

# *For Your Information*

## **Lowell Joint School District**

---

Board of Trustees: Janet B. Averill, Darin W. Barber, James A. Najera, Gayle K. Rogers, Fred W. Schambeck  
Superintendent: Patricia A. Howell, Ed.D.

---

### **Newly Approved 2008/09 and 2009/10 State Budget and the Impact on the District's Budget March 9, 2009**

On Friday, February 20, 2009, Governor Arnold Schwarzenegger signed a package of bills designed to revise the 2008/09 enacted budget and put into place a 2009/10 State budget. As you are aware, the State's economic situation has deteriorated precipitously since the enactment of the 2008/09 budget last September. The approval of the new 18-month budget drastically reduces funding for school districts and increases revenues as the State sees necessary in order for the State to stem the financial crisis.

The table below outlines the provisions of the 2008/09 Revised State Budget and the 2009/10 State Budget and the impact on the District's budget.

<b>2008/09 Revised Budget Items</b>	<b>Estimated Loss to District</b>
Eliminates the 0.68% COLA (Cost of Living Adjustment)	\$113,500
Additional reduction of Base Revenue Limit by approximately 2.63%	\$439,100
Reduction of 15.4% in Selected Categorical Programs	\$154,000
<b>Total 2008/09 Loss</b>	<b>\$706,600</b>
<b>2009/10 Budget Items</b>	<b>Estimated Loss to District</b>
Eliminates the statutory COLA of 5.02%	\$838,120
Additional reduction of Base Revenue Limit by approximately 1%	\$166,950
Reduction of 4.5% in Selected Categorical Programs	\$45,000
Ongoing loss from 2008/09	\$706,600
<b>Total 2009/10 Loss</b>	<b>\$1,756,670</b>

Other provisions which are included in both the 2008/09 Revised State Budget and the 2009/10 State Budget include the following:

1. Delays apportionment distribution (revenue received from the State) to school districts as follows:
  - a. February apportionment will not be received until the first week in July
  - b. June apportionment will not be received until the last week in July
  - c. July and August apportionments will not be received until October
  - d. Makes these changes permanent
2. Includes small changes in penalties if school districts exceed the enrollment in the Class Size Reduction Program for K-3
3. Provides flexibility and allows school districts to transfer funds from some categorical programs to the General Fund

The 2008/09 Revised State Budget and the 2009/10 State Budget include budget reductions and revenue enhancements (increase in State sales tax, vehicle registration tax, and income tax). While it may appear that the Governor and the State Legislature have now addressed both of these budget years, a great deal still depends upon the success of propositions that will be placed on the **May 19, 2009, Special Election** ballot. The ballot will include seven propositions, five of which are related to the State Budget. **If any one of the five propositions fails, additional budget reductions and/or revenue enhancements will be needed to balance the State Budget in 2008/09 and 2009/10.**

The Special Election propositions include the following:

- Proposition 1A\* – State spending cap and extends the tax increases for two additional years
- Proposition 1B\* – Education funding for the maintenance factor (supplemental payments to school districts beginning in 2010/11 to make up for the loss of statutory COLA in 2008/09 and 2009/10)
- Proposition 1C\* – A measure to privatize the State Lottery, taking school districts out of the lottery and allowing the State to sell bonds to help balance the budget in the 2009/10 fiscal year and possibly later. School districts will see an increase in Proposition 98 funding to accommodate the loss of lottery revenue
- Proposition 1D\* – Allows the State to divert the use of Proposition 10 (tobacco tax) funds
- Proposition 1E\* – Allows the State to divert the use of Proposition 63 (mental health) funds
- Proposition 1F – State legislator salary increases frozen if budget not passed on time
- Proposition 13 – Property tax for new construction

\* Propositions which are directly related to the State Budget

The **American Recovery and Reinvestment Act of 2009**, recently passed in Congress and signed into law by President Obama, includes a one-time increase in Title I and IDEA (Special Education) funding for school districts. However, none of these funds will be available until 2009/10 and there is a real concern among the Education community as to whether or not the State of California will encumber these funds instead of distributing the funds to school districts.

With the estimated loss of \$706,600 in 2008/09 and \$1,756,670 in 2009/10 and the uncertainty of the State Budget due to the May 19, 2009, Special Election, the District must remain cautious. The District will need to implement many of the budget reductions suggested by the Budget Advisory Committee and the Superintendent, which were approved by the Board of Trustees on March 2, 2009.

The Board and the Superintendent would like to thank all of the District staff members for their understanding and cooperation as we work through this difficult task. We appreciate your continued support and your service to our students every day.