



December 8, 2014

The Honorable Jerry Brown, Jr.
Governor
State Capitol
Sacramento, CA 95814

Budget and Fiscal Recommendations

Dear Governor Brown:

On behalf of the California School Boards Association (CSBA), thank you for your leadership on education issues over the past four years. The association looks forward to working with you closely over the next four years to continue to improve learning conditions and outcomes for California's students. CSBA represents nearly all of the state's school district and county office of education governing boards. In essence, CSBA represents the six million students served by our members. As you finalize your January budget proposal, the association urges you to consider the priorities outlined below. These measures will go a long way towards ensuring that California's public school students are ready to succeed as they leave the K-12 system.

Repeal statutory provision capping school district reserves and ending balances. With the passage of Proposition 2, the state Rainy Day Fund, the statutory provision capping school district reserve levels and ending balances becomes operative. The statute presumes that reserves and ending balances capped at twice the minimum recommended for economic uncertainties is sufficient. CSBA's recent report on the funds encompassed by the broad definitions included in the reserve cap language demonstrates the negative impact of the cap and the faultiness of this presumption.

Governing boards understand the importance of fiscal prudence, the need to budget responsibly, and the need to set aside funds for building projects, textbook purchases, employee benefits such as retiree healthcare, maintenance projects, bus purchases, etc. As discussed in the CSBA report, the statutory cap on reserves and ending balances will result in districts having to spend these monies when there is even a small contribution at the state level to the Proposition 98 Rainy Day Fund. Such a requirement will force districts to increase their external borrowing, face worsened credit ratings and higher interest charges, and forgo any real savings for economic downturns and major purchases. Lower ending balances will put more districts at risk of financial distress. That is why CSBA urges repeal of the statutory cap as soon as possible in the new legislative session.

Local Control Funding Formula (LCFF) and adequate investment in California's students. California's leadership in developing an education funding allocation method based on equity, transparency and subsidiarity is a national model. The LCFF is transforming planning and budgeting at the local level. Districts have adopted their first Local Control and Accountability Plans in conjunction with their budgets. With prior and current year state funding, they are now more than a third of the way to full implementation funding. CSBA urges you to continue to fund and to accelerate LCFF funding so that districts reach their full target funding levels before the 2019-20 fiscal year.

Turning from equity to adequacy. Even with the achievements of LCFF and progress towards goals of improved outcomes for students, California's funding for education remains far from commensurate with what schools need to prepare young people for college, career and adult civic life. Our state needs more highly skilled workers, ready to contribute to and thrive in our economy. California is at or close to the bottom in rankings on per pupil funding, the adult-to-student ratio on school campuses and learning time -- things that make a real difference in the lives and success of students. Proposition 98 provides a critical floor for funding schools but does not ensure the level of funding that will meet the demands of California's students and our economic future. CSBA urges you to look at adequate funding and making greater investment in education. The association has asked the Legislature to hold informational hearings and looks forward to engaging in dialogue about the level of funding needed to ensure our students excel.

End remaining deferrals. CSBA appreciates and endorses the schedule for eliminating any remaining deferred payments by the end of 2015-16.

Transportation funding equalization. As you know, funding for home to school transportation remains outside LCFF and the transportation funding formula has not been updated in years. It is widely recognized as outdated and irrational. The statewide average reimbursement is 35% of approved expenditures, with wide variation so that some districts receive over 80% and others just 10%. The impact is particularly inequitable for those areas of the state that are rural and must bus students long distances, and those areas of the state that have undergone significant population growth in the years since the program was established.

To address this continuing inequity, CSBA urges you to provide funding so that those districts that are funded under 50% of their approved costs are brought up to 50% over the next five years and to provide all recipients a cost of living adjustment. CSBA estimates this would mean approximately \$34 million a year for five years.

Implementation of Common Core State Standards and assessments. California educators have made serious strides in preparing for and implementing these standards and assessments but further investments in professional development, materials and technology are critical to ultimate success. CSBA supports additional one-time allocations of funds for local education agencies to use in order to meet local priorities and ensure successful implementation of the standards and administration of the exams.

Pay down outstanding mandate payments. Schools continue to be owed billions of dollars for providing legally required services for which the state is obligated to reimburse them. CSBA values your resolve to pay down the state's wall of debt and supports your continued commitment and action on this issue.

Special Education. CSBA looks forward to the recommendations of the Special Education Task Force, especially as they relate to improving quality of instruction and outcomes for students with disabilities and to addressing the critical need for commensurate funding for special education programs and services.

Adult Education. CSBA supports the regional consortia and collaborative efforts across the K-14 systems. The association recommends that school districts have the opportunity to provide adult education in ways to best meet the needs and priorities of their local communities. To this end, CSBA supports the use of existing fiscal infrastructures within the California Department of Education and the Community Colleges Chancellor's Office to administer and appropriate adult education funding to their respective consortia members.

Regional Occupational Centers and Programs. CSBA represents close to twenty Regional Occupational Centers and Programs and urges that their unique and critically needed programs be provided with a continued funding stream.

School facilities funding. The school construction and modernization program has been one of the state's most successful infrastructure efforts and voters continue to demonstrate support for building and maintaining their schools. In November, 81% of local school bonds passed, totaling over \$9 billion, with the expectation that there would be state matching funds. Local support alone will not meet the entire need. Continued state participation is vital to ensuring our schools are places of 21st Century learning. California has not had a state facilities bond since 2006 and the need to modernize and build facilities has grown substantially. CSBA looks forward to working with your administration and the Legislature to craft the next state school bond.

Thank you for your consideration. Please don't hesitate to contact me for further information.

Sincerely,



Andrea Ball, J.D.
Legislative Advocate

Copy: Nancy McFadden, Executive Secretary, Office of the Governor
Cathy McBride, Deputy Legislative Secretary, Office of the Governor
Karen Stapf Walters, Executive Director, California State Board of Education
Judy Cias, Chief Counsel, California State Board of Education
Michael Cohen, Director, California Department of Finance
Keely Bosler, Chief Deputy Director, Budget, California Department of Finance
Nick Schweizer, Program Budget Manager, Education, California Department of Finance