

## **Second Interim Summary**

### **Governor's Proposals for 2024-25 State Budget and K-12 Education Highlights**

Governor Gavin Newsom measures a \$37.9 billion budget shortfall due largely to 2022 tax collections below the budget's assumptions. However, the Legislative Analyst's Office (LAO) has a more pessimistic assumption of the Governor's Budget.

The Governor's Budget also includes the following:

- There is a Proposal that attempts to ensure that the education profession remains an attractive career choice by removing obstacles to entry and enabling agencies to provide competitive wages.
- Governor's focus is largely on students whose learning was and continues to be deeply impacted by the COVID-19 pandemic.
- The statutory Cost Of Living Adjustment (COLA) for 2024-25 feels anomalous relative to the last two years, but when looking back, COLA is beginning to normalize to historical trends—COLAs above 6% are the anomalies.

Since Mountain View Whisman School District (MVWSD) is a basic aid district, the State's funding has a much smaller impact on MVWSD. For MVWSD, the total categorical programs is around 7% of its total budget.

### **2023-2024 Second Interim Budget Report**

Twice during the fiscal year, a school district must submit a financial report certifying its ability to meet its financial obligations for the current year and two subsequent years. The reports examine the district's attendance, spending patterns, fund balance, reserve for economic uncertainties, and multi-year projections.

The Second Interim report details changes to the District's 2023-2024 budget adopted in June 2023. The projected General Fund Unrestricted ending balance for 2023-2024 is estimated at \$39,446,778, with total revenues at \$114,020,322 and total expenditures at \$118,007,987. The District plans a net decrease of \$3,987,665 with a reserve level of 33.43%.

### **Multi year Projection at 2nd Interim budget**

	<b>2023-2024 (Year 1)</b>	<b>2024-2025 (Year 2)</b>	<b>2025-2026 (Year 3)</b>
<b>Beginning Balance, July 1</b>	<b>\$50,859,408</b>	<b>\$46,871,743</b>	<b>\$39,464,404</b>
<b>Total Revenues</b>	\$114,020,322	\$111,454,462	\$109,775,542
<b>Total Expenditures</b>	\$118,007,987	\$118,861,801	\$122,343,152
<b>Net Increase/(Decrease)</b>	<b>(\$3,987,665)</b>	<b>(\$7,407,339)</b>	<b>(\$12,567,610)</b>
<b>Ending Balance, June 30</b>	<b>\$46,871,743</b>	<b>\$39,464,404</b>	<b>\$26,896,795</b>
<b>Reserve Level</b>	<b>33.43%</b>	<b>28.64%</b>	<b>18.86%</b>

### **Fund 01 General Fund: Highlights of Changes**

The District recognized the State revenue for Arts and Music in Schools \$682,191. The plan for these funds is in process. The district received additional funds from Shoreline in the amount of \$841,311. We also increased the interest revenue projection by \$312,000, and we have updated the position control projection to reflect the current vacancies for a total expense decrease of \$317,000.

Some of the key assumptions for the multi-year projection are as follows: 6% percent AV growth for 2023-24, 3% for 2024-2025 and 3% 2025-2026, and 5% for health and welfare. The parcel tax revenue is to expire in the year 2025-26 and the Google lease will expire in February 2026.

Retirement contributions are based on School Services Dartboard the MYP uses:  
 STRS 19.10% year 2, 19.10% year 3  
 PERS 27.80% year 2, 28.50% year 3  
 STRS \$7,769,668 and PERS \$4,546,500 for 2023-24

Possible adjustments in the future include the total increased cost of preschool and salary increases once negotiations have concluded. We will continue to forecast and make adjustments based on our assessed value.

Staff recommends that the Board of Trustees approve the Second Interim budget, as presented.