



June 25, 2024

Governor Gavin Newsom
Governor's Office
1021 O Street, Suite 9000
Sacramento, CA 95814

Assemblymember Robert Rivas
Speaker of the Assembly
California State Assembly
Sacramento, CA 95814

Senator Mike McGuire
President Pro Tempore
California State Senate
Sacramento, CA 95814

RE: CSBA Opposition to AB/SB 153 – K-12 Education Budget Trailer Bill

Dear Governor Newsom, Pro Tem McGuire, and Speaker Rivas:

On behalf of the California School Boards Association (CSBA), which represents nearly 1,000 school district and county boards of education statewide, we appreciate the efforts of the Legislature and the Governor to bridge the state's projected budget deficit.

However, we are compelled to share that we believe that AB/SB 153, as proposed, would violate provisions of Proposition 98 as enshrined in the state constitution and adopted by the voters in 1988.

In simplest terms, AB/SB 153 proposes to ignore any dollars appropriated to Prop 98 and that exceed the minimum guarantee when certain conditions are met.

We cite the language below in Section 16 as being problematic and having the impact of violating Proposition 98:

(d) (3) If the difference calculated pursuant to paragraph (2) is negative, meaning the total appropriations made to meet the estimated minimum funding obligation for the support of school districts and community college districts in the impacted fiscal year exceeded the minimum funding obligation to school districts and community college districts calculated with actual tax revenue data for the impacted fiscal year, all of the following apply:

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(A) The difference shall not be considered General Fund revenues appropriated to school districts and community colleges to meet the state's minimum funding obligation pursuant to Section 8 of Article XVI of the California Constitution in the impacted fiscal year in which the allocations were made.

(B) The difference shall not be included in the total allocations to school districts and community college districts from General Fund proceeds of taxes pursuant to Article XIII B of the California Constitution made in the impacted fiscal year in which the allocation is made for purposes of calculating the state's minimum funding obligation pursuant to Section 8 of Article XVI of the California Constitution in the subsequent fiscal year.

(C) The difference shall not be considered excess moneys credited to the fiscal year certified pursuant to subdivision (b) of Section 41206.03.

CSBA believes that this subdivision alters the application of two of the three formulas included in the California Constitution by Propositions 98 and 111 to determine the minimum amount of funding the State must allocate for education purposes. Both formulas (Test 2 and Test 3) begin with prior-year education funding and adjust those amounts to determine the future guaranteed funding level. By changing the funding that counts as part of the prior-year allocations to schools, the paragraph excludes funds above the minimum guarantee from those calculations for the subsequent year and effectively limits future guaranteed funding levels by ensuring that the amount calculated by these two tests will be artificially low.

The manipulation of the input into these formulas works to side-step the formulas themselves. Such an approach, if used on a regular basis, could allow the State to effectively write the formulas out of the Constitution. This is contrary to the language of Propositions 98 and 111, the intent of the voters in adopting them (based on the ballot materials provided to voters), and contemporaneous legislative action to implement Proposition 98.

We recognize that the legislature seeks to create policy that will ensure more fiscal predictability in times of delayed tax return collections. Although the language is narrowly tailored and is predicated on federal action, we are concerned that the basis for this provision, a limited series of events during the winter of 2023, could become more frequent. This is especially true given the greater frequency and severity of extreme weather events and wildfires due to climate change, or potential future pandemics.

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We seek to partner with you on this effort and respectfully request an opportunity to work with you on the development of alternative language that grants the state the ability to account for circumstances such as these while also adhering to the requirements of Proposition 98.

CSBA remains committed to working with you and is dedicated to moving in the direction of full and fair funding for our public schools.

Sincerely,



Patrick O'Donnell
Chief, Government Relations

- cc: Sen. Scott Wiener, Chair, Senate Budget Committee
Sen. Roger W. Niello, Vice Chair, Senate Budget Committee
Sen. John Laird, Chair, Senate Budget Subcommittee 1, Education
Members, Senate Budget Subcommittee 1, Education
Sen. Josh Newman, Chair, Senate Education Committee
Sen. Rosilicie Ochoa Bogh, Vice Chair, Senate Education Committee
Asm. Al Muratsuchi, Chair, Assembly Education Committee
Asm. Megan Dahle, Vice Chair, Assembly Education Committee
Asm. Jesse Gabriel, Chair, Assembly Budget Committee
Asm. Heath Flora, Vice Chair, Assembly Budget Committee
Asm. David Alvarez, Chair, Assembly Budget Subcommittee 3, Education
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Yong Salas, Consultant, Senate Budget Subcommittee 1, Education
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Nichole Muñoz-Murillo, Deputy Legislative Secretary, Office of the Governor
Brooks Allen, Executive Director, State Board of Education
Chris Ferguson, Program Budget Manager, Department of Finance
Sarah Haynes, Assembly Republican Caucus
Megan DeSousa, Senate Republican Caucus