

TO: BOARD OF EDUCATION
FROM: TIM CUNEO / JANECE L. MAEZ / PAT HO
RE: PRELIMINARY GENERAL FUND BUDGET FOR 2009-10

DISCUSSION
06/10/09
Previously
06/04/09

DISCUSSION ITEM NO. D.01

Introduction

Following is a preliminary General Fund Budget for 2009-10 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 multiyear projections.

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

REVENUE ASSUMPTIONS

4.25% statutory COLA for 2009-10 Revenue Limit funding.

The Base Revenue Limit for Santa Monica-Malibu USD will be \$6,469.84 per ADA (2008-09 P2 ADA - 11,030). A <12.447% > deficit factor is applied to the Revenue Limit, and the adjusted Based Revenue Limit will be \$5,664.54 per ADA. The total Revenue Limit is \$62,557,267.

The revenue for the Supplemental Instructional Programs is decreased by 19.84% as compared to the 2007-08 fiscal year.

The projection of the 2009-10 District enrollment is the same as 2008-09.

The Lottery allocation will be \$121 per annual ADA, of which \$109.50 is for unrestricted expenditures and the remaining \$11.50 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 15% of penalties for increasing class size to 23:1, and the total projected revenue is \$2,817,533.

No COLA and a <12.447%> cut of Special Education Funding. Adjusted Special Education funding is \$5,420.56. Special Education transfer from the Revenue Limit is \$1,885,435. Special Education Mandate Settlement at \$4.52 per 1999-2000 ADA is \$52,328.

The 2008-09 Mandated Reimbursement is not included in the 2009-10 Budget.

The Measure "R" parcel tax at \$346 per parcel is estimated to generate \$10,300,420, after processing senior exemptions.

The District will receive \$7,443,913 of financial support from the City of Santa Monica.

The District will receive \$139,835 of Joint Use Agreement funding from the City of Malibu.

The combined lease revenue is \$2,642,412, which is from the DoubleTree Hotel, Madison Site, 9th & Colorado and 16th Street properties.

The estimated revenue of Tier III programs is \$3,161,689. A <19.84%> cut is applied to the 2007-08 Revenue.

No State contribution for regular Deferred Maintenance projects (approximately \$500,000).

EXPENDITURE ASSUMPTIONS

Staffing Ratio Changes:

K-3		23
Grade 4-5	(Title I schools)	25
Grade 4-5	(Other)	30
Grade 6-8	John Adams	30
Grade 6-12	(Other)	32

Full-Time Equivalent (FTE) Changes:

Certificated: Due to the change in staffing ratios, 22.0 FTE teaching positions are budgeted to be decreased, as follows:

- (2.0) FTE teaching positions at Will Rogers Elementary School
- (2.0) FTE teaching positions at Webster Elementary School
- (2.0) FTE teaching positions at Pt. Dume Elementary School
- (2.0) FTE teaching positions at Grant Elementary School
- (2.0) FTE teaching positions at Cabrillo Elementary School
- (1.0) FTE teaching position at Franklin Elementary School
- (1.0) FTE teaching position at Edison Elementary School
- (2.8) FTE teaching positions at John Adams Middle School
- (2.4) FTE teaching positions at Lincoln Middle School
- (1.4) FTE teaching positions at Malibu High School
- (3.4) FTE teaching positions at Santa Monica High School

Certificated: Due to the change in staffing ratios at Title I schools, the following increases will occur:

- 1.0 FTE teaching position at John Muir Elementary School
- 1.0 FTE teaching position at McKinley Elementary School

Other Certificated Support Decreases:

- (0.5) FTE Librarian at Santa Monica High School
- (0.5) FTE Librarian for Elementary Schools
- (2.0) FTE Student Support Advisors at Santa Monica High School

Management Decreases:

- (1.0) FTE Math Coordinator

- (0.2) FTE Principal of Santa Monica Alternative School (SMASH)
- (1.0) House Principal at Santa Monica High School
- (1.0) Special Education Coordinator
- (1.0) Principal on Special Assignment
 - Visual and Performing Arts Coordinator 20-day reduction

Classified Decreases:

- (1.0) FTE Administrative Assistant at Santa Monica High School
- (1.0) FTE Sr. Office Specialist at Santa Monica High School
- (1.0) FTE Student Outreach Specialists

Salary:

Certificated salary schedule shall be compressed from 21 to 18 years (Estimated Cost \$600,000).

2.2% 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
- 0.30% SUI contribution
- 2.00% Workers' Compensation contribution
- 9.709% PERS Employer contribution rate
- 3.311% PERS Reduction

Health & Welfare:

The premium for District-paid employee health benefits is budgeted for a 10% increase in 2010 calendar year. Cal-PERS has not announced the new rate for 2009. We will adjust these rates when we receive the official notification.

Retiree Health & Welfare Benefits:

The 2009-10 projected total pay-as-you-go retiree benefits are \$893,832.

Summer Schools:

The proposed budget of Summer Schools is \$593,252.

Others:

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

K-5 \$ 36.75 per pupil

6-8 \$ 38.66 per pupil

9-12 \$ 59.48 per pupil

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

Due to the participation in the State's School Facilities Modernization Program, we are currently required to budget 3% of the total General Fund (Restricted and Unrestricted) budget for the Ongoing Maintenance Program.

The estimated Property and Liability Insurance is \$1,050,000.

TRANSFERS

The Indirect Rate will be changed from 6.78% to 7.03% in 2009-10.

A \$1M transfer from Fund 21 to the Ongoing Maintenance Program (Fund 01) was approved by the Board (May 3, 2007).

A \$75,000 transfer from the General Fund to Child Development Center is budgeted in 2009-10 for the extra cost incurred by the minimum days of elementary schools.

Eliminate General Fund transfer to Deferred Maintenance of \$500,000, and to Retiree Benefits Fund of \$1,000,000.

RESERVE for ECONOMIC UNCERTAINTIES

Under the State Criteria and Standards, the District Budget should reflect a 3% reserve of the total General Fund Budget for 2009-10, 2010-11 and 2011-12.

The following documents include a General Fund-Unrestricted Revenue Summary, a General Fund-Unrestricted Expenditure Summary, and Multiyear Projections.

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Ms. Maez handed out an updated Multi-Year Projection, which can be found under Attachments at the end of these minutes. She explained that the budget assumes a flat enrollment. There is a decline in Other Local Income, which reflects: 1) one-time money that came in this current year and that the district does not expect again, and 2) donated funds for 2009-10, which are unknown until they are received. She announced a couple corrections to revenue assumptions: revenue from the City of Malibu should read \$135,000, and the combined lease revenue should read \$2,662,993.

Ms. Pye asked about enrollment for next year in the elementary and middle schools. Dr. Matthews replied he is working with the elementary schools right now and sees two opposite trends: some families are returning from private schools, but families are also leaving the area due to the expense associated with living in Santa Monica or Malibu. Ms. Pye asked about enrollment in Malibu. Dr. Matthews explained that the elementary schools are seeing some stability and Pt. Dume might have a small increase. Dr. Escarce asked if it was valuable or feasible to offer permits to students whose families have had to leave the district due to economic concerns. Dr. Matthews said staff could tell Principals to inform the district office when a family leaves due to economic reasons, and that the district could

inform those parents of the interdistrict permit process. He said this could be addressed at the June 25 board meeting. Dr. Escarce suggested staff bring the interdistrict permit policy forward on June 25 to discussion possible changes for such cases. Mr. de la Torre asked about the number of students on the waiting list per school site, as well as when parents are notified as to whether or not their child will be able to attend an SMMUSD school on either an intradistrict or interdistrict permit. He also requested information regarding the number of students on the waiting list for Edison and the number of students denied according to zip code. Ms. Leon-Vazquez said she recently spoke with Edison's Principal and reported that acceptance to Edison is not just based on numbers, but also on whether or not applicants meet the criteria for that school - a certain percentage of the student population must be bilingual. Mr. Cuneo said his office would look through past minutes and find previous versions of approved versions of the interdistrict permit policy.

Ms. Maez then projected an Excel sheet for an interactive analysis of the multi-year projection.

SANTA MONICA-MALIBU USD
2009-2010
GENERAL FUND
5/26/2009

REVENUE SUMMARY:

	2008-09 WORKING BUDGET	2009-10 PROPOSED BUDGET	CHANGE
REVENUE LIMIT	63,943,268	63,142,430	(800,838)
FEDERAL REVENUE	4,889,024	5,223,768	334,744
OTHER STATE REVENUE	11,023,197	10,080,881	(942,316)
PARCEL TAX MEASURE "R"	10,300,420	10,300,420	-
CITY OF SANTA MONICA	8,024,282	7,443,913	(580,369)
CITY OF MALIBU	139,835	135,000	(4,835)
SPECIAL ED STATE FUND	6,592,724	6,592,724	-
OTHER LOCAL INCOME	10,251,277	5,422,919	(4,828,358)
TRANSFER FROM OTHER FUNDS	1,000,000	1,000,000	-
INTEREST	550,000	350,000	(200,000)
TOTAL REVENUES:	116,714,027	109,692,055	(7,021,972)

EXPENDITURE SUMMARY:

	2008-09 WORKING BUDGET	2009-10 PROPOSED BUDGET	CHANGE
CERTIFICATED SALARIES	58,683,975	57,258,087	(1,425,888)
CLASSIFIED SALARIES	21,120,788	20,615,845	(504,943)
BENEFITS	22,286,088	23,314,869	1,028,781
BOOKS/SUPPLIES	7,350,589	3,866,724	(3,483,865)
SERVICES AND OTHER OPERATING COSTS	15,591,972	11,271,821	(4,320,151)
EQUIPMENT	706,383	113,000	(593,383)
INDIRECT COSTS	(573,885)	(591,018)	(17,133)
OTHER OUTGOING	81,800	81,800	-
TOTAL EXPENDITURES:	125,247,710	115,931,128	(9,316,582)

SANTA MONICA-MALIBU USD
2009-2010
UNRESTRICTED GENERAL FUND
5/26/2009

REVENUE SUMMARY

	2008-09 WORKING BUDGET	200910 PROPOSED BUDGET	CHANGE
REVENUE LIMIT	63,943,268	63,142,430	(800,838)
REVENUE LIMIT ADA TRANSFER	(1,904,539)	(1,885,435)	19,104
OTHER FEDERAL REVENUE	62,123	100,000	37,877
OTHER STATE APPROPRIATION	655,551	621,146	(34,405)
K-3 CLASS SIZE REDUCTION	3,314,745	2,817,533	(497,212)
LOTTERY -UNRESTRICTED	1,270,460	1,270,460	-
OTHER STATE REVENUE	89,215	84,754	(4,461)
PARCEL TAX MEASURE "R"	10,300,420	10,300,420	-
CITY OF SANTA MONICA	8,024,282	7,443,913	(580,369)
CITY OF MALIBU	139,835	135,000	(4,835)
LEASES AND RENTALS	2,662,993	2,662,993	-
OTHER LOCAL INCOME	1,513,756	349,668	(1,164,088)
FLEXIBILITY TRANSFER (TIER III)	1,103,962	3,161,869	2,057,907
TRANSFER FROM OTHER FUNDS	1,000,000	1,000,000	-
LOCAL GENERAL FUND CONTRIBUTION (LGFC)	(17,119,865)	(17,336,665)	(216,800)
INTEREST	550,000	350,000	(200,000)
TOTAL REVENUES:	75,606,206	74,218,086	(1,388,120)

EXPENDITURE SUMMARY

	2008-09 WORKING BUDGET	200910 PROPOSED BUDGET	CHANGE
CERTIFICATED SALARIES	45,324,588	45,544,392	219,804
CLASSIFIED SALARIES	11,138,778	11,324,373	185,595
BENEFITS	15,742,219	16,772,318	1,030,099
BOOKS/SUPPLIES	954,611	1,543,084	588,473
SERVICES AND OTHER OPERATING COSTS	6,566,859	6,151,660	(415,199)
EQUIPMENT	76,047	15,000	(61,047)
INDIRECT COSTS	(1,190,028)	(999,914)	190,114
OTHER OUTGOING	6,800	6,800	-
TOTAL EXPENDITURES:	78,619,874	80,357,713	1,737,839

**SANTA MONICA - MALIBU USD
MULTI-YEAR PROJECTION
UNRESTRICTED GENERAL FUND -ASSUMPTIONS
5/26/2009**

Factor	2008-09	2009-10	2010-11	2011-12
Statutory COLA	5.66%	4.25%	0.70%	2.30%
Base Revenue Limit Per P2 ADA	\$ 6,208.84	\$ 6,469.84	6,514.84	\$ 6,662.84
Deficit Factor	-7.844%	-12.447%	-12.447%	-12.447%
Enrollment Projection*	11,565	11,565	11,565	11565
P2 ADA Projection	11,030	11,030	11,030	11,030
Revenue Limit ADA (Prior Yr)	11,060	11,030	11,030	11,030
Federal Revenues	0%	0%	0%	0%
City of Santa Monica	\$ 8,024,282	\$ 7,443,913	\$ 7,518,352	\$ 7,668,719
Measure "R"	\$ 10,300,420	\$ 10,300,420	\$ 10,403,424	\$ 10,611,493
Lottery	\$121/ADA	\$121/ADA	\$121/ADA	\$121/ADA
Special Ed COLA - State	0%	0%	0%	0%
Salary Increase: Certificated	0%	0%	0%	0%
Salary Increase: Management	0%	0%	0%	0%
Salary Increase: Classified	0%	0%	0%	0%
Step & Column Incr. - Certificated	2.20%	2.20%	2.20%	2.20%
Step & Column Incr. - Mgmt.	1.50%	1.50%	1.50%	1.50%
Step & Column Incr. - Classified	1.50%	1.50%	1.50%	1.50%
Health/Welfare	5%	7%	7%	7%
Workers' Compensation	2%	2%	2%	2%
Indirect Cost Rate	6.78%	5.00%	5.00%	5.00%
Interest Rate	2.90%	1.80%	2.50%	2.50%
Interfund Transfer From Fund 21	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Interfund Transfer to Fund 12 & 20	\$ 1,075,000	\$ 75,000	\$ 75,000	\$ 75,000
Ongoing Maintenance	3%	3%	3%	3%
Reserve for Uncertainties	5%	3%	3%	3%

SANTA MONICA - MALIBU USD
MULTI-YEAR PROJECTION
UNRESTRICTED GENERAL FUND
5/26/2009

Description	2008-09 BUDGET	2009-10 PROJECTED	2010-11 PROJECTED	2011-12 PROJECTED
Revenue:				
Revenue Limit	62,038,729	61,256,995	61,674,823	63,072,053
Other Federal	62,123	100,000	100,000	100,000
Other State Apportionments	744,766	705,900	710,248	724,634
Class Size Reduction	3,314,745	2,817,533	2,817,533	2,817,533
Other State (Lottery...)	1,270,460	1,270,460	1,270,460	1,270,460
Meas. "R"	10,300,420	10,300,420	10,403,424	10,611,493
All Other Local Income	12,890,866	10,941,574	11,263,145	11,313,512
Interfund Transfer In	1,000,000	1,000,000	1,000,000	1,000,000
Local General Fund Contribution	(17,119,865)	(17,342,812)	(17,342,812)	(17,342,812)
2007-08 SWEEPS	1,030,143			
TIER III - Categorical Flexibility	73,819	3,161,869	3,161,869	3,161,869
Federal State Fiscal Stabilization	3,047,171			
IDEA	1,200,000			
MAY REVISE	(2,475,000)	(2,684,000)	(2,684,000)	(2,684,000)
	77,378,377	71,527,939	72,374,690	74,044,742
Expenditure:				
Certificated Salary	45,324,588	45,544,392	46,546,369	47,570,389
Classified Salaries	11,138,778	11,324,373	11,494,239	11,666,652
Benefits	15,742,219	16,772,318	17,610,934	18,491,481
Supplies/Books	954,611	1,543,084	1,543,084	1,543,084
Other Operational Costs	6,565,059	6,151,660	6,151,660	6,151,660
Capital Outlay	76,047	15,000		
Transfers	6,800	6,800	6,800	6,800
Indirect	(1,190,028)	(999,914)	(850,000)	(850,000)
Transfer Out	75,000	75,000	75,000	75,000
	78,693,074	80,432,713	82,578,085	84,655,066
Increase (Decrease) Fund Balance	(1,314,697)	(8,904,774)	(10,203,395)	(10,610,323)
Beginning	21,020,258	19,705,561	10,800,787	597,392
Fund Balance	19,705,561	10,800,787	597,392	(10,012,931)
Reserve- Revolving cash, Store	96,000	96,000	96,000	96,000
Reserve - New Student System	1,000,000	1,000,000	1,000,000	1,000,000
Total Available Fund Balance	18,609,561	9,704,787	(498,608)	(11,108,931)
5% / 3% Contingency Reserve	5,712,221	3,491,285	3,578,915	3,600,000
Unappropriated Balance	12,897,340	6,213,502	(4,077,523)	(14,708,931)