

California School Boards Association

December 13, 2012

The Honorable Jerry Brown
Governor, State of California
State Capitol, First Floor
Sacramento, CA 95814



Dear Governor Brown:

As you construct your budget proposal for 2013-14, we wanted to communicate some priorities from the perspective of the California School Boards Association (CSBA).

Before doing that; however, we want to thank you for the exceptional effort you put in to ensure voter approval of Proposition 30. We truly believe that we would not have seen victory without your hard work, especially near the end of the campaign. This letter outlining the priorities of the CSBA would be completely different had Proposition 30 failed. We are happy to not be writing that letter and are also grateful to you for your commitment to local control

With voter approval of Proposition 30 and the California economy on the upswing, we encourage you to consider the following recommendations and funding priorities as we close out the current year and look forward to 2013-14.

Wall of Debt: Deferrals

We urge you to remain committed to elimination of apportionment deferrals. In the current year, some \$2.2 billion is provided to reduce deferrals. School board members statewide remain concerned about the remaining level of deferrals and want to see you continue to commit at least that amount annually until they are gone. The burden deferrals have created varies widely between local education agencies (LEAs) and worsens in lower wealth areas that rely more on state aid to cover low property tax revenues. Because of the allocation of money in the current year toward deferral elimination, we now have the capability to allocate resources to LEAs for program purposes and to also dedicate serious money to deferrals.

COLA/Growth/Deficits

Using estimates from the Legislative Analyst, there is likely to exist an increase in the Proposition 98 guarantee in 2013-14 of some \$2 billion with larger increases continuing annually into the foreseeable future. Knowing that Department of Finance estimates will differ, there will still exist some level of increase in the guarantee that will allow for the beginning of a commitment to building back the base at least to 2007-08 funding levels and for the provision of COLA and enrollment growth (assuming it is positive). Our list of funding priorities is deferrals, COLA, growth, and deficits including revenue limit cuts and unfunded COLAs as well as the cut to categorical programs.

Proposition 39

With \$1 billion in estimated General Fund revenues coming in from the passage of Proposition 39, we argue that the transfer of \$550 million to the Job Creation Fund from the General Fund does not lower the overall obligation to fund the Proposition 98 guarantee. We were dismayed by the ballot statement analysis by the Legislative Analyst that suggested an increase of \$1 billion in General Fund revenue would result in a \$200 million bump in the guarantee. If Proposition 39 did not call for the new revenue to first be deposited into the General Fund we would probably have a different opinion. But the measure is drafted intentionally and to not provide schools with the full benefit of that money and could be viewed as a manipulation of the guarantee. Additionally, while distribution of the \$550 million for energy efficiency programs is not specified within Proposition 39, we urge your support for implementing legislation that ensures swift disbursement of project dollars to schools with as little bureaucratic meddling as possible. That would include relying more on a measure of program outcomes through audits rather than program input that a complicated application process would ensure.

Tier 3 Flexibility

We understand that the issue of Weighted Student Formula (WSF) will be continued in 2013 and we comment on that next. However, with the looming sunset of Tier 3 flexibility we are concerned that the WSF conversation will overshadow the critical need to extend Tier 3. At issue is that fact that LEAs must adopt their budgets for the current budget year plus two additional years. We expect that WSF will be in place in plenty of time to beat the sunset of Tier 3, but it makes little sense to put LEAs through the machinations surrounding a Tier 3 sunset in the out years if there is little likelihood that the issue will have to be dealt with. A Tier 3 sunset extension of two more years would accomplish that goal and we certainly urge you to propose that in your budget.

Weighted Student Formula

While everyone anticipates you will once again propose an overhaul of the school apportionment system with the creation of a WSF, we want to be on record requesting that you do so. Our system of school apportionments is convoluted, confusing, and unfairly biased. Moving to a weighted student formula will provide the transparency and equity that is needed to allow taxpayers to understand how their money is being spent and will encourage additional investment. However, from our perspective, there needs to be a real commitment to the WSF being done in a way that eliminates concerns from LEAs of all sizes and types. We appreciate the efforts of your administration to collect input from the myriad of stakeholders and now that your actual proposal is being drafted, we recommend that the following major provisions be included:

- We caution you against simply backing into the dollar amounts of the base grant and the weights using the amount of existing available resources. This is what caused so much concern and district opposition to your January and May proposals. We recommend proposing a base grant amount that addresses what is necessary to educate a child to meet the high expectations state and local districts have for California students. If that amount needs to be \$13,000, then so be it. That will allow the

education community to see that the administration and the Legislature are serious about steering investments into public schools, building back the base to at least the 2007-08 funding level, and setting forth a pathway for continued investment in schools. It will allow the education community to make our case to the voters when we approach them about what we need to see on a future statewide ballot.

- We also recommend:
 - o Grade-level differentiation between grades PK-3, 4-6, 7-8 and 9-12 with money currently allocated for K-3 Class Size Reduction and Career Technical Education steered toward the PK-3 and 9-12 grants respectively.
 - o Adjustments to the base grant levels to reflect regional cost of living variances.
 - o A weight for transportation costs.
 - o Special consideration for High Schools, where the numbers of Free and Reduced Price Meals students drops off after middle school, and for Necessary Small Schools.
 - o All current statutes relating to current categorical programs would be repealed.
 - o A parallel discussion of academic accountability measures should accompany the funding discussion to ensure that a rich and fully developed measurement of student outcomes is developed to compliment implementation of WSF.

We are poised to work with you in 2013 to design and support a change to the new funding model that will ensure an earnest reinvestment in education. We look forward to an open dialogue with you and your staff in the coming weeks.

Sincerely,



Dennis Meyers
Assistant Executive Director
Office of Governmental Relations
California School Boards Association

cc: Sue Burr, Executive Director, California State Board of Education
Ana Matosantos, Director of Finance, California Department of Finance
Cathy McBride, Deputy Legislative Secretary, Office of the Governor
Nick Schweizer, Program Budget Manager, Education, California Department of Finance