

San Marino's "Refuse to Lose" Campaign

A Report to the Community of San Marino

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March, 2010

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The authors undertook this assignment not in their professional capacities, but rather as community volunteers, with the goal of synthesizing complex information provided to them by the District, School Board, school sites and Schools Foundation representatives and presenting it in a way that community members can readily understand. They gratefully acknowledge the research, editing, and/or drafting contributions of the San Marino Financial Stabilization Task Force members: Chair Jeanie Caldwell, Shelley Enger, Colleen Fitzpatrick, Brown Ho, Kathie Kellogg, Vanessa Koo, Bob Mauser, Susan McDonnell, Linda Sun, Joel Thvedt, Mary Ulin, Jerry Wang, and Karen Wicke. Critical background information and editing was provided by the Board of Education, Superintendent Dr. Gary Woods, Assistant Superintendent/ Business Services Julie Boucher, Director of Accounting Vangie Lingat, Schools Foundation Executive Director Colleen Fitzpatrick, and the school site Principals and Assistant Principals.

Table of Contents

Executive Summary	1
Discussion	3
I. What Caused the Budget Crisis?	3
A. A History of California School Financing	3
1. Public School Financing Before 1972	4
2. Public School Financing After 1972	4
3. School Financing Today	6
a. State Funding -- Revenue Limits	6
b. Basic Aid School Districts	8
c. Local Funding	8
d. Federal Funding	8
B. A History of San Marino School Financing	9
1. Overview	9
2. Basic Aid is Not a Viable Option for San Marino in 2010-11	11
3. Where We Are Today: the 2009-2010 Budget for San Marino	11
C. The Crisis Looming for 2010-11	13
1. State Revenues Continue to Decrease	14
2. District Expenditures Continue to Increase	18
a. Employee salaries increase each year even without raises/COLAs	18
i. Certificated employees (teachers, counselors, psychologists)	19
ii. Administrators and management-level employees	19
iii. Classified employees	20
b. Benefits costs are increasing (mostly because of rising health insurance costs)	20
c. The District's share of special education costs is increasing	21
d. Utility costs are increasing	22
II. How Does San Marino's Budget Crisis Compare to That of Other Districts?	23
A. San Marino's Conservative Approach	24
B. Other Factors Explaining San Marino's Relatively High Deficit Projections	25
III. The SMUSD "World Class" Education	26
A. What Makes San Marino Public Schools so Special?	26
B. What does a "World Class" Public Education Really Cost? – <i>Hint: It's Not Free!</i>	28
IV. What's at Risk? What Impact Does a \$5 Million Budget Deficit Have on San Marino's Public Schools?	28
A. Academics	29
1. High School	29
2. Middle School	30
3. Elementary Schools	31
B. Visual and Performing Arts	31

1. High School	32
2. Middle School	33
3. Elementary Schools	33
C. Physical Education/Athletics	33
1. High School	34
2. Middle School	35
D. College Preparedness	35
E. Scheduling Challenges	36
V. Property Values and the Quality of Life in San Marino are Tied to the Quality of SMUSD Schools	36
VI. The “Refuse to Lose” Campaign: What Can Be Done to Preserve the World-Class SMUSD Education and the Property Values Tied to it?	37
A. Efforts to Increase Revenue	37
1. The San Marino Schools Foundation will increase its annual requested donation amount (from \$1,000 to \$2000) and redouble its efforts to increase the percentage of families who support our schools	37
a. A donation of \$2000 by 100% of SMUSD families would close the gap.....	37
b. \$2000 per child is a fraction of what it would cost to send a child to private school	38
2. Seek increased support through the Chinese Club	41
3. Seek additional federal stimulus dollars	41
4. Solicit SMUSD alumni support	41
5. Maximize parcel tax revenues	41
6. Maximize District income from the Stoneman property	42
7. Seek funds from the City of San Marino.....	42
B. Efforts to Reduce Expenditures	43
1. Certificated employees	43
2. Classified employees	43
3. Administrators and management-level employees	43
C. Lobbying at the State and Federal Levels	43
1. Letter-writing campaign	44
2. Face-to-face lobbying efforts	44
D. PTA Connections.....	44
1. Allocations.....	44
2. Staffing/Support.....	45
3. Event planning.....	45
VII. As Funds Are Raised, How Will They Be Allocated to Restore Threatened Programs?.....	45
VIII. Conclusion.....	45

EXECUTIVE SUMMARY

San Marino's public schools are at a crossroads. Recent and projected State funding reductions of unprecedented magnitude now threaten the very survival of the San Marino Unified School District (SMUSD or District) as the community has known it, for cutting an additional \$5 million from a budget that has already been cut to the bone in recent years would require a conversion to a "fundamentals-only" school district.

The SMUSD's Financial Stability Task Force commissioned this comprehensive Report as a means of providing historical and factual information to community members who care deeply about the health and long-term stability of their public schools, but who may have questions about how SMUSD finds itself again in a crisis situation and what plans it has developed to address the crisis.

A history of State and local public school financing (pp. 3-22): Section I of the Report provides a primer on public education finance in California, highlighting the fact that annual State funding has plummeted from \$400 per pupil above the national average in the early 1970s to a projected \$1,800 per pupil below the national average for next year. It is projected that by next year, the State will fund only half of the actual costs of a SMUSD education. Against that backdrop, the section examines SMUSD's budget woes in recent years and outlines the fiscal crisis looming for 2010-11, concluding that it results not from a failure of the District to live within its means, but rather from a devastating failure on the part of California to adequately fund its public school system.

Comparing school districts' budget crises (pp. 23-25): Section II acknowledges the common desire to compare SMUSD's budget crisis to those of neighboring school districts, but cautions that disparities in school districts' budgeting assumptions render that exercise largely fruitless.

What makes San Marino public schools so special? (pp. 26-28): In Section III, the Report describes what makes San Marino's public schools so special: that winning combination of the unique community in which they are located; the District's unwavering commitment to providing a "world-class" education in academics, the arts and athletics; and the tangible results demonstrated by each of the District's four school sites. The section concludes with a reminder that the cost of this extraordinary educational experience is far from free.

What are the implications of a \$5 million budget deficit? (pp. 28-36): Section IV of the Report paints a very detailed and alarming picture of what the cuts will mean at the high school, middle school and elementary school levels, focusing on academics, class sizes, visual

and performing arts, athletics/PE, and college preparedness. The middle school would be unable to open its door as it currently exists; the high school would convert to a “fundamentals only” school that would be unable to provide the classes students need to meet minimum graduation requirements; and class sizes at all three school levels would balloon. Section V discusses the inextricable link between San Marino property values and the quality of its public schools, concluding that the problem concerns all San Marino residents.

The Refuse to Lose Campaign: What is being planned to preserve the world class SMUSD education and the property values tied to it? (pp. 37-45): Section VI outlines a multi-pronged game plan that counts on the participation of parents, District alumni, SMUSD employees, and all San Marino PTAs. It includes raising new funds, reducing expenses wherever possible, lobbying at the state and federal level, and a widespread education campaign. A cornerstone piece of the plan is a fundraising campaign to increase the amounts raised by the San Marino Schools Foundation (SMSF). The many actions taken by San Marino voters (parcel taxes) and SMUSD parents (generous donations to the San Marino Schools Foundation) have enabled the District thus far to weather past State funding cuts without significant negative impact on quality, but even these actions have not been sufficient to offset the State’s deep, repeated slashing of public school funding. Parents will be asked to increase the amount of their annual contributions to the SMSF to \$2,000 per student – an amount that may be hard to swallow at first, but that is still only a fraction of the cost of a private school education. And as evidenced by the detailed charts contained in this section, SMUSD programming rivals or exceeds that offered at private schools costing up to \$29,000 annually per child. Section VI also describes SMUSD employee concessions aimed at saving the District money.

Plans for restoring threatened programs as funds are raised (Section VII) (p. 45): SMUSD Superintendent, Dr. Gary Woods, has requested and received from each of the Districts’ school principals a detailed analysis of how additional funds secured through this campaign would be applied at their respective school sites. Specifically, principals were asked to show which positions they would anticipate restoring depending on the amounts of monies raised through the Refuse to Lose Campaign. Their responsive documents are not included in this report, but copies may be requested at the District office. All of the restoration plans demonstrate a commitment to restoring programming evenly across academic and VAPA categories.

San Marino is an extraordinary community. Working together, San Marino constituents can commit to preserving the foundation of what makes it so special. We can – and must – “Refuse to Lose.”

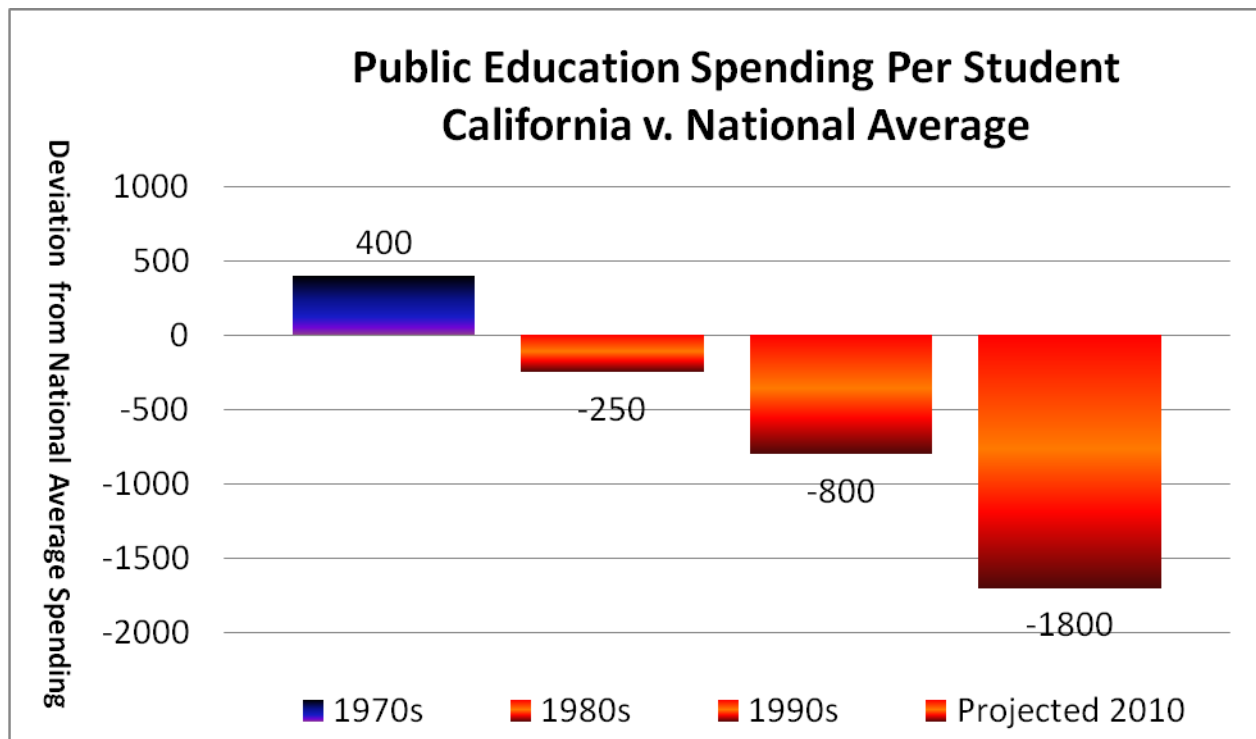
DISCUSSION

I. What Caused the Budget Crisis?

A. A History of California School Financing

In order to understand how San Marino Unified School District (“SMUSD” or “the District”) found itself in its current state of budget crisis, an understanding of California school financing is necessary. The following is a discussion of the history of California school financing from before 1972 to the present, as well as a discussion of the impact of California school financing on the SMUSD over the years.

The bottom line is that, for various reasons, the amount of money dedicated to California public education has declined significantly over the years relative to other states’ spending. As shown by the accompanying chart, California spends significantly less on K-12 education than the national average. To the extent that the amount of education spending per pupil is an important factor in providing a quality education, California children start out with an education financing disadvantage compared to children in other states.



1. Public School Financing Before 1972

Before 1972, school districts were financed in large part by local property taxes. As an affluent community, San Marino was a beneficiary of this school financing method because of its relatively high property values and the ability to tax those properties for school district use. During the 1960s and 1970s, California spent more per pupil than the national average.

2. Public School Financing After 1972

Many legislative bills and constitutional amendments enacted since 1972 have negatively affected funding for school districts. Local school districts no longer have control of their revenues² and instead must rely on the State for school funding. Because public school funding is dependent on the rise and fall of State revenues, school districts are subject to the vagaries of the State budget process each year and remain extremely vulnerable during times of State budget deficits. By the 1990s, California was spending \$800 less per pupil than the national average.

Unlike San Marino, schools in less affluent areas of the State of California struggled to provide a quality education for their students. In 1968, low-income advocates filed the lawsuit *Serrano v. Priest*, claiming that funding inequities among school districts violated the Equal Protection Clause of the State Constitution. In response to the litigation, legislation was passed in 1972 that established revenue limits -- a cap on state funding per pupil within a particular school district. After the California Supreme Court decided that California's school finance system was in fact unconstitutional in 1976, additional legislation was passed that "equalized" school financing among California school districts.

Under the equalization process, school districts no longer were allowed to keep their local property taxes and instead were required to send that revenue to the State. The State applied certain formulas to ensure that "higher spending" school districts received less revenue funding than lower spending school districts, with the goal that, over time, revenue received by California school districts would not differ more than \$100 per pupil in expenditures.

In 1978, two years after the *Serrano* decision, the voters of California passed Proposition 13, a constitutional amendment. Under Proposition 13, the State could only collect local general-purpose property taxes based on 1% of the property's assessed value at the time of

² A small number of school districts are "Basic Aid" school districts, generally meaning that they are not dependent on the State for their base revenues. However, Basic Aid districts are still subject to California Education Code requirements, and in recent years the State has reduced their funding levels as well. See discussion on pp. 8, 11.

acquisition (rather than on the property's actual value as it increased over time).³ While Proposition 13 was financially advantageous to the individual property owner, it was devastating to California school districts because it substantially reduced the amount of money that the State could collect for school district revenue. In addition, Proposition 13 dramatically reduced the overall amounts that the State could appropriate into its General Fund by permitting reassessment only when properties changed hands through sale and repurchase.

Subsequent legislation was passed in 1979 that provided a new formula for dividing property taxes and that granted larger inflation increases to low-spending districts, thereby adversely affecting the historically "higher spending" districts again. This reduced schools' reliance on property tax revenue and increased the State's share of responsibility for school finance funds.

Legislation was passed in 1983 that imposed longer school days and a longer school year, increased beginning teachers' salaries, and established rigorous curriculum standards. The legislation increased school districts' expenditures but did not provide a corresponding increase to revenue. Rather, school districts were expected to absorb the increased costs into their existing budgets.

In 1984, California voters approved a constitutional amendment creating the California State Lottery. Many thought that the primary beneficiary of the Lottery would be California education. In fact, however, Lottery money represents a very small portion of California's education funding (in 2009-2010, Lottery funding constituted only 1.0 % of K-14 spending) as the amount of money received from the Lottery has decreased over the years.

In 1988, California voters – concerned that the State's per-pupil spending had decreased to \$420 less than the national average – took matters into their own hands. They passed Proposition 98 (amended by Proposition 111 in 1990), a constitutional amendment guaranteeing a minimum level of funding, or floor, for K-14 education. Once again, however, the goal of increasing education funding was not met. Due to variations in the State budget each year, Proposition 98 funding levels also vary in direct proportion to the State's actual revenue receipts and are therefore unpredictable. Moreover, Proposition 98 can be suspended by a two-thirds vote of the Legislature, which has happened numerous times in the ensuing years during recurring State budget crises.

³ Generally, this assessed value may be increased only by a maximum of 2% per year until the property undergoes a change in ownership.

In 1996, the Legislature passed Class Size Reduction (“CSR”), which was originally designed to assist poor performing school districts with students who were having difficulties learning by providing opportunities for more individualized attention. CSR provided monetary incentives for schools that maintained a 20:1 pupil-teacher ratio in K-3 classrooms. K-3 CSR was extended to ninth grade in 1998, concentrating on 9th grade English, math, and science classes. While CSR has been very popular with parents across the State, there has been some controversy about whether reduced class sizes actually improve student performance.⁴ Unquestionably, CSR dramatically increased the costs for school districts, as over the years the State funds allocated for this purpose no longer cover the actual costs of reduced class sizes.

In 1997, the Legislature changed the way that Average Daily Attendance (ADA) was calculated, which negatively impacted the amount of money that school districts received per student. Before 1997, school districts received ADA for students based on the total number of students enrolled, including those students who were absent for excused reasons (e.g., illness, doctor’s appointment). Under SB 1468, the ADA calculation is based only on those students who are actually present in school.

3. School Financing Today

California public school districts obtain school funding from state, local, and federal sources. The majority of school districts’ funds come from the State. Some portion of a school district’s revenue may come from local sources (e.g., local tax measures, private donations, etc.), some from the federal government (depending on a school district’s free and reduced lunch count), and a very small amount from the Lottery. Most of the funds received are unrestricted and are to be used to support the general education of all students in accordance with the Education Code provisions, whereas other funds are restricted (also referred to as “categorical”) for a specific purpose⁵. The amount of money received from each of these sources varies among school districts depending on many factors, including the demographics of the student population, poverty levels, and test scores.

a. State Funding – Revenue Limits

The term “revenue limits” or “RL” refers to the general purpose/unrestricted funds that school districts receive from the State in order to finance local public school education,

⁴ See discussion on p. 15, footnote 11.

⁵ Federal funds are restricted and can be used only for the designated purpose. Some State funds are restricted, such as Class Size Reduction and special education. In response to recent budget cuts, some restricted funds may be “swept” to offset the State’s reduction of RL and other unrestricted funding allocated to schools.

including teachers, counselors, instructional and administrative support staff, maintenance personnel, school and district administrators, utilities, insurance, facilities maintenance, and supplies, to name a few. As discussed above, California imposed revenue limits after 1972 in order to address disparities among school districts in funding and spending. Revenue limits control the amount of money that a particular school district receives from the State for their General Fund.

The dollar amount of the RL is determined by a complicated formula that looks at historical spending patterns and other factors, such as the type of school district (e.g., unified or elementary) and its size. Once the State has determined the amount of dollars per student that it can pay, it multiplies that figure by the particular school district's ADA. This per-pupil figure is usually increased each year based on a Cost of Living Adjustment ("COLA").⁶

The source of funds for RL is (1) local property taxes and (2) the State's General Fund. Before 1972, local property taxes could be used directly by the local school district. Today, the local property taxes go to the State and are distributed by using the "equalization accounting method." The difference between the dollar amount of the RL determined by the complicated formula and the local property taxes is the amount of money that must be supplemented by the State's General Fund. As such, a school district that has a large percentage of its RL funds coming from local property taxes will need less supplementation from the State. Conversely, a school district with relatively small property tax revenues will need more State funds in order to fund the calculated RL.

Given that the RL consists of local property tax revenues and State aid, any decrease in property values in the State (hence less property taxes collected by the State) and decreases in other State revenue sources, such as personal income taxes, sales taxes, and corporate taxes etc., significantly affects the amount of RL dollars available to be allocated to K-12 education each year.

It is no secret that California's economy is in dire straits in 2010. Employment, housing, job starts, and construction figures have decreased. Costs for social services, human services, and prisons administration have increased. In fact, the State is currently projecting a \$20 billion deficit for 2010-11 – approximately 22 % of the State's current budget of \$86 billion -- and it is

⁶ For the 2010-2011 school year, the COLA is a negative number, which means that not only will there be no increases in spending based on the COLA, but also spending may be cut between \$75,000 (based on the Governor's January projected budget) and \$150,000 (conservative projection) for the SMUSD. The COLA should be confirmed in April 2010.

expected that the deficit will continue to grow. Californians cannot expect a federal bailout: California's application for \$700 million in "Race to the Top" stimulus funds, which were targeted for the lowest performing schools, was not approved in March 2010.⁷

b. Basic Aid School Districts

School districts that have very high property tax revenues, whether through higher-than-average assessed valuations, more frequent turnover of home ownership (and therefore more frequent upward reassessments), industrial or corporate enterprises, or other local business revenue, may qualify as Basic Aid school districts. Basic Aid districts tend to have a higher level of assessed property values and a low student population relative to the number of properties in the school district. If a school district's property tax revenues are greater than the RL amount calculated for that district, the district is deemed a Basic Aid district because its local property taxes are greater than the amount of State aid. In 2007-2008, only ten percent of California school districts were considered Basic Aid districts. For a variety of reasons, San Marino is not a Basic Aid school district. (See discussion below on p. 11.)

c. Local Funding

In addition to RL funding, a school district may generate local funding, such as parcel tax revenues, fees generated from use of school facilities, and private donations. Some cities have arrangements with their school districts whereby the city provides some tax or other city revenue to the school district.

d. Federal Funding

The federal government has over the years allocated funds for use for specific programs, such as Title I (based on a school district's free and reduced lunch counts), Even Start (family literacy programs), and to a much lesser extent IDEA (students with disabilities). Although the federal government committed to funding 40% of special education costs, it has fallen very short of its commitment. Yet school districts must still comply with these under-funded federal mandates, resulting in large contributions from unrestricted general funds to support the federally required special education programs and services.⁸

⁷ The District intends to pursue other federal stimulus funds, but it is not hopeful at this point of securing them.

⁸ As SMUSD students generally do not qualify for Title I or Even Start, they will not be discussed in any detail.

The bottom line: In 2009, California ranked 47th out of 50 states in per-pupil spending, and in 2010 California has now dropped into last place.⁹

B. A History of San Marino School Financing

1. Overview

As mentioned above, San Marino public schools used to enjoy the benefits of being a wealthy community with relatively significant property tax revenues. After *Serrano v. Priest* and Proposition 13, however, the SMUSD saw its education funding decrease significantly. In response, the community of San Marino created the San Marino Schools Foundation (SMSF or Foundation), a non-profit organization separate from the SMUSD, in 1980 to offset State funding shortfalls and maintain the world-class education that San Marino residents had come to expect.

Fortunately, the Foundation has been very successful in fundraising to support the San Marino Unified School District. Since 1980, the Foundation has solicited and donated over \$21 million in unrestricted giving to the SMUSD. All donations, including restricted donations for special projects, total over \$29 million.

In addition, the San Marino community has helped address State funding shortfalls in other ways. When it became clear that State funding was insufficient to address San Marino's need to modernize and construct new facilities for quality teaching and learning environments, the San Marino community passed a \$32.3 million bond measure in 1996. A second bond measure was passed in 2000 that provided an additional \$18 million to complete the District's planned modernization projects.

In 2003, the Foundation conducted a "Save our Schools" campaign to address a budget deficit and raised nearly \$1 million in addition to the Foundation's Annual Campaign. The same year, San Marino voters renewed a parcel tax of \$195 per parcel (the parcel tax was originally created in 1991 and renewed in 1995 and 1999) to continue funding quality educational programs and classroom instruction.

In 2007, a \$295 parcel tax was approved for six years. The parcel tax contained provisions to adjust for inflation and to allow for senior citizen and contiguous parcel exemptions.

⁹ Rankings depend on the statistics used by the ranking entity, and given the complexities and differences in how states finance their schools and report their figures, the rankings vary.

In Spring 2008, the Foundation initiated another “Save our Schools” or “SOS” campaign after learning that SMUSD was facing a \$2.3 million funding shortfall. The community rallied and raised \$1.6 million within a few months’ time. The SOS campaign was able to restore 19 positions, including 2 library aides, 2 counselors, 4 elementary teachers, 5 middle school teachers, and 6 high school teachers in the areas of art, music, technology, social science, science, and physical education.

In 2008-2009, the District continued to cut its expenditures. The District saved over \$1.2 million through resignations, retirements, and reducing 7.40 FTE (full-time equivalent) certificated positions, 15 classified positions, and freezing vacant classified positions. In addition, a mid-year reduction of \$1 million was necessary due to mid-year State budget reductions (in other words, after the County Office of Education had approved the SMUSD budget, the State failed to provide \$1 million already budgeted and approved, which left the SMUSD to find other ways to pay for its obligations). School sites were asked to give back \$100 per student that had been previously allocated for a total of \$300,000. In addition, the District swept categorical funds, realized a savings of workers’ compensation benefits, and implemented a hiring freeze (except for those positions mandated by law), all of which resulted in additional savings of \$700,000.

SMUSD employees also did their part. In 2008-2009, the CSEA (classified employees) and non-represented employees, including District administrators, agreed to freeze their step increases so that no step increases were applied (see discussion in Section II, C, 2 (a) about step and column). In addition, classified employees and administrators who worked 12 months agreed to three fewer paid holidays, and 10- and 11-month employees agreed to two fewer paid holidays. Certificated teachers and counselors took on extra work as their class sizes increased and the level of classified support was either reduced or eliminated.

In 2008, anticipating a worsening economy and continuing State deficits, the Board of Education (Board) appointed a Financial Advisory Committee (“FAC”) to evaluate potential long-term solutions to improve the SMUSD’s financial stability, especially during economic downturns, and reduce the need for emergency funding appeals to the San Marino community. The FAC considered several options, including parcel taxes, general obligation bonds, potential uses of the Stoneman property, and other use taxes. The FAC also conducted an analysis of State funding for SMUSD, particularly as it related to the categorization of Basic Aid school districts. After substantial analysis, the FAC made several recommendations, including that the SMUSD pursue an additional parcel tax. In December 2008, the Board decided that a parcel tax was the best solution at that time and started the process to present a parcel tax to the San Marino community. Based on several factors, including a projected decrease in RL announced

by the State in February and the recommendations of a parcel tax consultant, the San Marino community was asked to approve a \$795 parcel tax.¹⁰

On May 5, 2009, San Marino voters approved the additional \$795 parcel tax, resulting in potential revenue of \$4 million per year for San Marino schools for a six-year period. Like the 2007 parcel tax, this tax adjusts for inflation and allows for senior citizen and contiguous parcel exemptions.

After the passage of the parcel tax in May 2009, the State cut K-12 education revenues three additional times, resulting in a deficit of nearly \$1 million for SMUSD for the 2009-10 school year. The parcel tax that was expected to bridge the projected gap (prior to the additional State reductions in funding) was rendered insufficient. In addition, an unexpected number of senior citizens applied for the exemption, thereby reducing the total anticipated parcel tax revenues by \$500,000 for 2009-2010.

2. Basic Aid is Not a Viable Option for San Marino in 2010-11

As discussed above, Basic Aid school districts have property values that exceed the computed Revenue Limit; therefore, it is not advantageous for those districts to receive RL funds from the State. San Marino does not qualify as a Basic Aid district because its local property taxes are approximately \$10 million less than the RL received from the State.

Although San Marino has many highly valued homes, many of the homes either have not been recently sold or have been passed on to family members through real estate transactions that do not trigger a reassessment of the property under Proposition 13. For example, a recent analysis showed that 70 percent of the homes in San Marino have assessed values under \$1 million and about 160 homes have an assessed value of below \$100,000. Although the median assessed valuation of the 5,039 parcels in San Marino is about \$700,000, as a practical matter, the low turnover rate and scarce inventory make it difficult to buy a home in San Marino for less than \$1 million. Until more homes are reassessed at actual market value, San Marino will not be classified as a Basic Aid school district.

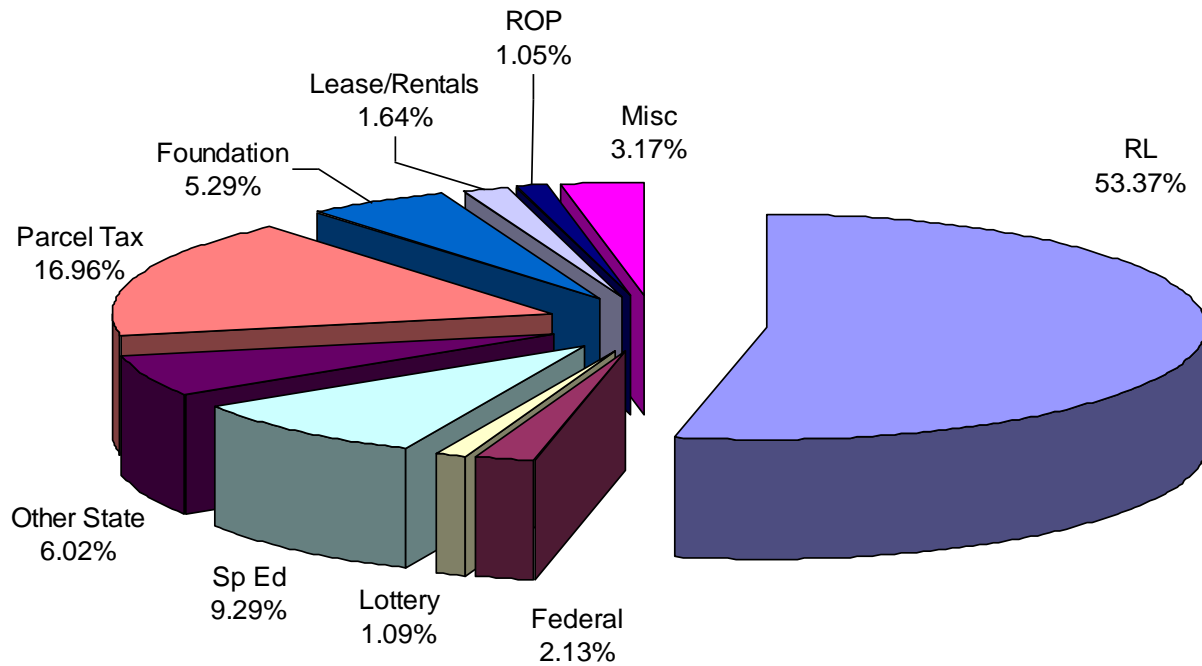
3. Where We Are Today: the 2009-2010 Budget for San Marino

As can be seen in the charts on the following page, the projected actual numbers for the 2009-2010 fiscal year show total revenues of \$29.5 million. Less than 54 percent of the

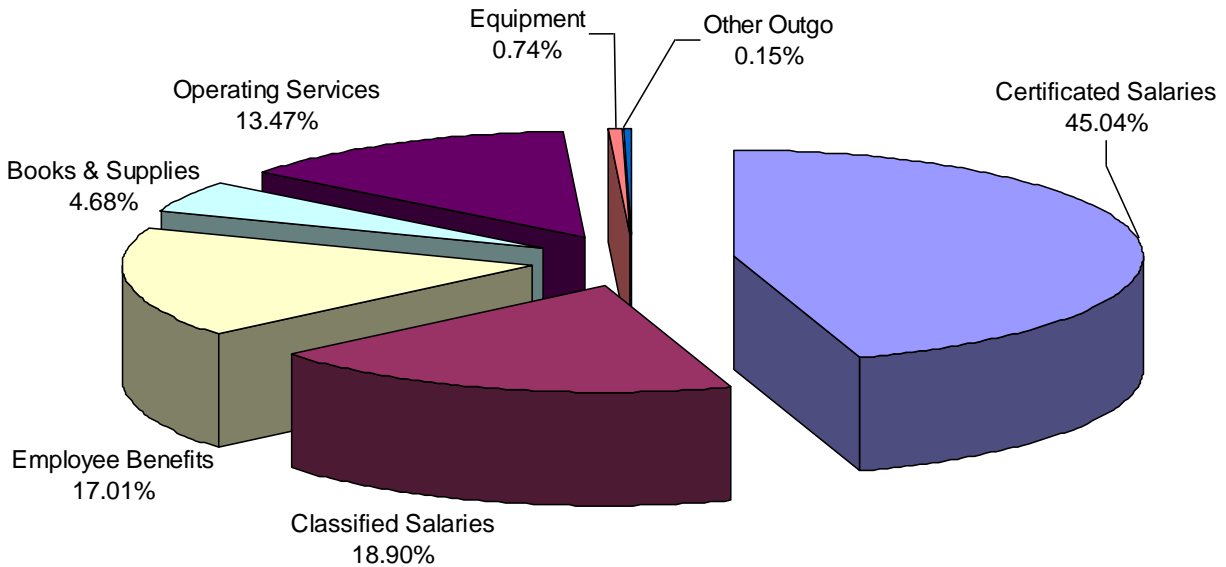
¹⁰ The District's best estimate of the amount needed at that time to cover anticipated annual expense increases and revenue deficits was actually \$1000 per parcel; however, upon the advice of the parcel tax consultant that a parcel tax measure of that magnitude would not be likely to pass, the District chose to request the \$795 figure.

revenue, or over \$15 million, comes from the State's RL. The second highest source of revenues comes from our local community -- parcel taxes (17 %), Schools Foundation donations (5 %), PTA donations and reimbursements (3 %) -- for a total of over \$7 million of the District's total revenues. Actual expenditures are projected to be approximately \$29.5 million for 2009-2010, over 80% of which constitutes District employee salaries and benefits.

2009-10 Projected Actual Revenues - \$29.5 million (as of 1/31/10)



2009-10 Projected Actual Expenditures - \$29.5 million (as of 1/31/10)



After the SMUSD 2009-10 budget had been approved by the County Office of Education, the State announced that it would be deferring payments of State funding owed to school districts. For example, the February 2010 RL payment will not be received until August 2010, yet the fiscal year ends on June 30, 2010. This unanticipated State action causes a serious strain on the District's available cash flow to meet its payroll and other obligations. **In total, over \$4.5 million in San Marino's State funding has been deferred until August 2010.**

Fortunately, SMUSD has a very strong credit rating. Because of its long history of effectively managing its financial situation, it has received preferential rates from Moody's and Standard and Poor's ("AA" rating) on its bonds and interim borrowing for cash flow purposes. Nonetheless, deferrals of State funding create cash-flow difficulties for the District.

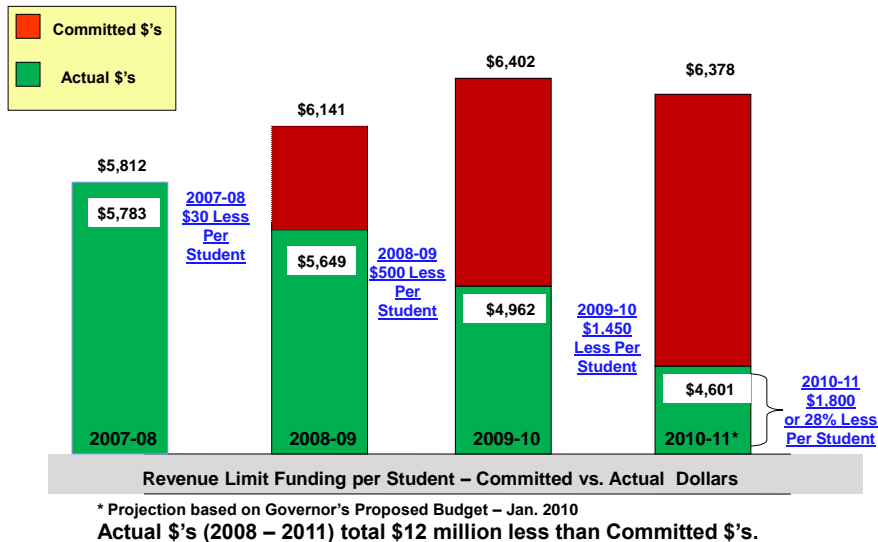
C. The Crisis Looming for 2010-11

As discussed above, as a result of many factors -- *Serrano v. Priest*, Proposition 13, decreases in educational funding by the State over the years, and recent economic downturns that have limited the amount of money available for K-12 education funding -- SMUSD has struggled with decreasing funding for its schools for years. The chart below shows the difference between the amount of RL that the State committed to provide the District and the

amount of RL actually received by the District over the past few years. As noted, the total difference between the amount of State funds committed and the amount actually received over a four-year period (2007-2008 to 2010-11) is projected to be about \$12 million.



SMUSD Revenue Limit Funding



The financial crisis that is facing San Marino schools today, however, is unprecedented. San Marino currently faces a \$5 million shortfall out of its \$29.5 million budget. Below is a discussion of the components of that budget shortfall. First will be a discussion of the cuts on the revenue side. Second will be a discussion of the increases on the expenditures side.

1. State Revenues Continue to Decrease

Information provided above demonstrates the extreme cuts in State funding that have been made in prior years. In January, the State's budget proposal projected yet another RL decrease of \$250 per ADA. Past experience with the State, however, suggests that we should expect additional RL decreases in the coming months. Not only has the State continued to revise figures concerning its growing deficit (thereby decreasing the amount of money available for the State's General Fund), the amount of funding for K-12 education has been reduced.

Further complicating matters and potentially adding to decreased funding are the following:

- **Deferral of payments:** The State is contemplating yet additional deferrals of payments owed to school districts in 2010-11.
- **Other State revenues and Special Education funding:** These funding sources are projected to decrease by up to \$125,000, yet San Marino will still be obligated to provide the required programs and services.
- **Federal Stimulus Monies:** SMUSD received approximately \$1 million in one-time stimulus monies from the federal government for 2009-2010. These funds were provided after a delegation of school district superintendents, including SMUSD Superintendent Dr. Gary Woods, bypassed the State of California and lobbied the federal government directly for money. Unfortunately, after SMUSD received its federal stimulus money, the State cut funding in the amount of almost \$2 million— twice the amount of federal stimulus money secured. SMUSD does not consider it likely that the federal government will issue one-time stimulus money again, but lobbying efforts are still being considered in the hope that the federal government will not allow California students to be so negatively impacted by the State’s fiscal crisis.
- **Class Size Reduction funds:** At the time that CSR funds were enacted, the District had relatively small class sizes and was able to benefit from the CSR program. CSR funding is now projected to be discontinued or swept as a means of balancing the current State deficit. It is currently projected that the District will not receive any funding for CSR in 2010-11, resulting in a projected loss of \$600,000. Although the District remains committed to keeping class sizes as low as it can, without the CSR funds, the District may have no option but to increase class sizes across the board, including grades K-3.¹¹
- **Class Size Penalties:** State law mandates maximum class sizes in grades K-8.¹² While SMUSD average class sizes have been traditionally lower than the stated maximum per grade level, if the District cannot bridge the \$5 million budget deficit, the District needs flexibility to have up to the maximum class size without triggering significant financial

¹¹ As discussed earlier, CSR was originally introduced to address issues of poor performing school districts. The CSR legislation required that an independent evaluation be completed to determine the effectiveness of CSR in 2002. In June 2002, the American Institutes of Research (AIR) and the RAND Research Consortium determined that evidence was inconclusive as to whether CSR improved student achievement in California.

¹² The State Education Code does not impose maximum limits on high school class sizes.

penalties. The Board of Education recently decided to seek a waiver of class size penalties from the State. If the District does not receive a waiver of 2010-11 class size penalties, it may be subject to a loss of RL ADA for that number of students above the mandated class size limit.

- **Parcel Tax:** As discussed above, the 2009 parcel tax was intended to protect and preserve SMUSD's financial stability. However, based on current projections, although the current RL is nearly \$6,400 per ADA, it is anticipated that the District will receive \$1,800 less per ADA, or \$4,600 per ADA in 2010-11. If the anticipated deficit occurs, the parcel tax cannot meet its goal of protecting SMUSD programs and lower class sizes. Moreover, revenue from the 2007 and 2009 parcel taxes continues to decrease due to increased senior citizen exemption requests. Senior citizen exemptions have nearly doubled since 2007, from 300 to almost 600. It is possible that additional senior exemptions could impact SMUSD's financial projections for 2010-11.
- **Student Enrollment:** Enrollment of students is an important factor in the amount of RL the District receives from the State (RL funding is based in part on ADA). It is also important from an economies-of-scale perspective. In order to operate, the District needs a Superintendent and other administrative and teaching positions regardless of the number of students enrolled. Once enrollment hits a certain point, which is currently 3230, any additional students bring in additional revenue that is helpful to the District. On the other hand, if enrollment falls below that certain number, the District is spending more money than it is receiving per student.

San Marino enrollment figures have been in flux for many years for several reasons, including declining birthrates in San Marino, relatively high costs of homes, and families moving out of San Marino for work or personal reasons. For example, 202 students entered Kindergarten in 2003 but only 170 entered in 2009.¹³ Similarly, 321 students entered 12th grade in 2005, but only 282 entered in 2009. It is conservatively projected that 2010-11 enrollment may decrease by as much as 180 students, but even if each student advances to the next grade level and the same number of students enter Kindergarten as last year, SMUSD will still experience a decrease of 90 students in 2010-11 because the exiting class is larger than the entering class. If current enrollment trends continue, San Marino may see a loss of nearly \$1 million in 2011-12.

¹³ Because the District's Kindergarten is a half-day program, some families choose to not enroll their children in the District until first grade, whether for childcare or academic reasons.

The District has addressed the issue of fluctuating enrollment by allowing non-resident students to enroll in SMUSD schools as inter-district permit transfers as space allows. The majority of inter-district transfers have close ties to the San Marino community: District employees, City of San Marino employees, and San Marino business owners' children. In addition, many are enrolled on a child care permit, which is typically due to grandparent residents of San Marino caring for their grandchildren. Moreover, eighteen percent lived here at one time and are being allowed to complete their education in San Marino. A smaller percentage of inter-district transfers are students accepted from other school districts, if those school districts will allow the transfer.¹⁴ In any event, the District accepts permit transfers on a first-come, first-served basis and only if space is available at the particular grade level and the cost of educating the student does not exceed the revenue provided by that student's enrollment in the SMUSD. While inter-district families are not subject to the parcel taxes, their attendance at San Marino schools financially benefits the District. Indeed, if the District did not admit permit transfer students, its budget deficit would increase by an additional \$2-2.5 million.

- **World Language Funding:** SMUSD was the recipient of a federal grant that provided for world language instruction in the 7th and 8th grades, specifically Mandarin and Japanese. The funding for the grant has ended, thereby causing a funding deficit for world language instruction if the District is to maintain its full complement of foreign language offerings. The discontinuation of 7th grade foreign language instruction may jeopardize a future Blue Ribbon School designation.
- **Cash flow concerns:** Because of SMUSD's small size and its ineligibility for many of the State categorical programs, SMUSD has experienced cash flow issues, especially when the State defers money that was budgeted.
- **Need to Balance Budget:** Despite the State's ability to delay budget approval and defer the payment of monies, the District must still provide a balanced budget to the County Office of Education by July 1, 2010, and this budget must show sustainable sources of funding for three years.

In light of the State's announced RL decreases, the additional anticipated RL decreases based on past experience, and the other factors that may lead to additional revenue decreases, SMUSD has calculated a projected revenue deficit of \$3.7 million for 2010-11 (the \$3.7 million

¹⁴ Because other neighboring school districts are also experiencing fluctuating enrollment, these school districts may refuse to release a student from their school district.

revenue deficit and the \$1.3 million increase in expenditures discussed below equals the \$5 million overall budget deficit). Although the District hopes that the actual RL deficit will be less than projected, that no additional RL decreases are enacted, that actual ADA increases, and that additional deferrals are not on the horizon, the District is preparing for the worst-case scenario in the event that the various revenue sources continue to decrease and expenditures continue to increase.

2. District Expenditures Continue to Increase

Even as revenues are projected to decrease by over \$3.7 million next year, expense-side increases largely beyond District control are expected to total over \$1.3 million. The cost of employee health benefits will rise by \$500,000, and contractually mandated salary increases (“step and column” increases) total \$350,000. The loss of the middle school grant for world language instruction will cost the District \$170,000 to fund two positions. Special education costs are expected to rise by over \$300,000, and utilities are projected to rise by about \$100,000. Each of these expense categories – as well as the District’s creative plans to realize some cost savings where possible – is discussed in turn below.

a. Employee salaries increase each year even without raises/COLAs.

Salaries and benefits of employees comprise approximately 80% of the School District’s annual expenses. There are three categories of District employees:

- **Certificated staff**, which includes teachers, counselors and psychologists, are represented by the San Marino Teachers Association (“SMTA”), a division of the California Teachers Association (“CTA”).
- **Administrators** include management-level, non-teacher employees (e.g., the Superintendent, Assistant Superintendents, Principals, Assistant Principals, and classified Directors and Managers. Administrators are not members of any union.
- **Classified employees** (aides, maintenance, grounds, administrative support, etc.). Many of these employees are represented by Chapter 120 of the California School Employees Association (“CSEA”).

Collective bargaining agreements (“CBAs”) between the District and the SMTA and the CSEA set the amounts of represented employees’ salaries and their overall benefits package. These contract terms cannot legally be changed without undergoing a renegotiating process and securing the agreement of both the unions and the District.

i. Certificated Employees (Teachers, Counselors and Psychologists)

The Status Quo: The District and SMTA are in the second year of a three-year CBA. Pursuant to the CBA, neither raises nor COLAs are automatic, and in fact have been suspended for the past two school years and for 2010-11. However, the CBA does provide for automatic “step and column” increases for teacher/counselor salaries. With each year of seniority at SMUSD, teachers move up to the next salary “step” on the salary schedule. Similarly, as teachers add credentials and educational degrees, they move over to the next “column.” Every time a teacher moves to the next step and/or column, s/he receives a salary increase. **Total estimated cost in 2010-11: \$250,000.**

Teachers in San Marino earn an average salary of \$72,000 (not including benefits), reflecting a range of \$45,000 on the low end to just under \$84,000 on the high end. Out of our 154 teachers, 55 (or about 38%) earn \$79,000 or higher, because they have 18-20 years of experience, a teaching credential and either a BA or a masters degree. In fact, a majority of San Marino teachers hold a masters degree. When the value of benefits packages are factored in, average teacher compensation is \$95,000.

SMTA Concessions: The District met with SMTA and California Teachers Association (CTA) representatives in November to discuss the District’s proposals that the teachers (a) take 3 furlough days in the 2009-10 school year and (b) agree to meet again to discuss step and column concessions for the 2010-11 school year in the face of a \$5 million District-wide deficit. SMTA declined both proposals. However, many of San Marino’s teachers have individually expressed a desire to help balance the budget by donating back their step and column increases, and plans are underway with the San Marino Schools Foundation to create a voluntary program to enable teachers to support the Refuse to Lose Campaign.

SMUSD’s cost-saving measures:

- **Retirement incentives:** The District is in the process of negotiating early retirement incentive agreements with some of its more senior teachers.
- **Voluntary Contributions:** The Foundation is developing a program that would permit willing certificated employees to donate back to the Foundation their step and column increases in the form of tax deductible contributions.

ii. Administrators and Management-Level Employees

Status Quo: Over the last two years, SMUSD has instituted a hiring freeze that has resulted in a reduction of 30 positions throughout the District. It has eliminated an assistant

superintendent position,¹⁵ cut back on days for assistant principals, frozen step and column increases for all administrators, managers and directors, and eliminated and reduced positions and hours for support staff at the District office. In addition, the District instituted a 5% salary reduction for the top three administrators, including the Superintendent. Currently, the average administrator's salary is \$120,000.

Administrator concessions: The District's administrators, managers and directors have already agreed to another salary freeze for 2010-11 and will take three unpaid furlough days, **for a total anticipated 2010-11 savings to the District of \$108,000.**

iii. Classified Employees

Status Quo: Salaries for classified employees range from \$6,000 to \$15,000 (part time) and from \$24,000 to \$64,000 (full-time), with an average salary level of \$34,000. The collective bargaining agreement between the District and CSEA covers 2008-09, 2010-11 and 2011-12. The CBA with the CSEA similarly provides for annual step increases to reward seniority. **Total cost of step increases in 2010-11: \$25,000.**

CSEA Concessions: On March 9, 2010, the CSEA agreed to freeze step increases for 2010-11. CSEA represented employees also agreed to take up to six furlough days and a salary freeze for 2010-11. **The total savings to the District of these concessions is \$112,000.**

SMUSD's cost-saving measures: The District has released a "Retirement Incentive Program" for 2010-11. Pursuant to the program, classified employees who are 55 or older as of January 1, 2011, currently eligible for health benefits and 100% vested in CalPERS may elect to retire and claim either a \$15,000 incentive or District-funded employee-only health coverage for five years or until the employee is eligible for Medicare, whichever comes first. The amount of savings will depend upon the number and salary level of the employees who decide to take advantage of this offer.

b. Benefits costs are increasing (mostly because of rising health insurance costs)

Status Quo: All District employees receive the same benefits package (Medical, dental, vision, life insurance and behavioral health coverage), paid for by a combination of employer and employee contributions. Employees contribute 10% of the employee-only medical insurance costs, and 30% two-party and family benefits; the District shoulders the remaining

¹⁵ Dr. Gary McGuigan has taken on this role as a Director, in addition to his duties as principal of Huntington Middle School, with no additional compensation.

costs. As everyone knows, the costs of health insurance coverage have been increasing at a rate that far outstrips inflation. From the current school year to the next, the District anticipates a \$500,000 increase in its share of benefits costs.

SMUSD’s cost-saving measures: SMUSD participates in a large consortium of school districts so as to obtain the lowest health benefit rates available. Historically, SMUSD (and most school districts across the state) paid 100% of employee health care coverage costs. Beginning in 2004-05, however, the District began taking steps to manage escalating benefits costs by negotiating that employees pay a share of the costs.¹⁶ Given the magnitude of the budget crisis, the District intends to bargain with unionized employees over increasing employee percentage contributions.

For the 2010-11 school year, all District employees will pay between \$550 and \$6,450 per year toward their benefits, depending on the number of family members insured and the type of health coverage plan elected. This represents a 29% increase over current rates, with some employees paying as much as \$1,400 more per year for their health benefits.

SMUSD Employees’ Benefits Contribution Comparison – in Annual Co-Pays

YEAR	Employee-Only Coverage	Two-Party Coverage	Family Coverage
2003-2004	\$0	\$450-\$1,350	\$1,550-\$2,500
2010-2011	\$550-860	\$3,300-\$5,200	\$4,700-\$6,450

c. The District’s share of special education costs is increasing

All school districts are required by law to provide specialized education for their students with special needs. For many years now, the actual cost of providing those services to San Marino’s eligible students has exceeded the designated amount of funding it receives from the state and federal government. In 2010-11, the District’s special education encroachment figure is projected to increase by approximately \$309,000.

¹⁶ It is worth noting that for lower-paid employees, especially those classified employees earning \$24,000, paying any share of benefits costs constitutes a significant hardship.

d. Utility costs are increasing

The District's utility costs fluctuate based on price factors largely beyond its control. Since the 2003-04 school year, utility expenses have risen by approximately \$260,000, despite the District's energy saving plan and maintenance management systems. The increase is largely due to the addition of air conditioning in classrooms, auditoriums and theaters that previously were not air conditioned. The projected increase from this year to the 2010-11 school year is conservatively estimated to be \$100,000, as some discounts the District has enjoyed to date through e-rate may not continue.

SMUSD has been proactive in enacting energy saving measures, through new and modernized classroom facilities and systems (e.g., energy efficient lighting with sensors; enhanced insulation, roofing and plumbing systems; installation of water-saving devices in restrooms, and a centralized energy management control system for central chiller units at all schools). Recently, SMUSD undertook a comprehensive study to determine if any cost-savings could be realized by adding solar panels at the schools sites. The study concluded that adding solar panels could result in substantial savings over time, if the District paid the \$3-5 million installation fee in cash up front. As the District did not have that cash reserve, it considered a mortgaged option and concluded that the debt service would render the long-term savings negligible. Moreover, the tile roofing at most of the schools is not suitable for solar panels. Experts have concluded that other types of advanced energy technologies that are being developed may be more advantageous to school districts.

SMUSD Utilities Costs over Time (in rounded numbers)

	2003-04	2006-07	2009-10 (projected)	2010-11 (projected)
Electricity	500,000	650,000	650,000	700,000
Gas	52,000	65,000	65,000	75,000
Telephone	43,000	25,000	25,000*	45,000
Internet Bandwidth	10,000	10,000	100,000**	100,000
Water	95,000	90,000	120,000	140,000
Totals	700,000	840,000	960,000	1,060,000

*Includes e-rate discounts that may not be renewed in future years.

**In 2009-10, the District increased its band width and entered into a contract with AT&T, which had a resultant increase in costs of \$90,000.

II. How Does San Marino’s Budget Crisis Compare to That of Other Districts?

Since SMUSD currently spends about \$8,900 annually per pupil, a \$5 million deficit translates into a short-fall of \$1,640 per pupil.¹⁷ It is important to understand that the budget crisis confronting SMUSD is NOT a result of the District’s failure to manage its resources or to live within its means. ***All 1,000 public school districts in California are facing significant budget deficits.***

When comparing the severity of budget crises from one district to the next, however, it is virtually impossible to get an “apples to apples” comparison. This is partly because each school district bases its budget projections on its own set of assumptions (e.g., whether enrollment will stay static, decline or increase; whether or not certain expenses are included in its calculation of per-pupil spending; whether to predict future state revenue limit levels conservatively or optimistically; etc.).

Using optimistic budget assumptions can have dire consequences. Some districts, hoping that the next year will be better, have elected to spend down cash reserves and/or use one-time federal funding to pay for ongoing costs. Now that the reserves and one-time funds are depleted, they find themselves in a full-blown crisis. Similarly, some school districts use

¹⁷ Based on projected 2010-11 enrollment of 3,040 students.

optimistic projections of potential future state revenue limit cuts. These school districts run the risk of the County Office of Education taking over the administration of their districts if additional state funding cuts render them unable to meet the payroll levels they set at the start of their fiscal year.

On March 17, 2010, the California Department of Education reported that a total of 126 (up from 90) local educational agencies had received either a negative or qualified certification. A negative certification is assigned when it is determined that, based upon current projections, a school district or county office of education will not meet its financial obligations for either the 2009-10 or 2010-11 fiscal year. A qualified certification is assigned when it is determined that, based upon current projections, a school district or COE may not meet its financial obligations for fiscal years 2009-10, 2010-11, or 2011-12. Based on the First Interim Report of October 31, 2009, 114 agencies had received a qualified certification (including the Los Angeles Unified School District, nine other schools districts in Los Angeles County and ten school districts in Orange County). Twelve agencies, including the Lynwood Unified School District in Los Angeles County, had received a negative certification.

If any of these school districts declared bankruptcy, the Superintendent would be fired, the School Board might be ousted, and the collective bargaining agreements could be voided. The school district governance would be taken over by the County Office of Education and the local community would have no role in determining educational programs.

A. San Marino's Conservative Approach

Undergirding SMUSD's budgeting process is a commitment to ensuring that San Marino schools are always administered locally. As such, the District budgets conservatively. Last year's experience – when state funding was cut no fewer than three times after the passage of the parcel tax – supports the District's decision to "Plan for the worst; hope for the best." Consequently, its projected \$5 million deficit is premised on the following fundamental assumptions:

- Expect that the State will make additional (as of yet unannounced) cuts to schools' revenue limit and other State funding;
- Expect that K-3 Class Size Reduction funds will be eliminated or swept altogether;
- Expect that San Marino senior citizens will claim additional parcel tax exemptions; and
- Expect that step and column increases in certificated employee salaries will take place as scheduled.

Of course, should one or more of these assumptions not come to pass, the projected budget deficit on the expenditures side would shrink.

B. Other Factors Explaining San Marino’s Relatively High Deficit Projections

Aside from variations in budgeting assumptions, there are other reasons for SMUSD’s high per pupil budget deficit relative to other schools. The District’s small size prevents it from benefitting from economies of scale at the District administration level. Because of San Marino’s residential character, business revenue is smaller than that enjoyed by cities with a stronger commercial base, such as Arcadia and South Pasadena. Additionally, SMUSD’s relative affluence and high academic performance data disqualify the District from receiving many State and federal categorical funding entitlements available to other school districts. Had the District qualified for those funds, new rules would have allowed it to “sweep” them into its General Fund.

III. The SMUSD “World-Class” Education

A. What Makes San Marino Public Schools so Special?

Much of what makes SMUSD schools special is what makes the San Marino community special: its physical beauty, its small size and residential character, its relative safety, its exemplary police and fire departments, and a resident body that is highly educated, informed and actively invested in the betterment of their community.

Children who attend San Marino public schools benefit tremendously from these attributes: they feel safe when they are at school; they attend school with the same children with whom they play Little League baseball/softball, attend Chinese school, participate in Girl/Boy Scouts, attend worship services, etc. – once they reach middle school, they all know each other. Additionally, they reap the benefit of an unquantifiable number of parent volunteer hours donated in support of their academic, athletic and artistic achievement.

Equally, if not more, importantly, SMUSD students receive a high quality, well-rounded education that prepares them well both for college and for a productive, satisfying life. SMUSD’s strategic plan outlines a vision of delivering “a world-class education with recognized excellence in academics, arts and athletics.” Its stated mission:

The SMUSD delivers supportive environments and innovative opportunities for student learning, promotes individual student excellence, invites collaboration and discovery, and challenges students to take responsibility as members of a diverse, global community.

Thanks to bond-funded facilities improvements over the past decade, SMUSD students enjoy physical learning environments that rival (and exceed in many cases) those of the top private schools in the area. And SMUSD teachers are among the most highly qualified and experienced in the State. This winning combination of characteristics has made San Marino the highest performing unified school district in California for the past six years in a row.¹⁸ And individually, all four of the schools in the SMUSD have earned numerous awards and commendations. Below are just a few:

Carver Elementary School

- 2004 California Distinguished Schools Award
- 2005 NCLB Blue Ribbon Schools Award
- 2005-09 California Business for Educational Excellence Award
- 2007-08 Top API Elementary School – LA County

Valentine Elementary School

- Top 60 Schools in LA County - Los Angeles Magazine (twice)
- 2004 California Distinguished Schools Award
- 2005-09 California Business for Educational Excellence Award
- 2006 California Department of Education Competitive Grant for School Gardening Project
- 2008 LA Music Center BRAVO Award for Visual Arts Program

Huntington Middle School

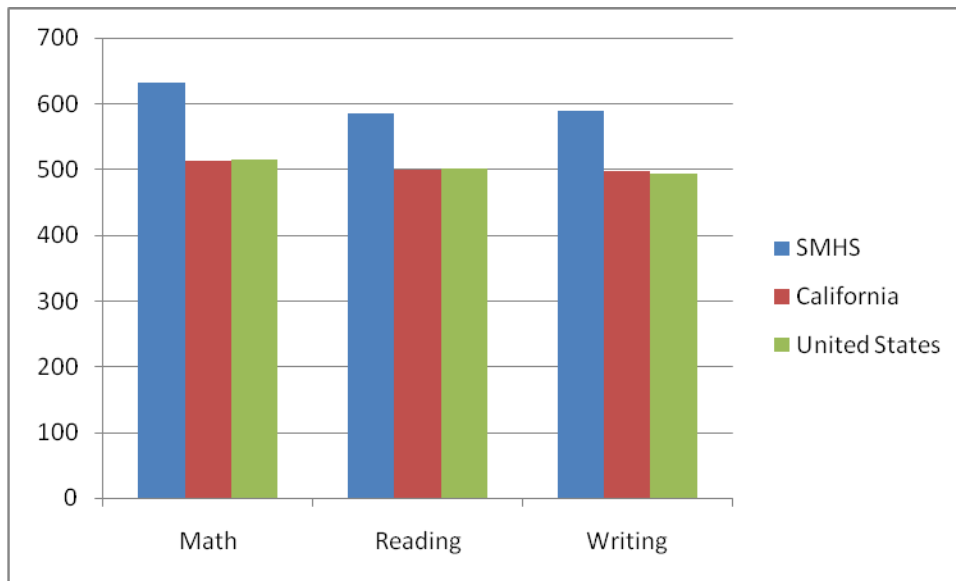
- 2005, 2009 California Distinguished School Award
- 2006 LA Music Center Bravo Award Runner Up
- 2005-08 California Business for Educational Excellence Award
- 1999-2009 Top API Middle School – LA County

¹⁸ Based on California's API calculation, which is the only common performance comparison tracked by the State.

San Marino High School

- 2005 California Distinguished School
- 2005-09 California Business for Educational Excellence Award
- 2006 NCLB National Blue Ribbon Schools Award
- 2007 LA Music Center BRAVO Award – High School VAPA Program
- 2007 U.S. News and World Report Gold Medal School High School (#82 in nation)
- 2007 Top API “non-magnet” High School – LA County
- 2008-09 California State Speech and Debate Team Champions

At San Marino High School, the average SAT scores (632 Math, 586 Reading, 590 Writing) are significantly higher than both the State and national averages.



The Academic Performance Index (“API”) – comprised chiefly of the California Standards Tests and the Exit Exam) – compares test scores for the State’s public high schools. Of California’s non-magnet schools, SMHS is tied for the second highest-highest API score in the

State (and is the highest scoring high school in Southern California). Factoring in the magnet schools, SMHS is ranked 6th in the State.

Ninety percent of SMHS students complete the UC/CSU requirements (statewide: 34%), and 98% of our graduates for the past three years have gone on to attend college – 80% to four-year colleges and 18% to two-year colleges. According to the Princeton Review, a private test-preparation company, the average public high school in the United States sends only 40-60% of its graduates to four-year colleges.

B. What does a “World Class” Public Education Really Cost? – Hint: It’s Not Free!

For the 2009-10 school year, San Marino will spend \$8,900 to educate each of its students. Over 80% of that amount is attributable to teacher and administrator salaries and benefits, which continue to rise each year. As you saw in Section I above, San Marino received only \$6,400 per student in state funding this year, and that number will likely drop to \$4,600 next year. ***The State will cover just over 50% of the actual cost of San Marino’s quality public education.*** Even factoring in additional state and federal funding, almost a quarter of the SMUSD budget comes from local taxes and private donations.

IV. What’s at Risk? What Impact Does a \$5 Million Budget Deficit Have on San Marino’s Public Schools?

This is not just another budget deficit. A \$5 million hole in a \$29.5 million overall budget represents a 20% cut in our educational programs. Coming on the heels of the drastic cut-backs that SMUSD has already made to public education as a result of prior State funding cuts, next year’s deficit means that – in a very real and tangible way – our school programs will be decimated. Forty-seven teachers District-wide have already received their “pink slips,” notifying them that they are slated for lay-off if San Marino cannot bridge the \$5 million dollar gap.¹⁹ The table below illustrates the reductions in teacher positions that have already taken place since the 2007-08 school year (which have already saved SMUSD over \$1.5 million in salaries and benefits).

¹⁹ State law requires school districts to notify teachers of potential lay-offs by March 15, even though the State has not yet provided its final budget to school districts.

Reductions in SMUSD Employee Positions Since 2007

	2007-08	2008-09	2009-10	2010-11 (projected)
Number of Certificated Employees	176	168	154	107
Number of Classified Employees	175	160	150	TBD
Number of Administrators	11	11	10	10

A. Academics

1. High School

Fifteen certificated teachers and two counselors are slated for lay-off at San Marino High School for 2010-11. Cuts of this magnitude would have a devastating impact on both programs and administration. Principal, Loren Kleinrock, reports that the resulting decrease in the number of academic sections and elective options would require a reduction of the school day to five periods, with only a basic academic curriculum being offered. This would eliminate the 6th period coaching section for all on-staff coaches. Administration would be unable to produce a master schedule that allows students to take all required classes, resulting in irreconcilable scheduling conflicts. Almost all Honors and AP classes would be eliminated. Average class sizes would sky-rocket, some to as high as 50 or more students.

Math: The Math department would lose two teachers. Course offerings would be reduced to 33 sections (already down from 45 two years ago). Either Algebra A and B for students needing remedial help would be eliminated (leaving these students to sink or swim in Algebra classes moving twice as fast and putting them at risk of not passing the California High School Exit Exam “CAHSEE”), or students would be limited to taking three years of math ending at Math Analysis. At least eight classes would increase to between 51 and 58 students. (Note that the Fire Marshall limits most classrooms at SMHS to 49 students.) Statistics and Computer Programming would be eliminated altogether.

Science: The Science Department would lose two teachers. Average class sizes would increase significantly: Biology would be at 37+, Physics at 34.5, and Chemistry at over 32 (Chemistry teachers have warned that class sizes over 28 presents a safety hazard). All science-related AP courses would be eliminated. Teachers who have never taught Physics or who taught it years ago would have to take over Physics instruction. Earth Science and Life Science could only be offered in alternate years, which might adversely affect the school's API scores.

English: Four teachers have received pink slips (including the one who teaches drama). While no loss of programming is expected, class sizes would jump to 35 or more, with four sophomore sections averaging 49 students each. This would result in teachers assigning fewer writing assignments and providing less extensive commenting/feedback on the assignments they do give. Journalism/yearbook would no longer have an on-staff English teacher.

Social Studies: Two social studies teachers are slated for lay-off. World and US History courses would have an average class size of 36, with Economics A classes averaging over 39 students. AP Government/Economics would be eliminated, as would one section of Psychology (making it more difficult for students to find electives).

World Language instruction: The department would lose two teachers. SMHS would begin to phase out Japanese and French (total elimination in 2 years). All AP language and 4th year language courses will be eliminated. Spanish 1-2 class size would sky-rocket to 52+ as students who would have taken Japanese or French would have to move to Spanish.

2. Middle School

Fourteen of Huntington Middle School's 31 teachers have received pink slips. According to Principal Dr. Gary McGuigan, ***a lay-off of that magnitude would substantially change the entire structure and academic excellence of the school.*** In order to provide a basic education at all in September, HMS will need to reinstate six of the teachers slated for lay-off. Even if that happens, however, programmatic cuts would be devastating.

The most harmful loss would be the elimination of 7th and 8th grade "coring," the structure at HMS which groups teachers into teaching "teams." Educators call this concept a "school within-a-school." Each grade level at HMS is broken into two cores or schools, each with its own team of teachers and students. This structure enables teachers (a) to get to know the students on a more personal basis and (b) to meet and confer about students who may be struggling. The coring structure is designed for the unique learning characteristics of preadolescents. Research has shown that, at the middle school level, coring leads to high passing rates and builds a sense of community. Without coring, HMS would be truly a "junior high school" and its master schedule would look very much like a high school master schedule.

Math: Average class size would increase to 35-38

Science: Average class size would increase to 35-38

English: Elimination of Reading Lab, Reading Proficiency, Language Proficiency and English Language Development (ELD) offerings. Yearbook class would be eliminated. Average class size would increase to 35-38

World Language instruction: 7th grade world language instruction will be eliminated in 2010-11 and the entire program would be phased out in 2011-12, once the current 7th graders matriculate to San Marino High School.

3. Elementary Schools

At the elementary school level, budget cuts are experienced in terms of class size, since students stay with a single teacher for most of their academic instruction. A \$5 million cut would bring the average kindergarten class to 34 students, up from 24.5 students currently. The average number of students in 1st, 2nd and 3rd grade classes would increase from 25 to over 34. The averages in grades 4 and 5 would rise from 30 to 38 and 40, respectively.

B. Visual and Performing Arts

For a large percentage of its students, SMUSD's rich array of visual and performing arts ("VAPA") provides an incentive to get up in the morning, and in a very real sense, keeps them present and engaged in school. The ability to express themselves creatively transforms their school experience from what might otherwise be drudgery into fun and provides students with invaluable opportunities to experience success in non-academic ways. And all of the VAPA participants develop multiple skills and reap many benefits, including the increased self-confidence that comes from "putting themselves out there" on the public stage. The "No Child Left Behind" Act designates the arts as a core academic subject that all schools should offer.²⁰ A well-documented UCLA study of over 25,000 middle and high school students around the country found that students who were significantly involved in the arts performed better on standardized achievement tests, watched less television, performed more community service and reported less boredom with school than those who were not.²¹ Multiple independent studies have shown that students who take arts classes have higher math and verbal SAT scores

²⁰ US Department of Education website: <http://www.nochildleftbehind.gov>

²¹ Catterall, James S. (200), "The Arts and the Transfer of Learning." In r. Deasy (Ed.), *Critical Links: Learning in the Arts and Student Achievement and Social Development*, Washington, DC: AEP.

than those who do not, and that the more arts classes students take, the higher their SAT scores will be.²²

Research professors at the Harvard School of Education summarized the results of their study on the importance of arts education as follows:

*What we found in our analysis should worry parents and teachers facing cutbacks in school arts programs... students [in arts classes] are taught a remarkable array of mental habits not emphasized elsewhere in school, [including] visual-spatial abilities, reflection, self-criticism, and the willingness to experiment and learn from mistakes. All are important to numerous careers, but are widely ignored by today's standardized tests.*²³

In the SMUSD, all elementary students, over 50% of middle school students, and over 70% of high school students participate in VAPA. The SMUSD Arts Advisory Committee, formed in the fall of 2008, has recently released its proposed plan and recommendations, based upon over a year of study and analysis. The report urges the preservation of SMUSD's rich arts programs, warning that it would take 12 years to rebuild if they were dismantled.²⁴

1. High School

In order to meet SMUSD graduation and UC-preparedness requirements, all SMUSD students must take at least one year of visual or performing arts instruction. However, a \$5 million SMUSD deficit for 2010-11 would result in the complete elimination of the following programs: Instrumental music, Boys Choir, Girls Choir, Chamber Choir, Dance (all levels), and Speech & Debate. Some Visual Arts and Drama offerings would remain, on the theory that all SMHS students could meaningfully participate in these areas (whereas, not all students can debate effectively, sing on key, or play a musical instrument). Since 180 students currently participate in instrumental music and 150 students participate in choir, it would be literally impossible to find VAPA electives for all students. Drama programs would continue, but under the instruction of a different teacher (one currently teaching English who would "bump" the current drama teacher pursuant to the seniority system imposed by the CBA and State law).

²² *Critical Evidence: How the Arts Benefit Student Achievement*, Available through the Arts Education Partnership, www.aep-arts.org

²³ Ellen Winner and Lois Hetland, *Art for Our Sake: School Arts Classes Matter More than Ever –But not for the Reasons You Think*, New York Times, September 2, 2007.

²⁴ SMUSD Arts Advisory Committee Report, dated March 9, 2010

2. Middle School

The following programs would be completely eliminated: Drama, Choir, Jazz Band, Wind Ensemble, Advanced Orchestra, Intermediate Orchestra, and the Spring Musical.

3. Elementary Schools

Currently, enrichment programs at the elementary schools (music, art, science, computer lab and library) are funded through PTA contributions and categorical funding. Given the magnitude of the impending budget deficit for 2010-11, the categorical funding will end and PTAs will have to grapple with the question of how best to allocate their funds. To the extent decisions are made to divert these funds to the schools' general funds in order to hire back teachers and preserve small class sizes, enrichment and visual and performing arts programs may be negatively impacted.

C. Physical Education/Athletics

Participation in sports yields multiple benefits for young people, both during their school years and later in life. At their best, sports programs promote responsible social behaviors and greater academic success, confidence in one's physical abilities, an appreciation of personal health and fitness, and strong social bonds with people and institutions. Teachers attribute these results to the discipline and work ethic that sports require.²⁵

A 1991 study²⁶ of high school sports participation revealed:

- By a 2-to-1 ratio, boys who participate in sports perform better in school, graduate from high school, and have a better chance of graduating from college;
- By a 3-to-1 ratio, girls who participate in sports perform better in school;
- About 92 % of high school sports participants do not use drugs;
- Participation in high school sports increases self-assurance;
- High school sports participants – who tend to enroll in classes of average and above-average difficulty – receive above-average grades and achieve above-average scores on skills tests; and
- Student-athletes enjoy high rates of parental involvement in their sports activities.

²⁵ See *The Role of Sports in Youth Development*, a report to the Carnegie Corporation (March, 1996).

²⁶ Research conducted by Skip Dane of Hardiness Research, Casper, Wyoming (1991).

The California Interscholastic Federation (CIF) website cites two studies that confirm the positive relationship between post-graduation success and participation in high school sports.²⁷ A 1987 survey of corporate executives in 75 Fortune 500 companies found that 95% of these high level respondents had participated in sports during high school. Similarly, the American College Testing Service compared the value of four factors in predicting success after high school. “Success” was defined as self-satisfaction and participation in a variety of community activities two years after college. The one yardstick that could be used to predict later success in life was achievement in school activities, including sports. High grades in high school, high grades in college, or high ACT scores were found not to be useful predictors of post-graduate success.

1. High School

The impending budget crisis will not have a significant impact on SMHS Physical Education (PE) and Athletic programs, for three primary reasons: State law and graduation requirements, fiscal prudence and scheduling considerations. Each of these is addressed in turn below.

State law requirements: In order to meet State and SMHS graduation requirements, students must take at least two years of Physical Education, and SMHS must provide a sufficient number of PE classes so that students can meet that requirement. Therefore, SMHS cannot cut the one teaching position that it currently has for PE. Over 60% of SMHS students meet their PE requirements through participation in interscholastic sports.²⁸

Fiscal prudence: Coaches cost the District very little. At an average stipend cost of \$2,500, the District can hire 40 coaches and place an average of 21 students per sport for the cost of employing a single veteran teacher.²⁹ The District’s share of the cost of the entire athletic program is equal to 1.5 veteran teachers. The return per dollar spent is higher in athletics than for any other SMHS program. Additionally, gutting the athletic program would likely prompt some serious athletes to enroll in private schools, which would result in a further loss of ADA State revenues for the District.

²⁷ CIF website: http://www.cifstate.org/education_programs/pvh/case%20for%20athletics.html

²⁸ Athletes receive PE credit for the participating in sports. If the school eliminated athletic programs, it would have to hire additional PE teachers, so there would be no resulting savings.

²⁹ ASB and parent booster clubs cover all other expenses (busing, officials, and equipment).

Scheduling considerations: Due to the high participation rates mentioned above, eliminating athletics would simply exacerbate the already increasing class size problem. Without sufficient offerings, administrators cannot create a master calendar that allows students to meet all of their graduation requirements.

While it does not make sense to cut back the SMHS athletic program, anticipated budget cuts would, however, impact the work load of the SMHS on-staff coaches, who would lose their 6th period coaching period. Instead of teaching four classes and a 5th class of athletics, they would all have to teach five classes and perform their coaching entirely after school. This more demanding schedule might result in a loss of some on-staff coaches.

2. Middle School

The budget deficit would not directly impact HMS' after-school athletics program since it is primarily funded through donations. PE, on the other hand, would suffer. Eliminating one PE teacher position would raise the PE class sizes to approximately 115 students, which presents a safety concern and may be in violation of state law as well. Hiring a PE aide would allay some of those concerns, but the quality of the program will suffer.

D. College Preparedness

SMHS currently employs four full-time counselors, who are supervised and supported by the Assistant Principal, Mary Johnson. In addition to his/her regular counseling duties (course-mapping, crisis intervention, class scheduling, IEP meetings, interfacing with parents, mental health issues, etc.), each counselor carries a current load of approximately 65 college-bound seniors for whom they write individualized letters of recommendation, provide advice on college applications, and prepare and send in transcripts. They provide our high school students (and often their parents) with an enormous amount of individualized attention and support.

Two counselors, representing one-half the SMHS counseling staff, are slated for lay-off. This can only have a devastating impact on students' scheduling, course planning and college application experiences, as counselors will have to write individualized letters of recommendation for about 130 students each year.

The decimation of the District's academic and enrichment programs will mean that middle school students are not as well prepared for high school, and SMHS graduates will be less competitive in the college application process. While admissions officers at the highly competitive colleges claim that students only need to demonstrate that they have taken the most rigorous course of study available at their particular high school, as a practical matter, in

today's climate of stiff competition, many colleges may consider the absence of AP courses on a transcript to be a negative factor in determining admission.

Students planning to pursue engineering, science and math degrees must complete a rigorous math and science course of study at the high school level to convince college admissions officers that they belong in an engineering undergraduate program. With reduced math and science offerings at SMHS, they would have to pick up summer courses at a local community college (if the courses are offered and available to high school-age students) or increase their internship experiences. For these students, as well as those planning to pursue college study in the visual and performing arts, families would need to seek out and pay for opportunities outside of school.

E. Scheduling Challenges

As a practical matter, even where families are willing to pay for outside enrichment activities and supplemental college courses, the scheduling of these activities will prove to be extremely challenging. There are only so many before and after school hours in a day, and the PTAffiliates, Booster organizations, SMCAA (athletics) do not have the benefit of the schools' master scheduling calendars to coordinate offerings. This will likely severely curtail the number of activities students can participate in before and after school.

V. Property Values and the Quality of Life in San Marino are Tied to the Quality of SMUSD Schools

Whether or not they have children attending SMUSD schools, all San Marino homeowners benefit from the exceptionally high caliber of the SMUSD public school system. Anecdotally, any realtor who operates in this area will tell you that the vast majority of potential home buyers looking in San Marino list the quality of its schools as their top consideration. This is true whether or not they have or are planning to have children, because they know that high quality schools maximize resale value.

A review of Multiple Listing Service data confirms that, prior to 2007, San Marino property owners enjoyed several years of appreciation in home values. During the recent economic downturn, those values decreased slightly (6%), but less than in many neighboring communities (12.7% in San Gabriel and 8% in South Pasadena, for example). A continued demand for homes in a good school district provided a steady flow of home buyers into the city, even in a depressed market.³⁰

³⁰ Information provided by Marlene Evans, Assistant Manager of Coldwell Banker's San Marino office.

VI. The “Refuse to Lose” Campaign: What Can Be Done to Preserve the World Class SMUSD Education and the Property Values Tied to it?

A. Efforts to Increase Revenue

1. The San Marino Schools Foundation will increase its annual requested donation amount (from \$1,000 to \$2,000) and redouble its efforts to increase the percentage of families who support our schools

The depth of this crisis – and the bleak outlook for future state funding levels – requires nothing short of a fundamental paradigm shift in how we view our local public school system. We must shift our collective thinking about the cost of public education from what it once was (“Public education is free”) to the truth as we now know it to be (“QUALITY public education is NOT free”). When seen through this new lens, contributing \$2,000 per student annually makes all the sense in the world.

a. A donation of \$2,000 by 100% of SMUSD families would close the gap

As discussed above, San Marino Schools Foundation contributions and parcel tax revenues have covered the shortfall between the amount of State funding received and the actual costs of the world-class education that our community expects – until now. Over the last several years, the Foundation’s Annual Campaign has donated a minimum of \$1 million annually to the SMUSD. These funds are applied to the District’s General Fund and allocated at the Board of Education’s direction for the benefit of all SMUSD students.

The District is very fortunate that, on average, 65% of SMUSD parents have generously contributed to the over \$29 million the Schools Foundation has raised since 1980. These gifts by participating parents and the San Marino community have funded approximately 18 teaching positions throughout the District. Unfortunately, on average 35% of the SMUSD families attending San Marino schools over time have not contributed – they have received a world-class education due to the generosity and charity of others.

For many years, the Foundation has requested that parents donate \$1,000 per student because that was the difference between the amount the District was receiving from the State and the amount it was actually spending on SMUSD students. On average, of the 65% of SMUSD families who donated, 55% donated the \$1,000 or more that was needed to bridge the gap. The remaining 45% of donors donated less than \$1,000 per student.

As explained more fully above, that gap has now increased. It is conservatively projected that the combination of decreased revenue and increased expenditures will result in

a \$5 million deficit next year. If the Schools Foundation received \$2,000 for 90% of its students, the budget crisis would be solved.³¹

b. \$2,000 per child is a fraction of what it would cost to send a child to private school³²

It costs most private schools at least twice what it costs SMUSD to educate their students³³ – costs which are born entirely by private school families who pay tuition -- for an education that is substantially similar in quality. The tables below reflect total tuition costs, expected family donations, programmatic offerings and average SAT scores (where relevant and available) for a selection of private elementary, middle and high schools in our area for the 2009-10 school year.³⁴

Private Elementary School Costs Compared to San Marino’s (2009-10)

	Polytechnic	Westridge	Chandler	Clairbourn	San Marino’s Elementary Schools
Tuition, Books & Fees – Cost to Families	\$21,050	\$24,650	\$18,350	\$15,850	\$0
Requested Donation	\$5,000	\$2,000	\$1,800 (average)	N/A	\$1,000 (2009) \$2,000 (2010)
Average Class Size*	15-22	Not available	Not available	20	26 (24 K-3)

*According to Dominic Brewer (USC labor economist) and David Plank (Executive Director of Policy Analysis for California Education), there is no substantial evidence that class size reduction correlates to better student performance.

³¹ The 2010 –11 budget reflecting the \$5 million deficit already counts on \$1.0 million in Schools Foundation donations, so the \$5.8 million raised would cover the \$1.0 million donation plus expenses and virtually all of the deficit.

³² It can be challenging to get an “apples to apples” comparison of private versus public school offerings for many reasons: private school employees are not unionized (their salaries are typically lower than those at public schools); contributions toward employee benefits are lower; curriculum standards differ; and tuition levels are often set lower than actual costs with the gap funded through private donations.

³³ We saw above that it costs San Marino just \$8,900 per student to provide its “world-class” education.

³⁴ This information was obtained by Vanessa Koo through private school websites, school publications, and oral reports from school staff and/or parents of current students. The information is illustrative only and has not been independently verified.

Private Middle School Costs & Programs Compared to San Marino's (2009-10)

	Polytechnic	Westridge	Chandler	Clairbourn	Flintridge Prep	San Marino's Huntington Middle School
Tuition, Books & Fees Expenses Borne by Families	\$24,750	\$28,185	\$17,330	\$18,950	\$26,650	\$0
Requested Donation	\$5,000	\$2,000	\$1,800 (average)	N/A	\$1,000	\$1,000 (2009) \$2,000 (2010)
Average Class Size	18	16	15	20	8-19	34 (6 th); 31 (7 th); 30 (8 th)
# Sports Offered	8	9	10	9	14	12
Visual & Performing Arts Offerings	Drama, Band, Orchestra, Wood Ensemble, Percussion Ensemble, Dance	Choir, Art, Orchestra and Drama	Art, Choir, String Ensemble, Drama, Dance	Drama, music, dance	Drama, Music instruction, Orchestra, Dance, Art	Drama, Band, Jazz Band, Art, Music instruction, Choir, Speech, Drama, Wind Ensemble, Orchestra

Private High School Costs & Programs Compared to San Marino's (2009-10)

	Polytechnic	LaSalle	Westridge	Loyola	Mayfield Senior	Maranatha	San Marino High School
Tuition, Books & Fees	\$28,300	\$13,830	\$28,185	\$14,240	\$19,995	\$16,360	\$0
Requested Donation	\$5,000	\$3,000	\$2,000	\$5,000	\$3,000	\$500	\$1,000 ('09) \$2,000 ('10)
Average Class Size	17	20-30	16	16	16	15-30	25
# Sports	15	12	13	13	12	10	19
Visual & Performing Arts Offerings	Choir, Speech & Debate, Chamber Music, Drama, Dance, Orchestra, Jazz Ensemble	Art, Band, Jazz Band, Dance, Choir, Drama, Speech & Debate	Art, Choir, Dance, Drama, Photography, Computer Graphics, Orchestra, Playwriting, Film making	Drama, Music instruction	Dance, Art, Choir, Mock Trial, Drama, Instrumental Music	Choir, Dance, Drama	Boys Choir, Girls Choir, Chamber Choir, Wind Ensemble, Dance, Art Drama, Marching Band, Speech & Debate, Concert Band, Orchestra, Computer Graphics, Animation, Photography, Architecture
# AP courses	13	14	12	28	22	13	15

Average SATs³⁵	Doesn't publish	Math 562; Verbal 567; Writ. 571	Math 590-690; Verbal 610-700; Writing 650-730	Mean: 1858	Not available	Not available	Math 632; Verbal 586; Writing 590
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2. Seek increased support through the Chinese Club

San Marino’s Chinese Club has been developing a plan to solicit increased financial support from the Chinese community. Plans are underway for a golf tournament this Spring, from which 100% of the proceeds would be donated to the Schools Foundation.³⁶

3. Seek additional federal stimulus dollars

Superintendent Dr. Gary Woods is working with a contingency of public school district administrators to evaluate the efficacy of lobbying for federal money in Washington.

4. Solicit SMUSD alumni support

The San Marino Alumni Association (SMAA), an association of over 15,000 San Marino High School alumni from the graduating classes of 1956 through the present, will undertake a donation-solicitation campaign among its members. The SMAA has conducted small-scale fundraising campaigns on behalf of San Marino High School in the past, but the current economic realities call for a larger-scale effort to encourage alumni to support their alma mater through this serious financial crisis. Per SMAA charter, all funds raised must be donated to the High School.

5. Maximize parcel tax revenues

Senior citizens can claim an exemption from either or both of the parcel taxes currently in effect. SMUSD is extremely grateful for the support of San Marino seniors in helping to pass these critical parcel taxes. However, an effort will be made to ensure that all seniors making the request are fully informed about the vital role that parcel taxes play in supporting not only the SMUSD and, by extension, the broader San Marino community. Seniors may not realize

³⁵ While public schools enroll and educate students of all abilities, private schools are able to apply selective criteria in determining which students to admit and retain.

³⁶ Care is being taken to avoid scheduling conflicts with other planned fundraising events by school site PTAs.

that the exemptions are not a package deal: seniors can request an exemption from one, but not the other tax, if they feel they could afford to pay one but not both.

6. Maximize District income from the Stoneman property

For three reasons, Stoneman cannot feasibly be used as a school site: (1) Due to its small size, it could never serve enough students to justify the administrative costs that would be required; (2) the expense required to make improvements based on current Division of State Architect (DSA) standards for public school buildings is estimated at \$7- 11m, which is cost-prohibitive in the current economic climate; and (3) school enrollment in a community like San Marino does not change significantly over time. Recent SMUSD modernization efforts have increased the sizes of the existing school sites, further minimizing the need for classrooms at Stoneman.

SMUSD has been leasing Stoneman to the City of San Marino, which houses its Department of Recreation at the site. The current rental rate of approximately \$172,000 per year (which also includes use of all other school facilities including classrooms, gyms, fields, etc.) is below-market, estimated to be approximately \$400,000 - \$500,000 per year. However, in response to the District's request that it pay a higher rate, the City has informed the District that their current Recreation Department revenue policies preclude them from paying more than they currently do for use of school facilities and Stoneman.

The School Board is working aggressively on a plan whereby Stoneman would provide increased funding for the District.³⁷ Their plan is to implement action steps by December of 2010. As such, Stoneman is likely to produce additional revenue not for the 2010-11 budget year, but for future years.

7. Seek Funds from the City of San Marino

As discussed above, one potential source of local funding would be through an arrangement with the City to provide tax and other City revenues directly to the School District. Some San Marino community members have requested that the City of San Marino share some of its revenue with the SMUSD in light of the current budget crisis. The City of San Marino does share a grant for transportation with the District to fund the High School's athletic transportation costs, but the District would benefit from additional local funding. While the

³⁷ Although the sale of the Stoneman property is an option, due to restrictive State laws affecting the sale of public property, any proceeds from a sale could not be used for general fund purposes, such as teacher salaries and benefits.

Board of Education intends to continue pursuing discussions with the City Council, to date, the City has declined to enter into any other revenue-sharing arrangements with SMUSD.

B. Efforts to Reduce Expenditures

These ideas have been discussed in detail above at pages 18-23. They are summarized here.

1. Certificated Employees

- c. SMTA is currently working with the SMSF to create a voluntary donation program for teachers as a way to support the Refuse to Lose Campaign.
- d. The District continues to negotiate early retirement packages with more senior teachers.

2. Classified employees

CSEA employees and those classified employees not represented by CSEA have agreed to take up to six furlough days (on days when school is not in session) and will continue to freeze their step increases. Savings to the District: \$112,000.

3. Administrators and Management-Level Employees

Administrators, managers and directors will take three furlough days and will continue to freeze step increases. Savings to the District: \$108,000.

C. Lobbying at the State and Federal Levels

A 2004 PBS documentary, *From First to Worst* reported on the dramatic decline in the quality of public education in California. In the 1950's, "California schools were thought to be among the best in the nation... There was as sense that a utopia was being formed in the classroom." By 1994, however, California ranked at the bottom in overall national assessments, and that by 2004, it had only risen to 9th from the bottom. "In per pupil spending, the country's richest state ranks 37th." (John Merrow, Reporter, 2004.)

This shocking trend underscores the need for California voters to take action. The stakes are high – not just for California, but also for the nation; one in every eight students in America attends a California public school. SMUSD parent volunteer, Mary Ulin, has agreed to head a work group charged with designing and implementing a legislative action plan for SMUSD parents.

1. Letter-Writing Campaign

San Marino parents and SMUSD staff will send letters to their representatives in Sacramento, conveying a two-part message:³⁸ The message to state legislators will be two-fold:

- Stop slashing K-12 education funding – it threatens the quality of educational programs and renders budgeting by school districts virtually impossible; and
- Reverse the deferrals of State revenues already in place stop the practice of deferring State funding that is owed to public schools – it causes crippling cash flow crises at the local level.

At the federal level, letters will target representatives in Washington urging them to renew commitments of stimulus funds to help school districts through the current economic crisis.

2. Face-to-Face Lobbying Efforts

Advocates will schedule appointments with their state legislative representatives to lobby them personally and to learn about other actions that can be taken to support the District in this crisis.

D. PTA Connections

The PTAs have committed the full extent of their resources to ensure that the world class SMUSD education is preserved and – of critical importance to each PTA – the excellence that characterizes each school site.

Through the coordination of the PTA council presidents, the PTAs will participate in the following ways:

1. **Allocations:** Reviewing their allocation and general budgets to determine what they can contribute to maintaining programs at school sites;

³⁸ Because these are critical reforms that will help all school districts across California, especially small ones like San Marino's (where small changes in budget numbers have a huge impact), this campaign's sample letters and strategies can be shared with other school districts wanting to undertake similar efforts.

2. **Staffing/Support:** Working with the Foundation and other groups to help staff fundraising and education efforts over the next few weeks;
3. **Event Planning:** Designing and implementing a significant fundraising event. More details to come, but it promises to be fun for all.

VII. As Funds Are Raised, How Will They Be Allocated to Restore Threatened Programs?

SMUSD Superintendent, Dr. Gary Woods, has requested and received from each of the Districts' School Principals a detailed analysis of how additional funds secured through this campaign would be applied at their respective school sites. Specifically, Principals were asked to show which positions they would anticipate restoring at three different levels of funding. Their responsive documents, while not generally available to the community because they have not yet been approved by the School Board, demonstrate a commitment at all three school levels to restoring programming evenly across academic and VAPA categories.

The factors that determine restoration decisions are highly complex (i.e., well beyond simply prioritizing individual teachers or programs) and include some combination of employee seniority, the number of classes/subjects that a teacher is able/certified to teach, master scheduling considerations, and course offerings in subjects required for graduation, to name just a few.

VIII. Conclusion

California's public school financing system and the economic crisis have combined to create an unprecedented projected \$5 million budget deficit for the San Marino Unified School District. While projected State funding provides a free education, it continues to be insufficient to provide the quality education that San Marino residents demand and expect. Therefore, despite generous private donations, the passage of the parcel taxes, substantial cuts in SMUSD expenditures, and sacrifices by District employees and SMUSD parents over the years, San Marino public school supporters find themselves at a crossroads where the choice is clear: accept bare-bones programmatic offerings with large class sizes or embrace a new definition of support. If every SMUSD family commits to contributing \$2,000 per student (or at least as much as they can afford to give), the community can bridge the funding gap, restore the world class education it has come to expect and preserve all that makes San Marino such a wonderful place to live.