

## **Information on the Governor's Proposed Budget**

Our Governor released basic information about his proposed budget on December 31<sup>st</sup>. The proposed budget is unusual in that it is an 18-month budget. It attempts to address an anticipated \$40+ billion shortfall using:

- \* Increased taxes and other revenue \$14.8 billion
- \* Reduced spending \$16.5 billion
- \* Borrowing \$10.3 billion

Details on revenue and borrowing proposals in the budget:

- \* Temporary sales tax increase
- \* Broaden use of sales and use tax
- \* Oil severance tax
- \* Increase alcohol and excise taxes
- \* Reduce personal income tax dependent credit
- \* Increase vehicle registration and driver's license fees
- \* Borrow from the General Fund (Reimbursement Warrants, RAWs)
- \* Borrow from the lottery

Proposed changes to 2008-09 and/or 2009-10 Education Budget

- \* Remove the 2008-09 COLA (0.68%) and no COLA for 2009-10
- \* Reduce categoricals by 6.5%
- \* Reduce revenue limit funding by "worse case scenario" \$275-\$300/ADA, allow schools to operate five fewer days in 2009-10
- \* Change the funding method (permanently) – provide categorical funding level for 2009-10 same as 2008-09, but allow local school board to spend as desired (need to sunshine in public) – no rules
- \* Suspend state mandates
- \* Discontinue Deferred Maintenance matching funds. Lower requirement for district from 3% to 1%

- \* Allow districts to use half of mandated reserves for any purpose during the 18-month period (so reserve requirement down from 3% to 1.5% through 2009-10)
- \* Further reductions to revenue limit funding in 2009-10 not yet identified
- \* Deletion of some programs (like the National Board Certification program).

Quote from the Governor's budget (quoted from a different document):

“In recognition of the current fiscal constraints that schools face and to assist them absorb the reductions in state aid that are necessary due to the current economic downturn, the Administration also proposes to allow schools complete and permanent flexibility with respect to categorical funding. This will allow schools and districts flexibility to use education funds on the basis of their individual needs. Categorical funds often fall short in providing the targeted assistance needed to significantly improve achievement, particularly with respect to low achieving students. Under current law and practice schools and school districts often are forced to focus on how they spend their funds, instead of improving student achievement. While many funding streams offer latitude to use funds in different ways, more local discretion is needed to provide support services and additional instruction to those students most in need.”