

# SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Preliminary General Fund Budget for 2013-14  
Board of Education Presentation  
Janece L. Maez, Chief Financial Officer  
June 6, 2013

Agenda Item D.01

## **SMMUSD 2013-14 Budget Development Highlights**

- November 1<sup>st</sup> – Budget Webinar with Superintendent Lyon & CFO Maez
- November 6<sup>th</sup> - Prop 30 passes
- November Pathway Meetings – Five (5) for staff and public
- Budget surveys to pathway participants
- January 17<sup>th</sup> – Board presentation on the Governor’s proposed State Budget
- February 9<sup>th</sup> – Board Workshop on the Budget
  - 2012-13 – \$5.8 million operating deficit - Unrestricted General Fund
  - Multi-year projections indicated the district would be below a 3% reserve by 2015-16
  - Introduced LCFF calculation – Local Control Funding Formula
  - Set a target of 2% minimum cuts for sites and departments equaling approximately \$2.0 million
- Regular Budget Updates during March Board meetings

## SMMUSD 2013-14 Budget Development Highlights

- April 18<sup>th</sup> – Board Budget Update
  - 2012-13 – \$4.7 million operating deficit - Unrestricted General Fund
  - Projections included \$2.0 million of on-going reductions
  - Multi-year projections indicated the district would be above a 3.0% reserve level in 2015-16 but continued to show operational deficits (\$2.0 million 2013-14)
- March through May
  - Site and Department Meetings
  - Management and Principal Meetings
- May 16<sup>th</sup> – Board presentation of Governors' May Revise
  - Higher State revenue estimates
  - Governor's commitment to LCFF
  - Added accountability provisions
  - One time dollars of Common Core implementation
- June 6<sup>th</sup> – Presentation of the Preliminary Budget

## What are important considerations when developing a school district budget?

- Educational
- Fiscal
- Staffing and Support

## **Important Considerations**

### **Educational**

- **Maintain and develop strong programs that meet the needs of all students**
- **Support programs designed to close the achievement gap**
- **Meet State and Federal education requirements for all students**

## **Important Considerations**

### **Fiscal**

- **Fiscal solvency and responsibility – including a balanced budget**
- **Maintain a credit rating that allows the district to fully support a capital facilities program**
- **Run a smooth, efficient operation**

## **Important Considerations**

### **Staffing and Support**

- **Maintain safe, clean environments for all students, staff, and visitors**
- **Staff all educational and support operations at adequate levels**
- **Provide fair and comparable salaries to all employees**

## **Preliminary General Fund Budget for 2013-14**

### **Budget Assumptions**

## Revenue Assumptions

- Enrollment of 11,401 students
- Cost of Living adjustment is 1.565%
- The State deficit is reduced to 18.997% - down from over 22%
- We will be using the new LCFF calculation for the budget and future years
- Lottery funds will be \$154 per ADA
- Special Education state funds are increased by a COLA of 1.565%, federal funds have been reduced by 5%
- Parcel tax, Prop Y, and Joint Use Agreements have been estimated
- Lease revenue is estimated at \$2.4 million

## Revenue Limit or LCFF – How Do We Receive Our Funds

Prop 30 (EPA) Calculation  
 Maximum of 20% Entitlement  
 Minimum of \$200/ADA

	Entitlement - Revenue Limit or LCFF
	Less: Local Property Taxes
	Balance Due
	Less: EPA Distribution
	Balance due as State Aid

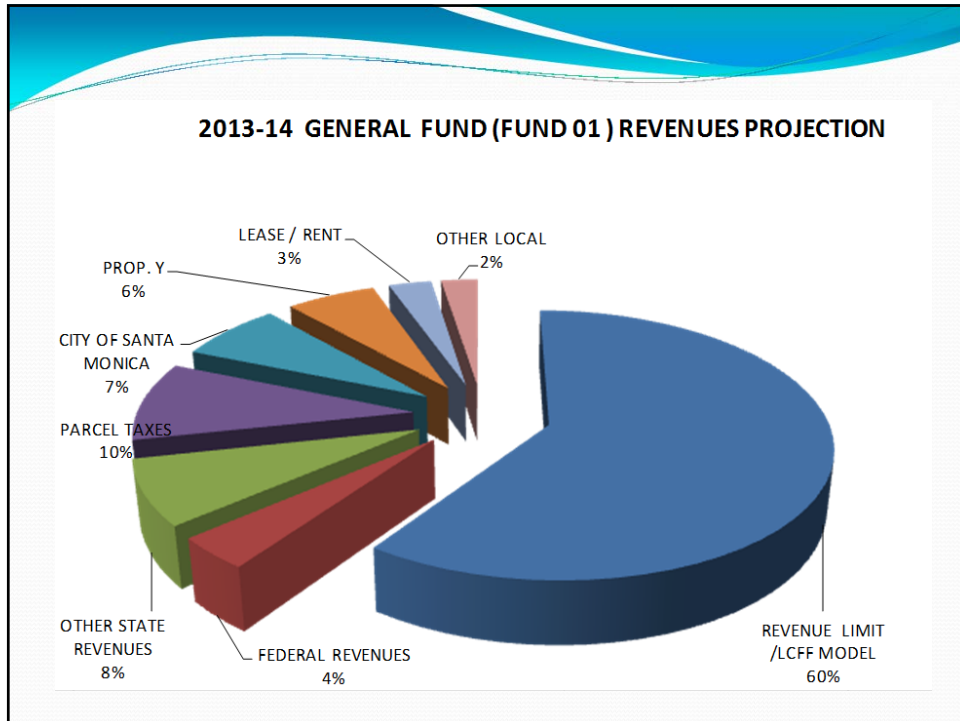
## Three Different Districts With The Same Entitlement

		A	B	C
Entitlement		75,000,000	75,000,000	75,000,000
Local Property Taxes		45,000,000	65,000,000	74,000,000
Balance Due		30,000,000	10,000,000	1,000,000
Prop 30/EPA				
Maximum	15,000,000			
Minimum	2,000,000			
EPA		15,000,000	10,000,000	2,000,000
State Aid		15,000,000	-	-
District Receives		75,000,000	75,000,000	76,000,000

### SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT 2013-14 PRELIMINARY BUDGET GENERAL FUND

**REVENUES**

<b>PROJECTED BEGINNING BALANCE</b>	<b>\$ 17,215,707</b>
REVENUE LIMIT /LCFF MODEL	69,158,376
FEDERAL REVENUES	4,508,458
OTHER STATE REVENUES	9,151,167
PARCEL TAXES	11,164,948
CITY OF SANTA MONICA	8,298,890
PROP. Y	7,100,000
LEASE / RENT	3,393,004
OTHER LOCAL	2,882,755
<b>TOTAL REVENUES</b>	<b>115,657,598</b>
<b>TOTAL AVAILABLE FUNDS</b>	<b>132,873,305</b>



## Expenditure Assumptions

**Staffing Ratios:**

K-1	25
Grade 2-3	30
Grade 2-3 (Title I Schools)	25
Grade 4-5	30
Grade 4-5 (Title I schools)	27
Grade 6-8	35
Grade 6-8 (JAMS)	33
Grade 9-12	36

**Salary:**

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

## Expenditure Assumptions

**Benefits:**

**Statutory Benefits:**

8.25%	STRS employer contribution rate
6.20%	OASDI contribution rate
1.45%	Medicare contribution rate
0.05%	SUI contribution
2.70%	Workers' Compensation contribution
11.4117%	PERS Employer contribution rate
1.603%	PERS Reduction
1.25%	Other Postemployment Benefit

**Health & Welfare:**

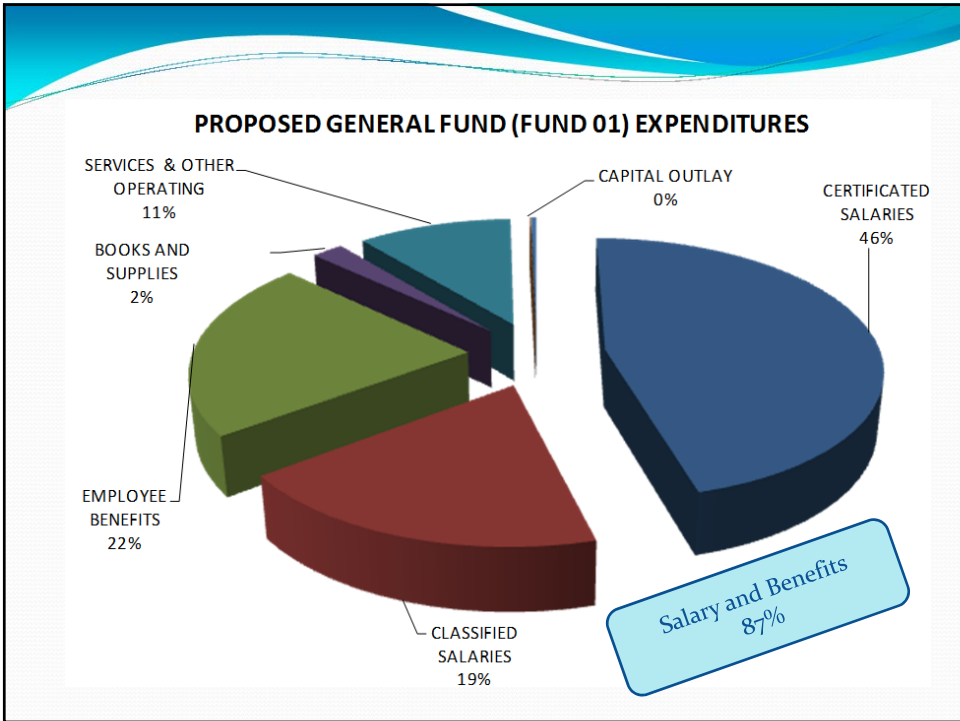
The premium for District-paid employee health benefits is budgeted for a 10% increase in 2014 calendar year.

## Budget Reductions

Description	Reduction Amount
School Formula Budgets	\$ 25,539
School Tier III Budgets	\$ 21,783
Samohi College Counselor – one FTE	\$ 74,711
Special Education Budget	\$ 105,805
Cost of Board Election	\$ 150,000
Superintendent's Office – Services and Other Operating Costs	\$ 43,930
District wide Substitute Account	\$ 122,688
Human Resources - Legal Costs	\$ 50,000
Personnel Commission Budget	\$ 25,396
Education Services - Clerical Costs	\$ 104,742
Education Services - Various Contracts and Other Services	\$ 40,000
Regional Occupational Program - align with Samohi and Malibu High	\$ 300,000
Business Office - Legal Costs	\$ 50,000
Fiscal Services - Consultants and Other Operating Costs	\$ 47,900
Computer Services - Consultants and Other Operating Costs	\$ 41,310
M&O - Decreases in Personnel, Supplies, and Repair Accounts	\$ 189,858
General Fund - Equipment Budget	\$ 88,842
<b>TOTAL</b>	<b>\$ 1,482,504</b>



<b>SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT                  2013-14 PRELIMINARY BUDGET                  GENERAL FUND</b>	
<b>EXPENDITURES</b>	
<b>PROPOSED EXPENDITURES:</b>	
CERTIFICATED SALARIES	53,741,162
CLASSIFIED SALARIES	22,194,188
EMPLOYEE BENEFITS	25,954,898
BOOKS AND SUPPLIES	2,544,490
SERVICES & OTHER OPERATING	12,387,673
CAPITAL OUTLAY	75,500
OTHER OUTGO	(400,700)
<b>TOTAL EXPENDITURES</b>	<b>116,497,211</b>
<b>PROJECTED ENDING BALANCE</b>	<b>16,376,094</b>



## Unrestricted General Fund

	2012-13 ESTIMATED ACTUALS	2013-14 PRELIMINARY BUDGET	CHANGES
<b>BEGINNING BALANCE</b>	17,566,662	14,995,223	
<b>REVENUES</b>			-
REVENUE LIMIT	59,620,884	61,150,232	1,529,348
FEDERAL REVENUE	100,000	200,000	100,000
OTHER STATE REVENUE	8,268,842	8,749,010	480,168
LOCAL REVENUES	29,121,135	29,916,842	795,707
LOCAL GENERAL FUND CONTRIBUTIONS	(19,201,882)	(19,866,040)	(664,158)
<b>TOTAL REVENUES</b>	<b>77,908,979</b>	<b>80,150,044</b>	<b>2,241,065</b>
<b>EXPENDITURES</b>			
CERTIFICATED SALARIES	41,944,351	42,543,182	598,831
CLASSIFIED SALARIES	12,626,896	12,521,839	(105,057)
EMPLOYEE BENEFITS	18,139,354	18,583,991	444,637
BOOKS AND SUPPLIES	1,085,909	1,020,606	(65,303)
SERVICES & OTHER OPERATING COSTS	7,454,376	6,992,527	(461,849)
CAPITAL OUTLAY	98,842	10,000	(88,842)
OTHER OUTGO	(869,310)	(735,666)	133,644
<b>TOTAL EXPENDITURES</b>	<b>80,480,418</b>	<b>80,936,479</b>	<b>456,061</b>
NET INCREASE (DECREASE)	(2,571,439)	(786,435)	
<b>PROJECTED FUND BALANCE</b>	<b>14,995,223</b>	<b>14,208,788</b>	

## Restricted General Fund

	2012-13 ESTIMATED ACTUALS	2013-14 PRELIMINARY BUDGET	CHANGES
<b>BEGINNING BALANCE</b>	2,976,048	2,220,484	
<b>REVENUES</b>			
REVENUE LIMIT	1,098,812	1,128,490	29,678
FEDERAL REVENUE	4,822,038	4,308,458	(513,580)
OTHER STATE REVENUE	2,566,526	1,807,584	(758,942)
LOCAL REVENUES	11,795,580	8,396,982	(3,398,598)
INTERFUND TRANSFER	19,201,882	19,866,040	664,158
<b>TOTAL REVENUES</b>	<b>39,484,838</b>	<b>35,507,554</b>	<b>(3,977,284)</b>
<b>EXPENDITURES</b>			
CERTIFICATED SALARIES	11,590,726	11,197,980	(392,746)
CLASSIFIED SALARIES	10,572,968	9,672,349	(900,619)
EMPLOYEE BENEFITS	7,606,179	7,370,907	(235,272)
BOOKS AND SUPPLIES	2,950,041	1,523,884	(1,426,157)
SERVICES & OTHER OPERATING COSTS	6,925,478	5,395,146	(1,530,332)
CAPITAL OUTLAY	169,187	65,500	(103,687)
OTHER OUTGO	425,823	334,966	(90,857)
<b>TOTAL EXPENDITURES</b>	<b>40,240,402</b>	<b>35,560,732</b>	<b>(4,679,670)</b>
NET INCREASE (DECREASE)	(755,564)	(53,178)	
<b>PROJECTED FUND BALANCE</b>	<b>2,220,484</b>	<b>2,167,306</b>	

## Preliminary General Fund Budget for 2013-14

### Multi-year Projections

#### 4 Year Projection of Revenue Unrestricted General Fund

Description	2012-13 ESTIMATED ACTUALS	2013-14 PRELIMINARY	2014-15 PROJECTED	2015-16 PROJECTED	2016-17 PROJECTED
<b>Revenue:</b>					
Revenue Limit	57,447,108	50,860,178	50,617,766	50,592,493	50,563,141
Education Protection Account (EPA)	2,173,776	10,290,054	10,290,054	10,290,054	10,290,054
LCFF- Supplemental Grant		6,879,654	7,063,612	7,292,497	7,558,316
Other Federal	100,000	200,000	200,000	200,000	200,000
Other State Revenue	4,396,548				
Class Size Reduction	2,169,846	-	-	-	-
Lottery	1,358,701	1,358,701	1,358,701	1,358,701	1,358,701
Mandated Reimbursement	343,747	510,655	510,655	510,655	510,655
Parcel Tax	10,924,607	11,164,948	11,410,577	11,661,610	11,918,165
Prop. Y / City of SM	7,000,000	7,100,000	7,200,000	7,300,000	7,400,000
Joint Use Agreement/ City of SM	8,120,245	8,298,890	8,481,466	8,651,095	8,824,117
All Other Local Income	3,076,283	3,353,004	3,313,004	3,273,004	3,283,004
Local General Fund Contribution	(19,201,882)	(19,866,040)	(19,866,040)	(19,866,040)	(19,866,040)
<b>TOTAL REVENUE</b>	<b>77,908,979</b>	<b>80,150,044</b>	<b>80,579,796</b>	<b>81,264,069</b>	<b>82,040,113</b>

### 4 Year Projection of Expenditures Unrestricted General Fund

	2012-13	2013-14	2014-15	2015-16	2016-17
Description	ESTIMATED ACTUALS	PRELIMINARY	PROJECTED	PROJECTED	PROJECTED
<b>Expenditure:</b>					
Certificated Salary	41,944,351	42,543,182	43,181,344	43,829,078	44,486,514
Classified Salary	12,626,896	12,521,839	12,709,507	12,899,990	13,093,490
Employee Benefits	18,139,354	18,583,796	19,483,904	20,458,099	21,481,004
Supplies/Books	1,085,909	1,020,606	1,000,000	1,000,000	1,000,000
Other Operational Costs	7,454,376	6,948,027	7,000,000	7,000,000	7,000,000
Capital Outlay	98,842	10,000	10,000	10,000	10,000
State Special Ed School	7,000	7,000	7,000	7,000	7,000
Indirect	(876,310)	(777,457)	(700,000)	(700,000)	(700,000)
<b>TOTAL EXPENDITURE</b>	<b>80,480,418</b>	<b>80,856,993</b>	<b>82,691,755</b>	<b>84,504,167</b>	<b>86,378,008</b>

### 4 Year Projection of Fund Balance Unrestricted General Fund

	2012-13	2013-14	2014-15	2015-16	2016-17
Description	ESTIMATED ACTUALS	PRELIMINARY	PROJECTED	PROJECTED	PROJECTED
<b>TOTAL REVENUE</b>	<b>77,908,979</b>	<b>80,150,044</b>	<b>80,579,796</b>	<b>81,264,069</b>	<b>82,040,113</b>
<b>TOTAL EXPENDITURE</b>	<b>80,480,418</b>	<b>80,856,993</b>	<b>82,691,755</b>	<b>84,504,167</b>	<b>86,378,008</b>
<b>Increase (Decrease) Fund Balance</b>	<b>(2,571,439)</b>	<b>(706,949)</b>	<b>(2,111,959)</b>	<b>(3,240,098)</b>	<b>(4,337,895)</b>
Beginning Fund Balance	17,566,662	14,995,223	14,288,274	12,176,315	8,936,217
Ending Fund Balance	14,995,223	14,288,274	12,176,315	8,936,217	4,598,320
Reserve - Revolving cash, Store	100,043	80,000	80,000	80,000	80,000
Reserve - Deficit Spending	706,949	2,111,959	3,240,098	4,337,895	818,320
Reserve - Excess Funding of EPA	1,641,655				
3% Contingency Reserve	3,626,888	3,493,788	3,568,943	3,644,457	3,700,000
Unappropriated Balance	8,919,688	8,602,527	5,287,274	873,864	0

## Preliminary General Fund Budget for 2013-14

Staff Recommendations  
Next Steps

### Budget Feedback

- Senior Staff has received input from many sources:
  - Site Administrators
  - Teachers and Support staff
  - Parents
  - Community
- There is a clear understanding that:
  - Funding has improved, but continues to be limited
  - Budget reductions are still necessary
- Staff believes that the budget development process was:
  - Robust and inclusive
  - Transparent and complete

## Areas of Concern and Recommendations

- Two specific reductions have generated the most significant reactions
  - College Counselor at Samohi
  - Regional Occupational Program Reduction
- Staff would like to have the opportunity to take both of these items to the 2013-14 Samohi administrative team and return to the Board before school starts with final recommendations
- Staff is recommending that the Board reserve amounts for both of these items in the 2013-14 Budget fund balance
- Our objective will be to maintain quality programs and services for all students

Revised

## 4 Year Projection of Fund Balance Unrestricted General Fund

Description	2012-13 ESTIMATED ACTUALS	2013-14 PRELIMINARY	2014-15 PROJECTED	2015-16 PROJECTED	2016-17 PROJECTED
TOTAL REVENUE	77,908,979	80,150,044	80,579,796	81,264,069	82,040,113
TOTAL EXPENDITURE	80,480,418	80,856,993	82,691,755	84,504,167	86,378,008
Increase (Decrease) Fund Balance	(2,571,439)	(706,949)	(2,111,959)	(3,240,098)	(4,337,895)
Beginning Fund Balance	17,566,662	14,995,223	14,288,274	12,176,315	8,936,217
Ending Fund Balance	14,995,223	14,288,274	12,176,315	8,936,217	4,598,320
Reserve - Revolving cash, Store	100,043	80,000	80,000	80,000	80,000
Reserve - Deficit Spending	706,949	2,111,959	3,240,098	4,337,895	443,609
Reserve - Excess Funding of EPA	1,641,655				
Reserve - College Counselor		74,711	74,711	74,711	74,711
Reserve - ROP		300,000	300,000	300,000	300,000
3% Contingency Reserve	3,626,888	3,493,788	3,568,943	3,644,457	3,700,000
Unappropriated Balance	8,919,688	8,227,816	4,912,563	499,153	0

## Next Steps

- Staff will:
  - Continue to monitor the State budget process
  - Prepare final budget documents for Board adoption on June 26<sup>th</sup>
  - Return to the Board with recommendations related to the College Counselor position and ROP at Samohi prior to the start of school year
  - Prepare any necessary budget revisions for Board approval within the legal timelines (45 day revision)

## Questions

