

GLENDALE UNIFIED SCHOOL DISTRICT

October 7, 2008

INFORMATION REPORT NO. 5

TO: Board of Education
 FROM: Michael F. Escalante, Superintendent
 SUBMITTED BY: Eva Rae Lueck, Chief Business and Financial Officer
 SUBJECT: **2008-09 State Budget**

The 2008-09 State Budget was signed by the Governor 85 days into the fiscal year. The final State Budget was more generous to K-12 Education than the Governor’s initial proposal in January and the May Revise proposal. The May Revise proposal was utilized by the L.A. County Office of Education to develop the budget assumptions that were mandated in the District’s June 2008-09 Budget Adoption.

The following chart summarizes the impacts of the changes on the Glendale Unified School District Budget.

Revenue Category	GUSD 2008-09 Adopted Budget (May Revise)	State 2008-09 Adopted Budget	Impact to GUSD (estimated)	Fund
Revenue Limit:				
COLA	5.660%	5.660%		
Deficit	(5.375%)	(4.713%)		
\$ Increase	0	\$40.00	\$1 million	Unrestricted
Special Education	0	0	zero	
Categorical Programs	(6.5%)	0	\$800,000 Undetermined	Unrestricted Restricted
Deferred Maintenance	0	100%	\$1 million	Deferred Maintenance

The State Budget was adopted with the assumption that the voters would approve the “securitization” of the California Lottery. If this were to occur, beginning in 2009-10 lottery funds to public education would be capped at the 2008-09 levels. This plan also includes an assumption that the Lottery revenues will double and the increased revenue will be utilized to service long-term debt.

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The State Budget also gives authority to the Governor to implement mid-year cuts if revenues or expenditures “substantially” deviate from the budgeted level. While this authority does not extend to K-12 Education’s Revenue Limit mid year reductions remain a viable option to the Governor. He will simply use the legislative process that has been utilized in prior years.

Even though the State Budget is more generous to education than was originally anticipated, there are grave concerns that the State economy is in crisis and State’s commitments will not be maintained. The actions taken in the State Budget did not address the structural deficit and are based on overly optimistic assumptions. The State’s projection for 2009-10 is a 5.6% COLA with a zero deficit. This is a projection that is not supported by the analysts. Districts are being urged to maintain their reserves and prepare for future reductions.

The L.A. County Office of Education will be issuing budget assumptions that are to be utilized in the 2009-10 projections and it is anticipated that they will require districts to utilize a zero increase in the per ADA funding. If this does occur it will have a significant impact on the multi-year projection and necessitate further reductions.