

Poway Unified School District
Superintendent Donald A. Phillips, Ed.D.

December, 2008

RE: Facing Uncertain Economic Times

Dear Staff,

Daily, we hear economic concerns from around the world. Forecasters have now declared that we are in a recession that is likely to be deep and long in duration. As a result, growth in local property taxes has softened and California income and sales tax revenues are down significantly. Estimates of the state shortfall are predicted to reach nearly \$28 billion over the next 18 months.

The Governor's Response

As a result, the Governor has estimated that reductions of approximately \$350 per student will be needed from K-12 education to balance this year's state budget. For Poway, this would mean about \$11 million in cuts, on top of the approximately \$10 million in reductions we already made this year. He has also called for tax revenue increases to balance the budget. Without increased revenue, the cuts to education would be approximately \$750 per student. Other proposals for midyear cuts have also come forward that recommend smaller cuts to K-12 education, but all proposals call for midyear cuts to 2008-09 school district budgets.

The Governor has called a second emergency session to address the state's fiscal crisis, after the first session in November failed to reach resolution. Reaching a compromise solution in this second emergency session will likely continue to be very difficult, given the ideological split in the legislature regarding increasing revenues, cost-cutting priorities, and flexibility over state categorical carryover and current programs.

We anticipate, even with midyear cuts for 2008-09, that the Governor's January budget proposal will require reductions for the 2009-2010 school budget. When the Governor's January budget proposal is released, we may be forced to take steps this year to reduce operational costs immediately. What we don't know is how deep these cuts will go or how much flexibility we will have at the local level to reprioritize categorical funding to better support our educational commitment to each and every student.

PUSD Efforts at the State Level

In preparation for the uncertainty we face, we are working at both the state and district levels to impact the final plan and prepare as best we can for the budget reductions that will follow, even in the best of scenarios. At the state level, we are coordinating our efforts with key opinion makers who are most likely to influence the final decisions. School Services of California, headed by CEO Ron Bennett, is heading efforts to lessen the cuts proposed by the Governor and to support local flexibility. The California Association of Suburban School Districts, through the work of our legislative advocate, Jeff Frost, is sending the same message in conversations with the Governor's office and key legislative members.

I have been asked by the Executive Director of the California State Board of Education to serve on a superintendent's advisory committee to the State Board of Education to explore ways to expedite waivers and create greater local control. Last week, I spoke at a statewide superintendent's meeting in San Diego, sponsored by the Association of California School Administrators, to discuss the devastating nature of the cuts

on our school system and the need for greater revenues and flexibility. As part of the dialogue, there was general consensus to push for a lower voter threshold for local parcel taxes that can support ongoing operating costs. I have also directly talked with Paul Navarro, the Deputy Legislative Secretary for the Governor, regarding the impact of the cuts on our school district and the need for greater categorical flexibility.

PUSD Efforts at the Local Level

At the district level, we are meeting regularly with PFT, CSEA, SEIU, and APSM to keep everyone on the same page regarding the state financial crisis and to discuss how best to proceed once we have a clearer picture of the scale of the reductions. Starting mid-January, I am also setting up meetings with all schools and district offices to discuss the state budget and seek input into how best to weather these most difficult financial times. In addition, I have established the Superintendents' Community Budget Advisory Committee, to include the presidents from PFT, CSEA, SEIU, and APSM, to help educate our parents and community on the budget crisis and seek their input regarding funding priorities. We will also be holding regular public discussions at Board of Education meetings to help get out the word on the severity of the cuts, their impact on our educational mission, and the work through the budget building process as outlined by State Education Code.

Measures PUSD is Currently Taking

To help better prepare for potential increased flexibility, we continue to hold categorical carryover funds and are working on building our reserves for this school year. Some projects must go forward, but others can be held until the budget picture improves. We are also reviewing all openings and, in some instances, not filling positions until we better understand the depth of the cuts. Additionally, we have chilled expenditures in many categorical funds for the 2008-09 school year. Once we better understand the size of the budget problem for this current school year and the next school year, we can move forward with a plan to provide the very best possible education, given reduced resources.

I will continue to keep you apprised of actions we are taking to help soften the impact of budget cuts on our district, share when we need to increase our voice with elected legislators, and next steps in our local budget-building process.

It saddens me that we are again having conversations around further budget cuts to public education. We should be increasing our investment in our youth. However, I also know we collectively have a fiduciary responsibility to provide the very best possible education for our students with the resources we are given. If we all work together, we have the best chance of not only softening the landing, but also making the best possible choices in these most challenging times. Your continued understanding and support are greatly appreciated.

Warm regards,

Don

Donald A. Phillips
PUSD Superintendent