



# **2019-2020 BUDGET INFORMATION**

**Budget & Fiscal Services  
January 2019**



## BUDGET UPDATE

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.

- **Key Points from the Governor's 2019-2020 Budget**
- **Important Highlights of Governor Newsom's Proposed 2019-20 Budget**
- **What does this mean for MDUSD?**
- **State Funding Vs. Expenditures**
- **Budget Planning & Development**
- **Budget Development Process**
- **Budget Development Timeline**
- **Budget Allocations**
- **Guidelines & Flexibility**
- **Resources & Information**

# KEY POINTS FROM THE GOVERNOR'S 2019-2020 BUDGET



The economy continues to outperform expectations, but the recovery from the Great Recession is in its tenth year and some fear a downturn.

Declining statewide enrollment will partially offset growth related to General Fund revenue gains.

The projected growth of 3.6% in Proposition 98 for 2019-20 is moderate given that state revenues are outpacing the forecast.

Local educational agencies (LEAs) will continue to face budget challenges as Local Control Funding Formula (LCFF) funding flattens and costs rise.

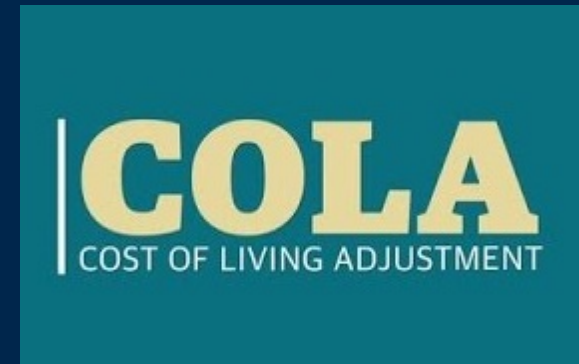
Accountability remains a priority as the California School Dashboard and other metrics continue to evolve.

# IMPORTANT HIGHLIGHTS



The proposed budget for 2019-2020 includes:

- 1) A moderate increase for COLA of .89% in 2019-20
- 2) A 1.03% reduction to the STRS pension rate in 2019-20
- 3) A 1.0% reduction to the STRS pension rate in 2020-21



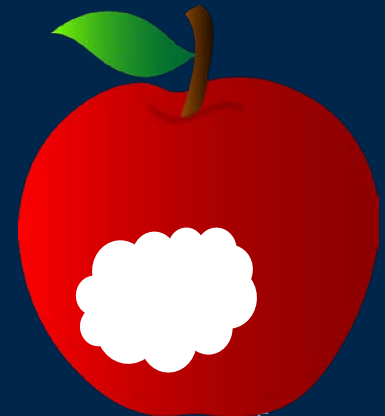
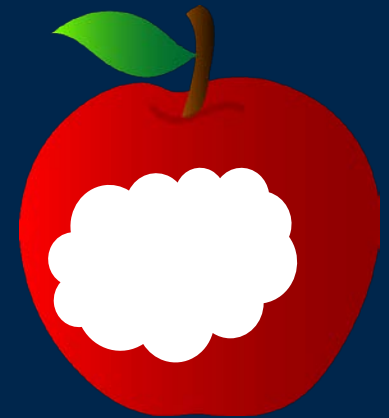
# WHAT DOES THIS MEAN FOR MDUSD?



## MUCH NEEDED RELIEF!!

**BEFORE** the Governor's Proposed Budget for 2019-2020 MDUSD was projecting a \$17M reduction for 2019-2020. In December 2018, the District presented the 1<sup>st</sup> Interim Financial Report which identified reductions of \$17M needed in 2019-20 in order to maintain positive certification.

**AFTER** 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.



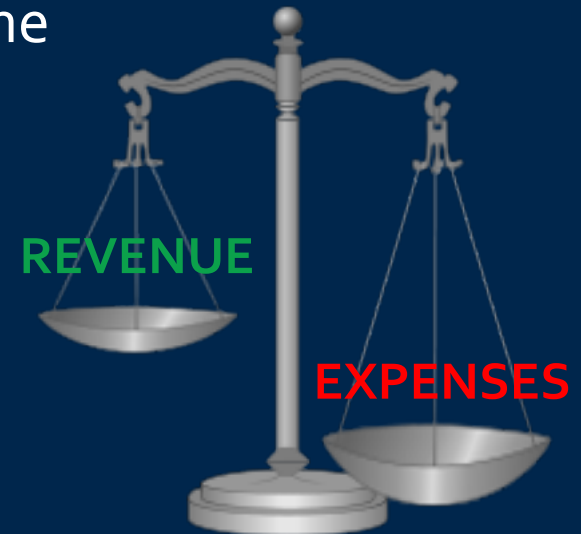
# WHAT DOES THIS MEAN FOR MDUSD?



It means MDUSD has to make reductions.

Why? Expenditure increases exceed revenue increases.

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



# WHAT DOES THIS MEAN FOR MDUSD?



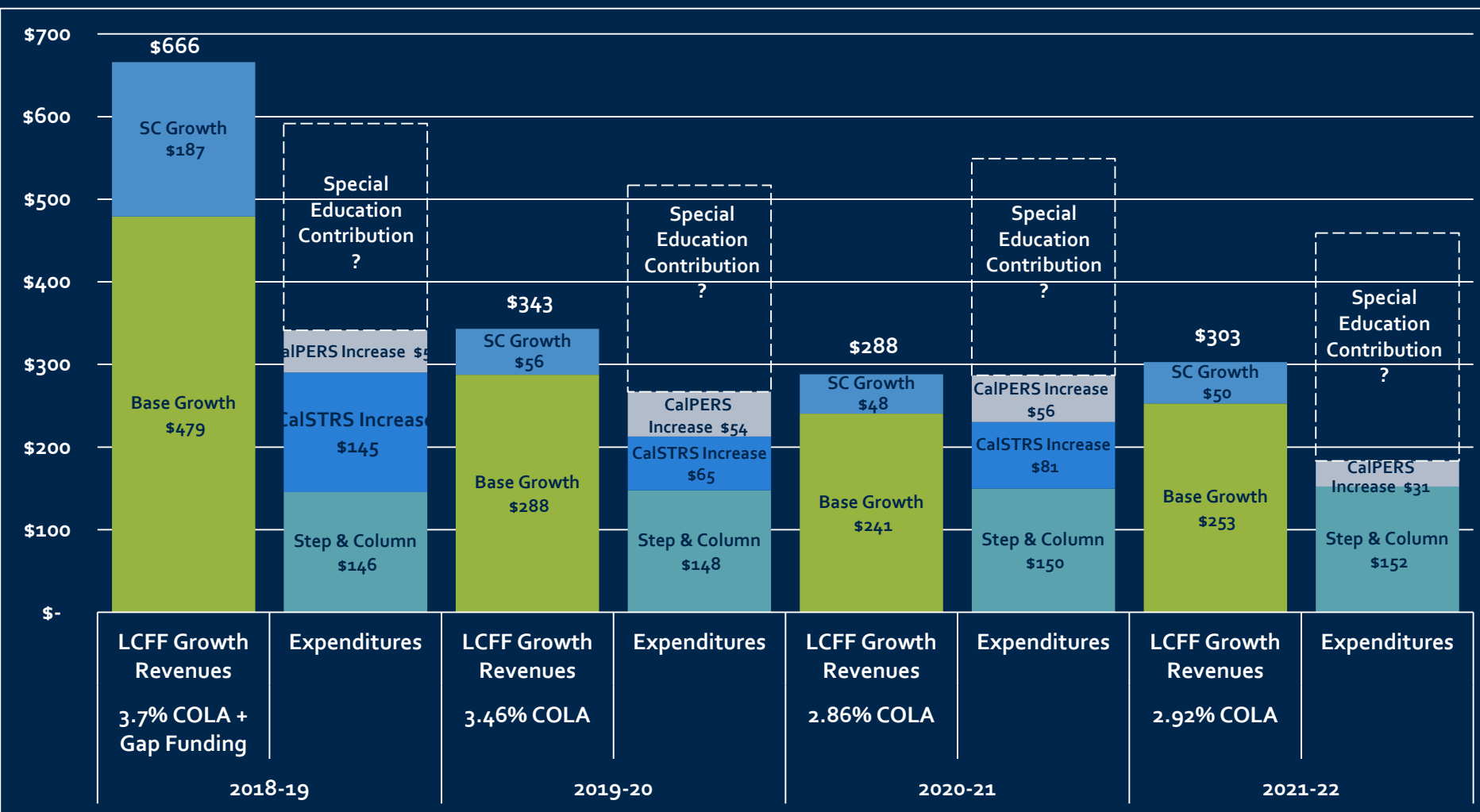
## Full-Time Equivalents (FTEs)

An FTE is the percentage of time a staff member works, represented as a decimal. (A full-time position is 1.00 FTE; a half-time position is .50 FTE.) The number of FTEs in the District changes and is based on a school's enrollment, budget, and funding priorities. The number of FTEs is typically not finalized until after the start of the school year and may result in the shifting of some employees from one school to another based on final enrollment. The number of FTEs is not the same as the number of staff, as not all staff work full-time.

## Anticipated Reductions in Title I

## Anticipated Reductions in Other Title Programs

# PER-ADA GROWTH IN REVENUES AND EXPENDITURES





# IS COLA-ONLY ENVIRONMENT OUR FUTURE?



## Definitions:

- Statutory COLA – Annual percentage change in the “Implicit Price Deflator” for state and local governments for the United States as published by the U.S. Department of Commerce
- Consumer Price Index (CPI) – Annual change in the price of goods and services purchased by urban consumers

	2018-19	2019-20	2020-21	2021-22	2022-23	Compounded Effect
Statutory COLA	2.71%	3.46%	2.86%	2.92%	2.90%	15.76%
California CPI	3.58%	3.18%	3.05%	2.92%	3.15%	16.92%

# OUR DISTRICT'S PRIORITIES



## FUND THE CLASSROOMS TO BEST SERVE OUR STUDENTS

- Staffing
- Materials
- Facilities

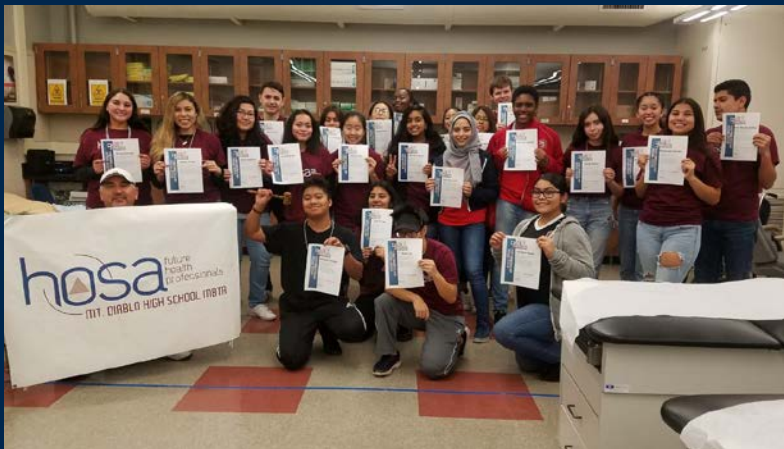


# OUR DISTRICT'S PRIORITIES



## FUND SCHOOL SERVICES

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



# DISTRICT BUDGET DATA



How do these amounts \$3M and \$5M relate to MDUSD's budget?

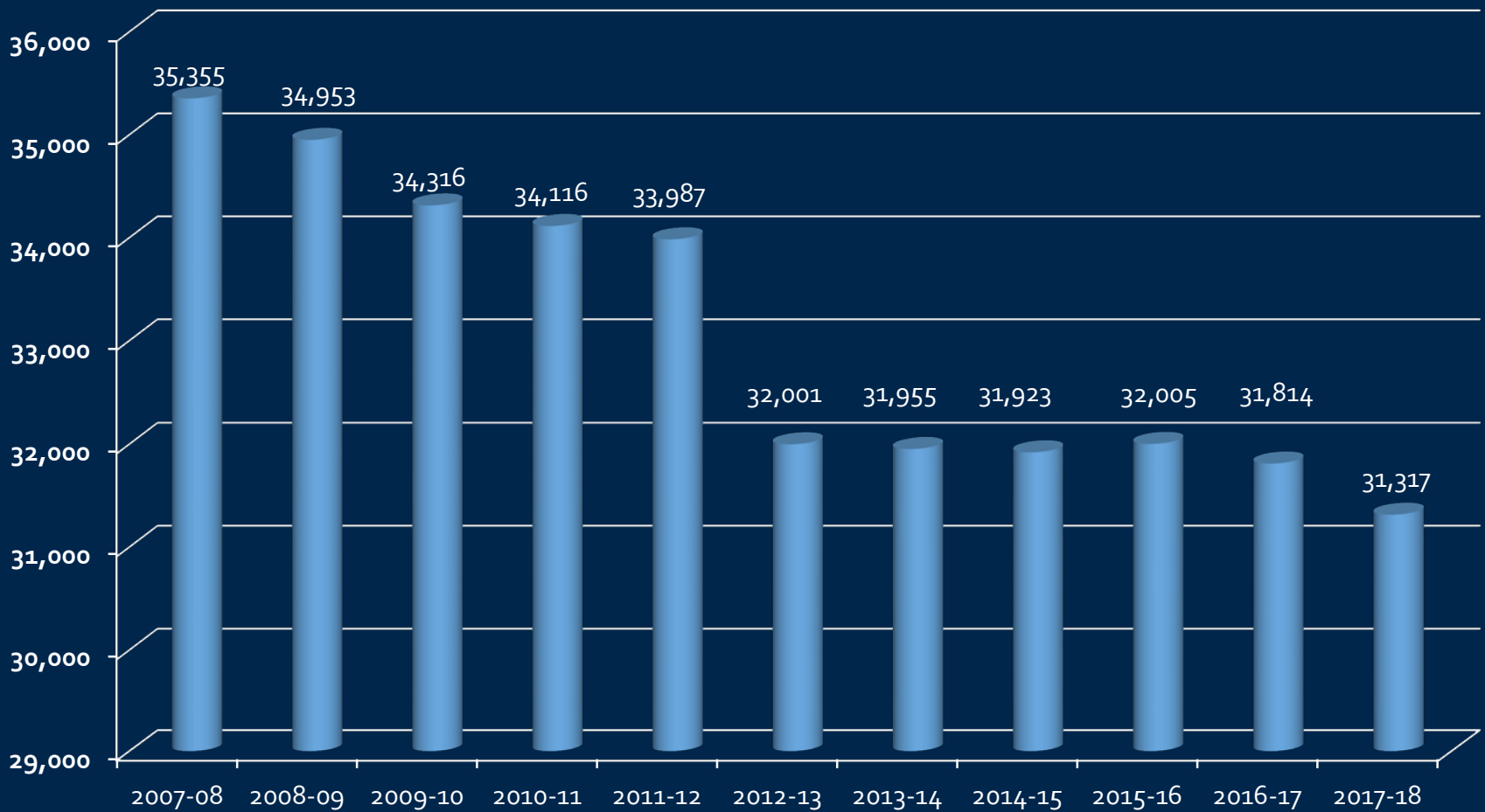
\$3M (ADA decline) is approximately:

- 35.7 Certificated FTE
- 54.54 Classified FTE
- Oil, fuel & tire supplies for all district school buses for three years

\$5M (Relief) is approximately:

- Average annual cost of one elementary school
- Average annual cost of utility expenses district-wide
- 1/2 of the 3% or \$10.8M required reserve

# DISTRICT ENROLLMENT



# DISTRICT FISCAL DATA: STAFFING & ENROLLMENT



	Classified	Certificated	Enrollment
2015-2016	1,231.34	1,881.84	32,005*
2016-2017	1,271.81	1,971.21	31,814*
2017-2018	1,318.07	1,982.51	31,317*
2018-2019	1,318.60	1,924.76	30,810

\*CBEDS

# PROPOSED BUDGET SOLUTIONS



- Aligning expenses to the decline in enrollment some of which include staffing, materials, supplies, professional development, professional services, etc.
- Maximizing grant opportunities
- Strategies to increase enrollment
- Reducing current year expenses including staffing, overtime, supplies, professional development, etc.



# PROPOSED BUDGET SOLUTIONS



- Redistributing current resources to make the most benefit for students and the classroom
- Attrition: retirements; aligning FTE
- Focusing centrally-provided services
- Rethinking current allocations: books and supplies; contracts; time away from sites (travel)





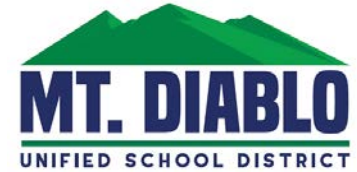
# DISTRICT BUDGET DATA: ENDING FUND BALANCE



Ending Fund Balance at 2018-2019 1st Interim											
	Actuals			Actuals		Projected		Projected		Projected	
Fiscal Year	2015-16	2016-17	% Change	2017-18	% Change	2018-19	% Change	2019-20	% Change	2020-21	% Change
Unrestricted	83,458,565	70,339,732	-16%	38,482,772	-45%	19,874,441	-48%	14,555,541	-27%	14,367,606	-1%
Restricted	14,562,188	18,449,562	27%	19,048,202	3%	7,186,603	-62%	12,673,948	76%	22,468,774	77%
Total	98,020,753	88,789,294		57,530,974		27,061,044		27,229,489		36,836,380	

Ending Fund Balance Includes Governor's January 2019 Proposed Budget for 2019-2020											
	Actuals			Actuals		Projected		Projected		Projected	
Fiscal Year	2015-16	2016-17	% Change	2017-18	% Change	2018-19	% Change	2019-20	% Change	2020-21	% Change
Unrestricted	83,458,565	70,339,732	-16%	38,482,772	-45%	19,874,441	-48%	18,580,386	-7%	23,106,312	24%
Restricted	14,562,188	18,449,562	27%	19,048,202	3%	7,186,603	-62%	12,774,511	78%	22,281,963	74%
Total	98,020,753	88,789,294		57,530,974		27,061,044		31,354,897		45,388,276	

# BUDGET PLANNING & DEVELOPMENT



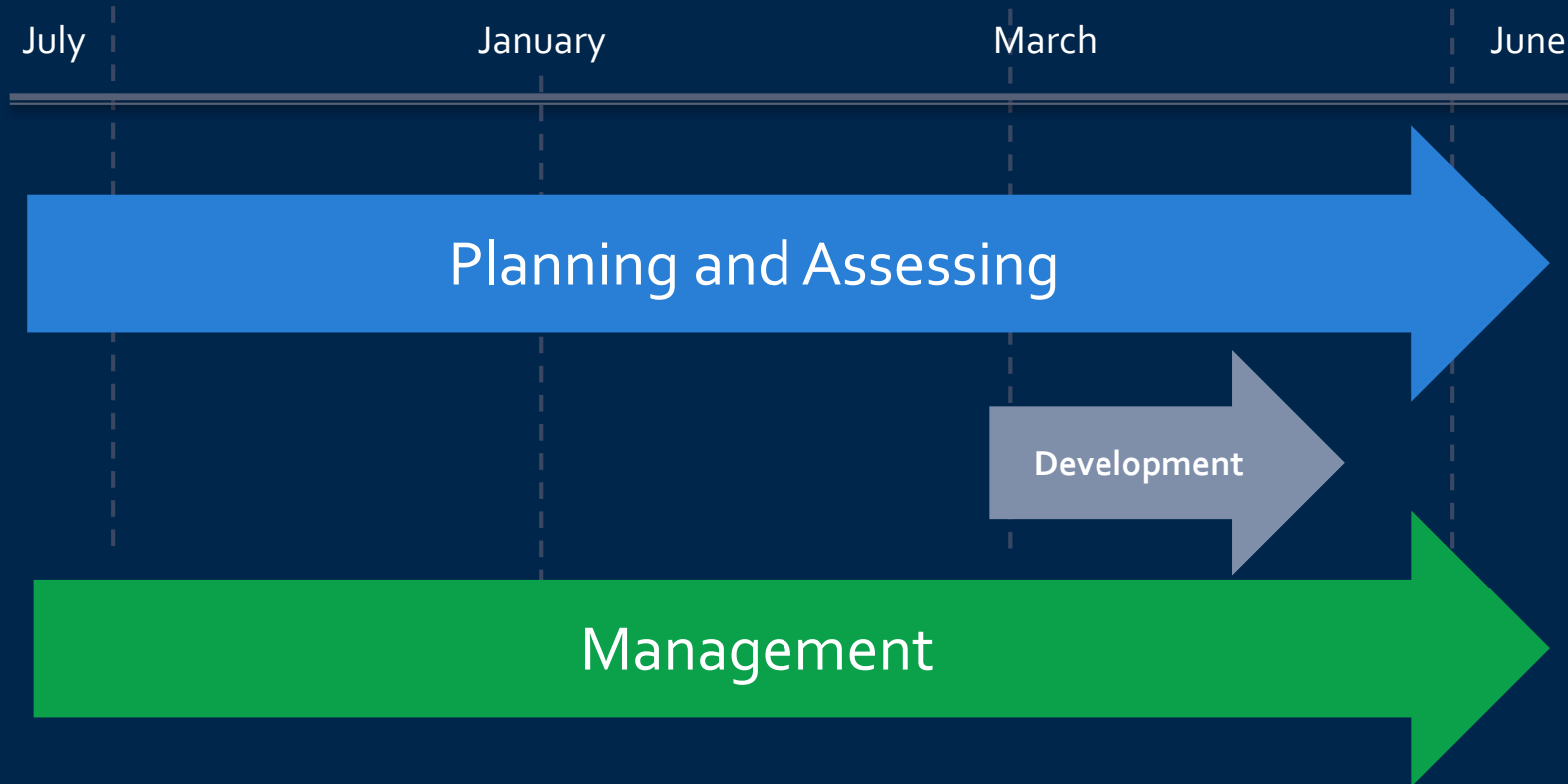
## Budget Planning & Development

- During the planning and development process, school leaders and stakeholders develop budgets that reflect the needs of their students.

## Budget Management

- Budget management includes monitoring and realigning balances (i.e. budget adjustments).

# BUDGET PLANNING & DEVELOPMENT



# BUDGET PLANNING & DEVELOPMENT



Analyze student achievement and school performance data

Adjust goals based on data findings

Develop instructional and operational strategies to achieve goals

Identify resources (including staff, time, materials, and funds) needed to support strategies

Prioritize investments

Align all budgeted funding sources, both restricted and unrestricted, to those priorities

Communicate with and involve stakeholders in instructional and budgeting decisions

# BUDGET DEVELOPMENT PROCESS



Proposed staffing allocations and funding provided to principals

Principals meet with School Site Councils to review funding

Budget staff meet with principals and budget administrators

Staffing adjustments presented to the Board for approval

Public Hearing for Budget and LCAP

Budget and LCAP presented to Board for approval

Communicate with and involve stakeholders in instructional and budgeting decisions

# 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

2019/20 Budget adopted by June 30.

# BUDGET DEVELOPMENT ALLOCATIONS



Schools receive the following types of resources:

- Funding to support the basic operational and instructional program at the school site, supporting core positions such as administrators, teachers, counselors, and clerical staff.
- Resources specific to individual school site needs, such as funding for resource class materials.
- Resources based on unduplicated count of Low Income Students, Foster Youth and English Learner.
- Centrally-budgeted resources and services, such as resource teachers
- Categorical allocations distributed by student characteristics, such as low-income or English Learner status. These resources are meant to supplement, not supplant, the school's core program.

# BUDGET DEVELOPMENT ALLOCATIONS



Unrestricted  
Per Pupil Base  
Allocation

LCFF  
Supplemental  
Allocation

Restricted  
State Grants

Restricted  
Federal Grants

Restricted  
Local Grants

Local  
Donations



# GUIDELINES & FLEXIBILITY



- Schools have the flexibility to implement budgets that meet the unique instructional and operational priorities of their school sites, and are consistent with the priorities outlined in each school's Single Plan for Student Achievement (SPSA).
- Schools are encouraged to consider all of their available resources, including categorical funds, as they build their budgets.
- The flexibility for resources included are subject to State and Federal laws, collective bargaining unit agreements, and Human Resources policies.
- Any flexibility exercised over positions will only be valid for that fiscal year. Each fiscal year during Budget Development, the District will reset school staffing patterns to match the District's recommended levels of staffing.

# NEXT STEPS



- Calibrate with available community services
- Benchmark with other districts
- Proactively and actively seek input on budget solutions
  - School site meetings
  - Budget Advisory Committee
  - Parent Advisory Committees
  - Student input
  - Business partners