

Assembly Constitutional Amendment

No. 2

Introduced by Assembly Members Nestande and Olsen

December 18, 2012

Assembly Constitutional Amendment No. 2—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by adding Section 8.7 to Article XVI thereof, relating to education finance.

LEGISLATIVE COUNSEL'S DIGEST

ACA 2, as introduced, Nestande. Education finance: payment of state apportionments.

Existing law establishes the public elementary and secondary schools and the system of public community colleges in this state, and provides for a system for their funding. Provisions of the California Constitution require that a minimum amount of aggregate funding, calculated as specified, be allocated to school districts and community college districts. Pursuant to existing statutes, school districts, community college districts, and other local educational agencies receive a portion of their funding through apportionments of state funds made in accordance with payment schedules.

This measure would require that the total amount due for allocation to school districts, county offices of education, charter schools, and community college districts pursuant to the constitutional minimum funding requirement described above for a fiscal year, as estimated at the time of enactment of the annual Budget Act for that fiscal year, be apportioned pursuant to statute during that fiscal year, unless that minimum funding requirement is suspended for that fiscal year pursuant to an existing constitutional provision authorizing that suspension. The

measure would require this estimate to be set forth in the Budget Bill passed by the Legislature.

The measure would require apportionments of state aid to school districts, county offices of education, charter schools, and community college districts to be made no later than the times specified by the statutory payment schedule that was in effect during the 2000–01 fiscal year, except that the Legislature may require by statute that these apportionments be made earlier in the fiscal year.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

1 *Resolved by the Assembly, the Senate concurring,* That the
2 Legislature of the State of California at its 2013–14 Regular
3 Session commencing on the third day of December 2012,
4 two-thirds of the membership of each house concurring, hereby
5 proposes to the people of the State of California that the
6 Constitution of the State be amended as follows:

7 First—The people of the State of California find and declare all
8 of the following:

9 (a) Beginning in the 2001–02 school year as a small and
10 temporary budget solution, and increasing significantly in the
11 2008–09 school year, California has excessively relied on deferring
12 state apportionments to school districts and community college
13 districts to balance the state budget. Over ten billion dollars
14 (\$10,000,000,000) is now used as a budget mechanism to fund
15 other government programs by withholding funds for our public
16 schools and community colleges and not paying what is owed to
17 them under constitutional K-12 and community college funding
18 guarantees, misleading Californians as to the true amount of cuts
19 and the actual funding available to operate our public schools and
20 community colleges.

21 (b) The fact that one dollar (\$1) out of every five dollars (\$5)
22 owed to K-12 schools and community colleges is not paid until
23 after the end of the academic school year has taken a demoralizing
24 toll on the teaching professions of both systems by contributing
25 to education program uncertainty and unprecedented educator
26 layoffs. Programs for K-12 pupils have been reduced or eliminated,
27 including all of the following: career, vocational, and technical
28 education; university preparation; afterschool programs; sports,
29 arts, and music; counseling services; libraries; and even core

1 academic programs. Community colleges have reduced access to
2 courses that students need to graduate on time.

3 (c) California’s increasing reliance on the budget practice of
4 deferring state payments to school districts and community college
5 districts results in broken promises to voters, students, and
6 educators because money arrives too late to be used during the
7 school year and is never recovered for the education of the students
8 for whom the money was intended.

9 (d) Because state revenue limit funding is reduced according to
10 the amount of property taxes collected at the local level,
11 low-property-tax-wealth school districts suffer more than
12 high-property-tax-wealth districts, in that state funding represents
13 a greater portion of their overall budget. As a result of these
14 property tax differentials, for some school districts the amounts
15 deferred represent only a relatively small amount of money, while
16 for other school districts the moneys deferred are a much larger
17 part of their budget. This practice ultimately violates the Equal
18 Protection Clause of the California Constitution with respect to
19 California’s funding of public education.

20 (e) Cross-year deferrals have directly resulted in reduced local
21 school district and community college district control over the
22 maintenance of sound education practices, and have led to
23 inadequate course offerings, unreasonable class sizes, the
24 deterioration of education facilities for lack of maintenance
25 funding, and the depletion of reserves for economic uncertainty
26 because of accumulated annual funding losses. To make ends meet,
27 school districts and community college districts have suffered
28 increased borrowing costs and increased layoffs, and have been
29 forced to take emergency actions that jeopardize their long-term
30 financial health.

31 (f) Eliminating the practice of the deferral of state
32 apportionments to school districts and community college districts
33 will improve our children’s education by improving school district
34 and community college district financial health, and reducing the
35 risk of school district or community college district insolvency or
36 the disruption of services from emergency budget cuts to school
37 programs.

38 (g) This measure will force the Legislature and the Governor
39 to account for state funding shortfalls in an open way so that voters
40 can accurately judge what is actually spent on public education

1 without the mask of budget manipulation. If cuts are made to public
2 education because of lack of funding, those cuts should be done
3 openly and based on the projection of revenue for that year, and
4 without deferrals that suggest that a promised payment will be
5 made on some future date that has nothing to do with the current
6 school year.

7 Second—That Section 8.7 is added to Article XVI thereof, to
8 read:

9 SEC. 8.7. (a) The total amount due for allocation to school
10 districts, county offices of education, charter schools, and
11 community college districts to meet the minimum funding
12 requirement of Section 8 for a fiscal year, as estimated at the time
13 of the enactment of the Budget Act for that fiscal year, shall be
14 apportioned pursuant to statute during that fiscal year, unless that
15 minimum funding requirement is suspended for that fiscal year
16 pursuant to subdivision (h) of Section 8. That estimate shall be set
17 forth in the Budget Bill passed by the Legislature.

18 (b) Apportionments of state aid to school districts, county offices
19 of education, charter schools, and community college districts shall
20 be made no later than the times specified by the statutory payment
21 schedule that was in effect during the 2000–01 fiscal year, except
22 that the Legislature may require by statute that these
23 apportionments be made earlier in the fiscal year.