

Methodology for Curtailment/Supplemental Budget GPA Reductions and spreadsheet detail for unit by unit subsidy reductions

Please keep in mind that the figures in this spreadsheet reflect the current proposed reduction. We will revise and provide ED-279's when the Legislature acts on the supplemental budget. As revenue projections are revised over the coming months, they could affect both the current year GPA as well as the projected GPA for the coming two-year budget, which begins July 1, 2009.

Essential Programs and Services (EPS) and Funding Law Unchanged

It is important to understand that in calculating the reductions to each school administrative unit, we have not changed the total Essential Programs and Services allocation for individual units or the statewide total. We have re-run with the exact same calculations in the funding law, only with \$27,046,649 less in state share. For minimum special education subsidy receivers, we have reduced the state share from 50 percent of special education EPS allocation to 45 percent.

State/local share of Essential Programs and Services (EPS) allocation

- The state share of \$983,528,141 will be reduced by \$27,046,649 to \$956,481,492, resulting in an increase of the same amount (\$27 million-plus) to the required local share. Using the funding law with no adjustments, that increase in required local contribution is achieved by an increase in the established mill expectation from 6.55 mills (current) to 6.79 mills (with the curtailment). However, unlike in the past, units will not be required to raise that additional amount – see Mill Expectation Waiver below.

Individual unit EPS allocation

- The total EPS allocation for each school administrative unit also remains unchanged (column #1). The new required local contribution of 6.79 mills is shown in column #2. The new reduced state share, as a result of that increased local contribution, is shown in column #4.
- The reduced state share for units that raise less than the established mill rate and qualify for a minimum special education

subsidy adjustment is accomplished by a reduction in the minimum special education adjustment to subsidy from 50% to 45% of their special education EPS allocation.

Column #8 of the spreadsheet compares the current state subsidy with the new curtailed amount and column #9 shows that as a percent change. Column #10 lists the FY2008-09 total state and local spending approved for each unit and column #11 shows the state reduction (column #8) as a percent of that total approved state and local spending.

Mill Expectation Waiver

Section 15690 subsection 1-C requires SAUs to raise the full mill expectation or face a reduction in state contribution. Because of the extraordinary circumstance and the increase in the mill expectation mid-year, the supplemental budget proposal will include a waiver, for FY2008-09, to this requirement. Units will not be required to raise the additional mill expectation to reach 6.79 mills. This waiver will provide the opportunity for units to make adjustments within their currently approved budget to offset the reduced state subsidy when possible without new voter approval of the higher local required mill rate.