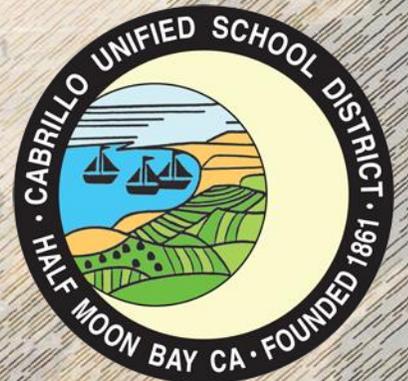


# Public school funding...

## *Demystified*

*Community Informational Event  
Half Moon Bay Library  
September 10, 2019*



# Thank you to our event co-sponsors!



*...and to all our Coastside community members for the ongoing support!*

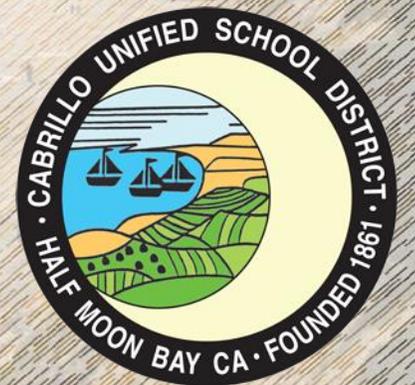
## Objective

***Increase community awareness and understanding of how California public school funding works and what it means for the Cabrillo Unified School District community so that we can maximize resources and unify to support our students' success***

# Agenda

- **California public school funding (20 min)**
  - Sophia Layne, President, Governing Board, Cabrillo Unified School District
- **Implications for the Cabrillo Unified community (30 min)**
  - Dr. Sean McPhetridge, Superintendent, Cabrillo Unified School District
- **How our community can support student success (20 min)**
  - Panel discussion
- **Q&A (30 min)**
- **Open forum/networking (20 min)**

# California public school funding



# How do schools in California get funded?

*First, a quick history lesson...*



# How do California public schools get funded?

*State and local taxes drive funding, which varies greatly among districts*

- Per state formulas, California public schools are primarily (>75%) funded through **state and local property taxes**; contributions from federal and other local sources (e.g., local parcel taxes, grants, donations)\*
- The state sets *minimum per student spend levels* based on student population and demographics; **actual per student spend levels vary greatly among districts**, due to vastly differing local property tax revenues

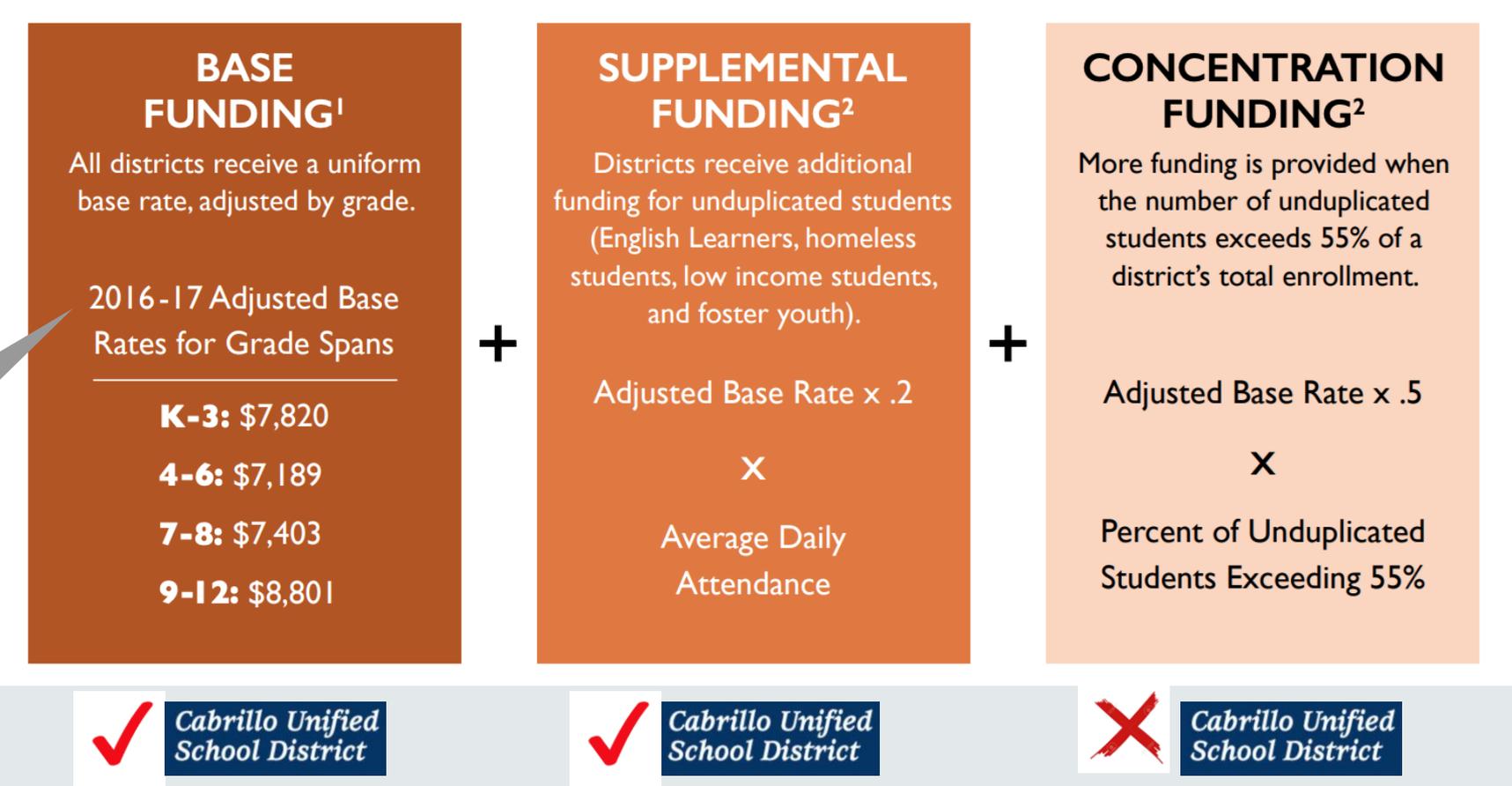
*CA ranks 41st among states in per student funding levels, despite boasting 5th largest economy in world*

**Important!** Operational budgets (e.g., General Fund) must be managed separately from facilities construction/repair (typically funded through local bonds), per CA law

# How does CA set *minimum* school funding levels?

*Overall enrollment and demographics set requirements for operating budgets*

Comparable to 2007-2008 levels



Note: Represents Local Control Funding Formula (LCFF); 2019-20 rates similar. Source: [San Mateo County Office of Education Report to the Community 2017](#)

# How does CA set *actual* school funding levels?

*Local property taxes drive wide variability in actual operating budgets among districts*



Local property tax revenues



More than minimum required



Spend the excess  
(Basic Aid/Community-Funded)



Less than minimum required



State fills the gap  
(LCFF/State-Funded)

**Cabrillo Unified  
School District**

**Cabrillo Unified  
School District**

**Important!** State reliance on personal income tax for revenues leads to varying district budgets (and pension fund assumptions) year to year due to factors including market fluctuations.

# What does this look like in San Mateo County?

*CUSD 6th lowest LCFF, parcel tax; 80% of avg LCFF and 66% of avg parcel tax*

## 2016-17 SAN MATEO COUNTY SPENDING PER STUDENT<sup>1</sup>

Elementary School Districts <sup>1</sup>	Spending per Student
Bayshore	\$13,004
Belmont-Redwood Shores	\$10,307
Brisbane	\$16,726
Burlingame	\$9,894
Hillsborough City	\$18,850
Jefferson	\$10,780
Las Lomas	\$18,022
Menlo Park City	\$15,903
Millbrae	\$9,442
Pacifica	\$ 9,927
Portola Valley	\$ 22,860
Ravenswood City	\$16,282
Redwood City	\$12,315
San Bruno Park	\$10,321
San Carlos	\$11,564
San Mateo-Foster City	\$10,151
Woodside	\$25,385

High School Districts <sup>1</sup>	Spending per Student
Jefferson Union High	\$11,901
San Mateo Union High	\$16,990
Sequoia Union High	\$16,658

Unified School Districts <sup>1</sup>	Spending per Student
Cabrillo Unified	\$10,747
La Honda-Pescadero Unified	\$18,615
South San Francisco Unified	\$11,027

County-Level Data <sup>1</sup>	Spending per Student
County Average	\$12,773

**CUSD LCFF 6th lowest overall and lowest among local Unifieds**

**CUSD parcel tax 6th lowest overall and mid among local Unifieds**

	\$ tax/parcel/year average (range)
<b>All districts</b>	<b>\$227 (\$0 to \$828)</b>
<b>Top quartile</b>	<b>\$380 (\$297 to \$828)</b>
<b>Bottom quartile</b>	<b>\$61 (\$0 to \$150)</b>

# Why don't (some) schools have enough money?

*Three key drivers for insufficient and inequitable funding*



Are you in an area with a *current* high cost of living?

**No adjustments for geographic differences in cost of living**

*County 'poverty line' defined as \$117K/year family income → high employee/other costs*



Are you in an area where the cost of living has *increased significantly* over the past 10 years?

**Funding recently restored only to pre-recession levels (2007-2008)**

*Coastside housing prices continue to rise (+25% since 2013) → high employee/other costs*



Are your enrollment demographics *below the 55% threshold* required for "concentration" funding'?

**Threshold requirement arbitrarily differentiates districts' ability to qualify for significant additional funding**

*At ~44.51%, Cabrillo Unified does not meet the 55% threshold requirement → no additional 50% "concentration" funding*

**Important!** *Additional district revenues and student/family resources typically mirror these inequities (e.g., parcel taxes, foundation/PTO financial support)*

# For example...



*Woodside Elementary*  
**\$25K/student/year**



*San Mateo County*  
**\$13K**  
**avg./student/year**

**Very high cost of living**  
**(\$117K/year cutoff**  
**= 'low' family income)**



*Cabrillo Unified*  
**\$11K/student/year**



*Barstow Unified*  
**\$11K/student/year**

**Low cost of living**  
**(\$35K/year cutoff**  
**= 'low' family income)**

# How does CA school spending compare to other states?

*CA ranks among 10 lowest states on all key school funding metrics*

## CALIFORNIA RANKINGS IN EDUCATION SPENDING

Though California has the fifth-largest economy in the world, the state falls in the nation's bottom quintile on nearly every measure of public K-12 school funding.

California has consistently underfunded public education while adding new requirements and raising standards. Adequate funding is especially an issue in San Mateo County, where districts struggle due to the high cost of housing, goods, and services.

SMCOE firmly believes that districts must receive full and fair funding to prepare students for college, career, and civic life.

**41st** in per-pupil funding<sup>2</sup>

**45th** in percentage of taxable income spent on education<sup>3</sup>

**45th** in student-to-teacher ratio<sup>2</sup>

**48th** in student-to-staff ratio<sup>3</sup>

What happens when schools don't have enough money?

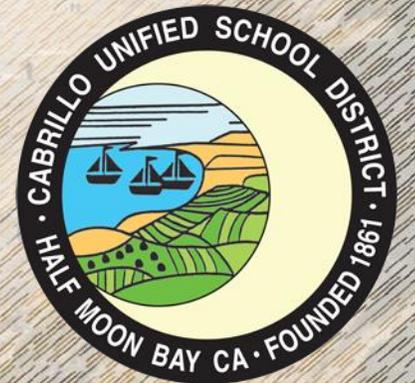


## How come (some) schools don't have enough money?

*The bottom line...*

*'Despite efforts to help school districts recover from the recent Great Recession by bringing school district spending power back to pre-recession levels, growth in expenses to maintain operations means that school districts across the state are now experiencing the Silent Recession.'*

# Implications for the Cabrillo Unified community



# Introduction

- K-12 education funding is inadequate and underfunded in California.
- There is increasing statewide advocacy for full and fair funding of public schools, but there is ongoing state budget fiscal prudence, and many districts are struggling as a result of inadequate funding, leading to what some have called a “Silent Recession” (WestEd, 2018)
- Many districts now rely on local parcel tax measures to supplement LCFF and other K-12 revenues; rates vary widely across San Mateo County, but many districts have higher parcel taxes than CUSD
- As tonight’s presentation on unaudited actuals shows, CUSD forecasts significant budget gaps as our reserves have diminished because our costs continue to outpace revenues for a host of reasons
- At the minimum, short-term CUSD budget stabilization is needed now in order to remain solvent, and a mid-term financial solvency strategy and a plan for budget cuts must be made in order for us to show the San Mateo County Office of Education that we will be able to cover our ongoing expenses ahead

# Overview - Cabrillo Unified Operating Budget Snapshot

*Heavy reliance on community support; bulk of budget goes to employee costs*

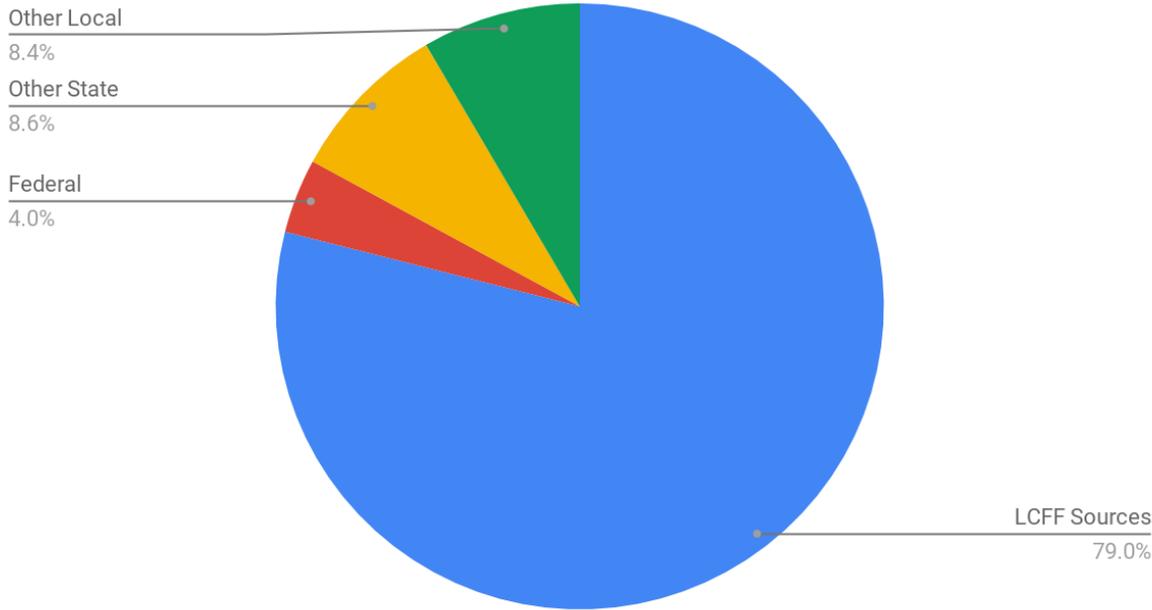
## **MONEY IN**

*8.4% of funding comes in from 'other local sources' including parcel tax, PTOs, and foundations*

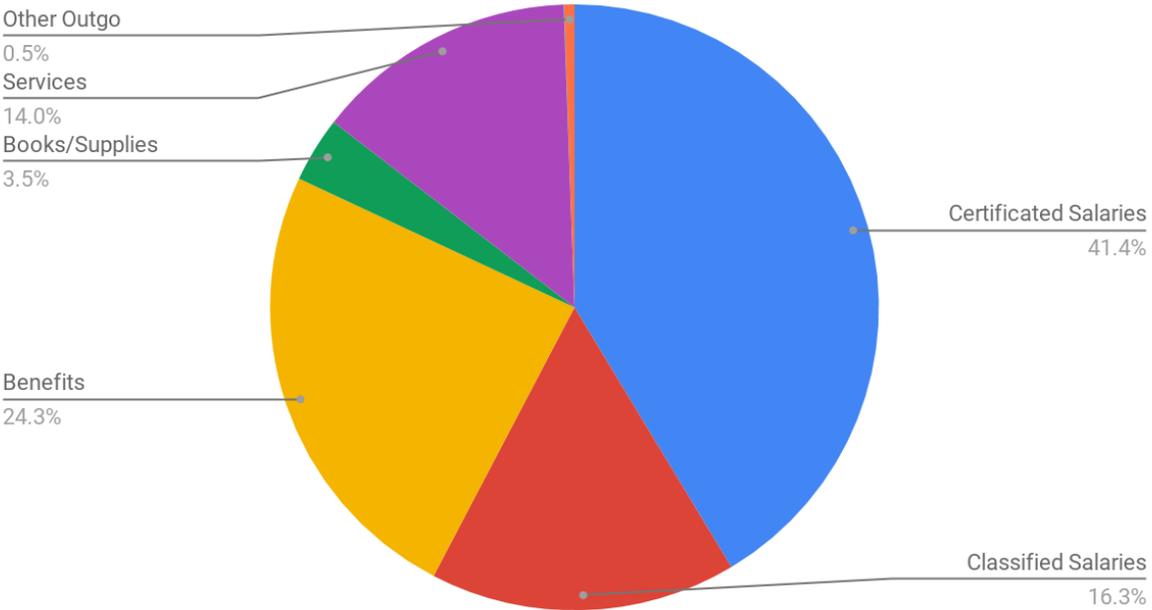
## **MONEY OUT**

*82% of CUSD funding is spent on employee salaries and benefits*

Revenues Total \$36,135,265



Expenses Total \$37,446,184



Note: 2017-2018 General Fund (operating budget) Unaudited Actuals, as reported at CUSD Governing Board Meeting September 13, 2018.

# CUSD Financial Outlook

*Continued flat revenues and increasing costs continue to erode CUSD reserves; we forecast a significant budget gap, increasing to >25% of revenues by 2022-23*

	2019-2020	2020-2021	2021-2022	2022-2023
<b>Revenues</b>	36,516,722	35,226,699	36,029,748	36,883,713
<b>Expenditures</b>	(38,169,791)	(39,153,182)	(39,842,950)	(40,283,819)
<b>Beginning balance</b>	5,043,876	3,390,807	<b>(535,676)</b>	NA
<b>Ending balance</b>	3,390,807	<b>(535,676)</b>	<b>(4,438,878)</b>	NA
<b>Cash/inventory/prepaid</b>	35,500	35,500	35,500	NA
<b>Restricted/committed/assigned</b>	655,714	655,714	655,714	NA
<b>Minimum reserve (3%)<sup>1</sup></b>	1,145,094	1,174,599	1,195,292	1,208,515
<b>Budget gap<sup>2</sup></b>	1,544,499	<b>(2,401,489)</b>	<b>(6,235,384)</b>	<b>(9,806,280)</b>

Note: General Fund as reported at CUSD Governing Board Meeting June 6, 2019. **Figures do not include salary schedule increases for CUTA, CSEA, administrators, or other staff during this time frame.**

# Financial planning process - overview

*Robust process for decision-making ensures 'good' decisions and facilitates implementation*

## Identify decision and decision-maker

- Decision: Budget cuts to balance budget must be presented by Dec 2019
- Decision-maker: Board to act on budget cuts recommended by staff

## Gather inputs

- District leadership
- Bargaining group and PTO representatives
- Community groups
- County, FCMAT (e.g., standards and best practices)

## Assess and decide

- Superintendent recommendation based on staff presentations to Board (e.g., current existing district resources, future needs, and proposal for budget cuts)

## Communicate 'what' and 'why'

- Superintendent, along with Board and District leadership, will work in Board meetings and other venues to explain budget cut decisions and rationale

## Implement

- All employees and community members must ultimately come to understand the need for budget cuts in order for the district to remain solvent

# Financial planning process - timeline and key milestones

*Short-term budget cut proposals presented for Board approval in December to meet SMCOE deadline; mid- to long-term strategic planning through 2020 to achieve fiscal solvency*

SEP '19	OCT '19	NOV '19	DEC '19	JAN-MAR '20	APR '20+
<p><b>Prepare</b></p> <ul style="list-style-type: none"> <li>• Finance overview update and planning process (to accompany presentation on Unaudited Actuals)</li> </ul>	<p><b>Assess/ Consult</b></p> <ul style="list-style-type: none"> <li>• Resource analysis and assessment of essential needs for district operations</li> <li>• Inputs gathered for proposal on budget cuts to go to Board</li> </ul>	<p><b>Discuss</b></p> <ul style="list-style-type: none"> <li>• Analysis of parcel tax election results to see if additional cuts are required</li> <li>• Preliminary report on short-term budget cuts ahead</li> </ul>	<p><b>Decide/ Inform</b></p> <ul style="list-style-type: none"> <li>• Recommendation on actionable cuts required by SMCOE</li> <li>• Ongoing efforts to inform community and stakeholders of budget cuts</li> </ul>	<p><b>Implement</b></p> <ul style="list-style-type: none"> <li>• Detailed work to implement budget restructure plan</li> <li>• Layoff notices</li> <li>• District restructure planning ongoing to achieve cuts</li> </ul>	<p><b>Implement/ Plan</b></p> <ul style="list-style-type: none"> <li>• Restructure planning and implementation ongoing in 2020</li> <li>• Mid-term planning and long-term strategic planning to implement cuts</li> </ul>
<p>SMC Office of Education and FCMAT consult/oversight</p>				<p>SMC Office of Education monitoring</p>	

## Summary and key upcoming decisions

- **The big picture and what it means for CUSD and Coastside community**
  - ‘Conditional budget approval’ means there must be actionable cuts approved by Board in December to avoid insolvency and County/FCMAT takeover
- **Parcel tax renewal outcome will determine budget cut amount required**
  - In either scenario, budget cuts will require District workforce restructure
  - Budget cuts may include potential school consolidation, staffing reductions, elimination of services, outsourcing of services, other changes in services, and exploring cost/service transfers to partner organizations
- **Decisions on actionable must be made by Board in December**
  - Ongoing mid-year cuts throughout this current year may also be implemented, including not filling vacant positions and other savings opportunities ahead

# Pride in ongoing success despite challenges

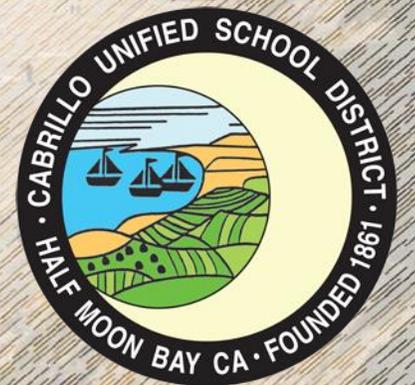
*Cabrillo Unified students and schools succeed despite odds, thanks to community support*



- ★ 2nd highest **graduation rate\***
- ★ 3rd highest % graduates achieving **state university entrance requirements\***
- ★ 2nd highest % of our graduates earned **Golden State Seal Merit Diploma\***

- 6th lowest **per student funding level** (84% county average)\*\*
- Significant **student opportunity gap** driven by vastly differing socioeconomic and parent education levels (41% students' families 'low income')\*\*

How can YOU support student success?



# We're all in this together!

*By being curious and seeking information, we can each align our resources and interests with a unique blend of actions to collaborate for the highest positive impact*



**What can I do?  
(Act)**

## How do I get involved? (Be curious, seek info)

### What can I give (e.g., skills/time, money)?

Organizational skills  
Administrative skills  
Management skills  
Finance skills  
Teaching skills  
Network/connections  
Inspiration!  
\$, material donations  
...

### What interests me?

Immigration  
Nutrition  
Art, music, culture  
Fitness, sports  
LGBTQ+  
Special education  
Science, math  
Health/wellness, safety  
Literacy, language,  
literature  
...

*Websites, newsletters, events*  
*People* - principals, teachers,  
staff, district, board  
*Committees* - Site Councils,  
PTOs, D/ELACs, CEF, Health &  
Wellness, SIPA, Music/Sports/Ag  
Boosters  
*Community groups, volunteers*  
...

### Just a few ideas...

- Volunteer at a library (HMB, schools)
- Support recess time (Playworks)
- Tutor students in reading (SAL)
- Help organize a fundraiser (CEF)
- Join a school or district committee (Site Council, Financial Advisory)
- State legislative advocacy (CBEF)
- Attend cultural performances (ALAS)
- Serve as a substitute teacher (CUSD)
- Donate \$ and materials (various)
- ...

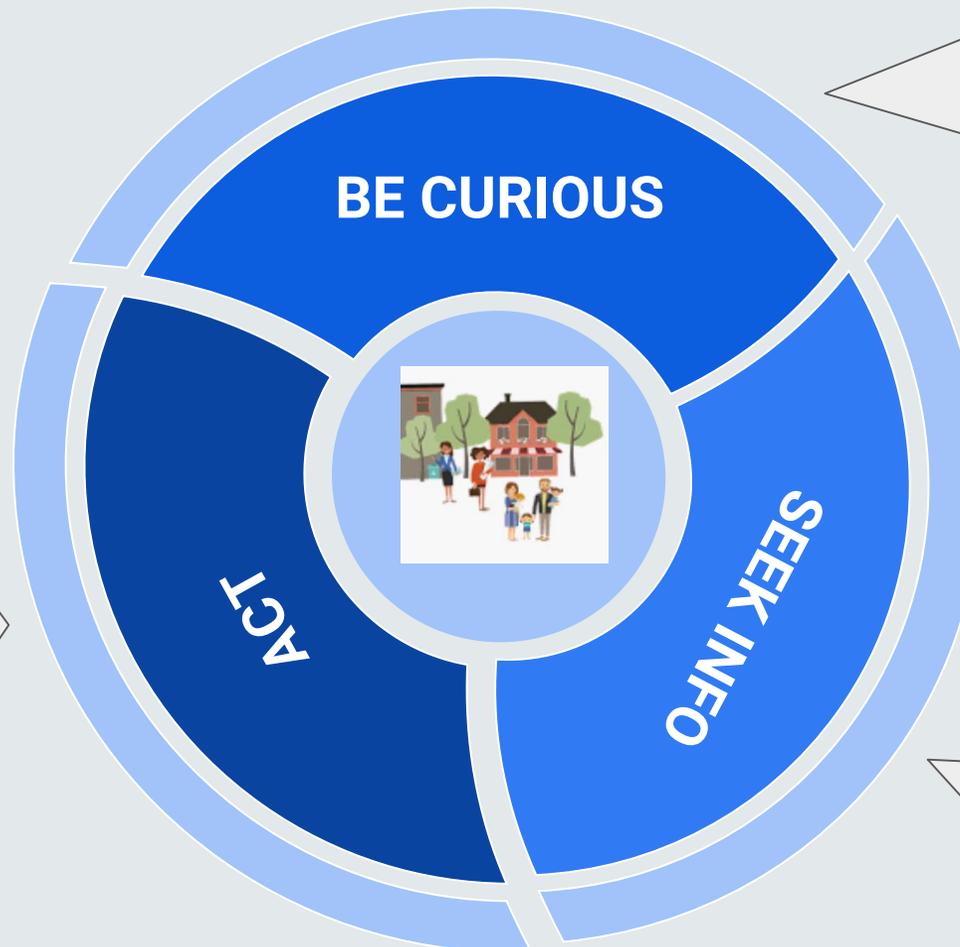
# We all continue to grow, individually and as a community

*Continuous cycle of improvement by learning from the past and planning for the future*



## **TIPS!**

- Recognize and collaborate toward common goals
- Take smart risks, learn from 'mistakes'
- Foster transparency, avoid silos
- Balance urgency with patience, depending on the situation
- Understand underlying issues, then focus on solutions
- Stepwise, continuous improvement toward high standards
- Be the change you want to see - i.e., role model



## **TIPS!**

- Slow down, be present
- Practice gratitude, kindness, empathy and inclusion
- Check for unconscious bias
- Consider [equity](#) (i.e., fairness not sameness; relative needs)
- Ask 'why' and 'what if' questions
- Assume positive intentions, avoid 'gotcha' motivations
- Stretch beyond comfort zones



## **TIPS!**

- Seek up-to-date information from variety of sources [reliable](#) for topic
- Proactively seek contextual information (e.g., 'how things work', history/'why') to inform understanding of specifics (e.g., 'how to fix' something)

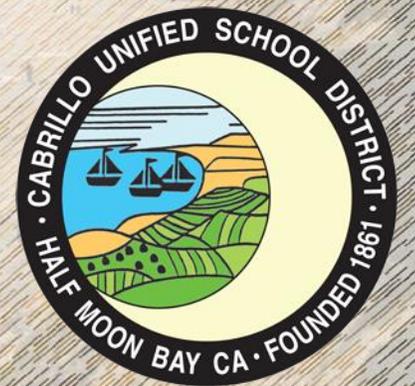
## Panel Discussion and Q&A

- Breanna LaFontaine, Coastsiders for Better Education
- Corinne Bucher, Cabrillo Education Foundation
- Sheila Spieller, American Association of University Women
- Dr. Sean McPhetridge, Superintendent, Cabrillo Unified School District
- Sophia Layne, President, Governing Board, Cabrillo Unified School District

## In sum...

- While State sets minimum school funding levels based on district demographics, **actual** levels...
  - **Vary widely** among districts due to property tax revenue differences
  - Are **not adjusted for regional** cost of living differences
  - Result in **California ranking 41st** among states in funding per student and many districts struggling to bridge **rising costs and flat funding**
- Cabrillo Unified must decide **this December** on **budget cuts** to avoid fiscal insolvency and County/FCMAT takeover
- **Parcel tax renewal outcome** will determine **budget cut amount required**
- Strong outcomes at Cabrillo Unified students generally defy these vulnerabilities – **continued community support is key and everyone can play a role!**

Thank you!

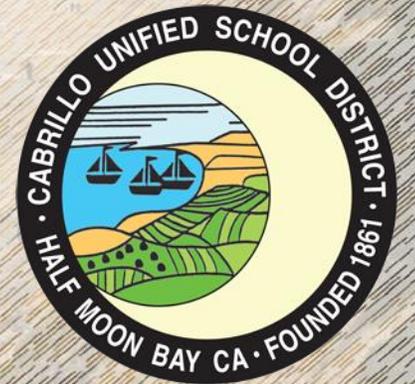


# Thank you to our event co-sponsors!



*...and to all our Coastside community members for the ongoing support!*

# Appendix



## Additional online resources

- [Strong Schools Make Strong Communities](#) (California Teachers' Association, Sep 2014)
- [Silent Recession: Why California School Districts Are Under Water Despite Increases in Funding](#) (West Ed, April 2018)
- [Budget Crisis - Challenges Facing California Public Schools](#) (PBS, June 2019)
- [Interview with California Education Chief Tony Thurmond](#) (Commonwealth Club, March 21, 2019)
- [Financing California's Public Schools](#) (Public Policy Institute of California, November 2018)
- [Schools and pension costs in CA: Who pays and what can be done?](#) (EdSource, April 2019)
- [Full and Fair Funding](#) (California School Boards Association)
- [Cabrillo Unified School District](#)
  - [Financial Information](#)
  - Coastside Buzz Podcasts - [July 2019](#) and Sep 2019
  - [Board meetings, minutes, videos and members](#)
  - [Ask the Superintendent](#)

# Which districts are struggling?

*October/November 2018 headlines*

“**Sacramento City Unified** school board grapples with massive budget shortfall”

“**Four Redwood City schools will close**... School District officials seeking to mend a fractured budget.”

“Cuts likely in **Burbank Unified’s** future after parcel tax defeat”

“**Vallejo** school district to make \$12 million cuts, name budget committee”

“**Oakland** and **Inglewood** among four financially distressed California districts seeking state relief”

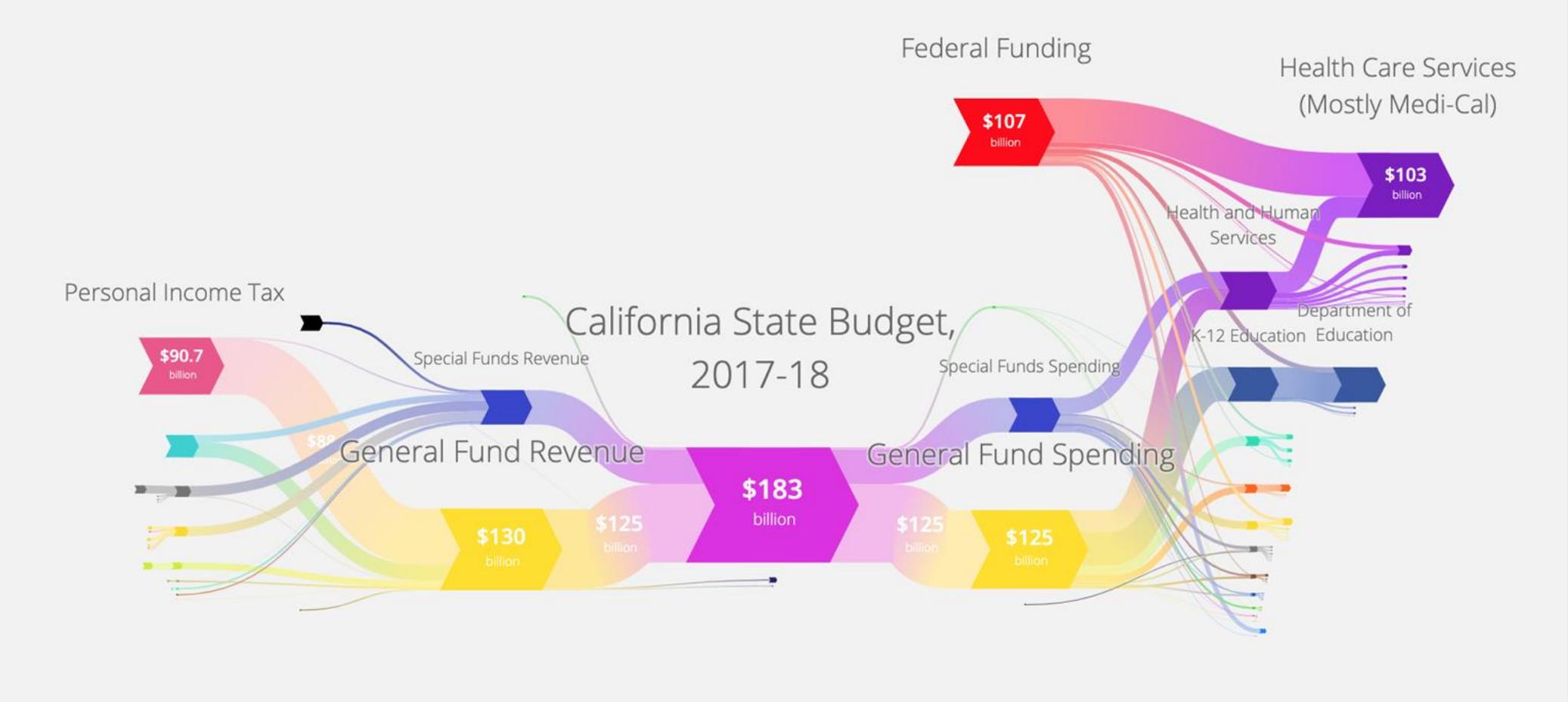
“**Pasadena Unified** school board votes to cut \$3.1 million, bringing them closer to the \$10.1 million needed... **three school closures still on the table**”

“**Manhattan Beach** asks parents to donate \$47 for each student absence”

“In a cost-savings move... 140 employees in **Tamalpais Union** are being offered retirement incentive ”

# California State Budget Overview

*Personal tax comprises around half of revenues; spending focused on education, health care*



# Federal Budget Overview

*Personal income and payroll taxes comprise around 80% of revenues; spending focused on social service benefits and defense*

