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Dear SFUSD Colleagues:

It is with great dismay that I share the latest news with you regarding the Governor's proposed budget and its potential impact on our schools.

Prior to the release of the Governor's proposed budget, SFUSD staff projected a shortfall through the Fiscal Year (FY) 2011-12 of \$83 million in the Unrestricted General Fund (UGF). The Governor's just-released proposed budget includes significantly reduced amounts for the Revenue Limit and State Fiscal Stabilization Funds. Staff now projects a UGF shortfall through FY 2011-12 of \$113 million.

These numbers are large and they will be devastating. The cuts that the State is forcing us to make are the greatest ever made at one time in the history of our district. We have been working diligently to identify the areas of centralized services that we can cut and are working toward recommending \$45.5 million in cuts to central office, departments, categorical programs and some resources currently funded by the "Third-Third" of Proposition H, the Public Education Enrichment Fund.

Given that we need to make cuts of such magnitude, we have identified some of the other areas that we need to consider in addition to the above \$45.5 million. Here are some other options that we are examining:

- Minimal summer school (considering cutting \$4.6 million through FY 2011-12)
- Reduce general education transportation (considering cutting \$1.5 million through FY 2011-12)
- Increase class sizes (each one-student increase equals an expenditure reduction of \$300,000 to \$500,000 per grade level)
- Suspend sabbaticals (currently costs about \$2 million per year)
- Freeze step & column increases (currently costs about \$5.8 million per year)
- Furloughs (each day for all employees equals about \$2.25 million)
- Use FY 2008-09 Prop A funds for instructional and/or staff development days (approximately \$15 million total)
- Suspend / reduce Advance Placement preparation period allocations

As painful as it is, we hope to resolve as much as possible prior to mailing our initial school placement offers to families as well as by the state-mandated deadline to give preliminary lay-off notices to certificated employees. On January 26, we will propose to

the Board of Education a package of cost savings proposals for deliberation. In February, we will ask the Board to consider and approve recommended cuts for FY 2010-11. In the meantime, discussions will take place regarding collective bargaining agreements as appropriate. School sites will be given their allocations by February 20, when School Site Councils will be convening for a half day summit.

We must all stand up for children and let the governor and legislators know that the current state of education funding is unacceptable. In fact, we are currently exploring the possibility of filing an adequacy lawsuit against the State because of its failure to adequately fund education.

I will continue to update you when we have more information available.

Sincerely,

Carlos A. Garcia, Superintendent