

Superintendent's Message
January 2009

Balanced Approach to Financial Survival

Even before the national financial meltdown and the state budget crisis, West Contra Unified School District faced enormous challenges in educating our students and maintaining the financial health of the district. The news from Sacramento continues to worsen and the implications for WCCUSD are grim. Our adopted budget had a structural deficit* of \$7.7 million and a deficit of \$5.4 million for 2009-10 and \$4.7 million for 2010-11. Even before the anticipated mid-year cuts, the previous deficits have grown to \$7.9 million for this year, \$13.4 million for next year and \$11 million for 2010-11. If approved by the legislature, the Governor's current proposal will take another \$10 million out of our budget for this year!

We have adopted a plan that takes a balanced approach to move our district toward financial stability. The plan includes school closures, sale of property to pay off the debts from the early 1990's, capping health benefits for our employees and future retirees, and making additional reductions to our programs, services and staff. No one aspect of this plan can provide the solution but together, they will keep the District financially viable.

School Closure

Closing schools is difficult at best but unfortunately necessary. No one in our community, especially our Board of Education members and I, wants to close schools. We all value our small schools what they add to our students and our community. Throughout this month, our community will be struggling with how to be fair to everyone concerned while doing what needs to be done to remain financially viable. Much more detailed information about the closures is available at [School Closures](#) on the District's website.

Sale of Property

In addition to the sites where schools are located, the District owns several properties that could be put on the market for sale. Whereas closing schools will increase operating funds – annual expenditures for teachers, other staff and materials, property sales would provide one-time money. What is intended in the balanced approach is to sell district-owned property—both school sites and other properties that are used for a variety of purposes. The non-school sites house district staff who support our schools in curriculum, assessment and instruction but also have essential district functions like the business office, payroll, facility maintenance and others. Other sites serve the community by housing our adult education programs. One site is currently leased to a private school that provides special education services to a unique student population.

In order to pay off the debt that goes back to the early 1990's the District will work to sell non-school properties as well as school sites. The total debt that remains from horrible decisions made more than 15 years ago amounts to just over \$37 million with annual

payments of about \$3.6 million. By selling property and eliminating the debt, we'll have additional money for schools and programs because we won't have these annual payments. A complete list of properties that the district owns can be found at: [WCCUSD Properties](#). While this isn't a good time to sell property, we do need to identify those that we could sell and then hold on to them until the economic climate is better.

Limiting Employee and Retiree Benefits

None of our Board members want to penalize our employees because the cost of health care has more than doubled in the last six years. No one wants to reduce benefits to future retirees. Yet, hard decisions are before us. Since 2001-02 our health care expenses have increased by more than 125 percent while our revenues have gone up only 19 percent during this same period. The financial burden of our health care costs is why teacher salaries are low in our district, which makes recruiting teachers more difficult. WCCUSD is one of a handful of districts in the state that continues to provide lifetime health benefits which include paying the Medicare supplement for retirees who are age 65 and older. We now have more retirees and retiree dependents than we have employees. The cost of retiree health coverage will continue to grow even as the state dramatically reduces funding for schools.

In approving the 2008-09 budget, the board capped the health benefits for district managers who don't belong to a union. We're now negotiating with the other four groups of employees and must look for ways to reduce current and future costs related to health insurance. Charts that illustrate the growth in the cost of health benefits and retirees receiving those benefits can be found in my [November message](#).

Staffing and Service Reductions

The fourth component to the balanced approach to financial survival is about staffing cuts, program reductions and decreases in services that we provide. Unless there's a miracle in Sacramento, we're going to have substantial layoffs in all our employee groups for 2009-10. Last year, we cut \$6.4 million from the budget by keeping the impact away from the classroom. We won't be able to do that this year. Every part of our district will feel the pain. Thanks to the parcel tax renewal, we will continue to have counselors, librarians, athletic programs and class size reductions for our youngest students. Yet other programs will undoubtedly be reduced or eliminated. Shortly after the Board makes the final decisions about school closures, we'll begin the community-wide conversations as we did last year about where to make cut for 2009-10. Unlike the federal government, we're required to adopt a balanced budget.

Finding Hope and a Path Forward

Despite the bad news and incredible challenges, we'll push forward to improve learning for our students and help them gain the skills they'll need for a brighter future. Our students are resilient and will adapt to the changing conditions. Our teachers are the heart of our schools and will continue to give their talent, caring and skills to our students. Our support staff, like our teachers, have a great sense of belonging to our community and will continue their tradition of going well above and beyond to serve our students. In tough economic times like these everyone recognizes the importance of education and the

need to get through the hardships to make help make an even stronger community.

Bruce Harter
Superintendent