



# Pleasanton Unified School District

Proposed Budget 2022-2023  
Presentation to Board of Trustees

June 23, 2022



# Presentation Summary

- Executive Summary
- 2021/22 Estimated Actuals Variance Report
- Budget Planning Process
- 2022/23 Key Budget Assumptions
- Review 2022/23 Projected Revenues and Expenditures
- Multi-year Projections
- Review One-Time Funds
- Review Other Funds 2022/23
- Conclusion and Next Steps
- Appendix



# Executive Summary

- State's strong revenues and surplus provide for increased K-12 funding
- Proposals in the May Revise may change as they require both legislative action and the Governor's signature
- The COLA of 6.56% maintains funding as inflationary pressure increase expenditures
- A wide variety of costs increases erode away at new ongoing funding
- Actual and projected enrollment declines reduce revenues and will require continued right sizing of staff
- The 2022/23 Proposed Budget meets the State's requirements of the 3% Reserve level and provides for fiscal stability



# 2021/22 Estimated Actuals and Variance

Revenue Source	Second Interim	Estimated Actuals	Variance
LCFF Sources/Property Tax	142,042,286	142,094,556	52,270
Federal Revenues	7,792,201	7,506,944	(285,257)
Other State (1)	38,116,787	39,735,592	1,618,805
Other Local Revenue (2)	4,224,228	5,135,069	910,841
<b>Total Revenue</b>	<b>\$192,175,502</b>	<b>\$194,472,161</b>	<b>\$2,296,659</b>

1. Allocating ELOG and ELOP grants.
2. Recognizing local revenue when received

# 2022/23 Estimated Actuals and Variance



Expenditures	Second Interim	Estimated Actuals	Variance
Certificated Salaries (3)	95,904,903	96,125,956	221,053
Classified Salaries (3)	23,985,425	23,970,288	(15,137)
Employee Benefits (3)	42,522,102	43,457,869	935,767
Books and Supplies (4)	8,699,473	8,953,263	253,790
Service and Operating (4)	26,140,135	27,787,388	1,647,253
Capital Outlay	1,579,596	1,572,319	(7,277)
Other Outgo	1,567,527	1,828,299	260,772
Direct Support/Indirect Costs	-168,177	-168,177	-
<b>Total Expenditures</b>	<b>\$200,230,984</b>	<b>\$203,527,205</b>	<b>\$3,296,221</b>

3. Adjusting salaries and benefits to current staffing levels while recapturing vacancy savings and accounting for increases sub costs
4. Adjusting expense based upon revenue changes and where expenses is planned to occur

**Net Operating Deficit:**  
**\$8,522,044**

- Increases expenditures in 2021/22 from carryover and one-time funding
- Increased salary costs



# Budget Planning Process

- With 85% of costs is driven by staffing and benefit costs
- Our year to year cost increase by:
  - Increased salary with step and columns movements
  - Benefits and pension cost increases
  - Negotiated Compensation
  - Increased cost related to inflation of materials, supplies, utilities, insurance, etc
  - Special education costs
- Our ability to pay for these known/regular increases comes from additional ongoing revenues
- Our ability to pay for new needed support/programs and negotiated compensation depends on additional ongoing revenues
- Main driver of additional ongoing revenues in Pleasanton USD is the LCFF formula
- One time funds and grants cannot be used for ongoing expenditure needs

## PERS and STRS Rate Increases

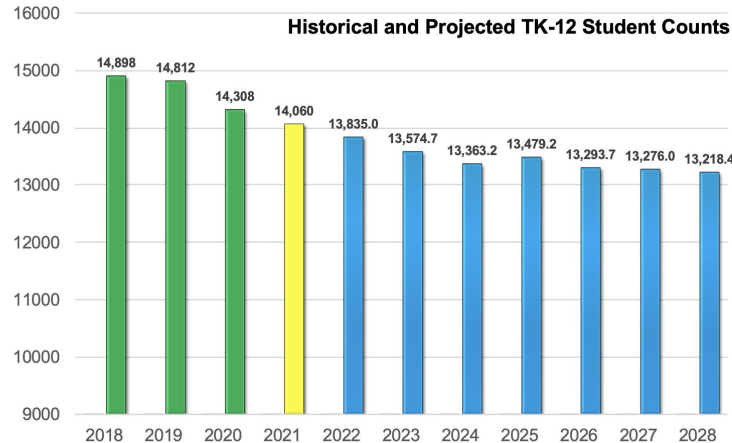
Pension Program	2021/22	2022/23	2023/24	2024/25
STRS Employer Rates (Approx)	16.92%	<b>19.10%</b>	19.10%	19.10%
PERS Employers Rates (Approx)	22.91%	<b>25.37%</b>	25.20%	24.60%

6/23/2022



# Key 2022/23 Budget Assumptions

## Enrollment Drives Funding



■ = Actual Historical Counts
 ■ = Current Year Counts
 ■ = Projected Counts



PUSD Projected Enrollment and ADA						
	FY 19/20	FY 20/21*	FY 21/22*	FY 22/23**	FY 23/24**	FY 24/25**
<b>Total Enrollment</b>	<b>14,879</b>	<b>14,464</b>	<b>14,060</b>	<b>13,835</b>	<b>13,574</b>	<b>13,363</b>
<b>ADA (Funding)</b>	<b>14,490</b>	<b>14,355</b>	<b>14,355</b>	<b>14,046</b>	<b>13,732</b>	<b>13,332</b>

- \* Hold harmless ADA Funding based on 2019/20 levels
- \*\* Calculated ADA based on 3 year average as **proposed** in May Revise
- Davis Demographic Projections (2021/22 Report)
- PUSD like most other districts has been impacted by the pandemic and on going declining enrollment
- Current registration enrollment for 2022/23 is around 13,700 students
- Every 100 ADA student loss is about \$1M is lost revenues



# 2022/23 Budget Assumptions

<b>Local Control Funding Formula Assumptions 2022/23</b>			
School Year	<b>FY 22/23</b>	<b>FY 23/24</b>	<b>FY 24/25</b>
Enrollment	14,060	13,835	13,575
LCFF ADA Funding	14,046	13,732	13,331
COLA	6.56%	5.38%	4.02%
Unduplicated as % Enrollment	16.40%	16.27%	15.93%
Grades K-3 \$/per Student*	\$8,890	\$9,368	\$9,745
Grades 4-6 \$/per Student*	\$9,024	\$9,509	\$9,892
Grades 7-8 \$/per Student*	\$9,291	\$9,791	\$10,184
Grades 9-12 \$/per Student*	\$10,767	\$11,346	\$11,802
K-3 Grade Span Adj \$/per Student	\$925	\$975	\$1,014
9-12 Grade Span Adj \$/per Student	\$280	\$295	\$307
TK Add on \$/Student	\$2,813	\$2,964	3,083
<b>TOTAL EST LCFF (PUSD Assumption)</b>	<b>\$152,005,894</b>	<b>\$156,715,959</b>	<b>\$158,578,527</b>
Total EST LCFF (Current Law)	\$140,871,233	\$147,851,244	\$150,625,816

- Assumed increase to base and COLA of 6.56% per the May Revise for an effective increase of 9.85% to LCFF
- ADA calculation in May Revise Proposal of 3 year average
- Staffing adjustment to 2022/23 to reflect projected enrollment declines, PARS incentive, retirements, and staffing replacements
- Includes 1.75% in increased salary cost from step and column increases
- Increased Pension cost from STRS and PERS
- Includes negotiated compensation increase for APT and place-holder for remaining staff for 2022/23
- Include increase to \$820 per ADA for SELPA (Special Education)
- Increased Property and Liability Insurance

**Note: Without the May Revise Assumptions LCFF funding would \$11M less in 2022/23**





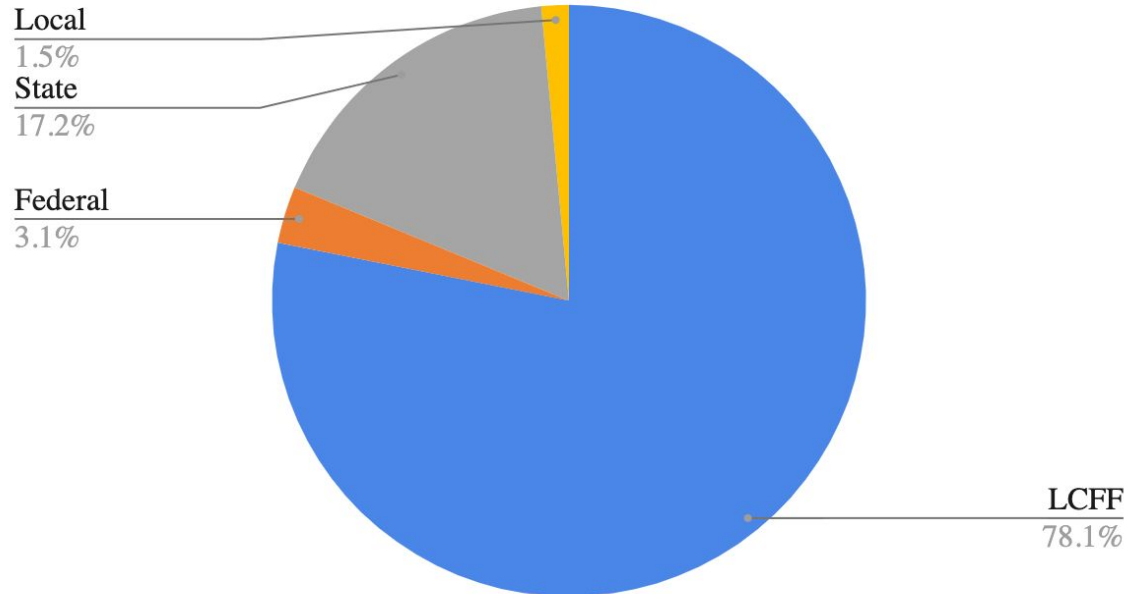
# Key One-time May Revise Funding Proposals

- These proposals have not been included in the budget until they are Enacted
- Discretionary Block Grant
  - About \$1,500 per ADA
  - Expenditure of these funds is determined by the local governing board and can be used for any one-time purpose
  - There is intended language that this funding is used to address student learning challenges, protect staff levels, and support the mental health and wellness of students and staff
- Inclusive Early Education Expansion Grant
- Early Literacy Coaches
- Community School (PUSD will not qualify for this funding)
- ELO-P Infrastructure
- Educator Workforce Investments
- Dual Enrollment
- Deferred Maintenance
- Green Busses



# 2022/23 Adopted Budget Revenues

Pleasanton USD 2022/23 Revenue Sources

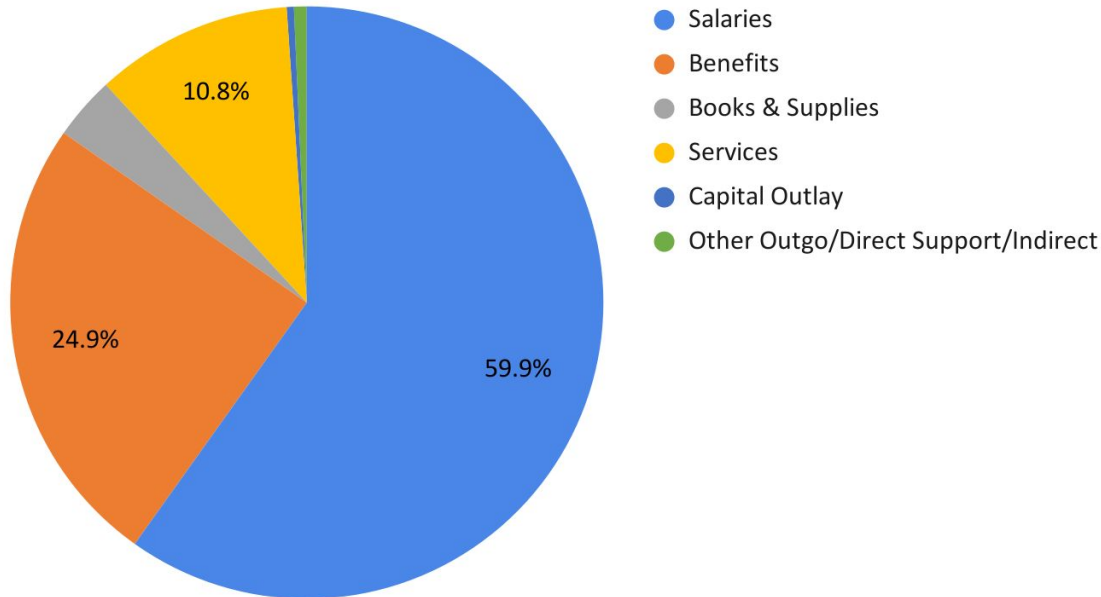


- Total Revenue: \$195,564.373
- Restricted Revenue: \$35.8M
- District is heavily dependent on LCFF/State Funding: 95%
- Budget includes significant one-time funds from State/Federal pandemic funds which are restricted
- Local revenues will grow as actual donations are made in the fiscal year
- We expect to receive additional categorical and discretionary one time funds in 2022/23



# 2022/23 Adopted Budget Expenditures

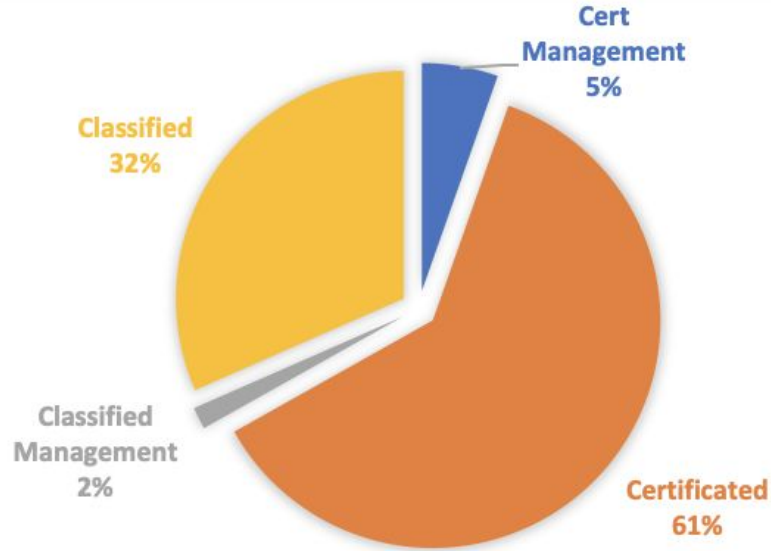
Pleasanton USD 2022/23 Expenditures



- Total Expenditures: \$203,213
- 85% Expenditures on Salaries and Benefits
- Total Restricted Expenditures: \$66.7M
- Contributions to Restricted programs: \$31.2M
  - Special Education (\$25.5M)
  - Routine Restricted Maintenance (\$5.68M)
- Projected Deficit Spending \$7.1M
- Inflationary pressures having an impact on expenditures
- Included negotiated compensation increase for APT and placeholder for all other staff for 22/23



# 2022/23 Adopted Budget Staffing

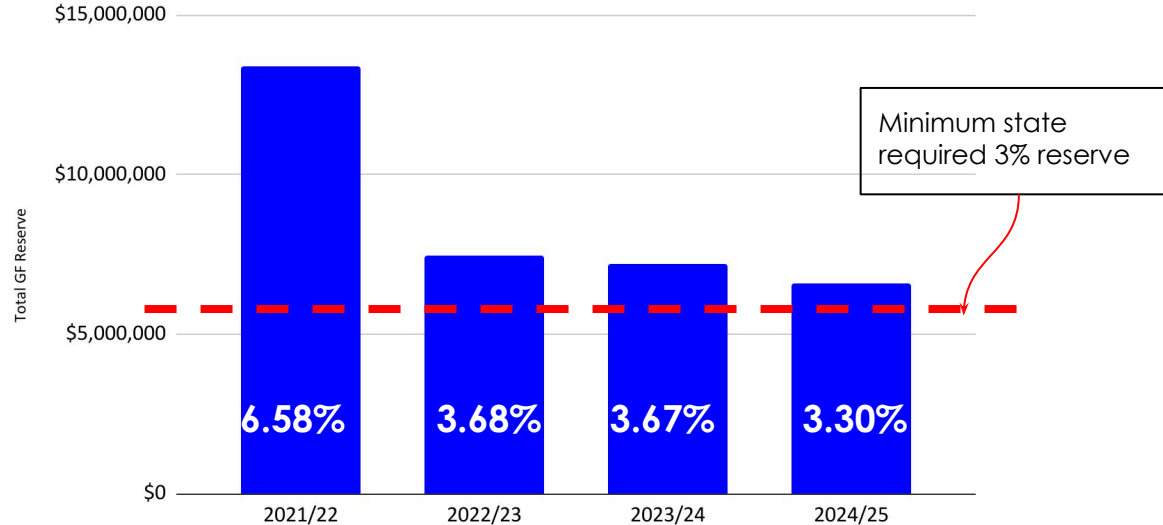


- Adopted Budget GF staffing includes 1,276 FTE positions
- Includes right-sizing staffing
  - Net reduction of 19.5 FTE
- Certificated reductions of 35.8 FTE
- Classified Staff increase of 16.3 FTE mainly in areas of Special Education and Instructional Aids
- Includes retirements and resignations from PARS incentive
- Continue to fund some staff from pandemic funds
- Final changes will be reflected in First Interim



# Multi-Year Projections

Total GF Reserve



<b>Net Change in Fund Balance</b>	<b>\$(8.5M)</b>	<b>\$(7.70M)</b>	<b>\$(1.18M)</b>	<b>\$(2.5M)</b>
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- Restricted and pandemic funds are not part of the reserves
- For best practice district reserve levels: 10% of GF
- Reserves allow the district to:
  - Weather downturns in the economy
  - Handle emergencies
  - Manage cash flow needs
- Reserves are one-time funds
- Consider allocating one-time funds to increase reserve levels

\* General Fund Reserve: Economic Uncertainty and Undesignated/Unapportioned adjusted



# Pandemic Related Funding

Fund	Spending Deadline	PUSD Award Amount	Spending at 2021/22 Estimated Actuals	Remaining Funds
Governor's Emergency Education Relief (GEER)	9/30/2022	\$620,555	\$620,555	\$0
CARES Act	5/31/2021	\$4,179,788	\$4,178,788	\$0
Learning Loss Mitigation	6/30/2021	\$1,155,871	\$1,155,871	\$0
Federal ESSER I	9/30/2022	\$236,663	\$236,663	\$0
Federal ESSER II	9/30/2023	\$941,825	\$940,075	\$1,750
Federal ESSER III	9/30/2024	\$2,116,723	\$1,684,451	\$432,272
Senate Bill 117	None	\$251,691	\$247,650	\$4,041
In-Person Instruction Grant	9/30/2024	\$5,169,502	\$3,935,111	\$1,334,391
Expanded Learning Opportunities Grant (ELOG)	9/30/2024	\$9,391,472	\$5,589,544	\$3,801,928
<b>TOTALS</b>		<b>\$24,064,090</b>	<b>\$18,588,708</b>	<b>\$5,574,382</b>

- Funds are being drawn down and we be almost spent by 22/23
- A few positions were moved to the GF
- In 2023/24 district will need to plan on funding critical new positions from other sources or make necessary reductions



# Other Funds - 2022/23 Adopted Budget

## Pleasanton Unified School District

### FY 22/23 Budget Adoption

Special Revenue Funds	Adult Ed Fund 11	Cafeteria Fund 13	Enterprise Fund 63
<b>BEGINNING FUND BALANCE</b>	<b>\$168,834</b>	<b>\$1,537,776</b>	<b>\$770,893</b>
Revenue	\$1,032,665	\$5,440,000	\$5,418,000
Expenditures	\$1,040,096	\$4,701,096	\$4,602,410
Revenue Over (under) Expenses	(7,431)	738,904	815,590
Transfers In (Out)	\$0	\$0	-
<b>ENDING FUND BALANCE</b>	<b>\$161,403</b>	<b>\$2,276,680</b>	<b>\$1,586,483</b>

Special Reserve Funds	Non-Capital Fund 17	Non-Capital PSEE Fund 17	OPEB Fund 71	Capital Fund 40
<b>BEGINNING FUND BALANCE</b>	<b>\$ 577,094</b>	<b>\$ 81,588</b>	<b>\$ 6,947,408</b>	<b>\$ 4,401,725</b>
Revenue	\$1,000	\$100	\$150,000	\$0
Expenditures				\$0
Revenue Over (under) Expenses	\$1,000	\$100	\$150,000	\$0
Transfers In (Out)	-\$400,000	\$ (75,000)		\$ -
<b>ENDING FUND BALANCE</b>	<b>\$178,094</b>	<b>\$6,688</b>	<b>\$7,097,408</b>	<b>\$4,401,725</b>

Capital Outlay Funds	Capital Sycamore Fund 40	Deferred Maintenance Fund 14	Measure II Fund 21	Capital Facilities Fund 25
<b>BEGINNING FUND BALANCE</b>	<b>\$ 7,232,415</b>	<b>\$114,533</b>	<b>\$97,702,289</b>	<b>\$691,913</b>
Revenue	\$50,000	\$1,000	\$0	\$210,000
Expenditures	\$0	\$0	\$62,847,372	\$244,052
Revenue Over (under) Expenses	\$50,000	1,000	(62,847,372)	(34,052)
Transfers In (Out)	\$ (50,000)	\$0	\$0	(6,000)
<b>ENDING FUND BALANCE</b>	<b>\$7,232,415</b>	<b>\$115,533</b>	<b>\$34,854,917</b>	<b>\$651,861</b>



# State Enacted Budget Updates

- This page will be updated once staff has information on the Enacted State Budget which we expect to occur after June 15, 2022 and before June 30, 2022.
- Staff will provide information on how the final budget will impact our Proposed 2022/23 Budget.
- Staff Expect to complete a 45 Day Budget Revision in August 2022





# Conclusion and Next Steps

- Overall the May Revise is good news for PUSD
- Expenditures continue to outpace funding mainly to rising cost in salaries, benefits, supplies and services
- With enrollment declining, funding is impacted so the district will need to continue right sizing of staff
- With additional one-time funds coming, the district will need to be very strategic in their use to support district needs and ensure financial stability
- Staff will monitor final Enacted State Budget and plan on making adjustments in the 45 day budget and First Interim



# Appendix: Budget Calendar

- June 23, 2023: Estimated Actuals FY 21/22 , Budget Adoption FY 22/23
- September 2022: Unaudited Actuals FY 21/22
- December 2022: First Interim Report, as of 10/31/22
- January 2023: Audited Financial Statements for FY 21/22
- January 2023: Governor's Budget Proposal for FY 21/22
- March 2023: Second Interim Report, as of 1/31/22
- March-April 2023: Staff Review and prepare for Budget Development
- May 2023: Governor's May Revise Budget Proposal
- June 2023: Estimated Actuals FY 22/23 & Budget Adoption for FY 23/24



# Appendix: Budget Approval Process

Education Code Section 42130 requires that school districts certify to the State the fiscal stability of the District. Districts must demonstrate they can meet their fiscal obligations for the current year and two years out. The reports must be presented to and approved by the District's Governing Board no later than 45 days after the close of the report period.

- 1st Interim, covers actual expenditures and actual revenues from July 1 through October 31, and updates projections for the balance of the year
- 2nd Interim, covers actual expenditures and actual revenues from July 1 through January 31, and updates projections for the balance of the year

The Certification of the District's financial condition may take one of three forms:

**Positive Certification:** The District will meet its financial obligations for the current fiscal year and subsequent two years.

**Qualified Certification:** The District may not meet its financial obligations for the current fiscal year or subsequent two years.

**Negative Declaration:** The District will not meet its financial obligations for the remainder of the fiscal year or for the subsequent fiscal years.



# Appendix: District Funds

Fund	Description
01	General Fund
10	Special Education Pass Through
11	Adult Education
13	Cafeteria (Food Service)
17	Special Reserve Fund for Other Than Capital Outlay Projects
63	Other Enterprise Fund (Infant, Preschool, and child care)

Fund	Description
14	Deferred Maintenance
21	Building (Bond Program)
25	Capital Facilities
35	County School Facilities
40	Special Reserve Fund for Capital Outlay Projects
51	Bond Interest & Redemption