October 14, 2019

VIA PERSONAL DELIVERY

Initiative Coordinator
Office of the Honorable Xavier Becerra
Attorney General
State of California
1300 I Street, 17th Floor
Sacramento, CA 95814

RE: Request for Title and Summary for Proposed Initiative Constitutional Amendment

Dear Initiative Coordinator:

Pursuant to Article II, Section 10(d) of the California Constitution, I hereby submit the attached proposed Initiative Constitutional Amendment, entitled the "Public School Progress, Prosperity, and Accountability Act of 2020," to your office and request preparation of title and summary of the chief points and purposes of the measure as provided by law. Included with this submission is the required signed proponent certifications pursuant to Sections 9001 and 9608 of the California Elections Code and a check for $2,000.00.

All inquiries or correspondences relative to this matter maybe directed to the California School Boards Association, 3251 Beacon Blvd., West Sacramento, CA 95691, Attention: Dennis Meyers (phone 916-371-4691).

Thank you.

Sincerely,

Dennis Meyers

Enclosures
Section 1. Title

This measure shall be known, and may be cited, as Full and Fair Funding: the Public School Progress, Prosperity, and Accountability Act of 2020.

Section 2. Findings and Declarations

The People of California find and declare all of the following:

a) California has a moral, practical, and economic imperative to provide all public school and community college students with a high-quality education that prepares them for success in college, career, and civic life.

b) Education is the heart of our democracy, the source of our innovation, the engine of our progress, and the foundation of our prosperity. Underfunding schools and community colleges shortchanges our students and our society.

c) Public education plays a critical role in helping students reach their full potential. By providing the foundation for personal and professional success, public schools strengthen communities and bolster the economy. California should not rank near the bottom nationally in any area of significant investment, let alone education.

d) Despite boasting the world's fifth-largest economy and the largest economy of any state, California sits near the bottom nationally in nearly every significant measure of school funding and staffing. California ranks 38th in per-pupil funding, 41st in the number of classroom aides per student, 45th in student-teacher ratio, 46th in student-principal ratio, 48th in student-counselor ratio, 48th in overall student-staff ratio, and 50th in student-librarian ratio.

e) California's dismal school funding represents a steep drop from the early 1970s, when the state's public schools were the envy of the nation. In 1969-70, California per-pupil funding ranked in the top five nationally. After four decades of underinvestment, the state's per-pupil funding ranking stood at just 38th in 2018-19, with funding levels roughly 20 percent below the national average.

f) If California supported schools at the national average, funding would increase by $2,475 per pupil, or by $61,875 for a classroom of 25 students. That money could be used to increase students' job prospects through expanded career and technical education, job training, computer instruction, courses in science, technology, engineering, and mathematics (STEM), and an improved curriculum, including the arts. These funds could also provide increased access to college and student supports such as class size reduction, additional counselors, nurses, and librarians, parent and community engagement, support for English learners, intervention programs, instructional support staff, college readiness, and more.

g) As California's school funding has fallen relative to other states, so has its students' performance. In 2017, California's 8th graders ranked 42nd in mathematics, 38th in reading, 44th in sciences, and 39th in writing on the National Assessment of Educational Progress (NAEP). Those results closely track the state's low ranking in per-pupil funding, indicating that we, as Californians, expect our public schools to be funded at significantly higher levels than currently provided by the State of California.

h) Substantial research points to a positive relationship between school funding and improved student outcomes, particularly for economically disadvantaged students.

i) Further evidence suggests that, given sustained education funding increases over the course of their school careers, economically disadvantaged students can realize just as much success as their better-off peers.
California has a high-needs student population, with the greatest percentage of students living in poverty and the highest percentage of English learners of any state. In order to prepare our students for a society that is more complex and technological than ever before, California must invest at a level exceeding that of the typical state; instead, we lag behind most of the nation in school funding.

After deep cuts during the Great Recession, California’s school funding only recently returned to 2008 levels, and still remains $2,475 per pupil below the national average. Recent increases in school funding served primarily to restore programs and services lost during the recession and were sufficient neither to reverse four decades of underinvestment nor to provide the course offerings required for a comprehensive 21st century education that serves all students.

California’s community colleges recently set targets to increase the number of students who acquire associate degrees, credentials or occupational certificates by 20 percent and to grow the number of community college students who transfer annually to a University of California or California State University campus by 35 percent. However, current funding levels with increasing enrollments present challenges to reaching those goals.

Section 3. Statement of Purpose

The purpose of this act is to do the following:

a) To secure additional funding for California’s public schools so that local schools and community colleges can invest in new educational programs that will improve academic achievement among all students, keep students and staff safe and prepare students to compete for high-paying jobs, succeed in college and career, and meaningfully participate in this great state’s civic life.

b) To reverse decades of underinvestment by the State of California in its public schools and community colleges, a disinvestment that has let per-pupil funding in elementary and secondary public schools plummet from top 10 nationally during the 1960s to 38th in per-pupil funding today. During those decades of disinvestment, California’s public school teachers have faced increasing class sizes, which are some of the highest in the nation, and a continual drop in critical resources such as librarians, nurses, and counselors.

c) To raise funds for local public schools and community colleges and send those funds directly to local decisionmakers without interference from the Legislature or the state bureaucracy. Funds raised by this measure shall be distributed using California’s equity-based funding formulas, which guarantee a fair distribution of funds to local schools and community colleges. All funds are subject to annual audit, and this measure requires public discussion of budgeting decisions and posting of expenditures on school and community college internet websites. This measure also limits the amount of funds that can be spent on administration in order to ensure that our children and community college students receive maximum benefit from this investment in their education. Funds raised by this measure are separate from the rest of the education budget, and from the annual Budget Act, so that these funds cannot be diverted by the Legislature for noneducation programs.

d) To increase funding to California’s public schools, including public charter schools, to prepare students for college and career so that those students
may compete successfully in California's 21st century economy. That includes making
schools safer, creating more STEM, computer science and computer programing
courses, hiring and training the best and brightest people to teach our students,
ensuring that students from all backgrounds achieve at high levels, and preparing young
children who are entering school for the first time.

e) To increase funding to the California Community Colleges in order to
provide more opportunity for students, including California's veterans, to transfer to
four-year colleges and universities and to train students, including veterans, for high-
paying jobs and careers, especially those jobs that require knowledge of science,
technology, engineering, and mathematics.

f) To ensure that decisions on which programs and activities to fund are made
in our local communities and not in Sacramento.

g) To ensure that funds from this additional investment are used appropriately
by doing all of the following:
1) Requiring that spending decisions are made in open, public meetings, and
that school districts, county offices of education, charter schools, and
community college districts publicly disclose how this money is spent.
2) Limiting the amount that may be spent on administrative costs.
3) Requiring annual financial audits to verify that spending complies with this
measure.

Section 4. Section 37 is added to Article XIII thereof, to read:

SEC. 37. (a) (1) The Investment in California's Public Schools and
Community Colleges Fund is hereby established in the State Treasury. The Investment
in California's Public Schools and Community Colleges Fund is a trust fund, and
moneys deposited in that fund may be expended only for the purposes specified in this
section. Moneys in the Investment in California's Public Schools and Community
Colleges Fund are hereby continuously appropriated for the support of local
educational agencies and community college districts as set forth in this section.

(2) Revenues received from the taxes imposed pursuant to this section shall be
deposited in the Investment in California's Public Schools and Community Colleges
Fund for allocation pursuant to this section.

(3) (A) Revenues deposited into the Investment in California's Public Schools
and Community Colleges Fund are not General Fund revenues for any purpose set
forth in this Constitution and are not General Fund proceeds of taxes for any purpose
set forth in Section 8 or Section 21 of Article XVI.

(B) The appropriation of moneys in the Investment in California's Public
Schools and Community Colleges Fund made pursuant to paragraph (1) is not an
appropriation subject to limitation of the State or of an entity of local government for
any purpose set forth in Article XIII B.

(C) The expenditure of moneys deposited into the Investment in California's
Public Schools and Community Colleges Fund shall not be deemed to be part of
"current expense of education," as defined in Section 41372 of the Education Code.

(b) (1) For purposes of this section, "local educational agency" means a
charter school, school district, or county office of education.
(2) For purposes of this section, references to Sections 2574, 41372, 42238.02, and 84750.4 of the Education Code shall be to those sections as they read on July 1, 2019.

(c) (1) For each taxable year beginning on or after January 1, 2021, with regard to a taxpayer subject to the taxes imposed by Part 10 (commencing with Section 17001) of Division 2 of the Revenue and Taxation Code, in addition to any other taxes imposed under that part, including the tax imposed by Section 17043 of the Revenue and Taxation Code, additional taxes shall be imposed as follows:

(A) For that portion of taxable income that is over one million dollars ($1,000,000), a tax of 2 percent.

(B) For that portion of taxable income that is over two million dollars ($2,000,000), a tax of 3 percent.

(2) For purposes of applying Part 10.2 (commencing with Section 18401) of Division 2 of the Revenue and Taxation Code, the taxes imposed under this subdivision shall be treated as if imposed under Section 17041 of the Revenue and Taxation Code.

(3) The following shall not apply to the taxes imposed by this subdivision:

(A) Section 17039 of the Revenue and Taxation Code, relating to the allowance of credits.

(B) Section 17045 of the Revenue and Taxation Code, relating to joint returns.

(4) The revenues derived from the taxes imposed by this subdivision shall be deposited in the Investment in California’s Public Schools and Community Colleges Fund.

(d) (1) (A) For each taxable year beginning on or after January 1, 2021, if a corporation subject to taxation under Section 23151 of the Revenue and Taxation Code has net receipts from all sources derived from, or attributable to, this State that are equal to or more than one million dollars ($1,000,000), the tax imposed under that section shall be a tax according to or measured by net income for that taxable year at a rate that, with respect to net income above one million dollars ($1,000,000), is 5 percent greater than is otherwise provided by that section, but not less than the minimum tax specified in Section 23153 of the Revenue and Taxation Code.

(B) A 5-percent tax rate increase shall be applied under Article 3 (commencing with Section 23181) of Chapter 2 of Part 11 of Division 2 of the Revenue and Taxation Code to those financial corporations that meet the net receipts threshold described in subparagraph (A).

(2) The additional revenues, net of refunds, derived from the tax rate increases imposed pursuant to paragraph (1) shall be deposited in the Investment in California’s Public Schools and Community Colleges Fund.

(e) (1) For each taxable year beginning on or after January 1, 2021, if a corporation subject to taxation under Section 23802 of the Revenue and Taxation Code has net receipts from all sources derived from, or attributable to, this State that are equal to or more than one million dollars ($1,000,000), the tax imposed under Section 23151 or 23501 of the Revenue and Taxation Code on net income above one million dollars ($1,000,000) shall be imposed at a rate that is 3 percent.
greater than the rate otherwise specified in Section 23802 of the Revenue and Taxation Code.

(2) The additional revenues, net of refunds, derived from the 3-percent tax rate increase imposed pursuant to paragraph (1) shall be deposited in the Investment in California's Public Schools and Community Colleges Fund.

(f) (1) Eighty-nine percent of the funds deposited in the Investment in California's Public Schools and Community Colleges Fund shall be allocated quarterly to local educational agencies by the Superintendent of Public Instruction as set forth in subdivision (g).

(2) Moneys received by a local educational agency pursuant to this section shall be expended only for one or more of the following purposes in order to prepare pupils for success in college, career, and civic life, and to close achievement gaps:

(A) To provide pupils with the skills and knowledge to succeed in postsecondary education and to successfully compete for jobs and careers in the 21st century economy, including, but not limited to, jobs and careers in fields dependent upon knowledge of science, technology, engineering, or mathematics.

(B) To improve the safety and security of school campuses to ensure the safety of pupils and school staff.

(C) To recruit and retain the highest quality teachers and school leaders.

(D) To reduce achievement gaps among pupils.

(E) To provide early learning services to pupils before they enter kindergarten.

(F) To provide education and training in computer science, programming, engineering, and technology to pupils.

(3) (A) Moneys received by a local educational agency pursuant to this section shall supplement, and not supplant, other moneys expended by a local educational agency for the purposes set forth in paragraph (2).

(B) Not more than 5 percent of the funds received by a local educational agency pursuant to this section may be used for the costs of administering the activities set forth in paragraph (2).

(g) (1) (A) Of the moneys described in paragraph (1) of subdivision (f), five hundred million dollars ($500,000,000) shall be allocated annually to local educational agencies per unit of average daily attendance in grades 7 to 12, inclusive, to implement state computer science curriculum standards and to purchase computers and technological equipment to be used for instructional purposes.

(B) The amount described in subparagraph (A) shall be adjusted annually by the inflation factor described in paragraph (2) of subdivision (d) of Section 42238.02 of the Education Code.

(2) After the allocation described in paragraph (1), the moneys described in paragraph (1) of subdivision (f) shall be allocated to local educational agencies in proportion to the following local control funding formula amounts:

(A) For each school district and charter school, its total local control funding formula amount equal to the sum of the amounts determined in subdivisions (g) to (i), inclusive, of Section 42238.02 of the Education Code minus the greater of:

(i) Zero.
(ii) The amount by which the sum of its local revenues determined pursuant to paragraphs (1) to (8), inclusive, of subdivision (j) of Section 42238.02 of the Education Code exceeds its total local control funding formula amount as identified in subparagraph (A).

(B) For each county office of education, the amount calculated pursuant to Section 25774 of the Education Code.

(3) Notwithstanding paragraphs (1) and (2), of the moneys described in paragraph (1) of subdivision (f), a local educational agency in this State shall not receive less than five hundred dollars ($500) per unit of average daily attendance in the prior fiscal year, adjusted annually by the lesser of the following:

(A) The annual percentage growth in the moneys deposited in the Investment in California’s Public Schools and Community Colleges Fund.

(B) The annual inflation factor described in paragraph (2) of subdivision (d) of Section 42238.02 of the Education Code.

(h) (1) Eleven percent of the funds deposited in the Investment in California’s Public Schools and Community Colleges Fund shall be allocated quarterly to community college districts by the Chancellor of the California Community Colleges in proportion to the funding amounts calculated pursuant to Section 84750.4 of the Education Code.

(2) Of the moneys described in paragraph (1), a community college district shall not receive less than five hundred dollars ($500) per full-time equivalent student, adjusted annually by the lesser of either of the following:

(A) The annual percentage growth in the moneys deposited in the Investment in California’s Public Schools and Community Colleges Fund.

(B) The cost-of-living adjustment for the California Community Colleges provided for by the Legislature for the applicable fiscal year.

(3) Moneys received by a community college district pursuant to this section shall be expended only for one or more of following purposes:

(A) Increasing the number and percentage of students, including veterans, who successfully transfer from a community college to a four-year college or university.

(B) Increasing the number and percentage of students, including veterans, who successfully complete training that prepares them for high-need and well-paying jobs and careers, including, but not limited to, jobs and careers in fields dependent upon knowledge of science, technology, engineering, or mathematics.

(C) To provide education and training in computer science, programming, engineering, and technology to students.

(4) (A) Moneys received by a community college district pursuant to this section shall supplement, and not supplant, other moneys expended by a community college district for the purposes set forth in paragraph (3).

(B) Not more than 5 percent of the funds received by a community college district pursuant to this section may be used for the costs of administering the activities set forth in paragraph (3).

(i) (1) The governing board or body of each local educational agency and community college district shall determine how the moneys allocated from the Investment in California’s Public Schools and Community Colleges Fund are
spent in the schools or colleges within its jurisdiction, provided that both of the following occur:

(A) The spending determinations comply with subdivisions (f), (g), and (h).

(B) The governing board or body makes the spending determinations in an open session of a public meeting of the governing board or body.

(2) Each local educational agency and community college district shall annually publish on its internet website, or, if it does not have an internet website, otherwise make available to the public, an accounting of how much money was received from the Investment in California's Public Schools and Community Colleges Fund and how that money was spent in accordance with the purposes set forth in this section.

(3) The annual independent financial and compliance audit required of local educational agencies and community college districts shall, in addition to all other requirements of law, ascertain and verify whether the funds received from the Investment in California's Public Schools and Community Colleges Fund have been properly disbursed and expended as required by this section, including the requirements of paragraph (3) of subdivision (f) and paragraph (4) of subdivision (h).

Section 5, Section 9 of Article XIII B thereof is amended to read:

SEC. 9. “Appropriations subject to limitation” for each entity of government do not include:

(a) Appropriations for debt service.

(b) Appropriations required to comply with mandates of the courts or the federal government which, without discretion, require an expenditure for additional services or which unavoidably make the provision of existing services more costly.

(c) Appropriations of any special district which existed on January 1, 1978, and which did not as of the 1977-78 fiscal year levy an ad valorem tax on property in excess of 12 1/2 cents per $100 of assessed value; or the appropriations of any special district then existing or thereafter created by a vote of the people, which is totally funded by other than the proceeds of taxes.

(d) Appropriations for all qualified capital outlay projects, as defined by the Legislature.

(e) Appropriations of revenue which are derived from any of the following:

(1) That portion of the taxes imposed on motor vehicle fuels for use in motor vehicles upon public streets and highways at a rate of more than nine cents ($0.09) per gallon.

(2) Sales and use taxes collected on that increment of the tax specified in paragraph (1).

(3) That portion of the weight fee imposed on commercial vehicles which exceeds the weight fee imposed on those vehicles on January 1, 1990.

(f) Appropriations made pursuant to Section 37 of Article XIII.