

Assembly Constitutional Amendment 2

Prioritizing Education. Prioritizing Our Future.

Beginning in the 2001-02 school year as a small and temporary budget solution, and increasing significantly in 2008-09, California has excessively relied on cash deferrals to K-12 school districts and community colleges to balance the state budget. Over \$10 billion annually is now used as a budget mechanism to fund other government programs by withholding funds for our schools and colleges and not paying what is owed to them under constitutional K-12 school and community college funding guarantees, thus misleading Californians on the true cuts and actual funding available to operate our schools and community colleges.

Receiving \$1 out of every \$5 owed to K-12 schools and community colleges after the end of the academic school year has taken a demoralizing toll on the teaching professions of both systems by contributing to education program uncertainty and unprecedented educator layoffs. Programs for K-12 students have been reduced or eliminated, including career, vocational, and technical education, university preparation, afterschool programs, sports, arts and music, counseling services, availability of libraries, and even core academic programs. Community colleges have reduced access to courses needed to graduate on time.

Sacramento Must Stop the Practice of Raiding Education Funds

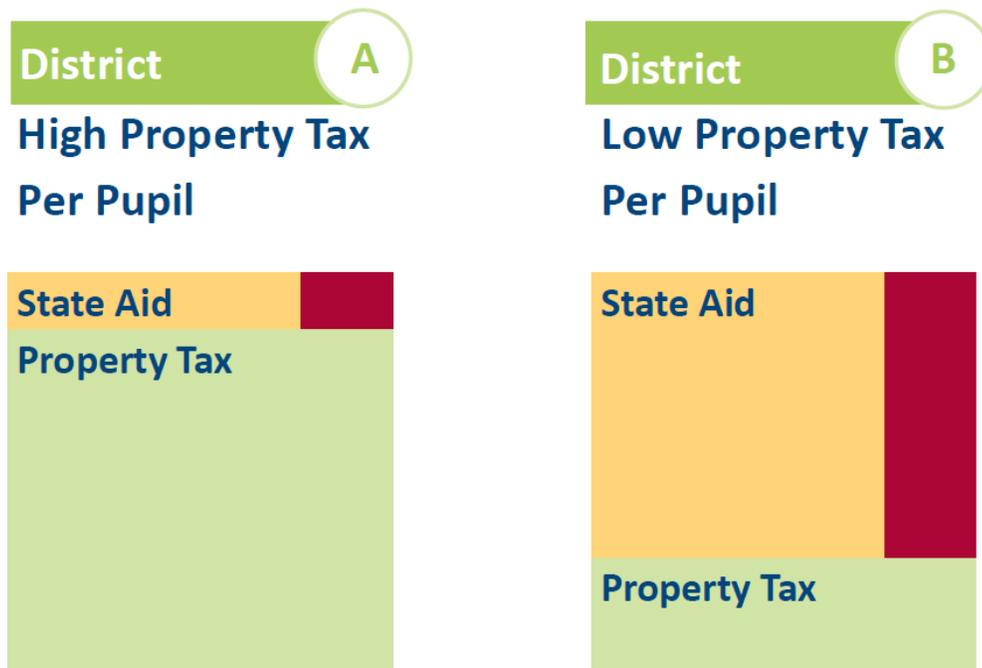
ACA 2 will prohibit the Legislature, after enactment, from deferring payments to California's schools. This Act will force the Legislature and Governor to account for state funding shortfalls in an open way so that voters can accurately judge what is actually spent on education without the mask of budget manipulation. If cuts are made to education because of lack of funding, they should be done openly and based on the projection of revenue for that year and without deferrals that suggest a promised payment in some future date that has nothing to do with the school year at hand.

Eliminating the practice of deferrals to K-12 schools and community colleges will improve our children's education by improving school district financial health, reducing the risk of a school district or community insolvency and the disruption of services from emergency budget cuts to school programs

Deferrals Cause Financial Disparity in Low Property Tax Districts

Because the state portion of school district revenue limits uniquely accommodate differences in property taxes collected at the local level, low property tax wealth school districts suffer disproportionately more than wealthy property tax districts because school district cash deferrals are applied at the same percentage. Property tax differentials cause some districts to get only a small amount deferred while others have the same percentage applied to a much larger state

contribution. This practice ultimately violates the equal application clause to California's funding of public education.



Cross-year deferrals have directly resulted in reduced local school district and community college control over the maintenance of sound education practices including adequate course offerings, reasonable class sizes, the deterioration of our education facilities for lack of maintenance funding, and depletion of reserves for economic uncertainty from accumulated annual funding losses. To make ends meet, districts have suffered increased borrowing costs, increased layoffs and have had to jeopardize the overall financial health of their districts.

Districts Are Incurring Additional Unreimbursed Costs

Districts are forced to take out loans to cover the shortfall from the state's deferrals. Many schools have borrowed to their maximum amount, making it impossible for them to take out additional loans. Additionally, districts with lower credit ratings from excessive borrowing are forced into higher-interest loans. Again, many of these are the districts with low property taxes. This deferral process is not only reducing a higher amount of state aid, but also disproportionately increasing their borrowing at higher interest rates. Adding insult to injury, the school districts forced into borrowing are solely responsible for the interest on the loans they take out.

We Must Demand Accountability

Sacramento must stop the practice of using education funding as a piggy bank to cover other expenditures. This practice is like putting a Band-Aid on a broken leg—nothing will ever line up, and the longer it goes unchecked the harder it will be to fix. Let's demand accountability from our government and have an honest conversation about fully funding our schools. No more deferring, borrowing, or glossing over. Our students have the first reign on our budget, and they deserve every penny owed to them.