



Ojai Unified School District

414 East Ojai Avenue, P.O. Box 878, Ojai, CA 93024
(805) 640-4300 • Fax (805) 640-4419 • www.ojai.k12.ca.us

OUSD BUDGET UPDATE RESPONSE TO THE STATE MAY REVISE BUDGET 5/15/08

Yesterday, the Governor released his May Revise Budget. The May Revise usually reflects changes made from the January Preliminary Budget and it is this document that we usually use as a basis to build our budget for the following year. Because we are in the middle of a budget crisis in California, this year's May Revise is unique in that it brings many new ideas to the table but doesn't necessarily reflect any progress in budget negotiations. Here are the details.

In the January budget, the Governor promoted the following budget items for education:

- Suspend Proposition 98 (the minimum funding guarantee for education)
- Not fund the state required COLA for education (5.66%)
- Impose a revenue limit deficit (a budget reduction from this year's funding to next year) that equaled approximately \$ 400,000 for OUSD
- Reduce categorical budgets by approximately 10% across the board

These cuts along with our declining enrollment and increased operational costs totaled a reduction of approximately \$ 1,800,000 in next year's budget.

The May Revise Budget now proposes the following:

- Don't suspend Proposition 98 (they don't have to since the state revenues have dropped so they now meet the minimum guarantee)
- Not fund COLA (5.66%)
- Remove the revenue limit deficit (essentially taking this year's general fund budget and bringing it into next year funded at that same level)
- Reduce categorical budgets by approximately 6%
- Allow districts some flexibility to take categorical dollars and use them for general fund expenditures

Although this budget reflects a move in the right direction, it still leaves OUSD in a position where we have to cut \$1,400,000 in our general fund without any new money. This budget also reflects a huge reduction in all categorical funds which will result in a net loss of personnel and programs supporting our students. There are other concerns with this budget as well. The Governor very creatively tried to raise revenues without raising taxes. The way that he is proposing to do this is to leverage the lottery. Based upon his staff's calculations, the lottery is

Administration

Timothy Baird, Ed.D., Superintendent
Dannielle Pusatere, Assistant Superintendent Business and Administrative Services

Board of Education

Steve Fields, President
Linda Taylor, Vice President
Kathi Smith, Clerk
Rikki Horne, Member
Pauline Mercado, Ph.D., Member

underperforming and his proposal is to essentially lease off future increased earnings in the lottery. This is a very complicated plan that will require 2/3 of the legislature to approve bringing this proposition change to the ballot in November for a public vote. As a safety net, he is building in a one cent sales tax increase that will be enacted only if the revenue increases from the lottery don't materialize.

So where does this leave us? The Democrats hate this plan because the Governor pays for part of the budget by reducing health care support for the blind (always a popular move). The Republicans hate this plan because they have vowed to not support any tax increases, even ones that might not have to be used. There appears to be no consensus that this budget reflects the latest round of negotiating between any of the parties involved in putting together a budget.

As a district, we usually can rely on the May Revise Budget to be our worst case scenario as we prepare our budget that will be adopted in June. This May Revise does not seem to meet that safety net level. Over the next few weeks, we will be analyzing this budget and the responses to this budget. Ultimately, we have to predict what the final state budget will look like and what level of risk we as a district are willing to assume as we move forward with this process.

So despite the improvement in the Governor's budget, we are not through this crisis yet. We need to continue to look at all options in terms of budget reductions. We need to continue to support the Save Ojai Schools Campaign. We also need to continue to pressure our legislators and the Governor for a speedy resolution to the budget debate so that we can move forward with confidence that our district budget is based upon solid funding.