



Mountain View
Whisman
School District

Budget Update 2024-2025

October 5, 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 2, 2024 meeting, the Board gave direction to dip below the 17% temporarily.



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Basic Aid Districts vs LCFF

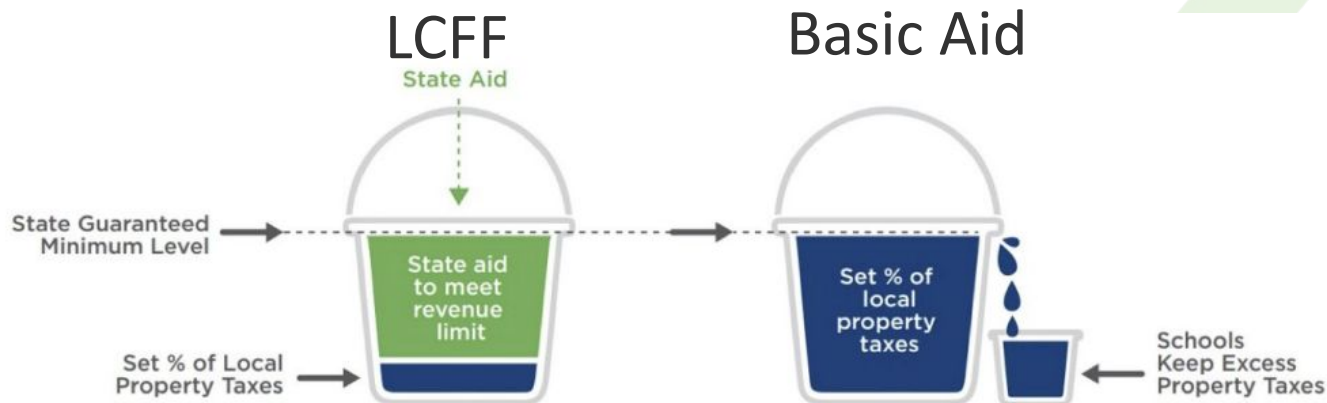
Information We Will Cover Today

- Basic Aid status
- Reserves guidelines and averages
- Challenges with being basic aid and options to mitigate

Understanding Basic Aid Districts

Definition: A basic aid district (or community-funded district) is a school district where local property tax revenues exceed the amount required to fund the state-mandated per-pupil funding level.

Importance: These districts are less reliant on state funding and more dependent on local property taxes.



Property Tax Growth

- In California, property tax growth is limited to 2% per year by Proposition 13, unless the property's market value drops.
- If a property is sold it is reassessed at market value.

Property Tax Volatility- Prop 8

Allows for a temporary reduction in the assessed value of a property if its market value drops below the assessed value, ensuring that property owners are not taxed on an inflated value during periods of declining real estate prices.

MVWSD's Property Tax

Non-residential ~47%

Residential ~51%

Vacant parcels etc.

Median Single Family Home Data			
Area	Median Home Sale Price ⁽²⁾	Median AV of Single Family Home ⁽¹⁾	Sale Price Over Median AV
City of Mountain View	\$ 2,050,500	\$ 1,023,814	100.3 %
City of Sunnyvale	\$ 1,800,000	\$ 1,023,814	75.8 %
Santa Clara County	\$ 1,630,000	\$ 1,023,814	59.2 %

longtime ownership

(1) Source: California Municipal Statistics.

(2) Source: Redfin. Data as of April 2024.

Top Taxpayers ⁽¹⁾

Property Owner	Primary Land Use	2023-24 AV	% of Total ⁽²⁾	2022-23 Rank
1 . Google Inc.	Office Building	\$ 5,446,447,833	14.1 %	1
2 . Planetary Ventures LLC	Airfield/Hangers	1,599,618,182	4.1	2
3 . Baccarat Shoreline LLC	Office Building	694,943,481	1.8	5
4 . MT2 B3-4 LLC	Office Building	550,869,850	1.4 ⁽³⁾	3
5 . MT1 ABC LLC	Office Building	492,019,904	1.3 ⁽³⁾	4
6 . Intuit Inc	Office Building	366,687,946	1.0	13
7 . Ellis Street Owner LLC	Office Building	352,475,248	0.9	6
8 . MT2 B1 LLC	Office Building	347,691,104	0.9 ⁽³⁾	7
9 . MT2 B5 LLC	Office Building	346,833,400	0.9 ⁽³⁾	8
10 . MT2 B2 LLC	Office Building	336,990,106	0.9 ⁽³⁾	9
11 . Paul Guarantor LLC	Office Building	294,076,148	0.8 ⁽³⁾	10
12 . Samsung Electronics America Inc.	Office Building	288,760,246	0.8	11
13 . LinkedIn Corporation	Office Building	268,774,143	0.7	12
14 . KR 690 Middlefield LLC	Office Building	237,341,805	0.6	14
15 . Nor Cal Plymouth Realty LLC	Office Building	230,079,399	0.6	15
16 . SI 62 LLC	Office Building	214,936,616	0.6	-
17 . MT3D LLC	Research and Dev.	206,151,348	0.5 ⁽³⁾	16
18 . Preylock Mountain View LLC	Office Building	205,292,706	0.5	19
19 . MCC Castro Station LLC	Office Building	192,621,108	0.5	17
20 . MV Campus Owner	Research and Development	182,945,432	0.5	18
		\$ 12,855,556,005	33.2 %	

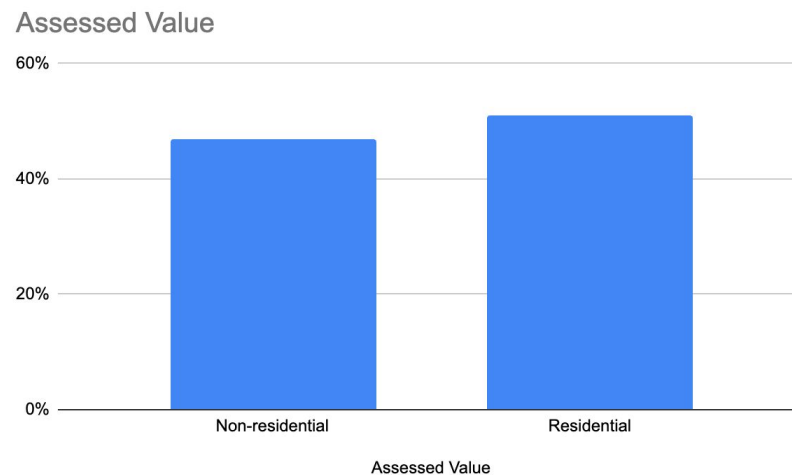
(1) Source: California Municipal Statistics.

(2) 2023-24 local secured assessed valuation: \$38,726,041,244.

(3) Business entities related to the Jay Paul Company.

What Does This Mean

- MVWSD is susceptible to swings from Prop 8 due to the large portion of our income which comes from commercial property which has/could see a decrease in value.



Shoreline Funding

- In the 2008-2009 school year, MVWSD became a revenue limit district. Prior to the 08/09 school year when funds were diverted to Shoreline the State would make the district whole since we were a revenue limit district.
- Currently the District is approximately \$21 million into basic aid status and all funds diverted to Shoreline are “lost”.
- This year \$15 million will be diverted from the district and will instead be utilized by Shoreline.



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Why Basic Aid Districts Carry Reserves

State Guidelines on Reserves

Minimum Requirement: The state of California mandates a minimum reserve for economic uncertainties, typically 3% of total general fund expenditures for most districts based on size.

Applicability: This minimum applies to all districts but is insufficient for basic aid districts due to their unique financial dynamics (volatility, enrolment, unfunded mandates).

Recommended Reserve Levels

Higher Reserves Suggested: Financial experts recommend that basic aid districts maintain reserves significantly higher than the 3% minimum (approximately 3.5 Million for MVWSD).

Typical Range: 10% to 20% (approximately \$11.8-23.6 million) of total expenditures is commonly advised to provide a buffer against revenue fluctuations and unexpected costs. We look at year 3 in the MYP.

Factors Influencing Reserve Levels

Property Tax Volatility: Higher reserves help mitigate the risks associated with fluctuating property tax revenues.

Historically, MVWSD has seen positive growth. In 2008 the District saw a below 2% increase in AV due to the economy.

Enrollment Trends: Changes in student enrollment can impact funding, necessitating a higher reserve. Currently MVWSD is increasing in enrollment although slower than previously anticipated.

Long-Term Liabilities: Planning for pensions, health benefits, and other long-term costs requires additional reserves. Unfunded mandates such as TK are also liabilities.

Current Average Reserve Levels in California Year 1

	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%

In the third year out of our MYP, MVWSD is at 1.95% without Shoreline funds or the parcel tax. With Shoreline funds and the parcel tax the district is at 25.37%

Current Monthly Expenses

- Currently our monthly payroll is \$8.2M
- Other expenses are approximately \$2.09M
- 6 months of expenses is approximately \$61.74M
- It is possible to borrow cash from funds 40, 20, and 25 temporarily.

Reserves: Maintaining higher reserves helps bridge the gap between revenue receipts.

Options for Managing Cash Flow

- **Temporary Borrowing:** Districts may use Tax and Revenue Anticipation Notes (TRANs) for short-term borrowing to manage cash flow. The current rate for TRANs is between 4.25% - 5%. This is lost funding that cannot be used for students.
 - If the district had to borrow \$10 million for 6 months at 5% the cost would be approximately \$246,951
 - If the district borrowed \$60 million for 6 months the cost would be approximately \$1.48 million.

TRANs will only be beneficial if we have cash to pay them back. If we are significantly deficit spending TRANs are not sustainable.



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Understanding the Multi-Year Projection (MYP)

What is a Multi Year Projection (MYP)

A financial forecast that spans three years. The purpose of an MYP is to provide a picture of future revenue, expenditures, and reserve levels, allowing for better long-term financial planning and decision-making.

Key elements of an MYP include:

- **Projected Revenues:** Future funding from local, state, and federal sources, including property taxes, grants, and other income streams.
- **Expenditures:** Expected costs such as salaries, benefits, operational expenses, and capital projects.
- **Reserve Levels:** The forecasted amount of reserves, showing whether the district is projected to meet its required reserve targets.
- **Budget Assumptions:** Key factors like enrollment changes, property tax growth, and cost-of-living adjustments that influence the projections.

*it is important to note that there are several factors that influence how districts book expenses that are not similar to a household or private corporations budget. For example, when and how account for roll over funds.

MYP is a Living Document

There can be significant increases and decreases between budget adoption and first interim do to changing needs.

What can change between budget adoption and first interim?

- Unfilled positions in years past have been ~ \$306,495
- New positions added have ranged from \$200k-1.5 million

MYP with All Funding Received- Full 15M Shoreline, Parcel Tax, Leasing Slater with beginning balance at Unaudited Actuals

	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%

based on unaudited actuals

Partial Shoreline Funds 6.5M, No Parcel Tax after 24/25, Slater not leased after Feb 2026

	2023-2024 Unaudited Actual	Adopted 2024-2025 (Year 1)	2025-2026 (Year 2)	2026-2027 (Year 3)
Beginning Balance, July 1	\$52,116,515	\$56,131,862	\$51,610,630	\$44,324,688
Total Revenues	\$117,630,183	\$113,944,064	\$113,707,552	\$115,242,320
Total Expenditures	\$113,614,836	\$118,016,904	\$120,993,494	\$127,364,034
Net Increase/(Decrease)	\$4,015,347	(\$4,072,840)	(\$7,285,942)	(\$12,121,714)
Ending Balance, June 30	\$56,131,862	\$51,610,630	\$44,324,688	\$32,202,975

Mountain View Whisman School District **Reserve Level** **40.42%** **35.61%** **28.73%** **17.82%** 25

Presented during unaudited actuals

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, Slater not Leased, and 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	\$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%



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Moving Towards a Balanced Budget

Financial Challenges

Volatility: Property tax revenues can fluctuate due to changes in property values, economic conditions, or local development.

Implications: This volatility makes it crucial for basic aid districts to maintain robust reserves to manage financial uncertainties.

Challenges cont...

Revenue Timing: Property taxes are received in December and April, leading to potential cash shortages between these periods.

Expenditure Needs: Districts have ongoing monthly expenses (e.g., payroll, utilities) that require consistent cash flow.

Path Ahead

- Currently there are multiple uncertainties that will impact our budget.
 - Shoreline funding, passage of the parcel tax, and the ending of the Slater lease
- As a district, our goal is to consult with the Board of Trustees and all stakeholders to develop a plan of action to be fiscally responsible.

Possible Options: Generate Revenue and/or Implement Cost Savings

- Generate Revenue- Parcel tax, lease out Slater school site, new Shoreline agreement, AV growth.
- Implement Cost Savings measures- Reduce utility bills, supplies, contracts, overtime, as well as leave vacant positions open, and possibly reopen negotiations with all staff.

What could be done with the funding from Shoreline, parcel tax and leasing Slater?

- Reduce class size
- Put funding towards sustainability and greening
- Create programs for gifted and talented
- Expand dual language programs
- Expanding computer science offerings



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Next Steps?

Next steps and Board Updates

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.

Next steps and Board Updates

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