

January 28, 2010

Dear Escondido Union School District Valued Employees,

Earlier this month, Governor Schwarzenegger released his proposed California budget for 2010-2011. I would like to briefly share some of the Governor's information as it relates to public education. In one way, the news is "not too bad." For the first time, education is somewhat protected. Proposition 98 education dollars will be reduced by about \$2 billion, but the cut is lower than our proportionate share of the budget. That is, other areas of the state budget are projected to take larger percentage cuts than education. It is true to say that reductions to education could have been much worse.

Now here's the scary part of the budget. In the Governor's budget proposal, he is *counting on* the federal government giving California an extra \$6.9 billion in what he calls California's "fair share" of federal dollars. Unfortunately, there is no precedent for this kind of give-back request. Many other states' fiscal health is also in bad shape. I am left to question how this budget built on a \$6.9 billion "gift" from the feds will actually materialize between now and July 1, 2010. What happens to education's "not too bad" news if the state ends up with a \$6.9 billion hole in its budget? This is an aspect of the state budget that could have dire effects on local school districts (and many other things).

In EUSD we must face two important facts, as the district builds its own proposed budget. #1-The district has spent the majority of the federal stimulus dollars (\$12 million) it received last year. These one-time monies were used to back-fill funds from an awful state budget year, and were primarily targeted to save district jobs and programs, such as 25 to 1 CSR, library hours etc.... Without those federal dollars, we would have had to make more cuts to this current year than we presently have. For 2010-2011, the missing stimulus dollars leave EUSD facing a multi-million dollar budget hole. Staff is working now to quantify the dollar figure and exploring how we might best address the need for more reductions in the district.

Fact #2-The school board used a sizeable amount of the district's fund balance (reserves) at the end of the 2008-2009 school year to fund personnel and programs for 2009-2010. This decision to use fund balances for on-going programs and people came about because EUSD's new revenue from the state was not sufficient to cover already in-place programs. The board thought it a wise and necessary decision. Fund balance dollars are one-time in nature. The school board will have to look very carefully at projected fund balances this spring, and make a determination as to the level those dollars can continue to be safely used to pay for on-going programs while still maintaining necessary reserves. Shrinking balances may force the district to make additional budget cuts.

The Budget Communications Committee, cabinet, and school board will be looking at these difficult issues in the months ahead. I plan to update you on our progress. I hope that you as individual employees and our valuable employee associations will join us in considering all of the options and difficult decisions ahead.

My best,

Jennifer Walters
School Superintendent