



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

2017-18 Budget Workshop

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Goal of tonight's workshop

- To provide the Board an update on the 2017-18 budget development
- To review the most current projections of revenue and expenditures and the impact of both on the district's fund balance
- Revisit direction provided to staff from the 3/24/17 Board budget workshop



The SMMUSD Story

- We are a district that:
 - Serves a diverse population
 - Is high achieving
 - Has high expectations and sets challenging goals
 - Is expected by the community to excel
 - Has exceptional programs for students that include music, arts, STEM, preschool to name a few
 - Is proud of the high quality of teaching and learning that is demonstrated in classrooms across the District
 - Is innovative and creative
 - Has a persistent achievement gap being addressed by our Excellence through Equity initiative



The SMMUSD Story continued

- Community support for the District includes:
 - Parents, PTAs, and Booster Clubs
 - Education Foundation
 - District Advisory Committees
 - Cities of Santa Monica and Malibu
 - *Master Facility Agreements*
 - *Prop Y and GSH*
 - Communities of Santa Monica and Malibu have passed tax measures (Measures BB/ES and Measure R)
 - Property values causing the District to become a minimum state aid district, receiving LCFF revenues greater than our entitlement
 - Ability to lease District owned properties for in excess of \$2.0 million annually



What do we know about our expenditures?

- Our salaries and benefits (86% of the budget) are competitive with neighboring districts
 - Between 2015-16 and 2016-17, SMMUSD provided a combined salary schedule increase in excess of 8.0%
 - Health and Welfare costs have increased between 5% and 6% each year
 - STRS and PERS pension costs continue to increase dramatically and will exceed 19% and 24% respectively by 2020-21



More on expenditures

- Our staffing allocations are considered by many to be generous
 - Classroom
 - Administration – both site and district office
 - Support personnel
- Since 2014-15, we have experienced several significant amounts of one-time funds
 - \$13M from the State action to eliminate Redevelopment Agencies
 - \$9.9M in State funded prior year Mandated Cost payments



Budget work of Fiscal Department

- Prepared LCFF projections
 - Enrollment projections provided by Decision Insight
 - Estimated property taxes to increase by 5%
 - Projected to be a Minimum State Aid district
 - LCFF revenue will exceed our entitlement by \$3.4 million
- Projected other revenue sources
 - Federal
 - Other State
 - Local
 - *Parcel Tax - \$11.6M*
 - *Master Facility Agreement – City of Santa Monica - \$8.8M*
 - *Prop Y - \$8.0M*
 - *Prop GSH - \$8.0M*
 - *SMM Education Foundation - \$2.0M*
 - *Leases/Rents - \$2.5+M*



Budget work of Fiscal Dept – cont'd

- Met with every site/department and reviewed
 - Current year budget status
 - How they monitor and control expenditures
 - Discussed adjustments that may be necessary
- Incorporated staffing allocations prepared by HR Department after they have also met with sites/departments
- Projected increases expected for STRS/PERS, step and column, health/welfare
- Reviewed and included all supply and other operating costs of the district – status quo for 2017-18



What current 2017-18 Budget projections look like:

- SMMUSD is now projecting a \$12.3M deficit in the 2016-17 fiscal year
- This means expenditures are over \$12M more than revenue
- The deficit drops to \$5.7M in 2017-18 by including the new GSH funding source
- Recall the Board's consensus at January 24th workshop where the concept of including new GSH expenditures only after an equivalent number of reductions were identified



Where are we identifying possible budget reductions

- Transitional year for SMMUSD
 - Four (4) Superintendents between June 2016 and January 2017
- A new Superintendent facing significant deficit deserves the opportunity to pause, evaluate spending patterns, conduct a thorough analysis, determine efficiencies, and have the difficult conversations necessary to make thoughtful recommendations



However.....

- Pausing the reduction conversation must be balanced with our communities' expectation when they generously supported and approved Proposition GSH
- The message to our community was that GSH funds would improve the condition of our facilities through deferred maintenance, enhance/expand our early childhood education and give us the opportunity to keep our classroom technology refreshed and current



Multi-Year Projections

Handouts

<http://www.smmusd.org/fiscal/BudgetDocs/032317BudgetPresentation.pdf>



Next Steps

- Staff will continue developing the preliminary budget to present in early June based on Board direction
- That will be followed with a Public Hearing of the Budget on June 22, 2017
- With final adoption of the 2017-18 Budget on June 29, 2017.