TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER  DEPARTMENT: CITY MANAGER

DATE: OCTOBER 17, 2005  CMR:402:05

SUBJECT: OPPOSITION OF PROPOSITION 76 – STATE SPENDING AND SCHOOL FUNDING LIMITS

RECOMMENDATION

Staff recommends that Council adopt a resolution of opposition for Proposition 76 – State Spending and School Funding Limits.

DISCUSSION

The California Secretary of State has scheduled a special statewide election for November 8, 2005. One of the measures on the ballot is Proposition 76.

Per the official title and summary from the state Attorney General’s Office, this measure would:

- Limit state spending to prior year’s level plus three previous years’ average revenue growth
- Change state minimum school funding requirements (Proposition 98); eliminate repayment when minimum funding suspended
- Exclude appropriations above the minimum from schools’ funding base
- Direct excess General Fund revenues, currently directed to schools/tax relief, to budget reserve, specified construction, debt repayment
- Permit Governor, under specific circumstances, to reduce appropriations of Governor’s choosing, including employee compensation/state contracts
- Continue prior year appropriations if state budget delayed
- Prohibit state special funds borrowing
- Require payment of local government mandates

POLICY IMPLICATIONS

This resolution is consistent with existing City policies.
ENVIRONMENTAL REVIEW

This staff report does not represent a project under the California Environmental Quality Act (CEQA).

ATTACHMENTS

Attachment A: Resolution in opposition to Proposition 76 – State Spending and School Funding Limits
Attachment B: Analysis by the Legislative Analyst

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