

CCSESA FOCUS

A Weekly Update to County Superintendents of Schools

Friday, June 13, 2014

Budget Conference Committee Reaches Agreement on Budget

Last night the budget conference committee reached apparent agreement with the Governor on the key elements of the 2014-15 state budget. Specific bill language is being drafted today and it is expected that the Legislature will approve the budget on Sunday.

Relative to the key concerns expressed by CCSESA:

1. The budget agreement does NOT extend the maintenance of effort requirement for ROCP funding. The budget includes another \$250 million round of Career Pathway grants and includes language directing the Department of Finance to provide recommendations "for future treatment" of funding for former categorical education programs including ROCPs and BTSA. We believe the information provided by county superintendents concerning the status of CTE transition efforts in their counties was very helpful in encouraging agreement on language calling for review and recommendations on "future treatment" for those programs. Clearly, we are very pleased that the MOE was not extended.
2. The budget includes more than \$400 million in mandate reimbursement, which serves the Governor's purpose of paying down the "wall of debt," but also is recognized as making one-time funds available for common core implementation.

It should be noted that funding for these purposes was not provided by increasing the state revenue estimates, but rather by re-directing funding the Governor had previously earmarked for eliminating the inter-year deferrals. The budget remains on track to eliminate the deferrals within two years and language is being drafted to trigger elimination of the deferrals this year if revenues are sufficient.

We know there was also concern about proposals to dramatically revise the transitional kindergarten program. Those proposals were not approved. Instead, the budget will fund an additional 7,500 preschool slots and add funding for quality improvement.

Although not a part of the budget package, the agreement on the STRS funding plan does call for a lower employer contribution in 2014-15 than was proposed by the Governor. This had been another key issue for CCSESA in the budget deliberations. The Governor had proposed an increase in the employer contribution of 1.25% in 2014-15. The agreement calls instead of an increase of .61% in 2014-15.

The last minute issue of the reserve requirements for school districts was modified last night. The revised language is attached. There are two key elements to the proposed language:

1. It requires explicit local governing board disclosure any time the local reserves exceed state minimums.

2. It imposes specific limitations, which are subject to waiver by the county superintendent, in any year immediately following a year in which contributions are made to the so-called "Rainy Day" fund. According to the Legislative Analyst's Office, there was only one year that would have qualified in the past ten years.

Education management groups, including CCSESA, continue to oppose the language, which has been added to the discussion very late in the process and clearly is not necessary to implement the 2014-15 budget.

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