

May 6, 2010

Message from the Superintendent
Steven Lawrence

Dear Parents and Guardians,

As superintendent of the Mt. Diablo Unified School District, I have witnessed many great things in my three months on the job. I have seen academic excellence by the recent recognition of Delta View and Hidden Valley elementary schools as California Distinguished Schools; I have felt the dedication of committed teachers and staff members; and I have observed the desire of young minds looking to learn and grow. Unfortunately, I have also spent the better part of my tenure trying to find solutions to the biggest budgetary challenge school districts in California have ever faced.

I am writing you today to provide you an overview of the fiscal challenges that are currently facing the Mt. Diablo Unified School District and what we are doing to address them.

BUDGET OVERVIEW AND CHALLENGES

The combination of budget cuts from the State and a decline in student enrollment has created major budgetary challenges for the District. For example, the District had a total budget of \$295 million in 2006-07. Today the 2010-11 budget is estimated to be \$264 million, or a decline of over \$30 million in just a few short years. While this seems gloomy, it is actually worse as our costs continue to rise.

Significant reductions in State funding have severely impacted education revenues for the District. Since 2007-08 our primary source of funding for education, the State of California, has been cut dramatically due to the economic downturn. In fact, on a per student basis, the District receives \$132 less per student than it did four years ago.

Declining enrollment also contributes to reductions in the District budget. In 2004-05, the District's enrollment exceeded 34,000 students. Today we have approximately 2,000 fewer students with projections indicating continued declines in children attending District schools. As mentioned above, the District budget is primarily funded on a per student basis and the loss in students over the years has meant a loss in revenues. Also, since students don't leave the district in neat numbers, like 30 students in one grade level at one school, it is challenging to make staff reductions that match the decline in enrollment.

Operating expenses continue to increase further pressuring our general fund. While the revenues of the District are in decline, many expenses continue to rise. Along with the rest of the state and country, healthcare costs and utility costs among others are increasing. We're currently working with our teachers and other employee groups to manage costs in a way that helps our short-term and long-term ability to provide the best possible education to all students.

WHAT THE DISTRICT IS DOING TO ADDRESS THE CHALLENGES

Using budgeted reserves and making cuts. When the District realized that funding would be greatly reduced, leaders began the process of making budget reductions and drawing down reserves that had been saved up over time. Similar to the homeowner who has a change to their employment status (loss of hours, reduction in pay, etc.) who then "tightens the belt", uses savings, and reduces expenses, the Mt. Diablo Unified School District took a similar approach. 2008 budget cuts provided \$3.7 million in annual relief.

As the economy continued to stagnate and the state continued to cut funding to schools, the district continued to draw down its reserves and make tough, but needed, budget cuts. 2009 cuts in staff levels across the board resulted in \$15.9 million in relief.

With little improvement to the state economy and continued declines in enrollment, the district in 2010 is looking at even more cuts. This time an estimated \$8.2 million in reductions are proposed.

In total, the district has made or proposed a staggering \$27.8 million in cuts to its budget. These cuts affect our students, teachers, staff, and facilities. However, these cuts are still not enough to balance the budget. Additionally, we have proposed \$9.8 million in reductions through labor negotiations. Failure to achieve these reductions may have dire consequences including the State taking away local control of our schools. We will soon learn more about our funding when Governor Schwarzenegger comes out with the May Revise budget report. We are not hopeful that the state will help us solve our fiscal problems, so we are looking at local solutions.

Measure C on the June ballot will help alleviate some budget pain and improve our classrooms. While the state is not doing its part to assist the district, Measure C, a local school improvement measure, is a tool to provide general fund relief and to make major classroom and school facility improvements. If passed by voters, Measure C is projected to free up \$1.4 million annually by eliminating or reducing facility payments.

Furthermore, Measure C will improve energy efficiency to schools throughout the district through solar panel installation and other energy saving projects. In some districts, these energy saving improvements have cut the utility bills by half, which will result in even more money to the classrooms.

Finally, Measure C will renovate, upgrade, and modernize our classrooms and school facilities to provide a better learning environment for our students. It will fix leaky roofs, replace outdated electrical and plumbing systems, improve student access to computers and modern technology, and make health and safety improvements at schools in the district.

While there are significant budgetary and educational challenges ahead, I am confident that we can collectively work toward a common goal. Our goal should be to have Mt. Diablo Unified School District a destination district where parents are proud to send their kids, teachers and staff have an ideal working environment, and the community benefits from the by-product of quality schools – well-educated students, safer neighborhoods, improved property values, and the leaders of tomorrow.

We are heading in the right direction. Please let me know how we can continue to serve you and the community to achieve our common goal.