

What is Proposition 98?

In 1988 CTA sponsored a voter-approved initiative to establish a minimum annual state funding level for K-14 public education in California. Proposition 98 guarantees that K-14 public education receives at least as much funding as in the prior year, and in good economic times an increase in funding based on a series of economic tests. In poor economic years, when the entitlement must be reduced, a maintenance factor calculation is applied that guarantees the entitlement amount will be restored in future years when the economy improves. K-14 public education funding may exceed the Prop 98 entitlement, but may not be less without a suspension of Prop 98. Presently, suspending Prop 98 requires a two-thirds legislative vote approved by the governor.

How will the Governor's budget proposal alter Proposition 98 and affect public education funding?

The Governor is proposing that portions of Prop 98 be repealed. The repealed sections would include the "Test 3" formula that reduces funding in the poor economic years and the "maintenance factor" that restores funding to the Prop 98 base when the economy improves. The proposal further sets the Prop 98 base at the 04-05 funding level and promises to repay the current maintenance factor (\$3.9 billion) as one-time money over 15 years. Under the current provisions of Prop 98, when the \$3.9 billion is restored, it would be ongoing money each year from that point forward. If the restoration occurred as was promised by the Governor in the 04-05 agreement with public education stakeholders, *ongoing* repayments of the maintenance factor would begin in 06-07.

Additionally, the Governor is proposing across-the-board cuts to all State programs whenever state expenditures exceed revenues and the Legislature does not act to correct the situation within 45 days. These across-the-board cuts also apply if the Legislature fails to enact the State budget on time. Cuts like these could destroy the protections that Prop 98 has provided the last 16 years. Effectively, there would be no guaranteed minimum level of funding for public education under these proposals.

What will these changes to public education funding mean in my classroom?

The students of California have already taken a \$9.8 billion hit since 01-02. This translates to \$1,550 per student or \$38,750 per classroom. As of 01-02, California ranked 44th in per pupil expenditures in the U.S. The Governor's proposed repeal of portions of Prop 98 and other State budget cuts could further devastate public education in California. School districts could be in for wildly unpredictable budget projections, which may include multiple mid-year cuts and NO HOPE OF REPAYMENT. Teacher salaries, benefits, and working conditions may be severely impacted by the unpredictability of school funding under these proposals.

