

AMENDED IN SENATE MAY 13, 1998  
AMENDED IN ASSEMBLY APRIL 23, 1997  
AMENDED IN ASSEMBLY MARCH 31, 1997  
AMENDED IN ASSEMBLY FEBRUARY 19, 1997

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

**ASSEMBLY BILL**

**No. 89**

Introduced by Assembly Members ~~Pringle and Mazzoni~~  
*Member Pringle*

~~(Coauthors: Assembly Members Alby, Ashburn, Baldwin, Battin, Baugh, Bordonaro, Bowler, Brewer, Campbell, House, Kuykendall, Leonard, Margett, Miller, Morrissey, Morrow, Olberg, Oller, Pacheco, Poochigian, Prenter, Richter, and Runner)~~

~~(Coauthors: Senators Haynes, Johnson, Kopp, and Rainey)~~

December 30, 1996

~~An act relating to class size in the public elementary schools, to amend Sections 17199.3 and 17199.4 of the Education Code, relating to school facilities, and making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 89, as amended, Pringle. ~~Class size reduction~~ *School Finance: California School Finance Authority Act.*

~~Existing law establishes the Class Size Reduction Program to provide funding to school districts and charter schools to~~



~~reduce class size in kindergarten and grades 1 to 3, inclusive, to not more than 20 pupils per certificated teacher. Existing law appropriates \$771,000,000 to the Superintendent of Public Instruction for the exclusive purpose of allocating funds to school districts pursuant to the Class Size Reduction Program. Existing law establishes the Class Size Reduction Facilities Funding Program for the purpose of assisting school districts and charter schools with the facilities-related costs associated with the implementation of the Class Size Reduction Program. Existing law appropriates \$200,000,000 to the Superintendent of Public Instruction for allocation to school districts for the purposes of the Class Size Reduction Facilities Funding Program, known as the California School Finance Authority Act, establishes the California School Finance Authority and authorizes it to administer the continuously appropriated California School Finance Authority Fund. The act limits to \$400,000,000 the total amount of revenue bonds that may be issued under a provision of the act, which is to be repealed on January 1, 2006, that permits a participating school district or county office of education to obtain state assistance from the authority to guarantee or provide for payment of bonds issued under the act in connection with securing financing or refinancing of projects, except for working capital.~~

~~This bill would require the Superintendent of Public Instruction to certify to the Controller by June 25, 1997, the amount of funds remaining from the \$771,000,000 appropriation that shall not be allocated to school districts in the 1996-97 fiscal year for the purposes of the Class Size Reduction Program. The bill would provide that any of the \$771,000,000 appropriation made for the purposes of the Class Size Reduction Program that shall not be allocated by the Superintendent of Public Instruction to school districts in the 1996-97 fiscal year are reappropriated, without regard to fiscal year, to the Superintendent of Public Instruction for allocation on or after June 25, 1997, to school districts for the purposes of the Class Size Reduction Facilities Funding Program, as specified.~~

~~The bill would make related declarations of legislative intent.~~



~~The bill would also express the Legislature's intent that out of the next general obligation bond act for kindergarten and grades 1 to 12, inclusive, first priority allocation of those bond funds shall be to fund all identified 1996-97 class size reduction needs, as specified.~~

~~The bill would declare that it is to take effect immediately as an urgency statute delete the \$400,000,000 limitation on the issuance of bonds under this bond guarantee or payment provision and delete the January 1, 2006, repeal date, thereby extending its duration indefinitely. This bill would make an appropriation by deleting the limitation on issuance of revenue bonds for, and extending the duration of, the bond guarantee or payment provisions, for which continuously appropriated funds could be expended.~~

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

*The people of the State of California do enact as follows:*

1 ~~SECTION 1.~~ (a) ~~It is the intent of the Legislature~~  
2 *SECTION 1. Section 17199.3 of the Education Code is*  
3 *amended to read:*  
4 17199.3. (a) The total amount of revenue bonds  
5 which may be issued and outstanding at any time for  
6 purposes of this chapter, other than those revenue bonds  
7 ~~issued~~ under Section ~~17899.4~~ 17199.4, shall not exceed four  
8 hundred million dollars (\$400,000,000).  
9 (b) ~~The total amount of revenue bonds that may be~~  
10 ~~issued under this chapter each fiscal year, for purposes of~~  
11 ~~Section 17899.4 only, shall not exceed four hundred~~  
12 ~~million dollars (\$400,000,000). Of that total amount of~~  
13 ~~revenue bonds, not more than one hundred fifty million~~  
14 ~~dollars (\$150,000,000) in revenue bonds may be issued for~~  
15 ~~the purposes of joint venture school facilities construction~~  
16 ~~projects undertaken pursuant to Article 5 (commencing~~  
17 ~~with Section 17760) of Chapter 22. The total amount that~~  
18 ~~may be outstanding at any time under this chapter, for~~  
19 ~~purposes of Section 17899.4~~ 17199.4 only, shall not exceed  
20 four billion dollars (\$4,000,000,000).



1 (c) For purposes of subdivisions (a) and (b), bonds  
2 which meet any of the following conditions shall not be  
3 deemed to be outstanding:

4 (1) Bonds which have been refunded pursuant to  
5 Section ~~17888~~ 17188.

6 (2) Bonds for which money or securities in amounts  
7 necessary to pay or redeem the principal, interest, or any  
8 redemption premium on the bonds have been deposited  
9 in trust.

10 (3) Bonds which have been issued to provide working  
11 capital.

12 *SEC. 2. Section 17199.4 of the Education Code is*  
13 *amended to read:*

14 17199.4. (a) Notwithstanding any other law, any  
15 participating school district or county office of education,  
16 in connection with securing financing or refinancing of  
17 projects, except working capital, pursuant to this chapter  
18 may elect to guarantee or provide for payment of the  
19 bonds in accordance with the following conditions:

20 (1) If a participating school district or county office of  
21 education adopts a resolution by a majority vote of its  
22 board to participate under this section, it shall provide  
23 notice to the Controller of that election. The notice shall  
24 include a schedule for the repayment of principal and  
25 interest on the bonds and identify a trustee appointed by  
26 the participating school district or county office of  
27 education or the authority for purposes of this section.  
28 The notice shall be provided not later than the date of  
29 issuance of the bonds.

30 (2) If, for any reason, the school district or county  
31 office of education will not make the payment of principal  
32 and interest at the time the payment is required, the  
33 participating school district or county office of education  
34 shall notify the trustee of that fact and of the amount of  
35 the deficiency. The trustee shall immediately  
36 communicate that information to the Controller.

37 (3) Upon receipt of the notice required by paragraph  
38 (2), the Controller shall make an apportionment to the  
39 trustee in the amount of the deficiency for the purpose of  
40 making the required payment of principal or interest, or



1 both. The Controller shall make that apportionment only  
2 from moneys in Section A of the State School Fund  
3 designated for apportionment to the district pursuant to  
4 Section 42238 or to the county office of education  
5 pursuant to Section 2558.

6 (4) As an alternative to the procedures set forth in  
7 paragraphs (2) and (3), the participating school district  
8 or county office of education may provide a transfer  
9 schedule in its notice to the Controller of its election to  
10 participate under this section. The transfer schedule shall  
11 set forth amounts to be transferred to the trustee and the  
12 date for the transfers. The Controller shall, subject to the  
13 limitation in the last sentence of paragraph (3), make  
14 apportionments to the trustee of those amounts on the  
15 specified date for the purpose of making those transfers.

16 (b) The amount apportioned for a school district or for  
17 a county office of education pursuant to this section shall  
18 be deemed to be an allocation to the district or the county  
19 office of education for purposes of subdivision (b) of  
20 Section 8 of Article XVI of the California Constitution.  
21 For purposes of computing revenue limits pursuant to  
22 Section 42238 for any school district or pursuant to Section  
23 2558 for any county office of education, the revenue limit  
24 for any fiscal year in which funds are apportioned for the  
25 district or for the county office of education pursuant to  
26 this section shall include any amounts apportioned by the  
27 Controller pursuant to paragraphs (3) and (4) of  
28 subdivision (a).

29 (c) (1) School districts or county offices of education  
30 that elect to participate under this section shall apply to  
31 the authority. The authority shall consider each of the  
32 following priorities in making funds available:

33 (A) First priority shall be given to school districts or  
34 county offices of education that apply for funding for  
35 instructional classroom space.

36 (B) Second priority shall be given to school districts or  
37 county offices of education that apply for funding of  
38 modernization of instructional classroom space.

39 (C) Third priority shall be given to all other eligible  
40 costs, as defined in Section ~~17873~~ 17173.



1 (2) The authority shall prioritize applications at  
2 appropriate intervals.

3 (3) A school district electing to participate under this  
4 section that has applied for revenue bond moneys for the  
5 purposes of joint venture school facilities construction  
6 projects, pursuant to Article 5 (commencing with Section  
7 ~~17760~~ 17060) of Chapter ~~22~~ 12, shall not be subject to the  
8 priorities set forth in paragraph (1) ~~of this subdivision.~~

9 (d) This section shall not be construed to make the  
10 State of California liable for any payment of principal or  
11 interest on any bonds or certificates of participation  
12 within the meaning of Section 1 of Article XVI of the  
13 California Constitution or otherwise, except as expressly  
14 provided in this section.

15 (e) A school district that has a qualified or negative  
16 certification pursuant to Section 42131, or a county office  
17 of education that has a qualified or negative certification  
18 pursuant to Section 1240, may not participate under this  
19 section.

20 (f) The authority shall report to the Legislature by  
21 January 1, 2001, on the number of school districts or  
22 county offices of education electing to participate under  
23 this section and on the financial stability of the  
24 participating school districts and county offices of  
25 education.

26 ~~(g) This section shall remain in effect only until  
27 January 1, 2006, and as of that date is repealed, unless a  
28 later enacted statute, that is enacted before January 1,  
29 2006, deletes or extends that date.~~

30 ~~that all school districts that desire to implement a class  
31 size reduction program in kindergarten and grades 1 to  
32 3, inclusive, are able to do so.~~

33 ~~(b) It is the intent of the Legislature that barriers to  
34 successful implementation of class size reduction in  
35 kindergarten and grades 1 to 3, inclusive, in all school  
36 districts shall be eliminated. To that end, strategies must  
37 be developed to ensure that all students in kindergarten  
38 and grades 1 to 3, inclusive, have equal access to classroom  
39 settings that are not larger than 20 pupils per certified  
40 teacher.~~



1 ~~(c) The Legislature recognizes that there may be~~  
2 ~~extraordinary circumstances related to available space~~  
3 ~~for additional classrooms that would impede the~~  
4 ~~implementation of a class size reduction program in all~~  
5 ~~eligible grades. These circumstances would include, but~~  
6 ~~not be limited to, school districts that have exhausted all~~  
7 ~~options in using existing space as evidenced by operation~~  
8 ~~of multitrack year round operations, redrawing~~  
9 ~~attendance boundaries, and reconfiguring grade levels~~  
10 ~~among sites. It is the intent of the Legislature that, when~~  
11 ~~considering future allocations to school districts for~~  
12 ~~facilities for class size reduction, special consideration~~  
13 ~~shall be given to school districts that have been unable to~~  
14 ~~participate fully in class size reduction efforts due to these~~  
15 ~~extraordinary circumstances.~~

16 ~~(d) It is further the intent of the Legislature that~~  
17 ~~temporary options be developed to allow school districts~~  
18 ~~with these extraordinary circumstances to participate in~~  
19 ~~class size reduction efforts in a manner different from, but~~  
20 ~~with the same objectives of, the regular class size~~  
21 ~~reduction program of improving performance in reading~~  
22 ~~and math in kindergarten and grades 1 to 3, inclusive, and~~  
23 ~~increasing teacher to student one-on-one interaction~~  
24 ~~time. However, it is the intent of the Legislature that~~  
25 ~~school districts using these temporary options shall~~  
26 ~~develop a plan that specifies the steps necessary to~~  
27 ~~provide classroom settings that are not larger than 20~~  
28 ~~pupils per certified teacher in kindergarten and grades 1~~  
29 ~~to 3, inclusive.~~

30 ~~(e) It is the intent of the Legislature to find methods~~  
31 ~~of easing the particular problems associated with land~~  
32 ~~acquisition for schools that have insufficient space~~  
33 ~~available for additional classrooms.~~

34 ~~(f) It is the intent of the Legislature to consider~~  
35 ~~reducing the barriers to local financial participation in~~  
36 ~~the Class Size Reduction Program.~~

37 ~~SEC. 2. (a) It is the intent of the Legislature to fully~~  
38 ~~fund the demand identified by the Superintendent of~~  
39 ~~Public Instruction from school districts for~~  
40 ~~facilities-related grants for the 1996-97 fiscal year~~



~~1 pursuant to the Class Size Reduction Facilities Funding  
2 Program contained in Chapter 23 (commencing with  
3 Section 17770) of Part 10 of the Education Code.~~

~~4 (b) It is also the intent of the Legislature to fund the  
5 demand for those facilities-related grants from savings  
6 recognized from the first-year implementation of the  
7 Class Size Reduction Program established pursuant to  
8 Chapter 6.10 (commencing with Section 52120) of Part 28  
9 of the Education Code.~~

~~10 (c) It is further the intent of the Legislature that all  
11 school districts receive the grants for which they are  
12 eligible pursuant to Chapter 6.10 (commencing with  
13 Section 52120) of Part 28 of the Education Code and if the  
14 reappropriation in Section 2 results in unfunded demand  
15 for those grants for the 1996-97 fiscal year, the Legislature  
16 will take action to fully fund the deficiency.~~

~~17 SEC. 3. (a) The Superintendent of Public Instruction  
18 shall certify to the Controller by June 25, 1997, the amount  
19 of funds appropriated pursuant to Section 6 of Chapter  
20 163 of the Statutes of 1996 that shall not be allocated by  
21 the Superintendent of Public Instruction to school  
22 districts in the 1996-97 fiscal year for the purposes of the  
23 Class Size Reduction Program established pursuant to  
24 Chapter 6.10 (commencing with Section 52120) of Part 28  
25 of the Education Code.~~

~~26 (b) Any funds appropriated pursuant to Section 6 of  
27 Chapter 163 of the Statutes of 1996 that shall not be  
28 allocated by the Superintendent of Public Instruction to  
29 school districts in the 1996-97 fiscal year for the purposes  
30 of the Class Size Reduction Program established pursuant  
31 to Chapter 6.10 (commencing with Section 52120) of Part  
32 28 of the Education Code are hereby reappropriated,  
33 without regard to fiscal year, to the Superintendent of  
34 Public Instruction for allocation on or after June 25, 1997,  
35 to school districts for the purposes of the Class Size  
36 Reduction Facilities Funding Program contained in  
37 Chapter 23 (commencing with Section 17770) of Part 10  
38 of the Education Code.~~

~~39 (c) To be eligible to receive any of the funds  
40 reappropriated pursuant to this section, a school district~~



1 shall, by June 25, 1997, file a new or amended application,  
2 or shall certify the validity of an application previously  
3 filed with the State Department of Education, in  
4 accordance with Chapter 23 (commencing with Section  
5 17770) of Part 10 of the Education Code, except that the  
6 October 1, 1996, application deadline specified in Section  
7 17772 of the Education Code shall not apply. A new or  
8 amended application filed pursuant to this subdivision  
9 shall be only for new classes established during the  
10 1996-97 fiscal year pursuant to Chapter 6.10  
11 (commencing with Section 52120 of Part 28 of the  
12 Education Code.

13 (d) Pursuant to subdivision (c), the Superintendent of  
14 Public Instruction shall fully fund all applications in order  
15 to ensure that all grade 1 class size reduction facilities are  
16 funded.

17 (e) Upon completion of funding all outstanding grade  
18 1 facilities pursuant to subdivision (d), the  
19 Superintendent of Public Instruction shall give first  
20 priority to funding applications of school districts which  
21 were submitted prior to April 1, 1997, but were unfunded.

22 (f) To the extent that funds pursuant to subdivision  
23 (b) are insufficient to fully fund applications pursuant to  
24 subdivision (e), the Superintendent of Public Instruction  
25 shall proportionately reduce all district allocations in  
26 order to stay within amounts available for this purpose.

27 SEC. 4. It is the intent of the Legislature that, out of  
28 the next voter approved general obligation bond act for  
29 K-12 facility needs, first priority for allocation of those  
30 funds shall be to fund all identified 1996-97 fiscal year  
31 class size reduction facilities identified pursuant to  
32 subdivision (e), but which were unfunded. It is the intent  
33 of the Legislature to ensure that class size reduction  
34 pursuant to Chapter 163 of the Statutes of 1996 is  
35 implemented.

36 SEC. 5. This act is an urgency statute necessary for the  
37 immediate preservation of the public peace, health, or  
38 safety within the meaning of Article IV of the  
39 Constitution and shall go into immediate effect. The facts  
40 constituting the necessity are:



1 ~~In order to ensure adequate facilities to implement~~  
2 ~~class size reduction for all schools qualifying for the Class~~  
3 ~~Size Reduction Facilities Funding Program in the~~  
4 ~~1996-97 school year, it is necessary that this act take effect~~  
5 ~~immediately.~~

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