



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

2018-19 Budget Workshop

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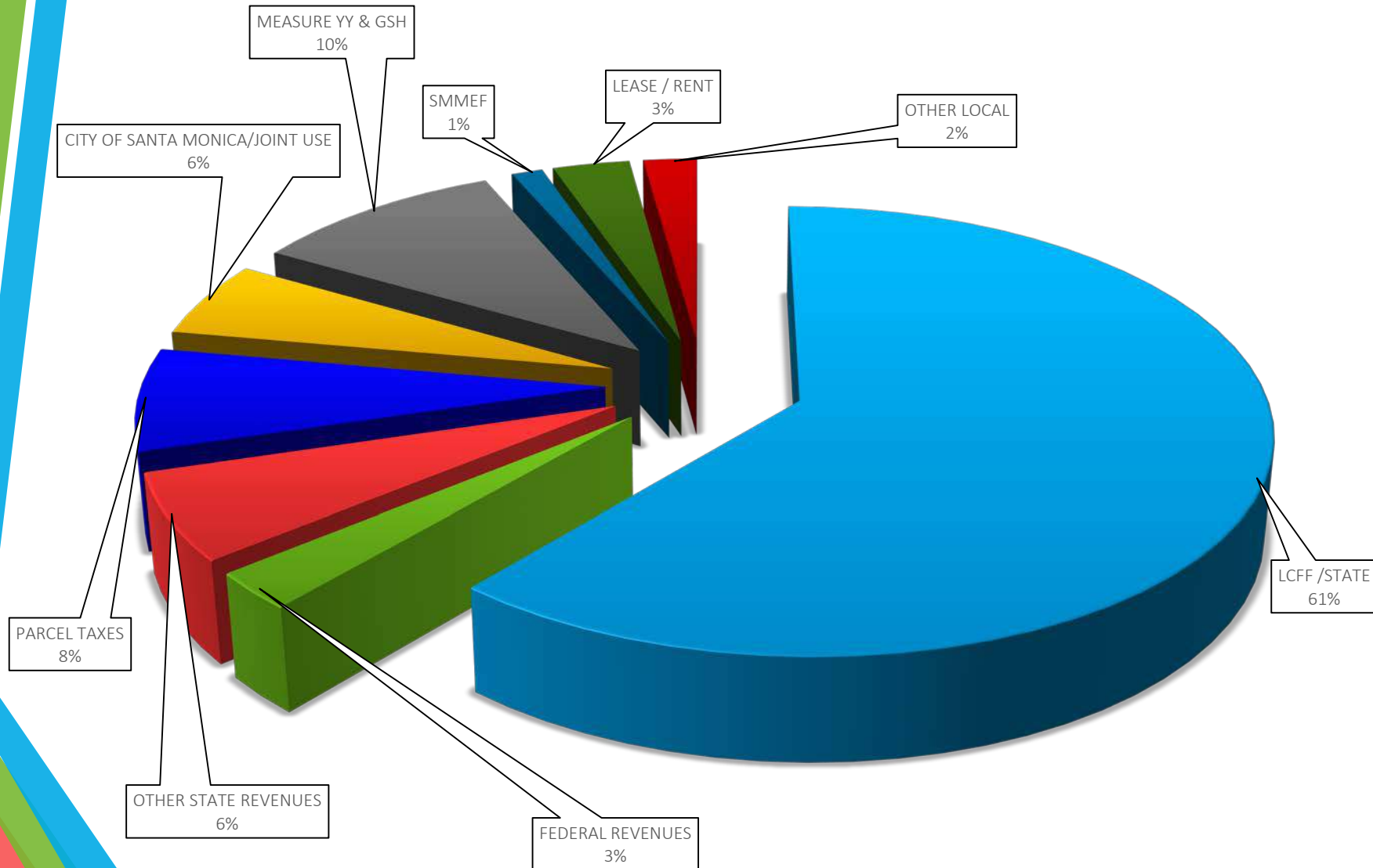
March 20, 2018



Goal of tonight's workshop

- To provide the Board an update on the 2018-19 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 identified programming areas and priorities where staff believe the district is atypical to other school districts in the State of California
- To educate the Board on these matters and seek input and/or direction as staff moves forward to address the structural deficit the district has acquired for some time

What do we know about our revenue for 18-19?

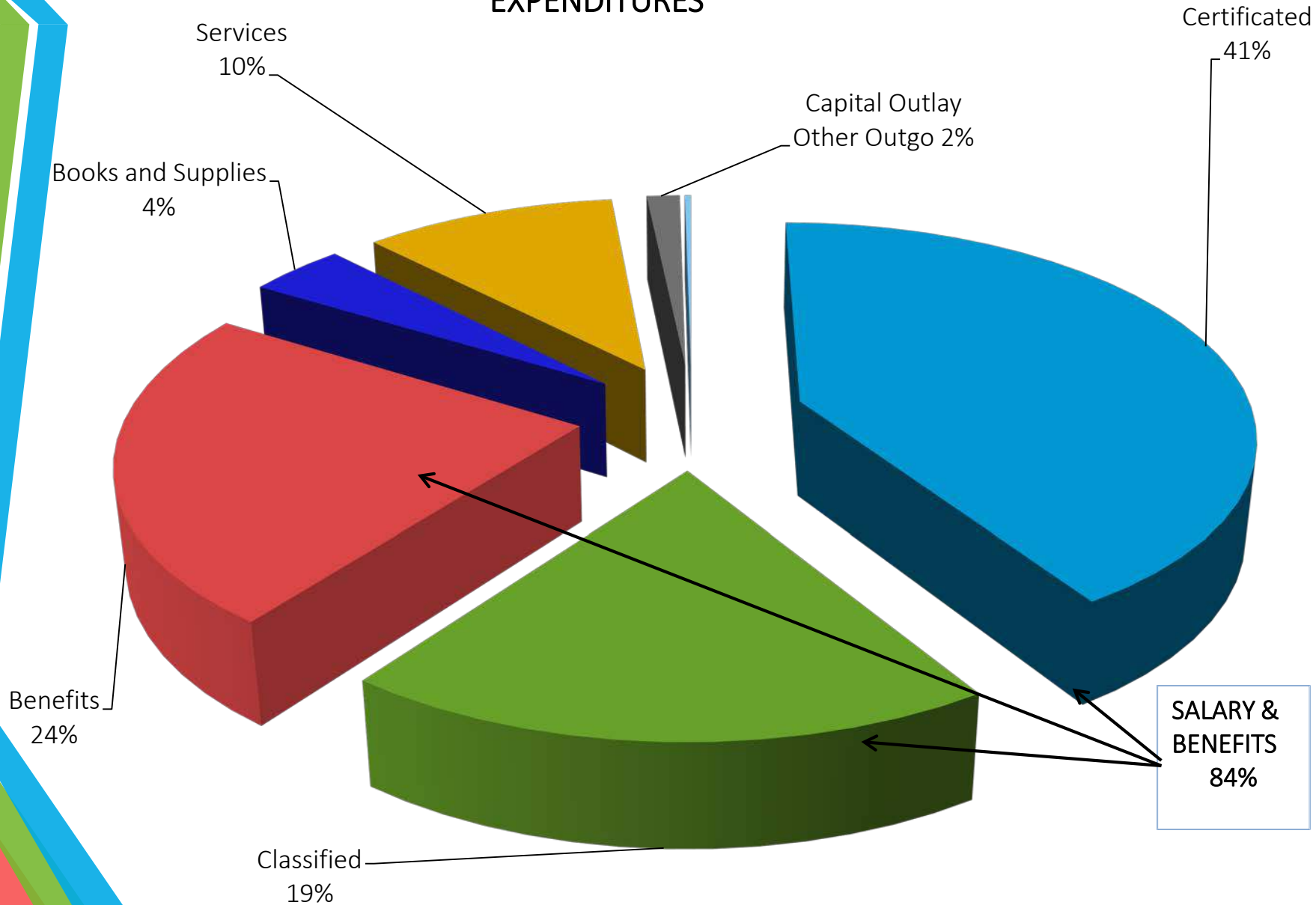




What do we know about our expenditures?

- Our salaries and benefits (84% of the budget) are competitive with neighboring districts
 - Between 2015-16 and 2016-17, SMMUSD provided a combined salary schedule increase in excess of 8.0%
 - In 2017-18, SMMUSD provided one-time off-salary schedule payment to SEIU in the amount of \$1.5M
 - Unsettled negotiations for 2018-19 for all bargaining units
 - Health and Welfare costs will increase between 5% and 7% each year
 - STRS and PERS pension costs continue to increase dramatically and will exceed 19% and 24% respectively by 2020-21
- Programming areas and priorities for the district are atypical to other school districts in the State of California

PROJECTED 2018-19 GENERAL FUND (01) EXPENDITURES





More on expenditures

- Our staffing allocations are considered by many to be generous
 - Classroom
 - Administration – both site and district office
 - Support personnel

- District continues to experience several significant amounts of one-time funds
 - In 2017-18, we received \$5M from the sales of assets related to the elimination of RDA
 - In 2018-19, we received \$3M in One-time State Discretionary funds at \$295 per ADA.



Budget work of Fiscal Department

■ Prepared LCFF projections

- Enrollment projections of 10,822 will be confirmed through Decision Insight
- Estimated property taxes to increase by 5%
- Projected to be a Basic Aid district
 - *Property Taxes exceed our LCFF calculation*

■ Projected other revenue sources

- Federal
- Other State
- Local
 - *Parcel Tax - \$12.2M*
 - *Master Facility Agreement – City of Santa Monica - \$8.8M*
 - *Prop Y - \$8.05M*
 - *Prop GSH - \$8.05M*
 - *SMM Education Foundation - \$2.0M*
 - *Leases/Rents - \$2.5+M*



Budget work of Fiscal Department

- In March met with all elementary sites/departments and reviewed
 - Current year budget status
 - How they monitor and control expenditures
 - Discussed adjustments that may be necessary
 - High School meetings to take place in April
- Will incorporate staffing allocations prepared by HR Department after conclusion of staffing meetings
- 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 2018-19 with exception to site copy machines



What current 2018-19 Budget projections look like:

- SMMUSD is now projecting a \$4.2M deficit in the 2018-19 fiscal year
- The deficit increases to \$6.2M in 2019-20 even with the new GSH funding source:
 - Facility construction through deferred maintenance
 - Enhance/expand early childhood education
 - Keeping classroom technology refreshed and current
- The deficit will be \$5.8M in 2020-21

Multi-Year Projections

<http://www.smmusd.org/fiscal/BudgetInfo.html>





Detailed Budget Review

“The District is in a position to do just about anything it wants to do, it just can’t do everything it wants to do. Priority setting is key to fiscal solvency”