



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Preliminary General Fund Budget for 2020-21

Melody Canady,
Assistant Superintendent of
Business & Fiscal Services

June 4, 2020 Board Meeting
Agenda Item II.J.3.



We will discuss:

- Budget process
- LCFF Budget assumptions
- LCFF calculation
- Multiyear projections
- Ending fund balance and reserve
- Cash Flow and TRANS
- Next steps



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 – 10,018 (272 less than 2019-20)
- Average Daily Attendance - 9,683.21 (95%)
- Unduplicated Count (ELL, F/R, Foster) – 28.56%
- Cost of Living Adjustment (COLA) – (10%)
- Total LCFF funding – \$80,682,731
- Included in the LCFF dollars is the Supplemental *LCAP* funding of \$3,926,759



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Local Control Funding Formula

2020-21 LCFF CALCULATION					4/30/2020
BASE GRANT					
	TK-3	4-6	7-8	9-12	TOTAL
	2,840.26	2,093.07	1,657.22	3,092.66	9,683.21
2020-21 BASE	7,702	7,818	8,050	9,329	
2020-21 Less 10%	7,002	7,107	7,318	8,481	
	19,886,984	14,876,019	12,127,837	26,228,568	73,119,409
AUGMENTATION GRANTS:					
CSR AUGMENTATION: BASE GRANT X 10.4%					1,880,224
CTE AUGMENTATION 9-12 BASE GRANT X 2.6%					619,948
SUPPLEMENTAL AND CONCENTRATION GRANTS:					
TOTAL ENROLLMENT (3-YEAR AVERAGE)					10,692
TOTAL UNDUPLICATED PUPIL COUNT (3-YEAR AVERAGE)					3,054
					28.56%
SUPPLEMENT ADD-ON 20% OF BASE GRANT X % OF ELIGIBLE ENROLLMENT					3,926,759
TRANSPORTATION AND TIIG GRANT					
2012-13 TRANSPORTATION					745,703
2012-13 TIIG					390,688
TOTAL 2019-20 LCFF ENTITLEMENT					80,682,731
MINIMUM STATE AID / 2012-13 CATEGORICAL PROGRAMS					7,805,312
TOTAL FUNDING LESS: 2012-13 MINIMUM/CATEGORICAL					72,877,419
LOCAL REVENUE / PROPERTY TAXES					94,216,821
Amount of Property Tax Over LCFF Funding (Basic Aid when negative)					(21,339,402)

Note Outside of Calculation:

EDUCATION PROTECTION ACCOUNT	1,818,182
TRANSFER TO CHARTER SCHOOL	-38,000



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Recommended MYP Budget Adjustments



2020-21 Recommended MYP Budget Adjustments

REVENUE

- Adjusted RDA from \$15 million to \$16.4 million to align with auditor controller's property tax estimates. At Third Revision this projection was previously from \$15 million to \$17 million.
- Significant decrease to EPA (Education Protection Account) for current year of 488K and possibly a 10% reduction or more in 2020-21 and 2021-22.
- All other property tax categories are estimated at a 5% increase in their own separate categories as recommended for Basic Aid Districts instead of one lump sum percentage increase.
- Measure Y & GSH is projected to significantly decrease to \$12,537,500 from the City of Santa Monica. This projection reflects approximately a 14% decrease due to the Covid-19 pandemic as well as the current climate of civil unrest. This projection mirrors the City's financial estimates per the advisement of the District's Financial Oversight Committee.

EXPENSE:

- Increase in Certificated and Classified Hourly, Overtime, and Substitute costs were incorporated into the 2020-21 budget that were reduced in the prior year Third Budget Revision.
- Decrease in Text Book Costs by \$2 million



2020-21 Recommended MYP Budget Adjustments (cont.)

LOCAL GENERAL FUND CONTRIBUTION of \$3.1 MILLION:

- Increase in SPED Contribution by \$1.7 million from 2019-20 to 2020-21
- Continue Child Development Contribution of \$1 million beginning in 2019-20 for 5 years with additional \$200K from the LCAP Supplement Grant for a total of \$1.2 million.
- Continue Food Services Contribution of \$900 thousand
- Increase in Deferred Maintenance Contribution by \$250K for a total of \$1 million in 2020-21.
- Still required to have 3% match for Regular Restricted Maintenance Account – 2020-21 is \$5.8 million



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Multi-Year Projections

MULTI-YEAR PROJECTIONS / UNRESTRICTED GENERAL FUND

	A	B	C	D	E	F	G
	2019-20	2019-20			2020-21	2021-22	2022-23
Description	THIRD REVISION	ESTIMATED ACTUALS	THIRD vs. ESTIMATED CHANGE		PROJECTED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET
Revenue:							
1 Property Tax	92,691,220	92,123,896	(567,324)		94,216,821	98,177,662	102,336,545
2 Education Protection Account (EPA)	2,000,000	1,511,848	(488,152)		1,818,182	1,818,182	2,000,000
3 LCFF Transfer to Fund Fund 14	-	-	-		-	-	-
4 LCFF Transfer to Charter School	(20,000)	(20,000)	-		(38,000)	(38,000)	(38,000)
5 Prior Year LCFF Adjustment	-	-	-		-	-	-
6 Minimum State Aid	8,585,843	8,585,843	-		7,805,312	7,805,312	8,585,843
7 Subtotal LCFF Funding	103,257,063	102,201,587	(1,055,476)		103,802,315	107,763,156	112,884,388

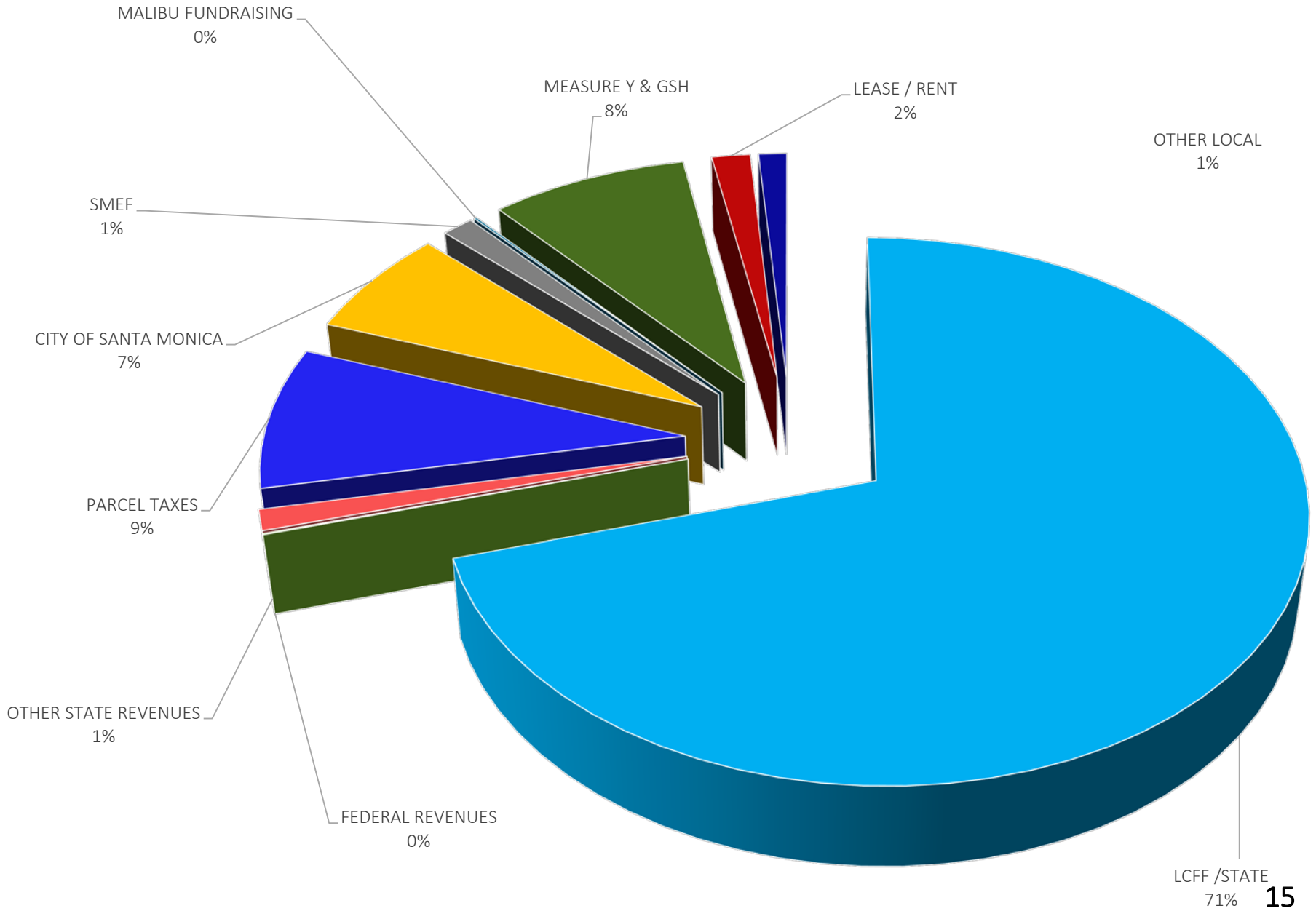


MULTI-YEAR PROJECTIONS / UNRESTRICTED GENERAL FUND

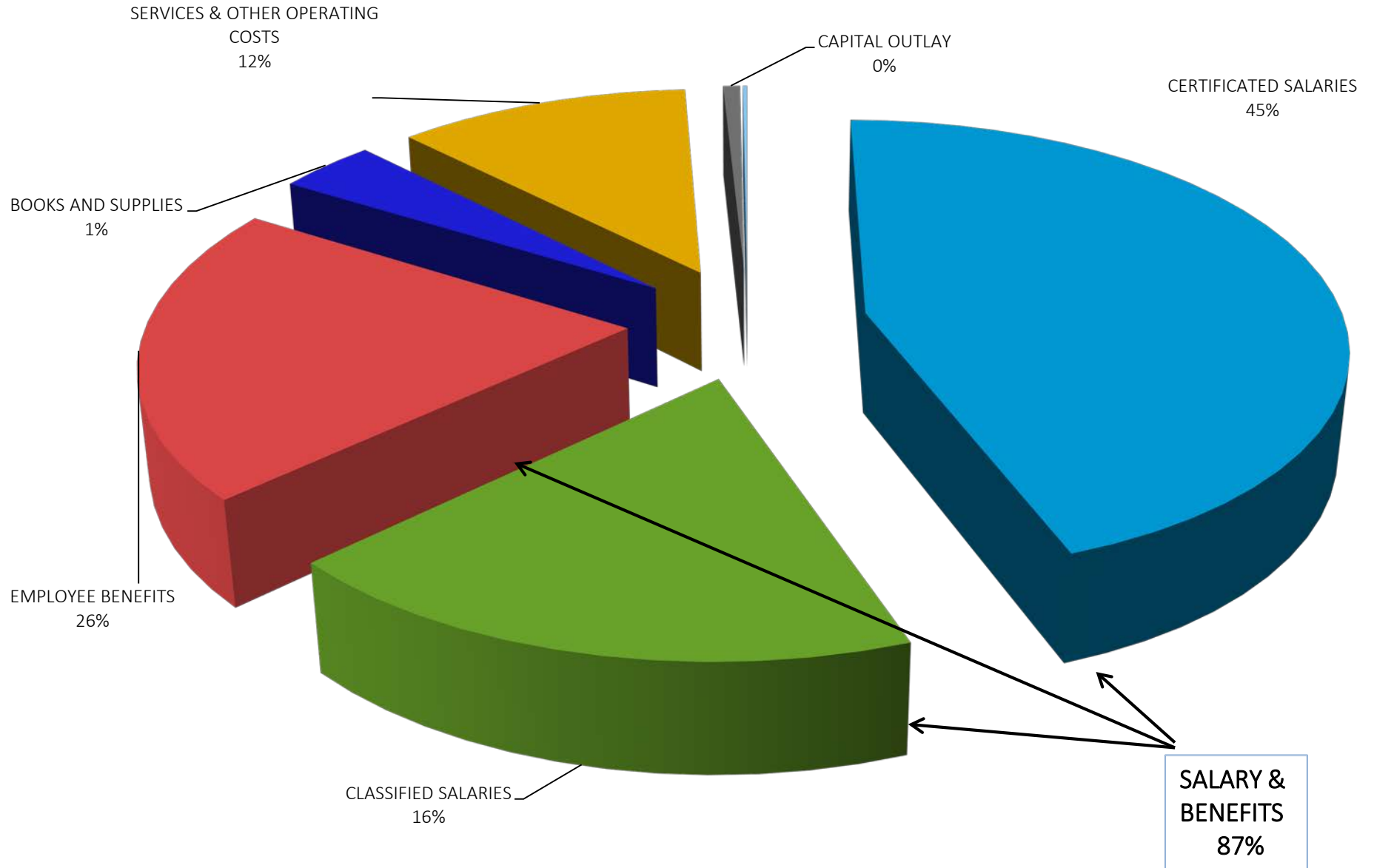
	A	B	C	D	E	F	G
		2019-20	2019-20		2020-21	2021-22	2022-23
Description		THIRD REVISION	ESTIMATED ACTUALS	THIRD vs. ESTIMATED CHANGE	PROJECTED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET
8 Other Federal		264,377	264,377	-	100,000	100,000	100,000
9 Lottery		1,600,000	1,600,000	-	1,454,545	1,454,545	1,600,000
10 Mandated Reimbursement Block Grant		422,665	422,665	-	372,727	372,727	410,000
11 One-time Discretionary Funds		-	-	-	-	-	-
12 Other State Revenue		215,610	215,610	-	5,000	5,000	5,000
13 Measure 'R' - Parcel Tax		12,449,227	12,449,227	-	12,698,211	12,952,175	13,211,219
14 Measure 'Y' & 'GSH' - City of Santa Monica		13,553,168	13,553,168	-	12,537,500	10,997,807	12,097,588
15 Joint Use Agreement - City of Santa Monica		9,554,280	9,554,280	-	9,799,171	9,995,154	10,195,057
16 Joint Use Agreement - City of Malibu		-	250,000	250,000	340,000	340,000	340,000
17 Santa Monica-Malibu Ed Foundation Donation		-	-	-	-	-	-
18 Santa Monica Ed Foundation Donation		2,104,564	2,104,564	-	2,000,000	2,000,000	2,000,000
19 Malibu Fundraising Entity Donation		-	-	-	165,000	165,000	165,000
20 Lease & Rental		2,450,000	2,450,000	-	2,450,000	2,450,000	2,450,000
21 Interest Earned		190,451	190,451	-	200,000	200,000	200
22 Revenue Associated with TRANS Issuance		721,262	721,262	-	300,000	300,000	300,000
23 ORIGINAL ISSUE PREMIUM		353,750	353,750	-	150,000	150,000	150,000
24 PROJECTED INTEREST EARNED		367,512	367,512	-	150,000	150,000	150,000
25 All Other Local Income		1,976,463	1,726,463	(250,000)	945,000	1,100,000	1,200,000
26 Local General Fund Contribution		(30,511,558)	(30,011,558)	500,000	(31,783,596)	(31,744,225)	(32,379,109)
27 TOTAL REVENUE		118,247,572	117,692,096	(555,476)	115,385,873	118,451,340	124,879,342



2020-21 GENERAL FUND (FUND 01) REVENUES PROJECTION



2020-21 GENERAL FUND (Fund 01) EXPENDITURES



MULTI-YEAR PROJECTIONS / UNRESTRICTED GENERAL FUND

	A	B	C	D	E	F	G
	2019-20	2019-20			2020-21	2021-22	2022-23
Description	THIRD REVISION	ESTIMATED ACTUALS	THIRD vs. ESTIMATED CHANGE		PROJECTED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET
71 Increase (Decrease) Fund Balance	(7,262,300)	(7,517,776)	(255,476)		(9,274,137)	0	0
72 Beginning Fund Balance	22,439,368	22,439,368	-		14,921,592	5,647,455	5,647,455
73 Ending Fund Balance (net of lines 71-72)	15,177,067	14,921,592	(255,475)		5,647,455	5,647,455	5,647,456
74 Reserve - Revolving Cash, Prep-paid	251,984	251,984	-		251,984	251,984	251,984
75 Reserve - SERP Retirement Incentive Pymnt	-	-	-		-	-	-
76 Reserve - Deficiting Spending in 20-21	6,541,619	9,274,137	2,732,518		-	-	-
77 Reserve - Deficiting Spending in 21-22	-	-	-		-	-	-
78 Reserve - Deficiting Spending in 22-23	-	-	-		-	-	-
79 3% Contingency Reserve	5,294,739	5,294,739	-		5,188,034	5,212,804	5,299,490
80 Reserve Up to 2-months of Expenses	3,088,725	100,732	(2,987,994)		207,437	182,667	95,982
81 Unappropriated Balance	0	0	0		0	0	0





SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Ending Fund Balance and Reserve

Combined Assigned and Unassigned Fund Balances

2019-20

Fund 01: Unrestricted General Fund

Unrestricted General Fund Balance	\$	22,439,368
Current Year Deficit Spending		(7,517,776)
Fund Balance that Requires Explanation		14,921,592

Reasons for Assigned and Unassigned Ending Fund Balances

*Below State Recommended 17% Minimum Level for Unified Districts

		14,921,592
Less: 3% Reserve for Economic Uncertainties		(5,294,739)
Reserve for Revolving Cash & Prepaid		(251,984)
Reserve for 20-21 Deficit Spending		(9,274,137)
Reserve for 21-22 Deficit Spending		-
Reserve for 21-22 Deficit Spending		-
^Reserve for up to 2 months General Fund Expenditures		100,732
Unappropriated Balance		-

*current reserve is at 8.49% (down 0.17% from 8.66% @ Third Budget Revision 4/30/20)

*2017-18 Statewide Average Reserve for Unified Districts is 16.98%

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





SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Cash Flow and TRANS

Cash Flow and TRANS

TRANS will be required for the following:

- November and December 2020
 - Negative \$5 million to \$10 million
- We will bring back a TRANS Resolution by the Fall of 2020



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
- Reduced overall budget based on the reductions within the reorganization of departments Fiscal Stabilization Plan by \$8.4 million as required by LACOE



Next Steps

- Continue to monitor property tax, basic aid status, and the State's budget process
- Public Hearing - June 18, 2020
- Board adoption - June 25, 2020
- Prepare Board Resolution for TRANS
- Prepare any necessary budget revisions for Board approval within the legal timelines (45-day revision) after final State Budget adoption



Thank You!



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Appendix

EPA Apportionment Disclosure

Per School Services of California, all Districts are subject to a significant drop in the EPA funding for 2019–20, which means some Districts may have already received, in the First three quarters of this Fiscal Year, more EPA funds than their estimated entitlements for the year, and may not receive a fourth quarter payments.

The California Department of Education and the Department of Finance are currently investigating the options for recapturing overpayments of EPA funds to Districts, which may include suspending or reducing future quarterly payments.

For this reason we recommend that Districts plan on receiving no EPA payment in June 2020 until the details and the timing for each District's adjustment are determined.



	A	C	D
	DESCRIPTION	2020-21 Cumulative Impact	2021-22 Cumulative Impact
1	REVENUE INCREASES	223,555	447,110
2	Adjust City of Malibu joint use permit to the direct rate (same as Santa Monica City) from \$116,445 to \$340,000 annually	223,555	447,110
3	ACADEMICS/SCHOOL SITES	1,671,319	3,342,638
4	Reductions	1,671,319	3,342,638
5	Reduce 2.9 FTE of T-K 7 Elementary/Middle School Teaching Services (Multiple Subject)	367,184	734,368
6	Reduce 2.0 FTE of Secondary English Language Arts Teaching Services	253,230	506,460
7	Reduce 2.0 FTE of Secondary Math Teaching Services	253,230	506,460
8	Reduce 2.0 FTE of Middle School & Secondary Science Teaching Services	253,230	506,460
9	Reduce 0.4 FTE of Social Studies Teaching Services	50,646	101,292
10	Reduce 0.4 FTE of Secondary Foreign Language Teaching Services (Spanish)	50,646	101,292
11	Reduce 1.0 FTE of Secondary Physical Education Teaching Services	126,615	253,230
12	Reduce 1.0 FTE of Visual Performing Arts Teaching Services	126,615	253,230
13	Reduce 1.0 FTE of Secondary Counseling Services	126,615	253,230
14	Reduce 0.5 FTE of Reading Teacher Services	63,308	126,616
15	BUSINESS SERVICES	893,622	1,787,244
16	Reductions	497,667	995,334
17	Reduce 1.0 FTE M&O Management	148,337	296,674
18	Reduce 3.0 FTE Particular Kinds of Services	268,610	537,220
19	Reduce 1.0 FTE Print Shop Operator	80,720	161,440
20	Hiring Freeze	168,762	337,524
21	Freeze 1.0 FTE Assistant Director of Fiscal Services	168,762	337,524
22	Conference & Travel - Fiscal Services, Superintendent's Office, Board of Education	11,000	22,000
23	Contracted Services - Business Services	201,193	402,386
24	District Vehicles - Restrict use by eliminating taking vehicles home	15,000	30,000



25	HUMAN RESOURCES	176,397	352,794
26	Hiring Freeze	174,097	348,194
27	Freeze 1.0 FTE Director of Human Resources	174,097	348,194
28	Contracted Services - Human Resources	2,300	4,600
29	EDUCATION SERVICES	5,476,914	10,953,829
30	Reductions	1,178,587	2,357,174
31	Special Education	1,114,768	2,229,536
32	Reduce 1.6 FTE Psychologists	176,517	353,034
33	Reduce 3.6 FTE Special Ed classroom Teacher	316,894	633,788
34	Reduce 2.0 FTE SLPAs	169,998	339,996
35	Reduce 1.0 Sr office Specialist	75,524	151,048
36	Reduce 8 Paraeducators	317,168	634,336
37	Reduce Psych Interns by 40%	58,667	117,334
38	General Education	63,819	127,638
39	Reduce 0.6 FTE Instructional Coach	63,819	127,638
40	Hiring Freeze	134,820	269,641
41	Freeze 1.0 FTE Director of Curriculum & Instructions	134,820	269,641
42	Contracted Services - Education Services	681,170	1,362,340
43	Postpone	3,482,337	6,964,674
44	GSH Technology Refresh	1,000,000	2,000,000
45	Textbook Adoptions	1,500,000	3,000,000
46	Specifically Identified Professional Development	982,337	1,964,674
47	TOTAL AS OF 2020-21 PRELIMINARY BUDGET 6/4/2020	8,441,807	16,883,615
48	Total as of 2019-20 Third Budget Revision 4/30/2020	(8,440,142)	(16,880,284)
49	<i>Change Between Two Periods</i>	1,665	3,331



Factor	2019-20	2020-21	2021-22	2022-23
Statutory COLA	3.26%	-10.00%	0.00%	0.00%
LCFF FUNDING BASE				
K-3 + 10.4% CSR	\$ 8,503	\$ 7,653	\$ 7,653	\$ 7,653
4-6	\$ 7,818	\$ 7,036	\$ 7,036	\$ 7,036
7-8	\$ 8,050	\$ 7,245	\$ 7,245	\$ 7,245
9-12 + 2.6% CTE	\$ 9,572	\$ 8,615	\$ 8,615	\$ 8,615
% of Local Prperty Taxes Increase	5%	5%	5%	5%
% of GAP Funding	100.00%	100.00%	100.00%	100.00%
MINIMUM STATE AID	\$ 8,585,843	\$ 7,805,312	\$ 7,805,312	\$ 8,585,843
Enrollment Projection*	10,298	10,018	10,018	10,018
P2 ADA Projection	9,783	9,783	9,518	9,518
FUNDING ADA	10,095	9,683	9,683	9,518
Federal Revenues	0%	0%	0%	0%
Lottery - Unrestricted /ADA	\$ 153.00	\$ 153.00	\$ 153.00	\$ 153.00
Lottery - Restricted /ADA	\$ 54.00	\$ 54.00	\$ 54.00	\$ 54.00
Mandated Block Grant : K-8 /ADA	\$ 32.18	\$ 32.18	\$ 32.18	\$ 32.18
Mandated Block Grant : 9-12 /ADA	\$ 61.94	\$ 61.94	\$ 61.94	\$ 61.94
City of Santa Monica/Joint Use Agrmnt	\$ 9,554,280	\$ 9,799,171	\$ 995,154	\$ 10,195,057
Measure "R" / Parcel Tax	\$ 12,449,227	\$ 12,698,211	\$ 12,952,175	\$ 13,211,219
City of SM /Meas. Y & GSH / Sales Tax	\$ 13,553,168	\$ 12,537,500	\$ 10,997,807	\$ 12,097,588
Santa Monica Education Foundation	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Malibu Fundraising	\$ -	\$ 165,000	\$ 165,000	\$ 165,000
Salary Increase	2.25%	0%	0%	0%
Step & Column Incr.	1.50%	1.50%	1.50%	1.50%
STRS Rate	17.10%	16.15%	16.02%	18.10%
PERS Rate	19.721%	20.70%	22.84%	25.50%
Health/Welfare - Annualized	5%	5%	5%	5%
Workers' Compensation	4.22%	4.22%	4.22%	4.22%
Other Postemployment Benefits	1.25%	1.25%	1.25%	1.25%
Indirect Cost Rate	5.49%	6.26%	6.26%	6.26%
Interest Rate	1.79%	1.79%	1.79%	1.79%
Ongoing Maintenance	3%	3%	3%	3%
Reserve for Uncertainties	3%	3%	3%	3%