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ATTORNEY GENERAL'S OFFICE

January 11, 2012

VIA MESSENGER

Office of the Attorney General
1300 "I" Street
Sacramento, CA 95814

Attention: Ashley Johansson

Re: *Our Children, Our Future: Local Schools and Early Education Investment and Bond Debt Reduction Act*

Dear Ms. Johansson:

I am a proponent of the "Our Children, Our Future: Local Schools and Early Education Investment and Bond Debt Reduction Act," which has been submitted to your office for preparation of a title and summary. I am registered to vote at

Sincerely,

Molly Munger

Molly Munger

(00161850)

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INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

December 22, 2012

VIA MESSENGER

Office of the Attorney General
1300 "I" Street
Sacramento, CA 95814

Attention: Dawn McFarland

Re: *Our Children, Our Future: Local Schools and Early Education Investment and Bond Debt Reduction Act*

Dear Ms. McFarland:

Pursuant to Elections Code section 9001(a), we request that the Attorney General prepare a title and summary of the "Our Children, Our Future: Local Schools and Early Education Investment and Bond Debt Reduction Act." The text of the measure, a check for $200.00, the address at which we are registered to vote and the certifications required by Elections Code sections 9001(b) and 9608 are enclosed.

Please direct all correspondence and inquiries regarding this measure to:

Robin B. Johansen
Remcho, Johansen & Purcell, LLP
201 Dolores Avenue
San Leandro, CA 94577
Phone: (510) 346-6200
Fax: (510) 346-6201

Sincerely,

Roberta B. Johansen

James C. Harrison

Enclosures
(00158066)

OUR CHILDREN, OUR FUTURE: LOCAL SCHOOLS AND EARLY EDUCATION INVESTMENT AND BOND DEBT REDUCTION ACT

SECTION 1. Title.

This measure shall be known and may be cited as "Our Children, Our Future: Local Schools and Early Education Investment and Bond Debt Reduction Act."

SECTION 2. Findings and Declaration of Purpose.

1. California is shortchanging the future of our children and our state. Today, our state ranks 46th nationally in what we invest to educate each student. California also ranks dead last, 50th out of 50 states, with the largest class sizes in the nation.

2. Recent budget cuts are putting our schools even farther behind. Over the last 3 years, more than $20 billion has been cut from California schools; essential programs and services that all children need to be successful have been eliminated or cut; and over 40,000 educators have been laid off.

3. We are also failing with our early childhood development programs, which many studies confirm are one of the best educational investments we can make. Our underfunded public preschool programs serve only 40 percent of eligible 3 and 4 year olds. Only five percent of very low income infants and toddlers, who need the support most, have access to early childhood programs.

4. We can and must do better. Children are our future. Investing in our schools and early childhood programs to prepare children to succeed is the best thing we can do for our children and the future of our economy and our state. Without a quality education, our children will not be able to compete in a global economy. Without a skilled workforce, our state will not be able to compete for jobs. We owe it to our children and to ourselves to improve our children's education.

5. It is time to make a real difference: no more half-measures but real, transformative investment in the schools on which the future of our state and our families depends. This Act will enable schools to provide a well-rounded education that supports college and career readiness for every student, including a high quality curriculum of the arts, music, physical education, science, technology, engineering, math and vocational and technical education courses; smaller class sizes; school libraries, school nurses, and counselors.

6. This Act requires that decisions about how best to use new funds to improve our schools must be made not in Sacramento, but locally, with respect for the voices of parents, teachers, other school staff and community members. It requires local school boards to work with parents, teachers, other school staff and community members to decide what is most needed at each particular school.

7. In order for all our schools to be transformed, so that all our children benefit, this Act makes sure that new funding gets to every local school – including charter schools, county schools and schools for children with special needs – and is allocated fairly and transparently. New funding will be allocated to every local school on a per-pupil basis, with funds required to be spent at local schools, not district headquarters.

8. This measure holds local school boards accountable for how they spend new taxpayer money. They are required to explain how expenditures will improve educational outcomes and how they propose to determine whether the expenditures were successful. They will be required to report back on what results were achieved so that parents, teachers, and the community will know whether their money is being used wisely.

9. This Act limits what schools can spend from these new funds on administrative costs to no more than 1 percent and ensures schools may not use these new funds to increase salaries and benefits.

10. This Act will help prepare disadvantaged young children to succeed in school and in life by raising standards for early childhood education programs and by expanding the number of children who can attend.

11. As Californians, we all should share in the cost of improving our schools and early education programs because we all share in the benefits that better schools and a well-educated workforce will bring to our economy and the quality of life in our state.

12. Our schools and early childhood programs have suffered from years of being shortchanged. Rather than allow further cutbacks, we need to increase funding to provide every child an opportunity to succeed. If we all join together to send more resources to all our children and classrooms, and we all participate in ensuring good decisions are made about how to use these funds effectively, we can once again make California schools great and grow our economy.

13. This measure raises the money needed to invest in our children through a sliding scale income tax increase which varies with taxpayers' ability to pay, with the highest income earners contributing the most.

14. During the first four years of this initiative, as described below, 60% of the funds will go to K-12 schools, 10% will go to early education and 30% will go to reduce state debt and prevent further harmful budget cuts that could undermine these new educational investments. For the remaining eight years of the initiative, from 2017 on, one hundred percent of the funds will go to increase K-12 and early education funding. To avoid wide fluctuations in revenue and ensure continued investment in needed school and early education facilities, any revenues that exceed the rate of growth of California per capita personal income will be used to help service and pay down existing state education bond debt, ensuring California's ability to issue new bonds, as needed, to build and modernize school and early education facilities.

15. All the new money raised by this initiative will be put in a separate trust fund that can *only* be spent for local schools, for early childhood care and education, and to help service and retire school bond debt, according to the provisions of this Act. The Legislature and Governor will not be allowed to use this money for anything else, nor will they be able to change the per-pupil allocation system that ensures money flows fairly to every local school.

16. This initiative contains tough, effective accountability provisions that require oversight, audits and public disclosure. For the first time, we will have transparent school site budgets and know exactly how our money is being spent in every school. Anyone who knowingly violates the allocation or distribution provisions of this Act will be guilty of a felony.

17. The initiative also builds in an extra layer of accountability by ending the tax after twelve years unless it is re-approved by the voters. That gives our schools enough time to show that the new funds have actually improved educational outcomes, while protecting taxpayers by eliminating the tax if voters decide they don't want to keep it.

18. This initiative will be taking effect as California grapples with one of the worst economic downturns in its history. If the initiative were fully implemented immediately and nothing were done to help close our state's budget deficit, continuing extreme budget cuts could deprive our schools and children of the support they need to fully benefit from the educational investments provided by this Act. Therefore, this initiative will be implemented in two phases. For the first four fiscal years, until the end of 2016-2017, thirty percent (30%) of the funds—about $3 billion—will go to service and retire state school bond and other bond debt, freeing up a like amount to meet other budget needs critical to the overall well-being of children and the families and communities in which they live. Beginning in fiscal 2017-2018, the initiative will be fully implemented, and one hundred percent of the funds will be new money, which cannot be used in place of Proposition 98 or any other current funding for K-12 education or early childhood programs. The result of this phased approach will be that, beginning immediately, seventy percent (70%) of the funds will be used to increase funding for schools and early education programs as required by this Act, and after four years, all of the funds—one hundred percent (100%)—must be spent for that purpose to fulfill our obligation to our children and our future..

SECTION 3. Purpose and Intent.

The people of the State of California declare that this Act is intended to do the following:

1. To strengthen and support California's public schools, including charter schools, by increasing per-pupil funding to improve academic performance, graduation rates, and vocational, college, career and life readiness.

2. To strengthen and support the education of California's children by restoring funding, improving quality, and expanding access to early care and education programs for disadvantaged and at-risk children.

3. To create more accountability, transparency, and community involvement in how public education funds are spent.

4. To ensure that the revenues generated by this Act will be used for K-12 educational activities at the school site; to expand and strengthen early care and education for disadvantaged children; and, to the limited extent and under the limited circumstances specifically permitted by this Act, to strengthen the overall fiscal position of the state and encourage adequate future investment in educational facilities by reducing the burden of current state education bond debt.

5. To ensure that the revenues generated by this Act cannot be used to supplant existing state funding for K-12 education or early care and education.

6. To ensure that the Legislature cannot borrow or divert the revenues generated by this Act for any other purpose, nor dictate to local school communities how those funds shall be spent.

SECTION 4. Part 9.7 is added to Division 1 of the Education Code, to read:

Part 9.7. Our Children, Our Future: Local Schools, Early Education Investment and Bond Debt Reduction Act.

SEC. 14800. This part shall be known and may be cited as the Our Children, Our Future: Local Schools, Early Education Investment and Bond Debt Reduction Act.

SEC. 14800.5. For purposes of this Part, and of Chapter 1.8 of Part 6, Division 1 of this Code, the following definitions apply:

(a) "Local education agency" or "LEA" includes school districts, county offices of education, governing boards of independent public charter schools, and the governing bodies of direct instructional services provided by the state, including the California Schools for the Deaf and the California School for the Blind.

(b) "K-12 school" or "school" means any public school, including but without limitation any charter school, county school or school for special needs children, that annually enrolls, and provides direct instructional services to, students in any or all of grades kindergarten through 12 and that is under the operational jurisdiction of any LEA. The term "kindergarten" in this Part includes Transitional Kindergarten.

(c) "Early care and education" or "ECE" means preschool and other programs that are designed to care for and further the education of children from birth to kindergarten eligibility, including both programs providing early care and education to

children and programs that strengthen the early care and education capacity of parents and caregivers so that they can better serve children.

(d) For the 2013-2014 school year, a school's "enrollment" means the October enrollment figures reported for the 2012-13 school year, reduced or increased by the average percentage growth or decline in its October enrollment figures over the past three school years. For all subsequent years, a school's "enrollment" means the average monthly active enrollment for the prior school year calculated pursuant to section 46305 of this Code, or the October enrollment for the prior school year if the section 46305 figure is not available, reduced or increased by the average percentage growth or decline in these enrollment figures over the past three school years. Each LEA's enrollment shall be the sum of enrollments at all schools under that LEA's jurisdiction. Statewide enrollment shall be the sum of all LEAs' enrollments.

(e) "Educational program" means expenditures for the following purposes at a K-12 school site, approved at a public hearing by the governing board of the LEA with jurisdiction over the school, to improve the students' academic performance, graduation rates, and vocational, career, college and life readiness:

(1) instruction in the arts, physical education, science, technology, engineering, mathematics, history, civics, financial literacy, English and foreign languages, and technical, vocational or career education;

(2) smaller class sizes;

(3) more counselors, librarians, school nurses and other support staff at the school site;

(4) extended learning time through longer school days or longer school years, summer school, preschool, after school enrichment programs and tutoring;

(5) additional social and academic support for English language learners, low income students and students with special needs;

(6) alternative education models that build students' capacity for critical thinking and creativity; and

(7) more communication and engagement with parents as true partners with schools in helping all children succeed.

(f) "CETF funds" means those revenues deposited in the California Education Trust Fund pursuant to Section 17041.1 of the Revenue and Taxation Code, together with all interest earned on those funds pending their initial allocation and all interest earned on any recaptured funds pending their reallocation.

(g) "Superintendent" or "State Superintendent" means the California State Superintendent of Public Instruction.

SEC. 14801. (a) The California Education Trust Fund is hereby created in the State Treasury. CETF funds are held in trust and, notwithstanding section 13340 of the Government Code, are continuously appropriated, without regard to fiscal years, for the exclusive purposes set forth in this Act.

(b) CETF funds transferred and allocated to or from the California Education Trust Fund shall not constitute appropriations subject to limitation for purposes of Article XIII B of the California Constitution. CETF funds are held in trust for purposes of this Act only and shall not be considered General Fund revenues or proceeds of taxes, and thus shall not be included in the calculations required by section 8 of article XVI of the California Constitution, nor subject to the provisions of section 12 of article IV or section 20 of article XVI of the California Constitution.

(c) CETF funds shall be allocated and used exclusively as set forth in this Act and shall not be used to pay administrative costs except as specifically authorized by the Act. Notwithstanding any other provision of law, CETF funds shall not be transferred or loaned to the General Fund or to any other fund, person or entity for any purpose or at any time except as expressly permitted in section 14813.

(d) CETF funds allocated to LEA's and the State Superintendent from the California Education Trust Fund shall supplement state, local and federal funds committed for public K-12 schools and early care and education as of November 1, 2012, and shall not be used to supplant or replace the per capita state, local or federal funding levels that were in place for these purposes as of that date, corrected for changes in the cost of living and, with respect to federal funds, for any overall decline in federal funding availability. The amounts appropriated from funds other than the CETF for support of the K-12 education system and early care and education programs, whether constitutionally mandated or otherwise, shall not be reduced as a result of funds allocated pursuant to this Act.

SEC. 14802. (a) The Fiscal Oversight Board is hereby created to provide oversight and accountability in the distribution and use of all CETF funds. The members of the Board are the State Controller, State Auditor, State Treasurer, Attorney General, and Director of Finance. The Fiscal Oversight Board shall be responsible for ensuring that CETF funds are distributed exactly as provided by this Act and are used solely for the purposes set forth in this Act.

(b) Notwithstanding any other provision of law, the actual costs incurred by the Fiscal Oversight Board, the Controller, and the State Superintendent in administering the California Education Trust Fund shall be paid by CETF funds; provided, however, that such costs may not exceed three-tenths of one percent of all revenues collected in the Fund over any three-year period, an average of one-tenth of one percent annually. Until the end of fiscal year 2016-2017, thirty percent (30%) of the costs authorized by this

section shall be deducted from the temporary support funds provided pursuant to section 14802.1, sixty percent (60%) of the costs authorized by this section shall be deducted from the funds set aside for K-12 pursuant to section 14803, and ten percent (10%) of the costs authorized by this section shall be deducted from the funds set aside for ECE pursuant to section 14803. Thereafter, eighty-five percent (85%) of the costs authorized by this section shall be deducted from the funds set aside for K-12, and fifteen percent (15%) shall be deducted from the funds set aside for ECE, pursuant to section 14803.

(c) The Fiscal Oversight Board may adopt such regulations, including emergency regulations, as are necessary to fulfill its obligations under this Act.

SEC. 14802.1. (a) Until the end of fiscal year 2016-17, the Controller shall allocate thirty percent (30%) of CETF Funds as provided in this section and the remainder in accordance with sections 14803, 14804, 14805, 14806 and 14807. Thereafter, all CETF Funds (100%) shall be allocated pursuant to sections 14803, 14804, 14805, 14806, and 14807.

(b) Until the end of fiscal year 2016-17, the term "CETF funds" as used in section 14803 shall refer to the seventy percent (70%) of CETF funds that are allocated in accordance with sections 14803, 14804, 14805, 14806 and 14808, and the term "temporary support funds" shall refer to the thirty percent (30%) of CETF funds that are allocated pursuant to this section.

(c) Until the end of fiscal year 2016-2017, on a quarterly basis, the Controller shall draw warrants on and distribute the temporary support funds to the Education Debt Service Fund established by section 14813 for distribution pursuant to that section.

SEC. 14803. (a) During the first two full fiscal years following the effective date of this Act, the Controller shall set aside eighty-five percent of CETF funds for allocation to local education agencies for K-12 schools, and fifteen percent of CETF funds for allocation to the State Superintendent for provision to early care and education programs, in the amounts and manner set forth in this Act. These funds, minus actual costs pursuant to subdivision (b) of section 14802, shall be deemed "available revenues" under section 14804.

(b) In order to provide stability and avoid wide fluctuations in funding, CETF funds shall be distributed as follows in each fiscal year subsequent to the first two full fiscal years following the effective date of this Act:

(1) (A) Commencing with the year 2015-16 and for every year other than 2017-18, at the beginning of the fiscal year, the Fiscal Oversight Board shall determine the average rate at which California personal income per capita has grown over the previous five years and shall apply that percentage rate of growth to the CETF funds that were distributed to LEAs and the State Superintendent from the California Education Trust Fund in the fiscal year just ended.

(B) For 2017-2018 only, in order to make the transition from the temporary support funds provided by subdivision (a) of 14802.1 to full funding of K-12 schools and ECE programs, at the beginning of the fiscal year, the Fiscal Oversight Board shall determine the average rate at which California personal income per capita has grown over the previous five years and shall apply that percentage rate of growth to the product of 1.429 times the amount of CETF funds that were distributed to LEAs and the State Superintendent from the California Education Trust Fund in the fiscal year just ended.

(2) The amount determined pursuant to paragraph (1), minus actual costs pursuant to subdivision (b) of section 14802, shall be deemed "available revenues" under section 14804 and shall be available for distribution on a quarterly basis to LEAs and the State Superintendent in the fiscal year then beginning.

(c) CETF funds that exceed available revenues shall be distributed at the end of the fiscal year pursuant to section 14813.

(d) All CETF funds allocated to LEAs must be spent by LEAs within one year of receipt; provided, however, that LEAs may carry over no more than ten percent of these moneys for expenditure in the following school year. The Fiscal Oversight Board shall recapture any funds not expended within the original one-year period and any funds carried over but not spent within the following year. All funds that are recaptured shall be deemed available revenues, shall be combined with other available revenues, and shall be reallocated in accordance with section 14804.

SEC. 14804. (a) On a quarterly basis, the Controller shall draw warrants on and distribute fifteen percent of the available revenues to the Superintendent of Public Instruction for provision to early care and education programs and supports in the manner and amounts provided by Chapter 1.8 of Part 6 of Division 1 of this Code.

(b) On a quarterly basis, the Controller shall draw warrants on and distribute eighty-five percent of the available revenues to LEAs, earmarked for expenditure at each K-12 school within each LEA's jurisdiction, in the amounts calculated by the Controller pursuant to sections 14805 through 14807.

(c) This section, and sections 14802.1, 14803, 14805, 14806 and 14807 are self-executing and require no legislative action to take effect. Distribution of CETF funds and temporary support funds shall not be delayed or otherwise affected by failure of the Legislature and Governor to enact an annual budget bill pursuant to section 12 of article IV of the California Constitution, nor by any other action or inaction on the part of the Governor or the Legislature.

SEC. 14805. Of the available revenues allocated for quarterly distribution to LEAs under section 14804(b), the Controller shall distribute seventy percent as per-pupil educational program grants. The number and size of the educational program grants to be distributed to each LEA, and the number and size of the educational program grants to be earmarked for each K-12 school under the LEA's jurisdiction, shall be as follows:

(a) The Controller shall establish a uniform, statewide per-pupil grant for each of three grade level groupings: kindergarten through third grade (the "K-3 grant"), 4th through 8th grade (the "4-8 grant") and 9th through 12th grade (the "9-12 grant").

(b) These uniform grants shall be based on total statewide enrollment in each of the three grade level groupings. The per-pupil 4-8 grant amount shall be one hundred twenty percent of the per-pupil K-3 grant amount, and the per-pupil 9-12 grant amount shall be one hundred forty percent of the per-pupil K-3 grant amount.

(c) Each LEA shall receive the same number of K-3 grants as it has enrollment in kindergarten through third grade; the same number of 4-8 grants as it has enrollment in fourth through eighth grade; and the same number of 9-12 grants as it has enrollment in ninth through twelfth grade.

(d) Each of these per-pupil grants shall be earmarked for the specific K-12 school whose enrollment gave rise to the LEA's eligibility for that grant.

(e) The grade level adjustments provided in subdivisions (a) and (b) of this section shall be the only deviation allowed in the equal per-pupil distribution of the educational program funds to all K-12 schools according to their enrollments.

SEC. 14806. Of the available revenues allocated for quarterly distribution to LEAs under section 14804(b), the Controller shall distribute eighteen percent (18%) as low income per-pupil grants. The number and size of the low income per-pupil grants to be distributed to each eligible LEA, and the number and size of the low income per-pupil grants to be earmarked for each K-12 school under the LEA's jurisdiction, shall be as follows:

(a) Based on the total statewide enrollment of students in all K-12 schools who are identified as eligible for free meals under the Income Eligibility Guidelines established by the United States Department of Agriculture to implement the Richard B. Russell National School Lunch Act and the Child Nutrition Act of 1966 ("free meal eligible students"), the Controller shall establish a uniform, statewide per-pupil grant to provide additional educational support for these low income students ("the low income per-pupil grant").

(b) Each LEA shall receive the same number of low income per-pupil grants as it has free meal eligible students.

(c) Each of these low income per-pupil grants shall be earmarked for the specific K-12 school whose free meal eligible student enrollment gave rise to the LEA's eligibility for that grant.

SEC. 14807. Of the available revenues allocated for quarterly distribution to local education agencies under section 14804(b), the Controller shall distribute twelve percent

for training, technology and teaching materials grants on a per pupil basis. The number and size of these grants to be distributed to each LEA, and the number and size of the grants to be earmarked for each K-12 school under the LEA's jurisdiction, shall be as follows:

(a) Based on total statewide enrollment for all K-12 schools, the Controller shall establish a uniform, statewide per-pupil grant to support increased instructional skills for K-12 school staff and up-to-date technology and teaching materials ("training, technology and teaching materials grants" or "3T grants").

(b) Each LEA shall receive the same number of 3T grants as it has students, based on the LEA's enrollment.

(c) Each of these per-pupil 3T grants shall be earmarked for the specific K-12 school whose enrollment gave rise to the LEA's eligibility for that grant.

SEC. 14808. (a) With the limited exceptions provided in subdivision (c)(2) of this section, funds LEAs receive pursuant to sections 14805, 14806 and 14807 shall be expended or encumbered only at the specific K-12 school for which they were earmarked pursuant to subdivisions 14805(d), 14806(c) and 14807(c), respectively, and shall be used exclusively for purposes authorized by this section.

(b) Educational program and low income student grants may be used for educational programs or, up to a total of 200 percent of any school's 3T grants, for any purpose permitted for a 3T grant. 3T grants must be spent exclusively for up-to-date teaching materials and technology and to strengthen skills of school staff in ways that improve students' academic performance, graduation rates, and vocational, career, college and life readiness.

(c)(1) Other than as specifically provided for in paragraph (2) of this subdivision, all funds received pursuant to sections 14805 through 14807 shall be spent only for the direct provision of services or materials at K-12 school sites and cannot be spent on any service or material not physically delivered to the school or its students; nor for any full-time personnel who do not spend at least ninety percent of their compensated time physically present at the school or with the school's students; nor for any personnel except to cover the amount of time the personnel are physically present at the school or with the school's students; nor for any direct or indirect administrative costs incurred by the LEA.

(2)(i) The governing board of each LEA may withhold, on an equal percentage basis from each of the per-pupil grants it receives, an amount sufficient to cover its actual costs in complying with this Part's public meeting, audit, budget and reporting requirements. Funds withheld for such purposes may not exceed two percent of total grants received in any two-year period, an average of one percent per year.

(ii) Costs of skills improvement programs provided off-site to members of the school's staff specifically to enhance their skills in providing services at the site or to the school's students may be covered by these per-pupil grants, when the off-site provision of such services is more cost effective than on-site provision.

(d) No CETF funds may be used to increase salary or benefits for any personnel or category of personnel beyond the salary and benefits that were in place for those personnel or that category of personnel as of November 1, 2012; provided, however, that positions partially or totally funded by the Act may receive from CETF funds salary and benefit increases adopted by a governing board and equivalent to increases being received by other like employees in the school on a proportional basis to their partial or full-time status.

SEC. 14809. (a) No later than 30 days following each quarterly allocation of CETF funds to LEAs, the Fiscal Oversight Board shall create a list of each LEA that received funds and the amount of funds earmarked for each school within that LEA under each of the funding categories specified in sections 14805, 14806 and 14807. The Board shall publish this list online at a suitable location, and the Superintendent shall publish a link to the online listing in a prominent spot on the home page of the Superintendent's website.

SEC. 14810. Neither the Legislature nor the Governor, nor any other state or local governmental body except the governing board of the LEA that has operational jurisdiction over a school, may direct how CETF funds are used at that school. Each LEA's governing board shall have sole authority over that decision, subject, however, to the following: Each year the governing board, in person or through appropriate representatives, shall seek input, at an open public meeting with the school's parents, teachers, administrators, other school staff and students, as appropriate (the "school community"), at or near that school's site, about how CETF funds will be used at that school and why. Following that meeting, the LEA or its appropriate representatives shall offer a written recommendation for use of CETF funds at a second open public meeting at or near the school site at which the school community is given an opportunity to respond to the LEA's recommendation. The governing board shall ensure that, during the decision-making process regarding use of CETF funds, all members of the school community are provided an opportunity to submit input in writing or online. At the time it makes its decision about the use of the funds each year, the governing board shall explain, publicly and online, how its proposed expenditures of CETF funds will improve educational outcomes and how the board will determine whether those improved outcomes have been achieved.

SEC. 14811. (a) As a condition of receiving any CETF funds, each LEA shall establish a separate account for the receipt and expenditure of those moneys, which account shall be clearly identified as the California Education Trust Fund account. Each LEA shall allocate and spend the funds in that account solely in accordance with sections 14805 through 14808.

(b) The independent financial and compliance audit required of school districts shall, in addition to all other requirements of law, ascertain and verify whether CETF funds have been properly disbursed and expended as required by this Part. This requirement shall be added to the audit guide requirements for school districts and shall be part of the audit reports annually reviewed and monitored by the Controller pursuant to section 14504.

(c) LEAs shall annually prepare and post on their websites, within 60 days after the close of each school year, a clear and transparent report of exactly how CETF funds were spent at each of the schools within their jurisdiction, what the goals for those expenditures were as relayed to the school community under section 14810, and the extent to which they achieved the goals established. The State Superintendent shall provide a link on his or her website that enables community members and researchers to access all such reports statewide within two weeks after they are posted by LEAs.

SEC. 14812. (a) Beginning with the 2012-13 school year, as a condition of receiving CETF funds, the governing board of each LEA that receives funds under this Act shall create and publish online a budget for every school within the LEA's jurisdiction that compares actual funding and expenditures for that school from the prior fiscal year with the budgeted funding and expenditures for that school for the current fiscal year. The website of the Superintendent shall provide a link enabling community members and researchers to access all such budgets statewide, for current and past years, dating back to 2012-2013. The budget shall show the source and amount of all funds being spent at the school, including but not limited to funds provided under this Act, and how each source category of funds is being spent. The budget shall be in a uniform format designed and approved by the Superintendent of Public Instruction. Expenditures shall be reported overall per pupil and by average teacher salary, as well as by instruction, instructional support, administration, maintenance and other important categories. The Department of Education shall require and ensure that districts and schools uniformly report expenditures by appropriate category and uniformly distinguish between school and district expenditures. The budget shall also include personnel costs described by number, type, and seniority of personnel and use actual salary and benefit figures for employees at the school without any individual identifying information. Each K-12 school receiving money from the California Education Trust Fund shall also include these funds as a separate section in a single school plan which substantially meets the criteria of sections 64001(d), (f) and (h).

(b) Allocations from the California Education Trust Fund are intended to provide students with additional supports and programs beyond those currently provided from other state, local, and federal sources. Beginning in fiscal year 2013-14, LEAs shall make every reasonable effort to maintain, from funds other than those provided under this Act, per-pupil expenditures at each of their schools at least equal to the 2012-13 per-pupil expenditures, adjusted for changes in the cost of living. This shall be known as the "maintenance of effort target" for that school. The uniform school site budget required by subdivision (a) shall include a clear statement of what the per-pupil expenditures were at that school in 2012-13 from all fund sources other than those provided under this Act,

and a projection of what those expenditures would be for the current school year if the school had annually met its maintenance of effort target. If in any year an LEA cannot meet its maintenance of effort target for any of its schools, it will explain why in its school site budget for that school and will discuss that explanation at a public meeting to be held at or near the school site pursuant to section 14810. At that meeting, officials from the LEA shall address why it is not possible to meet the maintenance of effort target for that particular school, and how the agency proposes to keep the failure to meet the target from having a negative impact on students and their families.

SEC. 14813. (a) Funds allocated pursuant to section 14802.1(a) and CETF funds that are determined by the Fiscal Oversight Board to exceed both available revenues and the Board and Controller's actual reimbursable costs pursuant to section 14803 shall be transferred on a quarterly basis by the Controller to the Education Debt Service Fund, which is hereby created in the State Treasury. Education Debt Service Fund moneys are held in trust and, notwithstanding Section 13340 of the Government Code, are continuously appropriated, without regard to fiscal years, for the exclusive purposes set forth in this section.

(b) Moneys in the Education Debt Service Fund shall be used solely to pay debt service on bonds, or to redeem or defease bonds, maturing in a subsequent fiscal year, that either (i) were or are issued by the state for the construction, reconstruction, rehabilitation, or replacement of pre-kindergarten through university school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for such school facilities ("school bonds"); or (ii) to the limited extent permitted by subdivision (c) of this section, were or are issued by the state for children's hospital or other general obligation bonds.

(c) From moneys transferred to the Education Debt Service Fund, the Controller shall transfer, as an expenditure reduction to the General Fund, amounts necessary to offset the cost of current year debt service payments made from the General Fund on school bonds, children's hospital, or other general obligation bonds, or to redeem or defease school bonds, children's hospital, or other general obligation bonds, as directed by the Director of Finance; provided, however, that no funds in the Education Debt Service Fund shall be used to offset the cost of current year debt service payments on children's hospital or other general obligation bonds, or to redeem or defease children's hospital or other general obligation bonds, until and unless the Controller, at the direction of the Director of Finance, has first fully reimbursed the General Fund for the cost of current year debt service payments on all outstanding school bonds. Funds so transferred shall not constitute General Fund proceeds of taxes appropriated pursuant to article XIII B for purposes of section 8 of article XVI of the California Constitution.

SEC. 14814. (a) No later than six months following the end of each fiscal year, the Fiscal Oversight Board shall cause an independent audit to be conducted of the California Education Trust Fund and shall submit to the Legislature and Governor, and shall post prominently on the website of the Fiscal Oversight Board, with a link to the report clearly displayed on the Superintendent's home page, both the full audit report and

an easily understandable summary of the results of that audit. The report shall include an accounting of all proceeds of the personal tax increments established pursuant to sections 17041.1 of the Revenue and Taxation Code, all transfers of those proceeds to the California Education Trust Fund, a listing of the amount of funds received from the California Education Trust Fund that fiscal year by each LEA and each school within that LEA's jurisdiction, and a summary, based on the reports required of all LEAs by section 14811(c), showing the way each LEA used the funds at each of its schools and the results the LEA was seeking and achieved.

(b) The Superintendent of Public Instruction, in consultation with the Fiscal Oversight Board, shall design and provide to each LEA and early care and education provider a form or format for ensuring uniform reporting of the information required for the audit report.

(c) The costs of performing the annual audit, and of creating, distributing and collecting the required reports, shall be determined by the Fiscal Oversight Board to ensure prudent use of funding while ensuring the intent of this Act is carried out. Such costs shall be included within the items whose actual cost may be paid for by CETF funds pursuant to subdivision (b) of section 14802.

(d) In the course of performing and reporting on the annual audit, the independent auditor shall promptly report to the Attorney General and the public any suspected allocation or use of funds in contravention of this Act, whether by the Fiscal Oversight Board or its agents, or by any LEA.

(e) Every officer charged with the allocation or distribution of funds pursuant to Sections 14803, 14804, 14805, 14806, and 14807 who knowingly fails to allocate or distribute the funds to each LEA and each local school on a per-pupil basis as specified in those sections is guilty of a felony subject to prosecution by the Attorney General, or if he or she fails to act promptly, the district attorney of any county, pursuant to subdivision (a) of Section 425 of the Penal Code. The Attorney General, or if the Attorney General fails to act the district attorney of any county, shall expeditiously investigate and may seek criminal penalties and immediate injunctive relief for any allocation or distribution of funds in contravention of Sections 14803, 14804, 14805, 14806, and 14807 of this Code.

SECTION 5. Section 46305 of the Education Code is amended to read:

SEC. 46305. Each elementary, high school, and unified school district, *and each independent charter school, county office of education and state-run school*, shall report to the Superintendent of Public Instruction on forms prepared by the Department of Education in addition to all other attendance data as required, the active enrollment as of the third Wednesday of each school month and the actual attendance on the third Wednesday of each school month; except that if such day is a school holiday, the active enrollment and actual attendance of the first immediate preceding schoolday shall be reported. "Active enrollment" on a day a count is taken means the pupils in enrollment in

the regular schooldays of the district on the first day of the school year on which the schools were in session, plus all later enrollees, minus all ~~withdrawals since that day~~ *pupils who have not been in attendance for at least one day between the first day of the school year or the first schoolday immediately following the next preceding day for which a count was taken pursuant to this section, whichever is later, and the day the count is being taken, inclusive. The Superintendent of Public Instruction may, as necessary, modify the collection dates or methodologies in order to reduce any local agency's administrative duties in the implementation of this section.*

SECTION 6. Chapter 1.8 is added to Part 6 of Division 1 of the Education Code to read:

EARLY CHILDHOOD QUALITY IMPROVEMENT AND EXPANSION PROGRAM

ARTICLE 1. GENERAL PROVISIONS

SEC. 8160. The following definitions shall apply throughout this Chapter:

(a) The terms "early care and education program" or "ECE program" mean any state-funded or state-subsidized preschool, child care or other state-funded or state-subsidized early care and education program for children from birth to kindergarten eligibility, including but not limited to programs supported in whole or in part with funds from the California Children and Families Trust Fund. Where an ECE program is not funded exclusively with state funds, the term "ECE program" means that portion of the program that is state-funded.

(b) The term "ECE provider" or "provider" means any person or agency legally authorized to deliver an ECE program.

(c) The term "take-up rates" means the degree to which ECE providers apply for and are granted program funding under the provisions of this Chapter.

(d) The term "reimbursement rate" means the per-child payment ECE providers receive on behalf of eligible families from state funds to cover their costs in providing ECE services.

(e) The term "ECE funds" means the funds allocated to early care and education pursuant to sections 14803 and 14804 of this Code.

(f) The term "SAE funds" means funds set aside for strengthening and expanding ECE programs pursuant to section 8161(b) of this Chapter.

(g) The term "highly at-risk children" means children who are from low income birth families, low income foster families or low income group homes and who also (1) are in foster care or have been referred to Child Protective Services, (2) are the

children of young parents who are themselves in foster care, or (3) are otherwise abused, neglected or exploited, or provably in danger of being abused, neglected or exploited, as will be further defined by the State Superintendent.

SEC. 8161. ECE funds shall be allocated annually to the State Superintendent to be used as follows:

(a) No more than twenty-three percent of the ECE funds shall be used as follows:

(1) $300 million for existing ECE programs to restore funding to fiscal year 2008-2009 levels in proportion to reductions made to each ECE program in fiscal years 2009-10 through 2012-2013, subject to the following:

(i) Restoration will apply equally to all types of reductions, whether accomplished by reduced child eligibility, reduced reimbursement rates, reduction in contract amounts, reduction in number of contracts let, or otherwise;

(ii) To the extent the State Superintendent must allocate funds to the Department of Social Services or any successor agency to accomplish this restoration of funds, he/she will do so;

(iii) If the State Superintendent and the Department of Social Services jointly find that any funds cannot be restored due to shortfalls in take-up rates, those funds shall be used to increase the baseline quality reimbursement rates established pursuant to Section 8168(b) of this Chapter.

(2) $5 million to the Community Care Licensing department of the Department of Social Services, or any successor agency, to increase the frequency of licensing inspections of ECE providers beyond 2011-12 levels under terms agreed upon by the State Superintendent and the Department of Social Services or any successor agency by no later than July 1, 2013.

(3) Up to $10 million to develop and implement the database established pursuant to Section 8171 of this Chapter to track the educational progress of children who have participated in the state's ECE programs.

(4) $40 million to develop, implement, and maintain the Early Learning Quality Rating and Improvement System ("the QRIS system") established pursuant to Article 4 of this Chapter. Funds provided by this section shall not be used for increases in provider reimbursement rates or other provider compensation but rather for the design, implementation, and evaluation of the system, for ECE provider assessment and skills development, for improving and expanding the ECE skills development programs offered by community colleges and other high-quality trainers, for data keeping and analysis, and for communication with the public about the quality levels being achieved by ECE providers.

(5) The amounts set forth in paragraphs 1 through 4 of this subdivision shall be adjusted annually by the inflation adjustment calculated pursuant to subdivision (b) of Section 42238.1 as it read on the date of enactment of this section.

(6) In any year in which ECE funds are insufficient to cover the requirements of paragraphs (1), (3) and (4) of this subdivision, the amounts required by those paragraphs shall be reduced pro-rata.

(b) After allocating the restoration and system improvement funds provided in subdivision (a) of this section, the State Superintendent shall use the remaining ECE funds, to be known as "the SAE funds" pursuant to section 8160(f), to Strengthen And Expand ECE programs as set forth in this Chapter.

(c) ECE funds allocated to the State Superintendent must be spent for the purposes provided in this Chapter within one year of their receipt by the State Superintendent. The Fiscal Oversight Board established pursuant to section 14802 of this Code shall annually recover any unspent funds, and they shall again become part of the ECE funds, to be re-allocated pursuant to this Chapter.

SEC. 8162. (a) Except as may be required by federal law, any child's eligibility for any ECE program, including but not limited to any ECE program established, improved, or expanded with funds allocated under this Chapter, shall be established once annually upon the child's enrollment in the program. Subsequent to enrollment, a child shall be deemed eligible to participate in the program for the remainder of the program year, and then may re-establish eligibility in subsequent years on an annual basis.

(b) Beginning in fiscal year 2013-2014, the annual appropriation for ECE programs as a percentage of the General Fund shall not be reduced as a result of funds allocated pursuant to this Act below the percentage of General Fund revenues appropriated for ECE programs in 2012-2013.

SEC. 8163. The State Superintendent shall allocate SAE funds as follows:

(a) Twenty-five percent of the SAE funds shall be allocated for the benefit of children aged birth to 3 years pursuant to this subdivision as follows:

(1) Up to one percent of the SAE funds shall be allocated to raise the reimbursement rate in contracted group care programs for children younger than 18 months to the baseline quality reimbursement rate established pursuant to section 8168(b);

(2) Up to two and a half percent of the SAE funds, as take-up rates permit, shall be allocated to increase reimbursement rates above 2012-13 rates through a supplement provided under the QRIS system for those ECE programs and providers serving children aged birth to 3 years that improve their quality standards under the QRIS system or

demonstrate that they already meet a QRIS quality standard higher than the baseline quality standard established pursuant to section 8168(b);

(3) Twenty-one and a half percent of the SAE funds shall be allocated to the California Early Head Start program established pursuant to Article 2. No less than thirty-five percent of the SAE funds allocated to the California Early Head Start program under this paragraph shall be used specifically for strengthening parents and other caregivers pursuant to section 8164(d) of Article 2.

(b) Seventy-five percent of the SAE funds shall be used to expand and strengthen preschool programs for children ages 3-5 years, as set forth in Article 3.

(c) No more than three percent of the SAE funds shall be spent for administrative costs incurred at the state level.

(d) No more than fifteen percent of the funding an ECE provider receives from SAE funds may be used for re-purposing, renovation, development, maintenance or rent and lease expense for an appropriate program facility. The State Superintendent shall promulgate appropriate regulations to oversee and structure appropriate use of SAE funds for facilities.

ARTICLE 2. CALIFORNIA EARLY HEAD START PROGRAM

SEC. 8164. Using the funds allocated pursuant to section 8163(a)(3), the State Superintendent shall develop and implement the California Early Head Start Program to expand care for children ages birth to 3 years as follows:

(a) The program shall be under the ongoing regulation and control of the State Superintendent, but it shall be modeled on the federal Early Head Start program established pursuant to 42 U.S.C. § 9840a. In consultation with the Early Learning Advisory Council described in section 8167 (the "ELAC"), the State Superintendent shall ensure that, at minimum, the program complies with all content and quality standards and requirements in place as of November, 2011 for the federal Early Head Start program. The Superintendent may adopt subsequent Early Head Start program standards and requirements at his or her discretion.

(b) Funds used for the California Early Head Start program shall not be used to supplant money currently spent on any other state or federal program for children ages birth to 3.

(c) The Superintendent shall adopt the same eligibility standards used by the federal Early Head Start program as of November, 2011; provided, however, that highest priority for enrollment will go first to highly at-risk children as defined in Section 8160(g)(1), then to highly at-risk children as defined in Section 8160(g)(2), and then to highly at-risk children as defined in Section 8160(g)(3).

(d) In addition to providing high quality group care in licensed centers and family child care homes, the California Early Head Start program shall provide services to families and caregivers of children who are not enrolled in a California Early Head Start group care setting. These services shall be designed to strengthen the capacity of parents and caregivers of children ages birth to 3 to improve the care, education and health of very young children both in group care settings and at home. Services may include any of those that may be offered to families of federal or California Early Head Start group care enrollees, including but not limited to voluntary home visits, early developmental screenings and interventions, family and caregiver literacy programs, and parent and caregiver trainings. Among programs provided to caregivers pursuant to this subdivision, priority will go to programs for license-exempt family, friend and neighbor providers.

(e) In consultation with the ELAC, the State Superintendent shall establish quality standards for the services provided under subdivision (d) of this section, incorporating the standards and training regimens of the federal Early Head Start program. The State Superintendent shall coordinate with other public agencies that operate similar programs to ensure uniform standards across these programs.

(f) California Early Head Start funds may be used to expand the number of children served by existing ECE programs for children ages birth to 3, provided that the programs meet the quality standards described in subdivisions (a) and (e) of this section and the children served meet the eligibility criteria of subdivision (c) of this section.

(g) At least seventy-five percent of the group care spaces created statewide with California Early Head Start funds shall provide full-day, full-year care.

ARTICLE 3. STRENGTHENING AND EXPANDING PRESCHOOL PROGRAMS

SEC. 8165. (a) SAE funds allocated to strengthen and expand preschool programs for 3-5 year olds pursuant to Section 8163(b) shall be allocated as follows:

(1) Up to eight percent of SAE funds, as take-up rates permit, to increase reimbursement rates above 2012-2013 rates through a supplement provided under the QRIS system for those ECE programs and providers serving children ages 3 to 5 years that improve their quality standards under the QRIS system or demonstrate that they already meet a QRIS quality standard higher than the baseline quality standard established pursuant to section 8168(b);

(2) The remainder, no less than sixty-seven percent of all SAE funds, shall be used to expand the number of children served by high quality preschool programs for 3 to 5 year-olds in licensed or K-12 based programs that meet the two highest quality ratings established under the QRIS system. Until the statewide QRIS is established and able to assess the quality of significant numbers of programs, the State Superintendent may issue temporary regulations authorizing use of the expansion funds described in this subdivision for programs otherwise shown to meet high quality standards, including but

not limited to programs having ratings in the top two tiers of pre-existing local or regional QRIS systems, programs with nationally-recognized quality accreditations, or programs meeting the quality standards applicable to Transitional Kindergarten. QRIS program standards shall be established and publicly available no later than January 1, 2014. Providers qualified under the Superintendent's temporary regulations shall receive priority for evaluation under the new system. The temporary regulations shall sunset on January 1, 2015 and the provisionally certified providers must then, to retain funding, be qualified under the established QRIS program standards by no later than January 1, 2017.

(3) At least sixty-five percent of the new spaces created statewide pursuant to subdivision (2) of this section shall be full-day, full-year spaces, which may be created solely through this Chapter or by combining funding from two or more sources to create a combined school day, after-school, and summer enrichment program.

(b) Children shall be deemed to be "3 to 5" and thus eligible for programs funded pursuant to subdivision (a)(2) of this section, if they are 3 or 4 years old as of September 1 of the school year in which they are enrolled in the programs and are not yet eligible to attend kindergarten.

SEC. 8166. (a) Using data from the United States Census Bureau, the State Superintendent shall disburse the funds allocated pursuant to subdivision (a)(2) of Section 8165 (the "preschool expansion funds") according to an income-ordered list of all California neighborhoods, starting with the lowest income neighborhood and progressing as far up the list of neighborhoods by income as the preschool expansion funds permit, as follows:

(1) The State Superintendent shall create a neighborhood list based on median household income and on neighborhoods as defined by zip codes or an equivalent geographic unit. Throughout this section, the term "neighborhood" means a zip code or equivalent geographic unit included in the neighborhood list. Using available data on ECE availability, the State Superintendent shall identify annually the neighborhoods and school districts within which children live who are age-eligible for preschool expansion funds and who do not currently have access to an ECE program or a Transitional Kindergarten program.

(2) For each zip code or equivalent geographic unit, the Superintendent shall determine the number of eligible, unserved children and inform the school district, the licensed Family Child Care Home Education Networks ("licensed networks"), the licensed center-based ECE providers, and the providers of Head Start or other federal ECE programs ("federal providers") operating within the zip code or equivalent geographic unit that they are eligible to expand their programs to serve these children, and solicit applications from them for preschool expansion funding. To be eligible for funding, applicants must be able and willing to serve the eligible children for whom they are applying in the first school year following notification of eligibility.

(3) Licensed networks, licensed center-based ECE programs and federal providers operating within the zip code or other geographic unit will have priority if there are duplicate applications for the same eligibility. By awarding priority to joint applications, the State Superintendent shall encourage school districts, licensed networks, licensed center-based ECE providers and federal providers in eligible areas to cooperate in a joint application that maximizes the strengths of all programs and minimizes disputes. If the eligible school district, the eligible networks, the eligible center-based programs and the federal providers are all unable or decline to serve children they are eligible to serve, or any of them, the State Superintendent shall request proposals from alternative qualified local education agencies, licensed networks, licensed center-based ECE providers and federal providers to serve the eligible children. In seeking alternative qualified providers, the State Superintendent will communicate, specifically but without limitation, with alternative payment providers working in the county where the eligible children reside.

(4) Attendance at preschool, including preschool programs established or expanded pursuant to this Chapter, is voluntary. Unfilled spaces that have been offered in any zip code or equivalent geographic unit for three consecutive years, with effective outreach throughout the eligible community, but have still not been filled, may be deemed declined, and may be offered to the next highest income neighborhood on the neighborhood list.

(5) At least once every five years, the State Superintendent shall review which spaces have been deemed declined and shall restore lost eligibility to any neighborhood to the extent changed conditions indicate that the spaces would now be filled.

(b) Children will be eligible to attend programs funded with preschool expansion funds upon proving either that they reside in an eligible zip code or equivalent geographic unit or that their families meet the income eligibility requirements of any existing means-tested ECE program; provided, however that highest priority for enrollment will go first to highly at-risk children as defined in Section 8160(g)(1), then to highly at-risk children as defined in Section 8160 (g)(2), and then to highly at-risk children as defined in Section 8160(g)(3).

ARTICLE 4. CALIFORNIA EARLY LEARNING QUALITY RATING AND IMPROVEMENT SYSTEM

SEC. 8167. As used in this article, the term "Early Learning Advisory Council (ELAC)" means the Early Learning Advisory Council established pursuant to Executive Order S-23-09 or any successor agency.

SEC. 8168. (a) Taking into consideration the report and recommendations prepared by the California Early Learning Quality Improvement System Advisory Committee in 2010, the State Superintendent, in consultation with the ELAC, shall develop and implement an Early Learning Quality Rating and Improvement System ("QRIS system") by no later than January 1, 2014, that includes the following:

(1) A voluntary quality rating scale available to all ECE programs, including preschool, that serve children from birth to five years of age, inclusive, including preschool age children, infants, and toddlers. The quality rating scale shall give highest priority to those features of ECE programs that have been demonstrated to contribute most effectively to young children's healthy social and emotional development and readiness for success in school;

(2) A voluntary assessment and skills-development program to help ECE providers increase the quality ratings of their programs under the QRIS system;

(3) A method for increasing reimbursement rates above 2011-12 rates through a supplement provided for ECE programs and providers that improve their ratings or verify that they already meet higher ratings standards under the QRIS system;

(4) A means by which parents and caregivers receive accurate information about the quality and type of program in which their children are enrolled or may be enrolled, including prompt publication of the quality ratings of programs and providers conducted pursuant to the QRIS system.

(b) The State Superintendent, in consultation with the ELAC, shall also establish baseline quality reimbursement rates that are sufficient to cover the cost of providing ECE programs at the quality standards applicable to those programs under the laws and regulations that governed those programs as of November 1, 2012 (the "baseline quality reimbursement rate"). If any current reimbursement rate is below the baseline quality reimbursement rate, the State Superintendent may use any funds available under section 8161(a)(1)(iii), or for programs for children younger than 18 months, the funds available under section 8163(a)(1), to increase that reimbursement rate.

SEC. 8169. (a) The ELAC and the State Superintendent shall collaborate with Local Planning Councils, the First 5 California Commission, and each county First 5 commission to develop and oversee the QRIS, California Early Head Start and preschool expansion programs established pursuant to Articles 2, 3, and 4 of this Act. They shall work together to utilize local, state, federal, and private resources, including resources available pursuant to the California Children and Families Act of 1998 (Division 108 (commencing with Section 130100) of the Health and Safety Code), as part of a comprehensive effort to advance the efficiency, educational and developmental effectiveness, and community responsiveness of the state's ECE system.

(b) The ELAC shall hold at least one joint public meeting each year in each region of the state with the region's Local Planning Councils and the region's county First 5 Commissions (alternatively known as California Children and Families Commissions) to receive public input and report on the progress of the programs established pursuant to this Act.

(c) Funds provided under Section 8161(a)(4) of this Chapter may be used to fund the collaboration and convening activities required by this Section.

SEC. 8170. (a) The State Superintendent shall account for moneys received pursuant to this Chapter separately from all other moneys received or spent and shall, within 90 days after the close of each fiscal year, prepare an annual report that lists the ECE programs that received funding with their quality ratings as available; the amounts each program received; the number of children they served; the types of services the children received; and the child outcomes achieved as available. The Superintendent shall post the report as soon as it is prepared on the Superintendent's website and provide a link to it on his/ her home page. The report shall be included in the Superintendent's report issued pursuant to section 8236.1. The Fiscal Oversight Board shall verify the contents of the report and include it in the annual audit report required by section 14814(a) of this Code.

(b) The State Superintendent shall also:

(1) Monitor the award of contracts to ensure that ECE providers meet quality standards;

(2) Ensure uniform financial reporting and independent annual audits for all ECE providers receiving funds under this Chapter; and

(3) Receive, investigate, and act upon complaints regarding any aspect of the programs established pursuant to this Chapter.

SEC. 8171. By no later than July 1, 2014, the State Superintendent shall ensure that every child ages birth-5 years who participates in an ECE program is assigned a unique identifier that is recorded and maintained as part of a statewide database (the "Early Education Services Database").

(a) The Early Education Services Database shall be an integral part of the California Pupil Achievement Data System (CALPADS) – or any successor student-level data system that can trace a child's educational path from birth to age 18 – so that any child's full educational history, including ECE participation, will be automatically accessible through the child's unique identifier.

(b) At a minimum, the Early Education Services Database shall include the following for each child:

(1) The child's zip code of residence each year;

(2) What ECE services the child received each year, such as whether the child attended a full or part-day program;

(3) The setting in which the services were delivered;

(4) The agency that delivered the services;

(5) The QRIS rating and any other quality rating available for that ECE provider;

(6) The child's kindergarten-readiness assessment, if available, including but not limited to the child's primary home language, level of fluency, and whether screened for early intervention.

(c) CALPADS will be reimbursed for its actual cost of implementing this section, up to the annual amount allocated in section 8161(a)(3) of this Chapter.

SEC. 8172. The State Superintendent of Public Instruction shall issue regulations, including emergency regulations, in order to implement this Chapter.

SECTION 7. Section 425 of the Penal Code is amended to read:

SEC. 425. (*a*) Every officer charged with the receipt, safe keeping, or disbursement of public moneys, who neglects or fails to keep and pay over the same in the manner prescribed by law, is guilty of *a* felony.

(b) Every officer charged with the allocation or distribution of funds pursuant to Sections 14803, 14804,14805, 14806, and 14807 of the Education Code who knowingly fails to allocate or distribute the funds to each local educational agency or each local school on a per-pupil basis as specified in those sections is guilty of a felony, subject to prosecution by the Attorney General, or if he or she fails to act promptly, the district attorney of any county. The Attorney General, or if the Attorney General fails to act the district attorney of any county, shall expeditiously investigate and may seek criminal penalties and immediate injunctive relief for any allocation or distribution of funds in contravention of Sections 14803,14804,14805, 14806, and 14807 of this Code. Any person guilty of violating this subdivision shall be punished pursuant to Section 18 of this Code and shall be disqualified from holding any office in this state.

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

SEC. 17041.1. (a) For each taxable year beginning on or after January 1, 2013, in addition to any other taxes imposed by this part, an additional tax is hereby imposed on the taxable income of any taxpayer whose tax is computed under Section 17041(a) to support the California Education Trust Fund. The additional tax for taxable years beginning on or after January 1, 2013 and before January 1, 2014 shall be computed based on the following rate table, with the tax brackets adjusted as provided by subdivision (h) of Section 17041 for the changes in the California Consumer Price Index between 2011 and 2013:

If the taxable income is:	The additional tax on taxable income is:
Not over $7,316	0

Over $7,316 but not over $17,346	0.4% of the excess over $7,316
Over $17,346 but not over $27,377	$40 plus 0.7% of the excess over $17,346
Over $27,377 but not over $38,004	$110 plus 1.1% of the excess over $27,377
Over $38,004 but not over $48,029	$227 plus 1.4% of the excess over $38,004
Over $48,029 but not over $100,000	$368 plus 1.6% of the excess over $48,029
Over $100,000 but not over $250,000	$1,199 plus 1.8% of the excess over $100,000
Over $250,000 but not over $500,000	$3,899 plus 1.9% of the excess over $250,000
Over $500,000 but not over $1,000,000	$8,649 plus 2.0% of the excess over $500,000
Over $1,000,000 but not over $2,500,000	$18,649 plus 2.1% of the excess over $1,000,000
Over $2,500,000	$50,149 plus 2.2% of the excess over $2,500,000

(b) For each taxable year beginning on or after January 1, 2013, in addition to any other taxes imposed by this part, an additional tax is hereby imposed on the taxable income of any taxpayer whose tax is computed under Section 17041(c) to support the California Education Trust Fund. The additional tax for taxable years beginning on or after January 1, 2013 and before January 1, 2014 shall be computed based on the following rate table, with the tax brackets adjusted as provided by subdivision (h) of Section 17041 for the changes in the California Consumer Price Index between 2011 and 2013:

If the taxable income is:	The additional tax on taxable income is:
Not over $14,642	0%
Over $14,642 but not over $34,692	0.4% of the excess over $14,642
Over $34,692 but not over $44,721	$80 plus 0.7% of the excess over $34,692
Over $44,721 but not over $55,348	$150 plus 1.1% of the excess over $44,721
Over $55,348 but not over $65,376	$267 plus 1.4% of the excess over $55,348
Over $65,376 but not over $136,118	$408 plus 1.6% of the excess over $65,376
Over $136,118 but not over $340,294	$1,540 plus 1.8% of the excess over $136,118
Over $340,294 but not over $680,589	$5,215 plus 1.9% of the excess over $340,294
Over $680,589 but not over $1,361,178	$11,680 plus 2.0% of the excess over $680,589
Over $1,361,178 but not over $3,402,944	$25,292 plus 2.1% of the excess over $1,361,178
Over $3,402,944	$68,169 plus 2.2% of the excess over $3,402,944

(c) For taxable years beginning on or after January 1, 2014, the additional tax imposed under this section shall be computed based on the tax rate tables described in subdivisions (a) and (b), with the brackets in effect for taxable years beginning on or after January 1, 2013 and before January 1, 2014, adjusted annually as provided by subdivision (h) of Section 17041 for the change in the California Consumer Price Index.

(d) Except as provided in subdivisions (e) and (f), the additional tax imposed under this section shall be deemed to be a tax imposed under Section 17041 for purposes of all other provisions of this code, including Section 17045 or any successor provision relating to joint returns.

(e) The estimated amount of revenues, less refunds, derived from the additional tax imposed under this section shall be deposited on a monthly basis in the California Education Trust Fund, established by Section 14801 of the Education Code, in a manner that corresponds to the process set forth in Section 19602.5 and is established by regulation by the Franchise Tax Board, based on the additional tax imposed under this section, no later than December 1, 2012. The adoption, amendment, or repeal of a regulation authorized by this section is hereby exempted from the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

(f) Notwithstanding Section 13340 of the Government Code, the California Education Trust Fund is hereby continuously appropriated, without regard to fiscal year, solely for the funding of the Our Children, Our Future: Local Schools and Early Education Investment and Bond Debt Reduction Act.

(g) The additional tax imposed under this section does not apply to any taxable year beginning on or after January 1, 2025, except as may otherwise be provided in a measure that extends the Our Children, Our Future: Local Schools and Early Education Investment and Bond Debt Reduction Act and is approved by the electorate at a statewide election held on or before the first Tuesday after the first Monday in November of 2024.

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

SEC. 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. Severability.

The provisions of this Act are meant to be severable. If any of the provisions of this measure or the applicability of any provision of this measure to any person or circumstances shall be found to be unconstitutional or otherwise invalid, that finding shall not affect the remaining provisions of the Act or the application of this measure to other persons or circumstances.

SECTION 11. Conflicting Initiatives.

(a) In the event that this measure and another measure or measures amending the California personal income tax rate for any taxpayer or group of taxpayers, or amending the rate of tax imposed on retailers for the privilege of selling tangible personal property at retail, or amending the rate of excise tax imposed on the storage, use or other consumption in this state of tangible personal property purchased from any retailer for

storage, use or other consumption in this state, shall appear on the same statewide election ballot, the rate-amending provisions of the other measure or measures and all provisions of that measure that are funded by its rate – amending provisions, shall be deemed to be in conflict with this measure. In the event that this measure receives a greater number of affirmative votes than any such other measure, the rate-amending provisions of the other measure, and all provisions of that measure that are funded by its rate – amending provisions, shall be null and void, and the provisions of this measure shall prevail instead.

(b) Conflicts between other provisions not subject to subdivision (a) of this section shall be resolved pursuant to article II, section 10, subdivision (b) of the California Constitution.

SECTION 12. Amendments.

This Act may not be amended except by majority vote of the people in a statewide general election.

SECTION 13. Effective Dates and Expiration.

(a) This measure shall be effective the day after its enactment. Operative dates for the various provisions of this measure shall be those set forth in the Act.

(b) The tax imposed by subdivisions (a) and (b) of Section 17041.1 of the Revenue and Taxation Code, added pursuant to this Act shall cease to be operative and shall expire on December 31, 2024, unless the voters, by majority vote, approve the extension of the Act at a statewide election held on or before the first Tuesday after the first Monday in November, 2024.