

For a Listing of Upcoming Board Meetings See Page v of this Table of Contents
Santa Monica-Malibu Unified School District
Board of Education Meeting
MINUTES

April 25, 2007

A **workshop** and **special meeting** of the Santa Monica-Malibu Unified School District Board of Education was held on Wednesday, April 25, 2007, in the District Administrative Offices, 1651 16th Street, Santa Monica, CA. The Board of Education called the meeting to order at 4:10 p.m. in the boardroom at the District Offices.

I. CALL TO ORDER

- A. Roll Call
- B. Pledge of Allegiance

4:10 pm

II. INFORMATIONAL WORKSHOP – Technology and Education (4:00pm – 6:00pm)

The Board of Education will be presented with information regarding effective ways to implement technology in the classroom to create engaging lessons. Alan November from November Learning will demonstrate ways in which students can interact with each other and the global community to learn content and skills that will prepare them for the 21st century.

This workshop is intended to be an informational session for the board members as a step toward developing a comprehensive curriculum that fully integrates technology.

The November Learning Team is dedicated towards supporting and challenging teachers and students to expand the boundaries of learning. They are committed to helping educators share and explore ideas in a global forum – to motivating children to develop an awareness of their unique selves and exploring how they can contribute positively to the world around them to truly make a difference. Their goal is to help teachers and students develop critical thinking and global communication skills, plus foster a passion for self-directed, life-long learning.

During this interactive presentation, each board member had access to the Internet via laptops. Mr. November had the board members perform a variety of web-based searches to illustrate how literacy as it relates to information on the Internet is lacking in our society. He explained how being able to determine the owner of a website is a necessary skill that allows students to be investigators and critical thinkers. By demonstrating how any information that has been posted on the Internet will always remain in easily accessible archived databases, Mr. November stressed that educators must teach students how to be socially responsible and consider long-term ramifications of their actions and publications.

Mr. November illustrated how blogs and public book marking systems can create a collaborative learning environment that raises an entire group up to a level of success that, traditionally, only a few individuals in the group were able to achieve. He then showed online videos of students demonstrating what they had learned that week in class. Such videos enable students to be self-directed and accountable for their own learning; sharing them online allows students to review lesson materials repeatedly and at their own pace. As a means of engaging

students and making lessons relevant and concrete, Mr. November demonstrated how to make free calls via the Internet to any place in the world (for example, a class could contact a teacher in England to hear the British perspective of the American Revolutionary War).

In order to achieve these technological goals, Mr. November stressed the need for an improved infrastructure (bandwidth, networking; etc.) and technical support. He also emphasized the necessity of dedicated staff development for the classroom teachers; teachers need to learn how to create more rigorous coursework for their classes using technology and the Internet. As a closing thought, Mr. November warned that current instructional methods are preparing students to be dependent; rather, schools need to empower students to be self-directed, life-long learners and leaders.

6:00 pm

III. APPROVAL OF THE AGENDA (6:00pm)

It was moved by Ms. Maria Leon-Vazquez, second by Mr. Barry Snell, and voted 6/0 (Mr. Oscar de la Torre was absent) to approve the Agenda.

IV. APPROVAL OF MINUTES

A.01 Approval of Minutes1
No minutes to Approve

V. CONSENT CALENDAR

Consent agenda items are considered routine, as agreed by the President, Vice President and Superintendent, requiring no discussion, and are normally all approved at one time by the Board of Education. However, members of the Board of Education, staff, or the public may request an item be removed from the consent agenda for clarification and/or discussion. Consideration will occur during Section XI (Major Items).

Curriculum and Instruction

A.02 Independent Contractors2

VI. PUBLIC COMMENTS

Public Comments is the time when members of the audience may address the Board of Education on items not scheduled on the meeting's agenda. All speakers are limited to three (3) minutes. When there are a large number of speakers, the Board may reduce the allotted time to two (2) minutes per speaker. The Brown Act (Government Code) states that Board members may not engage in discussion of issues raised during “VIII, Public Comments” except to ask clarifying questions, make a brief announcement, make a brief report on his or her own activities, or to refer the matter to staff. This Public Comment section is limited to 20 minutes. If the number of persons wishing to address the Board of Education exceeds the time limit, additional time will be provided in Section XVI, **CONTINUATION OF PUBLIC COMMENTS.**

VII. COMMUNICATIONS

The Communications section provides an opportunity for the Board of Education to hear reports from the individuals or Committee representative listed below. All reports are limited to 5 minutes or less. However, if more time is necessary, or if a report will not be

presented, please notify the Board secretary eight workdays prior to the date of the meeting.

A. Student Board Member Reports

Sarah Paxton – Malibu High School – *no report*
Sara Nickpay – Santa Monica High School – *no report*
Steven Bravo – Olympic High School – *no report*

B. SMMCTA Update - Mr. Harry Keiley

See attached report 32-34

C. S.E.I.U. Update - Ms. Keryl Cartee – no report

D. PTA Council President Report - Laura Rosenbaum – no report

VIII. SUPERINTENDENT’S REPORT

No report

MAJOR and DISCUSSION Items

As a general rule, items under MAJOR and DISCUSSION will be listed in order of importance as determined by the President, Vice President and Superintendent. Individual Board members may move to request a change in the order prior to consideration of any Major item. The Board may also move any of these items out of order to be heard immediately following PUBLIC COMMENTS if it appears that there is special interest by the public or as a courtesy to staff members making presentations to the Board.

IX. MAJOR ITEMS

These items are considered to be of major interest and/or importance and are presented for **ACTION (A)** or **INFORMATION (I)** at this time. Many have been reviewed by the Board at a previous meeting under the Discussion Items section of the agenda.

6:07 pm

X. DISCUSSION ITEMS

These items are submitted for information (FIRST READING) and discussion. Action will generally be considered at the next regularly scheduled meeting of the Board.

D.01 Budget Solutions Strategies 3-24
D.02 School Capacity and Enrollment Standards..... 25-26
D.03 School Facility Standards 27-29

XI. INFORMATIONAL ITEMS

I.01 Solicitation of Request for Qualifications for Program Management and Other Services – Measure "BB" 30-31

XII. BOARD MEMBER ITEMS

These items are submitted by individual Board members for information or discussion, as per Board Policy 8320(b).

XIII. CONTINUATION OF PUBLIC COMMENTS

A continuation of Section VIII, as needed. (If the number of persons wishing to address the Board of Education exceeds the time limit in section VIII, additional time will be provided in Section XVI, CONTINUATION OF PUBLIC COMMENTS.)

XVI. BOARD MEMBER COMMENTS

Board Member Comments is the section where a Board member may make a brief announcement or make a brief report on his or her own activities relative to Board business. There can be no discussion under "BOARD MEMBER COMMENTS."

XVII. FUTURE AGENDA ITEMS

Items for future consideration will be listed with the projected date of consideration. The Board of Education will be given any backup information available at this time.

- *The Budget Solution Strategies (Item D.01) are scheduled to come back to the board for action May 3, 2007*

XVIII. CLOSED SESSION

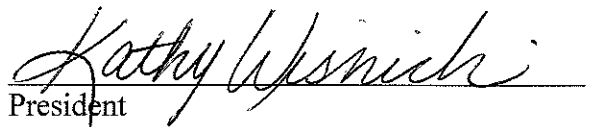
The Board of Education will, if appropriate, adjourn to CLOSED SESSION to complete discussion on items listed for CLOSED SESSION following the regular business meeting.

- **Conference with Legal Counsel - Litigation pursuant to §54956.9(b)(3)(A), as cited in the Brown Act: One (1) potential case.**

XIX. ADJOURNMENT

It was moved by Ms. Maria Leon-Vazquez, seconded by Mr. Barry Snell, and voted 6/0 (Mr. Oscar de la Torre was absent) to adjourn the public portion of the meeting at 8:41pm. The next regularly scheduled meeting will be held on Thursday, May 3, 2007, at 5:30 p.m. at the Malibu City Council Chambers, 23815 Stuart Ranch Road, Malibu, CA.

Approved: 5-17-07


President


Superintendent

Meetings held at Santa Monica City Hall are broadcast live - City TV2, Cable Channel 16.

Meetings held at the District Office and in Malibu are taped and rebroadcast in Santa Monica on CityTV2, Cable Channel 20 - Check TV listing.

Meetings are rebroadcast in Malibu on Government Access Ch. 3 every Saturday at 8pm

Board of Education Meeting Schedule
Public Meetings will begin at 5:30 p.m.

July through December 2006					
Month	1 st Thursday	2 nd Thursday	3 rd Thursday	4 th Thursday	Special Note:
July		13 DO	20* DO	7/27 DO	* Special Meeting
August	3 DO		8/17 SM	8/31 DO (5 th Thurs)	* Special Meeting
September		9/14 DO		9/28 DO	School Opens 9/6, 2006 (Because of Labor Day and start of school, mtgs on 2 nd & 4 th in Sept.)
October	10/5 M		10/19 SM		
November	11/2 DO M		11/16 SM	11/30 DO (5 th Thurs)	Thanksgiving 11/24-25
December		12/14 DO			Usually one mtg. (Three wks in Dec. before winter break)
December 25-29 Winter Break					
January through June, 2007					
January 1-5 Winter Break					
January			1/18 SM		
February	2/1 M		2/15 SM		
March	3/1 DO		3/15 SM		Stairway 3/22-23 (5 Thursdays in March)
April 02 - 13, 2007 - Spring Break					
April			4/19 SM	4/25* DO	*Wednesday: Special Meeting
May	5/3 M		5/17 SM		
June	6/7 DO			28 DO	6/21 *Graduation Last day of school 6/22

District Office (DO): 1651 16th Street, Santa Monica.
 Malibu City Council Chambers (M): 23815 Stuart Ranch Road, Malibu, CA
 Santa Monica City Council Chambers (SM): 1685 Main Street, Santa Monica.

**Santa Monica-Malibu Unified School District
Board of Education
April 25, 2007**

I CALL TO ORDER

A Roll Call

Kathy Wisnicki – President
Oscar de la Torre – Vice President – *excused absence*
Emily Bloomfield
Jose Escarce
Maria Leon-Vazquez
Kelly Pye
Barry Snell

Student Board Members

B Pledge of Allegiance

Led by Ms. Kelly Pye.

II CLOSED SESSION

At 8:42pm, Board President Kathy Wisnicki stated that there were no public comments submitted for closed session. At 8:43pm, the board moved to closed session (regarding the items listed in section XVIII. Closed Session in the Table of Contents) in the board conference room at the District Administrative Offices: 1651 16th Street, Santa Monica, CA.

There was no action reported out of closed session.

TO: BOARD OF EDUCATION
FROM: DIANNE TALARICO
RE: APPROVAL OF MINUTES

ACTION
03/01/07

RECOMMENDATION NO. A.01

It is recommended that the Board of Education approve the following Minutes:

There are no minutes for approval.

MOTION MADE BY:
SECONDED BY:
STUDENT ADVISORY VOTE:
AYES:
NOES:

CONSENT ITEMS

TO: BOARD OF EDUCATION

ACTION/CONSENT

04/25/07

FROM: DIANNE TALARICO / CHIUNG-SALLY CHOU / MAUREEN BRADFORD

RE: APPROVAL OF INDEPENDENT CONTRACTORS

RECOMMENDATION NO. A.02

It is recommended that the Board of Education enter into an agreement with the following Independent Contractor(s). These contracts are included in the 2007/2008 Budget.

Contractor/ Contract Dates	Description	Site	Funding
Marina Data Solutions 7/01/07 to 6/30/08 Not to exceed: \$120,000	To implement and manage data warehouse system, integrating data from various resources and work with other applications that are potential sources of data, report building and template construction and to create capacity for more advanced statistical analysis and other duties as assigned.	Ed. Services	01-00000-0-19600- 21000-5802-030-1300
Mad Science 1/8/07 to 6/24/07 Not to exceed: \$6750 <u>Previously approved on March 15th, 2007</u>	To provide 6 weeks of Hands-on, interactive science programs for students in grades 4-5	Rogers	<u>ACCOUNT #</u> <u>CORRECTION</u> 01-71400-0-11100- 10000-5802-006-1501 : \$4,326 01-72600-0-11100- 10000-5802-006-1501: \$2424

MOTION MADE BY: Ms. Maria Leon-Vazquez

SECONDED BY: Mr. Barry Snell

STUDENT ADVISORY VOTE: N/A

AYES: All (6)

NOES: None (0)

If you will require accommodation to participate in the Board meeting, please notify the Superintendent's Office at least one day prior to the meeting.

Board of Education Meeting MINUTES: April 25, 2007

DISCUSSION ITEMS

TO: BOARD OF EDUCATION

DISCUSSION

04/25/07

FROM: DIANNE TALARICO / STEPHEN R. HODGSON

RE: BUDGET SOLUTIONS STRATEGIES

DISCUSSION ITEM NO. D.01

This report has been prepared in order to provide members of the Board of Education a continuing opportunity for discussion regarding development of the District's 2007-08 Budget.

The following topics will be discussed:

1. Policy Areas for Budget Development

- *District Vision Statement and Student Outcomes (Attachment A)*
- *Principles for Guiding Future Budgetary Decisions (Attachment B)*
- *Budget Allocation and Staffing Guidelines (Attachment C)*
- *Recognizing the necessity for ongoing budgetary savings*
- *Categorical Program Funding (Attachment D)*
- *Addressing the fiscal challenges resulting from declining enrollment*

Note: *The loss of Revenue Limit funding associated with the decline in student enrollment presents the single most significant fiscal challenge faced by the District.*

2. District Multi-Year Financial Projection (2007-08 through 2009-10) *(Attachment E - 1 of 5)*

3. The Economics of Budgetary Deficits/Enrollment Projections *(Attachments F1 through F4)*

4. Solution Strategies *(Attachment G)*

5. Necessary Next Steps *(Attachment H)*

Public Comments:

- *Paul Silvern and Cynthia Torres, both members of the Financial Oversight Committee, addressed the Board of Education regarding the budgetary solution strategies.*

The board thanked the fiscal department for their work and the FOC for its input. Board Member Leon-Vazquez suggested the district collaborate with community groups and communities to reduce expenditures and/or generate revenue. She also suggested hiring independent contractors as staff. The board requested information regarding:

- *The Human Resources Department study that was conducted in May 2004*
- *The number of intra- and inter-district permits, affidavits, and strategy that was developed in the past regarding allowing a certain number of students into the district to stabilize enrollment.*

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT VISION STATEMENT AND STUDENT OUTCOMES

Vision Statement

As a community of learners, the Santa Monica-Malibu Unified School District works together in a nurturing environment to help students be visionary, versatile thinkers; resourceful, life-long learners; effective, multilingual communicators and global citizens. We are a richly varied community that values the contributions of all its members. We exist to prepare *all* students in their pursuit of academic achievement and personal health and to support and encourage them in their development of intellectual, artistic, technological, physical and social expression.

Student Outcomes

All SMMUSD students will graduate as individuals who are:

1. VISIONARY, VERSATILE LEARNERS who recognize and solve complex problems through reflection, informed risk-taking, critical evaluation and artistic exploration.
2. THINKERS who are resourceful and have a working knowledge and appreciation of academics, aesthetics, personal wellness and self, as well as an understanding of and respect for the needs of others.
3. GLOBAL CITIZENS who value their richly-varied world and act to sustain the natural environment by participating in democratic processes through ethical, informed decision-making.
4. LIFE-LONG LEARNERS who, individually and in collaboration with others, are intrinsically motivated to pursue their personal bests and attain meaningful, productive lives.
5. EFFECTIVE, MULTILINGUAL COMMUNICATORS who use verbal, written, mathematical, artistic and technological languages to give, receive, value and process information.

Board Adopted 09/25/07

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
PRINCIPLES FOR GUIDING FUTURE BUDGETARY DECISIONS

- Maintain a balance between current and future-year income and expenditures so as to ensure the long-term financial integrity of the District.
- Recognize that the highest financial priority is directly related to improving student achievement.
- Instructional and support service programs shall be aligned with Board of Education identified goals and priorities.
- Maintain competitive salaries and benefits that will enable the District to attract and retain an excellent teaching and support service staff.
- Recognize that some programs and services may need to be reduced or eliminated. Regularly evaluate all programs and services for cost effectiveness.
- Consistent with the need for standardization, align resource distribution with accountability for student achievement....the greater the degree of accountability, the more direct control the school site should have over the distribution of funding.
- Work to reduce/eliminate the financial impact (encroachment) that various categorical and incentive programs have on the General Fund.
- Recognize that an adequate infrastructure is needed in order to provide a high level of programs and services.
- Ensure that the District is in compliance with state and federal mandates.

2007-08 BUDGET ALLOCATION AND STAFFING GUIDELINES

Description	Elementary Schools	Middle Schools	High Schools
Regular Classroom Teacher Staffing			
Grades K-3*	20.44:1	N/A	N/A
4-5	30:1	N/A	N/A
6-8**	N/A	34:1	N/A
9-12**	N/A	N/A	35:1
Noon Aides (Hours/Student)	***	***	***
Counselor Staffing	***	***	***
Librarians/Library Clerks	***	***	***
School Site Admin. Support	***	***	***
School Site Clerical Support	***	***	***
Custodians	***	***	***
School Site Allocations			
Unrestricted	\$25.75	\$27.66	\$48.48
Restricted (<i>Instruction</i>)	<u>\$12.00</u>	<u>\$15.00</u>	<u>\$15.00</u>
Total	\$37.75	\$42.66	\$63.48

*Per State K-3 Class Size Reduction (*CSR*) staffing guidelines prior to penalty. Ratio may be reduced by use of categorical or other program funding.

****At the middle and high schools, students generally take six periods and teachers teach 5 periods. Using the above staffing ratios for the middle schools (34:1) and the high schools (35:1), and controlling by a 6/5ths formula, the actual student/teacher ratio in grades six to twelve is below 30:1. The following example uses a high school with an enrollment of 3000 students with each student taking six periods and teachers teaching five periods:**

$$3000 \div 35:1 \times 6 \div 5 = 103 \text{ teachers.}$$

If you then divide the 3000 students by 103 teachers, the actual student/teacher ratio is 29.1:1

***Staffing ratios are currently being updated.

COMPUTING MIDDLE & HIGH SCHOOL TEACHER STAFFING

CURRENT STUDENT/TEACHER RATIO

Middle School 34:1

High School 35:1

EXAMPLE COMPONENTS:

Students:

*Total number of Students at the school

****Note: Middle and High School Students generally take 6 classes***

Teachers:

Middle and High School Teachers generally teach 5 periods

FORMULA:

Number of Students ÷ Student/Teacher Ratio

x 6 (periods for Students)

÷ 5 (periods for Teachers)

EXAMPLE #1:

$$3000 \div 35:1 \times 6 \div 5 = 103.2 \text{ Teacher FTEs}$$

If you then divide 3000 students by 103.2 Teacher FTEs, you end up with a net Student/Teacher Ratio of 29.1:1

EXAMPLE #2:

In Example #1, if you replace the 35:1 Student/Teacher Ratio with a 30:1 Ratio, you end up with 120 Teacher FTEs and a net Student/Teacher Ratio of 25:1

2006-07 MAJOR CATEGORICAL PROGRAMS (COMPARISON)

	2006-07 ADOPTED	2006-07 1st INTERIM	2006-07 2nd INTERIM	CHANGES
FEDERAL PROGRAMS				
TITLE I :BASIC	1,057,686	1,304,413	1,326,014	21,601
TITLE II :TEACHER QUALITY	335,168	393,933	473,789	79,856
TITLE II: ENHANCING ED THRU TECH	7,733	7,733	11,127	3,394
TITLE II: ENHANCING ED THRU TECH PART D	198,400	198,400	198,400	-
TITLE III : LEP	131,699	146,521	149,884	3,363
TITLE IV: DRUG FREE SCHOOLS	50,093	50,093	41,239	(8,854)
TITLE V: INNOVATIVE EDUCATION	-		11,874	11,874
VOC: CARL PERKINS II	48,764	48,764	57,789	9,025
MEDI-CAL REIMBURSEMENT	140,000	170,000	170,000	-
SMALLER LEARNING COMMUNITIES	-	45,386	45,386	-
SP ED: IDEA ENTITLEMENT	2,401,964	2,401,964	2,401,964	-
SP ED: WORKABILITY	56,820	56,820	56,820	-
DEPT REHAB: TRANSIT PARTNERSHIP PROG	131,377	131,377	131,377	-
TOTAL FEDERAL REVENUES:	4,559,704	4,955,404	5,075,663	120,259
STATE PROGRAMS				
SPECIAL EDUCATION - AB602	6,315,341	6,315,341	6,315,341	-
GIFTED AND TALENTED EDUCATION	94,970	94,970	94,970	-
HOME TO SCHOOL TRANSPORTATION	465,632	461,327	473,789	12,462
SPECIAL ED TRANSPORTATION	400,993	427,076	427,076	-
ECONOMIC IMPACT AID	500,101	849,286	849,286	-
ENGLISH LANGUAGE ACQUISITION (ELAP)	68,500	68,500	67,600	(900)
TOBACCO-USE PREVENT ED: 4-8	16,226	20,501	20,501	-
SCHOOL SAFETY	183,206	183,206	207,811	24,605
INSTRUCTIONAL MATLS REALIGNMENT	792,155	803,578	803,578	-
CAHSEE INTENSIVE INSTR & SERVICES	-	-	107,020	107,020
LOTTERY-INSTRUCTIONAL MATERIALS	301,106	301,106	301,106	-
CAL SAFE: STUDENT SUPPORT	49,154	49,154	49,154	-
EDUCATION TECH: CTAPS		9,196	21,756	12,560
SCHOOL IMPROVEMENT PROGRAM		160,309	160,309	-
CA PEER ASSISTANCE & REVIEW			46,368	46,368
PUPIL RETENTION BLOCK GRANT	39,415	39,415	39,415	-
PROFESSIONAL DEVELOPMENT BLK GRNT	405,427	540,180	540,180	
TEACHER CREDENTIALING BLK GRNT (BTSA)	193,250	193,250	193,250	-
TARGETED INSTRUCTIONAL IMPROVEMENT	429,137	519,274	519,687	413
SCHOOL AND LIBRARY IMPROVEMENT	731,336	731,336	774,631	43,295
ARTS AND MUSIC BLOCK GRANT		182,865	182,865	-
DISCRETIONARY BLOCK GRANT-SCHOOL			735,968	735,968
DISCRETIONARY BLOCK GRANT-DISTRICT			246,145	246,145
INSTRUCTIONAL, LIBR. ED. TECH GRANT			193,375	193,375
REGIONAL OCCUPATIONAL PROGRAM	740,115	799,315	827,400	28,085
TOTAL STATE REVENUES	11,726,064	12,749,185	14,198,581	1,449,396

Santa Monica-Malibu Unified School District

Multi-Year Financial Projection (*MYFP*) 2006-07 to 2009-10

With formal activities regarding development of the District's 2007-08 Budget now underway, comes a new "three-year" budgetary look. Attached is a "revised draft" of a Multi-Year Financial Projection (*MYFP*) that includes estimates through 2009-10. These are the District's own spreadsheet projections as conversion to the FCMAT "Explorer" Multi-Year Projection software is pending.

The attached MYFP, which assumes a continuing decline in student enrollment, portends some difficult budgetary challenges ahead. The need to implement a series of carefully planned and realistic solution strategies is an integral part of a next step budgetary plan.

SANTA MONICA - MALIBU USD
MULTI-YEAR PROJECTION
UNRESTRICTED GENERAL FUND
3/30/2007

Assumptions

Factor	2006-07	2007-08	2008-09	2009-10
Statutory COLA	5.92%	4.04%	2.70%	2.50%
Base Revenue Limit Per P2 ADA	\$ 5,627.84	\$ 5,852.84	\$ 6,008.84	\$ 6,158.84
Enrollment Projection	11,902	11,721	11,557	11,376
Decline Enrollment from Prior Year	(289)	(181)	(164)	(181)
ADA Projection	11,321	11,138	10,979	10,807
Revenue Limit ADA (Prior Yr)	11,571	11,321	11,137	10,979
Federal Revenues	0%	0%	0%	0%
City of Santa Monica	\$ 6,477,100	\$ 6,736,184	\$ 6,938,270	\$ 7,146,418
Measure "Y" <i>Expires 6/30/11</i>	\$ 3,788,431	\$ 3,939,969	\$ 4,058,168	\$ 4,179,913
Measure "S" <i>Expires 6/30/09</i>	\$ 6,435,476	\$ 6,435,476	\$ 6,435,476	\$ 6,435,476
Lottery	\$137/ADA	\$137.75/ADA	\$137.75/ADA	\$137.75/ADA
Special Ed COLA - State	5.92%	4.04%	2.70%	2.50%
Salary Increase: Certificated	5%	0%	0%	0%
Salary Increase: Management	0%	0%	0%	0%
Salary Increase: Classified	0%	0%	0%	0%
Step & Column Incr. - Certificated	2%	2%	2%	2%
Step & Column Incr. - Mgmt	1.50%	1.50%	1.50%	1.5%
Step & Column Incr. - Classified	1.50%	1.50%	1.50%	1.50%
FTE Adjustment vs Enrollment	(8.1 FTEs)	(7 FTEs)	(6.5 FTEs)	(7 FTEs)
Health/Welfare	10%	10%	10%	10%
Indirect Cost Rate	2.45%	5.29%	5.00%	5.00%
Interest Rate	5.00%	5.00%	5.00%	5.00%
Interfund Transfer to Fund 12	\$ 75,000	\$ 75,000	\$ 75,000	
Ongoing Maintenance	3%	3%	3%	3%
Reserve for Uncertainties	3%	3%	3%	3%

This projection includes following resources:

00000 - Unrestricted General Fund
 11000 - Unrestricted Lottery
 13000 - K-3 Class Size Reduction
 91221 - Measures "S"

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
MULTI-YEAR REVENUE LIMIT PROJECTION
03/20/2007

	2005-2006 ACTUALS	2006-2007 BUDGET	2007-08 BUDGET	2008-09 BUDGET	2009-10 Budget
COLA/BASE	4.23% 5,319.84	5.92% 5,627.84	4.04% 5,852.84	2.70% 6,008.84	2.50% 6,159.06
ADA	11,978.75	11,571.08	11,321.19	11,138.19	10,979
DECLINED ADA FM PRIOR YEAR		-3.40% -407.67	-2.16% -249.89	-1.62% -183	-1.43% (159)
TOTAL BASE REV. LIMIT	63,725,033	2.30% 65,120,187	1.75% 66,261,114	1.01% 66,927,602	1.04% 67,620,331
INCREASE FOR MEAL NEEDED	300,914	5.92% 318,730	1.81% 331,593	1.04% 335,041.57	0.08% 337,789
BEGINNING TEACHER SALARY ADJ	4.23% 80,025	3.55% 82,864	2.41% 84,865	1.07% 85,771.00	1.05% 86,672
	64,105,972	2.30% 65,521,781	66,677,572	67,348,414	0 68,044,791
DEFICIT FACTOR	-0.89% (571,825)	0.00% -	0.00% -	0.00% 0	0.00% -
TOTAL BASE REVENUE LIMIT	63,534,147	3.13% 65,521,781	1.76% 66,677,572	1.01% 67,348,414	1.03% 68,044,791
NECESSARY SMALL CONT, HS	-	-			
UNEMPLOYEE INSURANCE	348,235	22,684	22,684	22,684	22,684
CORE PROGRAM REVENUE	276,994	285,269	296,973	305,019	305,019
REMEDIAL PROGRAM	423,921	444,998	463,254	475,805	475,805
RETENTION PUPIL 2-9	183,955	190,772	198,598	203,979	203,979
TF TO COUNTY OFFICE FUND	(6,515)	(5,332)	(5,545)	(5,693)	(5,693)
COMMUNITY DAY SCHOOL ADDITIONAL	21,193	22,448	23,355	22,448	22,448
SUBTOTAL	1,247,783	960,839	999,319	1,024,242	1,024,242
PERS REDUCTION 8092	3.90% 543,034	4.02% 540,081	4.02% 540,081	4.02% 540,081	4.02% 540,081
TOTAL REVENUE LIMIT	64,238,896	65,942,539	67,136,810	67,832,575	68,528,952
TOTAL INCREASE FROM PRIOR YEAR	1,789,677	2.65% 1,703,642	1.81% 1,194,271	1.04% 695,765	1.03% 696,377
LOCAL PROPERTY TAX	35,225,078	37,746,344	37,746,344	37,746,344	37,746,344
TRANSFER TO OTHER PROGRAMS -8091	(2,122,681)	1.4% (2,152,332)	4.00% (2,238,353)	2.66% (2,297,986)	2.50% (2,355,436)
STATE AID ENTITLEMENT	29,013,819	- 28,196,195	- 29,390,466	- 30,086,231	30,782,608

MULTIYEAR UNRESTRICTED REVENUE PROJECTIONS

	2005-06 ACTUALS	2006-07 Budget		2007-08 BUDGET		2008-09 BUDGET		2009-10 Budget	
REVENUE LIMIT	64,437,731	65,942,539	2.34%	67,136,810	1.81%	67,832,575	1.04%	68,528,952	1.03%
ADA TRANSFER	-2,122,681	-2,152,332	1.40%	-2,238,353	4.00%	-2,297,986	2.66%	-2,355,436	2.50%
PERS REDUCTION	543,034	540,081	-0.54%	540,081	0.00%	540,081	0.00%	540,081	0.00%
OTHER FEDERAL REVENUE	91,062	191,291	110.07%	120,000	-37.27%	120,000	0.00%	120,000	0.00%
K-3 CLASS SIZE REDUCTION	3,139,919	3,217,408	2.47%	3,267,278	1.55%	3,300,931	1.03%	3,350,445	1.50%
MANDATED REIM		1,269,348		0		0		0	0.00%
LOTTERY - UNRESTRICTED	1,565,137	1,447,636	-7.51%	1,396,766	-3.51%	1,366,794	-2.15%	1,347,324	-1.42%
OTHER STATE REVENUE	315,152	76,329	-75.78%	79,916	4.70%	82,074	2.70%	84,126	2.50%
PARCEL TAX-MEASURE "Y"	3,618,547	3,788,431	4.69%	3,939,969	4.00%	4,058,168	3.00%	4,179,913	3.00%
PARCEL TAX-MEASURE "S"	6,435,476	6,435,476	0.00%	6,435,476	0.00%	6,435,476	0.00%	6,435,476	0.00%
LEASE AND RENTALS	2,471,278	2,564,829	3.79%	2,564,829	0.00%	2,564,829	0.00%	2,564,829	0.00%
CITY OF SANTA MONICA	6,228,000	6,477,100	4.00%	6,736,184	4.00%	6,938,270	3.00%	7,146,418	3.00%
CITY OF MALIBU	290,105	135,105	-53.43%	135,105	0.00%	135,105	0.00%	135,105	0.00%
SAINT JOHN'S - NURSES	132,388	135,000	1.97%	135,000	0.00%	135,000	0.00%	135,000	0.00%
OTHER LOCAL INCOME	291,509	378,876	29.97%	378,876	0.00%	378,876	0.00%	378,876	0.00%
TRANSFER FROM OTHER FUNDS	700,000	3,641,987	420.28%	500,000	-86.27%	500,000	0.00%	500,000	0.00%
LOCAL GENERAL FUND CONTRIBUTION (LGFC)	-13,364,995	-16,300,871	21.97%	-16,545,384	1.50%	-16,793,565	1.50%	-17,045,468	1.50%
INTEREST	256,384	600,000	134.02%	600,000	0.00%	450,000	-25.00%	400,000	-11.11%
TOTAL REVENUES	75,028,046	78,388,233	4.48%	75,182,553	-4.09%	75,746,627	0.75%	76,445,640	0.92%

THE REVENUE LIMIT PROJECTIONS ARE BASED ON PROJECTED COLA AND PROJECTED P2 ADA.					
2006-07 COLA	5.92%	2006-07 CBED	11,902	2006-07 REVENUE LIMIT ADA	11,571
2007-08 COLA	4.04%	2007-08 CBED	11,721	2007-08 REVENUE LIMIT ADA	11,321
2008-09 COLA	2.70%	2008-09 CBED	11,557	2008-09 REVENUE LIMIT ADA	11,138
2009-10 COLA	2.50%	2009-10 CBED	11,376	2009-10 REVENUE LIMIT ADA	10,979

OTHER FEDERAL:

MAA 191,291

OTHER STATE REV.

STATE TESTS 25,000

SPECIAL ED SETTLEMENT 52,329

06-07 - REIM 3YR COPS PAYMENTS

2,941,987

SMMCC MADISON	800,000
DOUBLETREE	508,984
OTHER RENT	105,963
Lease -16th street	1,149,882
TOTAL LEASE INCOMES:	2,564,829

Santa Monica Malibu USD
Multi-Year Projection - Unrestricted General Fund
March 30, 2007

Obj.	Description	2005-06	2006-07	2007-08	2008-09	2009-10
Revenue:						
80XX	Revenue Limit	62,858,085	64,330,288	65,438,538	66,074,670	66,713,597
82XX	Other Federal	91,062	191,291	120,000	120,000	120,000
84XX	Class Size Reduction	3,139,919	3,217,408	3,267,278	3,300,931	3,350,445
85XX	Other State (Lottery...)	1,880,289	2,793,313	1,476,682	1,448,868	1,431,450
8621	Measure "Y" Expires 6/30/11	3,618,547	3,788,431	3,939,969	4,058,168	4,179,913
86XX	Other Local Income	9,669,564	10,290,910	10,549,994	10,602,080	10,760,228
8919	Interfund Transfer In (1)	700,000	3,641,987	500,000	500,000	500,000
8980	LGFC 1.5%	(13,302,234)	(16,300,871)	(16,545,384)	(16,793,565)	(17,045,468)
8622	Measure "S" Expires 6/30/09	6,435,476	6,435,476	6,435,476	6,435,476	6,435,476
Total Revenue:		75,090,708	78,388,233	75,182,553	75,746,628	76,445,641
Expenditure:						
11XX	Teachers Salaries 2%	34,773,208	37,332,719	38,079,373	38,840,961	39,617,780
	Compression			150,000	153,000	156,060
	Decrease 7 FTEs 07-08(3)			(420,000)	(428,400)	(436,968)
	Decrease 6.5 FTEs 08-09				(397,800)	(405,756)
	Decrease 7 FTEs 09-10					(436,968)
12XX	Certi. Support Services 2%	2,488,167	2,863,810	2,921,086	2,979,508	3,039,098
13XX	Certi. Mngmnt 1.5%	4,293,428	4,500,315	4,642,820	4,712,462	4,783,149
19XX	Other Certif.	224,436	296,286	72,286	72,286	72,286
2XXX	Classified Salaries 1.5%	10,445,198	10,821,937	10,984,266	11,149,030	11,316,265
3XXX	Benefits 5%	14,281,081	15,331,135	16,011,567	16,715,511	17,449,706
4XXX	Supplies/Books	878,411	850,230	797,067	797,067	797,067
5XXX	Other Operation Cost	4,623,462	5,795,986	5,750,000	5,750,000	5,750,000
6XXX	Capital Outlay	169,872	69,292	-	-	
71XX		6,791	6,800	6,800	6,800	6,800
73XX	Indirect (2)	(464,175)	(481,095)	(850,000)	(850,000)	(850,000)
74XX	Debt Services (COPs)	55,081	25,483	25,483	25,483	25,483
76XX	Transfer Out	1,075,000	575,000	75,000	75,000	75,000
Total Expenditure:		72,849,961	77,987,898	78,245,748	79,600,908	80,959,002
Increase (Decrease) Fund Balance		2,240,747	400,335	(3,063,195)	(3,854,280)	(4,513,362)
9791	Beginning	3,744,794	5,985,540	10,775,535	7,712,340	3,858,060
	Transfer Fund 17 to Fund 01	7,038,660	4,389,660			
9790	Fund Balance	13,024,201	10,775,535	7,712,340	3,858,060	(655,302)
971X	Reserve- Revolving cash,store	38,167	50,000	50,000	50,000	50,000
9780	Reserve - 80% Mandated Reim	-	510,847	510,847	-	
	Total Reserve	12,986,034	10,214,688	7,151,493	3,808,060	(705,302)
	3% Contingency Reserve	3,254,703	3,647,815	3,539,955	3,604,658	3,604,658
	Unappropriated Balance	9,731,331	6,566,873	3,611,538	203,401	(4,309,960)

Notes: 1) Includes a 3-year COPs Reimbursement of \$2.9 million in 2006-07.

2) Indirect Rate will be changed from 2.45% to 5.29% in 2007-08,08-09 and 09-10

3) The Current multi-year financial projection assumes a decline of enrollment in each of the next three years (2007-08/ 181 students & 7 FTEs; 2008-09 / 164 students & 6.5 FTEs and 2009-10/181 students & 7 FTEs.)

4) The average teacher salary used in the above computations is \$60,000 plus benefits.

Santa Monica-Malibu Unified School District

Recognizing the Economics of Budgetary Deficits

The Revenue Side

School district revenue is primarily linked to two factors: District enrollment and State Revenue Limit Funding. For declining enrollment school districts, increases in State Revenue Limit funding (the projected/anticipated annual increases associated with a Cost-of-Living Adjustment/COLA) are rarely sufficient to offset the loss of funding associated with the loss of students.

While school districts receive revenue from multiple sources, in the case of SMMUSD, the revenue side of the budget is also particularly dependent upon:

- Parcel Taxes/Funding from the City of Santa Monica/Property Lease Income
 - Measure “S” - approximately \$6,435,476 per year and set to expire on June 30, 2009
 - Measure “Y” - approximately \$3,788,431 per year and set to expire on June 30, 2011
 - City of Santa Monica funding - approximately \$6.5 million per year
 - Property Lease income - approximately \$2.5 million per year.

The Expenditure Side

School district expenditures, including those of SMMUSD, are directly related to personnel costs (salaries and benefits), which typically account for 80% to 90% of total expenditures. The other budgetary areas include instructional supplies and materials, textbooks, contracted services and operating expenses (utilities, transportation, insurance, etc.), equipment purchases (replacement and new), etc.

As the size of a school district’s budgetary deficit increases, the less likely it can be brought back into balance without a corresponding savings achieved by a reduction in personnel/personnel costs.

ENROLLMENT TO APPORTIONMENT COMPARISON 1987/88 THROUGH 2006/07 REVISED

YEAR	CBEDS ENROLL	P1 APPOR	RATIO	P2 APPOR	RATIO	P1 TO P2 % INCRSE/ DECRSE	ANNUAL APPOR	RATIO	P2 TO ANNUAL INCRSE/ DECRSE
1987-88	9,555	9,397	98.35%	9,354	97.90%	-0.45%	9,272	97.04%	-0.86%
1988-89	9,274	9,085	97.96%	9,045	97.53%	-0.43%	9,009	97.14%	-0.39%
1989-90	9,096	8,944	98.33%	8,880	97.63%	-0.70%	8,864	97.45%	-0.18%
1990-91	9,289	9,151	98.51%	9,088	97.84%	-0.68%	9,066	97.60%	-0.24%
1991-92	9,527	9,400	98.67%	9,309	97.71%	-0.96%	9,312	97.74%	0.03%
1992-93	9,868	9,680	98.09%	9,672	98.01%	-0.08%	9,632	97.61%	-0.41%
1993-94	9,978	9,878	99.00%	9,852	98.74%	-0.26%	9,813	98.35%	-0.39%
1994-95	10,210	10,182	99.73%	10,176	99.67%	-0.06%	10,171	99.62%	-0.05%
1995-96	10,590	10,527	99.41%	10,517	99.31%	-0.09%	10,484	99.00%	-0.31%
1997/98 was the last year to include excused absences in apportionment.									
1996-97	11,084	11,009	99.32%	11,021	99.43%	0.11%	11,006	99.30%	-0.14%
1997-98	11,534	11,509	99.78%	11,536	100.02%	0.23%	11,530	99.97%	-0.05%
1998-99	12,069	11,529	95.53%	11,456	94.92%	-0.60%	11,452	94.89%	-0.03%
1999-00	12,143	11,625	95.74%	11,581	95.38%	-0.36%	11,589	95.44%	0.06%
2000-01	12,553	12,016	95.72%	11,920	94.96%	-0.77%	11,924	94.99%	0.03%
2001-02	12,708	12,139	95.52%	12,086	95.11%	-0.42%	12,078	95.04%	-0.06%
2002-03	12,789	12,230	95.63%	12,160	95.08%	-0.55%	12,117	94.75%	-0.34%
2003-04	12,842	12,246	95.36%	12,186	94.89%	-0.47%	12,174	94.80%	-0.09%
2004-05	12,545	12,058	96.11%	11,986	95.54%	-1.07%	11,945	95.22%	-0.16%
2005-06	12,191	11,590	95.07%	11,568	94.89%	-0.17%	11,557	94.80%	-0.09%
3-yr average CBEDS to P1/P2 /Annual			95.51%		95.11%			94.94%	
Estimated 2006/07 ADA									
2006-07	11,902	11,463	96.31%	11,386	95.66%	-0.65%	11,300	94.94%	-0.72%

Prepared by: Elena Perez
4/17/07

**SMMUSD ENROLLMENT PROJECTION SUMMARY
FROM 2007-08 THROUGH 2009-10
(WITH 2006-07 ACTUAL COMPARISON)**

MARCH 2007

	2006-07	2007-08	2008-09	2009-10
Elementary Schools	5,019	4,929	4,865	4,771
Middle Schools	2,756	2,683	2,624	2,536
High Schools	4,104	4,109	4,068	4,069
TOTAL	*11,879 <i>Est.</i>	11,721 <i>Est.</i>	11,557 <i>Est.</i>	11,376 <i>Est.</i>

*Actual CBEDs enrollment was 11,902.

The FISCAL REPORT 32 informational update

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Ask SSC: How Can We Best Describe the Impact of Declining Enrollment on Our District?

Q. Regarding the impact on declining enrollment in our district, on our visits to legislators, their key question is: “Why do you need more when you get to use the prior year’s ADA?” Some responses we’ve provided include the following; however, do you have other suggestions that would help clarify the issue of declining enrollment?

- Some fixed costs remain the same no matter how many students leave the district such as utilities, facilities, and maintenance
- Enrollment does not decline in neat 30-student packages, so operational costs cannot decline as quickly as revenue declines
- Reduction in staff, when necessary, is often the least-senior teachers. As a result, there is an increase in per-pupil operational costs

A. The following chart illustrates a loss of 835 students and a corresponding proportional reduction in the number of teachers and a reduction in instructional materials. In this example, we use the average teacher salary and benefits as a reduction. As you know, that rarely happens; we normally lose the most junior teacher or the one we didn’t hire. So the loss will be even greater. But even using the higher salaries, the reduction in teachers saved only about half of the revenue loss. Obviously, reductions are needed in all areas, but many districts are surprised by the amount that must be cut from those other areas.

Impact of ADA Decline		
<u>Income Loss</u>	<u>Proportional Layoff</u>	
<ul style="list-style-type: none"> 835 ADA decline at \$5,525 each—yields marginal revenue loss 	<ul style="list-style-type: none"> 835 students requires 28 teachers at 30:1 28 teachers times the average cost per teacher yields savings of \$2,010,120 (\$71,790 per teacher, including benefits x 28 teachers) Miscellaneous savings (\$400/ADA) \$334,000 	
Lost Revenue: \$4,613,375	Total Proportional Savings	\$2,344,120
Proportional layoff leaves \$2,269,255 deficit. In this example, 60 teachers would need to be laid off to cover the decline. We do not recommend doing this! Program cuts would be required		

So, why doesn't getting last year's ADA solve the problem? Because the one-time supplement to bring us up to last year's ADA only allows us to cover the loss until we can make staffing reductions. For illustration, let's assume our decline is just for one year and then we flatten out. Once we make those staffing reductions, we have covered only half the loss. In year two, we have made our staffing cuts, lost the ability to use the higher ADA, and still must make cuts to cover the other half of the revenue loss.

If we assume continued declines, the situation gets worse. Every year we are losing another dollar and saving only 50¢ in staffing cuts. We are always cutting the rest of the revenue loss from areas other than proportional staffing. And our teachers and other staff members are becoming more senior, and their benefits are more expensive, and we are losing economies of scale and so on.

So the reasons you cite are certainly valid and are very real considerations, but the situation is actually worse than those factors alone portray.

—Ron Bennett

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
APRIL 19, 2007
POTENTIAL BUDGETARY SOLUTION STRATEGIES - REVISED

DRAFT

Strategy	Fiscal Impact			Projected 3-Year Savings	Notes
	2007-08	2008-09	2009-10		
Increase the annual contribution from the Building Fund (<i>Fund 21</i>) to the Ongoing Major Maintenance Account in the General Fund (<i>Fund 01</i>) from \$500,000 to \$1,000,000.	\$500,000	\$500,000	\$500,000	\$1,500,000	This would begin subsequent to the issuances of the first series of Measure “BB” General Obligation Bonds.
Designation of certain Block Grant funding to offset other General Fund expenditures.	\$246,000	N/A	N/A	\$246,000	The 2006-07 State Budget included some discretionary funding to be allocated in a manner determined by the local governing board. Designation of these funds in a manner that would help offset a portion of future year budgetary deficits is recommended.
Consider Deferral of 2006-07 Transfer to the Retiree Benefits Fund (<i>Fund 71</i>).	\$500,000	N/A	N/A	\$500,000	The Governmental Accounting Standards Board Rule 45 (<i>GASB 45</i>) established various reporting requirements in conjunction with the actuarially determined cost of retiree health and welfare benefits. Currently, SMMUSD, as is the case for virtually all districts within California, operates on a pay-as-you-go basis (retiree benefits are reflected as an expenditure within the current year budget). <u>Note:</u> SMMUSD is a Phase 2 District and, under current GASB guidelines, actuarial cost disclosure requirements begin in 2008-09.

Revise the methodology used to staff the K-3 Class Size Reduction (CSR) Program.	\$ TBD	\$ TBD	\$ TBD	\$ TBD	<p><i>During 2006-07, the student-teacher ratio in the K-3 CSR program was 19.31:1. Beginning in 2007-08, the goal will be to bring that ratio closer to 20:1.</i></p> <p>The long-term goal will be to bring the staffing ratio closer to 20.44:1 (the State-established ratio for K-3 CSR) until a funding penalty occurs.</p>
Implement certain Categorical Program Mega-Item Transfer provisions per AB 825.	\$115,000	\$115,000	\$115,000	\$345,000	AB 825 provides districts with flexibility regarding the treatment of revenue and expenditures for certain State Categorical Program funds. The transfer noted here would re-designate 15% of the funding received under the School & Library Improvement Block Grant to offset a small portion of the encroachment associated with the transportation of Special Education students.
Transfer Certain Instructional Aide costs from the Special Education Program to the Economic Impact Aid Program.	\$100,000	\$100,000	\$100,000	\$300,000	Currently, the District's budgeting practice does not include the use of funding received under the State Economic Impact Aid program to support the Special Education program.

<p>In addition to K-3 CSR, insure that the Staffing Ratios in Grades 4-12 are more closely followed.</p> <p>*Reflects the anticipated budgetary savings from a reduction of 19 FTEs.</p> <p>When combined with the projected decline in student enrollment, the goal is to achieve a total reduction of 31 teaching position FTEs (in Grades 6-12) in 2007-08.</p> <p><u>Note:</u> Seven FTE teaching positions are already reflected as a budgetary reduction in the MYFP.</p>	\$1,330,000*	\$1,330,000	\$1,330,000	\$3,990,000	<p>The current Collective Bargaining Contract between the District and SMMCTA outlines Class-Size Ratios as 30:1 for Grades 4-5, 34:1 for Grades 6-8, and 35:1 for Grades 9-12.</p> <p>At the middle and high schools, students generally take six periods and teachers teach five periods. Using the above staffing ratios for the middle schools (34:1) and the high schools (35:1), and controlling by a 6/5ths formula, the actual student/teacher ratio in Grades 6-12 is below 30:1.</p> <p><u>Note:</u> Beginning in 2007-08, the staffing ratio used in Grades 6-12 will be closer to 32:1. This adjustment will begin to bring the staffing ratio in alignment with the 34:1 (Grades 6-8) and 35:1 (Grades 9-12) ratios as referenced above. Some adjustment will be made (an above-the-line staffing allocation) to reduce the impact of the 32:1 ratio at John Adams Middle and certain other schools.</p>
Maintain student enrollment at a level consistent with current projections.	N/A	N/A	N/A	N/A	<p>The District's Multi-Year Financial Projection (<i>MYFP</i>) is based on an anticipated decline in student enrollment for years 2007-08 of <181>, 2008-09 of <164>, and 2009-10 of <181>. Any decline in enrollment that would exceed this projection would have a negative impact on the District's Budget and necessitate additional budgetary reductions beyond those currently projected.</p>

Reduce administrative costs.	\$200,000	\$200,000	\$200,000	\$600,000	This represents anticipated savings resulting from a reduction in three administrative positions.
Consider reorganization of District Administrative Office	\$TBD	\$TBD	\$TBD	\$TBD	
Consider percentage reduction in department budgets	\$TBD	\$TBD	\$TBD	\$TBD	A 5% reduction in non-school site operational budgets (4000, 5000 and 6000 object codes/as applicable) would result in a small but important budgetary savings.
Consider some reduction in non-Special Education transportation services and increase permit fees	\$TBD	\$TBD	\$TBD	\$TBD	
Reduce energy usage and associated costs	\$TBD	\$TBD	\$TBD	\$TBD	Consider energy management program offered by Energy Education, Inc.
Institute a connection fee on all new computer and printer purchases	\$TBD	\$TBD	\$TBD	\$TBD	Consider a \$300 assessment for new computer purchases and a \$100 assessment for all new printer purchases prior to their connection to the District's network. Assessments would be used to both augment the budget for the IT Department and reduce the level of General Fund support to that Department.
Designate categorical programs funding in a manner that will reduce the possibility of reduction or elimination of certain core academic programs	\$TBD	\$TBD	\$TBD	\$TBD	Begin planning during 2007-08 (for implementation in 2008-09) to restructure categorical program budgets in a manner more consistent with Board goals for student academic success. This would necessitate the development of spending guidelines for use by school site councils prior to the presentation of school plans for Board of Education approval.
Other	\$TBD	\$TBD	\$TBD	\$TBD	

Other	\$TBD	\$TBD	\$TBD	\$TBD	
Other	\$TBD	\$TBD	\$TBD	\$TBD	
Other	\$TBD	\$TBD	\$TBD	\$TBD	
Other	\$TBD	\$TBD	\$TBD	\$TBD	
Other	\$TBD	\$TBD	\$TBD	\$TBD	
Other	\$TBD	\$TBD	\$TBD	\$TBD	
Subtotal	\$2,991,000	\$2,245,000	\$2,245,000	\$7,481,000	
TOTAL	\$	\$	\$	\$	

Budget/4-07RvPotBudgStrat.doc

**SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
BUDGET DEVELOPMENT CALENDAR 2007-08**

December 14, 2006	1 st Interim Financial Report (2006-07) for the period ending October 31, 2006 presented to the Board of Education
January 10, 2007	The Governor is scheduled to present the 2007-08 Proposed State Budget to the Legislature
February 15, 2007	Initial review and discussion of the Governor's proposed budget for 2007-08
February 15, 2007	Budget Planning information and calendar presented to the Board of Education
March 1, 2007	Budget development activities as scheduled by the Board of Education
March 15, 2007	2 nd Interim Financial Report (2006-07) for the period ending January 31, 2007 presented to the Board of Education
March 15, 2007	Considerations regarding Development of the 2007-08 Budget
March 21, 2007	Board of Education Budget Study Session
April 19, 2007	Considerations regarding development of the 2007-08 Budget
April 25, 2007	Board of Education Budget Study Session
May 3, 2007	Board of Education action on Budgetary Solution Strategies
May 17, 2007	Preliminary District Budget and Revised Long-Range Financial Projection presented to the Board of Education
May 17, 2007	Possible 3 rd Interim Financial Report for the period ending March 31, 2007 presented to the Board of Education
June 7, 2007	Proposed District Budget presented to the Board of Education
June 8 - 28, 2007	Proposed District Budget placed on display for public review
June 28	The Board of Education conducts a public hearing and approves the District Budget for 2007-08
June 29	Business Services files the District Budget with the Los Angeles County Office of Education

TO: BOARD OF EDUCATION

DISCUSSION

04/25/07

FROM: DIANNE TALARICO / STEPHEN R. HODGSON /
VIRGINIA I. HYATT / J.W.BERRIMAN

UPDATE

RE: SCHOOL CAPACITY AND ENROLLMENT STANDARDS

DISCUSSION ITEM NO. D.02

Incorporated within the development of the district's Facility Master Plan (FMP) is the fundamental need to assess current and projected student enrollments, the current standards for school size/capacity, and the facilities needed to support the district's instructional program. The purpose with this agenda times is two fold: 1) provide relevant background information and 2) pose a number of questions which will generate the discussion necessary to continue to move the facility master planning effort forward.

The current District standards for school size (total student enrollment) were developed by Applied Management & Planning Group (AMPG) in 1997. They are as follows:

Elementary School Sites:	500-600
Middle School sites:	800-1,000
High School sites:	3,000
Continuation High School:	Not Determined
Community Day School:	Not Determined

As enrollment has fluctuated over the last ten years (1997-98 at 11,534, 2003-04 at 12,842, and 2006-07 at 11,902), and with the development of a new Facility Master Plan, it is necessary that the previously established school site capacity standards be reviewed in order to plan for the future programmatic needs and other requirements of the district.

Topics for discussion:

Enrollment Projections:

1. The most recent Schoolworks report projects slow but continued enrollment growth under current board policies for inter-district transfer permits reaching a maximum of ~~13,042~~ **12,126** in 2015-16, with several sites possibly exceeding current design capacity and established district standards. On the other hand, district projections continue to anticipate a slow districtwide decline in enrollment, with a projected enrollment of 11,630 in 2008-09 and an enrollment of 11,175 in 2011-12. On what basis do we plan for this projection difference in the Facilities Master Plan? Under the

Schoolworks projection, the FMP would need to address the needed additional classrooms and the associated costs.

Suggested Adjustment to Current Standards

In conjunction with the development of the Facility Master Plan, HED has requested a review of the appropriateness of the current standards (note: the 1997 standards were not absolute guidelines).

In order to ensure greater flexibility in current and future facility planning, staff is suggesting the following revisions to the 1997 Applied Management & Planning Group (AMPG) standards:

<u>Grade Level</u>	<u>Current</u>	<u>Proposed Range</u>
Elementary School Sites	500-600	600-800
Middle School Sites	800-1,000	800-1200
High School Sites	3,000	3,000
Continuation High School	Not Determined	100-300
Community Day School	Not Determined	25-50

Note: Any variation from the proposed standard would be reviewed on an individual school-by-school basis.

Next Steps:

Subsequent to discussion of this agenda item, staff will be more able to assist HED as the FMP moves towards completion.

Public Comments:

- *Ralph Mechur, a member of the Measure "BB" Advisory Committee, addressed the board regarding school site population numbers. He also reminded the board that the Facilities Master Plan was a working document, subject to change.*

Staff clarified that the proposed enrollment ranges for school sites was a maximum range.

Board Member Bloomfield suggested that the district control individual school site populations through intra-district permits and possibly revisiting the neighborhood boundaries that determine school site assignment.

TO: BOARD OF EDUCATION

DISCUSSION

04/25/07

FROM: DIANNE TALARICO / STEPHEN R. HODGSON /
VIRGINIA I. HYATT/J.W.BERRIMAN

UPDATE

RE: SCHOOL FACILITY STANDARDS

DISCUSSION ITEM NO. D.03

Incorporated within the development of the district's Facility Master Plan (FMP) is the fundamental need to assess current facilities needed to support the district's instructional program. The purpose with this agenda is to redefine some of these standards, based on current and future needs, which is necessary to continue to move the facility master planning effort forward.

The current district standards used for classroom, administrative, general support spaces, and specialty rooms were developed by Applied Management & Planning Group (AMPG) in 1997. Recommended changes to these standards have been developed after extensive discussion with various program stakeholders and to address current State Standards. If no reference is made to a site-specific program space, it is because the current standard is satisfactory and will remain unchanged.

Proposed Standards can be found on the following pages.

SMMUSD Current/Proposed District Standards

CURRENT STANDARDS (1997)				PROPOSED STANDARDS (2007)				COMMENTS
	Count	Sq. Footage	Notes		Count	Sq. Footage	Notes	
Special Ed				Special Ed				
SDC - Mild to Moderate	1	960 or larger		SDC - Mild to Moderate	2	960	Bathrooms in close proximity to room	All elementary schools
SDC/IS				SDC/IS	3	1200	Bathroom, Hoyer lift & changing table for Pre-K, K/2, 3/5	Located at one north side, one south side & one Malibu ES
SDC/IS/Transition				SDC/IS/Transition	1	1440	Bathroom, kitchenette & laundry room	All secondary schools. 3-4 rooms at Samohi
OT Clinic/Offices				SDC/IS	1	960	OT clinic 480 sq ft and 4 office spaces	Located at one north side, one south side & one Malibu ES
Resource Room				Resource Room	1	960		1 per elementary, 3-4 per secondary
Elementary Schools				Elementary Schools				
Conference room		150	min seating 12	Conference room	1	350		
Parent/community room			minimum seating 30	Parent/community room	1	350		
Designated Computer Lab K-5	1		1 lab for K-5	Computer Access grades K-3			3/4 computers in pod ea classroom	
				Computer Access grades 4-5			each 5-7 classrooms will share a mobile lab	
Cafeteria/ Multipurpose room			<u>Per code (CDE?) 3' for ½ of site enrollment (includes outside space)</u>	Cafetorium			<u>7' interior space per ½ student population per CBC code</u>	<u>CDE Code of 3' per ADA including outdoor space allows for less interior space per student</u>
Supplemental Classroom: music, reading lab, etc.	1	960	1/site minimum	Flexible classrooms for science, music, art	2 to 3	960	2/site minimum, 3 on larger sites	Sites >600 are larger sites
EDC	3	960	3/site minimum	Preschool	2	960	Bathroom	All Sites
				SM Crest – Lower K-3	Shared Space		2-5 rooms based on enrollment (except Pt Dume)	1 dedicated space for City CREST (SM only)
				City Crest – Upper 4/5	2 to 5	960		
				Lower Crest Program			Dedicated office space if room is shared	Lower Crest programs share rooms with K-5

(Continued on next page)

SMMUSD Current/Proposed District Standards (*Continued*)

CURRENT STANDARDS (1997)				PROPOSED STANDARDS (2007)				COMMENTS
	Count	Sq. Footage	Notes		Count	Sq. Footage	Notes	
Middle Schools				Middle Schools				
Conference Room				Conference Room		350		
Parent/community room				Parent/community room	1	350		
Playfield/Hardcourt Space			Meet CDE Standards	Playfield/Hardcourt Space			Meet CDE Standards, accessible from classrooms and parking. Synthetic turf on all baseball and football fields	
Designated Computer Lab	1	960	Adequate security	Designated Computer Lab	1	960	Combination of computer lab rooms and mobile units	
Teen Center				Teen Center	1	960	1 room at each middle school	
Science labs and specialized rooms to meet site-specific programs		960		Science labs, music, art, and specialized rooms to meet site-specific programs	As is	1200		
High Schools				High Schools				
Parent/community room				Parent/community room	1	960		
Conference Room				Conference Room	1	350		
Designated Computer Lab			No Standard	Designated Computer Lab			Combination of computer lab rooms and mobile units	1 lab per 1,000 students

INFORMATION ITEMS

TO: BOARD OF EDUCATION

INFORMATION

04/25/07

FROM: DIANNE TALARICO / STEPHEN R. HODGSON / VIRGINIA I.
HYATT / J.W. BERRIMAN

RE: SOLICITATION OF REQUEST FOR QUALIFICATIONS FOR PROGRAM
MANAGEMENT AND OTHER SERVICES - MEASURE "BB"

INFORMATION ITEM NO. I.01

Background information:

The district's Ad Hoc Facilities Committee, at its last meeting on April 16, 2007, received a comprehensive report and presentation regarding the need for "Program Management" and other services subsequent to the completion of the Facilities Master Plan. This is a change from the action by the Board of Education on 03/01/07 to consider contract negotiations with SGI for program management services. Staff has met with representatives from SGI and it was stated by them that they wish to participate in the RFP process for Measure "BB" program management in its entirety and do not wish to enter into a short-term agreement.

Staff is proceeding with Request for Qualifications (RFQ) documents for program management services, and, on its own accord or in partnership, would be in a position to provide other project/construction management services as may be needed. The schedule for selection is as follows:

Selection Schedule

Release Request for Qualifications	April 20, 2007
Publish Legal Advertisement - Santa Monica	April 20, 2007
Publish Legal Advertisement - Malibu	April 26, 2007
Pre-Qualifications Conference	May 1, 2007 (1:00 PM)
Receive Statements of Qualifications	May 15, 2007 (2:00 PM)
Review-meet w/review panel to develop short list	May 24, 2007
Letter to Qualified Firms	May 25, 2007
Interview short list qualified Firms	May 30-31, 2007
Letter to Finalists for Request of Proposals	May 31, 2007
Receive Proposals	June 7, 2007
Review w/committee	June 12, 2007
Negotiate Fees with Most Qualified Firm	June 13/14, 2007

Agreement Signed by Successful PM Firm

June X, 2007

Board of Education Approval of PM Firm

June 28, 2007

Executed Agreement Provided to PM Firm

June 29, 2007

Staff anticipates returning to the Board of Education with a recommended Program Management Firm for the meeting scheduled on June 28, 2007.

ATTACHMENTS

SMMCTA REPORT

April 25, 2007

Dear Members of the Board of Education:

I want to begin by thanking Chief Financial Officer Steve Hodgson and his staff for their work in preparing the budget, including all projections for expenditures and revenues. In addition, I'd like to thank Steve and his staff for providing the public with a second special meeting related to SMMUSD's budget.

These budget assumptions are a snapshot and it's important that we look at the ever-changing picture on an ongoing way. The estimates used to create the current budget will change during the months ahead. There are simply too many unknowns at this time to expect otherwise. Some of these factors will include: the May Revise Budget and final state budget, student enrollment, employee retirements, and future contract negotiations with employee groups.

Finally, if past practice and responsible practice is any indicator of current/future performance, we know that that it's best to put forth a conservative financial picture.

State Funding

Soon after being elected governor, Arnold Schwarzenegger initiated a Statewide Special Election. Proposition 76, would have altered the way k-12 education is funded was soundly defeated by the voters. The defeat of Proposition 76 reiterated the voters support of our public schools. In addition, it sent a message to the governor that any attempt to undermine school funding would face significant opposition and would not be tolerated.

In addition to the defeat at the ballot box, CTA and others filed a lawsuit, alleging the state had short changed k-12 education. Last year a settlement was reached between the governors' office and CTA. This resulted in more than \$3 billion

To his credit the governor learned from this experience and his budgets since then have fully funded k-12 education, including Cost of Living Adjustments. In 2005-06 the COLA was north of 3%, in 06-07 it was approximately 5.87% and the forecast for 07-08 is estimated to be 3.9%. It should be noted, however, that the May revise will likely result in state revenues being below earlier estimates.

The primary source of unrestricted state funding is the Base Revenue Limit. The following figures outline the increase to the Base Revenue Limit and the projections into 2009-10:

Year	BRL
05-06	
06-07	\$5,627.84
07-08	\$5,852.84
08-09	\$6,008.84
09-10	\$6,158.84

SMMSUD Projected Budget Deficit

If the state has been fully funding k-12 education, providing Cost of Living Adjustments (COLA) and we have unprecedented local support for our schools, why is there a projected budget deficit? There are many contributing factors, however, the primary cause is the declining student enrollment and the current student to adult ratios.

Contrary to what some may think, the salaries and benefits of teachers is not the cause of SMMUSD's structural deficit. The most recent salary enhancement for our teachers and comparisons to surrounding school districts clearly demonstrates that teacher salaries and benefits in SMMUSD are within the average range for LA County.

Primary Factors

1. Student Enrollment

The primary contributor to SMMUSD's revenue is student enrollment. During the past several years our enrollment has decreased by more than 900 students. This translates to a loss of more than \$5 million in state funding. The student enrollment projections for the next (3) years are for the student enrollment to decrease by another 500 students, thus placing ongoing downward pressure on the revenue side of our budget.

“The number of students who attend school is critical to district revenue because most of the funding is provided on a per-pupil basis, adjusted for actual attendance. Changes in a district's enrollment can have a significant impact on its revenues. A district with ongoing declining enrollment will continue to receive less money each year regardless of its ability to reduce expenses”. (Ed Source)

2. Staffing Ratios

During the same time period in which we decreased our student enrollment by more than 900 students, the Board with the support of many stakeholders has advanced several local reform initiatives. Some of these reform initiatives were: the SAMOHI Redesign, the JAMS restructuring, and the Rogers Class Size Reduction program. All of these reforms included increasing staff and thus increasing expenditures. While we implemented these initiatives, all with significant costs associated, we did not decrease expenditures anywhere else.

“Conservative estimates of student population and revenues will lead to conservative staffing commitments. Being conservative will protect the district from overstaffing, which can have a disastrous impact on the budget”. (Ed Source)

Secondary Factors

There are a myriad of secondary factors, which contribute to the financial challenges of school districts. Some of these factors include:

- The rising costs associated with health and welfare benefits.
- The increase costs associated with providing all students with a free and appropriate education in the least restrictive environment.
- The rising costs of fuel and electricity.
- The need to provide competitive salaries to all employees.
- The desire of many to protect specific programs – many of which are critical to
- Providing children with a well-rounded and comprehensive educational experience.

Looking Ahead

The solution to the projected budget deficit lies on both the revenue side and the expenditure side of your budget. With student enrollment being the single most important factor influencing your revenue and with enrollment down by more than 900 students, should the future reductions in student enrollment be slowed down? Can the system continue to absorb this downward pressure on the revenue side?

On the expenditure side, the single most important factor is your staffing ratios. Just as it's taken several years for our ratios to get "out of alignment", we should readjust our ratios incrementally over the next 3 years. These adjustments can be achieved via attrition, (all certificated employees) and strictly adhering to class size ratios.

In addition to closely examining the enrollment projections and staffing ratios, the following expenditures and potential revenue enhancement should be studied:

- Class size in grades 4-12
- The number of administrators in the district, especially in the Ed Services Department
- Expenditures within the 5000 account, Other Operating Expenses
- Achieving maximum flexibility within our restricted funds
- Studying all lease agreements to ensure we are receiving the maximum rents permissible