

The “17 Month Budget”

On February 19, after a marathon session of the legislature, the Governor signed into law the 2008-09 and the 2009-10 budget making this both the latest (2008-09 budget) and the earliest (2009-10 budget) budgets that have ever been approved. In the coming days, we will be obtaining more detailed information that will allow us to calculate the extent of its impact to YCJUSD.

Generally speaking, there will be some give and take. The overall cut seems to be lower than what the Governor initially proposed in January, but the State's proposed remedies are also limited which will necessitate almost the same levels of cuts that the district has already formulated. The level of flexibility to use categorical program funds for unrestricted purposes is reduced because the approved budget 1) has segregated the categorical programs into “touchables and untouchables”; 2) for both, the state will take 15% this year and another 4.9% next year off the top from the award; 3) for the “touchable” programs, districts may take the projected balance between the adjusted (after the state takes their share off the top) award and the estimated obligations. Since the state is removing 15% and another 4.9% from the award, the amount available for the district to sweep is significantly reduced: the amount available for flex in 2008-09 is less than what we anticipated and almost immaterial in 2009-10. However, the new budget also has flexibility related to K-3 CSR that can potentially provide some meaningful financial relief. Additional information is needed in order to understand the penalties and parameters. In summary, the budget reductions resulting from the newly approved budget still appear to be significant because while the state cut is somewhat reduced, the potential amount available through flexibility is also reduced.

With regards to the American Recovery & Reinvestment Act, the kind of financial relief to YCJUSD is still sketchy. For instance, YCJUSD is on one list of districts that can potentially benefit from increases to Title I and IDEA, while on another YCJUSD is excluded. However, even if YCJUSD receives additional Title I and IDEA funding, it is not clear if the prohibition on supplanting or Maintenance of Effort (MOE) would be lifted. MOE requires districts to spend an equal or greater level of funds year after year for the commensurate number of students. Spending the additional Title I or IDEA funds on things that the district is already spending money on is called supplanting and is currently prohibited. These dollars would not provide much financial relief if supplanting and MOE restrictions are not lifted. Moreover, the budget that was approved by the Governor proposes that the additional dollars (except for Title I or for IDEA) from the Federal Stimulus Package would be first used to pay off state debt. The district is proceeding with caution with respect to the possible relief from the Federal Stimulus Package.

More specific information shall be provided as soon as we are able to ascertain the specific implications to YCJUSD.