



# Governmental Relations Update

Superintendents' Symposium  
January 26, 2012





## Today's Agenda

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- Governor's Budget Proposal
- Ballot Initiative Politics
- Talking Points / Your Directions
- Pension Reform



# Proposition 98 Guarantee

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- \$52.5 billion for the fiscal year 2012-13
- \$4.9 billion higher than 2011-12 (\$47.6 B)
- Increased based on tax ballot initiative - \$6.9 billion
- Pays down deferral - \$2.2 billion
- Rebenchers guarantee



## Prop 98: Ballot Trigger Reductions

- If Governor's measure fails, the Prop 98 guarantee drops by \$2.4 billion in 2012-12
- It drops by another \$2.4 billion if GO bond debt service costs are rolled into Prop 98
- 90% of mid year cuts - \$4.837 billion  
**(\$368/ADA)**



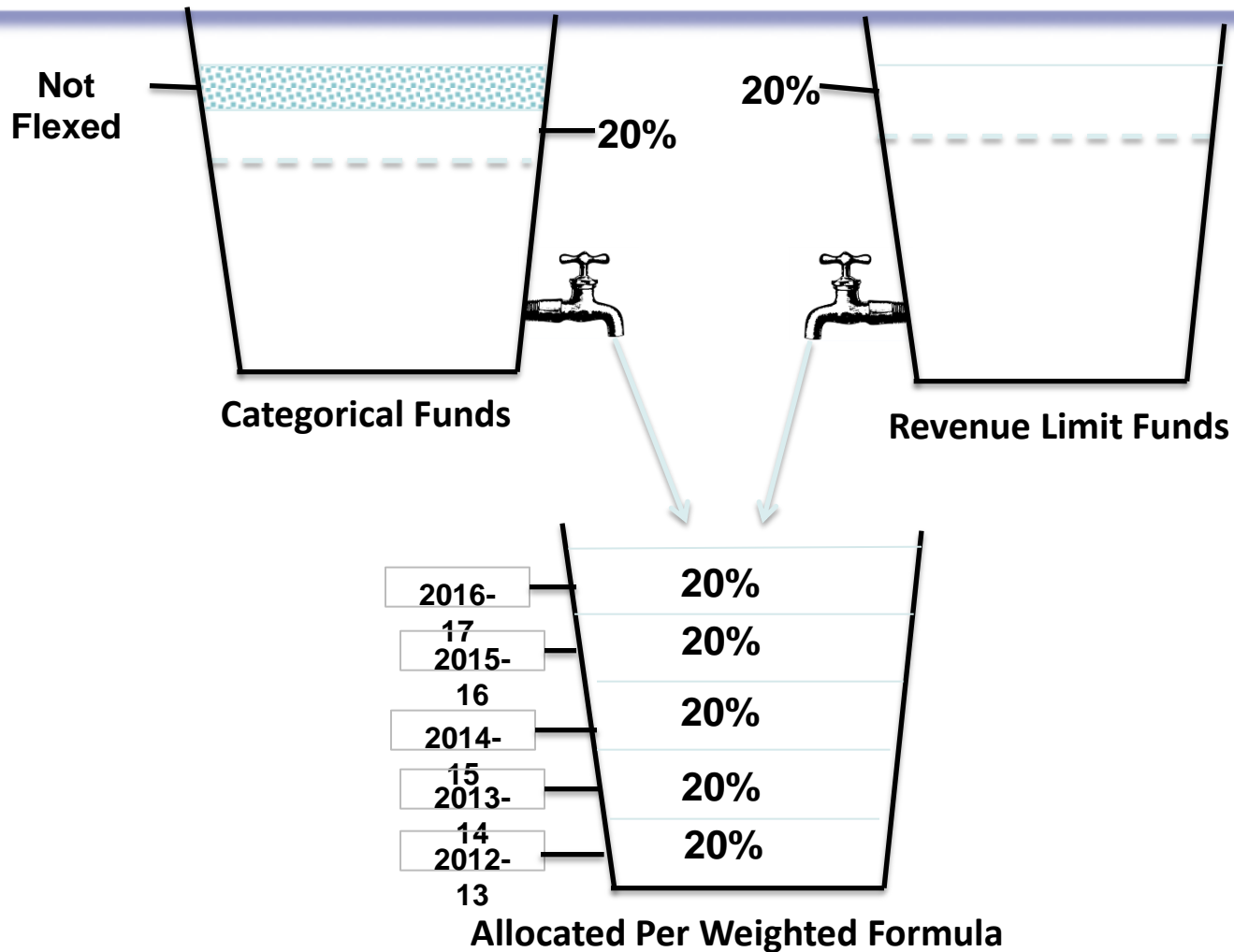
# Several Policy Issues

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- Weighted student formula method
  - There will be winners and losers
- Transitional Kindergarten mandate eliminated
- State Mandate reforms
- Charter School support



# How it Might Work – Weighted Student Formula





# November Ballot Context

- Very crowded ballot
- Presidential election turnout
- Governor's Tax initiative - \$6.9 billion for public education and public safety
  - An increase on the personal income tax of the state's wealthiest taxpayers
  - One-half percent increase on sales tax
- Molly Munger Initiative – weighted student formula
  - Bypasses school districts and legislature
  - \$10 billion
- Ca Federation of Teachers – Increase tax rates for wealthiest Californians
- Paycheck Protection
- Pension Reform?



# Budget Alternatives and Opportunities

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- Governor is not wedded to entire approach
- Opportunity to shape budget items
- Alternative way to implement increase
- Deferrals, deficit factor, transportation



# Talking Points

- These are unprecedented times for education in California. Funding for our schools is now 20 percent lower than it was in 2008.
- At no time in history have we had such high expectations for our schools and students with so few resources to meet them.
- ACSA believes that \$18 billion in cuts to education during the last three years have caused irreparable harm to generations of students.
- We've said all along that the California's budget shouldn't be balanced on the backs of our students.



# Talking Points

- We've also been clear that ongoing cuts to education funding show that more revenues are necessary.
- ACSA's goal is to work with the Administration and lawmakers to address the ongoing need for new revenues in 2012-13 for our schools and students.
- We acknowledge that the Governor's goals are to reduce the state's debt, raise revenues and balance the budget.
- We are deeply concerned about unjustified trigger cuts if revenues are not realized because further cuts will harm students.



# Talking Points

- We are seeking more specifics about the Governor's budget proposal, especially as it relates to Proposition 98, because we are opposed to any manipulation of this voter-approved funding guarantee.
- We recently filed a lawsuit with CSBA to challenge these unconstitutional actions in the 2011-12 state budget.
- We will support a ballot measure(s) in November that provides additional revenue for schools.
- We also strongly oppose major policy changes proposed in the budget because they cannot be implemented or maintained without a substantial influx of additional revenues.



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# **2012 – New Year – Same Focus: State and Local Pensions**



# Pension Reform

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- Governor Brown's Reform Plan
- Joint Conference Committee on Pensions
- Numerous Legislative Proposals



# Pension Reform

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- Possible Initiatives – November 2012
- CalSTRS Funding Shortfall
- Earnings Limit Law Sunset



# Politics of Pension Reform

- Governor's priority – State of the State and election pledge
- Budget continues to be a distraction from other policy issues
- New majority budget requirement means minority party can't leverage issue
- Election year politics with labor groups



# Next Steps of Engagement

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- Follow-up with Legislators on February 7<sup>th</sup> Lobby Day
- ACSA and the Retirement Coalition to continue organizing membership and educating media
- Monitor the workings of the California Pension Reform Group – Dan Pellissier, President
- If initiative starts circulation, ACSA and the Retirement Coalition to take oppose position



# Thank You

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under [Advocacy/Issues and Actions/State Budget Updates](#)**

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