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Assembly California Legislature



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Tuesday, June 17, 2014

The Honorable Edmund G. Brown, Jr.
Governor, State of California
State Capitol, First Floor
Sacramento, CA 95814

Re: Recommended Veto of SB 858 (Budget)

Dear Governor Brown:

We respectfully request a veto of Senate Bill 858, which was passed the Assembly Floor on 6/15/2014 as part of the 2014 Budget Act by a vote of 55-23, with 23 Members of the Assembly Republican Caucus voting 'no'.

We support much of the measure, including the repayment of \$5.2 billion in outstanding education deferrals. While this is \$1 billion less than you proposed in your original budget, we would wholeheartedly support this provision if it were in a freestanding bill.

Unfortunately Senate Bill 858 includes a cap on school district reserves. The trigger cap for large school districts like Los Angeles Unified is 3 percent, and for all other districts would be up to 10 percent. School districts note that this reserve level could be less than one month of their payroll.

The unprecedented fiscal irresponsibility associated with this cap runs counter to your efforts to give schools and communities more local control over school spending, just one year after the adoption of the Local Control Funding Formula (LCFF). Additionally, it runs counter to your efforts to establish a strong state budget reserve.

According to school officials, building up prudent local reserves takes many years, and sometimes tough negotiations. Many districts have used their reserves to weather the fiscal storms of recent years. These reserves have allowed districts to continue serving children when the state saddled them with payment deferrals and budget cuts in recent years. Just because the state makes a deposit in the Public School System Stabilization Account in one year does not mean that large increases in local education funding will follow the next year. Districts could be forced to spend down their reserves, not out of necessity, but because of the requirements in this bill. SB 858 could leave them without sufficient resources during real times of need.

Civil rights organizations agree that this language is an assault on the most vulnerable students. When staff layoffs occur in difficult fiscal times, low-income and English Language Learner students are hurt the worst, because they are disproportionately educated by the least-experienced teachers. These teachers are the first to be laid off in a fiscal downturn. Additionally, civil rights groups note that

programs that serve low-income students and English Language Learners are often the first to be cut when funding declines.

Proponents of the measure suggest that the section should not harm schools because their county offices of education could waive the cap. While the bill does include a waiver provision, the provision can only be authorized for two fiscal years. Additionally, this limited waiver authority would require districts to adhere to a long bureaucratic process merely to act with prudence.

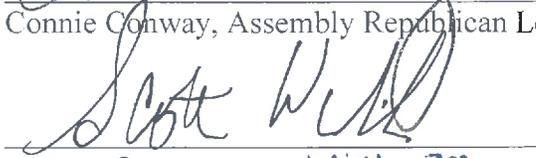
Suggesting that this cap proposal is acceptable because it will rarely be utilized does not provide much comfort to local districts. As one individual in the education community put it, trying to sell this reserve cap as something that will rarely occur would be like trying to sell a clear-cutting proposal to John Muir – suggesting that it's fine because it will only happen once every 50 years or so.

Finally, it is deeply troubling that the budget reserve provisions of the bill were included at the last minute without appropriate legislative deliberation. As a matter of transparency and fairness, the provisions of this measure should be subject to further debate and discussion. In our view, the effect of this school reserve proposal casts a fatal pall over the positive aspects of this legislation.

For these reasons, we strongly urge you to veto SB 858. We stand ready to immediately pass the deferral repayment in another bill so that this important provision is not lost.

Sincerely,


Connie Conway, Assembly Republican Leader

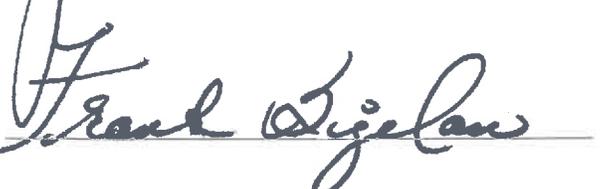

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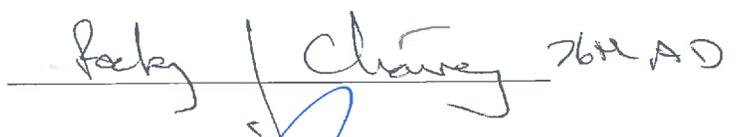

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Frank D'Agostino


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AD12

Marie Waldron AD75

Brian Waisstein

Barb Dain AD66

Michelle Wagner AD68

Al Nestor 42

Dan Fogue 3

~~Ellen Fogue~~ 35

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