

Responding to MPCSD's Structural Deficit

Input Session facilitated by
Superintendent's Advisory
Committee on Communication

Superintendent Advisory Committee

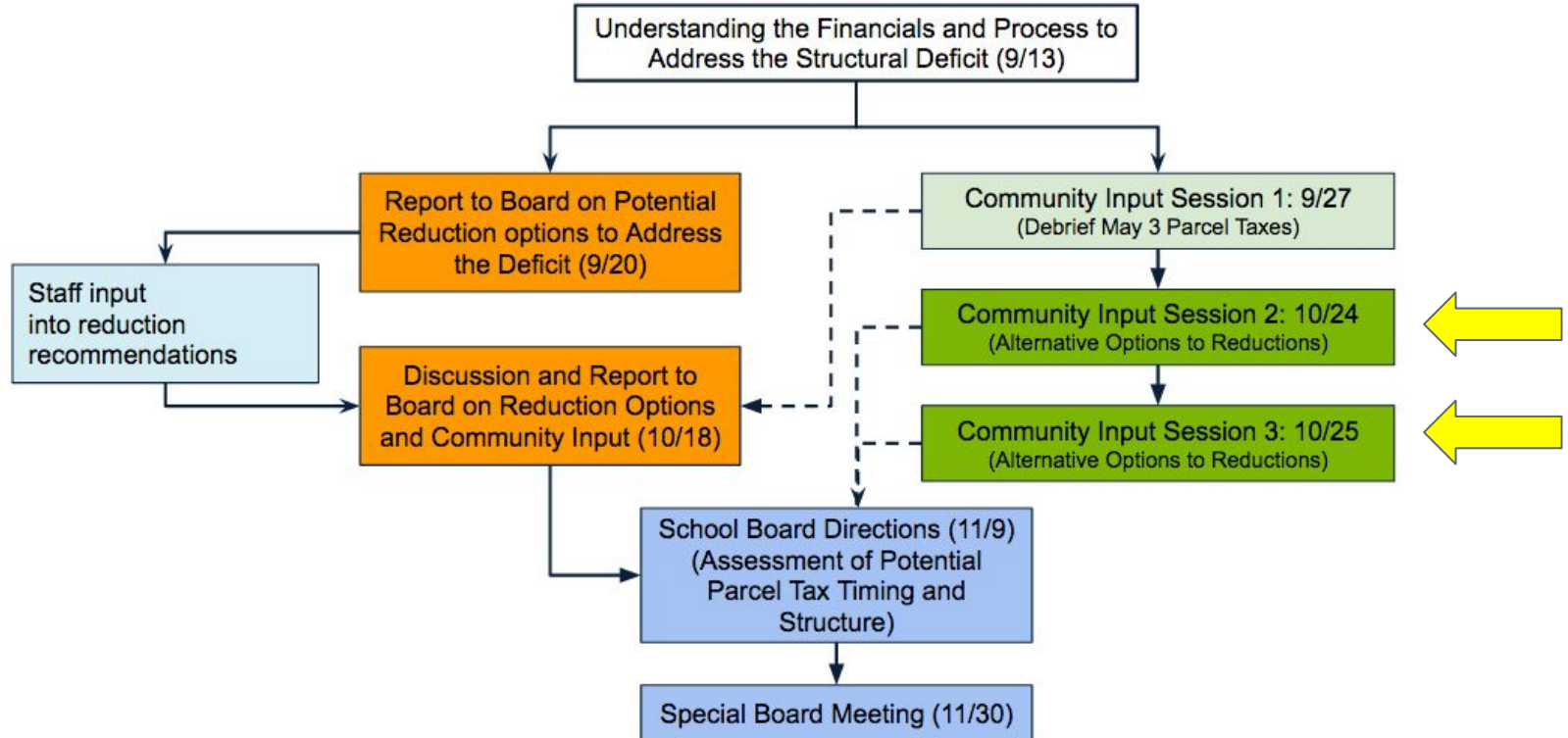
Members:

- Board: *Stacey Jones & Terry Thygesen*
- Parents: *Jill Kispert & Stacey Wueste*
- Staff: *Lanita Villasenor, Erik Burmeister, Al Hart*
- Community: *Parke Treadway*

Team's Purpose: To advise Superintendent on issues related to communication and to lead efforts to improve communication within and without the organization.

Role Tonight: To serve as an unbiased facilitator of the process by which the Board will gather input from the community regarding financial planning.

The Process



MPCSD's Structural Deficit Review

What does “Community Funded” mean?

State Funded (Revenue Limit) District

Definition: A district whose base funding level--an amount guaranteed by the state--is not met by local property tax alone. State is required to provide additional funds to achieve the guarantee. Funding is provided on “average daily attendance” and enrollment.

Examples: Redwood City SD, Ravenswood SD, San Mateo-Foster City SD, San Carlos SD, San Bruno SD, Pacifica SD, Millbrae SD

Revenue Increases: State Funding, Enrollment Increase, Daily Attendance Increase, Parcel Tax, Donations

Community Funded (Basic Aid) District

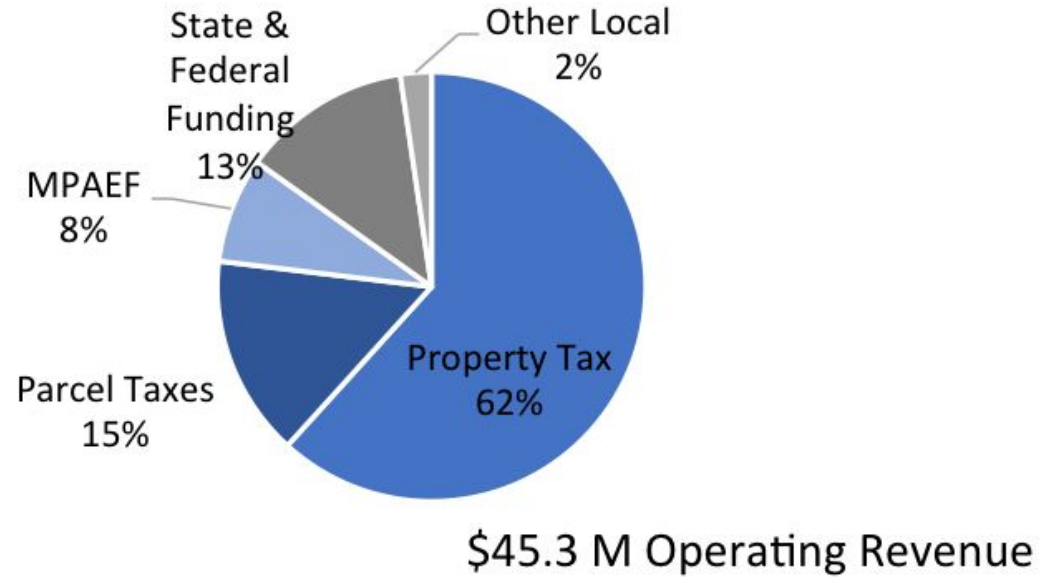
Definition: A district whose base funding level--an amount guaranteed by the state--is met and often exceeded by local property tax. The state does not provide any additional funds to meet guarantee. Funding is not determined by attendance or enrollment.

Examples: Menlo Park City SD, Sequoia UHSD, Palo Alto SD, Las Lomas SD, Portola Valley, Woodside SD, Hillsborough SD, Los Altos SD

Revenue Increases: Enrollment Decreases, Property Tax Increases, Donations (including Educational Foundations), Parcel Taxes

Where does MPCSD get it's revenue?

2016-17 Revenue		
Property Tax	\$27,996,830	61.7%
Parcel Taxes	6,875,056	15.2%
MPAEF	3,600,000	7.9%
State & Federal Funding	5,807,367	12.8%
Other Local	1,062,199	2.3%
Total Revenue	\$45,341,452	100.0%



How do we compare to our neighbors?

Per Pupil Funding comparison for 2014-15 (revenue)				
Menlo Park	Palo Alto	Las Lomas	Portola Valley	Woodside
\$13,720	\$15,711	\$16,399	\$20,791	\$21,109
Per Pupil Spending comparison for 2014-15 (expense)				
Menlo Park	Palo Alto	Las Lomas	Portola Valley	Woodside
\$14,294**	\$15,578	\$15,739	\$19,810	\$21,785

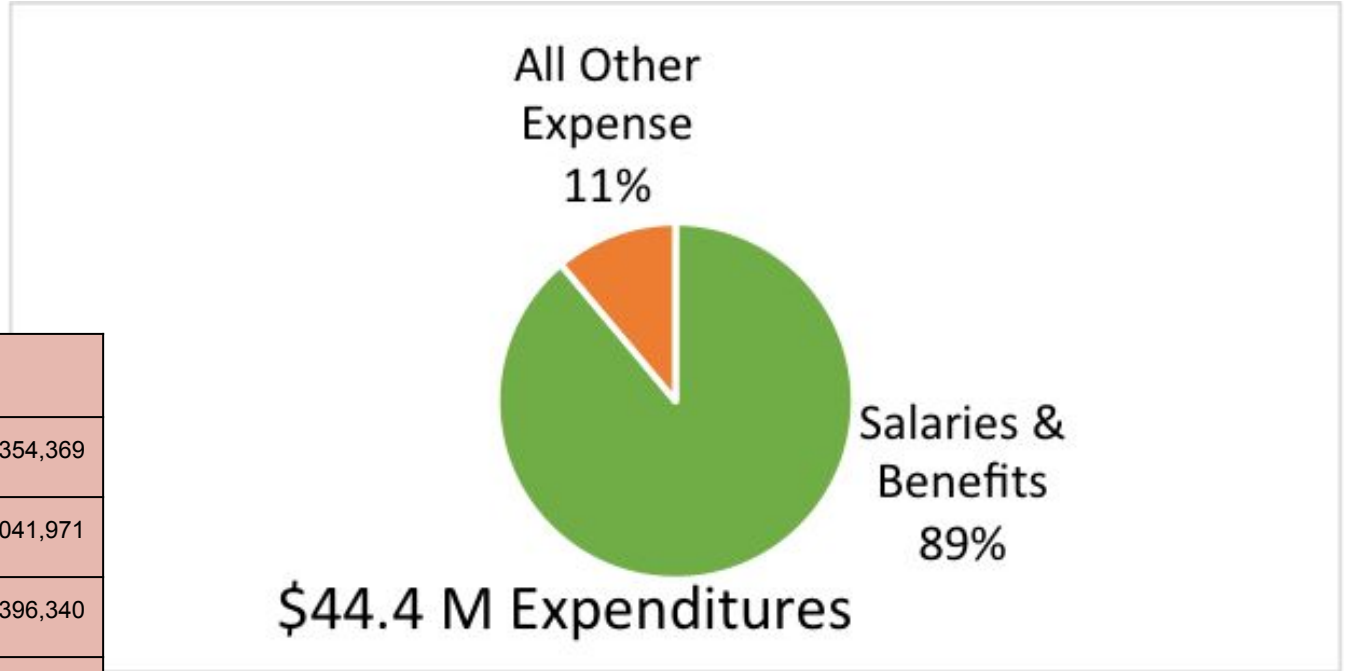
*Source: EdData 2014-2015 (2015-16 data not yet available)

**Difference in revenue vs. expense is due to the planned spend-down of reserves.

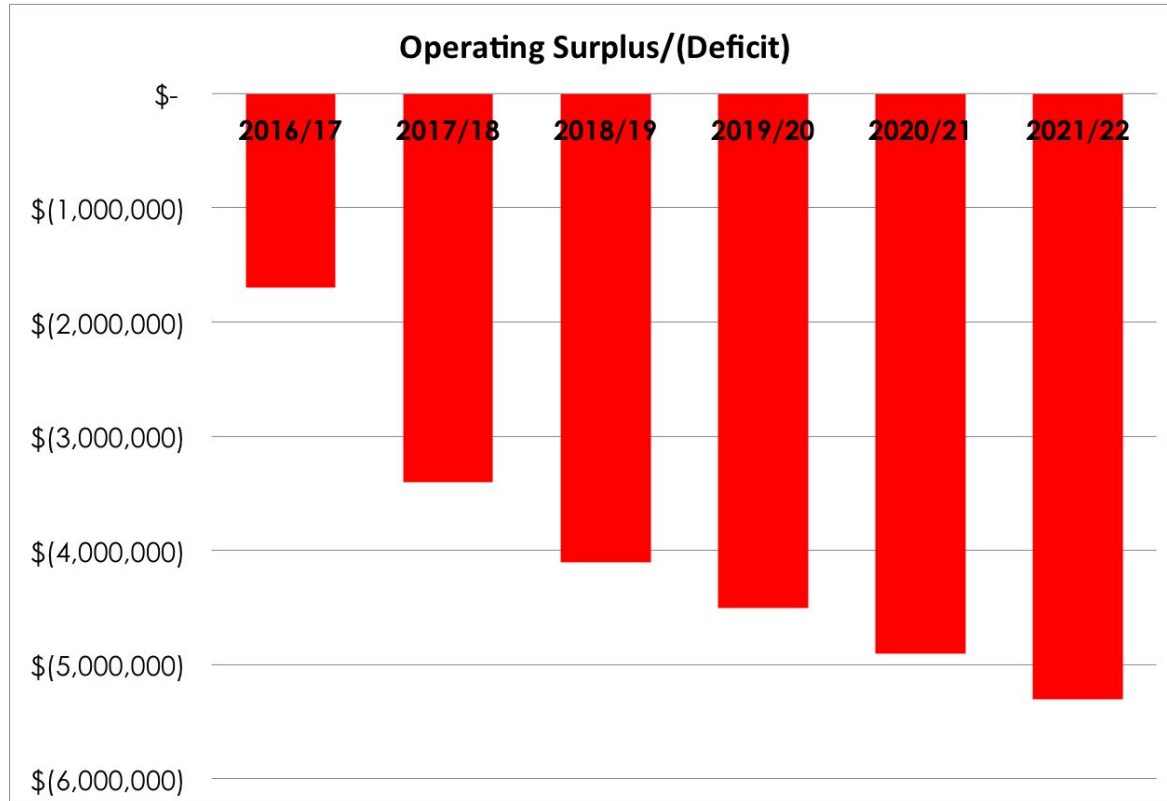
Note: This slide has been revised to include even more data than was presented at September 27 Board meeting.

Where does MPCSD spend its resources?

2015-16 Expense	
Salaries & Benefits	\$40,354,369
All Other Expense	5,041,971
Total Expense	\$45,396,340
Salaries & Benefits	88.9%



The Structural Deficit



Three Realities Causing Structural Deficit

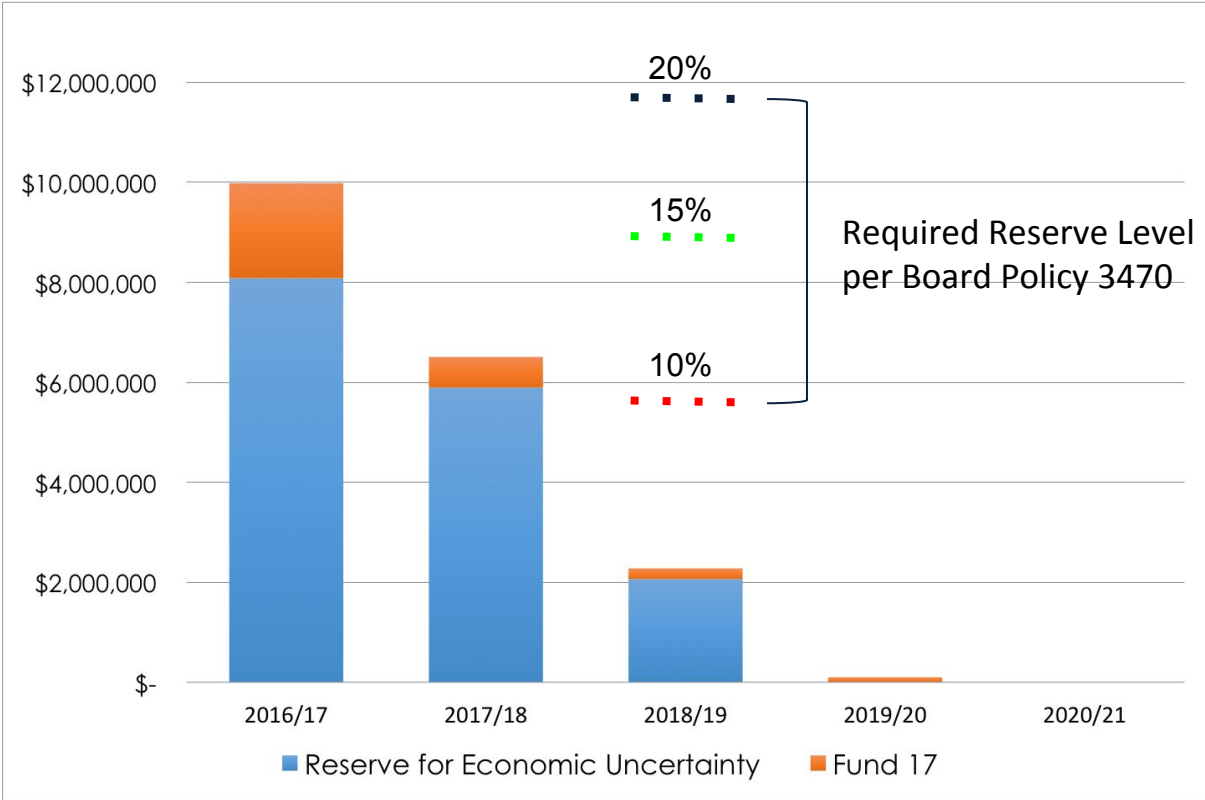
REDUCTIONS

- 2010 Measure C Parcel Tax expires June 2017.

INCREASES

- Continued and projected enrollment growth.
- State mandated increased pension costs.

State and Local Mandated Reserve Levels



So what?

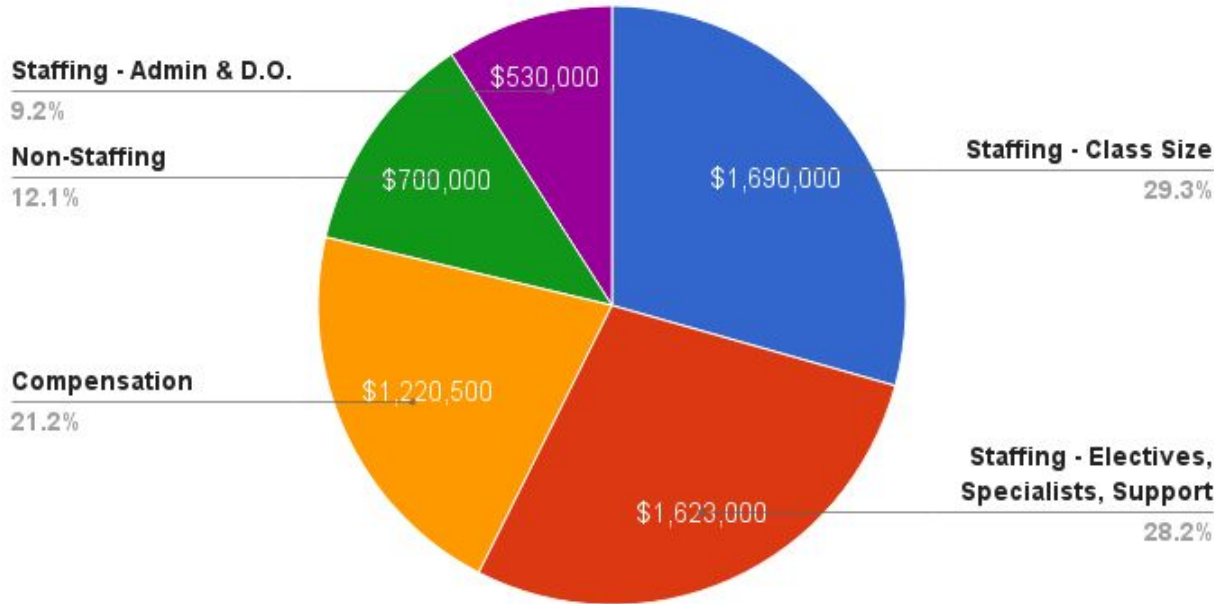
- Operating deficit is \$5.3 million by 2021/22.
- District reserves fall below mandated 10% in 2018/19.
- District cannot sustain current operations beyond 2018/19.

Preliminary Reductions Review

Potential Reductions Distribution



\$5.76 M in Potential Reductions



- Exhaustive reduction assessment
- Preliminary
- Non-prioritized
- More than necessary (\$5.76M identified vs. compounded \$4.5M required)
- List of reductions in the following slides need further evaluations

Potential Reductions (3-Year Phase In)

(1 of 4)

Reduction	Amount	Total	Discussion
Staffing - Admin and District Office			
Educational Services Reductions	\$230,000		Reorganization of Educational Services Department (e.g., curriculum, instruction, and testing & assessment)
Eliminate TOSA Positions	\$250,000		Elimination of Math/Science and ELA/SS teacher & curriculum training and support specialists
Business Office Reduction	\$50,000		Reorganization of Business Office
<i>Subtotal</i>		\$530,000	
Staffing - Class Size			
Increase K-5 Class Size Average by Two: 1:24	\$1,040,000		Current K-5 class size average is 1:22; this would increase class size average by two students
Increase 6-8 Class Size Average by Three: 1:27	\$650,000		Current 6-8 class size average is 1:24 (rounded); this would increase class size average by three students
<i>Subtotal</i>		\$1,690,000	

Potential Reductions (3-Year Phase In)

(2 of 4)

Reduction	Amount	Total	Discussion
Staffing - Admin and District Office			
Reduction of Hillview Electives (1.7 FTE)	\$220,000		Fewer middle school electives (TBD)
Reduction of 4th and 5th Grade Music Time by 50%	\$190,000		Reduce from ~90 min per week to ~45 min per week for each 4th and 5th grade class music program
Modification of Library Program	\$250,000		Libraries staffed by aides with a certificated District Librarian; teacher will need to be present at library with classified personnel
Elimination of District's K-5 World Language Program	\$210,000		Elementary World Language will be limited to Spanish Immersion or after school programs
Modification of Elementary Art Program	\$206,000		Art program staffed by aides, teacher will need to be present at art time with classified personnel
Elimination of Elementary Science Aides	\$127,000		Maintain one aide to manage Foss kits; teachers will teach science
Reduction of Instructional Aides except for Kindergarten	\$360,000		Grade 1-3 aide support eliminated (1 hour per week, per class): needs to be negotiated with teachers' union
Custodial Reductions (1 FTE)	\$60,000		One fewer night custodian - night custodian reduced by 1 FTE as part of \$900K reductions for 2016/17
<i>Subtotal</i>		\$1,623,000	

Potential Reductions (3-Year Phase In)

(3 of 4)

Reduction	Amount	Total	Discussion
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)
Elimination of Middle School Mini Courses	\$80,000		Option to maintain Mini Course Program for one grade level which would result in a reduction of about \$53,000
Reduction of Site Budgets	\$200,000		Approx. 1/3 reduction in site budgets for supplies, professional development / training, etc. (not including grant funding)
Elimination of Summer School	\$120,000		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
Reduction in Professional Development	\$100,000		District's professional development budget reduced by nearly 1/3
Reduction in District Instructional Online Subscriptions	\$50,000		Eliminate Tenmarks, Dreambox, and various smaller online support programs
<i>Subtotal</i>		\$700,000	

Potential Reductions (3-Year Phase In)

(4 of 4)

Reduction	Amount	Total	Discussion
Compensation			
Reduction of Teacher Work Year by 3 Days	\$375,000		Suspend three paid teacher professional development days, moving from a 189-day contract to a 186-day contract (Must be negotiate)
Reduction in Principal, Director, AP Contract Day by 5 Days	\$45,500		Suspend five work days for site and district administration
Reduction of 0.5% in Compensation Increases (financial impact by year 4)	\$800,000		Slow salary rate Increases through annual negotiations process
<i>Subtotal</i>		\$1,220,500	
GRAND TOTAL		\$5,763,500	

Other Potential Options



■ Early Retirement Incentive

- One time money to encourage the retirement of teachers higher on the salary schedule (purchase 2 years of service credit)
- Potential savings opportunity after 2 years to recoup outlay
- Long range financial model already takes some retirements into account

■ Half-Day Kindergarten

- Only way to save money is to require kinder teachers to replace duties of other current staff (e.g. Intervention); savings does not occur by reducing kinder teachers
- Not required to offer full-day; however, there is a potential negative impact of returning to half day

■ Eliminate and Outsource Transportation

- Eliminating neighborhood busing would increase Transportation costs by \$20,000
- Outsourcing all busing will actually cost District & PTO more money (~\$60,000)
- District provides greater service and in a safer environment

Updated Financial Model with Reductions



<u>No New Parcel Tax</u>	2017/18	2018/19	2019/20	2020/21	2021/22
\$4.5M Budget Reductions*	(\$1.5M)	(\$1.5M)	(\$1.5M)	\$-0-	\$-0-
Operating Surplus/(Deficit)	(\$1.9M)	(\$0.8M)	\$0.5M	\$0.3	\$0.1M
Reserve for Econ Uncertainty	\$7.5M	\$6.8M	\$7.5M	\$7.8M	\$7.7M
Reserve as % of Expenditures	16%	14%	16%	15%	15%

Reductions early on result in compound savings that provide a higher return to solve the \$5.3M deficit projected for fiscal year 2021/22.

Amount of cuts needed over a three-year period to reduce deficit spending and maintain board policy reserve levels through 2021/22.

***This is in addition to \$900,000 in budget reductions already implemented for 2016/17**

Revenue Conditions to Consider

3 Conditions to Consider

Should MPCSD pursue a Parcel Tax Measure, we need your input on the following three conditions:

Timing?

Amount?

Structure?

Timing?

There are four near-term options for a potential parcel tax election that are regularly scheduled by the San Mateo Elections Office. They are:

- March 2017 (polls open + absentee)
- May 2017 (mail in only)
- June 2017 (mail in only)
- November 2017 (polls open + absentee)

March 2017

BENEFITS

- Occurs just prior to the March 15 deadline for releasing teachers; thus, potential for no or limited pink slips.
- Earliest option offers us potential to act and move beyond current situation so that we can focus on teaching & learning, as well as prepare for next year.
- January & February are the least demanding of volunteer time.

CHALLENGES

- As it is right around the corner, does a campaign have enough time to be successful?
- Some might consider this a rush to a solution.
- The decision to move forward must be made by the current Board and does not include the newly elected members in an official capacity.

May or June 2017

BENEFITS

- Provides more time for a campaign to organize, communicate, and succeed.
- The decision to move forward could be made by the future Board including the two new Board members in an official capacity.
- While pink slips would likely have to be given, we could rescind them in enough time to begin hiring in the summer.

CHALLENGES

- Occurs after the March 15 deadline for releasing teachers; thus, we MUST give 'pink slips' to teachers.
- We would likely lose a portion of the great new teachers we have hired due to the vast teacher shortage in our area.
- We wouldn't be hiring, should the parcel tax succeed, until summer when most candidates have already signed.
- Very difficult to engage volunteers in April, May and June.
- Perceptions of mail-only ballots.

November 2017

BENEFITS

- Provides more time for a campaign to organize, communicate, and succeed.
- The decision to move forward could be made by the future Board including the two new Board members in an official capacity.
- November is a “regular” election, where as March, May, and off-year June elections are perceived as “special” even though they are not.

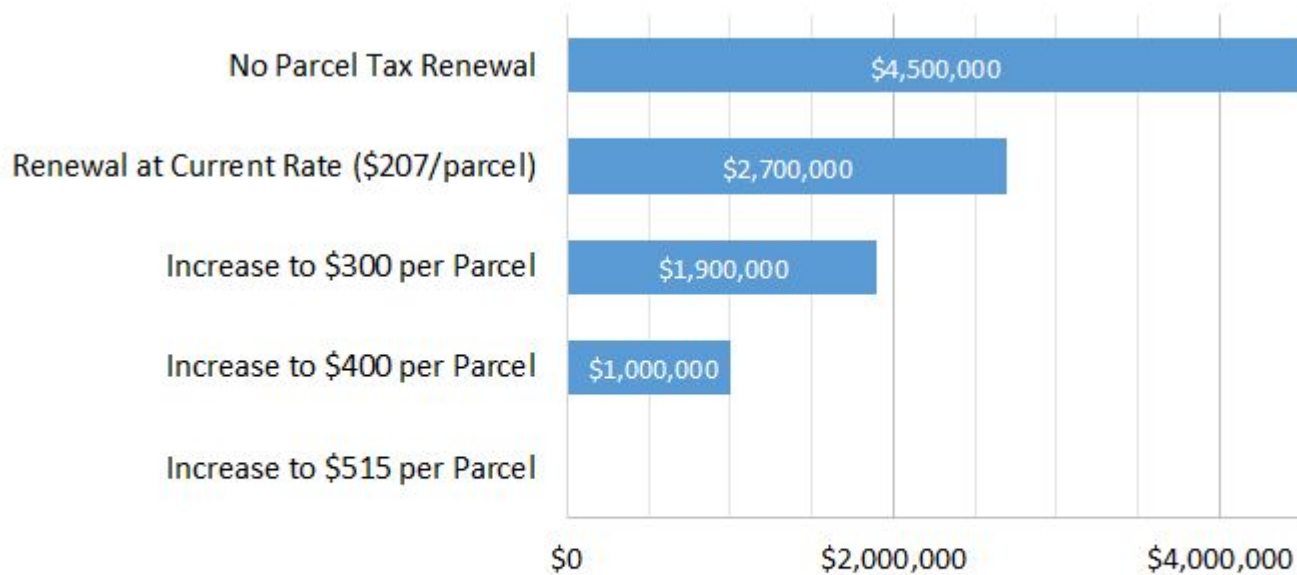
CHALLENGES

- Occurs after the March 15 deadline for releasing teachers; thus, we MUST give ‘pink slips’ to teachers.
- MPCSD would need to lay off a number of teachers and eliminate programs for at least one year.
- This would not be a renewal; it would be a “new” parcel tax even if it is the same amount as the 2010 Measure.
- MPCSD would go an entire year without the 2010 Measure revenue.

Amount?

- Solution to structural deficit could include a balance of revenue and reductions.
- The amount of reductions will be determined by the amount of a potential revenue.
- What is the community willing to agree to?

Parcel Tax Scenarios

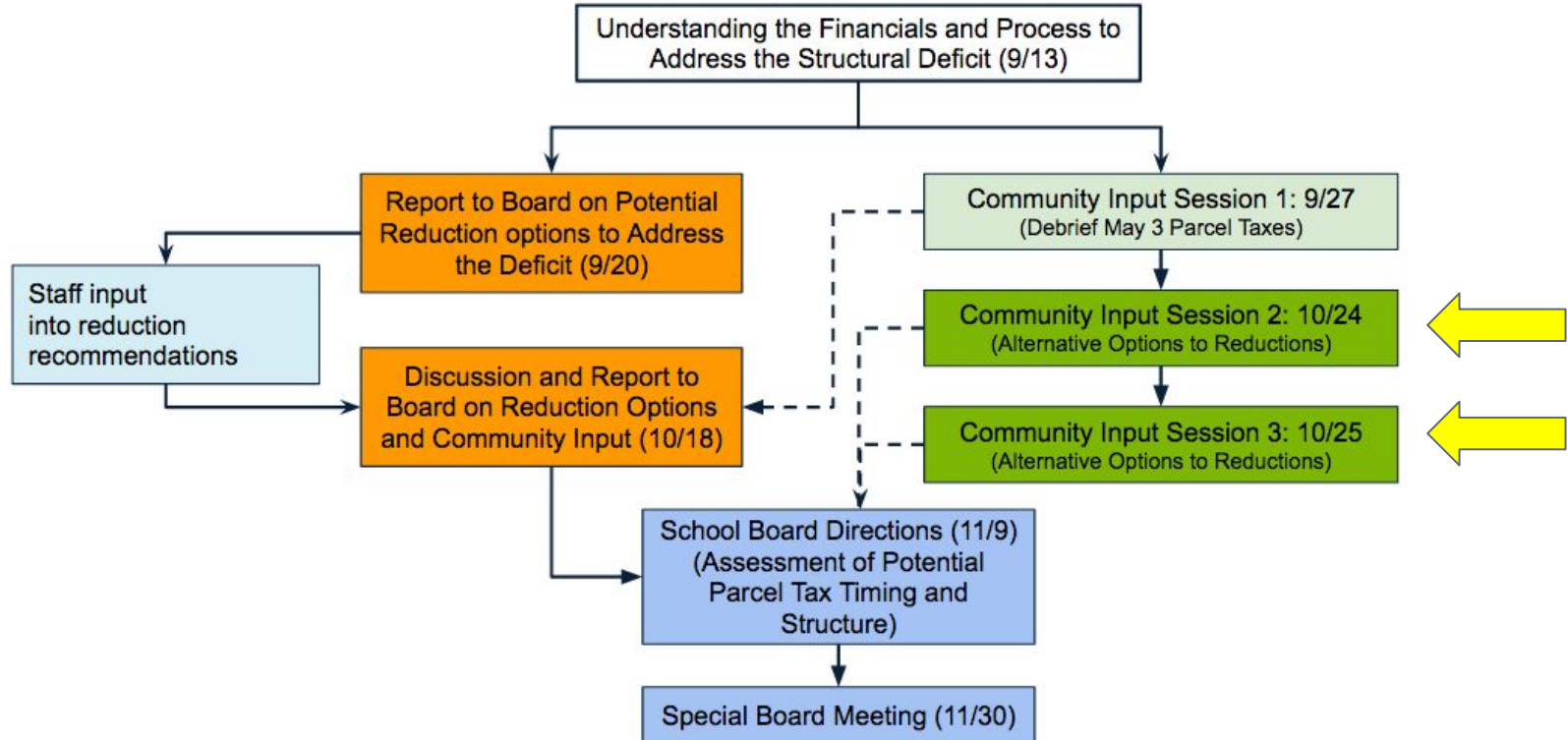


Budget Reductions Needed to Solve Projected Deficit of \$5.3M in 2021/22

Structure?

- May 2016's Measure A & C were criticized for their complexity.
- May 2016's Measure A & C were criticized for being evergreen (no expiration).
- What structure is the community willing to agree to?

The Process



Our Team's Commitment to you...

- We will record your input objectively, without bias, and present your input to the Board in an organized and thoughtful manner for their consideration.
- We will continue to eagerly seek, record, and objectively report input as it is provided to us via email, our online input form, or orally at any meetings regarding financial planning.
- We will submit written transcripts of all input to Board on November 9 as part of public record and will post videos of input sessions to district website following each meeting.

What we ask of you...


- Assume positive intent. We all want what is best for our students and community.
- Respect others' right to be heard, regardless of whether or not you agree.
- Try to keep comments focused around each meeting's specific topic.
 - September 27: What can we learn from Measure A and C?
 - October 18: Feedback on reduction proposal
 - October 24: Should MPCSD pursue Parcel Tax to minimize impact of cuts?
 - October 25: Should MPCSD pursue Parcel Tax to minimize impact of cuts?
 - November 9: Feedback on Board action to address structural deficit
- Keep public comment to the three-minute limit.
- Provide us written copy of any prepared comments.

Alternate Forms of Input..

Email:

commadvisoryteam@mpcsd.org

Online input form:

- district.mpcsd.org
- Front page
- Scroll down to  “Announcements”
- Open until Oct 31

ANNOUNCEMENTS

LEARN MORE. SHARE YOUR VOICE. GET INVOLVED

MPCSD faces a structural deficit that requires important and difficult decisions on the part of the Board and Leadership Team. **All MPCSD parents and community members are invited to learn more, share your voice, and get involved.**

Learn more: This fall the School Board has scheduled three Community Input Sessions on September 27, October 24 and 25. Please join the discussion and provide feedback. [Click here for a calendar of events.](#)

Share your voice: In addition to the Community Input Sessions listed above, [this online feedback form](#) will remain open through the end of October. Whether you can't attend the input sessions, prefer to have your input remain anonymous, or choose written input over spoken input, we invite you to complete the form. All feedback will be reported to the Board.

Get involved: By attending an [input session](#), providing feedback through the [online feedback form](#), asking questions or request information, please feel free to email the members of the Superintendent's Communication Advisory Team at commadvisoryteam@mpcsd.org.