

Board Budget Workshop

May 27, 2020

LCAP Changes Due to Executive Order

- Suspends LCAP requirements until December 15, 2020
- New three-year LCAP cycle → 2021-2022 to 2023-2024

Stakeholder engagement to continue in the fall

- New template for 2020-2021 LCAP and Annual Update coming late summer
- LCAP Board discussions to be rescheduled for next school year
 - LCAP Board Study Session
 - LCAP Public Hearing
 - LCAP Approval

COVID-19 Plan

- Written report explaining
 - Changes to program offerings and impact on students/families
 - Meeting the needs of student groups
 - Delivering high-quality distance learning opportunities
 - Providing meals and arranging for supervision
- Form from CDE for report format
- Report approved by Board of Trustees
- Submitted to MCOE with approved district budget by July 1

COVID-19 Report Template

Local Educational Agency (LEA) Name	Contact Name and Title	Email and Phone	Date of Adoption
[Insert LEA Name here]	[Insert Contact Name and Title here]	[Insert Email and Phone here]	[Insert Date of Adoption here]

Descriptions provided should include sufficient detail yet be sufficiently succinct to promote a broader understanding of the changes your LEA has put in place. LEAs are strongly encouraged to provide descriptions that do not exceed 300 words.

Provide an overview explaining the changes to program offerings that the LEA has made in response to school closures to address the COVID-19 emergency and the major impacts of the closures on students and families.

[Add text here]

Provide a description of how the LEA is meeting the needs of its English learners, foster youth and low-income students.

[Add text here]

Provide a description of the steps that have been taken by the LEA to continue delivering high-quality distance learning opportunities.

[Add text here]

Provide a description of the steps that have been taken by the LEA to provide school meals while maintaining social distancing practices.

[Add text here]

Provide a description of the steps that have been taken by the LEA to arrange for supervision of students during ordinary school hours.

[Add text here]

Board Policies related to Budget

Adopt sound financial policies and guide budget development by:

- Balancing the operating budget. (Balance means available resources do not exceed uses over the long term.)
- Issuing and managing debt.
- Using one-time revenues for one-time purposes.
- Managing general fund reserves.
 - Prudent level, and mix between cash and non-cash items.
 - Guidelines for one-time use and replenishment.
 - Contingency planning.
- Providing for maintenance and replacement of capital assets.

What is a Budget?

- Board Policy 3100 Budget
- Policy document – to reflect our philosophy and the goals of the board, the administration, and the education community.
- Financial plan – to show where the district has been and where the district is going, as well as an expression of how available funds are used to maximize education programs for our students.
- Operations guide/planning document– to guide administrative decisions and actions throughout the year.
- Communication device– to share with our staff, community, and stakeholders

Budget Development 2020-21 Planning

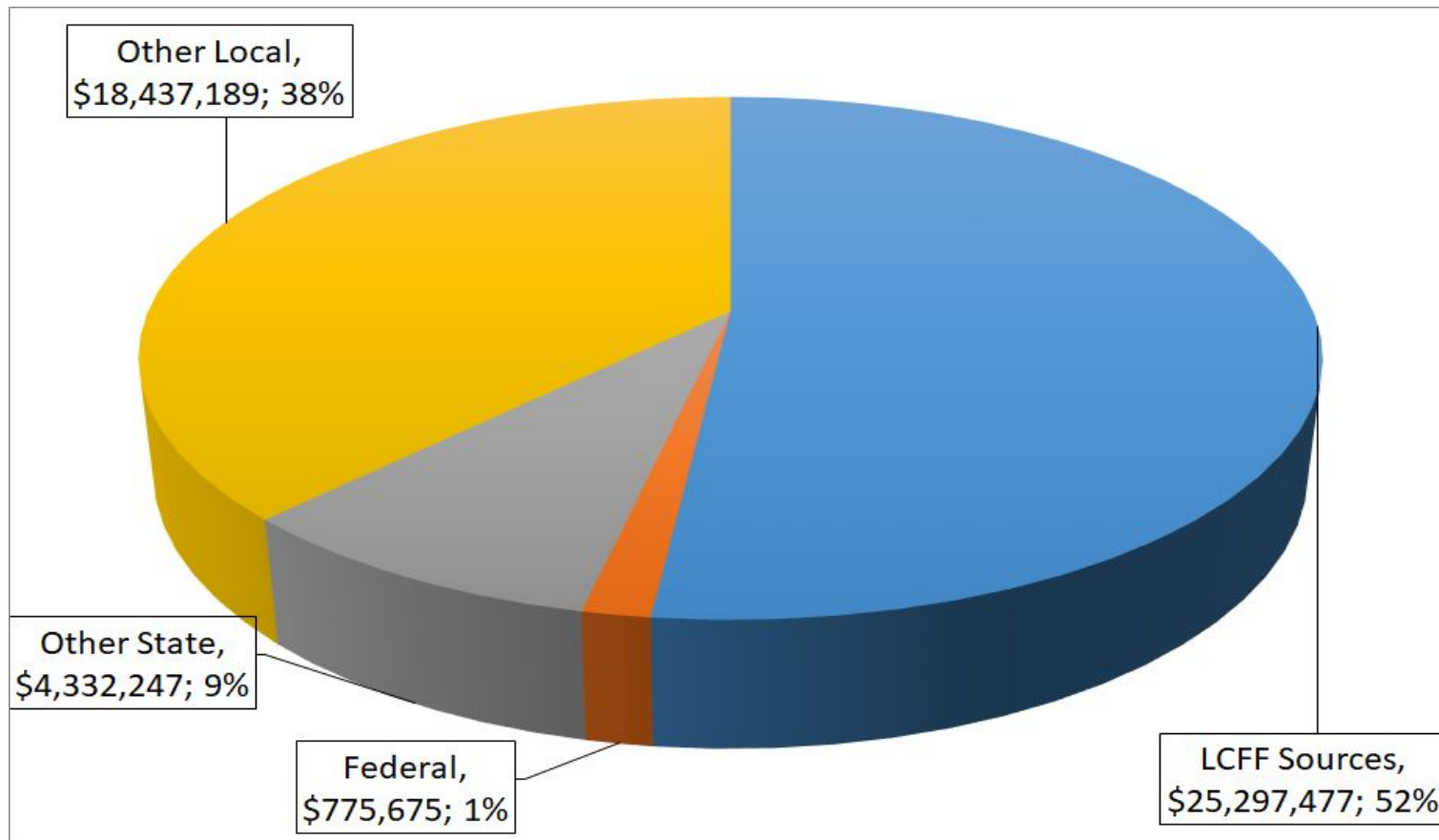
- November Board Budget Planning Timeline
 - [November Board Agenda H.11](#)
- December Current Year First Interim Financial Reporting
- January Governor's Proposal
- March Current Year Second Interim Financial Reporting
- May Governor's May Revision (Published May 14, 2020)
- May 27 MVSD Board Budget Study Session
- June 10 Public Hearing and Preliminary Budget
- June 17 Budget Adoption
- By June 30 State Budget Act Adopted
- August or within 45 of State Budget Act Adoption, Material Impact to MVSD
- September 15 Unaudited Actuals from the previous year (2019-20)
- December First Interim Financial Reporting 2020-21

The background of the slide is a photograph of a forest with tall, slender trees, possibly redwoods or sequoias, with a green overlay. The text is centered on the slide.

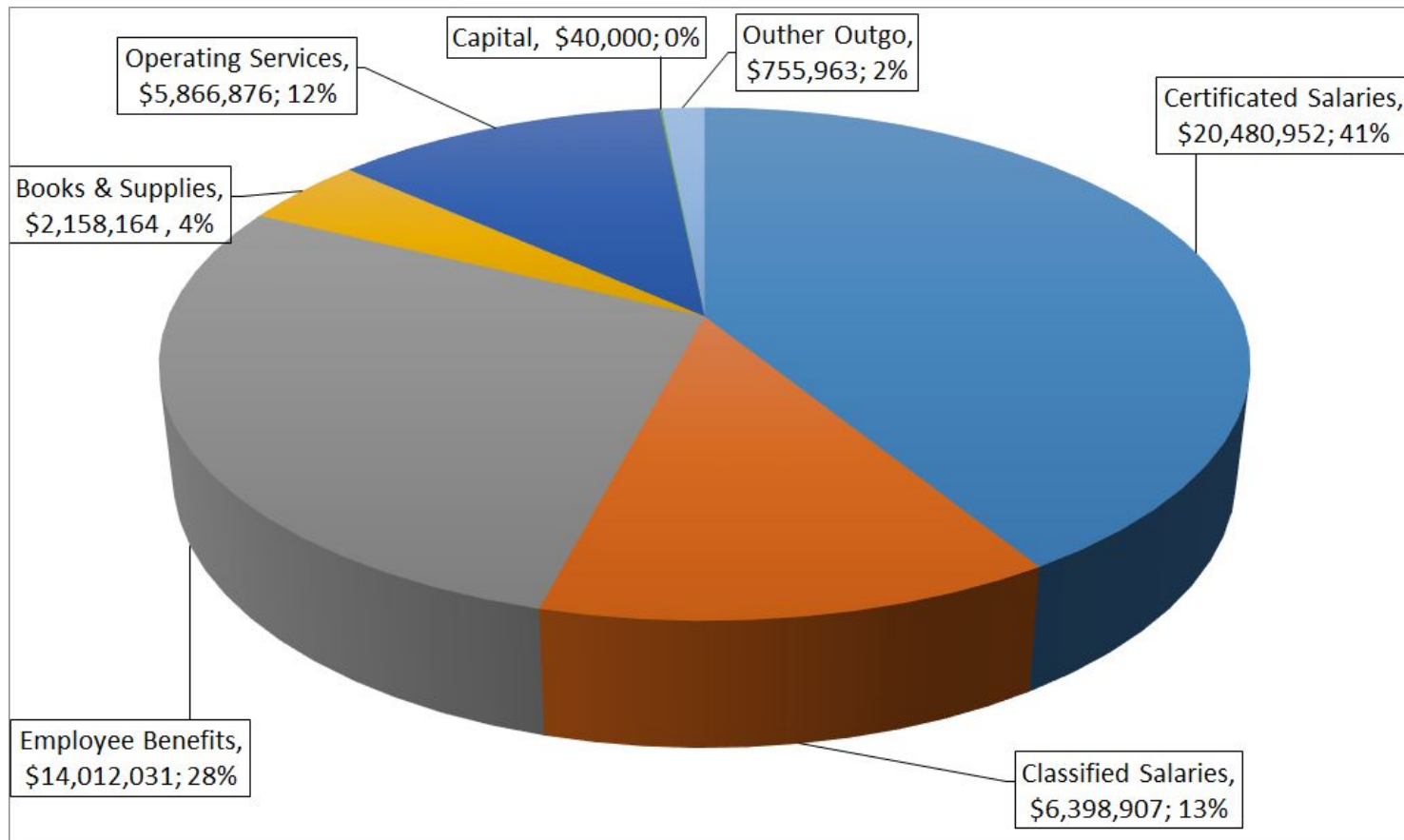
Second Interim Budget Information

2019-20

Budget 2019-20 – Second Interim Revenue



Budget 2019-20 – Second Interim Expenses



Second Interim 2019-20 Multi Year Projections

	2019-20	2020-21	2021-22
(+/-) Net Change in Fund Balance (Unrestricted)	\$754,839	\$(213,824)	\$(1,918,777)
(=)ENDING BALANCE	\$18,162,979	\$17,949,155	\$16,030,378
(-) Revolving Fund Cash	\$5,500	\$5,500	\$5,500
(-) Unrestricted Reserve for Economic Uncertainty			
Designated Reserve-State 3%	\$1,491,687	\$1,516,624	\$1,538,725
Designated Reserve-Board STRS	\$3,472,328	\$2,314,885	\$1,157,443
Designated Reserve - Sunset Supplemental Parcel Tax 2021	0	\$1,157,443	\$2,314,885
Designated Reserve-Board Economic Uncertainty	\$13,193,464	\$12,954,703	\$11,013,825
(=)UNAPPROPRIATED Amount	0	(0)	(0)
Appropriated for Economic Uncertainty	\$14,685,151	\$14,471,327	\$12,552,550
Appropriation as a %* of Total Expenditures	29.5%	28.6%	24.5%

(*Excludes STRS Reserve Designation)

A dense forest of tall, thin trees, likely redwoods or sequoias, with a green overlay. The trees are tall and slender, with a thick canopy of green leaves. The ground is covered in ferns and other forest floor vegetation. The overall scene is a lush, green forest.

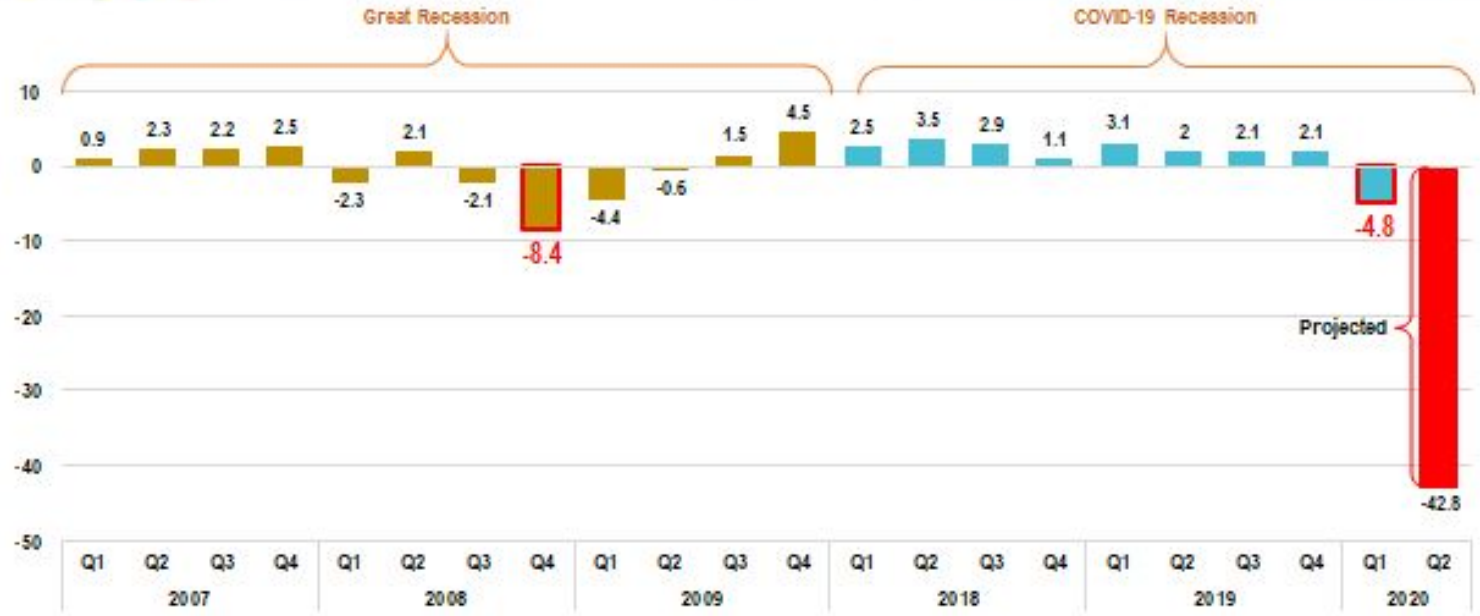
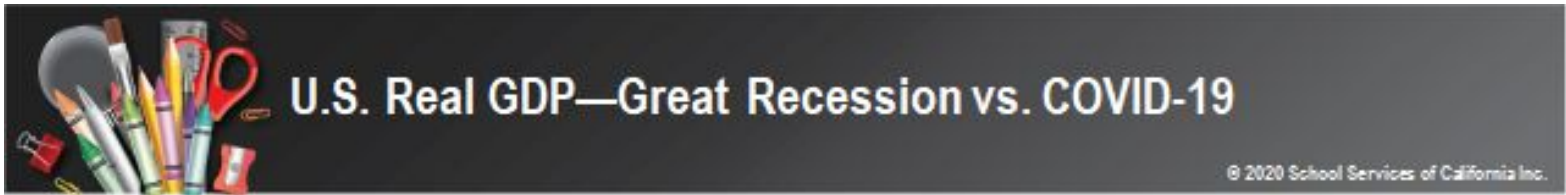
2020-21 Budget Development Information

Budget Planning Governor's May Revise

What is the Governor's May Revise?

- The Governor's economic projections and proposals for the 2020-21 State Budget
- The Governor's May Revision is still the last statutory step in the State Budget process before the Legislature adopts the state's spending plan by June 15
- Once the State Budget Act is adopted and if there is an "August Revision," it will likely change many of these revenue assumptions
- The district's preliminary budget will be developed on the most current information to date
- Impact of COVID-19 on Budget Planning

Budget Planning Governor's May Revise



Source: U.S. Bureau of Economic Statistics

Budget Planning Governor's May Revise



U.S. Unemployment Numbers

© 2020 School Services of California Inc.

- Before the public health crisis, the U.S. economy was enjoying full employment
- The national unemployment rate was at historic lows, and no one predicted that things would change so suddenly
- Some economists forecast that the unemployment rate could reach upwards of 20% in the third quarter of the year



Source: U.S. Bureau of Labor Statistics

Budget Planning Governor's May Revise



Big Three Tax Revenues

© 2020 School Services of California Inc.

2020-21
(in billions)

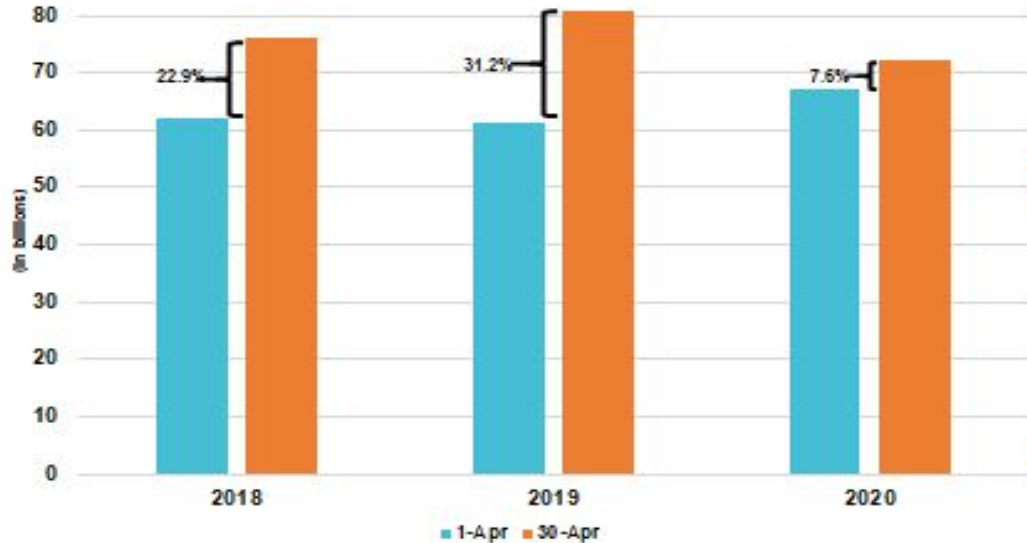


*Department of Finance

Budget Planning Governor's May Revise



April Personal Income Tax Collections



- Both federal and state governments shifted the annual income tax deadline from April 15 to July 15 as a result of the COVID-19 outbreak
- This shift has caused a significant decline PIT revenues in the biggest PIT revenue month, making it difficult to develop the state's on-time Budget
- Given recent unemployment figures, we may not fully recover the lost revenue

Budget Planning Governor's May Revise



California Revenues

© 2020 School Services of California Inc.

- **The May Revision assumes that the state will suffer from a \$41.2 billion loss in revenues compared to January estimates in 2019–20 and 2020–21 combined**
 - ◆ **-\$9.1 billion for 2019–20**
 - ◆ **-\$32.2 billion for 2020–21**
- **Revenue losses are compounded by the growing number of Californians who need access to state safety net services, bringing the state's total shortfall to \$54 billion**



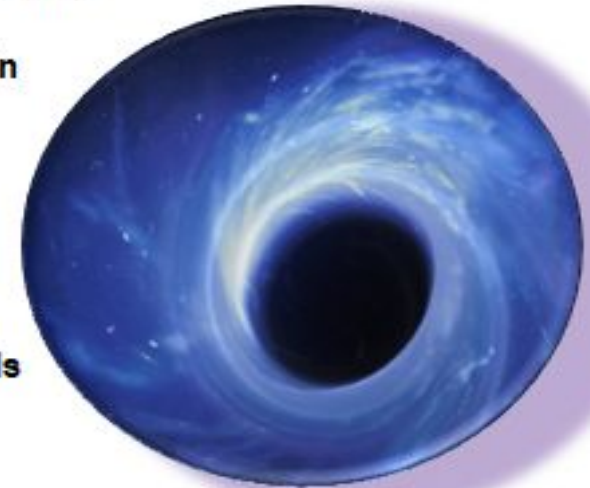
Budget Planning Governor's May Revise



Will There Be a Revised Budget?

© 2020 School Services of California Inc.

- While the May Revision gives us important anchors for state and local budgets that must be adopted by July 1, 2020, there continues to be a gaping hole of information that we need in order to build more accurate budgets
 - ◆ Unemployment rates change
 - ◆ PIT revenue is the largest share of General Fund revenue; tax payments deferred
 - ◆ Consumer confidence shaken by the current state of the economy; may be a while before confidence rebuilds
 - ◆ Small, as well as large, businesses may not be able to withstand COVID-19
- The state will likely need to revise its Budget when more information becomes available later this summer



Budget Planning Governor's May Revise



2020-21 LCFF Add-On Reductions

© 2020 School Services of California Inc.

- In addition to the base, supplemental, and concentration grants, all of the following LCFF add-on funding will also receive a 10% reduction

Targeted Instructional Improvement Grants
Education Code Section (EC §) 42238.02(g)



Home-to-School Transportation
EC § 42238.02(h)



Economic Recovery Target
EC § 42238.025



Minimum State Aid
EC § 41544



Basic Aid Supplement
EC § 47663



District of Choice
EC § 48310

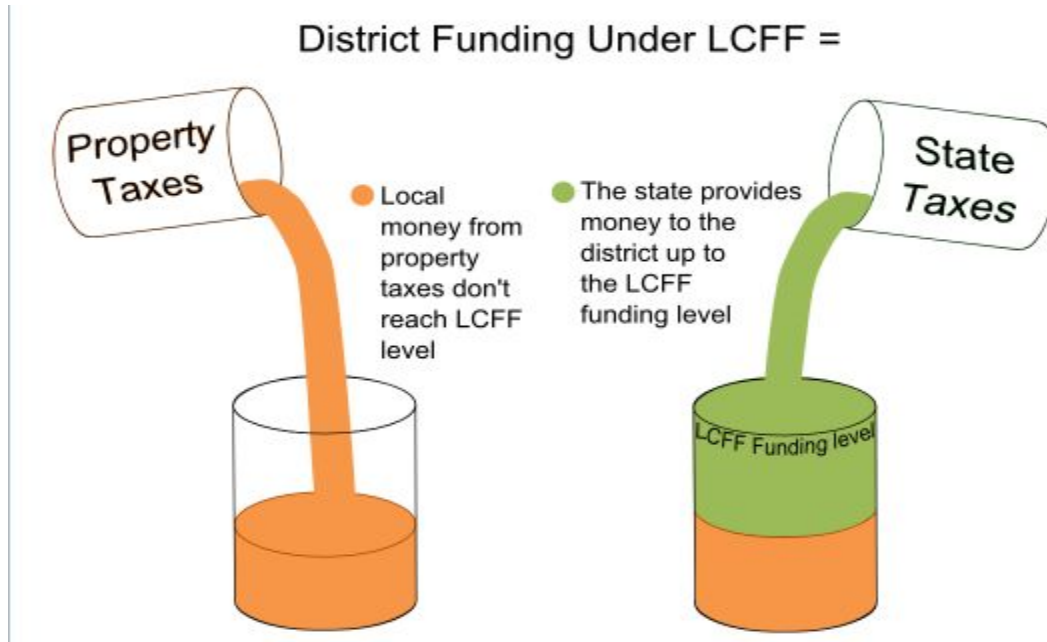
LCFF and Community Funded (Basic Aid)

- Local Control Funding Formula (LCFF)
 - Average Daily Attendance (ADA) x State Allocation
 - Eight Year Fully Funded 100% Gap Funding
 - Declining Enrollment - ADA Based on Prior Year
 - Cost of Living Allocation (COLA)
 - 2020-21 Projected 2.31% with <7.92%> Deficit Factor
 - 2021-22 Projected 2.48% with <7.92%> Deficit Factor
 - 2022-23 Projected 3.26%with <7.92%> Deficit Factor

- Community Funded - Basic Aid
 - Local Property Taxes and Assessed Valuation
 - 2020-21 Estimated +4.0%
 - 2021-22 Estimated +2.0%
 - 2022-23 Estimated +2.0%

LCFF and Community Funded (Basic Aid)

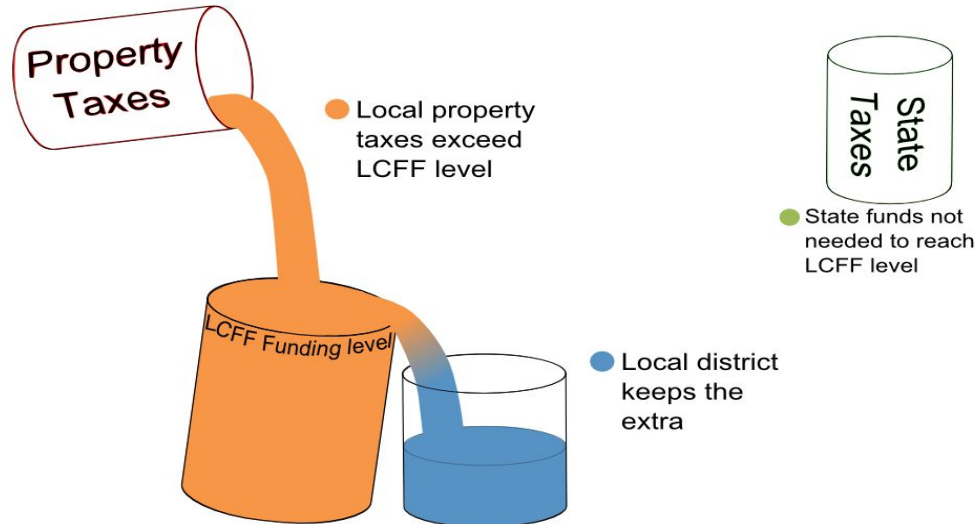
The first step in filling a district's LCFF bucket is to pour in all the local property taxes. If those taxes fill the bucket halfway, state money is used to fill the other half of the bucket. If property taxes fill the bucket two-thirds of the way, state money fills the other third.



LCFF and Community Funded (Basic Aid)

In approximately 100 school districts in California, the property taxes will fill or overflow the LCFF Funding Bucket. In those cases, the districts keep all their property taxes and get no LCFF money from the state. These are known as “Basic Aid” or “Excess Tax” districts.

"Basic Aid" District Funding



Budget Development – Revenue Sources

55.8%

Property Taxes

Property Taxes,
Education Protection
Act (EPA) and
Minimum State Aid

1.4%

Federal Funding Sources

Federal entitlements
and grants.

5.5%

Other State Sources

Other state
entitlements and
grants.

37.3%

Local sources

Parcel taxes, interest
earnings, building
rents/leases, Kiddo!
Foundation,
Donation Revenues
posted as received.

2020-21 - Projected Revenue by Funding Source

Funding Source	Projected Funding	
Property Taxes / LCFF	Property Taxes: \$24,485,959 Education Protection Account: \$549,716 Minimum State Aid: \$1,562,663	
Federal	Title I: \$79,618 Title III, EL: \$11,273 SPED/IDEA: \$515,958	Title II: \$44,984 Title IV: \$9,000
Other State	Mandate Block Grant: \$90,683 Lottery: \$431,154 Mental Health: \$39,084	Lottery - Instructional Materials: \$152,172 STRS On-Behalf: \$1,927,049
Other Local	SPED AB602: \$1,396,157 Interest: \$340,000 Parcel Tax: \$10,294,108 Supplemental Parcel Tax (Expire 6/30/2021)	Leases & Rentals: \$1,132,447 Kiddo!: \$2,328,862 Other: \$35,000 \$2,206,044

Assessed Valuation - Property Taxes

2005	5,933,265,122	7.18% Community Funded
2006	6,492,880,108	9.43% Community Funded
2007	7,004,628,549	7.88% Community Funded
2008	7,497,747,595	7.04% Community Funded
2009	7,980,074,433	6.43% Community Funded
2010	8,257,130,680	3.47% Community Funded
2011	8,111,918,654	(-1.76%) Community Funded
2012	8,216,112,319	1.28% Community Funded
2013	8,405,920,325	2.31% Community Funded
2014	8,698,184,230	3.48% LCFF
2015	9,240,855,814	6.24% LCFF
2016	9,999,060,199	8.20% LCFF
2017	10,649,419,958	6.50% LCFF
2018	11,195,757,593	5.13% Community Funded
2019	11,819,184,705	5.57% Community Funded
2020 Projected	12,379,884,272	4.74% Community Funded
2021 Projected	12,875,079,643	4.00% Community Funded
2022 Projected	13,132,581,236	2.00% Community Funded
2023 Projected	13,395,232,860	2.00% Community Funded

2020-21 Budget Assumptions for Revenues

Revenue Category	Assumption
Property Taxes	4.0% Increase / 2.0% / 2.0%
State Revenues - Minimum State Aid	Decrease 10%
Lottery Unrestricted / Restricted	Unrestricted \$153 per student Restricted \$54 per student
Federal	10% Reduction
Other Local	Rentals/Leases 1.1% CPI, Donations TBD
Parcel Taxes Primary Parcel Tax Supplemental	5.0% Increase Primary 1.1% Increase Supplemental
Kiddo!	19% Overall Decrease

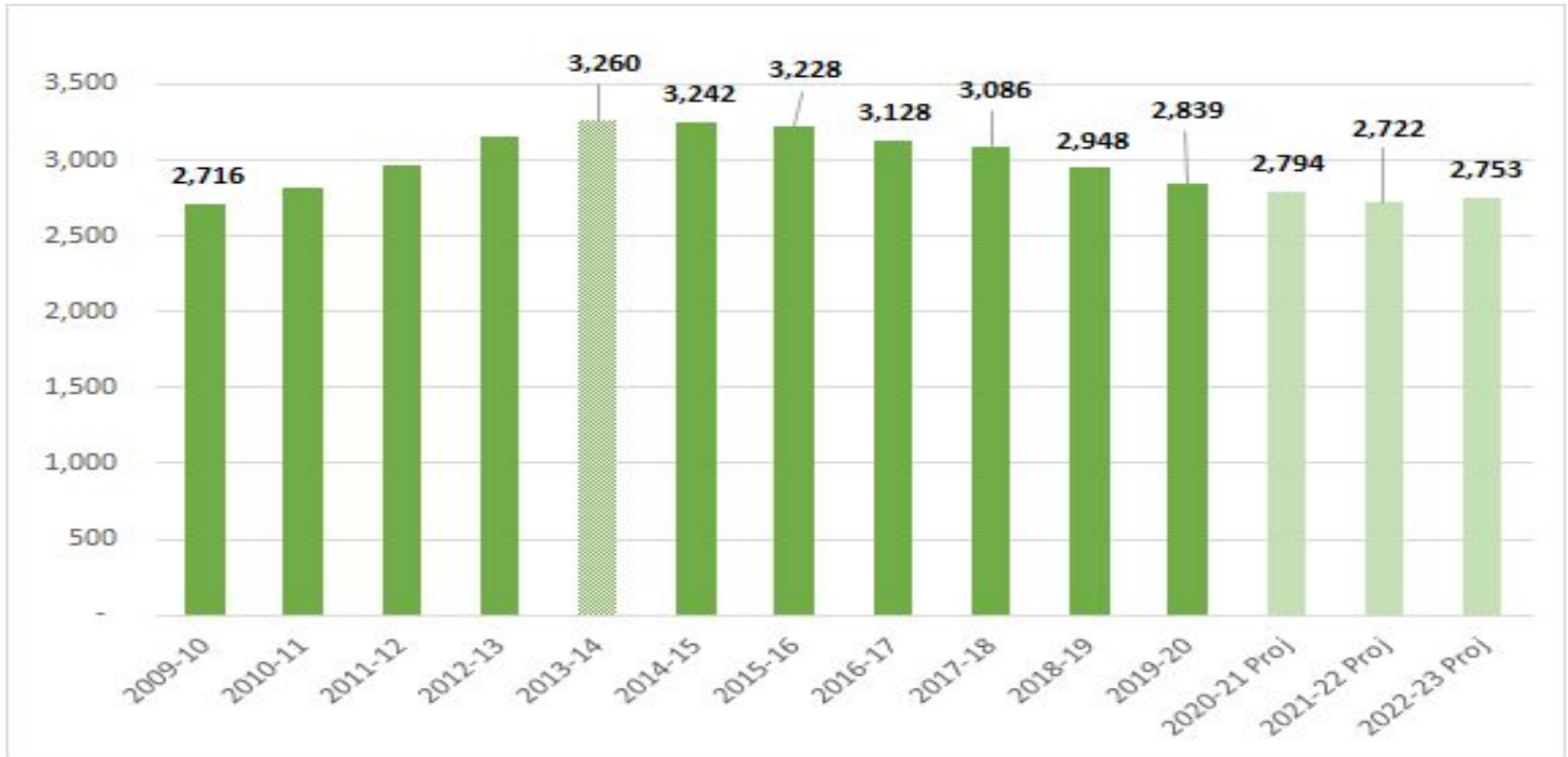
2020-21 Budget Assumptions for Expenditures

Expenditure Category	Assumption
Negotiated Salary Increase - MVTA	3.0% increase
Negotiated Salary Increase - CSEA	3.0% increase
Salary Increase	3.0% increase
CalSTRS Rate Governor's May Proposal*	From 18.41%* to 16.15%
CalPERS Rate Governor's May Proposal*	From 22.68%* to 20.7%
Step & Column Increases - Certificated Classified	1.5% increase 2.0% Increase
Health & Welfare Medical, Dental, Vision	4.27% increase

2020-21 Assumptions

Property and Liability Insurance	8.79% Increase
Routine Restricted Maintenance	3% of Unrestricted
Dept of Finance Cost of Living Allocation (COLA)	2.31%
Deficit Factor	<-7.92%>
Consumer Price Index (CPI)	0.62%
Mandated Block Grant	\$32.18 per ADA
Interest Rates for Ten-Year Treasuries	0.93%

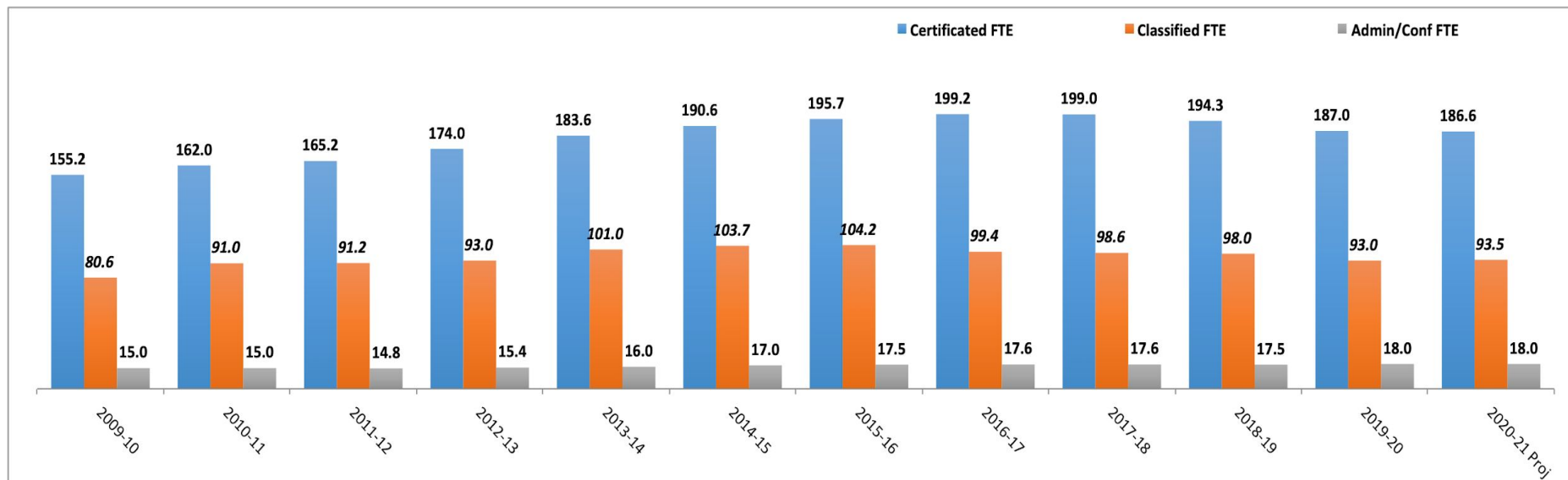
Enrollment (CBEDS) Projections



Enrollment and Staffing Projections

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-21 Proj
Certificated FTE	155.2	162.0	165.2	174.0	183.6	190.6	195.7	199.2	199.0	194.3	187.0	186.6
Classified FTE	80.6	91.0	91.2	93.0	101.0	103.7	104.2	99.4	98.6	98.0	93.0	93.5
Admin/ Conf FTE	15.0	15.0	14.8	15.4	16.0	17.0	17.5	17.6	17.6	17.5	18.0	18.0
Total FTE	250.8	268.0	271.2	282.4	300.6	311.3	317.4	316.2	315.2	309.8	298.0	298.2
Enrollment CBEDS	2,716	2,811	2,968	3,159	3,260	3,242	3,228	3,128	3,086	2,948	2,839	2,794

Enrollment and Staffing Projections



Enrollment and Staffing Projections

- Staffing Ratios for Placement
- Grades K-3 up to 1:24
- Grades 4-8 up to 1:28

- Current 2019-20 CBEDS Enrollment Teacher: Student Ratios
- K-3 Grades 1:21.1
- 4-5 Grades 1:26.1
- 6-8 Grades Average 1:28

Process Assurances: Business Services

- Maintain Position Control and Payroll Reconciliations
- Accounts Payable Certifications with MCOE
 - Reviewed by Site /Dept Administrator then Independently prepared by Accounts Technician and audited Accountant then certified by Asst. Supt., Business Svcs
- Payroll Monthly Certifications with MCOE
 - Independently prepared by Payroll Specialist and audited by Accountant then certified by Asst. Supt., Business Svcs
- Schools/Departments have approved budgets prior to the start of the school year
- Training for Principals/Administrative Assistants on using correct budgets/following procedures for requisitions and purchase orders
- Employee reimbursements for out-of-pocket purchases - prior approval if over \$200

Process Assurances: Business Services

- Travel and Conference Expenses per established Board Policies
<http://www.gamutonline.net/district/millvalley/DisplayPolicy/325634/>
<http://www.gamutonline.net/district/millvalley/displayPolicy/325635/>
- All out-of-state and overnight travel requires review / prior approval
- Interim reporting of budget revisions and reporting on Year to Date expenditures
- Prior Approval Required for all Extra Hours and Overtime per CBA
- Independent audit visits and testing two times per fiscal year
- Community Financial Advisory Committee (CFAC) Funding Alliance meets regularly

Leases and Rental Revenues

Loss of Rental Income due to COVID-19 to date April - June 2020

1. Bright Horizons EDS
2. Bright Horizon Hillside Preschool
3. West America Tae Kwon Do
4. Terra Marin / Pacific Discovery

Total Reduction of Lease Revenues <\$97,779>

Summer Camps: Camp Galileo, Avid4 Adventure, Camp Doodles

Summer Income Loss Estimated at <\$67,700>

Total to date: <\$165,479> with possible continued rent moratoriums

Kiddo! Foundation Revenues Projections

Kiddo! Anticipates Reduction of:

- Overall 19% reduction from 2019-2020
- Classroom and Library Instructional Assistants
- Kiddo! One-time Contributions = <\$313,000>
 - Tech Coach <\$117,000>
 - Global Studies <\$55,000>
 - World Language / Spanish <\$126,000>
 - District Strategic Plan Grants <\$15,000>

Restricted Lottery Instructional Materials

- History-Social Studies Textbooks - New Adoption (Core Dept) - \$50,000
- Next Generation Science Standards (NGSS) Textbooks - New adoption (Science Dept) - \$50,000
- History-Social Studies Curriculum (K-5) - TBD
- Phonics Curriculum (K-3 Teachers) - \$33,000
- English Language Development (ELD) Curriculum - \$5,000

Information Technology Infrastructure

- Technology Infrastructure
- Sustainable System:
 - Public Safety Power Shutoffs (PSPS)
 - Remote Learning

Maintenance and Operations

Routine Repair and Maintenance Cost \$1.8 million per year

State Funds for Facilities:

- Roofing (TV and SP) \$900,000 (2019-20)
- Painting (TV and SP) \$175,000 projected
- Asphalt \$80,000 projected
- HVAC (TV and SP) \$125,000 projected
- Shade Structures \$800,000 projected

Maintenance and Operations Capital Outlay

Fund 40 Department of General State (DGS) Funds and Sale of Property

- Total Funds \$4,621,651
- DGS \$3,048,181
- Non-DGS \$1,573,470

Staff Cost of One Day

Per Diem Cost for One Day

- All Staff 2020-21, including Certificated Teachers, Counselors, Librarians Classified, Administration, Confidential and Unrepresented
- \$169,910

Yellow School Bus Pilot Program

Yellow School Bus Partnership with City of MV, County of Marin and Tax Measure AA

- PROJECTED RIDER RESTRICTIONS - 8 riders per bus
- Routes for Home-to-School Serving:
 - Edna Maguire School
 - Strawberry Point School
 - Middle School
- YSB Contract with Michael's Transportation \$225,000
- Bus Operating Cost \$243,995 or \$1,354 per day (2019-20)
- MVSD Contribution \$15,000/year

Voter Elections

- Board Member Election November 2020
 - Projected Cost of Election \$30,000

- Potential Bond Election November 2022
 - Projected Cost of Election \$30,000

Projected Staffing 2020-21

- Planning for COVID-19
- Physical Distancing
- Contained Cohorts

World Language Pilot Program

- Spanish Program - Year Two Pilot
- Currently Serving Kindergarten and 1st Grade
- Two Teachers = 1.2 Full-time Equivalency
 - 0.7 FTE and 0.5 FTE
- Program Cost for 2020-21
 - \$153,696

Administrator Teacher Ratio Calculation 2019-20

- Per Education Code sections 41400-41407 School Districts are required to annually monitor the administrator-teacher ratio in the school district
- Independent Audit Requirement

- Number of Certificated Teachers: 167.42 Full-time Equivalent (FTE)
- Number of Certificated Pupil Services: 17.6 FTE
- Number of of Certificated Administrators: 11.5 FTE
- Allowable Ratio for Elementary School Districts: 0.09
- Maximum Allowable Certificated Administrators Calculated = 15.07 FTE
- MVSD Number of Certificated Administrators = <3.57 FTE> Below allowable based on needed services.



Statewide Average Reserve Levels

© 2020 School Services of California Inc.

- Heading into the Great Recession, local school district reserves were as follows:

2007-08 Average Unrestricted General Fund, Plus Fund 17; Net Ending Balances*	
Unified School Districts	8.32%
Elementary School Districts	14.05%
High School Districts	11.46%

*As a percentage of total general fund expenditures, transfers, and other uses



Statewide Average Reserve Levels

© 2020 School Services of California Inc.

- **The latest statewide data available on school district reserves is from 2018–19:**

2018–19 Average Unrestricted General Fund, Plus Fund 17; Net Ending Balances*	
Unified School Districts	17.26%
Elementary School Districts	20.47%
High School Districts	15.64%

*As a percentage of total general fund expenditures, transfers, and other uses

- **Local school agencies are more prepared for this current recession than for the last one**
 - ◆ **Very close to the percentage of reserves recommended by the Government Finance Officers Association of 17%—or two months—of expenditures**



Local Agency Reserves

© 2020 School Services of California Inc.

- Reserves provide local school agency governance teams with the ability to be more strategic in reducing expenditures when faced with a financial crisis
 - ◆ Reserves protect students, employees, and the public
- With the current pandemic-driven recession and the cuts that LEAs are facing
 - ◆ LEAs with higher reserves are better equipped to protect the community they serve
 - ◆ The state-required minimum reserve level is just that—a minimum



2020 General Obligation Refunding Bonds

- MVSD Taxpayer Savings

- Gross Savings: **\$3,801,978** (with savings each year)
- Net Present Value Savings: \$2,397,554 (or 8.40% of the refunded par)
- Total Debt Service: \$44,592,353
- True Interest Cost: 2.75%
- Refunded Bond Par Amount: \$28,535,000

S&P AAA and Moody's Aaa Rating

- MVSD holds the highest Triple A rating with both S&P (Published March 13, 2020) and Moody's (Published May 13, 2020)
- Only 7 other California School Districts hold this dual rating
- Attributes:
 - Strong Tax Base
 - Community Support
 - Parcel Taxes
 - Reserves
 - Management and Governance

Board Member Input and Direction:

Questions and Discussion