

TO: BOARD OF EDUCATION
FROM: TIM CUNEO / JANECE L. MAEZ
RE: BUDGET UPDATE

DISCUSSION
03/17/11

DISCUSSION ITEM NO. D.03

As the District continues to receive information regarding the State budget, as it relates to the development of our budget, Staff will regularly update the Board. These updates will be scheduled at each regular meeting of the Board until the District budget is adopted in June. These updates may include: new statewide projections, proposed changes to the district budget, enrollment projections, staffing ratios, and other budget-related details.

Ms. Maez's handout can be found under Attachments at the end of these minutes. She also showed a video from School Services of California recapping the state budget situation.

At the request of Mr. Allen, Ms. Maez expanded on the potential tax extensions.

CASBO newsbreak

Stay calm, this is just a drill

March 16, 2011

By Dennis Meyers, CASBO Assistant Executive Director, Advocacy & Policy

Based on the calls and e-mails we have been receiving over the past week, we know that school business people will *be waiting and watching to see what happens today in the Assembly and Senate as both houses plan to vote this afternoon on the state budget.*

Consider this *NewsBreak* something akin to fed chairman Ben Bernanke addressing a congressional committee to calm the markets (maybe a little bit less than that). Today's budget vote is a drill. It would be a miracle if there is a two-thirds vote on anything today. So, when the naysayers in the press start reporting that the budget vote has failed, it will still not be the time for school boards to start adopting doomsday budgets.

Today's budget vote is almost meaningless to anyone outside of the big white building at 10th and L in Sacramento.

Here is where things stand on the budget:

- There is still no agreement between the governor and any Republicans on a deal to place the extension of the temporary revenues on the ballot.
- Issues raised so far by those Republicans who are talking to the governor include public employee pension issues and a spending cap on the state general fund. Those issues present a hard pill for Democrats and labor unions to swallow.
- Democrats see four dates in June for a special election, June 7, 14, 21 and 28. For the secretary of state to be able to prepare the ballot information and get notices and ballots to voters who are in other countries (such as military personnel serving in the Middle East), 88 days are needed. The fastest a statewide election has been pulled together is 77 days.
- Democrats want the date as early as possible in June, primarily because they are concerned about schools dismissing for summer break and key supporters (parents and schools employees) being less and less available to vote.
- For the June 7 ballot, a 77-day scenario would place a deadline of March 23. One can begin to see that there is still time for thinking minds to prevail in Sacramento and a deal to come together. In fact, there are plenty of people in the Capitol who believe a deal will still come together and that the end of March is the real deadline for a mid-June special election.
- The state Republican Party convention is this weekend in Sacramento. While there is a barrage of hate being steered toward Republican legislators who have signaled a willingness to talk to the governor, once the convention is done, it could signal the start of the real negotiations.

So why doesn't the Democratic majority simply adopt a budget with a majority vote? That scenario may still play itself out, but only if there is no hope of a two-thirds vote deal coming together. Democrats are able to pass a budget with a majority vote and the Legislative Counsel has opined at the behest of Republicans that the Democrats have the ability to raise limited revenues with no Republican support. If negotiations break down and we hear during the first part of April that there is no chance of a deal coming together in time for a June ballot, then the Democrats will take some time to craft what they can on their own. The time crunch of a special election will not be a factor so they can adopt a budget plan (either an all-cuts budget or a plan that has more cuts, some revenue, and some baling wire and chewing gum) in time for the June 15 budget adoption deadline.

When should schools panic? Certainly not now. We hope never. This still needs time to play itself out here in Sacramento.

So, take a breath. Get a mocha. Stay tuned.

We will keep you posted.