



# 2015-2016 Board Budget Workshop

February 11, 2015

# Good News for the Economy

**Dow Jones Industrial Average**  
(Dow Jones Global Indexes: INDU)

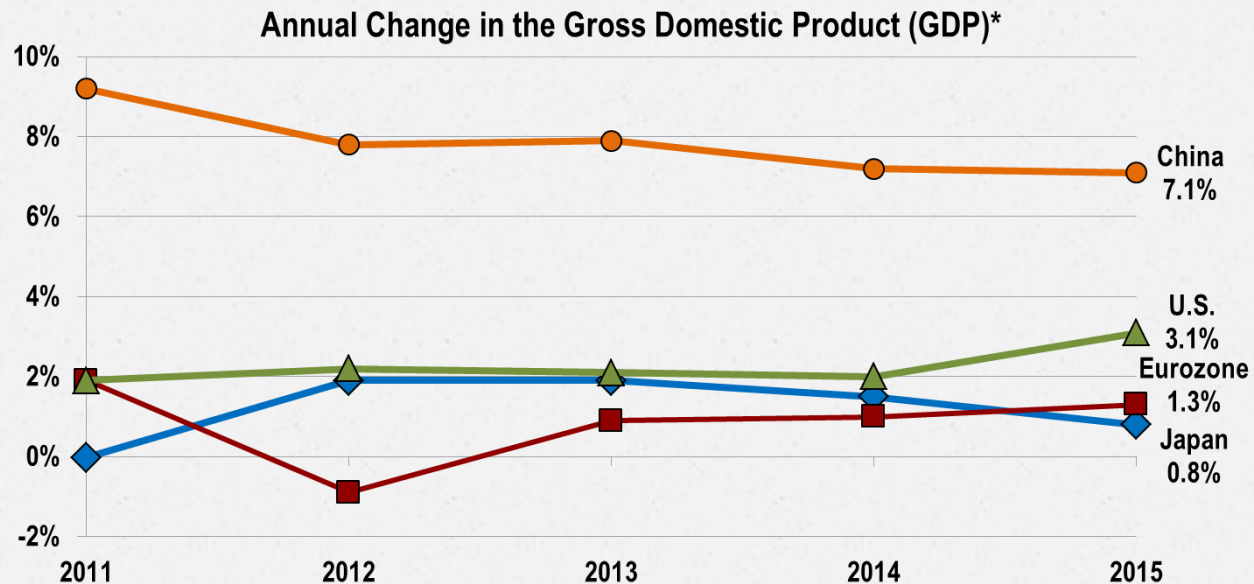


Source: CNN Money

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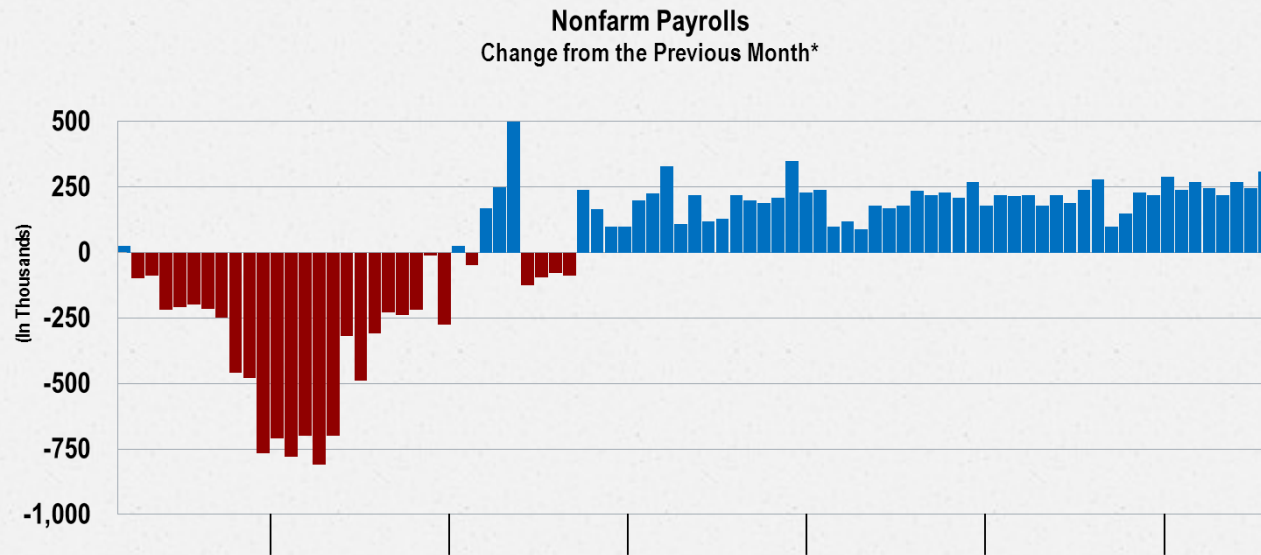
# Good News for the Economy



\*Estimated for 2014, projections for 2015

Source: International Monetary Fund (IMF) October World Economic Outlook  
*The Wall Street Journal*

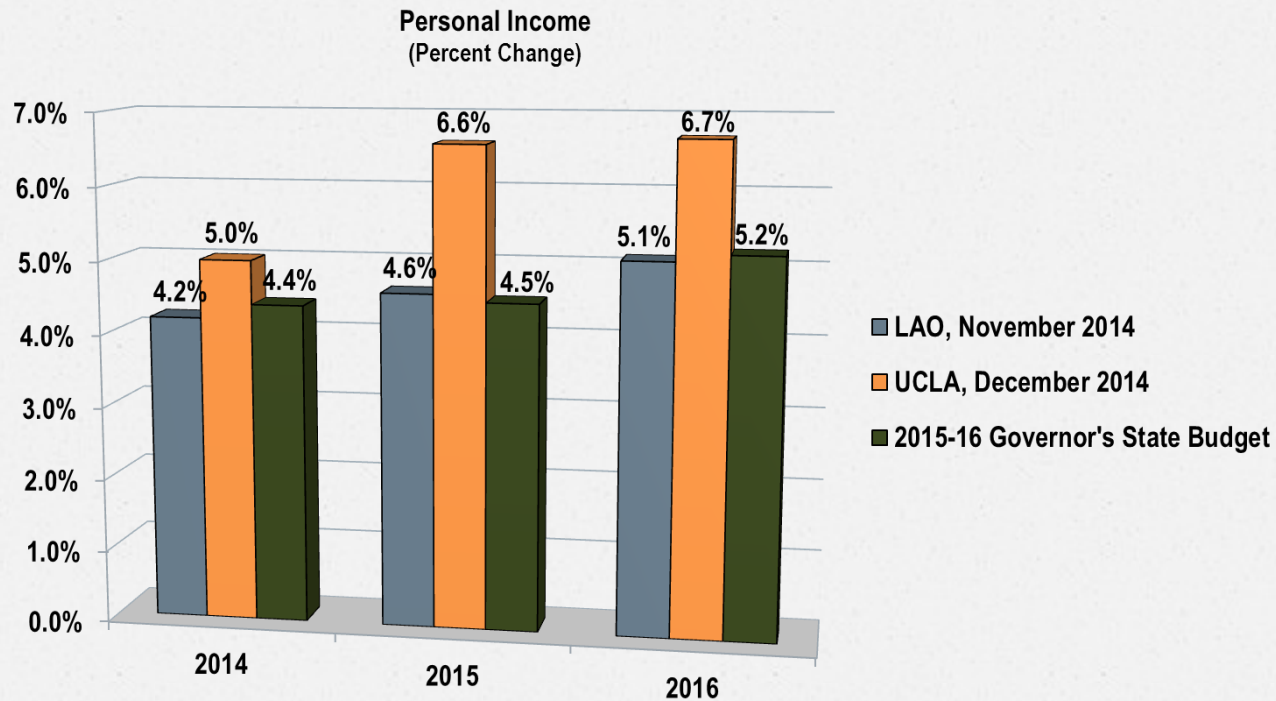
# Good News for the Economy



\*Seasonally adjusted

Sources: U.S. Labor Department  
*The Wall Street Journal*

# Good News for the Economy





# Recovery is Uneven



## San Francisco (Metro District)

### Unemployment Rate

| Nov 2014 | Nov 2013 | Change |
|----------|----------|--------|
| 4.3%     | 5.1%     | -0.8%  |

## Fresno (Metro Statistical Area)

### Unemployment Rate

| Nov 2014 | Nov 2013 | Change |
|----------|----------|--------|
| 11.4%    | 12.4%    | -1.0%  |

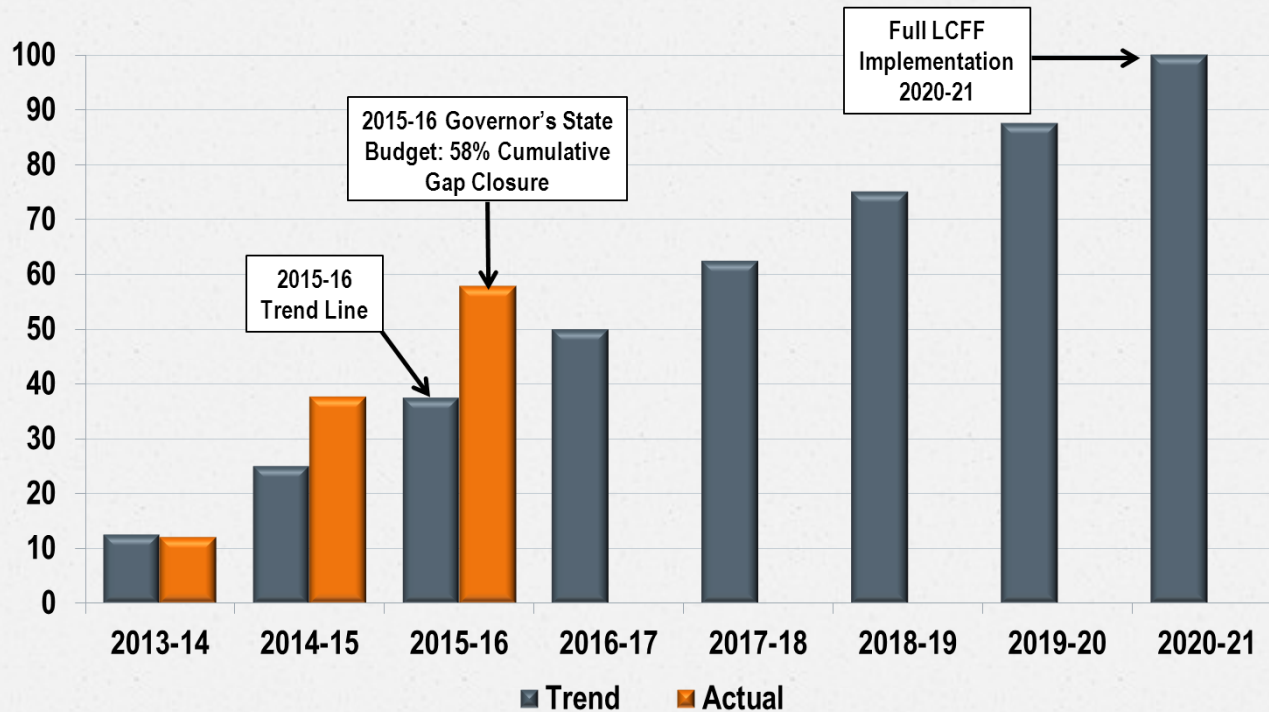
## El Centro (Metro Statistical Area)

### Unemployment Rate

| Nov 2014 | Nov 2013 | Change |
|----------|----------|--------|
| 23.4%    | 23.3%    | 0.1%   |

- The statewide unemployment rate is 7.1%, but employment in some parts of California is still recovering or stalled

# Budget Shows Continued Commitment to LCFF



# California Still Lags Behind

| Ranking | State                | Current Expense Per Student<br>(Adjusted for Regional Cost Differences) | Percentage of National<br>Average |
|---------|----------------------|-------------------------------------------------------------------------|-----------------------------------|
| 1       | Vermont              | \$18,882                                                                | 161%                              |
| 2       | Alaska               | \$18,113                                                                | 154%                              |
| 3       | Wyoming              | \$17,758                                                                | 151%                              |
| 4       | New York             | \$17,326                                                                | 148%                              |
| 5       | New Jersey           | \$15,421                                                                | 131%                              |
| 6       | Connecticut          | \$15,172                                                                | 129%                              |
| 7       | Maine                | \$14,613                                                                | 125%                              |
| 8       | New Hampshire        | \$14,561                                                                | 124%                              |
| 9       | District of Columbia | \$13,917                                                                | 119%                              |
| 10      | Delaware             | \$13,902                                                                | 118%                              |
| -       | US Average           | \$11,735                                                                | 100%                              |
| 46      | California           | \$8,308                                                                 | 71%                               |

Source: Education Week Quality Counts 2015 – January 8, 2015

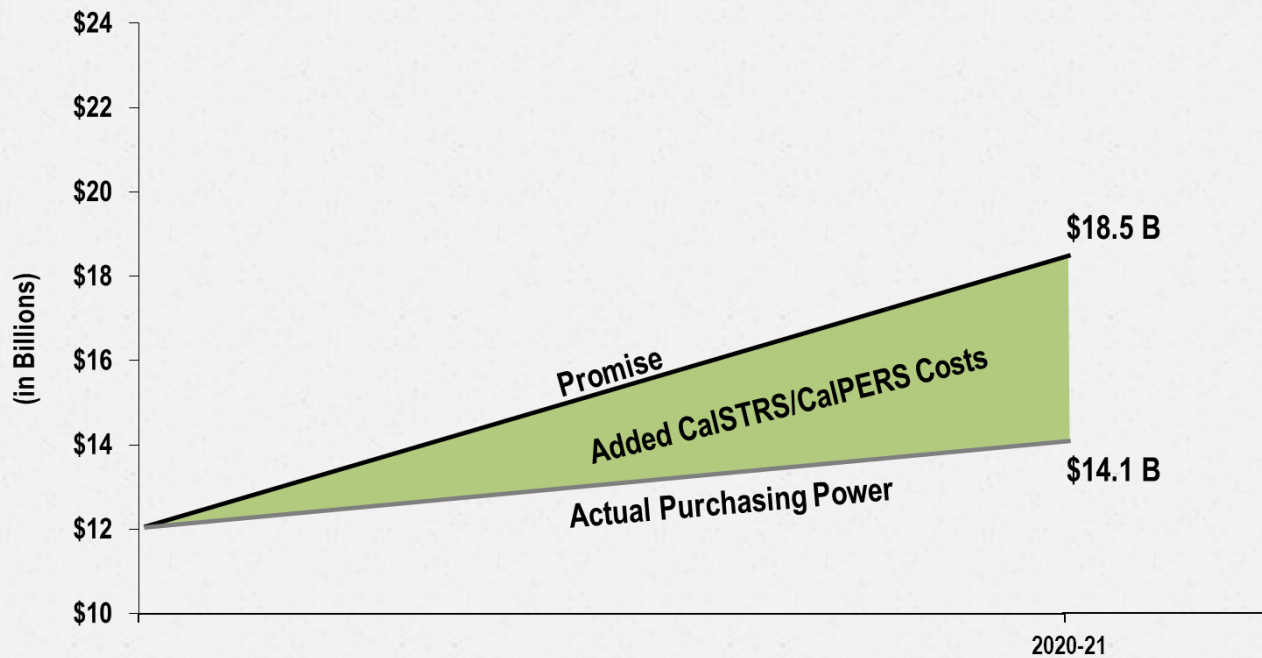
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# Districts See Varying Funding Levels in 2014-15

| District   | Unduplicated Count (12-13) | LCFF Funding (1 <sup>st</sup> Interim) | ADA (1 <sup>st</sup> Interim) | Per Student Funding |
|------------|----------------------------|----------------------------------------|-------------------------------|---------------------|
| CVUSD      | 99%                        | \$60,497,047                           | 6,124.00                      | \$9,878.68          |
| Inglewood  | 91%                        | \$94,114,209                           | 10,473.54                     | \$8,985.90          |
| Lawndale   | 88%                        | \$42,216,598                           | 5,603.44                      | \$7,534.05          |
| Torrance   | 37%                        | \$171,424,000                          | 23,502.00                     | \$7,294.02          |
| RBUSD      | 24%                        | \$64,709,824                           | 7,182.00                      | \$7,182.00          |
| El Segundo | 16%                        | \$23,280,253                           | 3,334.67                      | \$6,981.28          |
| MBUSD      | 3%                         | \$46,008,923                           | 6,742.51                      | \$6,823.71          |
| PVUSD      | 10%                        | \$76,376,741                           | 11,380.00                     | \$6,711.49          |
| Hermosa    | 3%                         | \$9,125,478                            | 1,414.08                      | \$6,453.30          |

# Under-funded Pension Costs are Now Due



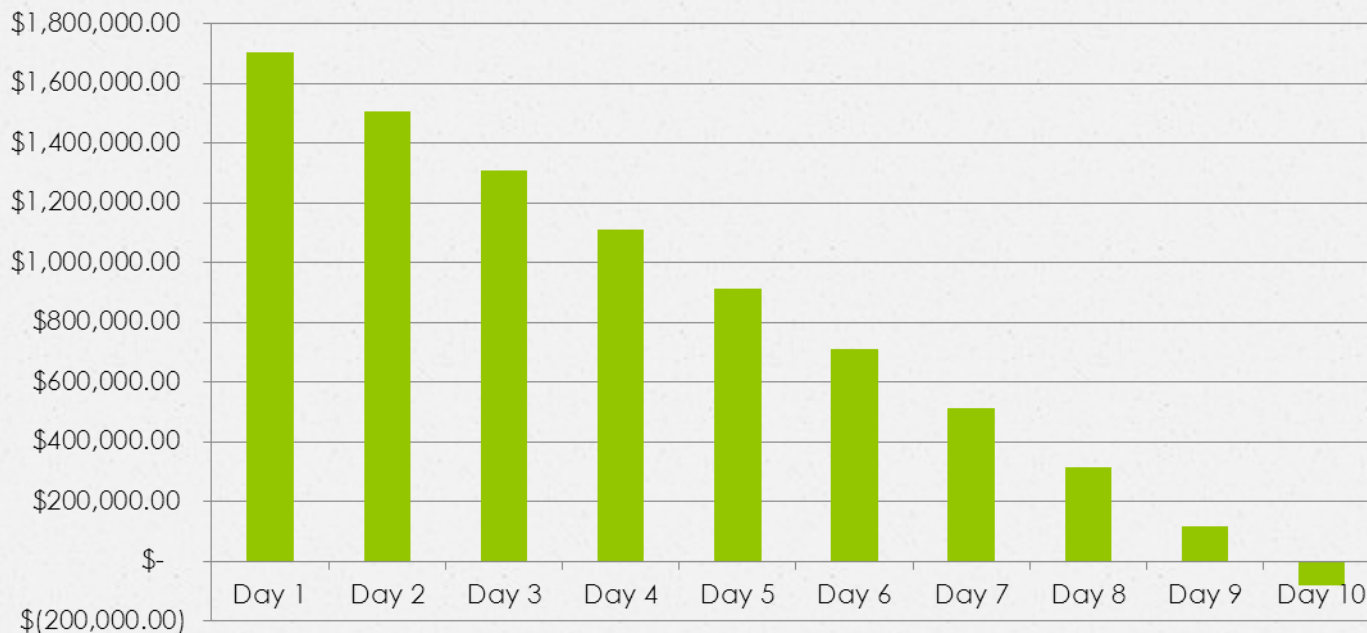
# Reserves May Be Limited

| Reserve Cap Trigger   | 2014-15         | 2015-16         | 2016-17         |
|-----------------------|-----------------|-----------------|-----------------|
| Maintenance Factor    | <i>Possible</i> | <i>Possible</i> | Probable        |
| Test 1 Funding        | Met             | Probable        | <i>Possible</i> |
| Enrollment and Growth | Met             | Probable        | Probable        |
| Capital Gains         | Met             | Probable        | <i>Possible</i> |



# Reserves May Be Limited

## MBUSD Payroll Expenditures v. 3% Reserve



Based on salary and benefits costs averaged over a 260-day work year

# State Funding for MBUSD

| Manhattan Beach Unified School District – 2015-16 |                          |                              |
|---------------------------------------------------|--------------------------|------------------------------|
| Funding Type                                      | First Interim Projection | Current Estimated Projection |
| LCFF Target                                       | \$55,088,249             | \$55,782,832                 |
| Gap Funding                                       | \$1,877,605              | \$2,921,326                  |
| LCFF Funding                                      | \$47,886,527             | \$48,824,131                 |
| CCSS/NGSS/LCFF (Mandated Cost) One Time Funds     | \$0                      | \$1,233,900                  |

Above projections based on the following assumptions:

- Reduced COLA (from 2.19% to 1.58%)
- Increasing P-2 ADA (1<sup>st</sup> Interim based on 2013-14 P2; current projection based on 2014-15 CBEDS)
- Increased Gap Funding (from 20.68% to 32.19%)

# The Multi-Year Projection

|               | 2014-15      | 2015-16      | 2016-17      | 2017-18      |
|---------------|--------------|--------------|--------------|--------------|
| Beg. Balance  | \$14,445,649 | \$10,750,703 | \$10,534,557 | \$7,294,414  |
| Revenues      | \$63,368,762 | \$66,849,199 | \$65,755,902 | \$68,121,204 |
| Expenditures  | \$67,069,708 | \$67,065,345 | \$68,996,045 | \$70,901,439 |
| Ending Bal.   | \$10,750,703 | \$10,534,557 | \$7,294,414  | \$4,514,178  |
| Cash/Stores   | \$30,000     | \$30,000     | \$30,000     | \$30,000     |
| 5% REU        | \$3,353,185  | \$3,353,267  | \$3,449,802  | \$2,127,043  |
| 3 Year Escrow | \$1,000,000  | \$1,500,000  |              |              |
| Gap Assign.   |              | \$1,877,605  | \$2,131,948  | \$2,365,302  |
| Salary        | \$533,529    | \$540,465    | \$563,705    | \$587,944    |
| Undesignated  | \$5,833,989  | \$3,233,220  | \$1,118,595  | \$(596,111)  |



# The Multi-Year Projection Including Mandate Reimbursement

|               | 2014-15      | 2015-16      | 2016-17      | 2017-18      |
|---------------|--------------|--------------|--------------|--------------|
| Beg. Balance  | \$14,445,649 | \$10,750,703 | \$11,768,557 | \$8,528,414  |
| Revenues      | \$63,368,762 | \$68,083,199 | \$65,755,902 | \$68,121,204 |
| Expenditures  | \$67,069,708 | \$67,065,345 | \$68,996,045 | \$70,901,439 |
| Ending Bal.   | \$10,750,703 | \$11,768,557 | \$8,528,414  | \$5,748,178  |
| Cash/Stores   | \$30,000     | \$30,000     | \$30,000     | \$30,000     |
| 5% REU        | \$3,353,185  | \$3,353,267  | \$3,449,802  | \$2,127,043  |
| 3 Year Escrow | \$1,000,000  | \$1,500,000  |              |              |
| Gap Assign.   |              | \$1,877,605  | \$2,131,948  | \$2,365,302  |
| Salary        | \$533,529    | \$540,465    | \$563,705    | \$587,944    |
| Undesignated  | \$5,833,989  | \$4,467,220  | \$2,352,595  | \$637,889    |

# So Cal ROC - History

- o SoCal ROC is a Joint Power Agency (JPA) established in 1967 by California legislature. Current member districts are:
  - o El Segundo Unified
  - o Inglewood Unified
  - o Manhattan Beach Unified
  - o Palos Verdes Peninsula Unified
  - o Torrance Unified
  - o Redondo Beach Unified

# So Cal ROC

## Funding Before 2013-14

- Revenue limit based on Average Daily Attendance (ADA) of students taking Career Tech Education (CTE) classes
- Each member district received state apportionment and passed it through to SoCal ROC
- SoCal ROC provided each district funds for CTE programs under an internal funding model



# So Cal ROC

## Current Funding

- o Local Control Funding Formula includes CTE augmentation grant
- o 2014-15 target, not actual funded, grant amount: \$221 per ADA in grades 9-12
  - o Maintenance of Effort (MOE) provision for 2013-14 and 2014-15
  - o No requirement to pass through any funds to SoCal ROC in 2015-16 and beyond.
- o State is considering matching grant for ROC centers – will not be finalized until 2015-16

# So Cal ROC

## Impact to MBUSD

- o Pass through to SoCal ROC of funds generated by MBUSD students: \$483,000
- o Funds returned to MBUSD by SoCalROC to fund vocational-qualified classes: \$82,941
- o So Cal ROC Teachers working at Mira Costa High School: 2

# So Cal ROC Budget Committee

- o Appointed by SoCal ROC board on 10/16/2014 to address future funding and management topics
- o Members include SoCal ROC staff, SoCal ROC board members, district superintendents, other district personnel (instruction, business)



# So Cal ROC Budget Committee 2015-16 Recommendations

- o Each district to contribute 50% of its 2014-15 CTE augmentation grant funding for the 2015-16 school year only
- o SoCal ROC to set a maximum budget of \$4.5 million for 2015-16 school year and would use reserves to fill in any gap
- o Based on this recommendation, MBUSD would allocate \$209,100 for this purpose, along with \$72,000 for courses held at MCHS, leaving approximately \$116,000 of MBUSD's CTE augmentation grant in the general fund to support CTE programs.

# So Cal ROC Funding Proposal Analysis

- o Fair to MBUSD
- o Good for all students interested in CTE programs in MBUSD and the JPA
- o Meets MBUSD's goal to keep SoCal ROC center open to provide continuing services to our students and students in the JPA:
  - o MBUSD Fall 2014 enrollment 95 Students



# So Cal ROC

## Next Steps

- o February - SoCalROC Board will meet to set budget for next year.
- o March - All member districts will vote on whether they will be allocating the recommended 50% to SoCalROC for 2015-16.
- o Spring - New JPA will be developed based on the commitment of all districts.
- o 2015-16 School Year - Determine if SoCalROC will receive matching grant funds.
- o 2015-16 School Year - Examine the revised program and see how well it meets the needs of vocational students.



# The Multi-Year Projection

## Incl. Mandate Reimb. & CTE Funding

|               | 2014-15      | 2015-16      | 2016-17      | 2017-18      |
|---------------|--------------|--------------|--------------|--------------|
| Beg. Balance  | \$14,445,649 | \$10,750,703 | \$11,884,557 | \$8,760,414  |
| Revenues      | \$63,368,762 | \$68,083,199 | \$65,755,902 | \$68,121,204 |
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| Salary        | \$533,529    | \$540,465    | \$563,705    | \$587,944    |
| Undesignated  | \$5,833,989  | \$4,583,220  | \$2,584,595  | \$985,889    |

# Energy Program – Year 1

| Solar Thermal/HVAC/LED Lighting/Pool Heating Projects |             |                   |
|-------------------------------------------------------|-------------|-------------------|
| Payment Owed                                          | \$949,000   |                   |
| Measurement & Verification                            | \$18,348    |                   |
| Solar Maintenance                                     | \$16,105    |                   |
| Proposition 39 Revenue                                | \$(238,395) |                   |
| Projected Utility Savings                             | \$(389,879) |                   |
| Projected Incentives                                  | \$(268,506) |                   |
| Projected Rental Revenue                              | \$(15,000)  |                   |
| Remaining Balance                                     | \$71,673    | General Fund Exp. |

# Infrastructure Needs

- o Required Repairs and Maintenance (rain gutter repairs, roof repairs, exterior resurfacing, tree trimming, carpeting/ flooring, painting, etc.) - **\$1.3 Million**
- o Technology Infrastructure Maintenance and Upgrades (high speed internet connectivity, additional wi-fi access points, etc.) - **\$400,000**
- o Technology Replacement (classroom and student technology tools) - **\$650,000**
  - o PTA's are meeting to discuss what portion they can cover



# Professional Development

- o Implement the CCSS-English Language Arts
- o Implement the CCSS-Mathematics
- o Move towards the Next Generation Science Standards
- o Provide differentiated and ongoing teacher support through a multi-layered professional development model
  - o District Level
  - o Site Level
  - o Grade/Department Level
  - o Teacher Level

# Professional Development

## ELEMENTARY

| Professional Dev. Structure                | Cost                      |
|--------------------------------------------|---------------------------|
| CGI Day 2                                  | \$73,380.00               |
| CGI Day 3                                  | \$73,380.00               |
| Reading Workshop Day 1                     | \$72,300.00               |
| Reading Workshop Day 2                     | \$10,800.00               |
| <b><i>UCLA Math Support (120 Days)</i></b> | <b><i>\$84,000.00</i></b> |
| Math Lesson Study Days                     | \$23,688.00               |
| Math Optional After School PD              | \$22,140.00               |
| Math Curriculum Mapping                    | \$7,380.00                |
| Math Common Assessments                    | \$7,380.00                |
| Reading Lesson Study                       | \$17,190.00               |
| Reading Coaching                           | \$3,780.00                |
| Reading Coaches Institute                  | \$15,080.00               |
| Reading Curriculum Mapping                 | \$7,380.00                |
| LLI Training                               | \$13,960.00               |

## SECONDARY

| Professional Dev. Structure                | Cost                      |
|--------------------------------------------|---------------------------|
| Full Day Workshop                          | \$125,520.00              |
| <b><i>UCLA Math Support (120 Days)</i></b> | <b><i>\$84,000.00</i></b> |
| Optional After School PD                   | \$22,140.00               |
| Curriculum Mapping                         | \$12,300.00               |
| Common Assessments                         | \$12,300.00               |
| Job Embedded PD                            | \$61,100.00               |

**DISTRICT-WIDE PD COST    \$749,198.00**

# Changing MBEF Priorities

- o LCFF is requiring that all schools be 24:1 by 2021 in Grades K-3
- o MBEF is looking to move funds away from that and away from funding “all” counselors.
- o MBEF would like to take \$600,000 of funding and move it towards priorities such as:
  - o STEAM
  - o Improving Math Instruction
  - o Support for District Professional Dev. Efforts
  - o Elementary Counselors



# Other Funding Priorities

- o The District may wish to consider contributing funds to support site discretionary (supply) expenditures. At a rate of \$50/student at the K-8 level and \$75/student at the 9-12 level, the cost would be \$404,800.
- o Long-deferred textbook/instructional materials adoptions must be considered; the cost may be \$500,000 per year.

# Other Funding Priorities

- o There has been a request for an additional Elementary PE Teacher (\$90,000)
- o There has been a request for additional support in the arts:
  - o VAPA Coordinator (\$110,000)
  - o Additional Teacher for VAPA pull-out program(\$90,000)
  - o Instrumental Music Instructional Assistant (\$45,000)

# 2015-16 Funding Considerations

| Identified Areas    |                                                 |
|---------------------|-------------------------------------------------|
| \$ 1,300,000        | Deferred Repairs and Maintenance                |
| \$ 400,000          | Technology Infrastructure Maintenance/Upgrades  |
| \$ 650,000          | Technology Replacement                          |
| \$ 699,200          | Professional Dev. (less \$50,000 MBEF contrib.) |
| \$ 72,000           | Energy Program                                  |
| \$ 600,000          | MBEF Grants                                     |
| \$ 404,800          | Site Discretionary (\$50 K-8, \$75 9-12)        |
| \$ 500,000          | Textbook adoption (pending state legislation)   |
| \$ 335,000          | Additional Staffing                             |
| <b>\$ 4,961,000</b> | <b>Total Identified Cost</b>                    |