

# MEMORANDUM

*West Contra Costa Unified School District  
State Trustee*

July 1, 2010

Linda Grundhoffer, State Trustee

State Trustee Comments on Budget Adoption for 2010-11

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It is now my fourth year as Trustee and once again the district has had to submit a budget and multi-year recovery plan that indicates an inability to fund the required reserves in the 2011-12 and 2012-13 years. Although huge strides were made in employee negotiations during the 2009-10 year, they were not enough to stop the ongoing structural deficit caused by the failing economy in the State of California.

The economic condition of the district, state and country is not showing any long-term, meaningful turn around. Even when the state and national economies start to recover, it is historically factual that it takes education several more years to recognize any benefit.

As with a household, spending more than one brings in every year eventually sends them into bankruptcy. It is clear that the State cannot be relied upon to provide the funds necessary to operate the District at current levels. Therefore, a definitive plan must be adopted by the Board to change the course to one of living within its means. It will be necessary to adopt that plan in December.

In the meantime the District must continue to provide as much education as possible with the dollars it has. California school districts have been given the opportunity to use once "restricted" dollars in any way they see fit. The Board has taken action to take advantage of all flexibility with the exception of the Adult Education Program. It may become necessary to reconsider that decision, and use the estimated \$2.0 million dollars to close the budget deficit.

The district also has been afforded the opportunity to use site sale monies to their best advantage through the 2011-12 fiscal year. For West Contra Costa this means that funds derived from selling vacant properties, after paying off the State loan, could be used to pay off additional debt, such as the Certificates of Participation issued around the same time as the State loan. Under normal circumstances the proceeds of these sales could only be used for construction or modernization. As this district has one of the largest general obligation bond programs for construction and modernization in the State, it is the perfect time to use these proceeds to relieve the debt payments the district currently has. This relief provides the district with on-going dollars that are now being paid for loans rather than for education.

Although relief from debt payments will not resolve the entire structural deficit, it will make yet another measurable dent in it. Ridding itself of vacant, non-student used properties will also reduce other district expenditures used to maintain the properties – funds that could be used for supplies and textbooks for classrooms.

The 2010-11 year is another critical year for decision making in the district. All members of the school district community must come together to ensure the fiscal survival of the district and the educational survival of its students.