

As we enter into a new school year, it is important to keep the community aware of the challenging issues facing the Calaveras Unified School District and what we are doing in response. It is no secret that we are enduring significant fiscal challenges at the state and local level with no real indication that we will see improvements in the near future. The resulting impact on our district budget, coupled with our dramatically declining enrollment, has put our district in a position where we have to make profound and painful decisions in an effort to remain fiscally solvent.

Over the last two years we have seen our revenue from the state drop from \$6100 to \$4800 per student. In addition to our decreasing budget we continue to be in a state of declining enrollment. Last year alone we saw 179 students leave our schools and this year we project to have the smallest Kindergarten class since the early 1990's which will drop our overall student enrollment by over 50 students. Add to that the fact that developer fees, income that in the past has allowed us to service our debt incurred from past facility projects, are virtually non-existent and now we find ourselves in a financial position of having to cut 2.1 million from our budget over the next two years. Our budget projections over the next three years indicate that if we do not make the hard decisions that are necessary, we may not be able to meet our fiscal obligations—including paying our employee's salaries and our operating costs—and would then have to seek assistance at the county and state level.

To avoid this scenario, we are exploring cuts to every aspect of our district---people and programs. All cuts are painful as they will radically alter the nature of the programs we offer our students, however some cuts are more significant in scope. Some of these areas we will be analyzing and decisions we look to make will include the following:

- Eliminating class-size reduction in our Kindergarten to 3<sup>rd</sup> grade classes and staffing all classes at a 30 students per teacher ratio. This direction, coupled with our declining enrollment, will result in a potential reduction of up 18 teachers
- Closing Rail Road Flat Elementary
- Reducing positions and/or hours of our classified support staff
- Negotiating with our unions to explore a reduction in employee contracts (resulting in a potential reduction of 3-5 school days)
- Reduction or elimination of funding for middle school sports, elementary band and athletic transportation

Of further impact to our students/parents, we are looking at measures designed to increase our revenue and decrease our budgetary deficits. Starting this year we will be charging students participating in high school sports a \$50 fee per sport. Additionally, we are exploring the possibility of charging for home-to-school transportation. If this practice becomes a reality, it would not be until the 2011/2012 school year.

The precarious economic situation the state is in also has an impact on our ability to finish off the full scope of our bond projects. Thanks to the generosity of our community who passed our Measure A

bond in 2006, we have been able to address facility needs throughout the district. It is important to note that monies designated for facilities cannot be spent in any other areas. This restriction does not allow a school district to use bond monies, or any other state funding for facilities, to address budget gaps in any other areas. This reality is why, even though we made significant cuts to staff and programs last year, and will do so again this year, we have been able to see the successful completion of most of our projects, including our two most recent projects; a new playground at Jenny Lind Elementary and a 12-classroom building at Toyon Middle School. While we are pleased and excited by the completion of these projects we realize we are not finished with our bond obligations, specifically the performing arts center at Calaveras High School. However the status of the economy comes into play here. From the outset, the completion of our projects was reliant on anticipated monies from the state, as well as income generated from the previously mentioned local developer fees. As we stand now, we are due to receive approximately 3.2 million in matching funds from the state---but with the budget issues at the state level, these funds have more or less been frozen and we don't see that changing in the near future. Given that, we are exploring all options necessary to move forward with this last component of our promised bond projects. However, with the current design we have for the facility, we will not be able to move forward with the performing arts center for at least 2-3 years, depending upon the status of our state/local economy and our districts ability to maintain fiscal stability.

These are unprecedented times for Calaveras Unified, and all school districts for that matter. We can't control the external factors and decisions which directly impact our budgets---but we do control our reactions. What is happening to us due to legislative decisions and an overall depressed economy may not be fair or right, but it is our current reality. The challenges we face are daunting, but we have a phenomenal staff who are thoroughly committed to our students, and to each other, and we will make it through these times of adversity. We will continue to do the very best we can, albeit with fewer resources, and diligently work to provide the high-quality of programs and services you expect, no matter the circumstances.