

Working together to support and improve California's public schools

**Association of California School Administrators (ACSA)**  
*representing more than 16,000 school administrators*

**California Association Of School Business Officials (CASBO)**  
*representing more than 4,000 school finance and administrative managers*

**California County Superintendents Educational Services Association (CCSESA)**  
*representing all 58 county superintendents throughout California*

**California Federation of Teachers (CFT-AFL-CIO)**  
*representing nearly 90,000 education employees*

**California School Boards Association (CSBA)**  
*representing nearly 1,000 K-12 school districts and county offices of education throughout California*

**California School Employees Association (CSEA)**  
*representing more than 230,000 classified school employees*

**California State PTA**  
*representing more than one million parents, teachers, and students in California*

**California Teachers Association (CTA)**  
*representing over 325,000 educators*

**Service Employees International Union (SEIU)**  
*representing more than 50,000 school employees in California*

**Legislative Consultant:  
Peter Birdsall  
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February 4, 2010

Secretary Arne Duncan  
U.S. Department of Education  
400 Maryland Avenue, SW  
Washington, DC 20510

Dear Secretary Duncan:

We are writing to express our serious concern about the proposed California state budget for K-12 education and to ask you to review carefully any waiver request or certification by the Governor that California is complying with the maintenance of effort (MOE) requirement of the American Recovery and Reinvestment Act. More specifically, we are urging you to enforce that requirement in order to protect the investment in public education for the children of California.

Our concern results from proposals by the Governor to reduce funding for K-12 education in California in 2010-11 by \$2.4 billion—approximately \$400 per student. On its face this proposal violates the maintenance of effort commitment made by the Governor and the state of California. However, the Governor's Administration claims that it can still meet the MOE requirement by using a measure of state funding for K-12 education as a percentage of the state General Fund.

Unfortunately, the Governor's proposed budget would manipulate this calculation in at least two ways:

1. It proposes to replace a sales tax on gasoline with an excise tax on gasoline. Since the excise tax revenues do not technically count towards the State General Fund calculation, but sales tax revenues do, this "gas tax swap" has the effect of reducing the General Fund portion of the formula. As a result, the budget proposes a cut to K-12 education that is "allowable" because the percentage of the reduced General Fund is being maintained. This manipulation allows the Governor to propose a reduction to K-12 education funding of more than \$800 million and still claim the state is maintaining the same level of effort.

2. The proposed budget would shift away from schools in 2010-11 approximately \$300 million in property tax revenues that were allocated to schools in 2009-10. Under state law, the state back-fills this loss of property tax revenue with state funds—resulting in no net increase in funding to schools, but showing a \$300 million increase in State General Fund support for K-12 education. This "increase" in General Fund support then allows the Governor to propose a separate, real cut of \$300 million in funding for schools, while claiming that the state is maintaining its level of General Fund support for schools.

We fully recognize that the federal government must be sensitive to the financial problems faced by states, but the proposals described above are manipulations of the funding calculations, not reflections of economic difficulties. We respectfully urge you to review these proposals carefully and then clearly inform the state that your Department will not allow the maintenance of effort requirement to be manipulated to create the appearance of state funding commitments that are not real.

Sincerely,



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Adonai Mack, ACSA



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Dennis Meyers, CASBO



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Mike Ricketts, CCSESA



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Jeff Freitas, CFT



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Debra Brown, CSBA



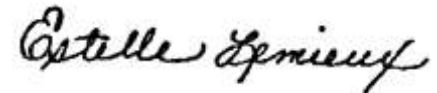
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Steve Henderson, CSEA



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Debbie Look, PTA



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Estelle Lemieux, CTA



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Michelle Castro, SEIU

cc: Dr. Thelma Meléndez de Santa Ana, Assistant U.S. Secretary of Education  
Anthony Miller, Deputy U.S. Secretary of Education  
Roberto J. Rodríguez, Special Assistant to the President for Education  
Governor Arnold Schwarzenegger