



**MCOECN**

# **State Financial Update**

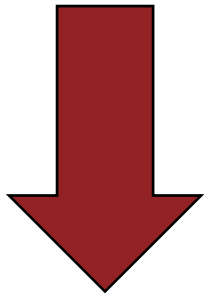
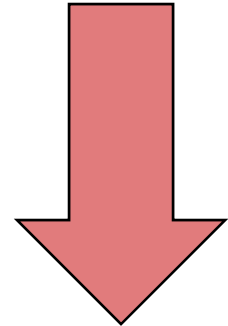
**December 2008**

# Cuts in FY 08-09

January cut to ODE's budget:

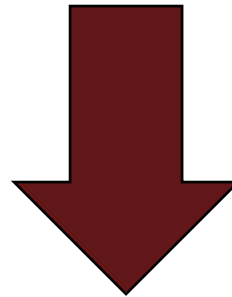
\$51.8M from FY 08 ODE budget

\$49.7M from FY 09 ODE budget



Another \$25.9M (FY 09) in  
September

More cuts to come...



# September Reductions

The Department of Education was asked to reduce their budget by \$25.9M.

92% of ODE program areas were exempt from the reductions.

Some areas received a larger percentage cut because they were not targeted during the first round of cuts (January 2008).

Line Item	Program	FY 09 Budget	\$ Reduction	% Reduction
200-426	OECN	\$28,975,646	\$1,564,621	5.4%
200-446	EMIS	\$16,202,475	\$ 581,340	3.59%

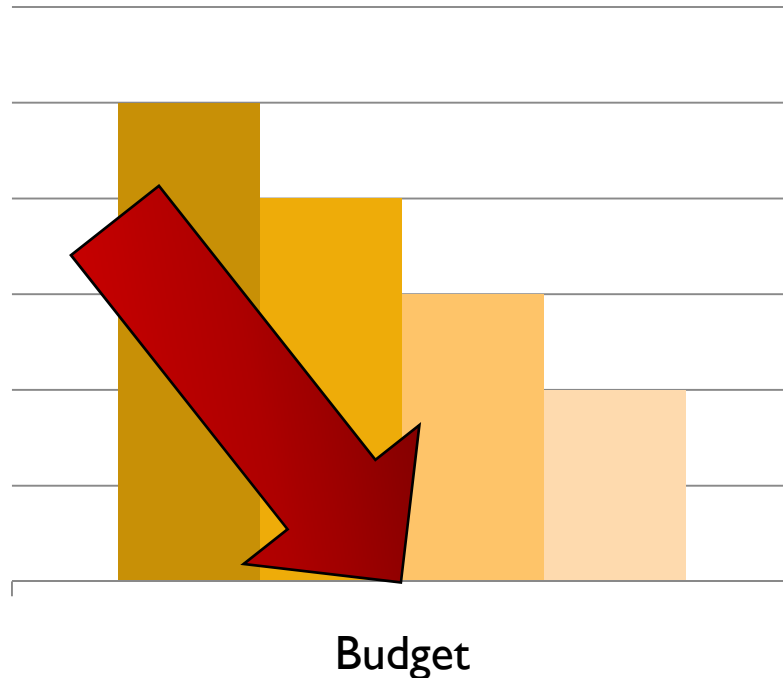
# Impact on OEEN Programs

Program	Original FY 09	\$ Cut	% Cut
INFOhio	\$ 2,469,223	\$305,566	12.37%
Building Connectivity	\$16,666,140	\$791,642	4.75%
OEEN ITC Subsidy	\$ 8,338,468	\$396,077	4.75%
SSDT Contract	\$ 1,501,801,	\$71,336	4.75%
EMIS District Subsidy	\$ 8,267,235	\$392,694	4.75%
EMIS ITC Subsidy	\$ 1,340,348	\$ 63,667	4.75%
EMIS Data Exchange	\$ 6,594,892	\$124,979	1.90%

# Impact on INFOhio

- INFOhio's share appeared more severe because the program was held harmless for earlier cuts.
- In response INFOhio planned to cut SIRS Discoverer.
- The eTech Ohio Commission has provided a one-time grant to INFOhio.
- This grant will enable INFOhio to maintain their current menu of electronic resources.

# Impact on FY 10 and FY 11?



Departments were instructed to submit budgets that are were 95% or 90% of FY 09 budget levels.

But which budget?

**The original FY 09 budget or budget after cuts... and which cut???**

# State Board Request

- State Board has developed three requests:
  - 90% budget
  - 95% budget
  - “Flat Plus” budget
- In the Flat-Plus budget the State Board has requested a 3% increase for most OEEN program areas in each year of the biennium.

# Budget Process

- Departments submit requests to OBM
- OBM develops recommendations
- Governor's Budget (D)
- Then to the House (D)
- Then to the Senate (R)
- Then to conference committee
- Then back to the Governor for signature

# November State Budget News

In November we heard from OBM  
Director J. Pari Sabety:

- “90% of the reduced FY 09 appropriations is the most optimistic funding scenario for FY 10-11.”
- “Will probably see additional reductions this fiscal year.”

*Columbus Dispatch*, Thursday November 20, 2008

# More Bad News in December

- Recession started in December 2007.
- Receipts for the year were down \$338M
- Original forecast for FY 08-09 made in 2007 is now down \$800M.
- New numbers from OBM:
  - \$2B revenue shortfall in FY 10.
  - \$2.7B revenue shortfall for FY 11.

*On the Money* Volume 127 #51, By Driscoll and Fleeter, A Rotunda Publication, Dec 12, 2008

# Setting Expectations for More Cuts

Last week the Governor went even further:

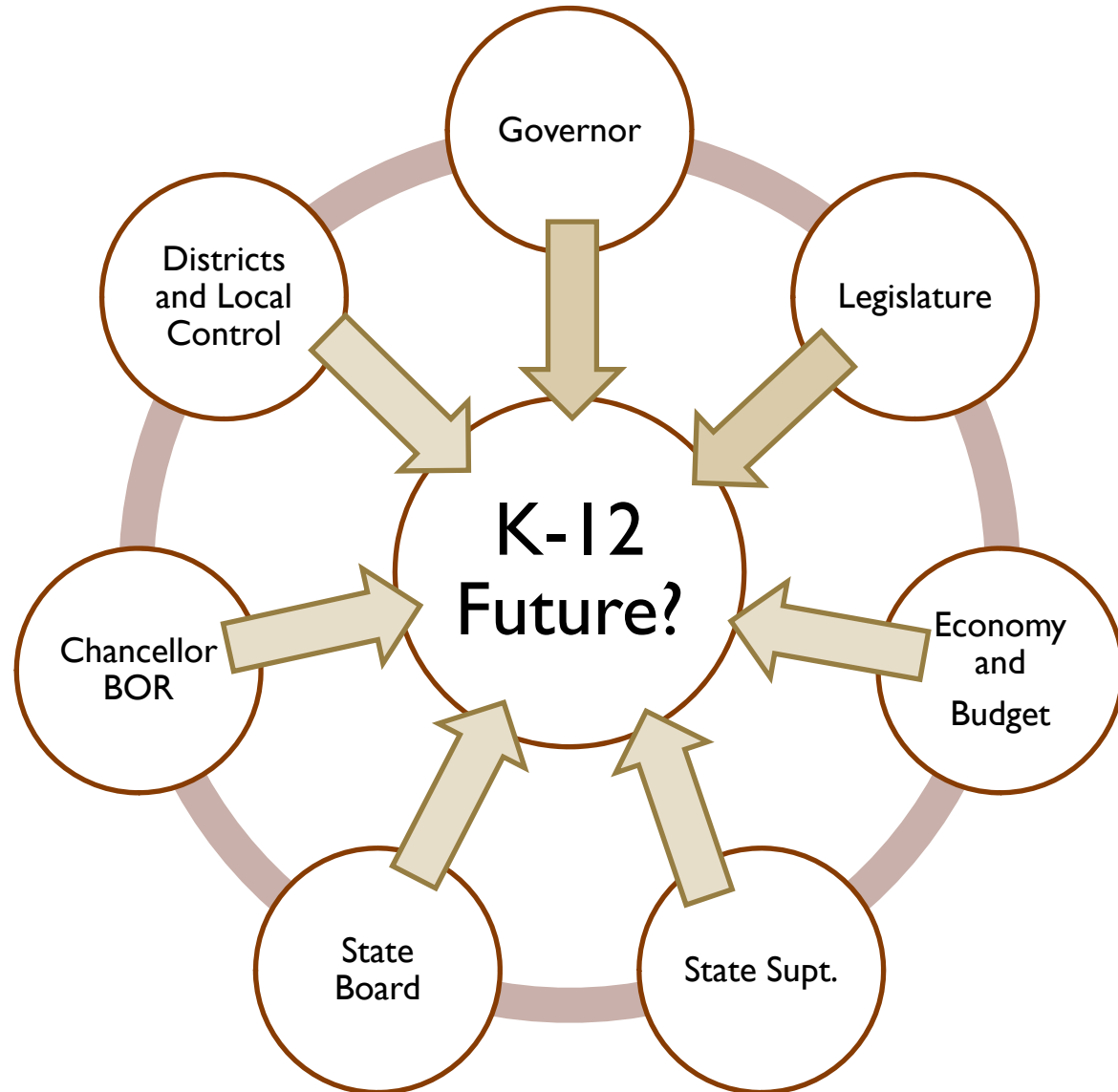
- Expect \$600M additional shortfall for FY 09 if holiday spending is poor.
- Estimate \$7B shortfall for FY 10-11 unless Ohio gets help from the federal government.

# Setting Expectations for More Cuts

Projected funding cuts for FY 10-11 could include:

- Reduce per-pupil funding by \$840 & \$870
- Increase college tuition by \$2,000
- Close six prisons and one mental hospital
- \$300M from child welfare and preschool programs

# Education: Political Drivers



# How Will These Ingredients Mix?

- New Superintendent?
- New State School Board?
- Chancellor and Board of Regents?
- Governor's Plan for School Funding?
- House and Senate are now "D" and "R"?
- Recession and State fiscal concerns?
- Voter resistance to local funding issues?
- Ohio is a local control state?