

---

# *The* FISCAL REPORT an informational update

---

Copyright © 2009 School Services of California, Inc.

Volume 29

For Publication Date: June 12, 2009

No. 12

## **Additional School Funding Cuts Outlined**

Coming on the heels of the post-special election revision to the May Revision, which included \$5.6 billion in reductions to social services, corrections, and higher education, on Friday, May 29, 2009, Governor Arnold Schwarzenegger proposed to further reduce funding to schools by another \$680 million.

The additional cuts would lower Proposition 98 to the now-anticipated minimum guarantee in 2009-10 and would be applied to the revenue limit. This latest cut is intended to make up a portion of the \$2.8 billion that is needed to further close the now-estimated \$24.3 billion State Budget gap.

The proposal also redirects \$315 million of the 2009-10 Public Transit Account (PTA) resources to pay additional debt service on transit bonds. The 2009-10 enacted State Budget had earmarked these funds to pay for home-to-school transportation programs. No specifics have been provided on how home-to-school transportation will be impacted, but it appears it will not be backfilled.

Additional cuts to other areas of the State Budget are also proposed with Health and Human Services programs further reduced by more than \$1 billion including providing In-Home Support Services (IHSS) to only the neediest recipients. And state employees would see their salaries reduced by 5%, which is in addition to the previously announced furlough days, for a savings of \$470 million.

The Governor has indicated that he will address a joint session of the Legislature on Tuesday, June 2, 2009, to further discuss his plans and meet with the "Big Five" following the joint session. The goal is to reach agreement by the end of June so that the state can make cuts before the current Budget year expires on June 30 and borrow cash in July.

We expect the full details of the proposal to emerge from the Capitol slowly. We will be updating our "May Revision in June" workshop materials right up to the workshop date . . . and probably beyond. Stay tuned . . .

*-Terry Anderson and Nancy LaCasse*

posted 05/29/2009 (updated 05/30/2009)