

The State Budget and the Education Coalition Position on the Budget

On May 17th, the Education Coalition sent the Legislature a position paper on the state budget. The following is summary sheet comparing the Education Coalition position on specific budget proposals and the actions adopted in the final budget.

Cutting funding below the current year levels

Coalition Position: “We believe the budget should not cut K-12 education below current year levels”

Adopted Budget: According to the non-partisan Legislative Analyst’s Office, the adopted trigger cuts would provide schools \$2.7 billion less in programmatic funding than the 2011-12 budget. Because state revenues are projected to be up \$4.9 billion without the Governor’s proposed tax increase, the Proposition 98 Guarantee would, on the natural, be about \$3 billion above the 2011-12 level. However, to protect health and welfare programs from trigger cuts, the budget manipulates Proposition 98 (see manipulation of Proposition 98 discussion below) by counting debt service payments toward the Guarantee to achieve \$2.7 billion in savings.

No Further Cuts

Coalition Position: “The budget proposes cuts to K-12 education in 2012-13. It is important that there be no further cuts to the K-12 education budget and programs. This is particularly critical if the tax initiatives fails. Preserving the remaining resources to education will be essential for districts to survive.”

Adopted Budget: The budget includes \$5.9 billion in education trigger cuts, \$5.4 billion aimed at K-14 schools and colleges. The non-partisan Legislative Analyst’s Office estimates that the trigger cuts, combined with the manipulation of Proposition 98, will result in a \$2.7 billion programmatic cut.

Trigger Reductions

Coalition Position: “Trigger reductions are disproportionate to K-14 education. We oppose the disproportionate \$5.5 billion in trigger reductions to K-14 education should the Governor’s proposed tax initiative fail. As noted by the Legislative Analyst, ‘Proposition 98 funding for schools and community colleges would bear the brunt of such reductions: \$5.5 billion (90 percent) of the \$6.1 billion in total trigger cuts.’ Moreover, the trigger reductions would go back to the pattern of disproportionate cuts to education that have devastated services to school children since the budget crisis began.”

Adopted Budget: Includes the full \$5.4 billion K-14 trigger cuts (changes to the final agreement result in \$5.4 billion in K-14 trigger cuts). This represents 90% of the trigger cuts. In addition to the K-14 trigger cuts, the adopted budget includes \$500 million in higher education cuts. Thus, education takes 99% of the trigger cuts despite the fact that education funding only represents 50% of state spending. Health and Welfare programs are largely exempted from the trigger cuts; in fact, the Governor projects health and welfare spending to grow by 18 percent over the next 3 years.

Maintaining the Integrity of Proposition 98

Coalition Position: “We urge protecting the integrity of the Proposition 98 Guarantee. For example, inclusion of \$2.4 billion of debt service payments in the Proposition 98 guarantee is both inappropriate and unconstitutional. “

Adopted Budget: The adopted budget moves debt service payments into the Proposition 98 Guarantee if the voters reject the Governor’s \$45 billion tax increase. Furthermore, the final agreement ignores a provision in the 2011-12 education budget trailer bill (AB 114) related to last year’s realignment revenue, which would require the state to restore \$2 billion to Prop 98 if the taxes fail. If this provision was heeded, Prop 98 could not be manipulated. Rather, the Legislature would either have to provide the \$2 billion (mitigating much of the trigger cuts) or suspend the Prop 98 Guarantee with a required two-thirds vote.

Deferrals

Coalition Position: “Many school districts are on the edge of fiscal insolvency due to existing apportionment deferrals. The additional intra-year borrowing (as much as \$3.2 billion on a monthly basis) required of school districts and county offices called for in the Governor’s budget proposal represents additional, significant challenges for schools. It is essential that when the Legislature and the Governor enact a final budget in June, there can be no additional reductions in monthly cash apportionments.”

Adopted Budget: The final budget creates a new \$7 billion intra-year deferral for schools. In effect, it cuts school payments by \$7 billion at the beginning of the year and proposes to restore them with \$7 billion in tax initiative revenues at the *end* of fiscal year 2012-13.

Revenues

Coalition Position: “Without significant new revenues, our schools and students will suffer from a cut that would be equivalent to three weeks of instruction. This is simply unacceptable.”

Adopted Budget: Assumes \$45 billion tax increase is approved by voters. Authorizes a 4 week reduction to the school year. Does not consider alternatives offered by the non-partisan Legislative Analyst’s Office or the Republican “Roadmap” that would have reduced or eliminated the need for any cut to schools.