

Budget Notebook



Chronicling California's developing budget and its impact on IUSD

State adoption of a 17-month spending plan brings some positive developments for IUSD

BY SUPERINTENDENT GWEN E. GROSS, Ph.D.

Since last fall, there have been a number of updates relaying mostly bad news about the state budget and the implications for IUSD. Now I'd like to share some potentially positive developments.

Immediately after the Legislature agreed on a 17-month spending plan, our Business Services staff began a thorough analysis of the impact on our district. Based on our unintended move into a new funding model that relies on local property taxes instead of the state's traditional "revenue limit" formula, it now appears IUSD will not have to cut to the extent that was initially anticipated.

Local funding, also known in education circles as "Basic Aid," occurs when the local property tax revenue in a district exceeds the amount of money that the state pays. In IUSD's case, this has occurred only because the state is cutting per-student spending so significantly that funding levels have fallen below the revenue currently generated by our district's own property taxes.

This doesn't have any impact on local taxpayers. It will, however, mean more unrestricted dollars than we would have received under the traditional funding model.

Of course, plenty of challenges remain. California's recently adopted spending plan also calls for direct reductions to specific categorical programs that impact our schools. And despite the adoption of a budget, our state's finances remain quite tenuous, with a great deal of revenue riding on the outcome of the May 19 special election.

Finally, while our numbers indicate a positive balance through 2009-10, we are projected to face a \$10 million shortfall in 2010-11 without corrective action.

For all of these reasons, we would be remiss if we did not explore opportunities to capture savings, particularly while the state is offering some flexibility in categorical spending.

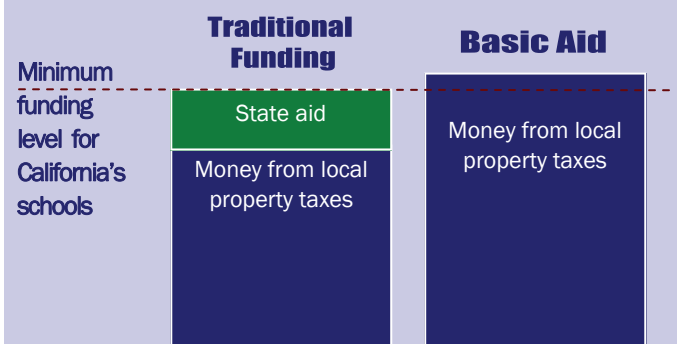
Remember that our district has enjoyed relative fiscal stability over the years thanks to the foresight and careful planning of our Board of Education and our staff, as well as contributions by IPSF and other community partners. Re-

gardless of how we're funded, this district will continue to take a thoughtful and deliberate approach to planning to ensure that all of our students have the resources they need to succeed.

I want to take this opportunity to thank members of our Budget Crisis Committee and the Board-appointed Finance Committee, as well as those individuals who submitted cost-saving strategies and revenue enhancement tips online and in person. As we monitor financial developments at the state level, we will continue our analysis of each of these submissions in search of efficiencies and best practices.

After all, every school year and every budget cycle has a beginning, a middle and an end. But the race for quality has no finish line.

How Basic Aid funding works



This is how IUSD was funded under the traditional "revenue limit" model. Note that state aid brought us to the minimum funding level.

Because the state has lowered the bar on unrestricted funding to such an extent, local property taxes now fund our schools.

As the chart above illustrates, IUSD is eligible for Basic Aid, or "local funding," because the property tax revenue in our district exceeds the state's minimum funding level.