2012-13 Budget Proposal
Position Paper

The Association of California School Administrators (ACSA) is a statewide nonprofit association representing over 15,000 county office, school district, and school site education leaders. ACSA continues to be a primary stakeholder in the annual K- adult education budget process and provides analysis, input, and advocacy on behalf of its members to the executive, legislative and regulative branches of state government. ACSA looks forward to working with the administration and the Legislature on the Governor's 2012-13 State Budget and Proposition 98.

In the past three years, the state budget has cut education funding by $18 billion. Public education which amounts to almost 40 percent of the state budget has absorbed over 60 percent of the cuts. School leaders have been forced to decimate programs and services to students in the last several years in an effort to balance their budgets. The state's students have experienced the loss of instructional support and services ranging from the elimination of intervention programs to summer school. Further, school leaders have been forced to increase class sizes and layoff thousands of teachers, instructional aides, librarians, counselors, janitors and administrators.

This year, the governor attempts to reverse this trend of consistent cuts to public education by asking the public to support tax increases for education funding through a ballot initiative. We applaud the Governor's call for new revenues because they are needed to maintain core educational programs.

Below are ACSA's policy positions in response to the governor's budget proposals and the discussion of the current budget deficit:

Funding Deferrals and Debt
The governor proposes to use the additional funding from his tax initiative to refund some of the deferrals. The state currently defers over 25 percent of school funding from fiscal year to fiscal year. Funding deferrals have caused districts to borrow money in order to sustain district cash flow. ACSA appreciates the governor's proposal to reverse funding deferrals, however, the deferrals are not the only debt items that exist in the education budget. School districts currently receive 20 percent less revenue limit funding due to a deficit factor that would reach 21 percent under the governor's budget proposal. ACSA believes that the governor should focus not only on paying down the deferrals but also commit funds to restoring the deficit factor. Any new Proposition 98 dollars should be focused on all debts to schools before funding other priorities.

Proposition 98 Manipulation / Budget Triggers
ACSA strongly opposes any attempt to manipulate the Proposition 98 funding guarantee. The state historically has paid for the debt service for general obligation bonds out of General Fund resources. However, now the governor intends to switch those payments from the General Fund to the Proposition 98 Guarantee under the governor's back up budget plan. This is a clear manipulation of the guarantee and ACSA questions the legality of completing such a maneuver. Further, the proposal eliminates the hold harmless provision due to the shift in gasoline sales tax guaranteed in the 2010 Budget Act. The elimination of this hold harmless provision continues a practice of eroding the minimum funding guarantee for public education. Both of these measures could reduce education funding by almost $3 billion.

The governor also proposes several automatic mid-year budget cuts that are triggered in the event of the governor's revenue ballot initiative failure. Regardless of our opinion of this method, it appears that once again education takes the brunt of any possible mid-year budget cuts. The budget proposes to cut almost $5 billion from Proposition 98 if the governor's ballot initiative fails. This accounts for 90 percent of the cuts even though education only receives 40 percent of the revenues generated from the initiative. Clearly this is not an equitable method to building the state budget.

Increased Revenues

ACSA supports a balanced approach to the state budget and always supports additional revenues for public education. ACSA also understands the governor's attempt to increase revenues through a ballot initiative. However, we question the temporary nature of the revenue package. This places education in a precarious position of facing a cliff effect in the coming years similarly to the situation public education faced this past year. Further, we do not support the permanent switch of the sales and use tax to local government. This continues a troubling trend of eroding Proposition 98. While minimal in the short term, the long term impact of this shift means the loss of billions of dollars for public education.

Categorical Flexibility/ Weighted Student Formula

ACSA has previously supported broad flexibility in the use of categorical programs, which we believe is a tool to keep districts solvent and maintain services to the state's students. However, we believe that shifting to a new funding model for public education in this economic climate is challenging. ACSA believes that switching to a weighted student formula model can be successful, but it can only occur when several factors are addressed first. These factors include:

- Restoring the current deficit factor and funding a COLA – Districts are being provided 20 percent less funding due to a continued loss of a COLA and cuts to the revenue limit from previous budget reductions. In addition, the 2009 Budget Act cut 20 percent from a majority of categorical programs when establishing additional flexibility. Districts need the resources to maintain the core program and mission and this can only occur if their base funding is restored or phased in as the state moves forward with a new funding mechanism.

- Infusion of funding – As the administration acknowledges, there will be winners and losers in switching to a new weighted funding scheme. Given the continued reduction to education funding where school districts have lost over $18 billion in resources, the state should not pursue a reform that further reduces funding to some schools thereby threatening the education of thousands of children. All the research conducted on implementing a weighted student formula method has concluded that an infusion of resources is necessary to ensure that there are no losers. ACSA believes that only with an infusion of new dollars is implementation of this reform fair and equitable.

- Exclude some programs – There are some programs that must remain separate and unique. ACSA believes that programs where students will not be served through our core program should be preserved. These programs include Adult Education, Regional Occupational Centers and Programs (ROCPs), Community Day Schools, Juvenile Court Schools, Special Education, and Home to School Transportation. We believe that these types of programs serve a specific group of students that without them students will not receive a quality education.

School Transportation

The governor's proposal completely eliminates school transportation from the state budget. In many rural areas, public transportation is not an option and the roads are very treacherous for children to walk alone. In urban settings, children will have to walk through dangerous neighborhoods and on busy streets to get to school. Further, denying children home to school transportation services will inevitably lead to a drop in school attendance. As a result, schools will receive even less education funding from the state. This creates a downward funding spiral for many of California's neediest school districts.

State mandates

ACSA is intrigued by the mandate proposal. The current mandate system is a convoluted mess of requirements that prevents many districts from accessing the resources due to them. However, this proposal is confusing. Instead of eliminating all mandates or streamlining the reimbursement process, the governor's proposal makes mandate requirements optional. An optional mandate defies logic. The proposal eliminates a constitutional obligation for the reimbursement of mandated activities. Trading a constitutional guarantee for the uncertainly of the budget process is risky at best. ACSA believes that state mandates should either be paid or eliminated.