



Mountain View
Whisman
School District

2022-2023 First Interim Budget Report

December 8, 2022





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Strategic Plan 2027

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Goal Area 5 Equitable Distribution of Resources that Support Student Success

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.

Unrestricted and Restricted Categories

- **Unrestricted Revenues/Expenditures**
 - Discretionary funding used for general operations, all ongoing expenses, and shortfalls in other funds such as Special Education and Transportation (LCFF Sources/Community-Funded, Lease Revenue, Lottery).
- **Restricted Revenues/Expenditures**
 - Non-discretionary revenue used for specific expenditures for which the funding is intended (Special Education, Title I, II, III, ASES)
- **Reserves**
 - The “unrestricted ending balance” of Fund 01 used to fund “economic uncertainty” and one-time expenses.



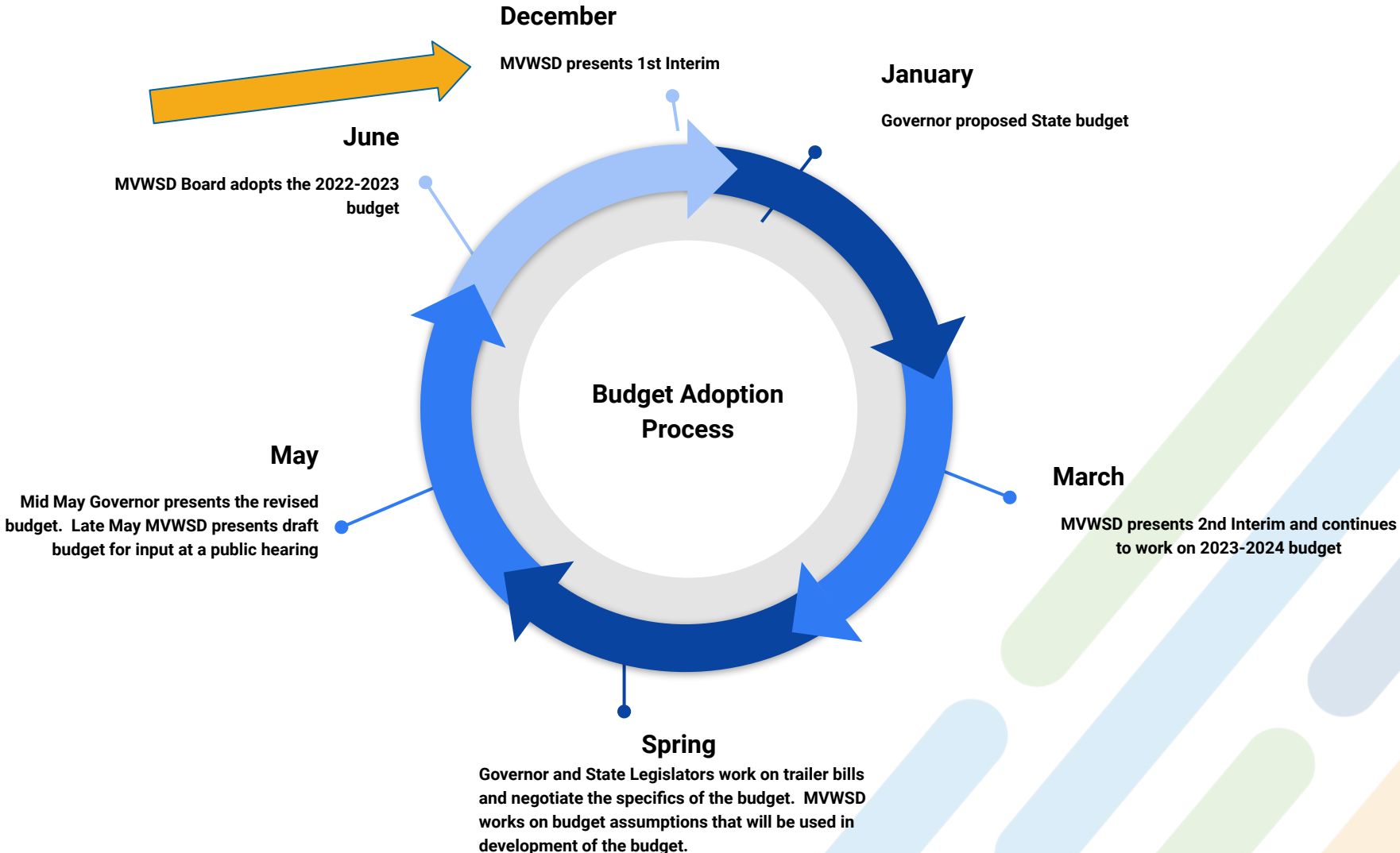
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2022-2023 First Interim Budget Report

Introduction

- Reflects actual data (revenue & expenses) through Oct. 31
- First formal update of current year projections since Adopted Budget
- Action item – presented for review and approval
- Will be back in March for second interim

Budget Adoption Process



First Interim Information

- During first interim reserves are always high because funds that were not fully utilized at the end of 21-22 are rolled forward.
- Between now and second interim the funds that were rolled will be assigned to programs and schools for use.

2022-2023 First Interim Budget Report

Fund 01 General Fund: Highlights of Changes

- Child Nutrition is **cost neutral** to the District due to additional meal counts. At budget adoption the general fund was supporting child nutrition \$1.6M
- Secured property tax projection rate from 3% to 9%, net increase \$3.5M
- One Time Block Grant \$1.8M
- Shoreline Education Enhancement Reserve Bonus \$2.4M
- Increase in ELOP for After School \$1.6
- Special Education and MOT contribution increase by \$966K

2022-2023 First Interim Budget Report

Fund 01 General Fund: Highlights of Changes

- 3% Off schedule bonus for all employees \$2.1M
- Carryover not included at budget adoption \$3.6M
- Independent studies cost not in 21-22 \$211K
- One time ELOG funds to pay for Instructional Aids at Castro \$268K

How do COVID Funds Impact our Budget?

- Every year, until our COVID one-time funds are exhausted, we will see changes in our restricted funding.
- We have a multi-year plan to spend our COVID funds for students.
- Because of this, each year at first interim we will recognize carryover - this results in swings/chnages that are planned and anticipated to restricted funds.
- We are not able to “show” funds that we cannot guarantee are available.

2022-2023 First Interim Budget Report

Fund 01 General Fund: Unrestricted/Restricted

	Unrestricted Programs	Restricted Programs	Combined
Beginning Balance, July 1, 2022	\$ 30,888,589	\$ 7,901,165	\$ 38,789,754
Total Revenues	\$ 62,493,206	\$ 46,323,764	\$108,816,970
Total Expenditures	\$ 62,127,735	\$ 44,914,155	\$107,041,890
Net Increase/(Decrease)	\$ 365,471	\$ 1,409,609	\$ 1,775,080
Ending Balance, June 30, 2023	\$ 31,254,060	\$ 9,310,774	\$ 40,564,834

**Reserve Level
29.20%**

(Unrestricted Ending Balance divided by Total Combined Expenditures)

2022-2023 First Interim Report

Fund 01 General Fund: Multi-Year Projection

	Adopted 2022-2023	First Interim 2022-2023 (Year 1)	2022-2023 (Year 2)	2023-2024 (Year 3)
Beginning Balance, July 1	\$33,802,267	\$38,789,754	\$40,564,834	\$37,274,584
Total Revenues	\$97,026,661	\$108,816,970	\$105,132,615	\$106,673,940
Total Expenditures	\$101,052,588	\$107,041,890	\$108,422,865	\$111,754,635
Net Increase/(Decrease)	(\$4,025,927)	\$1,775,080	(\$3,290,250)	(\$5,080,696)
Ending Balance, June 30	\$29,776,340	\$40,564,834	\$37,274,584	\$32,193,888

Reserve Level **25.08%** **29.20%** **24.31%** **17.73%**

2022-2023 First Interim Report Fund 01

General Fund: Multi-Year Projection

without Shoreline (under negotiations with City)

	2022-2023 (Year 1)	2023-2024 (Year 2)	2024-2025 (Year 3)
Beginning Balance, July 1	\$38,789,754	\$40,564,834	\$34,400,584
Total Revenues	\$108,816,970	\$102,258,615	\$103,799,940
Total Expenditures	\$107,041,890	\$108,422,865	\$111,754,635
Net Increase/(Decrease)	\$1,775,080	(\$6,164,250)	(\$7,954,696)
Ending Balance, June 30	\$40,564,834	\$34,400,584	\$26,445,888
Reserve Level	29.20%	22.46%	14.12%



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Considerations for the Future

How MVWSD is Funded

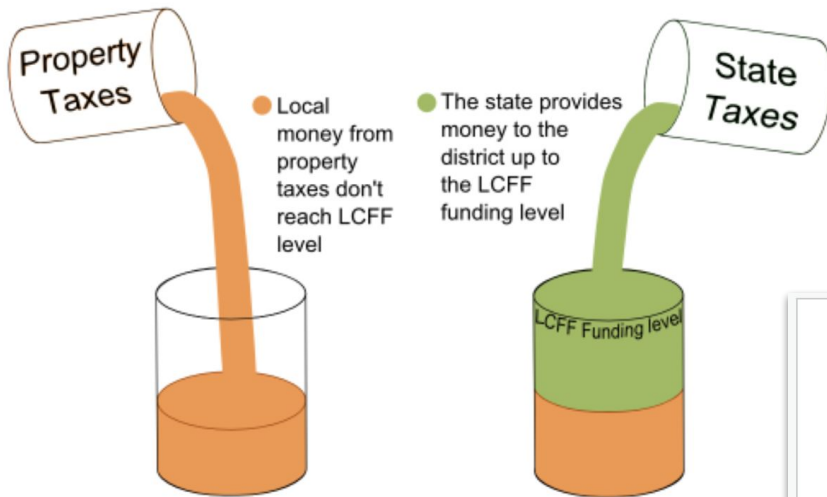
- Proposition 98 defines the state's total obligation to public education and is met with a combination of property taxes and state funding
- Most California school districts are funded by a mixture of property taxes and state aid
- The state targets a funding goal and the state makes good on shortfalls in property tax
- By the same token, increased property taxes reduce the state's share of the obligation

How MVWSD is Funded

- In a minority of districts, property taxes exceed the target established for state aid
- The district keeps the “excess” property tax but receives only limited state funding, historically restricted for specific purposes
- These districts are called excess property tax, basic aid districts, community funded or locally funded- these all mean the same thing.

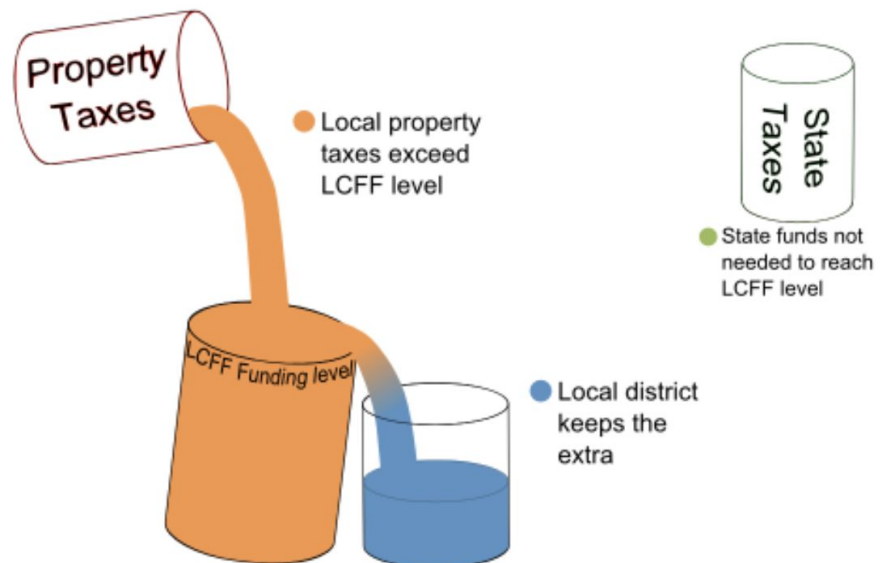
What does Basic Aid/Community Funded Mean?

District Funding Under LCFF =



Community Funded/

"Basic Aid" District Funding



How do additional students impact MVWSD?

Since MVWSD is basic aid it reduces the amount we have to spend on each student.

Example:

\$100 for 2 students = \$50 per student

\$100 for 4 students = \$25 per student

What is the Shoreline Regional Park Community Act?

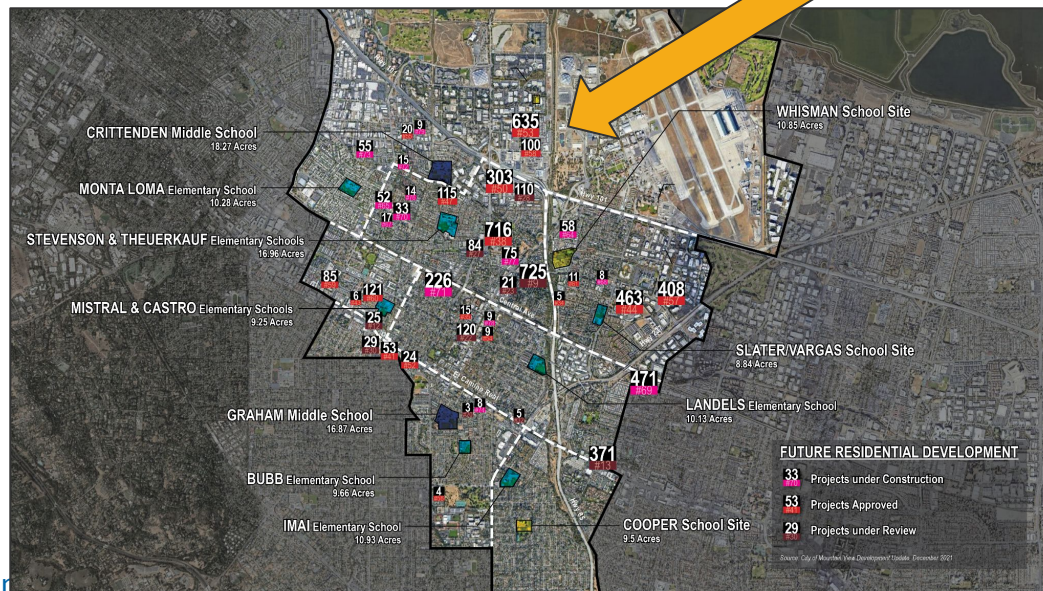
- 1969 State law that turned North Bayshore into a quasi redevelopment agency that still exists today
- The State dissolved all redevelopment agencies (RDAs) in 2011.
- The law, called the Shoreline Regional Park Community Act, diverts all taxes from North Bayshore to the City of Mountain View to redevelop the area in need of redevelopment.

What is the Shoreline Regional Park Community Act?

- The original act cites that the area is conducive to “ill health and transmission of disease”
- Since MVWSD is a basic aid district this means that the district receives no funding from the North Bayshore area unless the City, through the Educational Enhancement Reserve (EER), chooses to pass the funds onto the District and there are no other outstanding obligations.
- If the City chooses to bond against the property taxes the schools theoretically could receive no passthrough.

1255 Pear- located in North Bayshore

- We anticipate that we will receive an additional 119.41 students from 1255 Pear
- 1255 Pear is the first major residential project in North Bayshore.



Impact of Shoreline Regional Park Community Act on Operations

- MVWSD per pupil expenditure is \$23,214
- Receiving an additional 120 students from the Pear development will cost \$2,785,680 that will need to be cut from MVWSD's budget.
- This equates to the teaching staff at one elementary school
- This is an example of one project coming on line. There are many more in the works that will impact the operations of MVWSD

Educational Enhancement Reserve Status

- The term of the current EER JPA expires on June 30, 2023
- The City would like to continue to provide passthrough payments to MVWSD but states the need to study the North Bayshore area before committing to a new EER.
- MVWSD is faced with finding a way to pay for at least three new schools and ongoing operational expenses due to approved new housing.

Example of EER Prior to the 2019 Agreement

(A)	(B)	(C)	Exhibit B.1 (Extension Only)			
			(N=H+K)	(O=I+L)	(P=O/N)	(Q=O-N)
<u>TI Year</u>	<u>Future Year</u>	<u>FY</u>	Total ESD/HSD Share of Shoreline Taxes w/ <u>No JPA</u>	Total ESD/HSD Share of Shoreline Taxes w/ <u>JPA Pass-Thrus</u>	Pass-Thru % of ESD/HSD <u>Shoreline Taxes</u>	Net Loss in ESD/HSD Share of Shoreline Taxes w/ <u>JPA</u>
Base Year		1977-78				
35		2012-13	11,869,155	TBD	TBD	TBD
36		2013-14	11,922,217	4,714,000	39.54%	(7,208,217)
37		2014-15	12,579,568	4,901,372	38.96%	(7,678,196)
38		2015-16	13,031,068	4,714,000	36.18%	(8,317,068)
39		2016-17	15,112,315	4,940,389	32.69%	(10,171,927)
40		2017-18	15,500,337	6,540,558	42.20%	(8,959,779)
41	1	2018-19	15,103,211	6,625,174	43.87%	(8,478,037)

EER Status

- Staff hopes to bring back an agreement to the Board of Trustees in the first quarter of the year.
- This would help avoid budget cuts.
- If there is no agreement in place, the District would need to send lay off notices by March 15 and would start to make changes to programs to absorb the lost funding.



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Next Steps

Next Steps

- 2021-2022 Audit presentation in January
- 2022-2023 Second Interim Budget Report at March Board meeting.
- 2023-2024 Budget Development process to start in March after the Governor's January budget release.
- Continue to monitor growth in the City