

2024-2025 Budget Considerations and Updates

The 2024-2025 Budget Considerations and Update provides an overview of the district's financial outlook, challenges, and options. As information becomes available, the goal is to meet the needs of students and allow for ample community involvement if there is a need to make reductions. The Budget Advisory Committee could also help with communication to the community and to provide transparency.

Below is the tentative schedule for board direction and input points for the community.

October 3 Board meeting budget update/overview

November 21 Board meeting First Interim and Update on Parcel Tax

November-December Meetings with the Budget Advisory Committee to understand the budget and options. Meet with board members 1:1 to answer questions and understand priorities.

December 19 Board meeting discussion on priorities with the board

December- early January Stakeholder discussions. Collect feedback from all stakeholders and the Budget Advisory Committee to understand the budget and options. Meet with board members 1:1 to answer questions and understand priorities.

January 16 Board meeting needs and wants with possible reduction list

Late January-early February Stakeholder discussions. Solicit feedback from all stakeholders and meet with the Budget Advisory Committee to understand the budget and options. Meet with board members 1:1 to answer questions and understand priorities.

February 13 Board meeting recommendations with board feedback based on the January 16th meeting and community input

March 6 Board meeting second interim and final report out

*must meet March 15 date if layoffs are considered

The proposed process is intended to allow for ample community involvement, giving parents, staff, and stakeholders the opportunity to voice their concerns and provide input. It also allows the school board to guide the process to ensuring that the final decisions align with the district's priorities and long-term goals.

Currently, multiple uncertainties will impact our budget. Unknowns include Shoreline funding, passing the parcel tax, and Slater lease. Each of these unknowns could greatly impact our multi-year projection.

Receiving all funding- Full Shoreline, Parcel Tax, and leasing Slater out

	2024-2025 (Year 1)	2025-2026 (Year 2)	2026-2027 (Year 3)
Beginning Balance, July 1	\$56,131,862	\$52,810,630	\$60,796,926
Total Revenues	\$123,616,302	\$128,979,790	\$130,514,558
Total Expenditures	\$118,016,904	\$120,993,494	\$127,364,034
Net Increase/(Decrease)	\$5,599,398	\$7,986,296	\$3,150,524
Ending Balance, June 30	\$52,810,630	\$60,796,926	\$63,947,451
Reserve Level	36.63%	33.12%	25.37%

Parcel Tax and Slater Leased (No Shoreline funds)

	2024-2025 (Year 1)	2025-2026 (Year 2)	2026-2027 (Year 3)
Beginning Balance, July 1	\$56,131,862	\$46,282,868	\$39,269,164
Total Revenues	\$108,616,302	\$113,979,790	\$115,514,558
Total Expenditures	\$118,016,904	\$120,993,494	\$127,364,034
Net Increase/(Decrease)	(\$9,400,602)	(\$7,013,704)	(\$11,849,476)
Ending Balance, June 30	\$46,282,868	\$39,269,164	\$27,419,689
Reserve Level	31.10%	22.33%	7.66%

No Parcel Tax, No Shoreline funds, and Slater not Leased

	2024-2025 (Year 1)	2025-2026 (Year 2)	2026-2027 (Year 3)
Beginning Balance, July 1	\$56,131,862	\$46,282,868	\$32,702,609
Total Revenues	\$108,616,302	\$107,413,235	\$106,648,337
Total Expenditures	\$118,016,904	\$120,993,494	\$127,364,034
Net Increase/(Decrease)	(\$9,400,602)	(\$13,580,259)	(\$20,715,697)
Ending Balance, June 30	\$46,282,868	\$32,702,609	\$11,986,913
Reserve Level	31.10%	19.12%	1.95%

Basic Aid District Financial Dynamics

MVWSD operates as a basic aid district, meaning it relies on local property taxes, which exceed the state's per-pupil funding requirement. MVWSD became a basic aid district in the 2008-2009 school year. This gives the district more funding but also exposes it to property tax revenue volatility, making strong reserves crucial.

MVWSD's property tax mix is approximately 47% non-residential and 51% residential. The median AV of a single-family home is \$1,023,841, and the median home sale price is \$2,050,500. This indicates longtime ownership of homes in Mountain View. Each time a home sells, the District typically sees an increase to revenue.

Non-residential properties are currently more volatile due to swings from Prop 8 which allows for a reassessment of a property that may be valued below the assessed value. We are seeing evidence of this in the Shoreline area.

Shoreline Funding: MVWSD is approximately \$21 million into basic aid status. It is highly unlikely the district will flip back to being a revenue-limit district. Currently, \$15 million in funding is being diverted to the Shoreline Regional Park Community, representing a financial loss for the district that will not be backfilled by the State.

Financial Challenges of Basic Aid Districts

The primary challenges facing the district include:

Volatility of Property Tax Revenues: Property taxes fluctuate due to changes in property values, economic conditions, and local development.

Reserve Levels: The state mandates a minimum reserve of 3%, but financial experts recommend higher reserves for basic aid districts—typically 10%-20%, amounting to \$11.8 million to \$23.6 million for MVWSD

Long-term Liabilities: The district must plan for long-term financial commitments such as pensions, health benefits, and unfunded mandates like transitional kindergarten (TK).

Cash Flow Management

MVWSD experiences revenue timing challenges, receiving property taxes in December and April while incurring monthly expenses for payroll and other costs monthly. To manage cash flow gaps, the district may consider short-term borrowing through Tax and Revenue Anticipation Notes (TRANS), but the cost of borrowing is high—between 4.25%-5%.

Average reserve levels from CASBO

	Elementary	High	Unified
Community Funded	31.59%	19.99%	27.88%
State Funded	24.81%	23.44%	23.54%
All Districts	25.55%	22.94%	23.74%

MVWSD faces financial uncertainties due to its dependence on property tax revenues, the parcel tax, and the challenges of being a basic aid district.