code is amended to read:

60900. (a) The department shall contract for the development of proposals that will provide for the retention and analysis of longitudinal pupil achievement data on the tests administered pursuant to Chapter 5 (commencing with Section 60600), Chapter 7 (commencing with Section 60810), and Chapter 9 (commencing with Section 60850). The longitudinal data shall be known as the California Longitudinal Pupil Achievement Data System.

(b) The proposals developed pursuant to subdivision (a) shall evaluate and determine whether it would be most effective, from both a fiscal and a technological perspective, for the state to own the system. The proposals shall additionally evaluate and determine the most effective means of housing the system.

(c) The California Longitudinal Pupil Achievement Data System shall be developed and implemented in accordance with all state rules and regulations governing information technology projects.

(d) The system or systems developed pursuant to this section shall be used to accomplish all of the following goals:

(1) To provide school districts and the department access to data necessary to comply with federal reporting requirements delineated in the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.).

(2) To provide a better means of evaluating educational progress and investments over time.

(3) To provide local educational agencies information that can be used to improve pupil achievement.

(4) To provide an efficient, flexible, and secure means of maintaining longitudinal statewide pupil level data.

(5) To facilitate the ability of the state to publicly report data, as specified in Section 6401(e)(2)(D) of the federal America COMPETES Act (20 U.S.C. Sec. 9871) and as required by the federal American Recovery and Reinvestment Act of 2009 (Public Law 111-5).

(6) To ensure that any data access provided to researchers, as required pursuant to the federal Race to the Top regulations and guidelines is provided, only to the extent that the data access is in compliance with the federal Family Educational Rights and Privacy Act of 1974 (20 U.S.C. Sec. 1232g).

(e) In order to comply with federal law as delineated in the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.), the local educational agency shall retain individual pupil records for each test taker, including all of the following:

(1) All demographic data collected from the California Assessment of Student Performance and Progress (CAASPP), high school exit examination, and English language development tests.

(2) Pupil achievement data from assessments administered pursuant to the CAASPP, high school exit examination, and English language development testing programs. To the extent feasible, data should include subscore data within each content area.

(3) A unique pupil identification number to be identical to the pupil identifier developed pursuant to the California School Information Services, which shall be retained by each local educational agency and used to ensure the accuracy of information on the header sheets of the CAASPP tests, high school exit examination, and the English language development test.

(4) All data necessary to compile reports required by the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.), including, but not limited to, dropout and graduation rates.

(5) Other data elements deemed necessary by the Superintendent, with the approval of the state board, to comply with the federal reporting requirements delineated in the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.), and the federal American Recovery and Reinvestment Act of 2009 (Public Law 111-5), after review and comment by the advisory board convened pursuant to subdivision (h). Before the implementation of this paragraph with respect to adding data elements to the California Longitudinal Pupil Achievement Data System for the purpose of complying with the federal American Recovery and Reinvestment Act of 2009 (Public Law 111-5), the department and the appropriate postsecondary educational agencies shall submit an expenditure plan to the Department of Finance detailing any administrative costs to the department and costs to any local educational agency, if applicable. The Department of Finance shall provide to the Joint Legislative Budget Committee a copy of the expenditure plan within 10 days of receipt of the expenditure plan from the department.

(6) To enable the department, the University of California, the California State University, and the Chancellor of the California Community Colleges to meet the requirements prescribed by the federal American Recovery and Reinvestment Act of 2009 (Public Law 111-5), these entities shall be authorized to obtain quarterly wage data, commencing July 1, 2010, on students who have attended their respective systems, to assess the impact of education on the employment and earnings of those students, to conduct the annual analysis of district-level and individual district or postsecondary education system performance in achieving priority educational outcomes, and to submit the required reports to the Legislature and the Governor. The information shall be provided to the extent permitted by federal statutes and regulations.

(f) The California Longitudinal Pupil Achievement Data System shall have all of the following characteristics:

(1) The ability to sort by demographic element collected from the CAASPP tests, high school exit examination, and English language development test.

(2) The capability to be expanded to include pupil achievement data from multiple years.

(3) The capability to monitor pupil achievement on the CAASPP tests, high school exit examination, and English language development test from year to year and school to school.

(4) The capacity to provide data to the state and local educational agencies upon their request.

(g) Data elements and codes included in the system shall comply with Sections 49061 to 49079, inclusive, and Sections 49602 and 56347, with Sections 430 to 438, inclusive, of Title 5 of the California Code of Regulations, with the Information Practices Act of 1977 (Chapter 1 (commencing with Section 1798) of Title 1.8 of Part 4 of Division 3 of the Civil Code), and with the federal Family Educational Rights and Privacy Act of 1974 (20 U.S.C. Sec. 1232g), Section 1232h of Title 20 of the United States Code, and related federal regulations.

(h) The department shall convene an advisory board consisting of representatives or designees from the state board, the Department of Finance, the State Privacy Ombudsman, the Legislative Analyst's Office, representatives of parent groups, school districts, and local educational agencies, and education researchers to establish privacy and access protocols, provide general guidance, and make recommendations relative to data elements. The department is encouraged to seek representation broadly reflective of the general public of California.

(i) This section shall be implemented using federal funds received pursuant to the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.), which are appropriated for purposes of this section in Item 6110-113-0890 of Section 2.00 of the Budget Act of 2002 (Chapter 379 of the Statutes of 2002). The release of these funds is contingent on approval of an expenditure plan by the Department of Finance.

(j) For purposes of this chapter, a local educational agency shall include a county office of education, a school district, and a charter school.

SEC. 61. Section 12 of Chapter 525 of the Statutes of 1995 is amended to read:

Sec. 12. (a) The State Department of Education shall present to the State Board of Education a plan to implement the recommendations made by the State Department of Education in the Standardized Account Code Structure: A Supplement to the California School Accounting Manual (February 28, 1995, Draft) and in the Plan for Conversion to Standardized Account Code Structure (April 6, 1995) pursuant to Section 3 of Chapter 237 of the Statutes of 1993. The State Department of Education shall implement the structure upon approval of that plan by the State Board of Education. Before fully implementing those recommendations, the standardized account code structure shall be tested and the plan for implementation shall be revised as deemed necessary by the State Department of Education pursuant to the tests.

(b) The plan submitted to the State Board of Education pursuant to subdivision (a) to implement the standardized account code structure shall advance the following goals:

- (1) Upgrading financial transaction software in use by school districts and county offices of education to implement the standardized account code structure.
- (2) Providing incentives to promote the sharing of financial transaction systems and information among county offices of education and school districts.
- (3) Facilitating financial information transfer as necessary to facilitate planning by the Legislature with regard to specific financial transactions of California school districts.
- (4) Providing training services to school districts and county offices of education personnel to upgrade the quality of school district financial practices and information usage.