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California State Senate



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FACT SHEET

Senate Constitutional Amendment 16 and Senate Bill 1344 Education Savings Account Act of 2020

BILL SUMMARY

Senate Constitutional Amendment 16 and Senate Bill 1344 are companion measures that establish the California Education Savings Account Act of 2020. This groundbreaking legislation gives parents the option of moving their children from their assigned school, and allows them to choose any accredited school best suited to their needs. SCA 16 and SB 1344 also allows parents to receive a deposit of public funds into a government-authorized education savings account equal to that student's share of the state's Proposition 98 funding allocation. Any unused funds can be saved from year-to-year and used to pay for college or vocational training upon graduation from high school.

REASON FOR LEGISLATION

The Education Savings Account Act of 2020 introduces more choice into California's school system, giving parents and students greater options to meet their individual learning needs.

These bills will empower students to enroll in schools better suited for their educational needs.

If approved, this legislation will provide financial stability for families as students will have access to a newly created Education Savings Account Trust.

This trust provides a pathway to college by helping students save for college and avoid costly student loan debt, allowing the average student to save from

\$24,000 to \$48,000. This is enough to attend a CSU campus with little or no student loan debt.

Local and federal dollars stay allocated to the public school system so the per pupil spending on those students who choose to remain enrolled in their local assigned public school increases and enables those schools to better address the needs of enrolling students.

The intent of this bill package is to incentivize other credentialed schools to meet the needs of students and motivate public schools to focus more on student achievement.

SCA 16 and SB 1344 gives qualified California high school graduates priority admission to the University of California and California State University.

ISSUE BACKGROUND

California public schools are funded with local, state and federal dollars which follow the student to the school site through per pupil spending formulas. Students are assigned a local school based on geography, and options are limited in selecting another public school, with charter schools providing only a small number of spots for students seeking an alternative educational opportunity.

Many parents believe the current system has created an environment where many California public schools are failing and that many K-12 students who graduate are not college ready.

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Despite the state spending \$29 billion more on public education since 2008, California still ranks almost last among 4th and 8th graders in the nation.^{1 2} While education spending has dramatically increased, student performance has essentially flat-lined since 2012.

Annually, one-fifth of all students do not graduate high school. Of those who do, only one-third are considered “college ready”. Graduation requirements have been weakened, and the state’s high school exit exam was eliminated to mask the underperformance of public schools. Big disparities in academic performance exist, especially among students of color with only 31% and 37% of Black and Latino students, respectively, meeting college standards.³

College graduation rates are significant indicators about future earning power – putting Black and Latino students at a huge long-term disadvantage in earning power and upward economic mobility.

As such, Black and Latino students face higher debt burdens to attend and graduate from college. Of those college students who borrowed money, 76% and 57% of Black and Latino students took on debt while only 45% and 47% of Asian and White students did so.⁴

SCA 16 and SB 1344 seek to address these inequalities by helping parents save for college and guarantee qualified students admission to the University of California and California State University. By giving priority to California students, qualified students would be given preference over out-of-state and foreign students.

SUPPORT

- Choice 2020

OPPOSITION

- None on File

¹ Governor’s Budget Summary, 2018-19, page 6, K-12 Education

² Nationsreportcard.gov, State Performance Compared to the Nation

³ CA Department of Education, August 24, 2016, News Release

⁴ “CSU Graduates with most student debt”, Mercury News, 12/24/17