

MBUSD Response to Mid-Year Cuts for 2008-09

The Governor's Budget required MBUSD to cut ~\$1.7m for 2008-09 (mid-year cuts). As the State has yet to pass an updated 2008-09 budget addressing California's revenue shortfall, these numbers could get worse. We are most fortunate that unlike many neighbor districts, MBUSD was able to accomplish these mid-year cuts without eliminating personnel! How did they accomplish these cuts? By using the "flexibility" allowed by the Governor's Budget. The Governor's Budget includes a number of options to help districts survive the cuts (for the 18-month budget). Key to our updated budget is his proposal that categorical (restricted) monies remain with the districts, but the requirements attached to these monies be removed. This means that restricted funds could be moved to the general fund (unrestricted budget) at the discretion of the district and sunshining at a school board meeting. LACOE (LA County Office of Education) supports this method. This is what our district did. Basically, they moved to the general fund monies from categorical funds that have yet to be spent (remember, it is mid-year) and are not already encumbered (e.g., paying for personnel or absolutely necessary). (Of course, they are also trimming all general fund expenses possible, but there isn't much to trim.)

These categorical funds have three flavors:

1) Carryover from prior years that were not anticipated to be spent this year (we have been lean and conservative for the last few years). Using these funds for our general fund will have no impact. (Thank you Board members, Bev Rohrer and Steve Romines for being conservative over the last few years!)

2) Carryover funds that were being saved for anticipated future use (e.g., textbooks). These funds will not be missed this year, but will mean that future years might be tighter.

3) Categorical funds that were anticipated to be spent this year. Removing these funds from the categorical programs will have a significant impact. This won't come free. Programs for these categorical monies were either managed at the district level or at the site level. The principals and district administrators were instrumental in determining which funds could possibly be moved over to the general fund.

There are a few points to note.

* No parent funding was affected. This makes sense as the district does not have control over funds of MBEF, PTAs, MBAF or booster clubs. Decisions had to be made immediately.

* They moved only 90% of the possible categorical funds to the general fund, saving 10% just in case.

* Although "flexibility" is included in the Governor's proposed budget, the legislature will have to vote to make these changes. There is a possibility that the legislature will not enact the relevant changes to the laws. We will have to work hard to ensure the legislature enacts appropriate laws. As flexibility is included in the Governor's Budget and LACOE reinforced the idea of using flexibility to survive the mid-year cuts, it is probable that districts will be allowed this flexibility for 2007-08. For 2009-10, we will have to wait and see.

A good way to understand the budget impact on the remainder of this year is to realize that the district will need to stop spending on everything possible, other than personnel. The two greatest aspects of this budget are first, that no jobs were lost mid-year and second, that the cuts do not restrict options for next year.