Budget Advisory Committee
08/03/2026 - 03:30 PM
District Office, 17421 Farley Road West, Los Gatos, CA 95030
Farley Room
Please use the following link to join virtually (in-person required for Committee Members):
https://lgsuhsd.zoom.us/j/96533754726

MEETING MINUTES

We welcome you to this meeting of the LGSUHSD Budget Advisory Committee (BAC) meeting. The public may make comments relevant to agenda items at the time designated on the agenda. Public comment will not be heard outside the designated time. While not required, we would appreciate it if you would identify yourself with your name and address when addressing the BAC. Speakers are asked to limit remarks to three minutes (with a maximum of twenty minutes for one topic).

Assistance Information
Any individual requiring disability-related accommodations or modifications, including auxiliary aids and services, in order to participate in the BAC meeting should contact the Business Services office in writing. Please provide sufficient advance notice to allow the Committee time to arrange for your accommodation.

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Attendance

Voting Members
Arnav Mana, BAC Voting Member, Student Representative 2026 - **Absent**
Julian Juan, BAC Voting Member, Student Representative 2026 - **Absent**
Fan Steinke, BAC Voting Member - **Absent**
Peter Hertan, BAC Voting Member - **Absent**
Wendy Riggs, BAC Voting Member
Lee Fagot, BAC Voting Member
Daniel Snyder, BAC, CBOC Voting Member
Jim Bertonis, BAC, PTOC Voting Member
Jennifer Young, BAC Voting Member, DTA Representative - **Absent**

Non-Voting Members
David Poetzinger, BAC Non-Voting Member
Greg Louie, BAC Non-Voting Member
Soojin Lee, Non-Voting Member, Administrative Specialist
Dr. Deepa Mukherjee, Non-Voting Member, Associate Superintendent, Educational Services
Patrick Bernhardt, Non-Voting Member, Assistant Superintendent/CBO
Heath Rocha, Non-Voting Member, Superintendent
Steve Chen, Non-Voting Member, Trustee

I. OPENING BUSINESS

A. Call to Order/Establish Quorum

The meeting was called to order at 3:32 p.m. Roll call was conducted, and a quorum was not established due to an insufficient number of voting members present. Therefore, no action could be taken. However, discussion of agenda items proceeded.

B. Welcome and Introductions

Members of the Budget Advisory Committee took turns introducing themselves and providing brief background information.

C. Adopt Agenda

The Committee was unable to formally adopt the agenda because a quorum was not established.

D. Public Comment

No public comments were received.

II. ACTION ITEMS

A. Approval of the Minutes

Approval of the previous meeting minutes was deferred due to the lack of a quorum.

B. Set Meeting Dates

Staff presented the proposed 2026–27 Budget Advisory Committee meeting dates. Formal approval of the meeting schedule was deferred due to the lack of a quorum.

III. REPORT/DISCUSSION ITEMS

A. 45-Day Budget Revision

Presentation of the 45-Day Budget Revision 2026-27
Patrick Bernhardt, Assistant Superintendent/CBO of Business Services, presented the District's 45-Day Budget Revision 2026-27.

Mr. Bernhardt explained that school districts generally adopt their budgets in June and do not formally revise them until the First Interim reporting period in December. However, when the State adopts its budget and the final State Budget results in material changes to a district's anticipated revenues or expenditures, the district must revise its budget within 45 days of the Governor signing the State Budget.

Although the statutory requirement applies only to changes resulting directly from the State Budget, staff also used the revision process to incorporate salary increases approved after the District's budget was prepared. The adopted budget already included the settlement with the District Teachers Association (DTA), but it did not include the subsequent settlement with the California School Employees Association (CSEA) or salary increases for unrepresented, confidential, and management employees.

The revised expenditures also include the estimated upper-bound cost of conducting as many as four elections. Three trustee areas are scheduled for election, and the Board has placed a districtwide bond measure on the ballot.

Revised Revenue

Mr. Bernhardt reviewed the four revenue categories that changed following adoption of the District's budget — Property Tax Transfers, State Block Grant, Parcel Tax (Measure A), and AB 602 Special Education Funding.

The Santa Clara County Office of Education provided a minor update to projected property tax transfers, resulting in an increase of approximately $1,000.

The largest adjustment was approximately $2.6 million in one-time State block grant funding. Mr. Bernhardt explained that a similar block grant was provided during the prior fiscal year, although the District received approximately $900,000 at that time. The new grant had been included in the Governor's January Budget proposal and May Revision, but the District did not include it in the adopted budget because the allocation methodology had not yet been finalized. Depending upon the final methodology, the District could have received little or no funding.

The Legislature ultimately approved a relatively broad allocation based upon average daily attendance (ADA), resulting in approximately $2.6 million for the District. Mr. Bernhardt explained that the funding is restricted, although the restrictions provide the District with significant flexibility. The funding is one-time and is not expected to recur.

In response to a question from Lee Fagot regarding the reliability of the funding, Mr. Bernhardt stated that once the Governor signs the State Budget, the State generally does not rescind the allocation. The State may defer payment into a subsequent fiscal year, but districts ultimately receive the funding.

Mr. Bernhardt clarified that the funds do not need to be spent entirely during the current fiscal year. Staff proposes using the allocation over the next two fiscal years to mitigate projected deficit spending.

The District also increased projected parcel tax revenue by approximately $32,000.

The final major revenue adjustment relates to Assembly Bill 602 special education funding. The May budget projection anticipated approximately $999 per ADA, while the final State Budget increased the amount to approximately $1,340 per ADA. This change results in an ongoing revenue increase of just under $1 million.

Superintendent Heath Rocha noted that educators throughout the State have advocated for increased special education funding for many years as program costs have continued to rise. He stated that the District receives approximately $3 million in special education funding while spending approximately $15 million annually on special education programs and services.

Mr. Bernhardt explained that although the additional funding is restricted to special education, it will replace General Fund dollars that would otherwise be contributed to the program. The increase therefore provides an equivalent benefit to the unrestricted General Fund.

The revised budget reflects a total revenue increase of approximately $3.6 million. Mr. Bernhardt emphasized that approximately $2.6 million of the increase is one-time funding and should not be considered an ongoing revenue source.

Committee members encouraged the District to continue pursuing expenditure reductions despite the additional revenue. Steve Chen stated that the one-time allocation should not eliminate the District's commitment to improving operational efficiency and reducing ongoing deficit spending. Mr. Rocha confirmed that the District's budget-reduction efforts are continuing.

Mr. Fagot suggested that a portion of the additional revenue be used to strengthen District reserves.

Chairperson Wendy Riggs recommended adding totals to the revised revenue and expenditure presentation slides to make the overall changes easier to identify.

Revised Expenditures

Mr. Bernhardt reviewed the expenditure adjustments associated with the CSEA settlement and salary increases for unrepresented, confidential, and management employees.

In response to a question from Ms. Riggs, Mr. Bernhardt clarified that the certificated adjustments apply to certificated management and unrepresented employees who are not members of DTA. These positions include the Superintendent, Associate Superintendent, principals, program specialists, and the District nurse.

The employee benefits adjustment primarily represents statutory costs associated with the salary increases, including pension contributions, unemployment insurance, and Medicare.

The services and operating expenditures adjustment reflects an estimated maximum cost of approximately $250,000 for conducting four elections. Three trustee areas and the districtwide bond measure could appear on the ballot. However, if only one candidate files for a trustee area, that election would not be placed on the ballot, reducing ballot and voter information guide expenses.

The Committee discussed the District's transition from at-large trustee elections to trustee-area elections. Mr. Rocha explained that if no candidates file for a trustee area, the Board would conduct a public application and appointment process similar to the process previously used to fill a Board vacancy. Under the trustee-area system, applicants would be required to reside within the applicable trustee area.

Mr. Bernhardt also reviewed the increased personnel costs by fund. Most costs are reflected

in the General Fund, while salary and benefit costs for cafeteria employees are recorded in Fund 13, the Cafeteria Fund.

Reserve and Multi-Year Projections

Mr. Bernhardt reviewed the revised reserve projections and the aggregated Multi-Year Projection.

Staff proposes using the one-time block grant funding over two fiscal years to mitigate projected deficit spending, with a larger portion used during the current fiscal year because the projected deficit is greater. The ongoing increase in special education funding also improves the District's out-year projections.

With these adjustments, the District's reserve is projected to remain relatively stable at approximately 12%. The District's written Board policy establishes a minimum reserve of 10%, although the policy is currently suspended. Mr. Bernhardt stated that the Board previously indicated it would reconsider the suspension after reviewing the Unaudited Actuals in September.

Mr. Chen and Ms. Riggs requested that the presentation include the reserve projections from the adopted budget alongside the revised projections. They stated that a before-and-after comparison would help the Committee and Board understand how the additional revenue affected the District's financial outlook.

Mr. Bernhardt reported that the adopted budget projected reserves of approximately 11.16% for 2026–27, 11.62% for 2027–28, and 13.16% for 2028–29. The first two years improved due to the one-time funding, while the third-year projection decreased because of the newly incorporated ongoing salary costs.

The Committee also discussed whether future Multi-Year Projections should include a placeholder for employee salary increases after current labor agreements expire.

Mr. Chen suggested including a nominal annual salary increase of approximately 2% to provide a more realistic representation of future expenditures. He noted that projections can appear overly positive when future salary increases are not included.

Daniel Snyder explained that Los Gatos Union School District uses a 2% placeholder for years beyond an existing labor agreement. He stated that the placeholder is presented as a planning assumption rather than a commitment to a negotiated salary increase.

Mr. Fagot suggested clearly labeling the amount as a projected estimate. Ms. Riggs indicated that an assumption between 2% and 3% may be appropriate but stated that she did not have enough information to recommend a specific percentage.

Greg Louie noted that including a projected salary increase could create concerns that employees or bargaining units might interpret the assumption as a commitment. Mr. Bernhardt explained that the District's existing projections include step-and-column costs but do not include an assumed percentage salary increase without specific Board direction.

No formal action was taken. Mr. Rocha suggested that Mr. Chen submit a request for a future Board discussion regarding the use of a salary-increase placeholder in the Multi-Year Projection.

Budget Reductions and Financial Communication

Mr. Chen asked whether the previously projected expenditure reductions remained in the revised budget. Mr. Bernhardt explained that staff had identified more budget reductions during the current year than originally anticipated and that the revised projection retained the same underlying assumptions regarding future savings.

Committee members encouraged staff to communicate the District's expenditure reductions more prominently. Mr. Chen stated that highlighting the savings would demonstrate that the District is actively managing expenses rather than relying solely upon new revenue.

Ms. Riggs agreed and suggested presenting several of the most significant savings categories rather than providing a detailed itemization. She stated that communicating both the additional revenue and the District's progress toward its savings goals would provide a more complete and positive financial message to the community.

B. Budget Format

Public-Facing Budget Presentations

Mr. Bernhardt introduced a discussion regarding how the District could present budget information to the Board, employees, parents, and the broader community in a more accessible and user-friendly manner.

He explained that when he began his position, he received specific direction from the Board and Superintendent to provide extensive background and detailed financial information because confidence in the District's budgeting and financial-management processes had declined. He stated that feedback during the past year indicates that the District has made progress in restoring that confidence.

Mr. Bernhardt stated that the next step is to develop presentations that remain transparent and accurate while being understandable to audiences without extensive financial knowledge.

The District plans to conduct a series of "Budget Roadshows" for employees at both school sites, parent organizations, and potentially community organizations. Mr. Bernhardt noted that the District regularly shares information regarding student programs and accomplishments but has fewer opportunities to explain its financial successes and challenges. Increased transparency may help build community understanding and support when the District seeks approval of future funding measures.

Mr. Chen recommended beginning with the primary messages the District wants the community to understand and then designing the presentation around those messages. He

identified two common concerns: whether the District spends enough on teachers and whether District administration is disproportionately large.

He stated that financial presentations should clearly distinguish administrative overhead from costs that may be coded centrally but directly support students, including special education teachers, aides, and other student-serving employees.

Mr. Snyder recommended reviewing Los Gatos Union School District's annual "LGUSD by the Numbers" publication. He explained that the publication uses graphics and high-level calculations to show student-facing salaries and expenditures, including contracted personnel and services that directly support students. The publication also compares teacher compensation with similar districts rather than relying only upon statewide averages.

Mr. Rocha noted that significant contracted special education costs may not appear as direct student services in standard financial reports, even though the expenditures support individual students with substantial needs. Committee members agreed that these costs should be represented accurately in public-facing materials.

Ms. Riggs stated that the formal reports submitted to the County and State should continue to be provided to the BAC and Board because they reflect the District's official accounting records. However, the Budget Roadshow presentation should be framed around how District funds are used rather than around accounting codes.

She recommended using pie charts, bar graphs, photographs, peer-district comparisons, and other visual tools. She noted that simplified graphics would be more accessible to the general public than tables containing multiple accounting categories and large numerical figures.

Soojin Lee noted that the Committee's comments were consistent with feedback previously provided by student representative Julian regarding the need to simplify Budget Roadshow presentations for a general audience.

School-Site and Per-Student Expenditure Analysis

The Committee discussed whether public-facing budget materials should include information regarding the cost of operating each high school and the average expenditure per student.

Mr. Bernhardt explained that Los Gatos High School has more students and employees than Saratoga High School, resulting in greater overall expenditures. However, Saratoga High School may have higher costs in certain areas because it houses the District's most expensive special education program and students generally take more classes per year.

Committee members discussed whether special education costs should be shown separately when comparing average expenditures by school. Members noted that a per-student comparison could help determine whether spending is generally equitable, but it could also create misunderstandings or reinforce divisions between the two communities.

Mr. Bernhardt explained that the District staffs both schools using a formula that considers student enrollment and course demand. Saratoga students take a higher average number of

classes, resulting in more staffing per student. Los Gatos High School, because of its larger enrollment, can offer more sections and a broader range of electives.

The Committee discussed how differences in program offerings, class demand, staffing levels, special education placements, and employee experience could affect site-level calculations.

Mr. Bernhardt stated that the Standardized Account Code Structure (SACS) is not designed to easily determine the complete cost of operating an individual school. The District has established site codes that allow many expenditures to be separated by school. However, districtwide costs would still need to be allocated between the sites.

Historically, certain District Office expenses have been apportioned 60% to Los Gatos High School and 40% to Saratoga High School. Mr. Bernhardt explained that the ratio may have originally reflected enrollment but has remained in use because auditors generally prefer consistent allocation methodologies.

Employee experience may also produce differences between schools. Because most District expenditures are personnel-related, a school with a more experienced and stable staff may have higher per-student costs than a school with greater employee turnover. Recent retirements and replacements could therefore cause a measurable change in a school's average cost without reflecting a change in programs or service levels.

Mr. Bernhardt cautioned that creating a single per-student figure may require extensive explanation of the underlying variables. However, Committee members stated that the District should understand the data internally even if it ultimately determines that the information should not be included in public-facing materials.

Ms. Riggs stated that a significant disparity could prompt an important discussion regarding the reasons for the difference and whether any adjustments are necessary to ensure equitable services. Mr. Chen agreed that it would be preferable for the District to understand the data proactively rather than respond later to an analysis prepared without full context.

Mr. Fagot suggested that the Committee review any available data and help staff develop an accurate, understandable summary for the community.

Mr. Bernhardt stated that he would attempt to provide preliminary summary information with the Unaudited Actuals presentation in September. He noted that some calculations may be difficult and that he could not guarantee that every requested analysis would be available within that timeframe.

Mr. Rocha suggested involving Tanya in developing the messaging and reviewing examples from other districts' publications.

The Committee emphasized that the District should begin by identifying the core messages it wants the community to understand and then build the Budget Roadshow presentation around those messages.

IV. ADJOURNMENT

The meeting was adjourned at 4:43 PM.