

STATE BUDGET UPDATE
Impact on Education
February 19, 2009

\$15 billion in spending cuts
\$11 billion in borrowing
\$14.4 billion in temporary revenues

Budget Solution

- Increase sales tax by one cent
- Increase to Vehicle License Fee (1% value of vehicle)
- Reduce tax credit for dependent care
- Increase income tax by 2.75% (gas tax gone in exchange for higher income tax)

Special Election

- Prop 1A - Securitize to Lottery (bonds)
- Prop 1B – State Spending Cap/Rainy Day Fund
12.5% fully funded
Prop 98, debt, infrastructure, unfunded
Liabilities, Budget Stabilization Fund
- Prop 1C – Education Finding (5 years/\$9.3 billion repayment to education starting in 2011/12)
- Prop 1D – Redirect Prop 63 Funds (Mental Health passed in 2004)
- Prop 1E – Redirect Prop 10 Funds (Early Child Development passed in 1998)

2008/09

- Take back .68% COLA
- Reduce base revenue by additional 1%
- Reduce most categorical programs by 15%

Categorical funding reductions are slated for 2008/09 and four additional years through 2012/13. Provision for redirecting some categorical dollars is permitted through 2012/13.

No reductions and no flexibility for these programs:

- Child Development
- Economic Impact Aid (EIA)
- After School Programs (ASES)
- Child Nutrition
- K-3 Class Size Reduction (CSR)
- Special Education
- Home-To-School Transportation
- Quality Education Investment Act

15% reduction and no flexibility for these programs:

- English Language Acquisition Program
- Partnership Academies
- State Testing
- Other Programs Not Applicable to FCUSD

15% reduction and flexibility for these programs:

- All remaining categorical programs, including but not limited to School and Library Improvement Program (SLIP), ROP/C, Adult Education, Instructional Materials, GATE, Professional Development, etc.

Flexibility is provided for class sizes in grades K-3. Penalties are modified to be:

- 5% penalty from 20.5 – 21.4
- 10% penalty from 21.5 – 22.4
- 15% penalty from 22.5 – 23.4
- 20% penalty from 23.5 – 25.4
- 30% penalty from above 25.5

2009/10

- No COLA for base revenue or categorical programs
- Further reduction in base revenue of approximately .5%
- Further reduction of 4.9% to categorical programs

Payment Deferrals

- Base Revenue and CSR entitlements moved from February to July
- Move regular July entitlements to October
- Move regular August entitlements to October

Routine Maintenance requirement reduced from 3% to 1% through 2012/13.

Deferred Maintenance required contribution is eliminated through 2012/13.

No change to 3% minimum general fund reserve requirements.