

## **Legislative Update to the Governing Board 3-5-09**

### **2009 Budget**

As you know, a three-day special session was called very early to address the Fiscal Year 2009 shortfall; extensive cuts were made in most areas including education. In the PVUSD, these cuts were made to soft capital, which had been frozen in December.

### **The 2010 Budget and the Federal Stimulus Package**

2010 budget negotiations will officially begin once questions about the federal stimulus funds are answered. Another special session may be called. There is a real deficit for 2010 of about \$3.3 billion dollars, and an additional shortfall in THIS current fiscal year (FY 2009) is expected.

The federal stimulus package (the American Recovery and Reinvestment Act) is going to provide some relief. Detailed information from the federal government is expected this week. While a number of questions remain, what does seem to be clear is that the state can backfill education reductions with the goal of reaching the 2008 or 2009 level. At the same time there is a Maintenance of Effort (MOE) requirement. The state cannot fall below the Fiscal Year 2006 support level which should put limits on the amount of additional cuts the state could make to education funding. Unfortunately, there is also a provision allowing governors to ask for a waiver to allow them to cut below the 2006 MOE requirement, which would allow greater cuts.

The good news that is some cuts should be mitigated with these additional dollars. Bad news: these are temporary monies, appropriated only for two years.

Federal stimulus money will be accepted and used at the discretion of the Governor. Despite rumors we heard that certain legislators were unwilling to accept these funds, the real decision lies only with the Governor, and all indications to date are that she is inclined to accept the help.

### **Governor Brewer's 5 Point Plan for Building a Better Arizona**

Governor Brewer announced her plan yesterday; her leadership may also serve as an impetus to begin 2010 budget negotiations. Among other things, she suggested:

1. further budget cuts of \$1 billion dollars
2. voter approval of changes to the 1998 Voter Protection Act, which creates a class of state revenues that cannot be touched, even in crisis years
3. A temporary tax increase of about \$1 billion, structure of which is left up to the judgment of the legislature

## **Education Bills**

Action on all other (non-budget) education bills has been unusual this year. Senate President Bob Burns has refused to hear ANY bills until the 2010 budget is complete. The House has been hearing bills, and the House Education Committee has now heard all of the bills assigned to the committee. However, the Committee of the Whole was scheduled to meet for the first time today because it doesn't make much sense to send over bills that won't be heard in the Senate yet. It is unclear whether the Senate will eventually implement a condensed schedule or continue to keep a normal process when they finally do begin to hear bills. Discussion of specific bills will wait until the next governing board meeting.

## **Summary**

Cuts will be inevitable. But, revenue enhancements should also be considered. The important message that we want our legislators to hear is that we want to find ways to reconcile the real deficit with a commitment to quality education. Education must be our priority for the sake of our children, and for the growth and recovery of our state economy. By working with our legislators, we would like to find ways to insure that we mitigate the effect of cuts on the classroom.