

## MEMORANDUM

**TO:** All Administrators  
**FROM:** Superintendent's Cabinet  
**DATE:** January 25, 2010

**SUBJECT: Update on California's Fiscal Crisis and the District's Budget**

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As has been widely reported, the current national fiscal crisis is unprecedented; unfortunately California has not been immune. Over the last several years, the District has done a good job at staying "ahead of the curve" in an overall attempt to mitigate the impact the fiscal crisis could have on programs throughout the District. As we begin the budget cycle for fiscal 2010-2011, the Governor has proposed what we consider to be additional reductions in funding to K-12 education. Although revenue limit funding will increase slightly over last year (approximately \$185,000), the restoration of last year's "one-time" reduction of \$1.7M did not materialize as the "one-time" reduction became a more permanent in nature. The Superintendent's Budget Advisory Committee has been meeting to identify expenditure reduction options to "bridge the funding gap," which will be presented to the Board of Education to take action on.

As we continue to navigate through the economic downturn which we are facing, we must continue to manage reserves, budget closely, conserve resources, and be frugal in our spending. While we all continue to work to protect the educational opportunities for our children, the "funding cliff" created as a result of federal stimulus dollars and State budget solutions being one-time in nature gets closer every year. We must continue to make prudent fiscal choices to mitigate the impact of a worsening situation. As such, Cabinet is implementing a "Spending Chill" similar to what was implemented last year.

"Spending Freeze" vs. "Spending Chill"

A spending freeze would indicate that the organization would no longer expend funds in all or portions of its operations budget. In order to continue to provide a positive and productive learning environment for our children, we cannot just shut our operations expenditures down. However, we can implement a "spending chill" which will cause us to:

- review our budgets and priorities in order to reduce or eliminate expenditures for the 2009 – 2010 school year wherever feasible
- reduce or eliminate all waste and duplication
- continually monitor all expenditures in order to assure maximum benefit and value for our students and the District

Therefore, the immediate implementation of the "spending chill" means that department and site budget expenditure requests will be reviewed on a case-by-case basis, and will need to be

approved by a member of Cabinet. ***This includes a requirement to have staff extra duty and overtime pre-approved.*** Expenditures that do not require Cabinet level approval are outlined in the following categories:

#### Important Items not Included in the Spending Chill:

##### The Essentials

- Classroom teaching supplies
- Basic office supplies
- Bathroom and cleaning supplies
- Nurses' office and first aid supplies

##### After School Supplemental Instruction

- At the beginning of the school year, each site submitted a plan for utilizing supplemental instruction funding. These plans were approved and will continue to be funded only to the extent of the site's approved budget. Budget overages in this program will be the responsibility of individual site funds.

##### Federal and State Categorical Funds

- Title I-IV funds and State Categorical funds contain requirements of how and when these funds will be expended. Approval of these funds will continue to go through the program coordinator and Sue Brothers, Assistant Superintendent, Educational Services. Requisitions need both signatures to be processed. A list of program coordinators is available from the Fiscal Services department if you are unsure of who manages a particular program.

##### Facility Funds

- These funds can only be spent on facility enhancements and cannot legally be added to the general fund or State categorical funds, or used for other purposes.

##### Associated Student Body Funds

- ASB funds are raised by and for students and cannot be used for general fund obligations.

##### PTA/PTO

- The District has no authority over PTA/PTO expenditures.

##### Donor Funded Grants for Specific Purposes

- Many organizations and individuals donate to specific schools and programs within our district. We will honor the intent and conditions of these donations.

Your continued help and support during these difficult times is crucial and greatly appreciated. Cabinet believes that through the hard work, sacrifice and support of all of the District's staff members we will be best positioned to meet the continuing challenges ahead. Cabinet will work together with the Board of Education to keep the community and our staff members informed as changes to the State's budget impact the District.

Thank you.