

The FISCAL REPORT an informational update

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Volume 28

For Publication Date: December 5, 2008

No. 25

Ask SSC . . . What Were the Major Provisions in the Democrats' Special Session Education Bill?

Q. We understand that the Legislature did not enact any bills to address the current-year budget deficit during the November special session. Could you tell me what the major provisions were in the Democrats' education bill?

A. You are correct. The Legislature was not willing to move bills to the Governor that would cut state programs without other measures to raise state revenues. The Democrats' intent was to move both of the packages of bills-cuts and new revenues-to the Governor at the same time. The education bill-SBX4 8 (Senate Budget and Fiscal Review Committee)-would have implemented funding reductions in numerous education programs, including eliminating the 0.68% revenue limit cost-of-living adjustment (COLA). Other provisions of the bill included the following, which would have:

- Reduced the current-year appropriations for various categorical programs by \$1.8 billion. The largest reductions include:
 - Instructional Materials Block Grant-\$417 million
 - Deferred Maintenance Program-\$277 million
 - Professional Development Block Grant-\$273 million
 - School Library and Improvement Block Grant-\$230 million
 - High Priority Schools Grant Program-\$114 million
 - Art and Music Block Grant-\$109 million
- Authorized the transfer of categorical ending fund balances as of June 30, 2008, to backfill for the reductions made in this bill.
- Reduced the amount that school districts are required to contribute to the routine restricted maintenance account from 3% to 1% of the general fund budget.
- Eliminated \$100 million for the Emergency Repair Program and redirected this amount to backfill funding to Regional Occupational Centers/Programs (ROC/Ps).
- Suspended transfers from the Proposition 98 Reversion Account to the School Facilities Emergency Repair Account for the current year and the budget year.
- Specified that \$497 million in current-year overappropriations under Proposition 98 are instead counted toward prior-year settle-up funds owed to schools, thereby reducing future State payments.
- Reduced the current-year per-pupil categorical block grant for charter schools from \$500 to \$400.
- Captured \$99 million in unexpended prior-year funds from various categorical programs and \$95 million in savings from various Community College programs.
- Reduced current-year appropriations for child care by \$95 million.

While there have been no bills to cut education funding yet introduced in the current special session, we believe that the major elements of SBX4 8 will be resurrected. It seems likely that many of these provisions will be part of any midyear Budget agreement, given that SBX4 8 received 34 aye votes in the Senate.

-Terry Anderson and Robert Miyashiro

posted 12/04/2008