



December 19, 2019

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Ms. Linda De La Torre
Assistant Superintendent, Human Resources
San Marino Unified School District
1665 West Drive
San Marino, CA 91108

Dear Ms. De La Torre:

Thank you for allowing School Services of California Inc. (SSC) to assist the San Marino Unified School District (District) in a comprehensive Budget Review.

Scope and Methodology

The District requested that SSC perform a Budget Review, which involved analyzing each major revenue and expenditure category for the General Fund and ancillary funds (to the extent those funds have a fiscal impact on the General Fund). The review was not an audit, but was designed to give the District a fair and independent assessment of the current District finances.

The review of revenues and expenditures included:

- An examination of projected enrollment and average daily attendance (ADA)
- Review of assumptions for the Local Control Funding Formula (LCFF)
- Verification of State Budget assumptions for one-time sources and other state and categorical funds
- A review of budget assumptions for federal revenues, interest income, and other local sources
- Verification of budgeted salary and benefit amounts
- A review of budget assumptions for the expenditures of supplies, operational items, and capital outlay
- A review of fund balances and potential sources of funds
- Examination of cash flow projections and adequacy of cash balances
- Communications as needed with select District staff

In this report, we include the Budget Review findings for each major revenue and expenditure category examined. If certain budget assumptions were found not to be reasonable and the amounts are significant, budget revisions have been suggested as appropriate.

As part of this study, SSC staff also conducted a comparative analysis of revenues, expenditures, fund balance reserves, staffing ratios, and teacher salaries and benefits using our statewide databases. The analysis measures the District's level of funding, expenditures, and staffing, as well as teacher compensation, as compared to other unified school districts in the geographical area.

Budget Review

The Budget Review involved a detailed examination of the 2018–19 Unaudited Actuals report, the 2019–20 Adopted Budget, and the 2019–20 First Interim report as prepared and submitted for approval at the District's meeting of the Board of Education on December 10, 2019. This included a review of the District's multiyear projection (MYP) prepared with the 2019–20 First Interim report. We also performed a detailed analysis of the District's calculations and budget line items related to the LCFF. For the purpose of reviewing the LCFF entitlement, our analysis was focused on the 2019–20 First Interim report version of the LCFF calculations.

SSC staff also analyzed the District's budget reports in previous fiscal years (2016–17, 2017–18, and 2018–19), as compared to the Unaudited Actuals in each of those years, to determine and analyze historical budget trends.

The main focus during this review was on the unrestricted General Fund as an indicator of fiscal solvency and the availability of discretionary resources that can be used by the Board of Education for any educational purpose.

Budget Monitoring

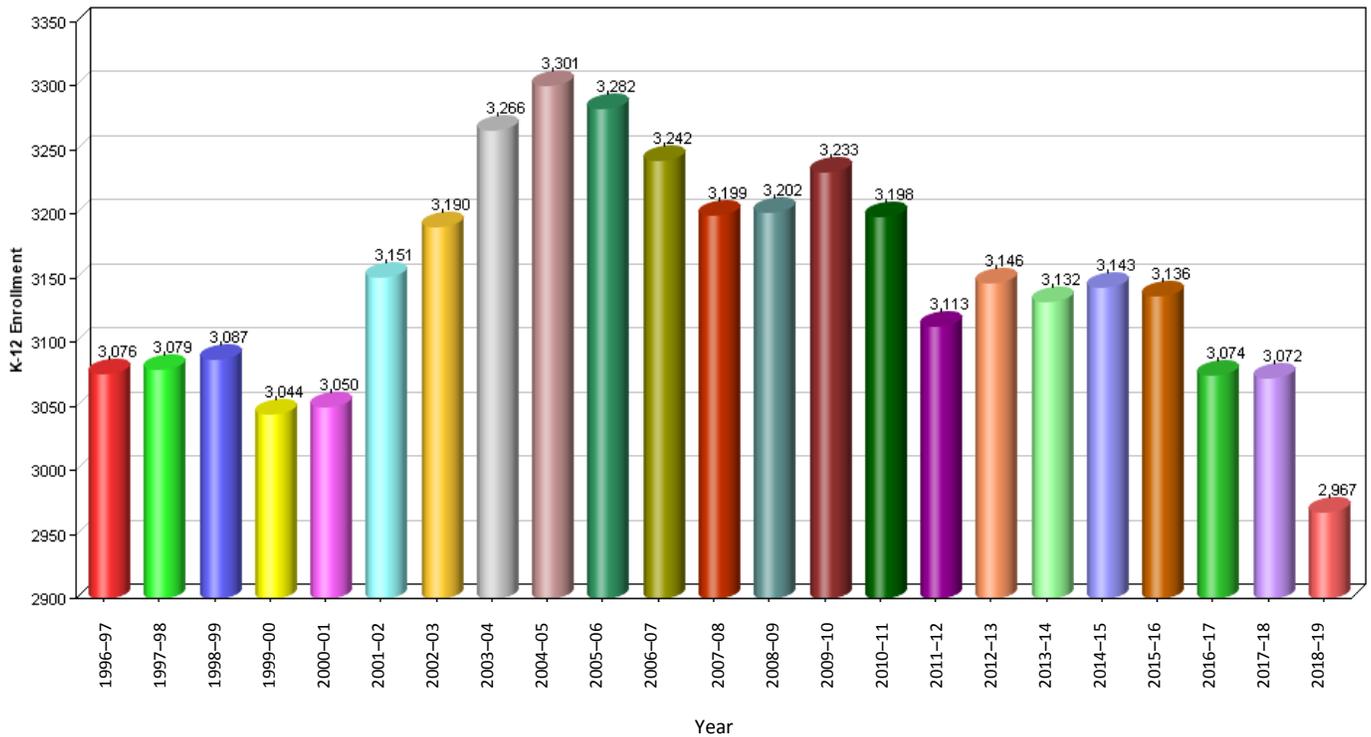
A budget is not a static document. Changes to revenues and expenditures occur throughout the budget cycle due to state-influenced factors—both positive and negative—and local factors based on board priorities, staffing needs, program changes, unforeseen circumstances, and more. In addition to the state-required Adopted Budget each year, the District is required to update its budget at the state-determined intervals during the year: the First Interim report, the Second Interim report, and Estimated Actuals with the next year's Adopted Budget.

Based upon our review of the District's budgets that were provided for 2016–17, 2017–18, and 2018–19, most of the major object code amounts for all of the reporting periods indicate that budget revisions were made during the year. There were significant variances in a few of the major object code categories as the District closed its books. These variances are discussed further in the following sections of this report.

Enrollment and ADA

Enrollment projections form the basis for most school district revenues and expenditures— enrollment drives ADA, unduplicated pupil counts, and staffing, primarily. Since the student enrollment peak of 3,301 in 2004–05, the District’s enrollment has fluctuated, with an overall decline of just over 10% by 2018–19 to 2,967.

Figure 1: San Marino Unified School District K-12 Enrollment



Source: DataQuest on the California Department of Education (CDE) website

Figure 2 displays the District’s enrollment, ADA, and ADA-to-enrollment ratio for the previous three years.

Figure 2: Prior Year Enrollment and ADA

	2016–17	2017–18	2018–19
Enrollment	3,074	3,072	2,967
Actual ADA*	3,004	2,986	2,900
ADA Change from Prior Year		(18)	(86)
ADA-to-Enrollment Ratio	97.72%	97.20%	97.74%

Source: District Standardized Account Code Structure (SACS) reports and additional financial data

*LCFF-funded ADA is the actual ADA for the prior year when declining

The District is projecting a continued decline in enrollment and ADA, as reflected in the District’s 2019–20 First Interim report and illustrated in figure 3.

Figure 3: Projected Enrollment and ADA

	2019–20	2020–21	2021–22
Enrollment	2,916	2,869	2,808
Actual ADA*	2,833	2,788	2,728
ADA Change From Prior Year	(67)	(45)	(60)
ADA-to-Enrollment Ratio	97.15%	97.18%	97.15%

Source: District SACS reports

*LCFF-funded ADA is the actual ADA for the prior year when declining

Declining or even flat enrollment places pressure on school districts to reduce expenditures each year. Typically, a district with declining or flat enrollment is unable to reduce expenditures quickly enough to keep pace with the drop in revenues based on enrollment and ADA, and/or the automatic increases in costs. This is why most districts have the choice of using current-year or prior-year ADA for the bulk of their state funding, which in essence provides an additional year for a district declining in enrollment (and ADA) to adjust expenditures downward. Even with this one-year hold harmless for revenues, school districts in declining enrollment are required to eliminate other staff and programs that are not related to the enrollment decline in order to balance their budgets and stay solvent.

Revenues

The District’s LCFF revenue estimate, prepared using the template provided by the Los Angeles County Office of Education (LACOE), appears to take into account the changes that influence the LCFF calculation for the District. We believe the LCFF revenue calculations are reasonable based on the assumptions provided by LACOE at the time of preparing the 2019–20 First Interim report.

Figure 4 shows the actual LCFF revenue in the prior year and the projected revenues in the 2019–20 First Interim report.

Figure 4: Actual and Projected LCFF Revenues

	2018–19 Unaudited Actuals	2019–20 Budget	2020–21 Projected	2021–22 Projected
LCFF Revenue	\$26,167,032	\$26,283,696	\$26,312,460	\$26,575,894
Change from Prior Year		\$116,664	\$28,764	\$263,434
% Increase/(Decrease) from Prior Year		0.4%	0.1%	1.0%

Source: District SACS reports and LCFF calculations

Note that the District's overall LCFF revenue growth is projected to slow down significantly, as the LCFF was fully implemented in 2018–19 and the projected growth in future years reflects the low cost-of-living adjustments (COLAs) estimated by the state as well as the District's declining enrollment and ADA. Further, there are constraints related to LCFF revenues that must be considered in budgeting for the current and future fiscal years, as follows:

- There are requirements under the LCFF that the District must plan to meet when budgeting expenditures. The District is required to show that it is providing increased or improved services for its unduplicated pupils above what is provided to all students. Unduplicated pupils are classified as English learners, foster youth, or students who are eligible for the free or reduced-price meals program. The calculation is the average of a three-year percentage for the District; the unduplicated pupil percentage (UPP) is estimated at 15.33% in 2019–20 for a three-year average of 16.27%. State statutes and regulations require that the proportion of funding a school district receives as a result of the percentage of unduplicated pupils enrolled is accounted for in the district's Local Control and Accountability Plan (LCAP). Therefore, the District must recognize that a proportional share of the revenues received through the LCFF must be used to provide increased or improved services targeted to meet the needs of eligible students and should be taken into account during budget preparation and planning whenever the District is considering its future expenditure commitments. Based on the LCFF calculations, of the \$26.3 million in LCFF revenues anticipated for 2019–20, approximately 3%, or \$822,341, is the share of revenues that should be used to provide increased or improved services for the eligible students above that provided for all students.
- Grades K–3 class size reduction funding is implicitly included in school district LCFF targets through an \$801 per ADA grade span adjustment. In order to retain these funds, all districts must maintain their transitional kindergarten–3 average class size by school site at a maximum of 24 starting with the full implementation of the LCFF in 2018–19 and beyond. The only exception is in the case of a local collective bargaining agreement that specifies otherwise. The District's agreement with the San Marino Teachers Association does not contain alternative class size language, so the District is required to comply with the requirement for an average class size across each school site of a maximum of 24 for these grade levels. If the District does not comply at even one school site it could lose all of the grade span adjustment funds district-wide, a total of \$590,039 in 2019–20.

At the time of the enacted 2019–20 State Budget the COLA for 2020–21 was estimated to be 3%, which was reflected in the LACOE-recommended budget assumptions for school districts' 2019–20 First Interim reports. Subsequent to the enactment of the 2019–20 State Budget, the Legislative Analyst's Office released its *Fiscal Outlook* for the state of California, which included a revised estimate of the statutory COLA for 2020–21 downward from 3.00% to 1.79%. While this is still an estimate, the District should exercise caution in its financial decisions since its MYPs are likely to be impacted by a lower COLA starting in 2020–21. The 2020–21 Governor's Budget, to be

released in January 2020, will provide an updated estimate of the COLAs for 2020–21 and beyond, which the District should plan to use when it prepares its 2019–20 Second Interim report.

The state provides Lottery funding in two distinct revenue streams. One revenue stream, which is estimated by the state at \$153 per ADA, is provided to local educational agencies (LEAs) as unrestricted funds that can be used for any educational purpose. The second revenue stream, which is estimated by the state at \$54 per ADA, is provided to LEAs as restricted funds and must be used for the purchase of instructional materials as defined by Education Code Section 60010. The District’s estimates for Lottery revenues in the budget and MYP appear reasonable.

The final State Budget for 2018–19 included \$184 per ADA in one-time discretionary funds that were applied to outstanding prior year state-mandated cost claims. The District has appropriately removed these one-time revenues from its 2019–20 budget and the out years of the MYP.

The District is fortunate to have substantial community support, from which there are several sources of significant revenues to support its educational programs and support services, as follows:

Figure 5

Source	2019–20 Budget	2020–21 Projected	2021–22 Projected
San Marino Schools Foundation	\$2,000,000	\$2,000,000	\$2,000,000
Measure E Parcel Tax (expires 6/30/21)	\$4,073,918	\$4,196,136	\$4,196,136
Measure R Parcel Tax (expires 6/30/25)	\$1,565,016	\$1,611,966	\$1,660,325

Most of the revenues from these sources fund permanent employee positions, such as teachers, counselors, and instructional support positions. Measure R was just renewed in February 2019, and the District will begin planning in 2020 for the renewal of Measure E before it expires. Depending on the timing of the parcel tax election, the District may need to issue layoff notices related to the funding source before the election occurs.

Expenditures

In the review of unrestricted salary and benefit expenses as compared to unrestricted total expenditures estimated for 2019–20, the District is estimated to commit 89% of all expenditures on salary and benefits, as compared to 87%—the latest statewide average of all unified school districts in the state. The District’s commitment to personnel expenditures leaves only 11% for all other expenditures. Expenditures for salaries and benefits will continue to grow due to step and column movement, unfunded special education costs, and the increase in the employer contribution rates for the California State Teachers’ Retirement System (CalSTRS) and the California Public Employees’ Retirement System (CalPERS).

Figure 6 illustrates the District’s actual and projected expenditures for salaries and benefits.

Figure 6: Unrestricted General Fund Salaries and Benefits

	2018-19 Unaudited	2019-20 Budget	2020-21 Projected	2021-22 Projected
Certificated Salaries	\$14,298,422	\$14,809,016	\$13,661,716	\$13,199,716
Classified Salaries	\$5,401,136	\$5,410,074	\$5,009,074	\$4,779,574
Employee Benefits	\$6,364,253	\$6,821,290	\$6,828,411	\$6,784,145
Total	\$26,063,811	\$27,040,380	\$25,499,201	\$24,763,435
% of Total Unrestricted General Fund Expenditures	87%	89%	89%	88%

Source: District SACS reports

The District is planning net increases from 2018–19 for employee salaries and benefits in 2019–20, reflecting increased costs due to step and column movement, longevity, higher District health benefit contributions, and higher employer contributions to CalSTRS and CalPERS. The District has included potential staffing reductions in the MYP for 2020–21 and 2021–22 as follows:

Figure 7

	2020–21 Projected		2021–22 Projected	
	FTE* Reduction	Amount	FTE Reduction	Amount
Certificated Salaries	14.8	\$1,377,300	7.8	\$692,000
Classified Salaries	10.5	\$521,000	6.5	\$349,500
Employee Benefits	(above)	\$672,841	(above)	\$358,323
Total	25.3	\$2,571,141	14.3	\$1,399,823

Source: District SACS reports

*Full-time equivalent (FTE)

The District has in place a scaled soft cap for the District’s contribution to employee health benefits for the HMO plan options and a scaled hard cap for employee health benefits for the PPO plan options. A soft cap minimizes the increase in employer costs because the increase is held to a fixed percentage growth from the previous year’s cap, while the hard cap eliminates increases in employer costs. A cap on the District’s contribution to health benefits is a way to incentivize employees to make more prudent health care decisions, as employees are sharing the cost of the premium increases. We recommend that the District continue the sharing of cost-savings ideas through the existing health benefits committee, which can result in reduced premium costs, or at least premium increase mitigation, which helps all parties in the long run. This could be a good strategy for addressing the rising cost of health care premiums being borne by both the District and its employees.

The District has included an increase in the health benefits cap for 2019–20, with no further

increases in the District's contribution to health benefits projected in the MYP for 2020–21 or 2021–22. Since the District's contributions for employee health maintenance organization (HMO) plan premiums are based upon set percentages of the premiums, which historically have been increasing and are anticipated to continue to increase, we recommend that the District include an increase in the contribution amount per employee for the HMO plans, as well as for the dental and vision plans, in the out years of the MYP with the 2019–20 Second Interim report.

The District provides other postemployment benefits (OPEB) for employees who retire and meet certain criteria. These qualifying retirees pay the premiums similar to those charged for the District's active employees, which results in an implicit rate subsidy and the accumulation of a future liability. The District's latest actuarial study calculated the actuarial accrued OPEB liability as of June 30, 2019, to be just under \$1.3 million. We recommend that school districts, to the extent possible, set aside funds to ameliorate this growing liability, preferably in an irrevocable trust. The District has indeed adopted this best practice and has accumulated approximately \$830,000 in an irrevocable trust, which offsets the estimated liability and results in a net unfunded liability of approximately \$440,000. The District should continue to set aside funds as feasible in order to offset the remaining liability.

The District has included in its 2019–20 expenditure budget the currently known increases in the employer contribution rates for CalSTRS, which increased by 0.82% to 17.10%, and CalPERS, which increased by 1.659% to 19.721%, and has appropriately planned for continued increases in the MYP.

In comparing the prior-year Second Interim reports to the Unaudited Actuals reports, following are the variances in the major object codes of expenditure:

Figure 8: Comparison of Unrestricted General Fund Expenditures: Second Interim to Unaudited Actuals

Major Object Code/Year	Second Interim	Unaudited Actuals	Increase/ (Decrease)	%
Certificated Salaries				
2016-17	\$14,327,746	\$14,077,609	\$(250,137)	-1.7%
2017-18	\$14,285,003	\$14,168,186	\$(116,817)	-0.8%
2018-19	\$14,402,942	\$14,298,422	\$(104,520)	-0.7%
Classified Salaries				
2016-17	\$5,337,908	\$5,193,076	\$(144,832)	-2.7%
2017-18	\$5,334,163	\$5,236,093	\$(98,070)	-1.8%
2018-19	\$5,493,229	\$5,401,136	\$(92,093)	-1.7%
Employee Benefits				
2016-17	\$6,486,480	\$6,599,759	\$113,279	1.7%
2017-18	\$6,112,528	\$6,138,707	\$26,179	0.4%
2018-19	\$6,517,711	\$6,364,253	\$(153,458)	-2.4%
Books and Supplies				
2016-17	\$1,027,989	\$826,482	\$(201,507)	-19.6%
2017-18	\$839,366	\$485,564	\$(353,802)	-42.2%
2018-19	\$865,178	\$407,104	\$(458,074)	-52.9%
Services and Other Operating Expenditures				
2016-17	\$2,792,030	\$2,707,332	\$(84,698)	-3.0%
2017-18	\$2,486,372	\$2,998,172	\$511,800	20.6%
2018-19	\$3,176,260	\$3,110,793	\$(65,467)	-2.1%
Capital Outlay				
2016-17	\$498,107	\$450,208	\$(47,899)	-9.6%
2017-18	\$563,986	\$358,326	\$(205,660)	-36.5%
2018-19	\$461,228	\$212,588	\$(248,640)	-53.9%
Other Outgo				
2016-17	\$75,500	\$75,483	\$(17)	0.0%
2017-18	\$477,995	\$465,766	\$(12,229)	-2.6%
2018-19	\$435,175	\$429,740	\$(5,435)	-1.2%
Indirect/Direct Support				
2016-17	\$(64,407)	\$(85,972)	\$(21,565)	33.5%
2017-18	\$(78,287)	\$(89,742)	\$(11,455)	14.6%
2018-19	\$(95,550)	\$(124,281)	\$(28,731)	30.1%

Source: District SACS reports

Variances between the Second Interim report and the Unaudited Actuals will always occur, as there are five months from the time frame of the Second Interim report (January 31) to the end of the fiscal year, and there are many moving parts in a school district budget.

As can be seen above, the expenditures for salaries and benefits reflect variances ranging from a decrease of 2.7% to an increase of 1.7%. Since these expenditures comprise 89% of the District's unrestricted General Fund budget, even minor variances can have a significant impact. The District should ensure that its position control system is managed with fidelity, reflects the most current staffing costs, and is used to regularly update the budget.

Most districts begin each fiscal year with unfilled positions and employees come and go during the year. Despite best efforts, those positions remain unfilled while applicants are screened and interviewed. These unfilled positions result in vacancy savings, which create a savings to the district's bottom line. The amount of vacancy savings can vary greatly from year to year as the factors that generate vacancies can significantly change. Currently, the District plans for the full cost of salaries and benefits in the Adopted Budget and adjusts its projections at each reporting period for the rest of the year. Given that the Adopted Budget includes the full cost of salaries and benefits, it's conceivable that the District will recognize vacancy savings between this point and the end of the fiscal year. The District should review the vacancy savings based on historical trends and vacancies and consider including a factor in the Adopted Budget and amortizing the cost all the way through the Second Interim reporting period.

Variances are not unusual in the areas of Books and Supplies, Services and Other Operating Expenditures, Capital Outlay, Other Outgo, and Direct/Indirect Support, as department, program, and school site budgets across the District are not fully expended by the time the books are closed. To minimize these variances, we recommend that, when preparing the Second Interim report each year, the District conduct an analysis of these expenditure budgets and determine an amount for each major object code that is expected not to be spent. These amounts can be set up as negative line items in the budget and will allow the District to more closely estimate its General Fund ending balance for the year.

In the non-personnel expenditure areas above, there is one instance of a positive variance, which is 20.6% in the Services and Other Operating Expenditures category during 2017–18. This reflects unbudgeted costs in some department, program, and/or school site expenditure budgets. It appears, based upon the budget for the following years, the District identified why this positive variance occurred and has revised its budgeting practices appropriately.

Contributions

Contributions to restricted programs consist of support for some of the District’s special programs that are required by law and are not sufficiently funded by the federal or state governments. School districts across the state make significant local contributions to their special education programs as needed to support services to those students. Also, most school districts are required to contribute a minimum amount each year to the Routine Restricted Maintenance Account (RRMA) for a certain number of years for maintaining facilities that were funded by the state’s School Facility Program.

Figure 9 illustrates the District’s actual contributions in prior years as well as the projections for contributions included in the budget and MYP.

Figure 9: Contributions to Restricted Programs and Transportation—Actuals and Projections

	2016–17 Unaudited Actuals	2017–18 Unaudited Actuals	2018–19 Unaudited Actuals	2019–20 Budget	2020–21 Projected	2021–22 Projected
Special Education	\$3,974,180	\$4,051,201	\$4,557,163	\$5,308,463	\$5,376,463	\$5,444,463
RRMA	\$1,510,539	\$1,667,295	\$1,583,606	\$1,643,769	\$1,655,769	\$1,667,769
Emergency Supplies Program	\$25,308	\$0	\$0	\$0	\$0	\$0
Special Education Transportation*	\$92,884	\$155,534	\$184,050	\$0	\$0	\$0
Total	\$5,602,911	\$5,874,030	\$6,324,819	\$6,952,232	\$7,032,232	\$7,112,232
% Increase/(Decrease) from Prior Year		5%	8%	10%	1%	1%

Source: District SACS reports and additional financial data

*Included in special education starting in 2019–20

When a school district receives funding for facilities from the state School Facility Program there is a requirement to contribute at least 3% of total General Fund expenditures and Other Financing Uses to the RRMA for 20 years in order to maintain the facilities. The District’s 2019–20 First Interim report includes an RRMA contribution of 3.63%, which is higher than required. The District could consider reducing the contribution accordingly, but in doing so it should evaluate the level of funding required to appropriately maintain its facilities.

Figure 9 also illustrates the percentage increase each year for the total contributions to these programs, driven primarily by the special education program. A deeper analysis of special education expenditures indicates that the most significant increase has been in the category of

Services and Other Operating Expenditures, which includes legal fees, nonpublic agency contracts, and nonpublic school tuition.

Total contributions to restricted programs are projected to increase by 10% in 2019–20 but remain relatively flat in the subsequent years of the MYP. Normally one would expect contributions to continue to increase on the natural—staff members in these programs receive step and column increases, health benefit premiums increase each year, and CalPERS and CalSTRS contributions increase each year. We recommend that the District closely monitor staffing and expenditures in these programs throughout the year to ensure that there are savings in these programs to offset the automatically increasing costs.

Increasing special education contributions are commonly found among California school districts, as the program is significantly underfunded and expenditures such as salaries and benefits increase on the natural. Further, the number of students with disabilities as a percentage of the District's population has in recent history has been approximately 8%–9% of the total student population. When looking at the types of disabilities, the number of students diagnosed with autism has increased, which requires a higher level of service than for most other disabilities.

We understand that the District has engaged a consultant to review its special education programs and services, and that staff development is being provided to support a Multi-Tiered System of Supports in order to provide interventions in the general education program and potentially reduce referrals to special education.

Certificates of Participation

Certificates of Participation (COPs) are a form of debt issued to finance a facilities project in the District. Annual payments are required to be made by the District in the amount of \$412,775 in 2019–20 and in 2020–21, increasing to \$466,400 in 2021–22. Debt service payments are currently scheduled through 2041–42. While the obligation for this debt is incumbent on the General Fund, a private donor is contributing funds to satisfy the debt obligation through 2020–21. Thereafter, the District will be obligated to fund the debt service unless another funding source is secured. The District has placed a local General Obligation bond on the ballot for the March 3, 2020 election, which can provide a source to pay off the COP debt.

Other Funds

The Cafeteria Fund (Fund 13) appears to bear the cost of all direct and indirect costs. This fund reflects deficit spending in both 2018–19 and 2019–20, but has not yet required a contribution from the General Fund due to sufficient reserves. Continued deficit spending at the current level will exhaust the Cafeteria Fund reserves in 2020–21 and a contribution from the General Fund will

be required. It is important to ensure this fund remains self-sufficient, including all direct and indirect costs, by ameliorating the deficit spending in time to ensure that sufficient reserves remain in order to avoid an impact to the General Fund.

The Deferred Maintenance Fund (Fund 14) reflects deficit spending of approximately \$185,000 in 2018–19 and \$56,000 in 2019–20, leaving an estimated ending balance of approximately \$400,000 for deferred maintenance projects. We recommend that, as the balance in this fund continues to be depleted, the District consider establishing an amount of funding to be transferred to this fund from General Fund resources each year in order to ensure that funds remain available for deferred maintenance projects as needed.

The Special Reserve Fund for Other Than Capital Outlay Projects (Fund 17) reflects primarily a transfer of \$1,328,706 in 2019–20 to the General Fund: \$9,963 to offset health benefit premium increases and the balance to offset General Fund deficit spending. Expenditure of the funds in this account occurred over several years and was a conscious decision by the District to preserve the existing instructional programs for as long as fiscally possible. This leaves a zero balance at the end of 2019–20, and we recommend that the District follow the formal procedures to close out this fund.

The District does not anticipate that any of its other funds will require a contribution from the General Fund in order to remain solvent.

Reserves

Based upon the District’s ADA, the state-established minimum reserve level is 3% of total expenditures and other financing uses. There are many reasons why school districts in California should maintain reserves much higher than the state-required minimum—volatility in state revenues, declining enrollment, carryover of unspent LCAP funds, and many other reasons. The purpose of adequate reserves is to ensure that, as the District’s financial situation changes, the disruptions to programs and services are minimized. During lean times, such as the Great Recession, districts throughout the state relied on their fund balance to continue operating programs and minimize the impact on school sites.

The beginning fund balance is the ending fund balance of the previous fiscal year. Figure 10 reflects the District’s fund balance according to the 2018–19 Unaudited Actuals and the 2019–20 First Interim budget and MYP.

Figure 10: Unrestricted General Fund

	2018–19 Unaudited Actuals	2019–20 Budget	2020–21 Projected	2021–22 Projected
Beginning Fund Balance	\$1,575,406	\$2,421,145	\$1,652,779	\$1,409,742
Revenues	\$37,101,765	\$36,673,270	\$35,591,331	\$35,445,736
Expenditures	\$(30,115,256)	\$(30,489,404)	\$(28,802,136)	\$(28,116,995)
Contributions to Restricted Programs	\$(6,140,771)	\$(6,952,232)	\$(7,032,232)	\$(7,112,232)
Surplus/(Deficit)	\$845,738	\$(768,366)	\$(243,037)	\$216,509
Assigned/Unassigned Ending Fund Balance*	\$2,318,005	\$1,549,640	\$1,306,603	\$1,523,112
% Assigned/Unassigned (of total General Fund Expenditures)	5.5%	3.4%	3.1%	3.6%

Source: District SACS Reports

*Ending fund balance less committed and \$103,139 non-spendable

As can be seen above, the District is estimated to deficit spend in 2019–20 and 2020–21 but generates a surplus in 2021–22 only, as recommended reductions are completed in each projection year. Meanwhile, the District’s unrestricted reserves decline significantly during the three years. The District had set aside additional reserves in the Special Reserve Fund for Other Than Capital Outlay Projects (Fund 17) and has transferred those reserves to the General Fund in order to ameliorate the deficit spending in recent years. These were one-time funds used to temporarily sustain an ongoing expense. As discussed in the Other Funds section of this report, Fund 17 will be depleted by the end of the current year.

For unified school districts across the state in 2017–18, the latest statewide data available, the average level of reserves was nearly 16%. The Government Finance Officers’ Association, a national organization, recommends a minimum reserve level of 17%, or two months’ expenditures, for all school districts, as does the CDE. As a best practice, all school districts in California should set aside more than the state-required minimum reserve. The District has implemented this best practice, as it has a Board Policy to maintain more than its minimum reserve level of 3%. The following is an excerpt from the District’s Board Policy 3100—Business and Noninstructional Operations:

To protect the District against unforeseen circumstances such as revenue shortfalls and unanticipated expenditures, the Board intends to maintain a minimum unassigned fund balance which includes a reserve for economic uncertainties equal to at least 5 percent of total general fund operating expenditures and other financing uses.

If the unassigned fund balance falls below this level due to an emergency situation, unexpected expenditures, or revenue shortfalls the Board shall develop a plan to recover the fund balance at a minimal rate of 1% each year. This may include dedicating new unrestricted revenues, reducing expenditures, and/or increasing revenues or pursuing other funding sources.

The above projections assume that approximately \$2.6 million in ongoing reductions will be made in 2020–21 and an additional \$1.4 million in ongoing reductions will be made in 2021–22, as outlined in the Expenditures section of this report. What follows is an MYP that we prepared without the reductions starting in 2020–21, as the Board of Education has not yet taken formal action to implement them, in order to get a clearer picture of the District’s financial status on the natural. Figure 11 illustrates the District’s financial scenario without the expenditure reductions.

Figure 11: Unrestricted General Fund MYP without Budget Reductions

	2019–20 Budget	2020–21 Projected	2021–22 Projected
Beginning Fund Balance	\$2,421,145	\$1,652,779	\$(1,161,399)
Revenues	\$36,673,270	\$35,591,331	\$35,445,736
Expenditures	\$(30,489,404)	\$(28,802,136)	\$(28,116,995)
Contributions to Restricted Programs	\$(6,952,232)	\$(7,032,232)	\$(7,112,232)
Remove Budget Reductions:			
<i>Certificated Salaries</i>		\$(1,377,300)	\$(692,000)
<i>Classified Salaries</i>		\$(521,000)	\$(349,500)
<i>Employee Benefits</i>		\$(672,841)	\$(358,323)
Surplus/(Deficit)	\$(768,366)	\$(2,814,178)	\$(1,183,314)
Assigned/Unassigned Ending Fund Balance*	\$1,549,640	\$(1,264,538)	\$(2,447,852)
% Assigned/Unassigned (of total General Fund Expenditures)	3.4%	-3.2%	-6.0%

Source: District SACS reports

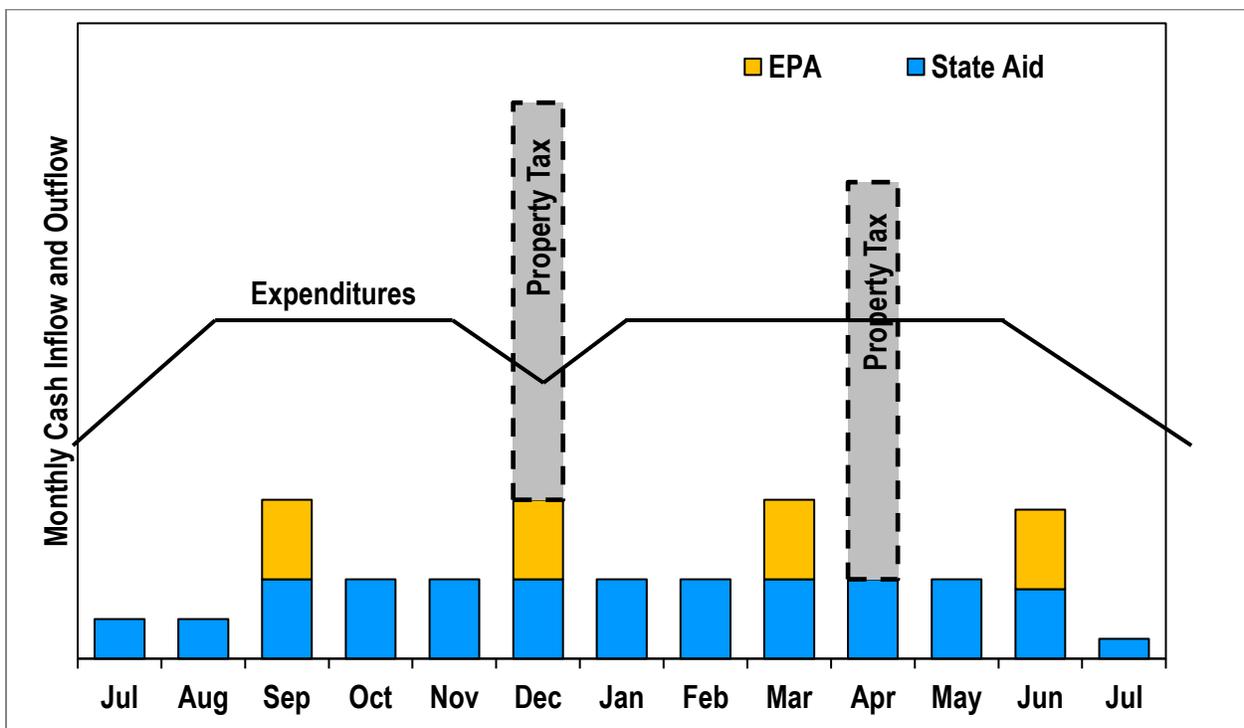
*Ending fund balance less committed and \$103,139 non-spendable

It is imperative that the District implement significant actions to balance its budget starting next year at the latest. The District has already identified expenditure reductions, as discussed earlier. The District has established a team of staff members to identify potential budget savings and is offering an early retirement incentive. The District is also pursuing avenues for increasing local revenues.

Cash Flow

We analyzed the District’s latest General Fund cash flow projections in order to determine the cash flow needs of the District and any risk to the cash flow based on the change to the ending balance. Figure 12 provides a simplified illustration of the cash flow challenges faced by the District because local property tax collections are a significant portion of its revenues. The level of expenditures that require cash outlays each month are indicated by the expenditure line and the level of revenues each month are indicated by the bars.

Figure 12: Sample Cash Flow Illustration



The cash flow projections included with the District’s 2019–20 First Interim report reflect that, were the District not able to borrow cash for its operations, there would be negative cash balances (insufficient cash to cover operational expenses) during four months of the year due to lower reserves and the incongruent timing of property tax revenues to actual expenses, as illustrated above. As is typical, the District’s cash balance follows its reserve balance; as reserves decline so does cash. Cash declines from approximately \$4.9 million at the beginning of 2019–20 to \$1.7 million at the end of the year.

The District has a history of issuing Tax and Revenue Anticipation Notes to serve its cash needs, most recently in the amounts of \$3,695,000 for 2018–19 and \$5,500,000 for 2019–20. This

financing mechanism is contingent upon the District's financial status at the time of borrowing, which is another reason for the District to take significant action to balance its budget before next year. The District should prepare a cash flow projection that extends through 2020–21 to ensure that it has sufficient operating cash or capacity for borrowing, if needed, during the next 18 months, since deficit spending is currently projected to continue into next year.

Audit Report

School districts are required to have an independent external audit of their financial records on an annual basis. The most recent audit conducted was for the 2017–18 fiscal year, and there were no current-year findings in the report. There was one finding from the prior year for which the District has taken action to resolve. The audit firm's opinion is that the District's financial statements present fairly, in all material respects, the respective financial position of the District.

Comparative Analysis

We believe that one way to inform the District's future fiscal decisions is to look at the District's past fiscal practices as compared with that of other districts. In conjunction with the District, we selected a group of unified school districts (USDs) predominantly in the geographical area within thirty miles and with a UPP between 0% and 30%, and then added in surrounding districts with whom the District competes for talent. It is important to note that LEAs benefit from greater funding attributable to a higher UPP as well as savings generated by synergistic activities leveraged as LEAs grow. This is known as economies of scale. Both factors must be considered when examining the metrics that follow:

Figure 13: Selected Comparative District Data

District	Total ADA	UPP*
Temple City USD	5,696	48.64%
Claremont USD	6,781	38.70%
Bonita USD	9,730	38.13%
Burbank USD	14,597	38.02%
Culver City USD	6,750	37.23%
Arcadia USD	9,201	32.07%
Glendora USD	7,185	29.77%
Santa Monica-Malibu USD	10,302	28.60%
Comparative Group Average		26.18%
Walnut Valley USD	13,966	25.93%
South Pasadena USD	4,649	19.74%
Redondo Beach USD	9,546	19.10%
El Segundo USD	3,372	16.00%
Beverly Hills USD	3,764	15.60%
San Marino USD	2,986	15.26%
Las Virgenes USD	10,861	14.79%
Palos Verdes Peninsula USD	11,003	11.95%
Coronado USD	2,842	10.93%
Oak Park USD	4,411	10.38%
La Canada USD	4,056	8.00%

Source: 2017–18 state-certified reports: J-90, CBEDS, SACS

*Unduplicated pupil percentage

The latest certified statewide data available for these comparisons is from the 2017–18 fiscal year from these sources:

- SACS financial reports
- California Basic Educational Data System (CBEDS) student and staffing data
- California Longitudinal Pupil Achievement Data System (CALPADS) student and staffing data
- J-90 Teacher Salary and Benefits Schedule

The only exception is that Figures 34 through 39 reflect more current data—the 2018–19 J-90 Teacher Salary and Benefits Schedule data submitted by school districts, pending certification by the CDE. Therefore, each of the comparative tables in this section specifies the fiscal year that applies to the data.

Financial Comparisons

The comparative tables in this section are focused on the unrestricted General Fund, as that is where the District’s Board of Education has the most discretion for spending.

Figure 14 illustrates the unrestricted General Fund revenues districts received on a per-ADA basis for 2017–18. Note the District ranks 14 of 19, well below the average for all unified school districts in the state and for the comparison group, putting it near the bottom for per-ADA LCFF revenues. The District does receive significant funding through parcel taxes and from local donations, which are reflected in the last column; however, these funds have strings attached and may only be used under the auspices from which they were generated. The operational impact of this fiscal reality cannot be understated when examining expenditures on a per-ADA basis. If the District were attempting to align expenses similarly to those of an average unified school district, it would be doing so with \$1,605.58 per ADA less, and with \$625.82 per ADA less than the comparison group. This is an important distinction and should be used as a lens from which all other comparative analysis is considered for the remainder of this report.

Figure 14: Unrestricted General Fund Revenues for 2017–18 by Funding Sources per ADA

Rank	District	LCFF Revenue per ADA	Other Local and Prior-Year Revenue per ADA
1	Beverly Hills USD	\$13,233.37	\$3,398.39
2	Santa Monica-Malibu USD	\$9,927.70	\$4,205.86
	All Unified School Districts	\$9,827.52	\$344.33
	Comparative Group Average	\$8,847.76	\$854.50
3	Bonita USD	\$8,707.54	\$410.71
4	Temple City USD	\$8,650.25	\$192.83
5	Claremont USD	\$8,587.36	\$355.32
6	Glendora USD	\$8,550.37	\$73.51
7	Walnut Valley USD	\$8,542.08	\$323.86
8	Coronado USD	\$8,505.18	\$928.63
9	Arcadia USD	\$8,502.24	\$201.10
10	Burbank USD	\$8,487.49	\$70.59
11	Culver City USD	\$8,415.91	\$395.86
12	Las Virgenes USD	\$8,359.42	\$886.88
13	Redondo Beach USD	\$8,254.80	\$175.91
14	San Marino Unified	\$8,221.94	\$2,808.17
15	El Segundo USD	\$8,152.23	\$663.64
16	South Pasadena USD	\$8,149.09	\$542.59
17	Palos Verdes Peninsula USD	\$8,062.78	\$1,358.87
18	Oak Park USD	\$8,043.58	\$578.22
19	La Canada USD	\$7,949.43	\$2,126.34

Source: 2017–18 state-certified reports: CBEDS, SACS, CALPADS

Figure 15 illustrates that, out of the 19 districts, 11 districts declined in ADA during the five-year period from 2013–14 to 2017–18 and the rest experienced modest growth in ADA to various degrees. However, the operational reality was far more nuanced for the District. The District’s ADA grew slightly between year one and year two, then experienced a precipitous decline from 2014–15 to 2015–16. Growing or predictably stagnant student populations provide predictability for operations and governance. However, declining enrollment and year-to-year volatility complicates matters exponentially. A continuing decline in ADA will decrease the District’s ongoing revenues, as discussed earlier in this report.

Figure 15: Total ADA by Fiscal Year with percentage Change

Rank	District	% Change in ADA—2013–14 to 2017–18	Total ADA				
			2013	2014	2015	2016	2017
1	Redondo Beach USD	8.30%	8,825	9,046	9,133	9,431	9,558
2	Culver City USD	4.73%	6,448	6,489	6,479	6,570	6,753
3	La Canada USD	2.55%	3,957	3,962	3,988	4,041	4,058
4	El Segundo USD	2.17%	3,304	3,362	3,348	3,355	3,375
5	South Pasadena USD	1.53%	4,600	4,609	4,593	4,649	4,671
6	Las Virgenes USD	1.44%	10,715	10,847	10,920	11,064	10,870
7	Bonita USD	1.08%	9,644	9,800	9,862	9,874	9,748
8	Claremont USD	0.53%	6,756	6,813	6,775	6,822	6,792
9	Burbank USD	-0.61%	14,696	14,755	14,650	14,654	14,607
	Comparative Group Average	-0.75%	142,699	143,380	142,616	142,676	141,635
10	Oak Park USD	-2.00%	4,501	4,543	4,474	4,424	4,411
11	Temple City USD	-2.05%	5,819	5,816	5,772	5,751	5,700
12	Walnut Valley USD	-2.10%	14,279	14,249	14,162	14,161	13,979
13	San Marino Unified	-2.18%	3,061	3,063	3,045	3,004	2,994
14	Glendora USD	-2.62%	7,392	7,494	7,374	7,299	7,198
	All Unified School Districts	-2.71%					
15	Arcadia USD	-3.04%	9,497	9,399	9,342	9,305	9,208
16	Palos Verdes Peninsula USD	-3.30%	11,380	11,287	11,165	11,071	11,004
17	Santa Monica-Malibu USD	-4.95%	10,846	10,782	10,642	10,472	10,309
18	Coronado USD	-6.08%	3,025	3,030	3,057	2,976	2,842
19	Beverly Hills USD	-8.72%	4,124	4,165	3,982	3,878	3,765

Source: 2017–18 state-certified reports: CBEDS, SACS, CALPADS

Figure 16 and figures 18–21 separate unrestricted General Fund expenditures into four components: certificated nonmanagement salaries, classified nonmanagement salaries, site and district administrator salaries, and employee benefits. Striking the balance between these categories should be considered within the context of the proposed programmatic goals and service levels, and should not be used in isolation for unit compensation discussions or negotiations. SSC recommends a total compensation measurement for negotiations that includes salary, benefits, and working conditions.

Figure 16 illustrates that the District ranks 3 out of 19 districts in the comparative group in per-ADA expenditures on unrestricted certificated nonmanagement salaries for 2017–18. This highlights the District’s commitment to classroom instruction and shows that, despite ranking 14 of 19 (figure 14) in per-ADA revenue, the District spends \$332.69 per ADA more than the comparative group and \$413.82 more than the average unified school district. The level of expenditures in this category can be due to the number of certificated staff members, the salary paid for each staff member, or a combination of both. This is explored further in the comparative tables later in this report.

Figure 16: Unrestricted Certificated Nonmanagement Salary Expense for 2017–18

Rank	District	Certificated Nonmanagement Salaries per ADA
1	Beverly Hills USD	\$5,995.51
2	Santa Monica-Malibu USD	\$4,564.51
3	San Marino USD	\$4,306.58
4	Culver City USD	\$4,141.19
5	Oak Park USD	\$4,107.87
6	Arcadia USD	\$3,989.94
7	Glendora USD	\$3,985.03
	Comparative Group Average	\$3,973.89
8	La Canada USD	\$3,957.35
9	Walnut Valley USD	\$3,928.37
	All Unified School Districts	\$3,892.76
10	Palos Verdes Peninsula USD	\$3,808.19
11	South Pasadena USD	\$3,798.21
12	Bonita USD	\$3,794.76
13	Burbank USD	\$3,780.93
14	Coronado USD	\$3,774.24
15	Redondo Beach USD	\$3,636.71
16	Claremont USD	\$3,621.36
17	Temple City USD	\$3,613.09
18	Las Virgenes USD	\$3,582.58
19	El Segundo USD	\$3,508.97

Source: 2017–18 state-certified reports: CBEDS, SACS, CALPADS

Figure 17 shows a reason for the higher nonmanagement certificated salary expenditures per ADA, which is the percentage of full-time equivalent (FTE) employees earning more than \$84,000 annually in the District's pool of certificated nonmanagement employees. The District ranks 11 of 19 in the comparative group at 57.4% of FTEs earning more than \$84,000 in 2017–18.

Figure 17: percentage of FTEs at Various Salary Ranges Ranked by Average Salary

Rank	District	Average Salary	<\$52,000	\$52,000 – \$60,000	\$60,000 – \$68,000	\$68,000 – \$76,000	\$76,000 – \$84,000	\$84,000 – \$92,000	\$92,000 – \$100,00	>\$100,00
1	Arcadia USD	\$96,806	0.00%	0.96%	6.22%	7.84%	8.18%	10.62%	13.35%	52.84%
2	Beverly Hills USD	\$91,600	0.00%	2.51%	5.17%	5.09%	0.95%	15.76%	24.98%	35.52%
3	Glendora USD	\$88,137	0.27%	2.97%	9.55%	9.55%	4.32%	15.76%	57.57%	0.00%
4	La Canada USD	\$85,538	2.06%	3.70%	10.23%	9.12%	19.25%	16.63%	13.68%	25.34%
5	Oak Park USD	\$85,414	0.00%	5.66%	5.71%	11.91%	18.79%	20.17%	29.45%	8.31%
6	Redondo Beach USD	\$84,193	0.00%	8.29%	8.17%	12.10%	10.85%	21.88%	35.27%	3.43%
	Comparative Group Average	\$84,133	1.34%	7.28%	9.04%	11.08%	14.28%	20.24%	23.95%	12.79%
7	South Pasadena USD	\$84,070	1.39%	4.06%	8.31%	13.21%	15.58%	16.29%	37.00%	4.16%
8	Bonita USD	\$83,872	0.00%	11.13%	6.07%	12.28%	14.80%	15.66%	20.32%	19.75%
9	Palos Verdes Peninsula USD	\$83,508	0.00%	8.83%	8.42%	12.27%	11.29%	17.03%	40.15%	2.00%
10	Claremont USD	\$83,381	1.12%	9.51%	6.04%	14.22%	11.49%	18.81%	30.75%	8.06%
11	San Marino USD	\$83,198	0.00%	10.66%	9.92%	14.57%	7.44%	22.63%	17.23%	17.54%
12	Temple City USD	\$82,908	0.00%	10.14%	7.80%	10.53%	10.92%	28.11%	32.51%	0.00%
13	El Segundo USD	\$82,856	0.6%	6.61%	16.09%	12.93%	13.59%	10.97%	39.21%	0.00%
14	Santa Monica-Malibu USD	\$82,621	1.16%	5.23%	8.50%	13.64%	20.52%	25.08%	0.00%	25.86%
15	Culver City USD	\$82,239	0.00%	7.70%	12.61%	12.08%	11.43%	29.34%	17.26%	9.59%
16	Walnut Valley USD	\$81,644	4.72%	7.82%	10.59%	8.96%	11.56%	26.38%	20.85%	9.12%
	Statewide Unified Average	\$80,020	6.51%	9.21%	10.37%	11.11%	19.3%	17.27%	15.43%	10.80%
17	Las Virgenes USD	\$79,653	2.04%	12.32%	11.26%	11.24%	19.96%	11.03%	32.16%	0.00%
18	Burbank USD	\$78,896	2.74%	9.19%	12.22%	11.90%	18.62%	27.95%	17.38%	0.00%
19	Coronado USD	\$73,871	8.21%	13.48%	10.86%	13.23%	24.09%	24.52%	5.62%	0.00%

Source: 2017–18 state-certified J-90 reports

Figure 18 illustrates that the District ranks 3 out of the 19 comparative districts for total expenditures on unrestricted classified nonmanagement salaries for 2017–18, spending \$415.77 per-ADA more than the comparative group. All districts ranked above the District in this chart receive significantly more per-ADA funding (Figure 14).

Figure 18: Unrestricted Classified Nonmanagement Salary Expense for 2017–18

Rank	District	Classified Nonmanagement per ADA
1	Santa Monica-Malibu USD	\$1,697.74
2	Beverly Hills USD	\$1,557.32
3	San Marino USD	\$1,485.98
4	Coronado USD	\$1,247.26
5	Culver City USD	\$1,129.68
6	Bonita USD	\$1,119.11
	All Unified School Districts	\$1,096.31
7	La Canada USD	\$1,093.42
8	Palos Verdes Peninsula USD	\$1,082.83
	Comparative Group Average	\$1,070.21
9	Oak Park USD	\$1,063.57
10	Las Virgenes USD	\$1,017.26
11	Temple City USD	\$1,008.89
12	Walnut Valley USD	\$992.65
13	El Segundo USD	\$987.93
14	Burbank USD	\$979.47
15	Glendora USD	\$927.43
16	Arcadia USD	\$894.14
17	South Pasadena USD	\$839.96
18	Claremont USD	\$833.18
19	Redondo Beach USD	\$739.49

Source: 2017–18 state-certified reports: CBEDS, SACS, CALPADS

Figure 19 illustrates that the District ranks 3 of 19 in the comparative group in per-ADA expenditures on unrestricted site and district administrator salaries for 2017–18. This is to be expected, as the District is the smallest among the comparative group (see Figure 13) and does not have the economies of scale that the larger districts are able to leverage. Also, we understand that the District is restructuring its administrative structure and eliminating some administrator positions in order to reduce costs in the current year and beyond.

Figure 19: Unrestricted Site and District Administrator Salary Expense for 2017–18

Rank	District	Administrator Salaries per ADA
1	Beverly Hills USD	\$1,021.12
2	Santa Monica-Malibu USD	\$692.59
3	San Marino USD	\$688.50
4	El Segundo USD	\$652.20
5	La Canada USD	\$639.75
6	Coronado USD	\$619.65
7	Bonita USD	\$615.16
8	Arcadia USD	\$581.10
	All Unified School Districts	\$570.22
9	Temple City USD	\$555.27
	Comparative Group Average	\$545.37
10	Culver City USD	\$538.01
11	Claremont USD	\$525.67
12	South Pasadena USD	\$521.53
13	Burbank USD	\$511.41
14	Oak Park USD	\$502.86
15	Las Virgenes USD	\$443.48
16	Glendora USD	\$443.25
17	Redondo Beach USD	\$430.43
18	Palos Verdes Peninsula USD	\$418.51
19	Walnut Valley USD	\$414.68

Source: 2017–18 state-certified reports: CBEDS, SACS, CALPADS

Figure 20 illustrates that the District ranks 6 of 19 in the comparative group in per-ADA expenditures on unrestricted health and welfare benefit expense for 2017–18. The District spends \$175.23 per ADA, or 25.53%, more than the comparative group average for health and welfare benefits for employees.

Figure 20: Unrestricted Health and Welfare Benefit Expense for 2017–18

Rank	District	Health and Welfare per ADA
1	Santa Monica-Malibu USD	\$1,093.21
2	Beverly Hills USD	\$957.62
3	Walnut Valley USD	\$948.00
4	Coronado USD	\$914.24
5	Oak Park USD	\$871.42
6	San Marino USD	\$861.30
	All Unified School Districts	\$838.96
7	South Pasadena USD	\$768.15
8	Burbank USD	\$693.28
	Comparative Group Average	\$686.07
9	La Canada USD	\$664.59
10	Claremont USD	\$618.98
11	Las Virgenes USD	\$593.75
12	Redondo Beach USD	\$591.89
13	Culver City USD	\$590.60
14	Bonita USD	\$580.22
15	El Segundo USD	\$556.57
16	Temple City USD	\$555.07
17	Glendora USD	\$514.90
18	Arcadia USD	\$413.75
19	Palos Verdes Peninsula USD	\$347.22

Source: 2017–18 state-certified reports: CBEDS, SACS, CALPADS

Figure 21 illustrates that the District ranks 3 out of the 19 comparative districts for total expenditures per ADA dedicated to all unrestricted personnel salaries and benefits for 2017–18. This comparison reflects expenditures for certificated employee salaries, classified employee salaries, and employee and retiree benefits. Because the District spent 86% on people in 2017–18, only 14% remains to be spent on everything else, including instructional materials, outside services, and capital outlay. Recall figure 14, in which the District ranked 14 of 19 in per-ADA unrestricted General Fund revenues, while it ranks 3 out of 19 in employee compensation costs. This mismatch creates alignment issues and is only sustainable so long as other revenue sources committed to labor continue.

Figure 21: Unrestricted personnel Salary Benefit Expenses for 2017–18

Rank	District	personnel Salary and Benefits per ADA
1	Beverly Hills USD	\$11,635.98
2	Santa Monica-Malibu USD	\$9,693.62
3	San Marino USD	\$8,531.39
4	Coronado USD	\$7,694.42
5	Culver City USD	\$7,631.23
	All Unified School Districts	\$7,619.99
6	Bonita USD	\$7,581.12
7	Oak Park USD	\$7,570.90
	Comparative Group Average	\$7,435.68
8	La Canada USD	\$7,423.26
9	Walnut Valley USD	\$7,355.24
10	Burbank USD	\$7,064.04
11	South Pasadena USD	\$6,980.76
12	Arcadia USD	\$6,964.55
13	Glendora USD	\$6,839.97
14	Temple City USD	\$6,826.33
15	El Segundo USD	\$6,705.51
16	Palos Verdes Peninsula USD	\$6,669.50
17	Las Virgenes USD	\$6,655.36
18	Claremont USD	\$6,622.52
19	Redondo Beach USD	\$6,229.72

Source: 2017–18 state-certified reports: CBEDS, SACS, CALPADS

Figure 22 illustrates that the District ranks 13 of 19 in the comparative group in per-ADA expenditures on unrestricted books and supplies for 2017–18. Timing of textbook adoption weighs heavily on this ranking. Spending 28.25% less than the comparative group in one year may not be an issue. However, over time, underspending on books and supplies could become an issue for the instructional program and students.

Figure 22: Unrestricted Books and Supplies Expenses for 2017–18

Rank	District	Books and Supplies per ADA
1	La Canada USD	\$440.06
2	Palos Verdes Peninsula USD	\$380.43
3	Culver City USD	\$364.48
4	Bonita USD	\$358.86
	All Unified School Districts	\$326.44
5	Walnut Valley USD	\$272.43
6	Claremont USD	\$265.79
7	Arcadia USD	\$226.72
	Comparative Group Average	\$226.04
8	Temple City USD	\$198.03
9	Coronado USD	\$196.90
10	Beverly Hills USD	\$192.06
11	Las Virgenes USD	\$185.06
12	Santa Monica-Malibu USD	\$179.71
13	San Marino USD	\$162.18
14	Oak Park USD	\$157.31
15	Glendora USD	\$132.59
16	South Pasadena USD	\$111.23
17	Burbank USD	\$109.35
18	El Segundo USD	\$106.08
19	Redondo Beach USD	\$12.79

Source: 2017–18 state-certified reports: CBEDS, SACS, CALPADS

Figure 23 illustrates that the District ranks 3 of 19 in the comparative group in per-ADA expenditures on unrestricted services and other operating expense for 2017–18. Services and other operating expenses include utilities, contracted services, dues and memberships, insurance, rentals and leases, travel and conferences, and communications expenses.

Figure 23: Unrestricted Services and Other Operating Expenses for 2017–18

Rank	District	Services and Operations per ADA
1	Beverly Hills USD	\$2,178.76
2	Coronado USD	\$1,136.44
3	San Marino USD	\$1,001.39
4	La Canada USD	\$939.50
5	Santa Monica-Malibu USD	\$925.72
6	Palos Verdes Peninsula USD	\$810.61
	All Unified School Districts	\$763.48
7	Temple City USD	\$755.84
	Comparative Group Average	\$726.81
8	Glendora USD	\$710.17
9	Las Virgenes USD	\$703.25
10	Oak Park USD	\$689.12
11	Arcadia USD	\$674.09
12	Burbank USD	\$626.99
13	Claremont USD	\$617.81
14	El Segundo USD	\$578.59
15	Bonita USD	\$572.99
16	South Pasadena USD	\$561.82
17	Culver City USD	\$551.64
18	Walnut Valley USD	\$521.20
19	Redondo Beach USD	\$335.51

Source: 2017–18 state-certified reports: CBEDS, SACS, CALPADS

Figure 24 illustrates that the District ranks 3 of 19 in per-ADA expenditures on unrestricted capital outlay expenses for 2017–18.

Figure 24: Unrestricted Capital Outlay Expenses for 2017–18

Rank	District	Capital Outlay per ADA
1	Walnut Valley USD	\$142.38
2	Santa Monica-Malibu USD	\$120.60
3	San Marino USD	\$119.68
4	Bonita USD	\$94.48
	All Unified School Districts	\$69.05
5	La Canada USD	\$51.15
	Comparative Group Average	\$44.29
6	Palos Verdes Peninsula USD	\$40.00
7	Las Virgenes USD	\$22.86
8	Culver City USD	\$16.03
9	El Segundo USD	\$14.29
10	Temple City USD	\$12.48
11	Oak Park USD	\$6.99
12	South Pasadena USD	\$4.47
13	Claremont USD	\$3.92
14	Burbank USD	\$1.79
15	Arcadia USD	\$1.27
16	Redondo Beach USD	\$0.91
17	Beverly Hills USD	\$0.27
18	Coronado USD	\$0.00
19	Glendora USD	\$0.00

Source: 2017–18 state-certified reports: CBEDS, SACS, CALPADS

Figure 25 illustrates that the District ranks first in the comparative group in per-ADA expenditures on unrestricted other outgo for 2017–18. Other outgo includes tuition and excess cost payments and transfers to other LEAs, along with debt service, all net of transfers of indirect costs. The District’s expense is primarily debt service, which is addressed in the Certificates of Participation section of this report.

Figure 25: Unrestricted Other Outgo Expense for 2017–18

Rank	District	All Other per ADA
1	San Marino USD	\$125.59
2	Claremont USD	\$120.12
3	Walnut Valley USD	\$109.65
4	Glendora USD	\$57.86
5	South Pasadena USD	\$25.20
6	Palos Verdes Peninsula USD	\$21.77
7	Oak Park USD	\$18.93
8	Burbank USD	\$17.95
9	Bonita USD	\$7.10
10	Temple City USD	\$5.84
11	Beverly Hills USD	\$0.39
	Comparative Group Average	-\$5.74
12	El Segundo USD	-\$10.16
	All Unified School Districts	-\$26.07
13	Coronado USD	-\$42.48
14	Arcadia USD	-\$48.46
15	Redondo Beach USD	-\$58.83
16	Las Virgenes USD	-\$66.84
17	Santa Monica-Malibu USD	-\$90.59
18	La Canada USD	-\$116.86
19	Culver City USD	-\$177.04

Source: 2017–18 state-certified reports: CBEDS, SACS, CALPADS

A key indicator of fiscal solvency is the size of the unrestricted ending fund balance. Figure 26 illustrates that the District ranks 14 of 19 in the comparative group in unrestricted net ending fund balance based on the percentage of total expenditures, transfers, and other uses for 2017–18. This is below the comparative group average of 16.89% and the unified school district average of 16.97%. Smaller districts often need substantially larger ending fund balances to meet their cash needs and to weather fiscal shocks, including unforeseen expenses or deteriorating economic conditions. We discuss the District’s reserve levels in more detail in the Reserves section of this report.

Figure 26: Unrestricted Net Ending Balance as a percent of Total Expenditures, Transfers, and Other Uses

Rank	District	Fund 01 Net Ending Balance per ADA	Fund 17 Net Ending Balance per ADA	Combined Net Ending Balance per ADA	percent of Total Expenditures, Transfers, and Other Uses
1	Beverly Hills USD	\$1,642.85	\$2,772.97	\$4,415.82	24.28%
2	Temple City USD	\$2,580.65	\$0.00	\$2,580.65	23.82%
3	Bonita USD	\$2,507.51	\$0.00	\$2,507.51	22.96%
4	Arcadia USD	\$2,569.43	\$97.32	\$2,666.75	22.95%
5	Las Virgenes USD	\$2,423.50	\$0.00	\$2,423.50	22.19%
6	Santa Monica-Malibu USD	\$3,383.95	\$0.00	\$3,383.95	21.54%
7	Walnut Valley USD	\$1,690.68	\$551.64	\$2,242.31	21.31%
8	La Canada USD	\$1,739.56	\$449.72	\$2,189.29	19.48%
	All Unified School Districts	\$2,036.20	\$135.05	\$2,171.25	16.97%
	Comparative Group Average	\$1,651.96	\$329.92	\$1,981.89	16.89%
9	Coronado USD	\$930.31	\$991.88	\$1,922.18	15.32%
10	Redondo Beach USD	\$1,059.99	\$237.13	\$1,297.12	12.93%
11	Palos Verdes Peninsula USD	\$1,128.25	\$267.43	\$1,395.68	12.22%
12	El Segundo USD	\$1,273.74	\$0.00	\$1,273.74	11.34%
13	Claremont USD	\$1,211.46	\$0.00	\$1,211.46	10.75%
14	San Marino USD	\$521.45	\$941.57	\$1,463.02	10.43%
15	Culver City USD	\$1,117.92	\$0.00	\$1,117.92	9.25%
16	South Pasadena USD	\$854.07	\$0.00	\$854.07	8.07%
17	Glendora USD	\$821.70	\$0.00	\$821.70	7.47%
18	Burbank USD	\$747.50	\$0.00	\$747.50	6.77%
19	Oak Park USD	\$99.64	\$286.11	\$385.74	3.94%

Source: 2017–18 state-certified reports: CBEDS, SACS, CALPADS

Staffing Comparisons

The tables in this section reflect the staffing levels of each district in the comparative group for the 2017–18 fiscal year. Generally, fewer students per staff member is considered preferable by staff and community members, but must be balanced against staffing costs per FTE and available revenues.

Figure 27 illustrates that the District’s ratio of 20.28 students enrolled per teacher ranks 3 out of 19 in the comparative group in 2017–18. This comparison reflects all teachers employed in each district, whether assigned to the classroom or not. The District’s staffing relative to its student population has consistently hovered among the top four since 2013. Staffing levels are 1.71 students per teacher below the comparison group average, exacerbating the District’s lower-than-average level of revenues noted in figure 14 while attempting to provide additional compensation to its professional teaching staff as illustrated in the subsequent four tables.

Figure 27: Student Enrollment per Classroom Teacher

Rank	District	2017–18
1	Beverly Hills USD	15.58
2	Santa Monica-Malibu USD	18.95
3	San Marino USD	20.28
	All Unified School Districts	20.97
4	Coronado USD	20.99
5	Burbank USD	21.51
	Comparative Group Average	21.99
6	Culver City USD	22.05
7	Arcadia USD	22.21
8	Glendora USD	22.22
9	Las Virgenes USD	22.50
10	La Canada USD	22.87
11	Temple City USD	22.90
12	Redondo Beach USD	22.91
13	Palos Verdes Peninsula USD	23.02
14	Walnut Valley USD	23.07
15	El Segundo USD	23.09
16	Bonita USD	23.22
17	Claremont USD	23.25
18	South Pasadena USD	23.43
19	Oak Park USD	23.77

Source: 2017–18 state-certified reports: CBEDS, SACS, CALPADS

Figure 28 illustrates that, for 2017–18, the District’s ratio of students enrolled per pupil services and special education employee ranks 11 out of 19 in the comparative group.

Figure 28: Student Enrollment per Pupil Services and Special Education Employee

Rank	District	2017–18
1	Santa Monica-Malibu USD	144.39
2	Las Virgenes USD	172.08
3	Beverly Hills USD	173.26
4	Walnut Valley USD	176.01
5	Culver City USD	186.46
6	Temple City USD	192.44
7	Palos Verdes Peninsula USD	197.67
	Comparative Group Average	204.87
8	South Pasadena USD	215.95
9	El Segundo USD	217.13
	All Unified School Districts	217.72
10	Claremont USD	218.70
11	San Marino USD	219.43
12	La Canada USD	220.01
13	Oak Park USD	230.35
14	Bonita USD	233.25
15	Arcadia USD	234.51
16	Redondo Beach USD	235.98
17	Coronado USD	243.47
18	Glendora USD	267.19
19	Burbank USD	277.39

Source: 2017–18 state-certified reports: CBEDS, SACS, CALPADS

Figure 29 illustrates that, for 2017–18, the District’s ratio of students enrolled per non-administrative certificated employee ranks 3 of 19 in the comparative group. Note the higher staffing levels despite lower per-student state funding.

Figure 29: Student Enrollment per Non-Administrative Certificated Employee

Rank	District	2017–18
1	Beverly Hills USD	14.29
2	Santa Monica-Malibu USD	16.75
3	San Marino USD	18.57
	All Unified School Districts	19.13
4	Coronado USD	19.33
5	Culver City USD	19.71
	Comparative Group Average	19.83
6	Las Virgenes USD	19.90
7	Burbank USD	19.97
8	Arcadia USD	20.28
9	Walnut Valley USD	20.40
10	Temple City USD	20.46
11	Glendora USD	20.52
12	Palos Verdes Peninsula USD	20.62
13	La Canada USD	20.71
14	El Segundo USD	20.87
15	Redondo Beach USD	20.88
16	Claremont USD	21.02
17	Bonita USD	21.12
18	South Pasadena USD	21.14
19	Oak Park USD	21.55

Source: 2017–18 state-certified reports: CBEDS, SACS, CALPADS

Figure 30 illustrates that, for 2017–18, the District’s ratio of students enrolled per classified employee ranks 4 of 19 in the comparative group. Note the higher staffing levels despite lower per student state funding.

Figure 30: Student Enrollment per All Classified Employees

Rank	District	2017–18
1	Santa Monica-Malibu USD	17.84
2	Temple City USD	19.04
3	Beverly Hills USD	21.59
4	San Marino USD	22.68
5	Palos Verdes Peninsula USD	23.92
	All Unified School Districts	24.98
6	Culver City USD	26.03
7	La Canada USD	26.09
8	Las Virgenes USD	26.27
	Comparative Group Average	26.78
9	Coronado USD	27.24
10	Arcadia USD	27.62
11	Claremont USD	28.04
12	Redondo Beach USD	28.41
13	Burbank USD	30.06
14	Bonita USD	30.98
15	Oak Park USD	31.32
16	Walnut Valley USD	33.20
17	Glendora USD	35.00
18	El Segundo USD	36.76
19	South Pasadena USD	36.91

Source: 2017–18 state-certified reports: CBEDS, SACS, CALPADS

Figure 31 illustrates that for 2017–18, the District’s ratio of students enrolled per school-level administrator ranks 6 of 19 in the comparative group. The District and comparative group rank substantially higher than the unified school districts value, meaning students and staff lack the benefit of adequate administrative support.

Figure 31: Student Enrollment per School Level Administrator

Rank	District	2017–18
1	Beverly Hills USD	302.54
2	Coronado USD	327.33
3	Santa Monica-Malibu USD	362.62
	All Unified School Districts	383.85
4	El Segundo USD	394.77
5	South Pasadena USD	399.50
6	San Marino USD	438.86
7	Oak Park USD	455.40
8	Palos Verdes Peninsula USD	457.50
9	Claremont USD	471.67
10	Culver City USD	473.02
11	Burbank USD	474.90
	Comparative Group Average	477.23
12	Bonita USD	480.38
13	Temple City USD	485.92
14	La Canada USD	490.24
15	Redondo Beach USD	523.00
16	Las Virgenes USD	539.19
17	Glendora USD	573.94
18	Arcadia USD	576.83
19	Walnut Valley USD	689.64

Source: 2017–18 state-certified reports: CBEDS, SACS, CALPADS

Figure 32 illustrates that, for 2017–18, the District’s ratio of students enrolled per district-level administrator ranks 15 of 19 in the comparative group. The unified school district average is 40.1% fewer students per administrator than the District, reducing the internal development of strategic initiatives and leaving the District to outsource activities typically accomplished internally.

Figure 32: Student Enrollment per District Level Administrator

Rank	District	2017–18
1	Beverly Hills USD	395.67
2	Claremont USD	444.97
3	Santa Monica-Malibu USD	454.03
4	Culver City USD	469.87
5	La Canada USD	574.76
6	Burbank USD	644.29
	All Unified School Districts	730.98
7	Arcadia USD	739.06
	Comparative Group Average	749.15
8	Oak Park USD	759.00
9	Las Virgenes USD	808.79
10	Temple City USD	833.00
11	Walnut Valley USD	841.76
12	Glendora USD	930.50
13	Coronado USD	982.00
14	Bonita USD	1,008.80
15	San Marino USD	1,024.00
16	South Pasadena USD	1,198.50
17	Palos Verdes Peninsula USD	1,260.67
18	Redondo Beach USD	1,419.57
19	El Segundo USD	6,948.00

Source: 2017–18 state-certified reports: CBEDS, SACS, CALPADS

Figure 33 illustrates that, for 2017–18, the District’s average years of service by employee type ranks 9 out of the 19 comparative districts, placing it near the comparative group average in all employee types except for administrators.

Figure 33: Average Years of District Service for Certificated personnel

Rank	District	Teachers	Non-Administrators	Administrators	All Certificated
1	Las Virgenes USD	8.45	8.38	3.62	8.11
2	Coronado USD	9.36	9.19	6.08	8.96
3	Redondo Beach USD	9.51	9.29	6.35	9.14
4	South Pasadena USD	9.77	9.74	8.56	9.66
5	El Segundo USD	9.93	9.54	3.96	9.24
	All Unified School Districts	10.72	10.57	10.80	10.59
6	Culver City USD	11.00	11.03	9.20	10.92
7	Bonita USD	11.04	10.92	12.14	10.99
8	La Canada USD	11.16	11.00	8.75	10.84
9	San Marino USD	11.42	11.28	6.60	11.02
	Comparative Group Average	11.72	11.53	9.55	11.40
10	Beverly Hills USD	11.83	11.70	7.24	11.39
11	Santa Monica-Malibu USD	12.34	12.06	12.05	12.06
12	Burbank USD	12.36	12.48	12.64	12.49
13	Oak Park USD	12.65	12.31	10.94	12.21
14	Arcadia USD	12.68	12.55	11.90	12.51
15	Palos Verdes Peninsula USD	12.75	12.28	12.38	12.28
16	Claremont USD	13.86	13.47	11.43	13.31
17	Walnut Valley USD	14.50	14.31	13.75	14.28
18	Temple City USD	14.73	14.57	8.94	14.24
19	Glendora USD	15.19	14.97	13.86	14.91

Source: 2017–18 state-certified reports: CBEDS, SACS, CALPADS

Teacher Compensation Comparisons

Figures 34–39 reflect the salary schedules and health and welfare benefits offered by each district in the comparative group to its teachers for the 2018–19 fiscal year. The CDE has not yet certified the 2018–19 data, thus the statewide unified school district average is excluded from the remaining tables. When framed against the comparative group, the District ranks from the lowest to average at different parts of the salary schedule, with average health and welfare benefits despite below-average per-pupil revenues. A significant area of variability to consider is the difference between the average and maximum for health and welfare benefit costs when added to salaries. Minor changes in staff population could substantially impact the rankings in the subsequent figures.

In figure 34, the District's contribution to health and welfare benefits ranks 8 out of the 19 comparative districts. This classification is ranked by the maximum district contribution per FTE. This ranking illustrates the District's ability to attract and retain staff within the per-ADA funding received while balancing the total cost of employment between salary and health and welfare benefits. Note the much stronger ranking compared to per-pupil revenues in figure 14.

Figure 34: District Contribution to Health and Welfare Benefits in 2018–19

Rank	District	Average District Contribution per FTE	Maximum District Contribution per FTE
1	Walnut Valley USD	15,919.61	\$31,536.00
2	Santa Monica-Malibu USD	14,908.13	\$26,396.00
3	Coronado USD	13,573.19	\$25,250.00
4	Claremont USD	13,908.09	\$20,647.00
5	Oak Park USD	14,546.43	\$18,127.00
6	Redondo Beach USD	12,385.95	\$17,828.00
	Comparative Group Average	\$11,020.09	\$15,369.79
7	La Canada USD	12,399.34	\$15,128.00
8	San Marino USD	8,899.51	\$15,027.00
9	South Pasadena USD	12,212.38	\$14,291.00
10	Culver City USD	9,409.99	\$14,011.00
11	Las Virgenes USD	9,971.87	\$12,994.00
12	Burbank USD	10,856.76	\$12,917.00
13	Beverly Hills USD	8,691.14	\$11,590.00
14	Temple City USD	9,917.11	\$10,938.00
15	Glendora USD	8,742.69	\$10,801.00
16	Bonita USD	8,653.33	\$9,000.00
17	Palos Verdes Peninsula USD	7,631.12	\$8,790.00
18	El Segundo USD	8,750.00	\$8,750.00
19	Arcadia USD	8,005.00	\$8,005.00

Source: 2018–19 J-90 reports

In figure 35, the District’s total compensation offered in the lowest column, Step 1, ranks 12 out of the 19 comparative districts in 2018–19. This amount represents the salary paid at Step 1 with a requirement of a teaching credential. This ranking illustrates the District’s ability to attract new teachers within the per-ADA funding received while balancing the total cost of employment between salary and health and welfare benefits. Note how this salary and benefits combination are in line with per-pupil revenues in figure 14.

Figure 35: Total Compensations: Lowest Scheduled Salary Plus Average District Contribution for Health and Welfare Benefits in 2018–19

Rank	District	Total Compensation	Lowest Scheduled Salary	Average Health and Welfare Benefit Contribution
1	Redondo Beach USD	\$69,845.95	\$57,460.00	\$12,385.95
2	Arcadia USD	\$69,409.00	\$61,404.00	\$8,005.00
3	Claremont USD	\$66,638.09	\$52,730.00	\$13,908.09
4	Beverly Hills USD	\$65,804.14	\$57,113.00	\$8,691.14
5	Oak Park USD	\$65,695.43	\$51,149.00	\$14,546.43
6	Santa Monica-Malibu USD	\$64,767.13	\$49,859.00	\$14,908.13
7	La Canada USD	\$64,233.34	\$51,834.00	\$12,399.34
8	Walnut Valley USD	\$63,999.61	\$48,080.00	\$15,919.61
9	Palos Verdes Peninsula USD	\$63,825.12	\$56,194.00	\$7,631.12
10	Bonita USD	\$62,784.33	\$54,131.00	\$8,653.33
	Comparative Group Average	\$62,008.72	\$50,988.63	\$11,020.09
11	Culver City USD	\$61,552.99	\$52,143.00	\$9,409.99
12	San Marino USD	\$61,482.51	\$52,583.00	\$8,899.51
13	Coronado USD	\$58,996.19	\$45,423.00	\$13,573.19
14	South Pasadena USD	\$57,891.38	\$45,679.00	\$12,212.38
15	Las Virgenes USD	\$57,799.87	\$47,828.00	\$9,971.87
16	Burbank USD	\$57,687.76	\$46,831.00	\$10,856.76
17	Temple City USD	\$55,620.11	\$45,703.00	\$9,917.11
18	Glendora USD	\$55,462.69	\$46,720.00	\$8,742.69
19	El Segundo USD	\$54,670.00	\$45,920.00	\$8,750.00

Source: 2018–19 J-90 reports

In figure 36, the District’s total compensation offered at BA+30, Step 1 ranks 17 out of the 19 comparative districts in 2018–19. This amount represents the salary paid at Step 1 with a requirement of a bachelor’s degree plus an additional 30 semester units. If the district did not have a BA+30 column on the schedule, the salary reflected is the next lowest column on the schedule. This ranking illustrates the District’s ability to attract new teachers within the per-ADA funding received while balancing the total cost of employment between salary and health and welfare benefits. Note how this part of the salary schedule ranks lower compared to per-pupil revenues in figure 14.

Figure 36: Total Compensations: Salary Paid for BA+30, Step 1 Plus Average District Contribution for Health and Welfare Benefits in 2018–19

Rank	District	Total Compensation	Salary at BA+30, Step 1	Average Health and Welfare Benefit Contribution
1	Redondo Beach USD	\$69,847.95	\$57,462.00	\$12,385.95
2	Arcadia USD	\$69,409.00	\$61,404.00	\$8,005.00
3	Beverly Hills USD	\$68,544.14	\$59,853.00	\$8,691.14
4	Temple City USD	\$68,245.11	\$58,328.00	\$9,917.11
5	Oak Park USD	\$68,170.43	\$53,624.00	\$14,546.43
6	Walnut Valley USD	\$67,619.61	\$51,700.00	\$15,919.61
7	La Canada USD	\$67,084.34	\$54,685.00	\$12,399.34
8	Claremont USD	\$66,638.09	\$52,730.00	\$13,908.09
	Comparative Group Average	\$65,466.56	\$54,446.47	\$11,020.09
9	El Segundo USD	\$65,356.00	\$56,606.00	\$8,750.00
10	Palos Verdes Peninsula USD	\$65,283.12	\$57,652.00	\$7,631.12
11	Santa Monica-Malibu USD	\$64,767.13	\$49,859.00	\$14,908.13
12	South Pasadena USD	\$64,739.38	\$52,527.00	\$12,212.38
13	Burbank USD	\$64,667.76	\$53,811.00	\$10,856.76
14	Bonita USD	\$62,784.33	\$54,131.00	\$8,653.33
15	Las Virgenes USD	\$62,648.87	\$52,677.00	\$9,971.87
16	Culver City USD	\$62,598.99	\$53,189.00	\$9,409.99
17	San Marino USD	\$62,232.51	\$53,333.00	\$8,899.51
18	Glendora USD	\$61,960.69	\$53,218.00	\$8,742.69
19	Coronado USD	\$61,267.19	\$47,694.00	\$13,573.19

Source: 2018–19 J-90 reports

In figure 37, the District’s total compensation offered at BA+60, Step 10 ranks last in the comparative group for 2018–19. This amount represents the salary paid at Step 10 with a requirement of a bachelor’s degree plus an additional 60 semester units. If the district did not have a BA+60 column on the schedule, the salary reflected is the next lowest column on the schedule. This ranking illustrates the District’s ability to retain teachers within the per-ADA funding received while balancing the total cost of employment between salary and health and welfare benefits. Note how this part of the salary schedule ranks lower compared to per pupil revenues in figure 14.

Figure 37: Total Compensations: Salary Paid for BA+60, Step 10 Plus Average District Contribution for Health and Welfare Benefits in 2018–19

Rank	District	Total Compensation	Salary at BA+60, Step 10	Average Health and Welfare Benefit Contribution
1	Beverly Hills USD	\$98,946.14	\$90,255.00	\$8,691.14
2	Redondo Beach USD	\$98,152.95	\$85,767.00	\$12,385.95
3	Oak Park USD	\$95,435.43	\$80,889.00	\$14,546.43
4	Arcadia USD	\$95,052.00	\$87,047.00	\$8,005.00
5	Glendora USD	\$94,498.69	\$85,756.00	\$8,742.69
6	South Pasadena USD	\$94,444.38	\$82,232.00	\$12,212.38
7	Temple City USD	\$93,854.11	\$83,937.00	\$9,917.11
8	Walnut Valley USD	\$93,589.61	\$77,670.00	\$15,919.61
9	La Canada USD	\$92,569.34	\$80,170.00	\$12,399.34
	Comparative Group Average	\$92,085.40	\$81,065.32	\$11,020.09
10	Claremont USD	\$91,729.09	\$77,821.00	\$13,908.09
11	Culver City USD	\$91,282.99	\$81,873.00	\$9,409.99
12	Palos Verdes Peninsula USD	\$90,504.12	\$82,873.00	\$7,631.12
13	Bonita USD	\$89,999.33	\$81,346.00	\$8,653.33
14	Coronado USD	\$89,831.19	\$76,258.00	\$13,573.19
15	El Segundo USD	\$89,829.00	\$81,079.00	\$8,750.00
16	Santa Monica-Malibu USD	\$89,352.13	\$74,444.00	\$14,908.13
17	Las Virgenes USD	\$88,904.87	\$78,933.00	\$9,971.87
18	Burbank USD	\$87,446.76	\$76,590.00	\$10,856.76
19	San Marino USD	\$84,200.51	\$75,301.00	\$8,899.51

Source: 2018–19 J-90 reports

In figure 38, the District’s total compensation offered at the maximum step and column with average health and welfare benefits ranks 11 out of the 19 comparative districts in 2018–19. This ranking illustrates the District’s ability to retain teachers within the per-ADA funding received while balancing the total cost of employment between salary and health and welfare benefits. Note how this part of the salary schedule ranks higher when compared to per pupil revenues in figure 14.

Figure 38: Total Compensations: Maximum Scheduled Salary Plus Average District Contribution for Health and Welfare Benefits in 2018–19

Rank	District	Total Compensation	Maximum Scheduled Salary	Average Health and Welfare Benefit Contribution
1	Arcadia USD	\$130,690.00	\$122,685.00	\$8,005.00
2	South Pasadena USD	\$126,631.38	\$114,419.00	\$12,212.38
3	Oak Park USD	\$126,273.43	\$111,727.00	\$14,546.43
4	Walnut Valley USD	\$124,229.61	\$108,310.00	\$15,919.61
5	Claremont USD	\$120,930.09	\$107,022.00	\$13,908.09
6	Beverly Hills USD	\$117,816.14	\$109,125.00	\$8,691.14
7	La Canada USD	\$117,477.34	\$105,078.00	\$12,399.34
	Comparative Group Average	\$116,378.14	\$105,358.05	\$11,020.09
8	Redondo Beach USD	\$115,558.95	\$103,173.00	\$12,385.95
9	Coronado USD	\$115,320.19	\$101,747.00	\$13,573.19
10	Santa Monica-Malibu USD	\$115,186.13	\$100,278.00	\$14,908.13
11	San Marino USD	\$113,374.51	\$104,475.00	\$8,899.51
12	Palos Verdes Peninsula USD	\$112,886.12	\$105,255.00	\$7,631.12
13	Temple City USD	\$112,790.11	\$102,873.00	\$9,917.11
14	Las Virgenes USD	\$112,082.87	\$102,111.00	\$9,971.87
15	Bonita USD	\$111,193.33	\$102,540.00	\$8,653.33
16	Culver City USD	\$110,791.99	\$101,382.00	\$9,409.99
17	El Segundo USD	\$110,369.00	\$101,619.00	\$8,750.00
18	Glendora USD	\$108,885.69	\$100,143.00	\$8,742.69
19	Burbank USD	\$108,697.76	\$97,841.00	\$10,856.76

Source: 2018–19 J-90 reports

In figure 39, the District’s total computed average salary with average health and welfare benefits ranks 14 out of the 19 comparative districts in 2018–19. This ranking illustrates the District’s ability to retain teachers within the per-ADA funding received while balancing the total cost of employment between salary and health and welfare benefits. Note how this part of the salary schedule ranks the same when compared to per pupil revenues in figure 14.

Figure 39: Total Compensations: Computed Average Salary Plus Average District Contribution for Health and Welfare Benefits in 2018–19

Rank	District	Total Compensation	Computed Average Salary	Average Health and Welfare Benefit Contribution
1	Beverly Hills USD	\$105,342.14	\$96,651.00	\$8,691.14
2	Oak Park USD	\$103,505.43	\$88,959.00	\$14,546.43
3	La Canada USD	\$100,745.34	\$88,346.00	\$12,399.34
4	Walnut Valley USD	\$99,893.61	\$83,974.00	\$15,919.61
5	Redondo Beach USD	\$99,779.95	\$87,394.00	\$12,385.95
6	South Pasadena USD	\$98,941.38	\$86,729.00	\$12,212.38
7	Santa Monica-Malibu USD	\$98,282.13	\$83,374.00	\$14,908.13
8	Claremont USD	\$98,227.09	\$84,319.00	\$13,908.09
9	Glendora USD	\$97,344.69	\$88,602.00	\$8,742.69
10	Temple City USD	\$97,145.11	\$87,228.00	\$9,917.11
	Comparative Group Average	\$96,830.98	\$85,810.89	\$11,020.09
11	Arcadia USD	\$95,583.00	\$87,578.00	\$8,005.00
12	Bonita USD	\$95,157.33	\$86,504.00	\$8,653.33
13	Palos Verdes Peninsula USD	\$94,627.12	\$86,996.00	\$7,631.12
14	San Marino USD	\$94,066.51	\$85,167.00	\$8,899.51
15	El Segundo USD	\$93,580.00	\$84,830.00	\$8,750.00
16	Las Virgenes USD	\$92,375.87	\$82,404.00	\$9,971.87
17	Burbank USD	\$92,115.76	\$81,259.00	\$10,856.76
18	Culver City USD	\$91,767.99	\$82,358.00	\$9,409.99
19	Coronado USD	\$91,308.19	\$77,735.00	\$13,573.19

Source: 2018–19 J-90 reports

Conclusion

The comparative data provided in this Budget Review indicates that, even with relatively lower LCFF revenues and declining/flat enrollment, the District has prioritized its investment in personnel, primarily in the number of staff members relative to its student population and in the contribution to employee health and welfare benefits.

Given the many factors discussed in this report, the District appears to utilize industry standard practices in its budget based on the most recently known information when the budgets were prepared. We recommend that the District take action by next year to balance its budget and exercise caution at the bargaining table in order to maintain an appropriate level of reserves and ensure fiscal stability.

Thank you for allowing us to provide you with this Budget Review. We welcome any questions you may have about this report. If we can be of further service to the District, please do not hesitate to contact us.

Sincerely,



Sheila G. Vickers
Vice President



Robert McEntire, EdD
Director, Management Consulting Services