



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

2015-16 BUDGET WORKSHOP #2

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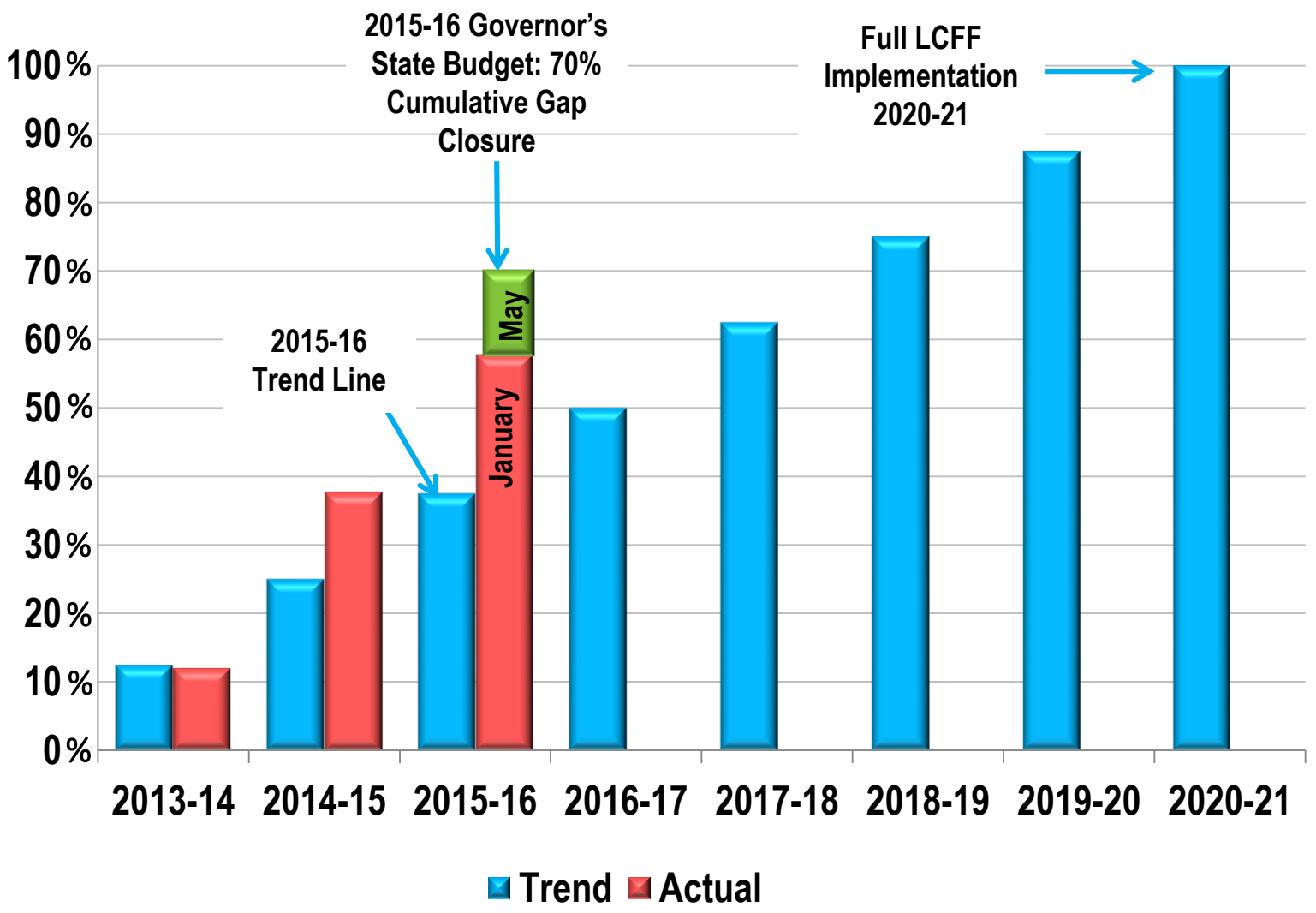
Workshop Outline

- We will review:
 - The Governor's May Revision
 - How the LCFF entitlement will change
 - The impact of the cap on district reserves
 - Changes to budget assumptions ★
 - The updated multiyear projections
 - A process moving forward for budget development

January Budget vs. May Revision

ITEM	January Budget	May Revision
LCFF Gap Funding Percentage	32.19%	53.08%
Proposition 98 Minimum Funding Guarantee 2014-15 2015-16	\$63.2 billion \$65.7 billion	\$66.3 billion \$68.4 billion
2015-16 COLA	1.58%	1.02%
One-time Discretionary Funds for 2015-16	\$1.1 billion \$180 per ADA	\$3.5 billion \$601 per ADA

Progress Toward LCFF Implementation



What are CBOs saying about the May Revision?





SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

LCFF Calculation

Cap on Reserves



2015-16 LCFF Target Funding Factors

- The K-12 COLA is 1.02% for 2015-16, and is applied to the LCFF base grants for each grade span

Grade Span	2014-15 Base Grant per ADA	1.02% COLA	2015-16 Base Grant per ADA
K-3	\$7,011	\$72	\$7,083
4-6	\$7,116	\$73	\$7,189
7-8	\$7,328	\$75	\$7,403
9-12	\$8,491	\$87	\$8,578



2015-16 LCFF Target Funding Factors

- Two grade span adjustments are applied as percentage increases against the adjusted base grant, and also receive a 1.02% COLA in 2015-16
 - Grade K-3 – 10.4% increase for smaller average class enrollments
 - Grades 9-12 – 2.6% increase in recognition of the costs of career technical education (CTE) coursework

Grade Span	2015-16 Base Grant per ADA	Grade Span Adjustment	2015-16 Adjusted Grants
K-3 (10.4%)	\$7,083	\$737	\$7,820
4-6	\$7,189	–	\$7,189
7-8	\$7,403	–	\$7,403
9-12 (2.6%)	\$8,578	\$223	\$8,801



2015-16 LCFF Target Funding Factors

- Supplemental and concentration grants are calculated based on the percentage of a district's enrolled students (unduplicated pupil percentage or [UPP]) who are English language learners (ELL), free and reduced-price meal (FRPM) program eligible, or foster youth

Grade Span	2015-16 Adjusted Grants per ADA	20% Supplemental Grant – total UPP	50% Concentration Grant – UPP above 55%
K-3	\$7,820	\$1,564	\$3,911
4-6	\$7,189	\$1,438	\$3,595
7-8	\$7,403	\$1,481	\$3,702
9-12	\$8,801	\$1,760	\$4,401

Example – 2015-16 LCFF Funding Factors

- A school district receives an additional 20% of the base grant on behalf of each eligible pupil enrolled
- With a UPP at the statewide average of 63%, a school district's supplemental grant augmentation per ADA would look like this:

Grade Span	2015-16 Adjusted Grants per ADA	63% x 20% = 12.6%	Supplemental Grant per ADA
K-3	\$7,820	0.126	\$985
4-6	\$7,189	0.126	\$906
7-8	\$7,403	0.126	\$933
9-12	\$8,801	0.126	\$1,109

Example – 2015-16 LCFF Funding Factors

- A school district receives an additional 50% of the base grant for each 1% of unduplicated pupil enrollment that exceeds 55%
- With a UPP at the statewide average of 63%, a school district's concentration grant augmentation would look like this:

Grade Span	2015-16 Adjusted Grants per ADA	8% x 50% = 4.0%	Concentration Grant per ADA
K-3	\$7,820	0.04	\$313
4-6	\$7,189	0.04	\$288
7-8	\$7,403	0.04	\$296
9-12	\$8,801	0.04	\$352

Cap on District Reserves

- The 2014 State Budget Act and the passage of Proposition 2 last November established a hard cap on district reserves if certain conditions are met
 - The Governor's May Revision proposes no change to the hard cap
- The conditions that would trigger the hard cap include:
 1. The Proposition 98 maintenance factor must be fully repaid
 2. Proposition 98 must be funded based on Test 1
 3. Proposition 98 provides sufficient funds to support enrollment growth and the statutory COLA
 4. A deposit must be made into the Proposition 98 reserve when capital gains revenues exceed 8% of General Fund revenues

Are the conditions met in 2015-16?

1. The maintenance factor will not be fully repaid, but only \$772 million will remain at the end of 2015-16; it will likely be fully repaid in 2016-17 (*Conditions are not met*)
 - *One year ago, there was \$6.6 billion in maintenance factor outstanding*
2. Proposition 98 will be funded based on Test 3, not Test 1, according to the May Revision (*Conditions are not met*)
3. The May Revision proposes full funding for enrollment growth and COLA (*Conditions are met*)
4. Capital gains are projected to exceed 9.4% of General Fund revenues, which was forecast in the January Budget (*Conditions are met*)



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

SMMUSD 2015-16 Budget Assumptions and Multi-Year Projections

Changes from 1st Workshop



Staffing Ratios

- All staffing ratios presented in the first workshop remain unchanged
- Special Education re-evaluated 2015-16 staffing reducing the number of certificated and classified FTE's by 6.35 lowering the encroachment by over \$380,000 ★

New/Restored Positions

Position	New /Restored	FTE	Estimated Cost
Teaching Positions	As Determined by staffing allocations		
Elementary Library Coordinators	New – reallocation	.375	15,000
Human Resources SOS	Restored	.5	30,000
Executive Director Facilities	Restored	1.0	170,000
Construction Supervisor	New	1.0	100,000
Custodians	New	6.35	325,000


UNRESTRICTED GENERAL FUND - REVENUE ASSUMPTIONS

5/21/15

Factor	2014-15	2015-16	2016-17	2017-18
Statutory COLA	0.85%	1.02%	1.60%	2.48%
LCFF FUNDING BASE				
K-3 + 10.4% CSR	\$ 7,740	\$ 7,820	\$ 7,945	\$ 8,141
4-6	\$ 7,116	\$ 7,189	\$ 7,304	\$ 7,485
7-8	\$ 7,328	\$ 7,403	\$ 7,648	\$ 7,708
9-12 + 2.6% CTE	\$ 8,712	\$ 8,801	\$ 8,942	\$ 9,152
Average LCFF Funding per ADA	\$ 7,069	\$ 7,906	\$ 8,188	\$ 8,349
% of Gap Funding /DOF	29.97%	53.08%	37.40%	36.70%
Enrollment Projection	11,295	11,173	11,173	11,173
P2 ADA Projection	10,795	10,678	10,678	10,678
Funding ADA	10,857	10,795	10,678	10,678
Federal Revenues	0%	0%	0%	0%
City of Santa Monica - Master Facility	\$ 8,448,303	\$ 8,617,269	\$ 8,617,269	\$ 8,617,270
Parcel Tax - Measure R	\$ 11,269,493	\$ 11,292,032	\$ 11,404,952	\$ 11,725,930
City of SM - Prop Y	\$ 7,400,000	\$ 7,500,000	\$ 7,600,000	\$ 7,700,000
SMMEF Funding	\$ 3,203,730	\$ 2,200,000	\$ 2,500,000	\$ 2,500,000



UNRESTRICTED GENERAL FUND - EXPENDITURE ASSUMPTIONS

Factor	2014-15	2015-16	2016-17	2017-18
Salary Increase – Certificated/Classified	0%	0%	0%	0%
Step & Column Incr.	1.50%	1.50%	1.50%	1.50%
STRS Rate	8.88%	10.73%	12.58%	14.43%
PERS Rate	11.771%	11.847%	13.05%	16.60%
Health/Welfare - Annualized 	3%	7% Less 300,000	7% Less 300,000	7% Less 300,000
Workers' Compensation	3.00%	3.40%	3.40%	3.40%
Other Postemployment Benefits	1.25%	1.25%	1.25%	1.25%
Indirect Cost Rate - estimated	5.73%	6.28%	6.28%	6.28%
Interest Rate	0.70%	0.70%	0.70%	0.70%
Ongoing Maintenance Reserve for Economic Uncertainties	3%	3%	3%	3%



2015-16 LCFF - By the Numbers

After May Revision (1st Budget Workshop)

- SMMUSD Enrollment - 11,173
- SMMUSD ADA – 10,795
- Unduplicated Count (ELL, F/R, Foster) – 29.18%
- Cost of Living Adjustment (COLA) - 1.02% (1.58%) ★
- Projected LCFF Gap Closure - 53.08% (32.19%) ★
- Total LCFF funding - \$84,419,037 (\$81,115,337) ★
- Sources of LCFF
 - Property Taxes – \$66,321,013
 - Economic Protection Act (Prop 30 – State) - \$2,159,000
 - State Aid - \$15,939,024 (\$12,635,324) ★
- Included in the LCFF dollars is the Supplemental LCAP funding of \$3,608,049 (\$2,973,887) ★

Employee Benefits

Benefit Type	Certificated	Classified
STRS / PERS (Retirement)	10.73% (Expected to be 19.1% in 2020-21)	11.847% (Expected to be 20.4% in 2020-21)
Social Security (OASDI)	N/A	6.2%
Medicare	1.45%	1.45%
SUI	.05%	.05%
Workers Compensation	3.4% (3.0% 2014-15)	3.4% (3.0% 2014-15)
Other Post Employment Benefits (OPEB)	1.25%	1.25%
TOTAL	16.88%	24.197%
Health and Welfare (Prorated)	\$13,000	\$13,000



Employee Benefit Changes in 2015-16

- STRS increase from 8.88% to 10.73% - additional cost of \$1.2 million
- PERS increase from 11.771% to 11.847% - additional cost of \$200,000
- Workers Compensation rate increase from 3.0% to 3.4% - additional cost of \$400,000
- Health Benefit increases - additional cost of \$700,000
- Total increase is \$2.5 million for 2015-16



Textbooks

- 2013-14 Budget - \$335,552
- 2014-15 Budget - \$1.3 million using \$300,000 from Lottery carryover
- 2015-16 thru 2017-18 Budget - \$800,000 ★
- Reduction of \$500,000 each year – one time funds could be used to maintain adoption schedule

Subject	TK – 12 Textbook Adoption Costs 2013-14 through 2020-21
Math	1,730,205
English Language Arts – ELA	1,690,965
Science - NGSS	1,648,941
History	1,620,408
World Languages	518,667
Other	339,113
Total	7,548,299



Textbook Schedule

2013-14 and 2014-15

- ES, MS and HS Math

2015-16

- MS and HS ELA

2016-17

- ES ELA, MS NGSS

2017-18

- HS NGSS

2018-19

- ES NGSS, MS History

2019-20

- ES and HS History

2020-21

- World Languages and Other



Site Supply Allocations

- Based on student enrollment
- Used to purchase supplies for: Classrooms, Offices, Health
- Sites determine the distribution and use of funds
- Starting 2015-16, custodial supplies will be centrally purchased - \$300,000 allocation in Operations – no reduction to site formula calculations

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

SMMEF Funded Programs

- Staff recommends that current VSS programs will be supported in 2015-16 as follows:
 - Instructional Aides, PS Arts/VAPA and Stretch Grants continue to be funded by SMMEF contributions
 - Total estimated cost is \$2.5 million – SMMEF funding projected to be \$2.2 - \$2.3 million (General Fund to assume any difference)
 - Literacy Coaches and Secondary Support will be General Fund expenses
 - Professional Development will be funded through Title II

Other Changes from the 1st Budget Workshop

- Food Services General Fund Encroachment has decreased \$130,000 beginning in 2015-16 ★
- Beginning with the 2016-17 Budget, staff will reduce the cost of Literacy Coaches and Secondary Support by 10% ★
- ROP staffing will come from the high school staffing allocation saving \$800,000 in the General Fund starting 2016-17 ★

Equipment Replacement

	2015-16	2016-17	2017-18
Copiers	157,200	113,000	12,500
Buses	360,000	300,000	290,000
M&O Vehicles	175,000	200,000	25,000
Time Reporting	200,000		
Other Capital	80,000		
Total	972,200	613,000	327,500
Adjustment	300,000	300,000	115,000
	672,200	313,000	212,500



SSC Financial Dartboard

Factor	2014-15	2015-16	2016-17	2017-18
Statutory COLA	0.85%	1.02%	1.60%	2.48%

LCFF Factors

Factor	2014-15	2015-16	2016-17	2017-18
SSC LCFF Gap Funding Percentage	29.97%	53.08%	12.62%	18.24%
Department of Finance (DOF) LCFF Gap Funding Percentage	29.97%	53.08%	37.40%	36.74%

Factors for All Scenarios

Factor	2014-15	2015-16	2016-17	2017-18
California Consumer Price Index	1.40%	2.20%	2.40%	2.60%
Ten-year Treasuries	2.20%	2.40%	2.80%	3.00%
CalPERS	11.771%	11.847%	13.05%	16.60%
CalSTRS	8.88%	10.73%	12.58%	14.43%

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

5/21/2015

Description	2014-15 WORKING BUDGET	2015-16 PROJECTED BUDGET	2016-17 PROJECTED BUDGET	2017-18 PROJECTED BUDGET
Property Tax	66,321,013	66,321,013	66,321,013	66,321,013
Education Protection Account (EPA)	2,171,400	2,159,000	2,159,000	2,159,000
LCFF Transfer to Fund 11 & Fund 14	(437,628)	(250,000)	(250,000)	(250,000)
LCFF Transfer County Specialized Secondary School	(84,000)	(84,000)	(84,000)	(84,000)
LCFF State Aid	8,585,843	15,939,024	18,952,159	21,650,179
Subtotal LCFF Funding	76,556,628	84,085,037	87,098,172	89,796,192
Prior Year LCFF Adjustment	6,420,240			
Other Federal	201,237	13,000	13,000	13,000
Lottery	1,449,000	1,413,403	1,449,000	1,449,000
Mandated Block Grant – One Time State Funds	1,128,916	6,814,826	397,348	397,348
Other State Revenue	10,000	8,000	8,000	8,000
Measure R – Parcel Tax	11,269,493	11,292,032	11,404,952	11,519,002
Prop Y / City of SM	7,400,000	7,500,000	7,600,000	7,700,000
Joint Use Agreement / City of SM	8,448,303	8,617,269	8,789,614	8,965,407
All Other Local Income	3,433,605	3,762,380	3,390,000	3,390,000
SMMEF Donation	3,203,730	2,200,000	2,500,000	2,500,000
Other Sources	137,119	-	-	-
Local General Fund Contribution	(21,125,009)	(23,111,177)	(23,500,000)	(24,000,000)
TOTAL REVENUE	98,533,263	102,594,769	99,150,087	101,737,949

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

5/21/2015

Description	2014-15 WORKING BUDGET	2015-16 PROJECTED BUDGET	2016-17 PROJECTED BUDGET	2017-18 PROJECTED BUDGET
Certificated Salary	47,233,417	49,065,949	49,140,995	49,718,110
Classified	16,461,872	17,402,023	17,663,053	17,927,999
Benefits	22,196,671	23,358,545	25,217,794	27,342,501
Supplies/Books	2,616,291	2,656,467	2,700,000	2,700,000
Other Operational Costs	8,811,368	9,157,938	9,000,000	9,000,000
Capital Outlay	470,322	672,200	313,000	212,500
Debt Services	53,400	53,400	53,400	53,400
Indirect	(1,084,837)	(1,161,544)	(900,000)	(900,000)
Interfund Transfer to Fund 12	170,119	185,494	110,000	110,000
Interfund Transfer to Fund 13	260,000	130,000	130,000	130,000
LCAP increase above 2015-16			564,423	860,190
TOTAL EXPENDITURE	97,188,623	101,520,472	103,992,665	107,154,699

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

5/21/2015

Description	2014-15 WORKING BUDGET	2015-16 PROJECTED BUDGET	2016-17 PROJECTED BUDGET	2017-18 PROJECTED BUDGET
Increase (Decrease) Fund Balance	1,344,640	1,074,297	(4,842,578)	(5,416,750)
Beginning Fund Balance	21,775,362	23,120,001	24,194,298	19,351,720
Ending Fund Balance	23,120,002	24,194,298	19,351,720	13,934,968
Reserve - Revolving cash, Store	94,570	100,000	100,000	100,000
Reserve - Deficiting Spending in 16-17		4,842,578		
Reserve - Deficiting Spending in 17-18		5,416,750	5,416,750	
Reserve - 50% of GAP Funding in 16-17			1,506,567	1,506,567
Reserve - 50% of GAP Funding in 17-18				1,349,010
One time Funds		6,142,626	5,829,626	5,617,126
3% Contingency Reserve	4,082,056	4,089,084	4,218,682	4,300,000
Unappropriated Balance	18,943,376	3,603,260	2,280,094	1,062,265



Next Steps

- Address projected deficit spending
 - Establish a Superintendent's Budget Committee to begin immediately reviewing budget details
 - Committee to make recommendations by the end of January 2016
 - Target \$500K reduction in districtwide overhead costs
 - Review school based costs for reduction of up to \$1 million
 - Administrative, Student Support ratios
 - Clerical support
 - Program offerings
 - School Size



Next Steps - continued

- Complete the 2015-16 LCAP process
- Preliminary Budget – end of May/early June
- Public hearing on LCAP and Budget – June 24th
- Adoption of LCAP and Budget – June 29th

Questions

