

Stuart & Associates

Governmental Consultants

End of the Year Budget Summary 2006-07

Projected 2007-08 Budget

It is anticipated that there will be no “new” monies in the coming budget year. Because of the slowdown in the construction industry and lower gas prices, revenues will be lower. It is anticipated that COLA will be approximately 4.7 percent or \$1.6 billion (\$2 billion with categorical COLA). Growth is anticipated to be 2.4 percent. Other economic indicators have remained stable, personal income is up and year-to-year growth is up.

Despite a strong economy, there is an ongoing state structural deficit of \$4.5 billion, which will grow if not addressed.

2006-07 Budget

For the first time since 1999-00 the 2006-07 budget contains significant increases for both discretionary and categorical program funding. It includes \$52 billion in total education funding for K-12, representing an increase of \$2.1 billion, or 4.2 percent, over the appropriations in 2005-06. DOF projects that the final Prop 98 guarantee in 2006-07 will be calculated under “Test 3” and that the appropriations in the 2006-07 will exceed the guarantee by \$592 million.

Ongoing Funding

Discretionary Funding

- COLA - is funded at 5.92 % for school districts and COEs. This computes to \$295 for elementary districts, \$354 for high schools, and \$308 for unified districts.

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- Equalization – is provided for school districts but not COEs. \$350 million was provided in the budget for this purpose. CDE projects that this will bring all districts three-fourths of the way to their target.
- Deficit Reduction – districts will receive an .892 percent increase to their revenue limits, COEs will receive .898 percent.

Existing Categoricals

- COLA- categoricals will also receive 5.92 in COLA
- EIA will receive an additional \$350 million
- Preschool will receive an additional \$50 million for expansion and \$50 million in one-time funds for facilities for providers
- \$70 million for 11th and 12th graders for supplemental instruction to pass the CAHSEE
- \$56.7million for math and reading professional development

New Categoricals

- \$200 million for 7th to 12th grade counselors
- \$105 million for districts COEs and charters for additional staff for arts and music
- \$40 million for grades 1-8 PE teachers

One-Time Funding

Programs Specified in the Budget or in Individual Legislation

- \$500 million for arts, music and PE equipment
- \$100 million for instructional materials
- \$50 million for teacher recruitment and retention
- \$40 million for CTE equipment and supplies
- \$30 million for supplemental instructional materials for ELL
- \$20 million ELL Pilot Project
- \$15 million for the Parent/Teacher Involvement Program
- \$10 million for district fiscal solvency
- \$10 million for new Healthy Start programs

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Discretionary Block Grants

\$534 million is provided in the budget for a one-time, block grant distributed in a ratio of 75 percent to the school sites (including charters) and 25 percent to the districts. Funds can be used for the following purposes:

School Sites

- Instructional materials
- Classroom and laboratory supplies and materials
- Classroom and school library materials
- Deferred maintenance
- Technology
- Expenditures that would close the achievement gap
- Professional development

Districts

- Instructional materials
- Classroom and laboratory supplies and materials
- Classroom and school library materials
- Deferred maintenance
- Technology
- Expenditures that would close the achievement gap
- Professional development
- Home to school transportation
- One-time fiscal obligations of school districts

Mandate Reimbursement

\$957 million is appropriated for mandate reimbursements to be dispersed in the following amounts \$30 million for 2006-07; the remaining for 1995-96 to 2005-06. No claims can be made for the following:

- STAR or the National Norm-Referenced Achievement Test
- School site councils
- Brown Act and Open Meetings Act
- School Bus Safety II
- Grand jury proceedings
- Removal of chemicals

Proposition 49

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\$550 million is provided for the Prop 49 After School Program.