
The FISCAL REPORT an informational update

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Governor Clarifies Provisions of Education Trailer Bill

Late yesterday, the last day of the 2010-11 fiscal year, Governor Jerry Brown signed a number of Trailer Bills to complete the enactment of the State Budget for 2011-12, most notably:

- Assembly Bill (AB) 114 (Committee on Budget), the Education Trailer Bill
- AB 121 (Committee on Budget), which outlines the triggers for possible midyear reductions for 2011-12

For more details on the provisions of AB 114 and AB 121, please see our previous articles, "[2011-12 State Budget Adopted by the Legislature and Sent to the Governor](#)" and "[SSC Commentary—Once Again, the State Budget Puts Education at Risk](#)," in this issue of the *Fiscal Report*.

In these articles, we expressed serious concerns about the provisions in AB 114 that appear to override local decision making authority by directing local agencies to use particular assumptions in preparing their revenue and expenditure budgets. Even with flat funding from 2010-11 to 2011-12, many local agencies still have the need to reduce expenses in order to balance their budgets. We expressed these same concerns in a letter to the Governor Brown, urging him to reject those provisions of AB 114. We appreciate that the California School Boards Association also wrote a letter to the Governor Brown requesting repeal of these same provisions. Both of our letters pressed for returning authority to local agencies to manage their own budgets as they deem appropriate.

We are very relieved to see that, in Governor Brown's signing message for AB 114, he does just that! In particular, he states, "School boards should take all reasonable steps to balance their budgets and to maintain positive cash balances." Click [here](#) to view the full text of Governor Brown's message.

Governor Brown's signing message clarified two important areas of ambiguity that have already led to widely different interpretations of this new law. The state directs school districts and county offices of education to base their budget estimate of 2011-12 revenues on the amount per pupil in revenues that they received in 2010-11. Governor Brown's signing message clarifies that AB 114 "directs schools to adhere to the **level of state funding provided in the Budget**." This clarifies that revenues means only state revenues received through the 2011-12 Budget.

The new law also requires schools to maintain staffing and program levels commensurate with that level of funding. Governor Brown's message clarifies that this provision of AB 114 does not interfere with local school board decisions when they "need to make reductions due to cost increases, loss of federal funds, enrollment declines, or other factors."

We appreciate Governor Brown providing clarification on the intent of the language contained in AB 114, and will be working with our colleagues to prepare our advice to the field in the coming days and in our upcoming [School Finance and Management Conference](#).

—SSC Staff

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