

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) |