

## President's Message 9-9 to 9-13

First, if you want to contact the MEA President, please use our association's email address, [mrpkea@gmail.com](mailto:mrpkea@gmail.com).

### Three Announcements

1. Due to increased cyber security risks, all MUSD employees will need to change his/her passwords every six (6) months. The Technology Department will let you know when an update is necessary. This is a VCOE mandate.
2. On September 19<sup>th</sup> starting at 1pm, AFLAC, American Fidelity, and The Standard (CTA-affiliated) as well as insurance providers—Anthem and Kaiser—will be at MUSD's Health Care Fair at the DO.
3. NEA and our larger UNISERV partners, Conejo and Simi Valley, will host loan forgiveness workshops on September 25<sup>th</sup> and 26<sup>th</sup> in Simi and Westlake respectively. Let me know if you are interested, and have not received the flyer via email.

### 2018-19 Unaudited Actuals

The 2017-18 and 2018-19 bargaining cycles were anomalous because MEA carried over a negotiating proposal that we initially offered at the end of 2016-17. We began the two previous years with specific numbers in terms of compensation and stipends. We did not settle until the Fall of 2018. This year is different from the last two years, and, in a word, is normal. In June of 2018-19, our Bargaining Chair issued a *Request to Bargain* to MUSD for 2019-20. Each year our association bargains compensation (which includes pay, health care, and retirement benefits) and calendar, and three (3) other elements of our working conditions. Although, we have submitted a general proposal, we do not have a clear enough projection of District finances to make a concrete offer. MEA will make its offer in December of this year.

The bargaining cycle makes negotiations doubly difficult because the public does not see real numbers (rather than projections) until September of the next school year—after the bargaining cycle from the previous year concluded! All public school districts issue their unaudited actual budgets in September. Unaudited actuals are a report that shows how a district spent its money in the *previous year*.

Here's a snapshot of what MUSD's Business Department shared at Tuesday's School Board meeting:

- MUSD's total revenue for 2018-19 was \$67,435,002—a two million dollar increase from 2017-18

- MSUD's total expenses for 2018-19 were \$67,504,871—a three million dollar increase from the previous year, and, yes, the District ended with a small deficit (deficit spending is not ideal but not unusual).
- Certificated salaries cost the District \$27,434,305 in 2018-19—this is a 1.3 million dollar increase from 2017-18, but a decrease of about 2 million from 2015-16. In 2015-16, MUSD had 312 certificated teachers. In 2017-18, for example, we had 290. The 2018-19 amount includes the salary increases from last year.
- Total Benefits cost MUSD \$17,011,186 in 2018-19—up 1 million from '17-18. Total Benefits = health care, retirement, and STRS contributions
- STRS contributions increased \$700,000 from 2017-18 to 2018-19. The Governor offset some of the money that public school districts must contribute, but public school district STRS contributions will continue to rise in 2019-20.
- Overall, all employee compensation consumes 89% of MUSD's total expenses. Statewide the average is somewhere between the high 80s and low 90s.
- The cost of retirement benefits decreased \$300,000 from 2017-18. MEA believes that retirement expenses will continue to decline due to the “aging out” of boomers who will turn 65 years-old, and must purchase Medicare instead of District-issued insurance.
- District Service and Operations increased \$1.2 million from 2017-18 to 2018-19. This is not a surprise. MEA will get a full accounting of what the MUSD paid for and why the increase occurred. We will have answers for Rep Council on October 3<sup>rd</sup>.
- Professional Services increased \$1.4 from 2017-18 to 2018-19. We knew about the rise in this category as well. In short, public education is ripe with consultants, lawyers, and outsourcing of required services. Our District is not immune to this reality. Again, MEA will deliver a more comprehensive answer for Rep Council.
- The Cost of a 1% pay increase for certificated employees 2019-2020 will be \$477,125. So, for example, a 3% on-schedule raise would cost MUSD \$1,431,375. Recall that the 3% pay raise for certificated employees in 2018-19 increased District expenses about 1.3 million. We have a few less teachers this year than last; however, the cost of a potential pay increase would be about \$150,000 more this year partly because of changes in step and column, but also because of the District's increased obligation to STRS.
- As MUSD experiences declining enrollment, the total revenue will be lower than if we were increasing in enrollment or flat. In 2013-14, MUSD had 6,467 students. In 2018-19 the District had 6,055 kids enrolled. ADA is the primary revenue stream for all public school districts. If you'd like to follow the money: MUSD gets most of its cash from ADA, while California's Local Control Funding Formula directs its revenue stream. In 2018-19, the District received \$9,191 per pupil (6,055 students x (\$9,191 = \$55,651,505). ADA did increase from 2017-18 to 2018-19 by about \$400 per pupil; however, the Governor's

May 2019 Revised Budget did not include as large an increase as he initially proposed in January of 2019.

If you want to view the actual report in addition to this distillation, the Unaudited Actual Report is located on the MUSD website.

So what's next? The District will issue its First Interim Budget, a projection of how much money that its Business Office thinks it will have for 2019-20, in December. Shortly after that, Governor Newsome will publish his projected State Budget in January. After MEA receives the First Interim report, its Bargaining Team will issue a substantive offer to MUSD. California's Public School budgeting process is messy, but it is transparent as ever due to the LCFF formula. MEA will make a reasonable offer to the District based on the data after the data presents itself.

Best,

Brian