



October 30, 2009

Audrey Miles, Board President
West Contra Costa Unified School District
1108 Bissell Avenue
Richmond, CA 94801

Dear Ms. Miles:

The Contra Costa County Office of Education District Business Services staff has completed a review of the Fiscal Year 2009-10 District Revised Budget report approved by the West Contra Costa Unified School District Governing Board on October 7, 2009.

My office *conditionally* approved the Board Adopted Budget for Fiscal Year 2009-10 as submitted with the following comments and conditions:

Declining Enrollment: The District projects that enrollment will continue to decline at a rate of 250 students per year over the next two subsequent budget years. Therefore, funded average daily attendance (ADA) for the next two subsequent years is based on the prior year hold harmless level for regular ADA.

Collective Bargaining Agreements: Although the District has imposed the certificated (UTR) contract, the Multi-Year Recovery Plan was based on settlement with all union groups. Without signed agreements with the other unions, our office is unable to validate the numbers used in the Multi-Year Recovery Plan.

Minimum Reserves for Economic Uncertainty: Although the District meets the required reserve of 3% in the 2009-10 and 2010-11 fiscal years, they do not meet this reserve in the 2011-12 year. The currently passed budget allows districts to reduce their reserve by 2/3 for the 2009-10 year only.

Deficit Spending: Even with the imposed UTR contract and possible agreements with the other unions, the District remains in a deficit spending mode. Combined with the newly passed budget revision at the State level, the District's deficit spending level may increase.

Small Schools: The District continues to maintain school sites at low enrollment levels as compared to other urban districts. County and city governmental agencies are now at risk of losing significant funding; therefore, the funding assumptions used for revenue commitments from cities within the District may be at risk. Should the cities be unable to provide the funding indicated in the assumptions by November 2009, it will be necessary to implement the school closures iterated in the Board's School Closure Resolution.

Property Sales: With the language in the current budget act, the District has the opportunity to use site sale monies to pay off other long-term debts such as their COPS, IBM loan and Federal desegregation audit finding, after they have applied site sales to the State loan. However, the budget language does not supersede the Education Code for paying down the State loan first. Furthermore, the 2008-09 budget document adopted by the Board indicates that the long-term debt of the District would be eliminated as a part of the school closure plan.

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My office conditionally approved the Fiscal Year 2009-10 Board Adopted Budget as submitted, contingent on the following:

1. The District must submit a revised Multi-Year Recovery Plan once unions other than UTR have approved contracts.
2. The District submits an additional Multi-Year Recovery Plan that outlines how it will eliminate their structural deficit.

Our office reviewed the District's October 7, 2009 Revised Budget which included a revised Multi-Year Recovery Plan and plan to eliminate the District's structural deficit. Based on this additional information, our office has approved your 2009-10 Revised Budget. The District identified in its October 7, 2009 Revised Budget specific areas requiring attention as possible cost savings measures. Those areas include:

1. K-3 class size reduction
2. Tier III shift
3. Parcel tax
4. School closure
5. Other post-retirement benefit liability (OPEB)

We strongly encourage the District to consider the inclusion of these and other cost savings measures as part of a revised Multi-Year Recovery Plan.

I commend the Board's commitment to a high quality education for all students through making extraordinary decisions. Extraordinary progress has been made by the Board in terms of addressing the District's financial goals. My office is prepared to assist in any way possible to ensure you achieve your goals for the 2009-10 budget year, and beyond. Please feel free to contact my staff, or me, if you have questions or concerns about this letter reviewing the District's budget.

Sincerely,



Bill Clark
Associate Superintendent
Business Services

BC:tf

cc: Bruce Harter, Ph.D., Superintendent, WCCUSD
✓ Sheri Gamba, Associate Superintendent, Business Services, WCCUSD
Linda Grundhoffer, State Trustee, WCCUSD
Scott Hannan, Director, School Fiscal Services Division, CDE
Susie Lange, Deputy Superintendent, Finance, Technology, & Admin., CDE

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