

BUDGET Q&A



[Check for updates to this document and please send questions to dostrowski@cbcsd.org](mailto:dostrowski@cbcsd.org)

Q: How much money does the district need to cut from this year's budget?

A: In October of this school year, the Governor directed an immediate 10% cut to state funding to all school districts in Iowa. In our district, this has resulted in a reduction of more than \$4.5 million to the general fund used for all salaries, benefits, instructional materials and other operating costs. This is an amount much larger than we anticipated, and it will result in serious belt-tightening, not only for this year, but for the next several years. The district's fund balance of \$7.4 million, combined with increased costs associated with negotiated increases in salaries and benefits and in costs critical school improvement initiatives, will not be enough to weather this financial storm without serious intervention immediately and in the future.

Q: What is the process used to determine what cost-saving measures will be adopted?

A: The Board of Education adopted the following Budget Parameters in December of 2009:

- Budget decisions will support the district's strategic plan to the highest degree possible.
- Budget reductions will have the least possible effect on students.
- District officials will search for budget efficiencies that could reduce budget cuts.
- Budget reductions will attempt to treat all employee groups as equitably as possible.
- Budget decisions should support the "whole child" in the education process, providing for core academic needs as well as for support programs.
- District officials must seek partnerships with other school districts and community agencies to determine appropriate possible savings.
- Nothing will be "off the table" in looking for ways to provide services more efficiently.
- District officials will consider all possible sources for additional revenue, maximizing the use of non-general funds and grants to offset budget cuts.

- District officials will not consider a property tax increase without first pursuing possible tax shifts or other taxing sources.
- District officials will not consider eliminating any program we currently offer.

Q: Can the district raise the tax rate to make up for the budget shortfall?

A: The Board of Directors has the authority to increase taxes to pay the cost of education. Our tax levy is currently \$16.80 per thousand. The homeowner of a \$100,000 home currently has a taxable value of \$45,589. This would mean they contribute through property taxes \$766 for local education, which is added to taxes that the homeowner pays to city and county. The district can generate approximately \$1 million for each 51 cents of levy. The school board WILL consider the possibility of a tax increase at the April 13th Board of Education.

Q: Why are we spending millions on renovating our schools and building new schools when budget cuts are necessary?

A: Sales and property tax revenues generated specifically for building renovations and construction are, by law, held in separate funds not affected by the mid-year state budget cut. These funds cannot be used to make up for the loss in the general fund. A reduction in the amount spent on renovating our buildings would not result in additional money for salaries or instructional materials.

Q: What is the District's plan to reduce the number of staff members?

A: The reduction plan presented to the Board of Education on March 30th includes the issuance of reduction notices to no more than 24 licensed teachers and 13 support staff employees. The plan also recommends the additional reduction of 43 positions that will be vacant due to announced retirements and resignations, along with the reduction of 13 additional positions achieved as a result of internal transfers of employees to openings vacated by others. The reduction proposal would result in 93 fewer employees district-wide next year as compared to this year.

Q: Will there be an income surtax?

A: An income surtax is a tax on an individual's state income tax liability and is calculated by taking the individual's state income tax liability (line 55 of the Iowa income tax return) multiplied by the income surtax rate. If the individual's income tax liability was \$1,500, then a 10% income surtax rate would add \$150 to the individual's state tax return, for a total tax liability of \$1,650. All district residents who are employed would pay the income surtax.

An income surtax to fund the district's instructional support program would need a majority approval by voters who reside in the district. However, the Board of Education has decided not to hold a special election to add this surtax as a revenue source for the district for this next school year.