

# Budget Notebook



*Chronicling California's developing budget and its impact on IUSD*

## IUSD to make additional cuts as state, facing plummeting revenues, targets Basic Aid districts

BY SUPERINTENDENT GWEN E. GROSS, Ph.D.

This year, as a result of California's budget crisis, our district has been on a rollercoaster ride, one that's featured far more dips than peaks.

In late September, the state adopted a budget based on unstable revenues, and by January we were informed that massive cuts were on the way.

In February, we learned that our district had moved into a new funding model called Basic Aid, in which local property taxes supplant state funding. Though IUSD was still compelled to make reductions – and we did so to the tune of more than \$11 million – our district remained on relatively solid financial footing.

### The latest challenge

We are now more than halfway through June, and we have a new development that is both sudden and challenging.


With just days to go before the end of school, pressure began mounting at the state level to strip Basic Aid districts of their “excess” property taxes. Rather than wait to see what plan legislators devised, a coalition of Basic Aid districts called Schools for Sound Finance took a proactive approach and submitted what they deemed a “Fair

Share” proposal.

Under this plan, IUSD will be required to cut an additional \$7 million in spending.

This news is devastating and will have significant impacts on staffing for next year. Remember that we are

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California's Budget Crisis

## Budget Timeline

A look at what's happened so far

<b>September 2008</b>	California adopts a late budget for 2008-09 based on unstable revenues, and most experts agree it's already out of balance.
<b>January</b>	With the state budget unraveling, educators are told to brace for large cuts to help bridge a \$42 billion shortfall.
<b>February</b>	Because funding levels are significantly reduced, IUSD moves into a new funding formula called “Basic Aid,” in which local property taxes supplant state dollars.
<b>April 7</b>	IUSD's Board of Education makes \$9 million in onetime and ongoing reductions for 2009-10.
<b>May 26</b>	With the state budget outlook continuing to worsen, and property taxes coming in lower than expected, the IUSD Board reaches consensus on another \$2.2 million in cuts.
<b>June 5</b>	Pressure mounts to strip Basic Aid districts of “excess” property taxes. Rather than leave it up to the state, Basic Aid districts agree to submit a plan of their own. This “Fair Share” proposal reduces IUSD's funding by approximately \$7 million.
<b>June 10</b>	Basic Aid districts submit their “Fair Share” proposal to the state's Budget Conference Committee.
<b>June 16</b>	The IUSD Board meets to discuss the latest impacts and reluctantly reaches consensus on another \$7 million in cuts.
<b>June 23</b>	IUSD's Board of Education is scheduled to adopt a budget for 2009-10.

only in Basic Aid because of state cuts. Furthermore, we have already made \$11.2 million worth of one-time and ongoing reductions in two phases. Now we're facing additional reductions with less than a week to go before the adoption of a budget for the fiscal year that begins July 1.

### Board agrees on adjustments

On Tuesday, June 16, our Board of Education considered a number of new options based on recommendations from staff. In response to the "Fair Share" proposal, the Board reached consensus on several actions, which will be subject to a vote at the Board's June 23 meeting.

(The list of Phase III budget reductions can be viewed below. The complete list with Phases I and II can be accessed by [clicking here](#) or logging on to [www.iusd.org](http://www.iusd.org) and clicking on "IUSD Budget Watch.")

Again, had the state given any earlier indication that it was considering taking a swipe at Basic Aid, IUSD and other districts would have had

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some time for thoughtful deliberation and collaboration. Instead, Sacramento is responding to plummeting revenues in a desperate manner, and we are left to suffer the conse-

quences.

### Budget due June 30

Remember that we are required to submit a budget to the Orange County Department of Education no later than June 30. While the state also shares this deadline, lawmakers rarely meet it. That said, we will be able to make adjustments – for better or for worse – after the state adopts a concrete spending plan in the summer or fall.

This is not the way we had expected to conclude another successful school year, in which our students and staff have performed extraordinarily. Yet fiscal solvency is critical to everything we do, and major decisions must be made immediately.

As always, we will keep you informed of the latest developments as they unfold. I thank you for your patience and support.

## Phase III Reductions

In response to a new proposal to further reduce funding for Basic Aid school districts, the IUSD Board of Education reached consensus on a number of adjustments for 2009-10. The following list, known as Phase III, will be put to a vote at the Board's June 23 meeting, along with the Phase II reductions that were identified at the May 26 meeting. To access the complete list of budget adjustments for 2009-10, [click here](#), or visit [www.iusd.org/budget\\_watch](http://www.iusd.org/budget_watch).

Budget Reduction/Adjustment Option	FTE	Savings
Grade 1 plus two additional students (24 with flex to 25)	8.00	\$456,267
Grade 2 plus two additional students (24 with flex to 25)	8.00	\$456,267
Grade 3 plus two additional students (25 with flex to 26)	8.00	\$456,267
9 <sup>th</sup> Grade CSR plus 5 additional students (staff at 25) (Tier III)	8.20	\$565,907
Defer textbook adoptions (Tier III)		\$1,955,000
Reduce art, music and science		\$200,000
Reduce District Office/site administrative services		\$200,000
Reduce parent English tutoring programs – CBET (Tier III)		\$94,643
Eliminate Adult Education (Tier III)		\$650,000
Consolidate staff development – GATE, PAR, BTSA (Tier III)		\$190,000
Reduce GASB set aside 50 %		\$1,850,000
Initiate salary rollback/furlough negotiations		To be determined
Subtotal		\$7,074,351