

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

January 22, 2009

RE: Budget Updates

Dear Staff,

We live in extraordinary and challenging times. This week we witnessed history being made, with Barack Obama taking the oath of office as the 44th President of the United States of America. In his inaugural address, he shared that as Americans we are a great people and a great country. We have difficult hurdles to overcome and, while we will have to make sacrifices during these troubled times, we will prevail. I believe his message has meaning for our school district as well.

As is happening globally and nationally, we are experiencing an economic recession in California. These economic difficulties will require extraordinary measures to address. As a school district, we must find solutions embedded in the values and commitments that have historically set our district apart from so many other districts. We must also pursue new strategies and ways of doing business if we are to continue providing the very best possible education for our students with very limited resources. As the superintendent of our district, I have no doubt that we will manage the state's fiscal crisis better than most other school districts through our collective commitments and efforts.

So, let me now turn to the state budget picture and its impact on Poway Unified.

The Governor released his 2009-2010 budget proposal on December 31, almost ten days earlier than expected. The early release was to dramatize the financial predicament the state finds itself in for both the 2008-09 and 2009-2010 fiscal years. His proposal was also very unusual in that it proposed both midyear cuts for this school year and reductions for next school year by taking an 18-month approach to the state's fiscal situation.

For Poway Unified, the Governor's proposal would result in approximately \$9.8 million in additional reductions to the current school year budget and approximately \$4.4 million in reductions for the 2009-2010 school year. Next year, we also anticipate our fixed operating costs – including increases in health & welfare, step & column salary increases, mandated costs, energy, transportation, and opening a new school – will increase by \$8.3 million. All of these translate to a needed reduction total of approximately \$22.5 million to balance the budget. This \$22.5 million is on top of the approximately \$10 million we already cut for the 2008-2009 school year.

This represents a staggering cut to our \$260 million budget, which is already woefully underfunded by the state. What is even more troubling is that this projection does not represent a worst-case scenario. The Governor's proposal included projections for significant state revenue enhancements through increased fees, taxes, and borrowing. To date, there have not been sufficient votes in the legislature to make these revenue increases possible.

What further complicates the budget planning process is that we do not know how much flexibility we might have with categorical programs or if the proposed 175-instructional day school year could be part of a solution in closing this huge budget chasm. We agree with the Governor that there needs to be an 18-month solution,

including both current midyear cuts and reductions for next year, so we can plan as thoughtfully as possible given the extraordinary scope of the budget cuts. The longer it takes for a final budget from the state, the larger the cuts for next year become and the more uncertainty we face as we enter into the spring. In my 19 years as a superintendent, I cannot remember a time when we have faced more funding uncertainty and, at the same time, unprecedented funding cuts.

To help guide our decisions in the budget planning process, the Board took action at the January 20th Board of Education Meeting to endorse the following priorities for use of funds:

- Support college readiness initiatives and high expectations for all students.
- Focus on the classroom and instructional support systems.
- Provide a safe and orderly environment.
- Support and, wherever possible, maintain staff.
- Find ways to increase efficiency and effectiveness.

We will continue working closely with all bargaining units to explore a full range of options to address this fiscal crisis. We will continue to encourage our legislators to provide an 18-month solution ASAP and full flexibility over categorical programs. We also need to ensure that education is a high priority for any increased revenues. Our students deserve the opportunity to realize their dreams, which are dependent upon receiving a first-rate education in order to compete in a global economy and be productive members of a diverse society.

On a more personal level, I recognize that the uncertainty is most difficult for those who may lose their jobs. We are going to face many difficult choices. What I pledge to do is be transparent and forthright throughout the process and share the rationale as difficult decisions are made.

I know of no system better prepared to manage and lead in a time that will require sacrifices by all to ensure that we weather this storm in the best way possible for our students, parents, staff, and community.

I am honored to serve as your superintendent and wish I had better news to share. I constantly think and worry about how best to address our budget woes. I believe that by working together, we can find solutions where others dare not go and continue to be a leader in our community and nation as advocates for all children, providing an education that helps them reach their potential. I look forward to hearing your thoughts through email and during my site visits over the next several months.

Warm regards,
Don