

March 17, 2009

Dear Early Childhood Education Staff:

It is with great difficulty that I write this letter to you outlining the current fiscal dilemma that we face. As we have discussed on many occasions, our expenses are exceeding our revenue. Over the past few years our child development centers have experienced a decrease in student enrollment that mirrors that of the neighboring elementary schools. This coupled with the impact of full day Kindergarten and the implementation of Proposition 49 funded after school programs, has adversely effected our enrollment in both our State Preschool Program and our general childcare program. Currently we serve 2500 children. This is about 1,000 children fewer than were served prior to these programmatic changes. Within this group of children, fewer qualify for full time service. As a result we are not earning our full State contract which is based on operating at full capacity.

In addition, as we have also discussed, the State requirements for program eligibility became more stringent this year. These changes will continue into next year. On July 1, 2009 we will operate under the new California State Preschool Program guidelines. While this provides more flexibility in how we provide services to eligible children, it places more limitations on who is eligible for services. Specifically,

- Three-year-old children are defined as children turning three on or before December 2 of the fiscal year in which they are enrolled.
- Four-year-old children are defined as children turning four on or before December 2 of the fiscal year in which they are enrolled.

The requirements for the new contract will mean that we cannot register children who turn three years old between December 3 and June 30 of each fiscal year. Each year we enroll an average of 55 such children in our general childcare program. Losing this enrollment will result in a revenue loss of approximately \$331,000. We also received notification this week that the income ceiling for families to qualify for our programs was lowered, effective immediately. This too will reduce the number of families eligible for our programs.

All of these developments have hurt our ability to serve children and earn our full contract. We now project that this year we will earn 77% of our State Preschool Program contract and 86% of our General Childcare Program contract. This amount will not cover our ongoing expenses. Moving forward it is imperative that we implement the necessary changes required to sustain our programs. These changes will impact all of us.

Although we intend to use some reserves to partially address our deficit, reserves alone are insufficient to address our shortfall. There will be site and classroom consolidations. This means that staff may move to another site or be consolidated. To allow the flexibility necessary to create the least disruption to our program and personnel, all

administrative staff will receive March 15 letters of “possible reassignment” and all permit teachers and classified staff will receive letters outlining the possibility of consolidation or lay-off.

In our efforts to support our program, I have contacted the State Department of Education, the Alameda County Childcare Council, and First Five of Alameda County to discuss our situation. It was also my hope that the President’s Economic Stimulus Package would provide additional funding for our program, but this did not happen. These conversations will continue and I will keep you informed as we gather more information. We will also continue to work diligently to increase our student enrollment for the upcoming school year.

Please feel free to contact me if you have any additional questions.

Sincerely,

Lynne Rodezno
ECE Director

**Revenue and Expense Report for Preschool/SchoolAge and State PreSchool
As of 10/31/2008**

SITE #	Site name	RS6060/RS5025/PreSchool/School Age				CDE State Preschool/RS6055			
		CDE Earned	Revenue	Expense	Surplus/Deficit	CDE Earned	Revenue	Expense	Surplus/Deficit
802	Arroyo Viejo	5689	\$222,487	\$244,032	-\$21,545	0	\$0	\$0	\$0
860	Allendale	0	\$0	\$0	\$0	1129	\$21,790	\$15,035	\$6,755
805	Bella Vista	7835	\$306,435	\$338,599	-\$32,165	0	\$0	\$0	\$0
806	Brookfield	1768	\$69,137	\$103,900	-\$34,764	813	\$15,691	\$40,390	-\$24,699
807	Cox	0	\$0	\$0	\$0	2145	\$41,399	\$49,407	-\$8,009
809	International	3914	\$153,057	\$155,901	-\$2,844	2178	\$42,035	\$51,171	-\$9,136
811	Emerson	4980	\$194,774	\$205,795	-\$11,021	0	\$0	\$0	\$0
814	Golden Gate	3036	\$118,746	\$138,020	-\$19,275	758	\$14,629	\$22,275	-\$7,646
815	Highland	6932	\$271,120	\$261,942	\$9,179	1095	\$21,134	\$24,676	-\$3,543
816	Howard	0	\$0	\$0	\$0	588	\$11,348	\$25,670	-\$14,322
817	Jefferson	4268	\$166,919	\$179,981	-\$13,062	1132	\$21,848	\$26,407	-\$4,559
818	Centro Infantil Annex	6022	\$235,534	\$229,625	\$5,909	0	\$0	\$22,183	-\$22,183
819	Centro Infantil Main	7025	\$274,744	\$271,670	\$3,074	1669	\$32,212	\$25,370	\$6,842
820	Laurel	7811	\$305,483	\$272,138	\$33,345	1874	\$36,168	\$59,321	-\$23,153
821	Yuk Yau Annex	3918	\$153,243	\$196,801	-\$43,558	1153	\$22,253	\$0	\$22,253
822	M.L. King Jr.	1737	\$67,938	\$83,215	-\$15,277	1746	\$33,698	\$44,466	-\$10,769
823	Lockwood	5404	\$211,341	\$250,773	-\$39,432	0	\$0	\$0	\$0
824	Yuk Yau	7380	\$288,640	\$292,808	-\$4,168	1150	\$22,195	\$21,811	\$384
825	H.R. Tubman	5210	\$203,756	\$232,397	-\$28,641	0	\$0	\$0	\$0
827	Lockwood Pre-K	0	\$0	\$0	\$0	1876	\$36,207	\$34,651	\$1,555
828	Parker	2820	\$110,291	\$118,473	-\$8,182	0	\$0	\$0	\$0
829	Manzanita	4156	\$162,539	\$183,198	-\$20,658	927	\$17,891	\$27,668	-\$9,777
832	Piedmont Avenue	4306	\$168,402	\$197,226	-\$28,824	990	\$19,107	\$19,705	-\$598
835	Prescott	2131	\$83,330	\$113,722	-\$30,392	0	\$0	\$12,537	-\$12,537
837	Santa Fe	2946	\$115,226	\$123,479	-\$8,253	0	\$0	\$0	\$0
838	Stonehurst	1747	\$68,325	\$118,740	-\$50,415	3505	\$67,647	\$73,126	-\$5,480
840	Hintil Kuu Ca	6382	\$249,592	\$238,994	\$10,598	0	\$0	\$0	\$0
841	Tilden	0	\$0	\$0	\$0	432	\$8,338	\$25,443	-\$17,105
842	Webster Academy	5428	\$212,273	\$214,601	-\$2,328	1112	\$21,462	\$11,436	\$10,025
846	Sequoia	1669	\$65,267	\$58,779	\$6,487	0	\$0	\$0	\$0
852	Grass Valley	1516	\$59,279	\$50,783	\$8,496	0	\$0	\$0	\$0
856	Alice Street	6176	\$241,543	\$247,459	-\$5,916	0	\$0	\$0	\$0
857	Lakeview	6712	\$262,511	\$257,183	\$5,328	0	\$0	\$0	\$0
858	Peralta	1838	\$71,870	\$75,033	-\$3,163	0	\$0	\$0	\$0
861	Acorn Woodland	0	\$0	\$0	\$0	1909	\$36,844	\$20,016	\$16,828
862	Fruitvale	0	\$0	\$0	\$0	1374	\$26,518	\$40,787	-\$14,269
	Total	130754	\$5,113,799	\$5,455,270	-\$341,471	29555	\$570,412	\$693,553	-\$123,141

**Projected Revenue Earned and Expense Report
FY 08-09**

OBJECT	Description	FY 08-09		Total Resource 6060/5025 FY 08-09	FY 08-09	
		RS6060/5025	RS6055		Total Resource	RS6050
		CTTR	CPRE		6060/5025 FY 08-09	CPKP
	REVENUE EARNED (1st Quarter & 2nd Quarter)	\$7,915,477	\$1,008,232	\$8,923,709	\$21,432	
	Projected Revenue earned (3rd & 4th Quarters)	\$7,570,264	\$1,359,514	\$8,929,777	\$34,003	
		\$15,485,740	\$2,367,746	\$17,853,486	\$55,435	
	CDE Earned (1st Quarter & 2nd Quarter)	182,763	50,311		1010	
	Projected CDE Earned (3rd & 4th Quarters)	174,793	67,840		1602	
	Total CDE	357,556	118,151		2612	
	Total projected revenue earned 08-09	15,485,740	2,367,746		\$55,435	
	Percentage of contract earned	86.45%	77.12%		31.20%	
1105	TEACHERS' SALARIES	\$4,135,377	\$863,442	\$4,998,819	\$27,162	
1122	TEACHERS' EXTRA TIME	\$27,689	\$0	\$27,689	\$1,500	
1150	TEACHERS' SUBSTITUTES	\$698,187	\$89,798	\$787,985	\$0	
1305	NURSE'S SALARY	\$70,098	\$0	\$70,098	\$0	
1305	ADMINISTRATORS' SALARIES	\$993,725	\$53,044	\$1,046,770	\$0	
1322	ADMINISTRATORS' EXTRA TIME	\$3,100	\$0	\$3,100	\$0	
1350	ADMINISTRATORS' SUBSTITUTES	\$45,305	\$0	\$45,305	\$0	
	TOTAL CERTIFICATED SALARIES	\$5,973,483	\$1,006,284	\$6,979,767	\$28,662	
2105	INSTRUCTIONAL ASSISTANTS' SALARIES	\$2,726,435	\$371,419	\$3,097,854	\$7,672	
2122	INSTRUCTIONAL ASSISTANTS' EXTRA TIME	\$5,020	\$714	\$5,734	\$0	
2150	INSTRUCTIONAL ASSISTANTS' SUBSTITUTES	\$250,582	\$18,097	\$268,679	\$500	
2222	CUSTODIAL EXTRA TIME	\$4,332	\$0	\$4,332	\$0	
2305	CLASSIFIED ADMINISTRATORS SALARIES	\$102,668	\$0	\$102,668	\$0	
2405	CLERICAL SALARIES	\$638,741	\$37,519	\$676,260	\$0	
2422	CLERICAL EXTRA TIME	\$1,615	\$0	\$1,615	\$0	
2450	CLERICAL SUBSTITUTES	\$38,714	\$1,343	\$40,057	\$0	
	TOTAL CLASSIFIED SALARIES	\$3,768,107	\$429,092	\$4,197,199	\$8,172	
3000	STAFF FRINGE BENEFITS	\$4,225,230	\$645,738	\$4,870,967	\$2,640	
	TOTAL SALARIES & FRINGE BENEFITS	\$13,966,820	\$2,081,114	\$16,047,933	\$39,474	
4200	OTHER BOOKS	\$2,554	\$0	\$2,554	\$0	
4310	SUPPLIES	\$116,483	\$32,270	\$148,753	\$0	
4410	EQUIPMENT	\$12,155	\$0	\$12,155	\$0	
4432	FURNITURE	\$11,161	\$0	\$11,161	\$0	
	TOTAL SUPPLIES	\$142,353	\$32,270	\$174,623	\$0	
5210	MILEAGE REIMBURSEMENT	\$9,510	\$0	\$9,510	\$0	
5220	CONFERENCE EXPENSES	\$0	\$0	\$0	\$0	
5300	LICENSING FEES	\$13,262	\$1,885	\$15,147	\$0	
5515	DISPOSAL SERVICES	\$72,996	\$4,840	\$77,836	\$0	
5517	RECYCLING	\$9,364	\$567	\$9,931	\$0	
5524	GAS-HEATING	\$159,138	\$7,638	\$166,776	\$0	
5525	LAUNDRY	\$41,892	\$4,218	\$46,110	\$0	
5555	WATER/SEWAGE	\$62,142	\$2,604	\$64,746	\$0	
5610	EQUIPMENT MAINTENANCE	\$9,311	\$0	\$9,311	\$0	
5624	FACILITY RENTALS	\$90,000	\$0	\$90,000	\$0	
5670	REPAIRS	\$142,180	\$68,599	\$210,779	\$0	
5756	DUPLICATING SERVICES	\$10,213	\$0	\$10,213	\$0	
5760	WORK ORDERS	\$17,443	\$0	\$17,443	\$0	
5764	POSTAGE	\$0	\$57	\$57	\$0	
5761	CUSTODIAL SERVICES	\$994,277	\$37,376	\$1,031,653	\$0	
5825	CONSULTANTS	\$0	\$0	\$0	\$0	
5826	EXTERNAL WORK ORDERS	\$29,225	\$0	\$29,225	\$0	
5838	FINGERPRINTING	\$2,000	\$0	\$2,000	\$0	
	TOTAL NON-SALARY COST	\$1,662,953	\$127,784	\$1,790,737	\$0	
7350	INDIRECT COSTS	\$970,078	\$135,454	\$1,105,532	\$2,368	
7619	FOOD SERVICES' COSTS	\$395,840	\$16,402	\$412,242	\$0	
	TOTAL INTERFUND SUPPORT/OTHER AUTHORIZED	\$1,365,918	\$151,856	\$1,517,774	\$2,368	
	TOTAL EXPENDITURES	\$17,138,043	\$2,393,023	\$19,531,066	\$33,670	
	SURPLUS/DEFICIT	-\$1,652,303	-\$25,277	-\$1,677,580	\$21,765	