

Governor’s Proposed Education Budget 2012-13

Governor Brown announced his Proposed Budget early for 2012-13 but not because of excitement over the state of California’s economy. A staffer inadvertently posted the budget on the web so the governor quickly called a press conference and gave out what details they had. Because of the early announcement, the actual bill language was not available, leaving many questions about how some of the recommendations might be implemented.

Nonetheless, the 2012-13 Budget has been launched. The next step in the process will be the Legislative Analyst’s analysis in February, followed by the refinement of the proposed budget in the May Revision. During this time, CFT will be working to be sure that legislators are aware of the impact of the various proposals on our students, their families and our members. Legislators are required to send a budget to the governor by June 15 so that he can use his “line-item” veto and have a final budget in place by June 30. Passage of Proposition 25 makes that much more likely with a majority vote, although the need for a two-thirds vote to increase revenue is still problematic given the very slow economic recovery.

Governor Brown pointed out that the cuts in prior years have made a significant dent in California’s structural deficit, but with 2011-12 revenue less than anticipated, federal obstacles and legal impediments to some prior budget solutions as well as a continuing shortfall in 2012-13, California is still facing a deficit of \$9.2 billion over the two years. Brown’s budget makes additional cuts in Health and Human Services, Education, and state mandates to cut \$4.2 billion. He also counts on passage of his temporary tax increases to provide \$4.4 billion in new revenue. However, as in 2011-12, additional cuts will be triggered if voters do not approve the tax measures in November 2012. Those trigger cuts fall heavily on education funding at all levels—K-12 through UC—see details below.

Child Care and Development

2012-13 Proposed Budget	
COLA	Zero funded COLA; statutory COLA is 3.17%
CalWORKs	\$946.2 million reduction to CalWORKs by requiring families meet federal welfare-to-work participation guidelines, reduction of income eligibility ceilings and reductions in reimbursement rates. The maximum period that CalWORKs participants can spend in welfare-to-work activities would be cut from 48 months to 24 months.

K–12 Education

2012-13 Proposed Budget	
COLA	Statutory COLA is 3.17%, but is not funded
Revenue Limit Deficit	The deficit factor will be increased to reflect the lack of COLA and other cuts

Categorical Programs	No additional cuts, but proposed budget would do away with most categorical programs by merging them with revenue limits and creating a “weighted allocation formula” that increases district flexibility. The weighted allocation formula would take into consideration the additional costs of educating specific student populations and would be phased in over five years. The only categorical funding remaining would be federally required for programs such as special education.
Transitional Kindergarten	Proposed budget eliminates all funding for transitional kindergarten programs that were scheduled to begin in 2012-13. Districts may provide programs, but will not receive funding; proposed budget would not remove kindergarten age changes
Home-to-School Transportation	Trigger cuts in 2011-12 cut transportation funding 50%--the proposed budget eliminates all home-to-school transportation funding from the state for a savings of \$619 million .
Special Education	Small increases are included to cover ADA growth in special education
SB 3632—Mental Health Services	Last year’s one-time funding to cover cost of shifting services from counties to school districts is continued with on-going support
Mandates	Proposed budget creates a \$200 million block grant program for K-12 and community college mandates after eliminating nearly half of them. In order to receive block grant funding, district must continue to provide services in “core programs” which would become voluntary
Reserve Levels	Continues requirement that required reserve level is only one-third of statutory requirement
Charter Schools	\$50 million to cover increased costs for charter school block grants and categorical block grants because of charter school growth. In addition , the proposed budget would “improve the operational and financial playing field for charter schools” by opening funding for charter school facilities to non-classroom based charter schools. Charter school management organizations would be eligible to refinance existing bonds through the California School Finance Authority and charter schools could be included in district borrowing through Tax Revenue Anticipation Notes (TRANS)
Deferrals	Inter-year deferrals reduced by \$2.2 billion—this isn’t new funding, but will relieve district borrowing costs and reduces the state’s “wall of debt” .
	<i>If November tax initiative does not pass...</i>
Deferrals continue	Deferral continues, saving the state \$2.2 billion—districts face on-going cash problems
Additional cut	Additional cut of \$2.4 billion from Proposition 98 by moving the cost of state borrowing for school construction into Proposition 98—removing this money from funding available for schools. Governor Brown referred to this cut as the equivalent of removing three weeks of school

Adult Education

2012-13 Proposed Budget

Flexibility	Adult Education funding would be included in the “weighted student formula” providing no relief from earlier flexibility
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Community College

2012-13 Proposed Budget	
COLA	3.17% statutory COLA, but no funding
Growth	No funding for growth
Deferrals	Inter-year deferrals reduced by \$218.3 million—this isn't new funding, but will relieve district borrowing costs and reduces the state's "wall of debt".
Flexibility/Categorical Programs	No additional cuts to categorical programs, but proposed budget would do away with most categorical programs and making funding available for "any educational purpose". Federally required programs would not be impacted
Mandates	Proposed budget creates a \$200 million block grant program for K-12 and community college mandates after eliminating nearly half of them. In order to receive block grant funding, district must continue to provide services in "core programs" which would become voluntary
Increased Funding tied to "achieving Administration's priorities"	<p>If tax initiatives pass, budget promises additional funding of at least 4% per year as long as "improvements in specific accountability metrics, such as graduation rates, time to completion, transfer students enrolled, faculty teaching workload and successful credit and basic skills course completion" are met</p> <p><i>If Governor's tax initiative does not pass...</i></p>
Deferral continues	Deferral continues saving the state \$218.3 million—actual cut is reinstatement of any district costs for borrowing

University of California

2012-13 Proposed Budget	
Eliminate Set-Asides	Proposed budget would remove set-asides for specific programs and purposes such as Drew Medical Program, AIDS research, Summer School for Mathematics and Science, etc. in order to provide UC with greater flexibility
New Funding	\$90 million for basic operating costs which can be used to address costs related to retirement program contributions...or other uses...
Increased Funding tied to "achieving Administration's priorities"	<p>If tax initiatives pass, budget promises additional funding of at least 4% per year as long as "improvements in specific accountability metrics, such as graduation rates, time to completion, transfer students enrolled and faculty teaching workload are met</p> <p><i>If Governor's Tax Initiative does not pass...</i></p>
Unallocated Reduction	A decrease of \$200 million—if UC chooses to increase tuition to backfill this reduction, increased cost of Cal Grants will reduce state savings

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