

Fourth District PTA Advocacy Communicator



FOURTH DISTRICT PTA ADVOCACY TEAM

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Gov. Brown proposes cautious budget, LAO is more optimistic

Ever the fiscal conservative, Gov. Jerry Brown has proposed a 2017-18 state budget that includes only a small funding increase for education. Citing lower tax revenues, a possible future recession, and uncertainty about the future under the new Presidential administration, Brown would increase funding for schools by only 2.1 percent over last year's approved budget.

The \$73.5 billion proposed education budget would raise school funding by little more than a cost-of-living increase, according to John Fensterwald (edsources.org).

For the past two years, tax revenues have fallen below what was forecast. As a result, the state Department of Finance reduced the Prop. 98 funding that school districts already received by \$885 million for combined 2015-16 and 2016-17. Those overpayments will be deducted from the 2017-18 allocation for Prop.98, according to the Governor's budget.

The nonpartisan Legislative Analyst's Office (LAO) has a more optimistic outlook and predicts higher income tax revenues in the near future as the stock market continues its growth. This could lead to as much as \$1.5 billion in additional revenue for education, the LAO said.

While schools have received more money during the past several years, the state has yet to fully fund the Local Control Funding Formula (LCFF), which provides additional money to school districts for students who are low income, English learners or in foster care. Full funding will be achieved when every district receives at least the inflation-adjusted, pre-recession funding it received in

Funding goes to CalSTRS payments

A substantial portion of the funding school districts receive this year will not be used for education programs because school districts are paying more into the California State Teachers' Retirement System (CalSTRS).

The 101-year-old pension system has never been properly funded and does not have enough money to pay future obligations. In 2013, Governor Brown and the state Legislature negotiated a program to eliminate the \$74 billion unfunded liability by requiring the state, school districts and individual teachers to pay increasing amounts into the system each year.

This year, school districts contributed 12.58 percent of their payroll to CalSTRS. If contribution levels increase as expected, school districts will pay 19.1 percent, or about \$4.4 billion, for retirement costs by 2020-21.

2007-08, a time when schools were far from being adequately funded. Currently LCFF is 96 percent of the way to full funding, according to the state Department of Finance.

Other proposals in the budget include:

- Postponement of plans to increase slots in the state preschool program.
- No new money to address the teacher shortage.
- A proposal to distribute special education funding directly to school districts instead of going through Special Education Local Planning Areas (SELPA's).

CAPTA response to Governor's budget

California State PTA President Justine Fischer issued the following statement on Gov. Brown's budget:

The governor's proposed budget holds steady the overall trend toward bringing California's schools back to pre-recessionary 2007-2008 fiscal year funding, and for that we appreciate his effort. We are hopeful that revenue projections will improve by this spring, and that policymakers in Sacramento will provide a final education budget that reflects the true needs for all children. We are especially grateful to the people of California for voting for Proposition 55 to ensure that we continue to stem the damage done by years of recessionary cuts, and we look forward to seeing those benefits this year and beyond.

Although this year's budget proposal and recent propositions help bridge gaps, we still have inadequate funding for education. That's why we will continue our advocacy to ensure our students have what they need to succeed:

- Research shows that family engagement is a major factor – as well as a cost-saving investment — in student success; yet, while family engagement is mandated as part of the new Local Control Funding Formula, there is still no mandated funding to make meaningful engagement happen, leaving our schools, families and students high and dry.
- We appreciate the governor's support as we work to get our children closer to the national per-pupil funding average, but we still have ongoing inadequate education funding.

The future of our kids and our state are at stake: We look forward to continuing our conversation with the governor, the Legislature and other stakeholders on the ongoing and timely needs of California's 9 million children.

How has Proposition 98 affected education funding?

It has been 25 years since California voters passed Prop. 98, a measure that was intended to ensure that a “minimum guarantee” of each year’s state budget would be spent on public schools. It was also supposed to take politics out of the school funding process. How has that worked out for the state’s education system?

A new report by the nonpartisan Legislative Analyst’s Office attempts to answer that question. Here are some key points:

- The original version of Prop. 98 had two tests or formulas for calculating school funding in a given year. Due to the passage of Prop. 111 and legislative action, the minimum guarantee is now determined by eight interacting formulas and nearly a dozen different inputs.
- Prop. 98 tried to guarantee that 40 percent of each state budget went to education. In all but one of the past 25 years, the legislature has found ways to suspend Prop. 98, shift revenues or make other adjustments to move the guarantee up or down.
- In times of economic downturn, the state has paid schools less than the Prop. 98 requirements, creating a “maintenance factor” that must be repaid to school districts in subsequent years. The legislature has done this eight times. In 2008-09 the state owed school districts \$11.2 billion. Most of that has been repaid, but the state still owes districts more than \$800 million.
- Key issues regarding how Prop. 98 is implemented have not been resolved, in spite of continuing debates, lawsuits and court rulings.
- The school funding formulas “have shown repeatedly that they are unable to react well to real world developments.”
- There is no evidence that school funding is higher or that school funding decisions are less political due to Prop. 98.
- Prop. 98 formulas “have muddled the budget process, requiring legislators to dedicate considerable time to understanding a plethora of formulas and their often counterintuitive results, while leaving less time for legislators to focus on the education system’s overall effectiveness and efficiency.”
- “All these factors suggest the state should be extremely cautious about adopting new budget formulas in the future.”

PTA presents Dashboard webinar

If you missed the chance to learn about California’s new school accountability system at the January Advocacy Forum, you have another opportunity.

California State PTA will present a webinar on the Dashboard on Wednesday, February 8, at 1 p.m.

The webinar will explain the multiple measures that will appear on the Dashboard website. Learn how you can engage in school-improvement conversations by understanding the new data Dashboard and how it relates to the Local Control and Accountability Plan (LCAP).

To register, go to www.capta.org.

Governor holds Prop. 51 funding

In November California voters passed Prop. 51, a \$9 billion school facilities bond, but Gov. Brown announced that the state will not issue the funding for K-12 schools until the Legislature establishes better auditing procedures to document how the money is spent.

Gov. Brown opposed Prop. 51. He objects to the state’s current funding system for school facilities because it favors large and wealthy districts that can submit applications quickly. In addition, he says the current program lacks oversight, discourages innovation in school construction, and adds to the state’s debt payments.

It could take a year to 18 months to pass new state laws and regulations regarding the dispersal of bond funds, experts say.

K-12 schools are slated to receive \$6 billion from Prop. 51, with the remainder going to community colleges, charter schools, and career and technical education facilities.

To qualify for state funds, most districts must provide matching funds to cover 50 percent of costs for new construction and 40 percent for modernization projects. In November, school districts passed \$16.5 billion in local school construction bonds. Since this is almost three times as much as the state bond, it will be impossible for all of the districts to get matching Prop. 51 funding.

March 2017 Advocacy Forum Under Construction!



A panel of Orange County school district superintendents will discuss:

- Budget challenges
- Dealing with CalSTRS payments
- Impact of LCAP
- Parent involvement
- Common Core implementation
- Your questions!

Watch your email and the next *Advocacy Communicator* for more information!