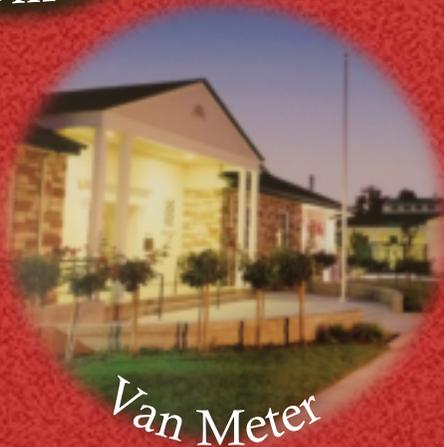
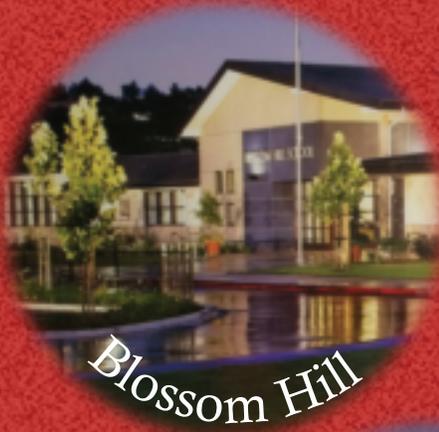


# Los Gatos Union School District

Est. 1863

## A Citizen's Guide to Understanding the Budget



Educating the Whole Child  
Kindergarten through 8<sup>th</sup> Grade

# Executive Summary

The Citizen's Guide to Understanding the Budget provides an overview of the Los Gatos Union School District (District) sources of revenue and expenditures. This guide informs our community of how efficiently the District is using local public dollars to educate the children of Los Gatos considering the District receives little funding from the State and Federal governments.

The District is a K-8 basic aid, public school district in the heart of Silicon Valley serving over 3,300 students in the communities of Los Gatos and Monte Sereno. Students attend one of our five schools listed below:

- Blossom Hill Elementary School
- Daves Avenue Elementary School
- Lexington International Baccalaureate School
- Louise Van Meter Elementary School
- R.J. Fisher Middle School

## What are the challenges ahead?

The District faces two major challenges in continuing to offer a competitive, world-class public education.

### **1. Growing Enrollment:**

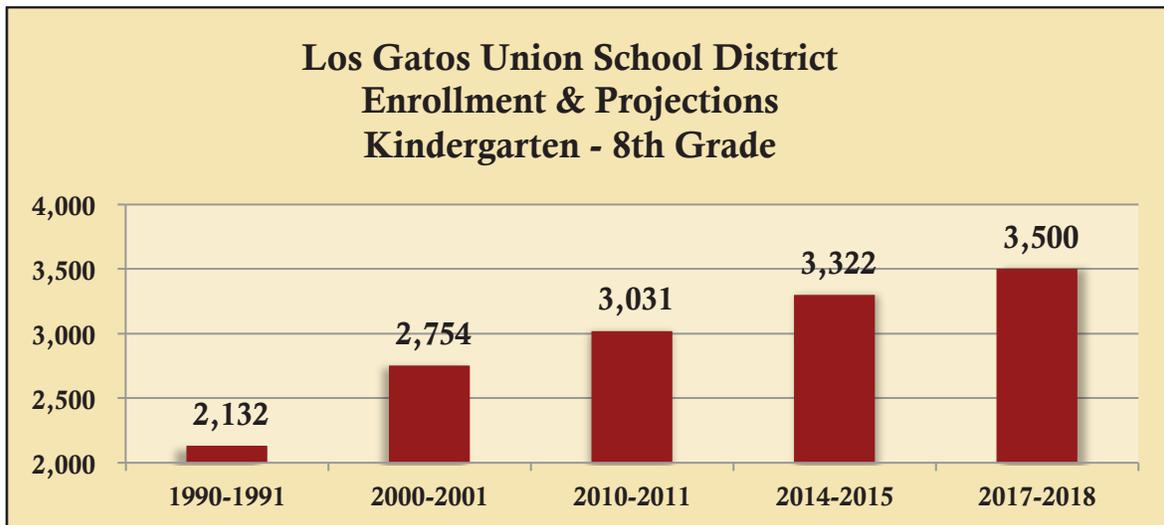
- Since 2001, class size has increased to 24 students per class for grades K-3 and 29 students per class for grades 4-8.
- We must continue to provide and plan for facilities for growing enrollment.

### **2. Limited Revenue:**

- Revenue has not grown with enrollment. Financial contributions from parents and the community are crucial to support education of the whole child, including music, art, physical education, and world languages.
- California funding for education is 49<sup>th</sup> in the nation. The new Local Control Funding Formula will not allow us to keep up with the demand of growing enrollment.

## Enrollment Trends

- The District’s enrollment has been growing about 2.5% per year.
- Enrollment is projected to reach 3,500 students in the 2017-18 school year.
- Enrollment growth increases the need to hire additional staff and provide adequate classrooms to educate our students.



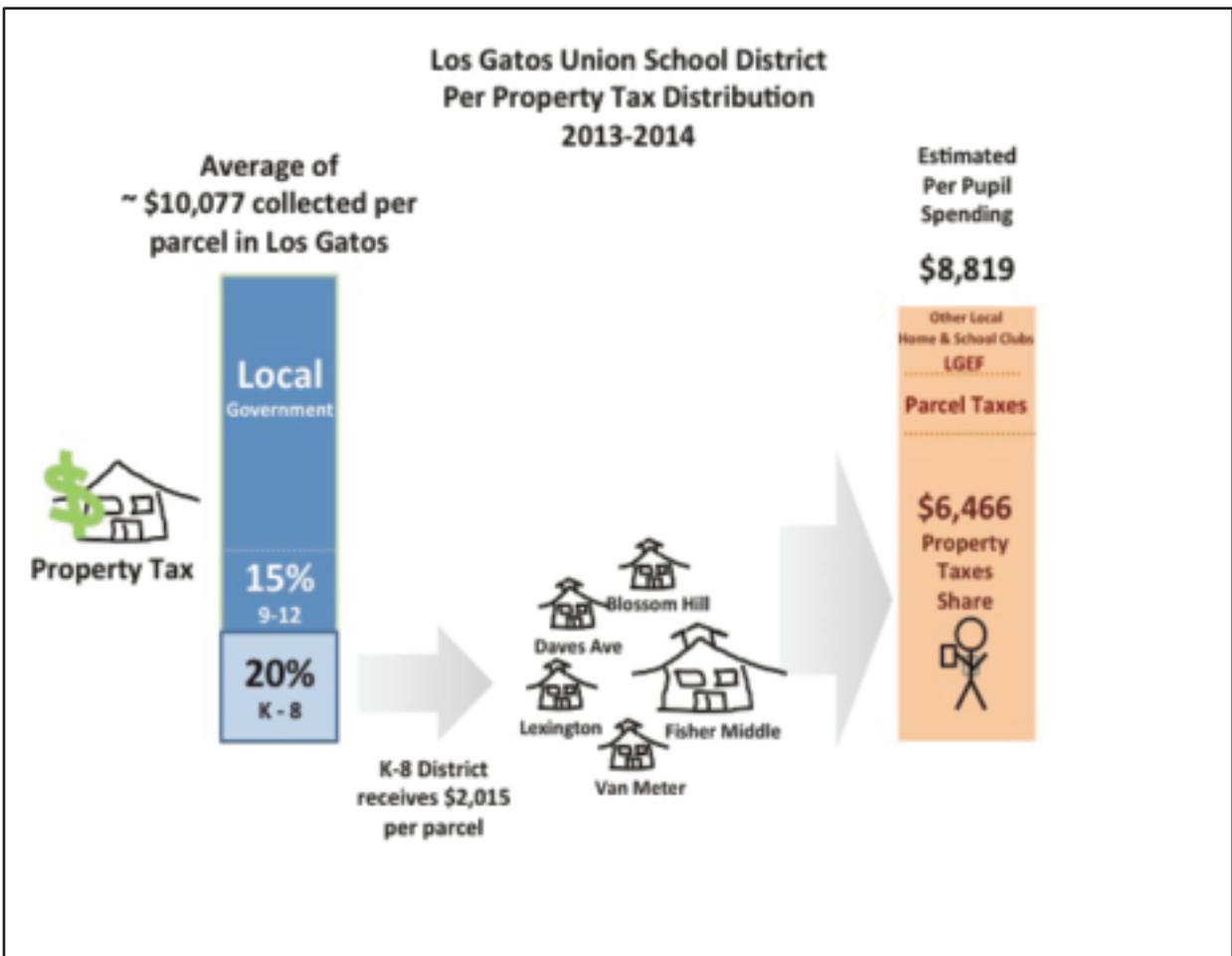
## Class Size Historical Trends

- In 2001, the community approved a capital bond for \$91M to modernize schools with the plan of keeping class size on average between 20 and 25.
- Increased housing development in Los Gatos and significant state funding cuts have resulted in our schools experiencing steep enrollment growth and increased class size over the past ten years.
- Adjusted for inflation, spending per pupil has actually fallen from \$9,242 in 2010 to \$9,099 in the 2014-2015 school year.

School Year	Class Size Grades K-3 Average	Class Size Grades 4-8 Average	Enrollment	Spending Per Pupil	Additional Dollars Needed to Return Class Size to 20-25
2010-2011	20	25	3,031	\$8,513	<b>\$2,200,000</b>
2011-2012	22	28	3,106	\$8,360	
2012-2013	24	29	3,188	\$8,859	
2013-2014	24	29	3,261	\$8,819	
2014-2015 Projected	24	29	3,322	\$9,099	

# Property Tax Distribution

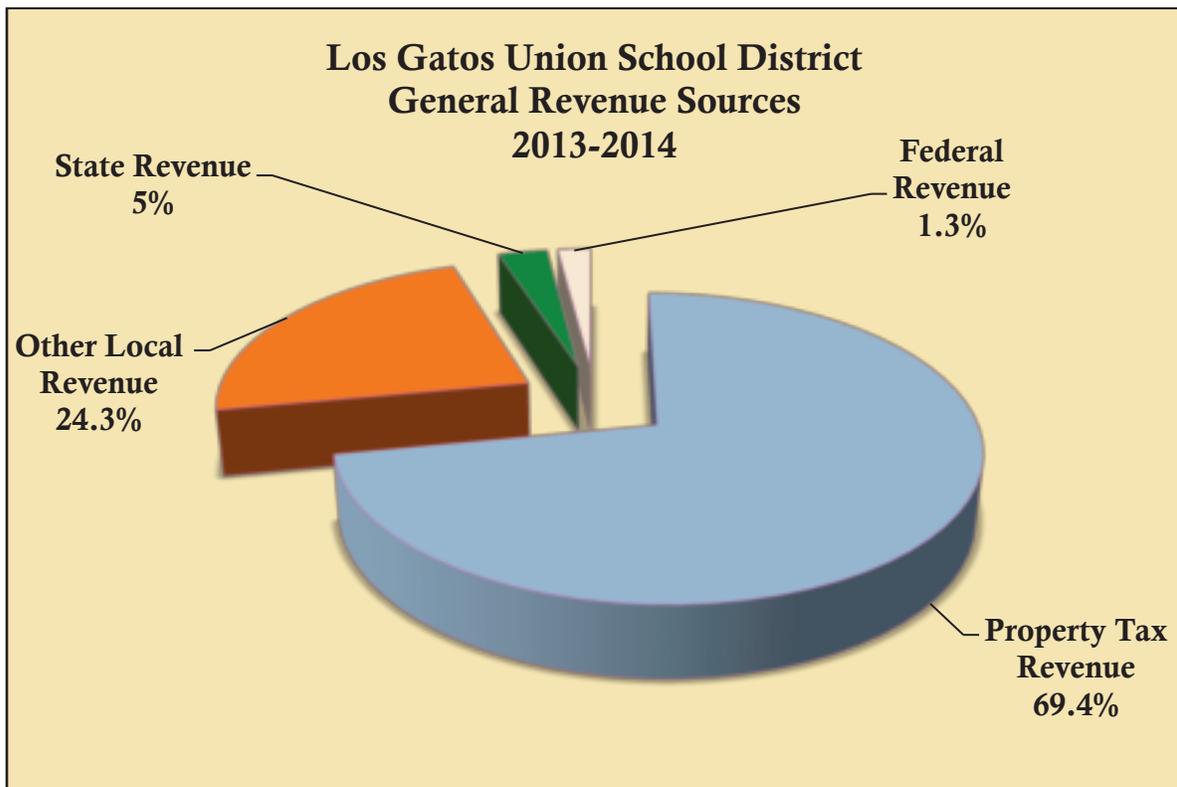
- Property tax revenue sharing is determined at the State and County levels.
- The Los Gatos Union School District receives approximately 20% of local property taxes, with the remaining 80% divided among the high school district, city, county, and other local government agencies.
- On average, each parcel in the Los Gatos boundaries equates to **\$10,077** in property taxes, with an average of **\$2,015** per parcel funding going to K-8 education.
- The District received **\$6,466** per enrolled student in the 2013-2014 school year.



We will face a critical challenge as our enrollment continues to increase and our revenues have simply not increased at the same rate as our growth and needs.

## General Fund Revenue Sources

- The Los Gatos Union School District relies upon a blended funding model that includes local property and parcel taxes, State and Federal revenue sources, grants from the five Home & School Clubs, and the Los Gatos Education Foundation.
- The District's annual operating revenue was approximately \$30.4M for the 2013-2014 school year. The general fund supports salaries, benefits, supplies, utilities, professional services, maintenance of classrooms and facilities.
- The State and Federal governments provide **only 6.3%** of funding to the District. The chart below illustrates the various revenue sources.

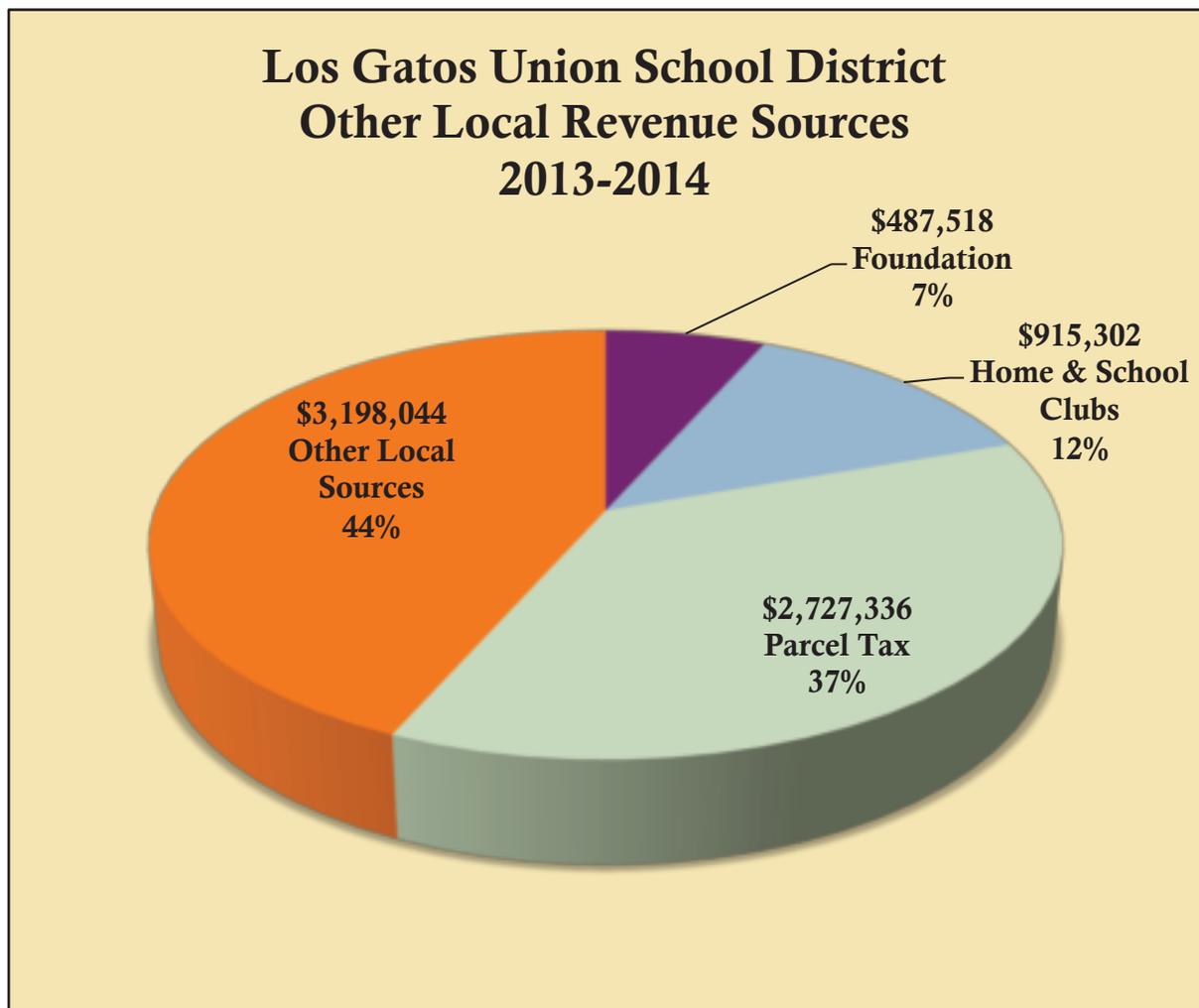


## The Importance of Other Local Revenue Sources

The Los Gatos Union School District receives approximately 24.3% of its revenue from other local sources including:

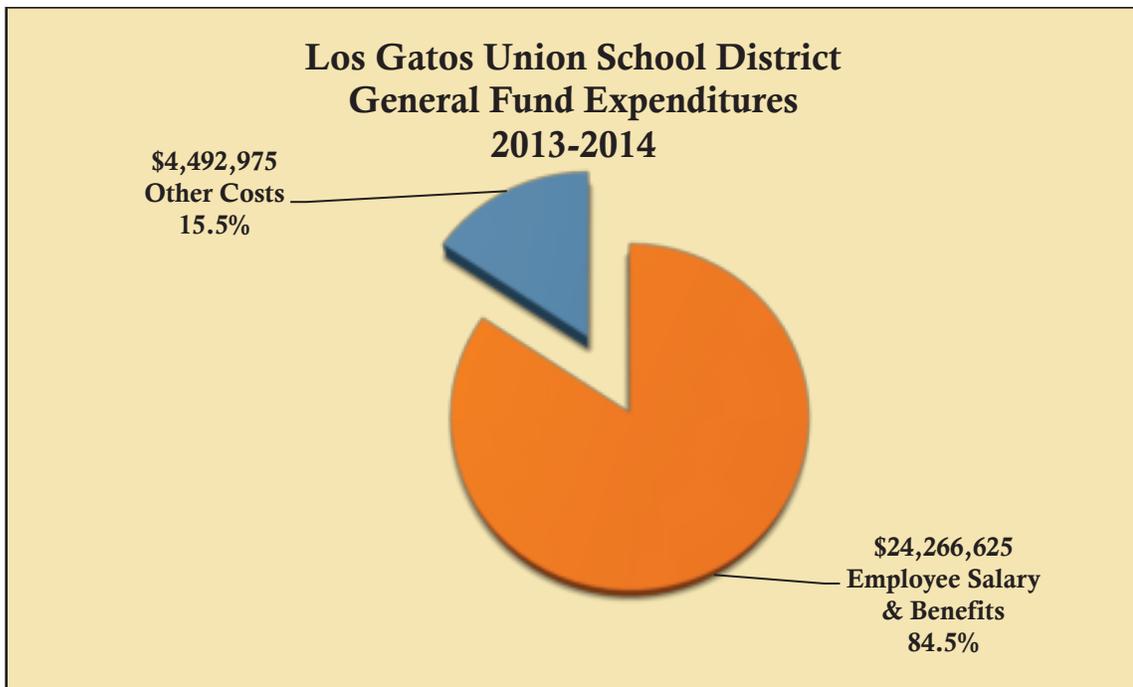
1. Parcel tax approved by voters at \$290 per parcel
2. Home and School Clubs
3. Los Gatos Education Foundation (Foundation)
4. Other Local Sources (e.g., other pass-through taxes)

Together, local revenues allow the District to maintain class sizes at 24 (grades K-3) and 29 (grades 4-8), as well as offer programs such as music, art, technology integration, and literacy support.



# General Fund Expenditures

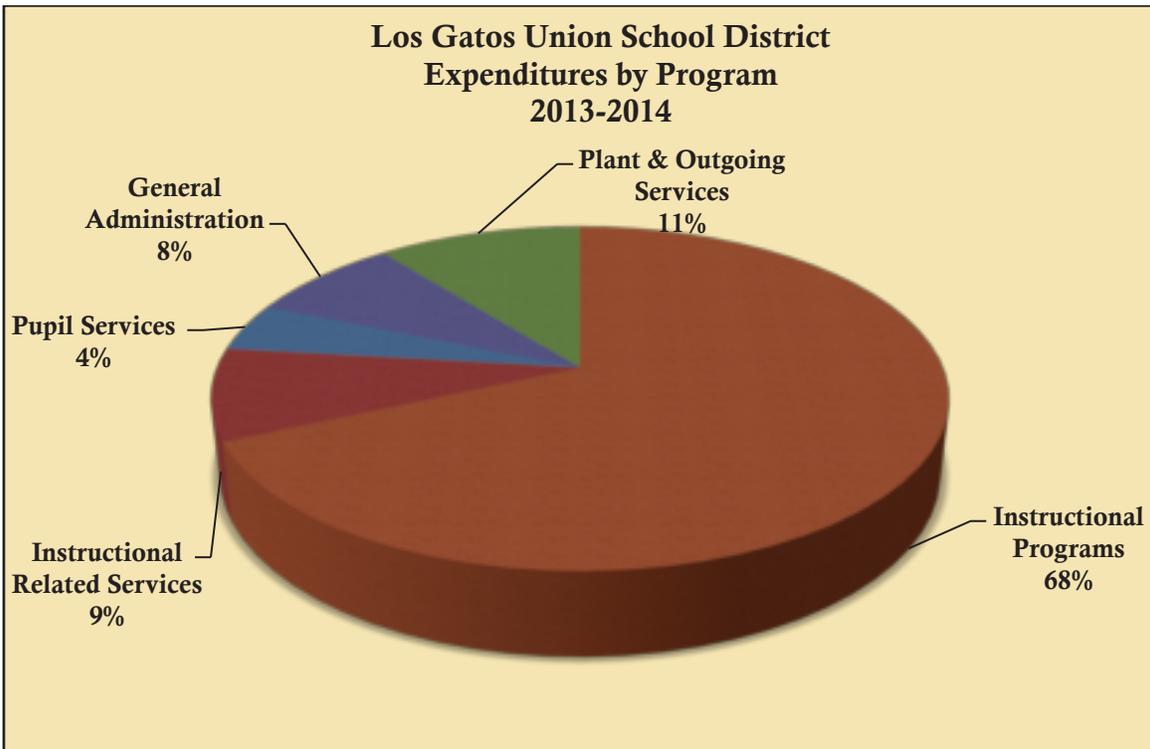
- General fund expenditures for the 2013-2014 school year were \$28.7M.
- Approximately 84.5% of expenses are for teachers, administrators, and staff salaries and benefits.
- The District strives to maintain a minimum reserve level of 15% annually to maintain a proper cash balance.
- A portion of the District’s general fund, parcel tax, and grants from the Home & School Club and Los Gatos Education Foundation support enrichment programs such as music, art, physical education, literacy, and technology.



• Certificated Salaries	\$15,569,629	54.2%
• Classified Salaries	\$3,731,223	13.0%
• Employee Benefits	\$4,965,373	17.3%
• Books & Supplies	\$1,362,180	4.7%
• Other Services & Operating Costs	\$3,130,795	10.8%

# Summary of Budget by Programs

- Funding instructional programs has always been the highest priority for the Los Gatos Union School District.
- Instruction includes elementary and middle school programs as well as instructional support program costs such as special education, middle school electives, world languages, music, and the arts.



• Instructional Programs	\$19,617,808	68%
• Instructional Related Services	\$2,478,464	9%
• Pupil Services (counseling, librarians)	\$1,304,163	4%
• General Administration	\$2,297,598	8%
• Plant & Outgoing Services	\$3,061,065	11%

## Capital Budget Expenditures

The District has three main sources of funding for the maintenance, modernization, and new construction of school facilities.

1. **General Fund** – The general fund is used for routine and deferred maintenance.
2. **Developer Fees** – The District collects \$3.20 per square foot for new residential construction and \$.51 for commercial construction. Fees can only be used to support new facilities.
  - The District receives two-thirds of the \$3.20, which equates to \$2.13 per square foot.
  - The Los Gatos-Saratoga Joint Union High School District receives the remaining share.
3. **Bond Proceeds** – These funds are only available when the community passes a bond to support specific school facility projects in contrast to parcel taxes that fund operating costs. The District has spent all bond proceeds from Measure B and E to modernize the five District schools.

Coming March 2016...

R.J. Fisher Middle School Sports Complex



With the completion of the R.J. Fisher Sports Complex at \$14.2M, only \$300K remains in the District's capital reserves for new construction.

# Facts At A Glance

Other Local School District Comparisons in Santa Clara County Source: 2013-2014 Santa Clara County Office of Education					
	Los Gatos	Los Altos	Saratoga	Campbell	Union
State Enrollment Data	3,261	4,543	2,111	7,635	5,408
Expenditures Per Student	\$8,819	\$11,039	\$11,584	\$9,201	\$8,182
Number of Teachers	158	238	112	402	249
Parcel Tax	\$290	\$790	\$68	_____	_____
Average Class Size (K-3)	23	22	21	_____	_____
Average Class Size (4-8)	27	26	25	_____	_____
Average Class Size (K-8)	25	25	23	_____	_____

## Glossary

- **Basic Aid District** - A District that receives its funding from local property taxes instead of a per-student State allocation under the Local Control Funding Formula. Basic Aid districts are also referred to as community funded districts. The Los Gatos Union School District is currently a Basic Aid District.
- **Capital Reserves** are used to maintain and construct District facilities.
- **Certificated Employees** - All District employees who hold a State credential to perform duties, specifically teaching students.
- **Classified Employees** - District employees who do not hold or need a credential to perform duties.
- **Developer Fees** - A per square foot charge for new construction. This fee is shared with the Los Gatos-Saratoga Joint Union High School District. The Los Gatos Union School District keeps two-thirds of the fee. The fee is \$3.20 for new residential construction and \$.51 for commercial construction.
- **General Fund Budget** - It consists of two segments, unrestricted and restricted revenues. The unrestricted revenues can be spent on any programs approved by the Board of Trustees. The restricted revenues can only be spent on programs specified by the program donor. These revenue sources can come from the State and Federal governments, Home & School Clubs and the Los Gatos Education Foundation.
- **Local Control Funding Formula (LCFF)** - A new State funding allocation formula that provides a per student dollar amount to schools in California. LCFF is divided into three segments: a base grant, a supplemental grant, and a concentration grant. Districts receive a supplemental grant of 20% of the base for low-income and English language learner students. A concentration grant of 50% of the base is provided to Districts that have 55% or more low income and English language learner students. The Los Gatos Union School District is not eligible for supplemental or concentration grants.
- **Parcel Tax** - A voter approved per parcel tax that is used by the District to fund specific programs that are authorized by the parcel tax language.

# Transparency & Accountability

Clear, accessible information promotes accountability and provides facts for residents about the activities of the Los Gatos Union School District. We believe enhanced transparency will increase the District's effectiveness and improve the quality of our decisions. Our goal is to provide comprehensive financial and accountability information that is easy to locate, access, and understand. Information in this report reflects data from the audited financials for the 2013-2014 school year. Additional information can be found on the District's website at [www.lgusd.org](http://www.lgusd.org).

## Accountability and Schools

### ➤ **School Accountability Report Cards**

Detailed information for each school including facilities, staffing, and academics.

### ➤ **School Board Meeting Documents and Minutes**

Agendas, documents, votes, meeting recordings, and minutes.

### ➤ **Policies, Notices, and Regulations**

California School Boards Association policies for school districts aligned with the California Department of Education Government Code.

### ➤ **California Public Records Request Act (CPRRA)**

CPRRA provides that, with some specific exemptions and exceptions, all meetings of public bodies shall be open to the public and all public records open for public inspection upon written request.

## Financial and Planning Information

### ➤ **Budget Documents**

Budget documents including the adopted budget, the program budget, the detailed budgets, and the proposed budget.

### ➤ **External Audit**

Reports issued by an outside auditor in accordance with auditing standards contained in *Government Auditing Standards*.

## Where can I get more information?

### Visit the District website:

[www.lgusd.org](http://www.lgusd.org)

### Superintendent Dr. Diana Abbati

[dabbati@lgusd.k12.ca.us](mailto:dabbati@lgusd.k12.ca.us)

### Board of Trustees

Leigh-Anne Marcellin, President  
Scott Broomfield, Clerk  
Emi Eto, Trustee  
Peter Noymer, Trustee  
Alex Potts, Trustee

[lmarellin@lgusd.k12.ca.us](mailto:lmarellin@lgusd.k12.ca.us)  
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[pnoymer@lgusd.k12.ca.us](mailto:pnoymer@lgusd.k12.ca.us)  
[apotts@lgusd.k12.ca.us](mailto:apotts@lgusd.k12.ca.us)

### Los Gatos Education Foundation

Deborah Weinstein, Director  
Liz Olson, Program Manager

[director@lgef.org](mailto:director@lgef.org)  
[admin@lgef.org](mailto:admin@lgef.org)

## Los Gatos K-8 Schools Projected to be the Lowest Funded in Santa Clara County

Few residents know that the Los Gatos Union School District serving over 3,300 students in Los Gatos is projected to be the lowest funded school district in Santa Clara County with the full implementation of the Local Control Funding Formula.

