

President's Message 6-1 to 6-5-2020

MUSD Budget Crisis Bulletin

Dear Members,

I hope you and your families are safe and well.

Last month, Governor Newsom cut the State's LCFF funding by 10%, a total of \$6.5 billion. Recall, that as late as January of 2020, the Governor expected a \$5.6 surplus and a COLA of 2.31%. Despite this increase in funding, MUSD Second Interim Budget showed a deficit, which led to a RIF of 4.8 Certificated and 15 non-certificated employees in March (Districts usually budget a 3.0% COLA). The 4.8 FTE Certificated RIFs in March allowed MUSD to show a -\$476,314 reduction in certificated salaries for the 2020-21 fiscal year. The District also made 15 other non-certificated March lay-offs amounting to -\$484,428 in salary expenditures. The District called these moves "preemptive," and there was reason to believe prior to the outbreak of the COVID-19 virus that some or all of these employees would return to work.

Then COVID-19 decimated State coffers. From January to May of this year, California experienced a \$19 billion decline in funding (23% decrease from 2019). The budget deficit now stands at \$54 billion. As you may know, a decrease in per capita income equals a decline in ADA funding for public schools. Sales tax is down -27%; Income tax is down -25%; Corporate tax is down -23%. For a larger focus on this reduction in funding, consider that a statewide negative 10% COLA is a decrease of \$1,230 per student or \$21,667 per classroom, which would equal to increasing class size by 19%, or laying off 57,600 teachers statewide.

Most State employees will see an automatic 10% reduction in their pay. We have the privilege of collectively bargaining any changes in our contract. Workers in most of other sectors of our economy do not. As a comparison, our neighboring districts suffer from similar economic distress. LVUSD stares at a potential \$18 million dollar deficit three years out. They recently RIFed all 240 of their classified employees and will be bringing them back as needed. CVUSD envisions a \$31 million deficit in three years. They plan to cut \$1.9m in administrative salaries. SVUSD protects a \$62m deficit in '22-23. As for MUSD, in January, our projections were as follows: \$1.4 million for '20-21; \$4.7 million for '21-22; \$6.7 million deficit '22-23. These budgets included a 2.31% COLA. MUSD is now budgeting a -7.69 COLA. They are peering at deficits of \$4 million for '20-21; \$10.2 for '21-22; \$11.9 for '22-23. The somber and sober budget expectations have turned catastrophic. Last week, MUSD RIFed the majority of its classified employees. Our thoughts are with our CSEA co-workers. We hope that all of you return to work as soon as possible.

The fiscal problems are much larger than a local employee union and a District of 6500 students can solve. Whatever the solutions are, they demand comprehensive cuts across our District as well as a clear head about the causes of this financial duress. We have the misfortune of working during the worst and most precipitous economic downturn since the Great Depression. 90% of all MUSD's expenses are related to employee compensation. We are bare bones in terms of programs and other discretionary expenditures. There is little else to cut from our budget.

As I write this, CA's legislature continues to debate the State Budget. The Senate and the Assembly rejected the Governor's 10% reduction in education funding. Earlier this week, the Senate voted to fund

the budget with the January COLA. The Assembly, today, directed California's portion of CARES Act Federal COVID funding to bolster the LCFF. Originally, MEA/CTA estimated that MUSD would receive \$367,805 for COVID relief because the money would be commensurate with its Title I funding. If the Assembly gets its way, MUSD will receive CARES money through its share of the LCFF, to the tune of \$2,546, 989. The increase of \$2,179,989 would equal a little less than 3% of MUSD's entire budget, and would make the District whole for at least 2020-21. More important, the sacrifices I am about to present would become unnecessary. Please contact your State Representatives to encourage them to vote to direct the CARES money to the LCFF formula. Attached to this bulletin is a script that you can use for your call.

The District must present a budget to its trustees and to the County by June 30th. At MEA's behest, they delayed its issuance. We should hear a more definitive word about the State budget within a week. Meanwhile, we have to help the District plan for the worst, which is a 10% reduction in its funding. If you need to ask why, I will tell you. It comes down to protecting jobs. If we do not work with the District, then it's only recourse is RIFs. They do not have to negotiate reductions in its workforce. So, in keeping with our tradition of collaborating with MUSD even in the worst of times, MEA will attempt to negotiate the most equitable ways to help our employer pay its bills and keep as many of us employed as possible.

Options

The District proposes that MEA help reduce expenses by reducing compensation \$1.6 million for 2020-21. There are a variety of unpleasant ways that we can do this. I will place them in three categories. I must be clear, so I will embolden: **MEA has not agreed to anything. All changes must be negotiated and are subject to a membership vote.** What I present to you in this section are options that negatively affect all MUSD employees, and all of which are incredibly distasteful. A reminder: The State allows for August layoffs if COLA comes in below 2.0%. As of this writing, no further RIFS have been approved by the State; however, as I mentioned, the District can RIF if they cannot cover expenses.

1. Salary, Step, and Column

- RIF of 18FTE for '20-21 = about \$1.6 million
- Freeze of step and column for '20-21 = -\$430k (-\$279k for MEA)
- Reduce pay scale 1% for '20-21 = \$486,000

2. Furloughs (Gov still expects schools to teach 180 days—we cannot negotiate more than 5 furloughs at this point)

- \$144k a day for MEA; for all \$228,000 (1 furlough day = .54% of total pay)

3. Health Care Benefits

- Doubling Contribution to \$100/month = -\$257,000
- Tiered Plan = -\$318,000 (employee = \$50; +1 = \$100; + family = \$150)
- Change to Health Care Trust CISC = estimated \$300k (this is a non-negotiable, at least for '20-21. We're not changing health care pools or providers during a pandemic).

MUSD's Initial Proposal

Late Thursday morning, the District proposed two contingency plans. The first plan is if LCCF funding stays “flat” at 2.31% COLA. The second is if funding arrives at -10% COLA. They both stink. One question that may come to mind is if MUSD reduced force in March and we get the same COLA, why would we need further cuts? The answer is that the projected increased deficits for '21-22 and '22-23 stay in place. According to State law, the District must address its budget for three consecutive years.

Plan A (flat funding based on Governor’s January COLA)

- Double Contribution to \$100
- Temporarily suspend 4th and 5th release time and K nap time if students are not at school full-time (this will help the District show less expense—these services will return if we return to full-day)

Plan B (-10% LCFF Funding)

- Double Contribution to \$100
- Temporarily suspend 4th and 5th release time and K nap time if students are not at school full-time
- Three Furlough Days (all placed in second semester, so if increased funding arrives, we can get them back)
- Reduction of Pay Scale 1.25%

Plan C (CARES Act Funding goes to MUSD LCFF Funding)

- All employee compensation packages stay as currently negotiated

Plan B will save the District about \$1.6 million dollars as well as reduce our total compensation by about 2.87% for 2020-21. Again, let me be clear: **this is the District’s proposal**. The Executive Board met earlier this week for an emergency session, so I could give them a head’s up. I communicate the information with MEA Representatives on Thursday afternoon. The 2.87% is less than original estimates, and less than I reported to our Reps. This document is my initial effort to share this information with all members.

If there are no surprises from Sacramento, there are three plausible scenarios, or slight variations. I will list them from best case to worst:

1. The State Legislature and Governor come to their senses, and do the right thing for public education. They vote to funnel CARES money into LCFF Formula. Governor Newsom signs off on the budget. This would afford MUSD to cover its bills for '20-21, and would nullify both Plan A and B. My guess is that the District will still want to negotiate reductions in services and benefits, but you know what? They always do. And we always fight back with reason and, arguably, better math.
2. MUSD receives Flat LCFF Funding at 2.31%. This would unfurl Plan A or some variation of it.
3. The State Legislature and Governor Newsom do not come to their senses. Local school districts receive -10% of last year’s funding (-7.69% COLA). This would unleash Plan B or some variation of it.

So, what’s next? Well, we continue to talk amongst ourselves and to the District. The District is attempting to raise more revenue and is making cuts in classified, management, and confidential employees. We wait to hear more information from the State and the Federal government. The whole

budgeting crisis is a pandemic in and of itself and is further complicated by COVID-19. We just received concrete and specific direction from the State or from public health agencies about what exactly we need to do to open schools. Whatever, we decide to do, MEA has to vote on any change to the contract. The District needs to submit a budget to its trustees and VCOE by June 30th. MEA has to follow its by-laws and adhere to its democratic values. We're in a tight window.

MEA Strategy

1. We will work with the District to help reduce expenses for the 2020-21 school-year in the most equitable way possible with expressed intention of saving as many jobs as possible and maintaining the integrity of our Health Care Benefits (HCB). **Not working with the District will result in more certificated RIFS because they will have no other choice.**
2. We will rely as much as possible on reductions for 2020-21 and revisit whether or not we need to change the structure of HCB. We will also encourage MUSD to consult UNISERV members to discuss alternative ways to address budget shortfalls.
3. We will not entertain any reduction to the freeze of Step and Column due to the inequitable distribution of the salary reductions and we will not discuss changing Health Care Trusts during the pandemic.
4. Trigger language will accompany all reductions in compensation. For example, if 4th and 5th graders go back to school full-time, and take PE at school or if Kinders go back to school full-day, their aides and relief will return. If the District receives more funding, furlough days disappear and pay scale returns to normal.
5. MEA leaders will facilitate as much discussion as possible with membership.

We are in times that truly try our souls. Everyone is on high alert. This is just one more humbling aspect of this all-encompassing crisis. The multiple challenges we all face require strength and fortitude. These trials also demand decency and grace. I ask you to consider that your MEA leaders are human beings, who by virtue of their willingness to represent you, have been thrust into a position where they have to negotiate possible changes to you and your family's livelihood. None of us take this responsibility lightly. As always, I pledge that we will make the best decisions that we possibly can, with the best information we can find, with the best of intentions.

Sincerely

Brian

P.S. Voting on the contract ends Sunday night. Thank you for voting! As of Friday, the vote was 135-6 in favor of its ratification.

Addendum: Legislator Script

Hello! I am a teacher in The Moorpark Unified School District. I am calling to urge [Legislator Name] to vote to allocate the CARES Act dollars based on LCFF rather than Title One to schools. Our district is facing dire cuts in the proposed budget and these dollars would help prevent lay-offs, salary cuts, and other programmatic cuts. Thank you!"

- ❖ Henry Stern (State Senate- Agoura Hills, Calabasas, Hidden Hills, Malibu, Moorpark, Simi Valley, Thousand Oaks, Westlake Village, part of Santa Clarita and the following Los Angeles communities: Canoga Park, Chatsworth, Encino, Porter Ranch, Reseda, Lake Balboa, Tarzana, West Hills, Winnetka, and Woodland Hills)- (818) 876-3352
- ❖ Hannah Beth Jackson (State Senate- Buellton, Solvang, Goleta, Santa Barbara, San Buenaventura, the Santa Clara Valley (Santa Paula, Fillmore, Piru) and Oxnard, Port Hueneme and Camarillo on the southeastern border) - (805)988-1940
- ❖ Richard Bloom (Assembly- Agoura Hills, Bel Air, Beverly Hills, Brentwood, Hollywood, Hollywood Hills West, Malibu, Mid-City, Miracle Mile, Pacific Palisades, Santa Monica, Topanga, West Hollywood and West Los Angeles)- (310) 450-0041
- ❖ Jesse Gabriel (Assembly- Calabasas and West San Fernando Valley) - (818) 346-4521
- ❖ Jacqui Irwin (Assembly- Camarillo, Moorpark, Oxnard, Port Hueneme, Thousand Oaks, and Westlake Village) -(805) 482-1904
- ❖ Christy Smith (Assembly- Agua Dulce, Castaic, Santa Clarita, Simi Valley, and northern San Fernando Valley) - (661) 286-1565