

May 19, 2024

Proposition 98 Talking Points

CSBA is asking all school board members to condemn the illegal Proposition 98 maneuver contained in the Governor's May Revise Proposal and urge the Legislature and the Administration to honor the constitutional protections for Prop 98, the primary source of school funding.

Core message

- The May Revise places Proposition 98 under siege by violating the State Constitution, contradicting the will of the voters and reducing future school funding by billions of dollars

Request

- We're asking the Governor and the Legislature to abandon an unprecedented maneuver in the May Revise that would dismantle Proposition 98 and destabilize TK-14 education funding
- CSBA is asking all school board members to condemn the illegal Proposition 98 maneuver contained in the Governor's May Revise Proposal and urge the Legislature and the Administration to honor the constitutional protections for Prop 98, the primary source of school funding.

Key talking points

- CSBA is opposed to the maneuver because it:
 - Undermines the spirit and the statutory and constitutional requirements of Prop 98
 - Sets a troubling precedent that could be used by future governors and legislatures to avoid complying with the Prop 98 funding guarantee
 - Removes a funding safety net that has served schools for more than three decades
 - Ignores that previous – and more severe – financial crises were resolved using the tools enshrined in Prop 98 law without resorting to unconstitutional measures

Additional context

The Governor's unconstitutional funding maneuver would have the state loan \$8.8 billion (roughly \$1,507 ADA) * in funds to itself — money already given to schools — while reclassifying those funds as non-school spending for the purpose of Prop 98 calculations

The maneuver could result in a \$15 billion (roughly \$2,569 ADA) * loss to Prop 98 over the three-year budget period, conditioned upon a number of factors, including the operative test and use of the reserve. It could also be far worse if revenues continue to decline.

**ADA estimates are averages that do not account for LEA variance due to Local Control Funding Formula (LCFF) supplemental and concentration grants and other factors*



- Manipulating the operative test year and rescoring prior-year funding to schools as non-education funding would lower the baseline for calculating future Prop 98 allocations and reduce education funding for years to come
- CSBA urges the Legislature to:
 - Protect Proposition 98
 - Reject the Governor’s proposed funding maneuver
 - Ensure any efforts to alter education funding align with the statutory and constitutional provisions of Prop 98
- Preferable (although imperfect) alternatives to the maneuver exist, including:
 - Deferrals
 - Suspension of Prop 98 with a “maintenance factor” – a debt that requires repayment
- The state has previously confronted deficits that prevented it from meeting the Prop 98 guarantee. In all previous situations, the state followed the law, and it should do so this year
- We can’t sit idly by as the state budget violates the State Constitution, undermines Proposition 98 and reduces school funding for the foreseeable future

