



January 25, 2010

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The Honorable Noreen Evans
Chair, Assembly Budget Committee
California State Assembly
State Capitol, Room 6026
Sacramento, CA 95814

Dear Assembly Member Evans:

The following are the Small School Districts' Association (SSDA) positions on the Governor's proposed budget for K-12 education funding 2008-09 through 2010-11.

SSDA is surprised that \$2.4 billion in new education funding cuts could be portrayed as protecting education. The implication of "protecting education" is that all public education segments are protected. SSDA believes that, instead of protecting all public education segments, the budget proposal cuts K-12 funding below California's current law, federal maintenance of effort commitments and California Constitutional requirements.

The following are the positions SSDA has adopted regarding the 2008-09 through 2010-11 budget proposals contained in the Administration's Eighth Extraordinary Session proposals and 2010-11 State Budget.

1. SSDA opposes the manipulation of Proposition 98 that effectively reduces operational funding over the three-year period by \$2.4 billion and \$1.3 billion in owed funds. The reduction occurs from the manipulation of the 2008-09 school funding base. This reduction reduces, then carries forward, the 2009-10 and 2010-11 funding levels. The Administration, while reducing direct 2008-09 funding by less than \$100 million, also proposes to eliminate \$1.3 billion in maintenance factor money that has not yet been paid. These actions effectively reduce the base and reduce the school funding obligation in 2009-10, 2010-11 and subsequent years. SSDA requests the Legislature reject the budget proposals that redefine the 2009-10 State Budget agreements.

2. SSDA requests the Legislature support the current Proposition 98 maintenance factor for 2008-09 and keep the minimum guarantee at \$49.1 billion while scoring the \$89 million savings.
3. SSDA requests the Legislature oppose the manipulation of the Proposition 98 minimum guarantee caused by changing the sales tax on gasoline into an excise tax. This change would cut the school funding minimum guarantee by approximately \$800 million to the Proposition 98 guarantee for 2010-11 and all years thereafter. Schools already have made major cuts during the past two years and will have to make further reductions in 2010-11 because of reductions in federal funds. The federal cuts will occur even if the Proposition 98 guarantee is not manipulated as proposed by the budget. The manipulation will result in even deeper cuts.
4. SSDA requests the Legislature oppose the \$1.5 billion in revenue limit cuts proposed in the budget. The first \$1.2 billion in cuts are proposed to be made in administration, overhead and non-classroom activities. A second anticipated \$300 million cut would be tied to the repeal of current contracting out limitations.

SSDA opposes the contracting out cut even if the school districts were provided greater contracting out authority. It is highly unlikely that the \$55 per ADA cut could be achieved in small school districts. Contracting out and firing of this many classified employees in order to achieve this level of savings would create great disruption in needed home-to-school transportation services in rural California, as well as food services where there are not real alternatives to using part-time classified employees. SSDA does not oppose reconsidering the contracting out law; SSDA does oppose funding cuts based on an expectation that law will be repealed.

Even if school boards are given the choice on how to find the other \$1.2 billion in revenue limit cuts, small school districts will not be able to make \$225 per ADA cuts in administration, utilities and maintenance. Almost 250 small school districts have a single superintendent/ principal for administration.

They have a single school and few full-time classified employees. The budget proposal's one-size-fits-all cut will have a disproportionate effect on small school districts.

Additionally, the cuts would not be necessary if the Proposition 98 minimum guarantee was not manipulated and K-12 education truly is protected.

5. SSSDA opposes the \$45 million in cuts to county offices of education. County offices are the primary funder for small school district services. A cut to county offices effectively is the same as a cut to small school districts. Regionalizing services will not save money because the small district service receivers will be more distant from the county office of education. The increased service delivery cost will probably exceed any small savings that might otherwise occur.
6. SSSDA opposes the deferral of maintenance factor payments from 2010-11 to 2012-13. Current law requires those payments to start in 2010-11 and school districts need access to that potential funding to backfill the more than \$1.8 billion in federal fund losses that will occur between 2009-10 and 2010-11.

Thank you for your consideration of these positions. Please contact me if you have any questions at dwalrath@m-w-h.com or 916.441.3300.

Sincerely,



David L. Walrath

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