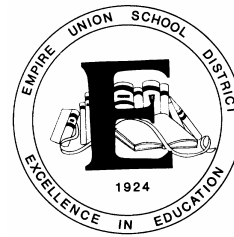


Empire Union School District

Office of the Superintendent



To: All EUSD Staff
From: Bob Price, Superintendent
Subject: The Governor's Proposed Budget for 2008-09
Date: February 22, 2008

This memo is intended to provide information to all staff about the Governor's current budget proposal for the 2008-09 school year and the impact of this proposal on the Empire Union School District.

This communication is broken down into topical questions so you can quickly find the information that is of greatest interest or concern to you. It is not intended to create panic, but rather to provide information that may be useful to you in terms of understanding the proposal and its effects on our district as well as provide some ways for you to advocate for greater funding for education than the Governor has proposed. The proposal is just that—a first shot at addressing the estimated \$14.5 billion deficit facing the state. It is sure to change as it goes through the budget development process. However, our district must submit a balanced budget to the State by June 30, 2008 and we are required to use the Governor's proposal as we develop our district budget.

1. What is the Governor's current proposal for funding education for 2008-09?

The Governor has pledged to eliminate the state's estimated \$14 billion plus budget gap through cuts alone, with no revenue (tax) increases. He has proposed the equivalent of a 10% reduction to all segments of the budget, including Proposition 98, which provides for a guaranteed minimum level of funding for California schools.

For education, the proposal calls for eliminating the 4.94% statutory Cost of Living Allowance (COLA) for 2008-09, **and** rolling back the 2007-08 revenue limit by 2.4%. In combination, this creates a funding deficit of 6.99% for 2008-09. Additionally, the proposal calls for cuts of 6.5% to 7.0% in all other programs and categorically-funded programs as well as a current year reduction of up to 1%. **(The legislature recently approved cuts to current year funding of just over \$507 million plus an accounting maneuver that will delay expected funding from July, 2008 to September, 2008. The impact of this action on current year funding will be minimal. However, the delay in funding from July to September will cause districts to have to borrow money or tap into reserves in order to meet their financial obligations this summer.)**

2. What might be the impact on education throughout California?

The overall impact of the proposal generates an estimated \$4.9 billion cut to California schools, \$507 million this year and \$4.4 billion from 2008-09. A \$4.8 billion cut is equivalent to:

- \$800 per student, or
- \$24,000 per classroom, or
- \$7.6 million for a school district (assuming an enrollment of 10,000 students)

To put this in perspective, the Education Coalition (CTA, PTA, CSBA, ACSA, CSEA, AFT, and CASBO) projects that California public schools would need to do the following to respond to this proposal:

- Lay off more than 107,000 teachers
- Lay off over 137,000 classified employees and support professionals, or
- Increase class sizes by as much as 35%, or
- Eliminate all music, art, and career technical education programs (and more)

Obviously, districts would not limit reductions to any one group of employees or to any one program. Even in combination these cuts would be staggering.

3. What does the budget proposal mean for the Empire Union School District?

We are still refining our projections. However, our preliminary estimates indicate that the Governor's proposal will result in the following reductions to income for 2008-09:

- Class size reduction funding \$184,734
- 4.94% unfunded COLA \$916,520
- Deficit of 2.37% \$449,422
- Special Education \$102,749
- **Total \$1,653,425 (Not including cuts to other categorical funds)**

For our district, the news is even worse. We also will be hit with loss of income due to declining enrollment of an estimated \$766,999 (132.15 ADA X \$5,804). This brings our total revenue cuts to **\$2,420,424**. We also need to add to this figure an estimated \$354,448 in mandated Step and Column increases for certificated and classified employees. This brings the total budget shortfall to **\$2,774,872**, not including any other additional increases in the cost of operations.

In order to develop a balanced budget for 2007-08, the district will need to cut up to \$2.8 million for next year. This total is more than the combined budget cuts of the past 7 years. Most of those cuts have not been restored, so we will not be able to go back to those lists to solve the problem.

Cutting \$2.8 million from our budget will be a very painful and challenging task. Over 80% of our district budget is dedicated to personnel costs. The remaining 20% does not have much flexibility and must be used for a state mandated reserve of 3%, textbooks and materials mandated by the Williams Settlement and state adoption cycles, and escalating operating costs. Consequently, the majority of the reductions will impact services provided by personnel. It is still too early to identify the types of reductions that might be necessary, but our preliminary estimates indicate that cuts

would need to be very wide and deep to reach \$2.8 million. As we continue to refine our projections, more detailed information will be available and disseminated to staff, the community, and other stakeholders.

4. How will the District proceed?

The ultimate decisions regarding budget cuts will be made by the Board. They are painfully aware of the potential impact of these cuts on students and staff. While we may ultimately have to take actions that reduce the opportunities for students, and/or affect the livelihood of our staff members, we will continue to keep the need to provide a quality learning and working environment in the forefront of our thinking.

We will also be open to the ideas and perspective of our students, parents, staff, and community. We welcome your creative and thoughtful ideas and will gather and verify as much information as we can before making decisions. It is important to note that some decisions will have timelines imposed by statute or practicality.

To help guide our budget reduction processes, we have developed the following timeline that identifies some key decision points. This timeline is subject to revision as circumstances change, but the proposed main activities by month include:

February

- Send this memo to staff to define the problem and timelines
- Provide information to parents, the community, and the media
- Communicate with local and state leaders
- Determine the level of funding for summer school and determine what summer programs will be offered.
- Gather ideas and information for program and staffing reductions
- **Hold a special Board meeting At Bernard Hughes School at 6:30 p.m. on Monday, February 25, 2008 to begin discussions on potential budget reductions.**
- Begin to develop a list of possible lay-offs for the Board to consider prior to the mandated March 15th lay-off notification date.

March

- Ask the Board to approve any required issuance of lay-off notices or notices of potential reassignment at their March 6th meeting.
- Hold additional public forums to continue open conversations regarding budget cuts and Board priorities for 2008-09.
- Continue to compile and analyze suggestions for program reductions.
- Continue to communicate with local and state leaders and the media.

April

- Begin to discuss and finalize recommendations for program reductions.
- Present preliminary staffing and program recommendations to the staff and community.
- Continue to communicate with local and state leaders and the media.

May

- Adjust recommendations based on the Governor's May Revise budget.
- Issue any required final notices of layoff or reassignment

June

- Adopt a preliminary budget by June 30, as required by law.

5. What can you do to help?

Please stay informed and verify information before making assumptions or repeating rumors. More communications will be forthcoming. Challenging times can bind us together or tear us apart. We have been through these challenges before and have often had dramatic changes from the beginning proposals to the actual budget solutions. We do not believe that the good people of California will allow our Governor and Legislators to balance the budget on the backs of the school children of California. Jeopardizing our children's future is not the best way to resolve California's budget deficit. We are required by law to prepare for the worst case scenario. As we do this we hope and work for the best outcomes and realize that final decisions are months away and there are many possible solutions.

I encourage you to send any questions or report any worrisome rumors or concerns directly to me. I will prepare a "frequently asked questions" communication on an as-needed basis to answer questions and/or correct any misinformation that might surface. One example of such rumors involves a rumor that a decision has been made to close a school beginning in 2008-09. No such decision has been made or even recommended at this time. If our enrollment continues to decline, we may need to make a decision to close a school at some point in the future. If we decide to consider this option, an open process will be developed and staff and community will have ample warning and opportunity to engage in the process.

We need to approach this unprecedented budget challenge with a unity of purpose. Pointing fingers at each other will not be productive. We can all help spread the word about what California needs to do if we truly want to invest in the future of our students. Learn about the issues and choose those examples and data that you believe will help influence your friends, family, and neighbors. Sending letters to legislators and newspapers may also be helpful.

6. What are some examples of reliable information to share?

The financial information outlined in #3 is the most current information regarding our district. Please share this information with parents and the greater community. They need to know the impact of the Governor's proposal. Additionally:

- Proposition 98 did not create the current budget crisis.
 - a. According to the Legislative Analyst's Office, the state's General Fund revenues increased by 40.20% from 2003-04 to 2008-09, while Proposition 98 allocations only increased by 30.40%.
 - i. If the proposed budget is passed, Proposition 98 will have only increased by 30.40%

- According to Education Week, California ranks 46th in the nation in per-pupil spending, a decline from last year's ranking of 43rd.
 - a. The nation average spent per pupil is \$8,973, and California spends only \$7,081 per student.
 - i. California high schools have 30% fewer teachers, 60% fewer administrators and 90% fewer counselors/nurses/support staff than the average U.S. high school.
- Researchers, including the Fordham Foundation, the Public Policy Institute of California, EdSource, and the Stanford University Adequacy Study all confirm that California's academic and performance standards are among the most challenging in the nation.
 - a. These sources also acknowledge that California has some of the biggest challenges in terms of poverty, diversity, languages and cost of living.
 - i. California has increased its reading scores by 25% and its math scores by 17% in the last four years in spite of a consistently low national per-pupil funding rank.
 - This progress cannot continue if the proposed cuts are implemented.
- Local private high schools charge over \$10,000 in tuition and then add fees for books, athletics, and other services, compared to the \$7,081 provided for public school students.
 - a. Most private schools require students to pass an entrance exam, do not provide transportation, and may not serve English language learners or students with significant disabilities.
- There are other solutions.
 - a. For example, if the Governor had not vetoed the increase in vehicle license fees, the state's revenues would have increased by \$3 billion to \$4 billion per year. Over the last four years, that would have erased the current deficit.
 - i. An investment in the state's children and their future might have been a better choice.

Finally...

The Board, District Administration, and I are thankful every day for your commitment to serve our students. We will work diligently to help the community and state leaders understand the outstanding job you do each day in a system that is underfunded, and how devastating any additional reductions would be for our children