

BUDGET Q&A



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Q: How did the Across the Board cut to Iowa Schools affect the Council Bluffs Community School District?

A: In October of the 2009-10 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 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. The total District Resident property tax for 2009 was \$43.32. The school district portion of the rate was \$16.80, or 38% of the rate.

Homeowner: For the owner of a home valued at \$100,000, the annual property tax paid for education was \$766. This amount will increase to \$872 this year, resulting in an increase of about \$8.80 per month.

Commercial Property Owner: For the owner of a Council Bluffs small business valued at about \$141,500, the annual property tax paid for education last year was \$2,235. With an increase in property value and the tax increase, this amount will increase by \$790 this year, resulting in a monthly increase of about \$65.83 per month for education.

For the 2011 fiscal year, some of the other local taxing bodies have been able to lower their portion of the tax rate. As result, property owners will not have an overall tax rate increase equivalent to the district's increase of \$1.79 per thousand.

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: Did the Board consider issuing layoff notices to staff to reduce costs rather than increase taxes?

A: While the Board did not approve layoffs of staff members for the 2010-11 school year, there will be an overall reduction of more than 50 positions that will not be filled following retirements and resignations. In addition, the

Communications Workers of America, Service Employees International Union, Exempt staff members and Administrators agreed to a wage freeze.

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.