

Working together to support and
improve California's public schools

Association of California School
Administrators (ACSA)
representing nearly 15,500
school administrators

California Association Of School
Business Officials (CASBO)
representing more than 4,000 school finance
and administrative managers

California County
Superintendents Educational
Services Association (CCSESA)
representing all 58 county superintendents
throughout California

California Federation of
Teachers (CFT-AFL-CIO)
representing nearly 90,000 education
employees

California School Boards
Association (CSBA)
representing more than 1,000 K-12 school
districts and county offices of education
throughout California

California School Employees
Association (CSEA)
representing more than 230,000 classified
school employees

California State PTA
representing more than one million parents,
teachers, and students in California

California Teachers Association
(CTA)
representing over 330,000 educators

Service Employees International
Union (SEIU)
representing more than 50,000 school
employees in California

Legislative Consultant:
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Birdsall & Associates
(916) 441-3302



EDUCATION COALITION **BUDGET BRIEFING**

June 9, 2008

Lynne Faulks, California Teachers Association
Manager of Legislative Relations

Rick Pratt, California School Boards Association
Assistant Executive Director

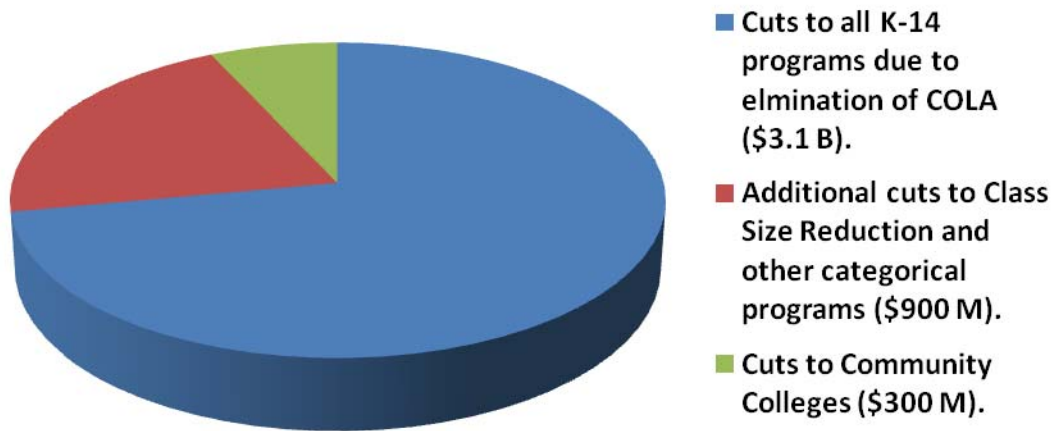
Pat Dingsdale, California State PTA
Director of Legislation

May Revision Budget Continues to Cut Education Funding by \$4.3 Billion

\$3.1 Billion Cuts to all K-12 programs due to elimination of a Cost of Living Adjustment to help local schools recruit and retain quality teachers and meet rising costs of classroom materials, transportation and other operating expenses.

\$900 Million Additional cuts to categorical programs that increase student achievement, including Class Size Reduction.

\$300 Million Cuts to community colleges that mean larger class sizes, fewer course offerings and longer graduation times.



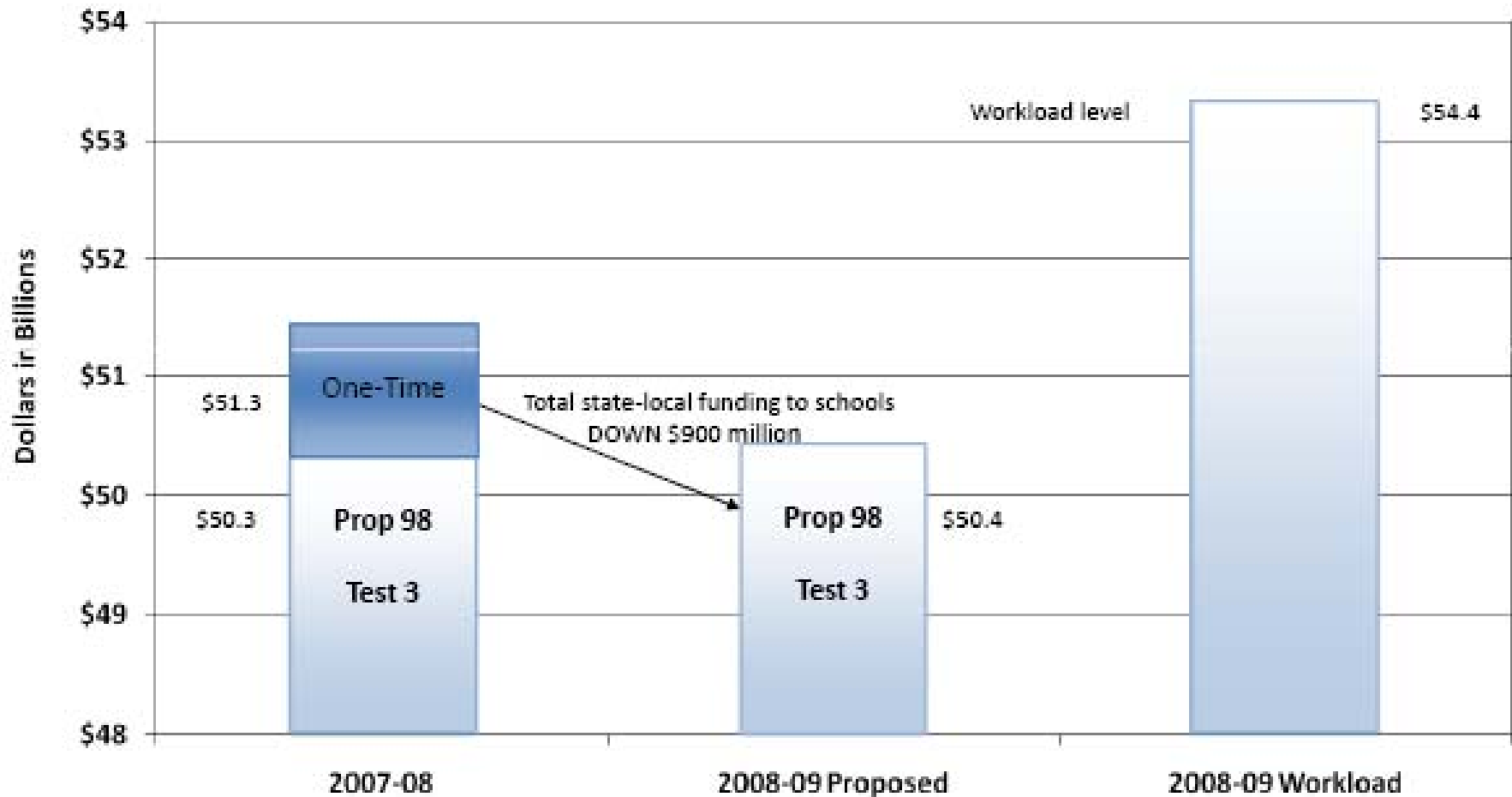
Impact of May Revision on Key K-12 Education Programs

--Partial List--

(Dollars in Millions)

| | 2007-08 Funding | 2008-09 Current Law | 2008-09 Governor's Proposal | Proposed Cut | % |
|---|--------------------|------------------------|-----------------------------------|--------------|--------|
| Deferred Maintenance | \$277.4 | \$294.3 | \$39.6 | (\$254.70) | -86.5% |
| K-3 Class Size Reduction | 1829.70 | 1895.80 | 1689.20 | (206.60) | -10.9 |
| Economic Impact Aid | 994.3 | 1043.4 | 929.7 | (113.7) | -10.9 |
| Home-to-School Transportation | 629.7 | 660.8 | 588.8 | (72.0) | -10.9 |
| Summer School/Supplemental Instruction | 420.80 | 441.60 | 393.50 | (48.10) | -10.9 |
| Instructional Materials | 419.80 | 438.30 | 390.50 | (47.80) | -10.9 |
| School Counseling | 209.1 | 219.4 | 195.5 | (23.9) | -10.9 |
| Child Nutrition | 123.3 | 130.4 | 116.2 | (14.2) | -10.9 |
| Art & Music | 109.8 | 115.2 | 102.6 | (12.5) | -10.9 |
| CAHSEE Supplemental Instruction | 72.80 | 76.30 | 68.00 | (8.30) | -10.9 |

State and Local Funding to K-12 Schools is REDUCED In 2008-09 under Governor's Proposal



Source: California Department of Finance and Legislative Analyst's Office

The Facts Behind the Numbers

“Total Proposition 98 funding for K-14 education programs will increase year over year by \$193 million.”

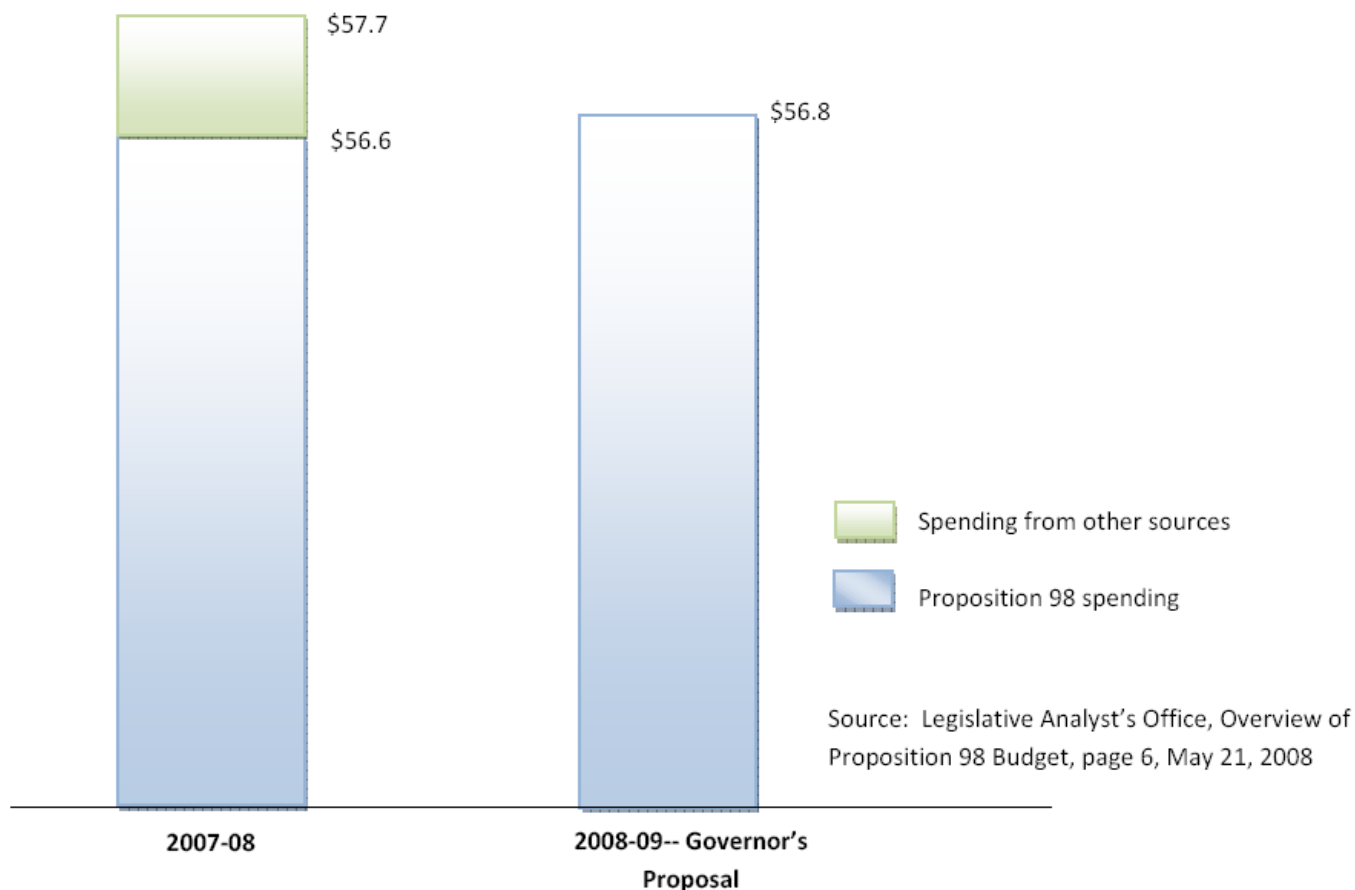
– *Governor’s Budget May Revision 2008-09, page 61*

“Still a \$900 million cut from current-budget year ongoing programmatic spending.”

– *Legislative Analysts’ Office, Overview of Proposition 98 Budget, May 21, 2008, page 3*

Spending for Ongoing Proposition 98 Programs

(Dollars in Billions)



The chart above reflects the Governor’s statement that Proposition 98 funding goes up by roughly \$200 million, from \$56.6 billion in 2007-08 to \$56.8 billion in 2008-09. What the Governor’s statement does not reflect is that the 2007-08 state budget paid for approximately \$1.1 billion in on-going education programs from other sources, primarily one-time funding. The Governor’s budget recognizes these on-going expenditure levels and proposes to cut them -- see separate table on proposed cuts to major programs -- to a 2008-09 budget figure of \$56.8 billion. This funding “shell game” allows the Governor’s Office to claim a \$193 million increase in Proposition 98 when, as noted by the LAO, on-going programs are actually being cut by \$900 million from the 2007-08 expenditure level.

State spending increases

State general fund spending has increased by \$26 billion, or 34 percent, in the five fiscal years since 2002-2003. During that same period, California's population grew by 2.4 million, or 7 percent, while inflation over that period totaled 17 percent. The chart below shows that K-12 education and health and human service programs got the biggest increases in raw dollars. Among the largest programs, the prison system got the biggest percentage increase. Some of the reductions shown here are the result of the state shifting programs from the general fund, which is supported by broad-based taxes, to special funds backed by narrowly targeted fees.

State general fund spending, in millions of dollars

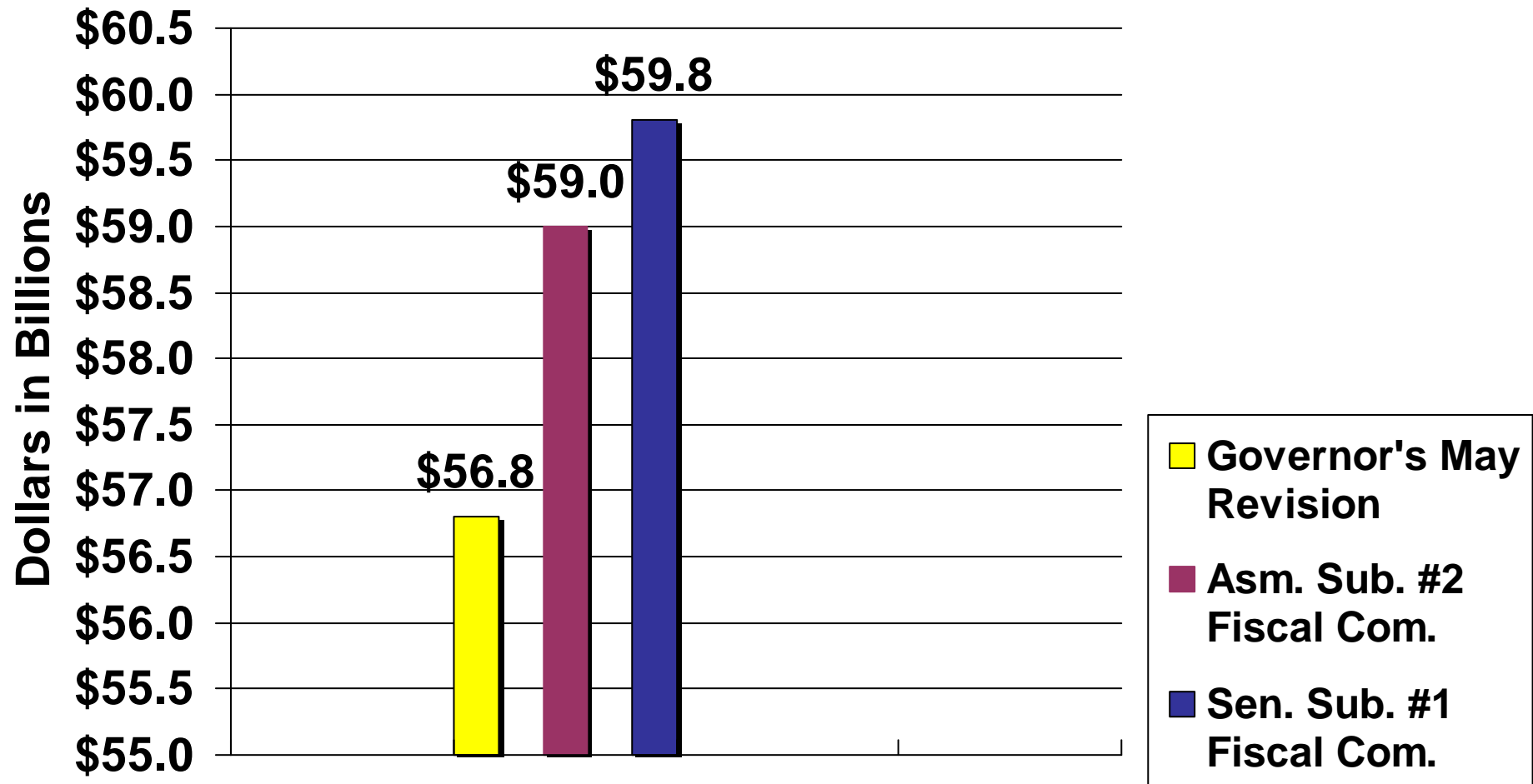
| | 2002-03 | 2007-08 | Change | Percent change |
|-----------------------------------|---------------------------|----------------------------|---------------------------|----------------|
| Business, Transportation, Housing | \$206.4 million | \$1,501.7 million | \$1,295.3 million | 628% |
| Youth and Adult Corrections | \$5,836.5 | \$10,132.6 | \$4,296.1 | 74% |
| Resources | \$1,147.2 | \$1,874.2 | \$727.0 | 63% |
| Legislature, Judicial, Executive | \$2,459.4 | \$3,893.3 | \$1,433.9 | 58% |
| K-12 Education* | \$28,788.4 | \$42,112.1 | \$13,323.7 | 46% |
| Health and Human Services | \$23,059.6 | \$29,636.2 | \$6,576.5 | 29% |
| State and Consumer Services | \$467.5 | \$596.6 | \$129.1 | 28% |
| Higher Education | \$9,487.9 | \$11,817.5 | \$2,329.6 | 25% |
| Labor and Workforce Development | \$177.2 | \$104.4 | -\$72.8 | -41% |
| Environmental Protection | \$169.8 | \$87.9 | -\$81.9 | -48% |
| General Government | \$5,636.7 | \$1,785.8 | -\$3,850.9 | -68% |
| Technology, Trade and Commerce | \$45.4 | 0 | -\$45.4 | -100% |
| Total | \$77,482.1 million | \$103,542.5 million | \$26,060.4 million | 34% |

*The growth in the education budget is inflated by two accounting changes during the period and by the interaction between state and local finances. Measured another way, dollars per pupil grew from \$6,624 to \$8,564, an increase of 29 percent. The same accounting changes are responsible for most of the reported decrease in general government spending.

Source: Legislative Analyst's Office (www.lao.ca.gov)

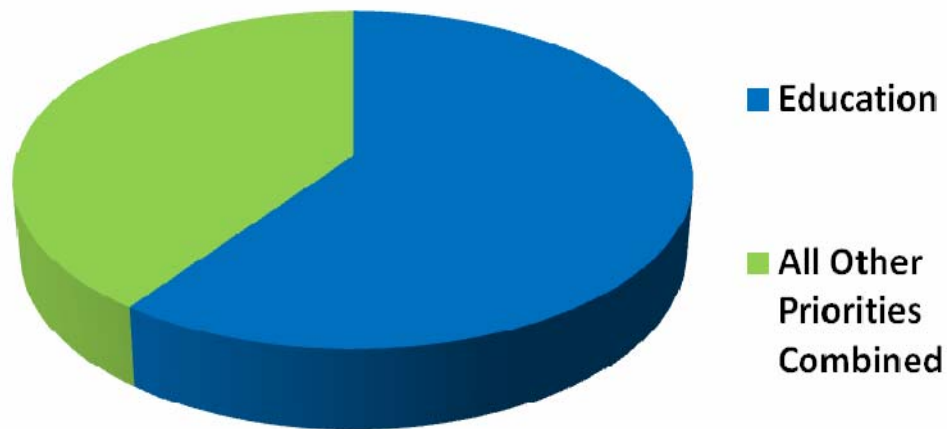
Sacramento Bee

Proposed for 2008-09 Proposition 98



Californians Overwhelmingly Want to Protect Education from Budget Cuts During this Crisis

In a recent poll, when asked which of the major areas of state spending they would most wish to protect from spending cuts, 6 in 10 respondents chose Education.



Source: *Public Policy Institute of California Statewide Survey "Californians & Their Government", May 21, 2008.*