



Budget Watch 2008

Tracking the state's \$14.5 billion budget deficit. 01.23.08

California is facing a \$14.5 billion budget shortfall. Governor Schwarzenegger has proposed 10% across the board cuts for all state services—including public education. He has declared a state fiscal emergency and called an special legislative session to deal with it. This equates to \$4.8 billion in cuts to our public schools over the next 18 months. That's \$400 million for the current year and \$4.4 billion in the 2008-09 state budget. Cuts of this magnitude cannot be made without suspending Proposition 98, our minimum school funding law voters passed almost 20 years ago and then reaffirmed their support for in 2005.

His proposed cuts were announced just a day after *Education Week* released its annual "Quality Counts" report card giving California a D+ on school funding. The *Education Week* report also showed California is losing ground in per-pupil spending, now ranking 46th in the nation, and trailing the national average by nearly \$1,900.

The *CTA Budget Watch* is designed to provide CTA leaders, staff and local chapters with the latest information on the state's budget crisis and how you can help.

Cutting 10% or

\$4,800,000,000

from public education would be like

Laying off more than 107,000 teachers OR

Shutting down every school across the state for nearly a month OR

Increasing class size by 35% OR

Reducing per-student spending by more than \$800 OR

Laying off 137,000 Education Support Professionals OR

Cutting more than \$24,000 per classroom.

Details of the governor's proposal

The governor is proposing a \$4.8 billion cut to public schools over the next 18 months. The breakdown: \$400 million from the current year and \$4.4 billion from next year. Here's how that is proposed to happen.

Proposed \$400 million in cuts in the current year [2007-08]

For the current year (2007-08), Proposition 98 funding is projected to be \$55.7 billion. Out of this amount, the General Fund portion will be \$40.7 billion, which is \$1.4 billion less than what was actually appropriated in the 2007-08 Budget Act. This is due to an unexpected decline in revenues in the General Fund. After meeting with CTA, the governor agreed to limit his proposed current-year cuts to \$400 million, rather than the entire \$1.4 billion. The \$400 million would be split between K-12 schools and community colleges, with \$360 million from K-12 and \$40 million from community colleges.

State lawmakers will have the final say. Because the Legislature is in an special session, the midyear cuts must occur with separate legislation and must be passed by March 15, 2008.

CTA continues to meet with legislators and the governor to tell them how devastating midyear cuts would be to our local schools and to ensure that if any cuts are made to education, they are kept as far away from the classroom as possible.

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Proposed \$4.4 billion in cuts in the budget year [2008-09]

For the budget year 2008-09, the Proposition 98 guarantee is projected to grow to \$59.7 billion, of which \$43.6 billion would come from the General Fund. However, the governor's proposed budget reduces the General Fund portion to \$39.6 billion. This equates to a 9.2% reduction or \$4.4 billion below what is required by the minimum school funding law. **These proposed cuts would require the governor and the Legislature to suspend Proposition 98.**

The governor is proposing to suspend Proposition 98 in the 2008-09 Budget. The total in budget reductions proposed for K-14 schools is \$4.4 billion. Following are the programs subject to reductions:

- A \$2.6 billion reduction eliminates the projected 4.94% COLA for 2008-09. **Please note:** The governor is also proposing to change the K-14 program COLA formula. This new formula would shift to the use of individual and household cost measures that are not as appropriate to the expenditure patterns of schools.
- In order to realize an additional \$1.8 billion cut, the governor proposes an approximate 10.8% across-the-board reduction on all categorical programs.
- The governor proposes to change the current law for the June apportionment from paying in July to September. This would also include the community college apportionments. The total amount of these deferrals is \$1.3 billion.
- Once again, the governor proposes to lower the annual General Fund contribution to the Supplemental Benefit Maintenance Account (SBMA) from 2.5 to 2.2 percent—saving \$80 million.
- The administration will propose a ballot initiative to amend Proposition 49, the After School Program, to achieve a savings of approximately \$59.6 million. Their rationale for this is that everyone should have to take cuts during these difficult economic times. As currently written, Proposition 49 cannot incur cuts like other programs.

Proposed cuts to Community Colleges

- The budget includes Proposition 98 General Fund reductions of \$291.7 million for Community College General Apportionments (elimination of 4.94% COLA), and \$111.8 million for Growth Apportionments.
- A reduction of \$79.9 million for the Community College categorical programs.

Proposed cuts to Colleges and Universities

- The governor's budget proposal calls for a 10% cut to the CSU and UC systems, in addition to student fee hikes. Under this proposal, CSU schools would lose \$312.9 million and student fees would increase another 10%—the sixth in the last seven years—which will translate into course reductions, increased class sizes, and longer times to graduation.

Budget Stabilization Act.

In addition to his proposed cuts, the governor has also proposed a constitutional amendment to reform the state budget process. The Budget Stabilization Act would directly impact Proposition 98 by requiring automatic midyear budget cuts when state revenues are lower than expected. During prosperous budget years, it would put excess revenues into a rainy-day fund to be used later.

QEIA funded.

You may be wondering how this deficit will affect the Quality Education Investment Act, which provides additional funding to lower-performing schools. **It won't.** QEIA funding cannot be used to cover the state's budget deficit as the money is part of a legal settlement approved by the court.

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What CTA is doing

CTA responded immediately to the governor's proposal with an official statement from President David A. Sanchez to the press and through interviews with radio, TV and print media. President Sanchez said, "The governor's proposed budget is a giant step backwards for our students. It's disappointing and ironic that in the proclaimed 'year of education' the governor is talking about cutting billions from our public schools and decimating our minimum funding law. Our students didn't create this budget crisis, and their education shouldn't be ransomed to solve it."

CTA is getting our message out to the public and to our members. We are communicating directly with members to make them aware of the crisis and enlist their help. We've developed an advertising and public relations plan. CTA has launched a Budget Crisis section on the CTA website, which includes talking points, news releases, fact sheets, and an e-mail link to send a message to lawmakers.

On a statewide level, CTA is working with the entire Education Coalition, a broad coalition of parent and education groups, to oppose cuts in education funding. The Coalition held a media briefing last week. Radio ads will start soon.

We need your help

It is clear that because of the size of the cuts and the powerful forces at play, we will have to stand together to be successful in minimizing the impact of these cuts to our students and schools. CTA will be asking State Council members to send pre-printed postcards to the governor and their legislators asking them to make education a top priority.

Here's how you can help:

- **Log in to www.cta.org** to e-mail the governor and your state legislators to tell them this proposed budget is a giant step backward for students and schools.
- **Plan a local event.** Attached you will find the information shared with the media at the Education Coalition news briefing. Feel free to use these charts and graphs for a local organizing event or for a joint meeting with your local education coalition.
- **Talk to parents, family and friends.** Tell them how this budget crisis will impact your students and school.

Bargaining advice for Local Chapters

With the release of the governor's 2008-09 state budget proposal and proposed budget-balancing reductions in 2007-08, it is imperative that local chapters not rush into premature and ill-considered agreements based upon incomplete information. **Don't Panic! Remember this is just a proposal and nothing is final until after the governor and Legislature act.**

It is equally important that districts not be allowed to renege on tentative agreements or "suspend" current year bargaining proposals based on "proposed" budget cuts. The NOD Department recommends contacting the Legal Department to consider filing an unfair labor practice if districts attempt these behaviors.

Do not let districts distract bargaining teams from what is actually known for the current year:

- The district's Base Revenue Limit per ADA was increased on average by a COLA of 4.53%.
- If district enrollment is growing, there will be new money for each new student.
- Remember to look at the ending balances in the General Fund (Fund 01), Special Reserve (Fund 17) and Special Reserve (Fund 40).
- Remember that reserves are for times like these.

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CTA Talking Points

- The governor's proposed budget is a giant step backward for our students. It's disappointing and ironic that in the proclaimed "year of education," the governor is talking about cutting billions from our public schools and decimating our minimum school funding law.
- Our students didn't create this budget crisis, and their education shouldn't be ransomed to solve it. While it is clear there are extraordinary budget challenges, it's also clear that California voters believe our students and public schools should be a top priority and strongly support our minimum school funding guarantee, Proposition 98.
- Any structural budget reforms must protect Proposition 98, as well as provide the stable funding our students and schools deserve. Voters passed Proposition 98 almost 20 years ago to create stable minimum funding for our public schools. And they strongly reaffirmed their support for the minimum funding law in 2005.
- We can't keep asking our students and schools to do more with less. True leadership means setting priorities, and it means implementing a balanced approach of spending cuts and revenue increases to close the \$14 billion budget hole.
- The governor's proposed solution to the state's budget crisis will create chaos in California's public schools. Midyear or across-the-board education cuts will be devastating. An across-the-board cut of 10 percent means \$4.8 billion less for our public schools. That's the same as laying off more than 107,000 teachers, or shutting down every school in the state almost a month early, or increasing the number of students in every classroom by 35 percent.
- Local schools are well into the school year, and any cuts now would have a direct impact on students and vital programs. Midyear cuts to our public schools should be made with students in mind and kept far away from our classrooms. In fact, many districts are still recovering from the budget cuts made to our schools five years ago when thousands of teachers, school counselors and librarians were laid off. California has some of the largest class sizes in the country and currently ranks dead last in the number of counselors, school nurses and librarians per student.
- Our students and schools have been making progress, with reading scores up 25 percent and math scores increasing 17 percent in the last four years. If we want this progress to continue, now is certainly not the time to be cutting funding to our public schools.
- We agree with the governor that "business as usual has been disastrous for our schools." *Education Week's* "Quality Counts" report released this week gave California a grade of D+ for school funding and reported that California spends close to \$1,900 less per student than the national average. Other recent studies have shown that California seriously underfunds its public schools, with New York spending 75 percent more than California. The typical American school has 30 percent more teachers than the average school in California. Acting boldly on behalf of California means boldly investing in our public schools, not shortchanging our children and the future of our state.

CTA will continue meeting with legislators and the governor to make sure that your voice is heard. And we will keep you informed of all the latest news and updates on our Budget Crisis section of the CTA website (located on the home page of www.cta.org).