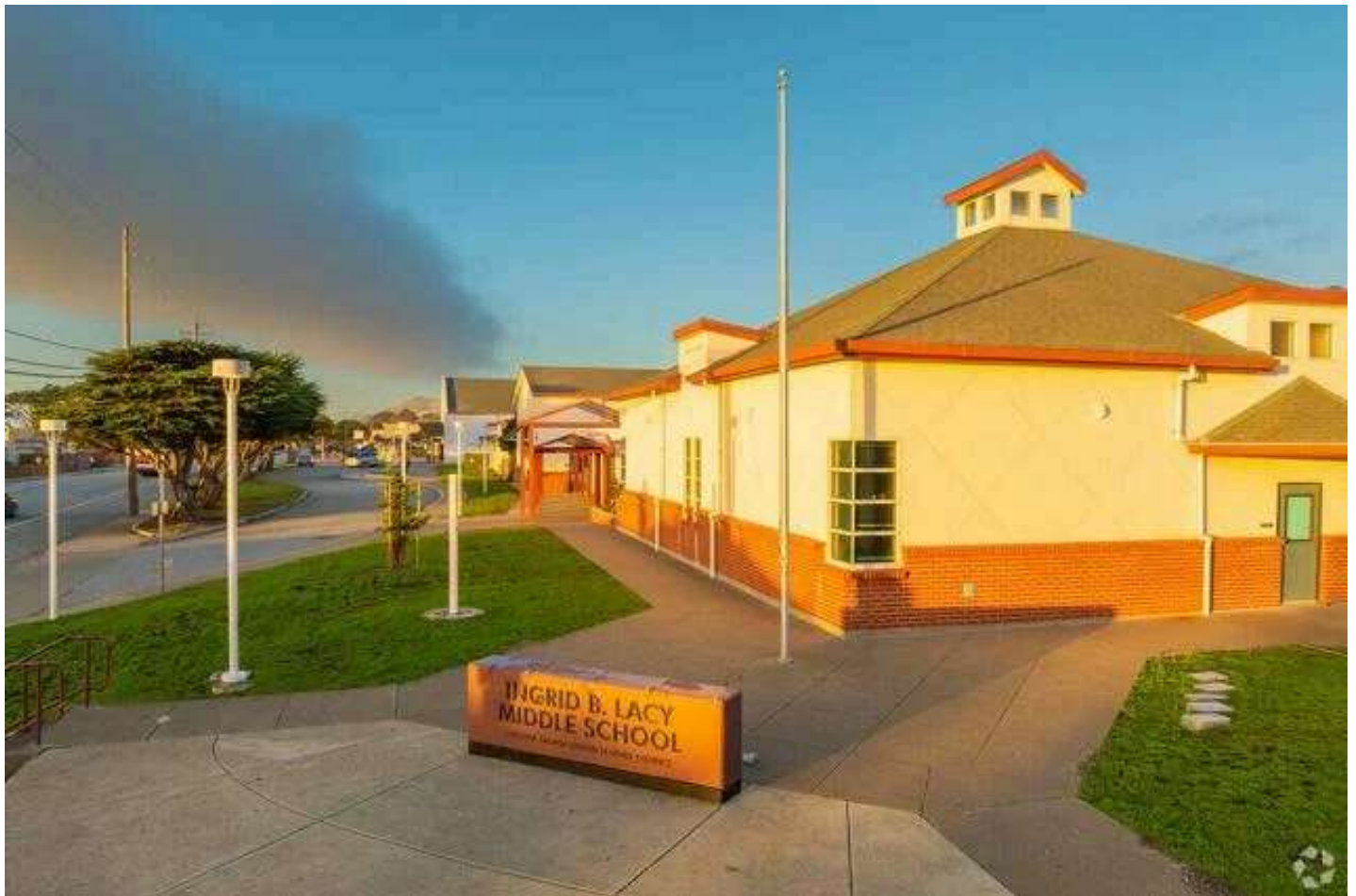


https://www.coastside.com/news/pacifica-school-district-budget-figures-vary/article_e87a2bb2-d8d1-11ef-9f50-2bc74f1ae41c.html

Pacifica School District budget figures vary

County and district projections differ

By Kathryn Wheeler
Jan 22, 2025



Ingrid B. Lacy Middle School could see an influx of students next year if the district closes Ocean Shore School.

Coastside News file photo

As tensions continue to rise this week between the Ocean Shore and Vallemar school communities and the Pacifica School District around Wednesday's vote to potentially relocate students from both schools, questions continue to emerge.

If the board approves the plan first presented publicly at a district meeting on January 11, middle school students from Ocean Shore School and Vallemar School will move to Ingrid B. Lacy Middle School at the start of next school year. K-5 students from Ocean Shore would move to Sunset Ridge.

Among the most pressing issues, according to Ocean Shore and Vallemar parents, is whether the budget deficit the district has presented to justify the closings is accurate. District officials claim that they are confronted with a \$3.3 million deficit based on their interim financial report in December.

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Information on the potential school closure has largely come from Alexandra Céspedes Kent, a communications and marketing director at Voler Strategic Advisors, a PR and crisis management firm hired by the district to respond to questions. According to Kent, the district's projected spending will exceed revenues by roughly \$3.3 million this year.

Superintendent Darnise Williams said PSD has been facing a “structural deficit” for years. In a phone call last Friday with Williams, Perla Rodriguez, the CEO of Voler, and Dusty Nevatt, a financial advisor hired by the district in August, Williams said that prior to the COVID-19 pandemic, the district was facing a deficit resulting in the County Office of Education giving PSD's budget a “qualified” certification. A qualified budget certification puts the district on notice by the county as it indicates that a district may not meet its financial obligations for the current year or two subsequent years.



Darnise Williams became superintendent of the Pacifica School District at the start of the 2023-24 school year. Photo courtesy Darnise Williams

J Ennis Kirkland

Missing from the phone call was Interim Assistant Superintendent and Chief Business Officer DeWayne Davis, who signed a contract with the district at a salary of \$193,724 in June, soon after his unsuccessful bid for a seat on the Los Angeles Unified School District Board of Education. Davis is listed on the PSD website without “interim” in his title, but his contract was never approved by the board of trustees. After Coastside News inquired about the arrangement, approval of his contract, dated June 7, 2024, appeared on the board agenda for this week. A job posting to fill the position permanently was listed on the website Edjoin on Jan. 15 of this year.

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Williams said that PSD was “saved because there was an influx of money” from pandemic relief grants in 2021. But, Williams added, “The one-time money went away, [and] all the resources, all the positions, all that support had to go away.” She continued, “It took us back to the pre-COVID levels in terms of our fiscal challenges.” Williams said the drop in COVID relief funds and declining enrollment, which results in less state funding, means the district faces the potential of not meeting its financial obligations.

Despite these concerns, the district received a “positive” certification in December, meaning it is projected to meet its financial obligations for the current fiscal year and two subsequent fiscal years.

The district warned in recent communications that a qualified certification still lingers, and county and state oversight may be thrust upon the district. “It’s a likelihood, a great likelihood,” Williams said of being assigned a qualified or even a negative certification in coming years.

A major part of the problem, Williams said, is declining enrollment. A 2024 report presented by King Consulting on January 11 stated the district has lost 17.1% of its students in the last decade. Therefore, Williams said, beyond cuts to make up for less federal funding and increased operating expenses, “It’s still also contingent that we make necessary cuts as a result of declining enrollment.” She continued, “It’s almost like this complex system, if you don’t address it you won’t be able to balance your budget.”

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A very different picture of the district’s finances was painted in a letter to the district from the San Mateo County Office of Education in September. The standard letter was an annual review of the Pacifica School District’s Local Control and Accountability Plan and Adopted Budget for the 2024-25 fiscal year. In the letter, SMCOE approved PSD’s budget for 2024-2025 and stated that the district’s revenues are likely to increase in the following two school years.

According to Kent, the 2024-25 first interim board packet showed that the district's unrestricted general fund is projected to lose about \$2.47 million more than projected revenues. But multi-year projections, according to the county letter, indicate an operating deficit in the unrestricted general fund of \$1.1 million for the current budget year, decreasing to \$27,000 in 2025-26.

As a result of cost-of-living adjustments and California's local control funding formula, the district's revenue will rise in coming years, according to the county letter. The district's planned staffing reductions are effective in helping to reduce expenses as well. By the 2026-2027 school year, the letter stated, the district can expect to have a surplus in its unrestricted general fund of \$166,000. The letter also stated that "The District maintains a positive balance across all funds." The sale of bonds increased revenues by \$12 million and "There are no significant changes in the other funds of the District compared to the 2023-24 Estimated Actuals."

Based on the figures presented by the county, the district has far above the state required reserve funding, which is 3%. The figures show that in the general fund for fiscal year 2024-25, reserve funding is \$3.5 million or 8.82% of total General Fund expenditures. The projected reserves for 2025-26 and 2026-27 will go up to 9% and then 9.26%.

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The budget projections for the current year were made before passage of Measure EE in November, a parcel tax expected to add more than \$1 million to the district's funding per year. Williams told a community meeting for Ocean Shore and Vallemar parents on Jan. 17 that the parcel tax is being used to cover part of the deficit. "That's how we got down to \$3 million dollars," Williams explained.

In a presentation posted in the agenda for the January 22 meeting, the district maps out a budget if no action is taken to consolidate schools or reduce special education staffing, another action intended to save money. The presentation looks at different scenarios for the budget deficit in the second half of this school year and, in bold red letters, says "negative certification" if no action is taken. The presentation states that the district will see a \$3.5 million dollar deficit by the end of this year and a \$2.28 million and \$1.5 million dollar deficit over the following two years..

Beyond the discrepancy between the district's and the county's projections, other concerns have nagged at Karen Kee, the president of the Ocean Shore Parent Teacher Organization. According to a resolution to be voted on Wednesday, the district is considering employing rooms used for physical education to house the influx of more than 250 K-5 students to Sunset Ridge School. At Ingrid B. Lacy School, roughly 200 middle school students will also find themselves in rooms currently used for "physical education and other

purposes, but could be used for regular classrooms without any facility modifications.” Since there will be no facility modifications, according to the resolution, the district will not need to receive a California Environmental Quality Act (CEQA) certification. “The only physical change is the location of the students,” the resolution states.

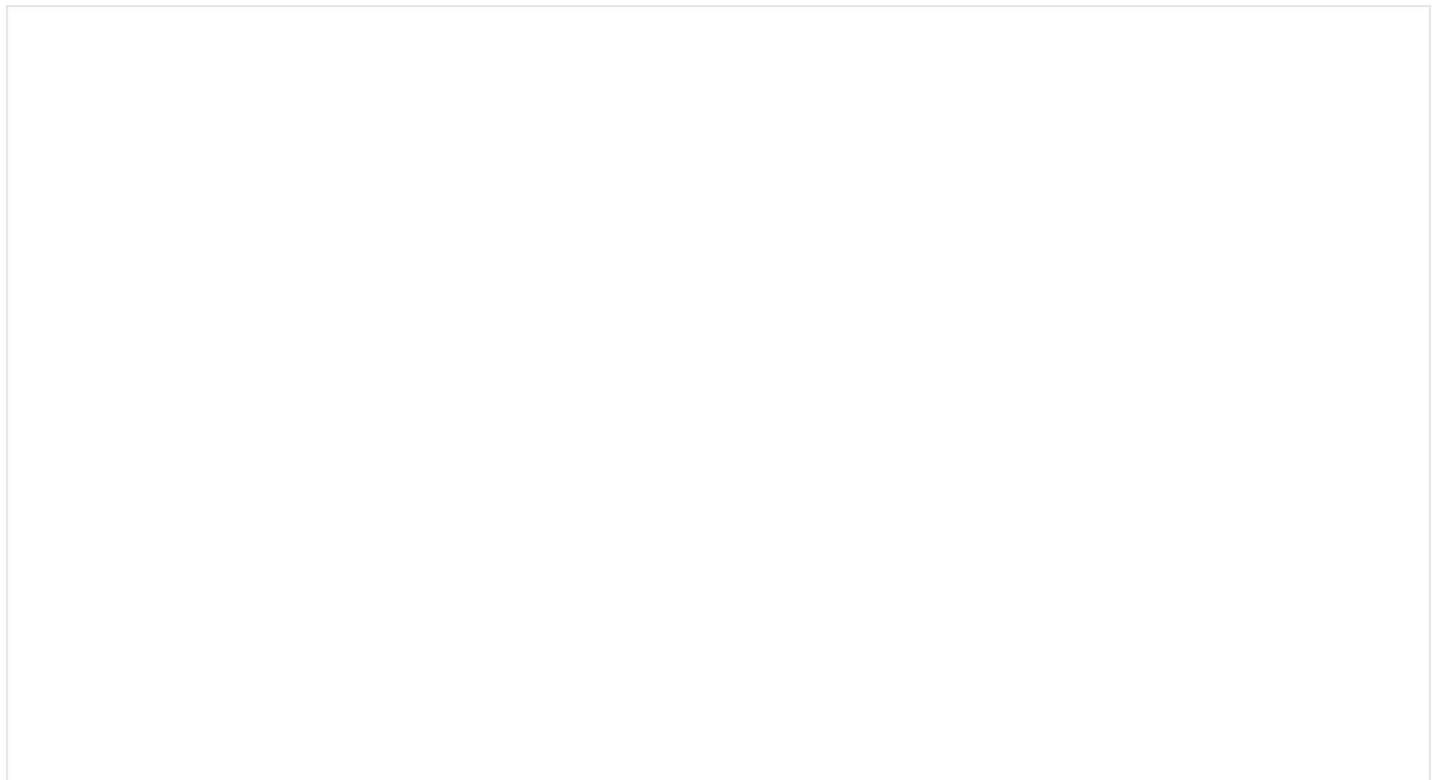
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The district has also chosen not to pursue an “equity impact analysis,” the in-depth analysis generally required by the state if a district is to “close” or “consolidate” schools. District officials and their PR firm maintain they are neither closing nor consolidating, but rather “co-locating,” which they say is different.

Peter Tokofsky contributed to reporting for this story.



County letter to PSD
Updated Jan 22, 2025





Multi-Year Projection Scenarios

**Board Meeting
January 22, 2025**

PSD budget presentation

Updated Jan 22, 2025

Kathryn Wheeler

Staff Writer