

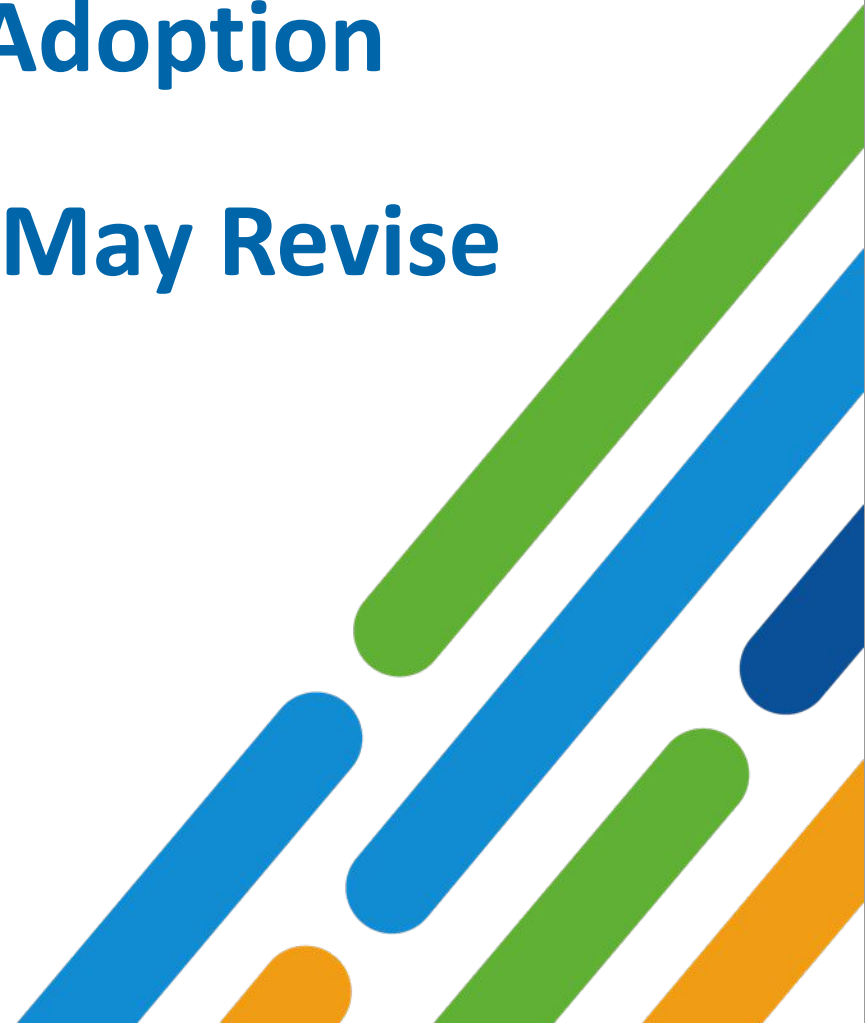


Mountain View
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2024-2025 Budget Adoption

Public Hearing and May Revise

May 30, 2024





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Strategic Plan

Strategic Plan 2027

Goal Area 5

- Equitable distribution of resources that support student success.
- Goal 5a: Ensure facilities and resources equitably serve all students.

Reserve Level and Balanced General Fund

Board Resolution 1664.1/18 (January 4, 2018)

A balanced general fund shall be defined as the unrestricted general reserve level in the third year of any Board-enacted budget adoption or interim budget report falls within the range of 17%-20%, and may include deficit spending in any or all of the three years included in the multi-year projection.

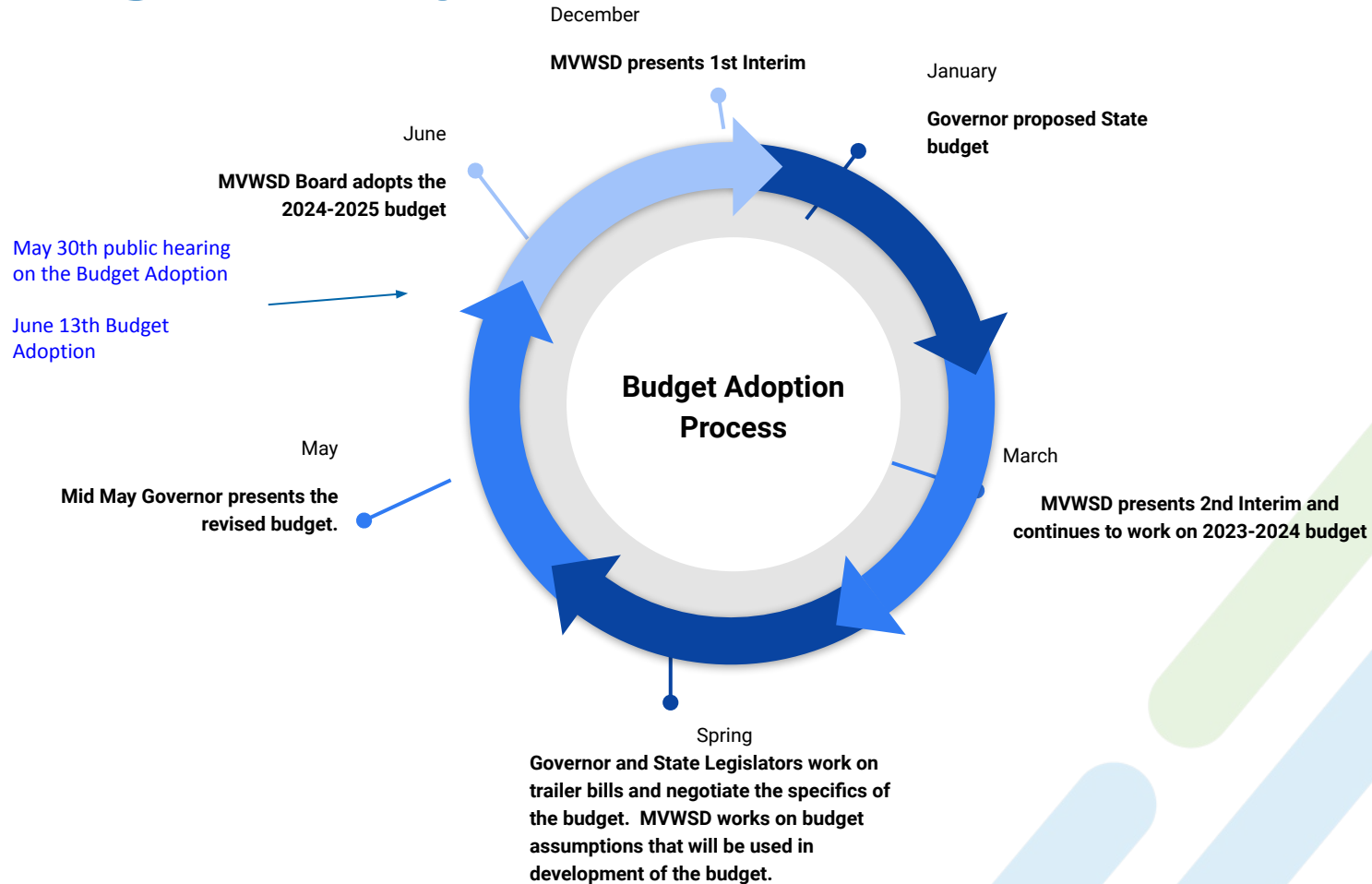
At the May 2nd 2024 board meeting the board gave direction to dip below the 17% temporarily.



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Budget Process

Budget Adoption Process





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Current Year Estimated Actuals 2023-2024

Major Changes Since Second Interim

Revenues

- Assessed value from 6% to 7%. Local property tax increase \$745,500
- Site donations and other local revenue increased by \$251,627
- Projected contribution decreased by \$500,477 to Special Education and Routine Maintenance and Operations

Expenditures

- Decrease budget for salaries and benefits due to unfilled vacancies by \$400,833
- Decreased budget for supplies by \$107,616
- Decrease on contracted services by \$1.4 to reflect the actual amount to be spend by the end of the year

2023-2024 Estimated Actuals

Fund 01 General Fund 2023 - 2024 Estimated Actuals

	Unrestricted Programs	Restricted Programs	Combined
Adjusted Beginning Balance, July 1, 2023	\$ 40,264,916	\$ 11,851,598	\$ 52,116,515
Total Revenues	\$ 66,886,597	\$ 47,955,518	\$ 114,842,115
Total Expenditures	\$ 65,890,813	\$ 50,046,306	\$ 115,937,119
Net Increase/(Decrease)	\$ 995,784	\$ (2,090,788)	\$ (1,095,004)
Ending Balance, June 30, 2024	\$ 41,260,701	\$ 9,760,810	\$ 51,021,511

Reserve Level 35.59%

Summary of Other Funds Estimated Actuals 2023-2024

Fund Title	Beginning Balance	Revenues	Contribution from General Fund/Other Source*	Expenditures	Ending Balance
12 Preschool	\$182,809	\$3,013,840	\$281,142	\$2,828,883	\$648,908
13 Food Service	\$417,675	\$3,996,712	\$0	\$3,839,899	\$574,488
20 Postemployment Benefits	\$6,830,622	\$86,892	\$0	\$0	\$6,917,514
21 Capital Projects	\$56,069,711	\$103,038	\$0	\$55,564,844	\$607,905
25 Developer Fees	\$7,573,191	\$650,012	\$0	\$10,000	\$8,213,203
35 School Facility	\$6,000	\$0	\$0	\$6,000	\$0
40 Special Reserve for Capital Projects	\$8,146,154	\$550,000	\$0	\$1,061,375	\$7,634,779

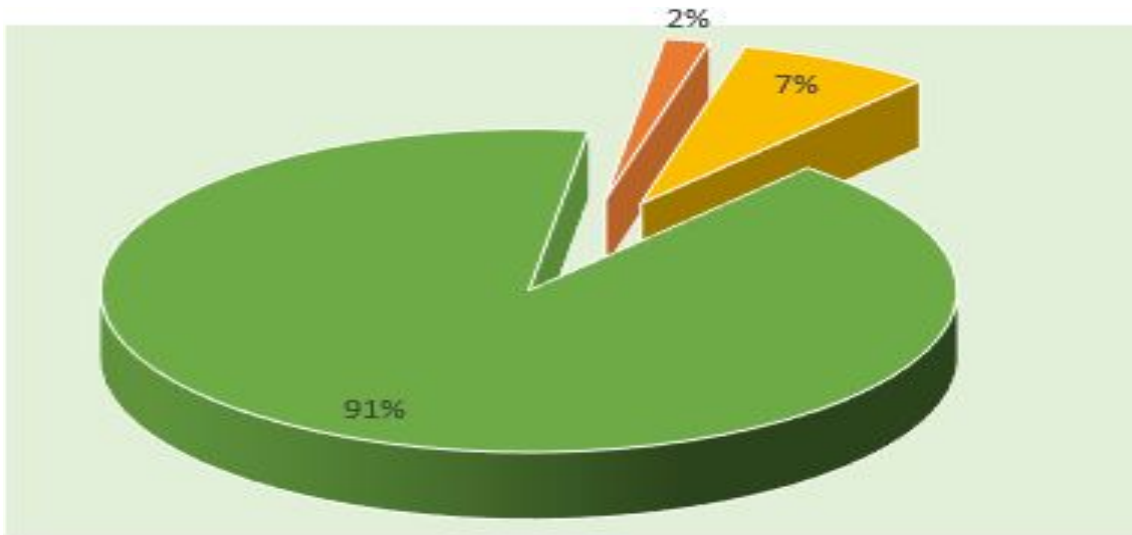


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2024-2025 Public Hearing Budget

2024-2025 Revenue Projections

General Fund Revenue	
Federal	1,910,309
Other State	8,384,167
Local & LCFF	103,435,682
Grand Total	113,730,158



■ Federal

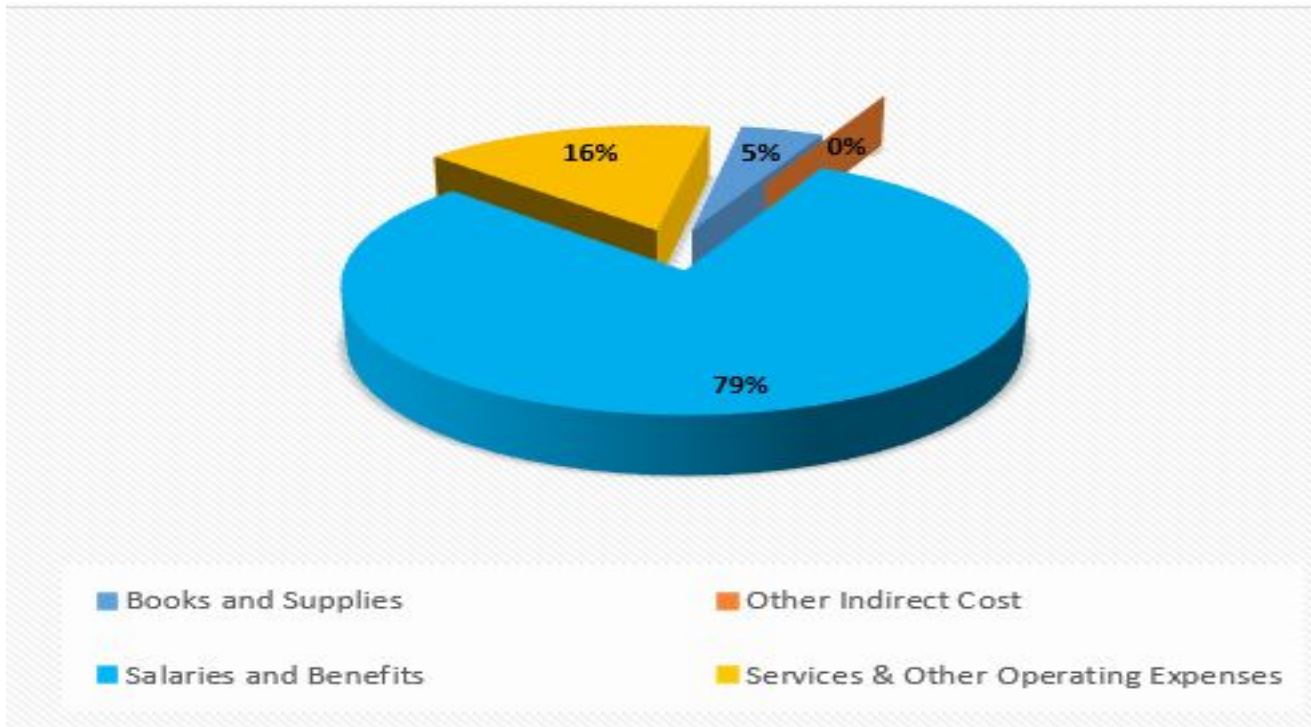
■ Other State

■ Local & LCFF

2024-2025 Forecasted Expenditures

General Fund Expenditures

Books and Supplies	5,332,929
Other Indirect Cost	(70,844)
Salaries and Benefits	93,356,610
Services & Other Operating Expenses	18,615,394
Grand Total	117,234,089





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2024-2027 Multi-Year Projections / Fund Summary

Multi Year Projection

- Based on known information and current assumptions.
- It is not intended to be a prediction of the future
- Be mindful that they are not measuring sticks between budget and interims.
- An MYP is based on current known information and will continue to change.

Assumptions

- 5% salary schedule increase 2024-2025-based on our multi year contract with MVEF
- AV growth to be a 4%, 4%, 2% in the years out
- CalSTRS 19.10% yr1, 19.10% yr2 & yr3
- CalPERS 27.05% yr1, 27.60% yr2 & 28% yr
- No Parcel Tax revenue in 2025-26 & 2026-27
- 5% increase for utilities and operational cost

School Accounting Information

- We anticipate continuing to see significant changes in First Interim as we did this past year.
- This is due to when funds are rolled over from the previous year. COVID/categorical funds are one time funds that we do not fully roll until books are closed.
- This creates an increase in restricted funds during First Interim.

Highlights of Changes to Budget

- TK increase of teachers, IA's, classrooms estimated cost total salary and benefits \$2,578,588
- Early Literacy program increase 1 Full Time Employee (FTE) \$163,055
- 9 FTEs Elementary school counselors \$1,395,746
- Operational costs- Insurance increased one \$153K AB 218 one time expense
- Additional newcomer teacher at Castro and At Risk at Graham
- PERS increased from 26.68% to 27.05%

Fund 01 General Fund – 2024-2025

Unrestricted/Restricted

	Unrestricted Programs	Restricted Programs	Combined
Beginning Balance, July 1, 2024	\$ 41,260,701	\$ 9,760,810	\$ 51,021,511
Total Revenues	\$ 70,215,935	\$ 43,728,129	\$113,944,064
Total Expenditures	\$ 72,317,681	\$ 45,699,223	\$118,016,904
Net Increase/(Decrease)	\$ (2,101,746)	\$ (1,971,094)	\$ (4,072,840)
Ending Balance, June 30, 2025	\$ 39,158,955	\$ 7,789,716	\$ 46,948,670

31.66%

2024-2025 Budget Hearing

Multi-Year Projection (MYP) 2024-2027

	2024-2025 (Year 1)	2025-2026 (Year 2)	2026-2027 (Year 3)
Beginning Balance, July 1	\$51,021,511	\$46,948,670	\$39,662,729
Total Revenues	\$113,944,064	\$113,707,552	\$115,242,320
Total Expenditures	\$118,016,904	\$120,993,494	\$127,364,034
Net Increase/(Decrease)	(\$4,072,840)	(\$7,285,942)	(\$12,121,714)
Ending Balance, June 30	\$46,948,670	\$39,662,729	\$27,541,015
Reserve Level	31.66%	24.88%	14.16%

- Includes assigned fund balance for pending board approval of the CSEA and Unrepresented contract for the next three years

2024-2025 Budget Hearing

Multi-Year Projection (MYP) 2024-2027

	2024-2025 (Year 1)	2025-2026 (Year 2)	2026-2027 (Year 3)
Beginning Balance, July 1	\$51,021,511	\$46,948,670	\$39,662,729
Total Revenues	\$113,944,064	\$113,707,552	\$115,242,320
Total Expenditures	\$118,016,904	\$120,993,494	\$127,364,034
Net Increase/(Decrease)	(\$4,072,840)	(\$7,285,942)	(\$12,121,714)
Ending Balance, June 30	\$46,948,670	\$39,662,729	\$27,541,015
Reserve Level	33.18%	28.01%	18.55%

- Fund balance without assigning for pending board approval of the CSEA and Unrepresented contract for the next three years

Summary of Other Funds 2024-2025

Fund Title	Beginning Balance	Revenues	Contribution from General Fund/Other Source*	Expenditures	Ending Balance
12 Preschool	\$648,908	\$2,355,500	\$332,792	\$2,688,292	\$648,908
13 Food Service	\$574,488	\$3,484,243	\$450,023	\$3,934,266	\$574,488
20 Postemployment Benefits	\$6,917,514	\$86,892	\$(189,000)	\$0	\$6,815,406
21 Capital Projects	\$607,905	\$0	\$74,000,000*	\$74,607,905	\$0
25 Developer Fees	\$8,213,203	\$497,744	\$0	\$10,000	\$8,700,947
35 School Facility	\$0	\$0	\$0	\$0	\$0
40 Special Reserve for Capital Projects	\$7,634,779	\$0	\$0	\$1,883,112	\$5,751,667



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Governors May Revise Highlights

Themes for the May Revision

- At the May Revision, Governor Gavin Newsom must resolve projected budget deficits in 2024-25 and 2025-26, and actual deficits in the current fiscal year.
- Outside education, he proposes significant spending cuts to government operations, reductions to programs, and pauses of new investments
- Thankfully, K-14 education continues to be shielded from
- ongoing programmatic reductions
- This is accomplished by fully depleting the Proposition 98 Rainy Day Fund, increasing the size of the Proposition 98 “funding maneuver,” and adding one-time education cuts

January Budget

- The Governor's Budget in January resulted in more questions than answers



Projections for the 2024-25 statutory cost-of-living adjustment (COLA) ranged from 3.94% all the way down to 0.00%; where would the dust settle, and would the state be able to afford to fund the statutory COLA?



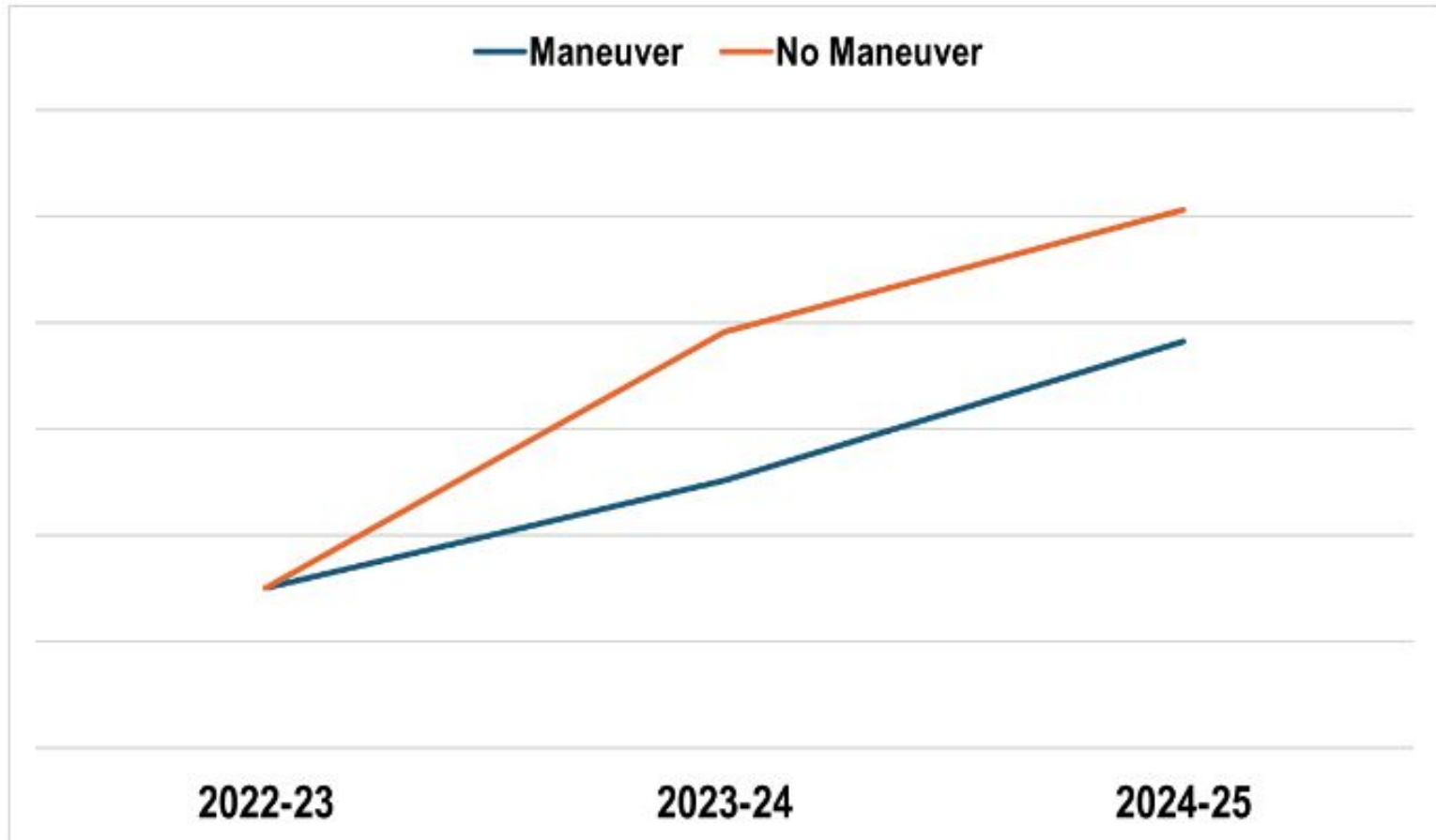
Elected officials and policymakers at the state level will ultimately determine the legality of the maneuver, but local educational agencies (LEAs) were left to wonder how this would impact their local budget



Is the Legislative Analyst's Office or Administration's revenue forecast for 2024 more accurate, and how might any shortfall impact local budgets in the current and budget years?

- The May Revision provides additional clarity; albeit, with less information than usual

Differences in Funding Level Based on Treatment of 2022-23 Excess Allocation



The estimated impact on education funding in the current and budget year is approximately \$12-14 billion. That is, the Newsom Administration's maneuver would reduce Proposition 98 funding by \$12-14 billion across the two years, with significant implications for education funding in the outyears.

Early Action Budget Agreement—AB 106

Assembly Bill (AB) 106 includes \$17.3 billion in early action solutions to reduce the projected shortfall:

- **\$3.6 billion in reductions**
- **\$5.2 billion in revenue and borrowing**
- **\$5.2 billion in delays and deferrals**
- **\$3.4 billion in cost shifts from the General Fund to other state funds**

AB 106 does not make changes to core education funding

- **Delays \$550 million contribution to California Preschool, Transitional Kindergarten (TK), and Full-Day Kindergarten Facilities Grant Program**
 - **May Revision proposes to eliminate the \$550 million altogether**
- **Reduces a planned \$875 million one-time investment for the School Facility Program by \$500 million**
 - **May Revision proposes to eliminate the remaining \$375 million**

The Governor estimates that AB 106 reduces the 2024-25 budget shortfall from \$44.9 billion to \$27.6 billion

What's Not in the May Revision, But Could Be in the Final Budget

- Despite the deteriorating revenue situation, Governor Newsom does not rely on deferrals to balance the Proposition 98 side of the budget
 - This could change between now and the final 2024-25 Enacted Budget, especially if the Legislature rejects the Proposition 98 funding maneuver or any significant one-time cuts and needs other Proposition 98 solutions as a result

It is full steam ahead with Universal Transitional Kindergarten implementation, with no student-teacher ratio relief proposed for 2025-26 when ratios drop from 12:1 to 10:1

Although several pots of one-time funds are being pulled back, including funding to increase access to inclusive early learning and care programs for children with disabilities, there are no ongoing programmatic reductions within core K-12 programs

Legislative Priorities for the State Budget and Proposition 98

- During early budget action negotiations, the Assembly noted that if budget subcommittees are unable to agree to some of the Governor's budget proposals, they will begin to identify "alternative cuts" to ongoing programs in order to balance the 2024-25 and future State Budgets

To save for prospective rainy days, the Assembly intended to utilize a similar portion (about half) of the state's reserves as proposed by Governor Newsom in January

This is no longer aligned with the Governor's plan to use more reserves (including depleting the Proposition 98 reserve) at the May Revision

Some fissures have already emerged between the two houses regarding their willingness to accept the Proposition 98 funding maneuver as the least-bad option in a difficult year

If the Legislature does not agree to the Governor's Proposition 98 funding maneuver, and/or does not want to utilize all Proposition 98 rainy day funds, other solutions must be found

Impact on MVWSD

- Limited impact on MVWD due to community-funded status.
- A little over 8M of our budget is from the State, and we do not anticipate it being cut significantly. ELOP will be slightly impacted due to the funding mechanisms, but our programming will remain the same.



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Considerations for the Future

2024-2025 Budget Adoption

Considerations for Future

- The age for TK will continue to reduce which increases the cost to the the district since it is an unfunded mandate.
- The Statepreschool will need funding from the general fund
- Enrollment increased this year and will continue to increase in the years out.



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Next Steps

2024-2025 Budget Adoption

Next Steps

- June 13 Board Meeting
 - Board Action/Adoption of
 - Education Protection Account (EPA)
 - LCAP/Budget
 - Budget Overview for Parents
- 45 Day Budget Revision if Significant Changes in Budget Bill



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Questions?