

## Frequently Asked Questions

Many questions arise when dealing with a school district budget. There are several restrictions to funding sources and we hope to help explain some of the anomalies.

**What is the current fiscal situation of PUSD?** PUSD is fiscally solvent for the current 2016/17 school year. However increasing, ongoing expenditures and reduced revenue through the Local Control Funding Formula will create a funding deficit in the amount of \$16 to \$24.5 million dollars over the next two years. By addressing the challenges now, we can reduce the impact to employees and student learning environments.

**What about the state's new Proposition 55 tax?** Prop 55 extended temporary taxes on the wealthiest Californians to fund education. In the Governor's proposed budget, the effect of Prop 55 is more than offset by the more pessimistic revenue forecasts. For the first time since 2012-13, new revenues will not cover new costs for most districts.

**Why can't you use Mello-Roos money to make up the deficit?** The Mello-Roos Community Facilities Districts (CFD) were created to provide an alternate method of financing much-needed capital facilities in PUSD. Homeowners living within these CFD's pay Mello-Roos taxes, which have funded the building of new schools within the CFDs. However, there are restrictions on how these funds can be used. Mello-Roos is not part of the general fund. They cannot be used, for example, for maintenance and operations (i.e. repairs to facilities) or for supplies.

**How many employees does PUSD have and what percentage of the budget goes to fund salary/benefits and operating costs?** PUSD is a people service organization. Approximately 82% of our current operating budget funds our nearly 4,000 employees. This equates to \$308.3 million dollars. \$53.9 million of the current year's operating budget funds supplies and services.

**Why is the District implementing solar panels and are they generating money?** The solar panels are being installed as a cost savings measure, with no up-front cost to the District. The installation of the panels will set a contracted energy rate. This will generate future savings by maintaining our rates regardless of rising energy costs and usage.

**Can you sell surplus equipment in the warehouse?** District equipment and other items that have gone through the District's process and have been determined to be surplus (including items that are obsolete, no longer needed, beyond economical repair) are required to be offered for sale to the public using an auction process. This process is handled by the Purchasing Department and the auction service that is currently utilized most frequently for this purpose is [www.publicsurplus.com](http://www.publicsurplus.com). Funds generated from the sale of surplus are required to be returned to the fund from which the original purchase was made.

**How is PUSD planning to address the fiscal challenges?** PUSD is looking at a number of options. This process is still in its early stages. The District will begin by looking at retirements, attrition, and not refilling positions that are vacated. Administrators are also looking at non-payroll cuts, including trimming supplies and department operating budgets, reductions in travel and conference attendance, and restructuring some programs, which may result in reduced services. The District's Local Control Accountability Plan (LCAP) process will continue, to gather input from stakeholders on funding priorities. The District will also be meeting with union leadership to review opportunities to meet these challenges. The County Office of Education requires the District to have a plan in place to address the deficit by March 15th. So this plan will be brought before the PUSD Board of Education during its March 7, 2017 meeting.