

## Budget Update

The Governor has released multiple versions of May/June revisions. The numbers below are totally based upon his plan. The legislature (Republicans or Democrats) has not yet released any proposals. In the end a budget "solution" will be passed and signed. The only thing we know for sure is that it will change from now to whenever that occurs. All of the professional analysts are not only predicting cuts this summer but also predict mid-year cuts during the 2009-2010 school year.

The deficits are based upon the decreases in the amount of Revenue PLESD is projected to receive.

2008-2009		2009-2010		2010-2011	
February	\$35,000	February	\$450,931	February	\$615,208
May/June	\$229,235	May/June	\$847,529	May/June	\$975,000

### Possible Solutions

2008-2009		2009-2010		2010-2011	
Federal SPED (OT)	\$28,686	Federal SPED (OT)	\$110,000	February 7th Cuts (OG)	\$575,000
Federal Stimulus (OT)	\$296,000	February 7th Cuts (OG)	\$575,000		
Reserve (OT)	\$596,000				

(OT)- One Time

(OG)- On Going

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### Legislative Analyst Provides Budget Alternatives

At the Budget Conference Committee hearing held on June 5, 2009, the Legislative Analyst's Office (LAO) unveiled several alternatives for the Legislature to consider as it begins formulating its response to the Governor's May Revision proposals to amend the 2008-09 and 2009-10 State Budget Acts that were approved in February.

Most notably, the LAO is recommending that the Legislature apply the Governor's proposed \$1.3 billion 2008-09 revenue limit cut evenly between both revenue limits and categorical programs and the elimination of the remaining current-year High Priority Schools program funds totaling \$90 million and child care funds totaling \$70 million.

For 2009-10, the LAO recommends that the Legislature reduce revenue limits by \$1.4 billion instead of \$2.1 billion, as proposed by the Governor, and applies the remaining cuts to categorical programs included in the flexibility item. The LAO also recommends that Class-Size Reduction, Home-to-School Transportation, and Economic Impact Aid (EIA) be added to the list of categorical programs that are flexible, and applies a proportionate cut to those programs. The LAO also proposes elimination of Year-Round School grants (\$47 million), the Early Mental Health Initiative (\$15 million), and Child Care extended day program (\$32 million).

Some additional detail was also provided regarding the Governor's flexibility proposals. In addition to his proposal to provide school districts the option of reducing the length of the school year and to remove restrictions to contracting out (SB 1419), the Governor proposes to:

- Allow school districts access to categorical ending balances in both 2008-09 and 2009-10 for EIA, Targeted Instructional Improvement Grants (TIIG), Instructional Materials (IMF), and Home-to-School Transportation programs. Access to the IMF ending balance is only available to schools compliant with the *Williams* lawsuit
- Allow the sale of surplus property proceeds to be used for general fund purposes if the facility was purchased with nonstate resources and does not violate Bond or Internal Revenue Service (IRS) laws, and if the district agrees to forgo hardship for five years
- Suspend the 1% Routine Restricted Maintenance Account set-aside requirement for school districts compliant with *Williams* lawsuit conditions
- Eliminate some or all K-12 mandated activities (unspecified at this time)

This is another step in the Budget process. Each caucus of the Legislature has been working on its own alternative proposals and the Governor has begun meeting with the legislative leadership in an effort to craft a compromise to resolve the state's ongoing Budget crisis.

When final resolution will actually happen is anyone's guess; however, the pressure is building as the clock starts ticking toward the end of June, when the state is expected to run out of cash and the Controller is warning that he will not be able to pay the state's bills.

-Nancy LaCasse