

Excerpt from California Budget Project's "Quick and Dirty" analysis of the Governor's proposed state budget. For complete article go to:
http://www.cbpp.org/documents/100514_May_Revise.pdf

"Proposition 98

The May Revision would provide \$49.9 billion in 2009-10 and \$48.4 billion in 2010-11 for K-14 programs covered by the Proposition 98 guarantee, a reduction of \$1.3 billion in 2009-10 and \$4.2 billion 2010-11 compared to the minimum level required by bills signed by the Governor as part of the July 2009 budget agreement. The lower proposed funding level reflects the Governor's assumption that provisions enacted as part of the July 2009 budget agreement do not apply to the 2009-10 or 2010-11 budgets. The 2009 budget agreement statutorily required the state to make payments to schools equivalent to those that would be required under the constitutional "maintenance factor" provisions of the Proposition 98 guarantee. A "maintenance factor" requires the state to restore school spending in future years to where it would have been absent the lower funding level allowed when the funding guarantee is suspended or when "test 3" of the guarantee applies in a bad budget year. The May Revision would also adjust, or "rebench," the 2010-11 Proposition 98 guarantee downward by \$1.4 billion to reflect the proposed elimination of child care programs administered through the California Department of Education.

K-12 Education

The May Revision maintains the Governor's January budget proposal to reduce 2010-11 revenue limit funding by \$1.5 billion. Revenue limits provide general-purpose funding for schools. The May Revision also maintains the Governor's January budget proposal to reduce 2010-11 funding for the K-3 Class Size Reduction Program by \$550 million and to reduce revenue limit and categorical funding for school districts and county offices of education (COE) by \$206.3 million due to lower cost-of-living adjustments (COLAs). The May Revision continues to suspend most K-12 education mandates except for \$65 million for mandated behavioral assessment plans, \$7.7 million for mandated costs related to interdistrict and intradistrict transfers, and \$6.8 million for costs related to the California High School Exit Exam.

In addition, the May Revision:

- Reflects a decrease in local property tax revenues. The May Revision increases funding for school district and COE revenue limits by \$1.1 billion in 2009-10 and \$447.5 million in 2010-11 to backfill for the loss of local revenues.
- Withdraws the January budget proposal that required \$300 million of the proposed \$1.5 billion reduction to 2010-11 revenue limits be achieved by contracting out administrative functions to the private sector.
- Increases funding for school district and COE revenue limits by \$31.8 million in 2009-10 and \$71.7 million in 2010-11 as a result of increased unemployment insurance and CalPERS costs.
- Reduces funding by \$78.5 million to reflect anticipated savings in special education, Economic Impact Aid, Child Nutrition, and Charter School Categorical Block Grant programs.
- Reduces 2010-11 funding for COE administration by \$28.2 million, instead of \$45 million as proposed in the January budget. The May Revision also withdraws the January budget proposal to require COEs to consolidate services and functions.
- Reduces one-time funding for new school categorical programs by \$9 million in 2009-10.
- Restores the writing component of the 4th grade English language arts California Standards Test.

Higher Education

The May Revision proposes no additional reductions in funding for the UC, the CSU, or student aid programs and rescinds the Governor's January budget proposals that would have:

- Suspended awards in the Cal Grant Competitive Program for savings of \$45.5 million and reduced Cal Grant awards by freezing the income eligibility limit for assistance for savings of \$79 million.
- Eliminated funding for enrollment growth in the CSU and UC systems for savings of \$111.8 million. In addition, the May Revision:
- Shifts a portion of Cal Grant costs to the Student Loan Operating Fund on a one-time basis for savings of \$75 million.
- Reduces Student Aid Commission (CSAC) funding by \$10.3 million as a result of a series of changes related to the Governor's proposal to eliminate the CalWORKs program. In his January budget, the Governor proposed to use federal TANF funds to support CSAC costs.
- Provides a total of \$21.7 million to the CSAC to reflect workload adjustments in both 2009-10 and 2010-11 since the release of the January budget for the Cal Grant Program and loan assumption programs such as the Assumption Program of Loans for Education (APLE). “