

**Santa Monica-Malibu Unified School District
Board of Education Meeting
MINUTES**

June 10, 2009

A special meeting of the Santa Monica-Malibu Unified School District Board of Education was held on Wednesday, June 10, 2009, at District Offices: 1651 16th Street, Santa Monica, CA. The Board of Education called the meeting to order at 5:20 p.m. in the Board Conference Room. At 5:21 p.m., the Board of Education moved to Closed Session regarding the items listed below. The public meeting reconvened at 6:17 p.m. in the Board Room.

I CALL TO ORDER

A. Roll Call – Board of Education and FOC

Ralph Mechur	Cynthia Torres
Barry Snell	Craig Hamilton – <i>excused</i>
Ben Allen	Patricia Hoffman
Oscar de la Torre	Gordon Lee
Jose Escarce	Nimish Patel
Maria Leon-Vazquez	Paul Silvern
Kelly Pye	Manel Sweetmore
	Carrie Wagner – <i>excused</i>

B. Pledge of Allegiance
Led by Mr. Allen

II CLOSED SESSION (40)

- Conference with Superintendent regarding 2008-2009 Strategies for Negotiations with S.E.I.U. pursuant to GC §54957.6 as cited in the Brown Act. (20)
- Conference with Superintendent regarding 2008-2009 Strategies for Negotiations with S.M.M.C.T.A. pursuant to GC §54957.6 as cited in the Brown Act. (20)
There was no action to report out of closed session.

III APPROVAL OF MINUTES

- A.01 Approval of Minutes ii
May 21, 2009 – Postpone until June 25, 2009

IV 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 is 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 "III. 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 twenty (20) minutes.

There were no public comments.

V MAJOR ITEMS (10)

- 6:21 pm A.01 Budget Revisions (10)..... 1-3

VI DISCUSSION ITEMS (270)

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

- 6:23 pm D.01 Preliminary General Fund Budget for 2009-10 (30)..... 4-11


7:10 pm

D.02 Joint Meeting with Financial Oversight Committee (FOC) (60).....12
D.03 Review Board Policy Series 3000 and 5000 (180)..... 13-14
 3000 Series (Business and Non-Instructional Operations)
 5000 Series (Students)


VII ADJOURNMENT

It was moved by Mr. Allen, seconded by Mr. Snell, and voted 7/0 to return to closed session at 9:42 p.m. Closed session adjourned at 11:00 p.m. The next regular meeting will be held on **Thursday, June 25, 2009, at 5:30 p.m.** in the Board Room at the District Office: 1651 16th Street, Santa Monica, CA.

Approved: 6-25-09



President



Superintendent

TO: BOARD OF EDUCATION

ACTION
06/10/09

FROM: TIM CUNEO

RE: APPROVAL OF MINUTES

RECOMMENDATION NO. A.01

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

May 21, 2009

***** ***** ***** ***** ***** *****

The board agreed to postpone the approval of these minutes until June 25.

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

MAJOR ITEMS

TO: BOARD OF EDUCATION

ACTION/MAJOR

06/10/09

FROM: TIM CUNEO / JANECE L. MAEZ / PAT HO

RE: 2008-09 BUDGET TRANSFERS

RECOMMENDATION NO. A.

It is recommended that the Board of Education approve the following budget transfers to reflect the May Revision of Revenue Limit cut and the Federal funding for American Recovery and Reinvestment Act (ARRA) PreK-12 Education.

MOTION MADE BY: Mr. Allen
SECONDED BY: Dr. Escarce
STUDENT ADVISORY VOTE: N/A
AYES: All (7)
NOES: None (0)

Fund 01- Unrestricted General Fund

Object	Description	Revised Budget as of 5/21/09	Working Budget as of 6/4/09	Changes
	Beginning Fund Balance	21,020,258	21,020,258	-
8011-8099	Revenue Limit	62,038,729	59,561,489	(2,477,240)
8100-8299	Federal Revenue	62,123	62,123	-
8300-8590	State Revenue	5,329,971	5,329,971	-
8600-8799	Local Revenue	23,191,286	23,191,286	-
8910-8929	Other Financial Sources	1,000,000	1,000,000	-
8980-8999	Contribution	(16,015,903)	(14,815,903)	1,200,000
	Total Revenues	75,606,206	74,328,966	(1,277,240)
1000-1999	Certificated Salaries	45,324,588	42,603,900	(2,720,688)
2000-2999	Classified Salaries	11,138,778	11,138,778	-
3000-3999	Employee Benefits	15,742,219	15,415,736	(326,483)
4000-4999	Books and Supplies	954,611	954,611	-
5000-5999	Services and Other Operating	6,567,059	6,567,059	-
6000-6999	Capital Outlay	76,047	76,047	-
7100-7499	Other Outgo	6,800	6,800	-
7300-7399	Indirect Costs	(1,190,028)	(1,190,028)	-
7610-7699	Interfund Transfer	75,000	75,000	-
	Total Expenditures	78,695,074	75,647,903	(3,047,171)
	Increase /(Decrease) Fund Balance	(3,088,868)	(1,318,937)	1,769,931
	Projected Fund Balance	17,931,390	19,701,321	1,769,931

Major Changes:

Revenues:

(\$2,477,240) decrease in Revenue limit to reflect the May Revision

\$1,200,000 decrease in Local General Fund Contribution /Special Ed positions support by ARRA

Expenditures:

(\$ 2,720,688) decrease in Certificated salaries

(\$ 326,483) decrease in Benefits

District uses the State Fiscal Stabilization Fund to support the May Revision Cut in State Aid

Fund 01- Restricted General Fund

Object	Description	Revised Budget as of 5/21/09	Working Budget as of 6/4/09	Changes
	Beginning Fund Balance	7,064,915	7,064,915	-
8011-8099	Revenue Limit	1,904,539	1,904,539	-
8100-8299	Federal Revenue	4,826,901	9,074,072	4,247,171
8300-8590	State Revenue	5,693,226	5,693,226	-
8600-8799	Local Revenue	12,677,252	12,677,252	-
8980-8999	Contribution	16,015,903	14,815,903	(1,200,000)
	Total Revenues	41,117,821	44,164,992	3,047,171
1000-1999	Certificated Salaries	13,359,387	16,080,075	2,720,688
2000-2999	Classified Salaries	9,984,284	10,310,767	-
3000-3999	Employee Benefits	6,544,095	6,544,095	326,483
4000-4999	Books and Supplies	6,396,178	6,396,178	-
5000-5999	Services and Other Operating	8,972,413	8,972,413	-
6000-6999	Capital Outlay	630,336	630,336	-
7400-7499	Other Outgo			-
7300-7399	Indirect Costs	616,143	616,143	-
7610-7629	Interfund Transfer	-	-	-
	Total Expenditures	46,502,836	49,550,007	3,047,171
	Increase /(Decrease) Fund Balance	(5,385,015)	(5,385,015)	-
	Projected Fund Balance	1,679,900	1,679,900	-

Revenues:

\$3,047,171 increase in State Fiscal Stabilization Fund (SFSF)

\$1,200,000 increase in IDEA

Expenditures:

\$2,720,688 increase in Certificated Salaries

\$ 326,483 increase in Benefits

DISCUSSION ITEMS

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.

***** ***** ***** ***** ***** *****

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)

TO: BOARD OF EDUCATION

DISCUSSION

06/10/09

FROM: TIM CUNEO / JANECE L. MAEZ

RE: JOINT MEETING WITH THE FINANCIAL OVERSIGHT COMMITTEE

DISCUSSION ITEM NO. D.02

As part of the requirements associated with the annual funds given to the School District from the City of Santa Monica, the Financial Oversight Committee (FOC) was appointed as an independent oversight committee regarding the financial matters of the District. This includes an annual report from the FOC to the School Board, reviewing the past year and offering its observations about the District's financial matters.

In addition, the FOC's charge was amended at the June 5, 2008, Board meeting (Item A.22) to include responsibilities associated with the Measure R parcel tax, approved by the voters at the February 2008 Special Election. Measure R requires that an Independent Citizens Oversight Committee monitor proposed and actual parcel tax expenditures each year.

Therefore, in compliance with the foregoing, the Board of Education will convene a joint session with the FOC on June 10, 2009, at 6:15pm for the purpose of addressing the following items:

- I. Report from the FOC as presented by Chair Cynthia Torres
 - A. Introduction
 - B. Summary of FOC Activities During FY 2008-09
 - C. Report on Measure R Expenditures
 - D. Views on the Proposed 2009-10 District Budget
 - E. Proposed FOC Focus for FY 2009-10
- II. Discussion between the Board of Education and the FOC

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The FOC's report can be found under Attachments at the end of these minutes.

Mr. de la Torre asked the FOC about budgeting with equity in mind. Mr. Silvern replied that in absence of an updated strategic plan, the district does not have a guide for budget decisions. Mr. Patel added that if the district goes out for a parcel tax, the communities will need to know what the funds would be used for and a strategic plan could help communicate this. Mr. Sweetmore asserted that a plan would also hold people accountable. Mr. de la Torre said a revised strategic plan would not need to be the in depth document from 2002. He requested that a strategic plan, once adopted, be brought back for an annual report to the board. Mr. Allen asked what the decision making process was for the budget recommendations. Mr. Cuneo explained that staff meets with Principals regarding what cuts

could be made at their sites, senior staff then reviews those options, various stakeholder groups are shown the options, and then staff brings those recommendations that make the most fiscal sense with the least impact on the classroom to the board for consideration. Mr. Cuneo said they did not refer to the strategic plan as a guideline, but used the district's practitioners to help.

As a possible revenue enhancement option, Mr. Allen suggested aggressive alumni fundraising or clothes branding. Ms. Leon-Vazquez suggested the district hire someone to raise money through grant writing, giving campaigns, and other marketing strategies. Mr. Cuneo said there were people out there who have those skill sets who might be able to help the district. Ms. Pye supported this suggestion. She requested that the Education Foundation report on their current and planned fundraising efforts. Mr. Mechur replied that staff will come back in July with information regarding a blue ribbon committee to discuss possible revenue enhancement options. He added that while it is beneficial to update the strategic plan, the district has been following many of the plan's focuses when making budget recommendations and decisions. Rather, he said, alumni and the community need to make a long-standing commitment to support the district as a whole to maintain programs. He added that the current economic crisis should be an opportunity to join forces with community to prevent programs from being cut. Dr. Escarce suggested the Superintendent evaluate possible revenue options then develop a plan with timeline and resource requirements to pursue them. Mr. Cuneo suggested the revenue enhancement piece be moved up FOC's priority list. Mr. Mechur commented that the blue ribbon committee could also look at these potential ideas, come back in September with a plan regarding how to raise funds. Ms. Leon-Vazquez suggested developing a plan over the summer. Mr. Cuneo said that some work could be done during the summer, but that staff and community members take vacations during the summer, and a good deal of time will be focused on summer school and preparing for the beginning of the fall semester. Mr. Snell asked how long it would take to revise the strategic plan, develop a list of revenue ideas and associated timeline, and decide on further necessary cuts. Ms. Torres said that the following would be occurring concurrently: updating the strategic plan, forming a revenue enhancement group, adding to the budget cut list, negotiating with unions, finding someone with marketing skills, and identifying key revenue projects. She added that the FOC is willing to be a part of the process. Mr. Snell asked what would be the ideal reserve level for SMMUSD. Ms. Torres said the FOC would like to see at least a 5% reserve. Mr. Cuneo advised that the district would have to invest money in the implementation of these revenue projects. Ms. Reese said the FOC could examine the list of possibilities and help determine which activities could bring in the most money.

Mr. Cuneo summarized the discussion. Staff will revisit the strategic plan; a list of revenue enhancement possibilities will be developed by staff and a committee; this next budget development will not follow the traditional cycle, but will begin earlier; negotiations will continue with employees groups; staff will bring back timeline in July regarding these projects; and staff will be assigned to work with various stakeholder groups.

TO: BOARD OF EDUCATION

DISCUSSION

06/10/09

FROM: TIM CUNEO

RE: REVIEW BOARD POLICY SERIES 3000 AND 5000

DISCUSSION ITEM NO. D.02

It is recommend that the Board of Education review Board Policy Articles 3000 (Business and Non-Instructional Operations) and 5000 (Students) for adoption at a subsequent Board of Education meeting.

At that subsequent meeting, staff will recommended that the Board delete all current policies, administrative regulations in these articles and adopt those reviewed and recommended for Board adoption today and that these actions will be effective August 1, 2009.

COMMENT: The District embarked on a process of reviewing and updating all its policies, administrative regulations and related exhibits. It was agreed that California School Boards Association Board policies would serve as an example for that comparative review and in November a series of workshops were conducted with appropriate staff and a consultant from CSBA to review each District Policy, administrative regulation and exhibit along side those of CSBA and make recommended changes to the Board. Previous revisions made to policies that reflect the specific interests of SMMUSD have not been altered (as long as those revisions are compliant with state and federal law). Attached is a matrix of staff recommendations for deletion and adoption of policies and administrative regulations for these articles that was sent to CSBA and produced the policies and administrative regulations before you today.

This meeting represents the final meeting to review (first reading) all new and revised policies.

Additionally, staff recommended and the Board approved after the new policies are adopted they would be returned to CSBA for uploading to their computers and be linked to our web site for public and staff access and printing.

CSBA issues updates in March, July, and November of each year that reflect recent changes in Federal and state statute, law, Education Code and case law. When

received these changes will be reviewed and appropriate recommendations made to the board.

In this manner, the District can maintain its policies and administrative regulations that will keep the District in full compliance.

Attachments:

- Article 3000 - Business and Non-Instructional Operations
- Article 5000 - Students

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The board agreed to postpone the first reading of the 3000 and 5000 series until July.

ATTACHMENTS

ATTACHED ARE THE FOLLOWING DOCUMENTS:

- Document: "SMMUSD Multi-Year Projection: Unrestricted General Fund - 6/9/2009"
- Document: "Presentation to the Board of Education by the SMMUSD Financial Oversight Committee"

**SANTA MONICA - MALIBU USD
MULTI-YEAR PROJECTION
UNRESTRICTED GENERAL FUND
6/9/2009**

Description	2008-09 BUDGET	2009-10 PROJECTED	2010-11 PROJECTED	2011-12 PROJECTED
Revenue:				
Revenue Limit	59,561,489	57,425,482	57,937,753	59,307,461
Other Federal	62,123	100,000	100,000	100,000
Other State Apportionments	744,766	705,900	710,248	726,533
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	11,337,584	11,389,440
Interfund Transfer In	1,000,000	1,000,000	1,000,000	1,000,000
Local General Fund Contribution	(15,919,865)	(16,115,616)	(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
Enhanced Revenue Opportunities				
	74,328,966	71,607,622	71,396,060	73,041,977
Expenditure:				
Certificated Salary	42,603,900	45,343,865	46,798,453	47,828,019
Classified Salaries	11,138,778	11,379,035	11,549,721	11,722,966
Benefits	15,415,736	16,827,206	17,724,909	18,611,155
Supplies/Books	954,611	1,536,800	1,441,800	1,441,800
Other Operational Costs	6,567,059	6,137,138	6,232,138	6,232,138
Capital Outlay	76,047	15,000		
Transfers	6,800	6,800	6,800	6,800
Indirect	(1,190,028)	(999,853)	(850,000)	(850,000)
Transfer Out	75,000	75,000	75,000	75,000
09-10 Reductions				
10-11 Reductions				
11-12 Reductions				
	75,647,903	80,320,991	82,978,821	85,067,878
Increase (Decrease) Fund Balance	(1,318,937)	(8,713,369)	(11,582,761)	(12,025,901)
Beginning	21,020,258	19,701,321	10,987,952	(594,809)
Fund Balance	19,701,321	10,987,952	(594,809)	(12,620,711)
Reserve- Revolving cash, Store	96,000	96,000	96,000	96,000
Reserve - New Student System*	1,000,000	-	-	-
Total Available Fund Balance	18,605,321	10,891,952	(690,809)	(12,716,711)
5% / 3% Contingency Reserve	5,712,221	3,491,285	3,578,915	3,600,000
Unappropriated Balance	12,893,100	7,400,667	(4,269,724)	(16,316,711)

**Presentation to the Board of Education by the
Santa Monica-Malibu Unified School District
Financial Oversight Committee**

Cynthia Torres, Chair

June 10, 2009

Good evening, Members of the Board of Education. My name is Cynthia Torres and I am the chair of the Financial Oversight Committee. On behalf of the FOC I welcome the opportunity to review our work during the past year with you, and to offer you observations about certain District financial matters.

Introduction

The Financial Oversight Committee, now in its eighth year of operation, is a nine-member committee of professional and community members appointed by the Board to provide you and District management with advice and counsel on a variety of financial matters. According to the charge you gave us, our responsibilities include:

- Reviewing and commenting on the District's financial audit, the interim financial reports to the Los Angeles County Office of Education, the proposed annual budget, and annual enrollment projections;
- Assisting in the development of a long-term financial plan for the District;
- Reviewing issues that could have a significant impact on District finances before the Board makes decisions about them, including proposed labor settlements;
- Serving as the Taxpayer Oversight Committee charged with reviewing the District's administration of and compliance with the terms of Measure R, which was the parcel tax approved by voters in 2008 (and previously the terms of Measure S, which was the parcel tax approved by District voters in June 2003)
- Monitoring and advising about the funding agreements between the District and the City of Santa Monica and the City of Malibu; and
- Assisting the District to educate the general public about school finance issues.

Because of the extraordinary circumstances that have affected the State of California's budget this year, much work remains to be done on the District's budget. Our District faces significant financial challenges that the Board has only begun to confront. On the positive side, District staff conducted encouraging discussions in mid-May with two independent bond rating agencies. Our District is currently rated AA by Standard & Poor's and Aa2 by Moody's Investors Service. In these discussions, the rating agencies expressed particular interest in the voters' approval of Measure R and other parcel taxes and bond measures; the District's renewed funding contract with the City of Santa Monica and continued financial support from the City of Malibu; high general fund reserve levels in the current fiscal year; and the general strength of our two communities' assessed value over the past ten years. We expect that Standard & Poor's and Moody's will re-affirm their positive ratings of our District in mid-June in preparation for a planned issuance in August of the next series of Measure BB bonds. In addition, we will benefit in the short-term from one-time federal funding associated with the President's national economic recovery strategy.

But our State's projected \$24 billion budget deficit, combined with the voters' rejection in May of the budget propositions, suggests that significant cuts to education are inevitable. Turning to our District's finances, the Los Angeles County Office of Education continues to raise concerns about the District's deficit financing practices, funding of labor

settlements by drawing down reserves, and the budgetary impact of the continuing decline in student enrollment. The School Board has taken important initial steps to reduce District expenses for next year by approximately \$4.5 million. But these reductions, unfortunately, are simply not enough. Because of additional expected reductions to our state revenues for next year, Chief Financial Officer Jan Maez estimates that our District must cut an additional \$2 million from our budget for 2009-2010. She further stipulates that cuts in the range of \$4 - \$5 million must be made in each of the following two years. I will discuss some of our recommendations to deal with these budget reductions later in this presentation.

Tonight's discussion is our third meeting in a workshop setting with the Board this year. We believe this series of workshops is a useful change in Board procedure that is responsive to our financial predicament. These workshops are useful for communicating information to the public, and provide opportunities for an open exchange of ideas about a complex subject. The specific topics we want to discuss with you tonight include the following:

1. A brief summary of the Financial Oversight Committee's activities during FY 2008-09.
2. Our report on Measure R expenditures during FY 2008-09 and 2009-10.
3. Comments on the current draft of the FY 2009-10 District budget.
4. Recommendations for the FOC to focus upon during 2009-10.

Summary of FOC's Activities During FY 2008-09

This year has been a particularly busy one for the Financial Oversight Committee, during which we accomplished the following:

- Met with the District's auditor to review the FY 2007-08 audit of District finances and Measure S expenditures.
- Reviewed the 1st and 2nd Interim Reports, the P-1 and P-2 enrollment counts, District staff projections of enrollment and Average Daily Attendance (ADA) and various proposed budget transfers.
- Met with the District's investment bankers from Keygent LLC. We reviewed with them the planned financial structure of the next series of Measure BB bonds, discussed the merits of the District's issuance of short-term Tax and Revenue Anticipation Notes (TRANS) for cash flow needs, and discussed the presentation to the rating agencies.
- Reviewed, discussed, and provided comments to the Board on a variety of other financial matters, including:
 - a) A review of the District's significant contracts, including contracts in Special Education;
 - b) A review of numerous budget reduction proposals and adjustments to the District's financial position;
 - c) A discussion of the District's reserves for economic uncertainty, and projected reserve levels;
 - d) A discussion of the District's permit policy;
 - e) A review of the District's salary schedules for certificated, classified, management, and hourly employees, along with the J-90 Report, which is submitted annually to the State of California; and
 - f) Examined certificated employees' salary compression data.
- Through one of our subcommittees, we conducted collaborative work with the Special Education District Advisory Council subcommittee on budgetary and financial issues, including sharing financial reports and studying budgetary detail.
- Began to research alternative compensation models for District staff that have been successfully adopted by other Districts.

- Presented initial recommendations for District-wide revenue enhancements, which we will discuss later in this presentation.
- Through an application and interview process, we replaced three members of our committee.

In addition, several of our members are active on other District committees, including the Measure BB Committee, the Special Education District Advisory Committee, and the Superintendent's Advisory Committee on the Budget. Several of our members also played an advisory role on negotiations leading up to the successful renewal of the City of Santa Monica-District contract.

The FOC's work this year benefitted from a productive working relationship with Superintendent Tim Cuneo, Chief Financial Officer Jan Maez, the District's outstanding fiscal staff, and other senior District staff. Once again, we want to acknowledge Dawn Smithfield, in particular, who provides administrative support to the FOC and who continues to handle the parcel tax senior exemption program with exceptional grace and tact.

Our Committee was very fortunate to have active participation in our meetings by two sets of board liaisons. Our current board liaisons, Jose Escarce and Barry Snell, have provided us with valuable insights about board policy. Prior to the most recent board election, our liaisons had been Maria Leon-Vazquez and Kelly Pye, who also provided us with valuable comments. Other members of the Board have attended our monthly meetings from time to time. Our meetings are open to the public and the press, and our agendas and minutes are posted on the Board's web site.

Report on Measure R Expenditures

The Santa Monica-Malibu Schools Quality Education Funding Renewal Act of 2008, more commonly known as Measure R, was the school funding measure approved by District voters in February 2008. The measure consolidated and replaced two former parcel taxes, Measure S and Measure Y, in the amount of \$346 per parcel this year, and includes both a "Senior Exemption" and an annual CPI adjustment.

With a total of about 32,500 property parcels in the District, and after deductions for the estimated number of senior exemptions and tax payment delinquencies, Measure R generated about \$10.3 million for our District in 2008-09. Under the terms of the Measure, these funds are to be used for the following purposes:

- To preserve programs and replace funds lost or reduced due to inadequate state funding;
- To sustain achievement in reading, writing, and mathematics for all students at all grade levels and to fulfill the District's core curriculum which includes music, the arts, library services, and athletics;
- To attract and retain highly qualified teachers; and
- To protect the taxpayers' investment in education and ensure District accountability by providing for special financial oversight and independent annual audits of revenues and expenditures.

Measure R requires that funds be deposited into a separate account, that a "citizen financial oversight committee" review District administration of and compliance with Measure R, provides for public review of the expenditure plan, and requires an annual audit of expenditures.

The actual expenditures for Measure R in 2008-09 totaled \$10.3 million and are shown below.

The Financial Oversight Committee reviewed the final audit of Measure S that was performed by the District's auditors, Nigro Nigro & White for the FY ended June 30, 2008. This audit contained a "clean" accounting opinion, and there were no findings reported in the

schedule of findings and recommendations. A similar audit of Measure R through June 30, 2009 will be reviewed by the FOC next year.

Santa Monica Malibu Unified School District				
Measure R Expenditures, FY 2008-09 and 2009-10				
Expenditure Category	FY 2008-09 Budget		FY 2009-10 Budget	
	FTEs	Amount	FTEs	Amount
Art & Music Program	13.188	1,142,509	12.1875	1,039,075
Physical Education Program	13.072	547,199	13.0724	557,221
Library Program	20.375	1,256,155	19.375	1,232,156
Technology	12.000	1,067,122	12.000	1,078,818
Administration Cost		67,364		57,044
Sub-total	58.635	4,080,349	56.635	3,964,314
District Program Preservation Due to Inadequate State Funding		6,219,651		6,335,686
TOTAL		10,300,000		10,300,000
Notes: 1. The Consumer Price Index - All Urban Consumers (CPI-U) has not increased, so the parcel tax remains at \$346 per parcel for 2009-10				
2. The Annual Plan will fund the above specified services, with the balance being used to "...preserve programs and replace funds lost or reduced due to inadequate state funding."				

Views on the Proposed FY 2009-2010 District Budget

The general financial context for considering the District's FY 2009-2010 budget is unusually difficult. As noted above, the \$24 billion projected State deficit and the Legislature's budget debate that will take place this summer, forces all California school districts to plan for significant reductions in the years ahead. The voters' rejection of the budget propositions in the May special election seems to have signaled to Sacramento that steep spending cuts are the voters' preferred approach to balancing the budget. Inasmuch as K-14 education accounts for over one-third of state general fund spending, there is no way to balance the budget this way without making draconian reductions in funding for K-12 education in particular. That is precisely what the Governor proposed in his May Revise of the proposed state budget for next year. The guidance we have received from the Los Angeles County Office of Education is to expect an 18% deficit in our revenue limit funding for next year, which equates to a 3.5% reduction in actual receipts. We have also been told to assume a 20% reduction over two years in many categorical program revenues. Whether the Legislature will accept the Governor's latest proposals is very much in question.

By law, our District must adopt its budget by the end of this month even with so much uncertainty about the state of the economy and the state budget. The FOC's ability to provide guidance to the Board on the proposed budget is aided by the excellent work of Ms. Maez and the fiscal services staff, who work diligently to keep up with ever-changing circumstances in Sacramento and Washington, D.C. We on the FOC have welcomed the opportunity to discuss this year's difficult budget decisions with the School Board at our budget workshops, and to

share our positions on important budget decisions at School Board meetings. As stated previously, we believe the budget preparation process has benefitted from this collaboration.

The FOC applauds the District's staff's continuing efforts to analyze opportunities for greater operating efficiencies, and the Board's support for making staffing reductions that are needed to correspond with the continued decline in student enrollment. In light of the negative revenue impact from declining enrollment and state funding uncertainty, we support the Board's decision this year to adjust class sizes and to seek additional cost saving opportunities. We also urge the staff and the Board to continue your progress on developing appropriate staffing ratios by focusing intensively on Classified and Management staffing.

We remain very concerned about the projected scale and growth of the operating deficit in the Unrestricted General Fund, which is the District's primary operating account. The three year budget projection shows a deficit of about -\$8.5 million in the next fiscal year alone, and a cumulative total deficit over the three-year projection period of \$31.6 million. These large projected operating deficits are at odds with the Board's very first adopted budgeting principle, which is to maintain a balance between current and future year income and expenditures so as to ensure the long-term financial integrity of the District.

The Los Angeles County Office of Education has routinely cautioned our District about the need to reduce our projected operating deficit. As we noted in our report last year, research by School Services of California shows that persistent deficits may be a better indicator of future fiscal difficulty than an inability to meet the minimum 3% reserve benchmark. We urge the staff and the Board to continue searching for ways to reduce costs and increase revenues.

We note that this year, unlike in prior years, the District's projected deficits are not a result of increases in operating costs. It is important to understand that salaries and benefits now account for 91% of the Unrestricted General Fund. Because so much of the overall budget is devoted to salaries and benefits, there is simply no choice but to look at the painful issue of reducing these costs in particular. Whether this is accomplished by further reductions in positions, furloughs, and/or changes in salaries and benefits will be a difficult set of discussions with the District's bargaining units. Everyone, including Management, will have to make sacrifices.

Absent further actions by the Board to curtail spending, the operating deficit is primarily financed by drawing down reserves. It is important to note that the proposed budget indicates that the District will be able to fund the minimum required three percent reserve for economic uncertainties only through the next budget year. Thereafter, there will be a steady erosion of the unallocated fund balance at a rate of between \$8 million - \$12 million each year during the projection period. Let me be clear: this is a path to financial insolvency. Bringing the District's budget back into compliance with this most basic standard of good financial practice, namely, adequate reserves, will require further steep spending reductions and additional revenues.

We remind Board members that in some respects the proposed District budget is a "best case" scenario. It assumes, for example, no additional cost increases resulting from future labor negotiations with any of the District's bargaining units over the next three years, and no further reductions in state revenues in the out years of the budget forecast. In practical terms, this means that the District could face significant internal pressures to increase costs that are not reflected in these financial projections. The Board will need to be vigilant about maintaining District reserves, controlling costs, and aggressively searching for new revenues in order for the District to remain fiscally sound.

Most of the federal stimulus dollars we will receive are already ear-marked for special purposes, and because they are a one-time event, they are not a solution to the deep budget dilemmas facing the District. We estimate that our District will receive, over a two year period, an aggregate of \$7.5 million in federal stimulus dollars. Most of these funds are designated for special purposes, such as funds for Special Education and for Title I schools. These one-time funds will assist our District to achieve important goals, such as smaller class sizes for

elementary age students who are most in need, and funding federally-mandated programs for our Special Education students. Other funds will, out of necessity, serve as a bridge during this next year between our current staffing levels and spending reductions that will take place in the following year.

We now need to lay the groundwork for a more intensive budget process looking forward, since further steep budget reductions will be needed. Instead of beginning the budget process for the 2010-11 school year in January, which is typical, the process really needs to start this summer with an examination of revenue enhancement opportunities. Programmatic changes need time to develop, consider, and implement, and work on these should also commence immediately. A full range of budgetary solutions must be on the table for consideration, including further increases to class sizes, administrative changes, school consolidations, and negotiated changes with our bargaining units. We call on the Superintendent and the Board to develop a comprehensive, transparent and inclusive budgetary process so that options can be thoroughly vetted well before the customary budget preparation season in the spring. We need to learn from this year's Samohi reorganization process that implementation plans are an important aspect of budgetary decisions and should not be left to the last minute.

Another important process that our District needs to undertake next year is to re-visit our strategic plan. The last time we developed a strategic plan was in 2002, and it is time for us to once again consider our key priorities and direction. In this difficult economic environment it is especially important for us to consider together as a community what the District's core activities should be. Ideally, the strategic plan should be able to provide us with important guidance on budgetary priorities.

Although we are mindful of the time pressure that staff faces each year in preparing the budget, we want to reiterate two suggestions about the budget process that have not yet been acted on:

- *Show Information on All Funds, Schools, and District Departments..* We continue to recommend that the budget presentation include the proposed budgets for all District funds, schools, and District Departments, and not just the Unrestricted General Fund. While the General Fund, including both its unrestricted and restricted funds is clearly the most significant component of the total budget, we believe the Board and public should see a more complete picture of the District's total budget.
- *Improve Public Communication.* We once again recommend that the budget presentation make better use of graphics to help explain the proposed District budget. School district finance in California is particularly complicated and difficult for the average citizen to grasp. Although the school and program-based budgets have been useful, the agenda reports to the Board do not explain the budget structure as clearly as they could. We should be using every opportunity to educate voters and the public in general about the condition of District finances.

Proposed FOC Focus for FY 2009-10

Each year at this time, the Financial Oversight Committee recommends a particular charge that we would like the Board to approve. The intent is to obtain the Board's approval that, in addition to our other duties, our work focus on a few topics that will provide the most value-added to the District. At our meeting on June 2, the Financial Oversight Committee decided to bring forward three specific topics that we would like to concentrate on during the next school year.

1. *Assist in the board's development of a robust, multi-year financial plan.* We fully appreciate that we are operating in a difficult, fluid budgetary environment. We are concerned about the projected scale and growth of the operating deficit in the Unrestricted General Fund. We intend to continue

searching for ways to reduce costs and to increase revenues, and to work with the Board to analyze all available budgetary strategies.

2. *Refine specific revenue enhancement recommendations.* Nearly all of the budget balancing discussions to date have focused on cost reductions. We believe the revenue side of the budget needs equal attention, although we realize the District's ability to independently raise revenue is limited. Nevertheless, District voters and our two city governments clearly recognize the benefits of an appropriately funded local public school system and have responded with great generosity. We should honor those commitments with more attention to still other local revenue opportunities. At our last FOC meeting we discussed numerous revenue enhancement suggestions, including a school funding measure in 2010, conducting an aggressive attendance improvement campaign, alumni fund-raising, establishing a district-wide academic foundation, pursuing advertising revenue opportunities, and establishing new corporate partnerships, among others. We would like to focus on a few of these that have the most promise, develop estimates on how much we could raise, and come back to you with specific recommendations for further action.
3. *Continue to Work on the Development of a Financial Management Plan for Special Education.* A subcommittee from the Financial Oversight Committee worked with the Special Education District Advisory Committee to develop better tools for analyzing the Special Education financial picture. Our District is spending approximately \$22 million in Special Education funding this year. Special Education costs in our District have increased significantly over the past few years, while enrollment has decreased. In addition, there is now a renewed commitment to a comprehensive review of the most appropriate program of Special Education services for our students. Essentially, we would like to explore ways to deliver a better Special Education services using the resources we already have.



On behalf of the FOC, I thank you for the opportunity to serve the Santa Monica-Malibu Unified School District. We are available to answer any questions you may have about this opening statement, and look forward to a discussion with the Board.