



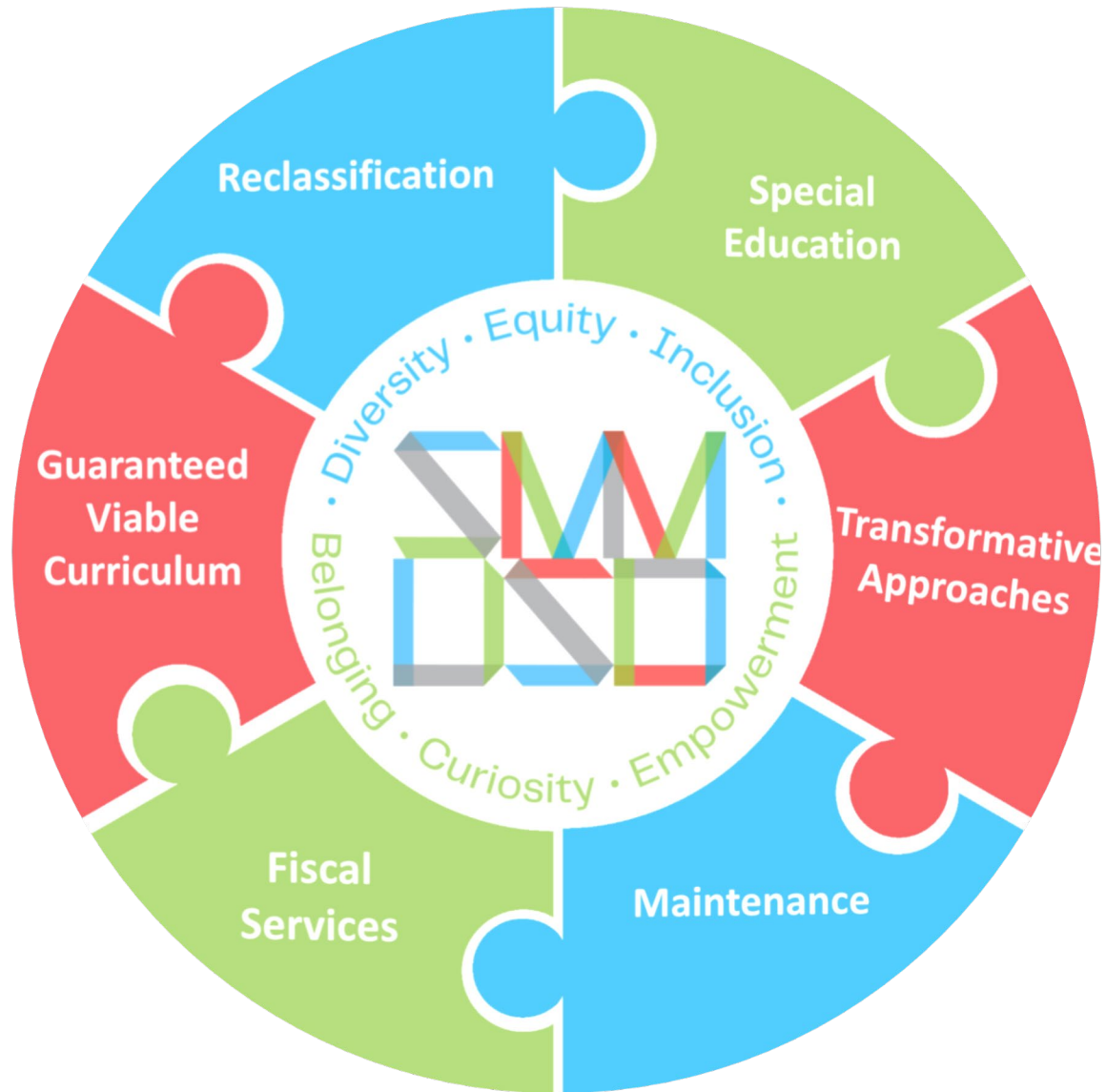
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

2026-27 Preliminary Budget General Fund

Gerardo Cruz,
Assistant Superintendent
of Business Services &
Chief Financial Officer



June 4, 2026 Board Meeting
Major Action Agenda Item II.J.3





Budget Reporting Periods

1. Preliminary Budget – June
2. Public Hearing Budget – June
3. Adopted Budget – June
4. 45-Day Revision (if needed) – August
5. First Interim – December
6. Second Interim – March
7. Third Revision – May
8. Estimated Actuals – June
9. Fourth Revision (if needed) – June
10. Unaudited Actuals – September
11. FOC/Board Liaisons Review Draft Audit – Dec.
12. Board Approves Final Audit Report – Jan.



We will discuss:

- Budget Process
- LCFF Budget Assumptions
- LCFF Calculation
- Multiyear Assumptions & Projections
- Ending Fund Balance & Reserve
- Cash Flow & Interfund Borrowing
- Next steps



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Budget Process



Process

- Governor's proposed Budget – January
- Enrollment projections – February
- Discussions at Board and Cabinet levels regarding budget changes – January & February
- Site/Department and Staffing Meetings – February & March
- Current year projections and data entry – April & May
- Preliminary budget projections – May & early June
- Budget Adoption – end of June



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Budget Assumptions



LCFF Budget Assumptions

- SMMUSD Enrollment – 8,520 (stabilizing)
- Average Daily Attendance – 8,142.21 (95%)
- Unduplicated Count (ELL, F/R, Foster) – 2,695 (31.32%)
- Cost of Living Adjustment (COLA) – $2.87 + 1.44 = 4.31\%$
- Total LCFF funding – \$142,433,737
- Included in the LCFF dollars is the LCAP Supplemental funding of \$6,177,310



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Local Control Funding Formula

2026-27 LOCAL CONTROL FUNDING FORMULA (LCFF) CALCULATION

6/4/2026

BASE GRANT:

	TK-3	4-6	7-8	9-12	TOTAL
	2,224.74	1,808.12	1,288.35	2,821.00	8,142.21
2025-26 BASE	10,256	10,411	10,719	12,423	
2026-27 2.87% COLA	294	299	933	357	
2026-27 1.44% ADDTL COLA	148	150	154	179	
2026-27 BASE	10,698	10,860	11,806	12,959	
	23,799,393	19,635,800	15,210,092	36,556,696	95,201,981

AUGMENTATION GRANTS:

CLASS SIZE REDUCTION (CSR) AUGMENTATION: BASE GRANT X 10.4%	2,475,137
CAREER TECHNICAL EDUCATION (CTE) AUGMENTATION 9-12 BASE GRANT X 2.6%	950,474

SUPPLEMENTAL AND CONCENTRATION GRANTS:

TOTAL ENROLLMENT (3-YEAR AVERAGE)	8,605
TOTAL UNDUPLICATED PUPIL COUNT (3-YEAR AVERAGE)	2,695
	31.32%

SUPPLEMENT ADD-ON 20% OF BASE GRANT X % OF ELIGIBLE ENROLLMENT	6,177,310
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TRANSPORTATION, TIIG GRANT, & ADD-ON:

2012-13 LCFF IMPLEMENTATION & ADD-ON FOR TRANSPORTATION	478,069
2012-13 TARGETED INSTRUCTIONAL IMPROVEMENT BLOCK GRANT	429,757
TRANSITIONAL KINDERGARTEN ADD-ON	1,722,665

TOTAL 2025-26 LCFF ENTITLEMENT	107,435,393
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MINIMUM STATE AID / 2012-13 CATEGORICAL PROGRAMS	8,585,843
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TOTAL 2025-26 LCFF ENTITLEMENT	107,435,393
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LOCAL REVENUE / PROPERTY TAXES	142,433,737
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Amount of Property Tax Over LCFF Entitlement (Basic Aid when negative)	(34,998,344)
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Note Outside of Calculation:

EDUCATION PROTECTION ACCOUNT	1,600,000
TRANSFER TO CHARTER SCHOOL	-300,000



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Recommended MYP Budget Adjustments



2026-27 Recommended MYP Budget Adjustments

REVENUE

- RDA remains at \$23 million annually as recommended by the analysis of the District Financial Oversight Committee.
- All other property tax categories are estimated at a 4% increase in their own separate categories as recommended for Basic Aid Districts instead of one lump sum percentage increase like State Aid Districts.
- Measure Y & GSH projection mirrors the City financial estimates and will be updated per the recommendation of the District Financial Oversight Committee.
- Measure GS at \$10 million annually as outlined and mirrored in City of Santa Monica Financial estimates
- Education Protection Account (EPA) Decreases by \$100K due to lower 3-year average enrollment

EXPENSE:

- Includes adjustments to Salary Schedules due to negotiated salary changes including SEIU who has not concluded negotiations



2026-27 Recommended MYP Budget Adjustments (cont.)

LOCAL GENERAL FUND CONTRIBUTION/INTERFUND TRANSFERS:

- Increase in Special Education Local General Fund Contribution by \$2.5 million from 2025-26 to 2026-27 for a total of \$38.1 million
- Still required to have 3% match in Local General Fund Contribution for Routine Restricted Maintenance Account – 2026-27 is \$7,000,000
- Interfund Transfers of \$3,725,000
 - 375 Thousand – Child Development
 - 100 Thousand – Child Development from LCAP Supplemental Grant
 - 750 Thousand – Food Services
 - 2.5 Million – Deferred Maintenance



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Multi-Year Projections

Factor	2026-27	2027-28	2028-29
Statutory COLA	4.31%	3.30%	3.09%
LCFF FUNDING BASE			
K-3 + 10.4% Class Size Reduction (CSR)	\$ 11,811	\$ 12,201	\$ 12,578
4-6	\$ 10,859	\$ 11,218	\$ 11,564
7-8	\$ 11,181	\$ 11,550	\$ 11,907
9-12 + 2.6% Career Technical Education (CTE)	\$ 13,295	\$ 13,734	\$ 14,158
% of Local Property Taxes Increase	4%	5%	5%
% of GAP Funding	100.00%	100.00%	100.00%
MINIMUM STATE AID	\$ 8,585,843	\$ 8,585,843	\$ 8,585,843
Enrollment Projection	8,520	8,353	8,189
P2 ADA Projection	8,051	7,894	7,739
Funding ADA	8,605	8,436	8,271
Lottery - Unrestricted /ADA	\$ 190.00	\$ 190.00	\$ 190.00
Lottery - Restricted /ADA	\$ 82.00	\$ 82.00	\$ 82.00
Mandated Block Grant : K-8 /ADA	\$ 40.41	\$ 41.74	\$ 43.03
Mandated Block Grant : 9-12 /ADA	\$ 79.27	\$ 81.89	\$ 84.42
City of Santa Monica - Joint Use Agreement	\$ 11,759,848	\$ 11,995,045	\$ 12,234,946
City of Malibu - Joint Use Agreement	\$ 299,378	\$ 299,378	\$ 299,378
Measure R / Parcel Tax	\$ 14,587,653	\$ 14,587,653	\$ 14,587,653
City of Santa Monica - Measure Y & GSH / Sales Tax	\$ 19,000,000	\$ 19,000,000	\$ 19,000,000
City of Santa Monica - Measure GS / Property Transfer Tax	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000
Santa Monica Education Foundation	\$ 1,800,000	\$ 2,000,000	\$ 2,000,000
Malibu Education Foundation	\$ 592,508	\$ 592,508	\$ 592,508
Salary Increase *See narrative for schedule of increases	*	*	*
Step & Column Incr.	1.50%	1.50%	1.50%
STRS Rate	19.10%	19.10%	19.10%
PERS Rate	26.40%	26.80%	25.90%
Health/Welfare - Annualized	9%	9%	9%
Workers' Compensation	3.92%	3.92%	3.92%
Other Postemployment Benefits	1.25%	1.25%	1.25%
Indirect Cost Rate	6.06%	6.06%	6.06%
Quarterly Interest Rate Distribution	3.11%	3.11%	3.11%
Ongoing Maintenance	3%	3%	3%
Reserve for Uncertainties	3%	3%	3%

MULTI-YEAR PROJECTIONS

UNRESTRICTED GENERAL FUND

A	B	C	D	E	F	G	H	I	J
	2025-26	2025-26	2025-26	2025-26	2025-26	2025-26	2026-27	2027-28	2028-29
Description	ADOPTED BUDGET	FIRST INTERIM	SECOND INTERIM	THIRD INTERIM	SECOND vs THIRD INTERIM CHANGE	% CHANGE	PRELIMINARY BUDGET	PROJECTED BUDGET	PROJECTED BUDGET
Revenue:									
1 Property Tax	121,645,640	122,145,640	122,145,640	122,145,640	-	0.0%	132,547,894	134,929,467	140,370,119
2 Education Protection Account (EPA)	1,700,000	1,600,000	1,600,000	1,600,000	-	0.0%	1,600,000	1,600,000	1,600,000
3 LCFF Transfer to Fund 14	-	-	-	-	-	0%	-	-	-
4 LCFF In Lieu Property Tax Transfer to Charter School	(300,000)	(300,000)	(300,000)	(300,000)	-	0.0%	(300,000)	(300,000)	(300,000)
5 Prior Year LCFF Adjustment	-	-	-	-	-	0%	-	-	-
6 Minimum State Aid	8,585,843	8,585,843	8,585,843	8,585,843	-	0.0%	8,585,843	8,585,843	8,585,843
7 Subtotal LCFF Funding	131,631,483	132,031,483	132,031,483	132,031,483	-	0.0%	142,433,737	144,815,310	150,255,962

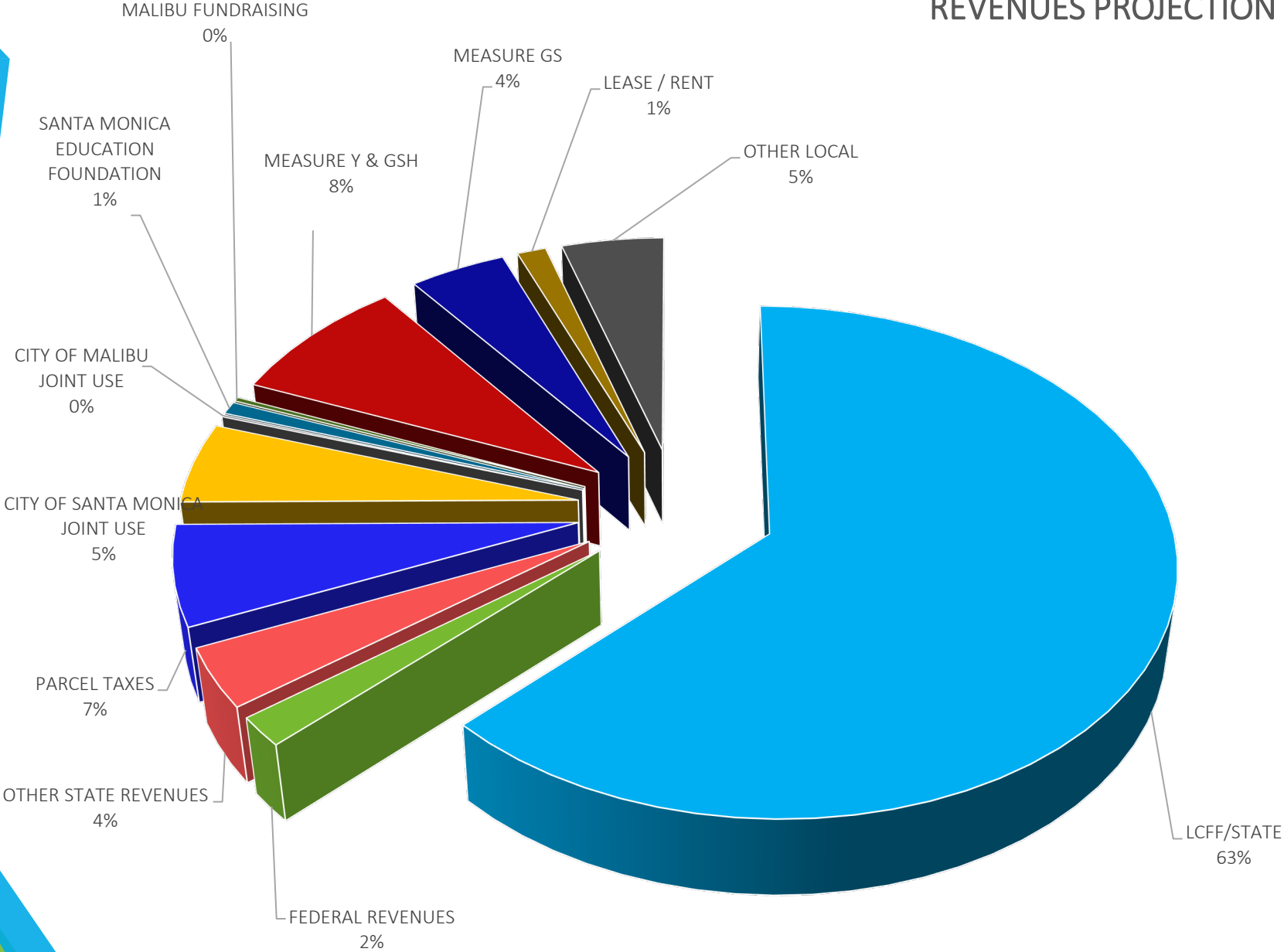


MULTI-YEAR PROJECTIONS
UNRESTRICTED GENERAL FUND

	A	B	C	D	E	F	G	H	I	J
		2025-26	2025-26	2025-26	2025-26	2025-26	2025-26	2026-27	2027-28	2028-29
Description		ADOPTED BUDGET	FIRST INTERIM	SECOND INTERIM	THIRD INTERIM	SECOND vs THIRD INTERIM CHANGE	% CHANGE	PRELIMINARY BUDGET	PROJECTED BUDGET	PROJECTED BUDGET
8 Other Federal (MAA - Medi-Cal Administrative Activities)		-	-	-		-	0%	-	-	-
9 Lottery - Unrestricted		1,700,000	1,600,000	1,600,000	1,600,000	-	0.0%	1,600,000	1,600,000	1,500,000
10 Mandated Reimbursement Block Grant		410,000	410,000	410,000	410,000	-	0.0%	410,000	410,000	419,000
11 Other State Revenue		355,000	355,000	355,000	355,000	-	0.0%	355,000	355,000	355,000
12 Measure 'R' - Parcel Tax		14,301,621	14,301,621	14,301,621	14,301,621	-	0.0%	14,587,653	14,879,406	15,176,995
13 Measure 'Y' & 'GSH' - City of Santa Monica		18,000,000	18,000,000	18,000,000	18,000,000	-	0.0%	19,000,000	19,000,000	19,000,000
14 Measure 'GS' (Effective 3/1/2023) - City of Santa Monica		10,000,000	10,000,000	10,000,000	10,000,000	-	0.0%	10,000,000	10,000,000	10,000,000
15 Joint Use Agreement - City of Santa Monica		11,529,263	11,529,263	11,529,263	11,529,263	-	0.0%	11,759,848	11,995,045	12,234,946
16 Joint Use Agreement - City of Malibu		299,378	299,378	299,378	299,378	-	0.0%	299,378	299,379	299,378
17 Santa Monica Ed Foundation Donation		1,800,000	1,875,000	1,875,000	1,925,000	50,000	2.6%	1,800,000	2,000,000	2,000,000
18 Malibu Education Foundation		592,508	675,377	677,465	677,465	-	0.0%	592,508	592,508	592,508
19 Lease & Rental		2,750,000	2,750,000	2,750,000	2,750,000	-	0.0%	2,990,000	2,990,000	2,990,000
20 Interest Earned		1,250,000	1,250,000	1,250,000	1,250,000	-	0.0%	1,000,000	1,000,000	1,000,000
21 All Other Local Income (including Medi-Cal as of 2023-24)		1,209,000	1,209,000	1,209,000	1,209,000	-	0.0%	2,109,863	1,072,255	1,072,255
22 Local General Fund Contributions		(44,636,667)	(43,737,355)	(42,956,201)	(43,078,352)	(122,151)	0.3%	(45,112,600)	(46,014,852)	(46,935,149)
23 TOTAL REVENUE		151,191,585	152,548,766	153,332,008	153,259,857	(72,151)	0.0%	163,825,387	164,994,051	169,960,895

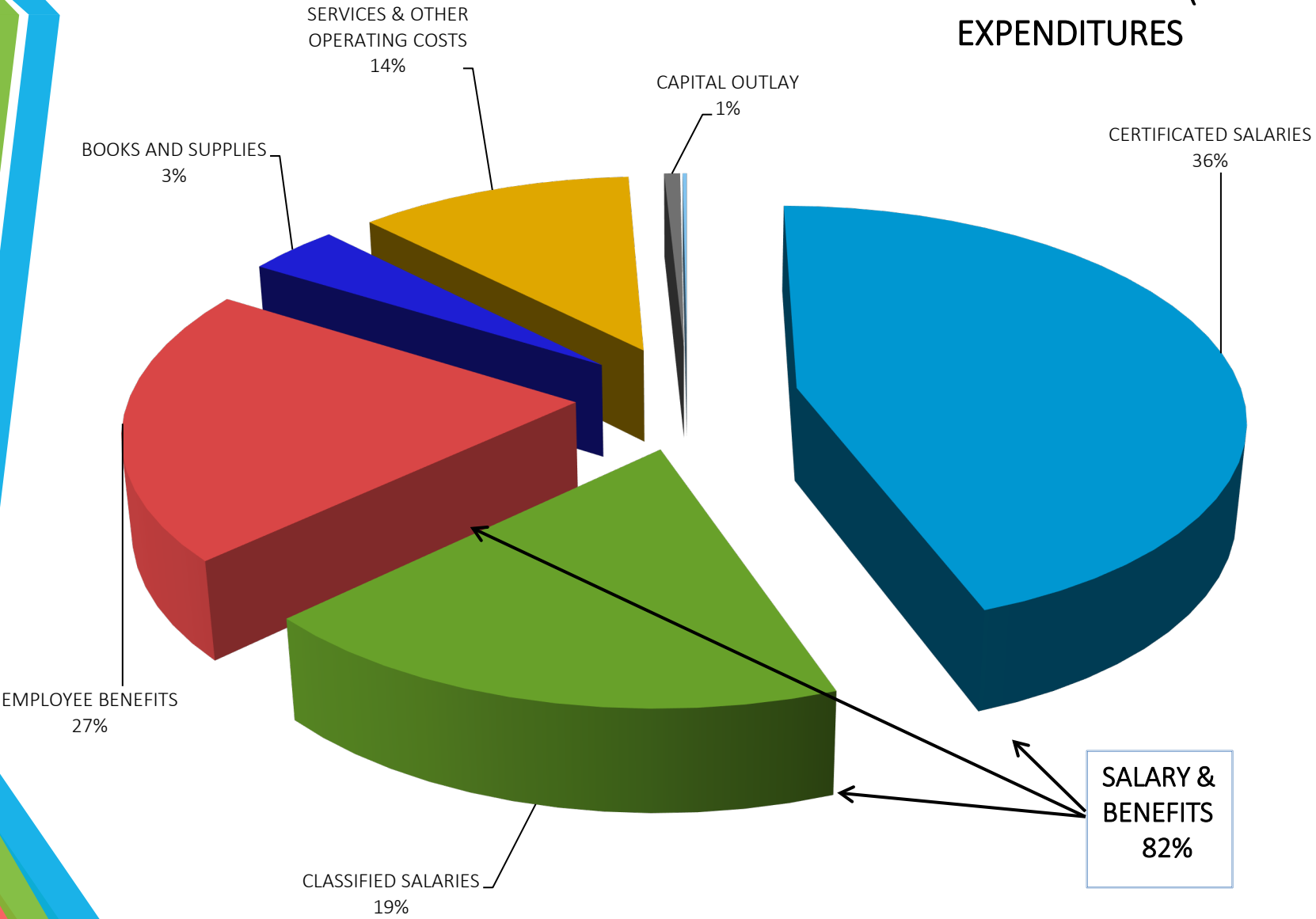


2026-27 GENERAL FUND (FUND 01)
REVENUES PROJECTION



	A	B	C	D	E	F	G	H	I	J
		2025-26	2025-26	2025-26	2025-26	2025-26	2025-26	2026-27	2027-28	2028-29
Description		ADOPTED BUDGET	FIRST INTERIM	SECOND INTERIM	THIRD INTERIM	SECOND vs THIRD INTERIM CHANGE	% CHANGE	PRELIMINARY BUDGET	PROJECTED BUDGET	PROJECTED BUDGET
24 Expenditure:						-	0%			
25 Certificated Salary		63,168,211	63,749,536	63,877,748	62,262,707	(1,615,041)	-2.6%	66,620,700	68,972,411	71,407,137
26 Classified		27,095,364	26,928,751	26,772,287	26,238,677	(533,610)	-2.0%	27,424,091	28,392,161	29,394,405
27 Benefits		38,213,703	38,680,244	38,053,658	36,525,951	(1,527,707)	-4.2%	44,845,204	47,223,816	49,253,809
28 STRS		11,987,033	12,012,517	12,065,253	11,414,433	(650,820)	-5.7%	12,562,238	13,173,730	13,638,763
29 PERS		7,006,964	7,024,991	6,799,373	6,690,854	(108,519)	-1.6%	7,228,224	7,609,099	7,613,151
30 SOCIAL SECURITY & MEDICARE		3,096,466	2,994,610	3,019,554	2,914,375	(105,179)	-3.6%	3,151,399	3,172,100	3,284,075
31 HEALTH AND WELFARE		11,265,726	11,931,044	11,408,291	10,932,347	(475,944)	-4.4%	16,968,650	18,156,456	19,427,407
32 SUI		46,365	45,023	45,407	44,191	(1,216)	-2.8%	47,395	48,682	50,401
33 WORKERS COMP		3,625,465	3,522,762	3,557,832	3,395,703	(162,129)	-4.8%	3,713,332	3,816,691	3,951,420
34 OPEB		1,157,461	1,118,724	1,127,600	1,102,084	(25,516)	-2.3%	1,169,666	1,217,057	1,260,019
35 CASH IN-LIEU		28,223	30,573	30,348	31,964	1,616	5.1%	4,300	30,000	28,571
36 Supplies/Books/Textbooks		4,589,592	4,797,442	5,048,199	5,815,042	766,843	13.2%	5,721,904	4,000,000	4,000,000
37 Other Operational Costs		24,454,409	24,985,036	25,655,467	24,916,741	(738,726)	-3.0%	24,790,724	22,489,807	22,638,499
38 504 PLAN ACCOMODATION (STUDENT SERVICES)		200	200	200	200	-	0.0%	50,000	50,000	50,000
39 TRAVEL & CONFERENCE		699,268	685,471	640,940	511,112	(129,828)	-25.4%	559,061	500,000	500,000
40 DUES & MEMBERSHIPS		81,719	141,484	146,016	139,588	(6,428)	-4.6%	118,870	120,000	120,000
41 INSURANCE		3,257,221	3,257,221	3,315,895	3,316,568	673	0.0%	3,203,538	2,973,839	3,122,531
42 UTILITIES		4,602,779	4,602,779	4,602,779	4,421,321	(181,458)	-4.1%	4,717,779	4,717,779	4,717,779
43 RENTALS, LEASES, REPAIRS		3,064,724	3,279,133	3,556,968	3,974,062	417,094	10.5%	3,212,517	3,212,517	3,212,517
44 INTRA-FUND TRANSFERS FOR SERVICES		(91,037)	(93,881)	(149,429)	(97,574)	51,855	-53.1%	(443,842)	(65,000)	(65,000)
45 INTER-FUND TRANSFERS FOR SERVICES		(113,660)	(133,363)	(133,363)	(135,078)	(1,715)	1.3%	33,750	(175,000)	(175,000)
46 CONSULTANTS & OTHER OPERATING		12,663,785	12,953,582	13,383,051	12,499,765	(883,286)	-7.1%	12,727,511	10,882,672	10,882,672
47 Other Operational Costs		5,322,068	5,790,362	6,044,246	5,228,982	(815,264)	-15.6%	4,905,765	4,000,000	4,000,000
48 Consultants		3,537,717	3,369,220	3,394,805	3,639,280	244,475	6.7%	3,363,074	3,000,000	3,000,000
49 Legal		2,204,000	2,194,000	2,344,000	2,031,503	(312,497)	-15.4%	2,576,000	2,000,000	2,000,000
50 Cost of Early Retirement Incentive (SERP)		1,600,000	1,600,000	1,600,000	1,600,000	-	0.0%	1,882,672	1,882,672	1,882,672
51 COMMUNICATIONS (LAND & MOBILE)		289,410	292,410	292,410	286,777	(5,633)	-2.0%	611,540	273,000	273,000
52 Capital Outlay		71,000	283,990	493,213	421,912	(71,301)	-16.9%	2,274,510	200,000	200,000
53 Transfer to County Specialized Schools & Debt Service		120,000	120,000	120,000	120,000	-	0.0%	120,000	120,000	120,000
54 Indirect Costs from Restricted General Fund Categoricals		(110,738)	(63,521)	(64,820)	(84,970)	(20,150)	23.7%	(1,177,942)	(2,005,458)	(2,005,458)
55 Interfund Transfer Out to Fund 12 Child Development		375,000	375,000	375,000	375,000	-	0.0%	375,000	375,000	375,000
56 LCAP Transfer Out to Fund 12 Child Development		100,000	100,000	100,000	100,000	-	0.0%	100,000	100,000	100,000
57 Interfund Transfer Out to Fund 13 Food Services		750,000	750,000	750,000	750,000	-	0.0%	750,000	750,000	750,000
58 Interfund Transfer Out to Fund 14 Deferred Maint.		2,000,000	2,700,000	2,700,000	2,700,000	-	0.0%	2,500,000	2,500,000	2,500,000
59 TOTAL EXPENDITURE		160,826,541	163,406,478	163,880,752	160,141,060	(3,739,692)	-2.3%	174,344,191	173,117,735	178,733,391

2026-27 GENERAL FUND (Fund 01)
EXPENDITURES



MULTI-YEAR PROJECTIONS

UNRESTRICTED GENERAL FUND

	A	B	C	D	E	F	G	H	I	J
		2025-26	2025-26	2025-26	2025-26	2025-26	2025-26	2026-27	2027-28	2028-29
Description		ADOPTED BUDGET	FIRST INTERIM	SECOND INTERIM	THIRD INTERIM	SECOND vs THIRD INTERIM CHANGE	% CHANGE	PRELIMINARY BUDGET	PROJECTED BUDGET	PROJECTED BUDGET
60 Increase (Decrease) Fund Balance		(9,634,956)	(10,857,712)	(10,548,744)	(6,881,203)	3,667,541	-53.3%	(10,518,804)	(8,123,684)	(8,772,496)
61 Beginning Fund Balance		46,857,928	62,550,054	62,550,054	62,550,054	-	0.0%	55,668,851	45,150,048	37,026,364
62 Ending Fund Balance (net of lines 60-61)		37,222,972	51,692,342	52,001,310	55,668,851	3,667,541	6.6%	45,150,048	37,026,364	28,253,868
63 Reserve - Revolving Cash, Prep-pays		20,025	20,025	20,025	20,025	-	0.0%	20,025	20,005	20,005
64 Reserve - Deficit Spending in 26-27		3,907,740	6,366,739	9,560,238	9,560,238	-	0.0%	-	-	-
65 Reserve - Deficit Spending in 27-28		3,481,414	7,330,023	10,614,769	10,614,769	-	0.0%	8,123,684	-	-
66 Reserve - Deficit Spending in 28-29		-	-	-	-	-	0%	8,772,496	8,772,496	-
67 3% Contingency Reserve (unrestricted & restricted general fund)		6,930,535	7,273,748	7,284,120	7,284,120	(0)	0.0%	8,524,010	8,149,383	9,126,327
68 Reserve Up to 2-months of Expenses (\$35.7 million)		22,883,258	30,701,807	24,522,158	28,189,700	3,667,542	13.0%	19,709,833	20,084,479	19,107,536
69 Unappropriated Balance		0	0	0	0			0	0	0





SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Ending Fund Balance & Reserve

Components of Ending Fund Balances

2026-27

Fund 01: Unrestricted General Fund

Unrestricted General Fund Beginning Balance	\$55,668,851
Current Year (Deficit)/Surplus Spending	(\$10,518,804)

Ending Fund Balance that Requires Explanation	\$45,150,048
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Reasons for Assigned and Unassigned Ending Fund Balances

*State Recommended 17% Minimum Level for Unified Districts

	\$45,150,048
Less: 3% Reserve for Economic Uncertainties	(\$8,524,010)
Reserve for Revolving Cash & Prepaid	(\$20,025)
Reserve for 27-28 Deficit Spending	(\$8,123,684)
Reserve for 28-29 Deficit Spending	(\$8,772,496)
^Reserve for up to 2 months General Fund Expenditures	\$19,709,833

Unappropriated Balance	\$0
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*current reserve is at 18.99% as of the 2026-27 Preliminary Budget

*2024-25 Statewide Average Reserve for Unified State-Aid Districts is 21.89%

*Basic Aid Districts should be 33%

^A 2-month reserve would be approximately \$35.7M





SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Cash Flow & Interfund Borrowing



Cash Flow & Interfund Borrowing

Interfund Borrowing will be required for the following:

- October thru December 2025
 - Negative \$3 million to \$5 million
- The board will consider adopting a Resolution for Temporary Interfund Cash Borrowing Transfer as recommended at its June 18, 2026 meeting



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Preliminary Budget Summary



Preliminary Budget Summary

- What have we done so far:
 - Line-by-line assessment of revenues and expenditures with each school site and department level
 - Projected salary schedule change and implemented in Preliminary Budget as well as Multi-Year Projection as negotiated by District and Bargaining Units.
 - Increased Local General Fund Contribution to Special Education by \$2.5 million as compared to prior year.
 - Now paying the full 2 window payment related to the Early Retirement Incentive (SERP) from \$1.6 million to now \$1.9 million annually for 5 more years.



Next Steps

- Continue to monitor property tax, basic aid status, and the State's budget process
- Public Hearing - June 18, 2026
- Board Adoption - June 23, 2026
- Prepare Board Resolution for Interfund Cash Borrowing Transfer
- Prepare any necessary budget revisions for Board approval within the legal timelines (45-day revision) after final State Budget adoption



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

2026-27 Preliminary Budget General Fund

Gerardo Cruz,
Assistant Superintendent
of Business Services &
Chief Financial Officer

June 4, 2026 Board Meeting
Major Action Agenda Item II.J.3

