

TO: BOARD OF EDUCATION
FROM: SANDRA LYON / JANECE L. MAEZ
RE: 2021-13 BUDGET UPDATE

DISCUSSION
02/16/12

DISCUSSION ITEM NO. D.02

As the District continues to receive information regarding the State budget, as it relates to the development of our budget, Staff will regularly update the Board. These updates will be scheduled at each regular meeting of the Board until the District budget is adopted in June. These updates may include: new statewide projections, proposed changes to the district budget, enrollment projections, staffing ratios, and other budget-related details.

Staff will present preliminary information to prepare the Board for the budget workshop on February 18th.

Ms. Maez's presentation can be found under Attachments at the end of these minutes. Following her presentation, Ms. Maez projected an Excel sheet showing the Multi-Year Projection for the General Fund, allowing board members to run various budget scenarios.

Dr. Escarce suggested a \$3,000,000 reduction. Ms. Leon-Vazquez suggested a \$2,500,000 reduction.

This discussion will help guide the budget workshop this coming Saturday, at which staff will present a list of potential reductions that equal greater than \$3,000,000, allowing the board options.

Santa Monica – Malibu Unified School District

2012-13 Budget

How to address the next round of State cuts??

Board of Education Meeting
February 16, 2012
Item D.02

What has Changed since the 1st Interim Report in December?

- It appears that the Legislature has reversed the 2011-12 Transportation trigger and replaced it with additional Revenue Limit deficit – costing the District approximately \$75,000 in the current year
- The Governor has delivered his proposed 2012-13 State Budget that includes:
 - **NO** Cost of Living Adjustment (COLA) in revenue – loss of approximately \$2.2 million
 - Transportation cut returning and including all transportation revenue – loss of \$800,000
 - Dependency on the passage of a tax measure in November – loss of \$4.0 million (if unsuccessful)

Other Factors Contributing to SMMUSD's Budget Issues

- The District has an ongoing \$4.6 million dollar operating **deficit**
- State flexibility for programs like Class Size Reduction (CSR) end in 2014-15
- Unlike many California school districts – SMMUSD did not make permanent reductions in our 2011-12 budget

Haven't We Made Cuts in the Last Three Years?

Fiscal Year	Permanent/Ongoing Reductions	Temporary/ Onetime Reductions
2009-10	\$2.6 million	\$1.7 million – Realignment/Flexibility \$2.2 million Furloughs
2010-11	\$5.0 million (\$3.0) million restored SOS/Ed Jobs	\$2.2 million Furloughs
2011-12	No Reductions	No Reductions
TOTAL	\$4.6 million (6% budget)	\$6.1 million

SANTA MONICA - MALIBU USD MULTI-YEAR PROJECTION UNRESTRICTED GENERAL FUND No COLA - No Tax Measure - CSR Flexibility Ends 2014/15					
Description	2011-12 2ND INTERIM	2012-13 PROJECTED	2013-14 PROJECTED	2014-15 PROJECTED	2015-16 PROJECTED
TOTAL REVENUE	75,074,108	70,347,183	72,135,741	71,977,058	74,175,703
TAX MEASURE PASSES		-	-	-	-
TOTAL EXPENDITURE	79,710,351	80,053,641	81,821,758	83,649,277	84,800,734
2012-13 BUDGET REDUCTIONS		-	-	-	-
2013-14 BUDGET REDUCTIONS			-	-	-
2014-15 BUDGET REDUCTIONS					
ANNUAL UNSPENT AMOUNT	-	-	-	-	-
INCREASE (DECREASE) FUND BALANCE	(4,636,243)	(9,706,458)	(9,686,017)	(11,672,219)	(10,625,031)
BEGINNING BALANCE	19,846,945	15,210,702	5,504,245	(4,181,772)	(15,853,992)
ENDING BALANCE	15,210,702	5,504,245	(4,181,772)	(15,853,992)	(26,479,023)
RESERVES	3,815,000	3,815,000	3,815,000	3,815,000	3,815,000
AVAILABLE BALANCE	11,395,702	1,689,245	(7,996,772)	(19,668,992)	(30,294,023)

Key Considerations for the Budget Reduction Process

- Items that the Board has Unilateral control over
- Confidence in projected revenue and expenditures
- Plans should assume that a state wide tax measure is unsuccessful
- Reductions should be
 - ongoing and sustainable
 - cautious and measured
- Reductions can be made over time

What Does the Board Have Control Over?

- **Staffing Ratios for**
 - Administrators – Site and District Office
 - Teachers
 - Counselors, Advisors, Librarians, Nurses
 - **Support Staff**
 - Clerical, Secretarial
 - Fiscal, Human Resources, Professional Development
 - Custodial, Maintenance, Grounds, Transportation, Food Services, Technology, Security
- **District programs**
 - AVID, STEM, Visual and Performing Arts, Summer School
- **Supplies, Contracts, Other Operating Expenses**

2nd Interim vs. Actuals

Unrestricted General Fund

Fiscal Year	Fewer Expenditures	Higher Fund Balance
2008-09	1,408,501	7,972,584
2009-10	2,218,154	5,087,282
2010-11	2,742,616	3,556,014
Average over 3 year period	2,123,090	5,538,627

What Does the Board Need to Do Tonight?

- Discuss target budget reduction numbers that include:
 - Dollar Amounts
 - Timing
 - Contingency for failure of the tax measure
 - How we address unspent budget allocations

Where Will We End Up?



Run a leaner machine



Standardize services



Streamline operations