



# **OVERVIEW OF THE IMPACT OF THE MAY REVISE ON THE 2020-21 STATE BUDGET**

Marysville Joint Unified School District

Presented to the Board of Trustees May 26, 2020

Revised pages 4 and 11



# PURPOSE

The purpose of this presentation is to inform the Board of Trustees and the public, of the significant proposed changes to the 2020-21 State budget due to the COVID-19 pandemic.

These proposed changes, upon enactment, will impact the upcoming 2020-21 MJUSD Budget for Adoption in June.



# OVERVIEW OF CHANGES

- **Local Control Funding Formula**
- **Special Education**
- **Pension Obligations**
- **Cash Deferrals**
- **K-12 Categorical Programs**
- **One-time Funds to Address Learning Loss**
- **Perspective**
- **What's Next?**



# LOCAL CONTROL FUNDING FORMULA

Reduction of 7.69% from 2019-20 levels

- General **estimate** prior to completing the LCFF calculation:

*2020-21 Estimated LCFF = \$102 million*

*X 7.69% = **\$7.8 million***

The LCFF calculation contains many data points. This is a simple estimate, to have a perspective on the proposed reduced funding amount, for planning purposes. This amount does not include the loss of 2020-21 COLA.

**Rough estimate of amount of reduction.**



# SPECIAL EDUCATION

- Proposed increase in base funding to \$645 per ADA.
- Impact to MJUSD must be calculated.
- Amount of impact will be included with Budget for Adoption in June.




# PENSION OBLIGATIONS

Proposed **expense decrease** for both 2020-21 and 2021-22

CalSTRS Employer Rate	
2020-21	18.4% to 16.15%
2021-22	18.2% to 16.02%
CalPERS Employer Rate	
2020-21	22.68% to 20.7%
2021-22	24.6% to 22.4%

Reductions to the previously proposed year-over-year increases.

# CASH DEFERRALS



## Deferrals: Here We Go Again

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- Cash deferrals were used during the Great Recession to implement state-level budget cuts and/or improve the state's cash position
- The Governor's May Revision takes a page from the same playbook and proposes the following cash deferrals:



- Local school agencies may need to implement local borrowing options to ensure adequate cash to continue paying employees and vendors during these times
  - ◆ While this avoids an additional cut in state revenues to schools, it pushes the administrative and financial burden of borrowing cash to local school agencies



# K-12 CATEGORICAL PROGRAMS

Many categorical programs cut roughly in half to save \$352.9 million.

- Some of the program **reductions** include:
  - Career Technical Education Incentive Grant = \$77.4 million
  - After School Education and Safety = \$100 million

## Child Care and Preschool

- 2.31% COLA suspended and provider rates are cut by 10%
- Elimination of 1% add-on for full-day State Preschool rates
- Suspension of planned expansions in child care and preschool





# ONE-TIME FUNDS TO ADDRESS LEARNING LOSS

May Revise proposes to direct \$4 billion in federal Coronavirus Relief funds to school districts to address learning loss.

- \$1.5 billion based on special education enrollment
- \$2.5 billion based on concentration grant funds (for districts with large numbers of needy students)



# PERSPECTIVE

- The May Revision, in its current version, would have devastating impacts on children in our public education system. The federal government could intervene and lessen the impact.
- Important - the May Revise is NOT the final budget, but is the next step in the process, and **is what a school district uses to finalize its 2020-21 budget.**
- State budget revisions during the fiscal year are likely and could mean more reductions.
- Funding public education appropriately is a moral imperative and also necessary for the reopening of our state and the rebounding of the economy.



# WHAT'S NEXT?

- Administration recommends MJUSD begin immediately to look at ways to reduce expenses.
- The 2020-21 State budget is approved by both houses by June 15, 2020. The Governor then has 12 days to sign as presented, impose line-item reductions, or veto the budget bill, and return it to Legislature.
- The MJUSD 2020-21 budget, based on information presented in the May Revision, will be presented to the Board of Trustees on June 23, 2020 for adoption.



**Thank you**

**Questions?**