

TO: BOARD OF EDUCATION
FROM: TIM CUNEO / JANECE L. MAEZ / PAT HO
RE: PRELIMINARY GENERAL FUND BUDGET FOR 2011-12

DISCUSSION
06/02/11

DISCUSSION ITEM NO. D.03

INTRODUCTION

Following is a preliminary General Fund Budget for 2011-12 according to the most recent information we have received for State and federal funding. This includes revenue and expenditure assumptions, the estimated Reserve, Revenue and Expenditure Summaries, and Multi-year Projections.

Listed below are the assumptions used to develop the SMMUSD budget:

REVENUE ASSUMPTIONS

2.24% statutory COLA for 2011-12 Revenue Limit funding.

The Base Revenue Limit for Santa Monica-Malibu USD will be \$6,630.67.84 per ADA (2010-11 P2 ADA – 10,976). A <19.754%> deficit factor is applied to the Revenue Limit, and the adjusted Based Revenue Limit will be \$5,320.85 per ADA. The total Revenue Limit is \$59,458,181.

The projection of the 2011-12 District Enrollments for all students is 11,292.

The Lottery allocation will be \$128.5 per annual ADA, of which \$111 is for unrestricted expenditures and the remaining \$17.50 is for Proposition 20 – Mandated for Instructional Materials.

The District will participate in the K-3 Class Size Reduction Program and receive \$1,071 per pupil, less the penalties for increasing class size to 25:1, and the total projected revenue is \$2,298,366

No COLA for Special Education Funding. Adjusted Special Education funding is \$5,094.39 per ADA from AB602. This amount reflects a reduction in SELPA funding due to the elimination of the statewide Special Disability Adjustment. The Special Education transfer from the Revenue Limit is \$1,837,046.

The 2010-11 Mandated Reimbursement is not included in the 2011-12 Budget.

The Measure “R” parcel tax at \$358.91 per parcel is estimated to generate \$10,773,381, after processing senior exemptions.

The estimated revenue from Measure Y and YY is \$5,500,000 from City of Santa Monica.

The District will receive \$7,979,618 of Joint Use Agreement funding from the City of Santa Monica.

The District will receive \$135,500 of Joint Use Agreement funding from the City of Malibu.

The combined lease revenue is \$2,610,748, which is from the DoubleTree Hotel, Madison Site, 9th & Colorado and 16th Street properties.

The estimated revenue of Tier III programs is \$4.3M.

PTA Contribution from various schools is \$674,929 at this time. As additional contributions are received, the budget is revised.

EXPENDITURE ASSUMPTIONS

Staffing Ratio Changes:

K-3			25
Grade 4-5	(Title I schools)	27	
Grade 4-5	(Other)		30
Grade 6-8	John Adams	33	
Grade 6-12	(Other)	35	

Full-Time Equivalent (FTE) Changes:

Certificated: Due to the projected decline enrollment, 22.8 FTE teaching positions are budgeted to be decreased, as follows:

- (2.0) FTE teaching positions at Webster Elementary School
- (1.0) FTE teaching position at Pt. Dume Elementary School
- (2.0) FTE teaching positions at Grant Elementary School
- (1.0) FTE teaching positions at Cabrillo Elementary School
- (2.0) FTE teaching position at Franklin Elementary School
- (1.0) FTE teaching position at Edison Elementary School
- (1.0) FTE teaching position at McKinley Elementary School
- (1.2) FTE teaching positions at John Adams Middle School
- (3.2) FTE teaching positions at Lincoln Middle School
- (5.2) FTE teaching positions at Malibu High School
- (2.8) FTE teaching positions at Santa Monica High School
- (0.4) FTE teaching position at Olympic High School

Other Certificated Support:

0.4 FTE increase of Teacher on Special Assignment for BTSA program.

Management:

0.2 FTE increase of H/R coordinator at Human Resource Department

Classified:

- (0.25) FTE Delivery Drive Position at Purchasing Department
- (0.25) FTE Repo Operator Position at District Print Shop
- 1.00 FTE Office Specialist at Education Services (Title II)
- 3.00 FTE Computer Technician Positions at Computer Services

Salary:

- 1.5% step and column increase for certificated employees
- 1.5% step and column increase for classified employees

Benefits:

Statutory Benefits:

- 8.25% STRS employer contribution rate
- 6.20% OASDI contribution rate
- 1.45% Medicare contribution rate
- 1.61% SUI contribution
- 2.10% Workers' Compensation contribution
- 10.923% PERS Employer contribution rate
- 2.097% PERS Reduction
- 1.25% Other Postemployment Benefit

Health & Welfare:

The premium for District-paid employee health benefits is budgeted for a 10% increase in 2012 calendar year. Cal-PERS has not announced the new rate for 2012. We will adjust these rates when we receive the official notification.

Summer Schools:

The proposed budget of Summer Schools is \$522,755.

Others:

The budget for the schools' Formula Money allocation for supplies and other operating costs:

K-5 \$ 37.75 per pupil

6-8 \$ 42.66 per pupil

9-12 \$ 63.48 per pupil

Lottery Instructional Materials funds (Proposition 20) will be used to partly fund this allocation.

\$145,066 of the 2009-10 Mandated Reimbursements is allocated to Schools.

\$516,470 of Tier III fund is allocated to Schools.

The contribution for the On-Going Maintenance program is \$3,409,930.

The estimated Property and Liability Insurance is \$1,160,000.

TRANSFERS

The Indirect Rate is changed from 5.62% to 5.37% in 2011-12.

RESERVE for ECONOMIC UNCERTAINTIES

The District Budget reflects a 3% reserve of the total General Fund Budget for 2011-12 and 2012-13. The reserve falls below 3% in 2013-14. Budget adjustments will be necessary to bring the District into compliance as state flexibility for reserve levels has ended.

The following documents include the General Fund Revenue / Expenditure Summary, the Unrestricted General Fund Revenue / Expenditure Summary, and Multi-year Projections.

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Ms. Maez's presentation can be found under Attachments at the end of these minutes. She updated the board on the current status of the state budget, potential effects various scenarios would have on SMMUSD's budget, and what actions the board would need to take in order to submit an acceptable budget to LACOE. She and Ms. Washington explained how staff uses the enrollment projections from DecisionInsite and feedback from site administrators to further refine enrollment projections and staffing allocations for the upcoming school year. Ms. Maez will provide another update at the special June 16 board meeting; the board will approve the 2011-12 budget at its regular meeting on June 30.

SANTA MONICA-MALIBU USD**2011-12****GENERAL FUND****5/25/2011****REVENUE SUMMARY:**

	2010-11 WORKING BUDGET	2011-12 PROPOSED BUDGET	CHANGE
REVENUE LIMIT	59,656,244	59,671,852	15,608
FEDERAL REVENUE	8,789,265	4,701,440	(4,087,825)
OTHER STATE REVENUE	10,395,027	9,848,852	(546,175)
PARCEL TAX MEASURE "R"	10,531,164	10,773,381	242,217
MEASRUE Y & YY		5,500,000	5,500,000
CITY OF SANTA MONICA	7,797,281	7,976,618	179,337
CITY OF MALIBU	135,000	135,000	-
SPECIAL ED STATE FUND	6,822,415	5,796,742	(1,025,673)
OTHER LOCAL INCOME	10,115,317	6,084,099	(4,031,218)
TRANSFER FROM OTHER FUNDS	1,278	-	(1,278)
INTEREST	287,391	200,000	(87,391)
TOTAL REVENUES:	114,530,382	110,687,984	(3,842,398)

EXPENDITURE SUMMARY:

	2010-11 WORKING BUDGET	2011-12 PROPOSED BUDGET	CHANGE
CERTIFICATED SALARIES	54,234,095	53,908,702	(325,393)
CLASSIFIED SALARIES	21,317,954	21,474,754	156,800
BENEFITS	23,785,218	25,171,127	1,385,909
BOOKS/SUPPLIES	4,426,051	2,366,593	(2,059,458)
SERVICES AND OTHER OPERATING COSTS	13,492,570	12,320,429	(1,172,141)
EQUIPMENT	918,218	160,900	(757,318)
INDIRECT COSTS	(456,184)	(448,352)	7,832
OTHER OUTGOING	450,000	-	(450,000)
TOTAL EXPENDITURES:	118,167,922	114,954,153	(3,213,769)

SANTA MONICA-MALIBU USD			
2011-12			
UNRESTRICTED GENERAL FUND			
5/25/2011			
REVENUE SUMMARY			
	2010-11 WORKING BUDGET	2011-12 PROPOSED BUDGET	CHANGE
REVENUE LIMIT	59,656,244	59,671,852	15,608
REVENUE LIMIT ADA TRANSFER	(1,849,993)	(1,837,046)	12,947
OTHER FEDERAL REVENUE	300,000	300,000	-
OTHER STATE REVENUE	4,974,199	4,449,862	(524,337)
K-3 CLASS SIZE REDUCTION	2,298,366	2,298,366	-
LOTTERY -UNRESTRICTED	1,271,479	1,301,852	30,373
PARCEL TAX MEASURE "R"	10,531,164	10,773,381	242,217
MEASURE Y & YY		5,500,000	5,500,000
CITY OF SANTA MONICA	7,797,281	7,976,618	179,337
CITY OF MALIBU	135,000	135,000	-
LEASES AND RENTALS	2,622,148	2,610,748	(11,400)
SAVE OUR SCHOOLS	1,517,202		
OTHER LOCAL INCOME	454,500	436,608	(17,892)
TRANSFER FROM OTHER FUNDS	1,278	-	(1,278)
LOCAL GENERAL FUND CONTRIBUTION (LGFC)	(16,437,153)	(18,914,291)	(2,477,138)
INTEREST	287,391	200,000	(87,391)
TOTAL REVENUES:	73,559,106	74,902,950	1,343,844
EXPENDITURE SUMMARY			
	2010-11 WORKING BUDGET	2011-12 PROPOSED BUDGET	CHANGE
CERTIFICATED SALARIES	40,102,598	42,263,031	2,160,433
CLASSIFIED SALARIES	10,987,725	11,772,368	784,643
BENEFITS	16,327,681	17,816,512	1,488,831
BOOKS/SUPPLIES	871,520	941,602	70,082
SERVICES AND OTHER OPERATION COST	6,787,836	6,987,141	199,305
EQUIPMENT	35,600	50,000	14,400
INDIRECT COST	(877,203)	(766,650)	110,553
OTHER OUTGOING	450,000	-	(450,000)
TOTAL EXPENDITURES:	74,685,757	79,064,004	4,378,247

**SANTA MONICA - MALIBU USD
MULTI-YEAR PROJECTION
UNRESTRICTED GENERAL FUND -ASSUMPTIONS**

	5/25/2011		
Factor	2011-12	2012-13	2013-14
Statutory COLA	2.24%	3.20%	2.70%
Base Revenue Limit Per P2 AD	\$ 6,630.67	\$ 6,836.67	\$ 7,020.67
Deficit Factor	-19.754%	-19.754%	-19.754%
Enrollment Projection*	11,292	11,292	11,292
P2 ADA Projection	10,747	10,747	10,747
Revenue Limit ADA (Prior Yr)	10,976	10,747	10,747
Federal Revenues	-10%	0%	0%
City of Santa Monica	\$ 7,976,618	\$ 8,136,151	\$ 8,298,874
Measure "R"	\$ 10,773,381	\$ 11,010,395	\$ 11,296,665
Measure "Y" & "YY" (SM City)	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000
Lottery	\$128.5/ADA	\$128.5/ADA	\$128.5/ADA
Step & Column Incr. - Certificated	1.50%	1.50%	1.50%
Step & Column Incr. - Mgmt.	1.50%	1.50%	1.50%
Step & Column Incr. - Classified	1.50%	1.50%	1.50%
Furlough Days	0.00%	0.00%	0.00%
Health/Welfare -Annualized	7%	7%	7%
Workers' Compensation	2.10%	2.10%	2.10%
Other Postemployment Benefits	1.25%	1.25%	1.25%
Indirect Cost Rate	5.37%	5.00%	5.00%
Interest Rate	2.00%	2.00%	2.00%
Ongoing Maintenance	3%	3%	3%
Reserve for Uncertainties	3%	3%	3%

SANTA MONICA - MALIBU USD			
MULTI-YEAR PROJECTION			
UNRESTRICTED GENERAL FUND			
5/25/2011			
Description	2011-12 PROJECTED	2012-13 PROJECTED	2013-14 PROJECTED
Revenue:			
Revenue Limit	57,834,806	58,361,697	59,898,041
Other Federal	300,000	300,000	300,000
Other State Apportionments	1,263,424	1,275,133	1,290,366
Class Size Reduction	2,298,366	2,298,366	2,298,366
Other State (Lottery...)	1,301,852	1,271,479	1,271,479
Meas. "R"	10,773,381	11,010,395	11,296,665
Meas. "YY"/ City of SM	5,500,000	5,500,000	5,500,000
All Other Local Income	11,358,974	11,394,042	11,556,765
Local General Fund Contribution	(18,914,291)	(18,914,291)	(18,914,291)
TIER III - Categorical Flexibility	3,186,438	3,262,913	3,351,011
TOTAL REVENUE	74,902,950	75,759,734	77,848,402
Expenditure:			
Certificated Salary	42,263,031	42,896,976	43,540,431
Classified	11,772,368	11,948,954	12,128,188
Benefits	17,816,512	18,707,338	19,642,704
Supplies/Books	941,602	930,000	930,000
Other Operational Costs	6,987,141	6,900,000	6,900,000
Capital Outlay	50,000	50,000	50,000
Indirect	(766,650)	(650,000)	(650,000)
TOTAL EXPENDITURE	79,064,004	80,783,268	82,541,323
Increase (Decrease) Fund Balance	(4,161,054)	(5,023,534)	(4,692,922)
Beginning	15,657,374	11,496,320	6,472,786
Fund Balance	11,496,320	6,472,786	1,779,865
Reserve- Revolving cash, Store	160,000	120,000	120,000
Reserve - Mental Health 2011			
Total Available Fund Balance	11,336,320	6,352,786	1,659,865
3% Contingency Reserve	3,529,862	3,596,825	3,600,000
Unappropriated Balance	7,806,458	2,755,961	(1,940,135)