

Budget Cuts Q & A

[Budget Background](#)

1. How does California pay for its schools?

When it comes to funding, Poway Unified shares a school finance system with every other California school district. Essentially, all the decisions about revenues for schools are made in the state capital or in the United States Congress.

The revenue comes from:

- taxes paid to the state and federal governments
- local property taxes
- local school bonds
- a small amount of miscellaneous local income, including developer fees
- approximately 2% from the California state lottery

With a few exceptions, the state decides the total amount, not our school board, or even the San Diego and Poway voters.

2. How is the state budget impacting education?

The Governor's budget proposal for 2008-2009 sets out a \$14.4 billion shortfall for the entire state. The Governor then declared a state of fiscal emergency, which will result in \$507 million in funding reversions from K-12 education this year. The Governor's proposal for the 2008-2009 school year calls for a reduction of \$4.4 billion to K-12 education. For Poway Unified, the proposal will translate into significantly fewer state dollars than received in the current school year.

Read more about Governor Arnold Schwarzenegger's [proposed budget for 2008-2009](#)
Read more about the state budget and education at these [State Budget Resources](#)

- [Prop 98 Primer](#)
- [California Department of Finance](#)
- [State Budget FAQs related to Education Funding](#)
- [California Legislative Analyst's Office](#)
- California School Financing – Budget and Funding – EdSource
<http://californiaschoolfinance.org/tabid/178/Default.aspx>
- [California State Assembly Budget Committee](#)
- [California State Senate Budget](#)

3. How much will PUSD have to cut from its budget?

Based upon the Governor's January proposed budget, and unavoidable regular ongoing increases to costs, including energy, health and welfare and benefits, and special education funding requirements, to name just a few, **we anticipate needing to make approximately \$15.5 million in budget reductions for the 2008-2009 school year**, from a total budget of \$260 million. This is a staggering number and represents one of the largest budget cuts since the passage of Proposition 13 in 1978. It is further compounded by the major cuts that occurred during the 2001-2002, 2002-2003, and 2003-2004 school years due to state budget reductions. We have not recovered full funding from the earlier state cuts to offset these new reductions. In effect, this is the second major blow to education funding in seven years, and it cuts deeper than the reductions from 2001 to 2004.

4. Aren't the schools in California receiving more than enough funding?

Governor Schwarzenegger's January budget proposal requires dramatic funding reductions for K-12 education. For a state that already ranks low in per-pupil spending, the challenges will become even greater. In a recently published *Education Week* report, California received a D+ in education funding. The state

dropped from 43rd to 46th in per-pupil spending, a full \$1,892 per student below the national average, adjusted for regional cost of living. California receives \$5,137 less per pupil than New York and \$5,171 less than New Jersey. In addition, Poway is considered a “low-wealth district,” which means it receives even less than the California average. The formula for revenue limit funding was determined over 25 years ago when Poway was a rural community. Although adjustments have been made by the Legislature, total allocations still have not given Poway Unified equal funding when compared with other districts in the state. **If we were funded at the national average, our district would receive approximately \$66 million in additional revenue annually.**

5. How much revenue does PUSD receive per pupil?

- **The total revenue per-pupil in PUSD for 2006-2007 was \$7,929, and in 2005-2006 it was \$7,081 per-pupil (PUSD First Interim Report 2007-2008).** When the Governor refers to revenue of \$11,000 per pupil, that is the total revenue amount, which includes funding for K-12 public education, state building projects, capital outlay, and debt service, as well as all non-school programs operated by the public schools such as adult school, education for prisoners, and child care (*EdSource* November 2004).

6. What about lottery money?

Ever since the state announced that funding would be available for schools, people thought this would generate much of school districts’ budgets. Instead, lottery funds have proven to be an unstable source of income. In 1985-1986 school districts began receiving proceeds from the state lottery. Fluctuating from a high point of \$189 per pupil Average Daily Attendance (ADA) in 1988-1989 to a low of \$79 per ADA in 1991-1992, lottery funds now comprise approximately 1.72% of the PUSD annual general fund.

7. What about Proposition C, the school bond passed by the PUSD community for improving facilities?

One program that will not be affected by the state budget cuts is our *Building for Success* program. Thanks to the recent passage of Proposition C, construction will continue at schools throughout the district. In addition, new schools are being built in the newer developments in our district with funds generated through Mello-Roos fees. The money for these capital projects is completely separate from the general fund budget. The general fund budget pays for teachers, books and supplies, and instructional programs. Facilities funds cannot be spent for general fund expenditures.

[Read more about the PUSD Budget](#)

PUSD Finance Department <http://www.powayusd.com/admin/bss/finance/>

PUSD 2007-2008 Adopted Budget <http://www.powayusd.com/admin/bss/finance/budget/>

PUSD State of the District Report <http://www.powayusd.com/news/state-district-06-07/>

[Timeline for Budget Decisions](#)

8. What are the next steps at the district level?

By California Education Code statute, we are required to prepare a balanced budget for the upcoming year and the two following school years. Given that 86% of our budget is invested in people, these reductions will take a deep toll on individual lives and impact our school system across all levels of the district. Due to the state budget shortfall, we will need to reduce teachers (increasing class sizes), management, and classified positions (reducing support services), and the overall operations budget of the district.

By California Education Code, we must notify any probationary or permanent certificated employee by March 15 if they may not have a position for the following school year. Certificated employees who receive this notice may or may not be back with us in the fall, depending upon the state budget picture, retirements, leave of absence requests, and other factors.

For classified employees, the California Education Code requires a 45-day notification prior to a layoff or reduction. This process is closely governed by the seniority system. Later this year, the district will send notices to classified employees in areas that may be reduced or eliminated. Again, as the budget

picture crystallizes and as retirements and leaves become known, we will hopefully be able to rehire laid-off or reduced staff.

We are committed to retaining as many of our hard-working and dedicated staff members as possible. Adjustments will likely need to be made in our staffing and programs well into August and September.

9. What are the next steps at the state level?

In May, the Governor will present an updated budget proposal referred to as the "May Revise." School districts will adjust their budgets to reflect those numbers. A final state budget will then be determined by the Legislature and the Governor, and the budget may change again. This could happen as early as June, but predictions are that school districts will not have a final budget from the state until October 2008. Because school districts need to adopt a final budget by June 30, we will likely have to use the May revise as the basis for the PUSD budget.

[Potential Budget Cuts for PUSD](#)

10. What are the potential budget cuts identified by PUSD?

Due to the extreme funding cuts to education proposed by the state, Poway Unified must reduce \$15.5 million from its 2008-2009 \$260 million budget. This is a staggering amount which will be felt in every school and department in our school district. We are exploring a full range of options and looking at possible solutions to mitigate the proposed state funding cuts. However, these options at best only serve as a temporary solution. The real fiscal relief will need to come from Sacramento. We understand the challenges faced by the Governor in balancing the state budget during a declining economy, but K-12 education in California is not able to absorb such a huge percentage of funding cuts, especially given that the state's education reductions of the early 2000's have not been fully restored.

Since 86% of our budget is invested in people, we will need to reduce people as well as programs. Possible reductions will include program and staff reductions from all PUSD district departments and school sites. We will need to reduce management and classified positions (reducing support services), and reducing teachers (increasing class sizes). Programs throughout the district could be impacted.

11. Why are some school sites impacted more than others?

The process of layoffs and bumping is contained in California's Education Code. Seniority and teacher credentials are the two elements that must be addressed legally. Districts have no latitude in this area, and must follow the strict rules that govern these issues. Our newer schools have hired teachers and staff more recently, and therefore are experiencing more potential layoffs. There are still possible leaves and retirements that may affect the placement of staff and teachers well into the summer of 2008.

[The Final Budget](#)

12. When Will We Know?

We may not know until October 2008. Even though school districts must submit a final budget by June 30, 2008, the state has been known to debate all summer, and sometimes it is the fall of that school year before a budget is agreed upon. This makes it extremely difficult to plan for next year, or not let people know they are at risk for layoffs and cut programs.

[Next Steps](#)

13. How can we help?

Contact Sacramento

Solutions to the budget crisis can only come from Sacramento. These elected officials are representatives of our parents, community members, employees, and students. Please let them know that the future of the students of California should be their top priority. Education is too important to receive such devastating cuts.

Legislators and the Governor need to reform the state budget so that yearly education funds are stable and adequate. Funding should be flexible so each school district can use the funds for the programs that will ensure student success. California education needs to be recognized once again as a model of excellence. We want to be accountable for the results of our students. These budget cuts are creating massive roadblocks to that goal.

Letter writing is the best way to communicate with the state legislators. Information and sample letters can be found at on the Ninth District PTA website: <http://www.ninthdistrictpta.org/>
Elected Representatives for Poway Unified
<http://powayusd.sdcoe.k12.ca.us/admin/super/messages/ElectedRepsforPUSD.pdf>

Attendance Rates Matter

One of the best ways everyone can help is by sending their children to school every day. Daily attendance boosts academic achievement for students, and it is the major source of much-needed school funding.

Because California determines the amount of income each school district receives based on a formula that includes the average number of students who attend school during the year, high attendance rates make a real difference.

Please schedule medical and dental appointments for children at the end of the school day; plan vacations during non-school days only; and make sure children go to school every day unless they are ill.

It is important to note that the rules of attendance calculations have changed from years ago. There are no longer any "excused absences" as far as funding from the state is concerned. The only way a student can be considered not absent is to be physically at school on a given day.

Did you know that if every child in PUSD attends school for just one more day during the year, funding for the school district would increase by \$1 million?

Everyone is expected to live within their budget. Why can't schools do the same?

Funding for education in California is almost completely dependent on California revenues which include property tax, sales tax, and income tax. Year to year, revenues for California fluctuate. Therefore, based on revenues, California may or may not fully fund Prop 98, which would guarantee education a basic level of funding, and is our single largest source of revenue. Voters passed Proposition 98 almost 20 years ago to ensure our students and schools receive minimum funding. They strongly reaffirmed their support for the minimum funding law in 2005. In addition to having an unstable funding source, the California budget isn't typically signed until after the school year begins. It is difficult for any school district to live within a budget they neither control nor know in advance the amount of their primary funding source. (From Ed Coalition)

Read more about [Proposition 98](#), a constitutional amendment approved by voters in November 1988 that guarantees a minimum funding level from the state and property taxes for K-14 public schools.