

Budget Presentation to Mill Valley School District Staff October 5, 2011

Question & Answers

Q: How does the unemployment rate tie directly into our revenue?

A: Unemployment is a key indicator in the overall budget outlook of the district. California is continuing to have unemployment of over 10% resulting in less personal income tax coming into the coffers, along with the overall decline in the housing market, less turnover in properties, lower selling prices which results in lower assessed values and secured property taxes. The State can only take back as much revenue as it gives and has taken back all of the K-3 Class Size Reduction revenues through the basic aid fair share. Unemployment is an indicator of overall State economic health, but not a tell all.

Q: The town of Mill Valley has a lower unemployment rate than the State, isn't that good?

A: While unemployment is lower, the housing market is affecting property tax revenues. MVSD used to count on 8 to 9% of new revenue from property taxes but last year secured property taxes were negative 1.5% from the year prior. This is the first time in decades that property tax revenues in Mill Valley have not grown over the previous year. Many people believed that Mill Valley would be insulated by the economic downturn but the downturn has also impacted Southern Marin.

Q: The past Board/Superintendent were not crazy about using the reserves, after going to this meeting, it sounds like are you different?

A: For districts that have multi-million dollar deficits, budget deficits have been dealt with through budget reductions, reserves, and shared sacrifice. Dipping into our reserves to help get us through these difficult times is one part of the answer. However, the entire deficit can not be paid off with the reserve. This is important, especially in light of the fact that Basic Aid is under attack at the State level. Should the State eliminate Basic Aid, the District will need to rely on its reserve to weather the storm and transition to a new school funding formula. These are additional things to consider. Based on all of these factors, there will have to be multiple solutions to close the budget gap.

Q: Can you give us your general philosophy on class sizes, possible solutions, and how to inform board of the educational benefit of smaller class sizes?

A: For grades K-3, the preferable class size ratio is 20:1 and we shouldn't go above 25 students. When primary classes climb above 25, or secondary classes above 30-33, the instructional program is hurt.

Q: You mentioned "shared sacrifice" - what are some of those ideas?

A: The ideas will be generated at the bargaining table and by staff general input. We will be brainstorming and exploring suggestions from staff on budget reduction ideas.

Q: Would furlough days be considered?

A: This is a negotiable item. Other districts have looked at furloughs as a way to help solve the budget deficit and save jobs. In other districts, this has sometimes been preferable to staff because it is considered a temporary one-time measure until the economy improves.

Q: What are other school districts doing to raise awareness?

A: In Sacramento County they have organized parent action groups to advocate at the State level. I believe the only way the funding inequity by the State will be addressed is for parents to get angry; Marin would be a great place to do that.

Q: You have a commitment for class sizes to be as small as possible, what other commitments to do you have?

A: I believe a priority should be preserving instructional programs, intervention services, and the arts.

Q: It is difficult to communicate to parents; what is your plan so parents get mad?

A: A parent budget forum will be held where this same presentation will be provided. Also, presentations will be provided at Board meetings, Kiddo! meetings, and to the PTA Council. The goal is to make the budget process as transparent as possible.

In 2008-09 the State held our Class Size Reduction (CSR) funding; as we grew we did not receive any additional funding for new classes due to enrollment growth. We are still held at the 2008 class number. There has been no incremental increase for CSR funding. It's a double-whammy in Mill Valley – no additional funding for enrollment growth in K-3 and basic aid take-back. We are a basic aid district with extreme growth.

Q: Last year there was consideration of a parcel tax. Is this still on the table?

A: The district's financial forecasting committee (CFAC) has been discussing this and a telephone poll has been done to see if a parcel tax would be supported in Mill Valley. The pollster is coming to the October 12 board meeting to present the results.

Q: Any ideas or changes for shared sacrifice?

A: We are looking for ideas and that is one of the purposes for the meeting today. We will be discussing this further at the bargaining table.

Q: Is there a way to get more information to staff about things that we spend money on so we can provide more informed budget reduction suggestions?

A: Additional information on expenditures will be provided.

Q: Can we see a breakdown of the 87% of salary and benefits to staff? Regarding healthcare costs – we could all unite. Why is it costing so much for healthcare? Can't we get angry at someone?

A: It would be advisable to form a benefits committee to explore healthcare costs and providers to make sure we are getting the "greatest bang for our buck."

We have had a couple of health benefit committees. Our benefits are provided through CalPERS which is much more expensive than other plans. The cost is \$19,000 for a family, employee plus one \$14,000 and \$8,000 employee only. Retirees' costs are the same as active employees until age 65 when a retiree enrolls in Medicare.

Q: Are first grade class sizes increasing next year?

A: That is not the plan or intention.

Q: Do you feel that cutting benefits even more than last year is okay?

A: I cannot speak to cutting benefits further and last year's developments. The impacts of benefits will be discussed at the bargaining table.

Q: How would you like us to offer budget reduction suggestions?

A: There is chart paper and there are note pads on the back tables. Also, we will email the link to everyone to respond electronically.

Q: You mention sacrifice, do you mean personal like benefits, or sacrificing what makes us good teachers?

A: The goal is to keep the cuts furthest from the classroom. The instructional program should not be cut or affected.

Q: There are slides with compensation, but none showing administration?

A: They were included in their respective area – all inclusive.