



May 21, 2014

The Honorable Norma Torres, Chair
Public Employment and Retirement Committee
California State Senate, Room 2048
Sacramento, CA 95814

The Honorable Rob Bonta, Chair
Public Employees, Retirement and
Social Security Committee
California State Assembly, Room 6025
Sacramento, CA 95814

RE: May Revision Proposal to fund California State Teachers' Retirement System

Dear Senator Torres and Assembly Member Bonta:

On behalf of the [California School Boards Association \(CSBA\)](#), which represents close to 1,000 school districts and county boards of education, I write to express our views on the May Revision proposal to fund the California State Teachers' Retirement System (CalSTRS).

CSBA appreciates the Governor and the Legislature taking steps to address the unfunded liability of the state teachers' pension fund. We commend you for making significant strides in tackling the liability and the state's wall of debt. However, CSBA is troubled by the May Revision proposal to implement the increased contributions in a fiscal year that is just weeks away. Moreover, districts and counties are finalizing their budgets and their initial Local Control and Accountability Plans (LCAPs) for adoption by their governing boards in June.

The rate increase reflected in the May Revision will necessitate re-opening LCAPs and budgets to make adjustments. We believe this late-in-the-day change will undermine the engagement and trust that governing boards have been building in their local communities and the long-term increase will be detrimental to and prolong full implementation of the Local Control Funding Formula (LCFF).

CSBA and an array of organizations representing educators, parents, administrators, classified employees, civil rights and the public interest worked in good faith with the Brown Administration and the Legislature over the previous two years to shape and enact the state's historic funding reform, LCFF. Our members are working in schools across California to implement and meet the goals of equity and the expectations of subsidiarity. Local boards have engaged stakeholders in developing LCAPs and making budget investments to improve student outcomes. This work has involved meaningful and hard conversations. As you know, despite the modest economic recovery of the state, districts are still not back to their pre-recession levels of funding.

In light of these concerns, CSBA offers the following suggestions for your consideration. Our goal is to advance progress in addressing the unfunded liability while not undoing the

work of school districts and county offices of education in this critical first year of LCFF:

- **Utilize 2014-15 dollars differently** – Reduce the amount of money allocated to paying off apportionment deferrals and redirect some of this funding to pay the full cost of STRS one year.
- **Delay Implementation** – Delay implementation for at least a year to allow districts and county offices of education time to assess the impact of these new costs on their finances and LCAPs.
- **Engage Education Stakeholder Groups** – convene a working group of the education groups and others that are dedicated to strengthening the current proposal and addressing this issue.
- **Potential Alternative Option** – Consider having the State pick up the full cost for one-year, establish a longer phase-in period, balance out the employer-employee-state costs, and provide an “add-on” to district LCFF funding for these costs.

CSBA emphasizes that increasing the appropriation to the LCFF to help mitigate the employers’ STRS rate increase will result in many districts not receiving enough to cover the higher costs because of the distributional variances of the formula. In addition, basic aid districts, which make up about 10 percent of the districts in the state, will not benefit at all from an increase in LCFF funding. We urge you to keep this in mind as you consider various options and craft a final proposal.

Thank you for your consideration. Please do not hesitate to contact me if you would like additional information about our position at (916) 616-3116 or aball@csba.org.

Sincerely,


Andrea Ball
Legislative Advocate

Copy: Members, Senate Public Employment and Retirement Committee
Members, Assembly Public Employees, Retirement and Social Security Committee
Darrell Steinberg, President pro Tempore, California State Senate
Toni Atkins, Speaker of the California State Assembly
Nancy McFadden, Executive Secretary, Office of the Governor
Cathy McBride, Deputy Legislative Secretary, Office of the Governor
Karen Stapf Walters, Executive Director, California State Board of Education
Michael Cohen, Director, California Department of Finance
Keely Bosler, Chief Deputy Director, California Department of Finance
Nick Schweizer, Education Program Budget Manager, California Department of Finance