

The FISCAL REPORT *an informational update*

Copyright © 2011 School Services of California, Inc.

Volume 31

For Publication Date: April 1, 2011

No. 7

Governor Signs \$11.2 Billion in Budget Solutions—Budget Remains \$12.6 Billion Out of Balance

Editor's Note: Please note that the original posting of this article indicated that the Governor signed the State Budget Bill, SB 69; however, he only signed trailer bills as indicated in the corrected version below.

Governor Jerry Brown on March 24, 2011, signed 13 trailer bills into law. The State Budget Bill, SB 69, is still awaiting his action. According to his press release, these 13 bills account for \$11.2 billion in budget solutions, most of which are reductions and cost savings. According to the Governor, an additional \$12.6 billion of either revenue or additional reductions are needed in order to bring the 2011-12 State Budget into balance. The Governor indicated that the Legislature has so far done "very heroic work," but is only halfway to the goal.

For K-14 education, the Governor's signature includes:

- \$2.1 billion deferral from 2011-12 to 2012-13
- \$80 million augmentation for AB 3632 services in the current year
- An ongoing 8.92% reduction to basic aid school districts
- Two-year extension of the categorical flexibility provisions
- California Community College fees increase from \$26 per unit to \$36 per unit

Major pieces of the Governor's proposed State Budget remain in limbo. The State Budget Bill, SB 69, is still awaiting action. The Governor's effort to eliminate redevelopment agencies fell one vote short of approval in the State Assembly, and support from the State Senate remains unknown. Of even greater importance to the future of education in California is the Governor's proposal to extend temporary taxes for an additional five years. So far, the tax extension does not have sufficient legislative support to place the question before voters on a June special election ballot. Without the tax extension, the Governor indicated that schools would likely experience \$4 billion to \$5 billion in cuts.

The Governor continues to work with Republican legislators to gain their support for letting voters decide on the tax extensions. He indicated that, "We are making progress." He acknowledged that the Republicans are seeking to solve problems that don't immediately result in cost savings such as pension reform, regulatory reform, and a spending cap, and that time is running out to reach agreement. The Governor says he is willing to negotiate, but the agreement has to be fair, reasonable, and must happen now. When pressed on when the last day would be to get the proposition to the ballot, the Governor indicated that even he did not know the answer.

—Terry Anderson

posted 03/24/2011