

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

84 EAST "J" STREET • CHULA VISTA, CALIFORNIA 91910 • 619 425-9600

EACH CHILD IS AN INDIVIDUAL OF GREAT WORTH

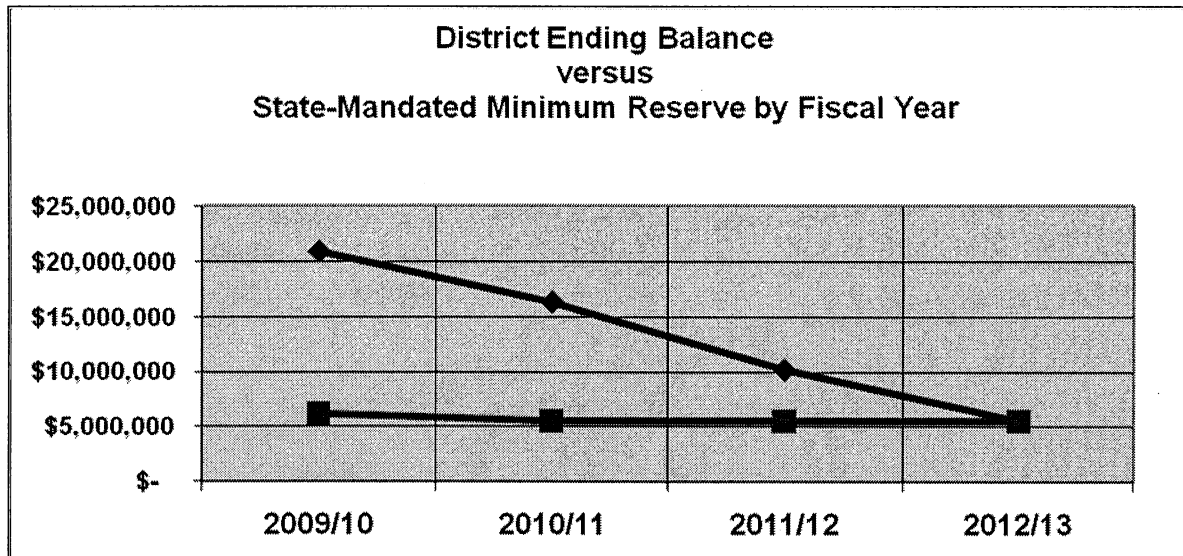
March 3, 2010

Dear Parents/Guardians:

The State of California is projecting 2010-11 revenues of approximately \$84 billion. Only a few short years ago, the state's income was over \$104 billion. Because 40 percent of the state budget is allocated for K-12 education, our fiscal picture has been bleak. Our State Legislature has established budget priorities that place a proportionate share of the cuts on schools. This has forced every school district to spend reserves and cut expenditures.

Last year, most districts made serious budget cuts, released classroom teachers, and depleted reserves. CVESD started the year with \$41 million in reserves. This money was set aside to weather the bad times. We chose to heavily deplete our reserves in the current year, keep class sizes small, and not lay off teachers by utilizing \$20 million of our \$41 million reserve. This is nearly 50 percent of our one-time cushion. Our monthly payroll is \$16 million, so the cushion is not as secure as it might appear.

Based on the Governor's January budget, even with a proposed \$15 million cut in the 2010-11 school year, expenses will deplete our reserves by 2013. By law, our District must present a three-year balanced budget. The chart below illustrates how reserves disappear over multiple years even with salary schedule reductions.



Legends:

■ Mandated Minimum Reserve

◆ Ending Balance

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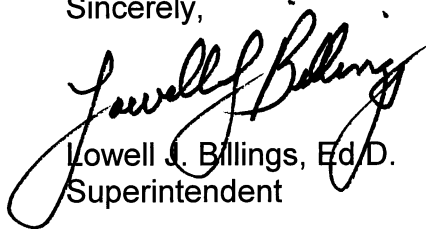
SUPERINTENDENT

LOWELL J. BILLINGS, Ed.D.

The District's plan for budget reductions includes spending all reserves in excess of the minimum amount required by the state by the end of 2012-13. Whether the 2010-11 reductions come in the form of a \$6 million reduction in programs and staff with an 8 percent salary cut, an \$8 million reduction in programs and staff with 6.5 percent salary cut, or some other combination, the fact remains that the District based on the Governor's budget must cut \$15 million from expenditures in 2010-11, an additional \$3 million in 2011-12, and yet another \$3 million in 2012-13 to stay solvent. The form of the reductions does matter, however, in terms of its impact on our instructional program. Some alternatives allow us to keep low class sizes and save hundreds of teaching jobs in the District and avoid shuffling staff. We hope to preserve the teachers you know at your school and continue to give your child the superlative education that your teaching team delivers.

Last week the teachers' bargaining team proposed increasing class size and laying off teachers which would dramatically impact our educational program. Tough decisions lie ahead in our bargaining process. We will keep your child's education first and foremost. We will continue to communicate directly during these difficult times. You can go to our website at www.cvesd.org and click on Budget Update to obtain additional information or review previous communication letters.

Sincerely,



Lowell J. Billings, Ed.D.
Superintendent