



May Revise Budget Update

Board Item #9.3

Board of Education
May 19, 2011



Overview

- Finally, some good news!
 - Many unknowns
- Preliminary Information
 - Details are still forthcoming
- Timing may be difficult
 - Signed state budget
 - Desire to rescind layoff notices



Stability for Education



- Is this a more stable Budget for education?
 - Less reliance on tax extensions – \$4 billion at election risk instead of \$12 billion
 - More reliance on ongoing revenues of \$6.6 billion



Stability for Education cont'd



- \$13.4 billion in cuts to non-Proposition 98 side proposed in January have been made
- Less exposure to suspension of Proposition 98
- No political will to suspend
- Safer in May than in January
- Continued vigilance through enactment and beyond



May Revise



- \$3 Billion Increase for Education
 - Not what it seems but still good news
- Eliminates cash deferral
 - No new money but helps cash flow
- No suspension of Proposition 98
- Eliminates projected \$349 per Average Daily Attendance reduction
 - Cost of Living Adjustment of 2.24% up from 1.67%
 - Deficit factor at 19.754%
 - Flat funding



May Revise cont'd



- Provides funding for mental health and out-of-home care for Special Education students (AB 3632)
 - Districts now pick up the cost
- Suspension of funding for CALPADS and CALTIDES
- Funding for Charter School growth and categorical block grant funding
- Potential reductions to Child Development programs



Assumptions



- \$6.6 billion in additional state revenue
- Proposition 98 increase from \$49.4 billion to \$52.4 billion
- Efficiencies at the state level
- Extension of higher tax levels
 - Reforming enterprise zones
 - Sales tax
 - Vehicle license fees
 - Personal income taxes



Risks to the Revised Budget Proposal



- Tax proposals worth \$4 billion could be rejected by the Legislature or state voters with increasing revenue projections
- Litigation challenging special fund shifts, social services grant cuts, and realignment proposals
- Missed projections of caseload demands for the state's safety net programs and corrections



Next Steps



- Recommendation to restore Co-Curricular Support
- Recommendation to restore Home-to- School Transportation
 - Both programs impact enrollment and Average Daily Attendance
 - Both programs can be reduced or eliminated fairly quickly if necessary
- Schools plan staffing for best and worst case
- Continue to analyze May Revise information



Next Steps cont'd



- Attend School Services of California workshop
- Review priorities to reinstate programs, if possible
- Third Interim Financial Report to Board - June 2
- Adopted Budget to Board - June 23
- Final signed State Budget - ??