



2009-2011 State Budget Summary



Revenue increases, funding cuts, and deferments were all a part of the recently passed State Budget. It was a big CTA victory to have revenue increases as part of the package. Without them, the cuts made to public education funding would have been even more drastic. The revenue increases were made from the following:

- Temporary two year 1 cent sales tax increase
- Personal State Income Tax
 - Reduced dependent exemption credit
 - 2.5% surtax
 - 0.25% increase
- Vehicle Registration Fee Increase from 0.65% to 1.15%
- Special fund transfers and loans

Funding cuts to education include:

- Mid-year cuts to 2008-2009
 - Elimination of 0.68% COLA
 - 2.63% cut to the Base Revenue Limit
 - 15.4% cut to many categorical programs
- Cuts to 2009-2010
 - 5.02% COLA not funded
 - 0.96% cut to Base Revenue Limit
 - Deficit factor of 13.094%- we will only get paid 87 cents for every dollar owed

To help school districts deal with the cuts, some flexibility has been given in the categorical funding. Part of this flexibility is reduced penalties for exceeding the class size maximum of 20 in grades 1-3. This could help cushion the blow, but it is not yet known for sure.

As part of the budget package, Propositions will be placed on the ballot during a special May election. Please see the reverse side for more information.

There is hope that we will also see some temporary relief from the Federal Stimulus Package. Unfortunately we do not yet know how much extra funding we will receive nor the restrictions that will be placed on it. Please bear in mind that any extra funds we actually do receive will only be for the next two years while the other cuts to state funding are ongoing.

While we do have an approved budget, it is still subject to change. The propositions must pass, or there will be a gap in the budget that might be filled with further cuts to education. In addition, the actual revenues might fall short of the projections. This could mean further mid-year cuts in June.

GGEA is doing everything possible to ensure the cuts to education funding are handled in the best manner possible. As soon as we receive further details we will communicate them to you. The next step is to ensure the passage of the propositions currently on the May ballot. They will help meet the funding shortfall and help ensure that we don't take any more painful cuts.

Propositions on the Special Election May Ballot

- **Proposition 1A (RAINY DAY BUDGET STABILIZATION FUND)** increases the State Budget Stabilization Fund (Rainy Day Fund) from 5% to 12.5% of General Fund Revenues and limits how the funds can be spent. This fund will be used to guarantee that K-12 Public Education receives the funding guaranteed under Proposition 98. The following measures are tied to Proposition 1A: increasing the Sales tax by one cent for a third year; increasing the vehicle licensing fee from 0.65% of the value to 1.15% for a third and fourth year, raising each State tax bracket by .25% and reduces the value of a dependent deduction for an additional two years, enables the Director of Finance to make mid-year cuts up to 7% in certain appropriations without specific legislative authorization and suspend certain COLA's during a fiscal emergency. This does not affect Proposition 98 funding or the COLA adjustments.
- **Proposition 1B (PROPOSITION 98 FUNDING MAINTENANCE FACTOR)** provides supplemental education funding to K-14 schools as required in the 2007-08 and 2008-09 State Budgets by restoring \$9.3 billion to K-14 Education funding. As the funding is restored, the monies will count as Proposition 98 funding for purposes of calculating subsequent years' funding.
- **Proposition 1C (LOTTERY MODERNIZATION ACT)** allows the State to modernize the lottery, which will provide \$5 billion to help the state budget crisis. The plan includes new equipment, improved marketing, and increased payouts. The future proceeds will not be allocated to schools. Instead, the proceeds will be used to offset expenditures for 2009-10 and pay principal and interest on state bonds. Commencing in 2009-10, K-14 education will receive the amount allocated from the Lottery Funds in 2008-09 from the general fund plus COLA and growth adjustments.
- **Proposition 1D (CHILDREN'S SERVICES FUNDING)** Directs funds to services for at-risk families, early intervention and prevention services for infants and toddlers with disabilities, child welfare services, adoption assistance, foster care, kinship guardianship assistance payments and direct health care services.
- **Proposition 1E (CHILDREN'S MENTAL HEALTH SERVICES)** guarantees that funding intended for mental health programs goes toward mental health services. Further, the State Controller may use funds on hand to help balance the State Budget during these difficult economic times.
- **Proposition 1F (RESTRICTION ON ELECTED OFFICIAL'S SALARIES)** prohibits state politicians from getting pay raises when our state budget is running a deficit. While saving millions of dollars when they are needed most, this Proposition will bring accountability to the Legislature and Governor's office.



Help spread the word -
Propositions 1A through 1E
must pass!!!