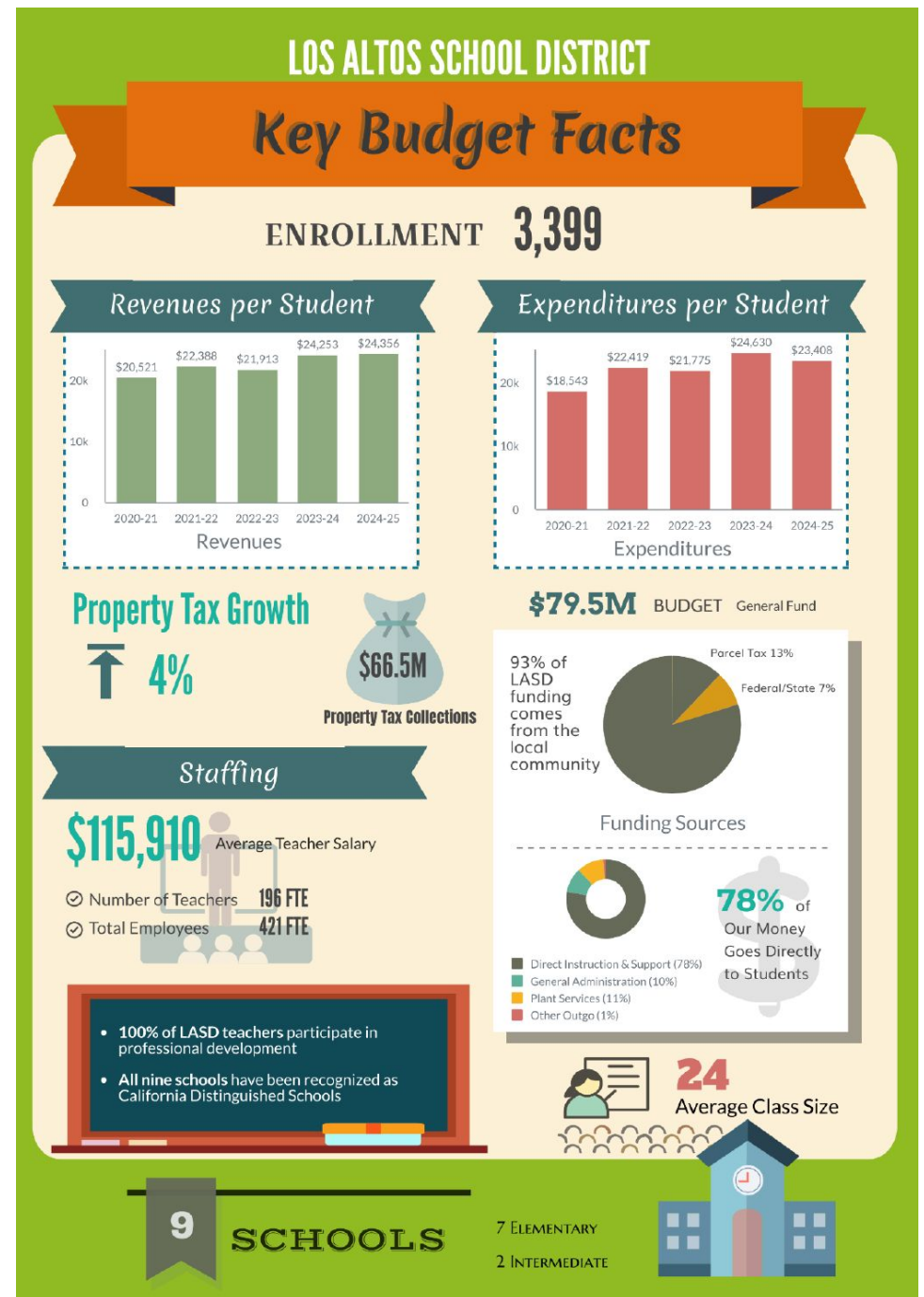


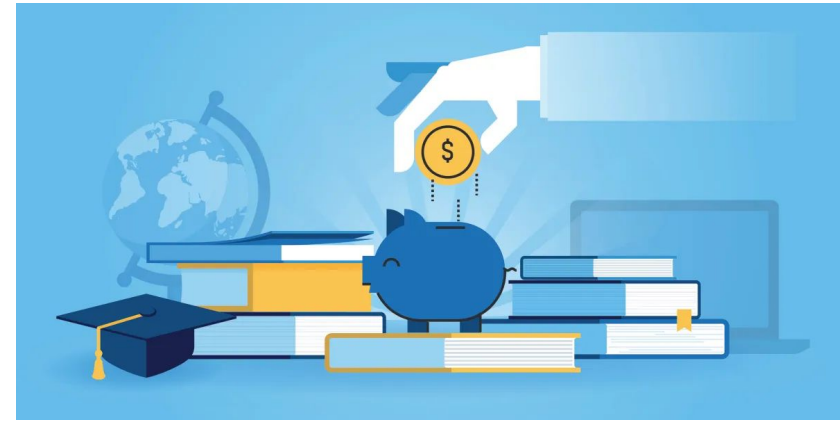
ABCs of Los Altos School District Finance

Based on the 2024-25 Budget Book



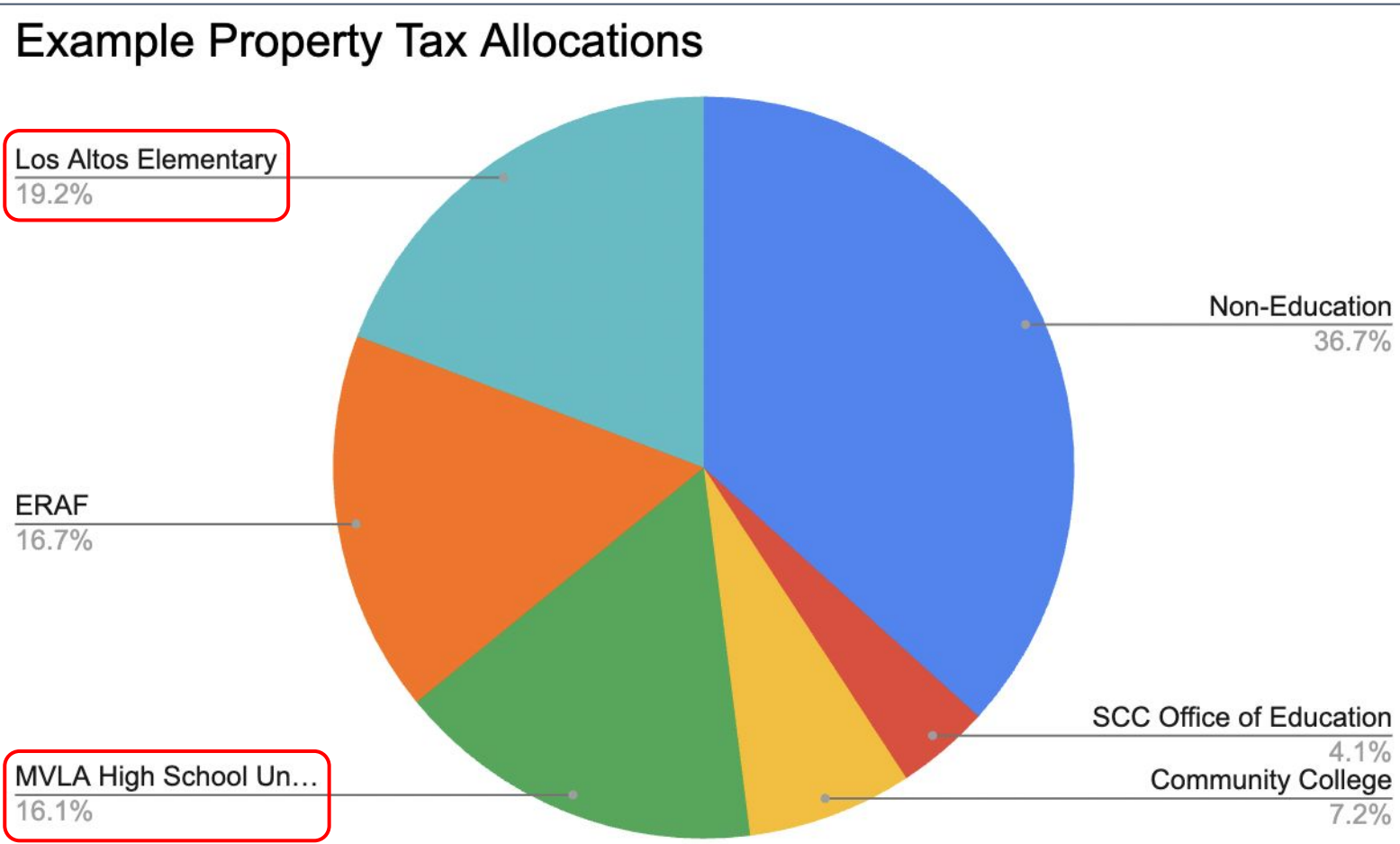
Objectives

- To describe public school revenue sources in California
 - property taxes
 - State/Federal
 - donations and other sources
 - parcel taxes
 - bonds



- To provide information about the LASD budget:
 - Expenditures
 - Challenges

Sample Property Tax Disbursement for Single Parcel



- 36.7% of your property tax dollars go to non-educational agencies such as the library and hospital.
- LASD (grades TK-8) and MVLA (grades 9-12) are separate districts that are funded independently.
- MVLA receives more funding, because it collects tax revenue from properties in both elementary districts (LASD + MVWSD), yet its student population is roughly half the combined total of the two.

This example is based on a single property. Search for yours here:
<https://payments.sccgov.org/propertytax/TaxAllocation>

2 types of public school funding for operations

LCFF Districts

Community Funded or Basic Aid Districts

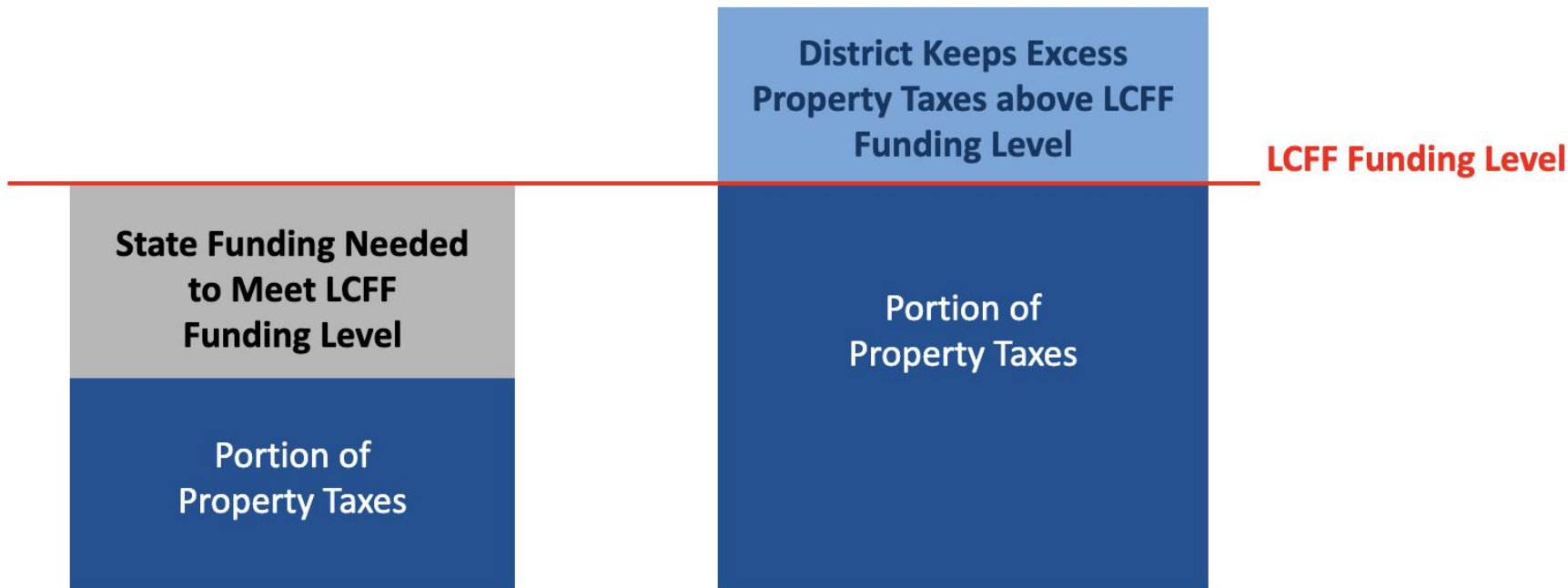
Local Control Funding Formula (LCFF) Districts

Local property tax funding doesn't reach LCFF target level. State funding makes up the difference. Most school districts in California are in this category.

VS

Community Funded (aka "Basic Aid" Districts)

Local property tax allocation exceeds the amount indicated by LCFF. The district only receives a small amount of "basic aid" from the state.



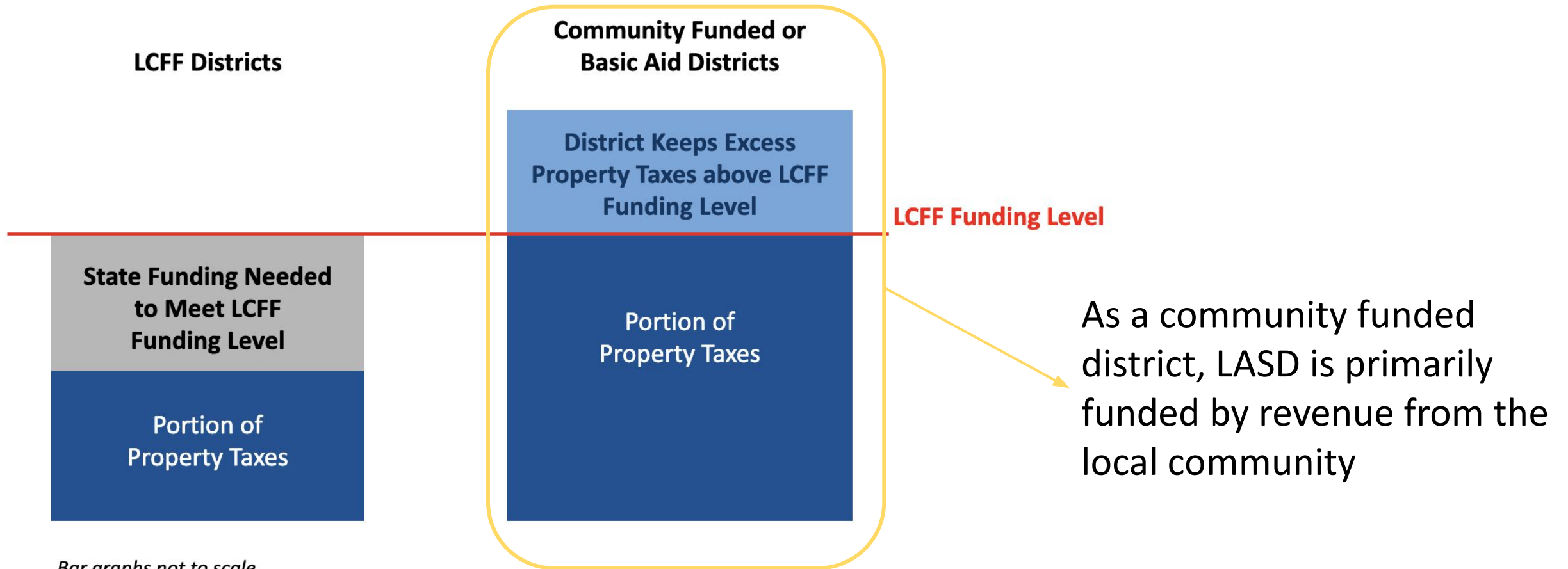
Bar graphs not to scale

Graphs only meant to convey when state funding is needed to meet LCFF level

Graphs do not represent entirety of school funding (e.g., facilities)

LCFF funding level varies by district and is a function of student enrollment

LASD is a community funded district



Bar graphs not to scale

Graphs only meant to convey when state funding is needed to meet LCFF level

Graphs do not represent entirety of school funding (e.g., facilities)

LCFF funding level varies by district and is a function of student enrollment

LASD operating revenue

General Fund	2024-25 Revenues		\$ per Student (3,399 students)	% of Total
Property Taxes ¹	\$	60,311,444	\$ 17,744	73%
Other State Aid		4,540,889	1,336	5%
Lottery		849,857	250	1%
Federal		1,147,479	338	1%
Parcel Tax		10,413,500	3,064	13%
Education Foundation (LAEF)		2,500,000	736	3%
Other Local		3,021,732	889	4%
Total	\$	82,784,901	\$ 24,356	100%
¹ Includes \$3,063,873 of County Taxes transferred to the district.				

- Note that funds from the Measure N bond are not included in this chart. Those funds can only be used for facilities and not for regular operating expenses.

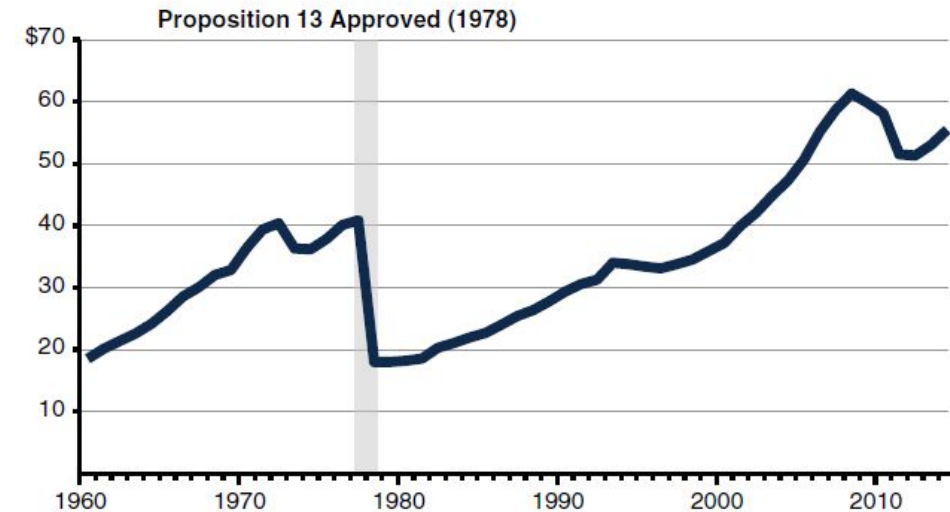
Prop 13 impact on property taxes

- Passed in 1978
- Reset assessments to 1975 values and capped the tax rate around 1%
- Property tax revenue **dropped by almost 60 percent** the year after
- California per-student funding fell from **5th to 47th** in the nation in two decades

Figure 1

Local Government Revenue Dropped Immediately After Proposition 13

*Local Government Annual Property Tax
Revenue (In Billions, 2014-15 Dollars)*

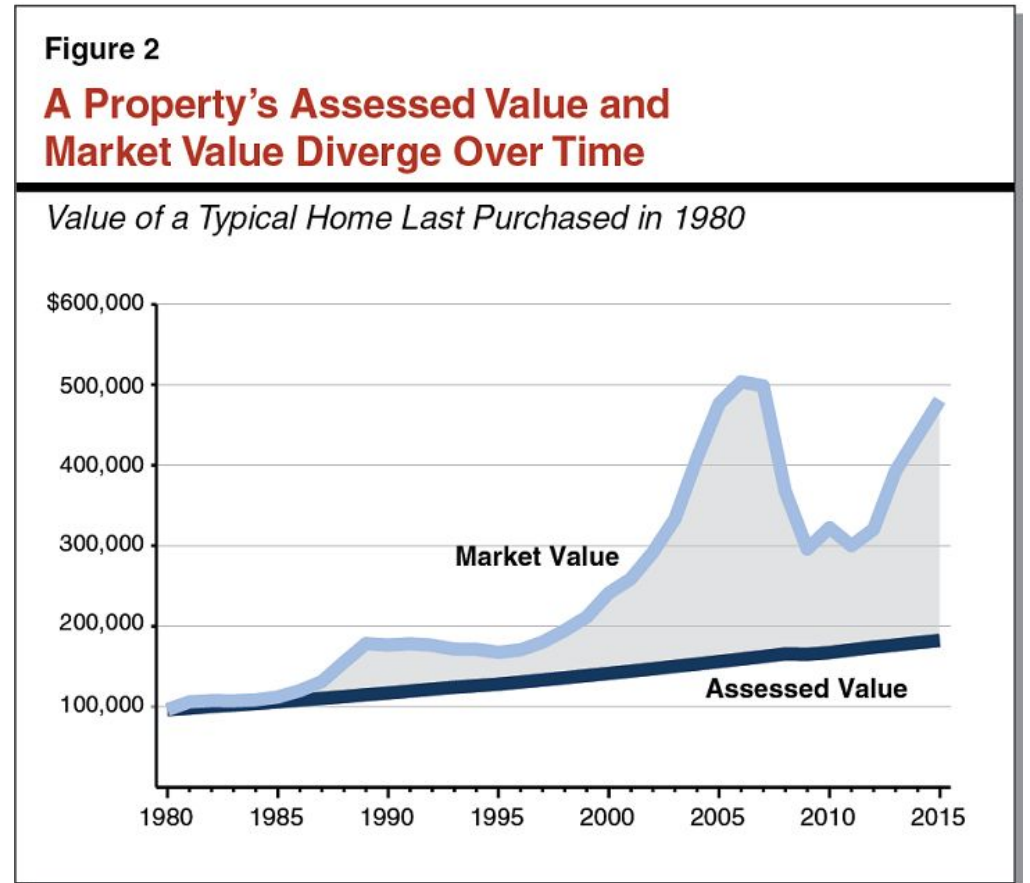


Prop 13: Assessed Value diverges from Market Value

Prop 13 limited annual increases in assessed value to 2% unless there is new construction or the sale of property which triggers reassessment.

Mountain View Voice on April 5, 2019:

*A district staff report found that the median **sale price** of a home in the district is \$3.14 million, but the median **assessed value** is about \$1.3 million. More than 1,200 of the district's single family parcels are assessed at values less than \$200,000.*



A tale of two houses: equal market values, unequal taxes



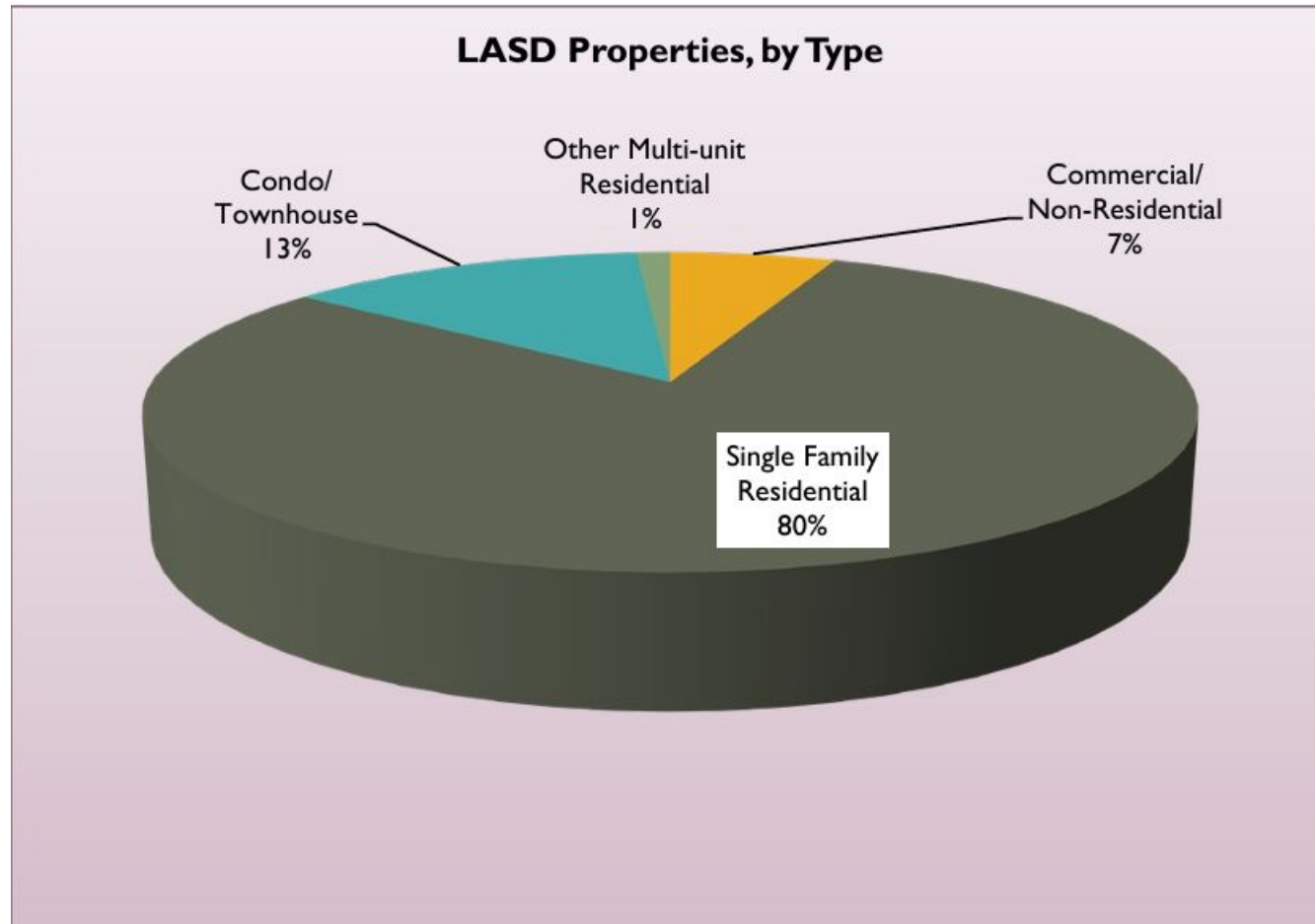
Market value of \$4.8 M today
Sold for \$375,000 in 1985
Assessed value of \$800,000
Property tax today = \$10,200
LASD receives ~\$1,958



Market value of \$4.8 M today
Sold for \$3.8 M in 2021
Assessed value of \$3.9 M
Property tax today = \$46,000
LASD receives ~\$8,832

Dollar amounts are based on actual property tax bills for homes located on the same street in Los Altos.
Images AI generated by Gamma and not of real homes.

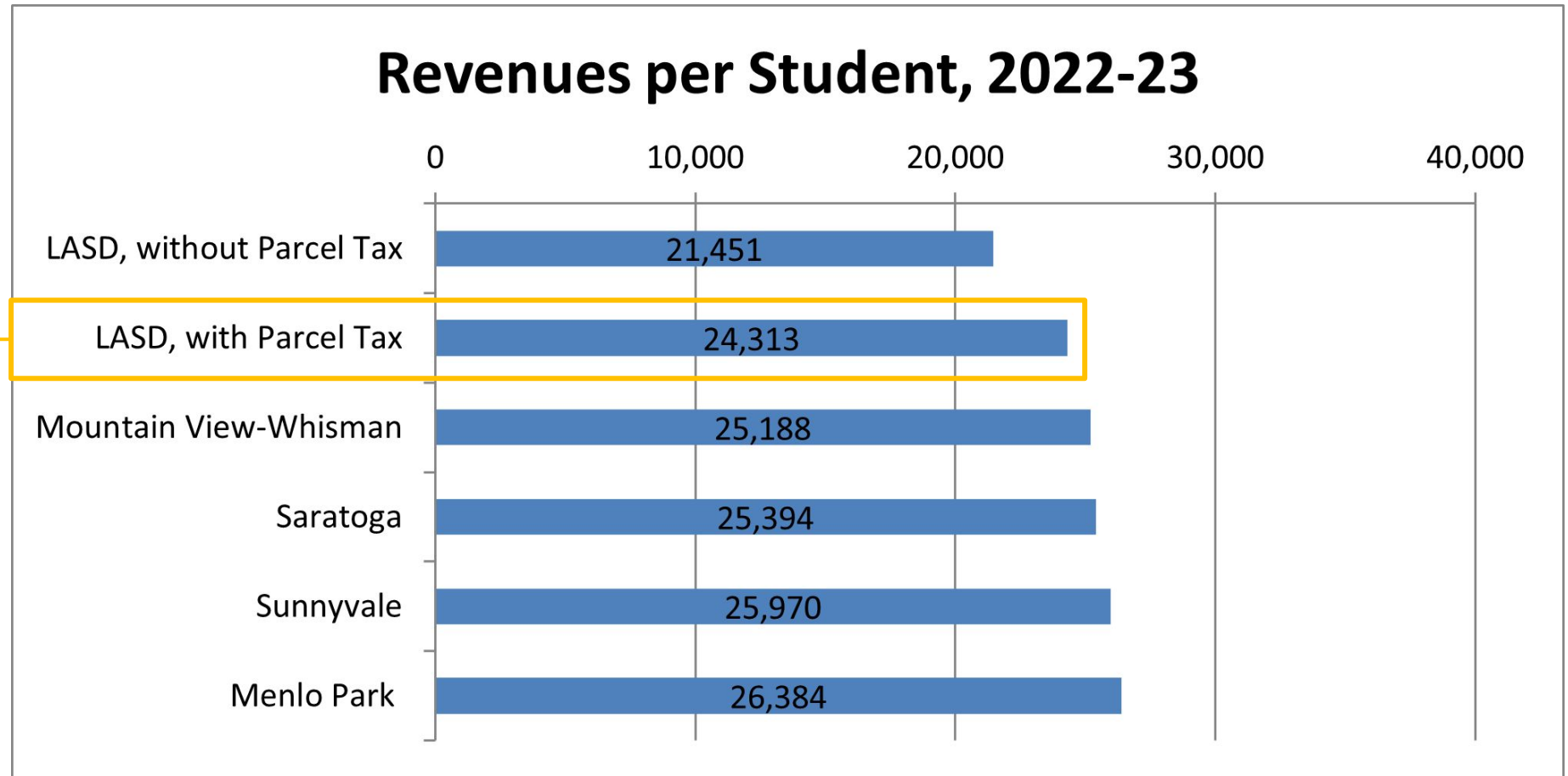
LASD has few commercial properties



- Commercial properties boost revenue per student because the owners pay property taxes (revenue) without adding to the number of students
- Neighboring districts such as Mountain View and Palo Alto have significantly more commercial properties



Revenue per student lower than other districts

Parcel Tax helps
close the gap
between LASD and
other districts

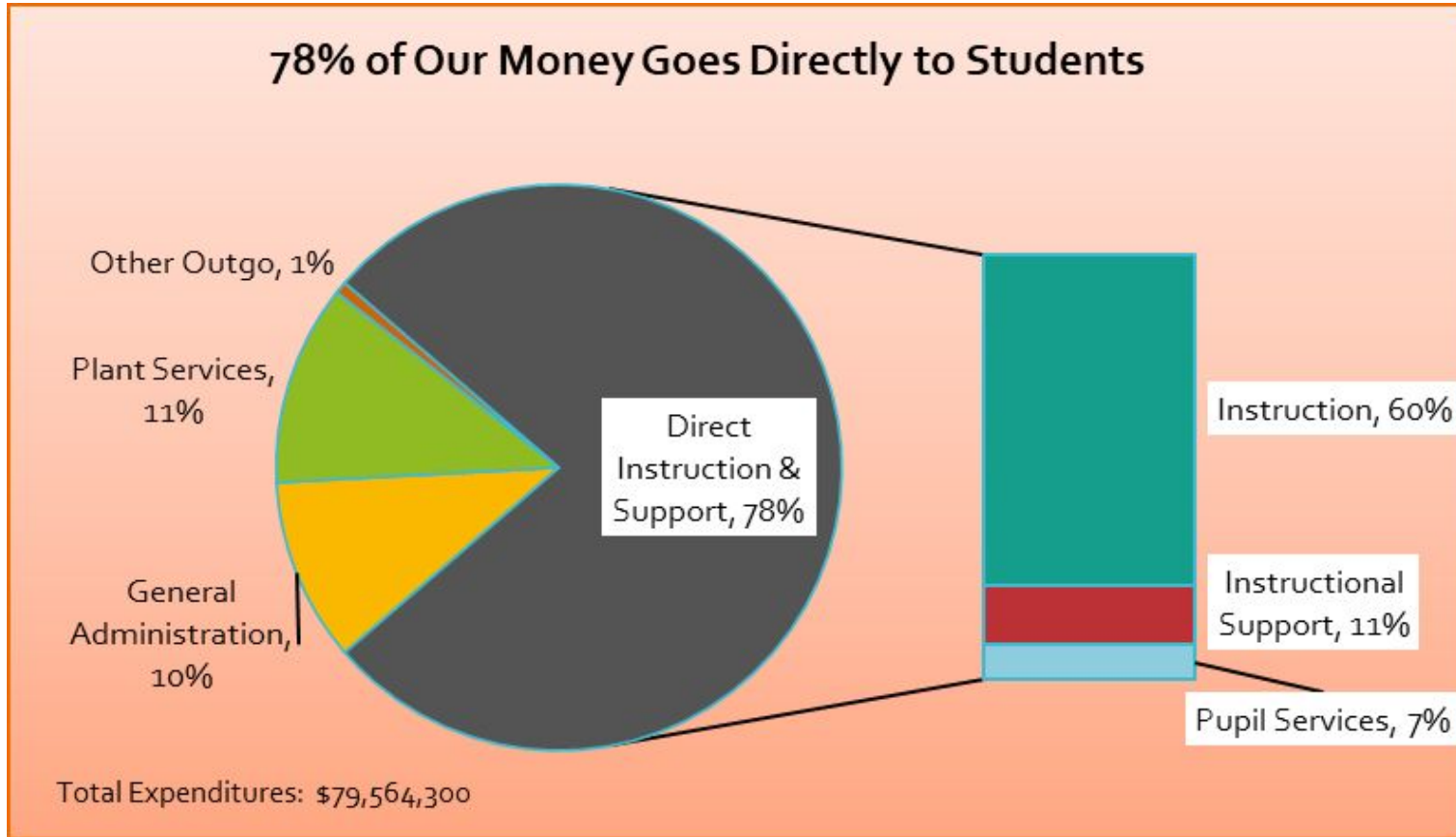


Note: This data is from '22-23 which differs from slide 6.

2 types of ballot measures to raise local funds

	Parcel Tax	Bond
What it pays for:	Parcel taxes are for P rograms and P eople 	Bonds are for B uildings 
How it works:	Flat fee on each parcel	Tax rates levied not to exceed \$30 per \$100,000 of assessed value
How it is passed:	Requires 2/3 vote	55% supermajority with Prop 39
Oversight:	Citizens Advisory Committee on Finance (CACF)	Citizens Bond Oversight Committee

General Fund Expenditures



- In 2024–25, \$79.6 million anticipated
- 81% of spending pays for teacher and staff
- The average teacher costs the district \$161,303:
 - \$115,910 in salary
 - \$45,393 in benefits (e.g. retirement, medical and other insurance)

For more details about each category, please see the appendix.

Non-teaching staff include librarians, counselors, psychologists, lunch servers, teacher aides, custodians, grounds crew, administrators, etc.

What are the financial challenges facing LASD?

- Revenue is constrained by Prop 13 and lack of commercial properties
- Rapidly rising costs impact expenditures
- State-mandated programs: valuable yet underfunded
- Annual charter school expenses



Rising costs all around

Cost of utilities increasing



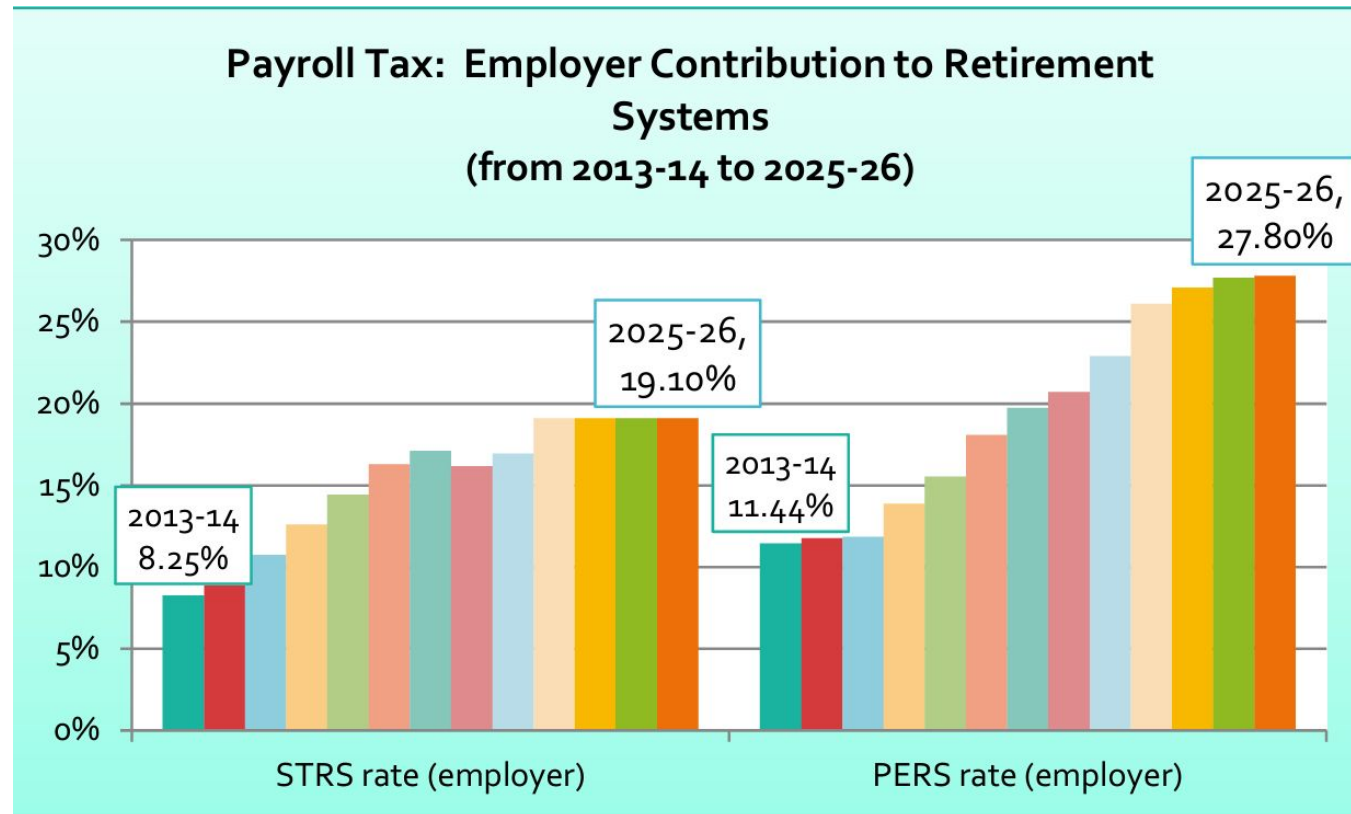
LASD utilities cost over \$3 million, with PG&E alone costing over \$1.6 million prior to the price increase.

CalPERS medical insurance premium increases for 2024:

Basic Plans	% Premium Change
Anthem Blue Cross Select HMO	2.40
Anthem Blue Cross Traditional HMO	7.28
Blue Shield Access+ HMO and EPO	5.92
Blue Shield Trio HMO	6.51
Health Net Salud y Más HMO	3.97
Kaiser Permanente HMO	13.07
Kaiser Permanente HMO Out-of-State	13.59
PERS Gold PPO	12.17
PERS Platinum PPO	12.18
Sharp Performance Plus HMO	8.93
UnitedHealthcare Alliance HMO	4.90
UnitedHealthcare Harmony HMO	5.73
Western Health Advantage HMO	6.19
Total Basic Weighted Average Change	10.95

Rising cost of employee benefits

State Teachers Retirement System (STRS)
Public Employees Retirement System (PERS)

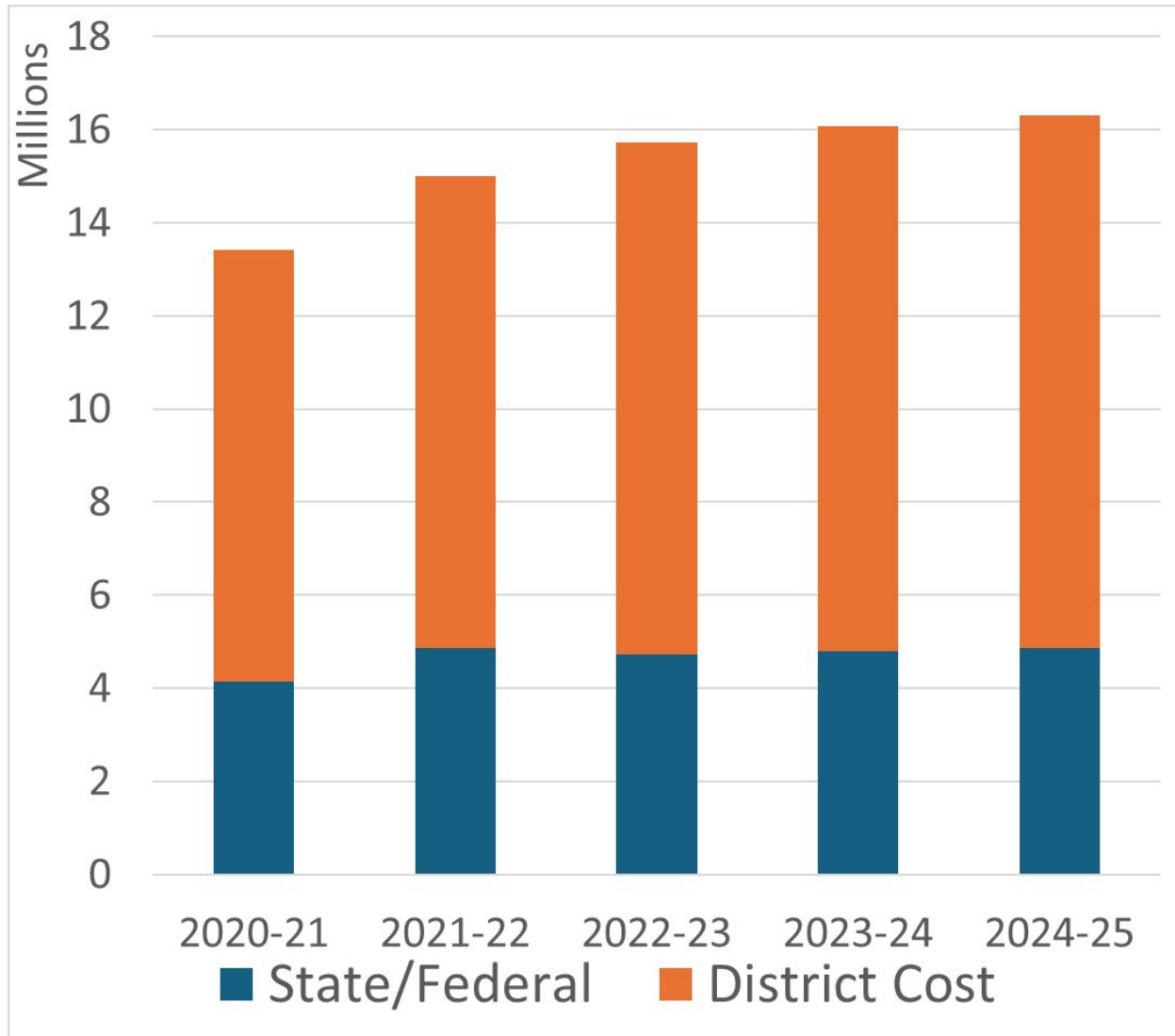


State pension systems:

LASD employer contribution cost in 2013–14 was a little under \$3 million.

By 2025–26, the projected cost rises to \$9.6 million

Rising cost of special education

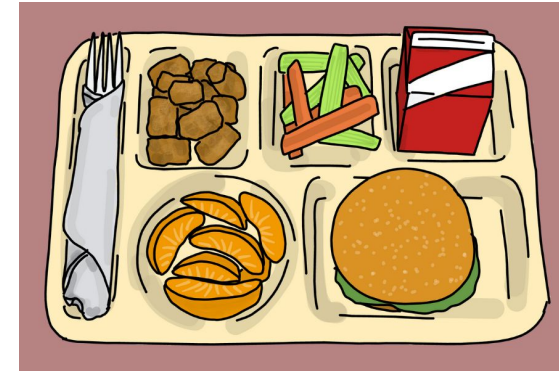


- Special education is an important yet underfunded program estimated to cost approximately \$16.3 million in '24-25 (20% of total expenditures)
- Local revenue funds 70% of special education, as there is limited state and federal funding
- Special education costs have risen by 22% compared to 4 years ago

New state mandates that are underfunded

Universal Meals

- State + Federal Reimbursement for meals only
- Cost to construct serveries on all campuses, equipment rental, and increased staffing not covered by state
- District expects to transfer approximately \$900,000 annually to cafeteria fund in order to meet this requirement



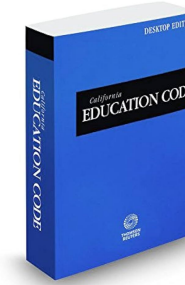
New state mandates that are underfunded

Transitional Kindergarten



- All 4-year-olds eligible by '25-26 school year
- LASD will be educating 10 grade levels instead of 9 with only negligible increase in state funding
- TK staffing now costs the district over \$1.4 million. That does not include additional cost of smaller furniture and other accommodations required for younger students

Charter school requirements



Revenue transfer “in-lieu of property taxes”

- LASD receives all tax collections, then transfers funds to Bullis Charter School (BCS) as required by Education Code 47635. The amount is calculated by multiplying the LCFF funding rate by BCS average daily attendance (including out-of-district students)
- BCS 2023-24 actual enrollment: 936 in-district students, 90 out-of-district students
- LCFF transfer to BCS:
 - \$10.7 million in '24-25 (projected) + \$625,000 from the parcel tax
 - Annual increases are expected due to state issued cost-of-living-adjustments which are applied to LCFF rates

Charter school requirements



Facilities

- Proposition 39 passed in 2000
- Requires school districts to provide facilities in conditions “reasonably equivalent” to those of other schools in the district
- District leases 67 portables for Bullis Charter School (BCS) which cost \$866,111 annually
- 4 portables were purchased for BCS exclusive use at Egan costing \$135,431
- Portable installation at Blach cost an additional \$8.1 million to meet state architect requirements

Summary

- LASD is a community funded district that relies on local funding sources, including donations, parcel taxes, and bond measures
- 78% of expenditures goes directly to students
- Financial challenges include rising costs, underfunded state-mandated programs, and growing charter school transfers and facilities expenses
- Despite these challenges, LASD schools have remained among the best in the state thanks to support from the local community
- Read more about LASD finances in the budget book linked [here](#)



Questions?

Reach out to CACF - lasdcacf@gmail.com

Jon Michaelson, chair

Peipei Yu, vice-chair

Robin Abrams

Curtis Cole

Gary Hedden

Stella Kam

Kellie Riccoboni

Lori Sevcik

Laura Teksler



Jill Williams



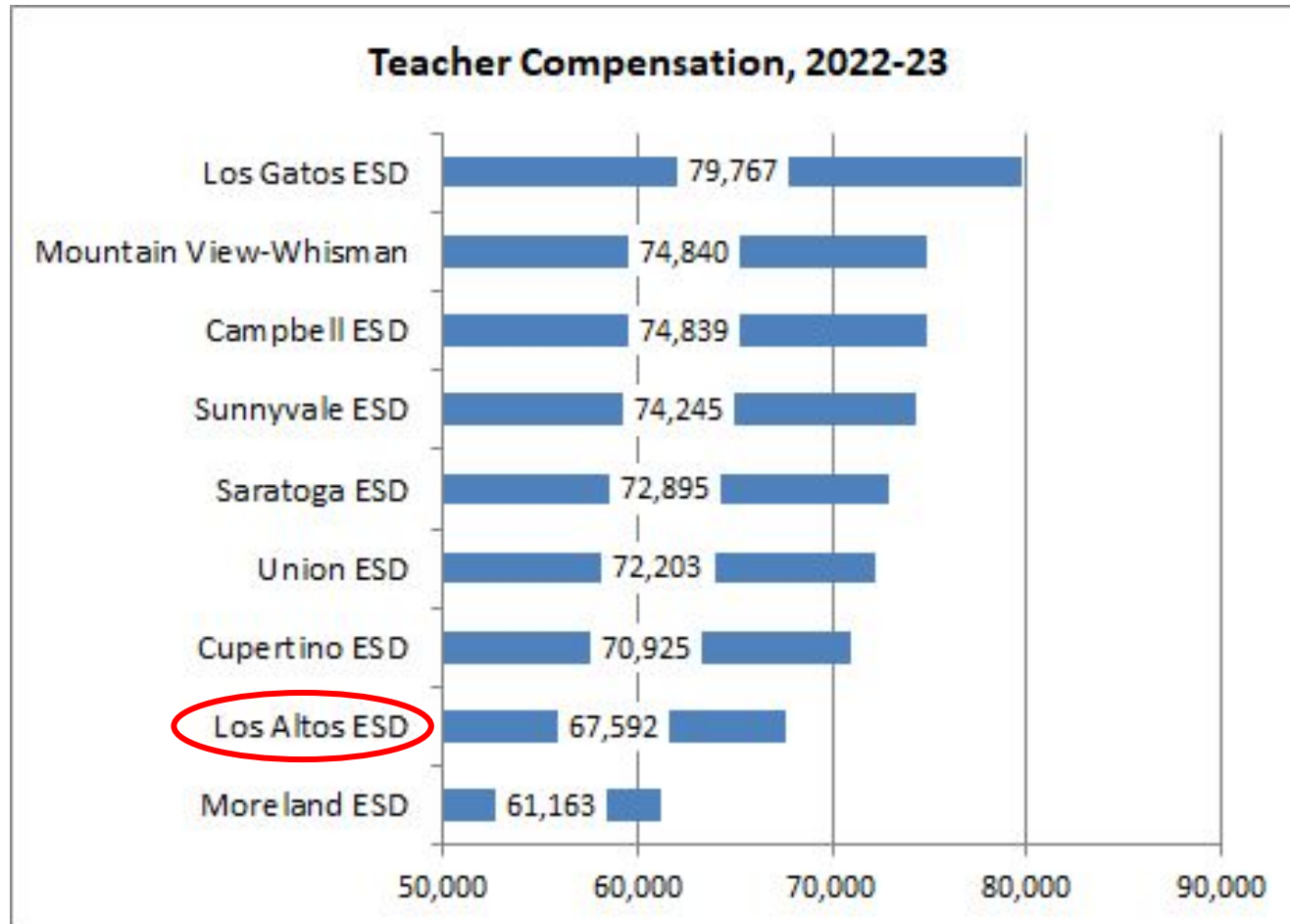
More info about the committee can be found on our [website](#). There you will find our meeting minutes, reports to the board of trustees, parcel tax report card, as well as an application if you are interested in joining us. We meet monthly from August through May.

Appendix

2 types of ballot measures to raise local funds

	Parcel Tax	Bond
What it pays for:	Parcel taxes are for Programs and People 	Bonds are for Buildings 
Last ballot measure passed:	<p>In 2023, voters passed Measure A with ~75% approval (66.7% needed).</p> <p>Measure A renewed a supplementary parcel tax which was previously set at \$233 per parcel. That amount will increase to \$295 in 2024, followed by 4% annual adjustments for a total of 8 years.</p>	<p>In 2014, voters passed Measure N, a \$150 million bond measure. These funds allowed district to acquire a new school site and to improve facilities for LASD and BCS.</p> <p>Measure H passed in 1998, authorizing \$94.7 million in bonds. Measure H is fully paid off. Those funds were used to refurbish existing schools as well as to re-open Covington.</p>

LASD wants to offer more competitive salaries



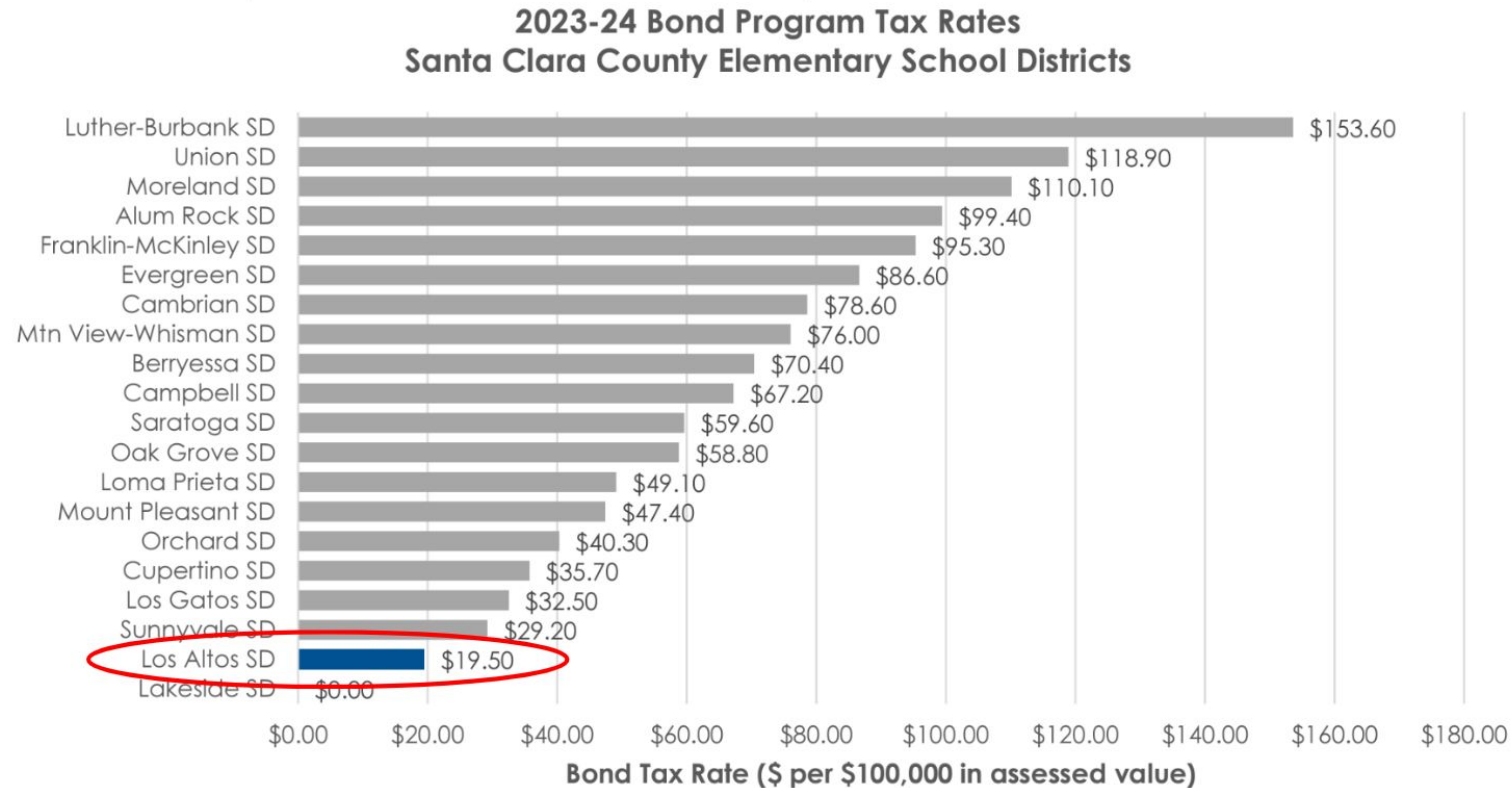
Note: The amount shown above is for first year teachers and does not include benefits

LASD wants to invest in facilities but lacks funding

Low Tax Rates Compared to SDs in Santa Clara County

Los Altos School District

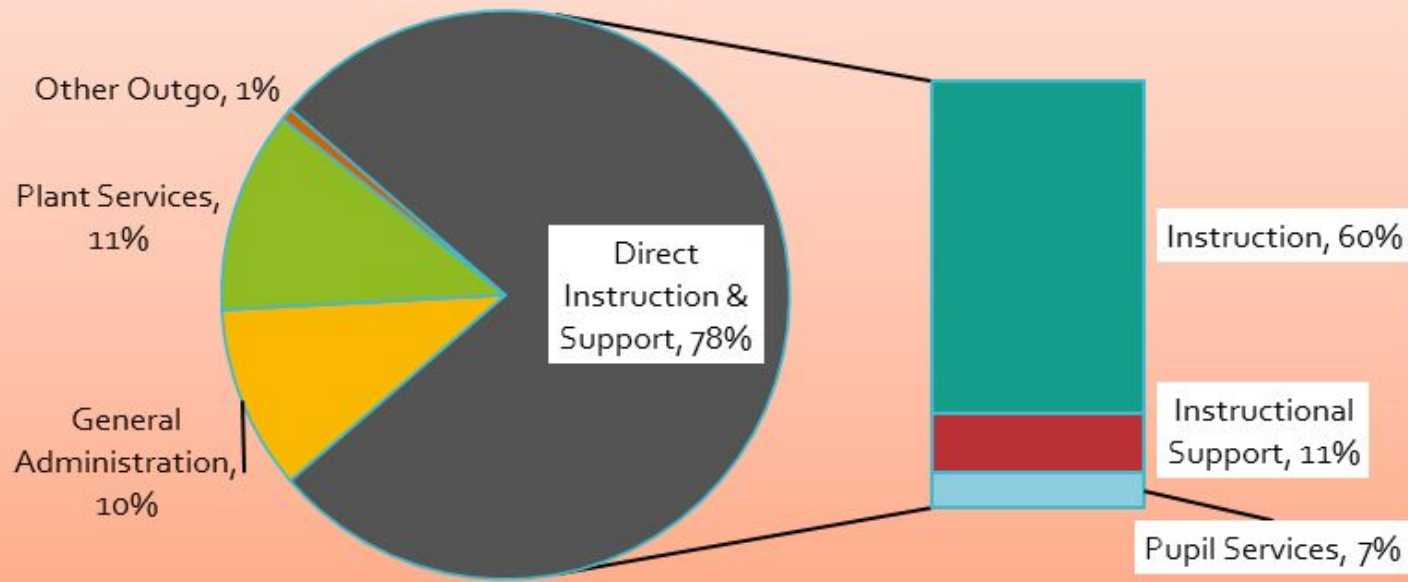
- ❖ Los Altos SD's bond program tax rate is currently very low compared to other elementary schools in Santa Clara County.



- ▶ Mountain View Los Altos Union High School District's 2023-24 bond program tax rate is \$31.00 per \$100,000 in assessed value.

General Fund Expenditures

78% of Our Money Goes Directly to Students

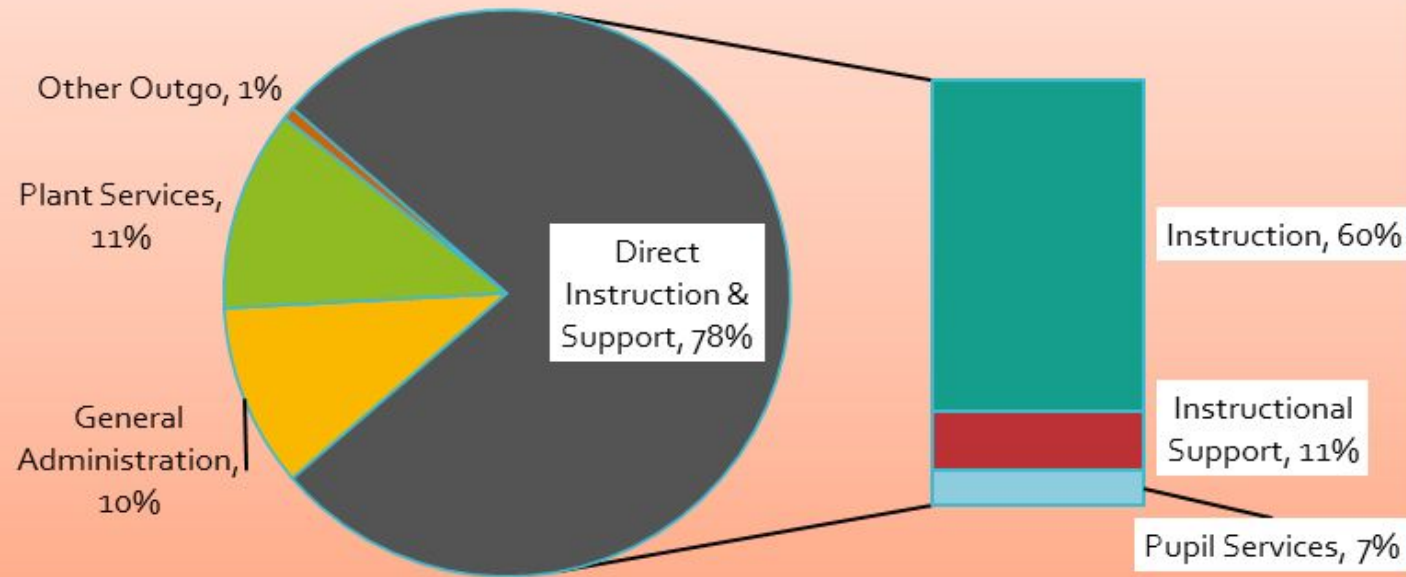


Total Expenditures: \$79,564,300

- **Instruction 60%:** regular and special education classroom teachers, teacher aides, substitutes, textbooks, classroom equipment and supplies
- **Instructional Support 11%:** school administration (principals, secretaries, and office supplies) and professional development, mentor teachers, curriculum, and library services.
- **Pupil Services:** counselors, psychologists, health and speech services, and pupil transportation

General Fund Expenditures

78% of Our Money Goes Directly to Students



Total Expenditures: \$79,564,300

- **General Administration 10%:** Personnel, the superintendent's office, pupil services administration, legal services, and business operations
- **Plant Services 11%:** custodians, maintenance and grounds crew, alarm systems, and utilities. Utilities alone cost over \$3 million.
- **Other Outgo <1%:** debt service and interest on our Tax Revenue and Anticipation Notes (TRANS)