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Public schools get hard hit in budget plan

By [John Howard](#) (published Thursday, January 22, 2009)

As California's budget bleeds red ink – about \$1.5 billion a week, by one estimate – the state's political leadership is pondering deep cuts in higher and K-12 education that will have a dramatic impact on teachers, students and administrators. Already, colleges and universities have decreed new limits on freshmen enrollment, the community colleges – a crucial but sometimes forgotten piece of higher education – likewise prepares for 5 percent cuts and thousands of layoff notices have been sent to teachers at districts across the state.

Hardest hit is K-14 education.

The problem is money. Education largely is financed by public dollars. When the economy sours, tax money is choked off. Now through the middle of 2010, a period that includes the remaining six months of the current fiscal year and 12 months of the next, the state faces a \$40 billion shortage. It is an unprecedented shortfall. Through the middle of 2010, Schwarzenegger is proposing a \$7.71 billion cut to K-14 education – the largest single reduction of any of the targeted categories in the government, according to the Finance Department. To budget watchers, the magnitude of the cut is not surprising, although the specific cut numbers are a moving target: Public schools account for roughly half the state budget.

Teachers, among others, are not pleased.

“The governor's budget proposal attacks Prop. 98 -- the minimum school funding law -- permanently shortchanging education by \$7-9 billion year after year. His proposal cuts \$10.8 billion from K-14 schools, wreaking havoc in virtually all aspects of education, including severely damaging the state's Class Size Reduction program. The cuts are devastating.

During the last eight weeks of the year, the state's overall fiscal picture darkened to the tune of about \$12 billion in eight weeks, according to the Legislative Analyst's Office. “In November, we advised the Legislature that the state had to attack the budget problem quickly and aggressively, making permanent improvements through major programmatic reductions and revenue increases. Two more months have passed... the time available to achieve current-year savings has shrunk, and cash problems have worsened to the point that the state may not be able to pay all of its bills beginning next month (February).”

For education, the cutbacks are looming. The governor, proposing billions of dollars in cuts, recommends cutting five days of the K-12 school year – the first time that the California school has been targeted for shrinkage rather than expansion. The move would cut the year to 175 days. By comparison, most other states have 185 days or more, and European school years typically have 200 to 210 days annually.

Early last year, then-Senate leader Don Perata, D-Oakland, said Gov. Schwarzenegger's initial budget-cut proposals, about \$4 billion, reflected the equivalent of the layoffs of 57,000 teachers, or about 20 percent of the teaching workforce, or the elimination of four weeks of the school year or an increase in class sizes by some 23 percent. Nobody in the Capitol expects such Draconian cuts, but the numbers are daunting.

According to the LAO, the education-cut numbers as proposed by the governor, total about \$6.6 billion for the current fiscal year, 2008-09, which ends June 30.

- \$1.63 billion in the base K-12 benchmark.
- \$287 million cut from eliminating the cost of living adjustment.
- \$153 million retained by holding back unappropriated money.
- \$2.8 billion saved by deferring certain K-14 payments.
- \$1.1 billion by retiring a “settle-up” obligation.
- Save \$619 million by using special funds to pay for home-to-school transportation.

Proposition 98, the ballot initiative approved in 1988 that guarantees education funding, would be suspended by the Legislature and governor in order to enact the cuts because of the dwindling revenue.

“The continued deterioration in the state’s revenues has led to a further decline in the Proposition 98 minimum guarantee,” the LAO report said. “The bulk of the midyear reductions would be borne by K-12 education (\$6.3 billion), reflecting a 12 percent drop from the 2008-09 Budget Act level.”

There is one bright spot for public schools. If the state does indeed run out of cash in less than two weeks – that’s the prediction from state officials, absent action from lawmakers and the governor – the state by law is still obligated to make sure the schools get money. Several entities in California are in that must-get-paid category: Schools, holders of the state’s General Obligation bonds, Medi-Cal claims and payrolls and benefits.

Not included in the must-pay lineup, according to the Department of Finance, are tax refunds, payments owed to state vendors, social service payments to counties, the Healthy Families program, mental health services, and Cal Grants for students.