

## MEMORANDUM

**DATE:** April 15, 2019

**TO:** CSD Community and Staff

**FROM:** Mark A. Davalos, Superintendent

I want to share with you two important communications that all should understand and/or know more about.

First, the 5/6 band, orchestra, and choir programs were recommended to move after school to balance the number of preps for 5/6 teachers and to regain vital instructional time for student learning and intervention. After listening to public opinion the Board asked for a look at other options to preserve these programs within the school day. A group of key staff and Board members have come together to look for options in how to continue the 5/6 band, orchestra, and choir programs within the school day. Some cost and elective parameters have been introduced to guide the outcome and resolve. I believe that this group can work to offer an option that is best for both music and the program needs of our schools and students. Members of this team are K-6 music teachers, CEA representatives, K-6 principals, two board members and facilitator Kristy Vetter who I asked to lead this discussion. They have scheduled additional meetings this month to continue this work and updates will be provided. This work will continue until a decision is made to present to the Board.

Second, most of you are aware of our concern with the 2019-2010 budget and a projected deficit. The Board and District, for many years prior to this one, have kept a healthy ending fund balance for emergencies and important and operational investments. This allowed for recent investments in adoptions, technology, assessment tools and exceptional professional development opportunities. Over the last three years, in wise preparation for a bond passage and building cost needs, the Board and district chose to transfer funds into the capital projects fund. This was essential to ensure construction plans could be completed even if challenged by

rising costs for materials and labor, or other unexpected expenses. We have been fortunate and prudent to set dollars aside and equally fortunate to have a great general contractor and project management team.

This year our fund balance will be reduced as we pay for significant salary increases far above what the state provides. The fund is also being depleted by the loss of levy revenue the state took away when they needed dollars to pay for the McCleary payments required by our court system. Our projection for the next year now has us, once again, spending more than we receive thus creating a potential deficit situation. The healthy fund balance is saving the day this year (2018-19) but when used has no refill possibility so is not sustainable long term. It is one-time money and will run out. Before coming to the Board this month, with potentially a reduction in staff authorization, we have worked hard to find other cost-cutting measures and options.

I say this because these efforts have led us to a solution for our deficit issue next year. We have consulted with our bond project team and have agreed on the amount of closing costs for our bond projects. After reviewing this, the Board has authorized us to bring back funds set aside for project support to deal with next years' imbalance. **To be clear, this is a one-time fix and will require relief in the next biannual budget.** We will need more revenue and a possible opportunity to raise levy collections. If not, we will see another crisis in the 2020-2021 budget year and the need for a reduction plan once again.

There will still be some staff reductions and other savings in next years' 19-20 budget, due to enrollment decline and higher costs, but that is normal and part of our regular budget planning that is just beginning. The main conclusion of this analysis is that we will not declare a need for a Reduction in Force (RIF) resolution for 2019-20 and will not use large-scale personnel cuts across all groups to balance the budget. My thanks go out to the school board for agreeing to this one-year solution.

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Thank you,

*Mark A. Davalos*

Mark A. Davalos  
Superintendent  
Centralia School District  
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