

Budget Notebook



Chronicling California's developing budget and its impact on IUSD

IUSD may need to consider additional budget adjustments amid uncertainties in Sacramento

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The word “busy” doesn’t begin to describe this time of year for our students, parents and staff. In the days and weeks ahead, there will be placement tests, final exams, project deadlines, concerts, theater performances, athletic events, award ceremonies, senior proms and, of course, commencement exercises.

For districts across California, this is also the time to finalize budgets and solidify plans for next year. But, as we’ve learned so often, nothing can be set in concrete until the cement dries.

With so many uncertainties yet to be resolved in Sacramento, our challenge has been to make plans that serve the best interests of students while maintaining enough flexibility to accommodate worst-case scenarios.

To that end, our Board of Education made a number of budget adjustments last month, trimming ongoing expenses by \$2.3 million and utilizing \$6.7 million in onetime savings in response to deep cuts at the state level. (See the chart on the next page for details.)

While we hoped that would be all that was needed to balance our budget moving forward, we may not be out of the proverbial woods just yet.

Funding takes another hit

As you’ll recall, our district learned earlier this year that we would be funded under the Basic Aid formula, which occurs when the local property taxes in a district exceed the amount of money the district normally receives from the state. Though Basic Aid usually translates into additional dollars, it’s also a lot less predictable than the traditional “Revenue Limit” formula.

Using property tax projections supplied by the Orange County Assessor, we had expected to remain in Basic Aid through 2009-10. Recently, however, IUSD was informed that taxes were coming in below the pro-

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May 14	The Governor will present new fiscal information as part of his “May Revise.”
May 19	IUSD Board meeting / statewide Special Election
May 26	IUSD’s Board will discuss potential budget adjustments and provide direction during a special Budget Study Session.
May 28	The Governor will present another fiscal update in his second “May Revise.”
June 2	IUSD Board meeting
June 9	The Board will hold a special meeting to discuss the budget and an Environmental Impact Report associated with a proposed second district stadium.
June 16	The Board will take part in a Budget Study Session to discuss potential adjustments.
June 23	The Board is expected to adopt a budget for 2009-10 at its regular meeting.

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jections made by the Orange County Assessor. Based on the latest analysis by our staff, we still expect to be funded under the Basic Aid formula through 2008-09. But in all likelihood our district will return to the Revenue Limit formula – meaning we’ll receive slightly less funding – in 2009-10 and beyond.

IUSD still anticipates a positive ending balance for next year, though the shortfall for 2010-11 has once again grown to approximately \$10 million. It will therefore be necessary to revisit the list of possible budget adjustments that was compiled by our Budget Crisis Committee and our Board of Education; however, it has yet to be determined what – if any – actions will be required prior to our budget adoption in June.

Our Board of Education is set to resume its discussion of the budget at its May 19 meeting. With state officials pondering additional reductions, this dialog is likely to continue through the summer.

Variables on the horizon

It is important to remember that IUSD had planned for worst-case scenarios based on California’s ever-shifting economic landscape. Moreover, we have yet to factor in the impact of federal stimulus dollars or the use of some flexibility options that are now available. Those options are also likely to be discussed in the days ahead.

But a number of significant variables are drifting out on the horizon. For starters, experts believe California’s budget is already out of balance by about \$15 billion, and that could lead to even more cuts to our schools. In addition, the state’s 18-month spending plan that was adopted in February was based on

Budget adjustments adopted by the Board of Education in April	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 allows two additional students with flex to three students)	\$456,267
Class-size reduction flexibility in Grade 2 (This allows two additional students with flex to three students)	\$456,267
Class-size reduction flexibility in Grade 3 (This allows 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.

the assumption that a series of revenue-generating propositions would pass in the May 19 Special Election. With less than a week to go, it is unlikely that these initiatives will be successful. Should they fail, the state deficit could grow by another \$6 billion, and education could take another hit.

It’s always a challenge to build a budget that provides the best educational opportunities for students while so many unanswered questions linger at the state level,

and this year the outlook is particularly murky. Yet our district will continue to take a thoughtful, conservative approach to ensure each dollar is maximized to the benefit of our families. Moreover, we will continue to communicate each new development with you.

Now, it’s time to prepare for the many activities that accompany this wonderfully frenetic time of year. I hope you’ll join me in savoring each and every one of them.