

Following a great deal of discussion at the past two Board meetings, the Governing Board decided to remove additional class size increases for both K - 3 and middle school from the list of possible budget reductions. The following points were factored into the decision:

- It is not good for kids. In the primary grades, learning to read and mastering the foundational skills for higher learning are critical to future success. In the middle school, increasing the staffing formula further would result in core classes reaching 43 - 45 students in 7<sup>th</sup> and 8<sup>th</sup> grades.
- Parents are not in favor of increasing class size further.
- Increased class size would result in the reduction of 61 teachers, many of whom are tenured.
- The projected savings, initially cited, decrease significantly since permanent teachers would be laid off. When permanent teachers are laid off, they are entitled to substitute at their daily rate of pay. When the substitute cost for these teachers was calculated, the savings for increasing class size to 30 in K -3 dropped from \$1.4 million to approximately \$580,000. The savings for middle school dropped from almost \$600,000 to \$260,000. When considering the impact of these increased class sizes, savings of \$800,000 and the loss of 61 teachers did not seem viable.
- There is the potential we would lose students to neighboring districts. A poll of neighboring districts showed no one near us is going above 25 at this time. If 100 parents opted to move their children to neighboring schools with class size between 22 and 25 when we are at 30, it negates the potential savings of \$580,000. We currently lose approximately 1,220 students to neighboring districts.
- Pending legislation could change the CSR model and impose penalties in a different manner which could be detrimental if classes are increased above our current level
- K-3 CSR flexibility provisions will sunset in 2011-2012 and if legislation isn't changed, going back to 20 to 1 would be very expensive if we increase any further.

The Board shared concern over the impact of reducing expenditures by \$8 million at this time, particularly after reducing \$7.8 million last year. While recognizing the District has a structural deficit of \$12 million - we are spending \$12 million more than we are receiving each year - the Board asked that reserves be spent down and the goal for reductions be moved from \$8 million to \$6 million. This will allow us to maintain class sizes and soften the impact on employees this year.

Beginning in 2010-11 District revenues will be reduced by 21.5% or \$20 million annually. Obviously the District faces continuing budget challenges that must be addressed over the next few years. Decreasing the amount of reductions involves an element of risk. The State's financial problems are not resolved and will take years to get back to where they were previously.

The Board and Cabinet know there is a great deal of anxiety, concern, and stress facing everyone - if not at work, in every day life. Higher accountability and changing demographics have impacted every aspect of what we do. People in every position have been asked to do more with less.

Given that, please know the work you do for students is recognized, greatly appreciated, and invaluable. These are unprecedented times requiring difficult decisions, creativity, and collaboration. I am confident we are all up to the challenges ahead and will find the path that leads us forward.