



## Calaveras Unified School District

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December 14<sup>th</sup>, 2023

CUSD Staff and Families,

As was communicated in late September, Calaveras Unified continues to face significant challenges with our budget. On September 28<sup>th</sup>, the Board adopted a budget with a deficit of more than \$4 million and had a required Deficit Elimination Plan that outlined \$3.5 million in reductions (reducing Certificated, Classified and Management positions and other expenses). As of today, with our 1<sup>st</sup> Interim Budget Report to be presented tonight, our challenges have greatly increased, and our budget situation is extremely concerning.

**Budget Update**---Despite significant reductions this year and next year (including 28 certificated positions, 21 classified positions and two management positions), our deficit remains well over \$4 million in 2024/25.

**Contributing Factors**---The lower COLA in 24/25 (the State is reducing the Cost-of-Living-Adjustment to from 3.94% to 1%, which is a \$997,000 reduction in our revenue), our ADA (average daily attendance) dropped by 50 students (approximately a \$750,000 reduction in revenue) and ongoing increased costs in both Special Education and in staff salaries are all factors impacting our tenuous budget situation.

**Deficit and Cash Flow**---Along with a projected \$4.5 million deficit to address, we also face significant issues with our cash flow (our ability to pay our staff and pay our bills), in that we project shortfalls in our available cash starting in September, 2024. If we are not able to take sufficient steps to reduce expenditures, and we have cash flow shortages, we face the reality of having to apply for loan from the State, and that triggers a State Takeover of the CUSD. We have taken proactive steps to address our cash flow issues by implementing a hiring freeze and a spending freeze, in all non-essential areas, effective January, 2024.

**State Takeover**---If we have to take out a loan through the State, the State would appoint an external administrator to take over the running of the district (replacing the Superintendent), the School Board would lose their decision-making power and the appointed administrator would have complete control over making decisions on budget reductions to get the district into a position of greater fiscal stability (which includes completely paying off the loan from the State, which usually takes 7-10 years). The only way we can avoid this damaging pathway is to make sufficient budget reductions to address our deficit and cash flow issues.

**Deficit Elimination Plan (DEP)**—what was approved in September, and reviewed again tonight, calls for significant reductions in certificated, classified and management staff. These will impact class sizes (will now be an average of 30 students per class in all classes K-12) and district operations due to staffing cuts. However, these budget reductions currently do not project to be enough to sufficiently address our deficit and cash flow issues, so more cuts are necessary.

**Budget Cuts---Additional Areas**---Given the scope of our deficit, starting in January, we have to look for deeper budget reductions. Two specific areas will be looking at a potential school closure (WPE or MHE) and making significant cuts to Transportation (looking to reduce at least five routes, cutting our general education home-to-school transportation services in half). We understand that both of these areas will have major impacts on our district, and communities...and we do not take any of this lightly. However, if we can't address the budget issues we face, and the State comes in to assume control over the district, huge decisions in areas like this will be made to us no matter how we feel---decisions will not be made with us or by us. Even with these two areas of reduction, we still can't guarantee we can avoid a State Takeover...as we still have much work to do, and we continue to look for any and all ideas and options.

**Process**---as we continue to grapple with our fiscal challenges, and look at making difficult and painful decisions made necessary by our budget situation, there will be many opportunities for updated information to be shared, for people to voice feedback/concerns (board meetings, other public meetings, in writing) and for all related items and issues to be thoroughly researched, discussed and addressed. Nobody wants to look at budget cuts of this significance, nobody wants to have to have these discussions and make these decisions. However, if we do not do what is needed now, the State will ultimately takeover and these specific budget-related decisions, and more, will be made no matter.

I am profoundly apologetic that our district is facing monumental challenges that will have long-lasting impacts no matter the direction and outcomes. Working together to preserve local control over our district, to best address our budget situation seeking fiscal stability while doing what is possible to protect people and programs is our priority, no matter the difficulties that lie ahead.

Mark Campbell  
Superintendent  
Calaveras Unified School District