



LOS GATOS UNION

SCHOOL DISTRICT

Our Community, Our Students, Our Future

Budget Assumptions

May 23, 2019

- Governor's Budget
- District Historical Trends
 - Revenue
 - Expenses
 - Enrollment
- Current Assumptions
- Budget Goals
- Challenges and Other Considerations

Agenda

- Governor's proposed 21-22 budget predicts an unprecedented \$75.7B surplus versus \$54B shortfall predicted May 2020
- Governor proposes California Comeback Plan with \$100B of investments in five key areas: Direct Economic Relief (including direct cash payments and renters assistance); Homeless Aid; State's Water Infrastructure; Education and Broadband
- \$20B in Education funding focused on:
 - Creating universal TK for all 4 year olds regardless of income
 - Establish college savings account for disadvantaged kids
 - Fund before/after school instruction, sports, arts, tutoring, nurses, counselors, preventative behavioral health systems and nutrition
- \$2B in safe return to campus and full in-person instruction in the fall
- Education funding in addition to \$6.6B passed in March.

Governor's Budget

- District received over \$3M in one time funding for pandemic related expenses.
- These funds are restricted and have been spent and are being budgeted into 21-22 & 22-23 to address pandemic related issues including
 - PPE and ventilation repairs and supplies
 - Technology connection and equipment
 - Professional Development for staff
 - Hybrid Learning Aid support
 - Additional nursing support, contract tracing, testing, vaccine support
 - Expanded learning opportunities, summer academy, summer school, expanded literacy and math support specialists
 - Counseling, mental health and social emotional learning support
- Budget assumes a slight slowdown in other revenue and focuses on growing reserves, reducing liabilities and making one-time investments in programs listed above.

Impact on District Budget

- Prioritizing 21-22 and beyond
 - Maintain high quality staff and robust program offerings with appropriate annual salary adjustments
 - Create sustainable budget leveraging Parcel Tax, Home & School Clubs and Foundation revenue and provide good stewardship of expenditures
 - Maintain appropriate reserves to buffer fluctuations in property taxes and expiring parcel tax and avoid significant program cuts
 - Align and prioritize resources to support the common goals outlined in the Strategic Plan

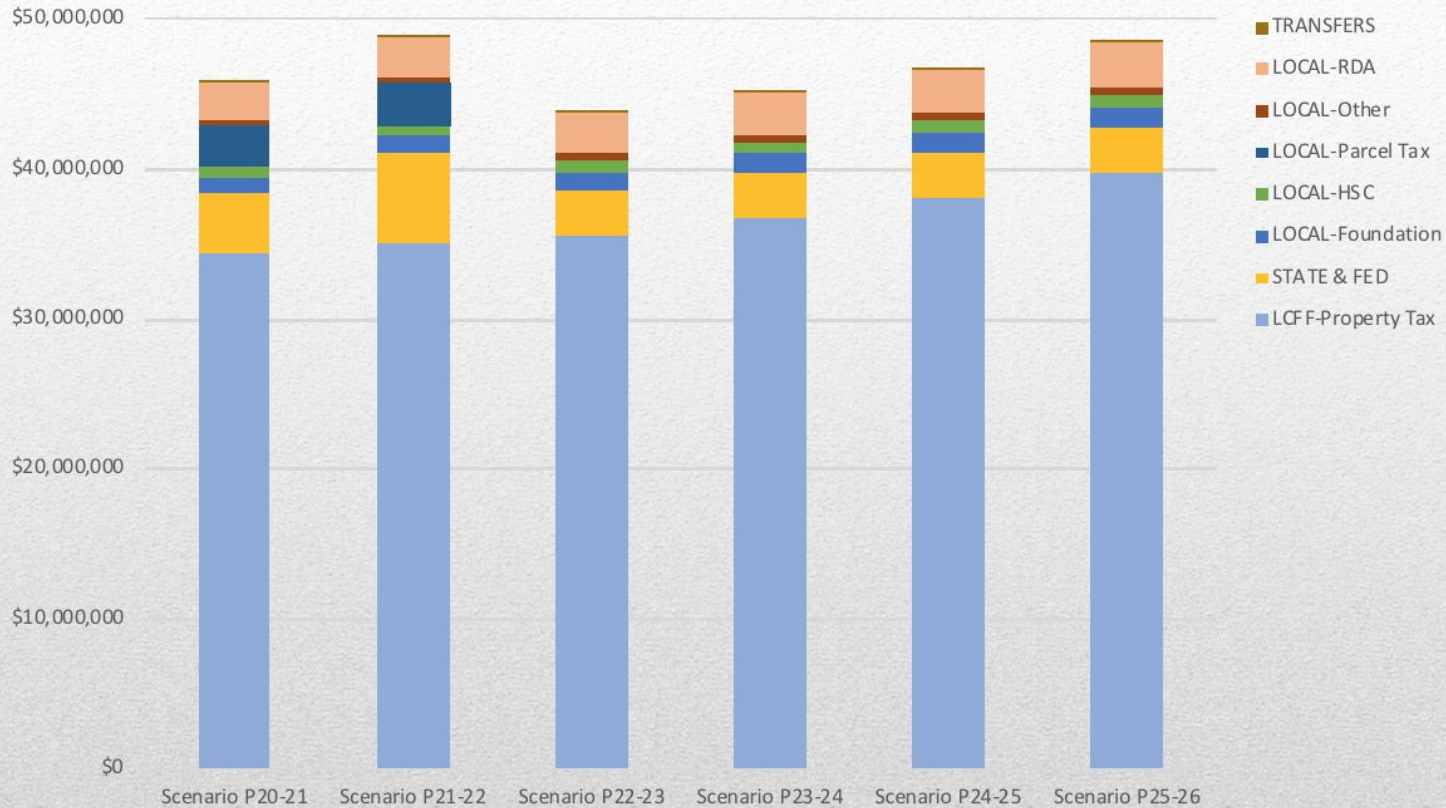
Budget Goals

BASE ASSUMPTIONS

	20-21	21-22	22-23	23-24	24-25	25-26
FULL TIME EMPLOYEES	246.67	242.8	242.8	242.8	242.8	242.8
ENROLLMENT	2722	2622	2622	2622	2622	2622
PROPERTY TAX :Annual increase in property tax.	4.07%	3.75%	2.50%	3.50%	4.50%	5.00%
STATE COLA: Included in LCFF Funded Districts but not applicable to Community Funded Districts	2.31%	1.74%	2.98%	3.05%	2.00%	2.00%
PARCEL TAX: Current Parcel Tax expires in June 2022			-\$2.75M	-\$2.75M	-\$2.75M	-\$2.75M
STEP & COLUMN: Amount of annual adjustment based on current bargaining agreements	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
RETIREMENT:Annual mandated increase in retirement costs related to STRS. STRS reaches maximum in 23-24 and then PERS is only adjustment	.95%	0.23%	2.08%	2.00%	.50%	.50%
PROJECTED SALARY ADJUSTMENT: (Included in budget projections) This is a placeholder and does not represent a cap nor a floor	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

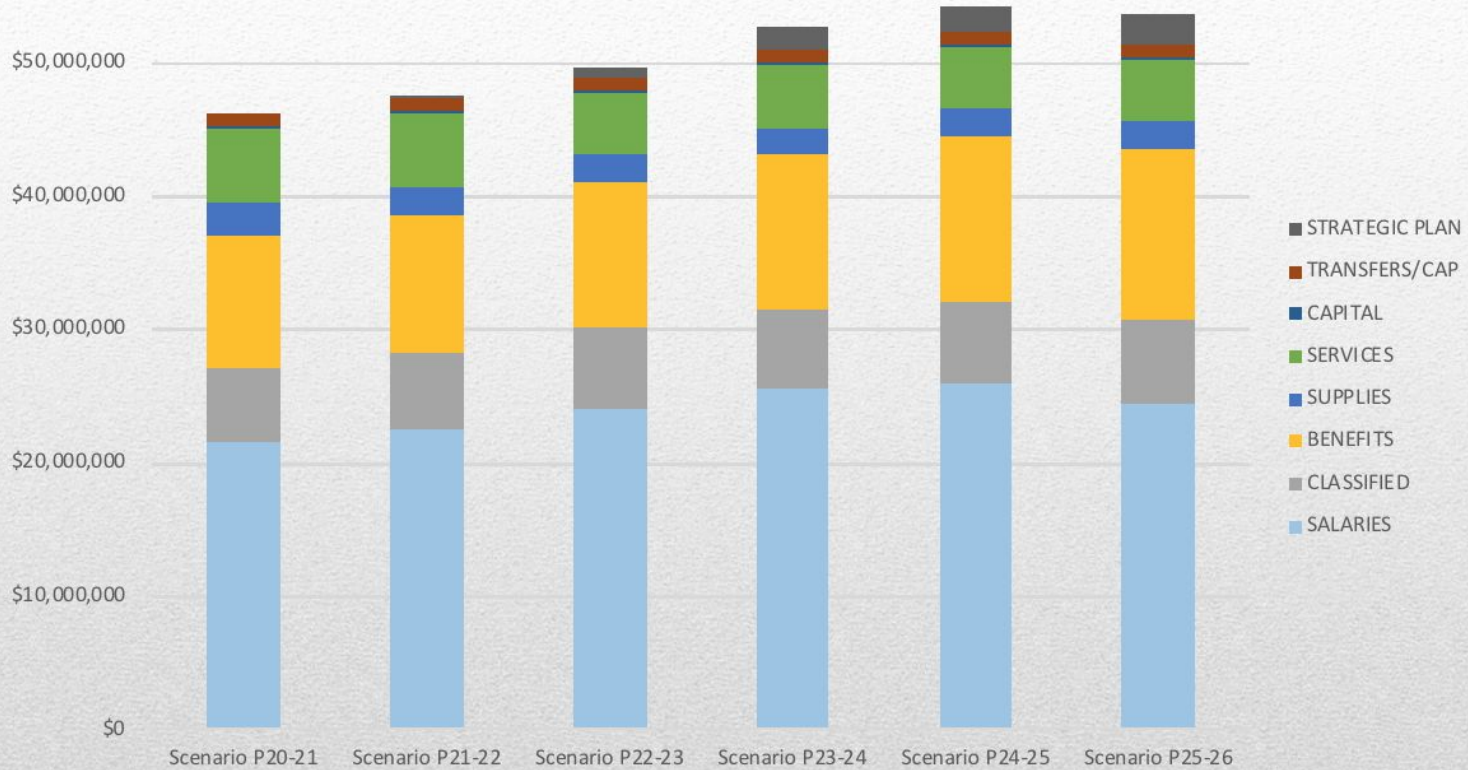
Budget Assumptions

Projected Multi Year Projections 2020-2026

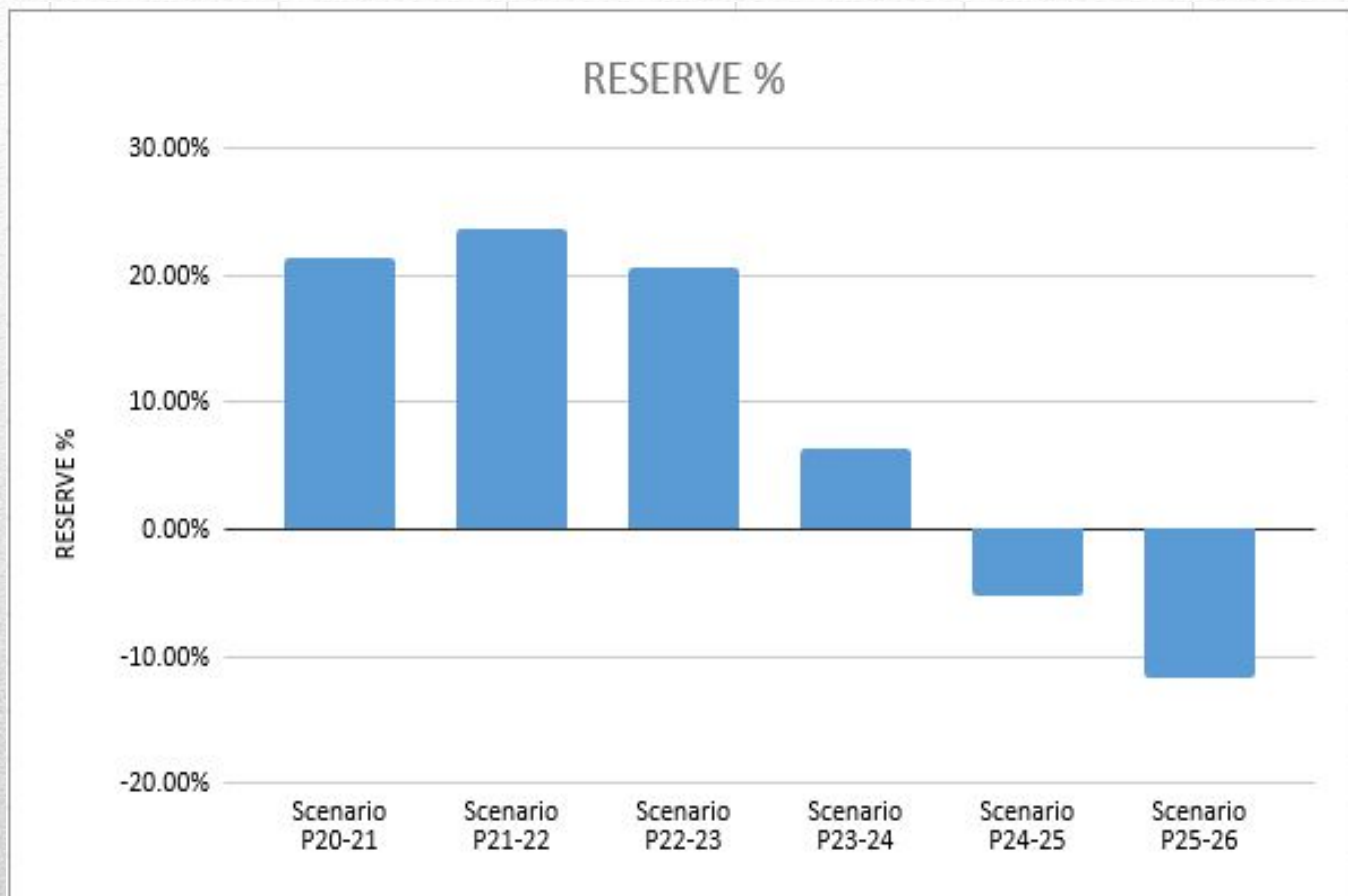


Revenue

Multi Year Projected Expenses 2020-2026



Expenses



Reserves

- Challenge to Increase Revenue
 - Ineligible for many State and Federal programs
 - 21-22 Substantial one time revenue sources from State and Redevelopment Agency
 - Property Tax Flattening
 - Parcel Tax Expiration
 - Community donations are low in comparison to other similar districts.
 - Facilities Fees declined
- Challenge to Control Expense Growth
 - Strategic planning goals with potential cost increases
 - Declining Enrollment / Difficult to adjust staffing through natural attrition
 - Collective Bargaining
 - Increased cost of pensions
 - Potential utilities savings through capital improvements
- Reserve Percentage-One Time Revenue builds short term reserves
 - Significant reserves from one time revenue sources that will be fully utilized by 2023
 - Correct balance between staff & salary, programs and reserves

Challenges & Considerations

Excess Reserves ~ Two Scenarios for reserves depending on Parcel Tax Status

- Divest in Current Program & Staff to offset loss of \$2.7M
 - Parcel Tax not renewed until May 2022-July 2022
 - Cost of second parcel tax election ~ \$600K- \$1M
 - Staff reduction of 23 teachers effective June 2022
- Invest in Strategic Plan \$2.7M
 - Strategic Plan shows district priorities
 - Program Expansion
 - Student Wellness/Mental Health Counselors
 - Support staff professional growth and recruitment and retention

Two Multi-Year Scenarios



Adopted Budget	June 2021
Unaudited Actuals	September 2021
Property Tax Estimated Roll	November 2021
Possible Parcel Tax Election	November 2021 or May 2022
1 st Interim Budget Presentation	December 2021
2 nd Interim Budget Presentation	March 2022
22-23 Budget Approval	June 2022

Budget Timeline
