



**2010 CSBA Forecast Webcast**  
**January 14, 2010**  
**10:00 a.m. - Noon**

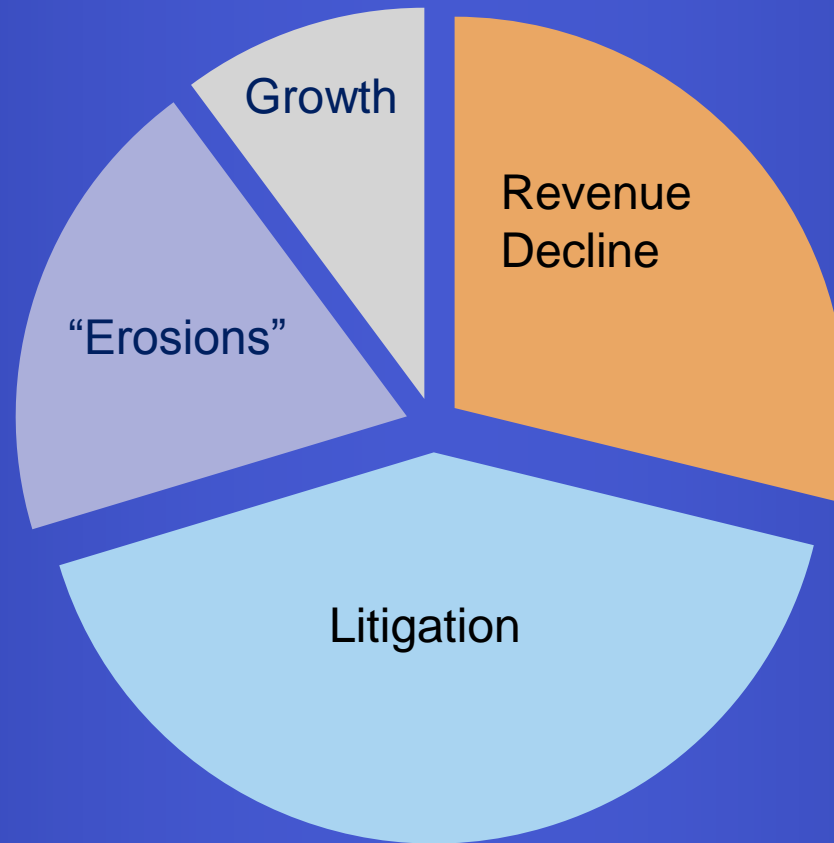
# Budget Deficits Continue

**-\$6.6 billion in 2009-10**

**-\$12.3 billion in 2010-11**

**\$19.9 billion total**

# Sources of the Problem



# Proposed Solutions

	<b><u>Amount (In Billions)</u></b>	<b><u>Percent</u></b>
Cuts	\$8.5	43%
Federal Funds	\$6.9	35%
Alternative Funding	\$3.9	20%
Other	\$0.6	3%

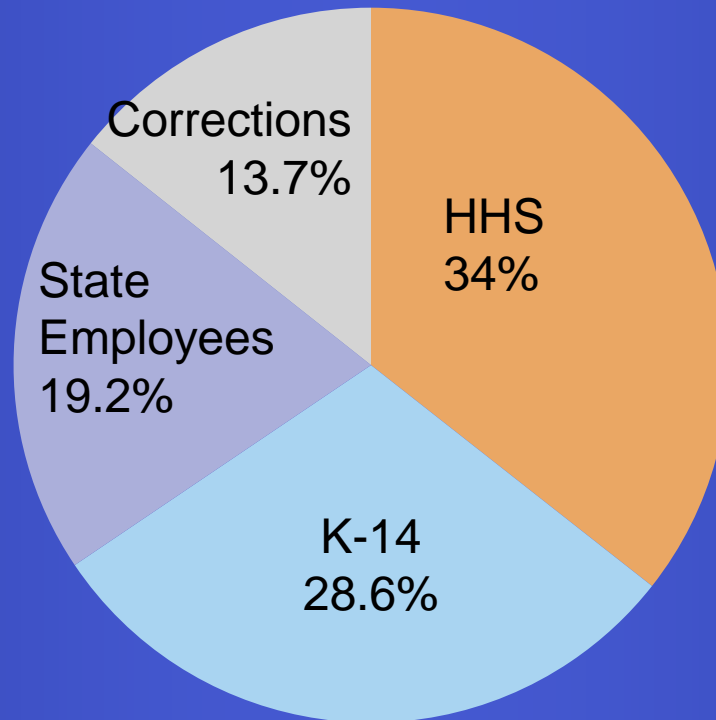
# Federal Funding

- **\$2.1 billion from extended ARRA funding**
- **\$4.8 billion in new federal funding**

# Triggered Adjustments

- **\$4.6 billion in additional spending cuts**
- **\$2.4 billion in additional revenue**

# Distribution of Cuts



# Proposition 98

**Governor proposes actions that would reduce the guarantee by:**

- \$892.6 million in 2009-10**
- \$1.54 billion in 2010-11**



# **Proposed K-12 Cuts Current Year**

**\$340 million (K-3 CSR)**

**\$228 (Baseline adjustments)**

**\$568 million (Total)**

# **Proposed K-12 Cuts Budget Year**

- **Revenue Limits**
  - \$1.2 billion (administration)
  - \$300 million (contracting out)
  - \$229.5 million (negative COLA)
- **K-3 CSR - \$550 million**
- **COEs - \$45 million**

# Proposed Statutory Changes

- **Teacher seniority**
- **Substitute teachers**
- **Layoff notifications**
- **Shorter school year (5 days)**

# **Waiver Needed**

**Proposed K-12 funding in  
2010-11 is \$600 million  
below federal ARRA  
maintenance of effort  
requirement**

# LAO Reaction

**“Reasonable estimate of the problem...but some downside risk.”**

# LAO Reaction

**“Correct to seek additional federal relief...but not realistic to expect all the federal relief assumed.”**

# LAO Reaction

**“The Legislature must make very difficult choices affecting *both* state revenues and spending.”**

# **Big Questions Remain**

- **Is the proposal constitutional?**
- **Will waiver be approved?**
- **Will gas tax proposal be approved?**



**Framework by March?**