

May 8, 2009

Dear Prince William County Community:

Prince William County Public Schools is fortunate to have a five-year revenue sharing agreement with the county to ensure adequate funding of the Commonwealth's second-largest school division. As the School Board does each year, a presentation was made to the Board of County Supervisors (BOCS) which showed the outlaying five years based upon this funding formula and the tax guidance provided by the BOCS using current tax-rate figures. While expected revenues for PWCS are going down, the costs associated with educating 1,423 additional students next year, and other normal factors for our growing School Division, are going up.

With the county anticipating reduced revenues, the five-year projection originally presented (before the School Division knew what federal stimulus funds it would receive) showed potential deficits over the next five years as PWCS continued its rapid growth. These "deficits" are shown as a forecasted amount that PWCS will have to adjust in order to balance its budget, which is a requirement of law. Showing these realistic and accurate projections — whether they are deficits or surpluses — is a responsible planning method that has never been an issue until now. Every five-year plan remains an estimate and will change. The fact that we can forecast a potential deficit identifies what will need to be addressed to bring the budget into balance, as required by law.

Rather than unrealistically manipulate figures and pretend we don't face a deficit in the outlying years, we simply pointed out the reality of the situation, as we have done numerous times in the past. There has also been sentiment expressed by the BOCS that the School Board failed to make the "hard choices now," ostensibly meaning that we didn't eliminate enough jobs. However, isn't it optimal to create a balanced budget that saves people's jobs, even if it is for only a year or two? The economy may improve and those potential layoffs may be negated altogether. How is this not fiscally responsible?

The PWCS five-year budget projection was recently revised to reflect the addition of funds from the American Recovery and Reinvestment Act, Title I low income, and Title VI-B special education monies. Like every one of our budgets, the FY 2010 budget is balanced and reflects what was approved by the Board of County Supervisors on April 28 and then by the School Board on May 6. The federal stimulus funds provided welcome relief but still left significant cuts in place. However, the federal stimulus package is offsetting the funding reductions from the state, not county revenue, and is intended for program improvement.

Over the entire five-year period, the plan is balanced - as indicated by a positive balance of \$1.7 million in FY 2014. There are projected shortfalls in the third and fourth years but these are nonrecurring in nature and may be addressed by reducing capital projects or other nonrecurring expenses rather than by reducing a recurring cost, such as salaries or class sizes. The necessary reduction in each of these years is manageable and amounts to about 1 percent of the Operating/Debt Service budget.

Another important point to remember is that in PWCS, approximately half our budget comes from county sources. The rest comes from the Commonwealth of Virginia, with the remaining few percent coming from federal and other sources.

The School Division remains committed to fiscal responsibility, to the principles of sound financial management, and to insuring a balanced budget in any given fiscal year. We welcome and look forward to the open dialogue with the Board of County Supervisors.

Sincerely,

Milton C. Johns
Prince William County School Board Chairman-at-Large