

**FOC Statement on SMMUSD's Revised Gift Policy -
November 17, 2011 Board Meeting**

My name is Cynthia Torres. I am a member of the District's Financial Oversight Committee (the 'FOC') and the Chair of the FOC's Ad-hoc Revenue Enhancement Committee. I am here this evening to present this statement on the Proposed Revision to SMMUSD's Gift Policy on behalf of the FOC.

As you will recall from the FOC's prior discussions with the Board, the FOC's Revenue Enhancement Ad-hoc Committee has worked hard over the last two years to research mechanisms to increase revenue for the District as a whole. One focus of the Ad-hoc Committee's work has been to analyze private fundraising initiatives undertaken by other school districts in California, and particularly education foundations that achieve fundraising levels of greater than \$1MM. The Ad-hoc Committee's work, which has been discussed regularly at FOC meetings, has included interviewing education foundation directors and successful development officers in both public and private fundraising entities, and discussions with local District stakeholders, such as SMMEF itself, PTA, PTA Council leaders, the Superintendent and many of you, honorable Board Members. We are pleased that the issue of District fundraising in general, and a focus on centralized Districtwide fundraising in particular, has reached the current level of policy discussion. The FOC believes we can make a valuable contribution to these discussions.

As the Board is well aware, State funding for public education in California is woefully inadequate, and this puts a premium on the need to raise local funds to support our District's mission. Our District has been highly successful in this regard, due to our partnerships with the Cities of Santa Monica and Malibu, our local taxpayers and business communities, our parent community, the efforts of the Santa Monica Malibu Education Foundation, and aggressive efforts to derive revenue from reuse of surplus District property. But in evaluating our strategies for generating local revenues, the FOC believes there is considerable room for improvement in the way we raise private funds on an annual basis. Recent testimony to and discussion by the Board make it clear that many District constituents also have concerns about the current fundraising system and practices, and that there are many views about how to improve them. But nearly everyone seems to agree that the total pool of private fundraising must increase substantially above the current level.

From the FOC's perspective, we would be very concerned with any change in policy that would have the unintended consequence of reducing funds to any of our students. We believe that the new approach should be positive and should raise up the schools in the District that have fewer resources and not appear to punish those schools with relatively more resources, and continue to respect the fact that each school has a unique set of characteristics within the overall SMMUSD educational framework. We emphasize the importance of moving forward together and maintaining strong relations with all donors.

We are very concerned about the implementation of the proposed policy changes and caution the Board against adopting a policy without knowing how it would work in

practice. The details are critically important and need to be fully vetted by knowledgeable stakeholders via an advisory committee that includes the school sites and others with experience to offer, including the FOC. We also believe that, based on what we have learned by studying other school districts, the hard work required to transition from site-based fundraising to Districtwide fundraising, without losing financial ground, will require an implementation timeline of at least two years and most likely three years. With this in mind, it is critical that a basic timeline be established for the entire transition that includes time to build a “contingency reserve” fund (to be used as a backstop if initial fundraising falters), to bring all parties to the table and fully learn from their input, to hire a Development Officer, and to build momentum behind a sophisticated and powerful centralized funding strategy. Expectations, once set, will be painful if not impossible to change without losing ground. Better to figure out a realistic timeline now, even if that means planning for a longer time horizon. Building a higher base of fundraising, including new efforts targeted to District alumni, businesses and foundations, of course, need to start now.

Our District can learn a great deal from the best practices of other Districts that have undergone their own transitions to centralized fundraising. We believe that our Education Foundation should be bolstered with the addition of a highly qualified development officer, and the addition of school site representatives on the Foundation’s board. The Foundation’s fundraising methods should include best practices widely in use throughout the State, including long-term donor cultivation and customized “asks” for major gifts, donor recognition programs, large annual events, and a high level of training for our volunteers.

In order to implement a successful centralized system of fundraising, we fully support the creation of an MOU between the District and the Santa Monica Malibu Education Foundation. The MOU should clearly list the roles and responsibilities of the Education Foundation along with governance, objectives, fundraising targets overall and by fundraising strategy, and transparent annual reporting of financial and other results.

We believe that enhancing the District’s centralized fundraising capacity is an urgent issue for all of the District’s students. The FOC stands ready to assist you and the Superintendent, the school sites and others in developing the critical details of implementing the new policy.