



## 2016/17 Second Interim Budget

March 14, 2017 Board Meeting



## Business Office Memorandum

To: Board of Education

From: Ahmad Sheikholeslami, Chief Business and Operations Officer  
Jill Frederiksen, Director of Fiscal Services

Date: 3/8/2017

Re: 2016/17 Second Interim Budget Report

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### Introduction

The Second Interim Report is the second of two updates to the 2016/17 Adopted Budget. First Interim included actuals through the end of October, was Board approved December 13, and submitted to the County Office of Education by December 15. Second Interim includes actuals through the end of January and is due to the County Office by March 15. The Board of Trustees is required to certify the financial condition of the District for the current and two subsequent fiscal years when the budget is adopted and at the two interim reporting periods during the school year.

The Board certifies the financial condition of the District as either positive, qualified, or negative based on the District's ability to meet the minimum State requirement of reserves for the three year period. The certification triggers varying levels of oversight from the County Office of Education as prescribed by Ed Code. The minimum reserve for economic uncertainty required by the State is 3% of total expenditures. This typically equates to less than two weeks of payroll. MPCSD Board policy requires a higher reserve than the State minimum as a best practice for community-funded districts. MPCSD Board Policy 3450 requires a reserve level of 15%-20% for budget adoption in the current year and no less than 10% in the subsequent years of the multi-year projection.

The Second Interim Report generally lays the groundwork for the following year's budget. Preliminary results are in for the March 7 Measure X parcel tax with 78.4% voter approval. This parcel tax will generate additional funding of approximately \$1.2 million beginning next year. Planned budget reductions of approximately \$1.3 million are also included for 2017/18 and 2018/19. These reductions had previously been identified in several Board meetings as being the least intrusive to educational programs and are listed below by the year of implementation. Without these reductions, the District will fall below 15% reserves by 2019/20 with a projected deficit of approximately \$1.6 million. (Note: The approximate \$900,000 of reductions implemented with the 2016/17 Adopted Budget are continued and not included in the list below.)

<b>Minimum Budget Reductions – Included with Second Interim Budget</b> <i>All reductions are ongoing; future salaries include CPI; amounts rounded to nearest hundred</i>	<b>2016/17 (Second Interim)</b>	<b>2017/18</b>	<b>2018/19</b>
1.5 FTE District Office clerical (partial year -- both positions vacant as of Jan 2017)	\$67,000		
Hillview Mini-Courses (2/3 of program)	53,000		
0.4 FTE Reorganize Curriculum & Instruction		\$115,700	
0.5 FTE Reorganize Business Office (savings include 0.5 FTE charged to Fund 13, Cafeteria)		58,400	
2.0 FTE Reduce planned staffing growth (1.0 FTE per year)		116,300	\$121,500
3.0 FTE Tighten K-5 class size to 23:1 (2.0 FTE the first year, 1.0 FTE the second year)		281,200	146,700
0.67 FTE Tighten Hillview electives			98,300
1.0 FTE Tighten 6-8 Core class size to 24:1			146,700
1.0 FTE Custodian			80,800
District instructional online subscriptions		25,000	
District professional development		25,000	
Site budget allocations (\$10,000 per site)			40,000
<b>Total, Each Year</b>	<b>\$120,000</b>	<b>\$621,600</b>	<b>\$634,000</b>
<b>Cumulative Total</b>	<b>\$120,000</b>	<b>\$741,600</b>	<b>\$1,375,600</b>

With passage of the Measure X parcel tax, the 2016/17 Second Interim Reports projects reserves for economic uncertainties of 17.4% for the current budget year, 20.4% for the first subsequent year (2017/18), and 20.2% for the second subsequent year (2018/19). This includes the approximate \$1.3 million in budget reductions above. The combination of additional revenue from Measure X and the minimum budget reductions included in the multi-year projection results in anticipated reserves above 15% through 2020/21. This provides for four years of financial stability, in keeping with Board Policy 3450 minimum reserves standard of 15% for adoption of any one year's budget. The next decision point anticipated for either increasing revenues and/or further reducing the budget is projected to occur by the spring of 2021 for the 2021/22 budget adoption process.

### **Summary of Second Interim Budget Adjustments**

The Second Interim Budget does not include significant changes from the First Interim Budget. The projected ending balance for the General Fund is decreased approximately \$16,000. Key changes are highlighted below (see attached General Fund Variance Summary for details). Amounts are rounded.

- \$65,300 net increase in revenue
  - Includes \$73,500 increase in Court-Ordered Voluntary Transfer (Tinsley) revenues
- \$63,700 net increase in expenditures
  - Reduce 1.5 FTE District Office clerical personnel (\$67,000, partial year savings for current year; full savings are ongoing in multi-year projection)
  - Reduce Hillview Mini-Courses by \$53,000 (2/3 of program, ongoing savings)
  - Increase projected election costs by \$110,000 (one-time expenditures)
  - Increase Special Education costs by \$35,200
- \$17,600 net decrease in transfers in from Fund 17, Special Reserve (parcel tax balances), for reduction of salaries tied to parcel taxes

### **Staffing Changes since First Interim Budget**

Staffing decreased 0.78 FTE since the First Interim Budget, primarily from a reduction in District Office clerical personnel. Total staffing is 324 FTE (rounded). See the Personnel Allocation report attached for details.

### **Multi-Year Projection**

The Second Interim Report continues with the new budget model introduced at First Interim for long-range projections. The new budget model includes two significant

changes from prior year practice. Secured property taxes are projected using an eight-year compound annual growth rate of 6.1% as of fiscal year 2015/16 through 2019/20 (after which the rate is discounted). Second, compensation costs are increased 2.4% per year based on historical negotiated agreements. This more accurately captures anticipated revenue growth as well as potential increases in expenditures as these are the two major components that most significantly impact the budget. Secured property tax is approximately 57% of ongoing revenue (excluding interfund transfers and one-time sources), while compensation costs are approximately 89% of expenditures.

It is important to note the amount for compensation increases is only a placeholder. Compensation is a mandatory subject of bargaining, and any compensation changes negotiated with the bargaining units require Board approval in order to become effective. Approved compensation increases generally reflect the District's consideration of the factors identified in Government Code Section 3548.2, including the interests and welfare of the public and the District's financial ability, total compensation comparability with similar districts, and the Consumer Price Index.

A detailed listing of the multi-year budget assumptions can be found in the attached documentation. Listed below are the assumptions to be noted.

- **Secured Property Tax:** The San Mateo County Assessor's Office currently projects an increase in assessed property values of 6.67% for 2017. Although assessed value does not exactly correlate to tax amounts received, the Assessor's Office's projection supports the District's use of 6.1% growth for secured property tax next year. The District's first estimate from the Controller's Office of the actual property tax revenue for 2017/18 will be received in October.
- **One-Time State Funds:** The Governor's January proposal for the 2017/18 State Budget included another round of one-time discretionary funds of \$48 per Average Daily Attendance (ADA) to offset the backlog of mandated cost reimbursement claims. At this time, the one-time funds are not included in the multi-year projection. It is not anticipated that there will be one-time funds beyond next year. More information will be known when the Governor's May Revise is released.
- **Pensions:** The District participates in two pensions: the State Teachers' Retirement System (STRS) for credentialed personnel and the Public Employees' Retirement System (PERS) for non-credentialed personnel. Recently, both pensions have significantly increased employer contributions to ensure the pensions are solvent. STRS changes must be legislated and AB 1469, enacted in

2014, increases employer contribution from 8.25% in 2013/14 to 19.1% in 2020/21. Current legislation allows for employer increases beyond 2020/21 up to 20.25% and it is anticipated that they will. In February, STRS lowered their anticipated rate of return. The consequences of that change should be known by budget adoption. Certificated salaries, which are subject to STRS, make up more than half of total District expenditures and approximately 80% of total salaries. Each 1% increase in the STRS employer contribution rate results in an increased cost to the District of \$250,000-\$275,000 (ranges based on projected salaries for 2017/18 and 2020/21 with current budget reduction assumptions).

- PERS changes do not need to be legislated and can be implemented with approval by the PERS board. In December, PERS reduced their anticipated rate of return; thus necessitating new increases in employer contributions. PERS employer contributions are projected to increase from 11.44% in 2013/14 and 13.89% in 2016/17, up to 24.9% in 2020/21 and 28.2% in 2023/24. The impact of the 2012 California Public Employees' Pension Reform Act (PEPRA) as well as mounting political pressures may impact PERS employer contributions in the outlying projection years. More information will be known regarding these estimates when the PERS annual valuation report is released late this summer. Classified salaries, which are subject to PERS, make up approximately 20% of total salaries (about 14% of total District expenditures). Each 1% increase in the PERS employer contribution rate results in an increased cost to the District of \$60,000-\$68,000 (ranges based on projected salaries for 2017/18 and 2020/21).

## **Conclusion**

The Second Interim Budget includes only minor variances from the First Interim update. Reserve levels remain healthy and within Board Policy levels over the next four years with the passage of Measure X and planned budget reductions of approximately \$1.3 million which are included for 2017/18 and 2018/19 in the District's multi-year projection. It will be critical for the District to maintain discipline and fully implement the planned reductions.

However, past 2020/21 there are serious financial concerns that need to be addressed to avoid future impact to the education of our students. These concerns include:

- Continued student enrollment increases
- Potential for steep increases in PERS employer contribution levels
- Potential for further increases in STRS employer contribution levels
- Potential economic slowdown that may adversely impact property tax growth
- Potential reassessments including ongoing Genentech adjustments
- Changes or modifications to Special Education (SELPA) funding

As we look beyond the current short term financials, the District must prepare today for the future. The most important component in reducing future challenges is to control and reduce increasing expenditures. In order to prepare for the known and unknown risks, the District should evaluate and consider following:

- Tempering salary related increases until rate increases in pension contributions are stabilized. This includes exploring alternative compensation and benefit options to retain and attract talented staff.
- Careful and detailed financial analysis and prioritization of any new educational or operational programs to ensure alignment with District's strategic directions, Local Control Accountability Plan (LCAP), and Site Plans
- Exploring new sustained revenue sources
- Implementing additional operational efficiencies and cost reductions measures

Beyond these expenditure reductions and new revenue source efforts, the District will need to evaluate its strategy with respects to potential financial windfalls from one-time monies and/or higher than projected property tax growth. The District will have options to use these funds to restore eliminated programs, develop new programs, develop a pension reserve, or increase reserve levels to deal with the financial issues beyond the four year financial stability period. As indicated above, controlling increased spending will be a key factor to the District's long term stability. At the February 15 Board meeting, the MPCSD Board asked the Finance and Audit Committee to investigate these issues and report back.

In the coming months, staff will be working on developing the 2017/18 Budget. Minimum reductions for fiscal years 2017/18 and 2018/19 will be included as outlined above. Suggestions from the Finance and Audit Committee are anticipated to be presented at the May 9 Board meeting for discussion and possible implementation. Any new information from the Governors May Revise, which is typically released May 10, will be included. The 2017/18 Budget will be presented to the Board on June 6, 2017 and brought for approval at the June 13, 2017 Board meeting.

## **Attachments**

Summary of All Funds  
2016/17 Personnel Allocation  
2016/17 General Fund Projected Year Totals  
2016/17 General Fund Variance Summary  
Multi-Year Projection  
Restatement of Reserves  
Budget Assumptions  
SACS Financial Report

MENLO PARK CITY SCHOOL DISTRICT  
ALL FUNDS  
2016/17 Second Interim Budget

	General Fund 01	Cafeteria 13	Deferred Maintenance 14	Special Reserve Other 17	Building Fund 21	Capital Facilities (Dev Fees) 25	Special Reserve Capital Outlay 40
Beginning Fund Balance	\$ 11,562,142	\$ 53,893	\$ 806,344	\$ 3,843,813	\$ 5,900,591	\$ 1,452,133	\$ 2,973,949
REVENUES:							
LCFF/Property Taxes	\$ 30,183,595	\$ -	\$ 643,750	\$ -	\$ -	\$ -	\$ -
Federal	743,596	114,000	-	-	-	-	-
Other State	3,298,858	6,100	-	-	-	-	-
Other Local	11,583,796	5,400	10,000	30,000	25,000	388,000	10,000
Total Revenues	\$ 45,809,845	\$ 125,500	\$ 653,750	\$ 30,000	\$ 25,000	\$ 388,000	\$ 10,000
EXPENDITURES:							
Certificated Salaries	\$ 25,271,565	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Classified Salaries	6,423,830	-	-	-	43,300	-	-
Employee Benefits	10,204,074	-	-	-	12,921	-	-
Books and Supplies	1,528,351	149,000	-	-	-	25,000	25,000
Services & Other Expenses	3,684,678	-	250,000	-	-	50,000	25,000
Capital Outlay & Other Outgo	685,847	-	-	-	5,767,875	1,765,000	2,200,000
Total Expenditures	\$ 47,798,345	\$ 149,000	\$ 250,000	\$ -	\$ 5,824,096	\$ 1,840,000	\$ 2,250,000
OTHER FINANCING SOURCES:							
Interfund Transfers In	\$ 1,947,814	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund Transfers Out	-	20,000	-	1,927,814	-	-	-
TOTAL OTHER SOURCES	\$ 1,947,814	\$ (20,000)	\$ -	\$ (1,927,814)	\$ -	\$ -	\$ -
Net Incr/(Decr) to Fund Balance	\$ (40,686)	\$ (43,500)	\$ 403,750	\$ (1,897,814)	\$ (5,799,096)	\$ (1,452,000)	\$ (2,240,000)
NET ENDING BALANCE:	\$ 11,521,456	\$ 10,393	\$ 1,210,094	\$ 1,945,999	\$ 101,495	\$ 133	\$ 733,949



MENLO PARK CITY SCHOOL DISTRICT  
2016/17 SECOND INTERIM BUDGET  
PERSONNEL ALLOCATION

	2016/17 ADOPTED BUDGET	2016/17 1ST INTERIM BUDGET	2016/17 2ND INTERIM BUDGET	INCREASE/ (DECREASE)
<b>CERTIFICATED EMPLOYEES, GENERAL FUND</b>				
SUPERINTENDENT & ASSISTANT SUPERINTENDENT	2.00 FTE	2.00 FTE	2.00 FTE	- FTE
DIRECTORS	2.00 FTE	2.00 FTE	2.00 FTE	- FTE
COORDINATOR / PROGRAM SPECIALIST	1.60 FTE	1.60 FTE	1.60 FTE	- FTE
PRINCIPALS & ASSISTANT PRINCIPALS	9.00 FTE	9.00 FTE	9.00 FTE	- FTE
TEACHERS - GENERAL EDUCATION	166.12 FTE	166.16 FTE	166.16 FTE	- FTE
TEACHERS - SPECIAL EDUCATION	17.10 FTE	17.10 FTE	17.10 FTE	- FTE
TEACHERS - SPECIAL ASSIGNMENT / WELLNESS COORDINATOR	4.40 FTE	4.40 FTE	3.80 FTE	FTE
NURSES	1.40 FTE	1.40 FTE	1.40 FTE	- FTE
LIBRARIANS	4.00 FTE	4.00 FTE	4.00 FTE	- FTE
PSYCHOLOGISTS	4.80 FTE	4.80 FTE	4.80 FTE	- FTE
COUNSELORS	5.00 FTE	5.00 FTE	5.00 FTE	- FTE
<b>TOTAL CERTIFICATED EMPLOYEES, GENERAL FUND</b>	<b>217.42 FTE</b>	<b>217.46 FTE</b>	<b>216.86 FTE</b>	<b>0.00 FTE</b>
<b>CLASSIFIED EMPLOYEES, GENERAL FUND</b>				
CHIEF BUSINESS & OPERATIONS OFFICER	0.85 FTE	0.85 FTE	0.85 FTE	- FTE
DIRECTORS	2.00 FTE	2.00 FTE	2.00 FTE	- FTE
MANAGER / SUPERVISOR	2.00 FTE	2.00 FTE	2.00 FTE	- FTE
COORDINATOR, SPECIAL EDUCATION	1.00 FTE	1.00 FTE	1.00 FTE	- FTE
PARA EDUCATORS & ASSISTIVE TECH - SPECIAL EDUCATION	32.32 FTE	33.31 FTE	33.74 FTE	0.44 FTE
HEALTH SERVICE ASSISTANTS & LVN'S	3.28 FTE	2.47 FTE	2.47 FTE	- FTE
INSTRUCTIONAL AIDES - GENERAL EDUCATION	14.00 FTE	15.31 FTE	15.34 FTE	0.03 FTE
OCCUPATIONAL THERAPISTS	2.00 FTE	2.00 FTE	2.00 FTE	- FTE
PLAYGROUND SUPERVISORS	5.05 FTE	5.16 FTE	5.41 FTE	0.25 FTE
FAMILY ENGAGEMENT LIAISON	1.00 FTE	1.00 FTE	1.00 FTE	- FTE
CLERICAL	17.13 FTE	17.13 FTE	15.63 FTE	-1.50 FTE
TECHNOLOGY SUPPORT	5.00 FTE	5.00 FTE	5.00 FTE	- FTE
MAINTENANCE & GROUNDS	3.75 FTE	3.75 FTE	3.75 FTE	- FTE
CUSTODIANS	12.75 FTE	12.75 FTE	12.75 FTE	- FTE
TRANSPORTATION	3.50 FTE	3.50 FTE	3.50 FTE	- FTE
<b>TOTAL CLASSIFIED EMPLOYEES, GENERAL FUND</b>	<b>105.63 FTE</b>	<b>107.22 FTE</b>	<b>106.44 FTE</b>	<b>-0.78 FTE</b>
<b>CLASSIFIED EMPLOYEES, BOND FUND</b>				
CHIEF BUSINESS & OPERATIONS OFFICER	0.15 FTE	0.15 FTE	0.15 FTE	- FTE
CLERICAL	0.25 FTE	0.25 FTE	0.25 FTE	- FTE
<b>TOTAL CLASSIFIED EMPLOYEES, BOND FUND</b>	<b>0.40 FTE</b>	<b>0.40 FTE</b>	<b>0.40 FTE</b>	<b>0.00 FTE</b>
<b>TOTAL FULL TIME EQUIVALENCIES (FTE)</b>	<b>323.45 FTE</b>	<b>325.08 FTE</b>	<b>323.70 FTE</b>	<b>-0.78 FTE</b>

MENLO PARK CITY SCHOOL DISTRICT  
GENERAL FUND PROJECTED YEAR TOTALS  
2016/17 Second Interim Budget

	Second Interim Budget Summary	One-Time Sources/Uses	Adjusted Budget for Ongoing Operations
Beginning Fund Balance	\$ 11,562,142	\$ -	\$ 11,562,142
<b>REVENUES:</b>			
Local Control Funding Formula Sources			
Secured Property Tax	\$ 25,685,084	\$ -	\$ 25,685,084
Other Local Property Tax	1,845,104		1,845,104
State Aid (Minimum State Aid & Tinsley Revenue Transfer)	1,340,571		1,340,571
Education Protection Account (Prop. 30)	580,000		580,000
Special Education/SELPA Property Tax Transfer (Restricted)	1,376,586		1,376,586
Deferred Maintenance Transfer	<u>(643,750) <sup>1</sup></u>	<u>-</u>	<u>(643,750)</u>
Sub-Total Local Control Funding Formula Sources	\$ 30,183,595	\$ -	\$ 30,183,595
Federal Revenue	743,596	(119,898) <sup>2</sup>	623,698
Other State Revenue (Mandated Costs, Lottery, Other One-Time)	3,298,858 <sup>3</sup>	(707,955) <sup>4</sup>	2,590,903
Local Revenue - Parcel Taxes	6,864,916 <sup>5</sup>		6,864,916
Local Revenue - Menlo Park Atherton Education Foundation	3,600,000		3,600,000
Local Revenue - Other (Local Grants, Interest, PTO, Transp., Etc.)	<u>1,118,880</u>	<u>(250,000) <sup>6</sup></u>	<u>868,880</u>
Total Revenue	\$ 45,809,845	\$ (1,077,853)	\$ 44,731,992
<b>EXPENDITURES:</b>			
Salaries & Benefits			
Certificated Salaries	\$ 25,271,565	\$ (739,935)	\$ 24,531,630
Classified Salaries	6,423,830	(258,026)	6,165,804
Employee Benefits	<u>10,204,074 <sup>7</sup></u>	<u>(190,967)</u>	<u>10,013,107</u>
Sub-Total Salaries & Benefits	\$ 41,899,469	\$ (1,188,928) <sup>8</sup>	\$ 40,710,541
Books & Supplies	1,528,351	(264,372) <sup>9</sup>	1,263,979
Services & Operating Expenditures	3,684,678	(468,408) <sup>9</sup>	3,216,270
Capital Outlay	300,000	(300,000) <sup>10</sup>	-
Other Outgo - OPEB Contribution	130,000		130,000
Other Outgo - Special Ed Tuition to Other Public Agencies	<u>255,847</u>	<u>-</u>	<u>255,847</u>
Total Expenditures	\$ 47,798,345	\$ (2,221,708)	\$ 45,576,637
<b>NET OPERATING SURPLUS/(DEFICIT) - Revenue Less Expenditures</b>	<b>\$ (1,988,500)</b>	<b>\$ 1,143,855</b>	<b>\$ (844,645)</b>
Transfers In	\$ 1,947,814	\$ (138,129) <sup>11</sup>	\$ 1,809,685
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Increase(Decrease) in Fund Balance</b>	<b>\$ (40,686)</b>	<b>\$ 1,005,726</b>	<b>\$ 965,040</b>
Projected & Adjusted Ending Fund Balance	\$ 11,521,456		\$ 12,527,182

One-Time Adjustments/Notes:

- <sup>1</sup> Due to the classification of the Deferred Maintenance fund (Fund 14), the CDE recommends that the Deferred Maintenance transfer be reported as a reduction of LCFF revenue rather than an expenditure. This was implemented with the 2014/15 First Interim Budget Report.
- <sup>2</sup> Deferred revenue/carryover: Special Education IDEA grants (\$82,779), Title III, Limited English Proficiency & Immigrant Education (\$37,119)
- <sup>3</sup> Includes \$1,932,021 State STRS On Behalf, an accounting change required per GASB 68 to recognize the State contribution paid directly to STRS on behalf of District employees. (Funds not received by the District.) It is recorded as an offsetting revenue and expenditure with no net effect on the ending fund balance. This change was implemented with the 2014/15 Unaudited Actuals.
- <sup>4</sup> One-time Mandate/discretionary funding (\$610,606); 4th of 5 years of the Prop. 39, Clean Energy, grant (\$94,500); TUPE carryover (\$2,849)
- <sup>5</sup> Prior to the 2014/15 First Interim Budget Report, Parcel Tax revenue was reported in Fund 17.
- <sup>6</sup> 1st of 3 year Eustace-Kwan grant (\$250,000)
- <sup>7</sup> Includes \$1,932,021 State STRS On Behalf (see footnote #2 above)
- <sup>8</sup> Payment of 2015/16 off-schedule salary increase (\$800,616); Final year of Tech coaches (\$198,467); 1st of 3 years Family Engagement Liaison (\$71,955); Other Kwan grant salaries & benefits (\$117,890)
- <sup>9</sup> Final year of increased professional development (\$46,253); Prop. 39, Clean Energy, grant (\$94,500); Kwan grant (\$60,155); Prior year carryover added to expense budget (\$239,372); One-time Board services/election costs (\$200,000); Start-up funds set aside/ assigned for Laurel Upper Campus music (\$25,000); Special Ed LVN position covered by contracted services (\$67,500)
- <sup>10</sup> Funds set aside/assigned for Laurel Upper Campus technology and furniture (\$300,000)
- <sup>11</sup> Additional contribution from Fund 17 for payment of 2015/16 off-schedule salary increase related to parcel taxes (\$138,129)

MENLO PARK CITY SCHOOL DISTRICT  
GENERAL FUND VARIANCE SUMMARY  
2016/17 Second Interim Budget

	2016-17 Adopted	2016-17 First Interim	2016-17 Second Interim	Increase/(Decrease) Second Interim
Beginning Fund Balance	\$ 11,131,156	\$ 11,562,142	\$ 11,562,142	\$ -
<b>REVENUES:</b>				
LCFF Sources (Property Tax & State Aid)	\$ 29,843,857	\$ 30,135,051	\$ 30,183,595	\$ 48,544 <sup>1</sup>
Federal Revenue	620,779	740,677	743,596	2,919
Other State Revenue	3,339,561	3,297,370	3,298,858	1,488
Menlo Park Atherton Education Foundation	3,600,000	3,600,000	3,600,000	-
Parcel Tax Revenue	6,875,056	6,875,056	6,864,916	(10,140)
Other Local Revenue	1,062,199	1,096,354	1,118,880	22,526 <sup>2</sup>
Total Revenue	\$ 45,341,452	\$ 45,744,508	\$ 45,809,845	\$ 65,337
<b>EXPENDITURES:</b>				
Certificated Salaries	\$ 23,989,615	\$ 25,235,134	\$ 25,271,565	\$ 36,431 <sup>3</sup>
Classified Salaries	6,149,310	6,424,205	6,423,830	(375) <sup>3</sup>
Employee Benefits	10,215,444	10,236,848	10,204,074	(32,774) <sup>3</sup>
Books and Supplies	1,403,766	1,608,352	1,528,351	(80,001) <sup>4</sup>
Services and Operating Expenditures	3,321,155	3,579,504	3,684,678	105,174 <sup>4</sup>
Capital Outlay	-	300,000	300,000	-
Other Outgo	317,050	350,600	385,847	35,247 <sup>5</sup>
Total Expenditures	\$ 45,396,340	\$ 47,734,643	\$ 47,798,345	\$ 63,702
<b>NET OPERATING SURPLUS/(DEFICIT)</b>	<b>\$ (54,888)</b>	<b>\$ (1,990,135)</b>	<b>\$ (1,988,500)</b>	<b>\$ 1,635</b>
<b>OTHER FINANCING SOURCES/USES:</b>				
Transfers In	1,697,568	1,965,379	1,947,814	(17,565) <sup>6</sup>
Transfers Out	-	-	-	-
<b>Increase/(Decrease) Fund Balance</b>	<b>\$ 1,642,680</b>	<b>\$ (24,756)</b>	<b>\$ (40,686)</b>	<b>\$ (15,930)</b>
Projected Ending Fund Balance	\$ 12,773,836	\$ 11,537,386	\$ 11,521,456	\$ (15,930)

Second Interim Footnotes:

<sup>1</sup> Increase Court-Ordered Voluntary Transfer (Tinsley) revenue \$73,544; Reduce SELPA (Special Ed) High Cost Pool Funding (\$25,000)

<sup>2</sup> Increase Transportation revenue \$20,000

<sup>3</sup> Net increase in Salaries and Benefits of \$3,282 after moving expenditures to cover negative budget balances -- includes reduction of 1.5 FTE District Office vacant clerical positions

<sup>4</sup> Net increase in non-personnel costs of \$25,173 -- includes an additional \$110,000 projected election costs and savings of \$53,000 from reduction in Hillview Mini-Courses

<sup>5</sup> Increase Special Education costs for San Mateo County Office services \$35,247

<sup>6</sup> Reduce transfer in from Fund 17, Special Reserve, for parcel tax salaries

MENLO PARK CITY SCHOOL DISTRICT  
MULTI-YEAR PROJECTION  
2016/17 Second Interim Budget

	2016/17	2017/18	%	2018/19	%	2019/20	%	2020/21	%
	Unrestr/Restr	Unrestr/Restr	Change	Unrestr/Restr	Change	Unrestr/Restr	Change	Unrestr/Restr	Change
<b>REVENUES:</b>									
LCFF(Property Tax)	\$ 30,183,595	\$ 31,822,739	5.4%	\$ 33,573,364	5.5%	\$ 35,434,939	5.5%	\$ 37,177,039	4.9%
Federal Revenue	743,596	639,298	-14.0%	655,298	2.5%	671,698	2.5%	688,498	2.5%
Other State Revenue	3,298,858	2,745,467	-16.8%	2,809,816	2.3%	2,849,997	1.4%	2,912,044	2.2%
Other Local Revenue	<u>11,583,796</u>	<u>13,039,186</u>	<u>12.6%</u>	<u>13,283,448</u>	<u>1.9%</u>	<u>13,309,335</u>	<u>0.2%</u>	<u>13,603,074</u>	<u>2.2%</u>
Total Revenues	<u>\$ 45,809,845</u>	<u>\$ 48,246,690</u>	<u>5.3%</u>	<u>\$ 50,321,926</u>	<u>4.3%</u>	<u>\$ 52,265,969</u>	<u>3.9%</u>	<u>\$ 54,380,655</u>	<u>4.0%</u>
<b>EXPENDITURES:</b>									
Certificated Salaries	\$ 25,271,565	\$ 25,167,192	-0.4%	\$ 25,724,880	2.2%	\$ 26,632,239	3.5%	\$ 27,633,656	3.8%
Classified Salaries	6,423,830	6,620,234	3.1%	6,827,094	3.1%	6,936,968	1.6%	7,179,114	3.5%
Employee Benefits	10,204,074	11,085,806	8.6%	12,249,655	10.5%	13,524,777	10.4%	14,642,439	8.3%
Books & Supplies	1,528,351	1,312,779	-14.1%	1,298,579	-1.1%	1,312,279	1.1%	1,336,679	1.9%
Operating Expenses	3,684,678	3,370,078	-8.5%	3,578,178	6.2%	3,688,478	3.1%	3,839,578	4.1%
Cap Outlay & Other Outgo	<u>685,847</u>	<u>385,847</u>	<u>-43.7%</u>	<u>385,847</u>	<u>0.0%</u>	<u>385,847</u>	<u>0.0%</u>	<u>385,847</u>	<u>0.0%</u>
Total Expenditures	<u>\$ 47,798,345</u>	<u>\$ 47,941,936</u>	<u>0.3%</u>	<u>\$ 50,064,233</u>	<u>4.4%</u>	<u>\$ 52,480,588</u>	<u>4.8%</u>	<u>\$ 55,017,312</u>	<u>4.8%</u>
<b>NET OPERATING SURPLUS/(DEFICIT)</b>	<b><u>\$ (1,988,500)</u></b>	<b><u>\$ 304,754</u></b>	<b><u>-115.3%</u></b>	<b><u>\$ 257,693</u></b>	<b><u>-15.4%</u></b>	<b><u>\$ (214,619)</u></b>	<b><u>-183.3%</u></b>	<b><u>\$ (636,657)</u></b>	<b><u>196.6%</u></b>
<b>TRANSFERS &amp; CONTRIBUTIONS:</b>									
Transfers In	\$ 1,947,814	\$ 1,240,175	-36.3%	\$ 186,394	-85.0%	\$ 196,475	5.4%	\$ 206,715	5.2%
Transfers Out	-	-		-		-		-	
Contributions to Restricted	-	-		-		-		-	
Net Transfers & Contributions	<u>\$ 1,947,814</u>	<u>\$ 1,240,175</u>	<u>-36.3%</u>	<u>\$ 186,394</u>	<u>-85.0%</u>	<u>\$ 196,475</u>	<u>5.4%</u>	<u>\$ 206,715</u>	<u>5.2%</u>
<b>Increase/(Decrease) Fund Balance</b>	<b><u>\$ (40,686)</u></b>	<b><u>\$ 1,544,929</u></b>	<b><u>-3897.2%</u></b>	<b><u>\$ 444,087</u></b>	<b><u>-71.3%</u></b>	<b><u>\$ (18,144)</u></b>	<b><u>-104.1%</u></b>	<b><u>\$ (429,943)</u></b>	<b><u>2269.6%</u></b>
Beginning Fund Balance	<u>11,562,142</u>	<u>11,521,456</u>	<u>-0.4%</u>	<u>13,066,385</u>	<u>13.4%</u>	<u>13,510,472</u>	<u>3.4%</u>	<u>13,492,327</u>	<u>-0.1%</u>
<b>Ending Fund Balance</b>	<b><u>\$ 11,521,456</u></b>	<b><u>\$ 13,066,385</u></b>	<b><u>13.4%</u></b>	<b><u>\$ 13,510,472</u></b>	<b><u>3.4%</u></b>	<b><u>\$ 13,492,327</u></b>	<b><u>-0.1%</u></b>	<b><u>\$ 13,062,385</u></b>	<b><u>-3.2%</u></b>
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Restricted Ending Fund Balance	<u>\$ 1,578,045</u>	<u>\$ 1,578,045</u>	<u>0.0%</u>	<u>\$ 1,578,045</u>	<u>0.0%</u>	<u>\$ 1,578,045</u>	<u>0.0%</u>	<u>\$ 1,578,045</u>	<u>0.0%</u>
<b>Assigned Balances (from Unrestricted):</b>									
1.5% Prop Tax & Genentech Reserve	\$ 427,000	\$ 409,000	-4.2%	\$ 434,000	6.1%	\$ 460,000	6.0%	\$ 485,000	5.4%
Instr Materials & Unrestr Lottery	821,045	921,045	12.2%	1,023,545	11.1%	1,128,645	10.3%	1,236,345	9.5%
Foundation & Site Grants	27,845	27,845	0.0%	27,845	0.0%	27,845	0.0%	27,845	0.0%
Tech Reserve for New School	-	-		-		-		-	
Strategic Directions	198,000	198,000	0.0%	198,000	0.0%	198,000	0.0%	198,000	0.0%
Facilities/Transportation	<u>150,000</u>	<u>150,000</u>	<u>0.0%</u>	<u>150,000</u>	<u>0.0%</u>	<u>150,000</u>	<u>0.0%</u>	<u>150,000</u>	<u>0.0%</u>
Total Assigned Balances	<u>\$ 1,623,890</u>	<u>\$ 1,705,890</u>	<u>5.0%</u>	<u>\$ 1,833,390</u>	<u>7.5%</u>	<u>\$ 1,964,490</u>	<u>7.2%</u>	<u>\$ 2,097,190</u>	<u>6.8%</u>
<b>Reserve for Economic Uncertainty</b>	<b><u>\$ 8,319,521</u></b>	<b><u>\$ 9,782,450</u></b>		<b><u>\$ 10,099,037</u></b>		<b><u>\$ 9,949,792</u></b>		<b><u>\$ 9,387,150</u></b>	
<b>Reserve as Percentage of Expenditures</b>	<b><u>17.4%</u></b>	<b><u>20.4%</u></b>		<b><u>20.2%</u></b>		<b><u>19.0%</u></b>		<b><u>17.1%</u></b>	
<hr/>									
<b>Fund 17, Special Reserve, Ending Balance</b>	<b><u>\$ 1,945,999</u></b>	<b><u>\$ 735,824</u></b>		<b><u>\$ 574,430</u></b>		<b><u>\$ 397,955</u></b>		<b><u>\$ 211,241</u></b>	
<i>Combinded Reserve Percentage</i>	21.5%	21.9%		21.3%		19.7%		17.4%	

Menlo Park City School District  
 Restatement of Reserves  
 2016/17 Second Interim Budget

Senate Bill (SB) 858 requires districts to report reserves in excess of the state minimum requirement, including assigned fund balances in Fund 01, General Fund, and Fund 17, Special Reserve Fund. The minimum required reserve for Menlo Park City School District is 3% of total expenditures. This typically equates to less than 2 weeks of payroll. The MPCSD Board has adopted a policy, BP 3470(b), to target a reserve level that equates to not less than 2 months of payroll, or about 20% of total expenditures. The targeted reserve level does not include assigned fund balances. Board policy further states that reserves should not be permitted to drop below 15% in any budget year, or 10% in multi-year projections.

Below is a comparison of the reserves reported in the 2016/17 Budget, General Fund Reserve for Economic Uncertainties, with a restatement of the reserves to include assigned balances in the General Fund and Fund 17.

	2016-17	2017-18	2018-19
<b>Restatement of Reserves</b>			
Total Expenditures & Transfers Out	\$ 47,798,345	\$ 47,941,936	\$ 50,064,233
3% Minimum Reserve Level Required by the State	\$ 1,433,950	\$ 1,438,258	\$ 1,501,927
Fund 01, General Fund, Excess Reserve for Economic Uncertainties, Not Including Assigned Fund Balances	6,885,571	8,344,192	8,597,110
<b>Total Fund 01, General Fund, Reserve for Economic Uncertainties -- Reported in 2016/17 Budget</b>	<b>\$ 8,319,521</b>	<b>\$ 9,782,450</b>	<b>\$ 10,099,037</b>
Total Fund 01, General Fund, Reserve for Economic Uncertainties As a Percentage of Total Expenditures	17.4%	20.4%	20.2%
Fund 01, General Fund, Unrestricted Assigned Balances	\$ 1,623,890	\$ 1,705,890	\$ 1,833,390
Fund 17, Special Reserve Fund, Assigned Balances	1,945,999	735,824	574,430
<b>Total Restatement of Reserves to Include Assigned Balances in Fund 01 and Fund 17</b>	<b>\$ 11,889,410</b>	<b>\$ 12,224,164</b>	<b>\$ 12,506,857</b>
Total Restatement of Reserves As a Percentage of Total Expenditures	24.9%	25.5%	25.0%
Amount of Restated Reserves in Excess of 3% Minimum	\$ 10,455,460	\$ 10,785,906	\$ 11,004,930
<b>Reasons for Reserves in Excess of State Minimum</b>			
Fund 01, General Fund, Excess Reserve for Economic Uncertainties, per Board Policy 3470(b)	\$ 6,885,571	\$ 8,344,192	\$ 8,597,110
Fund 01, General Fund, Unrestricted Assigned Balances:			
1.5% Property Tax & Genentech Reserve	\$ 427,000	\$ 409,000	\$ 434,000
Book Adoptions - Instructional Materials & Unrestricted Lottery Balances	821,045	921,045	1,023,545
Carryover from Foundation & Site Grants	27,845	27,845	27,845
Strategic Directions	198,000	198,000	198,000
Facilities/Transportation	150,000	150,000	150,000
Total Fund 01, General Fund, Unrestricted Assigned Balances	\$ 1,623,890	\$ 1,705,890	\$ 1,833,390
Fund 17, Special Reserve Fund, Assigned Balances:			
Curriculum Coordinators (Previously Learning Leaders)	\$ 882,160	\$ 735,824	\$ 574,430
Combined Measure A & B Parcel Tax Balances (Restricted)	1,063,839	-	-
Total Fund 17, Special Reserve, Fund Assigned Balances	\$ 1,945,999	\$ 735,824	\$ 574,430
Combined Excess Reserve for Economic Uncertainties and Assigned Fund Balances	\$ 10,455,460	\$ 10,785,906	\$ 11,004,930

# Menlo Park City School District

## Second Interim Budget Assumptions

2016/17

- Revenue
  - LCFF/Property Tax Sources
    - 6.84% secured property tax growth, per November P-1 Taxes report
    - 2.60% increase in unsecured property tax, per P-1 Taxes
    - \$85,301, or 30.2%, increase in Redevelopment Agency (RDA) funds
    - \$102,473, or 12.7%, estimated increase in Court-Ordered Voluntary Transfer (Tinsley) funding (an increase of \$73,544 since 1<sup>st</sup> Interim)
    - \$432,027 Minimum State Aid (LCFF "hold harmless" amount for State categoricals received in fiscal year 2012/13; amount will never increase and makes permanent reduced State funding of approx. \$1.5 million in State categoricals)
    - 1.76% decrease in Spec Ed/SELPA property tax transfers, per SELPA Estimated Budget (no change since First Interim)
    - Eliminated \$25,000 estimated Spec Ed/SELPA High Cost Pool reimbursement due to restructured funding model
    - \$580,000 Proposition 30, Education Protection Account funds
    - (\$643,750) Deferred Maintenance transfer out (contra-revenue)
  - Federal & Other State
    - \$122,747 one-time deferred revenue/carryover from prior year (\$119,898 Federal, plus \$2,849 State)
    - \$623,698 ongoing Federal grants, primarily Special Education (an increase of \$2,919 since First Interim)
    - \$1,932,021 pass-through of State contribution to STRS on behalf of District employees (Other State Revenue)
    - \$618,882 Lottery and Mandate Block grants, combined allocation of \$217.42 per Average Daily Attendance
    - \$610,606 one-time discretionary funds for mandate reimbursement backlog (an increase of \$1,606 since First Interim)
    - \$94,500 Prop. 39, Clean Energy Act, funding (4<sup>th</sup> of 5 years)
    - \$35,000 Special Education Mental Health Services
  - Other Local
    - 2.7% CPI on Parcel Taxes
    - \$3.6M contribution from Menlo Park Atherton Education Foundation

- \$250,000 Eustace-Kwan grant (1<sup>st</sup> of 3 years)
  - \$85,000 Sequoia Healthcare District grant
  - \$263,880 site deposits/donations, primarily field trips and PTO reimbursements (an increase of \$2,526 since First Interim)
  - \$215,000 facilities rental income (no change since First Interim)
  - \$120,000 transportation/bussing income (an increase of \$20,000 since First Interim)
  - \$90,000 interest income (no change since First Interim)
  
- Expenditure
  - Salaries & Benefits
    - Negotiated compensation increase for 2015/16 one-time payout equivalent to 2.5%, off the salary schedule, and 2016/17 2.5% on the salary schedule (AB 1200 Public Disclosure on 09/13/2016)
    - \$1,932,021 pass-through of State contribution to STRS on behalf of District employees (STRS expenditure)
    - 0.78 FTE decrease in staffing since First Interim
      - +0.72 FTE Classified – instructional aides/para educators
      - -1.50 FTE Classified – clerical, District Office (vacant positions)
    - \$173,701 reduction in assigned ending fund balance to continue technology coaches (final year, no change since First Interim)
    - No increase in health benefits
    - 1.85% increase in STRS employer rate (from 10.73% to 12.58%)
    - 2.04% increase in PERS employer rate (from 11.85% to 13.89%)
  
  - Other
    - \$325,000 one-time expenditures for Laurel Upper Campus from set-aside funds for technology, furniture, and music (reduces assigned ending fund balance, no change since First Interim)
    - \$239,372 one-time budgeted expenditures for prior year carryover
    - \$102,250 LVN contracted services at Laurel and Hillview, General Education (expenditures added at First Interim)
    - \$110,000 increased expenditures for one-time parcel tax election (total estimated cost of \$200,000)
    - \$35,247 increase in Special Education services contracted with San Mateo County Office of Education (\$83,247 total increase in Special Education services since Adopted Budget)
    - (\$53,000) decrease in Hillview Mini-Courses
    - Maintain Routing Restricted Maintenance at 2015/16 level
    - No funds set aside in assignments for future book adoptions

## 2017/18

- Revenue
  - LCFF/Property Tax Sources
    - 6.1% secured property tax growth, based on compound annual growth rate for the eight year period prior to 2016/17
    - 3.3% unsecured property tax growth, based on the average eight-year compound annual growth rate for the 15 years prior to 2016/17
    - 1.48% COLA increase on Court-Ordered Voluntary Transfer (Tinsley) funding and Spec Ed/SELPA property tax transfers
    - \$10,000 increase in Proposition 30, Education Protection Account funds, based on projected enrollment growth (\$200 per Average Daily Attendance)
    - 2.5% increase in Deferred Maintenance transfer (\$659,850 total)
  - Federal & Other State
    - Remove \$733,353 prior year one-time funding for mandate reimbursement backlog and deferred revenue/carryover
    - \$1,965,367 pass-through of State contribution to STRS on behalf of District employees (Other State Revenue)
    - \$15,600 increase in Federal funding based on 2.5% Bay Area CPI
    - \$26,718 increase in Lottery and Mandate Block grants based on projected enrollment growth (\$218.87 per ADA, an increase from \$217.42 per ADA for 2016/17)
    - \$94,500 Prop. 39, Clean Energy Act, funding (5<sup>th</sup> of 5 years)
  - Other Local
    - \$1.2 million additional Parcel Tax funding from passage of Measure X (total of \$2.8 million from Measure X)
    - 2.5% CPI on remaining Parcel Taxes
    - \$3.7M contribution from Menlo Park Atherton Education Foundation
    - \$250,000 Eustace-Kwan grant (2<sup>nd</sup> of 3 years)
    - \$21,800 increase for all Other Local based on 2.5% Bay Area CPI
- Expenditure
  - Salaries & Benefits
    - 2.4% compensation increase based on historical average for 10-year period prior to 2016/17 – This amount is only a placeholder. Compensation is a mandatory subject of bargaining, and any compensation changes negotiated with the bargaining units require Board approval in order to become effective.
    - Step & column advancements on the salary schedule for tenure



- \$1,965,367 pass-through of State contribution to STRS on behalf of District employees (STRS expenditure)
- Approx. \$220,000 anticipated savings from expected annual turnover of five resignations and three retirements
- -1.0 FTE Certificated (includes minimum reductions)
  - +1.0 FTE Planned staff growth at middle school (reduced from 2.0 FTE per year planned at First Interim)
  - -2.0 FTE Tighten K-5 class size to 23:1
  - -1.5 FTE Certificated, technology coaches
  - +1.5 FTE Certificated, World Language program
- -0.25 FTE Classified (includes minimum reductions)
  - -1.0 FTE Accountant
  - +0.5 FTE Business Office Assistant/Lunch Program Specialist (not including 0.5 FTE to be charged to Fund 13, Cafeteria)
  - +0.25 FTE Clerical – salary moved from Bond Fund
- -0.25 Management (includes minimum reductions)
  - -1.0 FTE Director of Curriculum & Instruction
  - +0.6 FTE Curriculum Coordinator
  - +0.15 FTE Chief Business and Operations Officer – salary moved from Bond Fund
- 7% health care increase effective January 1, 2018
- 1.85% increase in STRS employer rate (from 12.58% to 14.43%)
- 1.91% increase in PERS employer rate (from 13.89% to 15.8%)
- Other
  - Remove \$876,872 prior year one-time expenditures for Laurel Upper Campus (from assigned balance), election costs, carryover, etc.
  - \$96,700 increase in ongoing expenses based on 2.5% Bay Area CPI
  - \$25,000 reduction in instructional online subscriptions
  - \$25,000 reduction in District professional development
  - Maintain Routing Restricted Maintenance at 2015/16 level
  - Restore \$100,000 increase in assignments for future book adoptions

## 2018/19

- Revenue
  - LCFF/Property Tax Sources
    - 6.1% secured property tax growth, based on compound annual growth rate for the eight year period prior to 2016/17
    - 3.3% unsecured property tax growth, based on the average eight-year compound annual growth rate for the 15 years prior to 2016/17

- 2.4% COLA increase on Court-Ordered Voluntary Transfer (Tinsley) funding and Spec Ed/SELPA property tax transfers
    - \$3,000 increase in Proposition 30, Education Protection Account funds, based on projected enrollment growth (\$200 per ADA)
    - 2.5% increase in Deferred Maintenance transfer (\$676,350 total)
  - Federal & Other State
    - \$2,120,916 pass-through of State contribution to STRS on behalf of District employees (Other State Revenue)
    - \$94,500 reduction of one-time Prop. 39, Clean Energy Act, funding
    - \$16,000 increase in Federal funding based on 2.5% Bay Area CPI
    - \$3,300 increase in Lottery and Mandate Block grants based on projected enrollment growth (\$218.87 per ADA)
  - Other Local
    - 2.5% CPI on Parcel Taxes
    - \$17,000 increase in contribution from Menlo Park Atherton Education Foundation – This is a placeholder for budgetary planning based on prior year per student average and not an actual commitment by MPAEF to increase the contribution.
    - \$250,000 Eustace-Kwan grant (3<sup>rd</sup> of 3 years)
    - \$22,300 increase for all Other Local based on 2.5% Bay Area CPI
- Expenditure
  - Salaries & Benefits
    - 2.4% compensation increase based on historical average for 10-year period prior to 2016/17 – This amount is only a placeholder. Compensation is a mandatory subject of bargaining, and any compensation changes negotiated with the bargaining units require Board approval in order to become effective.
    - Step & column advancements on the salary schedule for tenure
    - \$2,120,916 pass-through of State contribution to STRS on behalf of District employees (STRS expenditure)
    - Approx. \$190,000 additional savings from expected annual turnover of five resignations and three retirements
    - -1.67 FTE Certificated (includes minimum reductions)
      - +1.0 FTE Planned staff growth (reduced from 2.0 FTE per year planned at First Interim)
      - -1.0 FTE Tighten K-5 class size to 23:1
      - -0.67 FTE Tighten Hillview electives
      - -1.0 FTE Tighten 6-8 Core class size to 24:1
    - -1.0 FTE Classified (includes minimum reductions)
      - -1.0 FTE Custodian

- 7% health care increase
- 1.85% increase in STRS employer rate (from 14.43% to 16.28%)
- 2.9% increase in PERS employer rate (from 15.8% to 18.7%)
- Other
  - \$232,700 increase in Routine Restricted Maintenance to restore program to 3% of total expenditures
  - \$95,700 increase in ongoing expenses based on 2.5% Bay Area CPI
  - \$94,500 reduction of one-time Prop. 39, Clean Energy Act, expenditures
  - \$40,000 reduction in site allocations (\$10,000 per site)

## 2019/20

- Revenue
  - LCFF/Property Tax Sources
    - 6.1% secured property tax growth, based on compound annual growth rate for the eight year period prior to 2016/17
    - 3.3% unsecured property tax growth, based on the average eight-year compound annual growth rate for the 15 years prior to 2016/17
    - 2.53% COLA increase on Court-Ordered Voluntary Transfer (Tinsley) funding and Spec Ed/SELPA property tax transfers
    - \$7,000 increase in Proposition 30, Education Protection Account funds, based on projected enrollment growth (\$200 per ADA)
    - 2.5% increase in Deferred Maintenance transfer (\$693,250 total)
  - Federal & Other State
    - \$2,153,397 pass-through of State contribution to STRS on behalf of District employees (Other State Revenue)
    - \$16,400 increase in Federal funding based on 2.5% Bay Area CPI
    - \$7,700 increase in Lottery and Mandate Block grants based on projected enrollment growth (\$218.87 per ADA)
  - Other Local
    - 2.5% CPI on Parcel Taxes
    - \$43,000 increase in contribution from Menlo Park Atherton Education Foundation – This is a placeholder for budgetary planning based on prior year per student average and not an actual commitment by MPAEF to increase the contribution.
    - \$250,000 reduction & expiration of Eustace-Kwan grant
    - \$22,800 increase for all Other Local based on 2.5% Bay Area CPI

- Expenditure
  - Salaries & Benefits
    - 2. 4% compensation increase based on historical average for 10-year period prior to 2016/17 – This amount is only a placeholder. Compensation is a mandatory subject of bargaining, and any compensation changes negotiated with the bargaining units require Board approval in order to become effective.
    - Step & column advancements on the salary schedule for tenure
    - \$2,153,397 pass-through of State contribution to STRS on behalf of District employees (STRS expenditure)
    - Approx. \$170,000 additional savings from expected annual turnover of five resignations and three retirements
    - 2.0 FTE Certificated growth
    - -1.0 FTE Family Engagement Liaison (previously funded by Eustace-Kwan grant)
    - Approx. \$120,000 other salary & benefit costs reduced associated with Eustace-Kwan grant
    - 7% health care increase
    - 1.85% increase in STRS employer rate (from 16.28% to 18.13%)
    - 2.9% increase in PERS employer rate (from 18.7% to 21.6%)
  - Other
    - \$96,800 increase in ongoing expenses based on 2.5% Bay Area CPI
    - \$77,200 increase in Routine Restricted Maintenance to maintain program at 3% of total expenditures
    - Approx. \$50,000 reduction of non-personnel costs previously funded by Eustace-Kwan grant

## 2020/21

- Revenue
  - LCFF/Property Tax Sources
    - 5.34% secured property tax growth, a reduction of 0.76% of prior year estimate (based on compound annual growth rate for the eight year period prior to 2016/17) to allow for economic downturn
    - 3.3% unsecured property tax growth, based on the average eight-year compound annual growth rate for the 15 years prior to 2016/17
    - 2.66% COLA increase on Court-Ordered Voluntary Transfer (Tinsley) funding and Spec Ed/SELPA property tax transfers
    - \$8,000 increase in Proposition 30, Education Protection Account funds, based on projected enrollment growth (\$200 per ADA)
    - 2.5% increase in Deferred Maintenance transfer (\$710,550 total)

- Federal & Other State
  - \$2,206,744 pass-through of State contribution to STRS on behalf of District employees (Other State Revenue)
  - \$16,800 increase in Federal funding based on 2.5% Bay Area CPI
  - \$8,700 increase in Lottery and Mandate Block grants based on projected enrollment growth (\$218.87 per ADA)
- Other Local
  - 2.5% CPI on Parcel Taxes
  - \$55,000 increase in contribution from Menlo Park Atherton Education Foundation – This is a placeholder for budgetary planning based on prior year per student average and not an actual commitment by MPAEF to increase the contribution.
  - \$23,400 increase for all Other Local based on 2.5% Bay Area CPI
- Expenditure
  - Salaries & Benefits
    - 2.4% compensation increase based on historical average for 10-year period prior to 2016/17 – This amount is only a placeholder. Compensation is a mandatory subject of bargaining, and any compensation changes negotiated with the bargaining units require Board approval in order to become effective.
    - Step & column advancements on the salary schedule for tenure
    - \$2,206,744 pass-through of State contribution to STRS on behalf of District employees (STRS expenditure)
    - Approx. \$145,000 additional savings from expected annual turnover of five resignations and three retirements
    - 2.0 FTE Certificated growth
    - 7% health care increase
    - 0.97% increase in STRS employer rate (from 18.13% to 19.1%)
    - 3.3% increase in PERS employer rate (from 21.6% to 24.9%)
  - Other
    - \$99,200 increase in ongoing expenses based on 2.5% Bay Area CPI
    - \$76,200 increase in Routine Restricted Maintenance to maintain program at 3% of total expenditures