

State Budget Implications for School Facilities

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Revenues – 2008-09 *(in Billions)*

	September	November	January
Personal Income Tax	\$55.70	\$48.50	\$46.80
Sales and Use Tax	\$27.10	\$25.50	\$25.15
Corporations Tax	\$13.00	\$11.40	\$10.20

Revenues – 2009-10

(in Billions)

	September	November	January
Personal Income Tax	\$55.80	\$48.80	\$46.49
Sales and Use Tax	\$29.20	\$25.20	\$25.52
Corporations Tax	\$12.00	\$10.70	\$10.44

3

New Revenues *(in Billions)*

January

	2008-09	2009-10	Total
Sales Tax (1.5 cents)	\$2.35	\$7.11	\$9.46
Sales Tax (broaden)	\$0.27	\$1.15	\$1.42
Local Gov funds from broadening	\$151 M	\$487 M	\$638 M
Oil Severance	\$0.11	\$.48	\$.59
Alcohol and Excise	\$0.36	\$0.86	\$1.22
Vehicle Registration Fee	\$0.24	\$0.59	\$0.83
PIT Dependent	0	\$1.44	\$1.44

4

Expenditures: K-12 Education 2008-09 Governor's Budget

Delete COLA	-\$244 M
Cut Base Revenue Limit	-\$1,639 M
Child Care	-\$55 M
CalWorks Stage 2 & 3	-\$42 M
Anticipated Unused Appropriation	
K-3 CSR	-\$29 M
Other	-\$7 M

5

New Flexibility (*Governor*)

- Authorizing local education agencies (LEAs) to transfer any categorical allocations received to their general fund for any purpose without dollar limitation. In order to utilize this flexibility, LEAs would be required to sunshine those decisions in public hearings.
- Reducing required contributions into restricted routine maintenance accounts from 3 percent of an LEA's general fund expenditures to 1 percent in current and budget year.

6



New Flexibility (*Governor*)

- Eliminating Deferred Maintenance Program matching requirements of one-half of one percent of revenue limit funding.
- Reducing budget reserve requirements in half for at least the current and budget years.
- Utilizing prior-year, restricted fund reserves, with certain limitations, for any purpose in the current year.

7



2008-09 K-12 Education Cuts (*Governor*)

- \$2.6 billion savings by deferring the apportionment payments for school district revenue limits and Class Size Reduction funding from April 2009 fiscal year to July 2009 fiscal year

8



2008-09 K-12 Education Cuts (Governor)

- \$1.1 billion by reclassifying money in the current year as settle-up money
- \$618 million by paying for Home-to-School Transportation with Public Transportation Account and Mass Transportation Fund resources

9



K-12 Major Policy Adjustments

- A cost avoidance of \$2.5 billion for statutory and discretionary cost-of-living adjustments for K-12 education programs.
- A decrease of \$1.5 billion to school district and county office of education revenue limits. Continuation of 2008-09 \$1.64 billion cut.
- A decrease of \$1.1 billion commensurate with allowing school districts to reduce the school year by five days.

10



K-12 Major Policy Adjustments

- ❑ A decrease of \$398.5 million to reflect the use of an identical amount of Public Transportation Account and Mass Transportation Fund for the Home-to-School Transportation Program.
- ❑ Cost avoidance of \$150 million due to prepayment of Proposition 98 mandate claims settle-up funding.
- ❑ A decrease of \$114.2 million to eliminate the High Priority Schools Grant Program.

11



K-12 Major Policy Adjustments

- ❑ A decrease of \$1 million for the National Board Certification Incentive Program.
- ❑ An increase of \$891.6 million to replace the allocation of State Lottery revenues.
- ❑ An increase of \$65 million to fund Special Education Behavior Intervention plans.

12

Meaning of Deficits

- ❑ Cannot layoff teachers quickly in mid-year
- ❑ Classified employee layoff with short notice
- ❑ No probable classified restoration 2009-10

13

	2007-08	2008-09 COLA 5.66%	Difference From 2007-08	2009-10 COLA 5.02%	Difference From 2008-09	Difference From 2007-08
Statutory						
Elementary	\$5,567	\$5,882	\$315	\$6,177	\$295	
Unified	\$5,821	\$6,150	\$329	\$6,459	\$309	
High School	\$6,690	\$7,069	\$379	\$7,424	\$355	
Funded						
Elementary	\$5,567	\$5,323	-\$244	\$5,169	-\$154	-\$398
Unified	\$5,821	\$5,566	-\$255	\$5,407	-\$159	-\$414
High School	\$6,690	\$6,397	-\$293	\$6,215	-\$182	-\$475

14

Deficit Factors (Percent)	2006-07	2007-08	2008-09
	Revenue Limit (RL)	0%	4.565
COLA	0%	5.357	
2007-08 RL in 2008-09			3.764%
2007-08 COLA in 2008-09			5.357%
2008-09 Additional RL			3.079%
Total Deficit Factor	0%	9.05%	16.330%

15

Meaning for School Facilities

- ❑ No major changes to SFP
- ❑ No proposed June 2010 School Bond
- ❑ Possible local maintenance reductions

16



Local Maintenance Reductions

- ❑ Contribution requirements
- ❑ Categorical aid consolidation
- ❑ Transfer proposals
- ❑ Been There / Done That – SB 90 / AB 1267
1971-72

17



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18