

# Santa Monica-Malibu Unified School District

## 2016-17 Budget Update Study Session

March 3, 2016  
Item S.01

Presented by Janece L. Maez  
Associate Superintendent,  
Business and Fiscal Services





# Themes for the 2016-17 Governor's Budget

- **The Governor continues to stabilize funding and programs in all areas of the State Budget**
- **Completing repayment of the education Maintenance Factor in 2015-16, as School Services of California, Inc., (SSC) projected, increases funding for the non-Proposition 98 side of the State Budget**
- **The state increased its revenue estimates, but continues to underestimate Proposition 98 revenues for 2015-16 and 2016-17**
- **Economic growth is much stronger than in past years, but Governor Jerry Brown highlights the risk of recession**
- **Serious legislative and advocacy issues abound and draw attention and energy**
- **The Local Control and Accountability Plan (LCAP) remains a dominant governance document**
- **Yet, in what is shaping up to be a very good year, it is time to think about the potential for a slowdown**



# Preparing for the Slowdown

- **The growth in education funding has been fueled by three major factors, all of which could change during 2016-17:**
  - **The Proposition 30 temporary taxes**
  - **Growth in the economy**
  - **Repayment of the Maintenance Factor**
- **At full implementation, each district will receive only cost-of-living adjustment (COLA) increases to its LCFF funding each year**
  - **COLAs over the next few years are estimated to be in the 2% to 3% range**
  - **If those COLA projections come to pass, most districts would again be making significant budget reductions**
- **We need to prepare for a slowdown while at the same time advocate for higher funding to continue to move toward at least the national average**



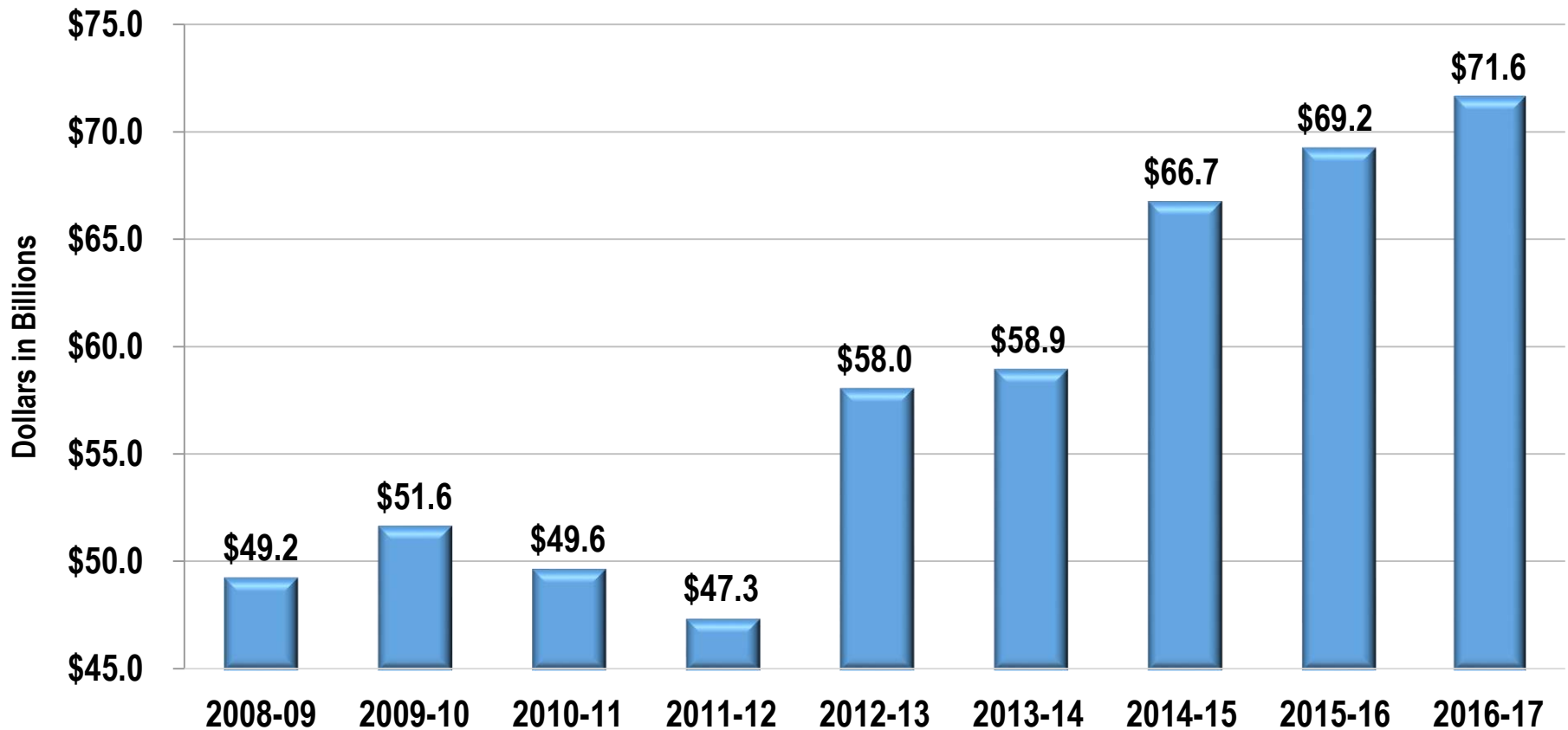
# Proposition 98 Funding

- **The Governor's Budget proposes a revised current year Proposition 98 guarantee of \$69.2 billion**
  - **An increase of \$766 million from the enacted Budget related to an increase in the Test 2 factor (per capita personal income)**
- **The Budget proposes Proposition 98 funding of \$71.6 billion in 2016-17, up \$2.4 billion (3.5%) from the revised 2015-16 level**
  - **Funding is based on Test 3 (per capita General Fund revenues, plus 0.5%), estimated at 2.88%**
  - **ADA is expected to drop slightly by 0.08%**
- **Maintenance Factor is fully repaid in 2015-16 with a payment of \$810 million**
  - **However, a new Maintenance Factor obligation of \$548 million is created in 2016-17 due to the operation of Test 3**
- **General Fund support for schools slows compared to non-Proposition 98 programs: 2% increase versus 8.4% for all other programs in 2016-17**



# Proposition 98 Funding Over Time

## Proposition 98 Funding 2008-09 to 2016-17





# Proposition 98 and the Major K-12 Proposals

## ■ The Governor's Budget proposal includes:

- **\$2.8 billion for Local Control Funding Formula (LCFF) gap closure**
- **\$1.6 billion for an Early Education Block Grant (not new funding)**
- **\$1.2 billion for discretionary one-time uses**
- **\$365.4 million for the K-12 portion of Proposition 39 (2012) – Clean Energy Jobs Act**
- **\$61 million to support projected charter school average daily attendance (ADA) growth**
- **\$30 million in one-time funds to provide academic and behavioral supports**
- **\$22.9 million for categorical programs' COLA (0.47%)**
- **\$20 million for charter school startup grants**
- **\$1.7 million for county offices of education (COE) to support COLA and ADA changes**



# Cap on District Reserves

- **One year ago, we warned that the conditions triggering the cap on district reserves could be met sooner than expected**
  - **In 2014-15, three of the four conditions were met**
    - **Conditions met: Funding based on Test 1, full funding for enrollment growth and COLA, and capital gains revenue exceeding the 8% threshold**
    - **Condition not met: Full repayment of the Proposition 98 Maintenance Factor**
  - **The enacted Budget for 2015-16 assumed that two conditions would not be met – funding based on Test 1 and full repayment of the Maintenance Factor**
- **The Governor's Budget now indicates that the Maintenance Factor will be fully repaid in 2015-16 after all, leaving only Test 1 as the criterion not met**



# 2016-17 Local Control Funding Formula

- Budget proposes \$2.8 billion for continued implementation of the LCFF
- New funding is estimated to close the gap between 2015-16 funding levels and LCFF full implementation targets by 49.08%
- 85% of the gap closed in the first four years
  - Reaching to 95% of the targeted funding levels
- The LCFF base grant targets are adjusted for an estimated 0.47% COLA in 2016-17
- 2016-17 LCFF growth provides an average increase in per-pupil funding of 5.6%, or \$489 per ADA
  - Individual results will vary







# One-Time Funds

- **The Governor's Budget includes \$1.2 billion in discretionary one-time Proposition 98 funding**
  - **Equal to about \$214 per ADA**
- **The Governor suggests the one-time funds may be used to support investments in:**
  - **Content standards implementation, technology, professional development, induction programs for beginning teachers, and deferred maintenance**
- **This is not a mandate and the funds can be used for any one-time purpose**
  - **However, any funds received will offset state obligations for any local educational agency (LEA) with outstanding mandate reimbursements, consistent with the approach used in the 2014 and 2015 Budget Acts**



# Budget Basics

- Enrollment – DecisionInsite
- Revenue – LCFF
- Staffing Allocations – other changes
- Employee Benefits
- Analysis of:
  - Supply allocations
  - Other services: utilities, legal, consultants
  - Capital outlay needs
- Other revenue sources
- Other significant changes



# 2016-17 LCFF Target Funding Factors

- The K-12 COLA is 0.47% for 2016-17, and is applied to the LCFF base grants for each grade span

Grade Span	2015-16 Base Grant per ADA	0.47 % COLA	2016-17 Base Grant per ADA
K-3	\$7,083	\$33	\$7,116
4-6	\$7,189	\$34	\$7,223
7-8	\$7,403	\$35	\$7,438
9-12	\$8,578	\$40	\$8,618

**Target**



# 2016-17 LCFF Target Funding Factors

- **Two grade span adjustments (GSAs) are applied as percentage increases against the adjusted base grant, also receiving the benefit of a 0.47% COLA in 2016-17**
  - **Grade K-3 – 10.4% increase for smaller average class enrollments**
  - **Grades 9-12 – 2.6% increase in recognition of the costs of Career Technical Career (CTE) coursework**

**Target**

Grade Span	2016-17 Base Grant per ADA	GSA	2016-17 Adjusted Grants
K-3 (10.4%)	\$7,116	\$740	\$7,856
4-6	\$7,223	--	\$7,223
7-8	\$7,438	--	\$7,438
9-12 (2.6%)	\$8,618	\$224	\$8,842



# What Does the LCFF Mean for SMMUSD?

LEA Name – 2016-17		
2016-17 LCFF Per ADA Funding	Projected 2016-17 ADA	Projected 2016-17 LCFF Total Revenue
\$ 8,427.61	10,768	\$ 90,748.48

- Total SMMUSD Target \$92,056,828
- Gap closure at 49.08%
- Includes \$4,278,436 Supplemental Grant funds to be designated through the LCAP process (\$695,142 new \$\$)
- Unrestricted LCFF revenue above 1<sup>st</sup> Interim projection = \$0

Discretionary Funds – ONE TIME	Total
\$214 (one-time) X 2015-16 P2 ADA =	\$ 2,304,352



# Site Staffing

<b>Teachers</b>	<b>Staffing Ratios – TK-12 Literacy Coaches/Secondary Support Hourly and EDUs Summer School / Saturday School ROP/Independent Study / OCLC / Opportunity Class</b>
<b>Site Administrators</b>	<b>Principals House Principals / Asst. Principals Dean of Students</b>
<b>Site Clerical</b>	<b>Admin. Assistants Senior Office Specialists (SOS) Office Specialists</b>
<b>Operations</b>	<b>Custodians</b>
<b>Library</b>	<b>Librarians Elementary Library Coordinators</b>
<b>Health</b>	<b>Nurses Health Aides</b>
<b>Physical Education - Elementary</b>	<b>PAS / PE Aides</b>



# Site Staffing

<b>Campus Supervision</b>	<b>Security Officers Noon Duty Aides</b>
<b>General Fund - Instructional Assistants</b>	<b>SMMEF Funded SMASH Independent Study Transitional Kindergarten</b>
<b>Outreach Specialists - Samohi</b>	<b>3 – General Fund</b>
<b>Community Liaisons</b>	<b>General – Ed Services</b>
<b>Technology</b>	<b>Tech Support Assistants</b>
<b>Other Positions</b>	<b>Lifeguards Trainers Coaching ROP Coordinator Lab Technician – Samohi</b>
<b>Music</b>	<b>Teachers – Elementary Aides/Accompanists – Secondary</b>



# Teaching Staffing Ratios: 2016-17

Grade Level	Ratio	Title I Sites	JAMS
TK – 3	24:1	24:1	
4 – 5	30:1	27:1	
6 – 8	34:1		33:1
9 – 12	35:1		

**No Change  
anticipated  
for 2016-17**





# Elementary Schools Administrative Staffing Ratios : 2016-17

- Principals
  - 1.0 FTE per site
  - 0.8 FTE at SMASH

## Assistant Principal Staffing Ratio

School Enrollment	FTE
Less than 500	0.0
Between 500 and 700	0.5
Greater than 700	1.0



# Secondary Schools Administrative Staffing Ratios : 2016-17

<b>School</b>	
<b>Samohi</b>	<b>1 Principal 5 House Principals 1 Dean of Student</b>
<b>Malibu, JAMS, Lincoln</b>	<b>1 Principal 2 Asst. Principals</b>
<b>Olympic</b>	<b>1 Principal (0.5 Gen Fund/ 0.5 Adult Ed)</b>



# Classified Staffing Ratios

- **Physical Activity Specialists (PAS) / PE Aides**
  - FTE formula developed based on the number of teachers per site
  - Allocation of 4, 5, or 6 hour positions
  
- **Bilingual Community Liaisons (BLC)**
  - FTE formula developed based on the number of English Language Learners (ELL) and Reclassification to Fluent English Proficient (RFEP)
    - 50 – 99 = .25
    - 100 – 149 = .50
    - 150 – 200 = .75
    - 201 – 274 = 1.00
    - > 274 = 1.50
    - Title I sites receive an additional .25 fte
      - Except Edison – where all staff is bilingual



# Classified Staffing Ratios

- **Elementary Library Coordinator (ELCs)**
  - **FTE as determined by hours per day formula developed based on the student enrollment in grades TK-5 and Pre-School**
    - **200-299 = 6.0 hours – Cabrillo, Pt. Dume**
    - **300-450 = 6.5 hours – Webster**
    - **451-650 = 7.0 hours – Edison, McKinley, Muir/Smash**
    - **601-750 = 7.5 hours – Rogers, Grant**
    - **751-900 = 8.0 hours – Franklin, Roosevelt**
  - **Reduction in hours will be made when personnel changes occur**



# Classified Staffing Ratios

<b>Senior Office Specialists</b>	
<b>School Enrollment</b>	<b>Full Time Equivalents (FTE)</b>
<b>Less than 400</b>	<b>0.5</b>
<b>Between 400 and 550</b>	<b>1.0</b>
<b>Between 551 and 700</b>	<b>1.5</b>
<b>Greater than 700</b>	<b>2.0</b>



# CalSTRS Rate Increases

■ Employer rates are increasing to 12.58% in 2016-17, up from 10.73% in 2015-16

● No specific funds are provided for this cost increase

■ Under current law, once the statutory rates are achieved, CalSTRS will have the authority to marginally increase or decrease the employer contribution rate

### CalSTRS Rates

Year	Employer	Pre-PEPRA*	Post-PEPRA*
2015-16	10.73%	9.20%	8.56%
2016-17	12.58%	10.25%	9.205%
2017-18	14.43%	10.25%	9.205%
2018-19	16.28%	10.25%	9.205%
2019-20	18.13%	10.25%	9.205%
2020-21	19.10%	10.25%	9.205%

\*Public Employees' Pension Reform Act (PEPRA)



# CalPERS Rate Increases

- The employer contribution to CalPERS is proposed to increase to 13.05% in 2016-17 from 11.847% in 2015-16
- “Classic” members continue to pay 7.00%
  - New members pay 6.00%, which may fluctuate from year to year based on the PEPPRA requirement to pay half the normal cost rate
- Estimates of the resulting future contribution rate increases for school employers are as follows:

## CalPERS Rates

Actual	Projected				
2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
11.847%	13.05%	16.6%*	18.2%*	19.9%*	20.4%*

\*CalPERS provided these estimates in 2014 and has not yet issued revised estimates



# Textbooks

- 2016-17 Budget - \$1.3 million
- Expect to purchase Elementary ELA and Middle School NGSS

<b>Subject</b>	<b>TK – 12 Textbook Adoption Costs 2013-14 through 2020-21</b>
<b>Math</b>	<b>1,730,205</b>
<b>English Language Arts – ELA</b>	<b>1,690,965</b>
<b>Science - NGSS</b>	<b>1,648,941</b>
<b>History</b>	<b>1,620,408</b>
<b>World Languages</b>	<b>518,667</b>
<b>Other</b>	<b>339,113</b>
<b>Total</b>	<b>7,548,299</b>





# Textbook Schedule

2013-14 and 2014-15

- ES, MS and HS Math

2015-16

- MS and HS ELA

2016-17

- ES ELA, MS NGSS

2017-18

- HS NGSS

2018-19

- ES NGSS, MS History

2019-20

- ES and HS History

2020-21

- World Languages and Other



# Site Supply Allocations

- Based on student enrollment
- Used to purchase supplies for: Classrooms, Offices, Health
- Sites determine the distribution and use of funds
- We will continue to centrally fund custodial supplies in Operations with an allocation of \$300,000 and no reduction in site formula money

Grade Level	Formula	Restricted Lottery
K – 5	77.75	12.00
6 – 8	80.66	14.00
9 - 12	59.48	14.00



# Other Considerations

## Library Collections

## Utility Expenses

- Gas
- Electricity
- Water
- Communications

## Contracted Services

- Legal Services
- Consultants

## Equipment

- Site Copy Machines – Maintenance Agreement
- Vehicles



# How does the Governor's Budget Affect SMMUSD Multi-Year Projections?

**MULTI-YEAR PROJECTION**  
**UNRESTRICTED GENERAL FUND**  
**2015-16 2<sup>nd</sup> Interim**

	2015-16	2016-17	2017-18
<b>(Decrease) Fund Balance</b>	<b>(1,675,523)</b>	<b>(7,185,288)</b>	<b>(8,325,167)</b>
<b>Beginning Fund Balance</b>	<b>31,534,919</b>	<b>29,859,395</b>	<b>22,674,107</b>
<b>Ending Fund Balance</b>	<b>29,859,395</b>	<b>22,674,107</b>	<b>14,348,940</b>



# Next Steps

## ■ State level

- Budget committee hearings
- Next update – May Revision

## ■ Local level

- Second Interim Report due by March 16 for school districts
- Regular Budget Updates to Board
- Board Budget Workshop – date to be determined
- SMMUSD Budget Adoption – June 29, 2016



# Questions

School  
Services  
of California  
INC. <sup>TM</sup>