

January 19, 2011

**UPDATED MEMORANDUM**

**TO:** Joe Nuñez, Associate Executive Director  
Lori Easterling, Manager, Legislative Relations

**FROM:** Estelle Lemieux, Legislative Advocate

**RE:** *Governor's Proposed 2011-12 Budget*

The following is a summary of the major components of the Governor's Proposed 2011-12 K-14 Budget. Further details will be forthcoming as the budget discussions and deliberations begin.

**Special Note:**

The Governor's Proposed 2011-12 Budget document includes the following statement as an introduction: *"The Budget recognizes that the education of California's children is a core function of government. It also recognizes that education has borne a disproportionate share of budget reductions in recent years."*

*(The truth is finally in print in a government document!)*

**Proposition 98 Guarantee**

The Proposition 98 funding suspension level for 2010-11 is \$49.7 billion. The Governor's proposed Prop. 98 funding level for the 2011-12 Budget is \$49.3 billion. This Proposed Budget assumes that the voters of California will pass an initiative in June 2011 to extend the current tax increases for another five years, which the Legislature voted and passed in February 2008. According to the Dept. of Finance, should the taxes not be extended, then there will be at least a \$2.3 billion cut to Prop. 98 for 2011-12.

**Deferral**

There is some confusion over an additional deferral. The question regarding the confusion is; what is the exact amount of the deferral in the Governor's Proposed Budget? This is still being sorted out at this time. The Dept. of Finance has repeatedly told me that a proposed \$2.2 billion deferral for 2011-12 is added on top of the \$1.8 billion from the 2010-11 budget. The Finance Director stated in the Governor's press conference that the \$2.2 billion deferral proposed this

year is a \$400 million additional deferral to the \$1.8 billion from last year's budget, totaling \$2.2 billion. However, many education lobbyists are taking the Dept. of Finance's version that it is an additional \$2.2 billion *ongoing* deferral. I will be following this issue closely as the details are sorted out over the next few weeks.

### **K-12 Programmatic Issues:**

- ✓ COLA – The projected COLA of 1.67% is not provided in the Governor's Proposed Budget. A deficit factor will be established in 2011-12 for school districts and county offices of education revenue limit apportionments to reflect the lack of a COLA.
- ✓ QEIA – The Governor proposes to fully fund QEIA.
- ✓ Mandates – A total of \$89.9 million is proposed for K-14 mandates to provide approximately the same level of funding as 2010-11. Current law suspends for three years, those programs that were suspended during the 2010-11 year. This proposed budget does not change current law.
- ✓ Special Education – An increase of \$7.4 million for special education growth.
- ✓ Charter Schools – An increase of \$16.1 million for Charter School Categoricals, due to ADA growth.
- ✓ Categorical Flexibility (K-14) – The budget proposes legislation to extend various flexibility options for school districts for two additional years. They are as follows:
  - Categorical Flexibility
  - Routine Maintenance Contributions
  - Deferred Maintenance Program Matching Requirements
  - Instructional Materials
  - Class Size Reduction
  - School District Budget Reserves
- ✓ AB 3632 – Mental Health Services – Proposes to amend Proposition 63 MOE (Maintenance of Effort) with legislation to cover the cost for Year 1. Mental Health services will be part of the local government realignment in Year 2.
- ✓ CALPADS/CALTIDES Comprehensive Review – Future funding decisions for the California Longitudinal Pupil Achievement Data System (CALPADS) and the California Longitudinal Teacher Integrated Data Education System (CALTIDES) are pending a review of the program's objectives, usefulness, longer term implications and compatibility with growing federal requirements. An interagency working group convened by the Governor's Office will conduct this review prior to any further funding of either CALPADS or CALTIDES.

### **Child Care and Development Program (Prop. 98)**

Decreases direct child care services, except preschool, by \$716 million in 2011-12 through the following options:

- ✓ Eliminates services for 11 and 12 year-olds.
- ✓ Reduces CalWORKS Stage 1 by \$34 million.
- ✓ Reduces eligibility to 60% of the State Median Income from 75% of the State Median Income.
- ✓ Reduces the level of subsidies across the board.

### **Community Colleges**

- ✓ A proposed \$400 million decrease to some Community College programs yet to be determined.
- ✓ A proposed increase of \$10.00 for student fees (from \$26 to \$36).

### **CSU**

\$500 million unallocated reduction for CSU.

### **UC**

\$500 million unallocated reduction for UC.

*Please note these are only highlights and further details will be forthcoming.* As always, please keep in mind, this is only a “proposal” and must be negotiated through the Legislative process.

cc: Becky Zoglman  
Sandra Jackson  
Mike Egan  
Scott Day  
Sandra Lowe  
Jonathan Goldman

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