October 13, 2017

Dear «Titletitle_Name»:

School district and county office of education contributions to pension funds reached a record high in 2017, and are poised to climb even higher. While the state has enacted some pension reform, pension costs continue to increase. In the decade spanning from 2013–14 to 2023–24, pension costs will triple.

As a result of these increased costs, districts and county offices of education are struggling to manage their pension contributions and are being forced into difficult choices that may undermine the education of California's public school students.

California currently ranks near the bottom nationally in school funding and school staffing. At the same time, increasing pension costs are exacerbating the financial situation for some school districts and county offices of education. In some cases, higher pension costs are already outpacing Local Control Funding Formula increases and preventing local governing boards from investing additional resources in student learning. The 2017–18 budget provides for a 1.56 percentage point increase in the cost-of-living adjustment. For the same year, pension costs rose an average of 1.87 percentage points as CalSTRS and CalPERS contribution rates grew to 14.4 percent and 15.8 percent, respectively.

As demonstrated by a 2017 survey of CSBA members who serve on our Delegate Assembly (a body which represents roughly a quarter of the school districts and county offices of education statewide), mounting pension costs could push districts and county offices toward insolvency and result in reduced opportunities for students. **More than half of those polled (52 percent) said they are dipping into reserves to fund pension contributions**. Forty-three percent of respondents indicated that they have **already cut programs that were included in their Local Control and Accountability Plan** to help pay for rising pension costs. Among those who indicate that they have not yet eliminated programs because of pension burdens, a full **68 percent** anticipate having to do so in the next two to three years — and this is during a period of extended economic growth.

CSBA urges you and your colleagues in the Legislature to explore options that will help mitigate the negative impact rising pension costs are having on the ability of school districts and county offices of education to provide their students with a world-class education, and to ensure that *every* California student is prepared for college, career and civic life.

Sincerely,

Vernon M. Billy
CEO & Executive Director