

ESCONDIDO UNION SCHOOL DISTRICT

BUDGET UPDATE

NOVEMBER 18, 2010

STATE BUDGET UPDATE

- OCTOBER 8, 2010
 - STATE BUDGET SIGNED – REPORTEDLY CLOSING AN \$18 BILLION GAP
- NOVEMBER 4, 2010
 - STATE BUDGET SHORTFALL \$12+ BILLION
- NOVEMBER 10, 2010
 - LEGISLATIVE ANALYST (LAO) MEASURES 19-MONTH GAP AT \$25.4 BILLION

STATE BUDGET UPDATE

- LAST MONTH WE REVIEWED THE RISKS TO THE BUDGET
 - TWO-THIRDS OF SOLUTIONS ONE-TIME IN NATURE
 - RECEIPT OF FULL \$5.4 BILLION IN FEDERAL FUNDS IN DOUBT
 - OVERLY OPTIMISTIC REVENUE AND SAVINGS PROJECTIONS
 - RESULTS OF PENDING NOV 2 ELECTIONS COULD HAVE NEGATIVE IMPACTS

STATE BUDGET UPDATE

- PASSAGE OF PROPOSITION 22, IMMEDIATELY ADDED \$1 BILLION TO THE 2010-11 BUDGET GAP
- REJECTION BY THE VOTERS OF PROPOSITION 24 ELIMINATES \$1.3 BILLION OF BUSINESS TAXES THAT WON'T BE COLLECTED
- PASSAGE OF PROPOSITION 26 WILL MAKE IT HARDER FOR THE LEGISLATURE TO RAISE NEW REVENUES IN THE FUTURE

STATE BUDGET UPDATE

- LAO ESTIMATE INCLUDES \$6 BILLION GAP IN 2010-11, AND \$19 BILLION GAP FOR 2011-12
 - \$20 BILLION GAPS THROUGH 2015-16
 - EXPIRATION OF \$8 BILLION TEMPORARY TAX HIKES
 - THE EDUCATION BUDGET GAP FOR 2011-12 IS PROJECTED TO BE \$5.2 BILLION

STATE BUDGET UPDATE

- THE LAO HAS RECOMMENDED THAT THE \$1.7 BILLION INCREASE IN REVENUE LIMITS JUST APPROVED BE CUT NOW
- LAO SUGGESTS THAT THE STATE'S STRATEGY OF DEFERRALS AMOUNT TO DE FACTO CUTS – PUTTING ALL DISTRICTS AT RISK OF RUNNING OUT OF CASH
- SPECIAL LEGISLATIVE SESSION BEGINS DECEMBER 6, 2010
- NO LIKELY SETTLEMENT ON MID-YEAR CUTS UNTIL THE NEW ADMINISTRATION TAKES OFFICE