

#TeamPUSD



News for Poway Unified School District Employees

Special Edition - PUSD Budget Update

February 1, 2017

This is an important, time-sensitive communication intended to share information about our current budget challenges. We appreciate your immediate attention and review. We want all stakeholders to be in the know as we move forward to collaboratively look at options to address PUSD's fiscal deficit. As #TeamPUSD, we are all in this together and your participation in discussions is important. We hope to equip you with the following facts.

PUSD's Budget History and Current Challenges

As an organization, Poway Unified has a long history of excellence, despite weathering the storm of the 2007-2011 recession. It was a difficult time for school districts throughout California and our organization was among those that went through extreme cuts. Everyone contributed and sacrificed, working together for the good of our District and keeping the focus on students. Beginning in 2014-15, as the state began to recover from its fiscal crisis, PUSD was finally able to begin to restore lost programs as well as salary and benefit compensation increases for employee groups. Attracting and retaining the highest quality employees is a priority for PUSD and is a commitment we continue to honor and value. Equally important to our mission is ensuring our programs for students are of the highest caliber as we work toward college and career readiness for all. We continue to be an award-winning District because of the hard work and commitment of our employees, students, and community, and our ability to provide a high level of support in the form of professional development, resources, and state-of-the-art learning environments. All of these items come at a cost.

In 2013-14 the state significantly changed the way schools are funded: PUSD is truly unique in our funding structure under this new LCFF (Local Control Funding Formula) and LCAP (Local Control Accountability Plan). Under this formula, Poway is considered a low-funded District. This means PUSD receives less money per student than most Districts in San Diego County. This presents some significant challenges to us as an organization.

The Potential Impact in Dollars

On January 10, 2017 Governor Jerry Brown released a budget proposal in which revenues did not meet previous projections. Included in the proposed budget is a reduction to school funding. While Proposition 98 still makes up the bulk of education funding, within the budget proposal there is a \$506 million reduction in the minimum guarantee to schools. The passage of Proposition 55, the extension of temporary taxes to maintain current education funding, is canceled out by the more pessimistic revenue forecasts contained in the Governor's proposal. While this proposal will be revised in the Spring after the state collects taxes, school districts are required to start budgeting based on the numbers they receive from the Governor's proposed budget.

Based on this budget proposal, PUSD projects a reduction to our overall budget by as much as \$24.5 million dollars over the next two years. That is, \$7.5 million of ongoing cuts for the 2017-18 budget and another \$17 million for 2018-19.

All of the District's adopted budgets and presentation materials are publicly located on the PUSD website at: <http://powayusd.com/en-US/Departments/Business-Support/Finance>. Explaining the details of our District's operating budget is not easy. Despite the challenge, we hope that you will take the time to review this document to help you understand the current status of PUSD's budget and the challenges that are ahead as we collaborate with all stakeholders to address our fiscal bottom line.

What makes PUSD’s Funding Structure Unique?

Before implementation of the LCFF structure in 2013-14, PUSD was funded at the average level statewide on a per pupil basis (per ADA). When LCFF was implemented, PUSD fell to far below the average in comparison on a per ADA basis (see chart below). ***Of all the Unified districts in San Diego County, PUSD receives the third lowest funding per student due to having a low unduplicated pupil percentage (UPP)***. The UPP counts students for additional funding based on these factors: low income status, foster youth status, and English Language Learner status. Districts with higher counts of students who qualify based on these factors receive more money through the LCFF. For example, if PUSD were funded at the rate of the highest district on the chart below, we would receive \$224 million more. Our students may be lower funded, but they achieve much higher than the average. From the perspective of LCFF and LCAP, we are a success.

REVENUES

Subtotal, LCFF Sources (8010-8089)		
DISTRICT	2014-2015 Unaudited Actuals	PER ADA
UNIFIED		
1 Borrego Springs Unified	\$ 5,317,317	\$ 13,385
2 Warner Unified	\$ 2,658,867	\$ 12,740
3 Mountain Empire Unified	\$ 14,856,538	\$ 10,280
4 San Diego Unified	\$ 933,818,716	\$ 8,982
5 Vista Unified	\$ 170,136,385	\$ 8,036
6 Oceanside Unified	\$ 143,956,859	\$ 7,938
7 Valley Center-Pauma Unified	\$ 29,929,503	\$ 7,568
8 Ramona Unified	\$ 39,218,916	\$ 7,244
9 Bonsall Unified	\$ 14,850,842	\$ 7,103
10 San Marcos Unified	\$ 136,795,816	\$ 6,950
11 Poway Unified	\$ 237,269,074	\$ 6,879
12 Coronado Unified	\$ 20,606,094	\$ 6,799
13 Carlsbad Unified	\$ 71,804,559	\$ 6,776

In addition to the low LCFF funding, money previously slated as “Categoricals” was cut and rolled into the District’s LCFF allocation. This allocation is supposed to cover big expense items such as: class size reduction, textbooks, Economic Impact Aid (EIA), and deferred maintenance. Basically, the state has determined that most of a school district’s operating budget needs to fit within the LCFF. Additionally, items that were previously suspended have now been added back as requirements. No new funding has been provided, just the restored mandate. The District is currently suing the state to try to recover these monies, about \$2.3 million. The District is also dealing with soaring costs that are beyond our control, including class size reductions, increased needs and enrollment in special education, facility and infrastructure improvements, as well as rising employer contributions for retirement. Many of these are also new requirements without any new funding.

It’s important to note that PUSD has engaged in significant efforts over the past few years to implement programs and resources designed to increase efficiency and reduce operational costs. These include but are not limited to: transportation, maintenance and operations, facilities, risk management, professional development, curriculum development, energy management and more. Our review of operating costs is always ongoing, as we work to maximize the opportunities within our major departments for savings.

PUSD's Fiscal Bottom Line:

2017-18 Projected Budget General Fund / Combined		III
DESCRIPTION	Combined	
A. REVENUES		
LCFF	283,986,914	
Federal Revenues	9,168,247	
Other State Revenues	41,178,373	
Other Local Revenues	11,018,870	
TOTAL REVENUES	345,352,404	

B. EXPENDITURES	
Certificated Salaries	162,952,701
Classified Salaries	59,434,729
Employee Benefits	95,345,032
Books and Supplies	11,524,336
Services and Other Operating Expenditures	35,676,689
Capital Outlay	3,271,016
Other Outgo	7100-7299 & 5,017,115
Direct Support / Indirect Costs	(443,218)
EXPENDITURES before cuts	372,778,400
Proposed reductions in 2017-18	(7,500,000)
TOTAL EXPENDITURES	365,278,400

2018-19 Projected Budget General Fund / Combined		III
DESCRIPTION	Combined	
A. REVENUES		
LCFF	290,315,856	
Federal Revenues	9,168,247	
Other State Revenues	39,959,278	
Other Local Revenues	11,000,948	
TOTAL REVENUES	350,444,329	

B. EXPENDITURES	
Certificated Salaries	165,472,701
Classified Salaries	60,364,729
Employee Benefits	102,495,527
Books and Supplies	12,178,844
Services and Other Operating Expenditures	36,576,689
Capital Outlay	3,271,016
Other Outgo	7100-7299 & 4,461,692
Direct Support / Indirect Costs	(443,218)
EXPENDITURES before cuts	384,377,980
Proposed reductions in 2017-18	(7,500,000)
Proposed reductions in 2018-19	(17,050,000)
TOTAL EXPENDITURES after cuts	359,827,980

As reviewed at the January 31, 2017 Board meeting, the District's monthly budget revisions confirmed that if nothing else changes, **the District will need to cut \$7.5 million in 2017-18 and an additional \$17 million in 2018-19 in order to balance the budget.**

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.

We continue to appreciate the collaborative relationships we have with PUSD's employee organizations as we work together toward our overall goal of developing a plan of action that addresses our fiscal deficit, protects, preserves, and acknowledges the hard-working effort of our employees, and honors and maintains the success of our Poway Unified School District students.

Go [here](#) for FAQs and more information or you can email PUSDBudget@powayusd.com with suggestions or questions