



*Education Services Center. 5776 S. Crocker Street. Littleton, Colorado 80120. 303.347.3300.*

June 5, 2009

Dear LPS Key Communicators:

It has been my wish to keep all of you updated regarding this year's Colorado Legislative Session. That has been more of a challenge this year than in the past, however, as the Legislature's plans for school finance changed daily and the outcome remained uncertain until the very end. School finance has become increasingly complex. I write to you today to share good news for tomorrow as well as concerns for the future.

The good news is that the Legislature passed a bill for school finance before the end of its session, which means we can move forward with a Board-approved budget for the 2009-2010 school year. That budget is currently scheduled for approval by the Board on June 11, 2009.

Thanks to the efforts of our Board of Education members, community members, parents, and employees, our local legislators heard from us. They understand the value of K-12 education in this community, even when there is limited ability at the state level to help. The outcome of this legislative session for K-12 education was better than it could have been; your efforts made a difference. Thank you!

It has been reported in the media that schools will receive an increase of more than four percent. This is simply not the case. Next year, LPS will receive a modest increase from the state of about one-and-a-half percent. A number of factors attribute to the lower amount:

- Declining enrollment
- Mid-year rescission in 2008-2009, which affects 2009-2010, as well
- Lower tax collections
- Loss of interest income
- Requirement to hold half of the new money in reserve and perhaps have to give it back

*After accounting for the above funding losses, total LPS revenue for 2009-2010 will increase just one percent over last year.*

While this is a better increase than had been proposed as recently as late April, it still does not begin to offset some of our rising costs for next year. As a side note, LPS and other school districts experiencing declining enrollment will be allowed to continue to use "five-year averaging" when calculating enrollment for funding purposes, which slows the negative funding impacts of serving fewer students. At one point, the Legislature was considering taking five-year-averaging away. That would have meant a significant and immediate loss of funding for LPS.

This school finance bill also reflects the Legislature's concerns about the state's ability to fund K-12 education in the future. Please know that we share those concerns. At the current rate of spending, the State Education Fund will be bankrupt in one or two years. Therefore, the Legislature is requiring districts to hold in reserve until January 29, 2010 about half of the new money they will receive in the event the state would have to take the

money back. This means that LPS will have to hold in reserve about \$2 million of the new money we are to receive, and it is very likely that it will be taken away.

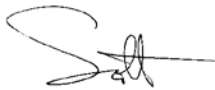
In the meantime, costs the district has little control over such as health insurance, utilities, and state required contributions to employee pension funds continue to outpace the funding we receive. The district had to make \$4 million in cuts for 2009-2010 in order to maintain a balanced budget. This is on top of the \$1.5 million in cuts made for 2008-2009 and a state-mandated, one-time cut (rescission) to our budget in March, which equaled about \$532,000. LPS has created efficiencies wherever possible, which included closing two elementary schools at the end of the 2008-2009 school year. *Combined, these cuts have equaled more than \$6 million in the past two budget years.*

We expect to receive some federal stimulus dollars for our three lowest income schools and for programs serving special education students. But, those funds must flow through the state first. At this time, we do not know when we will receive them or how we will be allowed to use them. What we do know is that the stimulus funds are essentially one-time money, as they go away in two years. Stimulus funds are helpful in the short-term but do not offer long-term solutions or allow for long-term commitments.

I have been in education for many years, and I can honestly say that these are the most financially complex and challenging times I've seen. But, I also believe that we will pull through it as a stronger community and a stronger state. Economic recovery is key to this process, and it will happen. We just don't know how long it will take. We will continue to need the voices of our larger community, our parents, and our employees as we work to influence funding solutions in the future. The continued leadership of our Board of Education will help us navigate through these challenging times.

I want to thank each of you again for your participation in this process and for all you do on behalf of the students we serve.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Murphy". The signature is stylized with a large initial "S" and a horizontal line extending to the right.

Scott Murphy  
Superintendent