
Los Altos School District

CACF Year-End Report 2023-2024

— Citizens Advisory Committee on —
Finance – June 3, 2024

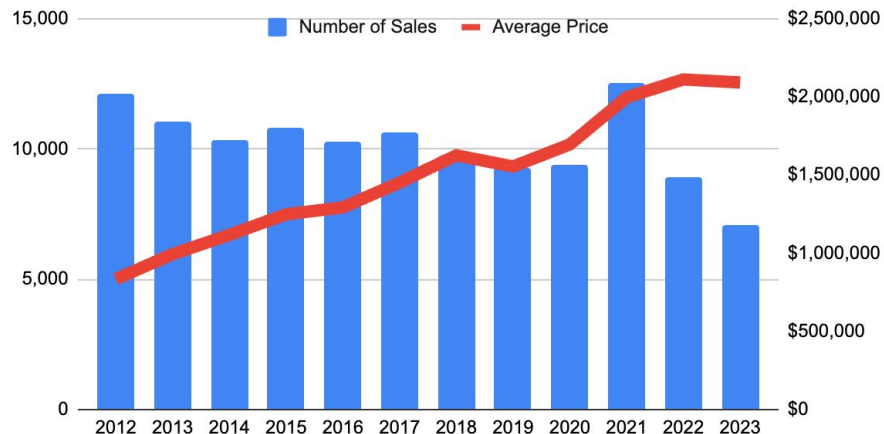
Agenda

- Six-year Financial Forecasts: Crunch Time
- Capital Needs: It's About Time
- "ABCs of Local School District Finance": Take a Look
- CACF Membership and Member Terms: You Can Help
- Summary
- Next Year

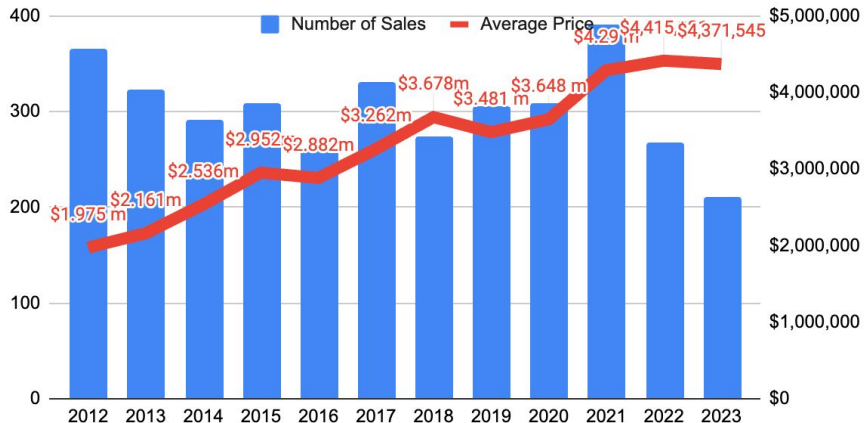
Six-year Forecast

Home sales: Price (Red) and Number (Blue)

SC County Home Sales: SCCAOR



Los Altos Home Sales: SCCAOR



Revenue Conclusions

Home sales are down from 2020-2021 period. Prices are stable. The 12 month trailing data are also stable.

The volume of home sales drives property tax growth above the 2% Prop-13 ceiling.

Conclusions and scenarios:

- Short term property-tax growth will be below the long term average: < 5%
- Historically, growth returns to average within 1-4 years.
- We consider two revenue scenarios for last 4 years of projection:
 - Base case: (5%) 4%, 3%, 3%, 3%
 - Recovery: (5%) 4%, 3%, 5%, 5%

Operations Unknowns

Inflation

Competitive Compensation Pressure

Capital Expense encroachment

- Classroom & site layout for TK

- Steadily increasing cost of repair and replacement for aging facilities

Mew Mandatory Programs?

Tenth Site Impact

Declining enrollment

Sensitivity Analysis – Identifying Biggest Concerns

Cumulative impact over three years:

- Property-tax growth (1% change)
 - 1 year of 1%, impact at 3 years: \$2.0M
 - 3 years of 1% each year: \$4.0M
- Salary adjustments in 24/25:
 - 2% one time, impact at 3 years \$3.2M
 - 2% each of 3 years: \$6.5M
- Facilities Maintenance and Upgrades > \$3.0M?
- PERs or STRS (+1% employer share) \$1.0M
- Enrollment (+/- 100 students) \$0 to \$1.0M
- Health-Costs (5% growth) \$0.9M

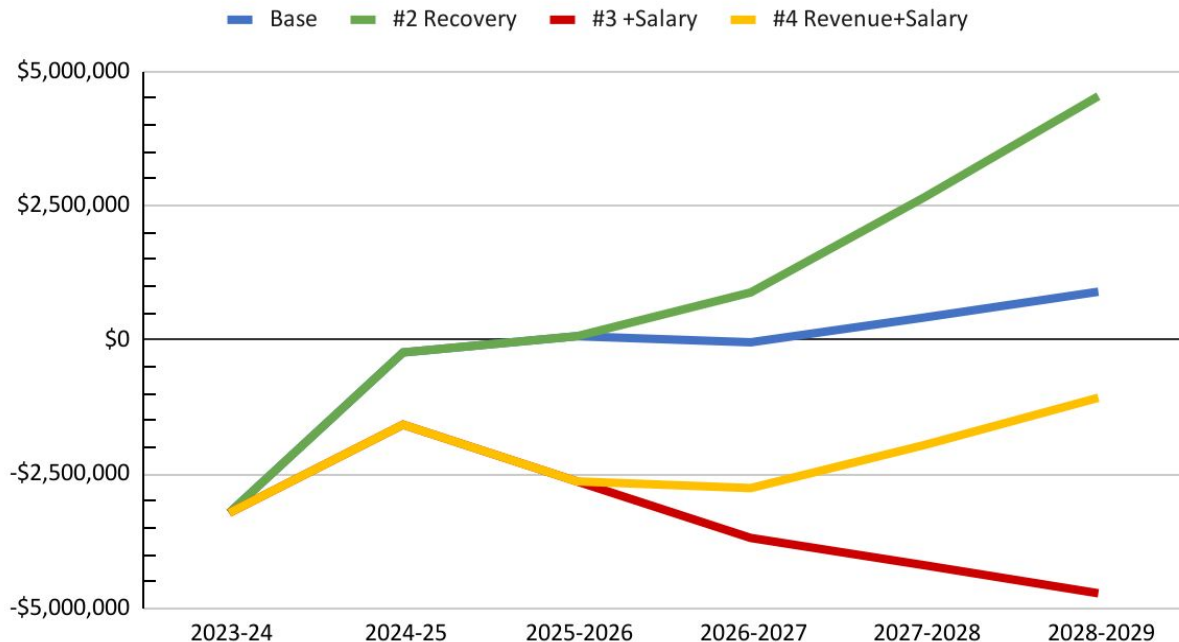
Scenarios

Spreadsheets

- #1 Base: Base Revenue assumption Property Tax (5%), 4%, 3%, 3%, 3%, 3%
Normal Step & Column Compensation (equals > \$500K/year)
Increased Compensation (6%), then flat: 0%, 0%, 0%, 0%, 0%
Benefit Inflation + 5% per year (\$900K/year)
- #2 Recovery: Property Tax (5%), 4%, 3%, 5%, 5%, 5%
- #3 +Salary: Increased Compensation (6%), 3%, 3%, 2%, 2%, 2%
- #4 Recovery+Salary: (combine #2 & #3)

Scenarios: Annual Surplus vs Deficit

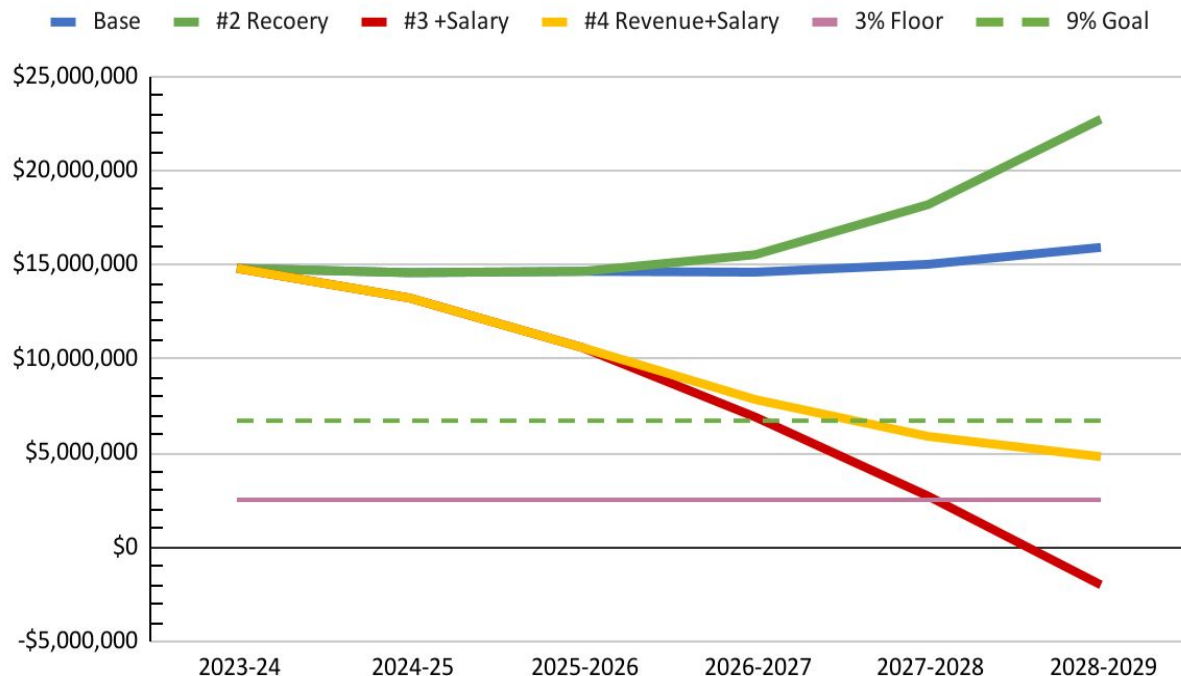
Surplus or Deficit



Sustainable operations require balanced budgets, such as the District has been working hard to achieve

Reserves

Reserves



Two cases (base and recovery) have no comp increases for 4 years

Continued spending vigilance is essential

In 2026 and beyond, we can only afford comp increases with property tax growth

Capital Needs

- Master Plan In Process
- Lessons from 2013/2014
 - Whatever the plan and priorities, those are meaningless without funding
 - Delay is debilitating from a cost perspective, and thus not fiscally responsible
- Financing Framework
 - Thinking one bond measure at a time is not effective economically or otherwise
 - Top notch education requires up to date facilities
- Develop and Maintain a Capital Budget

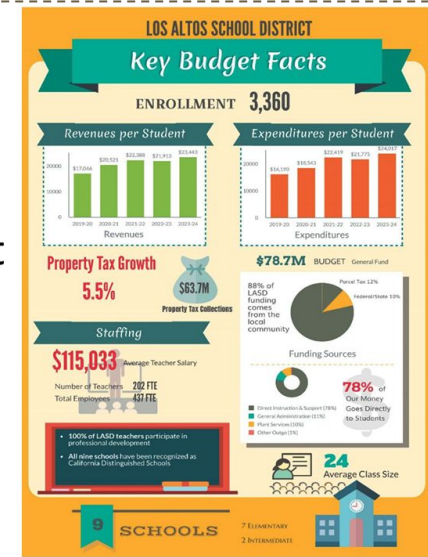
ABCs of School Finance

CACF Communications Subcommittee created a presentation as an educational resource for stakeholders and the community at large.

CACF will present the slides this fall to various groups. The slides are now posted on the District website and linked in the parcel tax report card.

ABCs of Los Altos School District Finance

Based on the 2023-24 Budget Book



www.lasdschools.org/CACF/ABCs

CACF Membership and Membership Terms

Membership and Recruitment

- E9130 Board Committee Bylaws: Identifies 8 civic groups and maximum 19 CACF members
- Target a total voting membership of 12; over time, the source of representation becomes more current
- Shift the LAEF to an At-Large position (after consulting LAEF ED/Chair)
Rationale: LAEF have not been able to recruit to CACF for last 4+ years
- Continue to recruit for representative from Mountain View; maintain members representing Los Altos and Los Altos Hills
- Recruit someone from the parent group of Bullis Charter School

Term Limits

- Set a term limit of 2 three-year terms; eligible to re-apply after a one year break
- E9130 Board Committee Bylaws: already 3-year renewable

Attendance Metric

- Set expectation of 3 year minimum commitment for members
- Meeting attendance metric – set expectation of not more than 3 absences/year

Leadership

- Chair – 2 year term
- Vice Chair – responsibility to step in and lead the meeting when Chair is not available
- Committee Chairs – 2 two-year terms (in role as chair of specific committee)

Calendar

- Reconstitute leadership and committees -- Target annually April/May meeting
- Retrospective (esp w Chair, Asst Chair, Committee Chairs) – April/May meeting

Summary

- Next year's budget shows solid improvement
- The following two years: 2025-26 and 2026-27 need balanced budgets
- Top notch education requires top notch educators
- Competitive Salaries require property tax revenue growth
- We need a facilities master plan and even more importantly funding to implement it both short and long term
- Top notch education requires up to date facilities
- Major uncertainty for the future is enrollment. The District needs a demographer's report next year

Next Year: Projects

Declining enrollment impacts?

Tenth Site impacts?

More?

Questions?