2019-2020
BUDGET INFORMATION

Board Meeting
February 25, 2019
OUR DISTRICT’S PRIORITIES

FUND THE CLASSROOMS TO BEST SERVE OUR STUDENTS

- Staffing
- Materials
- Facilities
We believe the MDUSD budget is an expression of our values.

Identifying these values is an important outcome of the collaborative budget development process involving our teachers, administrators, families, and students.
GOVERNOR’S BUDGET: LCFF

- State Budget proposes $2 billion towards LCFF to fund the 3.46% statutory COLA
- Brings LCFF funding to $63 billion (up from $61 billion in 2018-19)
- 2019-20 LCFF growth provides average increase in per-pupil funding of an estimated $343 per ADA, or 3.37% (individual results will vary)
- The lower 3.37% increase takes into consideration that no COLA is provided for Targeted Instructional Improvement Grant (TIIG), Transportation, or Economic Recovery Target
• New Administration

• Over the course of the legislative hearings, additional specificity is expected for:
  • The $576 million funding various Special Education proposals
  • The Early Childhood Education proposals
  • While new funding is provided for Special Education, funding for equalization of rates is not included in the Budget
  • The LCFF targets have been achieved, but this is a modest goal; higher LCFF aspirational targets are not included in the Budget

• The Budget does not provide any funds for one-time discretionary grants
FUNDING

- Two Grade Span Adjustments
  - K-3 10% Increase for Class Size Reduction
  - 9-12 2.6% Increase for Career Technical Education Considerations

<table>
<thead>
<tr>
<th>Grade Span</th>
<th>2019-20 Base Grant Per ADA</th>
<th>GSA</th>
<th>2019-20 Adjusted Base Grant</th>
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<tbody>
<tr>
<td>K-3</td>
<td>$7,717</td>
<td>$803</td>
<td>$8,520</td>
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<tr>
<td>4-6</td>
<td>$7,833</td>
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<td>9-12</td>
<td>$9,347</td>
<td>$243</td>
<td>$9,590</td>
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WHAT DOES THIS MEAN FOR MDUSD?

MUCH NEEDED RELIEF!!

DECEMBER-MDUSD was projecting a $17M reduction for 2019-2020. In December 2018, the District presented the 1st Interim Financial Report which identified reductions of $17M needed in 2019-20 in order to maintain positive certification.

JANUARY the Governor’s Proposed Budget for 2019-2020
The District has revised the projected reduction to $12M in 2019-2020 for MDUSD; a $5M relief but reductions in 2020-21 are still projected at $7.7M.
WHAT DOES THIS MEAN FOR MDUSD?

It means MDUSD has to make reductions.

Why? Expenditure increases exceed revenue increases.

1. Declining enrollment ranging 1 – 1.5% approximates a loss of $3M for every 1% decline)
2. State revenue increases do not fully fund the expenditure increases
3. Salaries and benefits account for 88.9% of the District’s budget
4. Rising pension costs
5. Step and column increases
6. Health benefit increases
7. Special Ed cost increases
WHAT DOES THIS MEAN FOR MDUSD?

Free and Reduced Lunch dropped from 49% in 2013 to 41%
(last year we were 46%)
Anticipated Reductions in Title I - $500,000
Loss of Governor’s One time money:
2018-19: $1.1 billion or $184 per ADA
2017-18: $877 million or $147 per ADA
2016-17: $1.3 billion or $214 per ADA
2015-16: $3.2 billion or $530 per ADA
DISTRICT ENROLLMENT

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<tr>
<th>Year</th>
<th>Enrollment</th>
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<td>2008-09</td>
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<td>2012-13</td>
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<td>2015-16</td>
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<tr>
<td>2016-17</td>
<td>31,814</td>
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<td>2017-18</td>
<td>31,317</td>
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## District Fiscal Data: Staffing & Enrollment

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<th>Classified</th>
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<td>2016-2017</td>
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<td>2018-2019</td>
<td>1,318.60</td>
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*CBEDS
MDUSD CONSIDERATIONS

- Salary ranks 8th in county out of 19
- Spending down the reserve with a long range plan for fiscal health
- Enrollment Down
- Pension Costs
- Student Needs have increased
- Expiring Grants
- New Grants
BUDGET DEVELOPMENT ALLOCATIONS

- Unrestricted Per Pupil Base Allocation
- LCFF Supplemental Allocation
- Restricted State Grants
- Restricted Federal Grants
- Restricted Local Grants
- Local Donations
SUPPORT FOR STUDENTS

- Certificated positions outside of classroom
  - Nurses
  - Counselors
  - Librarians
  - Psychologists
  - Directors
  - Principals
  - Vice Principals
  - TOSAs
  - Social Workers
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ADMINISTRATORS IN MDUSD

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<thead>
<tr>
<th>Year</th>
<th>County</th>
<th>District</th>
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<tr>
<td>2012-13</td>
<td>316.7</td>
<td>351.7</td>
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<td>2013-14</td>
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<td>2015-16</td>
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<td>261.1</td>
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<tr>
<td>2016-17</td>
<td>245.7</td>
<td>246.3</td>
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PROPOSED BUDGET SOLUTIONS

• Redistributing current resources to make the most benefit for students and the classroom

• Attrition: retirements; to date 10

• Focusing centrally-provided services

• Rethinking current allocations: books and supplies; contracts; time away from sites (travel)
PROPOSED BUDGET SOLUTIONS

• Aligning expenses to the decline in enrollment

• Narrow Summer School Offerings

• Maximizing federal supplementary monies (Title I, II, III, IV) grant opportunities: CTEIG, Low Performing Grant (1.1 Million), Mini Grants (ACSA, Foundations)

• Strategies to increase enrollment
DISTRICT BUDGET DATA: ENDING FUND BALANCE

- 2015-16 Budget total was $390,005,314
  - Ending balance was $98,020,753

- 2016-17 Budget total was $412,805,518
  - Ending balance was $88,789,294 (9.4% decrease)

- 2017-18 Budget total was $392,107,876
  - Ending balance was $57,530,974 (35.2% decrease)

- 2018-2019 Budget total was $392,772,113
  - Projected ending balance-$27,061,044 (53% decrease)

- Required Reserve is 3% approximately 9 million
CERTIFICATED LAYOFFS AND STATE BUDGET TIMELINES

- **Late February/Early March**: Board resolution to reduce certificated service and adopt skipping and tie-breaking criteria.
- **No later than March 15***: Preliminary layoff notices served.
- **On or before May 7***: Administrative law judge decision.
- **Before May 15***: Final notices served.
- **May 14**: May Revision.
- **By June 30**: State Budget adoption.

*Statutory deadlines per E.C. Sections 44949 and 44955.
WHAT DOES THIS MEAN FOR OUR SCHOOLS/DEPARTMENTS?

- Programs will continue to be reviewed
- One time money is not expected this year
- Staffing allocations will be at required level-some classes will be larger
- Fewer contracts from outside sources will be available
- We will participate in Purchasing Restrictions
  - Travel restrictions/review
  - Overtime restrictions
  - Food purchase restrictions
  - Reviewing all vacancies
GATHERING FEEDBACK

- Prioritizing the Classroom
- Engaging with stakeholders regarding student needs
- Sharing current budget status
- Align discussion to LCAP
  - College and Career Readiness
  - Professional Learning
  - Parent and Community Engagement
SHARING BUDGET INFORMATION

- Sharing information with the Budget Advisory Committee
- Sharing information with District English Learner Committee
- Sharing information with Community Advisory Committee
- Board Presentations
- Principal Presentations
- Revisiting District Local Control Accountability Priorities
BUDGET DEVELOPMENT TIMELINE

January
Governor's Preliminary Budget is released January 10

February
Budget staff meets with principals to review staffing and funding allocations

March
Staffing adjustments presented to the Board to meet March 15 deadline

April
Start updating LCAP and proposed budget

May
Governor's May Revise is released. Adjust proposed budget

June
OUR DISTRICT’S PRIORITIES

FUND SCHOOL SERVICES

- Teaching
- Counseling
- Nursing
- Library
- Visual/Performing Arts
- Athletics/Sports
- After School Programs
- College and Career Prep