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# Superintendent's District Strategic Financial Recovery Plan

— State of the District, Analysis of the  
Problem, Proposed Solutions —

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**March 23, 2021**

# Statement of the Problem -- The Current Fiscal Crisis

- **SMUSD Funding and Revenue Sources**

- We are significantly underfunded from State and Federal sources.
- We are heavily dependent on Local revenue sources.
- Like most of the State, we are experiencing significant declining enrollment which ties directly to a loss of revenues.
- We do not qualify for most grant funding or qualify for only minimal support.
- Our taxpayers are burdened with a progressive tax structure that penalizes success.
- Our country is immersed in a political climate of distrust for government.

# Statement of the Problem -- The Current Fiscal Crisis

- **SMUSD Expenses, Mandates and Encumbrances**

- We suffer with exponential increases in employee benefits and pension mandates.
- We are experiencing significantly greater expenses associated with Special Education attributed to rising identifications of autism and spectrum disorders, increased advocacy for individualized services, and an increased propensity to litigate individualized services.
- We are weighed-down with significant facilities needs and deferred maintenance with no funding source to address those needs.
- We have a community who expects a varied and deep educational program, combined with small class sizes and a “private school” feel.
- Prior to 2019, staffing levels were not adjusted to reflect a decline in enrollment causing reserves to be depleted.
- Prior to the failure of Measure E, SMUSD was projecting a positive variance in the ending fund balance due to effective expenditure reduction programs.

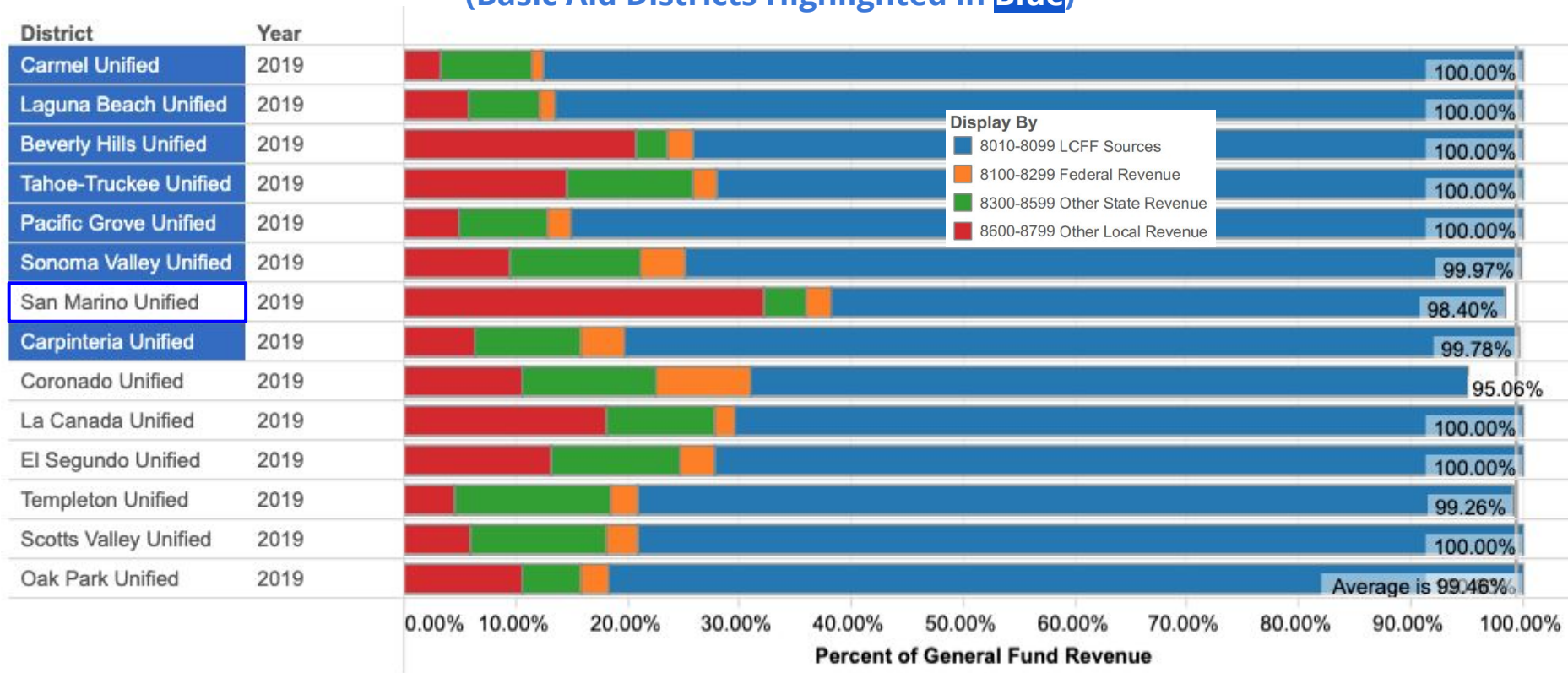
# Statement of the Problem -- The Current Fiscal Crisis

- **SMUSD Local Revenue Issues**

- Due to many homes being passed down through trusts resulting in low levels of assessed valuation, SMUSD does not qualify for Basic Aid status.
- We are likely the most dependent school district in the State of California on Local revenue streams.
- We have relied on two parcel taxes, the steady historical support of the San Marino Schools Foundation, and significant PTA fundraising to support programs that other districts cannot afford.
- SMSF has found it increasingly difficult to reach its annual fundraising goal of \$2,000,000 jeopardizing future programs funded by the foundation.
- With the failure of Measure E, SMUSD faces an immediate \$4.1 million funding cliff necessitating a requisite reduction in expenditures offset partially by any future fundraising efforts.
- SMUSD must develop steady and reliable LOCAL funding streams to remain viable in California.

# Revenue Comparison -- Small, Wealthy, Low LCFF/UPP Unified Districts

(Basic Aid Districts Highlighted in Blue)



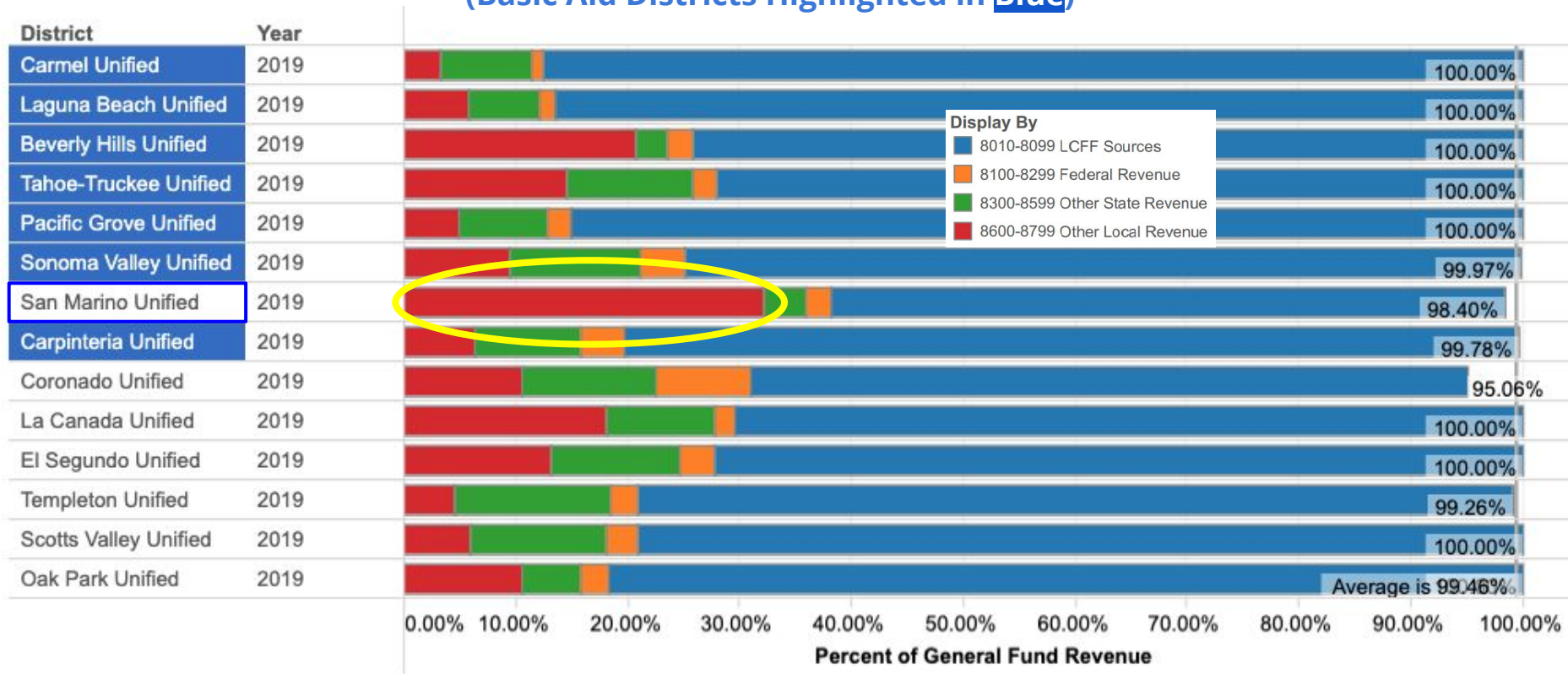
Note: Revenues are from the General Fund Only

Source: California Department of Education Financial Data

Note: "Total Revenue" is all district revenue

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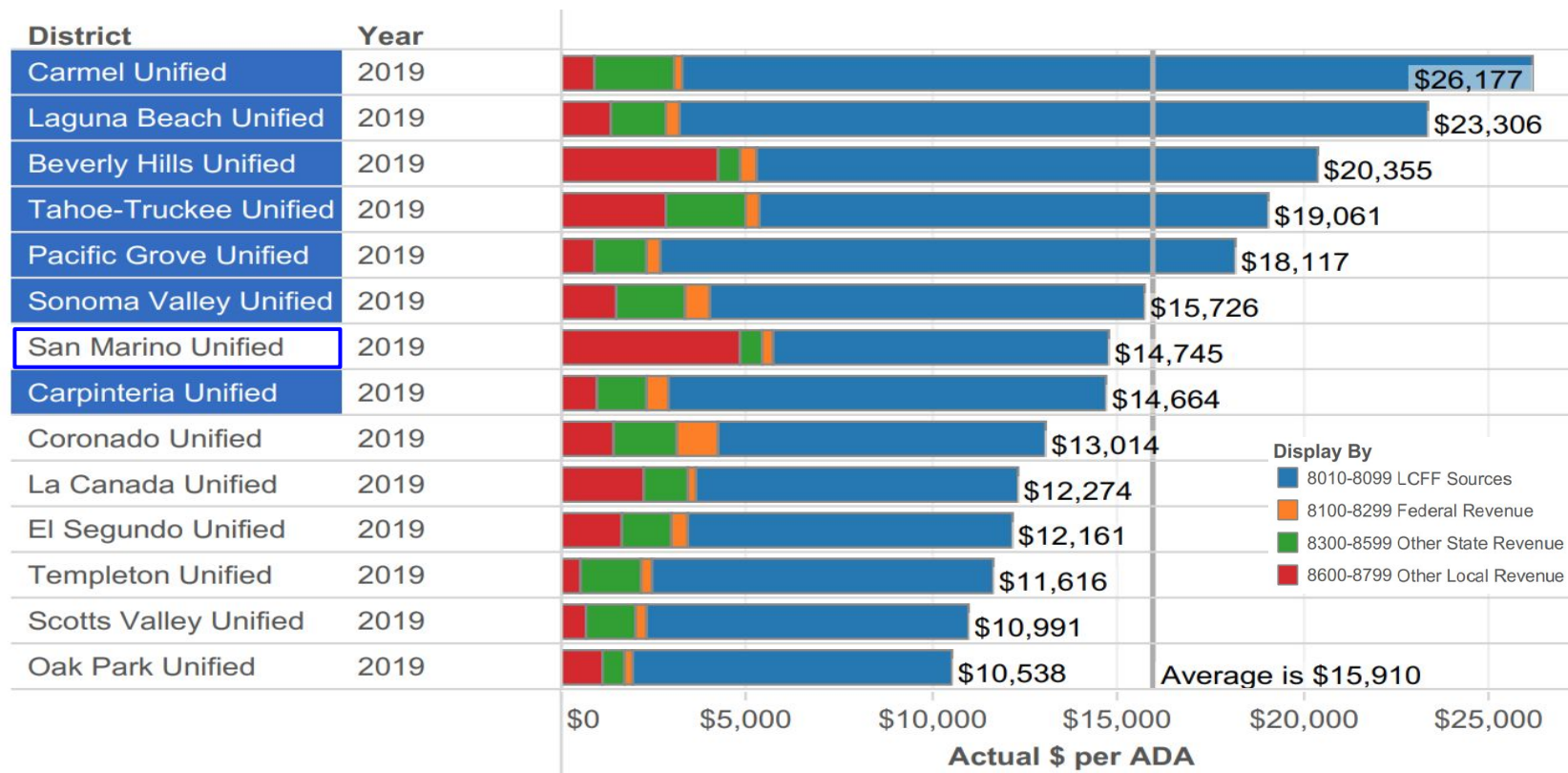
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# Actual Revenue Comparison per ADA -- Small, Wealthy, Low LCFF/UPP Unified Districts

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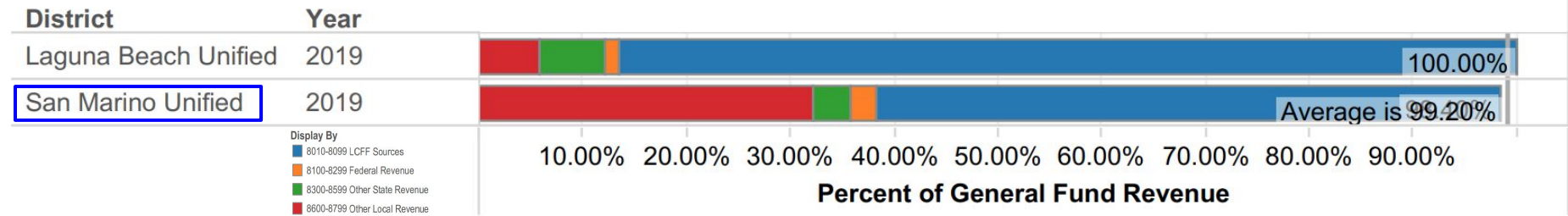
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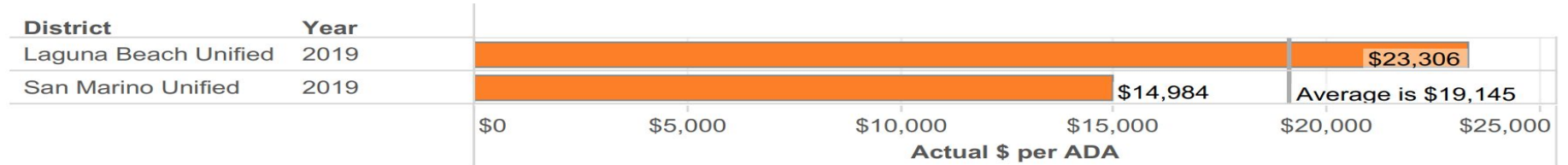
# Actual Revenue Comparison per ADA -- San Marino vs. Laguna Beach

District	Financial Year	District Enrollment	Low Income %	Total General Fund Expense	ELL Percent Of Enrollment	Expenditures Per Student	Unduplicated Pupil Count	Unduplicated Pupil Count Percentage
San Marino Unified	2019	2,967	6.94%	\$42,476,361	11.86%	\$19,087	525	15.79%
Laguna Beach Unified	2019	2,861	11.25%	\$62,672,463	3.22%	\$24,467	381	12.73%

Revenue Source



Actual Revenue per ADA



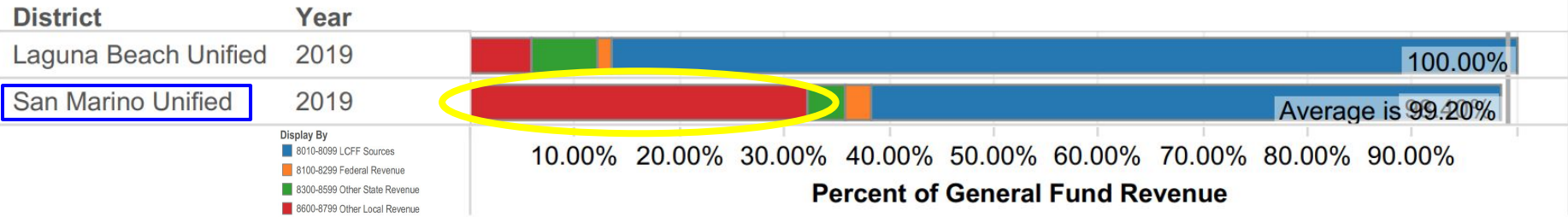
Note: Revenues are from the General Fund Only  
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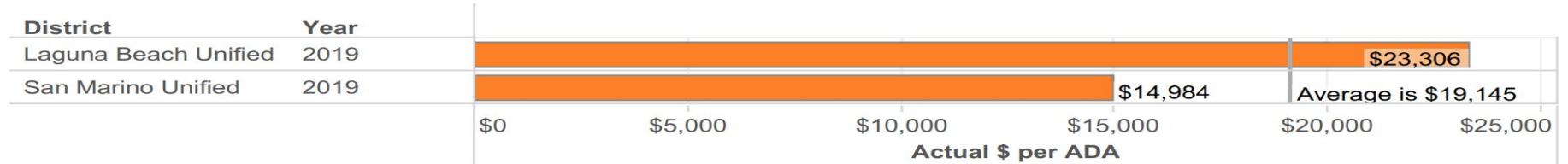
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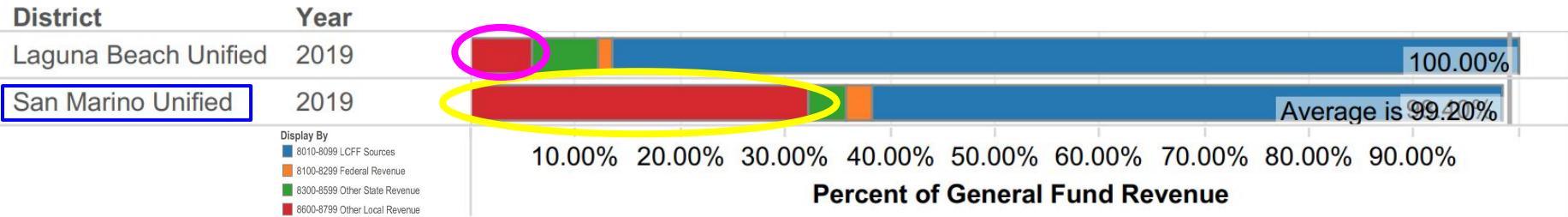


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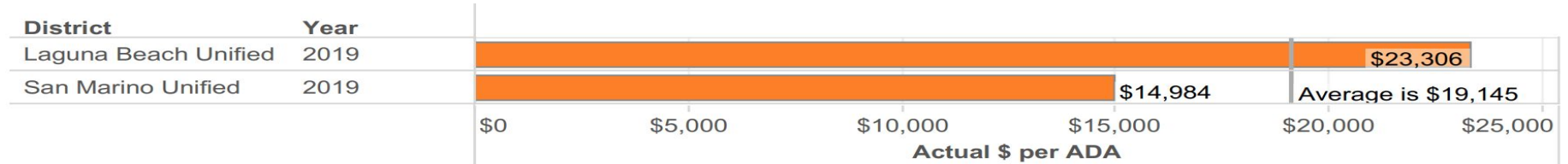
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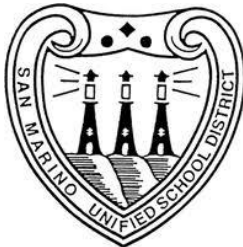
Actual Revenue per ADA



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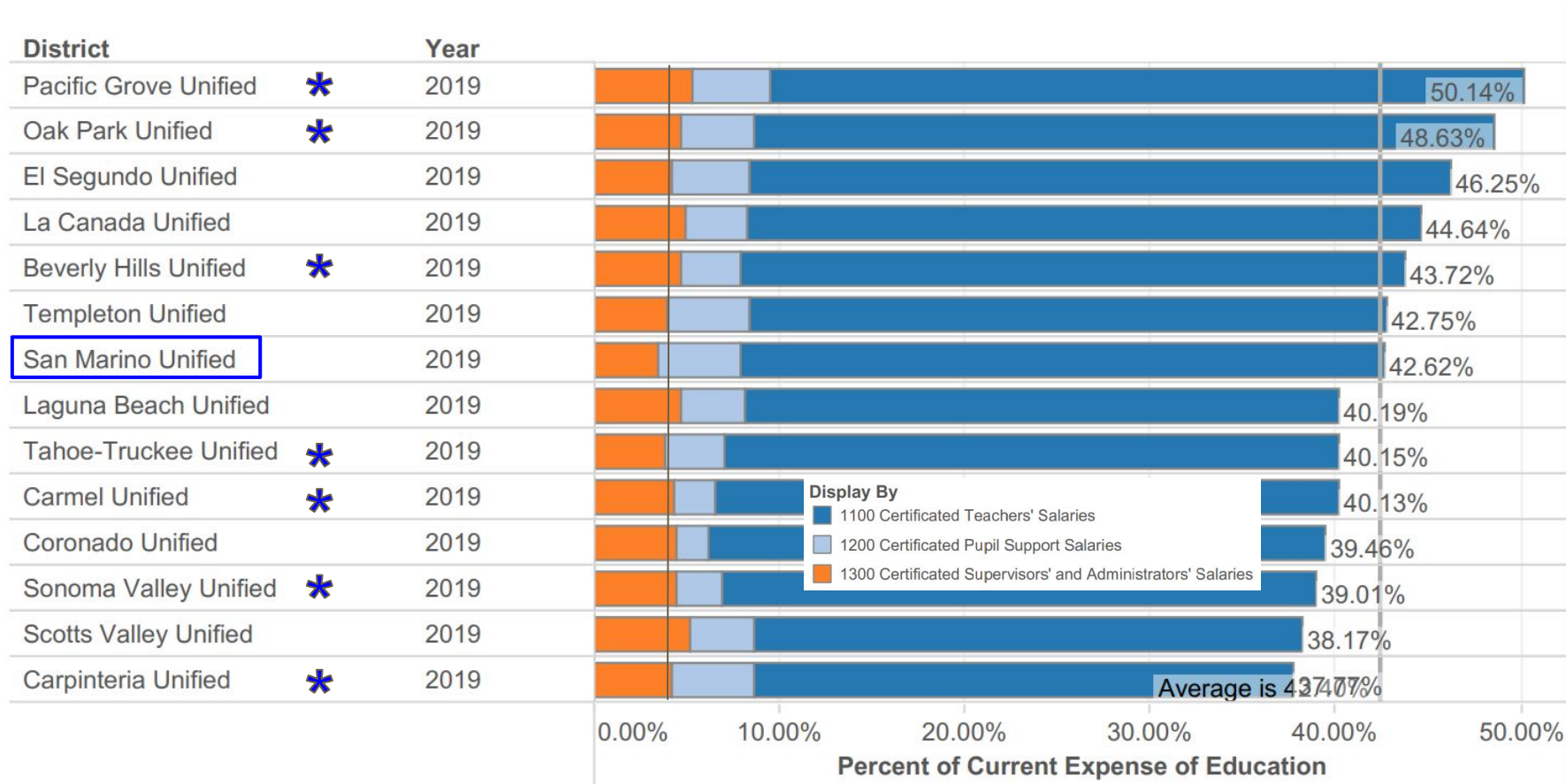
## Revenue Comparison -- San Marino vs. Laguna Beach

If San Marino USD had Laguna USD's Revenue Sources (if we were "Basic Aid"), SMUSD would have had an additional  
\$24,691,374  
in Revenue in 2019



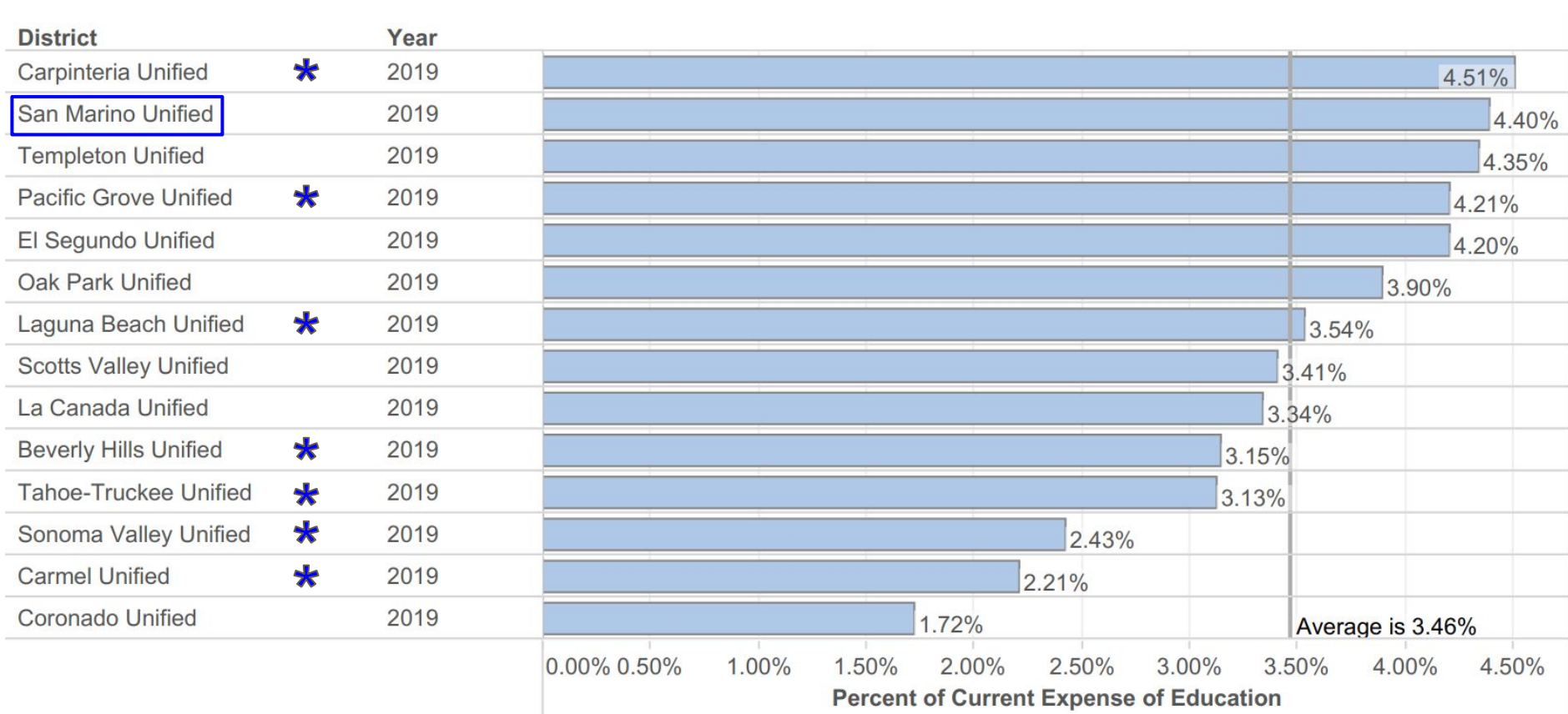
# Spending Comparison -- Small, Wealthy, Low LCFF/UPP Unified Districts

(Basic Aid Districts\*)



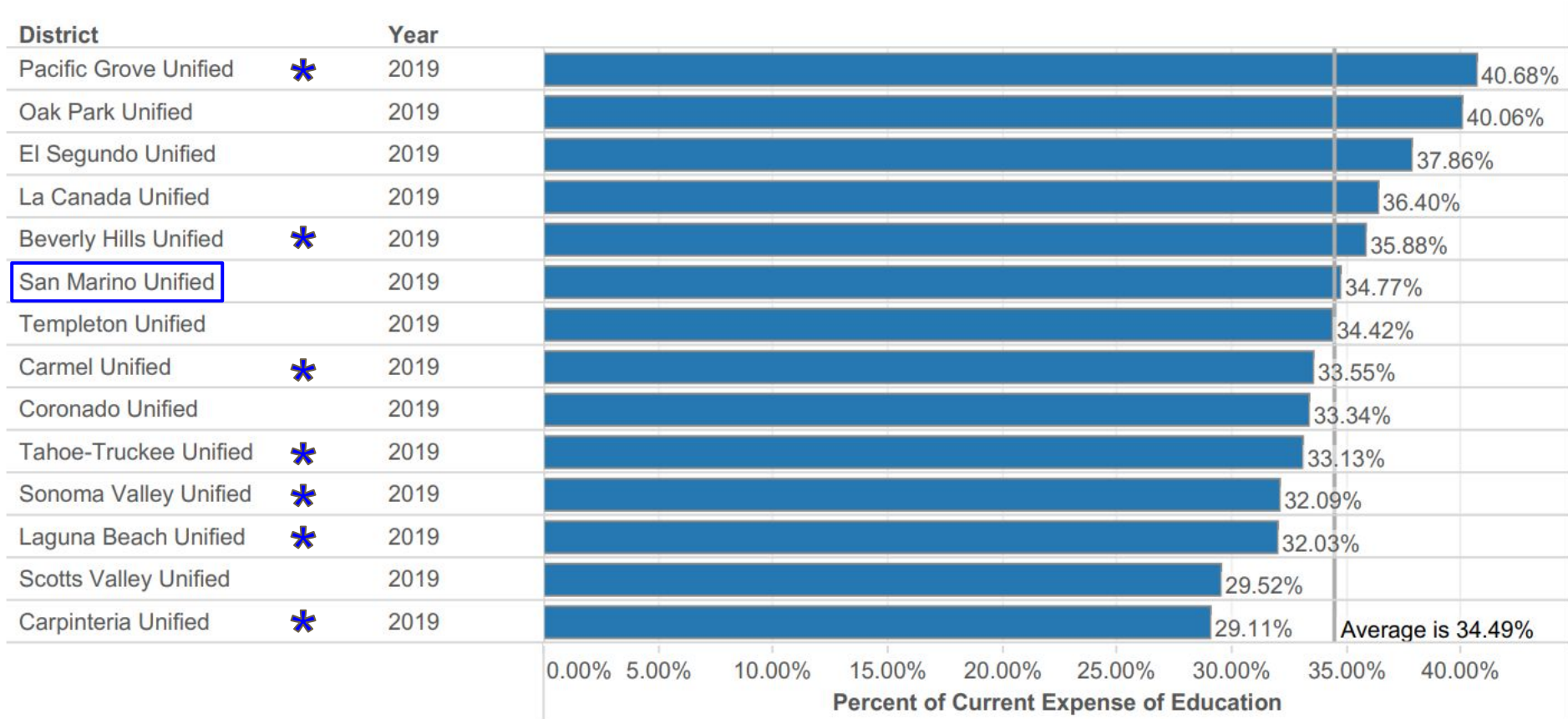
# Certificated Pupil Support Services - 2019

(Basic Aid Districts \*)



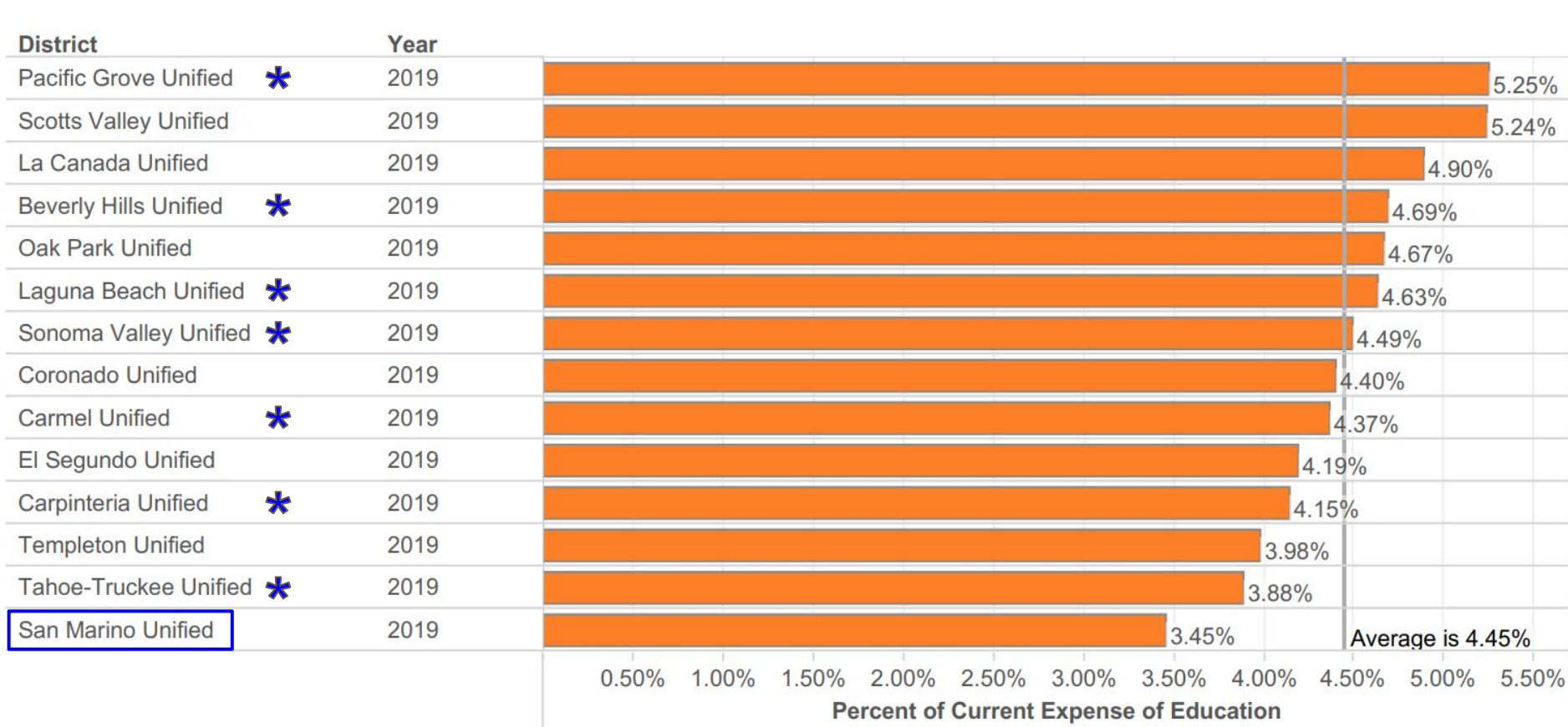
# Certificated Teachers Costs - 2019

(Basic Aid Districts\*)



# Certificated Supervisors and Administrators Expense - 2019

(Basic Aid Districts \*)





# Certificated Administrative Expenses

Source: California Department of Education Financial and Enrollment Data

Note: "Current Expense of Education" is defined by CA DOE

Object Level 3: **1300 Certificated Supervisors' and Administrators' Salaries**  
District: **San Marino Unified**  
Year: **2019**  
District Rank (\$ Per ADA): **268 / 349**  
District Rank (Percent of Expense): **319 / 349**  
Actual \$ per ADA: **\$482**  
Percent of Current Expense: **3.45%**  
District ADA: **2,903**  
Actual: **\$1,400,770**

2019: 3.45% of expense  
2020: -0.3% (2nd Interim)  
Likely move to **337/347 Rank**

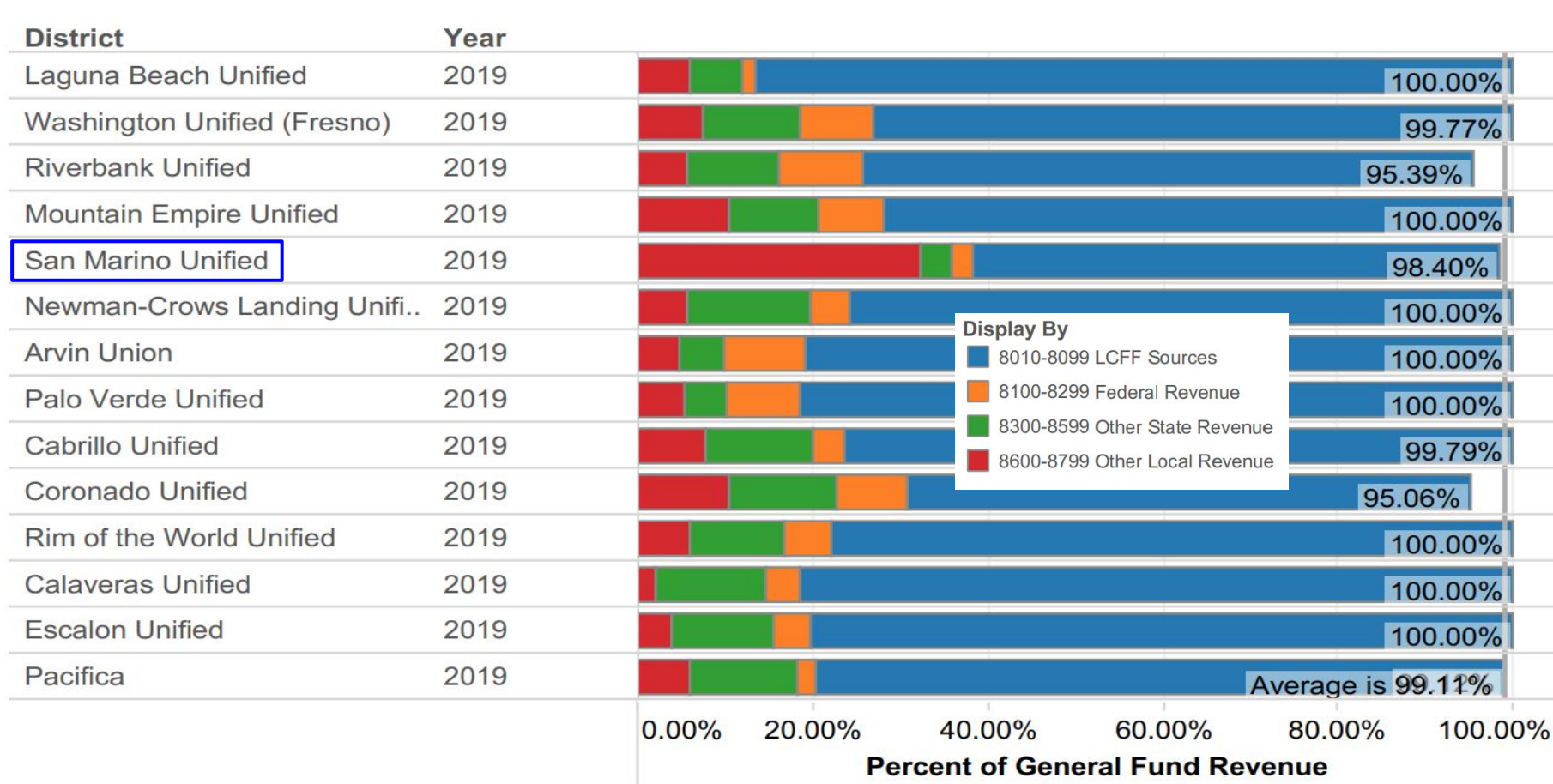
Source: 13.a. 2020-21 Second Interim Financial Reporting (Action Item)

file:///Users/jwilson/Downloads/13\_a\_SecondInterimDetails\_0%20(1).pdf

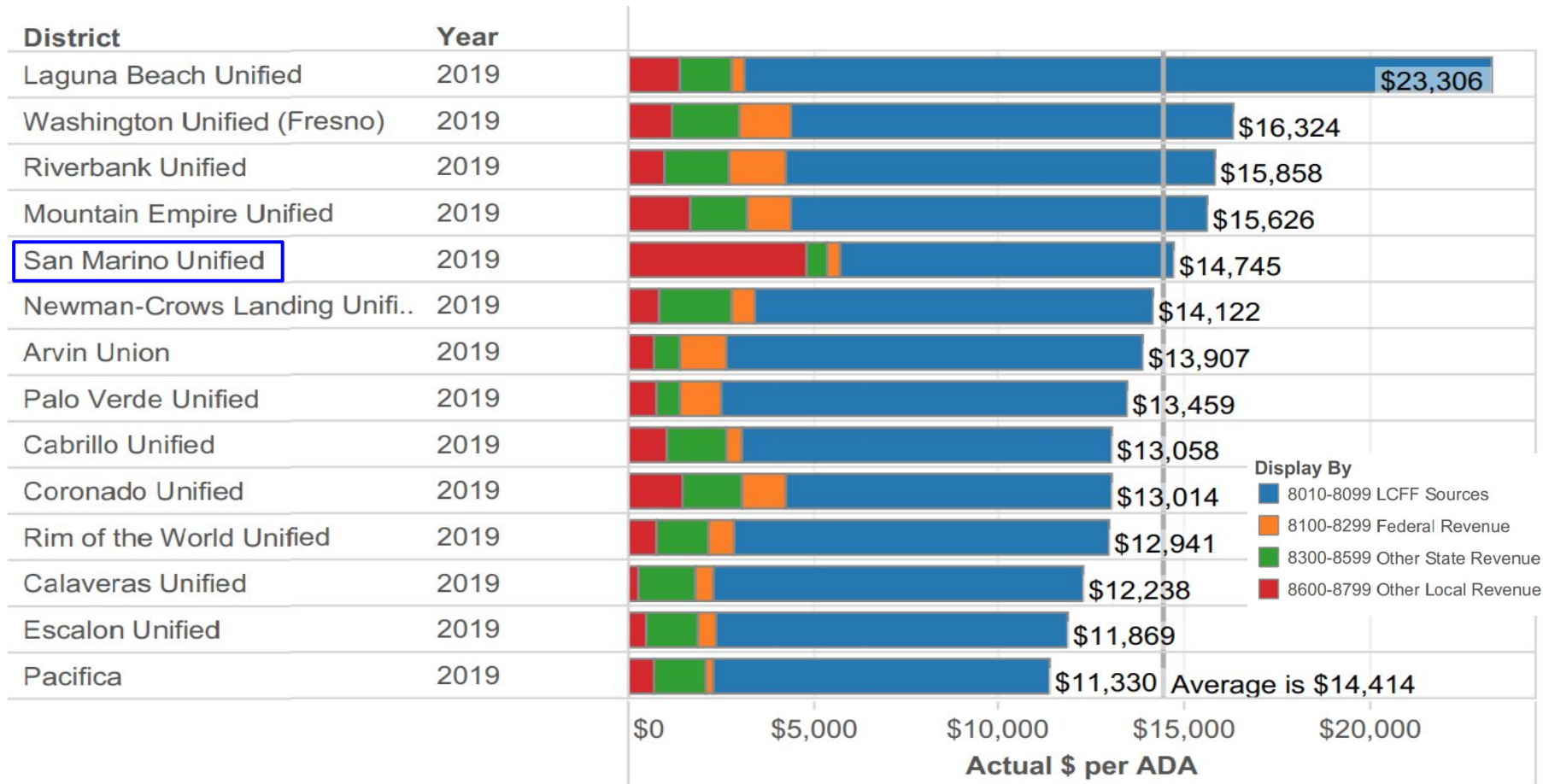
CERTIFICATED SALARIES						2020
Certificated Teachers' Salaries	1100	12,781,413.00	12,886,446.00	7,442,199.60	12,954,446.00	(68,000.00) -0.5%
Certificated Pupil Support Salaries	1200	1,555,945.00	1,619,738.00	919,625.16	1,592,805.00	26,933.00 1.7%
Certificated Supervisors' and Administrators' Salaries	1300	1,458,133.00	1,383,335.00	801,252.84	1,387,431.00	(4,096.00) -0.3%



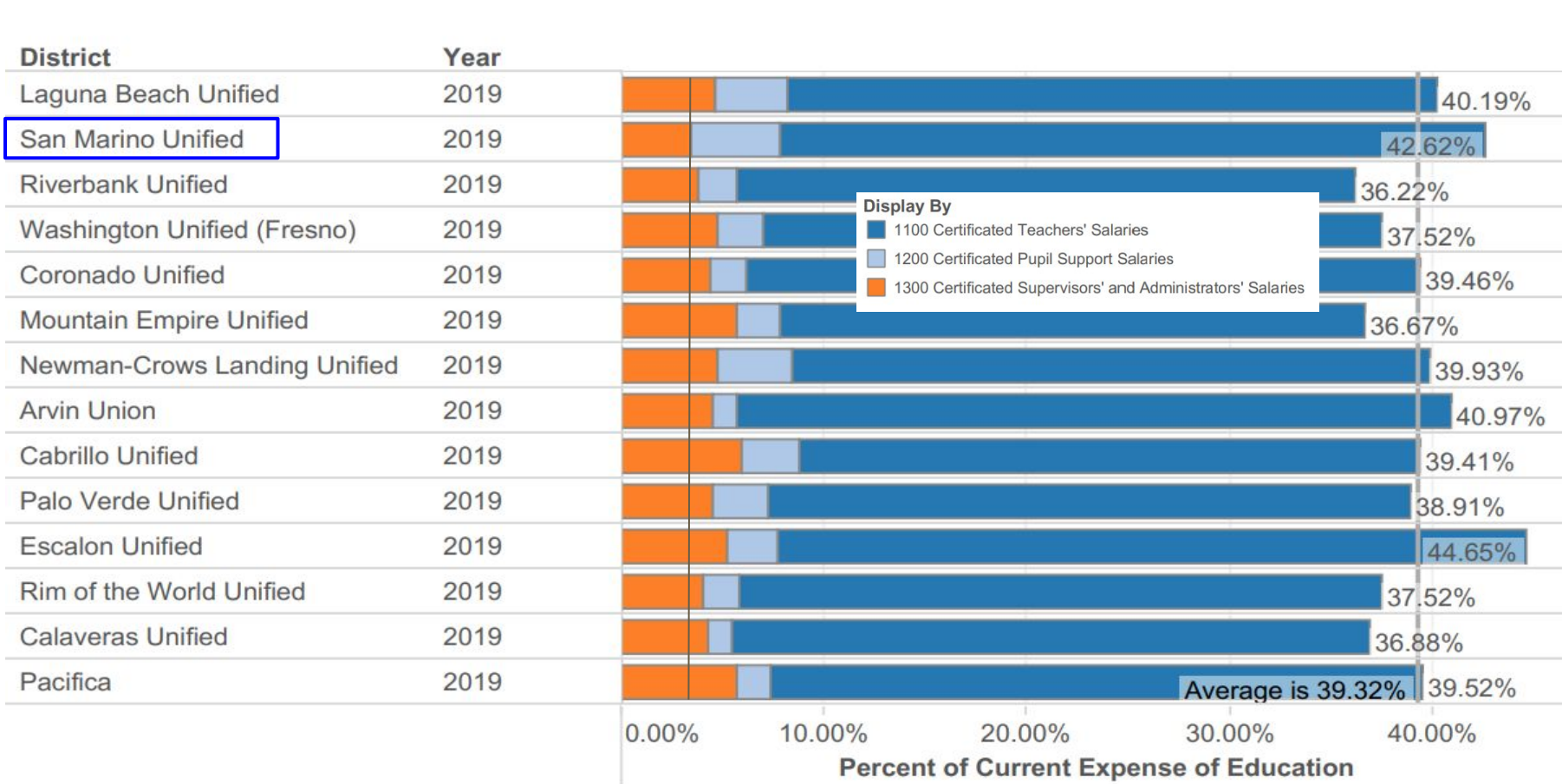
# Revenue Comparison -- Calif. Small Unified Districts (ADA 2800-3200)



# Revenue Comparison -- Calif. Small Unified Districts (ADA 2800-3200)



# Spending Comparison -- Calif. Small Unified Districts (ADA 2800-3200)



# Special Education Costs

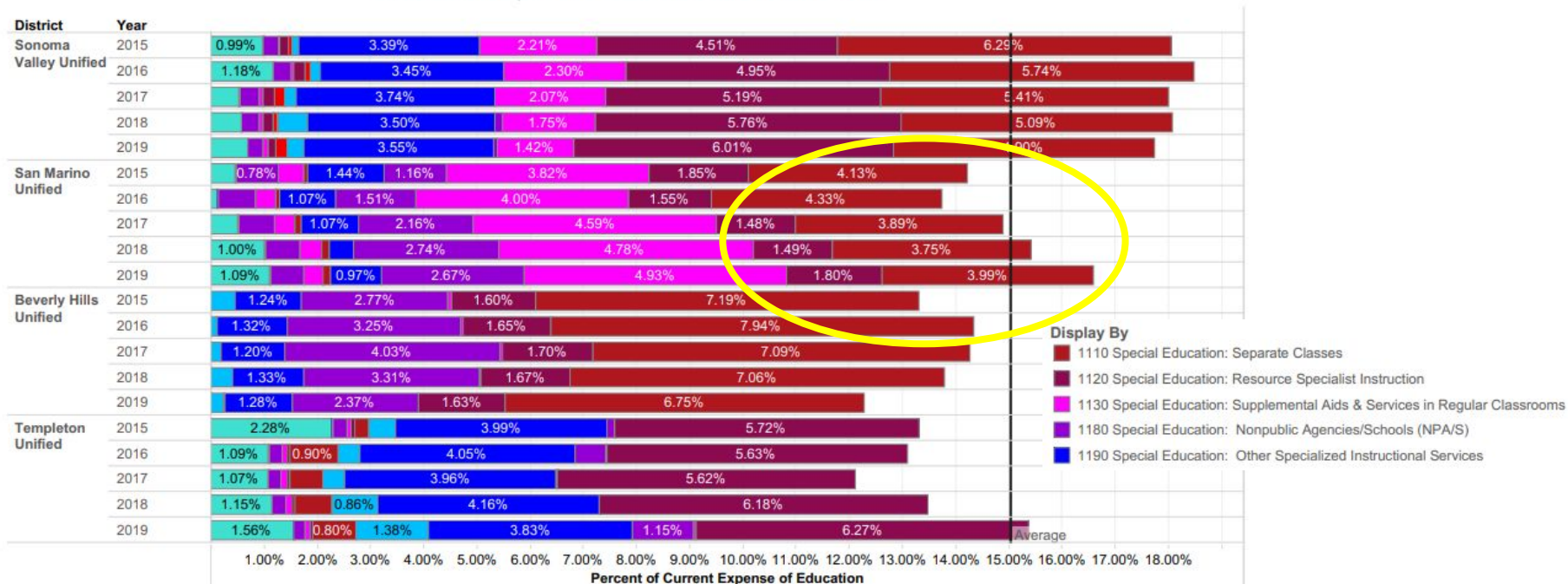
## Area Spending Comparison

Specific Area: Special Education

Goal Level 2: 5000-5999 Expenses and Students with Disabilities enrollment

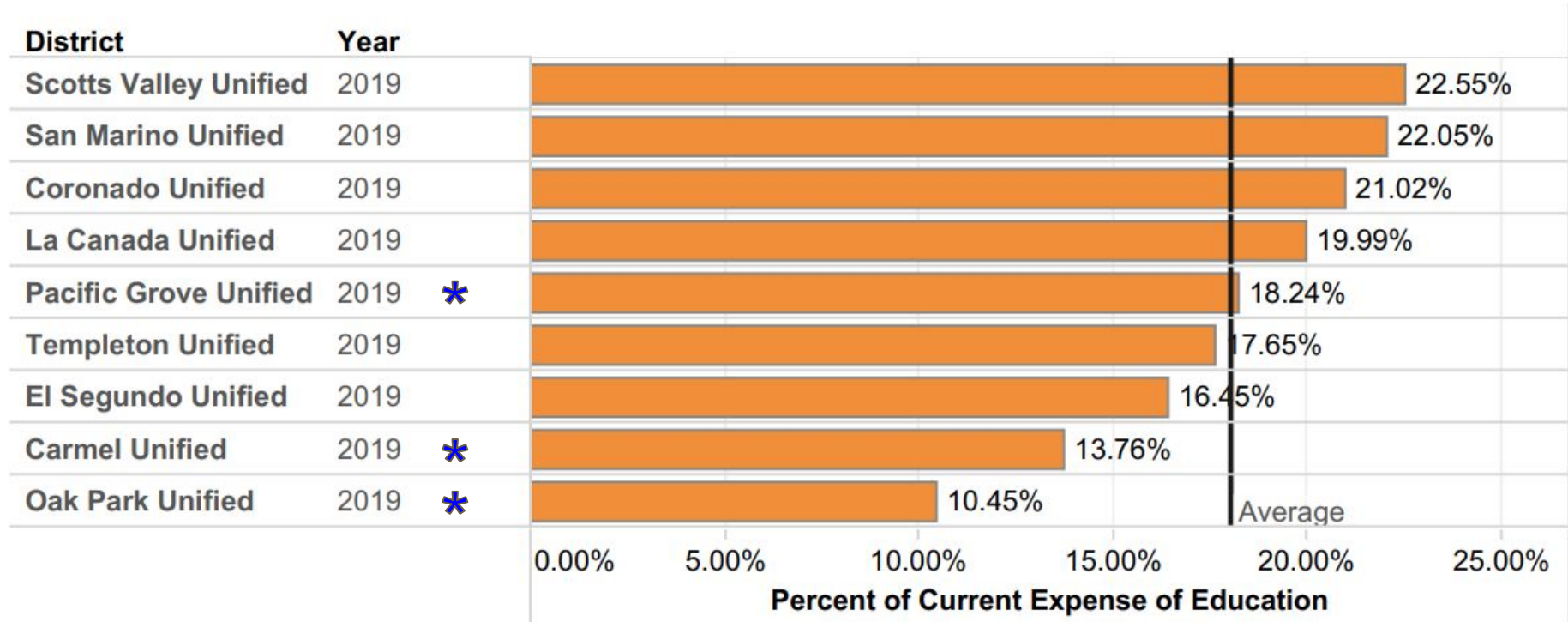
Note: "Current Expense of Education" is defined by CA DOE

Source: California Department of Education Financial and Enrollment Data



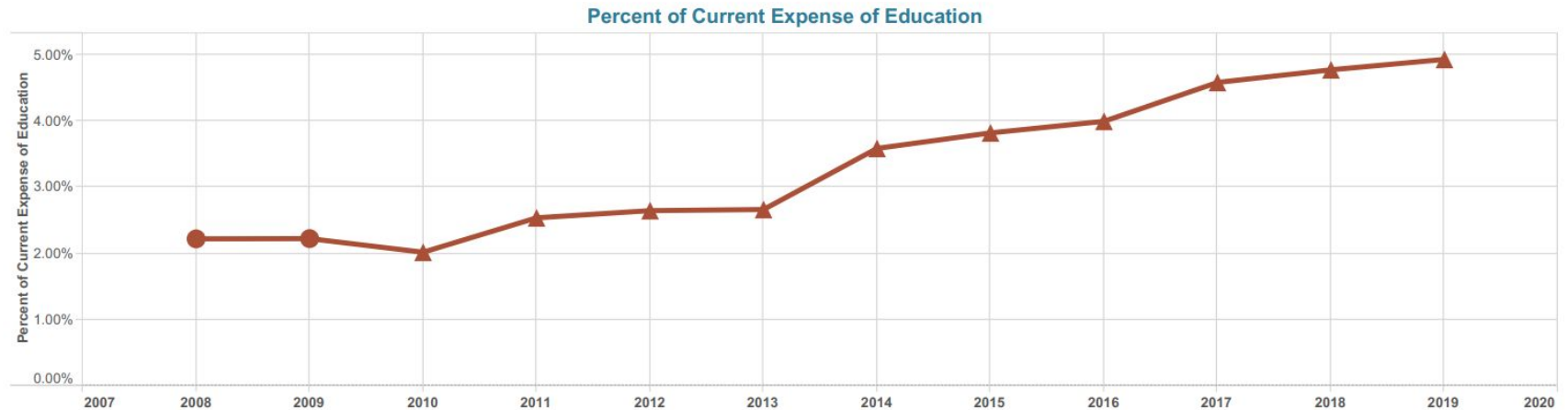
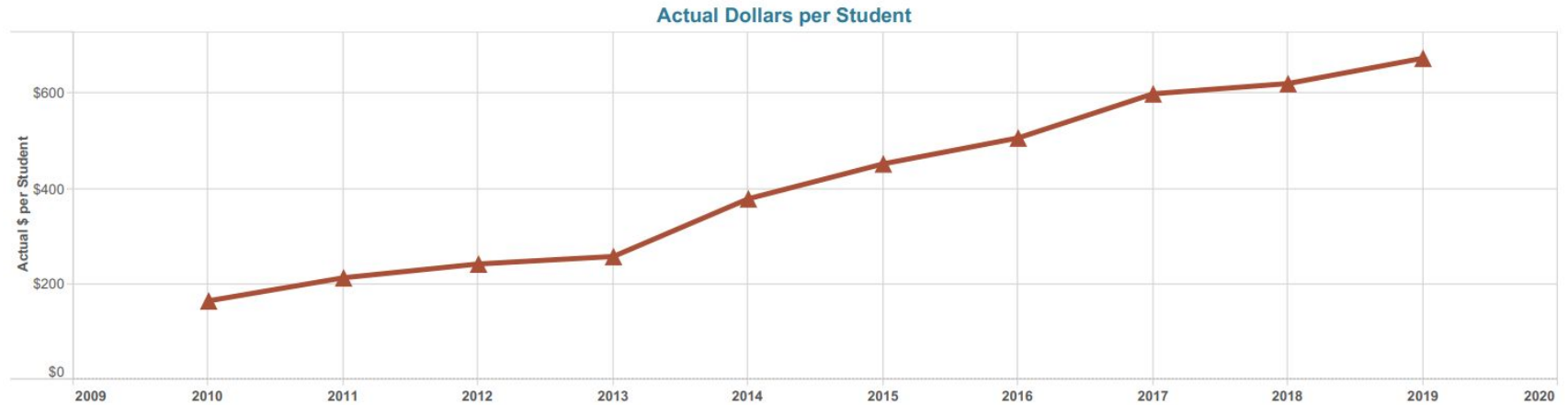
# Special Education Costs

(Basic Aid Districts\*)



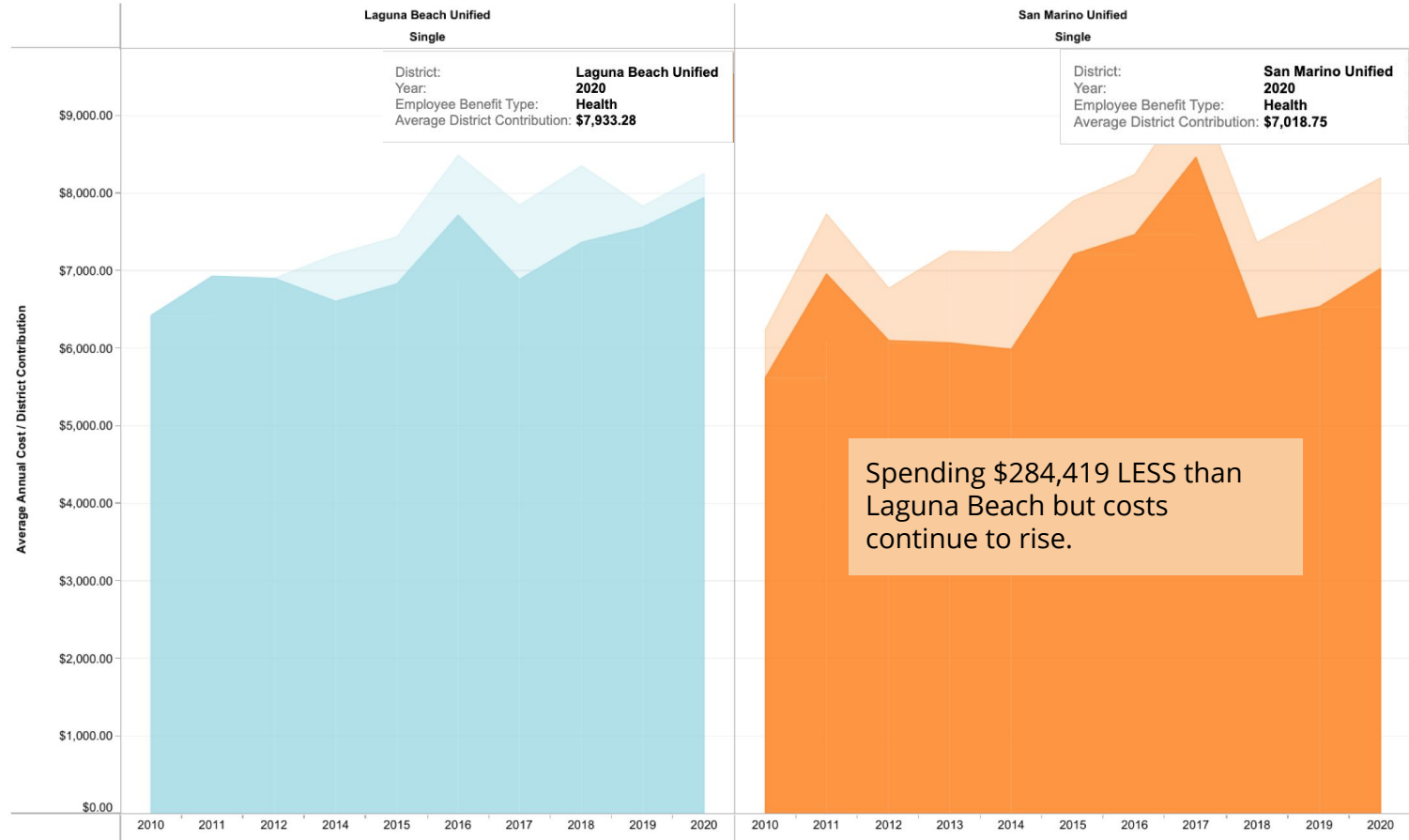


# Special Education Costs -- Aides In Classrooms -- SMUSD 10-Year Span



# Benefits: Cost per Employee

Note: The darker shaded area represents the portion of the premium paid by the District and the lighter area the total premium. The amounts are computed as weighted averages for each individual plan offered.  
Source: California Form J-90



# What Can and Cannot Be Done?

## What Is Possible

- Continue to reign-in costs
  - Account for declining enrollment and natural attrition
  - Streamline programs and combination assignments
- Negotiate salary reductions/furlough days
- Reduce Special Education spending
  - MTSS strategies and SST processes
  - New Special Ed Director
- Raise local funds
  - Renew our Parcel Tax
  - Get behind a Foundation campaign
  - Develop an endowment
  - Reach out to alumni
  - Greater facilities use fees
- Future Ideas (3-5 years)
  - Sell or lease surplus property
  - Build unique programs/academies/magnets
  - Consolidate grade levels/sites

## What Is Outside of Our Control

- Increasing pension costs
- Health & Welfare premium increases
- Many Special Education costs
- Basic Aid status
- The LCFF -- Revenue swings
- Salary Step and Column
- Federal and State grant funding equity gaps
- Lack of developer fees from new development



# Summary

- SMUSD is not adequately funded by the State of California through the LCFF and MUST develop stable local funding sources;
- SMUSD has the highest dependency on local revenue streams of any district in the State;
- SMUSD has engaged in and will continue to take steps to right-size staffing to match enrollment;
- SMUSD leadership had eliminated the structural deficit and had begun to restore the reserve account (2nd Interim Report);
- Voters rejected Measure E exposing the District to an immediate \$4.1 million funding cliff;
- The community of San Marino must engage in a financial strategy plan for the long-term that will include State, Federal and Local funding to match the values, goals and actions of the District;
- The San Marino Schools Foundation will continue to engage in substantive fundraising to provide the general fund with a rising \$2 million contribution to maintain and build programs;
- The Superintendent recommends to the Board of Education to develop and pass a new parcel tax resolution to have a measure placed before the voters at the earliest possible date to restore funding.

# Recommended Next Steps -- Reduce Expenditures During Crisis

- Eliminate and/or curtail unnecessary spending:
  - Meals. Donations will be sought
  - Water, paper goods, equipment, equipment repair.
  - Travel and conferences limited to vendor/JPA sponsored or State one-time conference grant money.
  - Reduce memberships in local clubs and organizations.
- Approve crisis maintenance projects ONLY
  - Student and staff safety is paramount.
  - With the exception of necessary emergency repairs, only in-house work with minimal part expense will be allowed.
  - District Board Room A/C will not be replaced until after the crisis.
- No new textbook or materials adoptions.
- Work with the City of San Marino on any possible shared services.
- Look for additional cost savings through additional classified reduction in force.
- Reduce consulting and legal fees to a minimum for compliance and protection.
- Minimize staff time for non-essential demands.

## Recommended Next Steps -- Increase Revenues

- San Marino Schools Foundation
  - Finish the 2020-21 Regular Campaign
- Accept gifts, donations or financial commitments from community groups
- San Marino Unified School District Board of Education
  - Adopt a Resolution to place a measure on the ballot to restore funding for teachers and counselors, with no perpetual or permanent provision;
  - Provide direction to staff with regards to other possible funding sources related to carryover and one-time dollars.
- Revise and Implement Facilities Use Fees for ALL outside groups. These must be in line with industry or competition standards.
- Work with the City of San Marino on any possible supports or joint use agreements.
- Spend CARES Act, COVID Relief Plan, and Federal Rescue Plan dollars in compliant and creative ways to offset the crisis.

# Questions