



September 26, 2024

CSBA sues State of California for violating the State Constitution, undermining voter-approved Proposition 98, and destabilizing California's education funding system

CSBA President Albert Gonzalez states lawsuit was compelled by desire to protect needed resources for students and preserve the stability of California's school funding model

In an effort to defend the State Constitution, protect vital resources needed for California students, preserve the integrity of the state's school funding system, and respect the will of voters, the California School Boards Association's Education Legal Alliance is suing the State of California for its failure to comply with Proposition 98, the voter-approved school funding law.

Throughout the 2024 education budget process, the California Department of Finance, Gov. Gavin Newsom, and the State Legislature repeatedly introduced or retained budget provisions contradicting both the letter and intent of Proposition 98. Despite consistent objections from CSBA, the adopted 2024 Education Omnibus Budget Trailer Bill contains a provision that undermines Proposition 98's constitutional provisions and sets a precedent for funding school districts, county offices of education, and community colleges below the constitutionally mandated Minimum Funding Guarantee.

Specifically, Education Code section 41206.04 directs the state, in years following delayed tax collections, to alter the calculation of the minimum funding level under Proposition 98 by excluding funds previously allocated to TK-14 public schools from the calculation. This unlawful provision has the effect of artificially lowering the baseline upon which future years' school funding is established, thereby diminishing education funding indefinitely.

The subversion of Proposition 98 began with the Governor's January budget proposal, intensified with the May Revise, and due to CSBA advocacy, was scaled back in subsequent versions of the budget. Yet even the manipulation that remains is unacceptable as it removes a funding safety net that has served schools for more than three decades and could be used by future governors and legislatures to avoid complying with the Proposition 98 funding guarantee.

More severe financial circumstances than the one California is currently facing were resolved using the tools enshrined in Proposition 98 law — without resorting to unconstitutional measures. It was CSBA's hope that the current budget scenario would be addressed in a similar

manner and without the need for litigation, but the state's refusal to abandon the Proposition 98 manipulation left no recourse but a lawsuit.

The state has tried to rationalize this diversion from the law by specifying that it would only take place infrequently, when delayed tax collections occur as they did during the 2023–24 fiscal year. But the state cannot guarantee this and, even if it could, the presumed rarity of an unconstitutional act would not excuse it. In addition, the statute potentially opens the door for further manipulation of Proposition 98's minimum guarantee in other circumstances. CSBA's defense of voter-approved Proposition 98 is non-negotiable, as is the obligation of the state to follow the Constitution that governs it.

CSBA believes the courts will find, as we do, that this provision of the state's education budget trailer bill defies the expressed will of the voters, violates the California Constitution, destroys the common practice of funding public schools, and subjects students to unacceptable risks in the form of diminished resources to support academic achievement and well-being.