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**AB-1391 Education finance: transitional kindergarten: funding for basic aid school districts and necessary small schools.** (2025-2026)

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AMENDED IN ASSEMBLY APRIL 21, 2025

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CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

**ASSEMBLY BILL**

**NO. 1391**

Introduced by Assembly Member Addis

February 21, 2025

An act to *amend Section 42238.03 of, and to* add Section 42238.027 ~~to~~ *to*, the Education Code, relating to education finance, and making an appropriation therefor.

**LEGISLATIVE COUNSEL'S DIGEST**

AB 1391, as amended, Addis. Education finance: transitional kindergarten: funding for basic aid school districts and necessary small schools.

Existing law establishes a public school financing system that requires state funding for county superintendents of schools, school districts, and charter schools to be calculated pursuant to a local control funding formula (LCFF), as specified. Existing law requires funding pursuant to the LCFF to include, among other things, *the sum of* a base ~~grant based on grant, supplemental grant, and concentration grant, if applicable, multiplied by~~ average daily ~~attendance.~~ *attendance, as provided.*

Existing law authorizes a school district or charter school to maintain a transitional kindergarten program. Existing law requires a school district or a charter school, as a condition of receipt of apportionment for pupils in a transitional kindergarten program, to ensure that, beginning with the 2025–26 school year, a child who will have their 4th birthday by September 1 of a school year be admitted to a transitional kindergarten program maintained by the school district or charter school. Under existing law, pursuant to the LCFF, school districts and charter schools receive, as funding for transitional kindergarten, the sum of a base ~~grant amount, an additional adjustment to that amount, grant, a supplemental grant, a concentration grant, if applicable,~~ and a transitional kindergarten ~~add-on, all of which are based on~~ *add-on, multiplied by* transitional kindergarten average daily attendance, as provided.

Under existing law, school districts that receive local revenues that exceed the LCFF amount do not receive ~~an~~ *a specified* apportionment of LCFF funds, as provided, and are known as “basic aid school districts” or “excess tax entities.” Existing ~~law provides for the funding of necessary small schools and high schools, as specified. Existing law requires that funding to include,~~

~~among other things, various specified per-pupil and per-teacher amounts for different tiers based on the number of pupils and teachers, as specified. Under existing law, these necessary small school calculations modify the LCFF calculations for school districts with necessary small schools, as provided. law, notwithstanding those provisions, requires charter schools and school districts, including basic aid districts, to receive a minimum level of state-aid funding, as provided.~~

*This bill would, commencing with the 2025–26 fiscal year, require the minimum level of state funding for basic aid districts to include both the above-described sum of the LCFF base, supplemental, and concentration grants for transitional kindergarten, and an unspecified add-on amount for transitional kindergarten, multiplied by transitional kindergarten average daily attendance, as provided.*

*Existing law provides for the funding of necessary small schools and high schools, as specified. Existing law requires that funding to be based on, among other things, the necessary small school's average daily attendance and the number of full-time teachers, as specified. Existing law requires these necessary small school amounts to be added to the LCFF calculations for school districts with necessary small schools, as provided.*

This bill would, commencing with the 2025–26 fiscal year, and for each fiscal year thereafter, require the Superintendent of Public Instruction to allocate funding for pupils attending transitional kindergarten ~~in basic aid school districts or~~ in certain necessary small schools, as provided. The bill would require this allocation to include, for any average daily attendance generated by pupils attending a transitional kindergarten program in ~~the basic aid school district, or~~ the necessary small school, the sum of the above-described LCFF base grant, ~~base grant adjustment,~~ *supplemental grant, and concentration grant, if applicable,* and transitional kindergarten add-on amounts, as provided. The bill would, commencing with the 2025–26 fiscal year, and for each fiscal year thereafter, appropriate ~~each fiscal year~~ the amount of funding necessary to implement the required allocations for the applicable fiscal year from the General Fund to the Superintendent for allocation *to necessary small schools* under these provisions.

Funds appropriated by this bill would be applied toward the minimum funding requirements for school districts and community college districts imposed by Section 8 of Article XVI of the California Constitution.

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

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

**SECTION 1.** *It is the intent of the Legislature to ensure that basic aid school districts and necessary small schools are able to provide quality transitional kindergarten programs for their pupils without the need to make substantial reductions in other parts of their budgets.*

**SECTION 1.** **SEC. 2.** Section 42238.027 is added to the Education Code, immediately following Section 42238.026, to read:

~~42238.027. (a) It is the intent of the Legislature to ensure that basic aid school districts and necessary small schools are able to provide quality transitional kindergarten programs for their pupils without the need to make substantial reductions in other parts of their budgets.~~

~~(b)~~

**42238.027. (a)** Commencing with the 2025–26 fiscal year, and each fiscal year thereafter, the Superintendent shall allocate funding received pursuant to subdivision ~~(e)~~ *(b)* for any average daily attendance generated by pupils attending a transitional kindergarten program ~~in a basic aid school district or~~ in a necessary small school of a necessary small school district the sum of the amounts in paragraphs (1) to ~~(3)~~, *(5)*, inclusive, to the applicable school district:

(1) The amount set forth in subparagraph (A) of paragraph (1) of subdivision (d) of Section 42238.02 for the applicable fiscal year.

(2) The amount set forth in subparagraph (A) of paragraph (3) of subdivision (d) of Section 42238.02 for the applicable fiscal year.

*(3) The amount set forth in subdivision (e) of Section 42238.02 for the applicable fiscal year.*

*(4) The amount set forth in subparagraph (A) of paragraph (1) of subdivision (f) of Section 42238.02 for the applicable fiscal year, as adjusted by subparagraph (B) of paragraph (1) of subdivision (f) of Section 42238.02.*

~~(3)~~

*(5) The amount set forth in paragraph (2) of subdivision (g) of Section 42238.02 for the applicable fiscal year.*

~~(e)~~

~~(b)~~ Commencing with the 2025–26 fiscal year, and each fiscal year thereafter, the amount necessary to implement subdivision ~~(b)~~  
(a) for the applicable fiscal year is hereby appropriated in that fiscal year from the General Fund to the Superintendent for allocation as described in this section.

~~(d)~~

(c) For purposes of this section, the following definitions apply:

~~(1) "Basic aid school district" has the same meaning as defined in subdivision (e) of Section 42238.02.~~

~~(2)~~

(1) "Necessary small school" has the same meaning as defined in Section 42283.

~~(3)~~

(2) "Necessary small school district" means a school district that (A) is not a basic aid district, *as that term is defined in subdivision (e) of Section 42238.02*, (B) includes one or more necessary small schools, and (C) receives funding pursuant to Article 4 (commencing with Section 42280).

~~(4)~~

(3) "Transitional kindergarten program" means a transitional kindergarten program that operates pursuant to the rules and conditions of Section 48000.

**SEC. 3.** *Section 42238.03 of the Education Code is amended to read:*

**42238.03.** (a) Commencing with the 2013–14 fiscal year and each fiscal year thereafter, the Superintendent shall calculate a base entitlement for the transition to the local control funding formula for each school district and charter school equal to the sum of the amounts computed pursuant to paragraphs (1) to (4), inclusive. The amounts computed pursuant to paragraphs (1) to (4), inclusive, shall be continuously appropriated pursuant to Section 14002.

(1) The current fiscal year base entitlement funding level shall be the sum of all of the following:

(A) For school districts, revenue limits in the 2012–13 fiscal year as computed pursuant to Article 2 (commencing with Section 42238), as that article read on January 1, 2013, divided by the 2012–13 average daily attendance of the school district computed pursuant to Section 42238.05. That quotient shall be multiplied by the current fiscal year average daily attendance of the school district computed pursuant to Section 42238.05. A school district's 2012–13 fiscal year revenue limit funding shall exclude amounts computed pursuant to Article 4 (commencing with Section 42280). For purposes of this subparagraph, 2012–13 fiscal year average daily attendance and 2012–13 fiscal year revenue limits shall be considered final as of the annual apportionment for the 2012–13 fiscal year, as calculated for purposes of the certification required on or before February 20, 2014, pursuant to Sections 41332 and 41339.

(B) (i) For charter schools, general purpose funding in the 2012–13 fiscal year as computed pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4, as that article read on January 1, 2013, and the amount of in-lieu property tax provided to the charter school pursuant to Section 47635, as that section read on June 30, 2013, divided by the 2012–13 average daily attendance of the charter school computed pursuant to Section 42238.05. That quotient shall be multiplied by the current fiscal year average daily attendance of the charter school computed pursuant to Section 42238.05. For purposes of this subparagraph, 2012–13 fiscal year average daily attendance and 2012–13 fiscal year general purpose funding, as computed pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4, as that article read on January 1, 2013, shall be considered final as of the annual apportionment for the 2012–13 fiscal year, as calculated for purposes of the certification required on or before February 20, 2014, pursuant to Sections 41332 and 41339.

(ii) The amount computed pursuant to clause (i) shall exclude funds received by a charter school pursuant to Section 47634.1, as that section read on January 1, 2013.

(C) The amount computed pursuant to subparagraph (A) shall exclude funds received pursuant to Section 47633, as that section read on January 1, 2013.

(D) For school districts, funding for qualifying necessary small high schools and necessary small elementary schools shall be adjusted to reflect the funding levels that correspond to the 2012–13 necessary small high school and necessary small elementary school allowances pursuant to Article 4 (commencing with Section 42280) and former Section 42238.146, as those provisions read on January 1, 2013.

(2) (A) Entitlements from items contained in Section 2.00, as adjusted pursuant to Section 12.42, of the Budget Act of 2012 for Items 6110-104-0001, 6110-105-0001, 6110-108-0001, 6110-111-0001, 6110-124-0001, 6110-128-0001, 6110-137-0001, 6110-144-0001, 6110-156-0001, 6110-181-0001, 6110-188-0001, 6110-189-0001, 6110-190-0001, 6110-193-0001, 6110-195-0001, 6110-198-0001, 6110-204-0001, 6110-208-0001, 6110-209-0001, 6110-211-0001, 6110-212-0001, 6110-227-0001, 6110-228-0001, 6110-232-0001, 6110-240-0001, 6110-242-0001, 6110-243-0001, 6110-244-0001, 6110-245-0001, 6110-246-0001, 6110-247-0001, 6110-248-0001, 6110-260-0001, 6110-265-0001, 6110-267-0001, 6110-268-0001, and 6360-101-0001, 2012–13 fiscal year funding for the Class Size Reduction Program pursuant to former Chapter 6.10 (commencing with Section 52120) of Part 28 of Division 4, as it read on January 1, 2013, and 2012–13 fiscal year funding for pupils enrolled in community day schools who are mandatorily expelled pursuant to subdivision (d) of Section 48915. The entitlement for basic aid school districts shall include the reduction of 8.92 percent as applied pursuant to subparagraph (A) of paragraph (1) of subdivision (a) of Section 89 of Chapter 38 of the Statutes of 2012. For purposes of this subparagraph, 2012–13 fiscal year entitlements shall be considered final as of the annual apportionment for the 2012–13 fiscal year, as calculated for purposes of the certification required on or before February 20, 2014, pursuant to Sections 41332 and 41339.

(B) Commencing with the 2014–15 fiscal year, the entitlements identified in subparagraph (A) shall be adjusted to reflect the exclusion of one-time redevelopment agency liquid asset recovery revenue, pursuant to Section 34179.5 and following, of the Health and Safety Code, before the application of the 8.92-percent reduction applied pursuant to subparagraph (A) of paragraph (1) of subdivision (a) of Section 3 of Chapter 2 of the Statutes of 2012.

(3) The allocations pursuant to Sections 42606 and 47634.1, as those sections read on January 1, 2013, divided by the 2012–13 average daily attendance of the charter school computed pursuant to Section 42238.05. That quotient shall be multiplied by the current fiscal year average daily attendance of the charter school computed pursuant to Section 42238.05.

(4) The amount allocated to a school district or charter school pursuant to paragraph (3) of subdivision (b) for the fiscal years before the current fiscal year divided by the average daily attendance of the school district or charter school for the fiscal years before the current fiscal year computed pursuant to Section 42238.05. That quotient shall be multiplied by the current fiscal year average daily attendance of the school district or charter school computed pursuant to Section 42238.05. For purposes of this paragraph, the amount allocated pursuant to paragraph (3) of subdivision (b) for the fiscal years before the current fiscal year, and the average daily attendance of the school district or charter school for the fiscal years before the current fiscal year, as computed pursuant to Section 42238.05, shall be considered final as of the third recertification of the annual apportionment.

(5) (A) For the 2013–14 and 2014–15 fiscal years only, a school district that, in the 2012–13 fiscal year, from any of the funding sources identified in paragraph (1) or (2), received funds on behalf of, or provided funds to, a regional occupational center or program joint powers agency established in accordance with Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code for purposes of providing instruction to secondary pupils shall not redirect that funding for another purpose unless otherwise authorized in law or pursuant to an agreement between the regional occupational center or program joint powers agency and the contracting school district.

(B) For the 2013–14 and 2014–15 fiscal years only, if a regional occupational center or program joint powers agency established in accordance with Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code for purposes of providing instruction to pupils enrolled in grades 9 to 12, inclusive, received, in the 2012–13 fiscal year, an apportionment of funds directly from any of the funding sources identified in subparagraph (A) of paragraph (2) of subdivision (a), the Superintendent shall apportion that same amount to the regional occupational center or program joint powers agency.

(6) (A) (i) For the 2013–14 and 2014–15 fiscal years only, a school district that, in the 2012–13 fiscal year, from any of the funding sources identified in paragraph (1) or (2), received funds on behalf of, or provided funds to, a home-to-school transportation joint powers agency established in accordance with Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code for purposes of providing pupil transportation shall not redirect that funding for another purpose unless otherwise authorized in law or pursuant to an agreement between the home-to-school transportation joint powers agency and the contracting school district.

(ii) For the 2013–14 and 2014–15 fiscal years only, if a home-to-school transportation joint powers agency established in accordance with Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code for purposes of providing pupil transportation received, in the 2012–13 fiscal year, an apportionment of funds directly from the Superintendent from any of the funding sources identified in subparagraph (A) of paragraph (2) of subdivision (a), the Superintendent shall apportion that same amount to the home-to-school transportation joint powers agency.

(iii) If a home-to-school transportation joint powers agency, established pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code for purposes of providing pupil transportation, received an apportionment directly from the Superintendent from any of the funding sources specified in subparagraph (A) of paragraph (2) of subdivision (a) for the 2012–13 fiscal year, the joint powers agency may identify the member local

educational agencies and transfer entitlement to that funding to any of those member local educational agencies by reporting to the Superintendent, on or before September 30, 2015, the reassignment of a specified amount of the joint powers agency's 2012–13 fiscal year entitlement to the member local educational agency. Commencing with the 2015–16 fiscal year, the Superintendent shall add the reassigned amounts to the amounts calculated pursuant to subparagraph (A) of paragraph (2) of subdivision (a).

(B) In addition to subparagraph (A), of the funds a school district receives for home-to-school transportation programs the school district shall expend, pursuant to former Article 2 (commencing with Section 39820) of Chapter 1 of Part 23.5, former Article 10 (commencing with Section 41850) of Chapter 5, and the Small School District Transportation program, as set forth in former Article 4.5 (commencing with Section 42290), as those articles read on January 1, 2013, no less for those programs than the amount of funds the school district expended for home-to-school transportation in the 2012–13 fiscal year.

(7) For the 2013–14 and 2014–15 fiscal years only, of the funds a school district receives for purposes of regional occupational centers or programs, or adult education, the school district shall expend no less than the amount of funds the school district expended for purposes of regional occupational centers or programs, or adult education, respectively, in the 2012–13 fiscal year. For purposes of this paragraph, a school district may include expenditures made by its county office of education within the school district for purposes of regional occupational centers or programs so long as the total amount of expenditures by the school district and the county office of education equal or exceed the total amount required to be expended for purposes of regional occupational centers or programs pursuant to this paragraph and paragraph (3) of subdivision (k) of Section 2575.

(8) For the 2013–14 and 2014–15 fiscal years only, and for purposes of ensuring the continuity of essential induction and training services for beginning teachers, the Alameda County Superintendent of Schools shall withhold five hundred eighty-one thousand five hundred forty dollars (\$581,540) from the local control funding formula apportionments of the Newark Unified School District, and from those withheld funds shall allocate the following amounts to the following entities:

(A) One hundred forty-seven thousand nine hundred twenty dollars (\$147,920) to the Alameda Unified School District.

(B) One hundred four thousand dollars (\$104,000) to the San Leandro Unified School District.

(C) One hundred sixty-four thousand six hundred twenty dollars (\$164,620) to the Berkeley Unified School District.

(D) One hundred sixty-five thousand dollars (\$165,000) to the San Lorenzo Unified School District.

(b) Compute an annual local control funding formula transition adjustment for each school district and charter school as follows:

(1) Subtract the amount computed pursuant to paragraphs (1) to (4), inclusive, of subdivision (a) from the amount computed for each school district or charter school under the local control funding formula entitlements computed pursuant to Section 42238.02. School districts and charter schools with a negative difference shall be deemed to have a zero difference.

(2) Each school district's and charter school's total need, as calculated pursuant to paragraph (1), shall be divided by the sum of all school districts' and charter schools' total need to determine the school district's or charter school's respective proportions of total need.

(3) (A) Each school district's and charter school's proportion of total need shall be multiplied by any available appropriations specifically made for purposes of this subdivision, and added to the school district's or charter school's funding amounts as calculated pursuant to subdivision (a).

(B) For purposes of subparagraph (A), the proportion of total need that is funded from any available appropriations specifically made for purposes of this subdivision for a fiscal year shall be considered fixed as of the second principal apportionment for that fiscal year. Adjustments to a school district's or charter school's total need, as computed pursuant to paragraph (1), subsequent to the second principal apportionment for a fiscal year, shall be funded based on the fixed proportion of total need that is funded for that fiscal year pursuant to this subdivision and shall be continuously appropriated pursuant to Section 14002.

(4) If the total amount of funds appropriated for purposes of paragraph (3) pursuant to this subdivision are sufficient to fully fund any positive amounts computed pursuant to paragraph (1), the local control funding formula grant computed pursuant to subdivision (c) of Section 42238.02 shall be adjusted to ensure that any available appropriation authority is expended for purposes of the local control funding formula.

(c) The Superintendent shall subtract from the amounts computed pursuant to subdivisions (a) and (b) the sum of the following:

(1) (A) For school districts, the property tax revenue received pursuant to Chapter 3.5 (commencing with Section 75) and Chapter 6 (commencing with Section 95) of Part 0.5 of Division 1 of the Revenue and Taxation Code.

(B) For charter schools, the in-lieu property tax amount provided to a charter school pursuant to Section 47635.

(2) The amount, if any, received pursuant to Part 18.5 (commencing with Section 38101) of Division 2 of the Revenue and Taxation Code.

(3) The amount, if any, received pursuant to Chapter 3 (commencing with Section 16140) of Part 1 of Division 4 of Title 2 of the Government Code.

(4) Prior years' taxes and taxes on the unsecured roll.

(5) Fifty percent of the amount received pursuant to Section 41603.

(6) The amount, if any, received pursuant to the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code), less any amount received pursuant to Section 33401 or 33676 of the Health and Safety Code that is used for land acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance and that is not an amount received pursuant to Section 33492.15, or paragraph (4) of subdivision (a) of Section 33607.5, or Section 33607.7 of the Health and Safety Code that is allocated exclusively for educational facilities.

(7) The amount, if any, received pursuant to Sections 34177, 34179.5, 34179.6, 34183, and 34188 of the Health and Safety Code.

(8) Revenue received pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution.

(d) A school district or charter school that has a zero difference pursuant to paragraph (1) of subdivision (b) in the prior fiscal year shall receive an entitlement equal to the amount calculated pursuant to Section 42238.02 in the current fiscal year and future fiscal years.

(e) Notwithstanding paragraph (2) of subdivision (g), or the computations pursuant to subdivisions (b) to (d), inclusive, and Section 42238.02, commencing with the 2013–14 fiscal year, a school district or charter school shall receive state-aid funding of no less than the sum of the amounts computed pursuant to paragraphs (1) to (3), ~~inclusive~~, *inclusive, and paragraphs (5) and (6).*

(1) (A) For school districts, revenue limits in the 2012–13 fiscal year as computed pursuant to Article 2 (commencing with Section 42238), as that article read on January 1, 2013, divided by the 2012–13 average daily attendance of the school district computed pursuant to Section 42238.05. That quotient shall be multiplied by the current fiscal year average daily attendance of the school district computed pursuant to Section 42238.05. A school district's 2012–13 revenue limit funding shall exclude amounts computed pursuant to Article 4 (commencing with Section 42280). For purposes of this subparagraph, 2012–13 fiscal year average daily attendance and 2012–13 fiscal year revenue limits shall be considered final as of the annual apportionment for the 2012–13 fiscal year, as calculated for purposes of the certification required on or before February 20, 2014, pursuant to Sections 41332 and 41339.

(B) (i) For charter schools, general purpose funding in the 2012–13 fiscal year as computed pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4, as that article read on January 1, 2013, and the amount of in-lieu property tax provided to the charter school in the 2012–13 fiscal year pursuant to Section 47635, as that section read on January 1, 2013, divided by the 2012–13 average daily attendance of the charter school computed pursuant to Section 42238.05. That quotient shall be multiplied by the current fiscal year average daily attendance of the charter school computed pursuant to Section 42238.05. For purposes of this subparagraph, 2012–13 fiscal year average daily attendance and 2012–13 fiscal year general purpose funding, as computed pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4, as that article read on January 1, 2013, shall be considered final as of the annual apportionment for the 2012–13 fiscal year, as calculated for purposes of the certification required on or before February 20, 2014, pursuant to Sections 41332 and 41339.

(ii) The amount computed pursuant to clause (i) shall exclude funds received by a charter school pursuant to Section 47634.1, as that section read on January 1, 2013.

(C) The amount computed pursuant to subparagraph (A) shall exclude funds received pursuant to Section 47633, as that section read on January 1, 2013.

(D) For school districts, the 2012–13 funding allowance provided for qualifying necessary small high schools and necessary small elementary schools pursuant to Article 4 (commencing with Section 42280) and Section 42238.146, as those provisions read on January 1, 2013.

(E) The amount computed pursuant to subparagraphs (A) to (D), inclusive, shall be reduced by the sum of the amount computed pursuant to paragraphs (1) to (8), inclusive, of subdivision (c).

(2) (A) Entitlements from items contained in Section 2.00, as adjusted pursuant to Section 12.42, of the Budget Act of 2012 for Items 6110-104-0001, 6110-105-0001, 6110-108-0001, 6110-111-0001, 6110-124-0001, 6110-128-0001, 6110-137-0001, 6110-144-0001, 6110-156-0001, 6110-181-0001, 6110-188-0001, 6110-189-0001, 6110-190-0001, 6110-193-0001, 6110-195-0001, 6110-198-0001, 6110-204-0001, 6110-208-0001, 6110-209-0001, 6110-211-0001, 6110-212-0001, 6110-227-0001, 6110-228-0001, 6110-232-0001, 6110-240-0001, 6110-242-0001, 6110-243-0001, 6110-244-0001, 6110-245-0001, 6110-246-0001, 6110-247-0001, 6110-248-0001, 6110-260-0001, 6110-265-0001, 6110-267-0001, 6110-268-0001, and 6360-101-0001, 2012–13 fiscal year funding for the Class Size Reduction Program pursuant to former Chapter 6.10 (commencing with Section 52120) of Part 28 of Division 4, as it read on January 1, 2013, and 2012–13 fiscal year funding for pupils enrolled in community day schools who are mandatorily expelled pursuant to subdivision (d) of Section 48915. The entitlement for basic aid school districts shall include the reduction of 8.92 percent as applied pursuant to subparagraph (A) of paragraph (1) of subdivision (a) of Section 89 of Chapter 38 of the Statutes of 2012. For purposes of this subparagraph, 2012–13 fiscal year entitlements shall be considered final as of the annual apportionment for the 2012–13 fiscal year, as calculated for purposes of the certification required on or before February 20, 2014, pursuant to Sections 41332 and 41339.

(B) Commencing with the 2014–15 fiscal year, the entitlements identified in subparagraph (A) shall be adjusted to reflect the exclusion of one-time redevelopment agency liquid asset recovery revenue, pursuant to Section 34179.5 and following, of the Health and Safety Code, before the application of the 8.92-percent reduction applied pursuant to subparagraph (A) of paragraph (1) of subdivision (a) of Section 3 of Chapter 2 of the Statutes of 2012.

(C) The Superintendent shall annually apportion any entitlement provided to the state special schools from the items specified in subparagraph (A) to the state special schools in the same amount as the state special schools received from those items in the 2012–13 fiscal year.

(D) Commencing with the 2015–16 fiscal year, any portion of funding transferred to a school district or charter school by a joint powers agency pursuant to clause (iii) of subparagraph (A) of paragraph (6) of subdivision (a) shall be deemed to be included in the entitlements specified in subparagraph (A) for the school district or charter school.

(3) The allocations pursuant to Sections 42606 and 47634.1, as those sections read on January 1, 2013, divided by the 2012–13 average daily attendance of the charter school. That quotient shall be multiplied by the current fiscal year average daily attendance of the charter school.

(4) (A) For purposes of this subdivision, funding for a restructured charter school shall be calculated as follows:

(i) Funding for a transferred charter school that meets the requirements of Section 47653 shall be calculated by doing both of the following:

(I) For purposes of paragraphs (1) and (3), using the quotient calculated for the original charter school.

(II) For purposes of paragraph (2), using the same amount of entitlement funding calculated for the charter school before the restructuring.

(ii) (I) Funding for an acquiring charter school that meets the requirements of Section 47653 shall be calculated by doing both of the following:

(ia) For purposes of paragraphs (1) and (3), using the median quotient calculated for the original charter schools.

(ib) For purposes of paragraph (2), using the same amount of entitlement funding calculated for each original charter school before the restructuring.

(II) This clause shall become inoperative on July 1, 2026, unless its operation is extended by the Legislature.

(iii) Funding for a divided charter school that meets the requirements of Section 47653 shall be calculated by doing the following:

(I) For purposes of paragraphs (1) and (3), using the quotients calculated for the original charter school for both the restructured portions of a divided charter school and the remaining portion of a divided charter school.

(II) For purposes of paragraph (2), dividing the amount between the restructured portions of a divided charter school and the remaining portion of a divided charter school based on each charter school's share of the combined average daily attendance of the original charter school computed pursuant to Section 42238.05 as of the second principal apportionment in the fiscal year immediately before the first fiscal year of instruction as a restructured charter school. Data regarding average daily attendance shall be provided by the charter school in a format prescribed by the Superintendent. The total average daily attendance attributable to the restructured and remaining portions of a divided charter school shall not exceed the total average daily attendance of the original charter school for the

applicable fiscal year. The amounts shall be final as of the second principal apportionment for the first fiscal year of instruction as a restructured charter school and each fiscal year thereafter.

(B) The definitions in Section 47654 apply for purposes of this paragraph.

*(5) For basic aid districts, as that term is defined in subdivision (o) of Section 42238.02, notwithstanding Section 42238.05, commencing with the 2025–26 fiscal year, the Superintendent shall compute an add-on to the total sum of the basic aid district's base, supplemental, and concentration grants, computed pursuant to Section 42238.02, equal to \_\_\_\_ dollars (\$\_\_\_\_) multiplied by the then current fiscal year's second principal apportionment period average daily attendance in transitional kindergarten. The add-on computed pursuant to this paragraph shall be adjusted by the percentage change applied pursuant to paragraph (2) of subdivision (d) of Section 42238.02.*

*(6) For basic aid districts, as that term is defined in subdivision (o) of Section 42238.02, commencing with the 2025–26 fiscal year, the amount calculated pursuant to paragraph (1) of subdivision (i) of Section 42238.02 for the transitional kindergarten average daily attendance included in the average daily attendance computed pursuant to Section 42238.05.*

(f) (1) For purposes of this section, commencing with the 2013–14 fiscal year and until all school districts and charter schools equal or exceed their local control funding formula target computed pursuant to Section 42238.02, as determined by the calculation of a zero difference pursuant to paragraph (1) of subdivision (b), a newly operational charter school shall be determined to have a prior year funding amount per unit of average daily attendance equal to the lesser of:

(A) The prior year funding amount per unit of average daily attendance for the school district in which the charter school is physically located. The Superintendent shall calculate the funding amount per unit of average daily attendance for this purpose by dividing the total local control funding formula entitlement, calculated pursuant to subdivisions (a) and (b), received by that school district in the prior year by prior year funded average daily attendance of that school district. For purposes of this subparagraph, a charter school that is physically located in more than one school district shall use the calculated local control funding entitlement per unit of average daily attendance of the school district with the highest prior year funding amount per unit of average daily attendance. For purposes of this subparagraph, the prior year funding amount per unit of average daily attendance for the school district in which the charter school is physically located shall be considered final as of the second principal apportionment of the prior fiscal year.

(B) The charter school's local control funding formula rate computed pursuant to subdivisions (c) to (i), inclusive, of Section 42238.02.

(2) For charter schools funded pursuant to paragraph (1), the charter school shall be eligible to receive growth funding pursuant to subdivision (b) toward meeting the newly operational charter school's local control funding formula target.

(3) Upon a determination that all school districts and charter schools equal or exceed the local control funding formula target computed pursuant to Section 42238.02, as determined by the calculation of a zero difference pursuant to paragraph (1) of subdivision (b) for all school districts and charter schools, this subdivision shall not apply and the charter school shall receive an allocation equal to the amount calculated under Section 42238.02 in that fiscal year and future fiscal years.

(4) For purposes of this subdivision, the determination of a charter school's physical location shall be considered final as of the second principal apportionment for the applicable fiscal year.

(g) (1) In each fiscal year the Superintendent shall determine the percentage of school districts that are apportioned funding pursuant to this section that is less than the amount computed pursuant to Section 42238.02 as of the second principal apportionments of the fiscal year. If the percentage is less than 10 percent, the Superintendent shall apportion funding to school districts and charter schools equal to the amount computed pursuant to Section 42238.02 in that fiscal year.

(2) For each fiscal year thereafter, the Superintendent shall apportion funding to a school district and charter school equal to the amount computed pursuant to Section 42238.02.