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OFFICE OF GOVERNOR RONNIE MUSGROVE  
INTEROFFICE MEMORANDUM

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**TO:** GOVERNOR  
**FROM:** RILEY  
**SUBJECT:** MDE'S STATE FUNDS COMPARISON AS OF 1/17/02: MAEP  
**DATE:** 1/18/02  
**CC:** RENICK

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I have attached MDE's latest spreadsheet as to FY 03 budget comparisons. The outlined box in the middle of the page presents the bottom line:

- The FY 03 LBR recommends \$45.3 M more than the FY 02 general fund and education enhancement funds appropriation;
- The FY 03 LBR contains \$71.3 M for the teacher pay raise (i.e., new money)
- So, actually, the FY 03 LBR recommends \$25.9 M less than the FY 02 appropriation
- In addition, FY 02's appropriation authorized \$30.5 M in textbook and supply funds
- So K-12 needs at least \$56.4 in FY 03 funds over the FY 02 appropriation just to hold the districts harmless at their current level of operation – THIS ASSUMES FUNDING MAEP AT 80% FOR THE SECOND YEAR IN A ROW, RATHER THAN AT 100% AS PLANNED

According to Chairman Warren, LBO has told Appropriations that full 100% implementation of MAEP would require \$111 M, or another \$60 M. Chairman Warren wants 100% full implementation, even though the LBR is only recommending 80%.

Judy Rhodes told the Appropriations' Education Subcommittee yesterday that if the districts are forced find this \$56.4 M and if they choose to take it out of teacher positions, that we would be looking at 1,000-1,400 fewer teachers in FY 03. She also said that 15-17 districts could be looking at operating at a deficit.