



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

2025-26 Preliminary Budget General Fund

Gerardo Cruz,
Assistant Superintendent
Business & Fiscal Services

June 18, 2025 Board Meeting
Major Action Agenda Item II.F.5



Budget Reporting Periods

1. Preliminary Budget – June
2. Public Hearing Budget – June
3. Adopted Budget – June
4. 45-Day Revision (if needed) – August
5. First Interim – December
6. Second Interim – March
7. Third Revision – May
8. Estimated Actuals – June
9. Fourth Revision (if needed) – June
10. Unaudited Actuals – September
11. FOC/Board Liaisons Review Draft Audit – Dec.
12. Board Approves Final Audit Report – Jan.



We will discuss:

- Budget Process
- LCFF Budget Assumptions
- LCFF Calculation
- Multiyear Assumptions & Projections
- Ending Fund Balance & Reserve
- Cash Flow & Interfund Borrowing
- Next steps
- ~~Appendix: Covid-19 Funding Summary~~



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 – 8,333 (steadily declining)
- Average Daily Attendance – 7,875 (94.5%)
- Unduplicated Count (ELL, F/R, Foster) – 2,727 (31.33%)
- Cost of Living Adjustment (COLA) – 2.30%
- Total LCFF funding – \$121,645,640
- Included in the LCFF dollars is the LCAP Supplemental funding of \$6,026,279



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Local Control Funding Formula

2025-26 LOCAL CONTROL FUNDING FORMULA (LCFF) CALCULATION 6/18/2025**BASE GRANT:**

	TK-3	4-6	7-8	9-12	TOTAL
	2,240.87	1,866.95	1,334.35	2,907.35	8,349.52
2024-25 BASE	10,025	10,177	10,478	12,144	
2025-26 2.30% COLA	231	234	241	279	
2025-26 BASE	10,256	10,411	10,719	12,423	
	22,981,376	19,436,949	14,302,925	36,118,875	92,840,125

AUGMENTATION GRANTS:

CLASS SIZE REDUCTION (CSR) AUGMENTATION: BASE GRANT X 10.4% 2,390,063

CAREER TECHNICAL EDUCATION (CTE) AUGMENTATION 9-12 BASE GRANT X 2.6% 939,091

SUPPLEMENTAL AND CONCENTRATION GRANTS:

TOTAL ENROLLMENT (3-YEAR AVERAGE) 8,704

TOTAL UNDUPLICATED PUPIL COUNT (3-YEAR AVERAGE) 2,727

31.33%

SUPPLEMENT ADD-ON 20% OF BASE GRANT X % OF ELIGIBLE ENROLLMENT 6,026,279**TRANSPORTATION, TIIG GRANT, & ADD-ON:**

2012-13 LCFF IMPLEMENTATION & ADD-ON FOR TRANSPORTATION 897,197

2012-13 TARGETED INSTRUCTIONAL IMPROVEMENT BLOCK GRANT 429,757

TRANSITIONAL KINDERGARTEN ADD-ON 736,601

TOTAL 2025-26 LCFF ENTITLEMENT 104,259,113**MINIMUM STATE AID / 2012-13 CATEGORICAL PROGRAMS** 8,585,843**TOTAL 2025-26 LCFF ENTITLEMENT** 104,259,113**LOCAL REVENUE / PROPERTY TAXES** 121,645,640**Amount of Property Tax Over LCFF Entitlement (Basic Aid when negative)** (17,386,527)**Note Outside of Calculation:****EDUCATION PROTECTION ACCOUNT** 1,700,000**TRANSFER TO CHARTER SCHOOL** -300,000



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Recommended MYP Budget Adjustments



2025-26 Recommended MYP Budget Adjustments

REVENUE

- RDA remains at \$22 million annually as recommended by the analysis of the District Financial Oversight Committee.
- All other property tax categories are estimated at a 3.5% increase in their own separate categories as recommended for Basic Aid Districts instead of one lump sum percentage increase like State Aid Districts.
- Measure Y & GSH projection mirrors the City financial estimates and will be updated per the recommendation of the District Financial Oversight Committee.
- Measure GS at \$10 million annually as outlined and mirrored in City of Santa Monica Financial estimates
- Education Protection Account (EPA) Decreases by \$100K due to lower 3-year average enrollment

EXPENSE:

- Includes adjustments to Salary Schedules due to negotiated salary changes



2025-26 Recommended MYP Budget Adjustments (cont.)

LOCAL GENERAL FUND CONTRIBUTION/INTERFUND TRANSFERS:

- Increase in Special Education Local General Fund Contribution by \$1.1 million from 2024-25 to 2025-26 for a total of \$35.6 million
- Still required to have 3% match in Local General Fund Contribution for Routine Restricted Maintenance Account – 2025-26 is \$8,990,703
- Interfund Transfers of \$3,225,000
 - 375 Thousand – Child Development
 - 100 Thousand – Child Development from LCAP Supplemental Grant
 - 750 Thousand – Food Services
 - 2 Million – Deferred Maintenance



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Multi-Year Projections

Factor	2025-26	2026-27	2027-28
Statutory COLA	2.30%	3.02%	3.42%
LCFF FUNDING BASE			
K-3 + 10.4% Class Size Reduction (CSR)	\$ 11,323	\$ 11,665	\$ 12,064
4-6	\$ 10,411	\$ 10,725	\$ 11,092
7-8	\$ 10,719	\$ 11,043	\$ 11,421
9-12 + 2.6% Career Technical Education (CTE)	\$ 12,746	\$ 13,131	\$ 13,580
% of Local Property Taxes Increase	3.5%	4%	5%
% of GAP Funding	100.00%	100.00%	100.00%
MINIMUM STATE AID	\$ 8,585,843	\$ 8,585,843	\$ 8,585,843
Enrollment Projection	8,333	8,170	8,009
P2 ADA Projection	7,875	7,720	7,569
Funding ADA	8,416	8,251	8,090
Lottery - Unrestricted /ADA	\$ 191.00	\$ 191.00	\$ 191.00
Lottery - Restricted /ADA	\$ 82.00	\$ 82.00	\$ 82.00
Mandated Block Grant : K-8 /ADA	\$ 39.14	\$ 40.52	\$ 41.99
Mandated Block Grant : 9-12 /ADA	\$ 75.41	\$ 78.06	\$ 80.89
City of Santa Monica - Joint Use Agreement	\$ 11,529,263	\$ 11,759,848	\$ 11,995,045
City of Malibu - Joint Use Agreement	\$ 299,378	\$ 299,378	\$ 299,378
Measure R / Parcel Tax	\$ 14,301,621	\$ 14,587,653	\$ 14,587,653
City of Santa Monica - Measure Y & GSH / Sales Tax	\$ 18,000,000	\$ 18,000,000	\$ 18,000,000
City of Santa Monica - Measure GS / Property Transfer Tax	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000
Santa Monica Education Foundation	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000
Malibu Education Foundation	\$ 592,508	\$ 592,508	\$ 592,508
Salary Increase *See narrative for schedule of increases	*	*	*
Step & Column Incr.	1.50%	1.50%	1.50%
STRS Rate	19.10%	19.10%	19.10%
PERS Rate	26.81%	26.90%	27.80%
Health/Welfare - Annualized	7%	5%	5%
Workers' Compensation	3.92%	3.92%	3.92%
Other Postemployment Benefits	1.25%	1.25%	1.25%
Indirect Cost Rate	0.20%	0.20%	0.20%
Quarterly Interest Rate Distribution	3.86%	3.86%	3.86%
Ongoing Maintenance	3%	3%	3%
Reserve for Uncertainties	3%	3%	3%

MULTI-YEAR PROJECTIONS

UNRESTRICTED GENERAL FUND

	A	B	C	D	E	F	G	H	I	J
		2024-25	2024-25	2024-25	2024-25	2024-25	2024-25	2025-26	2026-27	2027-28
Description		ADOPTED BUDGET	FIRST INTERIM	SECOND INTERIM	THIRD BUDGET REVISION	FOURTH BUDGET REVISION	THIRD vs FOURTH CHANGE	PROPOSED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET
Revenue:										
1 Property Tax		114,288,540	118,288,540	118,288,540	118,767,103	120,235,867	1,468,764	121,645,640	125,631,466	130,813,039
2 Education Protection Account (EPA)		1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	-	1,700,000	1,700,000	1,700,000
3 LCFF Transfer to Fund 14		-	-	-			-	-	-	-
4 LCFF In Lieu Property Tax Transfer to Charter School		(287,000)	(287,000)	(287,000)	(287,000)	(287,000)	-	(300,000)	(300,000)	(300,000)
5 Prior Year LCFF Adjustment		-	-	-			-	-	-	-
6 Minimum State Aid		8,585,843	8,585,843	8,585,843	8,585,843	8,585,843	-	8,585,843	8,585,843	8,585,843
7 Subtotal LCFF Funding		124,387,384	128,387,384	128,387,384	128,865,947	130,334,710	1,468,763	131,631,483	135,617,309	140,798,883



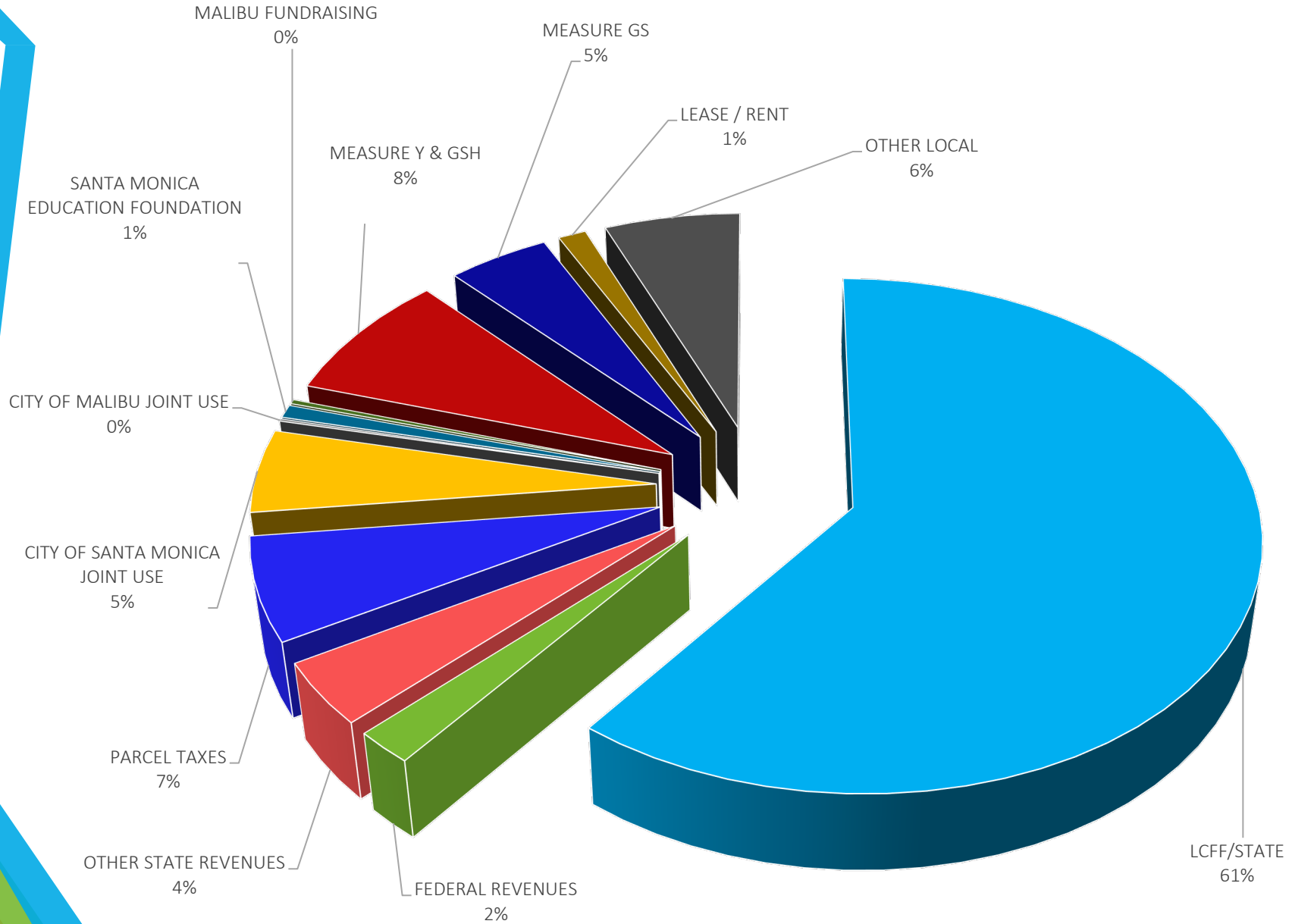
MULTI-YEAR PROJECTIONS

UNRESTRICTED GENERAL FUND

	A	B	C	D	E	F	G	H	I	J
		2024-25	2024-25	2024-25	2024-25	2024-25	2024-25	2025-26	2026-27	2027-28
Description		ADOPTED BUDGET	FIRST INTERIM	SECOND INTERIM	THIRD BUDGET REVISION	FOURTH BUDGET REVISION	THIRD vs FOURTH CHANGE	PROPOSED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET
8 Other Federal (MAA - Medi-Cal Administrative Activities)		-	-	-			-	-	-	-
9 Lottery - Unrestricted		1,500,000	1,637,085	1,637,085	1,637,085	1,637,085	-	1,700,000	1,700,000	1,500,000
10 Mandated Reimbursement Block Grant		419,000	419,000	419,000	419,000	419,000	-	410,000	410,000	410,000
11 Other State Revenue		5,000	5,000	355,000	355,000	355,000	-	355,000	355,000	355,000
12 Measure 'R' - Parcel Tax		14,502,917	14,502,917	14,502,917	14,502,917	14,668,342	165,426	14,301,621	14,587,653	14,879,406
13 Measure 'Y' & 'GSH' - City of Santa Monica		18,000,000	18,000,000	18,000,000	18,000,000	17,500,000	(500,000)	18,000,000	18,000,000	19,000,000
14 Measure 'GS' (Effective 3/1/2023) - City of Santa Monica		10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	-	10,000,000	10,000,000	10,000,000
15 Joint Use Agreement - City of Santa Monica		10,978,200	10,978,200	10,978,200	10,978,200	11,303,200	325,000	11,529,263	11,759,848	11,995,045
16 Joint Use Agreement - City of Malibu		246,827	246,827	246,827	246,827	226,445	(20,382)	299,378	299,378	299,378
17 Santa Monica Ed Foundation Donation		1,960,389	1,960,389	1,960,389	2,073,389	2,073,389	-	1,800,000	1,800,000	1,800,000
18 Malibu Education Foundation		581,685	581,685	581,685	650,600	650,600	-	592,508	592,508	592,508
19 Lease & Rental		2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	-	2,750,000	2,750,000	2,750,000
20 Interest Earned		700,000	700,000	700,000	1,146,745	2,066,762	920,017	1,250,000	1,000,000	700,000
21 All Other Local Income (including Medi-Cal as of 2023-24)		1,209,000	1,137,916	1,254,207	1,285,471	1,312,897	27,426	1,209,000	1,209,000	1,209,000
22 Local General Fund Contribution		(43,265,875)	(48,572,409)	(44,096,073)	(44,278,907)	(44,278,907)	-	(44,636,667)	(45,529,400)	(46,439,988)
23 TOTAL REVENUE		143,224,526	141,983,993	146,926,620	147,882,273	150,268,523	2,386,250	151,191,585	154,551,297	159,849,232



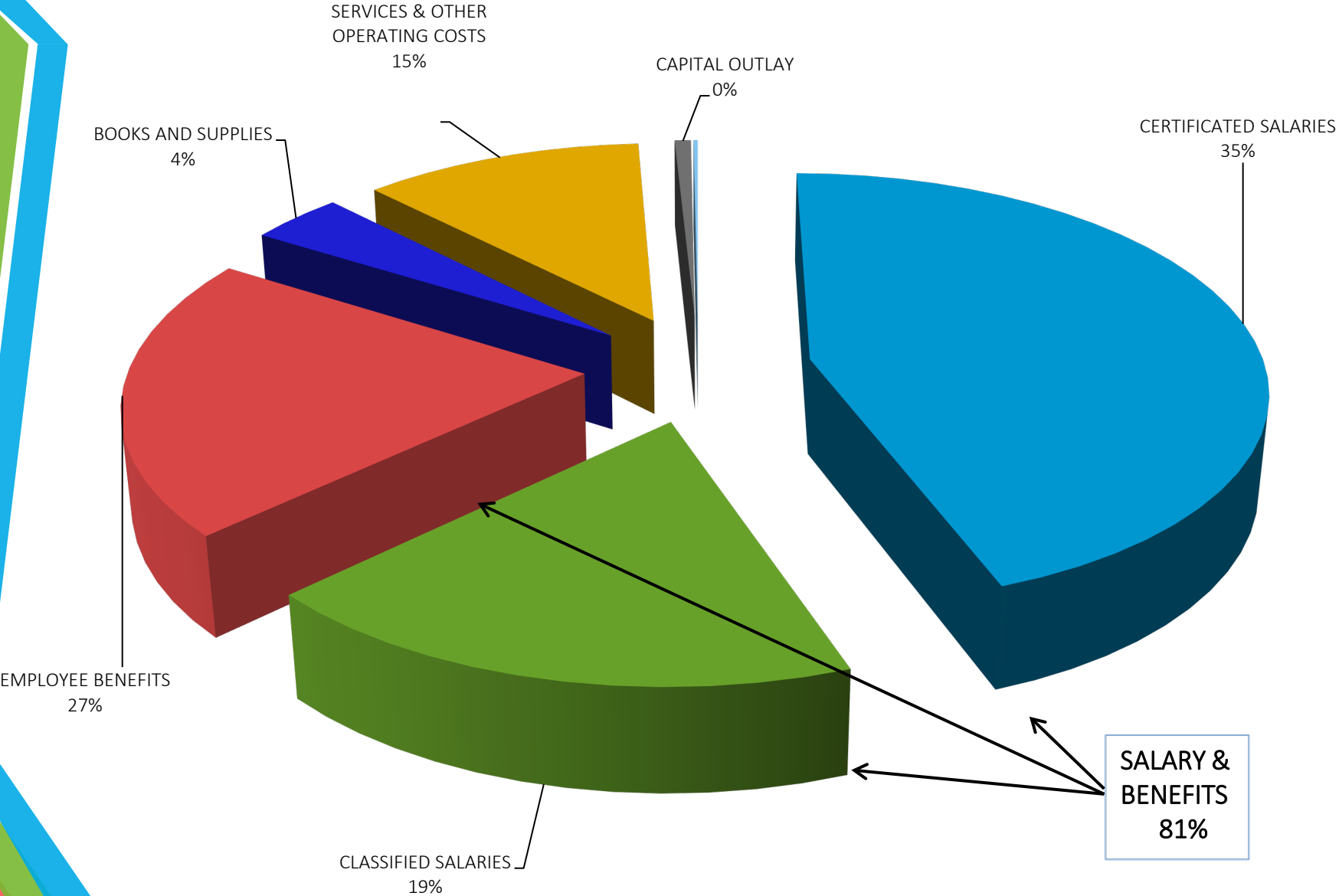
2025-26 GENERAL FUND (FUND 01) REVENUES PROJECTION



Expenditures

	A	B	C	D	E	F	G	H	I	J
		2024-25	2024-25	2024-25	2024-25	2024-25	2024-25	2025-26	2026-27	2027-28
	Description	ADOPTED BUDGET	FIRST INTERIM	SECOND INTERIM	THIRD BUDGET REVISION	FOURTH BUDGET REVISION	THIRD vs FOURTH CHANGE	PROPOSED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET
24	Expenditure:									
25	Certificated Salary	60,681,624	62,551,567	62,408,478	62,430,278	62,515,206	84,928	63,168,211	63,898,049	66,153,650
26	Classified	27,183,903	26,797,314	26,266,524	26,213,568	26,217,258	3,690	27,095,364	27,501,794	27,914,321
27	Benefits	41,441,665	41,474,092	40,765,694	40,810,748	40,833,458	22,710	38,213,703	43,136,123	44,916,267
28	STRS	11,437,249	11,680,852	11,596,278	11,599,442	11,615,663	16,221	11,987,033	12,204,527	12,635,347
29	PERS	6,867,080	6,928,693	6,818,197	6,790,946	6,791,294	348	7,006,964	7,397,983	7,760,181
30	SOCIAL SECURITY & MEDICARE	3,000,630	3,012,293	2,964,214	2,959,645	2,961,158	1,513	3,096,466	3,030,409	3,094,674
31	HEALTH AND WELFARE	15,513,710	15,161,876	14,742,945	14,818,103	14,818,103	-	11,265,726	15,629,012	16,410,463
32	SUI	40,279	44,600	44,071	44,083	44,129	46	46,365	45,700	47,034
33	WORKERS COMP	3,449,100	3,501,979	3,463,255	3,463,681	3,467,155	3,474	3,625,465	3,655,994	3,762,719
34	OPEB	1,099,910	1,111,667	1,098,592	1,098,206	1,099,314	1,108	1,157,461	1,142,498	1,175,850
35	CASH IN-LIEU	33,707	32,132	38,142	36,642	36,642	-	28,223	30,000	30,000
36	Supplies/Books/Textbooks	4,786,301	4,456,395	4,429,463	4,503,345	3,987,392	(515,953)	4,589,592	2,000,000	2,000,000
37	Other Operational Costs	20,894,296	21,763,290	23,467,052	23,605,590	23,398,874	(206,716)	24,454,409	19,103,071	20,281,865
38	504 PLAN ACCOMODATION (STUDENT SERVICES)	20,000	20,000	20,000	20,193	193	(20,000)	-	-	-
39	TRAVEL & CONFERENCE	446,015	489,166	486,840	585,514	573,444	(12,070)	699,268	500,000	500,000
40	DUES & MEMBERSHIPS	53,576	87,436	87,436	87,021	87,561	540	81,719	80,000	80,000
41	INSURANCE	2,360,977	2,607,849	3,102,115	3,102,115	3,102,115	-	3,257,221	2,920,082	3,066,086
42	UTILITIES	4,425,750	4,425,750	4,425,750	4,617,779	4,617,779	-	4,602,779	4,602,779	4,602,779
43	RENTALS, LEASES, REPAIRS	2,850,134	2,818,818	2,823,414	2,869,866	2,889,026	19,160	3,064,724	2,500,000	2,500,000
44	INTRA-FUND TRANSFERS FOR SERVICES	(31,704)	(111,199)	(120,989)	(178,349)	(181,457)	(3,108)	(91,037)	(65,000)	(65,000)
45	INTER-FUND TRANSFERS FOR SERVICES	(137,947)	(133,538)	(19,357)	(232,967)	(200,925)	32,042	(113,660)	(175,000)	(175,000)
46	CONSULTANTS & OTHER OPERATING	10,617,285	11,270,298	12,373,133	12,446,708	12,223,428	(223,280)	12,663,985	8,450,000	9,500,000
47	Other Operational Costs	5,542,906	5,381,656	5,476,796	5,420,445	4,859,606	(560,839)	5,322,268	3,000,000	3,000,000
48	Consultants	2,321,297	3,135,560	3,813,255	3,923,581	4,261,140	337,559	3,537,717	2,250,000	3,000,000
49	Legal	1,886,000	1,886,000	2,216,000	2,235,600	2,235,600	-	2,204,000	1,600,000	1,900,000
50	Cost of Early Retirement Incentive (SERP)	867,082	867,082	867,082	867,082	867,082	-	1,600,000	1,600,000	1,600,000
51	COMMUNICATIONS (LAND & MOBILE)	290,210	288,710	288,710	287,710	287,710	-	289,410	290,210	273,000
52	Capital Outlay	616,282	738,365	758,886	706,986	621,761	(85,225)	71,000	100,000	100,000
53	Transfer to County Specialized Schools & Debt Service	90,000	90,000	90,000	90,000	90,000	-	120,000	120,000	120,000
54	Indirect Costs from Restricted General Fund Categoricals	(2,134,389)	(2,385,612)	(2,346,213)	(2,347,909)	(2,331,189)	16,720	(110,738)	(1,250,000)	(2,005,458)
55	Interfund Transfer Out to Fund 12 Child Development	375,000	375,000	375,000	375,000	375,000	-	375,000	500,000	500,000
56	LCAP Transfer Out to Fund 12 Child Development	100,000	100,000	100,000	100,000	100,000	-	100,000	100,000	100,000
57	Interfund Transfer Out to Fund 13 Food Services	900,000	900,000	900,000	900,000	900,000	-	750,000	750,000	750,000
58	Interfund Transfer Out to Fund 14 Deferred Maint.	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	-	2,000,000	2,500,000	2,500,000
59	TOTAL EXPENDITURE	156,934,682	158,860,411	159,214,884	159,387,606	158,707,760	(679,846)	160,826,541	158,459,037	163,330,646

2025-26 GENERAL FUND (Fund 01)
EXPENDITURE PROJECTIONS



MULTI-YEAR PROJECTIONS
UNRESTRICTED GENERAL FUND

	A	B	C	D	E	F	G	H	I	J
		2024-25	2024-25	2024-25	2024-25	2024-25	2024-25	2025-26	2026-27	2027-28
Description		ADOPTED BUDGET	FIRST INTERIM	SECOND INTERIM	THIRD BUDGET REVISION	FOURTH BUDGET REVISION	THIRD vs FOURTH CHANGE	PROPOSED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET
60 Increase (Decrease) Fund Balance		(13,710,156)	(16,876,418)	(12,288,264)	(11,505,333)	(8,439,237)	3,066,096	(9,634,956)	(3,907,740)	(3,481,414)
61 Beginning Fund Balance		36,178,599	56,609,464	56,609,464	56,609,464	56,609,464	-	46,857,928	37,222,972	33,315,232
62 Audit Restatement - Fund 71 to General Fund				3,489,219	3,489,219	3,489,219	-			
63 Audit Restatement of Deferred Inflow of Lease Receivables				1,350,591	1,350,591	1,350,591	-			
64 District Restatement - Expanded Learning Opportunities Grant				(2,662,890)	(2,662,890)	(2,662,890)	-			
65 Ending Fund Balance (net of lines 60-64)		22,468,443	39,733,046	46,498,120	47,281,051	50,347,147	3,066,096	37,222,972	33,315,232	29,833,819
66 Reserve - Revolving Cash, Prep-pays		20,005	20,025	20,025	20,025	20,025	-	20,025	20,025	20,005
67 Reserve - Fund 71 District Restatement				(3,489,219)	(3,489,219)	(3,489,219)	-	-	-	-
68 Reserve - Deficit Spending in 25-26		-	6,843,204	8,095,737	8,410,379	8,410,379	-	-	-	-
69 Reserve - Deficit Spending in 26-27		-	839,427	3,284,231	3,614,605	3,614,605	-	3,907,740	-	-
70 Reserve - Deficit Spending in 27-28		-	-	-	-	-	-	3,481,414	3,481,414	-
71 3% Contingency Reserve (unrestricted & restricted general fund)		6,827,097	7,005,613	7,189,128	7,197,366	7,197,366	-	6,930,535	6,673,801	6,839,120
72 Reserve Up to 2-months of Expenses (\$26.8 million)		15,621,341	25,024,777	24,419,780	24,549,457	27,615,553	3,066,097	22,883,259	23,139,993	22,974,694
73 Unappropriated Balance		0	0	0	0	0	0	0	0	0





SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Ending Fund Balance & Reserve

Components of Ending Fund Balances

2025-26

Fund 01: Unrestricted General Fund

Unrestricted General Fund Beginning Balance	\$	46,857,928
Current Year (Deficit)/Surplus Spending		(9,634,956)
Ending Fund Balance that Requires Explanation		37,222,972

Reasons for Assigned and Unassigned Ending Fund Balances

*State Recommended 17% Minimum Level for Unified Districts

	37,222,972
Less: 3% Reserve for Economic Uncertainties	(6,930,535)
Reserve for Revolving Cash & Prepaid	(20,025)
Reserve for 26-27 Deficit Spending	(3,907,740)
Reserve for 27-28 Deficit Spending	(3,481,414)
^Reserve for up to 2 months General Fund Expenditures	22,883,259
Unappropriated Balance	-

*current reserve is at 20.27% (up 4.94% from 15.33% @ 25-26 Preliminary Budget)

*2023-24 Statewide Average Reserve for Unified State-Aid Districts is 24.62%

*Basic Aid Districts should be 25%

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





SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Cash Flow & Interfund Borrowing



Cash Flow & Interfund Borrowing

Interfund Borrowing will be required for the following:

- October thru December 2025
 - Potential Negative up to \$5 million
- The board will consider adopting a Resolution for Temporary Interfund Cash Borrowing Transfer as recommended at its June 18, 2025 meeting



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
 - Projected salary schedule change and implemented in Proposed Public Hearing Budget as well as Multi-Year Projection as negotiated by District and Bargaining Units.
 - Increased Local General Fund Contribution to Special Education by \$1.1 million as compared to prior year.
 - Continue to assess positions associated with the Early Retirement Incentive (SERP).



Next Steps

- Continue to monitor property tax, basic aid status, and the State's budget process
- Board Adoption - June 24, 2025
- Prepare Board Resolution for Interfund Cash Borrowing Transfer
- Prepare any necessary budget revisions for Board approval within the legal timelines (45-day revision) after final State Budget adoption