



State Budget Discussion

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What We Will Cover Today

- Updated Information
- Special Session
- Action Steps
- Discussion



Current Information

- First special session failed
- New special session under Proposition 58
- Revenues continue to drop
- New legislature



Proposition 58 State Fiscal Emergency

Key points about a "Proposition 58" Special Session:

- Governor's proclamation must include solutions to address the fiscal emergency.
- The Legislature has 45 days to act to address the fiscal emergency.
- If the Legislature does not act within the 45 day period, then the Legislature cannot act on any other Legislation until it acts to address the fiscal emergency.
- Urgency measures and tax levies take effect immediately; majority vote measures generally take effect 90 days after the close of the Special Session.



Special Session Proposals

- Governor November/December
- LAO
- Democratic Leadership



Governor's Special Session Solution

- \$2.5 Billion reduction to Prop 98
- Elimination of .69% COLA
- \$1.791 cut to revenue limit
- \$205 million reduction to child care, preschool and CalWORKs child care
- \$71 million in Prop 98 reversions - unallocated program fund
- Total flexibility to shift categorical funds to general fund



LAO Special Session Proposal

- Legislature must act now and early
- Mid-year cuts of this magnitude cannot be truly implemented
- Mid-year cut of \$1 billion
 - Suspend COLA
 - Sweep up unexpended funding from unused programs
 - Suspend programs such as professional development, maintenance and instructional materials
- Score funding above Prop 98 guarantee as settle-up dollars
- LAO predicts Prop 98 dip in 2009-10 and deficits reaching \$22 billion throughout forecast period



Democratic Proposal

- Elimination of COLA
- Reducing the maintenance reserve requirement from 3 percent to 1 percent
- Eliminating the deferred maintenance match
- Suspends several programs requirements in PI schools, HP schools and Emergency Repair



Democratic Proposal

- Scores over-appropriation as settle up funds

- Allowing districts for the 2008-09 year only, to use reserves from restricted balances. However, districts were prohibited from accessing reserves in the following programs:
 - Special Education
 - Instructional Materials
 - Targeted Instructional Improvement Grants
 - Economic Impact Aid
 - QEIA
 - Home to School Transportation
 - CAHSEE Intensive Intervention Program



Governor's Flexibility

- Support flexibility
- Examples of uses of flexibility
 - Adult education
 - Increase class size
 - Instructional materials
 - Deferred / routine maintenance
- Fiscal solvency vs. Program integrity
- Will flexibility last?
- Short term solution vs. long term strategy
- Accountability and NCLB will still be here



What You Can Do Now

- Contact the governor and lawmakers immediately to urge them to support new revenues, to avoid massive cuts to education and to support flexibility options that ensure maximum resources are directed to classroom instruction.
- Contact your local newspaper editorial board to remind journalists about the cuts that your district has made in recent years and to describe how further cuts would harm local schools.



What You Can Do Now

- Host a local Education Coalition news conference to urge lawmakers to support revenue increases to avert catastrophic consequences for local schools.
- Speak to your local civic clubs and community organizations and ask for their support in voicing concern about the mid-year budget cuts and the need for increased revenues.



The Message

- Need additional revenues
- Personalize impact of cuts
- Support flexibility so districts can maximize resources