



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

# 2017-18 Budget Update

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May 18, 2017 – Item D.04



# 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
- To review staff recommendations per Board's request during the 3/23/17 budget workshop and provide direction



# Expected take - aways

- An understanding of the impact of recent increases in RDA funds on SMMUSD LCFF funding levels
- Recognition that the projected budget now reflects expected staffing allocations at sites and departments
- Direction to staff for immediate reductions as we complete the 2017-18 budget



# Revenue Projections

## ■ 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 entitlement by \$7.7M
- RDA disbursements increased \$3.5M in May 2017

## ■ Projected other revenue sources

- Federal
- Other State
- Local
  - *Parcel Tax - \$12.0M*
  - *Master Facility Agreement – City of Santa Monica - \$9.0M*
  - *Prop Y - \$8.2M*
  - *Prop GSH - \$8.2M*
  - *SMM Education Foundation - \$2.0M*
  - *Leases/Rents - \$2.5M*

## COMPARISON OF LCFF ENTITLEMENTS VS FUNDING

	2016-17	2016-17		2017-18	2017-18	
	ESTIMATED ACTUALS 2nd INTERIM	ESTIMATED ACTUALS 051817	DIFF	PROJECTED BUDGET 2nd INTERIM	PROJECTED BUDGET 051817	DIFF
Property Tax	75,937,733	80,793,830	4,856,097	80,745,046	83,997,852	3,252,806
Education Protection Account (EPA)	2,159,176	2,130,414	(28,762)	2,151,600	2,130,414	(21,186)
LCFF Transfer to Fund 14	(250,000)	(250,000)	-	(250,000)	(250,000)	-
LCFF Transfer to County Specialized Secondary School	(110,500)	(110,500)	-	(112,000)	(112,000)	-
Pr. Year LCFF Adjustment	(151,856)	-	151,856		(151,856)	(151,856)
LCFF State Aid	9,617,242	4,738,845	(4,878,397)	5,137,574	861,735	(4,275,839)
Minimum State Aid	-	3,846,998	3,846,998	3,448,269	7,724,108	4,275,839
<b><i>LCFF Funding</i></b>	<b>87,201,795</b>	<b>91,149,587</b>	<b>3,947,792</b>	<b>91,120,489</b>	<b>94,200,253</b>	<b>3,079,764</b>
<b><i>LCFF Entitlement</i></b>	<b>87,714,151</b>	<b>87,663,089</b>		<b>88,034,220</b>	<b>86,990,001</b>	
<b><i>Entitlement vs Funding after Transfers Out</i></b>	<b>(512,356)</b>	<b>3,486,498</b>		<b>3,086,269</b>	<b>7,210,252</b>	



# Budget work completed by Fiscal

- Met with every site/department
  - 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



# 2017-18 Teacher Staffing Ratios

Grade Level	Ratio	Title I Sites	JAMS
TK - 3	24:1	24:1	
4 – 5	30:1	27:1	
6 – 8	34:1		33:1
9 - 12	35:1		



# 2017-18 Elementary Schools Administrative Staffing Ratios

- Principals
  - 1.0 FTE per site
  - 0.8 FTE at SMASH

## Assistant Principal Staffing Ratio

School Enrollment	FTE
Less than 500	0.0
Between 500 and 700	0.5
Greater than 700	1.0





# 2017-18 Secondary Schools Administrative Staffing Ratios

School	
Samohi	1 Principal 5 House Principals 1 Dean of Student
Malibu, JAMS, Lincoln	1 Principal 2 Asst. Principals
Olympic	1 Principal (0.5 Gen Fund/ 0.5 Adult Ed)



# Classified Staffing Ratios

Senior Office Specialists	
School Enrollment	Full Time Equivalents (FTE)
Less than 400	0.5
Between 400 and 550	1.0
Between 551 and 700	1.5
Greater than 700	2.0



# Classified Staffing Ratios

- Physical Activity Specialists (PAS) / PE Aides
  - FTE formula developed based on the number of teachers per site
  - Allocation of 4-, 5-, or 6- hour positions
- Bilingual Community Liaisons (BLC)
  - FTE formula developed based on the number of English Language Learners (ELL) and Reclassification to Fluent English Proficient (RFEP)
    - $50 - 99 = .25$
    - $100 - 149 = .50$
    - $150 - 200 = .75$
    - $201 - 274 = 1.00$
    - $> 274 = 1.50$
    - *Title I sites receive an additional .25 fte (except Edison – where all staff is bilingual)*



# Classified Staffing Ratios

- Elementary Library Coordinator (ELCs)
  - FTE as determined by hours per day formula developed based on student enrollment in grades TK-5 and Pre-School
    - *200-299 = 6.0 hours – Cabrillo, Pt. Dume*
    - *300-450 = 6.5 hours – Webster*
    - *451-650 = 7.0 hours – Edison, McKinley, Muir/Smash*
    - *601-750 = 7.5 hours – Rogers, Grant*
    - *751-900 = 8.0 hours – Franklin, Roosevelt*

# CalSTRS Rates

- Employer rates are increasing to 14.43% in 2017-18, up from 12.58% in 2016-17

- No specific funds are provided for this cost increase

Year	Employer	Pre-PEPRA* Employees	Post-PEPRA* Employees
2015-16	10.73%	9.20%	8.56%
2016-17	12.58%	10.25%	9.205%
2017-18	14.43%	10.25%	9.205%
2018-19	16.28%	10.25%	9.205%
2019-20	18.13%	10.25%	9.205%
2020-21	19.10%	10.25%	9.205%

\*Public Employees' Pension Reform Act (PEPRA)



# CalPERS Rates

- The employer contribution to CalPERS is proposed to increase to 15.531% in 2017-18 from 13.888% in 2016-17
- Contribution rate increases for school employers are as follows:

Actual	Actual	Actual	Projected	Projected	Projected
2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
11.847%	13.888%	15.531%	18.1%	20.8%	23.8%



# Other Employee Benefits

Description	Percent of Salary
Social Security (OASDI)	6.20%
Medicare	1.45%
State Unemployment Insurance (SUI)	.05%
Workers Compensation	4.00%
Other Post Employment Benefits	1.25%
Health and Welfare	7% Premium Increases



# Site Supply Allocations

- Based on student enrollment
- Used to purchase supplies for Classrooms, Offices, and Health
- Sites determine the distribution and use of funds

Grade Level	Formula	Restricted Lottery
K – 5	77.75	12.00
6 – 8	80.66	14.00
9 - 12	59.48	14.00



**SANTA MONICA-MALIBU USD**

**MULTI-YEAR PROJECTION**

**UNRESTRICTED GENERAL FUND**

Description	2016-17 ESTIMATED ACTUALS	2017-18 PROJECTED BUDGET	2018-19 PROJECTED BUDGET	2019-20 PROJECTED BUDGET	2020-21 PROJECTED BUDGET
Property Tax	80,793,830	83,997,852	87,447,745	91,070,132	94,873,638
Education Protection Account (EPA)	2,130,414	2,130,414	2,000,000	2,000,000	2,000,000
LCFF Transfer to Fund 14	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)
LCFF Transfer County Specialized Secondary School	(110,500)	(112,000)	(112,000)	(112,000)	(112,000)
Pr. Year LCFF Adjustment	-	(151,856)			
LCFF State Aid	4,738,845	861,735	(1,535,204)	(1,888,797)	-
<b>Minimum State Aid</b>	3,846,998	7,724,108	10,121,047	10,474,640	8,585,843
<b>Subtotal LCFF Funding</b>	<b>91,149,587</b>	<b>94,200,253</b>	<b>97,671,588</b>	<b>101,293,975</b>	<b>105,097,481</b>

**SANTA MONICA-MALIBU USD**  
**MULTI-YEAR PROJECTION**  
**UNRESTRICTED GENERAL FUND**

Description	2016-17 ESTIMATED ACTUALS	2017-18 PROJECTED BUDGET	2018-19 PROJECTED BUDGET	2019-20 PROJECTED BUDGET	2020-21 PROJECTED BUDGET
<b><i>Subtotal LCFF Funding</i></b>	<b>91,149,587</b>	<b>94,200,253</b>	<b>97,671,588</b>	<b>101,293,975</b>	<b>105,097,481</b>
Other Federal	49,969	13,000	10,000	10,000	10,000
Lottery	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Mandated Block Grant	2,680,282	898,616	395,000	395,000	395,000
Other State Revenue	8,374	23,600	23,600	23,600	23,600
Measure R - Parcel Tax	11,651,225	11,965,808	12,205,124	12,449,227	12,698,211
Measure Y	8,000,000	8,200,000	8,400,000	8,600,000	8,800,000
Measure GSH	600,000	8,200,000	8,400,000	8,600,000	8,800,000
Joint Use Agreement/City of SM	8,812,824	9,000,000	9,200,000	9,400,000	9,600,000
All Other Local Income	3,797,603	3,500,000	3,540,000	3,550,000	3,560,000
SMMEF Donation	2,030,276	2,000,000	2,000,000	2,000,000	2,000,000
Local General Fund Contribution	(26,454,473)	(27,406,982)	(27,955,122)	(28,514,224)	(29,084,509)
<b>TOTAL REVENUE</b>	<b>103,925,667</b>	<b>112,194,295</b>	<b>115,490,190</b>	<b>119,407,577</b>	<b>123,499,784</b>

**SANTA MONICA-MALIBU USD**  
**MULTI-YEAR PROJECTION**  
**UNRESTRICTED GENERAL FUND**

19

Description	2016-17 ESTIMATED ACTUALS	2017-18 PROJECTED BUDGET	2018-19 PROJECTED BUDGET	2019-20 PROJECTED BUDGET	2020-21 PROJECTED BUDGET
Certificated Salary	53,573,967	53,676,052	54,481,193	55,298,411	56,127,887
Classified Salary	18,327,017	18,710,184	18,990,837	19,275,699	19,564,835
Employee Benefits	25,959,572	28,456,372	31,128,904	33,806,207	36,156,282
<i>STRS</i>	6,633,373	7,595,606	8,869,538	10,025,602	10,720,426
<i>PERS</i>	2,376,021	2,714,315	3,196,728	3,728,691	4,330,481
<i>Social Security &amp; Medicare</i>	2,223,131	2,261,303	2,242,776	2,276,418	2,310,564
<i>Health and Welfare</i>	10,951,390	11,978,950	12,817,477	13,714,700	14,674,729
<i>SUI</i>	40,033	40,843	41,736	42,287	42,846
<i>Workers Comp</i>	2,730,983	2,872,568	2,938,881	2,982,964	3,027,709
<i>OPEB</i>	898,365	892,095	918,400	932,176	946,159
<i>Cash In-Leiu</i>	106,276	100,692	103,368	103,368	103,368
Supplies/Books	3,479,780	3,368,740	3,400,000	3,400,000	3,400,000
Other Operational Costs	9,837,843	9,226,263	9,800,000	9,800,000	9,800,000
Capital Outlay	1,008,431	615,481	500,000	500,000	500,000
Debt Services	53,389	98,000			
Indirect	(1,089,908)	(1,081,423)	(1,000,000)	(1,000,000)	(1,000,000)
Transfer Out to Fund 12 - CDS	475,769	542,223	550,000	550,000	550,000
Transfer Out to Fund 13 - FS	484,586	900,000	900,000	900,000	900,000
Transfer Out to Fund 14 - DM	600,000				
LCAP increase above prior year			78,068	133,724	180,751
<i>New GSH Expenditures</i>					
<i>Reduction Plan 2017-18</i>					
<b>TOTAL EXPENDITURE</b>	<b>112,710,446</b>	<b>114,511,892</b>	<b>118,829,003</b>	<b>122,664,040</b>	<b>126,179,755</b>

**SANTA MONICA-MALIBU USD  
MULTI-YEAR PROJECTION  
UNRESTRICTED GENERAL FUND**

Description	2016-17 ESTIMATED ACTUALS	2017-18 PROJECTED BUDGET	2018-19 PROJECTE D BUDGET	2019-20 PROJECTED BUDGET	2020-21 PROJECTED BUDGET
Increase (Decrease) Fund Balance	(8,784,779)	(2,317,597)	(3,338,813)	(3,256,463)	(2,679,971)
Beginning Fund Balance	32,609,848	23,825,070	21,507,474	18,168,661	14,912,198
Ending Fund Balance	23,825,070	21,507,474	18,168,661	14,912,198	12,232,227
Reserve - Revolving cash, Store	130,000	130,000	130,000	130,000	130,000
3% Contingency Reserve	4,881,181	4,900,000	4,950,000	5,000,000	5,050,000
Unappropriated Balance	18,813,889	16,477,474	13,088,661	9,782,198	7,052,227

**SANTA MONICA-MALIBU USD**  
**MULTI-YEAR PROJECTION**

**UNRESTRICTED GENERAL FUND – WITHOUT GSH REVENUE**

	2016-17	2017-18	2018-19	2019-20	2020-21
Description	ESTIMATED ACTUALS	PROJECTED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET
Increase (Decrease) Fund Balance	(8,784,779)	(10,517,597)	(11,738,813)	(11,856,463)	(11,479,971)
Beginning Fund Balance	32,609,848	23,825,070	13,307,474	1,568,661	(10,287,802)
Ending Fund Balance	23,825,070	13,307,474	1,568,661	(10,287,802)	(21,767,773)
Reserve - Revolving cash, Store	130,000	130,000	130,000	130,000	130,000
3% Contingency Reserve	4,881,181	4,900,000	4,950,000	5,000,000	5,050,000
Unappropriated Balance	18,813,889	8,277,474	(3,511,339)	(15,417,802)	(26,947,773)



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

# 2017-18 Budget Reduction Recommendation



# Transition of ROP

- The LCFF funding model shifted the way traditional Regional Occupation Programs (ROP) are funded, affecting administrative coordination and reporting obligations
- With that shift, the coordination and management of the program now falls under site administration at our high schools
- Additionally, program enrollment has decreased for some programs resulting in reduced staffing
- Changes allow us to eliminate the programmatic and administrative costs of the ROP program and saving approximately \$340,000



# Next Steps

- Staff will continue developing the preliminary budget to present at the June 1, 2017 Board meeting based on Board direction
- That will be followed with a Public Hearing of the Budget on June 22, 2017
- And final adoption of the 2017-18 Budget on June 29, 2017.





Questions?