



PASADENA UNIFIED SCHOOL DISTRICT OFFICE OF THE SUPERINTENDENT

February 5, 2018

Dear PUSD Staff, Parents, and Community:

At the start of the school year, I explained to you that our district would have to make budget reductions in the current year and in the next two years. I would now like to inform you about the progress we've made, the challenges we face, and the path we are taking so that, together, we can emerge as a stronger school system that offers the vibrant, high quality educational programs that Pasadena Unified families seek.

The path ahead is challenging: we must simultaneously be more efficient with the resources we have and more effective in the way we spend. We must develop greater accountability for spending that makes the most of our resources. Together, we must take courageous, strong, and consequential actions that right-size our district and deliver excellent educational programs for all students.

Our district is confronting a tough fiscal reality: flat or decreasing revenue in the midst of rising costs, long-term unsustainable structures that increase spending automatically, and a higher bar for student learning and serving the greater needs of our students. We began the 2017-2018 year with a \$5.7 million deficit and \$10-12 million in anticipated cuts in the next two years.

Last summer, our district embarked on a deliberate and thoughtful process to change the way we plan and budget.

In August, the Board of Education began the shift in budget planning with a review of data and the identification of three priority focus areas: continuous improvement, socioeconomic integration/school assignment, and reducing the budget deficit for sustainability. In the same month, the Board approved Resolution 2414 with guidelines that directed staff to identify at least \$15 million in budget reductions.

We began the budget development process at schools. Teachers and school teams reviewed student data, identified priorities, and developed strategies that focused on the instructional core of their work. Central office divisions followed a similar process to develop plans for 2018-2019.

In November, the Superintendent's Budget Advisory Committee (SBAC) convened to provide involvement by a broad range of stakeholders. Made up of students, teachers, principals, employees, parent representatives, community members, and district management, the Committee reviewed plans presented by each district division. The Committee presented its

recommendations to the Board at the January 25, 2018, board meeting. The SBAC urged district leadership to take strong and consequential actions that immediately focus efforts to right-size the budget and serve students with high quality programs that maintain educational excellence for every child.

To address mid-year reductions, implement the SBAC recommendations, and develop a Fiscal Stabilization Plan required to move our fiscal certification from “negative” to “qualified” in time for the Second Interim Budget Report, the Executive and Instructional leadership teams met last month to provide suggested cuts. Principals also came together to review and provide input.

During days of intense planning, we reviewed central office administrative and management staffing. Operational division chiefs presented their budgets to us with recommended cuts. Finally, we determined site-level cuts and pulled together a list of suggested reductions that are part of the draft Fiscal Stabilization Plan that was presented to the Board of Education on February 1 for discussion.

In February, the Board of Education will take action on a Fiscal Stabilization Plan of \$6.9 million in estimated savings, reductions (including \$2.47 million in central office cuts) and new revenue for 2017-2018, and over \$12 million in reductions for the 2018-2019 school year. These reductions are detailed in the draft Fiscal Stabilization Plan that will be updated once further cuts are identified. Reductions for 2018-2019 include the implementation of staffing ratios previously negotiated with our labor partners. With these actions, we anticipate filing the district’s 2017-2018 Second Interim Report with a “qualified” certification that returns us to fiscal stability.

There is no doubt that the next few weeks will be a difficult and anxious time for some of our colleagues. The Board and I are committed to treating employees affected by these decisions with respect, dignity, and a deep and abiding gratitude for their service. To this end, on February 1, the Board adopted a retirement incentive plan that encourages eligible employees to retire early in order to reduce the need for layoffs. We are currently negotiating a Memorandum of Understanding with United Teachers of Pasadena to formally begin the process.

At the beginning of this new way of budget and planning process, I said that we would look closely at the initiatives and programs that have layered over time, and together determine a path forward that focuses on our instructional core.

We are now on track to adopting a balanced budget by June 30 that preserves the successful and effective academic programs that are the hallmark of our schools while strengthening the district’s infrastructure so that our students and schools can rise to even greater heights. We have put in place a process to prioritize the use of our limited funds, build greater accountability that aligns with the State’s goals, and continually improves the way we plan and budget.

Sincerely,



Brian O. McDonald, Ed.D.
Superintendent