

Budget Notebook



Chronicling California's developing budget and its impact on IUSD

IUSD's Board of Education to consider new budget adjustments during April 7 meeting

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All across our state, educators are being forced to make difficult decisions in response to California's budget crisis, which has led to \$11.6 billion in cuts to education.

One local district is looking at slashing costs by a staggering \$25 million. Another plans to shutter one of its smaller elementary sites. The San Diego Unified School District alone recently voted on more than \$100 million in cuts, ranging from increased class sizes to the implementation of a districtwide employee furlough.

Here in Irvine, the fallout is not quite as severe thanks in large part to an involuntary change in our funding model. Yet IUSD is still facing a \$7 million loss in categorical funding for 2009-10 and a projected \$9 million shortfall in unrestricted funds for the 2010-11 school year.

Our Board of Education met recently to deliberate on these challenges and to discuss possible solutions, as well as options elicited from our Budget Crisis Committee. Based on the Board's direction, staff will be presenting a list of suggested budget adjustments for 2009-10 and beyond at the Board's April 7 meeting.

Class-size flexibility sought

Included on the list will be a recommendation to take advantage of relaxed class-size reduction penalties in grades one through three.

Introduced in 1996, the class-size reduction program provides additional state dollars for sites that limit their K-3 classes to 20 students or less. Yet even with the added funds, class-size reduction is quite costly, so much so that many districts have been forced to abandon the program altogether to balance

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- School districts throughout the state are making difficult decisions as a result of the state's budget crisis, which led to \$11.6 billion in cuts to education.
- IUSD is facing a \$7 million loss in categorical funding for 2009-10 and a projected \$9 million shortfall in unrestricted funds for 2010-11.
- The IUSD Board of Education will consider a number of budget adjustment options and cost-saving strategies at its April 7 meeting.
- Even with a new state budget in place, California's revenue assumptions remain unstable, with much riding on the outcome of the May 19 special election.
- The state plans to release new fiscal information in late May or June.

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their budgets.

Now, for the first time ever, the state Legislature is permitting some flexibility on the 20-student caps. Based on this policy shift, we will submit for the Board's approval a plan to allow first- and second-grade classrooms to accommodate 22 students, or 23 if absolutely necessary. Under this plan, third-grade classrooms would be permitted to accommodate three additional students – or as many as four in rare instances.

School districts have long asked for this sort of common-sense flexibility to solve expensive staffing dilemmas. (As an example, consider a scenario where a school has 42 students in a grade level. While two classes of 21 students might seem the obvious solution, the school would have been barred from exceeding the 20-student limit.) Meanwhile, grades four through 12 have been hit with disproportionate class-size increases during tough economic times.

Additional strategies

Other potential savings strategies for IUSD include the consolidation of summer school sites; the continuation of a residency verification process to ensure we're maximizing our resources to the benefit of district residents; keeping some targeted positions vacant; a benefits audit to make sure we are not exceeding our contractual obligations; and changes associated with two database services contracts.

In addition, money garnered from recent budget freezes will also be on the list, though it's important to remember that these amount to one-time savings that

would not carry over the following year.

State outlook uncertain

All of these options will be considered Phase I proposals, to be discussed and voted on by our Board of Education on April 7. Because the state's finances remain fragile – indeed, some of California's revenue assumptions are riding on the outcome of the May 19 special election – we are also preparing a list of additional spending cuts, though it is our hope they will not be necessary.

In a perfect world, none of

these reductions would be necessary. But our state's finances are far from perfect these days, and that's presenting some tough choices for California's workers, families, business owners and public institutions.

While we all await better days, our district will continue to pursue solutions that protect our instructional profile, maintain opportunities for students, spare jobs for our incomparable staff and ensure that our schools remain on solid financial ground for years to come.

Budget adjustment options to be considered by the Board on April 7	Projected savings
Budget freeze from 2007-08 (One-time savings)	\$3,026,656
Budget freeze from 2008-09 (One-time savings)	\$3,500,000
Class-size reduction flexibility in Grade 1 (This would allow two additional students with flex to three students)	\$456,267
Class-size reduction flexibility in Grade 2 (This would allow two additional students with flex to three students)	\$456,267
Class-size reduction flexibility in Grade 3 (This would allow three additional students with flex to four students)	\$627,367
Consolidate summer school sites in Grades 7-8 and 9-12	\$133,215
Residency verification	\$276,052
Reduction in database contracts (One-time savings)	\$165,000
Hiring freeze on select vacant positions	\$250,000
Health benefit audit	\$100,000
Adult education support fee	\$50,000
PROJECTED ADJUSTMENT TOTAL	\$9,040,824

For more information, please visit IUSD's Budget Watch page at www.iusd.org/budget_watch.