



PASADENA UNIFIED SCHOOL DISTRICT OFFICE OF THE SUPERINTENDENT

April 27, 2018

Dear PUSD Community:

With only a few weeks left of the school year, I want to keep you updated on our district's progress in addressing our fiscal challenges. Our work has yielded positive results and planning is underway to make the most of our assets.

We have put into effect the Board of Education's courageous actions to right-size staffing and minimize spending. The reductions and savings of more than \$6.9 million during 2017-2018 and more than \$12 million in reductions for 2018-2019 have allowed us to replenish our district's state-mandated reserve and end the year with a balanced budget.

On a positive note, the recent agreement with union leadership on retirement incentives for teachers and lower-than-anticipated increases in health care costs mean that our district's expenses will be reduced next year. We are also exploring ways to maximize our district's capital assets as sources of additional revenue and are developing a facilities asset management plan to make the most of our properties.

Our district community has come together to put into effect difficult decisions that protect our schools' vibrant academic programs, put in place greater efficiencies, focus on right-sizing our district to match student enrollment, and retain as many of our talented and passionate teachers as possible, ensuring that their knowledge and skills continue to inspire and serve Pasadena Unified students.

There is more work ahead as we plan for 2018-2019 and beyond. Across California, large increases in pension and health care costs are expected to continue and Special Education remains underfunded despite federal mandates. Meanwhile, state funding is expected to remain flat. With the current level of state funding, our district was anticipating an \$8.1 million budget gap in 2019-2020. This will be adjusted to reflect any new revenues, increases to this year's ending balance, reductions in health insurance, and other expenses. Additional gaps are anticipated in 2020-2021.

With state revenues up, we are optimistic that the Governor's May revision of the state budget will yield additional funding for public schools so that we can address budget gaps in 2018-2019 and beyond. Voter approval of the City of Pasadena's proposed sales tax would augment funding to continue delivering excellent educational opportunities for Pasadena Unified students.

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The Los Angeles County Office of Education has affirmed our district's qualified fiscal certification of the Second Interim Report, an upgrade from the First Interim Report. We are continuing to work with the Los Angeles County Office of Education to address 2019-2020 and future budget planning, and appreciate their partnership and guidance in ensuring our district's future.

Although we have been through some tough times this year, I am proud of the way we have come together to continue propelling our district forward. We have much to celebrate: two of our elementary schools, Field and Hamilton, were named California Distinguished Schools; Marshall Fundamental won the Civic Learning Award of Excellence for its innovative civic education programs, earning a visit by the Chief Justice of the California Supreme Court. Our high school academies have been noted by the *New York Times* for their innovation. Dr. Mark Anderson of Marshall has been named the California Secondary School Principal of the Year, and Helen Hill has been named the regional Curriculum and Instruction Administrator of the Year.

Students, teachers, administrators, staff, and families have been the source of great inspiration. I am honored to be part of a team so passionately committed to making a positive impact on the lives of our students.

Sincerely,



Brian McDonald, Ed.D.
Superintendent