

BUDGET BULLETIN NO. 1

Governor's Budget Proposal 2008-09

In order to close a projected \$14 billion State budget shortfall in 2008-09, the Governor has proposed sweeping reductions in State spending including K-12 education. He proposes to suspend Proposition 98 which "guarantees" that education receives a minimum level of funding each year. In addition to suspending cost-of-living adjustments (COLA) for the budget year, the Governor proposes **reducing** spending levels in 2008-09 to less than the current year spending level.

2007-08 Proposals

The Governor proposes to reduce K-12 spending by \$360 million in the current budget year. No specific State programs have been identified for reduction. The Governor hopes to accomplish this by being able to "recapture" unspent State education funds. For example, the State may have appropriated \$1 million for a new grant program, but districts only applied for \$500,000 in funds. The State would be able to "recapture" \$500,000 and apply it toward the shortfall. If the State cannot "recapture" enough funds in this manner, they will likely deficit the final revenue limit apportionment for the 2007-08 year.

2008-09 Proposals

- Base Revenue Limit – suspend COLA and reduce by 2.4% - loss of \$406/ADA
- Categorical Programs – reduce by 6.5% from 2007-08 level
- Special Education – reduce by 6.5% from 2007-08 level – about \$30 per ADA
- Child Nutrition – roll back of meal reimbursement rates

Potential impact of proposed reductions on OVSD is nearly **\$5.2 million**.

The Governor convened an emergency Legislative session to deal with the State's budget crisis which means the Legislature is required to take action within 45 days (February 23, 2008). We do not know if the Legislature will support the Governor's drastic reductions for education, but it is likely that education will suffer some level of reductions and we must prepare for the worst and hope for the best.

The Governor's Budget for 2008-09 includes a proposal to cut public education funding.

To keep our parents and community informed regarding the status of the state budget and its potential impact to our District we will be issuing regular Budget Bulletins.