

Superintendent's Winter 2014 Budget Message

With the release of the Governor's budget proposal for the 2014-15 school year, I thought this would be a good time to give an update on our current budget and an early outlook for the next year.

The path to recovery which began with the passage of Prop 30's temporary taxes in 2013 continues into 2014 as we approach the second school year without the threat of state cuts looming over our heads. In fact, the Governor has proposed increasing funding to Proposition 98 as the general economy continues to slowly climb out of this most recent recession.

However, the overall increase in state education funding will benefit those public school districts that are funded via the Local Control Funding Formula (LCFF) rather than Basic Aid districts like San Dieguito UHSD which are funded primarily through local property taxes. This will be important to keep in mind as you read and hear about the increases in funding allocated to many other San Diego County school districts.

As the state moves forward with phasing in the LCFF over the next eight or more years, each district's demographics and how far away they are from reaching their target level of funding will drive how much additional revenue those districts will receive. With San Dieguito, any improvement in our income will be based on increases in the property taxes paid within our boundaries.

Perhaps our biggest disappointment with the Governor's proposed budget is the lack of ongoing funding for implementation of Common Core State Standards (CCSS). The state provided one-time funding this school year for professional development, purchase of instructional materials, and technology associated with CCSS. The transition to CCSS will take many years and our needs to provide more training and purchase new instructional materials aligned with CCSS will not expire with the one-time infusion of state money. I have personally met with our local state senator and assemblymember to express this concern.

The challenges we will face as we approach the next school year include:

- Projecting our property tax revenue as the housing prices improve, but sales volume remains low
- Determining whether or not increases in state funding will outpace our property tax revenue, causing us to become an LCFF district and whether or not that will be stable over time
- Preparing for an influx of students from the remaining housing development in the southern part of the district and providing teachers, staff, and classroom space for that enrollment
- Meeting the needs of English learners and lower income students as mandated under new state regulations without any additional state funding tied to those programs
- Continued transition to Common Core State Standards without sufficient ongoing funding for this initiative
- Closing the deficit that still remains between our revenue and expenditures that resulted from the loss of state and federal funding
- Restoring the reserves that carried the District through the recession and prevented SDUHSd from taking drastic cost-saving measures that you saw in other local districts such as furlough days, salary roll-backs, teacher layoffs, health care cuts, and shortening the school year
- Preparing for the increased costs of opening a new middle school in 2015

Until we reach the point to where the economy returns to robust growth and our revenue is more predictable, we will try to maintain a holding pattern on our expenditures. Our tradition of cautious budgeting and thoughtful preparation has served our community well and protected our outstanding programs when times have been bad. We will keep that perspective as the picture begins to improve.

I will keep you updated as we continue our planning for the next school year.

Rick Schmitt
Superintendent

01/29/14