RULES COMMITTEE: 5-3-06
ITEM: C(1)(c)

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: RULES COMMITTEE

FROM: Betsy Shotwell
Jane Light

SUBJECT: SEE BELOW

DATE: April 27, 2006

Approved Deanna Santana Date 4/28/06

SUBJECT: PROPOSITION 81: CALIFORNIA READING AND LITERACY IMPROVEMENT AND PUBLIC LIBRARY CONSTRUCTION AND RENOVATION BOND ACT OF 2006;
PROPOSITION 82: PRESCHOOL EDUCATION. TAX ON INCOMES OVER $400,000 FOR INDIVIDUALS; $800,000 FOR COUPLES.

RECOMMENDATION

a. Support Proposition 81 on the California June ballot to provide $600 million in general obligation bond funds for public library projects.
b. Support Proposition 82 which would create and support a new, publicly funded, preschool program for children to attend in the year prior to kindergarten

EXECUTIVE SUMMARY:

Proposition 81 would provide for a bond issue in an amount not to exceed a total of $600 million to provide funds for the construction and renovation of public library facilities in order to expand access to reading and literacy programs in California's public education system and to expand access to public library services for all residents of California.

Proposition 82 According to the Legislative Analyst's Office (LOA), this proposition would change the California Constitution and state law to create and support a new, publicly funded, voluntary preschool program for children to attend in the year prior to kindergarten. This would become a guaranteed right equal to the right of children to access K – 12th grade education. While the intention is to provide free, universal access to preschool, enrollment is not mandatory.

The main provisions of Proposition 82 include:

Creation of a New Preschool Program

- Establishes the right for all children to receive one year of voluntary state-funded preschool beginning in 2010.
- Offers the program for at least three hours a day for 180 days a year.
- Creates new standards for curriculum and teacher qualifications.

New Tax on High-Income Earners

- Imposes an additional 1.7 % tax on high-income earners in the state.
- Uses these tax revenues solely for the new preschool program.

Funding for New preschool Program

- Increases significantly the per-child funding rate for most preschool children.
- Provides additional funding to support the creation of facilities to house the new program.
- Provides grants to college students as well as colleges and universities to support training for teachers and aides.

PROPOSITION 81

BACKGROUND

State voters have approved two earlier bond measures for public libraries. In 1988, voters approved $75 million in general obligation bonds to funding matching grants to local agencies for building, expanding or renovating libraries. In 2000, voters approved Proposition 14, which provided $350 million in matching funds for public library buildings. Proposition 14 funded 45 projects across the state. San Jose submitted proposals for three library projects but none were funded. Proposition 81 was placed on the ballot by the State Legislature in 2004 by the passage of SB 1161 (Alpert).

ANALYSIS

This proposition allows the state to sell $600 million of general obligation bonds for local library facilities to provide grants to local government for

- Constructing new libraries;
- Expanding or renovating existing libraries;
- Acquiring land for new or expanding libraries;
- Providing related furnishings and equipment.

State General Fund Revenues would be used to pay the principal and interest on the bonds. The average payment would be about $40 million per year, with the cost to pay off the bonds,

with interest, over thirty years totaling about $1.2 billion. Local agencies would be required to pay 35% of the project cost and grants would range from $50,000 to $20 million.

Eligible applications that were submitted in 2005 but not funded by Proposition 14 will receive first priority up to a maximum of $300 million. San Jose has no applications that would fall into that category. $25 million will be reserved for "joint use" projects serving both a library and a public education institution.

A seven-member state board will adopt policies for the program and decide which local governments receive the grants. The board must consider the needs of urban, suburban, and rural areas, the age and condition of existing library facilities in the area, and the financial ability of the local government to operate the library and facility as well as other factors it determines in the policies it sets. If the board adopts policies similar to those used for Proposition 14, San Jose projects may not fit their requirements and timelines.

Support and Oppose: Proposition 81 is supported by the League of California Cities, League of Women Voters of California, Congress of California Seniors, California Federation of Teachers, California Teachers Association, California Business Roundtable, Children NOW, among others and opposed by the Howard Jarvis Taxpayers Association and the National Tax Limitation Committee

PROPOSITION 82

BACKGROUND AND ANALYSIS:

Expanded Access:

If enacted, Proposition 82 would significantly expand access to publicly funded preschool, guaranteeing service for all 4 year old children (born on or after June 6, 2006) beginning in 2010. Participation would be voluntary and free of charge. Currently, survey data suggests that 62% of California four year olds attend some type of center-based preschool program prior to entering kindergarten. Of these, nearly half are served by state or federally funded programs such as State Preschool (a half-day program), State General Child Care (an all day preschool and enrichment program), or Head Start (a federally funded program of academic and family support services). Current levels of participation vary base on family income level. For example, about 80% of 4 year olds in from high income families attend preschool but only 49% from low income families do so. Those children who do not attend center-based programs are usually cared for by parents or relatives, family home providers, or nannies.

While studies indicate that families from all socio-economic levels benefit from attending quality preschools (*National Center for Early Development and Learning,* 2006), it is clear that those families without the financial resources to pay for preschool would benefit the most

from Proposition 82. If Prop 82 passes it is estimated that enrollment in center-based preschools will increase from 62% to 80% of eligible children throughout the state. In Santa Clara County, the County Office of Education projects that an additional 13,200 four year olds will qualify for preschool. Increased enrollment will drive an increased need for facilities, programs and qualified staff to provide the services.

Key Components of the Preschool Program
The proposed proposition dictates several key components:

- *Curriculum Standards.* The state would develop new standards for what should be taught in preschool. These standards are currently being developed and would be based on (a) what is considered age and developmentally appropriate, and (b) the academic content taught in K through 3rd grade.
- *Staffing Ratios.* The new program requires at least one credentialed teacher and one instructional aide for every 20 children. Currently, State preschools must have one teacher per 24 children.
- *Access.* The proposition requires that: preschools be located near students' homes; parents be permitted to choose from different types of providers (private or public, but not religious); and that children with special needs have access, including those requiring special education services and non-English speakers.
- *Hours of Operation.* The new state preschool program must operate at least 3 hours a day, 180 days a year. This is similar to current offerings by most preschools. The current subsidized State Preschool program provides services 3 hours a day for 175 days a year.

Impact on Teachers and Aides
The proposition significantly increases the educational requirements for teachers and aides as well as levels of compensation. By July 2014 all preschool teachers must have a four year college degree with a required number of early education units, and by 2016 teachers will also be required to hold a new early learning teaching credential, which would require another year of college beyond the degree. Currently, State Preschool teachers must have 40 units of college coursework with 24 units in early care and education, and teachers in licensed preschools must have only 12 units of ECE coursework. Instructional aides, who currently have no minimum educational requirements, will be required to have completed 48 units of college, including 24 units of early childhood education by 2014.

With the level of education for teachers becoming the same as K-12 teachers, the proposition also requires that preschool teachers receive pay comparable to teachers in the public school system in the local county. K-12 teachers' average annual compensation package is currently about $76,000. Aides would also be required to be paid similarly to aides in K-12. In addition to these changes in compensation, the proposition extends the collective bargaining rights currently offered to public school teachers and extends these rights to those working for private preschool providers as well. Increased costs for compensation are factored into the tax revenues generated by the proposition to fund the new services.

The impacts of the higher educational requirements are viewed by the field as positive, in terms of ensuring higher quality preschool programs and fairer compensation for those who teach our youngest children. The increased training and compensation are also viewed as helping stabilize turnover and retain teachers and aides. However, many early educators and child care providers also express considerable concern that the significantly higher educational requirements may lead to the loss of many longtime, experienced early childhood teachers and aides who do not have the educational or language literacy skills to successfully complete college. There is also a concern that the increased demand for preschool services will outstrip the capacity of the field to meet the new educational levels for staff while at the same time driving many longtime child care providers out of the workforce.

Administration of the Program

The new preschool programs would be administered by the County Offices of Education (COEs) under the supervision of the State Superintendent of Public Instruction. Each county must develop detailed plans to meet the program's requirements. The County Offices of Education will be encouraged to select both public and private providers in order to offer diverse, accessible choices to parents. Existing State Preschool, State General Preschool, and Head Start programs would be given priority in receiving funding. Newly state-funded private preschools would have to be nondiscriminatory and free of any religious content in their curriculum and educational practices.

Full implementation of the program would begin in the fall of 2010, but the COE can choose to begin offering services in 2007 in areas of low-performing schools. Funds would be distributed to each county based on a uniform, statewide per-student rate. Placing the administration and funding of this preschool effort clearly in the hands of the K-12 system will require careful coordination and collaboration with the other local community organizations, such as First 5, the E3 Institute Advancing Excellence in Education and local school districts. If passed, the proposition will compliment the City of San Jose's efforts to increase the availability of high quality early education facilities.

Funding

The proposition establishes a new personal income tax (PIT) rate on high-income earners to pay for the new preschool program. The measure would impose an additional 1.7% tax rate on taxable incomes over $400,000 for individuals, $544,457 for Heads of Household, or $800,000 for married couples. According to the Legislative Analyst, this would increase the top "marginal" tax rate from 9.3% to 11%. These high income earners represent less than 1 per cent (about 100,000) of total personal income taxpayers in the state. The higher tax rate would take effect on January 1, 2007. The higher 11% tax rate would apply only to the balance of income above the $400,000/$800,000 amounts, not the full amount of income reported.) Based on current information, the LAO states this would be the highest state PIT rate in the country.

Use of Revenues

The funds generated by the new tax would be used in the four ways:

- funding day-to-day operations of preschools
- establishing (building or expanding) facilities to house the programs
- training teachers and aides
- developing a reserve fund to help guarantee future program stability

More specifically, the majority of revenues generated would be used to provide salaries and benefits for staff, purchase supplies and materials, administer and evaluate the program, and support operational and maintenance needs. The LOA estimates that in 2010-2011, the first year of implementation, the measure would provide approximately $6000 per student in comparison to the projected rate of $4000 per student that would fund the existing State Preschool program.

The proposition provides for start-up costs for the first ten years that include:

- up to $2 billion for construction, purchase, leasing or renovation of facilities
- up to $700 million to prepare preschool teachers and aides to meet new requirements

The $2 billion anticipated for facility development will be dispersed over a 10 year period. The COE's must submit facility development plans to the State Superintendent of Public Instruction for approval. $200 million of the $700 million can be used for financial aide for full or part-time students pursuing required college education. Up to $500 million may be provided to colleges and universities that develop and offer coursework in early childhood education, including the credentialing programs.

Implementation Timeline

Financial

2007	New tax on high-income earners begins to generate revenue ($2 billion annually)
2007-17	Funding provided for facilities to hose preschool programs ($2 billion total)
2016	State operating reserve must contain enough funds to operate the program for 1 year

Program Requirements

2007-10	Counties can choose to start offering preschool to 4 year olds, giving priority to children who live near underperforming schools
2010	All 4-year olds in the state must have equal access to free, voluntary preschool

Teacher Training

2007-17	Grants provided to public universities and colleges to train teachers and aides
2007-17	Grants provided to individuals taking college courses to meet requirements
2014	Teachers must have a college degree. Aides must have 48 units with ECE 24 units
2016	Teachers must have an early learning teaching credential or equivalent

Support and Oppose: Supporters include the California Teachers Association, California Police Chiefs Association, California Head Start, and California Federation of Teachers.

Opponents include the California Taxpayers' Association and the California Chamber of Commerce.

COORDINATION:

This memorandum was coordinated with the City Attorney's Office and the City's Legislative Representative in Sacramento.

BETSY SHOTWELL
Director, Intergovernmental Relations
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JANE LIGHT
Director, Library Department
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Attachment: Secretary of State's June 2006 Ballot Booklet regarding Propositions 81 and 82.

PROP 81 California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2006.

SUMMARY *Put on the Ballot by the Legislature*

This act provides for a bond issue in an amount not to exceed a total of six hundred million dollars ($600,000,000) to provide funds for the construction and renovation of public library facilities in order to expand access to reading and literacy programs in California's public education system and to expand access to public library services for all residents of California. Fiscal Impact: State cost of about $1.2 billion over 30 years to pay off both the principal ($600 million) and interest ($570 million) costs of the bonds. One-time local costs (statewide) of about $320 million for local matching contributions.

WHAT YOUR VOTE MEANS

YES

A YES vote on this measure means: The state could sell $600 million in bonds to provide grants to local agencies for the construction, renovation, and/or expansion of local library facilities. Local agencies would contribute about $320 million of their own funds towards these projects.

NO

A NO vote on this measure means: The state could not sell $600 million in bonds for these purposes.

ARGUMENTS

PRO

Proposition 81 builds new community libraries and renovates old ones. It encourages school-library partnerships and helps fight illiteracy, without tax increases. $600 million in state matching funds combines with local funding to provide safe havens for children after school and greater library access for seniors, businesses, disabled, and families.

CON

Free spending politicians have misspent our money. We should not spend $9 billion a year on welfare for illegal aliens, and then borrow money for libraries. A no vote forces free spending politicians to cut welfare for illegal aliens to pay for our libraries. Vote No on Proposition 81.

FOR ADDITIONAL INFORMATION

FOR

Nancy Mooney
Yes for Libraries
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916-737-9325
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www.yesforlibraries.com

AGAINST

Thomas N. Hudson
Executive Director
California Taxpayer Protection Committee
9971 Base Line Road
Elverta, CA 95626-9411
916-991-9300
info@protecttaxpayers.com
www.protecttaxpayers.com

PROP 82 Preschool Education. Tax on Incomes Over $400,000 for Individuals; $800,000 for Couples. Initiative Constitutional Amendment and Statute.

SUMMARY *Put on the Ballot by Petition Signatures*

Establishes voluntary preschool education for all four-year olds. Funded by 1.7% tax on individual income over $400,000; couples' income over $800,000. Fiscal Impact: Increased annual revenues of $2.1 billion in 2007–08, growing with the economy in future years. All revenues would be spent on the new preschool program.

WHAT YOUR VOTE MEANS

YES

A YES vote on this measure means: The state would make a free, voluntary, half-day public preschool program available to all 4-year olds. The state would impose a new tax on high-income taxpayers to pay for the new program.

NO

A NO vote on this measure means: The state would not: (1) establish a new preschool program available to all 4-year olds or (2) impose a new tax on high-income taxpayers to pay for such a program. (The state and federal governments would continue to provide existing public preschool services, primarily to children of low-income families.)

ARGUMENTS

PRO

PROP. 82 WILL PREPARE MORE CHILDREN TO READ AND LEARN, WHICH WILL STRENGTHEN K–12 EDUCATION. It encourages parental involvement, expands teacher training, has no cost for 99.4% of taxpayers, and provides for independent audits and criminal penalties for misuse of funds. Groups representing 450,000 classroom teachers say YES on 82.

CON

Proposition 82 is the wrong approach. Let's fix K–12 first before creating a new education bureaucracy and spending $2.4 billion per year for only a 4–5% increase in preschool enrollment. There are better, more cost-effective ways to expand preschool. Please vote NO on 82.

FOR ADDITIONAL INFORMATION

FOR

Yes on 82, Preschool for All
1171 South Robertson Blvd., Suite 182
Los Angeles, CA 90035
310-786-7605
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www.YesOn82.com

AGAINST

Stop the Reiner Initiative —No on 82
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www.NoProp82.org

PROPOSITION

81 CALIFORNIA READING AND LITERACY IMPROVEMENT AND PUBLIC LIBRARY CONSTRUCTION AND RENOVATION BOND ACT OF 2006.

OFFICIAL TITLE AND SUMMARY ★★★

Prepared by the Attorney General

California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2006.

- This act provides for a bond issue in an amount not to exceed a total of six hundred million dollars ($600,000,000) to provide funds for the construction and renovation of public library facilities in order to expand access to reading and literacy programs in California's public education system and to expand access to public library services for all residents of California.
- First priority given to eligible projects that were not funded under 2000 Library Bond Act.
- State General Fund money appropriated to pay off bonds.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- State cost of about $1.2 billion over 30 years to pay off both the principal ($600 million) and interest ($570 million) costs of the bonds. Payments of about $40 million per year.
- One-time local costs (statewide) of about $320 million to pay for a share of library facility projects. Potential additional local operating costs (statewide) of several millions of dollars annually.

Final Votes Cast by the Legislature on SB 1161 (Proposition 81)

Senate:	Ayes 28	Noes 9
Assembly:	Ayes 57	Noes 15

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

For the most part, cities, counties, and special districts pay the costs of operating and building local libraries. These libraries do receive some money from the state and federal government for local library operations. For example, local libraries throughout the state are receiving about $46 million this year from the state and federal governments for various operating costs.

The state also provides funds to help pay for the construction and renovation of library facilities. This funding typically is raised through general obligation bonds. For example:

- In 1988, state voters approved Proposition 85, which authorized $75 million in general obligation bonds to fund grants to local agencies for building, expanding, or renovating library buildings.
- In 2000, voters approved Proposition 14, which provided an additional $350 million in bond funds for library projects.

Both grant programs required local agencies to pay for 35 percent of the cost of the project with their own funds. Proposition 14 funded 45 projects, many of which are currently under way. Eligible applications were submitted for an additional 60 projects which were not funded. These unfunded applications sought $506 million in state bond funding.

★ ★ ★ ANALYSIS BY THE LEGISLATIVE ANALYST (CONTINUED)

PROPOSAL

This proposition allows the state to sell $600 million of general obligation bonds for local library facilities. The state would use these bond funds to provide grants to local governments to:

- Construct new libraries.
- Expand or renovate existing libraries.
- Acquire land for new or expanded libraries.
- Provide related furnishings and equipment.

These grant funds could *not* be used for (1) books and other library materials, (2) certain administrative costs of the project, (3) interest costs or other charges for financing the project, or (4) ongoing operating costs of the new or renovated facility.

This grant program is similar to the 2000 program. For example, local agencies would be required to pay 35 percent of the project cost and individual grants could range from $50,000 to $20 million.

The new program grants first priority to eligible applications that were submitted but not funded under Proposition 14. No more than $300 million of the new funding would be reserved for these applications. The remaining bond funds would be available for new applications. The measure also reserves $25 million for "joint use" projects serving both a library and a public education institution (such as a school district or college).

The proposition provides for a seven-member state board to adopt policies for the program and decide which local agencies would receive grants. In reviewing local applications, the board must consider factors such as (1) the needs of urban, suburban, and rural areas; (2) the age and condition of existing library facilities in the area; and (3) the financial ability of the local agencies to operate library facilities.

Bonds. General obligation bonds are backed by the state, meaning the state is required to pay the principal and interest costs on these bonds. State General Fund revenues would be used to pay these costs. These revenues come primarily from state personal and corporate income taxes and the state sales tax.

FISCAL EFFECT

Costs to Pay Off Bonds. For these bonds, the state would likely make principal and interest payments from the state's General Fund over a period of about 30 years. If the bonds are sold at an average interest rate of 5 percent, the cost would be almost $1.2 billion to pay off both the principal ($600 million) and interest ($570 million). The average payment would be about $40 million per year.

Local Cost to Match State Funds. As mentioned above, in order to receive a state grant a local agency must provide 35 percent of the project cost. Thus, on a statewide basis, local agencies would need to spend about $320 million. The cost would vary by local agency depending on the cost of the specific project.

Costs to Operate New Library Facilities. Local agencies that build new or expand existing libraries would likely incur additional operating costs. These costs—statewide—could be several millions of dollars annually.

For text of Proposition 81 see page 48.

PROP 81 CALIFORNIA READING AND LITERACY IMPROVEMENT AND PUBLIC LIBRARY CONSTRUCTION AND RENOVATION BOND ACT OF 2006. ★ ★ ★

ARGUMENT IN FAVOR OF PROPOSITION 81

- *Proposition 81 strengthens the partnership between local schools and libraries.*

Millions of our friends and neighbors suffer silently from functional illiteracy. They are unable to read and perform daily life skills like paying bills, understanding instructions on medicine bottles or workplace safety manuals.

Illiteracy often passes from one generation to the next. Businesses suffer from productivity losses and lower quality products. Without basic literacy skills, good-paying jobs are simply out of reach for many.

Illiteracy is not limited by age, race, gender, or geography. Over three million native English-speaking Californians are functionally illiterate.

Libraries and schools are working together to educate our youth and provide literacy programs to adults and families to reverse this trend.

- *Local libraries are vital to education, provide a safe place for children, and serve the disabled.*

Libraries provide critical literacy and job skill improvement programs for children and adults. They are a safe place for students to study and complete homework assignments. For many, they are the only place to study and use computers to compete in today's information economy. Libraries also provide large print books, books on tape, and other services for people with disabilities.

- *Libraries are underfunded and in disrepair.*

Skyrocketing library use is causing an already underfunded system to rapidly deteriorate. Many communities have no local libraries, despite significant local population growth.

This makes it difficult to take advantage of important children's reading programs, student homework centers, services for seniors and the disabled, and literacy programs.

A 2003 needs assessment, conducted by the California State Library, concludes there are more than 500 public library building projects needed in the next five years.

- *Proposition 81 is not a tax increase.*

By using state bond money for renovating or building libraries, more local funds will be available for expanding children's reading programs, improving book collections, providing services for seniors and people with disabilities, and increasing literacy efforts.

- *State pays 65%—local government pays 35%.*

While this effort will not fund all our library needs, approved projects combine both state bond money (65% of project costs) and local funding (35%), maximizing the effectiveness of these critical resources. Previously approved projects between libraries and schools are targeted for priority funding. Most of the new projects funded by this bond money will also be school/library partnerships.

- *Proposition 81 puts money into vital needs, not administrative overhead.*

By law, local governments *cannot* use one penny of this bond money for administrative costs.

Libraries *can* build homework centers for students, expand literacy centers and facilities for reading programs, and upgrade electrical and telecommunications systems to accommodate computers and increased Internet access for students, people with disabilities, and adult learners.

- *By strengthening the partnership between libraries and schools, Proposition 81 will be an important part of achieving California's literacy goals and strengthening our entire educational system.*

Please join us. Vote Yes on Proposition 81.

JACQUELINE JACOBBERGER, President
League of Women Voters of California

HENRY L. LACAYO, State President
Congress of California Seniors

MARY BERGAN, President
California Federation of Teachers

REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 81

Didn't we say that the supporters of Proposition 81 would tell you how much they needed your money? As we said, they would claim that they don't have enough money, and only this money would save libraries in this state.

What happened to the $300 million loan we gave them in 2000, just six short years ago? How did they spend that money? If you go back and read their arguments from that time, they said exactly the same thing that they are saying now.

The problem is the politicians have refused to make libraries a priority. Today, state spending is $43 billion more than it was just 7 short years ago. Could the state use just two percent of that money to pay for library improvements?

Yes, they could, but that means the politicians would have to take the money from their pet projects, like welfare, free health care, and reduced college tuition for illegal aliens, and give it to libraries.

Why would they do that, however, if we just keep letting them borrow the money for the services we want, and letting them spend our tax dollars on their pet projects?

Voting against this bond is *not* a vote against libraries. It is a vote against free spending politicians who spend their money on candy, and buy meat and bread with the credit card.

We will either say no now, or face bankruptcy very soon. Join us and say no.

ASSEMBLYMAN RAY HAYNES, Member
California State Assembly

JON COUPAL, President
Howard Jarvis Taxpayers Association

LEW UHLER, President
National Tax Limitation Committee

Arguments printed on this page are the opinions of the authors and have not been checked for accuracy by any official agency.

ARGUMENT AGAINST PROPOSITION 81

It is never enough.

Did you realize that, prior to 1986, the state only owed $4 billion in bonds? California and its taxpayers built our entire freeway system, the entire university system, our water system, and all of our grade and high schools without borrowing a dime.

Today, we, our children, and our grandchildren owe over $50 billion, a one thousand two hundred and fifty percent increase in just 20 years. And it is still not enough.

In 1988, the politicians told us our libraries were in trouble, and needed more money. We were told that even though the state had a $20 billion budget, we were in trouble. We were told that the state could not afford to spend anything out of its budget on libraries, and we had to borrow the money. So we took out our credit card and borrowed $75 million.

But it wasn't enough.

In 2000, we were told our libraries were in trouble again, and, even though the state budget was $64 billion, we could not afford to spend a dime of that money on libraries, and we had to borrow another $350 million for libraries. We were told by the politicians we would save our libraries if we just borrowed this money one more time. So we took out our credit card again, and borrowed the money.

Six years later, we are again being told that we need to borrow money for libraries, only this time they need $600 million.

Since 1988, the price tag for our libraries has risen 600 percent in borrowed money. Since 1988, the state budget has increased 500 percent, from $20 billion to $100 billion. The state has five times the money it had in 1988, and it can't find $600 million for libraries? In our present budget, $600 million is 6/10ths of one percent of the budget. We spent $9 billion on illegal alien welfare last year, yet the state can't find one dime in money for libraries, and has to borrow money again? Something is wrong.

We are going to be told how important libraries are, and how we have to borrow the money again. These politicians want our children and our grandchildren to keep paying more and more, so they can keep giving more and more of their money to illegal aliens and self-indulgent bureaucrats.

The only way we can stop this is to say no. Maybe if we say no, they will quit asking us to pull out the credit card. Maybe they will quit spending money on stuff we don't want, and start spending it on stuff we do want, like libraries. Instead of letting them borrow the money, we need to tell them to take the money away from the illegals, and give it to us in libraries. Please say no to this bond. It is not a no to libraries; it is a no to self-indulgent politicians who have spent our tax dollars unwisely.

Tell them enough is enough.

ASSEMBLYMAN RAY HAYNES, Member
California State Assembly

LEW UHLER, President
National Tax Limitation Committee

JON COUPAL, President
Howard Jarvis Taxpayers Association

REBUTTAL TO ARGUMENT AGAINST PROPOSITION 81

The opponents' argument is simply misleading.

California's infrastructure needs have always required an investment. In the 1950s and 60s, when many of the state's great building projects were undertaken, bonds were a commonly used financing method.

Under Prop. 81, the annual interest and principal payment will be less than $2 per California resident . . . to build and renovate dozens of libraries statewide . . . bring thousands of local jobs, and significantly boost local economies . . . foster partnerships between libraries and schools . . . help fight illiteracy and support education.

California's population of young people and seniors—the two most significant library users—has exploded and continues to swell.

Although Proposition 81 asks for significantly less than the $4 billion needed to fully meet anticipated need by 2011, by combining a 65% state match with 35% locally generated funds, Prop. 81 will actually result in nearly $900 million being spent in local communities.

And, libraries are more relevant than ever in the Internet age. They are a resource for people needing assistance, instruction, or free access to computers or high speed Internet. Libraries are community centers and safe places for children to go after school. They help fight illiteracy and are an essential component of a quality education. Just visit your local library on the weekend, a weekday afternoon, or any morning at opening time. You'll find an institution that is alive, crowded, and essential to the community.

Support the school/library partnership. *Vote Yes on Prop. 81.*

BILL HAUCK, President
California Business Roundtable

JONATHAN LIGHTMAN, Executive Director
Faculty Association of California Community Colleges

TED LEMPERT, President
Children Now

PROPOSITION 81

This law proposed by Senate Bill 1161 (Statutes of 2004, Ch. 698) is submitted to the people in accordance with the provisions of Article XVI of the California Constitution.

This proposed law adds sections to the Education Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Chapter 12.5 (commencing with Section 20020) is added to Part 11 of the Education Code, to read:

CHAPTER 12.5. CALIFORNIA READING AND LITERACY IMPROVEMENT AND PUBLIC LIBRARY CONSTRUCTION AND RENOVATION BOND ACT OF 2006

Article 1. General Provisions

20020. This chapter shall be known and may be cited as the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2006.

20021. The Legislature finds and declares the following:

(a) Reading and literacy skills are fundamental to success in our economy and our society.

(b) Public libraries are a vital part of the educational system. They provide resources and services for all residents of California, including preschoolers, out-of-school adults, senior citizens, and those attending schools at all levels.

(c) In many cases, libraries serve as a community's only public point of access to resources for learning and by extension, self-sufficiency.

(d) The construction and renovation of public library facilities is necessary to expand access to reading and literacy programs in California's public education system and to expand access to public library services for all residents of California.

(e) The need for library facilities continues to grow. A 2003 needs assessment compiled by the State Library found that there is a need for over two billion dollars ($2,000,000,000) in public library funding.

(f) In March 2000, California voters approved a bond measure of three hundred fifty million dollars ($350,000,000) for library construction and renovation.

(g) Due to the overwhelming response by applicants, the California Public Library Construction and Renovation Board will ultimately be forced to deny approximately 75 percent of all applications due to lack of additional bond funding.

20022. As used in this chapter, the following terms have the following meanings:

(a) ''Committee'' means the California Library Construction and Renovation Finance Committee established pursuant to Section 19972 and continued in existence pursuant to Section 20040 for the purposes of this chapter.

(b) ''Fund'' means the California Public Library Construction and Renovation Fund of 2006 established pursuant to Section 20024.

(c) ''Board'' means the California Public Library Construction and Renovation Board of 2006 established pursuant to Section 20023.

20023. (a) The California Public Library Construction and Renovation Board of 2006 is hereby established.

(b) The board is comprised of the State Librarian, the Treasurer, the Director of Finance, an Assembly Member appointed by the Speaker of the Assembly, a Senator appointed by the Senate Committee on Rules, and two members appointed by the Governor.

(c) Legislative members of the board shall meet with, and participate in, the work of the board to the extent that their participation is not incompatible with their duties as Members of the Legislature. For the purpose of this chapter, Members of the Legislature who are members of the board constitute a joint legislative committee on the subject matter of this chapter.

Article 2. Program Provisions

20024. The proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the California Public Library Construction and Renovation Fund of 2006, which is hereby established.

20025. All moneys deposited in the fund, except as provided in Section 20049.5, are continuously appropriated to the State Librarian, notwithstanding Section 13340 of the Government Code, and are available for grants to any city, county, city and county, or library district that is authorized at the time of the project application to own and maintain a public library facility for the purposes set forth in Section 20026.

20026. The grant funds authorized pursuant to Section 20025, and the matching funds provided pursuant to Section 20033, shall be used by the recipient for any of the following purposes:

(a) Acquisition or construction of new facilities or additions to existing public library facilities.

(b) Acquisition of land necessary for the purposes of subdivision (a).

(c) Remodeling or rehabilitation of existing public library facilities or of other facilities for the purpose of their conversion to public library facilities. All remodeling and rehabilitation projects funded with grants authorized pursuant to this chapter shall include any necessary upgrading of electrical and telecommunications systems to accommodate Internet and similar computer technology.

(d) Procurement or installation, or both, of furnishings and equipment required to make a facility fully operable, if the procurement or installation is part of a construction or remodeling project funded pursuant to this section.

(e) Payment of fees charged by architects, engineers, and other professionals, whose services are required to plan or execute a project authorized pursuant to this chapter.

(f) Service charges where the services in question are required by the applicant jurisdiction to be provided by a public works or similar department, or by other departments providing professional services where the costs are directly billed to the project pursuant to this chapter.

20027. (a) An applicant for a grant for the acquisition, construction, remodeling, or rehabilitation of public library facilities under this chapter on land not currently possessed by that applicant, for a project that does not include an application for a grant to acquire that land pursuant to subdivision (b) of Section 20026, shall be deemed to comply with any administrative condition adopted pursuant to this chapter that the applicant own the land if the application is accompanied by a copy of a court order issued in an eminent domain action pursuant to Section 1255.410 of the Code of Civil Procedure that entitles the applicant to possession of the land.

(b) The terms ''purchase of land'' and ''acquisition of land'' as used in this chapter, or in any rule, regulation or policy adopted by the board pursuant to Section 20030, include, but are not limited to, the acquisition of land by eminent domain. For that purpose, the eligible cost of acquisition shall be the fair market value of the property as defined by Article 4 (commencing with Section 1263.310) of Chapter 9 of Title 7 of Part 3 of the Code of Civil Procedure, except that, if title to the land will not be transferred until after the application is submitted for a grant for the acquisition of the land, the eligible cost of acquisition may not exceed the appraised value of the land.

20028. Any grant funds authorized pursuant to Section 20025, or matching funds provided pursuant to Section 20033, may not be used by a recipient for any of the following purposes:

(a) Books and other library materials.

(b) Administrative costs of the project, including, but not limited to, the costs of any of the following:

(1) Preparation of the grant application.

(2) Procurement of matching funds.

(3) Conduct of an election for obtaining voter approval of the project.

(c) Except as set forth in this chapter, including, but not limited to, Section 20048, interest or other carrying charges for financing the project, including, but not limited to, costs of loans or lease-purchase agreements in excess of the direct costs of any of the authorized purposes specified in Section 20026.

(d) Any ongoing operating expenses for the facility, its personnel, supplies or any other library operations.

20029. All construction contracts for projects funded in part through grants awarded pursuant to this chapter shall be awarded through competitive bidding pursuant to Part 3 (commencing with Section 20100) of Division 2 of the Public Contract Code.

20030. This chapter shall be administered by the State

Librarian. The board shall adopt rules, regulations, and policies for the implementation of this chapter.

20031. A city, county, city and county, or library district may apply to the State Librarian for a grant pursuant to this chapter as follows:

(a) Each application shall be for a project for a purpose authorized by Section 20026.

(b) An application may not be submitted for a project for which construction bids already have been advertised.

(c) The applicant shall request not less than fifty thousand dollars ($50,000) per project.

20032. In making the awards, the board shall consider applications for construction or rehabilitation of public library facilities submitted pursuant to Section 20031 and the funding shall be allocated in the following manner:

(a) First priority shall be given to applications deemed eligible by the State Librarian, that were submitted but not funded in the third application cycle of the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2000. Amounts awarded by the board for these applications may not exceed 50 percent of the total amount authorized pursuant to Section 20038.

(b) Until regulations are adopted pursuant to Section 20030, regulations adopted pursuant to the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2000 (Chapter 12 (commencing with Section 19985)) govern the administration of this chapter.

(c) Funds not awarded for the third application cycle pursuant to the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2000 shall be awarded on a competitive basis pursuant to this chapter.

(d) (1) Except as set forth in paragraph (2), an amount of at least twenty-five million dollars ($25,000,000) shall be made available for joint-use projects that meet all of the following requirements:

(A) The joint-use project is with one or more public education institutions. For the purpose of this section, ''public education institution'' means any of the following:

(i) A school district maintaining any combination of educational settings from kindergarten to grade 12, inclusive.

(ii) A county office of education.

(iii) A community college district.

(iv) A campus of the California State University.

(v) A campus of the University of California.

(B) The public education institution or institutions participating as a joint-use partner or partners provide at least 50 percent of the 35 percent local matching funds required pursuant to subdivision (a) of Section 20033.

(C) Consideration may be given to a proposed joint-use project to be located in a low-income area.

(D) Consideration may be given to a proposed joint-use project to be located in an area in which public schools have low scores on the Academic Performance Index.

(2) If, by March 2, 2010, the total dollar amount of all approved applications for joint-use projects pursuant to this section exceeds the total dollar amount made available for joint-use projects pursuant to paragraph (1), joint-use projects may also be funded from any other funds available to the board under this chapter.

(3) If, by March 2, 2010, the total dollar amount of all approved applications for joint-use projects pursuant to this section is less than the total dollar amount made available for joint-use projects pursuant to paragraph (1), any remaining funds under paragraph (1) shall be made available for any other grants under this chapter awarded on a competitive basis in the same manner as set forth in subdivision (c).

20033. (a) Each grant recipient shall provide matching funds from any available source in an amount equal to 35 percent of the costs of the project. The remaining 65 percent of the costs of the project, up to a maximum of twenty million dollars ($20,000,000) per project, shall be provided through allocations from the fund.

(b) Qualifying matching funds shall be cash expenditures in the categories specified in Section 20026 which are made not earlier than five years prior to the submission of the application to the State Librarian. Except as otherwise provided in subdivision (c), in-kind expenditures do not qualify as matching funds.

(c) Land donated or otherwise acquired for use as a site for the facility, including, but not limited to, land purchased more than five years prior to the submission of the application to the State Librarian, may count towards the required 35 percent local fund contribution at its appraised value as of the date of the application. This subdivision does not apply to land acquired with funds authorized pursuant to Part 68 (commencing with Section 100400), Part 68.1 (commencing with Section 100600), or Part 68.2 (commencing with Section 100800) if approved by the voters.

(d) Expenditures for payment of architect fees for plans and drawings for library renovation and new construction, including, but not limited to, plans and drawings purchased more than five years prior to the submission of the application to the State Librarian, may count towards the required 35 percent local funds contribution.

20034. (a) The estimated costs of a project for which an application is submitted shall be consistent with normal public construction costs in the geographic area of the applicant.

(b) An applicant wishing to construct a project having costs that exceed normal public construction costs in the area may apply for a grant in an amount not to exceed 65 percent of the normal costs up to a maximum of twenty million dollars ($20,000,000) per project if the applicant certifies that it is capable of financing the remainder of the project costs from other sources.

20035. After an application has been approved by the board and included in the request of the State Librarian to the committee, the amount of the funding to be provided to the applicant may not be increased. Any actual changes in project costs are the responsibility of the applicant. If the amount of funding that is provided is greater than the cost of the project, the applicant shall return that amount of funding that exceeds the cost of the project to the fund. If an applicant has been awarded funding by the board, but decides not to proceed with the project, the applicant shall return all of the funding to the fund.

20036. (a) In reviewing applications, as part of establishing the priorities set forth in Section 20032, the board shall consider all of the following factors:

(1) The needs of urban, suburban, and rural areas.

(2) The age and condition of existing library facilities within an area.

(3) The degree to which existing library facilities are inadequate in meeting the needs of the residents in the library service area.

(4) The degree to which the proposed project responds to the needs of the residents in the library service area.

(5) The degree to which the library integrates appropriate electronic technologies into the proposed project.

(6) The degree to which the proposed site is appropriate for the proposed project and its intended use.

(7) The financial commitment of the local agency submitting the application to open, operate, and maintain the proposed library project upon its completion.

(b) If, after an application has been submitted, material changes occur that would alter the evaluation of an application, the State Librarian may accept an additional written statement from the applicant for consideration by the board.

20037. (a) A facility, or any part thereof, acquired, constructed, remodeled, or rehabilitated with grants received pursuant to this chapter shall be dedicated to public library direct service use for a period of at least 20 years following completion of the project.

(b) Any financial interest that the state may have in the land or facility, or both, resulting from the funding of a project under this chapter, as described in subdivision (a), may be transferred by the State Librarian through an exchange for a replacement site and facility acquired or constructed for the purpose of providing public library direct service.

(c) If the facility, or any part thereof, acquired, constructed, remodeled, or rehabilitated with grants received pursuant to this chapter ceases to be used for public library direct service prior to the expiration of the period specified in subdivision (a), the board shall be entitled to recover from the grant recipient, or the successor of the recipient, an amount that bears the same ratio to the value of the facility, or appropriate part thereof, at the time it ceased to be used for public library direct service,

as the amount of the original grant bore to the original cost of the facility, or appropriate part thereof. For purposes of this subdivision, the value of the facility, or appropriate part thereof, shall be determined by the mutual agreement of the board and the grant recipient or successor, or through an action brought for that purpose in the superior court.

(d) Notwithstanding subdivision (f) of Section 16724 of the Government Code, any money recovered pursuant to subdivision (c) shall be deposited in the fund, and shall be available for the purpose of awarding grants for other projects.

Article 3. Fiscal Provisions

20038. Bonds in the total amount not to exceed a total of six hundred million dollars ($600,000,000), exclusive of refunding bonds issued in accordance with Section 20046, or so much thereof as is necessary, may be issued and sold for deposit in the fund to be used in accordance with, and for carrying out the purposes expressed in, this chapter, including all acts amendatory thereof and supplementary thereto, and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal and interest on bonds as the principal and interest become due and payable.

20039. The bonds authorized by this chapter shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), and all of the provisions of that law apply to the bonds and to this chapter and are hereby incorporated in this chapter as though set forth in full in this chapter, except Section 16727 of the Government Code to the extent that it may be inconsistent with this chapter.

20040. (a) For purposes of this chapter, the California Library Construction and Renovation Finance Committee established pursuant to Section 19972 is continued in existence and is the ''committee'' as that term is used in the State General Obligation Bond Law for the purpose of this chapter.

(b) For purposes of the State General Obligation Bond Law, the California Public Library Construction and Renovation Board of 2006 established pursuant to Section 20023 is designated the board.

20041. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this chapter in order to carry out the actions specified in this chapter, including all acts amendatory thereof and supplementary thereto, and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

20042. There shall be collected each year and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds each year. It is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do and perform each and every act that is necessary to collect that additional sum.

20043. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this chapter, an amount that will equal the total of the following:

(a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this chapter, as the principal and interest become due and payable.

(b) The sum necessary to carry out Section 20044, appropriated without regard to fiscal years.

20044. For the purposes of carrying out this chapter, the Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds that have been authorized to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund, with interest at the rate earned by the money in the Pooled Money Investment Account during the time the money was withdrawn from the General Fund pursuant to this section, from money received from the sale of bonds for the purpose of carrying out this chapter.

20045. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account or any other approved form of interim financing, in accordance with Section 16312 of the Government Code, for the purposes of carrying out this chapter. The amount of the request may not exceed the amount of the unsold bonds that the committee has, by resolution, authorized to be sold for the purpose of carrying out this chapter. The board shall execute any documents required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated by the board in accordance with this chapter.

20046. Any bonds issued and sold pursuant to this chapter may be refunded by the issuance of refunding bonds in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 2 of Title 2 of the Government Code. Approval by the electors of the state for the issuance of bonds under this chapter shall include the approval of the issuance of any bonds issued to refund any bonds originally issued or any previously issued refunding bonds.

20047. Notwithstanding any other provision of this chapter, or of the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this chapter that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes, subject to designated conditions, the Treasurer may maintain separate accounts for the investment of bond proceeds and for the investment earnings on those proceeds. The Treasurer may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law or take any other action with respect to the investment and use of those bond proceeds required or desirable under federal law to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

20048. All money deposited in the fund that is derived from premium and accrued interest on bonds sold pursuant to this chapter shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

20049. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this chapter are not ''proceeds of taxes'' as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

20049.5. Amounts deposited in the fund pursuant to this chapter may be appropriated in the annual Budget Act to the State Librarian for the actual amount of office, personnel, and other customary and usual expenses incurred in the direct administration of grant projects pursuant to this chapter, including, but not limited to, expenses incurred by the State Librarian in providing technical assistance to an applicant for a grant under this chapter.

PROPOSITION

82

PRESCHOOL EDUCATION. TAX ON INCOMES OVER $400,000 FOR INDIVIDUALS; $800,000 FOR COUPLES. INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.

OFFICIAL TITLE AND SUMMARY ★★★

Prepared by the Attorney General

Preschool Education. Tax on Incomes Over $400,000 for Individuals; $800,000 for Couples. Initiative Constitutional Amendment and Statute.

- Establishes a right to voluntary preschool for all four-year old children.
- Funded by a 1.7% tax on individual incomes above $400,000; $800,000 for couples.
- Administered by the state Superintendent of Public Instruction and county school superintendents.
- Directs counties to prepare reports on curricula, outreach, facilities, childcare coordination, budgeting, teacher recruitment and pay.
- Limits administrative expenses; requires program audits.
- Requires state Superintendent to develop a preschool teaching credential with financial aid for credential students.
- Excludes revenue from appropriation limits, Proposition 98 calculations.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Increased state revenues of about $2.1 billion in 2007–08, growing annually with the economy to around $2.6 billion in 2010–11, when the preschool program would be open to all 4-year olds in the state.
- Revenues would be used solely for new state preschool program and would be spent to run the program, pay for facilities, train teachers, and provide an operating reserve.

ANALYSIS BY THE LEGISLATIVE ANALYST

OVERVIEW OF THE MEASURE

This proposition changes the California Constitution and state law to create and support a new, publicly funded, preschool program for children to attend in the year prior to kindergarten. Figure 1 shows the main provisions of this proposition, which are discussed in more detail below.

BACKGROUND

Prior to starting kindergarten, most children in California attend some form of preschool or child care program. There is wide variety in the types of programs offered.

Typically, a program where children are cared for in groups is referred to as *center-based care*, also known as a child or day care center, preschool, or nursery school. Survey data suggest that 62 percent of the state's 4-year olds attend some kind of center-based program prior to attending kindergarten. Participation rates, however, vary

FIGURE 1

Proposition 82: Main Provisions

✓ **Creation of New Preschool Program**
- Establishes the right for all children to receive one year of voluntary state-funded preschool beginning in 2010.
- Offers the program for at least three hours a day for 180 days a year.
- Creates new standards for curriculum and teacher qualifications.

✓ **New Tax on High-Income Earners**
- Imposes an additional tax on high-income earners in the state.
- Uses these tax revenues solely for the new preschool program.

✓ **Funding for New Preschool Program**
- Increases significantly the per-child funding rate for most preschool children.
- Provides additional funding to support facilities to house the new program.
- Provides grants to students and to colleges and universities to support training for teachers and aides.

★ ★ ★ ANALYSIS BY THE LEGISLATIVE ANALYST (CONTINUED)

widely by family income level. For example, about 80 percent of 4-year olds in high-income families (earning over $75,000 a year) attend center-based programs, while the comparable figure for low-income families (less than $18,000 a year) is 49 percent. Children not in center-based care are tended by parents or relatives, or served by other arrangements (including babysitters, nannies, and family child care providers).

All center-based programs must meet minimum health and safety requirements in order to be licensed by the state. Of the children in center-based care, about one-half are served by state and federal programs. These programs primarily serve children who come from low-income families. The three largest programs are:

- ***State Preschool.*** This program provides services for 3 hours a day, 175 days a year. It focuses on helping children with both academic and developmental skills. The state spends about $210 million annually for 4-year olds in the program.
- ***State General Child Care.*** This program, which typically runs 220 days a year, is similar to preschool in the morning, with adult-supervised enrichment programs in the afternoon. The state spends about $150 million annually for 4-year olds in this program.
- ***Federal Head Start.*** This provides both an education program and family support services —including health, nutrition, and social services. The federal government spends about $500 million annually for California 4-year olds in this program.

A variety of providers—both not-for-profit and for-profit—serve the other half of California 4-year olds attending center-based programs. Families typically pay for these services. Even though most center-based programs are licensed by the state, programs can vary considerably with regard to focus, structure, participation cost, and teachers' educational backgrounds.

PROPOSAL

Proposition 82 creates a new state program which significantly expands access to publicly funded preschool.

Who Does the Program Cover?

The new program provides 4-year olds access to one year of free preschool. The proposition guarantees this service for all children born on or after June 6, 2006 (that is, 4-year olds starting preschool in 2010). Participation in the new preschool program would be voluntary. It would also be free of charge. (The proposition provides an exception in the case of a "funding emergency," when the Legislature could, with a two-thirds vote and approval of the Governor, pass a one-year requirement that parents pay a fee to help cover the costs of the program. Even in this case, no child could be denied access based on an inability to pay.)

What Are the Key Components of the Program?

The preschool program would consist of the following major components:

- ***Curriculum Standards.*** The state would determine new standards for what would be taught in the new preschool program. These standards would be based on (1) what the state determines is age and developmentally appropriate and (2) the academic content that is taught in kindergarten through grade 3 classrooms.
- ***Staffing Ratios.*** The new program requires that for every 20 children, there must be at least one credentialed teacher and one instructional aide. By comparison, state preschool programs must have ratios of no more than 24 children taught by one teacher and two adults. Other licensed preschool programs must have ratios of at least 1 teacher to 12 children, or 1 teacher and 1 aide to 15 children.

For text of Proposition 82 see page 51.

ANALYSIS BY THE LEGISLATIVE ANALYST (CONTINUED)

- ***Access.*** The proposition requires that: (1) preschools be located near students' homes, (2) parents be permitted to choose among programs, and (3) children with special needs (including those requiring special education services and non-English speakers) have access to the program.
- ***Operational Hours.*** The new state preschool program must operate at least 3 hours a day, 180 days a year. This is similar to what most preschool programs currently offer, although only the state and federal programs have specific legal requirements.

How Would Teachers Be Affected?

Teachers working in a preschool funded by this measure would have to (1) meet certain qualification requirements and (2) be compensated at specified levels.

Teacher Qualification Requirements. The proposition significantly increases educational requirements for preschool teachers. It requires that by July 2014, all teachers in the new state preschool program must have a four-year college degree. (Researchers estimate that around 30 percent of preschool teachers in California currently have a college degree.) By July 2016, teachers would also need to hold a new early learning teaching credential. This would likely require an additional year of education beyond a college degree. (Elementary school teachers could teach in the new preschool program if they receive their elementary teaching credentials prior to 2010 and take roughly one year of college classes in early childhood education.)

Currently, there is no minimum educational requirement for instructional aides working in preschool programs. Proposition 82 requires that preschool aides in the new state program complete 48 units of college, including 24 units studying early childhood education.

Figure 2 summarizes these new requirements and compares them against current licensed preschool programs.

Teacher Compensation Requirements. The measure introduces compensation requirements

FIGURE 2

Preschool Teachers/Aides Educational Requirements

Current	Proposition 82
Teachers—State Preschools: • 40 units (about 1 1/4 years of college[a]) • 24 units in ECE[b] **Teachers—Licensed Preschools[c]:** • 12 units in ECE (about 1/2 year of college[a])	**Teachers:** • College degree • ECE credential • These requirements would typically require five years of college
Aides: • None	**Aides:** • 48 units (about 1 1/2 years of college[a]) • 24 units of ECE (less than 1 year of college[a])

[a] Assumes units are semester based.
[b] Early childhood education.
[c] Preschools that have been licensed by the state as having met minimum health and safety requirements. These include many private preschools.

★ ★ ★ ANALYSIS BY THE LEGISLATIVE ANALYST (CONTINUED)

for preschool teachers and aides. Currently, local programs have full discretion to decide what level of salary and benefits to provide to their preschool employees. Researchers estimate that preschool teachers earn an average annual salary of around $27,000.

The proposition requires that, once they have a college degree and early learning teaching credential, full-time preschool teachers be compensated "similarly" to teachers in the kindergarten through grade 12 (K–12) public school system in their local county. (The proposition defines "full-time" as teaching two three-hour sessions per day.) Currently, the statewide average annual teacher salary for public K–12 unified school districts is around $60,000. Together with health benefits and state and district contributions for retirement, K–12 teachers' average annual compensation package is currently around $76,000. Like teachers, aides in the new preschool program would also have to be compensated similarly to aides in the K–12 system.

In addition, the proposition extends the collective bargaining rights currently offered to public school teachers to all employees working for providers of the new preschool program, including those who work for private preschool providers.

Who Would Administer the Program?

County Offices of Education (COEs) would have primary responsibility for implementing the program at the local level. They must develop detailed plans describing how the county will meet the program's requirements. The COEs could choose to begin offering services to children in 2007, starting with those living near low-performing elementary schools, or they could wait and offer services to all interested students beginning in fall 2010.

The COEs would select public and/or private preschool programs to serve as providers of the new program. Providers would have to meet all the requirements described above in order to receive funding. Existing State Preschool, State General Child Care, and Head Start programs would be given priority in receiving this new funding. Similar to K–12 public schools, preschool providers would have to be nondiscriminatory and without religious affiliation in order to be eligible to participate in the new public system.

The state Superintendent of Public Instruction (SPI) would have primary responsibility for overseeing the new preschool program. The SPI would allocate funding for the new preschool program to COEs based on a uniform, statewide per-student rate. For the first ten years of the program, funds would be distributed across counties based on the number of 4-year olds living in each county. Thereafter, funds would be distributed based on the number of students each county serves.

How Would the New Preschool Program Be Funded?

The proposition establishes a new personal income tax (PIT) rate on high-income earners to support the new preschool program. The measure would impose an additional 1.7 percent tax rate on taxable incomes over:

- Individuals—$400,000.
- Heads-of-household—$544,457.
- Married couples—$800,000.

This would increase the top "marginal" tax rate (that is, the rate applied to the last dollar of income) from 9.3 percent to 11 percent. (See box on following page for an example of how the new rate would affect taxpayers.) Combined, these high-income earners currently represent less than 1 percent (or about 100,000) of total personal income taxpayers in the state. These taxpayers pay about one-third of the $45 billion in annual PIT revenues. The higher tax rate would take effect on January 1, 2007.

For text of Proposition 82 see page 51.

ANALYSIS BY THE LEGISLATIVE ANALYST (CONTINUED)

An Example of the Impact of the New Tax Rate

A single person with a taxable income of $700,000 a year currently would pay 2005 California personal income taxes of about $63,000. Most of the income would currently be taxed at the state's top marginal rate of 9.3 percent. Under Proposition 82, this same single person would pay 9.3 percent on most of the income up to $400,000, but would then pay 11 percent on the income between $400,000 and $700,000. This would result in a total tax payment under the measure of $68,100—an increase of $5,100.

Proposition 63, passed by voters in 2004, imposes an additional 1 percent tax rate on incomes above $1 million to support mental health services. (This tax currently raises around $700 million a year for these services.) Taxpayers with incomes above $1 million would continue to pay this added rate under Proposition 82. Thus, Proposition 82's additional 1.7 percent rate would increase these taxpayers' total marginal PIT rate from 10.3 percent to 12 percent. Based on current information, this would be the highest state PIT rate in the country.

How Would the Funds Be Used?

Revenues generated from the new tax described above would be deposited directly in a special state preschool fund. The revenues could only be used to support the new preschool program and not for any other purpose or program.

There are four primary ways in which these funds would be spent: (1) funding the day-to-day operations of preschools, (2) establishing facilities to house the program, (3) training teachers and aides, and (4) developing a reserve fund to help guarantee future program stability.

Program Operations. The majority of the revenues generated for the preschool program would be used to provide salaries and benefits for teachers, aides, and directors; purchase supplies and materials; administer, evaluate, and oversee the program; and support other operational and maintenance needs. (The proposition limits state and local program administration costs to no more than 6 percent of total annual program expenditures.)

Facilities and Teacher Training. Beyond these ongoing operational expenditures, Proposition 82 also allocates certain funds for start-up costs. Specifically, it allows a total of up to $2.7 billion of the tax revenues generated for the preschool program to be used primarily over the first ten years of the program to fund the following activities:

- ***Up to $2 Billion for Facilities to House Preschool Programs.*** These funds may be used to support construction, lease, purchase, or renovation of facilities. Based on facility needs plans submitted by each COE, the Superintendent would determine the timing and distribution of this funding.
- ***Up to $700 Million to Help Prepare Preschool Teachers and Aides to Meet New Qualification Requirements.*** Up to $200 million may be used for financial aid (scholarships or forgivable loans) to support full- or part-time students seeking to attain the college education required of teachers and aides in the new preschool program. Up to $500 million may be provided to the state's public colleges and universities to develop and offer coursework in early childhood education, including a new preschool teacher credentialing program.

Reserve. In addition, Proposition 82 establishes an operating reserve for the preschool program. Over the course of the first ten years after passage of

★ ★ ★ ANALYSIS BY THE LEGISLATIVE ANALYST (CONTINUED)

the proposition, a portion of the revenues generated by the new tax must be set aside in this reserve account. After ten years, the account must contain enough funds to operate the new preschool program for one year. The program could access the reserve in any year that the statewide per-student preschool program funding level would decline without it.

Implementation Dates. As described above, the measure has various starting dates and timeframes specified for various activities. Figure 3 summarizes these implementation dates.

FISCAL EFFECT

Proposition 82 would have significant impacts on both state revenues and spending.

State Revenues

As noted above, the higher PIT rate created by the proposition would take effect January 1, 2007. We estimate that this rate would raise roughly $500 million in 2006–07 (a partial fiscal year effect). Revenues would increase to a full-year amount of about $2.1 billion in 2007–08, and then grow to around $2.6 billion by 2010–11, when the program would be open to all 4-year olds in the state.

Potential Taxpayer Responses. Exactly how taxpayers would respond to the higher marginal tax rate created by Proposition 82 is difficult to estimate. The above revenue estimates, however, incorporate certain actions taxpayers would likely take. For example, the estimates assume that some high-income taxpayers will take actions—such as changing the way that some business-related income is claimed—to minimize the net impact of the PIT rate increase. By reducing the overall income claimed by these high-income earners, these actions would also result in some annual revenue reductions to the state General Fund (around $100 million) and the mental health program created by Proposition 63 (in the tens of millions of dollars).

The above estimates do *not*, however, take into account more extreme taxpayer responses—

FIGURE 3

Timeline for Implementation of Proposition 82

Finance	
2007	New tax on high-income earners begins to generate revenue for new preschool program (roughly $2 billion annually).
2007–17	Funding provided for facilities to house preschool program (up to $2 billion in total over life of program).
2016	State operating reserve must contain enough funds to operate the program for one year.
Program Requirements	
2007–10	Counties can choose to offer preschool services to 4-year olds, prioritizing children who live near low-performing elementary schools.
2010	All 4-year olds in the state must have equal access to free, voluntary preschool services.
Teacher Training	
2007–17	Grants provided to public universities and colleges to train teachers and aides (up to $500 million).
2007–17	Grants provided to individuals taking college courses required for teachers and aides (up to $200 million).
2014	Teachers must have a college degree. Aides must have a year and a half of college, and have taken several early childhood education courses.
2016	Teachers must hold an early learning teaching credential or the equivalent.

For text of Proposition 82 see page 51.

such as high-income earners leaving the state or not moving here—as a result of the higher rates. To the extent this occurred, revenues for the new preschool program, the state General Fund, and the Proposition 63 mental health program could be reduced more significantly.

Impact on Preschool Program Spending

As noted above, all the revenues raised by the higher tax rate would be available solely for the new preschool program. The following amounts would be set aside during the first ten years of the program:

- Up to $2.7 billion for facilities, teacher training, and financial aid.
- A reserve containing enough funds in 2017 to run the program for one year.

The remaining funds would be available for the day-to-day operation of preschools.

Measure Would Provide Around $6,000 Per Student. We estimate that there would be about $2 billion a year to run the preschool program in 2010–11, the first year all 4-year olds are guaranteed access to a preschool program. The level of funding available for each preschool student would depend primarily upon the number of children who decide to participate in the program. Based on information from other states that offer public preschool for all 4-year olds, our best estimate is that—over time—roughly 70 percent of 4-year olds would participate in the new preschool program. (See nearby box for more information on possible participation in the program.) At this rate, we estimate that in 2010–11, the proposition would provide around $6,000 per student in the new preschool program. (By comparison, we estimate that California's per-student funding rate for its existing state preschool would be approximately $4,000 in 2010–11.) The overall amount of revenue would not change regardless of the number of children who enroll, so per-student funding levels would increase if fewer children chose to participate and decrease if more children enrolled in the program.

Participation Rates Will Likely Increase

Reports from other states that have implemented voluntary public preschool for all 4-year olds suggest that as many as 70 percent of California's 4-year olds may opt to participate in the new state program over the long run. In addition, some families will opt to keep their children in private preschools. This could be around 10 percent of all 4-year olds. Combining both private and public preschool expected participation rates, the percent of 4-year olds attending center-based preschool may increase to as high as 80 percent statewide. This compares to the current center-based enrollment estimate of 62 percent.

Existing Programs Could Augment the Per-Pupil Funding Rate Statewide ($750 to $2,000 Per Pupil). The new preschool program may also be able to take advantage of resources provided to existing state and federal programs that serve 4-year olds. Depending upon future legislative decisions, the rate at which these programs maintain existing services, and how the costs of special education students are addressed, these programs could contribute additional support to the new preschool program in the range of $750 to $2,000 per student. Adding these funds to the funding provided by Proposition 82, there would be between $6,750 and $8,000 per pupil for preschool operations in 2010–11.

Comparisons With Other States. Figure 4 shows a comparison of how other states funded public preschool programs in 2004. Currently,

★ ★ ★ ANALYSIS BY THE LEGISLATIVE ANALYST (CONTINUED)

California's per-pupil funding for its state preschool program is in the same spending range as about one-half of the other states in the country. Proposition 82's funding level would mean a significant increase in the amount of state resources provided for each preschool child. This level of support would make California's one of the highest funded state preschool programs in the country.

Other Potential Spending Impacts

Proposition 82 could have a number of other potential fiscal effects. For instance:

- ***Preschool Program Could Affect Districts' Special Education Costs.*** State and federal law requires school districts to serve the educational needs of 4-year olds with special needs. It is likely that with greater numbers of children participating in structured preschool programs, greater numbers of 4-year olds will be identified as requiring special education services. If this takes place, school districts would incur increased costs. The new preschool program could cover some of these district costs. Furthermore, some research, based on small pilots of preschool programs, suggests that greater participation in preschool may result in the long run in a reduction in (1) the number of children using K–12 special education services and (2) the number of years some children receive special education services. This would reduce school districts' K–12 special education costs.
- ***Potential State and Local Savings.*** Some research based on pilots of preschool programs suggests that greater participation in preschool may result in such outcomes as: a reduction in the number of children retained in a grade, a reduction in the number of child abuse or neglect reports, and a reduction in the number of juvenile court filings. The degree to which these effects would occur as a result of a statewide preschool program and the amount of related state and local savings are unknown.

FIGURE 4

State Preschool Spending Per Enrolled Child

$6,000 or more	$4,000–$5,999	$2,000–$3,999			Less than $2,000	No Program
Minnesota	Connecticut	Alabama	Illinois	***Oklahoma***[a]	Kansas	Alaska
New Jersey	Delaware	Arizona	Iowa	Texas	Maine	Idaho
Oregon	Massachusetts	Arkansas	Kentucky	Virginia	Maryland	Indiana
	North Carolina	**California**	Louisiana	Washington	Nebraska	Mississippi
	Ohio	Colorado	Michigan	West Virginia	New Mexico	Montana
	Tennessee	***Florida***[a]	Missouri	Wisconsin	South Carolina	New Hampshire
		Georgia[a]	Nevada		Vermont	North Dakota
		Hawaii	New York			Rhode Island
						South Dakota
						Utah
						Wyoming

Source: National Institute for Early Education Research, 2004.
[a] Florida, Georgia, and Oklahoma offer free public preschool to all 4-year olds. Florida's program and funding began in 2005.

For text of Proposition 82 see page 51.

PROP 82 PRESCHOOL EDUCATION. TAX ON INCOMES OVER $400,000 FOR INDIVIDUALS; $800,000 FOR COUPLES. INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE. ★ ★ ★

ARGUMENT IN FAVOR OF PROPOSITION 82

IMPROVE OUR SCHOOLS. VOTE YES ON 82—PRESCHOOL FOR ALL.

California's teachers say Prop. 82:

- Strengthens elementary and K–12 education
- Provides a high-quality preschool education for every four-year old in California
- Helps more children learn to read by the third grade
- Increases parental involvement and allows parents to choose preschools
- Helps reduce dropout rates so more kids graduate high school
- Reduces crime by keeping kids off the street and out of trouble
- Invests in a better-educated workforce for a stronger economy
- Expands teacher training and recruitment
- Protects taxpayers with strict financial controls

CALIFORNIA'S TEACHERS SAY PROP. 82 IMPROVES EDUCATION BY HELPING CHILDREN LEARN TO READ.

Studies show that children who go to preschool are more likely to be able to read by the third grade and therefore, more likely to succeed in school.

That's because children who know how to read by third grade can use their reading skills to learn faster in their other classes.

Right now, only one in five children in California goes to a quality preschool program, and California ranks 45th out of 50 states in reading.

PROP. 82 PROVIDES ACCESS TO A QUALITY, VOLUNTARY PRESCHOOL FOR ALL FOUR-YEAR OLDS.

By providing preschools that teach children earlier, when their brains are developing rapidly, and making sure parents are involved, teachers say Prop. 82 will help more children learn to read and give all our kids a chance to succeed.

That's why California's teachers, including preschool teachers, kindergarten teachers, elementary school teachers, and more than 300,000 local classroom teachers say vote YES on 82.

CALIFORNIA'S POLICE CHIEFS SAY PROP. 82 HELPS CUT CRIME.

Today, nearly one out of three children in California drops out of school.

But studies show that preschool can help kids stay in school and stay out of trouble with crime, drugs, and gangs.

That's why the California Police Chiefs Association says Yes on 82.

PROTECT CALIFORNIA TAXPAYERS

Prop. 82 has no cost for 99.4% of California taxpayers. With strict financial accountability safeguards, Prop. 82 puts taxpayers in control.

- Establishes a dedicated preschool fund that can only be spent to provide preschool
- Requires annual independent audits
- Provides for criminal penalties for misuse of funds, including possible jail time

INVEST IN OUR CHILDREN AND OUR FUTURE

For every dollar we invest in preschool, studies show we get more money back—from savings on reduced remedial education, lower dropout rates, and the economic benefits of a better-educated workforce.

Better-educated children get better jobs, and a better-educated workforce strengthens California's economy for the future.

That's why business leaders, the Los Angeles and San Francisco Chambers of Commerce, the California Teachers Association, the California Head Start Association, the California Police Chiefs Association, the Congress of California Seniors, Republicans and Democrats, including Los Angeles Mayor Antonio Villaraigosa, former Education Secretary Dick Riordan, and U.S. Senator Dianne Feinstein say vote Yes on 82. www.Yeson82.com.

YES on 82—INVEST IN OUR CHILDREN. IMPROVE OUR SCHOOLS.

BARBARA E. KERR, President
California Teachers Association

STEVE KRULL, President
California Police Chiefs Association

EDWARD CONDON, Executive Director
California Head Start Association

REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 82

We all want to improve our schools and help kids learn, but Proposition 82 is the *wrong approach*.

TAKE THE TIME TO READ THE FINE PRINT OF THE INITIATIVE AND DECIDE FOR YOURSELF.

- We don't need to spend $2.4 billion a year to increase preschool attendance by a few percent. *$2.4 billion is enough to send $8,400 to each and every K–12 classroom in California EVERY YEAR.* Think about the supplies and books that would buy!
- Hidden in the fine print of Proposition 82 is a provision to allow the Legislature to impose a fee on parents if this program costs more than expected. Politicians in Sacramento could also raise taxes on all of us to fill the gap.

IF WE REALLY WANT TO IMPROVE STUDENT LEARNING, LET'S START BY IMPROVING K–12 SCHOOLS.

"Targeting resources and attention on those grades where children are taught the skills they need for the rest of their life should be our priority now. Let's improve K–12 schools before we spend $2.4 billion on an unproven new preschool bureaucracy."

Terry Hamilton, Sixth Grade Teacher, Duarte

PROP. 82 IS A BAD DEAL FOR TAXPAYERS.

The Proposition 82 "system" is modeled after the same inefficient bureaucracy running K–12 schools, with three layers of bureaucracy and administration. There is a good chance costs will be more than supporters estimate.

JOIN TEACHERS, EDUCATORS, PARENTS, THE CALIFORNIA CHAMBER AND LOCAL CHAMBERS OF COMMERCE, TAXPAYERS, AND SENIORS IN VOTING "NO" ON PROPOSITION 82. VISIT: www.NoProp82.org

LARRY McCARTHY, President
California Taxpayers' Association

THOMAS L. SIPES, Director
Montessori Schools of Petaluma

CHRIS SIMMONS, 2003 Teacher of the Year
Glendale Unified School District

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ARGUMENT AGAINST PROPOSITION 82

The question before us is not whether expanded preschool would bring benefits to our kids, but whether California can afford to spend $2.4 billion in scarce resources on a new preschool bureaucracy that will only increase enrollment by four or five percent.

A broad coalition of K–12 and preschool teachers, educators, minority groups, seniors, taxpayer groups, and businesses have studied this proposal and concluded that *Proposition 82 is flawed and a bad deal for our children and for California.* Here's why:

THE STATE HAS MANY OTHER PRESSING NEEDS THAT SHOULD COME FIRST, LIKE FIXING K–12 SCHOOLS

- California still faces chronic budget deficits. We shouldn't create an expensive and inefficient new preschool bureaucracy that locks in $2.4 billion per year in new spending.
- $2.4 billion could fund:
- 69,000 new K–12 teachers to address our teacher shortage; or
- 1,200,000 computers for K–12 classrooms; or
- 3,300 *new* classrooms to ease overcrowding and reduce class sizes *AND* modernization of 13,300 rundown classrooms in need of repair; or
- 150 miles of new freeway lanes to ease traffic congestion; or
- Healthcare for nearly 2.4 million uninsured children and adults.

"We all support expanding preschool, but Proposition 82 is the wrong approach. We have more pressing needs for that money, like improving K–12 schools."

—Denise Lyon, Second Grade Teacher, Elk Grove

BILLIONS OF DOLLARS FOR LITTLE GAIN IN ENROLLMENT

- According to the nonpartisan Legislative Analyst and a study by the RAND Corporation, approximately 65% of preschool age children in California already attend preschool. Proposition 82 supporters admit this measure will only increase enrollment to 70%. *That's $2.4 billion in NEW TAXES every year for a mere 4% to 5% increase in enrollment.*
- The Legislative Analyst predicts this program will cost as much as $8,000 per student per year for a part-time, three-hour per day program. That's almost as much as we currently spend for full day instruction for K–12 students!

NEW PRESCHOOL BUREAUCRACY MODELED AFTER TROUBLED K–12 SYSTEM

- Where does the money go? *Tens of millions of dollars will be spent on a huge, expanded state bureaucracy, administration, and overhead*—the same education bureaucracy that runs our current K–12 system.

LEGISLATURE COULD RAISE INCOME OR SALES TAXES OR IMPOSE A "PARENT TAX" IF COSTS GO UP

- This new program could cost much more than $2.4 billion per year. When has government ever come in under budget?
- When that happens or when tax revenues fall short, *there's a hidden provision in the fine print of Proposition 82 that allows the state to assess a fee on parents—a new "PARENT TAX."*
- *Proposition 82 could force the Legislature to raise taxes on all of us* if the revenues aren't enough.

NO ON PROPOSITION 82:

- We can't afford a new $2.4 billion preschool bureaucracy when *California has other pressing needs, like fixing K–12 schools.*
- There are *better ways to expand preschool, without spending so much money.*

Please join us in voting NO on Proposition 82.

DR. TOM BOGETICH, Retired Executive Director
California State Board of Education

PAMELA ZELL RIGG, President
California Montessori Council

PATRICIA ARMANINI, Third Grade Teacher
San Rafael

REBUTTAL TO ARGUMENT AGAINST PROPOSITION 82

California ranks 45th out of 50 states in reading. Why? One of the most important reasons is that we aren't preparing our children to enter school ready to learn.

Studies show that the most critical factor that determines whether children will succeed in school is the ability to read by the third grade.

California's teachers say Prop. 82 will make our children better prepared to read and learn.

That's why groups representing over 450,000 California teachers say Prop. 82 will strengthen elementary and K–12 education.

HUNDREDS OF THOUSANDS OF CHILDREN WILL GET ACCESS TO QUALITY PRESCHOOL.

The opponents are trying to mislead you by claiming that 65% of children already attend quality preschools. Wrong. Those statistics include children in daycare and babysitting.

According to Calfornia's teachers, only 20% of four-year olds are in quality preschools, with credentialed teachers prepared to meet the unique challenges of teaching young children.

Prop. 82 will give over 300,000 more children a year the chance to learn.

STRICT ACCOUNTABILITY—NOT WASTEFUL BUREAUCRACY

Business leaders, including the Los Angeles and San Francisco Chambers of Commerce, say Prop. 82 severely limits administrative costs and provides for strict accountability, including independent audits and criminal penalties for misuse of preschool funds.

- 94% of funds go directly to support preschool education.
- Protects funding for K–12 schools and takes no funding from the general fund.
- 99.4% of California taxpayers pay no costs.

JOIN OUR BIPARTISAN COALITION OF TEACHERS, PARENTS, BUSINESS LEADERS, PEDIATRICIANS, SENIORS, AND LAW ENFORCEMENT.

VOTE YES on 82.

MARY BERGAN, President
California Federation of Teachers

SHELBI J. WILSON, 2006 California Teacher of the Year

ROBERT BLACK, MD
American Academy of Pediatrics, California

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PROPOSITION 82

Section 1. Title.

This measure shall be known and may be cited as the "Preschool for All Act."

Section 2. Findings and Declarations.

The people of California find and declare the following:

1. A child's participation in a quality preschool education program plays a critical role in his or her educational development and success in school. Research studies show that children who participate in quality preschool programs are the most likely to become proficient readers by third grade, graduate from high school, and go on to college. Children who do not attend quality preschool are more likely to fall behind their peers in the early grades and are less likely to do well throughout their school careers.

2. Research shows that quality preschool education strengthens the K–12 public schools by helping children become better readers by third grade; reducing the need for special education and grade retention; and increasing high school graduation rates and college attendance. Lack of access for parents to quality, voluntary preschool education opportunities for their children is having a damaging impact on the state's K–12 public schools.

3. There is a severe shortage of quality, affordable preschool education opportunities for California's children, and California lags behind the nation in preschool enrollment. Three out of four statewide, publicly funded preschool programs have children waiting in line to get in. Middle class families often earn too much for public programs but too little to pay for private preschool. Some do not qualify for publicly funded programs, but cannot afford to pay the cost of private preschool, which often costs more than annual tuition to the state university system.

4. Recent studies have concluded that smart investments in quality preschool for all save taxpayers $2.62 for every dollar invested by improving the K–12 public schools, reducing crime and welfare dependence, and substantially increasing the lifetime earnings of children who get a strong start in school.

5. Public safety officials support preschool for all because studies show that quality preschool education early in a child's life reduces the likelihood of dropping out of school, engaging in criminal activity later in a child's life, or going to jail later in a child's life.

6. Scientific knowledge about how children's brains develop confirms the importance of participation in quality preschool programs. Ninety percent of brain growth occurs before age five, before most children enroll in kindergarten.

7. Quality preschool education provides a crucial opportunity to engage parents in the education of their children, and to create a habit of parental involvement that will last throughout a child's academic career. Quality preschools give parents the tools and support they need to get more involved in their child's early education.

8. Research shows that early education and intervention for children with special needs in preschool reduces the need for costly special education services in later years.

9. Quality preschool education helps English-language learners develop their English language skills and meet school readiness goals.

10. Research shows that highly qualified preschool teachers improve the school-readiness of preschool children. All California children deserve quality preschool programs taught by well-trained teachers using age-appropriate curriculum. Currently, there is a severe shortage of teachers prepared to provide high-quality instruction to California's diverse preschool population. Raising professional qualifications for preschool teachers and instructional aides requires that teachers and instructional aides be provided the time and support necessary to meet these higher standards and that California's postsecondary institutions put in place the early learning programs needed to prepare the next generation of preschool teachers and instructional aides.

11. Taxpayers deserve a preschool-for-all program that is educationally and fiscally accountable to the public, with funds dedicated solely to providing quality preschool opportunities, and that includes a cap on administrative spending and criminal penalties for misuse of funds.

Section 3. Purpose and Intent.

In order to take full advantage of the opportunity presented by children's early brain development; to ensure that all children have the skills they will need to master reading and to succeed in school and in life; to improve the performance of our K–12 public schools by providing all children the opportunity for a strong start in school; to reap proven economic returns on a strategic investment in quality preschool programs; to prepare our children for a new century and a new economy; and to address what is now a preschool education crisis in California, in which middle class families often cannot afford to pay for quality preschool education that would put their children on the path to success, the people of California do hereby enact the Preschool for All Act. The Act is intended to:

1. Provide a system of voluntary preschool for all children one year before kindergarten that is high quality, available to all regardless of ability to pay, and that is managed in a non-bureaucratic and fiscally responsible way;

2. Ensure that all eligible children have equal access to a quality preschool education that meets age and developmentally appropriate statewide preschool standards and guidelines;

3. Ensure that children have access to a variety of preschool programs, including programs offered by school districts, colleges, universities and community colleges, classroom-based charter schools that offer at least kindergarten through third grade, and other licensed preschool providers, including centers and family child care programs, provided that the programs comply with this Act;

4. Create an accountable program, built upon the existing preschool system, that is administered by the state Superintendent of Public Instruction and county superintendents of schools, or alternative local administrators, to meet local needs while satisfying all the requirements of this Act;

5. Raise professional qualifications for preschool teachers to increase the supply of qualified teachers, and provide the time and support necessary to meet these higher standards;

6. Require that teachers and instructional aides who participate in the program are well trained and fairly compensated;

7. Ensure that there will be adequate facilities and providers to serve enrolled children and to build capacity for eligible children;

8. Provide a dependable funding stream that will be adequate to provide a quality preschool education experience for California children in the year before they enter kindergarten;

9. Fully fund the Preschool for All program so that General Fund revenues are not required to sustain this program, and prohibit any infringement upon state or local education funds; and

10. Require regular, independent, fiscal and program audits and evaluations to ensure that the programs meet the goals of this Act, that the funds reserved to pay for preschool for all are strictly controlled and accounted for, that dollars spent for administration are strictly limited, and that the public is kept adequately informed about program quality and fiscal accountability.

Section 4. Section 4 is added to Article IX of the Constitution of the State of California, to read:

Sec. 4. (a) The State shall provide a program of voluntary preschool education for all children one year prior to kindergarten pursuant to the Preschool for All Act. A preschool-age child, as provided in the Preschool for All Act, shall have the same equal protection rights enjoyed by elementary school children under Section 7 of Article I and under the United States Constitution, and any equal protection rights as may in the future apply to elementary school children shall apply to preschool-age children as well, except as expressly provided in the Preschool for All Act.

(b) Notwithstanding any other provision of this Constitution, county superintendents of schools, alternative local administrators, and the Superintendent of Public Instruction shall have the authority, as set forth in the Preschool for All Act, to administer Preschool for All programs, including the allocation of funds as prescribed by the Preschool for All Act, and to select and approve preschool program providers who meet the eligibility requirements prescribed by the Preschool for All Act.

(c) For the purposes of the Preschool for All Act, Preschool for All program providers shall be subject to the control and supervision of the Superintendent of Public Instruction and the county superintendent of schools in the county in which the program is located, as provided in the Preschool for All Act.

(d)(1) All revenues produced by the tax imposed by the Preschool for All Act shall be placed in the Preschool for All Fund, which is hereby created in the State Treasury to be held in trust for the purpose of providing preschool pursuant to the Preschool for All Act and which is continuously appropriated, without regard to fiscal year, for that purpose alone.

(2) The moneys in the Preschool for All Fund and any other fund created pursuant to the Preschool for All Act may not be used for any purpose or program other than the purposes or programs authorized by the Preschool for All Act, and may not be loaned to the state General Fund, or to any other fund of the State, or to any fund of a county, or any other entity, or borrowed by the Legislature, or any other state or local agency, for any purpose other than the purposes authorized by the Preschool for All Act.

(e) Notwithstanding any other provision of this Constitution, revenues generated by the tax imposed by the Preschool for All Act shall not be deemed to be "revenues" or "taxes" for purposes of computing any state expenditure or appropriation limit that is enacted after January 1, 2005, nor shall their expenditure or appropriation be subject to any reduction or limitation imposed pursuant to any provision enacted after that date.

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Section 5. Section 14 is added to Article XIII B of the California Constitution, to read:

Sec. 14. (a) For purposes of this article, "appropriations subject to limitation" of each entity of government shall not include appropriations of revenue from the Preschool for All Fund created by the Preschool for All Act.

(b) For purposes of this article, "proceeds of taxes" shall not include the revenues derived from the taxes imposed by the Preschool for All Act.

(c) No adjustment in the appropriations limit of any entity of government shall be required pursuant to Section 3 as a result of revenue being deposited in or appropriated from the Preschool for All Fund.

Section 6. Section 8.3 is added to Article XVI of the California Constitution, to read:

Sec. 8.3. (a) Neither funds appropriated pursuant to subdivision (d) of Section 4 of Article IX nor funds appropriated from any other source for the purpose of the Preschool for All Act shall be deemed to be part of "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B" as that phrase is used in paragraphs (2) and (3) of subdivision (b) of Section 8.

(b) Revenues derived from taxes imposed pursuant to the Preschool for All Act shall not be deemed to be "General Fund revenues which may be appropriated pursuant to Article XIII B" as that phrase is used in paragraph (1) of subdivision (b) of Section 8 nor shall they be considered in the determination of "per capita General Fund Revenues" as that phrase is used in Section 8.

(c) Revenues derived from taxes imposed pursuant to the Preschool for All Act shall not be deemed to be General Fund revenues for the purposes of any other provision that sets a minimum level of funding for educational purposes and that is enacted after January 1, 2005.

Section 7. Chapter 1.5 (commencing with Section 14110) is added to Part 9 of Division 1 of Title 1 of the Education Code, to read:

Chapter 1.5. Preschool For All

Article 1. General Provisions

14110. (a) This chapter implements the requirement of preschool for all established by Section 4 of Article IX of the California Constitution. As used throughout this chapter, "this Act" refers to the Preschool for All Act.

(b) Four years after the effective date of this Act, every preschool-age child, regardless of income, shall have access for one year to a Preschool for All program that meets the requirements of this Act. A "preschool-age child" for purposes of this Act shall mean a child born on or after the effective date of this Act who is one year prior to the date that child enters kindergarten.

(c) A Preschool for All program shall be free, except as provided in subdivision (d) of Section 14132, and voluntary for preschool-age children and shall include, at a minimum, all of the following:

(1) A three-hour per day instructional program offered for 180 days per year;

(2) A curriculum that is age and developmentally appropriate, based on statewide preschool learning standards, guidelines, and appropriate instructional practices adopted by the Superintendent of Public Instruction, and aligned with statewide academic standards for elementary education; and

(3) Classes of no more than 20 children with at least one teacher and at least one instructional aide for programs whose teachers and instructional aides have met the educational requirements of subdivisions (a) and (b) of Section 14111. Until they comply with the educational requirements of subdivisions (a) and (b) of Section 14111, programs shall provide classes of no more than 24 children with at least one teacher and classes with no more than a one-to-eight adult-child ratio.

Article 2. Instructional Staff

14111. (a) By July 1, 2014, all Preschool for All teachers in programs that are selected and approved to become Preschool for All providers pursuant to Sections 14118 and 14135 shall have a baccalaureate degree and shall have completed at least 24 units in early learning, and all instructional aides in such programs shall have completed at least 48 units of college-level work, including 24 units in early learning.

(b) By July 1, 2016, all Preschool for All teachers in programs that are selected and approved to become Preschool for All providers pursuant to Sections 14118 and 14135 shall have a baccalaureate degree and an early learning credential, as provided in Section 14112, or a multiple subject credential in the case of a person who received the credential prior to July 1, 2010, and who has 24 units in early learning.

(c) Prior to July 1, 2014, teachers in Preschool for All programs shall, at a minimum, meet the educational requirements of Title 5, Division 8, Chapter 1, Article 5, Section 80112 of the California Code of Regulations, in effect as of January 1, 2005, and instructional aides in Preschool for All programs shall, at minimum, meet the requirements of Title 5 of the California Code of Regulations, in effect as of January 1, 2005.

14112. By July 1, 2008, the Superintendent of Public Instruction, in collaboration with California public colleges and universities, including community colleges, shall develop an early learning credential consistent with the requirements of subdivisions (a) and (b) of Section 14111 and shall submit the credential to the Commission on Teacher Credentialing for approval and implementation. The Commission on Teacher Credentialing may also recognize other early learning credentials that are consistent with the requirements of subdivisions (a) and (b) of Section 14111.

14113. (a)(1) By January 1, 2008, the Superintendent of Public Instruction, in collaboration with California public college and university systems, including the community college system, and with private colleges and universities, shall establish a workforce development plan based on the county superintendents of schools' assessment of the need for teachers and instructional aides for Preschool for All programs.

(2) Pursuant to this plan, California public college and university systems, including the community college system, may apply to the Superintendent of Public Instruction for funding from the Preschool for All Fund to develop, in consultation with other systems and in a manner that promotes articulation, college-level courses and degree programs in early learning, and to provide these courses and degree programs. Use of Preschool for All funds for these programs shall be limited to 10 years and shall not exceed a total cost of five hundred million dollars ($500,000,000) over the 10-year period. California public college and university systems, including the community college system, may redirect funding within their budgets to provide these courses and degree programs, provided, however, that the state shall not be obligated to provide additional funding for these purposes during the 10-year period. In order to avoid any need for the appropriation of General Fund revenues for this purpose after the 10-year period, the Superintendent of Public Instruction may allocate additional funds from the Preschool for All Fund or the Preschool for All Reserve Fund after the 10-year period only if California public college and university systems, including the community college system, incur costs above the costs they would ordinarily incur to meet the regular and ongoing needs of California's students as a direct result of the Preschool for All Act.

(b) By July 1, 2007, the California Student Aid Commission, in consultation with the Superintendent of Public Instruction, shall establish a program for financial aid and other support for full-time or part-time students to ensure that a qualified teaching and instructional aide staff becomes available in accordance with the timetable established by this Act. Use of Preschool for All funds for this program shall be limited to 10 years and shall not exceed a total cost of two hundred million dollars ($200,000,000) over the 10-year period. The financial aid and other support provided pursuant to this program shall be all of the following:

(1) Available, as a matter of preference, to students with the greatest financial need;

(2) Limited to students who commit to work in Preschool for All programs for a period of time commensurate with the total amount of state assistance they have received; and

(3) Available, as a matter of preference, to students who commit to work in geographical areas with the greatest need for Preschool for All teachers and instructional aides, and to students who have a demonstrated history of working in early learning programs.

14114. (a) Teachers and instructional aides in Preschool for All programs shall be paid increasing levels of compensation as they approach the standards established by Section 14111 and, after meeting those standards, they shall be compensated as set forth in each county's plan pursuant to paragraph (13) of subdivision (b) of Section 14120.

(b) Preschool for All teachers who are employed to teach two Preschool for All sessions per day and Preschool for All instructional aides who are employed to work two Preschool for All sessions per day shall be considered full-time Preschool for All program employees for the purposes of the compensation, including pay and benefits, that they receive from Preschool for All funds.

14115. (a) In order to provide representation and collective bargaining rights for employees of Preschool for All provider employers, including public schools, charter schools, and other licensed preschool providers, and to establish uniform rights for employees and obligations of Preschool for All provider employers, it is the intent of this Act to establish uniform requirements and standards based on state and county funding, controls, accountability, and sanctions for all Preschool for All provider employers. Such state and county involvement and control includes but is not limited to the following: funding, governance, accountability, monitoring, reporting, program evaluation, teacher credentialing, teacher compensation, coordination with public local elementary schools and districts, sanctions, and removal of Preschool for All program providers.

(b) For the purposes of establishing union representation procedures and collective bargaining for employees of Preschool for All program providers, the Preschool for All program provider employer as a condition of receiving funding and pursuant to the terms of the agreement with the county superintendent of schools, the Superintendent of Public Instruction, or alternative local administrator as to conditions, controls and supervision of the Preschool for All Program, shall, in accordance with Section 14118, be considered a Preschool for All program employer as defined in subdivision (n) of Section 3540.1 of the Government Code, and Chapter 10.7 (commencing with Section 3540) of Division 4 of Title 1 of the Government Code shall apply to such employer.

(c) With respect to Preschool for All program employers that are not school districts or county offices of education, the scope of representation, as defined in Section 3543.2 of the Government Code, shall also include the discipline and dismissal of employees.

Article 3. Governance

14116. (a) The Superintendent of Public Instruction shall administer the Preschool for All Act by reviewing and approving local plans and approving the distribution of funding to county superintendents of schools. The Superintendent of Public Instruction shall consult with the county superintendents of schools prior to determining how to allocate administrative expenditures within the administrative cap established by Section 14130.

(b) In addition to the administrative responsibilities set forth in subdivision (a) of this section, the Superintendent of Public Instruction shall be responsible for targeted outreach to local communities, if he or she determines that such outreach, in addition to the outreach conducted pursuant to a county plan, is necessary to inform parents of preschool-age children within the county, especially parents in underserved communities, about the importance and availability of preschool, and about the process for enrolling their children.

(c) The Superintendent of Public Instruction shall be responsible for the following:

(1) Evaluating the statewide need for Preschool for All facilities;

(2) Reviewing and evaluating the counties' facility plans and reserves;

(3) Ensuring that the counties' facility reserve accounts together with the state facilities reserve fund, established by Section 14134, are suffcient to meet statewide anticipated facilities needs and ensuring that the state facilities reserve fund is allocated in a manner that ensures that the counties' facility plans are implemented, provided that total statewide facilities costs for new construction, purchase, and renovation from the Preschool for All Fund shall not exceed two billion dollars ($2,000,000,000).

14117. (a) Within six months of the effective date of this Act, the Superintendent of Public Instruction shall adopt initial regulations to:

(1) Provide statewide preschool learning standards, guidelines, and instructional practices that are age and developmentally appropriate;

(2) Establish quality, access and fiscal accountability standards pursuant to this chapter;

(3) Govern the quality of services offered by preschool providers, consistent with, at a minimum, the provisions of this chapter and with the applicable provisions of Articles 6 (commencing with Section 8230), 7 (commencing with Section 8235), 8 (commencing with Section 8240), and 9 (commencing with Section 8250) of Chapter 2 of Part 6;

(4) Encourage and permit existing child care funds and other non-Preschool for All public funding streams to be used in coordination with Preschool for All funds to enhance the quality of, and to support, full-day programs for families who need it, provided that Preschool for All funds shall only be used for the Preschool for All portion of the day and not for full-day care;

(5) Establish a uniform statewide per-child allocation rate pursuant to Section 14134;

(6) Establish guidelines for submission of county plans pursuant to Article 4 (commencing with Section 14120), including the elements and format of the plan, and the criteria that the Superintendent of Public Instruction will apply to review and approve county plans submitted pursuant to Section 14121;

(7) Establish a fair process and criteria pursuant to which county superintendents of schools shall select Preschool for All program providers under Section 14118;

(8) Establish a process, including fiscal audits and programmatic evaluations, for the Superintendent of Public Instruction and county superintendents of schools to monitor quality, access, and fiscal accountability by the county's program providers, and to impose timely and effective sanctions, up to and including removing and replacing program providers pursuant to this chapter, if the provider fails to guarantee access, quality, or fiscal accountability or fails to comply with the requirements of this Act, state standards, or any provision of law;

(9) Govern the county superintendents of schools' collection and monitoring of uniform longitudinal data on Preschool for All enrollment, components and quality, costs and results;

(10) Limit the expulsion of children from Preschool for All programs; and

(11) Define the term "educational component equivalent to the requirements of the Preschool for All Act," as used in subdivision (b) of Section 14135.

(b) The Superintendent of Public Instruction shall promulgate such additional or amended regulations as necessary for full implementation of this Act.

14118. (a)(1) Each county superintendent of schools shall be responsible for planning, implementing, and monitoring a program that is designed to guarantee each eligible child who resides in that county a place in a quality Preschool for All program.

(2) A "quality Preschool for All program" shall mean a program that meets the requirements set forth in subdivision (e).

(b) Each county superintendent of schools shall administer Preschool for All programs that meet the requirements of this chapter. In addition, upon certification of the county plan by the Superintendent

of Public Instruction pursuant to Section 14121 and consistent with the county's plan, county superintendents of schools may operate Preschool for All programs and shall select and approve preschool program providers to provide preschool in the county pursuant to this chapter.

(c) Preschool for All program providers shall be selected from among any or all qualified program providers, including school districts, colleges, universities and community colleges, classroom-based charter schools that offer at least kindergarten through third grade, and other licensed preschool providers, including centers and family child care programs, provided that the preschool program provider complies with subdivision (e).

(d) County superintendents of schools shall ensure priority to programs with teachers and instructional aides with the highest qualifications and with consideration of the local priorities as defined in each county's plan, including programs that:

(1) During the first four years after the effective date of this Act, serve children who reside within the attendance boundary of elementary schools whose most recent California Academic Performance Index statewide rankings were in deciles one through three, inclusive;

(2) Offer a curriculum that is based on age and developmentally-appropriate statewide preschool learning standards, guidelines, and instructional practices and that is coordinated to ensure continuity and articulation with kindergarten through third grade; and

(3) Offer quality professional development opportunities.

(e) All Preschool for All program providers must:

(1) Be licensed by the State Department of Social Services and meet and comply with the requirements of this Act and Preschool for All regulations;

(2) Be nonsectarian in their Preschool for All programs, admission policies, employment practices, and all other Preschool for All operations;

(3) Not discriminate against any child or his or her parent or guardian on the basis of ethnicity, national origin, gender, disability, or religion, or any other ground prohibited under federal or state constitutional or statutory law with respect to public elementary or secondary education;

(4) Not charge tuition for the Preschool for All portion of the day, except as provided in subdivision (d) of Section 14132;

(5) Admit all eligible students who wish to attend to the extent that space is available; and

(6) Comply with all of the requirements set forth in Section 14115.

14119. (a)(1) Notwithstanding Section 14118, in any county in which at least two hundred million dollars ($200,000,000) of public funds, in total, has been budgeted or committed on or before the effective date of this Act to fund a countywide program of voluntary preschool for children one year prior to kindergarten or in any county in which the voters have enacted a ballot measure on or before the effective date of this Act to fund a countywide program of voluntary preschool for children one year prior to kindergarten, the entity designated to administer the preschool program in that county shall be authorized to submit the plan for that county and shall, for as long as the entity continues to administer the Preschool for All program in that county, be entitled to receive funds from the Preschool for All Fund, in lieu of the county superintendent of schools, and to provide services to the children in that county, provided that the plan complies with all of the requirements of this Act and is approved by the Superintendent of Public Instruction pursuant to Section 14121 and that the entity complies with all of the following:

(A) The Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code);

(B) The California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code); and

(C) The Political Reform Act of 1974 (Title 9 (commencing with Section 81000) of the Government Code).

(2) An entity that is authorized to administer a county Preschool for All program pursuant to this section shall exercise all of the authority and perform all of the responsibilities assigned to a county superintendent of schools pursuant to this Act, subject to the authority of the Superintendent of Public Instruction under this Act.

(3) In order to avoid duplication of effort, the entity may coordinate its administration of the county program with the county superintendent of schools.

(4) In the event that the entity elects not to submit the plan on behalf of the county, the county superintendent of schools shall submit the county's plan and shall administer the county's Preschool for All program.

(b) An entity that is authorized to administer a county Preschool for All program pursuant to this section or pursuant to Section 14123 shall be known as an "alternative local administrator." When the term "county superintendent of schools" is used in this Act, the term includes an alternative local administrator.

Article 4. Planning

14120. (a)(1) By July 1, 2007, each county superintendent of schools shall prepare and submit a five-year community assessment and plan to the Superintendent of Public Instruction for review and approval pursuant to Section 14121.

(2) On an annual basis, each county superintendent of schools shall prepare and submit a report on the county's progress pursuant to subdivision (b) of Section 14125 to the Superintendent of Public Instruction for review and approval pursuant to Section 14121.

(3) Every five years, each county superintendent of schools shall prepare and submit a new plan, provided, however, that the Superintendent of Public Instruction may direct the counties to stagger their submission of new plans.

(b) The five-year community assessment and plan shall be designed to:

(1) Provide Preschool for All programs that have age and developmentally appropriate goals for all children, that comply with all of the requirements of this Act, and that ensure that all children are ready to enter kindergarten;

(2) Guarantee quality, access, and fiscal accountability, pursuant to this chapter, of Preschool for All programs administered by the county superintendent of schools;

(3) Guarantee that, by September of 2010, all children within the county will have equal access to quality preschool programs;

(4) Guarantee that, by September of 2010, each eligible child shall have a specific space in a Preschool for All program while at the same time permitting parental choice among other Preschool for All programs to the maximum extent reasonable;

(5) Ensure that each eligible child has access to a program within, at most, the same distance of his or her home as the maximum distance between the home of a kindergarten child in the elementary school district in which the eligible child lives and the nearest public kindergarten;

(6) Ensure appropriate outreach to all communities in the county to inform parents of preschool-age children, especially parents in underserved communities, about the importance and availability of preschool, and about the process for enrolling their children;

(7) Recognize the central role parents must play in their children's education and encourage parental involvement by providing multiple roles for parents and by helping parents understand how they can assist in the education of their children from preschool to grade 12;

(8) Ensure that Preschool for All programs are coordinated and combined with existing child care programs and other non-Preschool for All funded programs to maximize the extent to which the needs of families of preschool-age children, including the need for full-day child care consistent with the hours that adult family members work, are met, provided that Preschool for All funds shall only be used for the Preschool for All portion of the day and not for full-day care;

(9) Ensure that children with exceptional needs are identified and that their parents are provided with an opportunity for a developmental assessment of, and associated services for, their child, provided, however, that Preschool for All funds shall not be used to supplant state or federal funding for children with exceptional needs;

(10) Include a five-year estimate and projection of the preschool-age population down to the smallest demographic unit for which data is available and that projects over five years the percentage of children the county expects to serve;

(11)(A) Ensure that, during the first 10 years after the effective date of this Act, the county develops and implements a plan to construct, purchase or renovate facilities to serve enrolled children and to build capacity for eligible children, and that, as part of that plan, the county sets aside in a reserve account funds to facilitate implementation of that plan, subject to the following:

(i) Only public entities may use funds from the Preschool for All Fund for the purchase, construction, or renovation of facilities, except as permitted in clause (ii). Title to any facilities constructed, purchased or renovated with such funds shall remain in the public sector to the same extent as required for public school facilities, and the facilities shall be dedicated to Preschool for All program use for as long as there is a need.

(ii) Preschool for All program providers, including providers that are not public entities, may use Preschool for All funds to engage in modest renovations of existing facilities, especially to ensure access to children who reside within the attendance boundary of elementary schools whose most recent California Academic Performance Index statewide rankings were in deciles one through three, inclusive, subject to the county superintendent of schools granting an application for funding for that purpose.

(B) The determination of the county superintendent of schools regarding the amount of funds required for the construction, purchase, and renovation of facilities shall be based on all of the following:

(i) An inventory of potentially available school space and licensed preschool or child care facilities, or both, within the county.

(ii) An analysis of the most cost-efficient manner of providing facilities, including use of existing appropriate public facilities wherever possible.

(iii) A five-year estimate and projection of the preschool-age population, that uses the smallest demographic unit for which data is available.

(C) Preschool for All program providers, including providers who are not public entities, may lease facilities using Preschool for All funds that they receive pursuant to their program provider agreement with the county.

(12) Ensure that, during the first four years after the effective date of this Act, and after setting aside funds in a facilities reserve account, priority in enrollment shall be given to children who reside within the attendance boundary of elementary schools whose most recent California Academic Performance Index statewide rankings were in deciles one through three, inclusive, and that funding priority shall be given to the highest quality programs that serve those children;

(13) Meet the need for qualified preschool teachers and instructional aides who are trained to meet the developmentally appropriate goals of the children they serve and who are compensated similarly to teachers and instructional aides in the K–12 public school system in that county for training and experience they gain after they have met the standards set by subdivisions (a) and (b) of Section 14111;

(14) Ensure, based on research, that English-language learners meet school readiness goals, including making progress towards learning the English language, by, among other things, providing qualified teachers and instructional aides to accomplish this goal;

(15) Coordinate with existing child care programs and services for children age four and younger in the county;

(16) Coordinate with local elementary schools and the school districts in which they are situated;

(17) Collect and monitor uniform longitudinal data on Preschool for All enrollment, components and quality, and costs and results across the county, including data consistent with statewide evaluation;

(18) Include a schedule for the distribution of the county's Preschool for All funds to Preschool for All program providers in the county based on a tiered payment system that provides an incentive to providers who make progress toward meeting the statewide quality standards and that takes into account other factors relevant to quality and access;

(19) Guarantee that the Preschool for All programs administered by the county superintendent of schools will comply with the requirements of this chapter, regulations adopted pursuant to this chapter, and other laws; and

(20) Include a detailed budget that addresses the county's projected costs, including costs for classroom support, program planning and community outreach, workforce recruitment and training, monitoring, the purchase of equipment, and the construction, renovation, purchase, or lease of facilities.

(c)(1) Each county superintendent of schools shall establish a local Advisory Committee to ensure that parents, preschool administrators, teachers and other staff, other early learning professionals, business leaders and other preschool advocates have opportunities to advise the assessment, planning and implementation process. The county superintendent shall also consult with local school districts.

(2)(A) Prior to submitting its plan to the Superintendent of Public Instruction pursuant to subdivision (a), each county superintendent of schools shall conduct at least one public hearing to obtain comments from the public.

(B) Prior to submitting its annual report to the Superintendent of Public Instruction pursuant to subdivision (a), each county superintendent of schools shall conduct at least one public hearing to obtain comments from the public.

14121. The Superintendent of Public Instruction shall review the plan and annual report required by Section 14120 and if the plan and report meet the requirements of this Act shall certify the plan's compliance to the Controller. For any fiscal year, the Controller shall not distribute funds from the Preschool for All Fund pursuant to Section 14134 to any county superintendent of schools unless and until the Superintendent of Public Instruction has certified the county plan's compliance for that fiscal year.

14122. (a) If a county is unable to timely comply with subdivision (b) of Section 14110 because the county, as a result of circumstances beyond its control, does not have sufficient facilities, the county superintendent of schools may apply to the Superintendent of Public Instruction for a one-year extension. The application, which shall be made available to the public and posted on the county superintendent of schools' Internet web site, shall identify the steps the county superintendent of schools has taken to comply with subdivision (b) of Section 14110 and the circumstances that caused the need for the extension and shall explain why those circumstances are beyond the county's control. Upon receipt of an application, the Superintendent of Public Instruction shall conduct a public meeting in the county to obtain public comment regarding the county's application. Provided that the county superintendent of schools submits a plan to comply with subsection (b) of Section 14110, the Superintendent of Public Instruction may grant the extension. The Superintendent of Public Instruction's determination regarding the county's application shall be set forth in a public report, which shall be made available to the public and posted on the Superintendent's Internet web site and which shall identify the steps the Superintendent of Public Instruction has taken to avoid the need for an extension. Counties shall be limited to two one-year extensions.

(b) Facilities constructed, acquired, or otherwise financed with Preschool for All funds shall be excluded from the existing school building capacity of a county office of education or school district pursuant to the Leroy F. Greene School Facilities Act of 1998, Chapter 12.5 (commencing with section 17070.10) of Part 10.

(c) A school district that is considering selling or leasing public school space shall include the need for Preschool for All facilities in the district in any needs assessment performed in connection with the proposed sale or lease.

Article 5. Accountability

14123. (a)(1) The Superintendent of Public Instruction shall monitor county superintendents of schools in their delivery of Preschool for All programs by, among other things, conducting fiscal audits and programmatic evaluations and imposing timely and effective sanctions, up to and including removing and replacing fiscal and administrative authority, in the event of a failure to guarantee access, quality, or fiscal accountability, or to comply with the requirements of this Act or the county's plan.

(2) If the Superintendent of Public Instruction determines that a county superintendent of schools is not adequately providing services required by this chapter, or is not complying with this chapter, with other laws, or with the county's plan, the Superintendent of Public Instruction may temporarily assume control of the county program until such failure is corrected, select and approve program providers, or appoint an alternative local administrator who shall exercise all of the authority and perform all of the responsibilities assigned to the county superintendent of schools pursuant to this Act, subject to the authority of the Superintendent of Public Instruction under this Act.

(3) The Superintendent of Public Instruction shall also have the authority to remove a program provider in any county, if the provider fails to guarantee access, quality, or fiscal accountability, or fails to

comply with the requirements of this Act, state standards or any provision of law, or to add a program provider in order to ensure compliance with the requirements of this Act or the county plan.

(b) The Superintendent of Public Instruction shall collect and monitor uniform longitudinal data on Preschool for All enrollments, quality and components, costs, and results across all California counties. School districts shall be required to provide longitudinal data at the request of the Superintendent of Public Instruction.

(c) In each county or region, the Superintendent of Public Instruction shall appoint an independent Parental Advocate. The Parental Advocate shall attend meetings of the local Advisory Committee, and establish effective methods, responsive to parents and others, for soliciting concerns, including but not limited to local access and quality, and for expediting the resolution of such concerns on behalf of parents. The Parental Advocate shall ensure that parents can access the Parental Advocate's services by engaging in outreach appropriate for parents from communities being served. The Parental Advocate shall report to the office of the Superintendent of Public Instruction, who shall allocate funds to the Parental Advocate in each county or region pursuant to Section 14134 based on the population of preschool-eligible children in each county, with a maximum and minimum amount determined by the Superintendent of Public Instruction, to ensure the effectiveness of the Parental Advocate.

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14124. (a) Subject to the approval of, and consistent with regulations adopted by, the Superintendent of Public Instruction, each county superintendent of schools shall establish a process, including fiscal audits and programmatic evaluations, for monitoring access, quality, and fiscal accountability by the county's program providers and for imposing timely and effective sanctions, up to and including removing and replacing program providers if the provider fails to guarantee access, quality or fiscal accountability or fails to comply with the requirements of this Act, state standards or any provision of law.

(b) For preschool programs operated by the county superintendent of schools, the Superintendent of Public Instruction shall perform the duties imposed on the county superintendent of schools in this section, consistent with the county's process for monitoring access, quality, and fiscal accountability.

14125. (a) Each county superintendent of schools shall prepare and file with the Superintendent of Public Instruction an annual, independent audit of the funds received from the Preschool for All Fund. The audit may be prepared separately or as part of any annual audit required by the state. It shall show how the funds were spent by category and program.

(b) Each county superintendent of schools shall prepare and file with the Superintendent of Public Instruction an annual report regarding the county's progress in serving eligible children in quality Preschool for All programs and satisfying the components of the county's plan, including the enrollment rate of preschool-age children in Preschool for All programs in the county.

(c) The Superintendent of Public Instruction shall review and, if satisfactory, approve the audit and report. If the Superintendent of Public Instruction determines that the audit or report is unsatisfactory, he or she shall return it to the county superintendent for amendment. If, after the county superintendent has had an opportunity to submit an amended audit or report, the Superintendent of Public Instruction determines that the audit or report is unsatisfactory, he or she shall have the right to exercise the authority provided in Section 14123. County superintendents of schools and the Superintendent of Public Instruction shall post the audits and reports required pursuant to this section on their Internet web sites and shall provide copies of the audits and reports to the Preschool for All Accountability Oversight Committee, established in Section 14129.

14126. (a) The Superintendent of Public Instruction shall annually prepare a clear and comprehensible report, which shall be posted on the Superintendent of Public Instruction's Internet web site and provided to the Preschool for All Accountability Oversight Committee established in Section 14129, of the following:

(1) The status of each county's use of Preschool for All funds, showing the total amount allocated to each county and the expenditures made against those allocations.

(2) An assessment of each county's progress in serving eligible children in quality Preschool for All programs and meeting the components of the county's plan.

(3) The status of the Superintendent of Public Instruction's use of Preschool for All funds for the purposes set forth in subdivision (a) of Section 14134 and Section 14130, showing the total amount allocated and the expenditures made against those allocations.

(b) By July 1, 2012, the Superintendent of Public Instruction shall identify, based on the counties' annual progress report, those counties for which preschool enrollment rates are significantly lower than the state average and shall conduct a programmatic evaluation in each such county to determine whether the county superintendent of schools has complied with the requirements of this Act.

14127. (a) After a period of time sufficient to effectively measure longitudinal results, and as necessary thereafter, the Governor shall engage a qualified neutral evaluator to conduct a statewide fiscal audit and programmatic evaluation of the Preschool for All program. The Governor may also engage a qualified neutral evaluator to conduct a fiscal audit and programmatic evaluation of the Preschool for All program in any county.

(b) A programmatic evaluation conducted pursuant to this section shall include, but shall not be limited to, an assessment of:

(1) Program integrity, including consideration of access, quality, equity and the consistency of the program with this Act; or, in the case of an individual county, with this Act and with the county's plan;

(2) The longitudinal effect of the Preschool for All program;

(3) The effectiveness of various components of preschool;

(4) The cost/benefit ratio of the investment in preschool to society and for the participants over time;

(5) The quality of the Preschool for All infrastructure and its ability to meet the goals of the Preschool for All Act;

(6) Awareness and engagement of parents about the overall structure and effectiveness of the program;

(7) The county's process for selecting and approving Preschool for All program providers, including the county's compliance with the requirements of this Act and the county's plan;

(8) The effectiveness of financial aid and other support to students pursuing courses and degrees in early learning in ensuring a qualified teaching and instructional aide staff for Preschool for All programs;

(9) The effectiveness of courses and degrees in early learning developed by California public colleges and universities pursuant to this Act in ensuring a qualified teaching and instructional aide staff for Preschool for All programs; and

(10) Whether Preschool for All program providers are compensating their teachers and instructional aides in a manner that is similar to teachers and instructional aides in the K–12 public school system in that county for training and experience they gain after they have met the standards set by subdivisions (a) and (b) of Section 14111.

(c) Audits and evaluations conducted pursuant to this section shall be reported to the Legislature and the Superintendent of Public Instruction and posted on the Superintendent of Public Instruction's Internet web site and shall be paid for out of the Preschool for All Fund.

14128. The Legislature shall set penalties, including fines, and/or criminal penalties for administrators who willfully misuse funds appropriated and allocated pursuant to Section 4 of Article IX of the California Constitution or who willfully cause the cap on expenditures for administrative purposes set forth in Section 14130 to be exceeded.

14129. (a) The Preschool for All Accountability Oversight Committee is hereby established and shall be chaired by the Controller. The Committee shall, on an annual basis:

(1) Review the annual report prepared by the Superintendent of Public Instruction pursuant to Section 14126 and the annual independent audit and report prepared by each county superintendent of schools pursuant to Section 14125;

(2) Review fiscal audits and programmatic evaluations conducted pursuant to Section 14127 and longitudinal data collected pursuant to subdivision (b) of Section 14123; and

(3) Make public recommendations to the Superintendent of Public Instruction and the Legislature regarding the effective implementation and operation of the Preschool for All Act, including, but not limited to, ensuring access, quality, and fiscal accountability.

(b) The Governor, the Lieutenant Governor, the Controller, the Treasurer, the Attorney General, the Senate Committee on Rules, and the Speaker of the Assembly shall appoint members of the Committee as follows:

(1) The Governor shall appoint an early learning professional representative and a higher education representative.

(2) The Lieutenant Governor shall appoint a parent representative and a public kindergarten through grade 12 administrator representative.

(3) The Controller shall appoint a preschool administrator representative.

(4) The Treasurer shall appoint a business representative.

(5) The Attorney General shall appoint a preschool advocate representative.

(6) The Senate Committee on Rules shall appoint a preschool teacher or instructional aide representative.

(7) The Speaker of the Assembly shall appoint a public kindergarten through grade 12 teacher representative.

(c) Members shall serve without compensation, but shall be reimbursed for all actual and necessary expenses incurred in the performance of their duties.

Article 6. Funding

14130. No more than six percent of the funds distributed from the Preschool for All Fund may be used for state and county administrative purposes, as determined by the Superintendent of Public Instruction pursuant to subdivision (a) of Section 14116.

14131. Based on the funds received in the Preschool for All Fund between January 1, 2007, and June 15, 2007, the Superintendent of Public Instruction shall determine the amount necessary for the counties to satisfy the planning requirements of Section 14120 and, from that amount, shall authorize the Controller to disburse funds to each county based on the number of preschool-eligible children in the county, with a maximum and minimum amount determined by the Superintendent of Public Instruction.

14132. (a) The Controller shall establish the Preschool for All Reserve Fund in the State Treasury. Moneys in this fund shall be held in trust for the purposes of this Act and may not be used for any purpose other than the purposes specified in this chapter. Moneys in this fund may not be loaned to the state General Fund or to any other fund of the state, to a county general fund or any other county fund, or to any other entity, and may not be borrowed by the Legislature or any other entity, for any purpose other than the purposes authorized by this Act.

(b)(1) During the first 10 years after the effective date of this Act, the Superintendent of Public Instruction shall, on an annual basis, determine the amount of funds necessary to ensure that the Preschool for All Reserve Fund contains, by the end of the 10th year, funds equal to one year's expenses for the Preschool for All Act at full implementation and shall direct the Controller to transfer that amount from the Preschool for All Fund to the Preschool for All Reserve Fund.

(2) Thereafter, the Superintendent of Public Instruction shall, on an annual basis, determine the amount of funds necessary to maintain in the Preschool for All Reserve Fund an amount equal to one year's expenses for the Preschool for All Act at full implementation and shall direct the Controller to transfer that amount from the Preschool for All Fund to the Preschool for All Reserve Fund, except as follows:

(A) In any year in which the balance in the Preschool for All Reserve Fund falls below one year's operating expenses at full implementation as the result of the allocation of funds from the Preschool for All Reserve Fund pursuant to subdivision (c), Preschool for All funds shall not be allocated to the Preschool for All Reserve Fund that year.

(B) Upon the Superintendent of Public Instruction's determination that the circumstances that required the allocation of funds pursuant to subdivision (c) of this section no longer exist, the Superintendent of Public Instruction shall, on an annual basis, determine the amount of funds necessary to ensure that the Preschool for All Reserve Fund contains, as soon as possible, but not later than the end of the eighth year following the determination, funds equal to one year's expenses for the Preschool for All Act at full implementation and shall direct the Controller to transfer that amount from the Preschool for All Fund to the Preschool for All Reserve Fund.

(c) In any year in which the state experiences a decline in the uniform statewide per-child allocation rate pursuant to Section 14134 such that the allocation of funds is insufficient to maintain quality and access for all children, the Superintendent of Public Instruction may, to further the purposes of this Act, direct the Controller to allocate funds from the Preschool for All Reserve Fund to the Preschool for All Fund.

(d)(1) The Superintendent of Public Instruction shall declare that a Preschool for All funding emergency exists if the balance in the Preschool for All Reserve Fund is projected to fall below 10 percent of the average annual costs of the program, excluding the costs incurred pursuant to subdivision (b) of this section and Section 14134, during the three preceding fiscal years for which data is available.

(2) In the event of a Preschool for All funding emergency, as defined in subparagraph (1), the Legislature may not use General Fund revenues to fund this program; however, the Legislature may, by a vote and with approval by the Governor, for a single year, as permitted by subdivision (a) of Section 4 of Article IX of the California Constitution, institute a parent contribution.

(3) The Superintendent of Public Instruction shall ensure that no child shall be denied access based upon an ability to pay.

14133. (a) Funds appropriated pursuant to Section 8 of Article XVI of the California Constitution and other funds dedicated to school districts and county offices of education other than by this Act shall not be required to fund the programs provided pursuant to the Preschool for All Act.

(b) Nothing in this Act shall be construed to create or imply an obligation to fund, or a right to, transportation or full-day care.

14134. (a)(1) After setting aside the funds allocated to the Preschool for All Reserve Fund, established pursuant to Section 14132, the Superintendent of Public Instruction shall determine the amount of funds necessary to:

(A) Achieve a qualified workforce by establishing a workforce development plan, developing and providing college-level courses and degree programs in early learning, and by establishing a financial aid program pursuant to Section 14113;

(B) Create and implement an early learning credential pursuant to Section 14112;

(C) Ensure that, in each county or region, the Parental Advocate has the funds necessary to carry out his or her responsibilities under subdivision (c) of Section 14123;

(D) Engage in public outreach pursuant to subdivision (b) of Section 14116;

(E) Monitor and audit county programs pursuant to this Act; and

(F) Fund a state-level facilities reserve fund, which is hereby established in the State Treasury, during the first 10 years after the effective date of this Act, in order to ensure that counties comply with subdivision (b) of Section 14110 and to ensure access and quality. The Superintendent of Public Instruction may allocate moneys from this fund, consistent with paragraph (3) of subdivision (c) of Section 14116, to provide additional funding to counties whose per child allocation cannot, consistent with fair access for the county's children, meet the county's facility needs, as demonstrated by the county's plan pursuant to paragraph (11) of subdivision (b) of Section 14120.

(2) Based on the determination required pursuant to paragraph (1), the Superintendent of Public Instruction shall authorize the Controller to disburse funds from the Preschool for All Fund to carry out the purposes of this subdivision.

(b) All other funds shall, on an annual basis, be allocated to a fund established by the Controller for each county based on a uniform statewide per-child allocation rate, established by the Superintendent of Public Instruction, for preschool-eligible children in the county, for the period from July 1, 2006, through July 1, 2016. The Superintendent of Public Instruction shall authorize the Controller to disburse sufficient funds, as determined by the Superintendent of Public Instruction, to each county from that county's account, to make expenditures, as approved in the county's plan, to meet the requirements of this Act by serving enrolled children and by building capacity for eligible children. If a county fails to spend funds according to its approved plan, the Superintendent of Public Instruction may direct the Controller to return those funds to the Preschool for All Fund.

(c) After July 1, 2016, the highest priority for funding shall be to serve children in Preschool for All programs. Therefore, the Controller shall, on an annual basis, allocate funds from the Preschool for All Fund to each county's account based on a uniform statewide per-child allocation

rate, established by the Superintendent of Public Instruction, for children enrolled in Preschool for All programs in that county. The Superintendent of Public Instruction shall authorize the Controller to disburse sufficient funds, as determined by the Superintendent of Public Instruction, to each county from that county's account to make expenditures approved in the county's plan. However, prior to the allocation of funds, the Superintendent of Public Instruction shall first determine, and shall direct the Controller to set aside, the amount of funds necessary to:

(1) Carry out the purposes of subdivision (a); and

(2) Ensure that counties whose costs, as approved in the county's plan, exceed their allotment as the result of circumstances beyond the county's control, have the resources necessary to serve enrolled children and to build capacity for eligible children. From this set-aside amount, the Superintendent of Public Instruction may allocate sufficient funds to those counties to make the expenditures approved in their plans.

14135. (a) A county superintendent of schools shall select and approve the providers of the following programs if the providers apply to participate in the county's Preschool for All program and they meet Preschool for All program requirements:

(1) The federal Head Start program.

(2) Child Care and Development Services Act (Chapter 2 (commencing with Section 8200) of Part 6) programs, including all of the following:

(A) Migrant child care and development programs pursuant to Article 6 (commencing with Section 8230) of Chapter 2 of Part 6;

(B) State preschool programs, both part-day and full-day, pursuant to Article 7 (commencing with Section 8235) of Chapter 2 of Part 6;

(C) General child care and development programs pursuant to Article 8 (commencing with Section 8240) of Chapter 2 of Part 6;

(D) Family child care home education networks pursuant to Article 8.5 (commencing with Section 8245) of Chapter 2 of Part 6;

(E) Child care and development services for children with exceptional needs pursuant to Article 9 (commencing with Section 8250) of Chapter 2 of Part 6; and

(F) Campus child care programs reimbursed pursuant to Section 8330.

(b) Participating programs shall be entitled to a quality enhancement payment equal to the difference between the per-child amount for Preschool for All program providers in that county for which they would qualify and the average per-child amount of state and federal dollars already received by these programs for that portion of the day for which the program provides an educational component equivalent to the requirements of the Preschool for All Act. State and federal funding for the non-educational components of the program shall not be included in this calculation.

(c) Moneys in the Preschool for All Fund or in any other fund established pursuant to this Act shall not be used to supplant state funds for the Child Care and Development Services Act (Chapter 2 (commencing with Section 8200) of Part 6).

Section 8. Section 17041.1 is added to the Revenue and Taxation Code, to read:

17041.1. For each taxable year beginning on or after January 1, 2007, in addition to any other taxes imposed by this part, an additional tax at the rate of 1.7 percent shall be imposed on that portion of a taxpayer's taxable income in excess of any of the following:

(a) Four hundred thousand dollars ($400,000) in the case of an individual who is not a married individual, or a married individual who does not make a single return jointly with his or her spouse;

(b) Five hundred and forty-four thousand and four hundred and sixty- seven dollars ($544,467) in the case of a head of household; and

(c) Eight hundred thousand dollars ($800,000) in the case of a married couple who make a joint return.

(d) Notwithstanding Section 13340 of the Government Code, the proceeds of the tax imposed by this section shall be deposited in the Preschool for All Fund and shall be continuously appropriated, without regard to fiscal year, solely for the purposes of the Preschool for All Act.

(e) Based on the procedures set forth in Section 19602.5, the Franchise Tax Board, in consultation with the Legislative Analyst, shall, by November 15, 2006, establish by regulation a transfer rate and a mechanism for adjustment that permits estimated revenue from the additional tax imposed by this section to be transferred by the Controller to the Preschool for All Fund on a monthly basis, subject to an adjustment based on the procedures set forth in Section 19602.5 to account for any difference between estimated revenues and actual revenues.

Section 9. Section 19602 of the Revenue and Taxation Code is amended to read:

19602. Except for amounts collected or accrued under Sections 17935, 17941, 17948, 19532, and 19561, ~~and~~ revenues deposited pursuant to Section 19602.5, *and revenues collected pursuant to Section 17041.1,* all moneys and remittances received by the Franchise Tax Board as amounts imposed under Part 10 (commencing with Section 17001), and related penalties, additions to tax, and interest imposed under this part, shall be deposited, after clearance of remittances, in the State Treasury and credited to the Personal Income Tax Fund.

Section 10. Section 3540.1 of the Government Code is amended to read:

3540.1. As used in this chapter:

(a) "Board" means the Public Employment Relations Board created pursuant to Section 3541.

(b) "Certified organization" or "certified employee organization" means an organization which has been certified by the board as the exclusive representative of the public school employees in an appropriate unit after a proceeding under Article 5 (commencing with Section 3544).

(c) "Confidential employee" means any employee who is required to develop or present management positions with respect to employer-employee relations or whose duties normally require access to confidential information that is used to contribute significantly to the development of management positions.

(d) "Employee organization" means any organization which includes employees of a public school employer and which has as one of its primary purposes representing those employees in their relations with that public school employer. "Employee organization" shall also include any person of the organization authorized to act on its behalf.

(e) "Exclusive representative" means the employee organization recognized or certified as the exclusive negotiating representative of certificated or classified employees in an appropriate unit of a public school employer.

(f) "Impasse" means that the parties to a dispute over matters within the scope of representation have reached a point in meeting and negotiating at which their differences in positions are so substantial or prolonged that future meetings would be futile.

(g) "Management employee" means any employee in a position having significant responsibilities for formulating district policies or administering district programs. Management positions shall be designated by the public school employer subject to review by the Public Employment Relations Board.

(h) "Meeting and negotiating" means meeting, conferring, negotiating, and discussing by the exclusive representative and the public school employer in a good faith effort to reach agreement on matters within the scope of representation and the execution, if requested by either party, of a written document incorporating any agreements reached, which document shall, when accepted by the exclusive representative and the public school employer, become binding upon both parties and, notwithstanding Section 3543.7, is not subject to subdivision 2 of Section 1667 of the Civil Code. The agreement may be for a period of not to exceed three years.

(i) "Organizational security" is within the scope of representation, and means either of the following:

(1) An arrangement pursuant to which a public school employee may decide whether or not to join an employee organization, but which requires him or her, as a condition of continued employment, if he or she does join, to maintain his or her membership in good standing for the duration of the written agreement. However, an arrangement may not deprive the employee of the right to terminate his or her obligation to the employee organization within a period of 30 days following the expiration of a written agreement.

(2) An arrangement that requires an employee, as a condition of continued employment, either to join the recognized or certified employee organization, or to pay the organization a service fee in an amount not to exceed the standard initiation fee, periodic dues, and general assessments

of the organization for the duration of the agreement, or a period of three years from the effective date of the agreement, whichever comes first.

(j) "Public school employee" or "employee" means any person employed by any public school employer except persons elected by popular vote, persons appointed by the Governor of this state, management employees, and confidential employees.

(k) "Public school employer" or "employer" means the governing board of a school district, a school district, a county board of education, a county superintendent of schools, or a charter school that has declared itself a public school employer pursuant to subdivision (b) of Section 47611.5 of the Education Code*, and shall include any "public school employer" or "employer" that is subject to, and receives funding under, the Preschool for All Act*.

(*l*) "Recognized organization" or "recognized employee organization" means an employee organization which has been recognized by an employer as the exclusive representative pursuant to Article 5 (commencing with Section 3544).

(m) "Supervisory employee" means any employee, regardless of job description, having authority in the interest of the employer to hire, transfer, suspend, lay off, recall, promote, discharge, assign, reward, or discipline other employees, or the responsibility to assign work to and direct them, or to adjust their grievances, or effectively recommend that action, if, in connection with the foregoing functions, the exercise of that authority is not of a merely routine or clerical nature, but requires the use of independent judgment.

(n)(1) "Preschool for All program employer" or "employer" means a licensed preschool provider employer that is subject to, and receives funding under, the Preschool for All Act.

(2) "Preschool for All program employee" or "employee" means an employee of a "Public employer" or "employer" as defined in subdivision (k) or a "Preschool for All program employer" as defined in paragraph (1).

(3) "Employee organization" under the "Preschool for All Program" shall mean an employee organization as defined in subdivision (d), or any employee organization which includes employees of a licensed preschool provider employer that is subject to, and receives funding under, the Preschool for All Act and has as one of its primary purposes representing those employees in their relations with their "Preschool for All Program" employer. "Employee organization" shall also include any person such organization authorizes to act on its behalf.

(4) For purposes of coverage, "Preschool for All program employers," "Preschool for All program employees," and "Preschool for All program employee organization," all as defined in this section, shall be included in all sections of this chapter.

Section 11. Effective Date.

This Act shall take effect the day after the election at which it is approved; provided, however, that if the personal income tax for the income brackets specified in Section 8 of this Act is increased by the same rate as the Preschool for All Act, or by a higher rate, prior to June 6, 2006, this Act shall not take effect until January 1, 2010. If, for any reason, the effective date of this Act is delayed, all deadlines in this Act shall be extended for a period of time commensurate with the delay.

Section 12. Legal Challenge.

Any challenge to the validity of this Act must be filed within six months of the effective date of this Act.

Section 13. Amendment.

The statutory provisions of this Act may be amended to carry out its purpose and intent by statutes requiring a 2/3 vote for enactment.

Section 14. Severability.

If any provision of this Act or the application thereof to any person or circumstances is held invalid, that invalidity shall not affect other provisions or applications of this Act which can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

Section 15. Conflicting Initiatives.

In the event that this measure and another initiative measure or measures establishing voluntary universal preschool or increasing personal income tax rates shall appear on the same statewide election ballot, the provisions of the other measure or measures shall be deemed to be in conflict with this measure. In the event that this measure receives a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and the provisions of the other measure shall be null and void.