

# Budget Notebook



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

## Q&A: Will the state budget crisis shortchange our schools?

**Y**ou don't have to be a credentialed math teacher to understand that the state's multibillion-dollar budget deficit could add up to devastating cuts to education.

In fact, with the Governor calling for across-the-board reductions of 10 percent, California's schools are poised to lose as much as \$4.8 billion in 2008-09.

In the Irvine Unified School District alone, the Governor's proposal could amount to a loss of \$18.5 million – this coming just four years after the last round of draconian cuts.

Recently, IUSD Superintendent Gwen Gross answered a series of questions about California's budget deficit and its potential impact on Irvine's schools.

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### **Q: Why was the decision made to freeze school budgets?**

A: Falling tax revenues in California have brought on a state shortfall of approximately \$14.5 billion, and the governor has pledged not to raise taxes to bridge the gap. This presents serious challenges for K-12 school districts, which will be significantly impacted in 2008-09, if not sooner.

The budget freeze was imple-



mented in January following the Governor's declaration of a fiscal crisis. Our Business Services staff recognized that it's critical to capture savings now in order to minimize cuts in 2008-09. In short, the proactive measures we take at this time will help ensure a softer landing later.

### **Q: What areas of the district will be the most affected by the freeze?**

A: When weathering any type of fiscal crisis, the goal is always to keep cuts as far away from the classroom as possible. So expenditures essential to classroom instruction, safety, contract compliance and operational necessity will not be affected by the freeze.

Vacant position requests will be reviewed on a case-by-case basis. Equipment purchases, supplies and expenses related to travel or

workshops are likely to be the areas most impacted by the freeze.

### **Q: How will budget cuts affect the Irvine Unified School District?**

A: It's important to remember that we're addressing two fronts: There's the budget freeze, which temporarily suspended all non-essential expenditures for the current 2007-08 school year; and there's the development of a new budget for 2008-09, which will include spending cuts.

With regard to the budget freeze, we're striving to ensure the classroom is least affected at all levels. Arts, athletics and clubs should also see few – if any – impacts as a result of the freeze. Equipment purchases, supplies, travel expenses – these are the areas that will help us capture savings.

As for 2008-09, reductions have yet to be identified. The development of a budget will be a long and collaborative process involving input from all staff, with our Board of Education establishing the district's needs and priorities.

### **Q: The Governor has indicated a willingness to solve the state crisis by cutting all departments, including education, by 10 percent. If this happens, how**

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**would IUSD's budget and funding be further affected? What kinds of cuts would this translate into for schools?**

A: The short answer is it's too soon to know how IUSD will be specifically impacted by the state deficit.

Now for the longer version:

The 10 percent cut, which makes no attempt to prioritize expenditures statewide, is what's outlined in the Governor's January budget proposal for the next fiscal year, which begins July 1, 2008. That plan threatens to short-change California's schools by \$4.8 billion and would cost us about \$18.5 million. However, these figures are not etched in stone. Negotiations in the Legislature will likely result in alternate proposals before a real budget is adopted.

In the meantime, the Governor is mandated to release a revised version of his budget proposal in May, taking into account any new information since January. It's called the "May Revise," and it will offer a little more guidance for educators, but it's still far from a real budget. We probably won't see one of those until August or September.

It's important to note that Orange County parents, educators and school employees have united to fight the proposed cuts, and statewide groups are once again gearing up to play a major role in the battle. So the numbers may change. However, IUSD and other districts are legally required to plan for 2008-09 under the assumption that the Governor's \$4.8 billion cut to education will be-

come a reality. We will therefore soon embark on the road to identifying potential areas of reduction.

One other point worth mentioning: Irvine Unified and other districts are required to adopt budgets by June 30, as is the state. But the Governor and the Legislature rarely meet that deadline. They usually don't produce a concrete spending plan until late summer or early fall. As you can imagine,

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- Supt. Gwen E. Gross*

that makes it difficult for school districts to plan.

**Q: How much was the district able to anticipate cuts, and how prepared are you going forward?**

A: We knew this was going to be a challenging budget year, but the magnitude of California's deficit was not revealed until the Governor declared a fiscal crisis on Jan. 10 and produced a budget proposal for 2008-09.

Our district has a long tradition of diligent fiscal planning, and that process includes looking sev-

eral years out and analyzing various economic trends. But California's budget is prone to wild fluctuations from year to year. We look forward to the day when education funding is consistent so that spending cuts aren't necessary every few years.

**Q: Will modernization and construction projects come to a halt during the state budget crisis?**

A: Fortunately, no. Even as the state grapples with this year's budget, you may see some new and ongoing construction projects throughout our district. It's important to remember that the money for capital projects must legally be kept separate from the general fund budget, which pays for teachers, books and supplies. According to the state's very complex financing rules, funds obtained for facilities projects must be spent on facilities, whether they come from the state or from other sources.

Despite the state's financial crisis, we will continue to apply for these dollars, which will be spent effectively and responsibly to improve our schools.

**Q: How long do you think state cuts will continue to affect IUSD?**

A: IUSD is likely to be impacted in 2008-09 and 2009-10 unless the state's revenues rebound quicker than anticipated. California's economy is prone to ups and downs, so the lean times generally give way to robust years. Nevertheless, in good times and bad, we are fortunate to have teachers, staff, students, parents and community supporters who are committed to promoting and nurturing our world-class schools.