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WHY THIS YEAR IS DIFFERENT

*Guest Article by Jean Ross
Executive Director, California Budget Project*

California's projected \$16 billion shortfall is smaller in both percentage and dollar terms than those of recent years. The \$34.6 billion gap in 2003-04 was larger by both measures and the deficits of the early 1990s were larger measured as a share of state spending. However, many longtime budget watchers, me included, believe that bridging this year's budget gap will prove to be the toughest challenge we've seen to date.

Why do many of us believe this year's budget battles will prove so tough? The roots lie in what makes this budget crisis different from those of recent years. First, California has faced budget shortfalls continuously since 2001. The duration of the state's fiscal crisis means that all of the easy solutions, such as borrowing unspent reserves, deferring maintenance, and eliminating non-essential programs and services were used up long ago. The state has borrowed and belt-tightened to the point where the debt service on amounts borrowed to close previous years' budget deficits will add about \$2.5 billion to the 2008-09 budget, rising to more than \$4 billion in 2009-10, and deferred expenditures have left many public systems – from bridges to schools to foster care – near a breaking point.

The roots of this year's crisis are also different and potentially more severe in terms of their impact on the California economy and the state's families. The budget crisis at the beginning of this decade was

largely caused by a sharp drop in income tax collections attributable to stock options and capital gains that occurred when the dot.com boom turned into the dot.com bust. The significance of this is two-fold. First, while the drop in investment-related income was substantial, it overwhelmingly affected the wealthiest Californians. Secondly, it affected revenues that flowed into the state's coffers, with school and local government budgets largely left untouched.

In contrast, the downturn that precipitated this year's budget crisis is driven primarily by the turmoil in the housing market. The impact of the mortgage meltdown is much more widespread, ranging from families struggling to make their mortgage payments to workers who make their living in housing-related sectors of the economy. As the economy weakens, a rising number of families are in danger of losing jobs and homes. The mortgage meltdown's impact on public budgets and services is also more broadly based. The downturn in the housing market has depressed local property tax collections – affecting schools and, through the Proposition 98 guarantee, the state as well as county and city budgets. It also has affected sales tax collections – which are shared by the state, counties, and cities – as fewer home sales translate into fewer appliance purchases and families divert a larger share of their incomes

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toward their mortgage payment, leaving less for other types of consumer spending.

The final differences between this year's budget crisis and those of prior years have to do with the options available to lawmakers as they seek to craft a spending plan. Over time lawmakers have cut taxes – tax cuts enacted since 1993 will cost the state \$12 billion in lost revenues in the current year – and voters have “locked in” an increasing share of the budget – often with the help of the current Governor and/or the Legislature.

The largest of these tax cuts – the reduction in Vehicle License Fees (VLF), also known as the car tax – will cost the state \$6.1 billion in 2008-09. How much is \$6.1 billion? Enough to buy out all of the Governor's proposed cuts to state parks, environmental programs, welfare-to-work programs, higher education (including community colleges, and K-12 education. That's right. The revenues raised by restoring the VLF to where it was a decade ago would be sufficient to avert nearly two-thirds of the cuts proposed by the Governor, including all of the cuts to Proposition 98 supported programs. Reversing these tax cuts will be difficult because lawmakers can reduce taxes with a majority vote, but a two-thirds vote of each house of the Legislature is required to increase a tax.

Budget lock-ins also make it more difficult for the Legislature to balance the budget. Many of the new lock-ins are much more restrictive than those that have been on the books for a longer time, including Proposition 98. New lock-ins include \$1.5 billion in transportation spending mandated by Proposition 42 and “locked in” by Proposition 1A of 2006; \$547 million in after-school spending mandated by Proposition 49 of 2002; \$1.5 billion in debt service costs for the deficit-financing bonds authorized by Proposition 57 of 2004; and \$4.0 billion in debt service on voter-approved bonds, including the \$42.7 billion of bonds approved by the voters in 2006. None of these new obligations came with additional revenues, meaning that in a time of scarcity, other programs and services lacking similar protections are left on the chopping block to pay the bills.

For all of these reasons, and many more, I'll add my name to the list of budget watchers who believe that this year's budget fight will be the toughest yet. It will also be the most important for all of us who believe that adequate investment in public services is essential to California's future.

Together for California's Future

Recently a new statewide coalition, Together for California's Future, has been organized. The non-partisan coalition, representing more than 7 million Californians, is committed to educating the public about the effects of the proposed budget cuts and the need for leadership in Sacramento to find a better way. It includes seniors, parents, teachers, firefighters, law enforcement officers, school employees, people with disabilities, caregivers and working families who are united in opposition to gutting California's schools, parks, healthcare, and other services vital to public safety and our quality of life.

The California State PTA and other members of the Education Coalition and the Children's Advocates Roundtable have joined the coalition. Watch for more information.

Thank You!

Every one is doing terrific work in terms of getting our message out and mobilizing PTA members and community members across the state to oppose the proposed budget cuts. Thank you for your efforts! PTA's Flunk-the-Budget message is gaining attention in the media and in the Capitol. Several hundred parents and students participated in the rally on the Capitol steps on Thursday, April 24. Special kudos to two members of our Board of Managers – Tim Davidson, Sixteenth District President, and Student Board Member Douglas Bell – for their terrific speeches! Altogether, there were eight speakers representing eight different parts of the state.

Pat Dingsdale
Director of Legislation

Linking Driving To School Attendance

Two bills, currently in the Assembly, suggest that the right for minors to hold a driver's license or provisional license should be linked to school attendance. **AB 2107 (Mullin)** would restrict the issuance of a provisional driver's license to those able to

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provide proof of enrollment in high school or graduation from high school. Certain exceptions are allowed for. Similarly, **AB 2414 (Mullin)** would authorize a School Attendance Review Board (SARB) to recommend the suspension of a provisional or driver's license for a student who has not attended school for 15 consecutive days or 20 total days in one semester, or who has been deemed a habitual truant. The California State PTA has not yet taken a position on either of these bills, but may do so in May. PTA supports efforts to improve school attendance and decrease absenteeism and will have to consider whether the revocation or withholding of driving privileges is an appropriate and effective means to address this issue.

PTA has taken a Support position on **AB 1446 (De Saulnier)**, which specifies the need for schools to inform parents in writing, in a timely fashion, when a student is designated as a truant. This situation arises when a student is absent from school, without a valid excuse, for 3 full days in one school year or tardy or absent for more than any 30 minute period during the school day, without a valid excuse, on 3 occasions in one school year. We recognize that if parents are to work with their child to improve school attendance, they need to be aware that there is a problem as quickly as possible.

Juvenile Justice Reform Efforts Continue in Sacramento

Reforms to juvenile justice systems are continuing to receive attention federally, as well as in California. CAPTA has taken a Support position on **SB 1545 (Romero)**, which requires that a student who has completed all of the graduation requirements be granted a high school diploma, even if some or all of their course work was completed while in the custody of the Department of Juvenile Justice or a county facility. We are currently reviewing two additional bills in the juvenile justice area:

AB 360 (Carter) would revise the objectives of the juvenile justice system to include principles of restorative justice, where the minor is required to be accountable for restoration of the losses suffered by the victim(s) and/or community. It would also specify that juvenile offenders should be capable of living in a responsible and law-abiding manner within the community and their families when they emerge from the juvenile court's jurisdiction. This requires that they receive an adequate education, including daily living skills and job training as well as appro-

priate treatment for substance abuse or mental health issues, if appropriate.

A second juvenile justice bill under consideration by PTA is **SB 1250 (Yee)**, which would enact the Family Communication and Youth Rehabilitation Act of 2008. This bill includes a number of provisions designed to maximize the contact between a minor in custody with members of his/her family. These include ensuring that parents are notified if the minor in custody suffers an injury or attempts suicide; providing information to the wards and their family, in their home language, about their rights while in custody; and providing supplies for letter writing and low-cost or no-cost telephone access. The bill would also facilitate family visits by specifying that free shuttle service be provided monthly between the facility and the nearest train/bus station. The author contends that numerous research studies show that family visitation and communication is key to reducing recidivism.

*Debbie Look
Community Concerns Advocate*

Immunization Changes?

The Legislature is certainly spending time on children's immunizations during the 2007-08 session. Five bills have been introduced that relate to the requirements for childhood immunizations. Currently two of those bills are moving through the legislature. **AB 2580 (Arambula)** is a bill that requires a pertussis booster shot prior to enrolling in seventh grade. The author is concerned with the increase in pertussis cases among children. The bill also deletes age requirements for most other childhood immunizations. It reaffirms the Legislature's intent to oversee the immunization requirements for children attending school.

AB 16 (Hernandez) is presently in the Senate health committee. This bill would remove the Legislature from the process of determining which childhood immunizations should be required prior to enrolling in school. Under this bill the current list of required immunizations would be abolished and the California State Public Health Officer would, in consultation with the California Conference of Local Health Officers, develop a list of required immunizations. This list would be based on recommendations of the Advisory Committee on Immunization Practices and other physician groups. The author of this bill believes our system of revising immunization Requirements is cumbersome and has proposed this

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bill to streamline the process for revising immunization requirements.

Several other bills on immunization have died in committee. In addition, the Governor vetoed **SB 533 (Yee)** a bill that would require immunization for pneumonococcus. In his veto message, the Governor stated the bill was unnecessary as most children already received this immunization.

Shayne Silva
Health Advocate

Spotlight on Financial Literacy

The recent "sub prime mortgage meltdown" has renewed interest in the extent to which Californians, as well as the rest of Americans, are able to make informed judgments and take effective action regarding the current and future use and management of money. The California State PTA continues to be interested in promoting financial literacy to family and youth including the development of an integrated curriculum in personal finance education in grades K-12. As recently as 1999, PTA members sitting in convention adopted a resolution titled *Financial Literacy for Youth*.

MyMoney.gov is the U.S. government's website dedicated to teaching all Americans the basics about financial education. The website says, "Whether you are planning to buy a home, balancing your checkbook, or investing in your 401k, the resources on MyMoney.gov can help you do it better. Throughout the site, you will find important information from 20 federal agencies government wide."

Parents might be interested to know that on February 27, 2008, the Treasury Department launched a new curriculum to improve the personal financial literacy of middle school students with support from the President's Advisory Council on Financial Literacy. The free program, titled *Money Math: Lessons for Life*, helps teachers integrate personal finance topics into mathematics classes. Money Math is a four-lesson, 86-page curriculum that uses real-life examples to teach personal finance through middle school mathematics concepts. The curriculum is available for downloading at MyMoney.gov. Teachers may obtain a free printed copy of *Money Math: Lessons for Life* by sending an e-mail request to moneymath@bpd.treas.gov.

In an effort to raise awareness, President Bush on February 29, 2008 announced this year's theme for National Consumer Protection Week: "Financial Literacy: A Sound Investment." In his announce-

ment the president said "it encourages consumers to take steps to build a firm financial foundation by becoming informed consumers, individuals can help plan for their future, protect their identity, and effectively manage their finances. It is important for citizens to be knowledgeable on financial matters such as choosing a health insurance plan, comparing savings and retirement plans, and realizing how credit scores can affect them. Education is the first line of defense in helping consumers manage their money wisely and safeguard themselves against fraud and identity theft. My Administration is working to expand the American people's financial education."

Recently, a concurrent resolution was introduced onto the floor of the California Assembly. **ACR 113 (Niello & Lieu)** declares the month of April, 2008, as Financial Literacy Month, in order to raise public awareness about the need for increased financial literacy. A resolution like this usually comes up every year and California State PTA has again taken a **Support** position on **ACR 113**.

Raising awareness has been ongoing, but has it been enough? High school seniors taking part in a national survey of financial knowledge scored an average of 52.4 percent, which is a failing grade. More than 40 percent of American families spend more than they earn. California does not have an official statewide policy or education plan for teaching of financial literacy. Financial literacy materials and resources exist in many forms but are not organized or collected in a systematic manner.

As the 2007 sub prime mortgage crisis demonstrates, there is a severe shortage of affordable financial advisors to counsel middle- and lower-income Californians and to advise them on how to plan for financial crisis.

At the May 2008 Legislation Action Committee meeting, one bill that California State PTA will be studying is **AB 2123 (Lieu)**. This bill would establish the California Financial Literacy Initiative for the purpose of improving financial literacy by offering instructional materials to citizens of California. Please stay tuned for further details regarding the bill and PTA's position on the bill.

Michael Butler
Parent Involvement Advocate

Block Grant Legislation

Two bills opposed by the California State PTA were heard recently in the Assembly Education

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Committee were. **AB 2933 (Committee on Education)** and **AB 2890 (Duvall)**. These bills would have combined several categorical programs into block grants were intended to respond to conclusions in the *Getting Down to Facts* studies that concluded school districts need more flexibility in the use of funds. The main reason the committee held the bills is that the subject needs more review, and the bills would have created unintended consequences.

Related legislation would have allowed school districts to respond to the current budget crisis by moving some categorical funds to their general funds. This “rob Peter to pay Paul” approach would merely take money and programs away from some children and give it to others. The Legislation Action Committee voted to oppose **AB 2831 (Fuller)** and **AB 2832 (Fuller)**.

Current PTA policy provides clear standards to evaluate block grant legislation. PTA could support block grant legislation that meets the following tests:

- It must assure that specific needs of students would be met.
- It must contain fiscal and program accountability standards that ensure funds are spent for the purposes and outcomes intended for the programs within the block grant.
- It must provide sufficient planning time to provide for the transition from individual categorical program delivery to a block grant system, including time to inform parents or guardians of program changes and to include them in any decisions that affect the education of their children.

AB 2933 and **AB 2890** did not meet these policy standards. **AB 2933** contains language that would have allowed wholesale transfers of block grant funds to general funds and both bills contained insufficient fiscal and accountability provisions to assure that block grant funds would be spent as intended. At the hearing the committee chairman acknowledged that neither bill mentions any role for parents. PTA and others identified these and other deficiencies in the bill. We anticipate that the Assembly Education Committee will use a collaborative and deliberative process to craft block grant legislation. PTA will actively participate in that process.

*Brian Bonner
Legislative Advocate*

CAHSEE Exemption for Special Education Students

California State PTA has taken a SUPPORT position on **SB 1446 (Romero and Nunez)**. It is an urgency measure and would exempt until December 31, 2009, eligible pupils with disabilities from the requirement to pass the high school exit exam as a condition of receiving a high school diploma, and provides the opportunity for eligible pupils with disabilities to receive a diploma by demonstrating through a standardized evidence-based assessment that they have acquired the same knowledge and skills necessary to pass the exit exam. Last year Senator Romero’s **SB 123**, also supported by PTA, was nearly identical to **SB 1446**. It was vetoed by the Governor.

PTA has also taken SUPPORT positions on a career technical education bill and a bill to more effectively serve California’s English Language Learners. **AB 2515 (Hancock)** would authorize a regional occupational center or program (ROC/P), upon approval and certification by the Superintendent of Public Instruction, to offer a Preparation for Apprenticeship program. The bill is opposed by some of the trade organizations. **AB 2077 (Fuentes)** is an important bill that proposes changes related to the reporting of scores of the English Language Development Test (CELDT). Nearly one-half of the student population in California’s public schools comes from homes where English is not the primary language, and about one-quarter of the student population are English Language Learners.

AB 2290 (Benoit) Pupil: attendance: special education: Opportunity Scholarship Program, was introduced in February. It proposed to provide students with exceptional needs the option to attend the public or nonsectarian private school of their choice and to provide an “Opportunity Scholarship” for \$10,000. The California State PTA took an OPPOSE position on this bill. On April 7 this bill was gutted-and-amended. The new bill, School finance: categorical funding, and would authorize a school district, for purposes of providing home-to-school transportation, to use up to 20% of the total amount of categorical education funding it receives each fiscal year. PTA has no position on the April 7 version of the bill. This is an example of a common practice in the State Capitol in which entire content of a bill are stripped out and replaced with something completely new. Some in Sacramento believe that gut-and-amend is the only way to deal

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with last minute issues that arise. Critics believe that the gut-and-amend process turns the legislative process inside out and makes a mockery of the system. Nevertheless, the process exists and is commonly used to move business, especially towards the end of a legislative session.

Susan Solomon
Education Advocate

STAR REAUTHORIZATION

Senator Torlakson has introduced **SB 1650** that would require the Department of Education to establish a Standardized Testing and Reporting program (STAR) advisory panel that would authorize an independent evaluation of the current STAR program's effectiveness in measuring student progress on California academic standards and meeting the requirements of NCLB. This evaluation would also examine the feasibility and cost of a state-wide diagnostic testing model, to achieve both a classroom-focused diagnostic tool and a state-wide data tracking function and inform the STAR reauthorization discussion.

The STAR system is up for reauthorization in 2011 SB 2650 would afford California the opportunity to examine the current assessment model to ensure it meets the needs of our students as well as No Child Left Behind and assist teachers in targeting instruction and other accountability needs. PTA will consider SB 1650 at the May meeting of the Legislation Action Committee.

Cecelia Mansfield
Education Advocate

DC Corner

Food for Thought

The following article appeared in Public Education Network Weekly NewsBlast on April 18, 2008, www.publiceducation.org.

According to a book recently released by First Focus, during the past five years, children have lost significant ground in the federal budget. While overall spending on children's issues increased by about 1.4 percent, in real terms, total federal non-defense spending grew at nearly 10 times that rate. As a result, the children's share of the federal non-defense budget declined from 11 percent (in 2004 to 10 percent in 2008. This drop continues a trend in which

the budget share allocated to children has declined 23 percent since 1960. In fact, spending for children's education, welfare and youth training has been particularly hard hit during the last half decade, with total spending declining by 9.9, 11.5 and 14.9 percent in each area, respectively.

Unfortunately, President Bush's fiscal year 2009 budget proposal continues this trend. For example, spending on children's health programs would increase by 2.2 percent, but discretionary spending in this area would drop by 12 percent from 2008 levels. And as many Americans file their tax extensions, it is good to know that of every dollar the American taxpayer pays, 42 cents goes to the military, with only 4.4 cents going toward education, training, and social services costs.

Linda Mayo
Federal Advocate



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