

**DMUSD Strategic Plan  
Financial Task Force**

**Final Report**

May 5, 2010

**Highlights of FTF Final Report**

- ▶ Overview of DMUSD Strategic Plan  
Financial Task Force
- ▶ Overview of Financial Environment and  
District Finances
- ▶ Major Recommendations
- ▶ Conclusion

Overview of Financial Task Force:  
*Who We Are....*

- ▶ Nineteen members total
  - ▶ 13 Parent volunteers....
    - ▶ One selected by each PTA (eight parents)
    - ▶ Each DMUSD Trustee selected a representative (five parents)
  - Plus
    - ▶ One Trustee served as Co-Chair (Doug Perkins)
    - ▶ DMUSD appointed ....
      - Principal (1)
      - Teacher (1)
      - Classified Staff (1)
      - Senior Staff Member (1)
    - ▶ DMSEF appointed one member
    - ▶ DMUSD Superintendent and Business CBO served as non-voting advisors.

Overview of Strategic Plan Financial Task Force:  
*FTF Charter*

- ▶ Initiated by DMUSD Board of Trustees and Superintendent in late 2009
- ▶ Formed to study finances and suggest strategies and actions
- ▶ Modeled after the City of San Diego Select Committee on Government Efficiency and Fiscal Reform

Overview of Strategic Plan Financial Task Force:  
*FTF Charter*

Organized in early 2010 to make recommendations on the following

- ▶ Short Term Financial Planning
- ▶ Guidelines for reserves and long term budgetary goals
- ▶ Identify Long Term Planning Criteria
- ▶ Examine revenue enhancement opportunities
- ▶ Initiated a public input process to solicit community input (over 58 suggestions were received)

Overview of Strategic Plan Financial Task Force:  
*What the FTF Did...*

- ▶ Met nine times January-April 2010
- ▶ Recommendations were discussed in open meetings, amended and approved by a simple majority vote of the FTF.... frequently with unanimous consent.
- ▶ Six subcommittees were formed to respond to the Public Input as well as form the recommendations required in our charter.

Overview of Strategic Plan Task Force:  
*What the FTF Did...(cont'd)*

The Subcommittees:

- ▶ Basic Aid Contingency Plan
  
- ▶ Reserve Policy
  
- ▶ Expenditure Reduction
  
- ▶ Revenue Generation
  
- ▶ Solar Energy
  
- ▶ Communications

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Overview of Strategic Plan Task Force:  
*What the FTF Did.... (cont'd)*

- ▶ Solar, Reserve and Basic Aid subcommittees made policy recommendations
  
- ▶ Expenditure and Revenue subcommittees reviewed ideas received from public input, DMUSD and FTF
  
- ▶ Expenditure and Revenue recommendations were made with consideration to feasibility and impact

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Overview of Strategic Plan Financial Task Force:  
*What the FTF Did (cont'd)*

For certain expense items the following categories were applied:

- ▶ Not subject to collective bargaining
  
- ▶ Subject to collective bargaining (must be resolved in between DMUSD and DMCTA)
  
- ▶ Not to be implemented

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## Current Financial Environment

- ▶ California severely impacted by recession
  
- ▶ Statewide, school districts are running large deficits
  
- ▶ Significant budget cuts in CA schools
  
- ▶ DMUSD is a Basic Aid District

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## Current Financial Environment

### BASIC AID v. REVENUE LIMIT

- ▶ Basic Aid allows districts that collect property taxes in excess of their Revenue limit to keep the funds locally
- ▶ Revenue Limit districts receive the bulk of their funding based on enrollment.
- ▶ “Fair Share” reduction imposed on Basic Aid districts across the State



## DMUSD Current Finances

- ▶ Current Reserves are \$11.5M (28% of 2009-2010 Approved Budget)
- ▶ Budget has 0% Revenue Growth for LT Planning
- ▶ Instructional Expenses are forecasted to grow, each year while Revenues are forecasted to be flat
- ▶ Instructional Expenses are driven by the Agreement between the DMCTA and DMUSD



## DMUSD Current Finances

- ▶ “Basic Aid” Status is worth over \$10M in additional revenue than DMUSD would have as a Revenue Limit district
- ▶ “Fair Share” cuts: Basic Aid districts have agreed to pro-rata revenue reductions. The DMUSD will receive \$1M less in 2009-2010 and \$1.5M less in 2010-2011 than it would ordinarily.

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## Major Recommendations: Reserve Policy

- ▶ The FTF recommends a reserve balance of not less than 22% or greater than 30% of expenditures
- ▶ If, or when, reserves fall below the minimum level, then material budget cuts should be considered for the following year.
- ▶ DMUSD has \$11 million in general fund reserves

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## Major Recommendations: Basic Aid

- ▶ Substantial reserves, consistent with the recommended Reserve Policy, should be maintained
- ▶ If basic aid funding is greatly decreased, or eliminated, then the reserve should be spent incrementally to preserve programs
- ▶ A graduated, stepped approach to spending the reserve is recommended



## Major Recommendations: Basic Aid

- ▶ The DMUSD Board of Trustees should declare an economic state of emergency in order to amend, modify or rescind the DMCTA contract.
- ▶ The DMUSD should review all areas of the budget for possible cuts.
- ▶ The DMUSD should endeavor to retain programs via expanded fund raising or parcel tax.
- ▶ We recommend to the Board of Trustees that they establish a definition, or formula, of what constitutes a "state of emergency".



**Major Recommendations: Expenditure Reduction**  
Individual items within each group were stratified based on a ranking based on relevance, impact and feasibility.

- ▶ Actionable regardless of financial condition (e.g. efficiency improvements)
  
- ▶ Actionable when the reserves are approaching the minimum level (resource cuts)
  
- ▶ Actionable when reserves have fallen significantly below the minimum level (more drastic actions)

**Major Recommendations: Expenditure Reduction**  
**Opt-Out Option for Employee Benefits**

- ▶ Idea with the best combination of impact and feasibility is an “Opt-out” option for the DMUSD employee health insurance.
  
- ▶ “Opt-out” is subject to collective bargaining but the FTF strongly suggests this option be examined.

### Major Recommendations: Revenue Generation

- ▶ Ideas were stratified based on impact and feasibility
- ▶ Parcel Tax: The FTF recommends that it is not feasible for the next fiscal year because of timing, expense in getting on the ballot and the difficulty of getting a Parcel Tax passed.
- ▶ We recommend that the Board continue to evaluate a Parcel Tax in the future; especially in dire financial circumstances
- ▶ Preschool Expansion: The FTF recommends the DMUSD Administration perform a comprehensive business plan and market analysis before any decisions are made.

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### Major Recommendations: Global Budgeting

*The FTF believes that more extensive sensitivity and probability analysis should be done while budgeting, especially with regard to revenues, which are difficult to accurately predict but have a large impact on outcomes.*

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## Conclusion

- ▶ Great deal of common ground; mostly unanimous votes
- ▶ DMUSD Staff and Trustees provided the FTF with all necessary access and resources to perform our task
- ▶ Our Final Report was approved by unanimous consent of the DMUSD Strategic Plan Financial Task Force on April 30, 2010.
- ▶ We would like direction on an outreach program. The FTF recommends holding three public “town hall” meetings to present its findings to a broad audience.