

Public Hearing on 2018-19 Proposed Budget

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June 19, 2018 – Item VI.B



We will discuss:

- Budget assumptions
- LCFF Calculation and how it works
- Multiyear projections
- Ending fund balance and reserve
- Budget Talk...
- Next Steps

Budget Assumptions



Quick LCFF Budget Assumptions

- SMMUSD Enrollment – 10,722
- SMMUSD ADA – 10,310
- Unduplicated Count (ELL, F/R, Foster) – 27.74%
- Cost of Living Adjustment (COLA) – 3.00%
- Projected LCFF Gap Closure – 100%
- Total LCFF funding – \$91,418,701
(\$9,003,406 above SMMUSD entitlement)
- Included in the LCFF funding is the Supplemental LCAP funding of \$4,739,038

How is LCFF Calculated?

How to Determine State Aid verses
Basic Aid

Does the State 3% COLA Affect the
Budget if the District is Basic Aid?

2018-19 LCFF Entitlement/Target Funding Calculation

BASE GRANT	TK-3	4-6	7-8	9-12	TOTAL
	2,903.04	2,464.57	1,610.47	3,332.40	10,310
2017-18 BASE	7,193	7,301	7,518	8,712	
COLA 3.00%	7,409	7,520	7,744	8,973	
	21,508,623	18,533,566	12,471,480	29,901,625	82,415,295
AUGUMENTATION GRANTS:					
CSR AUGMENTATION: BASE GRANT X 10.4%					2,236,897
CTE AUGMENTATION 9-12 BASE GRANT X 2.6%					777,442
SUPPLEMENT AND CONCENTRATION GRANTS:					
TOTAL ENROLLMENT (based on prior 3 yr avg)				10,772	
TOTAL UNDUPLICATED PUPIL COUNT 27.74%				2,974	
SUPPLEMENT ADD-ON 20% OF BASE GRANT X % OF ELIGIBLE ENROLLMENT					4,739,038
TRANSPORTATION AND TIIG GRANT					1,250,030
TOTAL LCFF ENTITLEMENT /TARGET FUNDING					91,418,701

2018-19 LCFF Hold Harmless Calculation

HOLD HARMLESS CALCULATION					
12-13 TOTAL CATEGORICAL FUNDING					8,585,843
12-13 HOLD HARMLESS REVENUE LIMIT PER ADA				5,377.99	
13-14 GAP FUNDING PER ADA				262.43	
14-15 GAP FUNDING PER ADA				598.82	
15-16 GAP FUNDING PER ADA				777.99	
16-17 GAP FUNDING PER ADA				379.45	
17-18 GAP FUNDING PER ADA				174.14	
TOTAL PRIOR YEAR PER ADA RATE				7,570.82	
18-19 FUNDED ADA				10,310	
18-19 HOLD HARMLESS REVENUE LIMIT FUNDING					78,058,788
18-19 TOTAL HOLD HARMLESS FUNDING					86,644,631

2018-19 LCFF State Aid vs Basic Aid Calculation

2018-19 TOTAL LCFF ENTITLEMENT /TARGET FUNDING					91,418,702
Less LOCAL REVENUE/PROPERTY TAXES					91,028,004
Less EDUCATION PROTECTION ACT /EPA					2,000,000
*STATE AID =	(TOTAL FUNDING - TAXES - EPA)				(1,609,302)

2018-19 Total LCFF Funding Calculation

LOCAL REVENUE/PROPERTY TAXES					91,028,004
EDUCATION PROTECTION ACT /EPA					2,000,000
MINIMUM STATE AID					8,585,843
TOTAL LCFF FUNDING = (Property Tax + EPA + Min State Aid)					101,613,847



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Multi-Year Projections

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

Description	2017-18 ESTIMATED ACTUALS	2018-19 PROJECTED BUDGET	2019-20 PROJECTED BUDGET	2020-21 PROJECTED BUDGET
Property Tax (\$87,407,623 for 17-18)	91,028,188	91,028,004	94,829,404	98,820,875
Education Protection Account (EPA)	2,130,414	2,000,000	2,000,000	2,000,000
LCFF Transfer to Fund 14	(250,000)			
LCFF Transfer to County Specialized Secondary School				
Pr. Year LCFF Adjustment	(151,856)			
Minimum State Aid	8,585,843	8,585,843	8,585,843	8,585,843
<i>Subtotal LCFF Funding</i>	<i>101,342,589</i>	<i>101,613,847</i>	<i>105,415,247</i>	<i>109,406,718</i>

SANTA MONICA-MALIBU USD

UNRESTRICTED GENERAL FUND MULTI-YEAR PROJECTION

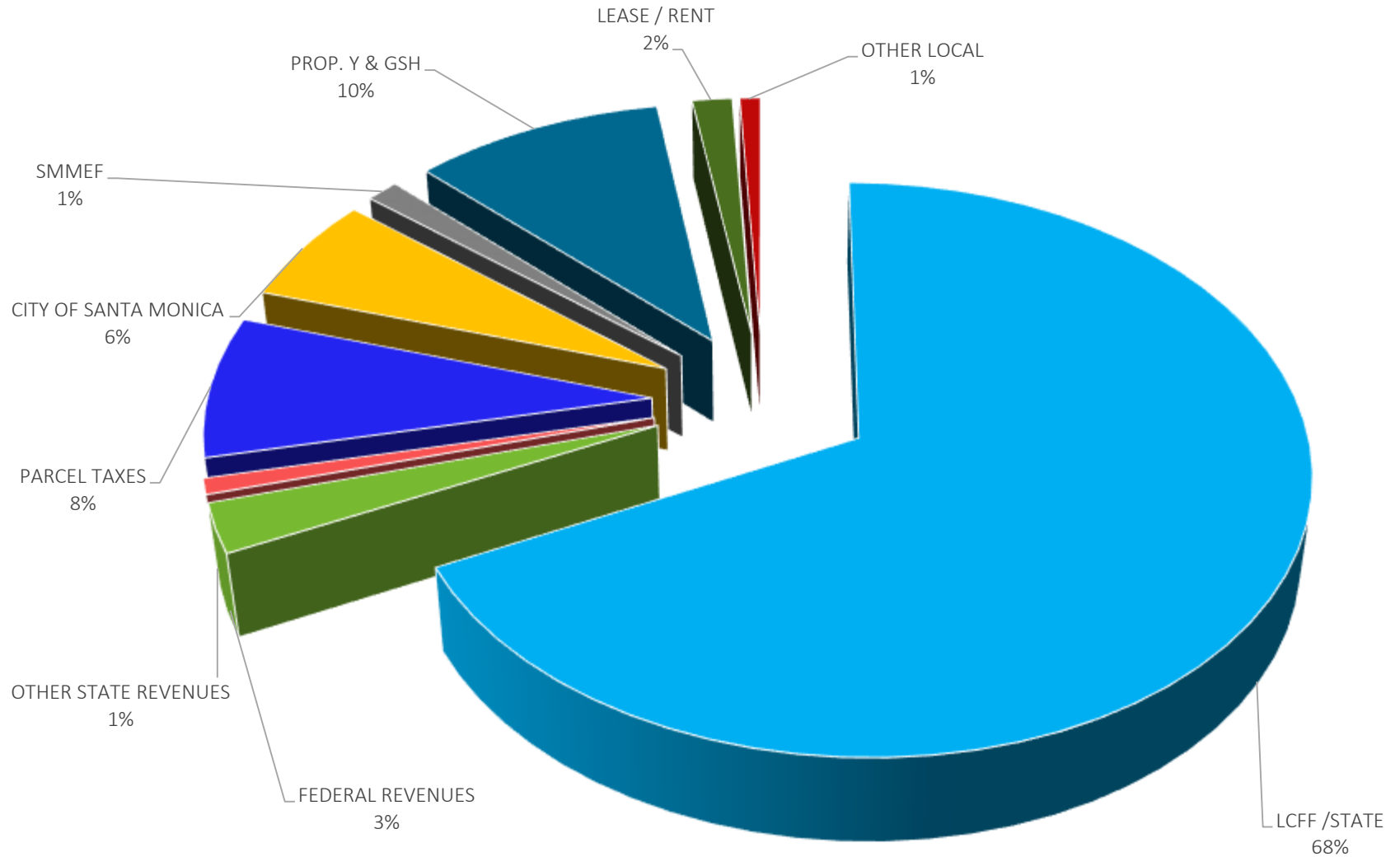
Description	2017-18 ESTIMATED ACTUALS	2018-19 PROJECTED BUDGET	2019-20 PROJECTED BUDGET	2020-21 PROJECTED BUDGET
Other Federal	88,633	13,000	13,000	13,000
Lottery	1,608,338	1,600,000	1,600,000	1,600,000
Mandated Block Grant	411,302	416,814	380,000	380,000
Other State Revenue	1,546,545	3,551,805	5,000	5,000
Measure R - Parcel Tax	12,146,042	12,205,124	12,449,227	12,698,211
Prop Y / City of SM	7,700,000	7,700,000	7,700,000	8,200,000
Prop GSH / City of SM	7,700,000	7,700,000	7,700,000	8,200,000
Joint Use Agreement/ City of SM	9,000,000	9,215,145	9,400,000	9,600,000
All Other Local Income	4,620,095	3,714,440	3,620,000	3,590,000
SMMEF Donation	2,010,102	2,000,000	2,000,000	2,000,000
Local General Fund Contribution	(29,540,825)	(28,360,769)	(28,927,984)	(29,506,544)
TOTAL REVENUE	118,632,821	121,369,407	121,354,490	126,186,385

**SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
LOCAL GENERAL FUND CONTRIBUTION (LGFC)**

	2017-18 ESTIMATED ACTUALS	2018-19 PROPOSED BUDGET	CHANGE
SPECIAL EDUCATION	24,526,215	23,152,206	(1,374,009)
ONGOING MAINTENANCE PROGRAM	5,014,610	5,208,563	193,953
TOTAL CONTRIBUTION:	29,540,825	28,360,769	(1,180,056)



2018-19 GENERAL FUND (FUND 01) REVENUES PROJECTION



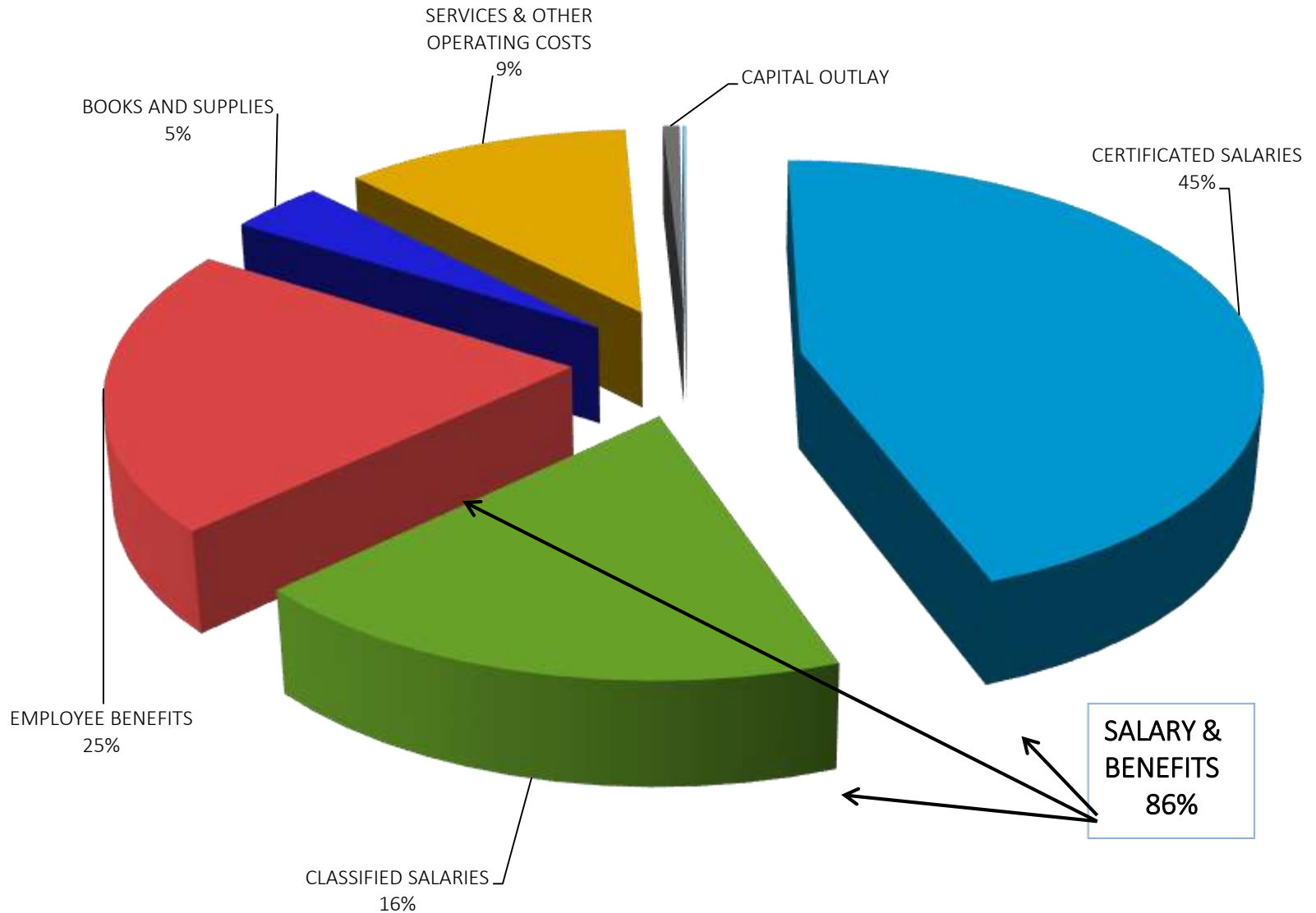
SANTA MONICA-MALIBU USD

Expenditures

UNRESTRICTED GENERAL FUND MULTI-YEAR PROJECTION

Description	2017-18 ESTIMATED ACTUALS	2018-19 PROJECTED BUDGET	2019-20 PROJECTED BUDGET	2020-21 PROJECTED BUDGET
Certificated Salary	53,000,237	53,401,444	54,202,466	55,015,503
Classified	19,186,659	19,358,053	19,648,424	19,943,150
Benefits	27,917,580	30,310,692	33,040,283	35,290,812
STRS	7,581,428	8,488,951	9,826,907	10,507,961
PERS	2,777,123	3,242,282	3,800,791	4,358,575
SOCIAL SECURITY & MEDICARE	2,291,435	2,373,791	2,289,040	2,323,376
HEALTH AND WELFARE	11,343,626	12,264,937	13,123,483	14,042,126
SUI	39,192	39,515	41,925	42,479
WORKERS COMP	2,886,181	2,896,724	2,954,036	2,998,346
OPEB	896,258	905,466	923,136	936,983
CASH IN -LIEU	102,337	99,026	80,965	80,965
Supplies/Books	3,122,385	6,216,548	4,000,000	4,000,000
Other Operational Costs	10,320,279	10,854,995	9,800,000	9,800,000
Capital Outlay	1,488,935	69,060	200,000	500,000
Transfer to County Specialized Sch.	120,000	120,000	120,000	120,000
Debt Services	53,389	28,800	0	0
Indirect	(1,134,195)	(990,940)	(1,000,000)	(1,000,000)
Transfer Out to FUND 12	690,830	200,000	200,000	200,000
Transfer Out to FUND 13	900,000	1,600,000	900,000	900,000
Transfer Out to FUND 14	700,000	1,500,000	1,500,000	1,500,000
TOTAL EXPENDITURE	116,366,099	122,668,652	122,611,171	126,269,465

2018-19 GENERAL FUND (Fund 01) EXPENDITURES PROJECTION



SANTA MONICA-MALIBU USD

UNRESTRICTED GENERAL FUND MULTI-YEAR PROJECTION

Description	2017-18 ESTIMATED ACTUALS	2018-19 PROJECTED BUDGET	2019-20 PROJECTED BUDGET	2020-21 PROJECTED BUDGET
Increase (Decrease) Fund Balance	2,266,722	(1,299,245)	(1,256,682)	(83,080)
Beginning Fund Balance	26,917,922	29,184,644	27,885,398	26,628,716
Ending Fund Balance	29,184,644	27,885,398	26,628,716	26,545,636
Reserve - Revolving cash, Store	162,762	162,762	162,762	162,762
Reserve - Deficit Spending in 18-19	1,299,245	0	0	0
Reserve - Deficit Spending in 19-20	1,256,682	1,256,682	0	0
Reserve - Deficit Spending in 20-21	83,080	83,080	83,080	
3% Contingency Reserve	4,896,176	4,907,906	4,944,757	5,102,295
Reserve Up to 2-months of Expenses	21,486,699	21,474,969	21,438,118	21,280,579
Unappropriated Balance	0	0	0	0

Combined Assigned and Unassigned Fund Balances

2017-2018

Fund 01: Unrestricted General Fund

Unrestricted General Fund Balance	\$	29,184,644
Total Assigned and Unassigned Fund Balance		29,184,644
Less: 3% Reserve for Economic Uncertainties		4,896,176
Fund Balance that Requires Explanation		24,288,468

Reasons for Assigned and Unassigned Ending Fund Balances

*Above the State Recommended Minimum Level

	24,288,468
Reserve for Revolving Cash, Store & Prepaid	(162,762)
Reserve for 18-19 Deficit Spending	(1,299,245)
Reserve for 19-20 Deficit Spending	(1,256,683)
Reserve for 20-21 Deficit Spending	(83,080)
^Reserve for up to 2 months General Fund Expenditures	(21,486,698)
Unappropriated Balance	0

*current reserve is at 17.78% (down 0.02% from 17.80% @ 3rd Budget Revision)

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



Board Item Attachment Includes:

- Restricted General Fund
- Major Federal & State Progs.
- Fund 11 – Adult School
- Fund 12 – Child Development
- Fund 13 – Food Services
- Fund 14 – Deferred Maint.
- Fund 21 – Bond/Building
- Fund 25 – Capital Facilities
- Fund 40 – Capital Projects
- Fund 71 – Retiree OPEB





SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Budget Talk



Budget Talk...

■ What have we done so far:

- Line-by-line assessment of revenues and expenditures at each school site and department level
- Aligned purchasing procedures for compliancy and purchasing power
- Reshaped staffing levels through changes of FTEs

■ Onetime funds -

- Are used to help with current and future deficits
- May also be used towards identified onetime programs, projects, equipment, and/or efficiency services, examples:
 - Security Camera's
 - Technology for students – Chrome books and carts
 - Specific text books and/or software needs, which are not ongoing expenditures
 - Kitchen equipment

■ How do we reshape our future budget(s) to allow for a newer and more flattering figure?

Summary of Changes Since Preliminary Budget

■ COLA (Cost of Living Adjustment)

- Change from 3.00% to 3.70% -- Will reflect in 1st Budget Revision (approximately \$33,000 to LCAP Supplemental Funds) — Published June 15, 2018 by School Services of California

■ Expenditure Increase of \$4,000

- Decrease in Multi-year Ending & Beginning Fund Balances
- 3% Reserve for Econ. Uncert. decreased respectively

■ Reserve for Revolving Cash, Stores & Prepaid

- Write-off (decrease) of SAMO High Student Store and additional (increase) of pre-paid expenditures

■ Change in Overall Reserve Percentage

- From 17.80% @ 3rd Budget Revision to 17.78% @ year-end



Next Steps

- Continue to monitor the State budget process
- Finalize budget documents for Board adoption on June 28, 2018
- Prepare budget revisions for Board approval within the legal timelines (45-day revision) after final State Budget adoption at the July 19, 2018 Board Meeting, if necessary.

Questions
Comments
Feedback



Appendix

Budget Assumptions

UNRESTRICTED GENERAL FUND - REVENUE ASSUMPTIONS

Factor	2017-18	2018-19	2019-20	2020-21
Statutory COLA	1.56%	3.00%	2.57%	2.67%
LCFF Base Funding				
K-3 + 10.4% CSR	\$ 7,941	\$ 8,180	\$ 8,390	\$ 8,614
4-6	\$ 7,301	\$ 7,520	\$ 7,713	\$ 7,919
7-8	\$ 7,518	\$ 7,744	\$ 7,943	\$ 8,155
9-12 + 2.6% CTE	\$ 8,393	\$ 9,206	\$ 9,443	\$ 9,695
Average LCFF Funding per student	\$ 8,386	\$ 8,867	\$ 9,105	\$ 8,977
Local Property Tax % Increase	5%	5%	5%	5%
% Gap Closure	100%	100%	100%	100%
Minimum State Aid	\$ 8,585,843	\$ 8,585,843	\$ 8,585,843	\$ 8,585,843
Enrollment Projection	10,722	10,819	10,819	10,819
P2 ADA Projection	10,299	10,299	10,299	10,299
Funded ADA	10,488	10,310	9,858	10,258
City of Santa Monica - Master Facility Agreement	\$ 9,034,456	\$ 9,215,145	\$ 9,400,000	\$ 9,600,000
Measure R Parcel Tax	\$12,146,042	\$ 12,205,124	\$ 12,449,227	\$ 12,698,211
City of SM / Prop Y	\$ 7,700,000	\$ 7,700,000	\$ 7,700,000	\$ 8,200,000
City of SM / Measure GSH	\$ 7,700,000	\$ 7,700,000	\$ 7,700,000	\$ 8,200,000
SMMEF	\$ 2,010,103	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000

UNRESTRICTED GENERAL FUND - EXPENDITURE ASSUMPTIONS

Factor	2017-18	2017-18	2018-19	2019-20
Salary Increase	2%	0%	0%	0%
Step & Column Increases	1.50%	1.50%	1.50%	1.50%
STRS Rate	14.43%	16.28%	18.13%	19.10%
PERS Rate	15.531%	18.06%	20.80%	23.50%
Health/Welfare - Annualized	7%	7%	7%	7%
Workers' Compensation	4.00%	4.00%	4.00%	4.00%
Other Postemployment Benefits	1.25%	1.25%	1.25%	1.25%
Indirect Cost Rate	5.04%	5.04%	5.04%	5.04%
Interest Rate	0.70%	0.70%	0.70%	0.70%
Ongoing Maintenance	3%	3%	3%	3%
Reserve for Uncertainties	3%	3%	3%	3%