



**SUPERINTENDENT'S OFFICE
MEMORANDUM**

DATE: March 24, 2009

TO: Pleasanton Unified School District Employees

FROM: John Casey, Superintendent

It has come to our attention that there is a document circulating in the community called "The Real Facts Regarding the Pleasanton School District (PUSD) and the Parcel Tax."

It is an anonymous document that is inaccurate in its presentation of facts.

Consequently, we feel compelled to address some of the statements made in the "Real Facts" document.

Statement #1: "It is possible to balance the school's budget without imposing a parcel tax on Pleasanton homeowners."

Actually, this is a true statement. The District is required by law to have a balanced budget every year. The Board will approve a balanced budget for 2009/10, but with the reduced funding from the state that is projected at this time, that budget will be balanced only with significant cuts in programs and personnel.

Statement #2: "It is possible to balance the school district's budget without incurring the layoffs and program cuts that the PUSD is threatening."

At this time, we estimate that we need to make \$9.7 million in spending reductions to balance the budget over the next 15 months. The budget cannot be balanced without incurring layoffs and the elimination or reduction of programs essential to student learning and safety.

Statement #3: "The PUSD is threatening deep program cuts and layoffs as the only solution because they are determined to impose a parcel tax on Pleasanton residents no matter the cost."

A parcel tax will provide a stable and reliable funding source for programs in seven areas that are critical for our students. This tax would be in effect for four years in order that these essential programs will not continue to be at risk year after year until the state and global financial situation improves or there is significant education funding reform at the state or federal level. Also, the District knows that the solution to the current budget crisis will come through a combination of actions, including personnel and program reductions, employee "give-backs," efficiencies in operations, and possible one-time federal stimulus funding.

Statement #4: “If the PUSD gave pay raises commensurate with their revenue increase, there would be no problem at all.”

The District has not granted pay raises in excess of the revenue provided by the state. The District must balance the budget every year. Employee raises are typically granted when the District receives new ongoing money from the state in the form of a cost-of-living adjustment. Employees also receive a “step and column” increase for years of service and employee-paid educational units. The Board balances the budget every year to allow for this. Pay raises that provide people an adequate living and competitive salary schedule have not created this crisis. A history of recent cost-of-living adjustments is available on our District website (navigate to Business Services, Budget Information).

Statement #5: “To be clear, our schools are not losing funds this year.”

The budget crisis we are in is caused by the fact that the District is receiving less money this year and next to cover the ongoing cost of educating Pleasanton’s children. Our revenue limit (per pupil funding) is being decreased by \$4.2 million. In addition, funding for categorical programs will be reduced \$1.4 million, about 20% from current levels. Based on the state budget reductions, increased special education costs (mandated but not funded), the potential impact of the results of the May 19 ballot measures, the lack of guaranteed future income, and the uncertainty of the federal stimulus money, our best estimate at this time is that the District needs to be prepared to make reductions totaling \$9.7 million. As the budget picture clarifies, this number could become higher. Our responsibility is to neither overstate nor understate the issue. The organization needs to be prepared to balance the budget within these difficult and ever-changing economic times.

Statement #6: “Our District is receiving enough funds from the federal stimulus package to cover over a third of their pay increases.”

We had anticipated a one-time infusion of federal stimulus money totaling \$2.1 million, but as of this writing, there is a caution from the independent Legislative Analyst’s Office stating that it is likely that none of the stimulus money will reach the District as it will be held at the state level to address their economic challenges. Therefore, we are not counting on the benefit of federal stimulus money for our District. If we did receive any stimulus money, it would be welcome but would only address, with one-time money, less than 10% of the four-year anticipated shortfall.

Statement #7: “The PUSD could limit pay raises across-the-board to balance their budget.”

The District has eliminated across-the-board pay raises this year. Also, management employees have made financial concessions back to the District, and APT and CSEA are considering similar actions. These actions are a part of the package to balance the budget, but are not sufficient by themselves to reach that point. In past years, there have been other times when employees have received little or no COLA (this information is available on our website).

Statement #8: *“To further generate a sense of emergency they have handed out pink slip “warnings” to produce angst within our community.”*

The Board of Trustees directed staff to notify employees by March 15 as to who is in danger of being laid off for the next school year. In light of the severe financial crisis we are in, the responsible thing for the Board to do was to provide a notice of possible layoff to the number of employees required to position the District in such a way as to guarantee a balanced budget. Final notices of layoff will need to be issued no later than May 15.

Unfortunately, this budget issue is not just our District’s—it is having an effect on every public sector entity in the state and nation. The elected Board of Trustees will have to present a balanced budget to the community and will need to make the cuts necessary to do so, with the understanding that the solution to the current budget crisis will come through a combination of actions. A parcel tax could be part of the solution and is designed to provide stable and predictable funding for programs in seven areas that are critical to our students.