

AMENDED IN ASSEMBLY APRIL 26, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

**Assembly Constitutional Amendment**

**No. 25**

**Introduced by Assembly Member Robert Pacheco**

January 4, 2000

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Assembly Constitutional Amendment No. 25—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Sections 8 and 8.5 of, *and adding Section 8.7 to*, Article XVI thereof, relating to public education finance.

LEGISLATIVE COUNSEL'S DIGEST

ACA 25, as amended, Robert Pacheco. Public education finance: *community college funding*.

Existing provisions of the California Constitution require that, from all state revenues, there is first set apart the funds to be applied by the state for support of the public school system and public institutions of higher education. These provisions require that the funds to be applied for the support of school districts and community college districts may not be less than the greater of amounts calculated under 3 different tests (1) as a percentage of General Fund revenues appropriated for school districts and community college districts for the 1986–87 fiscal year, (2) as the amount required to ensure that the total allocations to school districts and community college districts from General Fund proceeds of taxes and allocated local proceeds of taxes is not less than the total amount from other sources in the prior year adjusted for

changes in enrollment and cost of living, operative when the percentage growth in personal income is less than or equal to the percentage growth in General Fund revenues, or (3) as the amount calculated pursuant to (2), but adjusted for changes in enrollment and the change in per capita General Fund revenues, operative when the percentage growth in personal income is greater than the percentage growth in General Fund revenues.

This measure would, commencing with the 2001–02 fiscal year, and each fiscal year thereafter, exclude community college districts from these calculations and allocations. *This measure would, instead, add to the Constitution a provision requiring that, commencing with the 2001–02 fiscal year and each fiscal year thereafter, a minimum amount of state funding be appropriated for the support of the community college districts each fiscal year. The measure would specify the method of calculating this amount, and would authorize the Legislature to exclude certain appropriations from these calculations under prescribed conditions.*

This measure would also require the Legislature and the Governor to enact legislation during the first year of the 2001–02 Regular Session to make all statutory changes necessary to conform with the constitutional amendments that would be made by this measure if it is approved by the voters.

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

1 *Resolved by the Assembly, the Senate concurring,* That  
2 the Legislature of the State of California at its 1999–2000  
3 Regular Session commencing on the seventh day of  
4 December 1998, two-thirds of the membership of each  
5 house concurring, hereby proposes to the people of the  
6 State of California that the Constitution of the State be  
7 amended as follows:

8 First—That Section 8 of Article XVI is amended to read:

9 SEC. 8. (a) From all state revenues there shall first  
10 be set apart the moneys to be applied by the State for  
11 support of public school districts.



1 (b) Commencing with the 1990–91 fiscal year, the  
2 moneys to be applied by the State for the support of  
3 school districts shall be not less than the greater of the  
4 following amounts:

5 (1) The amount that, as a percentage of General Fund  
6 revenues that may be appropriated pursuant to Article  
7 XIII B, equals the percentage of General Fund revenues  
8 appropriated for school districts, respectively, in the  
9 1986–87 fiscal year.

10 (2) The amount required to ensure that the total  
11 allocations to school districts from General Fund  
12 proceeds of taxes appropriated pursuant to Article XIII B  
13 and allocated local proceeds of taxes shall not be less than  
14 the total amount from these sources in the prior fiscal  
15 year, excluding any revenues allocated pursuant to  
16 subdivision (a) of Section 8.5, adjusted for changes in  
17 enrollment and adjusted for the change in the cost of  
18 living pursuant to paragraph (1) of subdivision (e) of  
19 Section 8 of Article XIII B. This paragraph shall be  
20 operative only in a fiscal year in which the percentage  
21 growth in California per capita personal income is less  
22 than or equal to the percentage growth in per capita  
23 General Fund revenues plus one-half of 1 percent.

24 (3) (A) The amount required to ensure that the total  
25 allocations to school districts from General Fund  
26 proceeds of taxes appropriated pursuant to Article XIII B  
27 and allocated local proceeds of taxes shall equal the total  
28 amount from these sources in the prior fiscal year,  
29 excluding any revenues allocated pursuant to subdivision  
30 (a) of Section 8.5, adjusted for changes in enrollment and  
31 adjusted for the change in per capita General Fund  
32 revenues.

33 (B) In addition, an amount equal to one-half of 1  
34 percent times the prior year total allocations to school  
35 districts from General Fund proceeds of taxes  
36 appropriated pursuant to Article XIII B and allocated  
37 local proceeds of taxes, excluding any revenues allocated  
38 pursuant to subdivision (a) of Section 8.5, adjusted for  
39 changes in enrollment.



1 (C) This paragraph (3) shall be operative only in a  
2 fiscal year in which the percentage growth in California  
3 per capita personal income in a fiscal year is greater than  
4 the percentage growth in per capita General Fund  
5 revenues plus one-half of 1 percent.

6 (c) In any fiscal year, if the amount computed  
7 pursuant to paragraph (1) of subdivision (b) exceeds the  
8 amount computed pursuant to paragraph (2) of  
9 subdivision (b) by a difference that exceeds 1 1/2 percent  
10 of General Fund revenues, the amount in excess of 1 1/2  
11 percent of General Fund revenues shall not be  
12 considered allocations to school districts for purposes of  
13 computing the amount of state aid pursuant to paragraph  
14 (2) or (3) of subdivision (b) in the subsequent fiscal year.

15 (d) In any fiscal year in which school districts are  
16 allocated funding pursuant to paragraph (3) of  
17 subdivision (b) or pursuant to subdivision (g), they shall  
18 be entitled to a maintenance factor, equal to the  
19 difference between (1) the amount of General Fund  
20 moneys that would have been appropriated pursuant to  
21 paragraph (2) of subdivision (b) if that paragraph had  
22 been operative or the amount of General Fund moneys  
23 that would have been appropriated pursuant to  
24 subdivision (b) had subdivision (b) not been suspended,  
25 and (2) the amount of General Fund moneys actually  
26 appropriated to school districts in that fiscal year.

27 (e) The maintenance factor for school districts  
28 determined pursuant to subdivision (d) shall be adjusted  
29 annually for changes in enrollment, and adjusted for the  
30 change in the cost of living pursuant to paragraph (1) of  
31 subdivision (e) of Section 8 of Article XIII B, until it has  
32 been allocated in full. The maintenance factor shall be  
33 allocated in a manner determined by the Legislature in  
34 each fiscal year in which the percentage growth in per  
35 capita General Fund revenues exceeds the percentage  
36 growth in California per capita personal income. The  
37 maintenance factor shall be reduced each fiscal year by  
38 the amount allocated by the Legislature in that fiscal year.  
39 The minimum maintenance factor amount to be  
40 allocated in a fiscal year shall be equal to the product of



1 General Fund revenues from proceeds of taxes and  
2 one-half of the difference between the percentage  
3 growth in per capita General Fund revenues from  
4 proceeds of taxes and in California per capita personal  
5 income, not to exceed the total dollar amount of the  
6 maintenance factor.

7 (f) For purposes of this section, “changes in  
8 enrollment” shall be measured by the percentage change  
9 in average daily attendance. However, in any fiscal year,  
10 there shall be no adjustment for decreases in enrollment  
11 between the prior fiscal year and the current fiscal year  
12 unless there have been decreases in enrollment between  
13 the second prior fiscal year and the prior fiscal year and  
14 between the third prior fiscal year and the second prior  
15 fiscal year.

16 (g) Subparagraph (B) of paragraph (3) of subdivision  
17 (b) may be suspended for one fiscal year only when made  
18 part of or included within any bill enacted pursuant to  
19 Section 12 of Article IV. All other provisions of subdivision  
20 (b) may be suspended for one fiscal year by the  
21 enactment of an urgency statute pursuant to Section 8 of  
22 Article IV, provided that the urgency statute may not be  
23 made part of or included within any bill enacted pursuant  
24 to Section 12 of Article IV.

25 Second—That Section 8.5 of Article XVI is amended to  
26 read:

27 SEC. 8.5. (a) (1) In addition to the amount  
28 required to be applied for the support of school districts  
29 pursuant to Section 8, the Controller shall during each  
30 fiscal year transfer and allocate all revenues available  
31 pursuant to paragraph (1) of subdivision (a) of Section 2  
32 of Article XIII B to that portion of the State School Fund  
33 restricted for elementary and high school purposes.

34 (2) With respect to funds allocated to that portion of  
35 the State School Fund restricted for elementary and high  
36 school purposes, no transfer or allocation of funds  
37 pursuant to this section shall be required at any time that  
38 the Director of Finance and the Superintendent of Public  
39 Instruction mutually determine that current annual  
40 expenditures per student equal or exceed the average



1 annual expenditure per student of the 10 states with the  
 2 highest annual expenditures per student for elementary  
 3 and high schools, and that average class size equals or is  
 4 less than the average class size of the 10 states with the  
 5 lowest class size for elementary and high schools.

6 (b) Notwithstanding Article XIII B, funds allocated  
 7 pursuant to this section shall not constitute  
 8 appropriations subject to limitation.

9 (c) From any funds transferred to the State School  
 10 Fund pursuant to subdivision (a), the Controller shall  
 11 each year allocate to each school district an equal amount  
 12 per enrollment in school districts from the amount in that  
 13 portion of the State School Fund restricted for  
 14 elementary and high school purposes.

15 (d) All revenues allocated pursuant to subdivision (a)  
 16 shall be expended solely for the purposes of instructional  
 17 improvement and accountability as required by law.

18 (e) Any school district maintaining an elementary or  
 19 secondary school shall develop and cause to be prepared  
 20 an annual audit accounting for these funds and shall adopt  
 21 a School Accountability Report Card for each school.

22

23 *Third—That Section 8.7 is added to Article XVI, to*  
 24 *read:*

25 *SEC. 8.7. (a) The moneys to be applied by the State*  
 26 *for the support of community college districts for the*  
 27 *2001–02 fiscal year shall be not less than the sum of the*  
 28 *following:*

29 *(1) The amount of General Fund revenues*  
 30 *appropriated for the support of community college*  
 31 *districts for the 2000–01 fiscal year.*

32 *(2) An amount sufficient to increase the amount*  
 33 *expended per full-time equivalent student of the*  
 34 *California Community Colleges for the 2000–01 fiscal year*  
 35 *by a percentage equal to the percentage of increase, if*  
 36 *any, between the 2000–01 fiscal year and the 2001–02 fiscal*  
 37 *year, of the amount, per unit of the total average daily*  
 38 *attendance credited to school districts, required by*  
 39 *Sections 8 and 8.5 to be applied for the support of school*  
 40 *districts.*



1 (b) Commencing with the 2002–03 fiscal year, the  
2 moneys to be applied by the State for the support of  
3 community college districts for any fiscal year shall be not  
4 less than the sum of the following:

5 (1) The amount calculated pursuant to this section for  
6 the prior fiscal year, or the amount of General Fund  
7 revenues appropriated for the support of community  
8 college districts for the prior fiscal year, whichever is  
9 larger.

10 (2) An amount sufficient to increase the amount  
11 expended per full-time equivalent student of the  
12 California Community Colleges for the prior fiscal year  
13 by a percentage equal to the percentage of increase, if  
14 any, between the prior fiscal year and the current fiscal  
15 year, of the amount, per unit of the total average daily  
16 attendance credited to school districts, required by  
17 Sections 8 and 8.5 to be applied for the support of school  
18 districts.

19 (c) Notwithstanding paragraph (1) of subdivision (b),  
20 General Fund revenues appropriated for the support of  
21 community college districts for any fiscal year,  
22 commencing with the 2001–02 fiscal year, are excluded  
23 from the computation required by paragraph (1) of  
24 subdivision (b) of the state funding obligation for the  
25 subsequent fiscal year, if both of the following conditions  
26 are met:

27 (1) The statute that contains the appropriation  
28 expressly states the intent of the Legislature that this  
29 appropriation be excluded from the computation  
30 required by paragraph (1) of subdivision (b) of the state  
31 funding obligation for the subsequent fiscal year.

32 (2) If the exclusion identified in paragraph (1) of this  
33 subdivision is made, the amount calculated for that  
34 subsequent fiscal year pursuant to paragraph (1) of  
35 subdivision (b) will be no less than the amount calculated  
36 pursuant to that paragraph for the prior fiscal year.

37 (d) Subdivisions (a) and (b) may be suspended for  
38 one fiscal year by the enactment of an urgency statute  
39 other than the budget bill.



1 (e) For the purposes of this section, the Department  
2 of Finance or its successor shall determine the number of  
3 full-time equivalent students of the California  
4 Community Colleges and the units of average daily  
5 attendance of school districts to be used in the  
6 calculations required by this section.

7 Fourth—That the amendments made by this measure  
8 to Sections 8 and 8.5 of Article XVI of the California  
9 Constitution, and the addition of Section 8.7 to Article  
10 XVI of the California Constitution, shall take effect and  
11 become operative on July 1, 2001.

12 ~~Fourth—During~~

13 Fifth—During the first year of the 2001–02 Regular  
14 Session, the Legislature and the Governor shall enact  
15 legislation to make all statutory changes necessary to  
16 conform with the amendments made by this measure to  
17 Sections 8 and 8.5 of Article XVI of the California  
18 Constitution, and the addition by this measure of Section  
19 8.7 to Article XVI of the California Constitution, including  
20 legislation ensuring that calculations under Sections 8 and  
21 8.5 of Article XVI of the California Constitution, as it read  
22 prior to the enactment of this measure, continue to be  
23 made, as appropriate, for the fiscal years prior to the  
24 2001–02 fiscal year.

