



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

2025-26 Preliminary Budget General Fund

Presented by:

Melody Canady, Assistant Superintendent of Business & Fiscal Services

Gerardo Cruz, Director of Fiscal Services

June 5, 2025 Board Meeting

Major Action Agenda Item



Budget Reporting Periods

1. Preliminary Budget – June
2. Public Hearing Budget – June
3. Adopted Budget – June
4. 45-Day Revision (if needed) – August
5. First Interim – December
6. Second Interim – March
7. Third Revision – May
8. Estimated Actuals – June
9. Fourth Revision (if needed) – June
10. Unaudited Actuals – September
11. FOC/Board Liaisons Review Draft Audit – Dec.
12. Board Approves Final Audit Report – Jan.



We will discuss:

- Budget Process
- LCFF Budget Assumptions
- LCFF Calculation
- Multiyear Assumptions & Projections
- Ending Fund Balance & Reserve
- Cash Flow & Interfund Borrowing
- Next steps
- ~~Appendix: Covid-19 Funding Summary~~



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Budget Process



Process

- Governor's proposed Budget – January
- Enrollment projections – February
- Discussions at Board and Cabinet levels regarding budget changes – January & February
- Site/Department and Staffing Meetings – February & March
- Current year projections and data entry – April & May
- Preliminary budget projections – May & early June
- Budget Adoption – end of June



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Budget Assumptions



LCFF Budget Assumptions

- SMMUSD Enrollment – 8,333 (steadily declining)
- Average Daily Attendance – 7,875 (94.5%)
- Unduplicated Count (ELL, F/R, Foster) – 2,727 (31.33%)
- Cost of Living Adjustment (COLA) – 2.43%
- Total LCFF funding – \$121,658,640
- Included in the LCFF dollars is the LCAP Supplemental funding of \$6,033,937



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Local Control Funding Formula

2025-26 LOCAL CONTROL FUNDING FORMULA (LCFF) CALCULATION

6/5/2025

BASE GRANT:

	TK-3	4-6	7-8	9-12	TOTAL
	2,240.87	1,866.95	1,334.35	2,907.35	8,349.52
2024-25 BASE	10,025	10,177	10,478	12,144	
2025-26 2.43% COLA	244	247	255	295	
2025-26 BASE	10,269	10,424	10,733	12,439	
	23,010,580	19,461,649	14,321,101	36,164,774	92,958,104

AUGMENTATION GRANTS:

CLASS SIZE REDUCTION (CSR) AUGMENTATION: BASE GRANT X 10.4%	2,393,100
CAREER TECHNICAL EDUCATION (CTE) AUGMENTATION 9-12 BASE GRANT X 2.6%	940,284

SUPPLEMENTAL AND CONCENTRATION GRANTS:

TOTAL ENROLLMENT (3-YEAR AVERAGE)	8,704
TOTAL UNDUPLICATED PUPIL COUNT (3-YEAR AVERAGE)	2,727
	31.33%

SUPPLEMENT ADD-ON 20% OF BASE GRANT X % OF ELIGIBLE ENROLLMENT	6,033,937
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TRANSPORTATION, TIIG GRANT, & ADD-ON:

2012-13 LCFF IMPLEMENTATION & ADD-ON FOR TRANSPORTATION	897,197
2012-13 TARGETED INSTRUCTIONAL IMPROVEMENT BLOCK GRANT	429,757
TRANSITIONAL KINDERGARTEN ADD-ON	736,601

TOTAL 2025-26 LCFF ENTITLEMENT	104,388,980
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MINIMUM STATE AID / 2012-13 CATEGORICAL PROGRAMS	8,585,843
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TOTAL 2025-26 LCFF ENTITLEMENT	104,388,980
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LOCAL REVENUE / PROPERTY TAXES	121,658,640
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Amount of Property Tax Over LCFF Entitlement (Basic Aid when negative)	(17,269,660)
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SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Recommended MYP Budget Adjustments



2024-25 Recommended MYP Budget Adjustments

REVENUE

- RDA remains at \$18 million annually as recommended by the analysis of the District Financial Oversight Committee.
- All other property tax categories are estimated at a 3.5% increase in their own separate categories as recommended for Basic Aid Districts instead of one lump sum percentage increase like State Aid Districts.
- Measure Y & GSH projection mirrors the City financial estimates and will be updated per the recommendation of the District Financial Oversight Committee.
- Measure GS at \$10 million annually as outlined and mirrored in City of Santa Monica Financial estimates
- Education Protection Account (EPA) Decreases by \$100K due to lower 3-year average enrollment

EXPENSE:

- Includes adjustments to Salary Schedules due to negotiated salary changes



2025-26 Recommended MYP Budget Adjustments (cont.)

LOCAL GENERAL FUND CONTRIBUTION/INTERFUND TRANSFERS:

- Increase in Special Education Local General Fund Contribution by \$1.1 million from 2024-25 to 2025-26 for a total of \$35.6 million
- Still required to have 3% match in Local General Fund Contribution for Routine Restricted Maintenance Account – 2025-26 is \$9,583,074
- Interfund Transfers of \$3,225,000
 - 375 Thousand – Child Development
 - 100 Thousand – Child Development from LCAP Supplemental Grant
 - 750 Thousand – Food Services
 - 2.5 Million – Deferred Maintenance



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Multi-Year Projections

Factor	2025-26	2026-27	2027-28
Statutory COLA	2.43%	3.52%	6.63%
LCFF FUNDING BASE			
K-3 + 10.4% Class Size Reduction (CSR)	\$ 11,337	\$ 11,736	\$ 12,514
4-6	\$ 10,424	\$ 10,791	\$ 11,506
7-8	\$ 10,733	\$ 11,111	\$ 11,847
9-12 + 2.6% Career Technical Education (CTE)	\$ 12,762	\$ 13,211	\$ 14,087
% of Local Property Taxes Increase	3.5%	4%	5%
% of GAP Funding	100.00%	100.00%	100.00%
MINIMUM STATE AID	\$ 8,585,843	\$ 8,585,843	\$ 8,585,843
Enrollment Projection	8,333	8,170	8,009
P2 ADA Projection	7,875	7,720	7,569
Funding ADA	8,416	8,251	8,090
Lottery - Unrestricted /ADA	\$ 191.00	\$ 191.00	\$ 191.00
Lottery - Restricted /ADA	\$ 82.00	\$ 82.00	\$ 82.00
Mandated Block Grant : K-8 /ADA	\$ 39.14	\$ 40.52	\$ 41.99
Mandated Block Grant : 9-12 /ADA	\$ 75.41	\$ 78.06	\$ 80.89
City of Santa Monica - Joint Use Agreement	\$ 11,529,263	\$ 11,759,848	\$ 11,995,045
City of Malibu - Joint Use Agreement	\$ 246,827	\$ 246,827	\$ 246,827
Measure R / Parcel Tax	\$ 14,301,621	\$ 14,587,653	\$ 14,587,653
City of Santa Monica - Measure Y & GSH / Sales Tax	\$ 18,000,000	\$ 18,000,000	\$ 18,000,000
City of Santa Monica - Measure GS / Property Transfer Tax	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000
Santa Monica Education Foundation	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000
Malibu Education Foundation	\$ 592,508	\$ 592,508	\$ 592,508
Salary Increase *See narrative for schedule of increases	*	*	*
Step & Column Incr.	1.50%	1.50%	1.50%
STRS Rate	19.10%	19.10%	19.10%
PERS Rate	27.40%	27.50%	28.50%
Health/Welfare - Annualized	7%	5%	5%
Workers' Compensation	3.92%	3.92%	3.92%
Other Postemployment Benefits	1.25%	1.25%	1.25%
Indirect Cost Rate	0.20%	0.20%	0.20%
Quarterly Interest Rate Distribution	3.86%	3.86%	3.86%
Ongoing Maintenance	3%	3%	3%
Reserve for Uncertainties	3%	3%	3%

MULTI-YEAR PROJECTIONS

UNRESTRICTED GENERAL FUND

A		B	C	D	E	F	G	H	I
		2024-25	2024-25	2024-25	2024-25	2024-25	2025-26	2026-27	2027-28
Description		ADOPTED BUDGET	FIRST INTERIM	SECOND INTERIM	THIRD INTERIM	SECOND vs THIRD INTERIM CHANGE	PRELIMINARY BUDGET	PROJECTED BUDGET	PROJECTED BUDGET
Revenue:									
1	Property Tax	114,288,540	118,288,540	118,288,540	118,767,103	478,563	121,658,640	125,644,985	130,827,234
2	Education Protection Account (EPA)	1,800,000	1,800,000	1,800,000	1,800,000	-	1,700,000	1,700,000	1,700,000
3	LCFF Transfer to Fund 14	-	-	-		-	-	-	-
4	LCFF In Lieu Property Tax Transfer to Charter School	(287,000)	(287,000)	(287,000)	(287,000)	-	(300,000)	(300,000)	(287,000)
5	Prior Year LCFF Adjustment	-	-	-		-	-	-	-
6	Minimum State Aid	8,585,843	8,585,843	8,585,843	8,585,843	-	8,585,843	8,585,843	8,585,843
7	Subtotal LCFF Funding	124,387,384	128,387,384	128,387,384	128,865,947	478,563	131,644,483	135,630,828	140,826,078



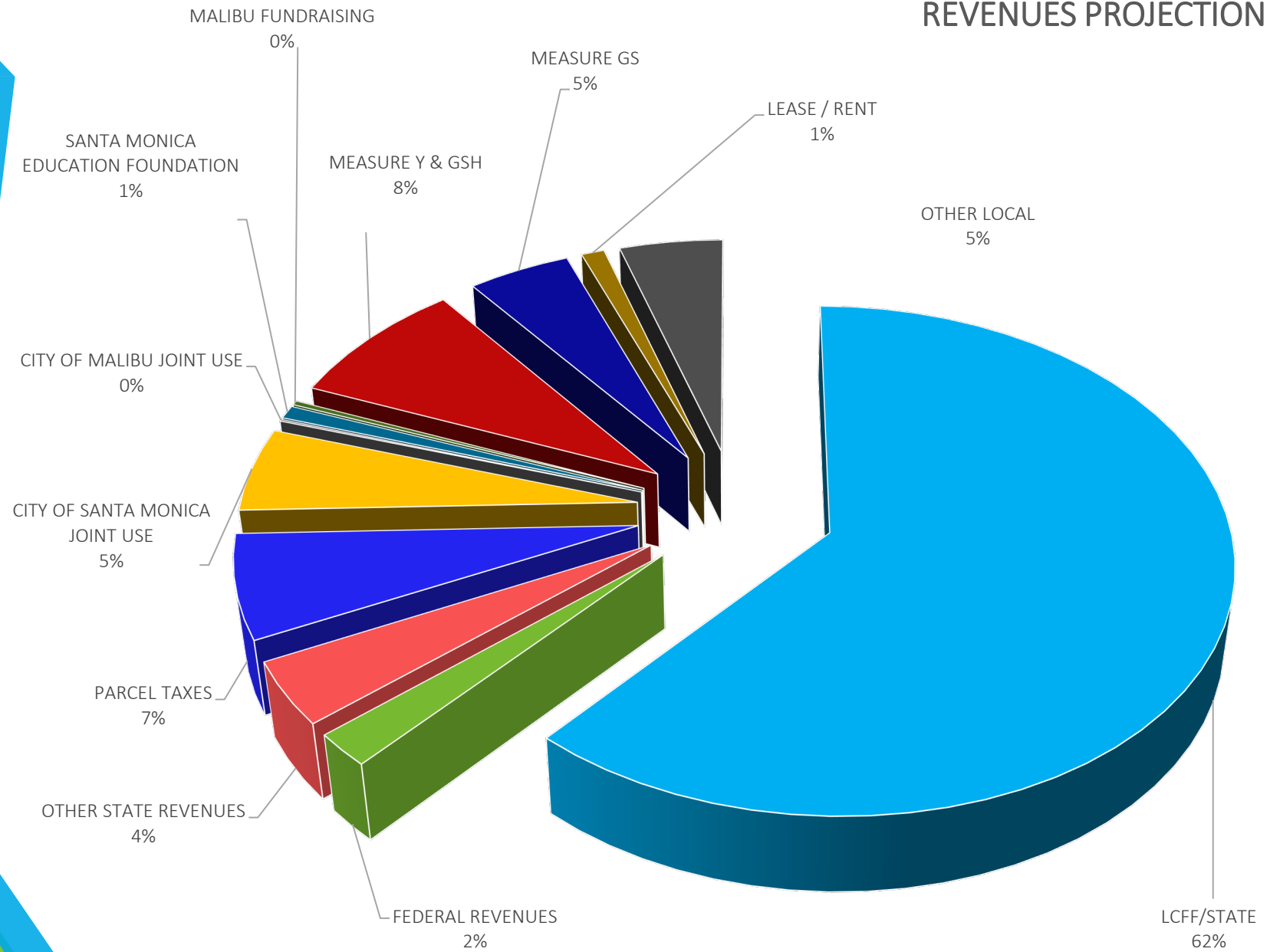
MULTI-YEAR PROJECTIONS

UNRESTRICTED GENERAL FUND

	A	B	C	D	E	F	G	H	I
		2024-25	2024-25	2024-25	2024-25	2024-25	2025-26	2026-27	2027-28
Description		ADOPTED BUDGET	FIRST INTERIM	SECOND INTERIM	THIRD INTERIM	SECOND vs THIRD INTERIM CHANGE	PRELIMINARY BUDGET	PROJECTED BUDGET	PROJECTED BUDGET
8 Other Federal (MAA - Medi-Cal Administrative Activities)		-	-	-		-	-	-	-
9 Lottery - Unrestricted		1,500,000	1,637,085	1,637,085	1,637,085	-	1,700,000	1,700,000	1,500,000
10 Mandated Reimbursement Block Grant		419,000	419,000	419,000	419,000	-	410,000	410,000	410,000
11 Other State Revenue		5,000	5,000	355,000	355,000	-	355,000	355,000	355,000
12 Measure 'R' - Parcel Tax		14,502,917	14,502,917	14,502,917	14,502,917	-	14,301,621	14,587,653	14,879,406
13 Measure 'Y' & 'GSH' - City of Santa Monica		18,000,000	18,000,000	18,000,000	18,000,000	-	18,000,000	18,000,000	19,000,000
14 Measure 'GS' (Effective 3/1/2023) - City of Santa Monica		10,000,000	10,000,000	10,000,000	10,000,000	-	10,000,000	10,000,000	10,000,000
15 Joint Use Agreement - City of Santa Monica		10,978,200	10,978,200	10,978,200	10,978,200	-	11,529,263	11,759,848	11,995,045
16 Joint Use Agreement - City of Malibu		246,827	246,827	246,827	246,827	-	246,827	246,827	246,827
17 Santa Monica Ed Foundation Donation		1,960,389	1,960,389	1,960,389	2,073,389	113,000	1,800,000	1,800,000	1,800,000
18 Malibu Education Foundation		581,685	581,685	581,685	650,600	68,915	592,508	592,508	592,508
19 Lease & Rental		2,000,000	2,000,000	2,000,000	2,000,000	-	2,250,000	2,600,000	2,600,000
20 Interest Earned		700,000	700,000	700,000	1,146,745	446,745	1,000,000	1,000,000	700,000
21 All Other Local Income (including Medi-Cal as of 2023-24)		1,209,000	1,137,916	1,254,207	1,285,471	31,264	1,209,000	1,209,000	1,209,000
22 Local General Fund Contribution		(43,265,875)	(48,572,409)	(44,096,073)	(44,278,907)	(182,834)	(45,229,038)	(46,133,619)	(47,056,291)
23 TOTAL REVENUE		143,224,526	141,983,993	146,926,620	147,882,273	955,653	149,809,663	153,758,046	159,057,574

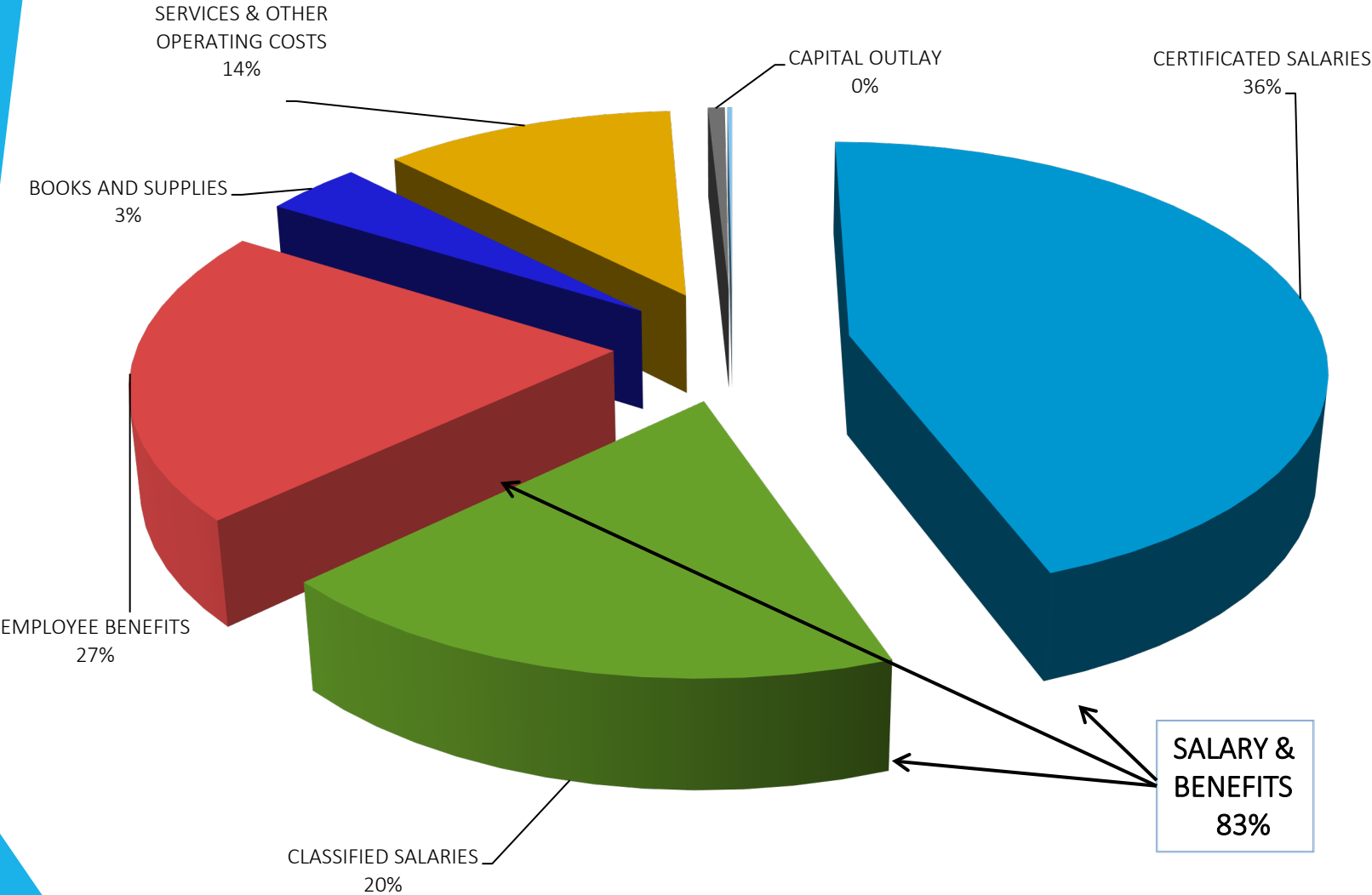


2025-26 GENERAL FUND (FUND 01) REVENUES PROJECTION



	A	B	C	D	E	F	G	H	I
		2024-25	2024-25	2024-25	2024-25	2024-25	2025-26	2026-27	2027-28
	Description	ADOPTED BUDGET	FIRST INTERIM	SECOND INTERIM	THIRD INTERIM	SECOND vs THIRD INTERIM CHANGE	PRELIMINARY BUDGET	PROJECTED BUDGET	PROJECTED BUDGET
24	Expenditure:								
25	Certificated Salary	60,681,624	62,551,567	62,408,478	62,430,278	21,800	62,511,816	63,218,483	65,450,096
26	Classified	27,183,903	26,797,314	26,266,524	26,213,568	(52,956)	27,817,174	28,234,432	28,657,948
27	Benefits	41,441,665	41,474,092	40,765,694	40,810,748	45,054	42,220,150	44,028,144	45,851,946
28	STRS	11,437,249	11,680,852	11,596,278	11,599,442	3,164	11,408,543	12,074,730	12,500,968
29	PERS	6,867,080	6,928,693	6,818,197	6,790,946	(27,251)	7,234,465	7,595,062	7,966,910
30	SOCIAL SECURITY & MEDICARE	3,000,630	3,012,293	2,964,214	2,959,645	(4,569)	3,120,881	3,076,602	3,141,359
31	HEALTH AND WELFARE	15,513,710	15,161,876	14,742,945	14,818,103	75,158	15,814,043	16,404,745	17,224,982
32	SUI	40,279	44,600	44,071	44,083	12	45,290	45,726	47,054
33	WORKERS COMP	3,449,100	3,501,979	3,463,255	3,463,681	426	3,471,920	3,658,117	3,764,322
34	OPEB	1,099,910	1,111,667	1,098,592	1,098,206	(386)	1,096,035	1,143,161	1,176,351
35	CASH IN-LIEU	33,707	32,132	38,142	36,642	(1,500)	28,973	30,000	30,000
36	Supplies/Books/Textbooks	4,786,301	4,456,395	4,429,463	4,503,345	73,882	4,022,321	2,000,000	2,000,000
37	Other Operational Costs	20,894,296	21,763,290	23,467,052	23,605,590	138,538	23,437,839	19,123,071	19,269,075
38	504 PLAN ACCOMODATION (STUDENT SERVICES)	20,000	20,000	20,000	20,193	193	25,200	20,000	20,000
39	TRAVEL & CONFERENCE	446,015	489,166	486,840	585,514	98,674	681,768	500,000	500,000
40	DUES & MEMBERSHIPS	53,576	87,436	87,436	87,021	(415)	81,719	80,000	80,000
41	INSURANCE	2,360,977	2,607,849	3,102,115	3,102,115	-	3,257,221	2,920,082	3,066,086
42	UTILITIES	4,425,750	4,425,750	4,425,750	4,617,779	192,029	4,602,779	4,602,779	4,602,779
43	RENTALS, LEASES, REPAIRS	2,850,134	2,818,818	2,823,414	2,869,866	46,452	2,904,324	2,500,000	2,500,000
44	INTRA-FUND TRANSFERS FOR SERVICES	(31,704)	(111,199)	(120,989)	(178,349)	(57,360)	(91,037)	(65,000)	(65,000)
45	INTER-FUND TRANSFERS FOR SERVICES	(137,947)	(133,538)	(19,357)	(232,967)	(213,610)	(113,660)	(175,000)	(175,000)
46	CONSULTANTS & OTHER OPERATING	10,617,285	11,270,298	12,373,133	12,446,708	73,575	11,800,115	8,450,000	8,450,000
47	Other Operational Costs	5,542,906	5,381,656	5,476,796	5,420,445	(56,351)	4,661,268	3,000,000	3,000,000
48	Consultants	2,321,297	3,135,560	3,813,255	3,923,581	110,326	3,334,847	2,250,000	2,250,000
49	Legal	1,886,000	1,886,000	2,216,000	2,235,600	19,600	2,204,000	1,600,000	1,600,000
50	Cost of Early Retirement Incentive (SERP)	867,082	867,082	867,082	867,082	-	1,600,000	1,600,000	1,600,000
51	COMMUNICATIONS (LAND & MOBILE)	290,210	288,710	288,710	287,710	(1,000)	289,410	290,210	290,210
52	Capital Outlay	616,282	738,365	758,886	706,986	(51,900)	76,000	100,000	100,000
53	Transfer to County Specialized Schools & Debt Service	90,000	90,000	90,000	90,000	-	120,000	120,000	120,000
54	Indirect Costs from Restricted General Fund Categoricals	(2,134,389)	(2,385,612)	(2,346,213)	(2,347,909)	(1,696)	(1,867,102)	(2,345,860)	(2,005,458)
55	Interfund Transfer Out to Fund 12 Child Development	375,000	375,000	375,000	375,000	-	375,000	500,000	500,000
56	LCAP Transfer Out to Fund 12 Child Development	100,000	100,000	100,000	100,000	-	100,000	100,000	100,000
57	Interfund Transfer Out to Fund 13 Food Services	900,000	900,000	900,000	900,000	-	750,000	750,000	750,000
58	Interfund Transfer Out to Fund 14 Deferred Maint.	2,000,000	2,000,000	2,000,000	2,000,000	-	2,500,000	2,500,000	2,500,000
59	TOTAL EXPENDITURE	156,934,682	158,860,411	159,214,884	159,387,606	172,722	162,063,198	158,328,271	163,293,607

2025-26 GENERAL FUND (FUND 01)
EXPENDITURE PROJECTIONS



MULTI-YEAR PROJECTIONS

UNRESTRICTED GENERAL FUND

	A	B	C	D	E	F	G	H	I
		2024-25	2024-25	2024-25	2024-25	2024-25	2025-26	2026-27	2027-28
Description		ADOPTED BUDGET	FIRST INTERIM	SECOND INTERIM	THIRD INTERIM	SECOND vs THIRD INTERIM CHANGE	PRELIMINARY BUDGET	PROJECTED BUDGET	PROJECTED BUDGET
60 Increase (Decrease) Fund Balance		(13,710,156)	(16,876,418)	(12,288,264)	(11,505,333)	782,931	(12,253,535)	(4,570,225)	(4,236,033)
61 Beginning Fund Balance		36,178,599	56,609,464	56,609,464	56,609,464	-	46,760,382	34,506,848	29,936,623
62 Audit Restatement - Fund 71 to General Fund		-	-	3,489,219	3,489,219	-	-	-	-
63 Audit Restatement of Deferred Inflow of Lease Receivables		-	-	1,350,591	1,350,591	-	-	-	-
64 District Restatement - Expanded Learning Opportunities Grant		-	-	(2,662,890)	(2,662,890)	-	-	-	-
65 Ending Fund Balance (net of lines 60-64)		22,468,443	39,733,046	46,498,120	47,281,051	782,931	34,506,848	29,936,623	25,700,590
66 Reserve - Revolving Cash, Prep-pays		20,005	20,025	20,025	20,025	-	20,025	20,025	20,005
67 Reserve - Fund 71 District Restatement		-	-	(3,489,219)	(3,489,219)	-	-	-	-
68 Reserve - Deficit Spending in 25-26		-	6,843,204	8,095,737	8,410,379	314,642	-	-	-
69 Reserve - Deficit Spending in 26-27		-	839,427	3,284,231	3,614,605	330,374	4,570,225	-	-
70 Reserve - Deficit Spending in 27-28		-	-	-	-	-	4,236,033	4,236,033	-
71 3% Contingency Reserve (unrestricted & restricted general fund)		6,827,097	7,005,613	7,189,128	7,197,366	8,238	6,831,356	6,732,922	6,938,684
72 Reserve Up to 2-months of Expenses (\$26.8 million)		15,621,341	25,024,777	24,419,780	24,549,457	129,677	18,849,209	18,947,643	18,741,901
73 Unappropriated Balance		0	0	0	0	0	0	0	0





SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Ending Fund Balance & Reserve

Components of Ending Fund Balances

2025-26

Fund 01: Unrestricted General Fund

Unrestricted General Fund Beginning Balance	\$	46,760,382
Current Year (Deficit)/Surplus Spending		(12,253,535)
Ending Fund Balance that Requires Explanation		34,506,847

Reasons for Assigned and Unassigned Ending Fund Balances

*State Recommended 17% Minimum Level for Unified Districts

	34,506,847
Less: 3% Reserve for Economic Uncertainties	(6,831,356)
Reserve for Revolving Cash & Prepaid	(20,025)
Reserve for 26-27 Deficit Spending	(4,570,225)
Reserve for 27-28 Deficit Spending	(4,236,033)
^Reserve for up to 2 months General Fund Expenditures	18,849,209
Unappropriated Balance	0

*current reserve is at 15.33% (down 4.37% from 19.70% @ 24-25 Third Revision)

*2023-24 Statewide Average Reserve for Unified State-Aid Districts is 24.62%

*Basic Aid Districts should be 25%

^A 2-month reserve would be approximately \$26.8M





SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Cash Flow & Interfund Borrowing



Cash Flow & Interfund Borrowing

Interfund Borrowing will be required for the following:

- October thru December 2025
 - Negative \$10 million to \$15 million
- The board will consider adopting a Resolution for Temporary Interfund Cash Borrowing Transfer as recommended at its June 18, 2025 meeting



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Preliminary Budget Summary



Preliminary Budget Summary

- What have we done so far:
 - Line-by-line assessment of revenues and expenditures with each school site and department level
 - Projected salary schedule change and implemented in Preliminary Budget as well as Multi-Year Projection as negotiated by District and Bargaining Units.
 - Increased Local General Fund Contribution to Special Education by \$1.1 million as compared to prior year.
 - Continue to assess positions associated with the Early Retirement Incentive (SERP).



Next Steps

- Continue to monitor property tax, basic aid status, and the State's budget process
- Public Hearing - June 18, 2025
- Board Adoption - June 24, 2025
- Prepare Board Resolution for Interfund Cash Borrowing Transfer
- Prepare any necessary budget revisions for Board approval within the legal timelines (45-day revision) after final State Budget adoption