



2019-2020 BUDGET INFORMATION

**Board Meeting
February 11, 2019**

OUR DISTRICT'S PRIORITIES



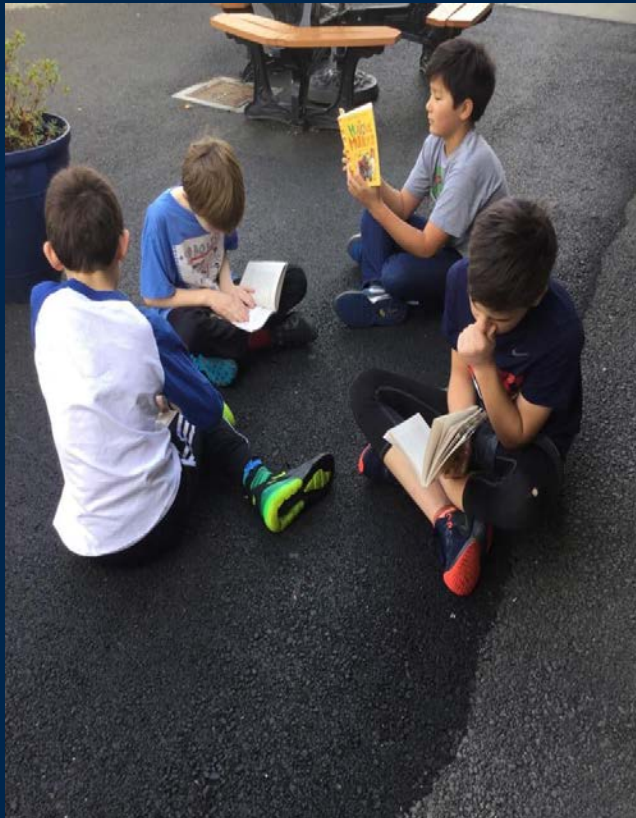
FUND THE CLASSROOMS TO BEST SERVE OUR STUDENTS

- Staffing
- Materials
- Facilities





BUDGET UPDATE



We believe the MDUSD budget is an expression of our values.

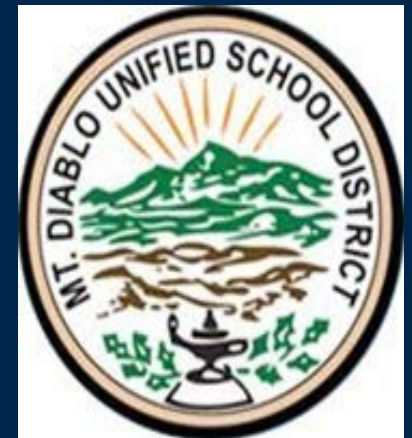
Identifying these values is an important outcome of the collaborative budget development process involving our teachers, administrators, families, and students.

GOVERNOR'S PROPOSED BUDGET



2019-20 Governor's Budget
"A California for All"

January 10, 2019



KEY POINTS FROM THE GOVERNOR'S 2019-2020 BUDGET



Economy continues to outperform expectations, recovery in its tenth year, some fear a downturn.

Enrollment declining statewide, will partially offset growth in General Fund revenue gains.

Projected growth of 3.6% in Proposition 98 for 2019-20 is moderate while state revenues outpacing the forecast.

Local educational agencies (LEAs) will continue to face budget challenges: 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.

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

WHAT IS NOT IN THE BUDGET

- With a New Administration, there is little time to flush out the details of all the proposals contained in the Governor's Budget
- 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

DISCRETIONARY GRANT: ONE TIME MONEY

- During the last four years of the economic recovery, school districts have experienced major upward revisions of the current-year Proposition 98 guarantee, providing huge one-time discretionary grants in the following year
- 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
- In contrast, the Governor's Budget indicates that Proposition 98 has been revised downward in the current year and therefore no discretionary grant funding is proposed for 2019-20
- Nor does Governor Newsom use other one-time funds for discretionary grant funding

THE STATE BUDGET RECOGNIZES THE COST PRESSURES DISTRICTS FACE WITH THE RISING CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM (CALSTRS) EMPLOYER CONTRIBUTION RATES

**\$3 billion
one-time
non-Proposition 98
to reduce liabilities
for employers**

\$700 million to reduce the employer contribution rate in both 2019-20 and 2020-21

\$2.3 billion towards employers' liability, which is expected to reduce the out-year employer contribution rate by approximately 0.5%

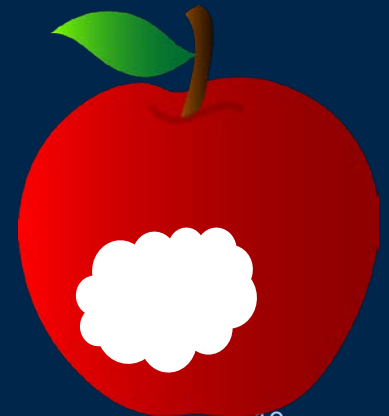
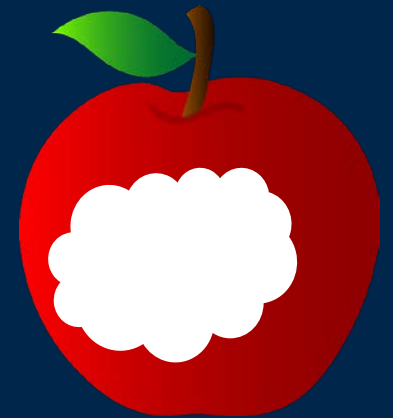
WHAT DOES THIS MEAN FOR MDUSD?



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 1st 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.



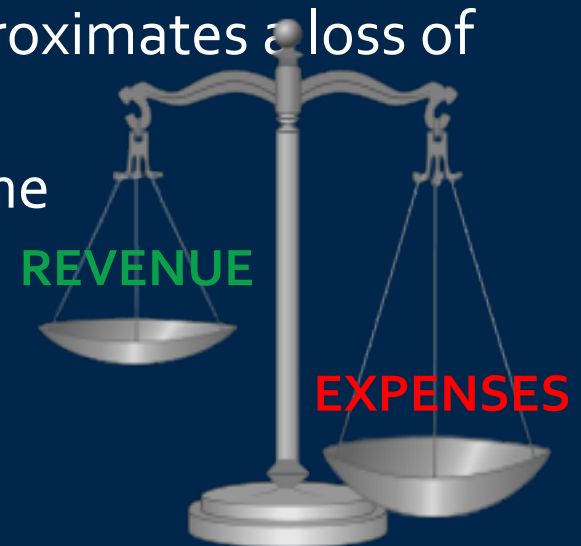
WHAT DOES THIS MEAN FOR MDUSD?



It means MDUSD has to make reductions.

Why? Expenditure increases exceed revenue increases.

1. 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



DISTRICT BUDGET DATA



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

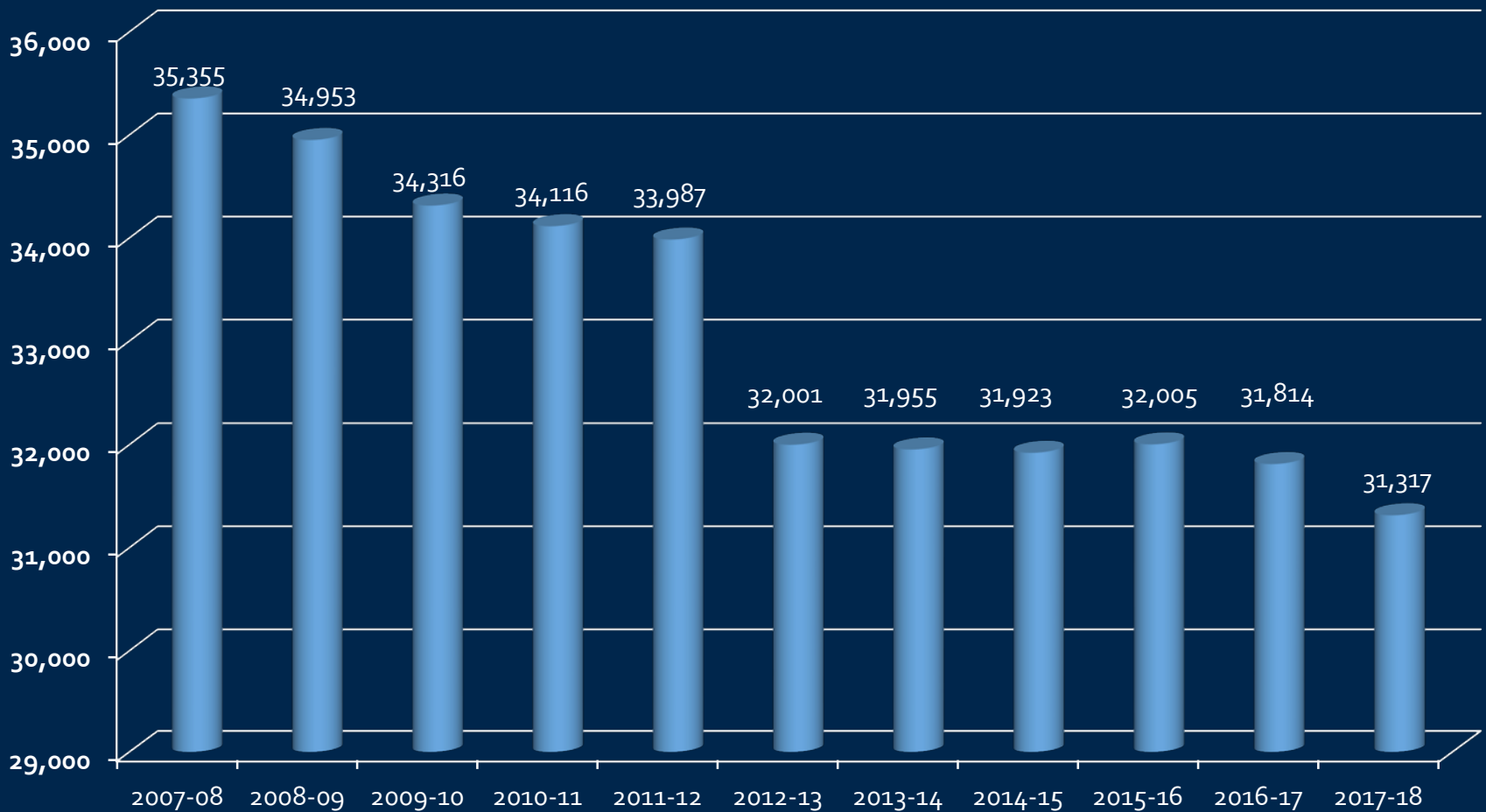
\$3M (ADA decline) is approximately:

- 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

BUDGET PLANNING AND DEVELOPMENT



BUDGET DEVELOPMENT ALLOCATIONS



Unrestricted
Per Pupil Base
Allocation

LCFF
Supplemental
Allocation

Restricted
State Grants

Restricted
Federal Grants

Restricted
Local Grants

Local
Donations

BUDGET DEVELOPMENT ALLOCATIONS



Schools receive the following types of resources:

- Basic operational/ instructional program at the school site: 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: These resources are meant to supplement, not supplant, the school's core program.

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

Anticipated Reductions in Other Title Programs- TBD

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.



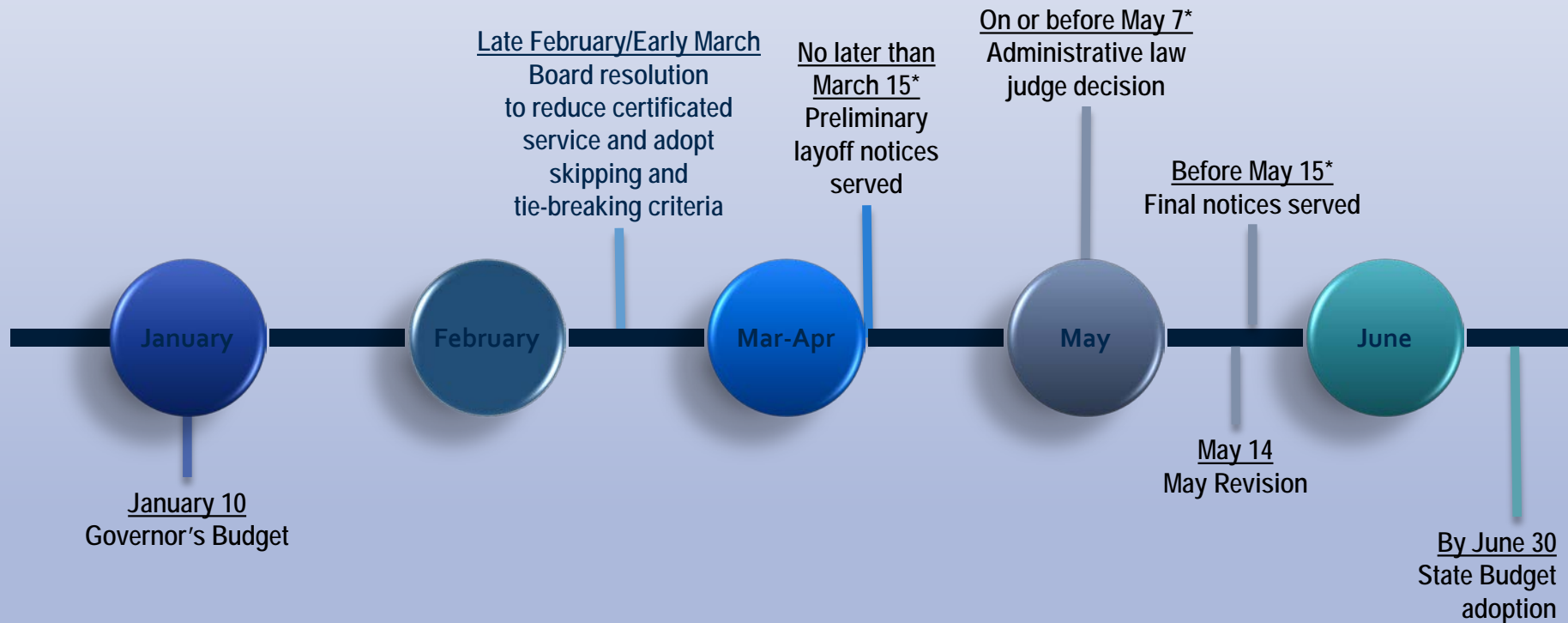
PROPOSED BUDGET SOLUTIONS



- 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)



CERTIFICATED LAYOFFS AND STATE BUDGET TIMELINES



*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

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

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.

OUR DISTRICT'S PRIORITIES



FUND SCHOOL SERVICES

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

