

Budget moves

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Last Friday, the Senate and Assembly budget committees adopted their versions of the 2011-12 education budget. Both houses will vote this week on their versions of the full budget and then move to establish a two-house conference committee next week. All of this activity is in hopes of meeting the **mid-March deadline** set by the Secretary of State to place on the **June 7 special election ballot** the extension of the temporary revenues as well as other necessary changes to statute. Noting the difficulties ahead of pulling together a two-thirds vote in each house, the Secretary of State has also set a deadline needed for a **June 14 special election** as well.

Both sides still far apart

We have not heard any news about negotiations happening between Democratic and Republican legislators and the governor on securing bipartisan support for placing before voters the question of extending the soon-to-be-sunsetting temporary revenues. Republican leaders last week restated their party's opposition to the revenue proposal. That does not mean that it will not happen; **it is still too early for either side to be showing their hand in what promises to be a high stakes give and take process.** With a mid-March deadline to get issues approved for placement on the ballot, that still leaves a lot of time for all of the sides to talk. Of course, that means a lot of time legislatively speaking. Expect not to hear about any movement toward a settlement until the last possible minute. Also expect that whatever last minute deals are crafted to include only a small number of Republicans rather than the blessing of party or the Senate and Assembly Republican caucuses entirely.

Budget committee actions

Last Friday, both budget committees adopted the governor's Proposition 98 funding level at \$49.3 billion, which assumes that the temporary revenues are extended. And while both committees adopted extending for two years all of the categorical flexibility provisions that are currently in place, the Assembly stated that it will revisit the issue in the spring. It is not known what "revisit" means, but there is pressure mounting to modify Tier 3 by protecting adult education and career tech as well as adopting a proposal by the legislative analyst to appropriate Tier 3 money based on ADA.

Both committees approved the governor's proposal to defer \$2.1 billion in school apportionments but left open exactly how that deferral will occur. The Department of Finance leaked trailer bill language that showed the deferral to be a July to July deferral, but concerns raised by education advocates, legislative staff and the Department of Education have caused discussions on changing the proposal to a series of shorter deferrals rather than one long deferral. We can expect more information on this issue in the next week or two.

Concerning child care, both committees restored the elimination of CalWORKS Stage 3 as proposed by the governor, but rejected or changed the governor's other proposals to the program concerning eligibility. The committees rejected the governor's proposal to eliminate services to 11 and 12 year olds, reduced subsidies by 10 percent instead of 35 percent, lowered the eligibility to 70 percent of state median income instead of 60 percent, and moved to steer other Proposition 98 funding to pay for the increased costs associated with their moves. The committees rejected the governor's proposal to fund the emergency repair program and committed some \$200 million in one-time Proposition 98 reversion account money. The Assembly moved toward a \$150 million child care deferral and also approved moving money proposed by the governor for mandates to fund child care.

On special education, both committees sided with the governor in eliminating the special disabilities adjustment and using Proposition 63 monies to fund the AB 3632 mandate for counties.

On **redevelopment**, both committees took action to score the governor's state General Fund savings of \$1.7 billion, but their actions left the item open for conference committee. This issue has resulted in **an unprecedented lobbying effort** on the part of redevelopment agencies and cities and will undoubtedly be one of the last issues settled.

Where to aim

Unfortunately for people charged with balancing school budgets, actions taken last week by the budget committees and actions expected this week by the full Senate and Assembly do not help in figuring out where to aim local budgets. The biggest question, whether or not there will be a June election on the revenue extension, will come together as one of the last issues to be addressed and will likely **not** be settled before LEAs need to issue March 15 layoff notices.

We'll keep you posted.