

May 6, 2010

Dear Parents and Community Members,

As we grapple with the third year of impact from the financial crisis, I would like to give an update on where ESUSD stands financially as we move to close out 2009-10 and continue our preparation for the 2010-2011 school year. But before I do, I want to again preface this discussion by applauding the incredible patience and professionalism that our educators, parents, community members and students have exhibited in what has been an unpredictable and volatile economic period of time.

In February of 2010, ESUSD began the budget development process by reviewing the Governor's January Budget Proposal for 2010-2011. Unfortunately, ESUSD continues to be impacted by record deficits from the State. As of today, the district is faced with a \$1.65 million operating deficit. In response and in order to meet the March 15th statutory guideline, the Board approved the issuance of preliminary layoff notices to employees. Currently, the district continues to explore cost effective ways to deliver its educational program while we wait for the Governor's May Revision. Once the May Revision is released and analyzed, the Board will review, adjust and approve the budget accordingly by the end of June. Other conditions that have yet to be determined that will impact the district's budget are the collective bargaining agreements with the respective classified and certificated employees associations. I am optimistic that a settlement will be reached in the near future.

Over the last two years the district has lost over 21% or \$5.2 million in State revenue. After committing \$2.7 million of reserves and Federal Stimulus funds for 2009-2010, the district has already committed over \$500,000 in Federal Stimulus and reserve funds to offset the 2010-2011 deficit. Additional funds, including funds for textbooks, retirement pensions, long term maintenance, Gifted and Talented Education programs, and School Site Councils, have also been diverted to the general fund to offset the operating deficit. 2009-2010 student attendance has been better than projected which means the district will receive more "per pupil" funding for the 2010-2011 school year. Additionally, the El Segundo Educational Foundation has been very receptive to our requests for program recovery and will be reviewing and approving the grant request for the 2010-2011 school year. Class sizes and the impact on the district's students and employees are predicated on the outcome of many variables.

Because the economic recovery for education stretches out at least three more years and the district is also confronted by a significant structural deficit, the School Board will allocate additional reserve funds throughout this time. Balancing the current and future educational programs is a difficult and intricate situation.

I am painfully aware of the turmoil and uncertainty this creates for the educational community. Please keep in mind, developing a district budget is a long and methodical process, with ever-changing variables. In spite of this uncertainty, El Segundo Unified School District will continue to offer a rigorous and comprehensive educational program for all its students. Thank you for your continued support and patience.

Sincerely,

Geoff Yantz, Ed.D.
Superintendent