

PTA POSITIONS ON BALLOT MEASURES – MAY 19, 2009 Special Election

Proposition 1A

Official Title and Summary

State Budget. Changes California Budget Process. Limits State Spending. Increases “Rainy Day” Budget Stabilization Fund.

- Increases size of state “rainy day” fund from 5 percent to 12.5 percent of the General Fund.
- A portion of the annual deposits into that fund would be dedicated to savings for future economic downturns, and the remainder would be available to fund education, infrastructure, and debt repayment, or for use in a declared emergency.
- Requires additional revenue above historic trends to be deposited into state “rainy day” Budget Stabilization Fund (BSF), limiting spending.

Summary of Legislative Analyst’s Estimate of Net State and Local Government Fiscal Impact:

- Higher state tax revenues of roughly \$16 billion from 2010-11 through 2012-13 to help balance the state budget.
- In many years, increased amounts of money in state “rainy day” reserve fund.
- Potentially less ups and downs in state spending over time.
- Possible greater state spending on repaying budgetary borrowing and debt, infrastructure projects, and temporary tax relief. In some cases, this would mean less money available for ongoing spending.

Background

In February 2009, the Governor and the Legislature reached agreement on a package of bills to help close the state’s enormous budget deficit. This agreement included revisions to the current 2008-09 budget, and a budget for the 2009-10 fiscal year – adopted four months ahead of the annual deadline. Propositions 1A through 1F are part of that budget agreement.

If both Proposition 1A and Proposition 1B are enacted, then beginning in 2011-12, one-half of the annual deposit (1.5 percent of GF revenues) would be withdrawn from the BSF and deposited in a fund for the purpose of making a cumulative \$9.3 billion payment to K-14 education. These payments would be added to the Proposition 98 base. After Proposition 98 is fully satisfied (2017-18), the same 1.5 percent will continue to be withdrawn annually to repay state bonded indebtedness or to pay for one-time capital outlay.

Arguments in Favor

Organizations including the California Chamber of Commerce, Association of California School Administrators, California Teachers Association, California Taxpayers Association and the League of California Cities support Proposition 1A, as well as the Governor and legislative leaders.

According to Senate President Pro Tem Darrell Steinberg: “We are in a serious financial crisis caused by both the difficult economic times we face and a broken budget process. These reforms together will put into place necessary short-term solutions and also help California move toward fiscal health and responsibility in the long-term while protecting vital services.”

According to Assembly Republican Leader Mike Villines: “Passing Prop 1A is our best chance to fix the system, protect taxpayers from wasteful overspending by the Legislature and restore fiscal responsibility in our state. Its failure would likely bring California back to square one next year of significant deficits and financial crises that will hurt working families.”

Allan Zaremborg, president of the CalChamber, said: “California’s budget roller coaster creates instability that has far reaching impacts on our business climate. These measures give Californians the opportunity to put into place reforms that will go a long way toward getting California’s economy moving forward again.”

For more information and a list of supporters, visit www.cabudgetreformnow.com

Arguments in Opposition

Organizations including the California Federation of Teachers, Service Employees International Union, California Faculty Association, Howard Jarvis Taxpayers Association, and the League of Women Voters of California oppose Proposition 1A.

According to the California Federation of Teachers: “Proposition 1A would create a maze of rules controlling California budgeting that would severely restrict the state from enacting budgets that adequately address the realities that California will be facing in coming years, especially the ability to address the needs of California’s aging population. Proposition 1A, if approved, would also trigger the ability of the Governor to unilaterally reduce individual program budgets without approval of the legislature. This ‘power grab’ by the Governor is not in keeping with the concept of balanced power among legislative, administrative, and judicial branches of government embedded in the United States Constitution.”

According to the League of Women Voters of California: “Proposition 1A is touted by its proponents as the way to bring stability to the budget process. But what it will *really* do is tie the hands of the Legislature and Governor as they face changing needs for state and local government services. It will keep them from taking into account the state’s changing demographics and growth in the actual cost of important services like health care. ...The League believes elected officials should be allowed to carry out their responsibilities with flexibility. Years of ‘ballot-box budgeting’ and formulas for auto-pilot spending have greatly eroded that flexibility. Prop. 1A, however, adds to the problem. For example, it dictates how half the funds

that must be transferred to the ‘Budget Stabilization Fund’ are to be used; it removes the Governor’s ability to suspend transfers to the fund in difficult years; and it imposes new formulas for calculating ‘unanticipated revenues’ and specifies how they can be used in good years. And, after the deep cuts made during these strapped times, it could lock in a reduced level of services by failing to properly take account of increased caseloads and program costs.”

The Howard Jarvis Taxpayers Association opposes Proposition 1A because, if enacted, it would extend temporary tax increases one or two years longer than if the ballot measure were defeated.

For more information and a list of opponents, visit <http://votenoona.com/>.

PTA Rationale to Support Proposition 1A

The California State PTA has voted to SUPPORT Proposition 1A.

During this budget crisis, the California State PTA has been urging our elected officials to support education funding and increase revenue as part of a balanced approach to protect children.

California State PTA supports legislation that secures financing for public education. Under this proposition, each year, 3 percent of revenues would go into a fund until it reaches 12.5 percent of the General Fund. If both Proposition 1A and 1B pass, the state would be obligated to pay K-12 schools and community colleges \$9.3 billion to address recent funding reductions. One half of the annual allotment (1.5 percent) would be used for education funding. After the \$9.3 billion is paid, 1.5 percent of the revenue would go to pay for state infrastructure or state bond debt.

California State PTA believes the Legislature and the Governor should work together to develop a budget that meets the needs of children. Proposition 1A, though not perfect, represents a “down payment” on budget reform. The “rainy day” fund could be accessed in future years to address budget shortfalls. Proposition 1A could potentially create smoother state spending over time by limiting up and downs. Revenues generally available would be based on the past decade. It would not, however, cap the total level of spending that could be authorized in any given year if alternative revenues were approved. The California State PTA relied on the following authorities as the basis for its support of Proposition 1A:

Resolutions

- FINANCING CALIFORNIA’S PUBLIC SCHOOLS (2007)

General Principles

- Toolkit 4.2.4b #4
- Toolkit 4.2.4b #7

Legislation Planks

- Toolkit: 4.2.4c #2

Position Statements

- Toolkit: 4.5.64 State Tax Reform

Conclusion

The California State PTA recognizes that these have been challenging economic times. The State PTA has advocated for enhanced revenues as part of the balanced budget solution, realizing that cuts alone would not be in the best interests of the “whole” child. Proposition 1A would ensure that some temporary tax increases would not be cut short during the time when they will be most needed to provide critical services to children. State revenues would increase by about \$16 billion from 2010-11 to 2012-13 if Proposition 1A is approved by the voters.

In addition, Proposition 1A will provide a funding source for the payback of lost educational funding. While Proposition A does not solve the structural budget problem, it does represent a down payment on budget reform.

For a detailed analysis of Proposition 1A visit www.lao.ca.gov.

PTA POSITIONS ON BALLOT MEASURES – MAY 19, 2009 Special Election

Proposition 1B

Official Title and Summary

Education Funding. Payment Plan.

- Requires supplemental payments to local school districts and community colleges to address recent budget cuts.
- Annual payments begin in 2011-12.
- Payments are funded from the state’s Budget Stabilization Fund until the total amount has been paid.
- Payments to local school districts will be allocated in proportion to average daily attendance and may be used for classroom instruction, textbooks and other local educational programs.

Summary of Legislative Analyst’s Estimate of Net State and Local Government Fiscal Impact

- Fiscal impact would depend on how current constitutional provisions would otherwise be interpreted.
- Potential state savings of up to several billion dollars in 2009-10 and 2010-11.
- Potential state costs of billions of dollars annually thereafter.

Background

Proposition 1B would increase the Proposition 98 base by at least \$9.3 billion, but only if Proposition 1A also passes. In 1990, Proposition 98 was amended by Proposition 111 to account for various budget conditions and to provide a means to repay K-14 education when revenues were not sufficient to provide the funding that Proposition 98 requires. However, the budget condition that currently exists was not envisioned when Proposition 111 amended Proposition 98. This has led to a debate about the amount of “backfill” – officially called the maintenance factor – required, if any, to meet the minimum Proposition 98 guarantee. This dispute would likely be litigated if the funding were not appropriated as a maintenance factor. See the Legislative Analyst’s report on Proposition 1B for a complete discussion of this dispute, http://lao.ca.gov/ballot/2009/1B_05_2009.aspx.

Proposition 1B is part of the complex agreement that the Legislature and Governor reached to solve the \$40 billion budget shortfall that the state faces. It would provide \$9.3 billion in “supplemental” payments instead of maintenance factor payments. Proposition 1A would provide the mechanism to move the funds to local school district general funds.

Arguments in Favor

All major statewide education associations, including the California Teachers Association, California Federation of Teachers, California School Boards Association, Association of California School Administrators, and California Association of School Business Officials support Proposition 1B. David A. Sanchez, President of the California Teachers Association included the following comments in his argument in favor of Proposition 1B

[<http://www.voterguide.sos.ca.gov/arguments-rebuttals/prop1b.htm>]:

“Prop. 1B starts the process of paying back to the schools and community colleges some of the money lost by these devastating cuts. Instead of permanently losing these vital education funds, Prop. 1B sets up a repayment plan to ensure

schools and community colleges are paid back as economic conditions improve. If we don't pass 1B, California will be permanently downgrading its public school system. That is why the California Teachers Association urges you to vote Yes on Prop. 1B.”

Arguments in Opposition

The Secretary of State did not receive any ballot arguments against Proposition 1B. The California School Nurses Association and the League of Women Voters of California have announced opposition. According to the nurses' association: “CNA supports full funding of public education and supports restoring the devastating cuts of recent years. But CNA does not support Prop 1B in lieu of proper payment under the Prop 98 guarantee. The Legislature has the power to make education funding a priority and not tie funding to a spending cap as proposed with Prop 1A.”

PTA Rationale to Support Proposition 1B

The California State PTA has voted to SUPPORT Proposition 1B, a constitutional amendment to require annual payments totaling \$9.3 billion to schools and community colleges that would be included in the Proposition 98 funding base. This proposition will appear on the May 19, 2009, special election ballot. Passage of ACA 2 (Bass) (Third Extraordinary Session) placed this measure on the ballot. The California State PTA relied on the following authorities as the basis for its support of Proposition 1B:

Resolutions:

- ADEQUATE AND EQUITABLE STATE SCHOOL FINANCE SYSTEM (1987)
- NONSUSPENSION OF PROPOSITION 98 (1991– Reviewed by Board of Managers, 2005)
- FINANCING CALIFORNIA'S PUBLIC SCHOOLS (Adopted by Convention Delegates, May 2007)

Legislation Planks

- Toolkit: 4.2.4c #1
- Toolkit: 4.2.4c #2

Conclusion

California schools have suffered cuts of several billion dollars over the last few years at a time when the state ranks at or near the bottom in teachers and administrators per student. Last year 15,000 support staff were laid off. Class sizes rank among the highest in the nation.

The California State PTA supports Proposition 1B because it is consistent with PTA policies on adequate funding for public education. It would provide sorely needed funds to begin restoring some of the losses our children have suffered.

PTA POSITIONS ON BALLOT MEASURES – MAY 19, 2009 Special Election

Proposition 1C

Official Title and Summary

Lottery Modernization Act.

- *Allows the state lottery to be modernized to improve its performance with increased payouts, improved marketing, and effective management.*
- *Requires the state to maintain ownership of the lottery and authorizes additional accountability measures.*
- *Protects funding levels for schools currently provided by lottery revenues.*
- *Increases lottery revenues to address current budget deficit and reduce the need for additional tax increases and cuts to state programs.*

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact

- *Impact on 2009-10 State Budget:* Allows \$5 billion of borrowing from future lottery profits to help balance the 2009-10 state budget.
- *Impact on Future State Budgets:* Debt-service payments on lottery borrowing and higher payments to education would likely make it more difficult to balance future state budgets. This impact would be lessened by potentially higher lottery profits. Additional lottery borrowing would be allowed.

Background

California voters approved Proposition 37 in 1984. Proposition 37 authorized creation of the lottery and dedicated a portion of lottery profits to education. It created the California State Lottery Commission, which consists of five persons appointed by the Governor and confirmed by the State Senate. The commission oversees the approximately 600-person state department that administers the lottery.

Proposition 37 directs the use of lottery funds generated from sales of lottery tickets. It requires that 50 percent of these funds be returned to lottery players as prizes. Currently, the lottery may spend no more than 16 percent of its ticket sales on lottery operation. The law dedicates lottery profits – the funds remaining after payment of prizes and lottery expenses – to educational institutions. These payments to educational institutions must equal at least 34 percent of the funds generated from lottery ticket sales each year. In the 2007-2008 fiscal year the lottery sold more than \$3 billion worth of tickets, paid out \$1.6 billion in prizes, spent \$380 million on expenses, leaving \$1.1 billion in lottery profits for distribution to educational institutions, based on the number of students.

Proposition 1C amends the California Constitution and other state laws to make major changes to the 1984 voter initiative that created the California lottery. These changes could increase lottery ticket sales and allow the state to borrow \$5 billion from future lottery profits in the 2009-10 fiscal year. In addition, the state could also borrow more from lottery profits in future years.

Under the measure, lottery profits now dedicated to schools and colleges would be used to pay back the borrowing. The measure would increase state payments to education from the state General Fund to make up for the loss of these lottery payments.

If Proposition 1C passes, schools and public institutions of higher learning would no longer receive lottery money; instead, state General Fund allocations to schools, colleges, and universities would be increased, beginning in 2009-10 by an amount equal to their share of lottery revenues in 2008-2009.

Borrowing from future lottery profits will generate a large amount of one-time revenue over the next two years to retire existing debt. Proposition 1C allows \$5 billion in borrowing to help the state's 2009-10 budget, with additional borrowing allowed in the future. Lottery profits would be used to repay the borrowing.

Arguments in Favor

Supporters say Proposition 1C will modernize our lottery and provide immediate funds to help mitigate the current budget crisis and avoid more taxes. They point out that the state is in the middle of the worst economic recession since the Great Depression, and Californians face higher taxes and deeper cuts in education, public safety, transportation, health care and other services. We must act now to protect these vital services and avoid further tax increases.

Those in support also note that Proposition 1C guarantees that schools will continue to receive at least as much, if not more, funding than they receive from the lottery today. Proposition 1C delivers on the "Lottery Promise" by ensuring that we're getting what we voted for, and that funding for education is protected.

Passage of Proposition 1C is essential to the health of the state. If California cannot borrow against future lottery profits, the state will be forced to cut another \$5 billion from its budget or to increase taxes by that amount.

Arguments in Opposition

Opponents say Proposition C is not an immediate, responsible solution to our fiscal crisis and we don't know how it will play out in the long term. The lottery should be left as it was originally designed 25 years ago. We should not rely on gambling to balance the budget. They also say that Proposition 1C will take money away from other important programs such as health care, and may have the effect of reducing funding for education, since experts have pointed out that long-term lottery profits will not be sufficient to cover the higher payments to education that the measure requires.

We are making grand assumptions about a modernized state lottery, with anticipated revenues we probably won't see. Lottery ticket sales dropped 10 percent during the first four months of the current fiscal year beginning July 1. Lottery officials blamed the economic downturn for the drop in sales. If we are counting on the lottery to bail out the state financially, how is that done when people are gambling less because of a sour economy? We cannot afford another ballot measure that creates more problems than it solves.

PTA Rationale to Support Proposition 1C

The California State PTA has voted to SUPPORT Proposition 1C, one of the major components of the plan approved by the Legislature and the Governor in February 2009 to balance the state budget. The California State PTA neither supports nor opposes the use of gambling or gaming to raise funds for the state's public schools. PTA does recognize that promoters of gaming programs capitalize on the market advantages of linking their gaming enterprises with public education. PTA also recognizes that revenue from the California State Lottery, enacted by a voter-approved initiative in 1984, reinforces a misconception among a significant portion of the voting public that education is "fully funded" or "taken care of" by the state lottery, although the lottery has never contributed more than 2 percent of California's statewide funding for education. Further, PTA acknowledges that public schools have come to rely on revenue generated by the state lottery, but believes lottery funds allocated to public schools must be used to supplement, never to supplant, the state's financial obligation to education. Lottery funds should never be used for ongoing expenditures and should always be treated as an annual infusion of one-time only funds.

PTA believes any effort to reform or modify the state lottery should be guided by the principle of protecting education funding and holding it harmless. Any effort to modify the lottery as part of a state budget reform should be rational, transparent, and guided by the principle of fiscal responsibility. The California State PTA relied on the following authorities as the basis for its support of Proposition 1C:

Position Statements

- Lottery Revenue and Public School Funding (adopted January 2009), which states in part:

"PTA believes any effort to reform or modify the State Lottery should be guided by the principle of protecting education funding and holding it harmless. Any effort to modify the Lottery as part of a state budget reform should be rational, transparent, and guided by the principle of fiscal responsibility."

Conclusion

The California State PTA recognizes that excellence in education will cost money. All levels of government – local, state and federal – must share in providing adequate funding for our schools. Proposition 1C guarantees that funds equivalent to \$1.1 billion dollars in lottery profits will be directed from the General Fund to increase the Proposition 98 guarantee.

PTA POSITIONS ON BALLOT MEASURES – MAY 19, 2009 Special Election

Proposition 1D

Official Title and Summary

Protects Children's Services Funding. Helps balance state budget.

- Redirects existing tobacco tax money to protect health and human services for children, including services for at-risk families, services for children with disabilities, and services for foster children.
- Temporarily allows the redirection of existing money to fund health and human service programs for children 5 years old and under.
- Ensures counties retain funding for local priorities.
- Helps balance state budget.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact

- State General Fund savings of up to \$608 million in 2009-10 and \$268 million annually from 2010-11 through 2013-14, from temporarily redirecting a portion of funds from the California Children and Families Program in place of state General Fund support of health and human services programs for children up to age 5.
- Corresponding reductions in funding for early childhood development programs provided by the California Children and Families Program.

Background

Proposition 10 was passed by the voters in November 1998. The initiative created the California Children and Families Program (now commonly known as the First 5 program) to expand early development programs for children up to age 5. The First 5 program is funded by revenues from a state excise tax on cigarettes (50 cents per pack) and other tobacco products. (An additional 37 cents per pack in state excise taxes is imposed for other state purposes unrelated to First 5.) Revenues generated by the First 5 tax are deposited into the California Children and Families Trust Fund and are appropriated on an ongoing basis for First 5 programs. Currently none of these funds are subject to appropriation by the Legislature. Proposition 10 requires that these funds be added to, rather than replace, the funding for existing programs.

The proposed redirection of funds from Proposition 10 to the General Fund to pay for existing programs for children up to age 5 would be \$268 million each year, for a five-year total of about \$1.4 billion.

Arguments in Favor

Proponents say Proposition 1D will temporarily redirect a portion of existing funds from a voter-approved tobacco tax. These redirected funds will be used to pay for children's health and social services and to prevent deep cuts to children's healthcare and other programs. Only a portion of the tobacco tax funds will be redirected, so existing programs currently funded by this revenue are protected. Proposition 1D will also help immediately address the state's unprecedented

budget deficit and help avoid further tax increases or draconian cuts to education, public safety, healthcare and other services. More information is available on the campaign's website www.cabudgetreformnow.com.

Arguments in Opposition

Opponents say that the claim by supporters of Proposition 1D that diversion of funds from First 5 to the state budget will have no negative impact cynically misrepresents the facts. The assertion that Proposition 1D will merely move what they call "unspent billions commissions are sitting on" from the counties is unfair and inaccurate. In fact, nearly 57 percent of First 5's statewide aggregate fund balances is tied up in multi-year programs (encumbrances, legal obligations, and required matching funds) including: maintaining county Children's Health Initiatives; providing developmental screening, assessment, and treatment; expanding access to preschool; providing oral health screening and treatment; implementing countywide fluoridation projects; funding home visiting and neighborhood-based school readiness programs; and providing assistance to families whose children have a wide variety of special needs. Almost 38 percent is reserved for new initiatives and to sustain programs as tobacco revenues decline. A little less than 6 percent is undesignated to be available for emergency expenditures. Also, the impact of this diversion would increase each year that the shift remains in effect as tobacco consumption declines. More information can be found on the campaign's website www.NoOnProposition1D.com.

PTA Rationale to Oppose Proposition 1D

The California State PTA has voted to OPPOSE Proposition 1D.

PTA's support for Proposition 10 in 1998 was based on recognition of the significant positive or negative impact that the early years of schooling have on a child's ability to achieve academically and a belief that all young children should have the opportunity to experience learning that is appropriate to the developmental readiness of the child. PTA also supports efforts to provide information to parents and families about the developmental and educational needs of infants and young children and how parents can participate most effectively in fostering the successful development of their children. Key children's services supported by PTA would be negatively impacted if Proposition 1D passes – programs such as early childhood education, health access and education for new parents and support for families in crisis. Intensive education and interventions for children identified as having special needs, which are particularly critical before age 8 when the brain is most receptive to interventions, would also be negatively impacted. The California State PTA relied on the following authorities as the basis for its support of Proposition 1D:

Resolutions

- EARLY CHILDHOOD DEVELOPMENT AND EDUCATION (2000)

Position Statements

- 4.5.2 Assistance to Families in Need
- 4.5.8 Childcare
- 4.5.19 Education: The Early Years, Ages 3 to 6

Conclusion

Proposition 1D would redirect for five years a significant portion of Proposition 10 funds to pay General Fund costs for existing programs for children up to age 5. In addition, Proposition 1D gives authority to the Legislature over how to spend the redirected First 5 revenues. Proposition 1D would also make a number of programmatic changes to First 5, including permanently restricting the types of services funded through the state and county First 5 commissions.

*The analysis prepared by the independent Legislative Analyst can be found at www.lao.ca.gov.
An analysis prepared by the California Budget Project is available at www.cbp.org.*

PTA POSITIONS ON BALLOT MEASURES – MAY 19, 2009 Special Election

Proposition 1E

Official Title and Summary

Mental health services funding. Temporary reallocation. Helps balance state budget.

- Amends the Mental Health Services Act (Proposition 63 of 2004) to transfer funds, for a two-year period, for mental health programs under that act to pay for mental health services for children and young adults provided through the Early and Periodic Screening, Diagnosis and Treatment Program.
- Provides more than \$225 billion in flexible funding for mental health programs.
- Helps balance the state budget during this difficult economic time.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact

- State General Fund savings of about \$230 million annually for two years (2009-10 and 2010-11) from redirecting a portion of Proposition 63 funds to an existing state program in place of state General Fund support.
- Corresponding reduction in funding available for Proposition 63 community mental health programs.

Background

Proposition 1E amends Proposition 63, the Mental Health Services Act of 2004, which provides state funding for new and expanded mental health programs through a personal income tax surcharge of 1 percent on the portion of a taxpayer's taxable income in excess of \$1 million. These funds are dedicated to the support of mental health services. The Department of Finance estimates that Prop 63 will generate \$981 million in 2008-09 and \$887 million in 2009-10.

The Early and Periodic Screening, Diagnosis and Treatment Program (EPSDT) is a federally mandated program that requires states to provide screening, diagnosis and medically necessary treatment services, including mental health services, to Medi-Cal recipients under the age of 21. These services are generally provided by the counties, under contract to the Department of Mental Health, and include group and individual counseling and assistance in stabilizing children and young adults who experience a mental health crisis.

Proposition 1E would allow the temporary redirection of some Prop 63 funds to support EPSDT mental health services. Specifically, it would redirect \$226.7 million in 2009-10 and between \$226.7 and \$234 million in 2010-11 from Prop. 63 to support EPSDT. These funds would be used to offset state costs that would otherwise come from the General Fund and thus provide savings to mitigate the state's current budgetary problems. The EPSDT services will be provided, regardless, as this is a federally mandated program. The question is whether the state's share of the cost of the program comes from the General Fund or from Prop. 63 monies. The Legislative Analyst's Office (LAO) notes that Prop. 1E would result in state General Fund savings of about \$230 million per year for two years. It would result in a corresponding reduction in Proposition 63 funding. As a result, it would reduce the overall level of funding for mental health services.

Arguments in Favor

In outlining the arguments in favor of Proposition 1E, Sen. Darrell Steinberg, who co-authored Proposition 63, notes that this measure will save the state's General Fund more than \$225 million in 2009-10 and up to \$234 million in 2010-11 by redirecting funds from the Mental Health Services Act to the state's EPSDT for the next two years. Children served under the EPSDT program will continue to receive specialized care for their complex mental health needs. He further notes that delays in getting new programs started have resulted in \$2.5 billion in unallocated funds from Proposition 63. While acknowledging that this money is best spent on Prop. 63 programs in the long-term, he suggests that this funding is needed now to avoid even deeper cuts in other vital state services.

The Yes on 1A-1F campaign notes that Proposition 1E temporarily redirects a portion of surplus, unused funds from the Mental Health Services Act to fund children's health programs that are at risk of elimination due to the budget crisis, including healthcare, screening, diagnosis and treatment. Without Proposition 1E, the budget deficit will grow by hundreds of millions of dollars and children's health programs will face further cuts or elimination altogether.

More information at www.CABudgetReformNow.com.

Arguments in Opposition

Sen. Lou Correa notes that the amount of money that this measure transfers to the state General Fund is a small fraction of the state budget, namely 0.25 percent. Conversely, the Mental Health Services Act, in many cases, provides the only meaningful source of help for our most vulnerable citizens. Many children are benefiting from early intervention and treatment. Funds being spent on early intervention and treatment provide opportunities for future savings by avoiding kids failing in school, experiencing homelessness and a higher incidence of hospitalization and incarceration for mental health illnesses. The California Mental Health Directors Association (CMDHA) expresses serious concerns about the impact of the proposed diversion of \$460 million over two years on the more than 600,000 mental health consumers served in all 58 counties, and on the many who still remain unserved. This loss of revenues by counties, on top of additional state and federal reductions, will impact their ability to serve the people in their communities with serious mental illnesses.

Other factors cited by opponents include the fact that this transfer of funds would set a bad precedent, opening up the possibility that this could happen again in the future. Some suggest that this could open the door to the complete elimination of Proposition 63. They also suggest that this move could jeopardize California's access to matching dollars from the federal government for some of these programs. In addition, it is suggested that there is no accountability written into the measure and that once the funds are transferred into the General Fund, legislators will be able to spend as they see fit. Finally, opponents note that this is not an essential component of the overall budget reform package.

For more information, go to www.noprople.com

PTA Rationale to Support Proposition 1E

California State PTA supports fiscal responsibility in government, with concern for fair taxation but keeping priorities for the needs of all children and youth foremost. We believe that budgets must provide adequate financial support to provide needed public services for all children and youth with the continued constitutional guarantee of financial support for public schools as the first claim on all state revenues in the General Fund. The California State PTA believes that the total tax structure should be strong and broadly based; that generation of revenues and distribution of the tax burden should be fair and equitable; and that providing adequately for the needs of children and youth should be a funding priority. The California State PTA relied on the following authorities as the basis for its support of Proposition 1E:

Resolutions

- FINANCING CALIFORNIA'S PUBLIC SCHOOLS (2007)

General Principles

- Toolkit 4.2.4b #4
- Toolkit 4.2.4b #7

Legislation Planks

- Toolkit: 4.2.4c #2

Position Statements

- 4.5.64 State Tax Reform

Conclusion

California State PTA strongly supported Proposition 63, and we continue to advocate for adequate mental health services for children, youth and families, as we know these services are critically important in our communities. However, we support Proposition 1E because we also understand the need for options that help mitigate the state's current budget deficit. In this case, the redirection of funds from Proposition 63 represents only a portion of the funds generated and is limited to two years. In addition, the author of Proposition 63, Sen. Darrell Steinberg, has strongly endorsed this measure as a viable short-term option.