

Know the Facts Concerning the District's Budget!

The District held the first of two Town Hall Meetings Wednesday, January 25. MUSD Appendix A Fiscal Stabilization Plan 2016 was shared (and is available on MontebelloTeachers.org.)

Background

The District begins with Fiscal Recovery Plan with misleading information. The fact that the District received a **78 percent increase** in per pupil funding since 2011-2012 is not mentioned, either.

Declining enrollment is noted as a cause for the fiscal problem. "Over the past few years, the District has preserved programs and employees, by using reserves, and onetime money and the like."

Montebello Unified School District Fiscal Stabilization Plan 2016-17 First Interim

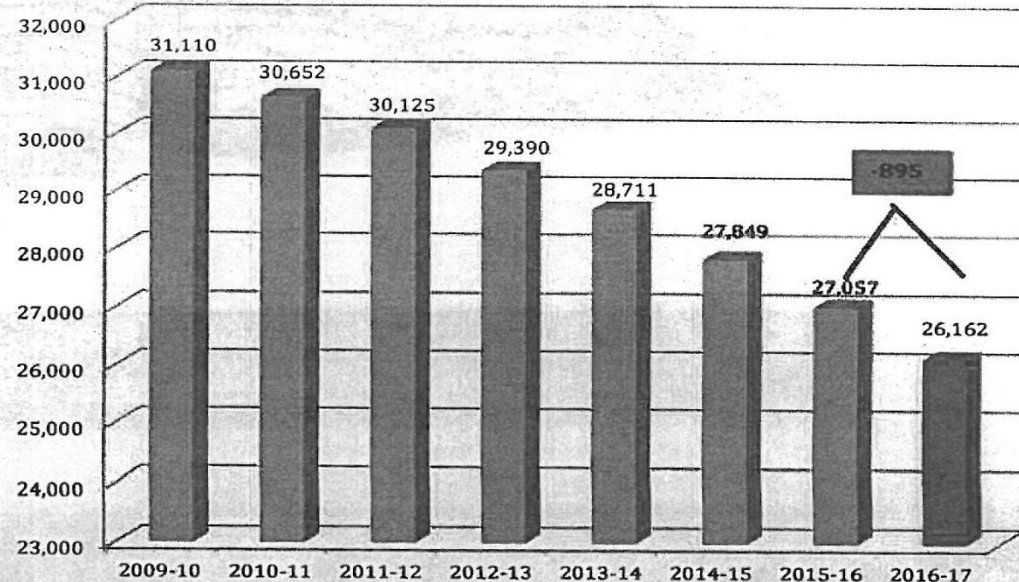
Background

The District faces multiple funding challenges, including declining enrollment, increasing retirement pension costs, rising health benefit costs for current employees and retirees, as well as the underfunding of Special Education. The three-year budget stabilization plan focuses on using ongoing funds to pay for ongoing expenses, in other words, living within its fiscal means. **Over the past few years, the District has preserved programs and employees, by using reserves, one-time money and the like.**

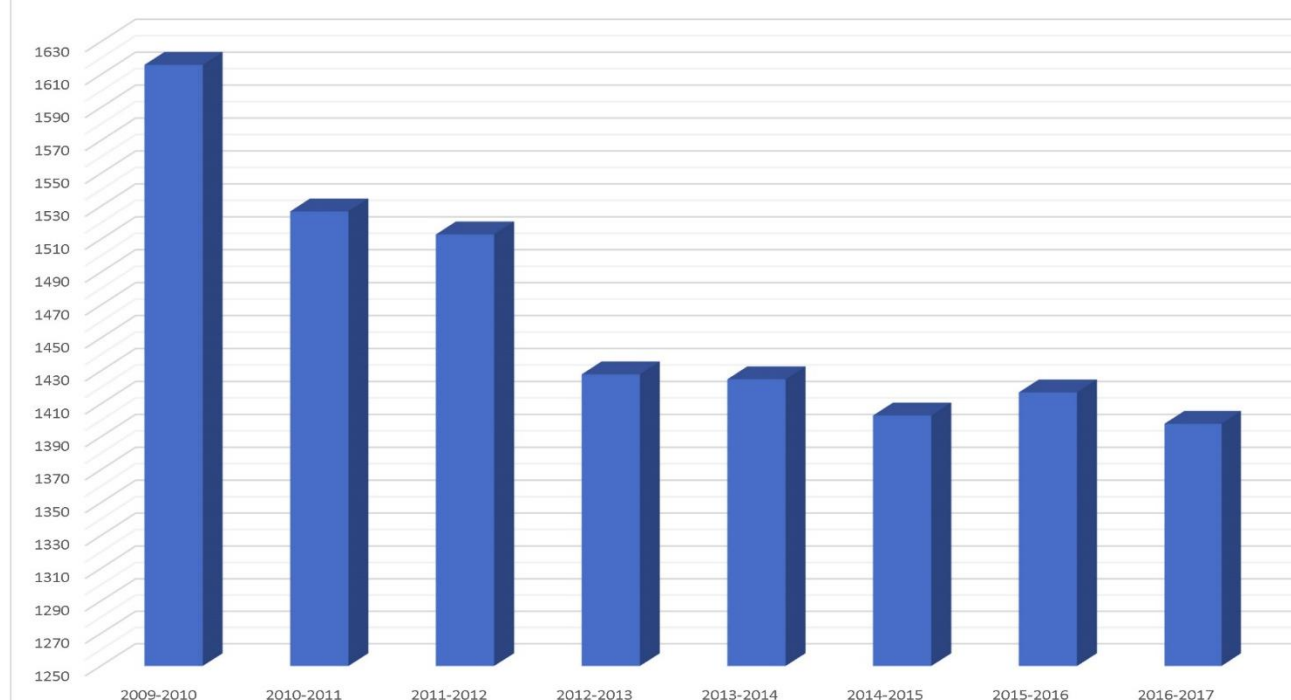
The truth is with respect to teacher staffing; with almost the highest student/teacher ratio in Los Angeles county, the District has kept its staffing in line with enrollment. As enrollment has declined, so has the number of teachers, as evidenced by the high ratio.

In January, the District submits its Average Daily Attendance (ADA) through the fourth month of the school year.

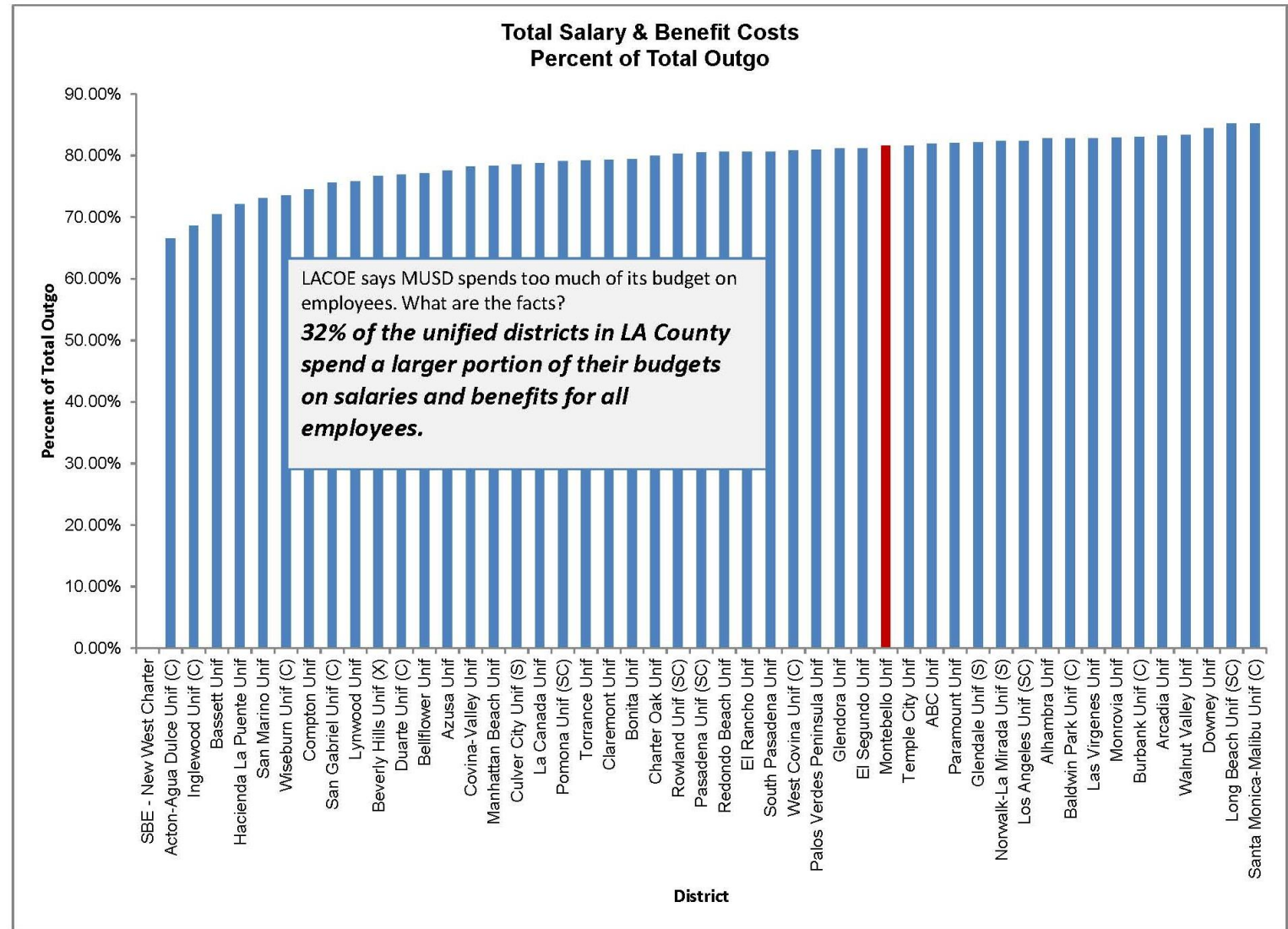
2016-17 P-1 of 26,162, represents a decrease of 895 ADA as compared to a year ago.



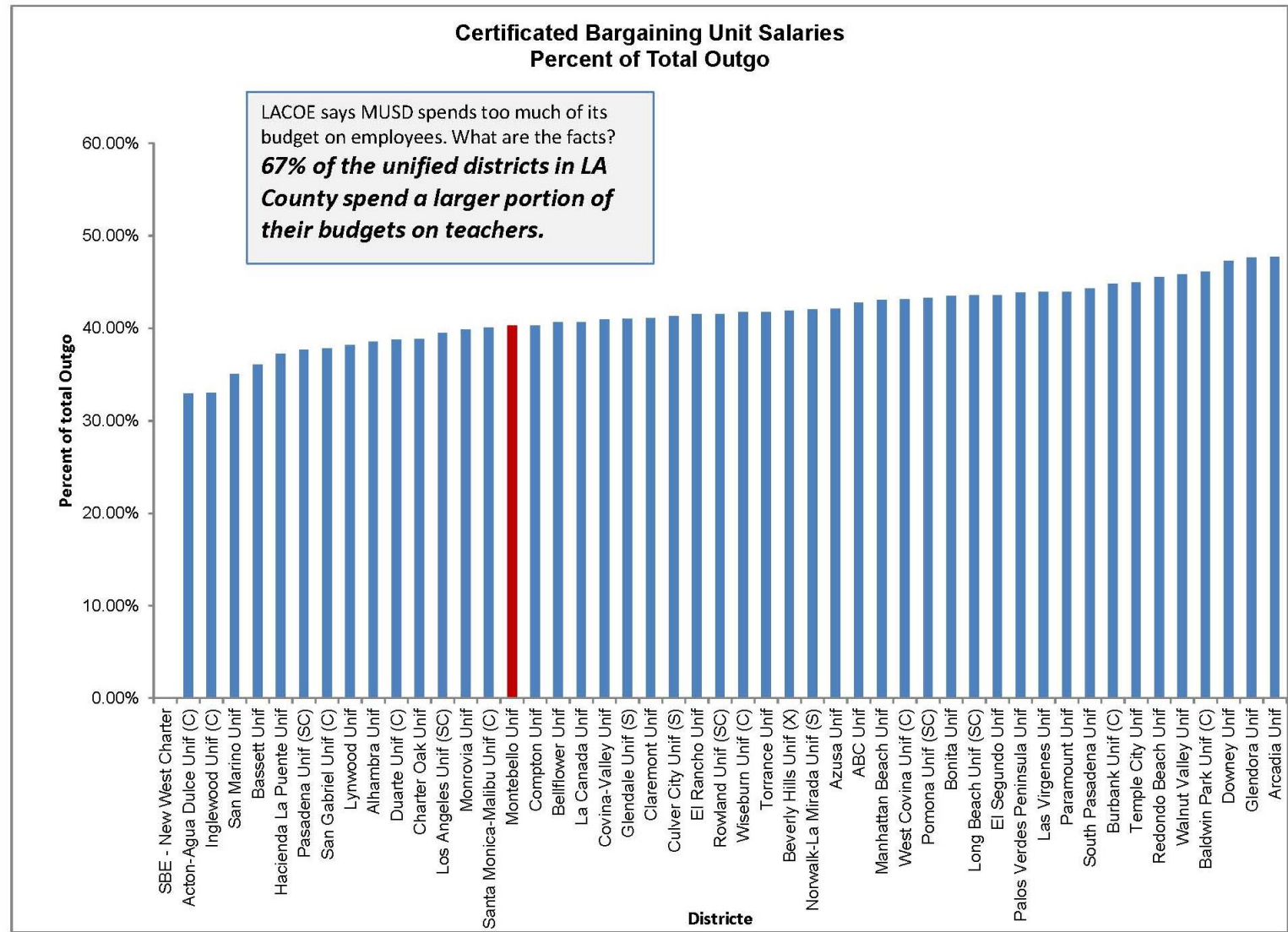
Declining Numbers MTA Bargaining Unit Members From 2010-Present



When a comparison is made among all District’s in Los Angeles County, 67 percent of unified districts spend a larger portion of their budgets on teachers. And nearly one-third of County unified districts spend a larger portion of their budgets on salaries and benefits for all employees.



Source: district financial reports(Unaudited Actuals) filed with the County Office for 2014-2015



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Fair Share Model

Chief Business Officer has declared that the District must make \$15 million in cuts in 2017-2018 and an additional \$16.4 million in 2018-2019. The District asserts that since 66.3 percent of employees belong to the Montebello Teachers Association, 66.3 percent of the cuts will be teachers, nurses, counselors, psychologists, and speech and language specialists. Specifically, the plan is to cut \$9.945 million in MTA members in 2017-2018 and \$10.873 million in 2018-2019.

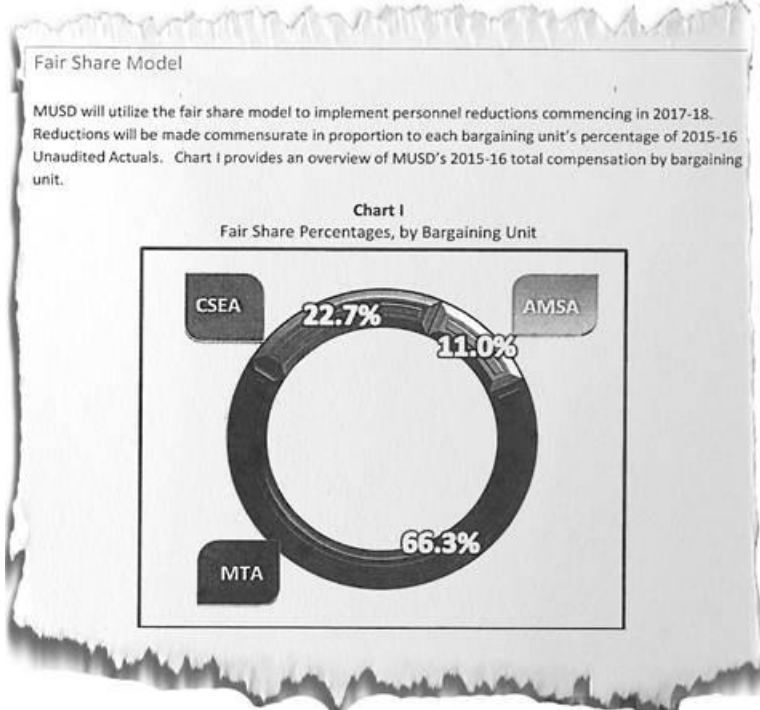


Chart II
Proportional Breakdown of Reductions

2017-18 Reductions			2018-19 Reductions		
\$15,000,000			\$16,400,000		
Bargaining Group	Percentage	Fair Share Proportion	Bargaining Group	Percentage	Fair Share Proportion
MTA	66.3%	\$9,945,000	MTA	66.3%	\$10,873,200
CSEA	22.7%	\$3,405,000	CSEA	22.7%	\$3,722,800
MGMT	11.0%	\$1,650,000	MGMT	11.0%	\$1,804,000

The truth is the District increased the budget item for “Additional LCAP Expense” (namely consultants in Object Code 5000-5999 in Chart XXII provided by the District) during this school year by \$5.7 million, and almost \$11 million in 2017-2018, and another \$13 million in 2018-2019. This 18% increase spent on consultants could mean adding - or losing - more than 57 teachers this year, 110 in 2017-2018, and 130 in 2018-2019. \$32 million was originally budgeted for expenditures in 2017-2018 and less than \$7 million has been spent.

Chart XXII
MUSD 2016-17 First Interim Multi-Year Projection
Before Reductions

Major Causes of Structural Deficit:				
Declining Enrollment				
LCFF Funding Per ADA is decreasing (Gap is closing). Zero COLA				
One-time Mandated Block Grant State funding expires in 2016-17				
Rising STRS, PERS, and HW costs				
Name	Object Code	Base Year 2016 - 17	Year 1 2017 - 18	Year 2 2018 - 19

Expenditures				
Certificated Salaries	1000 - 1999	\$145,106,729	\$151,493,302	\$153,732,050
Classified Salaries	2000 - 2999	\$49,749,681	\$50,371,552	\$50,739,264
Employee Benefits	3000 - 3999	\$86,853,859	\$91,645,661	\$95,225,405
Books and Supplies	4000 - 4999	\$23,756,413	\$22,270,717	\$22,431,646
Services and Other Operating	5000 - 5999	\$37,862,780	\$37,727,499	\$37,941,017
Add New 17-18 LCAP Expense			\$5,920,272	\$5,920,272
Add New 18-19 LCAP Expense				\$1,253,003

Chart XXII MUSD 2016-17 First Interim Multi-Year Projection	Base Year 2016-2017	Year 1 2017-2018	Year 2 2018-2019
Revenues	\$344,088,431.00	\$343,234,671.00	\$341,563,789.00
Expenditures	\$351,014,543.00	\$366,211,865.00	\$374,097,755.00
Excess/Deficiency	(\$6,926,112.00)	(\$22,977,194.00)	(\$32,533,966.00)
Interfund Transfers In	\$1,477,771.00	\$0.00	\$0.00
Net increase (Decrease) to Fund Balance	(\$5,448,341.00)	(\$22,977,194.00)	(\$32,533,966.00)
Beginning Fund Balance	\$32,265,919.00	\$26,817,578.00	\$3,840,384.00
Ending Fund Balance	\$26,817,578.00	\$3,840,384.00	(\$28,693,582.00)

Chart XXII Revised MUSD 2016-17 First Interim Multi-Year Projection	Base Year 2016-2017	Year 1 2017-2018	Year 2 2018-2019
Revenues	\$344,088,431.00	\$343,234,671.00	\$341,563,789.00
Expenditures	\$351,014,543.00	\$366,211,865.00	\$374,097,755.00
Eliminate Increase to Service and Operating	(\$5,768,101.00)	(\$5,768,101.00)	(\$5,768,101.00)
Eliminate "New 2017-18 LCAP Expense"		(\$5,920,272.00)	(\$5,920,272.00)
Eliminate "New 2018-19 LCAP Expense"			(\$1,253,003.00)
Revised Expenditures	\$345,246,442.00	\$354,523,492.00	\$361,156,379.00
Revised Excess/Deficiency	(\$1,158,011.00)	(\$11,288,821.00)	(\$19,592,590.00)
Interfund Transfers In	\$1,477,771.00	\$0.00	\$0.00
Net increase (Decrease) to Fund Balance	\$319,760.00	(\$11,288,821.00)	(\$19,592,590.00)
Beginning Fund Balance	\$32,265,919.00	\$32,585,679.00	\$21,296,858.00
Ending Fund Balance	\$32,585,679.00	\$21,296,858.00	\$1,704,268.00

District Reserves

The District says that its reserves dropped to \$11 million in 2013-2014. This is accurate but misleading. The District reserves increased substantially in 2015-2016, ending at a healthy \$22 million, or 6.7 percent of the budget and more than twice the amount required by the State. The reserve is budgeted at \$19 million for 2016-2017 and will likely be higher.

Description	Resource Codes	Object Codes	2015-16 Unaudited Actuals			2016-17 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
E. NET INCREASE (DECREASE) IN FUND BALANCE (C + D4)			11,106,360.53	(32,213.21)	11,074,147.32	(2,901,758.00)	(2,482,406.00)	(5,384,164.00)	-148.6%
F. FUND BALANCE, RESERVES									
1) Beginning Fund Balance									
a) As of July 1 - Unaudited		9791	11,125,443.67	10,066,328.25	21,191,771.92	22,231,804.20	10,034,115.04	32,265,919.24	52.3%
b) Audit Adjustments		9793	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
c) As of July 1 - Audited (F1a + F1b)			11,125,443.67	10,066,328.25	21,191,771.92	22,231,804.20	10,034,115.04	32,265,919.24	52.3%
d) Other Restatements		9795	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
e) Adjusted Beginning Balance (F1c + F1d)			11,125,443.67	10,066,328.25	21,191,771.92	22,231,804.20	10,034,115.04	32,265,919.24	52.3%
2) Ending Balance, June 30 (E + F1e)			22,231,804.20	10,034,115.04	32,265,919.24	19,330,046.20	7,551,709.04	26,881,755.24	-16.7%
Components of Ending Fund Balance									
a) Nonspendable									
Revolving Cash		9711	231,000.00	0.00	231,000.00	233,000.00	0.00	233,000.00	0.9%
Stores		9712	533,160.95	0.00	533,160.95	400,000.00	0.00	400,000.00	-25.0%
Prepaid Expenditures		9713	48,112.81	0.00	48,112.81	0.00	0.00	0.00	-100.0%
All Others		9719	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
b) Restricted		9740	0.00	10,034,115.04	10,034,115.04	0.00	7,634,238.83	7,634,238.83	-23.9%
c) Committed									
Stabilization Arrangements		9750	829,082.00	0.00	829,082.00	1,739,931.00	0.00	1,739,931.00	109.9%
Other Commitments		9760	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
d) Assigned									
Other Assignments		9780	728,792.00	0.00	728,792.00	1,000,000.00	0.00	1,000,000.00	37.2%
e) Unassigned/unappropriated									
Reserve for Economic Uncertainties		9789	9,948,976.00	0.00	9,948,976.00	10,439,585.00	0.00	10,439,585.00	4.9%
Unassigned/Unappropriated Amount		9790	9,912,680.44	0.00	9,912,680.44	5,517,530.20	(82,529.79)	5,435,000.41	-45.2%

Your Input

Interim Superintendent Dr. Anthony Martinez seeks the input of all stake holders. Please email your thoughts and concerns to FiscalStabilization@MontebelloTeachers.org. President Lorraine Richards and Executive Director Kathy Schlotz will include your input in ad hoc committee meetings with members of the Board of Education and Cabinet.