

*an amount equal to the statewide per pupil amount multiplied by the number of children in the district enrolled in preschool as of August 30, 2005.*

*(d) In order to prepare for full implementation by 2011, school districts shall receive transition funding from the preschool portion of the Improving Classroom Education Fund to recruit, pay and train staff, purchase instructional materials and supplies, and provide facilities for preschool. On or before July 31 of each year, the Controller shall apportion transition funding to the school districts as follows:*

*(1) The Controller shall calculate 70% of the district's kindergarten enrollment for the prior school year;*

*(2) From the amount calculated pursuant to paragraph (1), the Controller shall subtract the number of pupils enrolled in a preschool program for which the district receives funds pursuant to subdivision (a) of this Section;*

*(3) The Controller shall multiply the number calculated pursuant to paragraph (2) by 80% of the statewide per pupil amount calculated pursuant to subdivision (a) of this Section. The resulting amount shall be distributed to the school district as transition funding.*

*(e) In order to be eligible to receive transition funding pursuant to this Section, a school district must submit a plan to the State Superintendent of Public Instruction describing how the district will achieve full compliance with the Improving Classroom Education Act by July 1, 2011. The superintendent of the district must certify the contents of the plan.*

*(f) If a district cannot reach full compliance with the Improving Classroom Education Act by July 1, 2011, the district may request an extension of transition funding under this Section for no more than two additional years. The State Superintendent shall grant an extension only if the district can demonstrate that its failure to comply is due to lack of facilities to house a preschool program. The district shall amend its plan to demonstrate how it will reach full compliance by July 1, 2013.*

*Sec. 14113. (a) The Controller shall segregate the funds remaining in the preschool portion of the Improving Classroom Education Fund as of December 15, 2010 as a contingency reserve. Funds received into the preschool portion of the fund after December 15, 2010 shall be distributed to school districts to provide universal voluntary preschool for the 2011-2012 school year and for every year thereafter.*

*(b) No distributions shall be made from the contingency reserve until July 1, 2015.*

*(c) After July 1, 2015, in any year in which the projected per pupil amount to be distributed from the portion of the Improving Classroom Education Fund dedicated to universal preschool falls below the per pupil amount for the previous year, the Controller shall distribute sufficient contingency reserve funds on a per pupil basis to equal the previous year's amount. If the revenues in the contingency reserve are not sufficient to equal the previous year's amount for*

*all districts, the Controller shall distribute the funds in the contingency reserve on a pro rata basis.*

*Sec. 14114. (a) Notwithstanding Section 14100, during the five-year transition period provided by the Improving Classroom Education Act, school districts may contract for the purposes identified in subdivision (c) of Section 5.5 of Article IX of the California Constitution with providers who:*

- (1) Operate a facility located within the school district;*
- (2) Operate publicly funded, licensed programs serving children who are eligible under the Improving Classroom Education Act; and*
- (3) Meet the standards of educational programs specified in Articles 6, 7, 8 and 9 of the Child Care and Development Act, commencing with Section 8230 of this Code.*

*(b) Providers who receive transition funding pursuant to this Section may only use the funds for the purposes specified in subdivision (c) of section 5.5 of Article IX of the California Constitution.*

*(c) After July 1, 2011, districts may use Improving Classroom Education Funds to contract only with providers with whom they have contracted during the transition period, provided, however, that no later than July 1, 2011, all employees who provide instructional services to children in the programs funded by the Act shall become employees of the contracting school district as specified in Section 5.6 of Article IX of the California Constitution. An employee organization that has been recognized as the exclusive representative of such employees who become employees of a contracting school district or county office of education shall continue to be recognized as the exclusive representative of the same employees, except that certificated employees who provide instructional services shall become part of an appropriate existing bargaining unit of a contracting school district or county office of education.*

*Sec. 14115. After July 1, 2011, the Controller shall draw warrants on the portion of the Improving Classroom Education Fund dedicated to universal preschool and distribute them twice yearly to school districts based on their preschool enrollment, provided, however, that school districts and providers who meet the requirements of the Improving Classroom Education Act and who receive state or federal funds for children who are eligible for state preschool or Headstart programs shall be entitled to the difference between the per-pupil amounts apportioned pursuant to Section 5.6 of Article IX and the state or federal per-pupil amount received for the children who are eligible for the state preschool program or for Headstart.*

*Sec. 14116. Notwithstanding any other provisions of law, voluntary universal preschool programs established pursuant to Section 5.6 of Article IX of the California Constitution shall not be considered state preschool or general child care and development programs within the meaning of Chapter 2 of Part 6 of this Code, commencing with Section 8200.*

### ARTICLE 3. FUNDING FOR K-12 EDUCATION

*Sec. 14120. After July 1, 2005, the Controller shall distribute the revenues in the portion of the Improving Classroom Education Fund dedicated to K-12 education at least twice during the fiscal year to school districts based on their enrollment. The funds shall be spent only for the purposes set forth in Section 5.5 of Article IX of the California Constitution.*

**Section 12. Government Code Section 13340 is amended to read:**

(a) Except as provided in subdivision (b), on and after July 1, 2004, no moneys in any fund that, by any statute other than a Budget Act, are continuously appropriated without regard to fiscal years, may be encumbered unless the Legislature, by statute, specifies that the moneys in the fund are appropriated for encumbrance.

(b) Subdivision (a) does not apply to any of the following:

(1) The scheduled disbursement of any local sales and use tax proceeds to any entity of local government pursuant to Part 1.5 (commencing with Section 7200) of Division 2 of the Revenue and Taxation Code.

(2) The scheduled disbursement of any transactions and use tax proceeds to an entity of local government pursuant to Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code.

(3) The scheduled disbursement of any funds by a state or local agency or department that issues bonds and administers related programs for which funds are continuously appropriated as of June 30, 2004.

(4) Moneys that are deposited in proprietary or fiduciary funds of the California State University and that are continuously appropriated without regard to fiscal years.

(5) The scheduled disbursement of any motor vehicle license fee revenues, including the General Fund appropriations made pursuant to Sections 11000 and 11000.1 of the Revenue and Taxation Code, to an entity of local government pursuant to the Vehicle License Fee Law (Part 5 (commencing with Section 10701) of Division 2 of the Revenue and Taxation Code).

(6) *Moneys that are deposited in the Improving Classroom Education Fund.*

**Section 13. Section 94 is hereby added to the Revenue and Taxation Code, to read as follows:**

*Sec. 94. For purposes of Section 1 of Article XIII A and Section 8.6 of Article XVI of the California Constitution, the following definitions shall apply:*

(a) "Dwelling unit" includes, among other real properties, a unit or lot within a cooperative housing corporation or stock cooperative, a community apartment project, a condominium project, a planned unit development, or a mobilehome or manufactured home and