

# Board Report and Analysis on Proposed Reductions

## November 9, 2016

### EXECUTIVE SUMMARY

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As a follow up to the October 18, 2016 Board meeting when staff presented its preliminary recommendations on reductions and received directions from the Board, this *Board Report and Analysis on Proposed Reductions* is a joint effort of the Superintendent and members of his cabinet to present the Board and public with a historical review of MPCSD's financial, academic, and programmatic evolution over the last ten years. The Report also includes the requested prioritized reduction recommendations set against different levels of potential parcel tax funding, the process and timeline for potential parcel tax, and planning considerations for staff reductions. With the proper context and history, it is expected that the Board will be able to effectively inform the public and engage in a deliberative and transparent discussion process resulting in decisions and directions for staff regarding next steps to address the District's structural deficit.

### Outline

- Long Range Financial Model and Planning
- Organizational Review, Budget Reserve Analysis, and Financial Stewardship
- Enrollment and Educational Value
- Framework on Reductions
- 2016-17 Reductions of \$900,000 Review
- Proposed Reductions and Analysis
- Prioritization of Reductions and Considerations of Parcel Tax
- Parcel Tax Timing and Process
- Process and Timeline for Potential Staffing Reductions
- Conclusion

## LONG RANGE FINANCIAL MODEL AND DEFICIT

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In Summer 2016, the District updated its long range financial model. The model was based on expenditure planning as of the 2016-17 Adopted Budget and extended over an eight year period. The goal of the model was to assist the District in budget planning for potential reductions in light of the defeat of Measure A and C in May 2016. The long-range financial model incorporates all estimated funding and expenditure increases for the eight year period.

The new budget model includes the following key projections:

- **Secured Property Tax:** Approximately 60% of operating revenue comes from local property tax. Of total local property tax, over 90% is generated from assessed values of land and structures, "secured property tax." The 2016-17 Adopted Budget multi-year projection included increases in secured property tax of 5% for 2017-18 and 3% for 2018-19 (consistent with past practice). Staff looked at the historical changes in secured property tax over the last 20+ years and identified cycles of roughly eight years between peaks. It was noted that peaks in recent years have been declining since the 1990s. For long-range projection purposes the compound annual growth rate for the last eight years of 6.1% is used for the first half of the model, years 2017-18 through 2020-21 (4 years), afterwhich the rate is discounted.
- **Increased Pension Cost:** With Assembly Bill 1469 enacted June 2014, the state of California pushed a larger percentage of pension costs for certificated staff (STRS) to the local school districts, mandating an employer rate increase from 8.25% in 2013-14 to 19.1% by 2020-21. Pension costs for classified staff (PERS) are also projected to increase. These increases (STRS and PERS) amount to almost \$3 million in added costs each year for which the District must budget. The following table illustrates the real-dollar impact:

School Year	Total amount (\$) spent in pension costs
2013-14	\$2.25 million
2015-16	\$3.06 million
2020-21	Approx. \$6 million*

*\*Anticipated costs based on staffing assumptions.*

- **Compensation Increases:** Salaries and benefits make up almost 90% of operating expense. Past budgets did not include compensation increases in subsequent years because these increases are negotiated with the bargaining units each year. Budgeted compensation increases reflected only regular movement on the salary schedule, “step and column.” To more accurately capture potential expenditures, staff looked at the historical agreements for negotiated compensation increases over the last 10 years. A placeholder of 2.4% per year is added to salary expenditures in subsequent years, in addition to regular step and column. 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. 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.
- **Other:** Staff looked at all other revenue and expenditures to either increase them by historical average Bay Area Consumer Price Index, per pupil allocations, or Cost of Living Adjustments as projected by School Services of California.

The outcome of the long range financial model clearly shows that the District’s current expenditure planning would not be sustainable past 2017-18 and the District would be in an operating deficit of \$5.3M in 2021-22 (see table below). This information from the planning model has been used to develop scenarios of proposed multi-year reductions to balance the budget as well as potential revenues from a new parcel tax to ameliorate the structural deficit due to increased enrollment, pension cost, and expiration of the 2010 parcel tax.

#### MPCSD Long Range Financial Model

Fiscal Years	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Total Revenue	\$45.3M	\$45.0M	\$46.9M	\$49.0M	\$51.1M	\$52.8M
Total Expense	47.1M	48.5M	51.0M	53.6M	56.0M	58.2M
Surplus/(Deficit)	(\$1.7M)	(\$3.4M)	(\$4.1M)	(\$4.5M)	(\$4.9M)	(\$5.3M)
Reserve, Economic Uncertainty	\$8.1M	\$5.9M	\$2.0M	(\$2.4M)	(\$7.3M)	(\$12.7M)

## **Structural Deficit**

A deficit is structural when it results from a fundamental imbalance in funding and expense, as opposed to a temporary deficit or debt that is caused by one-time or short-term factors. As planned in 2010 with Measure C Parcel Tax, the District has been deficit spending for the last three years. These deficits have been subsidized by a combination of one-time, or limited-time, funding and built-up reserves. Reserves are intended to provide both protection and flexibility in the face of budget shortfalls. They are, however, one-time in nature — similar to a savings account — and once spent are gone.

One of the main sources used to fund these additional ongoing costs has been reserves built up in Fund 17 which are monies from past parcel tax collections. Currently, all incoming parcel tax funds are being expended on an annual basis. When the 2010 Measure C temporary parcel tax was passed, deficit spending was anticipated and planned for in the latter part of the life of the Parcel Tax. This was a seven year parcel tax for two reasons. Enrollment was expected to reach a peak of about 2,860 students in 2016-17 and then begin to decline by the time Measure C expired, and state funding which had previously been cut was expected to be restored as the economy improved. However, enrollment has exceeded past projections and is expected to continue growing to approximately 3,300 students in 2025. Furthermore, the implementation of the Local Control Funding Formula (LCFF) of 2013-14 made state cuts during the Great Recession a permanent reduction in funding for “basic aid” districts (almost \$1.5 million for MPCSD). Also unforeseen were legislated pension cost increases which were implemented in 2014-15 that will escalate the employer contribution to the State Teachers’ Retirement System (STRS) from 8.25% to 19.1% over seven years. The loss of funding from the 2010 Measure C parcel tax, which sunsets June 2017, combined with continued enrollment growth and increasing pension costs have significant budgetary impacts. Reserves are expected to be fully depleted after 2018-19 unless expenditures are reduced and/or funding increased.

In summary, the District’s structural deficit is a result of three challenges:

1. Measure C (2010) expires June 2017, decreasing funding by \$1.6M per year
2. Continued enrollment increase with no meaningful additional funding, adding a cumulative cost of about \$1.1 million over the period from 2017-18 to 2021-22
3. Increased pension cost totaling an increase of about \$3 million annually by 2020-21 (when compared to 2013-14 levels)

## ORGANIZATIONAL REVIEW, BUDGET RESERVE ANALYSIS AND FINANCIAL STEWARDSHIP

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As a result of robust enrollment growth and fluctuations in the economy, the District requested School Services of California to conduct an independent study of the District staffing levels and assist in the development of a reserve level policy.

School Services of California conducted a special study in October 2012 to review the organizational structure and staffing of the District Office and school sites as well as provide best practices for budgeting reserves. The recommendations as a result of this study are summarized below.

### Structure and Staffing Recommendations

At the time of the study (2012), the District’s enrollment was just over 2,700 students. The study notes that staffing was not increased in the District Office over the last 10 years despite an increase of 776 students and pent up demand for scale or “true up” to become a more effective and efficient district. The following table outlines the recommendations made and actions taken to transition MPCSD from a small-size district to a medium-size district.

2012 School Services’ Recommendation	Subsequent Action Taken To Date
<p>Reorganize divisions/departments to reduce direct-reports to the Superintendent. Consolidate District operations into three functional areas: the Business Services and Operations Division, the Curriculum and Instruction Division, and the Human Resources Division.</p>	<p>The Superintendent’s direct-reports were reduced from 11 to 7. The Director of Facilities position was eliminated with the creation of the Chief Business and Operations Officer (CBOO). The Director of Technology and Supervisor of Maintenance now report to the CBOO. The HR Manager now reports to the Assistant Superintendent.</p>
<p>Increase clerical support to the District Office to assist with receptionist duties, filing, communications, etc. as well as providing some dedicated time to the CBO and Human Resources Manager, allowing existing administrative and secretarial support positions to better meet the needs of an evolving district.</p>	<p>In 2014-15, a DO Administrative Assistant was added to support Curriculum and the HR Manager. In 2015-16, savings from a reorganization of Student Services administration made possible the addition of a half time Customer Service Receptionist position to help cover the front desk.</p>

<p>Restructure and consolidate Business Services and Operations into one division under the CBO.</p>	<p>In 2014-15, the Director of Facilities position was eliminated with the creation of the Chief Business and Operations Officer (CBOO) position. Also in 2014-15, the Supervisor of Maintenance position was created and Maintenance, Operations, and Transportation (MOT) came under the direction of the CBOO as well as all facility improvement projects including the Bond program.</p>
<p>Restructure the Curriculum and Instruction Division so that the Chief Learning Officer, as administrator over the Curriculum and Instruction Division, oversees the Student Services and Technology departments.</p>	<p>The Director of Technology now reports to the CBOO. Student Services remains its own division.</p>
<p>Evaluate the District's needs for analysis of student data and assessments and consider adding a position to perform this function.</p>	<p>In 2012-13, a second Learning Leader position was created for testing and assessments. This position was elevated to Director in 2013-14. In 2014-15, when the position of Assistant Superintendent was brought back, the Director position was reclassified to a Coordinator.</p>
<p>Provide support to CBO in the form of creating a new Accountant position. This is in addition to the clerical support recommended above.</p>	<p>The Accountant position was added in 2013-14. Additionally, the Director of Fiscal Services position was added in 2014-15 to manage the daily work of the Business Office and support the Chief Business and Operations Officer (CBOO) in budget development, allowing the CBOO to oversee/ manage the Business, Maintenance/ Custodial, Facility, Transportation, and Technology Departments and support the District in strategic planning, increasing funding, system efficiencies, emergency planning, and school safety.</p>
<p>Transition Supervisor of Maintenance, Operations, and Transportation (MOT) to Director of MOT as the position of Director of Facilities is limited in term and funded by the bond program.</p>	<p>In 2014-15, the Director of Facilities position was eliminated with the creation of the Chief Business and Operations Officer (CBOO) position. Also in 2014-15, the Supervisor of Maintenance position was created and MOT came under the direction of the CBOO as well</p>

	as all facility improvement projects including the Bond program.
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**Current Administration/DO Staffing Levels**

The table below shows the total changes in administrators and District Office staffing today versus staffing levels prior to the School Services’ study. “Administrators” in MPCSD include all certificated and classified managers, all of whom lead vital work within the organization and include the following positions: Superintendent, Assistant Superintendent, Director/Coordinators, Principals, Assistant Principals, Chief Business & Operations Officer, Director of Fiscal Services, Human Resources Manager, and Director of Technology. District Office staffing includes Administrative Assistants, Registrar, Accountant, Accounting Technicians, and Information Systems Support Technicians.

Administration/DO Staffing Ratios	2011-12	2016-17
District Student Enrollment	2,719	3,000
Total # of Administrators (School and District)	15.4	18.6*
Ratio of Admin : Student	1 : 177	1 : 161
Total # of District Office Staff	11.0	14.5
Ratio of DO Staff : Student	1 : 247	1 : 207

*\*Two of the additional administrators include a second assistant principal at Hillview and the assistant principal at Laurel, both directly involved with students and added to address the increased enrollment in the District.*

**Reserves Recommendation**

The District is a community-funded district and, as such, does not receive state aid to support the general operations of the District and is not funded for enrollment growth. The District receives funding based on the overall performance of property tax, which is unrelated to student enrollment. The need for additional staffing to meet the needs of increased enrollment reduces available funds on a per-pupil basis. The District also faces the risk of funding volatility due to property tax and other uncertainties to local revenues as well as potential changes in state school finance policy that could significantly reduce District revenues.

The minimum reserve required by the state for a district the size of MPCSD is 3% of expenditures. San Mateo County Office of Education reinforces the need for reserves over the minimum requirement and cites a recommended reserve level from the Government Finance Officers Association of 17%. Rating agencies like Fitch or Moody's typically assess the adequacy of a district's reserves by comparing them to statewide averages. The statewide average of reserves for elementary school districts in 2014-15 was 18.96%. Community-funded districts are encouraged to have even higher than average reserves because of the volatile and cyclical nature of property taxes, their primary source of funding.

The following recommendations were made to the School Board by the School Services 2012 report:

- Establish a three-tiered reserve policy: a Level 1 reserve of 10% of District expenditures, a Level 2 reserve of 15%, and a Level 3 reserve of 20%.
- The Level 3 reserve would provide the greatest protection in the event of revenue shortfalls.
- A severe recession would quickly erode reserves unless revenue declines are accompanied by cuts in District expenditures.
- A higher reserve level also provides protection from volatility in other sources of revenue such as declining foundation income, further cuts in state aid, or the non-renewal of the Measure C parcel tax.

Based on these recommendations the District developed BP 3470 which states the following:

"The District will maintain a minimum economic uncertainty reserve within Unassigned Fund Balance, the targeted level of which shall be 20% of annual general fund expenditures and transfers-out, excluding non-recurring transfers. This equates to not less than two months of normal General Fund operating expenditures. However, the projected level should not be permitted to drop below 15% of annual General Fund Operating expenditures in any budget year or 10% of said annual General Fund operating expenditures in multiyear projections. Annually, upon district budget adoption, the Board shall specify the amount of funds to be directed to economic reserves until the goal of 20% is met. The Board believes a reserve of this level is prudent to protect the District from the risks and uncertainties to which Community Funded/Basic Aid Districts are vulnerable."

**Current Reserve Levels:**

The District’s reserve for economic uncertainty is maintained in the General Fund. This reserve does not include funds restricted or mandated for a specific purpose by external parties, constitutional provisions, or enabling legislation, nor does it include unrestricted assignments which are funds that are set aside with the intent to be used for a specific purpose by the School Board. In addition, the District has reserves in Fund 17 from past parcel tax funds. The Fund 17 reserves are being intentionally and strategically drawn down and are expected to be fully expended by 2019-20.

2015-16 Reserves	Amount	% of Expenditures
Economic Uncertainty Reserves	\$6.9 million	16%
Restricted Funds (See Appendix A for breakdown)	\$1.7 million	4%
Unrestricted Assignments* (See Appendix A for breakdown)	\$2.9 million	7%
Fund 17, Parcel Tax Funds	\$3.8 million	9%

*\*Includes \$969,700 set-aside of 2015-16 one-time state funds for subsequent year expenditures and \$647,000 for collective bargaining agreements settled after year-end.*

The combined economic uncertainty reserve levels and Fund 17 reserves are 25%. This level of reserve will allow the District to strategically make expenditure reductions and minimize the impact to the student’s educational experience. However, the District can only sustain two more years of deficit spending with status quo expenditures (see table in Long Range Financial Model section).

**Financial Stewardship**

As MPCSD has grown into an award-winning, top performing district, it has taken its responsibility for providing a world-class education seriously. While offering a robust student experience is its first priority, being careful stewards of the public monies which fund its programs is of profound importance. Since the early 2000s, MPCSD has worked continuously to ensure the highest level of financial integrity and transparency, reflecting the values of the district staff, and those expected by the business-savvy community which the district serves.

MPCSD proactively contracted with School Services of California, the premier business, financial, management, and advocacy agency for educational agencies in California. With this guidance, MPCSD has implemented financial best-practices and become a

model for districts across the state . Over the past ten years, MPCSD has accomplished the following:

- Established Board Policy 3470 for financial reserve levels of a community-funded districts.
- Created Finance and Audit (FA) Committee - made up of community members - reporting to the Board. The FA Committee assists the Board in the selection of the audit firm and review of the District financial reports. A requirement was put in place that auditors meet with FA Committee members without district administrators present.
- First in the state to receive AAA credit rating from Moody's Analytics for bond issuance.
- Refinanced bonds to reduce outlay and return money to the taxpayers. This use of refinancing is now state law, yet MPCSD took advantage of better bond rates for the purpose of returning taxpayer dollars before there was any mandate to do so.
- Developed a new Interactive Financial Web Portal in partnership with OpenGov to make financial records readily available to the public.
- Established respected best practice staffing standards as MPCSD transitioned from a small sized district to a medium sized one, including the right-sizing of district administration to ensure most efficient use of staff time and funds.
- Initiated participation in the California Employers' Benefit Trust (CERBT) Fund, a trust fund dedicated to pre-funding Other Post Employment Benefits (OPEB) for all eligible California public agencies. By joining this trust fund, California public agencies can help finance future costs in large part from investment earnings provided by CalPERS. In addition, MPCSD funds OPEB at a higher rate than required by law to maximize savings.
- Requested San Mateo County Treasurer to move district monies from the County investment pool into safer Federal Treasury Notes during the financial crisis.
- Changed parcel tax accounting procedures so funds were deposited directly into the General Fund rather than a separate fund (Fund 17) to create greater transparency.
- Continued and ongoing evaluation of Student Service to improve effectiveness and efficiency. In 2015-16, a Program Specialist position was reduced and clerical position was suspended. A new Special Education Coordinator position was created and duties redistributed internally to reduce administration. These changes resulted in a net savings to the District. Contracted services were minimized or eliminated where possible and high quality staff provided improved services to students.

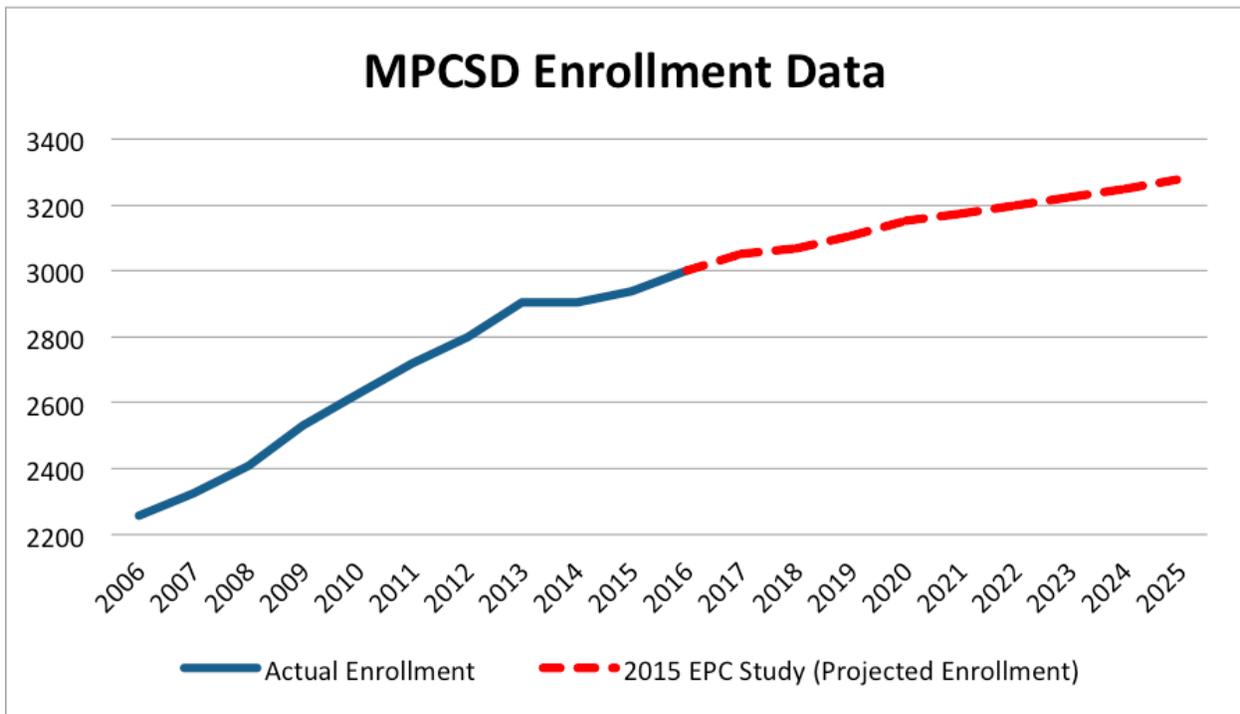
- Developed a new long term financial model to assist the District with better planning by using a model that would predict property tax growth and expenditure increases more accurately.

## ENROLLMENT AND EDUCATIONAL VALUE

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### Enrollment:

Since 2005, MPCSD has experienced a 40% increase in student enrollment. Since passage of the expiring 2010 Measure C Parcel Tax, MPCSD has experienced an 18% increase in student enrollment. By 2025, it is anticipated that MPCSD will have added an additional 300+ students to the 3000 students we currently serve. As a community-funded district, MPCSD receives no meaningful additional funding when enrollment increases, unlike state-funded districts. The only way to meaningfully increase revenue in a community-funded district is to pass a parcel tax or seek donations.



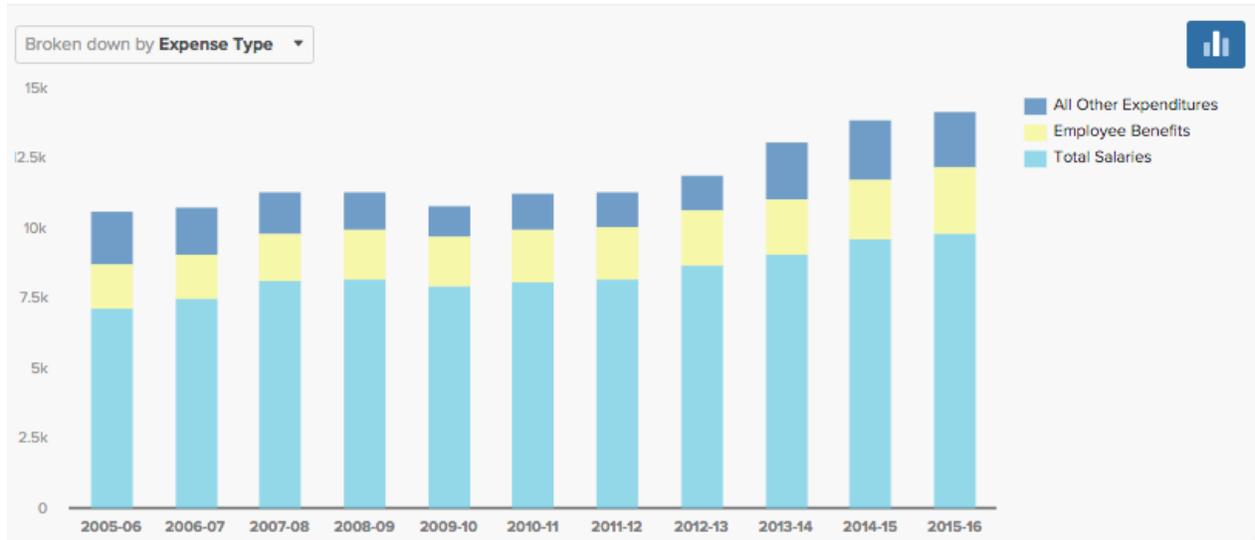
Source: CDE and EPC Consultants

### Expenditures per Student

When enrollment growth is considered and expenditures are tracked on a per-pupil basis, expenses have only increased by an annual average of 2.94% over the last 10 years. This is only slightly higher than the local Consumer Price Index.

## Table: Expenditures per Student

Note: Employee Benefits do not include State contribution towards STRS on behalf of local employees (pass-through reporting requirement beginning 2014/15); Interfund Transfers excluded from all fiscal years



### Educational Value:

During this same period the District has improved and increased its services to students, enhancing the educational experience and holding steadfast to its Vision:

- Every child achieves academic excellence
- Every child becomes emotionally and physically stronger
- Every child discovers and grows their talents

MPCSD’s practice of continuous improvement has been made in the most effective and efficient manner possible and its performance and teamwork reflect its [core values](#) and the focus of [its strategic directions](#). This foundation translates to each school’s site plan, and the clear and passionate focus is reflected in the District’s evaluation processes. It is noteworthy to add that these improvements have been with far fewer dollars than peer school districts ([See FAQs](#)). Below are some key areas of improvement to the educational experience of students since the passage of Measure C in 2010.

Improved or Enhanced Services	Impact to Student Learning
Maintain lower class sizes	In light of dramatic increases in student enrollment, we have maintained lower class sizes, enabling teachers to differentiate instruction and better meet

	the needs of all students.
Increase professional development	MPCSD identifies extraordinarily high quality professional development for teachers to constantly improve instruction (e.g., Columbia’s Writing and Reading Workshops, math adoption implement, technology training): Costs optimized by widespread internal coaching by teacher experts, and there is a strong, vibrant culture of professional feedback, collaboration and professional learning.
Increase of 1.5 FTE in psychologist services	More inclusive student learning in classrooms with accommodations: decentralized frontline support of teachers and staff who teach students of needs; and fewer students in Nonpublic Schools; and saving the district considerable costs in “outsourcing” services.
Increase of 1.8 FTE in counseling services	Increased counseling services and proactive programs for students in academics, socio-emotional wellness, and positive school climates. All K-5 sites have a full time counselor deeply embedded in the social-emotional support and academic growth of all elementary students; the middle school has two full-time counselors providing necessary social-emotional and academic counseling for nearly 1000 adolescents. Counselors lead the district’s work around wellness, academic support, anti- bullying, depression, suicide prevention, stress and anxiety management, and positive conflict resolution.
Addition of .5 Wellness Coordinator and district-wide wellness services	Effective enhanced wellness program to meet the needs of the “whole child”: Nutrition, Mental Health, first aid, suicide prevention, coordination of services with high schools and outside agencies for teacher and staff wellness. District contribution is matched with significant grant funding. District nurses train staff in first aid, CPR, AED use, and LVNs support front line safety and physical medical needs at all school sites.
Middle School Restorative Justice	Newsworthy decrease in student suspension and recidivism rates as a result of Hillview’s work to train staff and implement restorative practices and restorative justice in student behavior management

	(i.e., student suspension has dropped from 114 in 2009-10 student suspension days to four in 2015-16).
Reading and Language Specialist	Reading & Literacy Specialists (of which each elementary has two) have facilitated a transformative impact resulting in substantial student gains in reading and writing.
Elementary Specialties Program	<p>Expanded specialties programs at the elementary include the following experiences for every K-5 student in MPCSD:</p> <ul style="list-style-type: none"> <li>● At least twice per week PE instruction from a credentialed PE teacher, as well as daily "TeamTime" engaging students in daily 15 minute fitness sessions.</li> <li>● Weekly art instruction from a credentialed art specialist with practice in a range of genres and mediums.</li> <li>● Weekly library classes under the instruction of a credentialed librarian promoting reading, research skills, and thoughtful discussion.</li> <li>● Weekly music instruction using research-proven ORFF strategies. Students in upper grades (4-5) have the option to specialize in learning an individual instrument (band or strings).</li> <li>● Specialists adapt, accommodate and modify all lessons and curriculum to meet student's unique learning needs.</li> <li>● Three times per week Spanish instruction engages students in developing their skills and knowledge of a second language and culture (program being phased in over next four years).</li> </ul>
Music	K-8 instrumental and vocal instruction: all fifth graders sing and play one or more instruments; strong foundation for Hillview and M-A's exemplary performing arts programs.
Middle School Elective Program	New master schedule allowing students to choose two electives within the school day (including World Language). Comprehensive student-run broadcast studio, which produces the daily "Hawk Talk" live newscast. Full-time drama program with

	comprehensive theatrical and musical productions partnered with elementary “junior” productions each year. Expanded elective offerings include: Coding, French (four levels), Middle School Transitions (for sixth graders challenged by the transition to middle school from elementary), School of Rock, Sound Technology, Guitar, Thrive (support for some of the most at risk students), Journalism/Yearbook, Environmental Science, Speech & Debate, Drama, Improvisation.
Hillview Drama Program	Full score and multiple performances (i.e., musicals): acting, singing, dance and costumes; student wind and string ensembles (orchestra pits); student stage production and management; student use of multimedia performance technology in audio, visual effects and sound; student marketing and communication of events. Accommodations and modifications in program delivery result in full access for all students.
Middle School Academies	“Schools within a school” decreases the number of teacher to student contacts, building stronger relationship for students to achieve academic excellence, become physically and emotionally strong, and discover and grow their talent.
“Apple Distinguished” 1:1 iPad program	Awarded Apple’s prestigious National <i>Distinguished School Award</i> , Hillview’s effective and widespread use of devices (iPads) impacts instruction and learning in accessing and producing content, student and teacher work flow, and information management while focusing on digital citizenship and wellness.
Community Trust	Through strong partnerships with the city, police, and fire departments, health care and wellness agencies, as well as non profit organizations; articulation in academics, curriculum, programming, wellness and mental health first aid have been enhanced throughout our community.
Transportation	District has substantially expanded in transportation efforts in the last few years. The District provides transportation (yellow bus) for a fee for school field

	trips and resident students attending Laurel, Encinal and Oak Knoll schools, thus reducing automobile trips and traffic. Provide transportation for special need students and those attending the District through the Tinsley program as required by law.
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**Recent Award-Winning Schools**

- Encinal: *California Gold Ribbon Award 2016*
- Hillview: *California Gold Ribbon Award 2015*
- Hillview: *Apple Distinguished School Award 2015*
- Laurel: *National Blue Ribbon Award 2016*
- Laurel & Oak Knoll: *California Distinguished School 2014*

**Achievement Scores for MPCSD**

The District has undertaken in the last 10 years to improve educational programs such that student achievement has reached, and in some instances, exceeded that of neighboring high achieving school districts (see FAQ for more information on comparisons with other districts). MPCSD has accomplished this with thoughtful and efficient increases in programs, made possible with support from the community through both parcel tax funds and Foundation contributions. Although test scores are not the most important measure of a high achieving educational experience, they do provide an objective standard. Below is a table of how MPCSD test scores have improved as a result of the investments made in educational programs.

MPCSD Historical API Scores and Data

School Year	Enrollment	API Test Scores	Statewide Average API	Spending per Pupil*
2005-06	2,133	903	720	\$10,649
2006-07	2,256	916	728	\$10,783
2007-08	2,326	911	742	\$11,331
2008-09	2,409	915	755	\$11,346
2009-10	2,532	931	767	\$10,856
2010-11	2,629	933	779	\$11,274
2011-12	2,719	934	788	\$11,336
2012-13	2,799	940	790	\$11,909
2013-14	2,903	944	n/a	\$13,111
2014-15	2,904	n/a	n/a	\$13,905

School Year	Enrollment	API Test Scores	Statewide Average API	Spending per Pupil*
2015-16	2,943	n/a	n/a	\$14,227

\*The Spending per Pupil calculation does not include expenditures for employee benefits from the state's contribution towards STRS on behalf of local employees (pass-through reporting requirement beginning 2014-15); Interfund Transfers excluded from all fiscal years

## FRAMEWORK ON REDUCTIONS

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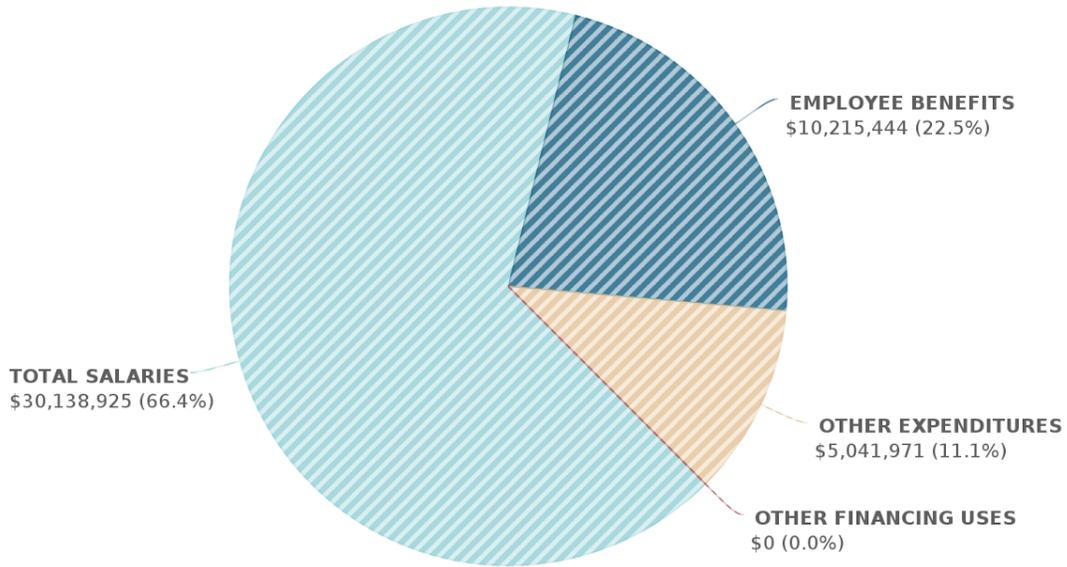
At the September 20, 2016 School Board meeting, Superintendent Ghysels presented to the Board the framework by which the reduction options would be evaluated and considered. The intent of the framework was to provide the District's leadership a guide and framework to evaluate the reduction options. The following list the framework guidelines:

- Priorities to align with Guiding Principles and Strategic Directions:
  - Teaching and Learning, Talent, Wellness, Technology, Vertical Experience
  - Program priority overrides its start date
- Preserve District Academic Programs in special education, math, ELA, science, social science, PE, visual/performing arts, and world language
- Plan reductions in a multi-year effort to minimize impacts and adhere to Board Policy 3470 on reserve levels
- Reductions shall not be supplanted by PTO funds
- The \$900K of reductions included in the 2016-17 Budget shall be re-evaluated through this framework
- Reduce programs/positions that may be restored expediently as funding improves

Superintendent Ghysels worked with the Leadership team to develop a list of potential reductions. Input was sought from the School Board, parents, community, teachers, and staff. The list of potential reductions was presented to the School Board at the October 18, 2016 meeting and has been further refined for this document.

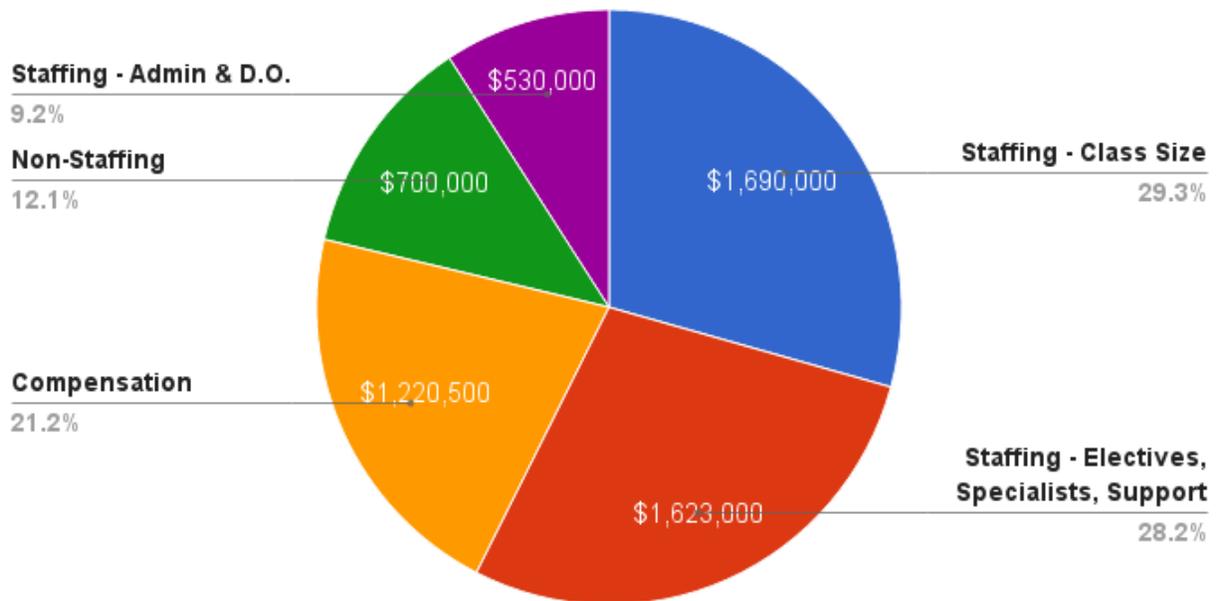
As indicated earlier in this report, approximately 90% of the District's expenditures are related to people and therefore any meaningful reduction will impact staffing. Below is a breakdown of the 2016-17 Adopted Budget expenditures.

### 2016-17 Expenditure Breakdown



In order to close the \$5.3M deficit by 2021-22 as identified in the long range planning model and without any new parcel tax funding, the District will need to reduce ongoing expenditures in the amount of \$4.5M over the next three years. The District identified over \$5.7M in potential reductions in the following manner:

### \$5.76 M in Potential Reductions





## 2016-17 REDUCTIONS OF \$900,000 REVIEW

In order to address the loss of potential revenue from the 2016 Measure A and C parcel taxes, the 2016-17 Adopted Budget includes approximately \$900,000 in immediate expenditure reductions. Some of these are reductions from 2015-16 spending levels and some are reductions in planned spending. The Superintendent is recommending to maintain these reductions and adjustments in the out years. The reductions come from the following areas (amounts rounded):

Amount	Reduction Description
\$320,000	Salary savings from not hiring staff as planned to address enrollment growth. This item includes positions that were removed from the District's multi-year projection for budgeted staffing increases.
\$90,000	Reduction of the technology budget. This is an actual reduction from 2015-16 spending levels. In order to accomplish this the District extended iPad rotations at the middle school and refreshed Macbooks with Chromebooks at the elementary sites. The 5th grade plan moved from 1:1 iPad to 1:1 devices with a mix of Chromebooks and iPads.
\$85,000	Reduction in instructional materials budget. This is an actual reduction in the level of purchasing of classroom books by the C+I department. As a result of a changed learning model fewer classroom textbooks were needed.
\$100,000	Elimination of instructional materials set-aside, which will fund \$1.5 million dollars for the next three textbook adoptions which will occur over the next six years (estimated cost of \$500,000 per book adoption). Currently, the District has set aside \$1.3 million for this.
\$100,000	Reduction of the Student Services budget. The projected Student Services budget for 2016-17 was reduced by \$100,000 based on savings in contractual services with the close of fiscal year 2015-16. This essentially held the department at the same level as actual spending in 2015-16. It is important to note that if new high-cost students come to the District, the District is mandated to provide those services needed. Having sufficient reserves for these unforeseen events will allow the District to absorb any additional costs necessary.
\$70,000	Reduction of maintenance budget. General Fund maintenance budget has been reduced. These costs have been transferred to the Routine Restricted Maintenance budget.

\$75,000	Reduction of General Fund contribution to Routine Restricted Maintenance (RRM), per flexibility as allowed by the state through 2019-20. (Should a school facility bond pass on the November ballot all flexibility under this account will end and school districts will be required to budget the full 3% for RRM.)
\$65,000	Reduction in contracted services, overtime, and stipends.
\$22,000	4% reduction in utility costs through energy savings. District is implementing energy cost saving measures with Proposition 39 funds. It is unknown at this time if these savings can be realized with operating the new school.
<b>\$927,000</b>	<b>TOTAL ongoing reductions beginning 2016-17</b>

## PROPOSED REDUCTIONS AND ANALYSIS

In order to assist in the decision making to determine which reductions will be considered and included in the Superintendent's recommendation, an exhaustive analysis of the proposed reduction was developed and has been presented below. It is important to note that the District values all of its team members and programs. All its programs are vital to the success of its students, however there simply is no way to make the level of needed reductions without reducing programs and staff.

### STAFFING - ADMINISTRATION

Educational Services Reductions	\$230,000
<p>Elimination of the Director of Curriculum and Instruction position and one administrative assistant. This reduction would require an addition of a part-time English Language Learning program coordinator at a reduced salary.</p>	
<p><b>Analysis:</b> More responsibility could be transferred to other managers within the organization to oversee the following departments: music, physical education, art, library services. This puts further demands on already full plates. Management of state and federal programs and compliance measures as well as textbook and materials adoptions could become the responsibility of the new Assistant Superintendent. The new Superintendent could oversee Human Resources in order to make room for the Assistant Superintendent's added responsibilities. The duties of the administrative assistant could be shared by site managers (particularly related to textbook orders), the large clerical tasks related to EL student testing, data, and reporting could be shared by the Coordinator of Data and Assessment and the new, part time EL coordinator. The HR manager could take on all clerical tasks related to HR, freeing the remaining administrative assistant to take on any tasks not already delegated to other managers. The remaining managers will bear the burden of these cuts resulting in a potential decrease in efficiency, focus, and quality of service.</p>	

Eliminate TOSA Positions	\$250,000
<p>Elimination of Math/Science and ELA/SS teacher &amp; curriculum training and support specialists</p>	
<p><b>Analysis:</b> The Teachers on Special Assignment are providing invaluable support as MPCSD seeks to implement the lofty, yet essential Strategic Directions. Loss of the TOSAs would seriously diminish MPCSD's ability to ensure a world-class education in every classroom, aligned to the new, more rigorous standards, supported by completely new materials. Simply put, the loss of the TOSAs would be a dramatic step back in efforts to personalize learning, use data effectively, and fully engage students</p>	

in more rigorous standards. It would be optimal, if TOSAs must be eliminated, that these positions be in the third year of reductions to provide the district some chance to adequately design the Universal, Guaranteed, Viable Curriculum required as part of the Strategic Directions; without the TOSAs it simply won't be possible.

<b>Business Office Reduction</b>	<b>\$80,000</b>
Reorganization of Business Office	
<p><b>Analysis:</b> Downgrade Accountant position to Accounting Technician with explicit support of National School Lunch Program (NSLP) and eliminate 0.50 FTE Customer Service Receptionist (currently unfilled). The portion of the new Accounting Technician position in support of NSLP may be charged to Fund 13, Cafeteria Fund, thus relieving the General Fund of these costs. Downgrading the Accountant position truncates the path for advancement of the accounting technicians, eliminates the potential of succession or back up to the Director of Fiscal Services, and reduces resources available for effective segregation of duties and verification/reconciliation of accounting technicians' work product. The impact on internal controls, particularly cash controls for deposits, could be minimized with the inclusion of these accounting functions in the new Accounting Technician job description. Duties from the Accountant position related to various financial reporting and state attendance reporting could be shifted to the Director of Fiscal Services; other duties may be shifted to Accounts Payable/Accounting Technician as are included in that job description. Site support, including Associated Student Body, would be negatively impacted with the loss of the Accountant position. Eliminating the Customer Service Receptionist (currently unfilled) would make permanent the current rotation of front desk coverage between DO Administrative Assistants and the Executive Assistant/Secretary to the Superintendent. This would be a hardship with the proposed elimination of an administrative assistant under Educational Services Reductions (above). To address this need, the current registrar position could be restructured to provide front desk coverage. Front desk coverage could also be Included in the new Accounting Technician job description.</p>	

**STAFFING - CLASS SIZE**

<b>Increase K-5 Class Size Average by Two: 1:24</b>	<b>\$1,040,000</b>
Current K-5 class size average is 22; this would increase class size average by two students	
<p><b>Analysis:</b> Increased class sizes will result in less teacher time and attention to students and teaching and learning direction. Elementary class size average would increase</p>	

mainly in the K-3 grades. Restoring lower class size may be less difficult than more specialized educational programs.

<b>Increase 6-8 Class Size Average by Three: 1:27</b>	<b>\$650,000</b>
Current 6-8 class size average is 24 (rounded); this would increase class size average by three students	
<p><b>Analysis:</b> Increased class sizes will result in instruction less personalized to the needs of individual students, feedback less meaningful for progress, and assessment less useful to growth. Class size increases may impact certain subjects more negatively. Opportunities may exist to leverage technology in flipped-learning model to reduce impacts from larger class size averages. Restoring lower class size may be less difficult than restoring specialized educational programs once they have been cut.</p>	

#### STAFFING - ELECTIVES, SPECIALIST, AND SUPPORT

<b>Reduction of Hillview Electives (1.7 FTE)</b>	<b>\$220,000</b>
Fewer middle school electives (TBD)	
<p><b>Analysis:</b> Over the last five years, Hillview has been able to develop an elective program that offers EVERY child an opportunity to pursue their passions and interests. Included in the new offerings are: Coding, French (four levels), Middle School Transitions (for sixth graders challenged by the transition to middle school from elementary), School of Rock, Sound Technology, Guitar, Thrive (support for some of the most at risk students), Journalism/Yearbook, Environmental Science, Speech &amp; Debate, Drama, Improvisation, etc. Eliminating 1.7 FTE (equivalent to 10-11 different elective courses) would result in fewer choices, larger class sizes in the remaining electives, and the loss of valuable smaller electives, such as Coding, to which some students need access. Students who are motivated by non-academic classes run the risk of losing the one class that keeps them engaged.</p>	

<b>Reduction of 4th and 5th Grade Music Time by 50%</b>	<b>\$190,000 preserve</b>
Reduce from ~90 min per week to ~45 min per week for each 4th and 5th grade class music program	
<p><b>Analysis:</b> The reduction of this program by 50% will cause disproportional negative impact to teaching and learning of music. Reduction of this program will also be more difficult to restore. This program will be preserved and is not under consideration for reductions.</p>	

<b>Modification of Library Program</b>	<b>\$250,000</b>
Libraries staffed by aides with a certificated District Librarian; teacher will need to be present at library with classified personnel	
<p><b>Analysis:</b> The library program and students are better served by certificated librarians; however, preserving the program with classified employee and restoring with certificated teachers as funds become available may be easier as compared to other speciality programs reductions. At the elementary grades this reduction will also impact classroom teacher prep time during library class.</p>	

<b>Elimination of District's K-5 World Language Program</b>	<b>\$210,000 preserve</b>
Elementary World Language will be limited to Spanish Immersion or after school programs	
<p><b>Analysis:</b> This program will be preserved and is not under consideration for reductions. To fully implement the world language program for K-5 will require an additional \$200,000. This additional cost has been factored into the proposed reductions.</p>	

<b>Modification of Elementary Art Program</b>	<b>\$206,000</b>
Art program staffed by aides, teacher will need to be present at art time with classified personnel	
<p><b>Analysis:</b> The art program and students are better served by certificated art teachers; however, preserving the program with classified employee and restoring with certificated teachers as funds become available may be easier as compared to other speciality programs reductions. This reduction will also impact classroom teacher prep time during art class. Classroom teachers can also introduce more art projects to students as well as outside program options.</p>	

<b>Elimination of Elementary Science Aides</b>	<b>\$127,000</b>
Maintain one aide to manage Foss kits; teachers will teach science	
<p><b>Analysis:</b> The impact to the educational experience will be affected by a loss of assistance to science instruction. The roll out of the science standards will be more difficult with the loss of the science aids.</p>	

<b>Reduction of Instructional Aides except for Kindergarten</b>	<b>\$360,000</b>
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Grade 1-3 aide support eliminated (1 hour per week, per class); needs to be negotiated with teachers' union

**Analysis:** The loss of instructional aids will adversely impact the K-3 teachers with reduced support and assistance to classroom work and support for student learning. The loss of the aides and increased class size in the K-3 grades will adversely impact student learning and classroom management.

**Custodial Reductions (1 FTE)**

**\$60,000**

One fewer night custodian - night custodian reduced by 1 FTE as part of \$900K reductions for 2016-17

**Analysis:** Classroom and school cleaning will be reduced with a rotating schedule with fewer cleaning and maintenance hours. Classroom and school cleanliness may be impacted as well as appearance of the learning environment.

**NON-STAFFING REDUCTIONS**

**Reduction in Technology Budget**

**\$150,000**

Significant curtailment/elimination of iPad program and other tech initiatives. (This is in addition to the the \$100K decrease implemented with \$900K reductions for 2016-17)

**Analysis:** Further reductions in the technology department would lead to changes to the programs supported by technology. To achieve ongoing reductions of devices and technology equipment the following type of changes would likely need to be implemented:

- K-5: Continue replacement of MacBook laptops with Chromebooks
- Eliminating iPads in grades K-2 (currently 6 per classroom)
- K-5: After current Apple lease expires in 2018 do not replace/provide teacher iPads
- Devices (Chromebooks and iPads) currently dedicated to 5th grade would be shared with all grade levels
- Reduce costs of Hillview Middle School's 1:1 iPad program by extending the life of technology beyond the recommended length or transitioning to less expensive options such as Chromebooks

The changes at the elementary schools would reduce the exposure of technology and integration of technology as part of the teaching and learning experience of students. Students would be less prepared as they enter into the 21-Century learning environment. Moving away from iPads and more into Chromebooks in the K-5 grades would remove a creative/curation device (iPad) from the students. Teachers would

have less access with potential strong new learning tools. Moving the middle school from iPads to Chromebooks would adversely impact the significant investment in professional development and moving the student from a well integrated creative device (iPad) to a more processing device (Chromebook).

<b>Elimination of Middle School Mini Courses</b>	<b>\$80,000</b>
Option to maintain Mini-Course Program for one grade level which would result in a reduction of about \$53,000	
<b>Analysis:</b> Middle school students would lose a unique experience that has become a highlight of their middle school years and, as designed, has provided them greater choice and engagement in their education.	

<b>Reduction of Site Budgets</b>	<b>\$200,000</b>
Approx. 1/3 reduction in site budgets for supplies, professional development / training, etc. (not including grant funding)	
<b>Analysis:</b> Reducing the site budget will limit site administrators' flexibility for professional development of site staff and innovative teaching and learning programs that may not be supported at the District level. Coupled with District level reductions this could severely impact support programs including afterschool homework clubs not funded by grants. Reduction in site budget could also pressure PTOs to increase their donation request from parents. Supplanting these cost with PTO funds may reduce parent donations to MPAEF.	

<b>Elimination of Summer School</b>	<b>\$120,000 <i>preserve</i></b>
Elimination of regular summer school classes for students needing additional support; maintain mandatory Extended School Year as required by IEP for Special Education students & Middle School Math Bridge	
<b>Analysis:</b> Summer school students who are most in need of additional teaching and learning support will be affected. The lost of this program would adversely impact the learning of this vulnerable group of students. This program will be preserved and is not under consideration for reductions.	

<b>Reduction in Professional Development</b>	<b>\$100,000</b>
District's professional development budget reduced by nearly 1/3	

**Analysis:** Professional Development would need to be significantly scaled back limiting teacher and staff ability to provide the world-class education that the community has come to expect. At a time when all four academic subject areas are transitioning to completely new sets of standards and materials, less professional development means a longer runway to effectively implement the new standards and materials.

<b>Reduction in District Instructional Online Subscriptions</b>	<b>\$50,000</b>
Eliminate TenMarks, Dreambox, and various smaller online support programs	
<p><b>Analysis:</b> Parents and students, particularly students who want extension activities and those that require intervention and reteaching, have benefited from the access to online tools such as TenMarks and/or DreamBox in math and RazzKids and Learning A-Z in reading. Eliminating subscriptions could slow the acceleration of students in reading and math.</p>	

**COMPENSATION**

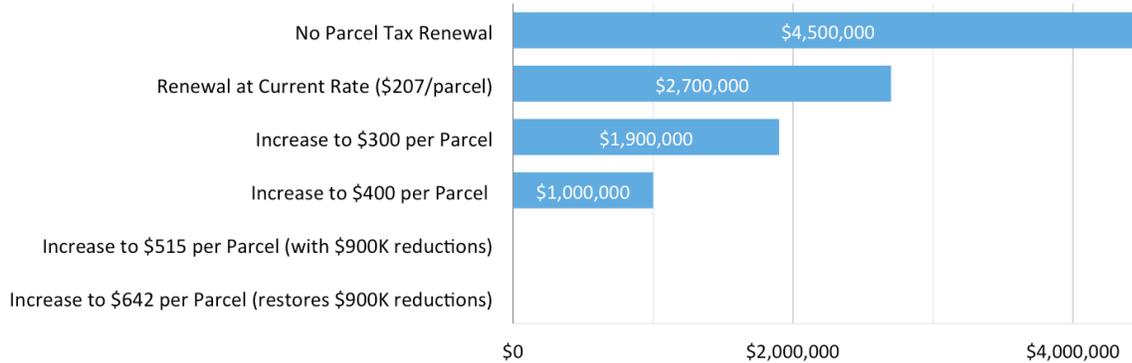
<b>Reduction of Teacher Work Year by 3 Days</b>	<b>\$375,000</b>
Suspend three paid teacher professional development days, moving from a 189-day contract to a 186-day contract (Must be negotiated)	
<p><b>Analysis:</b> Professional development is very important to ensure that teachers are updated on the latest teaching and learning tools and for the reputable high quality education of MPCSD. The District worked very hard with the teachers to increase the work year and protect days specifically for teacher professional development, training, and coaching. Losing these days could diminish teachers’ growth and development. In addition, this reduction would result in actual salary reduction and would need to be negotiated with the teacher’s union. Restoring these days may also be difficult once reduced unless they are negotiated to be suspended for a number of years.</p>	

<b>Reduction in Principal, Director, AP Contracts by 5 Days</b>	<b>\$45,000</b>
Suspend five work days for site and district administration	
<p><b>Analysis:</b> Currently, the above administrators work 11 months. Reduction in the work calendar of administrators will impact their ability to prepare, assess, and plan their educational work and school year. This reduction would result in actual salary reductions .</p>	

Reduction of 0.5% in Compensation Increases (financial impact by year 4)	\$800,000
Slow salary rate increases through annual negotiations process	
<p><b>Analysis:</b> Any salary increase must be negotiated and is dependent on the District's ability to afford the adjustment. The current model includes annual salary increases that are based on historical averages and close to the average CPI rates. Reductions in compensation increases may reduce the District's ability to retain and attract. However, MPCSD currently compares well to similar districts' compensations and slowing the rate of increases should not have a significant impact to that standing. Given that the District's contribution to STRS is increasing by 1.75% each year until 2020-21, slowing down the compensation rate increase would be justifiable during this time period, even though compensation must be negotiated.</p>	

## PRIORITIZATION OF REDUCTIONS AND CONSIDERATION OF PARCEL TAX

This section includes information with recommended program reductions based on the level of needed expenditures reductions. The table below shows the level of reductions and corresponding parcel tax levels.



Budget Reductions Needed to Solve Projected Deficit of \$5.3M in 2021/22

The table below outlines the reductions that would need to be made at the respective parcel tax level. It is important to note that the total amount of reduction can be achieved over a 3 year period. For example, if a parcel tax is renewed at the current level of \$207/per parcel an approximate \$2.7 million reduction would be needed over a 3 year period or about \$900,000 annually. Year one reduction would begin with Level A reductions and build up to \$2.7M annually in year 3.

	Level A	Level B	Level C	Level D	Level E
Reduction Items	\$515/parcel	\$400/parcel	\$300/parcel	\$207/parcel	No Renewal
2016-17 \$900K Reductions	Included	Included	Included	Included	Included
Staffing - Admin and Operations					
Educational Services Reductions	\$0	-\$160,000	-\$230,000	-\$230,000	-\$230,000
Eliminate TOSA Positions	\$0	-\$125,000	-\$250,000	-\$250,000	-\$250,000
Business Office Reduction	\$0	-\$80,000	-\$80,000	-\$80,000	-\$80,000
<i>Subtotal</i>	<i>\$0</i>	<i>-\$365,000</i>	<i>-\$560,000</i>	<i>-\$560,000</i>	<i>-\$560,000</i>

	Level A	Level B	Level C	Level D	Level E
Reduction Items	\$515/parcel	\$400/parcel	\$300/parcel	\$207/parcel	No Renewal
<b>Staffing - Class Size</b>					
Class size: K-5(+2 Load at 1:24); not to exceed 27 per class)	\$0	\$0	\$0	-\$520,000	-\$1,040,000
Class Size: 6-8 (+3 1:27)	\$0	\$0	\$0	-\$200,000	-\$650,000
<i>Subtotal</i>	\$0	\$0	\$0	-\$720,000	-\$1,690,000
<b>Staffing - Electives, Specialists, Support</b>					
Reduction of Hillview Electives	\$0	\$0	-\$130,000	-\$130,000	-\$130,000
<del>Reduce 4th and 5th Grade Music Time by 50%</del>	\$0	\$0	\$0	\$0	\$0
Modified Library program w/ library aide model and one district certificated librarian	\$0	\$0	-\$250,000	-\$250,000	-\$250,000
<del>Eliminate the District's K-5 World Language program</del>	\$0	\$0	\$0	\$0	\$0
<i>- Keeping world language (K-5) will cost another \$200K</i>	\$0	\$200,000	\$200,000	\$200,000	\$200,000
Replace credentialed art teachers with art aides	\$0	\$0	-\$100,000	-\$206,000	-\$206,000
Eliminate Science Aides	\$0	\$0	-\$127,000	-\$127,000	-\$127,000
Reduction in Instructional Aides except for Kindergarten	\$0	\$0	\$0	\$0	-\$360,000
Custodial Reduction 1 FTE	\$0	-\$60,000	-\$60,000	-\$60,000	-\$60,000
<i>Subtotal</i>	\$0	\$140,000	-\$467,000	-\$573,000	-\$933,000
<b>Non-Staffing Reductions</b>					
Reduction in Technology Budget	\$0	\$0	-\$50,000	-\$100,000	-\$150,000
Eliminate Middle School Mini Courses	\$0	-\$53,000	-\$80,000	-\$80,000	-\$80,000
Reduction of Site Budgets	\$0	-\$50,000	-\$50,000	-\$50,000	-\$200,000
<del>Eliminate Summer School except mandatory ESY and Math Bridge</del>	\$0	\$0	\$0	\$0	0
Reduction in Professional Development	\$0	-\$30,000	-\$50,000	-\$50,000	-\$100,000
Reduction in District Instructional Online Subscriptions	\$0	-\$25,000	-\$25,000	-\$25,000	-\$50,000
<i>Subtotal</i>	\$0	-\$158,000	-\$255,000	-\$305,000	-\$580,000

	<b>Level A</b>	<b>Level B</b>	<b>Level C</b>	<b>Level D</b>	<b>Level E</b>
	\$515/parcel	\$400/parcel	\$300/parcel	\$207/parcel	No Renewal
<b>Compensation</b>					
Reduce Teacher work year by 3 days (2 days to remain)	\$0	\$0	\$0	\$0	-\$125,000
Reduce Principal, Director, AP Contract Day by 5 days	\$0	-\$18,000	-\$18,000	-\$18,000	-\$45,500
Slow salary increase (financial impact by year 4)	\$0	-\$600,000	-\$600,000	-\$600,000	-\$600,000
<i>Subtotal</i>	\$0	-\$618,000	-\$618,000	-\$618,000	-\$770,500
<b>GRAND TOTAL</b>	\$0	-\$1,001,000	-\$1,900,000	-\$2,776,000	-\$4,533,500

## PARCEL TAX TIMING AND PROCESS

In order to place a parcel tax on the San Mateo County Election Ballot, the majority of Governing Board of the School District must approve a resolution calling for a parcel tax election. The following are established election dates in the county and filing deadlines as well as the benefits and challenges posed by each option.

<b>OPTION 1: March 7, 2017 (precinct voting; polls open + absentee ballots)</b> <b>FILING DEADLINE: 12/9/2016</b>	
<b>Benefits</b> <ul style="list-style-type: none"> <li>Occurs just prior to the March 15 deadline for releasing teachers (state law); thus, potential for no or limited pink slips.</li> <li>Earliest option offers us potential to act and move beyond current situation so that we can focus on teaching &amp; learning, as well as prepare for next year.</li> <li>January &amp; February are the least demanding of volunteer time.</li> </ul>	<b>Challenges</b> <ul style="list-style-type: none"> <li>As it is right around the corner, does a campaign have enough time to be successful?</li> <li>Some might consider this a rush to a solution.</li> <li>The decision to move forward must be made by the current Board and does not include the newly elected members in an official capacity.</li> </ul>
<b>OPTION 2: May 2, 2017 OR June 6, 2017 (mail-in ballots ONLY)</b> <b>FILING DEADLINE: 2/3/2017 and 3/10/2017</b>	
<b>Benefits</b> <ul style="list-style-type: none"> <li>Provides more time for a campaign to organize, communicate, and succeed.</li> <li>The decision to move forward could be made by the future Board including the two new Board members in an official capacity.</li> <li>While pink slips would likely have to be given, we could rescind them in enough time to begin hiring in the summer.</li> </ul>	<b>Challenges</b> <ul style="list-style-type: none"> <li>Occurs after the March 15 deadline for releasing teachers (state law); thus, we MUST give 'pink slips' to teachers.</li> <li>We would likely lose a portion of the great new teachers we have hired due to the vast teacher shortage in this area.</li> <li>We wouldn't be hiring, should the parcel tax succeed, until summer when most candidates have already signed.</li> <li>Very difficult to engage volunteers in April, May and June.</li> <li>Perceptions of mail-only ballots.</li> </ul>
<b>OPTION 3: November 7, 2017 (precinct voting; polls open + absentee ballots)</b> <b>FILING DEADLINE: 8/11/2017</b>	
<b>Benefits</b> <ul style="list-style-type: none"> <li>Provides more time for a campaign to organize, communicate, and succeed.</li> <li>The decision to move forward could be made by the future Board including the two new Board members in an official capacity.</li> <li>November is a "regular" election, where</li> </ul>	<b>Challenges</b> <ul style="list-style-type: none"> <li>Occurs after the March 15 deadline for releasing teachers (state law); thus, we MUST give 'pink slips' to teachers.</li> <li>We would likely lose a portion of the great new teachers we have hired due to the vast teacher shortage in this area.</li> <li>We wouldn't be hiring, should the parcel</li> </ul>

as March, May, and off-year June elections are perceived as "special" even though they are not.

tax succeed, until summer when most candidates have already signed.

## PROCESS AND TIMELINE FOR POTENTIAL STAFFING REDUCTIONS

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This section includes detailed information on the staffing reduction process the District will need to follow if the reductions involve the release or layoff of staff. The District must follow specific state laws and contractual obligation in the releasing of employees. Outlined below are layoff procedures for certificated, classified, and management staff.

### **Certificated Layoffs:**

All certificated employees hired in the Menlo Park City School District are hired under temporary contracts. Generally, certificated employees classified as “temporary” are hired as a replacement for an employee on a leave of absence or to fill in for employees who have been hired in a position outside of the classroom, such as a TOSA. The number of new hires classified as “temps” must not exceed the number of employees on leave. When the number of temps is greater than the number of teachers on leave, we must reclassify a number of temps to Probationary 1 status. The reclassification of temps to Probationary 1 status is based on the following standards:

1. Difficult to hire:
  - Special Education,
  - Spanish Immersion,
  - Science (not for 16-17 due to possibility of TOSA position going away)
  - Math
  - An educator that holds multiple credentials
2. Any Single Subject authorized teacher
3. Years of experience
4. Date of Hire
5. Teachers on permits (teaching outside content area)

Because temps are hired with written contractual agreement that they are replacing a teacher on leave or hired to balance out the FTE of teachers on leave, temp contracts expire at the end of their first year. The District is not obligated to notify these individuals who are not entitled to due process rights or the layoff process. The District has historically given a March 15<sup>th</sup> end of assignment notice as a reminder to temporary employees whose assignments would not be continued the following year.

### **Certificated Probationary and Permanent Teachers Layoff Process**

A seniority list determines which employees will be laid off first. Seniority is determined by the date of hire in a probationary position. Probationary employees must be laid off

before permanent employees. Both probationary and permanent employees have “bumping rights.” Qualified employees who would be otherwise laid off have the right to be reassigned to a position held by an employee with less seniority. If the District were to move towards layoffs, the following timelines would need to be followed per Ed Code:

1. February regularly scheduled Board meeting:
  - Submit a Layoff Resolution for Board approval
2. On or before March 15<sup>th</sup>:
  - Deliver preliminary layoff notices to all affected employees
  - Notify the Board of all teachers who received a layoff notice
3. Post March 15<sup>th</sup>:
  - If teacher(s) requests a hearing, the District shall schedule a hearing with an Administrative Law Judge
4. On or before May 15<sup>th</sup>:
  - The Board and employee(s) must be given a final layoff notice

Permanent employees laid off have a right to reemployment for 39 months after termination; probationary employees have reemployment rights for 24 months.

### **Classified Layoffs**

California Ed Code allows school districts to layoff classified staff due to lack of funds or lack of work. Employees must be notified at least 60 days prior to the end of the assignment. Classified layoffs are based on seniority.

When classified employees are laid off, their names are placed on a reemployment list. These lists are separated by job classifications. Employees on the reemployment list have specific reemployment rights for 39 months.

### **Management**

The District can reassign or dismiss a designated senior manager at the end of a fiscal year by providing 45 days’ notice. Dismissed or reassigned senior managers have the same reassignment rights as other classified employees. All other classified managers can be laid off just as other classified employees. The layoff becomes effective 60 days after the employee is notified. The classified manager positions laid off may be entitled to “bump” any current classified employees in other positions they have previously held, but only if they held that position longer period than the current employee of that position.

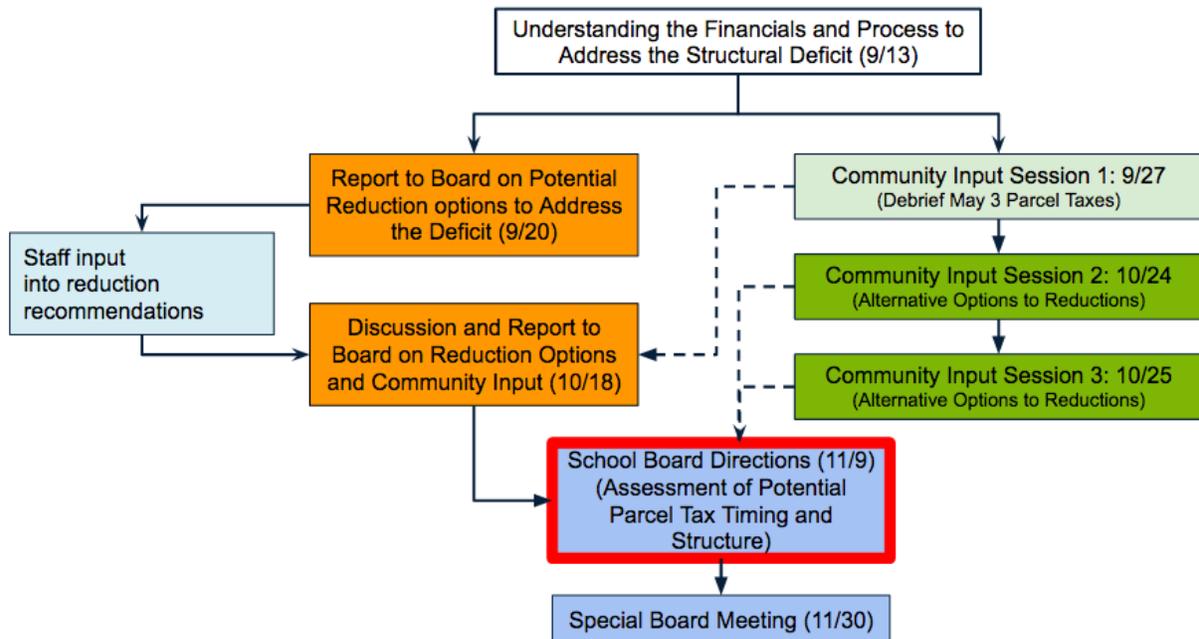
The District can also lay off certificated managers or administrators by adopting a resolution to discontinue a "particular kind of service." The District must follow the same timelines that apply to all certificated employee layoffs. Certificated administrators and managers are included on the certificated seniority list. If a certificated manager is laid off, he/she may have rights to a classroom position, depending on whether he/she has acquired permanent status and whether his/her seniority in the District is higher than any teachers holding positions for which the laid-off administrator is qualified.

## NEXT STEPS

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Superintendent Ghysels will provide an overview presentation of this information at the November 9, 2016 Board meeting. The Board will provide for public comment followed by Board discussion and their direction to staff. The next meeting on further discussion for reductions and possible action for a parcel tax will be on November 30 per the overall plan:

### Planning Process



## Appendix A

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### 2015-16 Restricted Balances & Unrestricted Assignments

#### Restricted Balances

Prop. 39, Clean Energy & Educator Effectiveness Grants	\$407,268
Restricted Lottery (future book adoptions)	538,612
Routine Restricted Maintenance	639,150
Parcel Tax Balances, Other Site Donations & Local Grant	<u>156,229</u>

Total Restricted Balances \$1,741,259

#### Unrestricted Assigned Fund Balance

1.5% Property Tax Receipts for Reassessments & Reserve for Unsecured Tax Return (Genentech)	\$472,000
Instructional Materials (future book adoptions)	821,045
Foundation Fellows/Teacher Excellence Funds & Technology/Furniture for New School — <i>2016-17 expenditures</i>	473,701
Carryover — Site Allocations, Science & Music Materials	113,921
Strategic Directions & Facilities/Transportation Set-Asides	348,000
Reserve for 2015-16 Negotiations — <i>2016-17 expenditures</i>	<u>647,000</u>

Total Unrestricted Assigned Fund Balance 2,875,667

Total Restricted Balances & Unrestricted Assignments \$4,616,926