

Impact of the Governor's Proposed 2008-09 Budget on our Districts



February 28, 2008

Budget Facts

Overview

On January 10, Governor Arnold Schwarzenegger released a proposed budget for 2008-09 that cuts public school funding by more than \$4 billion in order to make up for a projected \$14 billion deficit.

Superintendent Brian Sarvis and the Santa Barbara School Districts' Board of Education must immediately identify ways to cut \$4 million dollars in programs and services or find another source of revenue to offset this severe loss of funding to our schools, programs, and staff.

The governor's proposed budget cut list for schools targets basic per student funding guaranteed by the California Constitution (Proposition 98 passed in 1988), class size reduction subsidies, special education programs required under federal law, child development programs, child nutrition programs, career and technical education for high school students, before and after school grant programs, and facilities and maintenance. The governor's budget proposes to delay funding apportionments (the actual cash we receive to pay our bills) from July to September, and all but eliminates reimbursements the state gives school districts for providing specific required services (known as mandated cost reimbursements).

What does this mean for the Santa Barbara School Districts?

If approved as submitted, **the governor's budget would result in an approximate loss of \$4 million in ongoing funding to the Santa Barbara School Districts.** This calculation is based on both the loss to base revenue limit funding, the basic per-student funding we receive based on average daily attendance (ADA) of students, and state categorical income. The districts' 2007-08 general fund is \$128.4 million (\$42.5 million in the elementary district and \$85.9 million in the secondary district, as reported in the first interim report, December 11, 2007).

Santa Barbara School Districts' Cuts Since 2000	
April 2007	\$2.5 million
April 8, 2003	\$1.4 million (elementary) \$2.4 million (secondary)
2001	between \$300,000-\$400,000*
2000	between \$300,000-\$400,000*
*Cuts in the elementary district budget only.	

State budget cuts compound reductions from declining enrollment. Beginning in 1993-94, our elementary district's enrollment, which has a lower revenue base than our high school district, climbed and then peaked at 6,201 students in 1998-99. By 2006-07, enrollment had dropped to 5,728 students. In our secondary district, during the same period, enrollment climbed during the same period and then peaked in 2004-05 at 10,632 students as small numbers of students moved into the junior highs and high schools. By 2006-07, secondary enrollment had dropped to 10,409.

With declining enrollment our districts have been downsizing staffing at all levels, cutting budgets and reducing services to adjust to lost revenue from declining enrollment. Further state cuts exacerbate the problem. With each round of cuts, every effort has been made to keep the cuts as

far away from the classroom as possible. We understand the community's concern about the state of public school finances and work hard to prepare annual budgets that provide safe campuses, a high quality of education for our children, fair compensation for our employees, and well-maintained campuses.

To put the anticipated funding loss in perspective, Santa Barbara School Districts have cut millions of dollars over the last eight years due to previous state budget cuts and the impact of several years of declining enrollment. The decision-making process is difficult for all involved and takes place over numerous, emotionally-charged board meetings as the board of education, parents, staff, and community members agonize over what to cut and how to make cuts without hurting students. We streamline by reviewing staffing, making sure that all expenses funded with categorical dollars are self-supporting, reviewing enrollment and average daily attendance, examining benefits programs, looking at contracted services, making sure that facilities-related charges and fees are properly charged, reviewing services and leases, examining transportation-related costs, and preparing for a reduction in force.

We are committed to providing opportunities for students and cutting an additional \$4 million from the districts' budget would not be in the best interests of public education.

SBSD Budget Development Calendar 2008

February	Superintendent visits all campuses to meet with staff on the budget.
February 5	Superintendent's letter to employees, asking for suggestions on ways the districts can save money.
February 13	Superintendent's Cabinet identifies spending reduction recommendations.
March 1	Certificated management employees notified of potential layoff.
March 11	Second interim budget report; board of education votes on resolution to reduce staff.
March 15	Certificated employees notified of potential layoff.
April 8	Fiscal Recovery Plan: public hearing and first reading.
April 15	Period 2: seven months attendance count for revenue limit funding.
April 22	Fiscal Recovery Plan: second and final reading.
April 29	Classified and classified management employees notified of potential layoff.
May	Third interim budget report.
May 15	Governor releases May revision to the state budget.
By July 1	Board of education must approve 2008-09 budget.

What are our options?

School Services of California applied the proposed draconian decreases to show us that IF the governor's proposal is enacted we will need to make some \$4 million in cuts to our districts' budget for next year. **We all hope this will not be necessary but we cannot afford to ignore it and must plan as if it may happen.**

Since every dollar saved this year will help our budget situation next year, the following measures are now in effect:

- A budget freeze on general fund expenditures is being imposed immediately. This does not apply to categorical funding. Categorical funds are restricted and they cannot be "banked" because, by law, categorical programs must be provided for needy students now.
- Vacant positions may not be filled immediately and will be evaluated by the Superintendent's Cabinet on a position-by-position basis.

How can we increase funding for our districts' schools?

We will continue to explore a number of avenues to control costs and maximize revenue. Future discussions will include such issues as:

- increasing student attendance,
- ongoing study of possible budget reductions by a district committee,
- securing a substantial revenue stream from district properties,
- crossing the threshold to basic aid funding in the elementary district,
- exploring the possibility of a parcel tax,
- evaluating the cost of operating small schools,
- potential lease of districts facilities.

We welcome public support of our schools. State funding covers core programs and many electives. State and federal categorical funding covers instruction for low-achieving students. But the district has long relied on additional local funding for specialized programs and activities. Whether your interest is in music, arts, math, science, English, athletics, or other classes or programs, your time and resources can make a difference in the opportunities our schools provide to the children of this community.

Where do we go from here?

Our districts must begin to identify budget reductions in the next few weeks, even though we will not know the final outcome of the state budget for several months. Even though the state budget may change in the months ahead, all school districts in California are required by law to adopt a balanced budget by June 30. We are also required by law to notify certificated employees by March 15 if there is a possibility that their services may not be needed for the coming school year. In order to comply, our **board must approve all spending reductions for the 2008-09 school year, including any potential layoffs, before March 15.**

Total Revenues Per Student Santa Barbara County, FY 2005-06, Ed-Data

School District	Revenue per Student
Vista del Mar Union*	\$21,232
Montecito Union Elementary*	\$19,571
College Elementary*	\$14,974
Cold Spring Elementary*	\$14,419
Casmalia Elementary	\$13,334
Ballard Elementary*	\$12,166
Cuyama Joint Unified	\$10,758
Buellton Union Elementary	\$9,571
Santa Ynez Valley Union High*	\$9,359
Los Olivos Elementary	\$9,206
Goleta Union Elementary*	\$9,102
Guadalupe Union Elementary	\$8,839
Blochman Union Elementary	\$8,600
Santa Barbara School Districts (combined elementary and secondary districts)	\$8,251
Santa Maria Joint Union High	\$7,595
Lompoc Unified	\$7,567
Santa Maria-Bonita Elementary	\$7,395
Carpinteria Unified	\$7,303
Solvang Elementary	\$7,149
Hope Elementary	\$7,015
Los Alamos Elementary	\$6,973
Orcutt Union Elementary	\$6,850

***Basic Aid Funding**
District can keep extra property taxes.

Revenue Limit Funding
Local property taxes do not meet the minimum state funding level so state aid is provided.

