

# BUDGET BULLETIN NO. 13

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Superintendent

The state budget signed on February 21, 2009, included mid-year cuts to public education due to the state fiscal crisis. In addition, the 2009-10 state budget reflects a \$41 billion shortfall, and further cuts to public education funding.

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.

## Finally a State Budget. Unprecedented Delay. Unprecedented Cuts to Education.

On February 21, 2009, California finalized a budget for this and next year which addressed never-before-seen shortfalls to State revenues. Included in the agreement reached by the Legislature is a provision for a special election to be held on May 19, 2009, in which voters will have to approve the funding actions included in the final budget. Also of concern is the data used to reach the budget agreement was from November 2008, and we all know what has happened to our economy since then. Specifically in California, home foreclosures and loss of value will impact State property tax revenue; near 10% unemployment will effect income tax revenue; and losses suffered to savings and retirement accounts due to unprecedented stock market declines will effect sales tax revenue.

The 2008-09 budget was originally signed into law at the end of September 2008, and 43 days later the Governor called a special session to address the budget shortfall for the just-signed budget. While I am glad we finally have some numbers and some limited flexibility to work with to address the cuts to our current budget and next year's as well, I must be prudent and prepared should the May Budget Revise require adjustments to the State's anticipated revenue and budget – and therefore, our budget.

### **Balancing Act: Cuts Amount to 13% Over a One Year Period**

Over the last 12 months we have seen District funding reduced by over \$9 million. Last year we cut \$4.2 million from our budget by freezing spending, reducing administration by 7.5%, and cutting classified staff by 2.7%. We balanced our budget with those cuts and by using one-time monies. Now that the State budget has been signed, we know we have to cut another \$5 million in on-going expenses for the 2009-10 school year.

This is a stressful time for everyone. Few have been untouched by the national and state-wide economic crisis – either personally through lost retirement savings, the housing meltdown, or through a family member, neighbor, or friend who has lost a job and the health coverage that came with employment. In Ocean View, we are doing everything possible to maintain our core program, minimize the impact to our students, and save jobs. Those core values, established last year, continue to guide every decision we make. However, the impact of the loss of over \$9 million from our budget is very real, and everything is being looked at for reductions because everything is being impacted.

The recommendations I make to the Board of Trustees on March 3, 2009, will be based on the framework established last year by the Fiscal Planning Team, comprised of OVTA, CSEA, and administration, along with their input from this year. In addition, the Board received a report from the Community Budget Advisory Committee on February 17, 2009, regarding the programs and structures our community values most. Our dedicated staff has been invaluable providing suggestions for areas to reduce spending as well as individual efforts to trim expenses.

I will present recommendations to the Board to balance our budget that include revenue enhancements and reductions in programs. These recommendations will incorporate the newly authorized flexibility of some categorical funding, as well as ways to modify and adjust

our programs to save money while maintaining our core program. Every item included in my recommendations have multiple ramifications, statutory guidelines that must be adhered to, and/or require contractual agreement with our employee groups. The recommendations will be subject to change based on any new information received between now and June regarding the federal stimulus package intended to help schools weather this crisis.

Unfortunately, the full flexibility I was hoping for did not materialize with this state budget. If more flexibility had been provided to districts for the use of Categorical monies, Ocean View would have had almost \$2 million more to help cover costs. Where we stand now, we must cut \$5 million in on-going expenses from our already reduced budget. Last year we eliminated our “want-to-have” items and most of our “nice-to-have” items. To meet these additional cuts, we are now tapping into the “need-to-have” areas. Maintaining our core program is our primary concern and that is why we must now look at our structures, how Ocean View does things, to find a way to balance our budget.

Everyday I am encouraged by our dedicated teachers, staff, and hard-working students. I am confident we will find our way through this financial crisis, meet our goals, protect our core programs, and provide the best possible education for our students. All of us care deeply for the success of our students, it is the reason we are here working so hard everyday to meet their needs. The Board of Trustees and I are committed to a transparent and inclusive process as we continue to adapt and adjust our programs to manage through these unprecedented times. We will do everything possible to maintain our award-winning programs and support our highly-qualified teachers and dedicated support staff.