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## In Light of State Budget Mess, School Board Says 'Prepare for the Worst'

By RIYA BHATTACHARJEE

With the Berkeley Unified School District facing nearly \$9 million in cuts over the next two years from California's worsening economic crisis, the Berkeley Board of Education cautioned the public last week that the time has come "to prepare for the worst."

Speaking at the school board meeting last Wednesday, district superintendent Bill Huyett, who completed his first year with the district on Feb. 4, stressed that

if things continued the same way, teacher layoffs would be unavoidable this year.

However, Huyett also acknowledged that Berkeley Unified was in much better shape than some of its neighboring school districts, which have stopped construction mid-way or increased class sizes.

Budget updates provided earlier this week by Jack O'Connell, the state

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schools chief, and Sheila Jordan, Alameda County superintendent of schools, projected a grim picture for school districts statewide, with Gov. Arnold Schwarzenegger proposing nearly \$10 billion in mid-year reductions and cuts for 2009-10.

In a presentation outlining the governor's proposed budget for the new school year, Javetta Cleveland, Berkeley deputy superintendent, informed the board that a 0.68 percent cost of living increase had been eliminated.

The proposed budget also adds a deficit of 9.7 percent for 2008-09 and brings the overall reduction to Prop. 98—a voter-approved statute that establishes a minimum level of funding for California schools—for 2008-09 to \$6.3 billion.

The governor's proposal includes an unfunded cost of living increase of about 5 percent and proposes some amount of flexibility to help school districts address the loss of funding, including reducing required reserves for economic

uncertainty, reducing the Routine Restricted Maintenance reserve from 3 percent to 1 percent and using prior-year restricted fund reserves, with certain limitations.

Cleveland said that these proposals had not been finalized.

"The governor's proposal has many flexibility opportunities, however, caution should be used in adding back expenditures before the state budget is adopted," she said.

A list of guidelines provided by the Alameda County Office of Education to help school districts prepare their budget advises them against reducing the reserve for economic uncertainties by half because they would have to be restored in the fiscal year 2010-11.

Instead, county administrators have asked districts to adopt a more conservative approach and try to build their budgets without flexibility.

For the district, the net result of losing the cost of living increase and the deficit factor would mean a \$2.6 million reduction for 2008-09. In the next fiscal year, it would mean a loss of \$3.8 million.

"We will be reducing our revenue and we have to balance our budget according to those reductions," Cleveland said.

As for coping with increased costs and additional loss of revenue in the current school year, the district would have to cover increased contribution to special education and food services, unrealized indirect cost revenue and projected loss in lottery revenue estimated to be \$720,000.

It would also have to cover other costs—including health benefits—in 2009-10, estimated to be \$1.8 million.

Although state law mandates that a balanced budget must be adopted by the district before June 30, 2009, Cleveland said that it was unlikely that the state budget would be approved by then.

The district is required to make adjustments to its budget within 45 days of when the state budget is adopted.

"It's huge what we have to prepare for today," Hywett said. "Maybe it will improve later but right now it's pretty bad."

Board President Nancy Riddle and board member Beatriz Leyva-Cutler warned the Berkeley Unified community to get ready for the worst.

Huyett said that the approximately \$4 million set aside for Berkeley Unified under President Barack Obama's proposed stimulus package would do nothing

to eliminate the district's budget problems, since out of the total money, \$1.2 million was earmarked for construction, leaving the district with \$3 million to address special education and other needs.

At his annual State of Education address Tuesday, O'Connell called for school-funding reform, saying, "Beyond the immediate crisis and even more alarming to me is the long-term future of our common education system—if we continue down the road we are on, our public schools and our state itself face certain, perhaps irreparable, damage."

He announced that in an effort to cut costs, he had ordered the state Department of Education to immediately suspend all non-mandated on-site district monitoring visits and to use the time and resources saved to conduct a "top-to-bottom review of the compliance monitoring system."

O'Connell also suspended the California School Technology Survey, which he said would save teachers and administrators many hours of work, adding that he had directed his staff to make some data elements optional for the first year of reporting under the state's new longitudinal data system known as CAL-PADS, to help alleviate the burden on school districts during "these days of fiscal crisis."

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