



August 22, 2016

Faculty, Staff, Parents, and Patrons of the Ponca City Public Schools:

As we complete the first three days of school, I want to update you on the financial condition of the school district. You may remember we experienced a reduction in funding because of revenue failure experienced by the State of Oklahoma. When the fiscal year ended, the loss of revenue from state sources was \$1,284,738.00. The largest loss of revenue was in State Aid, which was cut \$892,290.00. Fortunately, we started last year with a solid fund balance (school district savings account). Using our fund balance and tightening our belt during the spring semester last year, we were able to absorb these cuts without instituting a reduction in force (layoffs) during the school year. Last spring, I met with faculty and staff throughout the district and held a community forum to discuss the effect of the revenue failure on the 2015-16 school budget, possible reductions for the 2016-17 school year, and some of the possible steps the district might take to maintain the financial stability of the school district moving forward. When we ended school last year, the Legislature was still in session. While we knew the school district would have less funding for the 2016-17 school year than we did for 2015-16 school year, we had no idea how deep the cuts would be.

While I am happy to inform you our cuts in state funding are not as deep as I feared, we are projecting a reduction in state revenue of \$354,000.00. Approximately 70% of this reduction is due to the elimination of textbook funding (\$247,382.00) for the 2016-17 school year. The budget agreement between the Legislature and the Governor took the money that traditionally had been allocated to text books and placed it in the State Aid formula in order to minimize cuts to State Aid. Thankfully, this revenue reduction was not as much as everyone anticipated. The primary reason for this is student Weighted Average Daily Membership statewide for FY16 declined significantly more than the historical average from the first nine weeks through the end of the school year.

While this is better news than we anticipated, the reality is we have \$1,639,054.00 less in revenue for the 2016-17 school year than we received for the 2014-15 school year. Sadly, this continues a trend which began in 2008-09. Since the 2008-09 school year, school districts throughout Oklahoma have had less revenue per student than they did the year before.

In a report issued last December, the Center on Budget and Public Priorities analyzed K-12 education revenue data for all 50 states. Using data for 2008-2014, the CBPP reported Oklahoma had experienced the greatest percentage (24.2%) state funding formula (State Aid) reduction in the nation, and Oklahoma had the fifth highest reduction (15.3%) in state revenue

per student. When state revenue and local revenue are combined, the reduction was 10.1%, the ninth largest in the nation. As disturbing as these number are, they do not include the funding cuts Oklahoma school districts experienced in 2014-15 and in 2015-16 or the funding cuts we have received for 2016-17. I am afraid that in addition to leading the nation in cuts to State Aid, we are quickly moving to the top in cuts to overall state funding and funding cuts when state and local revenues are combined. Click on the following link to access the report:

<http://www.cbpp.org/research/state-budget-and-tax/most-states-have-cut-school-funding-and-some-continue-cutting>

I know some of you are asking what we can do about the failure of the State of Oklahoma to properly fund its schools. Unfortunately, there is no easy answer. Over the next several months, you are going to hear more and more about State Question 779, which is a ballot initiative to raise the state sales tax one-cent for education. Revenue from this one-cent increase will be used to provide a new funding source for K-12, Career-Tech, and Higher Education. A portion of the funding K-12 education will receive if SQ 779 passes is earmarked for a pay raise for teachers, so I strongly encourage you to educate yourself about SQ 779. Here are links to two sites representing the two viewpoints on this issue:

[Yesfor779.org](http://Yesfor779.org)

<http://www.oml.org/penny-tax>

I have been asked several times what happens if SQ 779 does not pass? I don't have an answer to that question. Probably the best people to ask are those organizations and individuals that are opposed to SQ 779. My guess is if they had a better solution, it would have already been enacted by the Legislature, or it would be on the ballot this November.

Sincerely,



David Pennington, Ed.D.  
Superintendent of Schools

DP/bj