

BUDGET BULLETIN NO. 18

01.21.10
Alan Rasmussen, Ed.D.
Superintendent

Don't forget to visit our District website for updated budget information:
www.ovsd.org

To keep our parents and community informed regarding the status of the state budget and its impact to our District, we will be issuing regular Budget Bulletins.

Governor's Budget Proposes to Cut \$2 Billion More From Schools

Despite Governor Schwarzenegger's vow to protect education funding when he released his budget, he failed to mention over \$2 billion in cuts he proposed for next year.

"In the past, the governor and Legislature have manipulated the minimum funding guarantee (Proposition 98) to lower levels and then claimed to have 'protected' schools by funding them at that new, artificially reduced level," said California School Boards Association (CSBA) President Frank Pugh. "It looks as though nothing has changed."

The Governor's 2010-11 budget proposal addresses an estimated \$20 billion gap between revenues and expenditures, \$6.6 billion attributed to this current year (2009-10), and \$12.3 billion attributed to 2010-11. In his budget, the governor proposes a number of complicated maneuvers to reduce the Proposition 98 minimum guarantee:

- One effort relies on *revising* the minimum guarantee for 2008-09. The governor's office now estimates that the guarantee was \$2.3 billion lower than certified for that year, resulting in a \$2.3 billion "overappropriation" to schools. To recoup the funds the governor wants to reduce the minimum guarantee for 2009-10 and subsequent years by \$800 million per year, according to the Department of Finance.
- The governor proposes to eliminate the sales tax on gasoline and increase the fuel excise tax from 18 cents per gallon to 28.8 cents per gallon. Shifting to the excise tax gives the state more flexibility over the use of revenues. It also reduces the proceeds of taxes into the general fund, thus reducing anticipated general fund revenue by \$836 million in 2010-11. This contributes to the proposed \$1.5 billion total reduction to the Proposition 98 guarantee.

Along with the Prop 98 reductions, the governor proposes to fully fund a COLA for the first time in three years. What's the catch? The COLA is set at -.38% so *fully funding it actually cuts school revenues by .38%*.

Bad Gets Worse

"The state economy has not recovered, the one-time money is gone and now we have this additional cut," said Ron Bennett, president of School Services of California. "In my opinion, next year will be the worst funding year that public schools have ever had in California."

In addition, the Legislative Analyst's Executive Summary of the governor's budget proposal includes concerns that the administration's claim that it is meeting the constitutionally required Proposition 98 minimum guarantee in 2009-10 and 2010-11 is suspect. If determined that the state's Prop 98 obligations are significantly higher, the Legislature could be required to suspend Prop 98 if it wanted to fund K-14 education at the governor's proposed levels.

The Nitty-Gritty

Ocean View is fortunate to have a Board of Trustees who have protected the District's assets in years' past and insisted on a special reserve fund to help during a budget shortfall. With the Board's guidance we have cut \$9.4 million from our budget over the last 18 months. To balance our budget we have made difficult reductions to programs and staff, utilized deferred maintenance funds, one-time monies, special reserve funds and lease income. This year we anticipated an additional \$3.5 million reduction in funding – a large number and one that would certainly result in a further impact to our programs and staff.

Now we have received the governor's budget which proposes an additional \$2 million cut on top of that, totaling \$5.5 million in cuts going into next year and a total of over \$14.9 million cut since 2008.

This is terrible news! The additional cuts in the governor's proposal would force us to not only cut to the bone, but amputate as well.

Continued on reverse...

So How Do We Move Forward?

We will hold true to our Guiding Principles established at the beginning of this fiscal crisis:

- We will protect our Core Academic Program
- We will minimize the impact to staff
- We will be fiscally responsible

In March, we are required by law to present to the county our 2nd Interim Report, which must identify the reductions necessary to balance our budget for 2010-2011 and the following two years. We will continue to work with all of our stakeholders - teachers, staff, parents and community to find solutions to address these substantial, and unprecedented, cuts. Together, we have identified our must-haves and, to date, we have protected our core program with as little impact to staff as possible. Every member of our Ocean View team is a valued contributor to our success. Ocean View is a family whose generosity and caring overflows during times of crisis and need – be it a catastrophic leave bank of hours donated by staff to ease the burden on a coworker who is ill and unable to work; a rally to get a job done in time for students to come to school; or covering a class or duty so another can have a needed break or finish a project on time. This is a great district and we will get through this like we always have by using our expertise and determination to get through this together.

We will also continue our promise of transparency and inclusion. The Community Budget Advisory Committee (CBAC) is up-to-date on this continuing state fiscal nightmare and are actively communicating with parents and neighbors about the severity of the cuts to our funding. We will continue with Budget Bulletins to keep you informed on the latest news and how we are moving forward, and now that the governor's budget proposal has been released, news from Sacramento will be coming more regularly. We will continue to post on our website every budget report, bulletin, and presentation so 24/7 our staff and community can access the information on their time. And we will continue to have Community Budget Meetings to provide a forum for staff, parents and neighbors to receive the latest updates on this continuing crisis.

We must all tighten our belts, conserve and share. Everything adds up and we need every dollar we can save.

Coming Up

On January 25, 2010 at 7:00pm, we are holding our second Community Budget Meeting, this time at Mesa View Middle School. Staff, parents and community members are welcome. School Services of California will provide the latest information from Sacramento, and Dr. Loose, our Assistant Superintendent of Administrative Services, will discuss the impacts to Ocean View School District. I hope you can attend.

Negotiations between OVSD and OVTA began on January 14, 2010. We will meet again on January 21, 2010.