

2015-16 Adopted Budget Considerations

May 20, 2015

Please note that all information contained in this presentation is preliminary and approximate. Due to the evolving nature of the state and local budget, there may be significant variation between the information presented here and the information contained in the District's adopted budget in June.

State General Fund

- General Fund Revenues are increasing

	January Budget	May Revision
2014-15	\$108.0 billion	\$111.3 billion
2015-16	\$113.4 billion	\$115.0 billion

- The Governor allocates most new funding to education and the rest to reserve funds:

	January		May Revision	
	2014-15	2015-16	2014-15	2015-16
Prop 98	\$46.648 bil	\$47.019 bil	\$49.608 bil	\$49.416 bil
Non-Prop 98	\$65.071 bil	\$66.279 bil	\$64.929 bil	\$65.892 bil
Special Reserve	\$452 mil	\$534 mil	\$1.388 bil	\$1.113 bil
Rainy Day Fund	\$1.606 bil	\$2.826 bil	\$1.606 bil	\$3.460 bil

MBUSD and the LCFF

MBUSD has the distinction of being the district with the lowest unduplicated count in Los Angeles County.

Rank	District	Total Enrollment	Unduplicated Count	Percent Unduplicated
12	Hawthorne SD	8,244	7,431	90.14%
20	Centinela Valley Union HSD	6,495	5,592	86.10%
24	Inglewood USD	10,242	8,646	84.42%
53	Wiseburn ESD	2,582	1,249	48.37%
63	Torrance USD	23,947	8,913	37.22%
71	Redondo Beach USD	9,364	2,122	22.66%
73	San Marino USD	3,143	475	15.11%
77	Palos Verdes USD	11,632	1,153	9.91%
78	La Cañada USD	4,058	283	6.97%
79	Hermosa Beach City ESD	1,479	56	3.79%
80	Manhattan Beach USD	6,890	207	3.00%

Today, Inglewood receives \$9,225.32 per student, while MBUSD receives \$7,130.66. This gap will continue to widen in the future.

MBUSD and the LCFF

- On average across the United States, schools spend \$10,608 per student on education.
- The highest spending states (New Jersey, Alaska, Washington, D.C., and New York) spend over \$17,000 per student, with New York spending \$19,552 per student.
- This year, Inglewood will receive \$10,903 per student from all sources.
- Including MBEF's contribution, MBUSD will receive approximately \$9,500 per student (without MBEF, this would drop to approximately \$8,600 per student, and without other local contributions it would be even lower).

Second Interim Projections

	2015-16	2016-17	2017-18
Beginning Balance	\$ 10,747,178.00	\$ 8,788,919.00	\$ 6,211,708.00
Revenue	\$ 65,766,891.00	\$ 67,151,355.00	\$ 68,757,027.00
Expenditures	\$ 67,725,150.00	\$ 69,728,566.00	\$ 71,701,163.00
Surplus/Deficit	\$ (1,958,259.00)	\$ (2,577,211.00)	\$ (2,944,136.00)
Ending Balance	\$ 8,788,919.00	\$ 6,211,708.00	\$ 3,267,572.00
		Gap Assign	\$ 1,963,612.00
		REU @ 3%	\$ 2,151,035.00
		REU @ 5%	\$ 3,585,058.00
		Positive/Negative Margin @ 3%	\$ (1,465,019.00)
		Positive/Negative Margin @ 5%	\$ (2,899,042.00)

New Developments

Additional 2014-15 expenses have been incurred:

- Classified, confidential, and management salary increase.
- Increased expenditures for services and supplies due to administrative transitions and expanded educational services support activities.
- 1999 general obligation bond rebate liability

Actual expenditures will continue to be adjusted as the year draws to a close.

New Developments

Additional needs for 2015-16 and beyond have been identified:

- Increased staffing
- Professional development
- New textbooks
- Facilities maintenance
- Technology infrastructure maintenance
- Classroom technology equipment replacement

New Developments

MBEF has approved plan to reallocate resources, subject to MBUSD Board approval:

- Reduction in funding to reduce class size
- New program enhancements to support
 - Professional Development
 - Mathematics
 - Common Assessments
 - Staffing
 - Data coordinator
 - Counseling
 - Physical Education
 - Elementary Orchestra
 - Science Specialists
 - Mind Up Implementation

New Developments

- New State Revenue Results in Higher Gap Funding Projections from the DOF based on the Governor's May Budget Revision:

	2015-16	2016-17	2017-18
January Budget Proposal	32.19%	23.71%	26.43%
May Revision	53.08%	37.40%	36.7%

- The Governor's May Budget Revision also includes significant additional funding proposed for the reimbursement of Mandated Cost claims. In January the statewide funding proposal was \$1.1 billion; it is now \$3.5 billion.

New Developments

	2014-15	2015-16	2016-17	2017-18
Additional LCFF Funding		\$1,683,154	\$777,655	\$537,500
Salary Costs	\$527,596	\$538,148	\$548,911	\$559,889
Services/Supplies	\$171,803	\$176,098	\$180,500	\$185,013
1999 Rebate Liability	\$416,740	\$0	\$0	\$0
New Staffing		\$530,000	\$540,600	\$551,412
Professional Development		\$492,000	\$512,000	\$528,000
Textbooks		\$500,000	\$500,000	\$500,000
Facilities Maintenance		\$488,843	\$342,099	\$377,183
Technology Infrastructure Maintenance		\$527,381	\$101,181	\$128,741
Classroom Technology Replacement		\$210,225	\$215,481	\$220,868
MBEF Reprioritization		\$405,000	\$405,000	\$405,000
Total New Expense	\$1,116,139	\$3,867,695	\$3,345,772	\$3,456,106
Net Increase	\$1,116,139	\$2,184,541	\$2,568,117	\$2,918,606

Revised 2014-15 Projections

	2014-15 2nd Interim	2014-15 Revised Estimate
Beginning Balance	\$ 14,445,649.00	\$ 14,445,649.00
Revenue	\$ 64,131,287.00	\$ 64,138,821.00
Expense	\$ 67,829,758.00	\$ 68,945,896.00
Excess/Deficit	\$ (3,698,471.00)	\$ (4,807,075.00)
Ending Balance	\$ 10,747,178.00	\$ 9,638,573.00

Preliminary May Projection

	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated
Beg. Balance	\$ 9,638,573.17	\$ 6,397,531.25	\$ 2,246,755.29
Revenue	\$ 65,658,986.00	\$ 66,163,833.00	\$ 67,519,778.00
Expenditures	\$ 68,861,163.92	\$ 70,275,744.96	\$ 72,254,635.13
Surplus/Deficit	\$ (3,202,177.92)	\$ (4,111,911.96)	\$ (4,734,857.13)
Ending Balance	\$ 6,436,395.25	\$ 2,324,483.29	\$ (2,410,373.84)
		Gap Assign	\$ 1,355,945.00
		REU @ 3%	\$ 2,167,639.05
		REU @ 5%	\$ 3,612,731.76
		Positive/Negative Margin @ 3%	\$ (5,933,957.89)
		Positive/Negative Margin @ 5%	\$ (7,379,050.60)

Budget Reductions

The following reductions would provide for positive budget certification:

- Eliminate budget enhancement for maintenance; reduce 14-15 budget by 10%
- Eliminate budget enhancement for technology infrastructure; reduce 14-15 budget by 10%
- Support professional development using Title II funds only
- Reduce all district support budgets by 10%
- Reduce one TOSA position
- Reduce/eliminate So Cal ROC contribution after 15-16

May Projection - Reductions

	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated
Beg. Balance	\$ 9,638,573.17	\$ 6,397,531.25	\$ 2,246,755.29
Revenue	\$ 65,658,986.00	\$ 66,163,833.00	\$ 67,519,778.00
Expenditures	\$ 68,861,163.92	\$ 70,275,744.96	\$ 72,254,635.13
Reductions	\$ (2,148,728.27)	\$ (1,909,084.27)	\$ (1,928,483.27)
Revised Exp	\$ 66,712,435.65	\$ 68,366,660.69	\$ 70,326,151.86
Surplus/Deficit	\$ (1,092,313.65)	\$ (2,241,691.69)	\$ (2,806,373.86)
Ending Balance	\$ 8,546,259.52	\$ 6,304,567.83	\$ 3,498,193.27
		Gap Assign	\$ 1,355,945.00
		REU @ 3%	\$ 2,109,784.56
		REU @ 5%	\$ 3,516,307.59
		Positive/Negative Margin @ 3%	\$ 110,192.41
		Positive/Negative Margin @ 5%	\$ (1,259,916.96)

Potential Additions

With a potential infusion of \$4 million in non-recurring mandated cost reimbursement, along with the potential extension of the joint use agreement with the City of Manhattan Beach, there may be some opportunity to restore some reductions:

Description	3-Year Expense
Maintenance Needs	\$ 1,571,012
Technology Infrastructure Needs	\$ 1,105,206
Professional Development Needs	\$ 1,532,000
District Support Needs	\$ 338,078
TOTAL	\$ 4,546,297

Potential New Costs

There remain additional potential future needs that are currently unaddressed. Three year costs for these items are listed below:

- Further MBEF reallocations – \$585K
- Additional classified staffing needs due to facilities upgrades [Operations (2), Maintenance (2), and Security (1)] – \$1.1 million
- Enhancements to employee compensation to attract and retain high quality staff
- An arts coordinator – \$448K
- An elementary vice principal – \$417K
- School site supply budgets – \$1.245 million