

Budget Status, Process, Solutions & Reductions



MDUSD Board Meeting
February 24, 2020

Components of Tonight's Presentation

- District history of budget reductions
- Restored reductions in recent years
- Current status of budget and reasons why we need budget solutions
- Why deficit spending occurred
- Turning around deficit spending and shortfalls
- Current process for budget solutions
- Certificated and classified timelines for layoffs
- Results of ThoughtExchange
- What is in our 'sphere of influence?'
- Board discussion






Budget Reductions in 2009/2010

The 2009/2010 Budget included \$30.6 million in approved reductions, including:

- Management reductions including: Assistant Superintendents, Directors, Administrative Assistants, Auditors, Technology/Personnel/Curriculum/Fiscal administrators
- Vice Principals, Program Specialists
- Class sizes up to contractual limits
- Elementary, middle and high school librarians
- School closures
- Parent subsidized transportation
- Custodians
- School sites budgets
- Materials & supplies budgets districtwide
- Limits on health care costs



Budget Reductions for 2019/2020 School Year

The 2019/2020 Budget included \$3.55 million in ongoing reductions, including:

- Did not fill many vacancies in positions across the district, including administrators and teachers – anticipated savings of \$2.9M
- TK-8 summer school program eliminated – anticipated savings of \$500K
- Outside contracts reduced – anticipated savings of \$100K
- Cell phone stipends – anticipated savings of \$40K
- Food for meetings – anticipated savings of \$15K

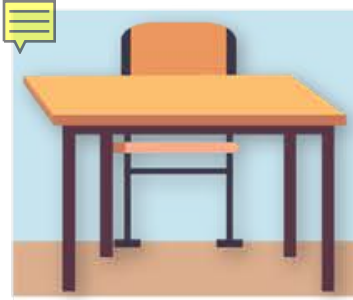
There were many positions intended to be eliminated last year that did not fully materialize.



What did the deficit spending restore in recent years?

The following intentional spending efforts were made in recent years:

- Provided raises to staff salaries to be competitive with other districts
- Brought back counselors
- Purchased technology for students (state testing)
- Restored district support for middle and high school sports programs
- Added coaches to support beginning teachers and staff in Title I schools
- Added hours to classified roles, increased student support aides
- Restored elementary music programs,
- Put magnet schools in place
- Added to elementary library programs
- Added and expanded programs and services for more students
- Implemented online learning assessment tools
- Invested in school sites and campus infrastructure
- Increased employee medical benefits
- Reinstated previously eliminated administrative positions



What factors have contributed to our current deficit issues?

Our expenditures are exceeding our revenue due to....

- Cost of Living Adjustment (COLA) does not cover the cost of living increases
- Increasing CalSTRS and CalPERS contributions (retirement costs)
- Year over year deficit spending
- Declining enrollment (ADA)
- Tentative agreement with our bargaining groups

Statewide Average Reserves vs. MDUSD

- Close to the 17%, or two months of expenditures, as recommended by the Governmental Finance Officers Association

Statewide

2017-18 Average Unrestricted Net Ending Fund Balance		Change From Prior Year
Unified School Districts	16.98%	-0.27%
Elementary School Districts	20.20%	-0.88%
High School Districts	15.63%	-1.01%

Mt. Diablo USD

Year	Unrestr Ending Fund Balance	Percentage	Change from Prior Year
2015/2016	\$83,458,565	41.05%	- 7.41%
2016/2017	\$70,339,732	30.44%	- 10.62%
2017/2018	\$38,482,772	15.73%	- 14.71%
2018/2019	\$30,087,204	12.88%	- 2.85%
2019/2020	\$12,539,828	3.11%	- 9.77%



General Fund Combined Revenue and Expenditures

Year	Revenue	Expense
2015 – 2016	\$344,604,849	\$317,930,340
2016 – 2017	\$353,129,952	\$362,277,908
2017 – 2018	\$344,741,728	\$376,994,560
2018 – 2019	\$379,334,193	\$387,145,921
2019 – 2020	\$365,607,141	\$402,915,789 * (\$37,666,815)
2020 – 2021 projected	\$370,712,306	\$385,994,942 ** (\$22,441,710)
2021 – 2022 projected	\$363,553,232	\$388,523,821 ** (\$17,811,515)

* includes cost of MDEA tentative agreement and “me too” clause for all groups for 18/19 and 19/20

** includes cost of tentative agreement moving forward



What is the bottom line right now?

The chart on the prior page, reviewed by CCCOE, shows an estimated **\$21,100,000*** in necessary reductions.

What are we doing to address this shortfall?

- Eliminating unfilled vacancies that we can eliminate this year and beyond
- Reducing budgets in all departments
- Continued movement of expenses from Unrestricted to Restricted budgets
- Board actions to reduce positions
- Reviewing every facility use contract to ensure compliance with Civic Center Act

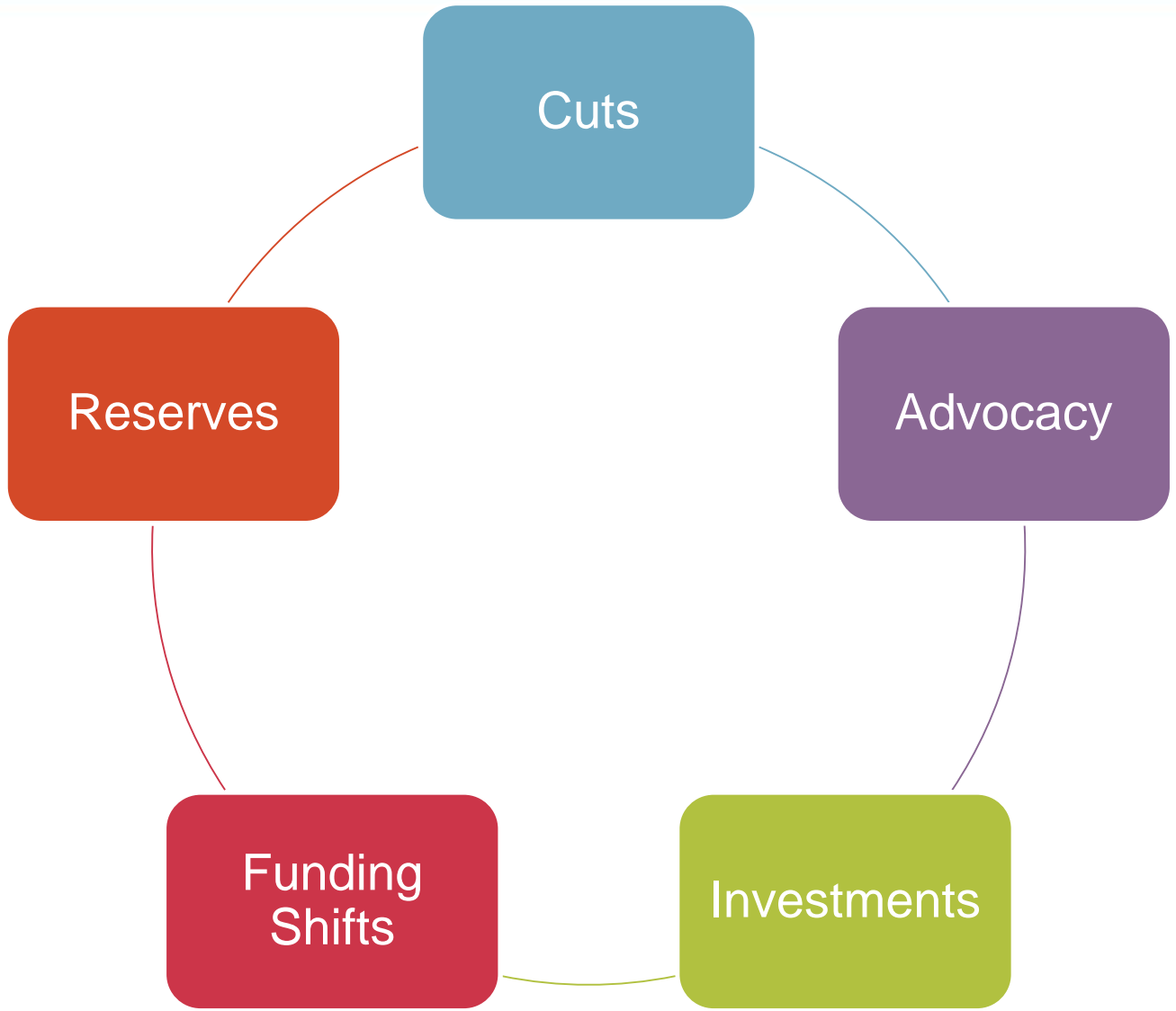
If we wait until next year to make cuts, we'll have to cut deeper and we will move from positive to qualified or negative.

- updated on

February 19, 2020



Budget Solutions – Multiple Approaches





Reserves



- After a state required 3% reserve (\$11.8M) and adding positions in August 2019, that negated the expenditure reductions approved by the Board in Spring 2019.

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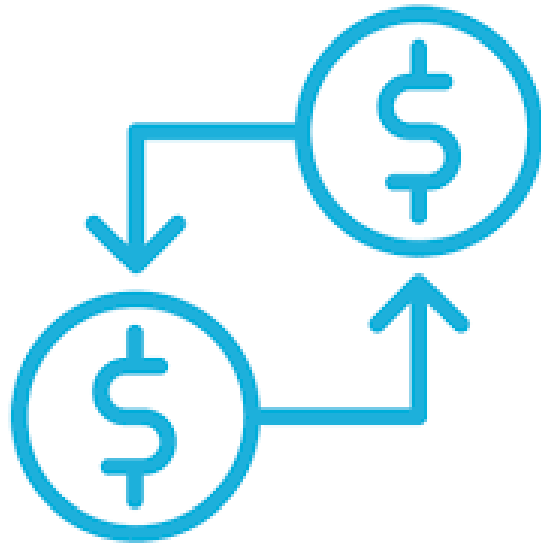
Reductions & Cuts



- 89% of our budget is staff salaries, benefits, other mandatory deductions, so we will need to eliminate positions in all bargaining groups
- Significant restrictions on spending in departments and school sites
- Monitor all purchases
- Significantly curtail conferences, professional development, and contracts



Funding Shifts



- Examine our flexibility within different funding structures
- Identify positions that can be funded from Restricted Budgets, such as Routine Restricted Maintenance, LCFF, Federal Programs
- Put off any significant expenditures



Advocacy




- Utilize our voice with Sacramento Decision Makers
- Create an advocacy plan of action
- Appropriately engage lobbyists that can support the district's message
- Collaborate with statewide organizations such as CSBA, CASBO, ACSA
- Partner with our associations (UTR, Teamsters, and SSA) in the message of adequate school funding



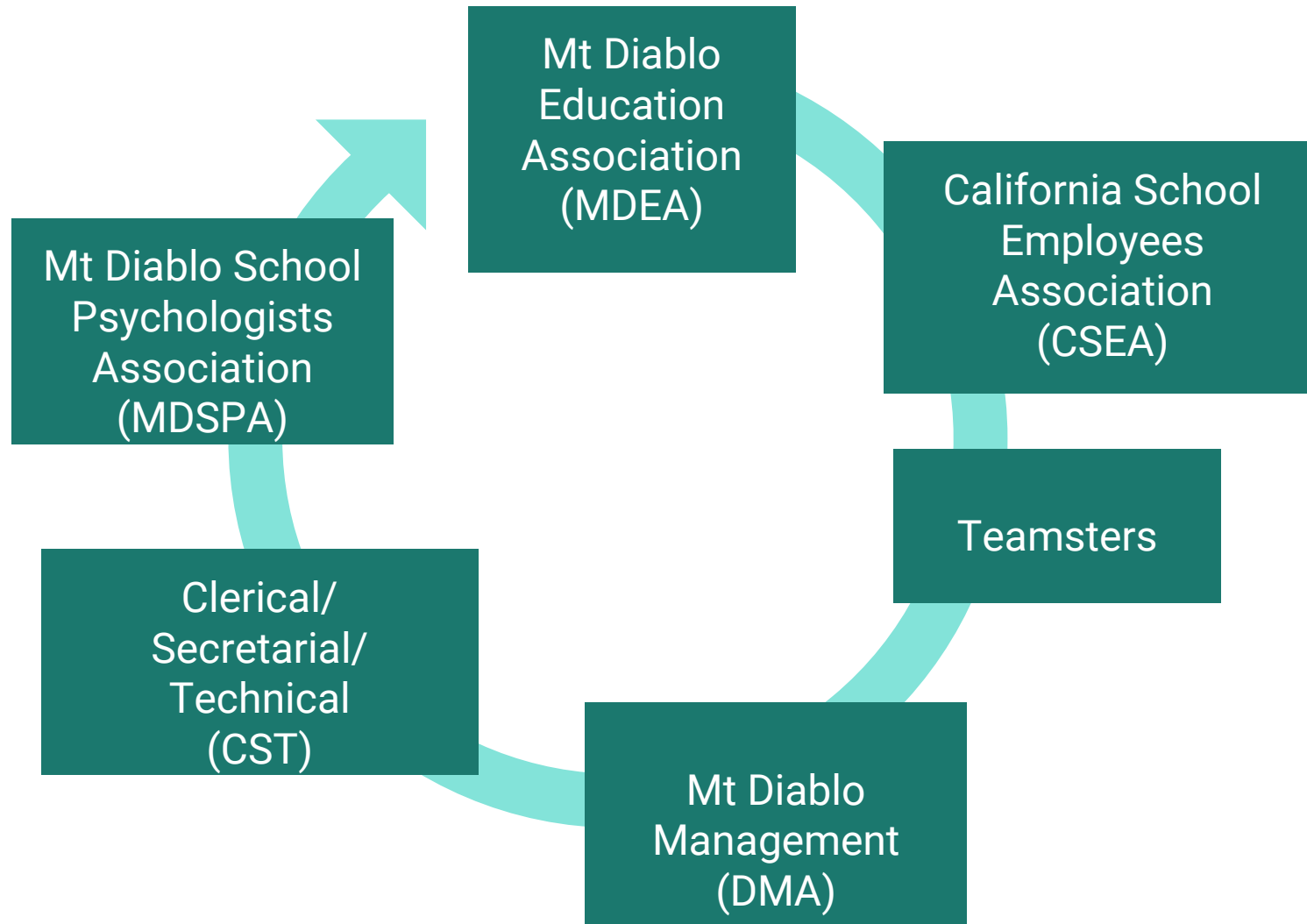
What is the process to identify Budget Solutions?

The process for moving forward with budget solutions includes:

- Staff, student, and community input from survey
- Executive Cabinet review and tier of suggestions for reductions - Administrative Council input
- Board input and further direction on tiers at last week's meeting
- Continued review of budget with CCCOE staff
- Fiscal team to review costs of tiered suggestions
- Staff and community forum meetings - another round of input through ThoughtExchange
- **Recommendations from Executive Cabinet to School Board**
- **Board actions on February 24, 2020 and March 2, 2020 - certificated staff**
- **Board actions in April - classified staff**



District's Goal is to continue to work collaboratively with our associations.

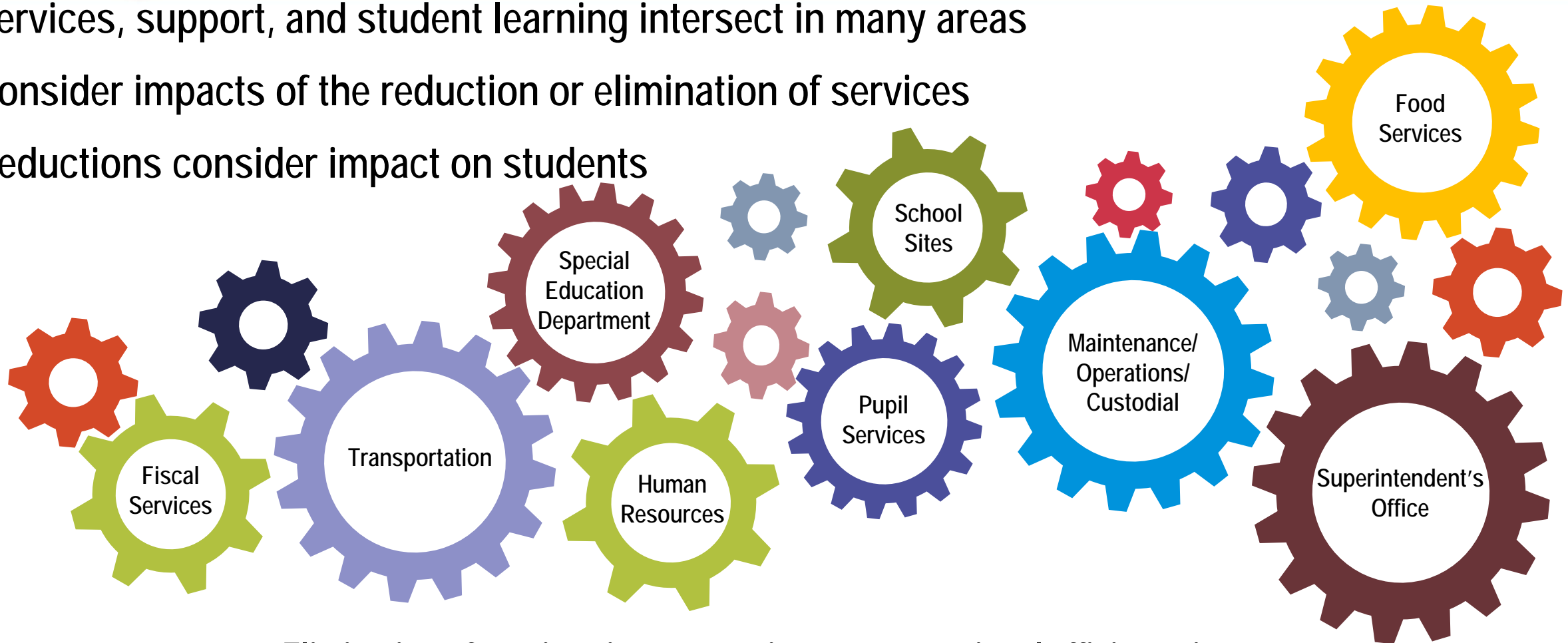




Impact of Solutions & Reductions

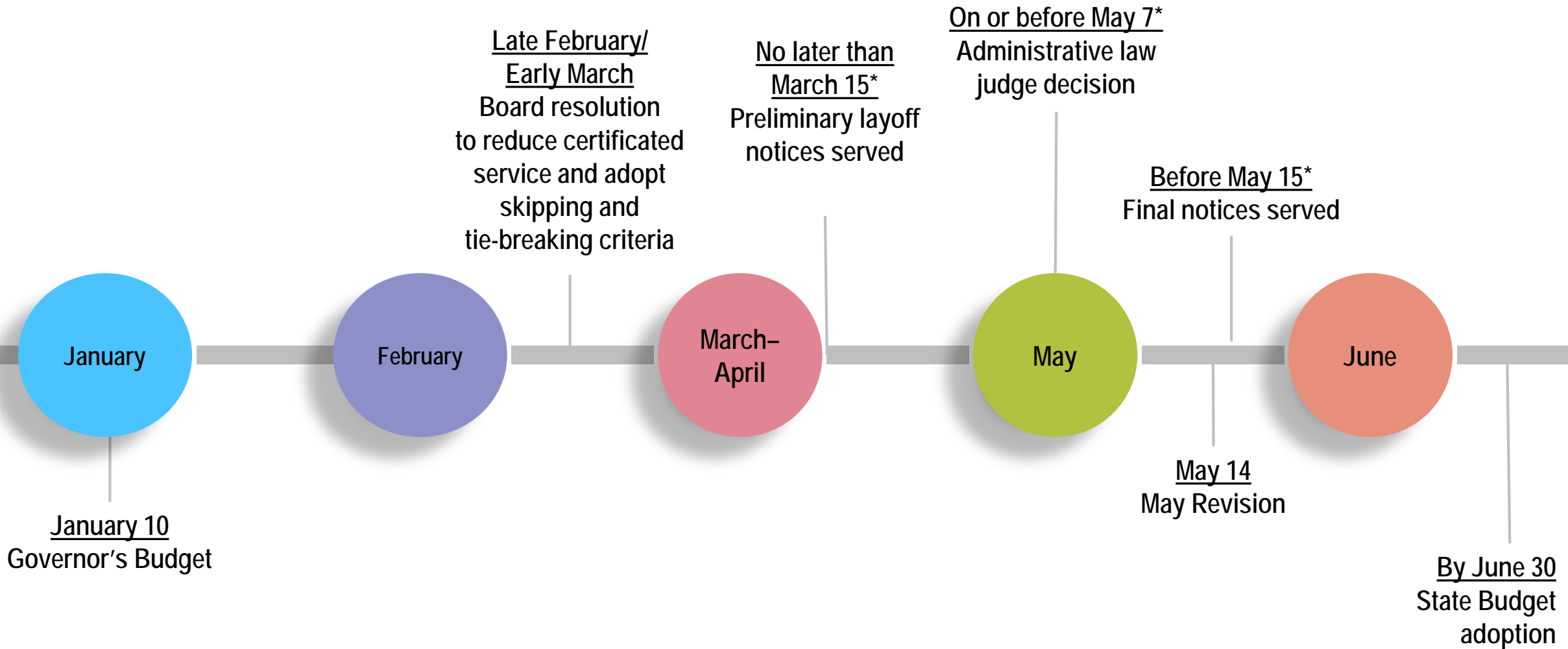
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- Services, support, and student learning intersect in many areas
- Consider impacts of the reduction or elimination of services
- Reductions consider impact on students



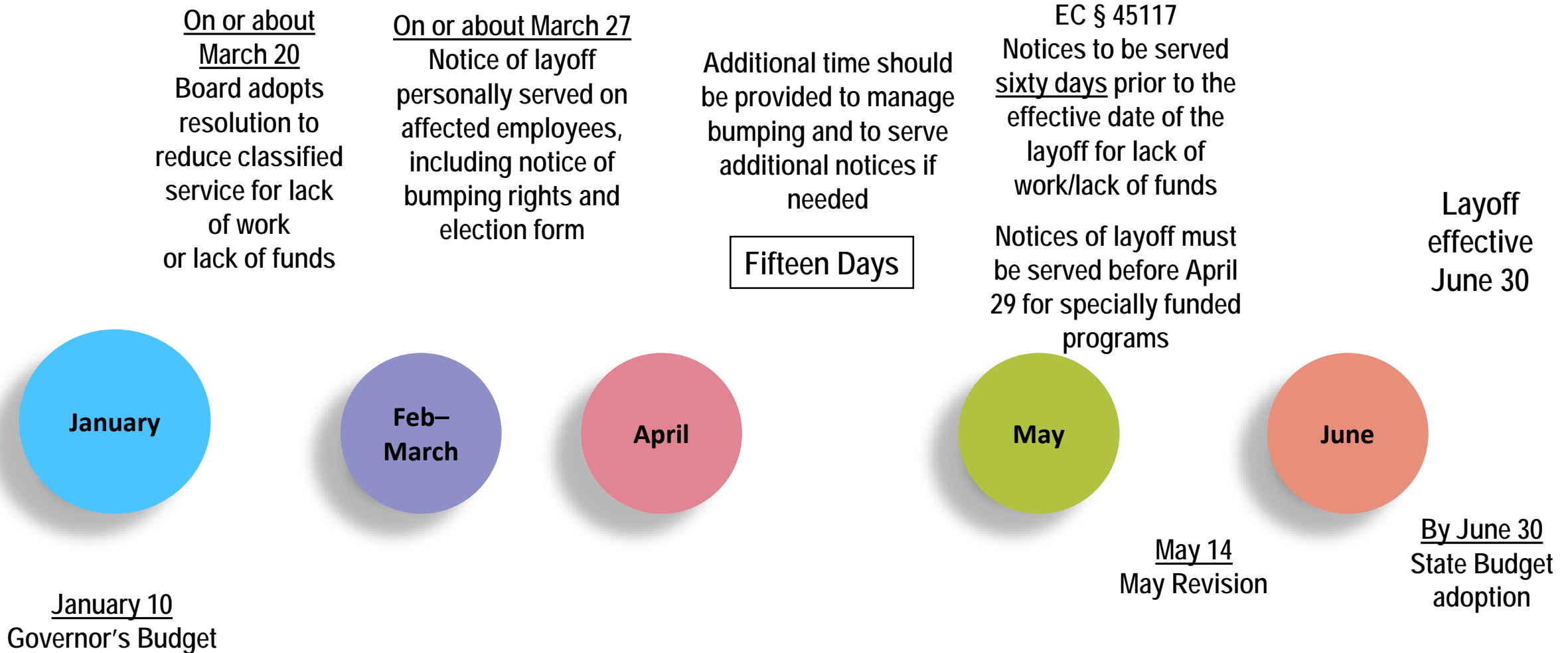
Elimination of services in one area impacts operational efficiency in the reduction area and could affect other departments and services

Certificated Layoffs and Timelines



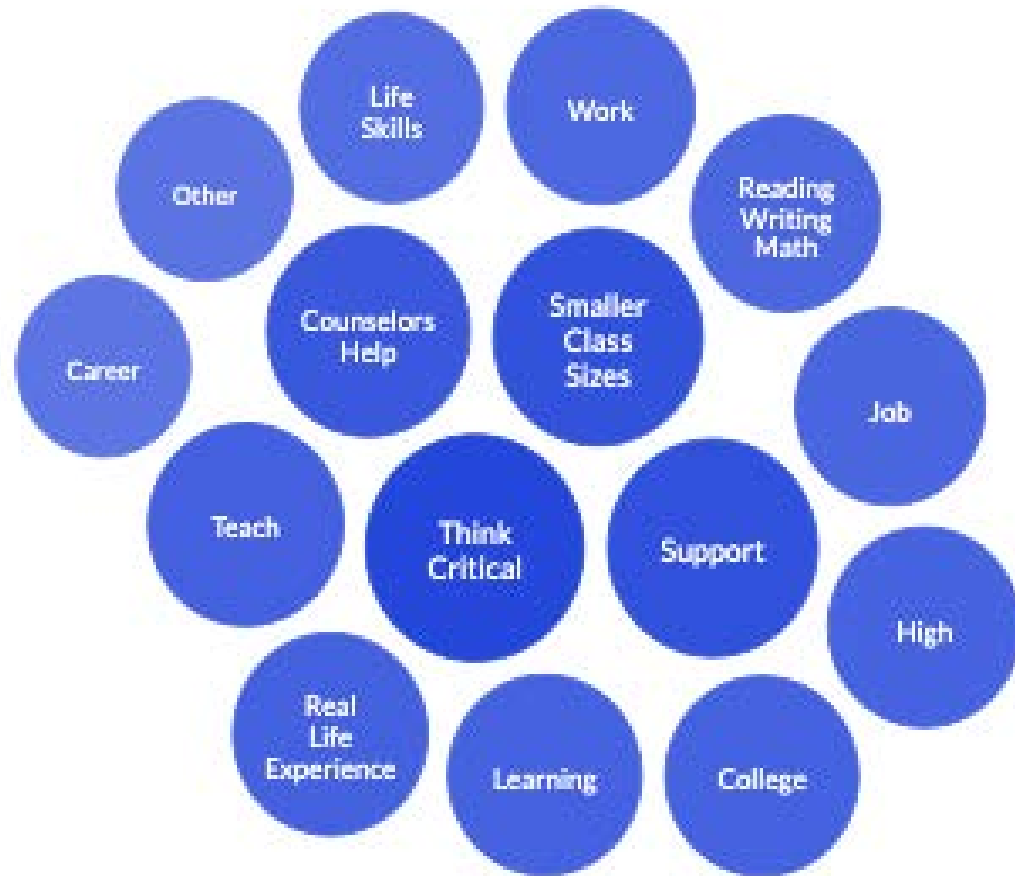
*Statutory deadlines per EC § 44949 and 44955

Classified Layoffs and Timelines





Results from ThoughtExchange



What are the most important ways we can prepare students to be ready for college, career, and life?

Exchange closed on Friday, February 21st at 5 pm

- 1514 respondents
- 744 thoughts shared
- 24,651 "stars"



Top 20 Responses from the ThoughtExchange

- Reduce district staff and put money into school staff
- Smaller class sizes
- Recruit and retain quality teachers
- Teach cognitive skills and content
- High quality education - experienced teachers, support staff, counselors, small classes
- 3 counselors at each high school
- Resolve ongoing stressors in classes - class size, counselors
- Engage in critical thinking
- Diverse methods - arts, sports, music
- Smaller class sizes
- Train students to be critical thinkers and lifetime learners
- Keep class sizes manageable
- Empower best teachers to remain on campus
- Support quality staff
- Enforce standards of behavior
- Offer more classes geared toward trade
- Provide safe learning environments in all schools
- Provide safe, supportive environments to learn
- High quality classroom teaching



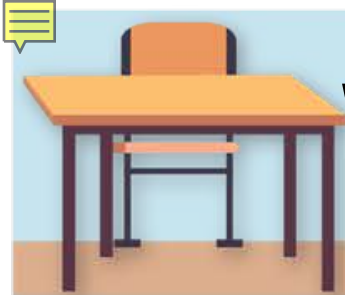
How will we look at budget solutions?

Core Components

- teacher
- principal
- office support
- custodian

Must have's

Wish to have's



What is within our decision-making capabilities?

We can't:

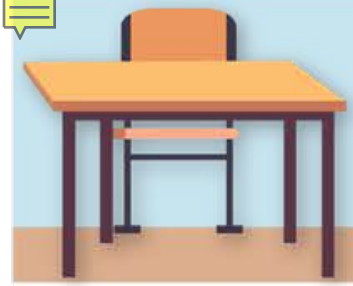
- materially change enrollment trends
- increase cost of living adjustment
- materially change CalSTRS and CalPERS expenses
- reduce insurance or health care benefit costs
- require furlough days without agreement of all bargaining groups
- close schools this year

We can right size our staff:

- eliminate certificated staff (classroom teachers, coaches, counselors, librarians)
- eliminate administrators (district and site)
- eliminate clerical staff
- eliminate custodial and maintenance staff

We can adjust our practices:

- reduce department and site budgets
- redesign services, including for social emotional health and learning
- follow the requirements of the Civic Center Act for facility use
- utilize appropriate budgeting strategies



Board Discussion

