



Pleasanton Unified School District

Fiscal Year 2021-22

First Interim Report
Presentation to Board of Trustees

December 9, 2021



Presentation Summary

- Executive Summary
- First Interim Adjustments
- 2021-22 First Interim Revenues and Expenditures
- Key Budget Assumptions
- Multi-year Projections
- Other Funds
- Conclusion / Next Steps
- Appendix



Executive Summary

- First Interim Report meets the requirements of Positive Certification
- Revenue increases are mainly from one-time/grant funds and carryover from 2020/21
- Expenditure increases are mainly salary and benefit as well as one-time funds
- District faces fiscal challenge with declining enrollment and related fiscal impact in 2022/23 and 2023/24
- District will need to continue work to right size staffing and evaluate programs and positions funded by one time sources
- A variety of new State initiatives, grants, and one-time funding have created challenges and opportunities
- Recent report by the LAO projects positive State economic outlook for 2022/23 and following 4 years



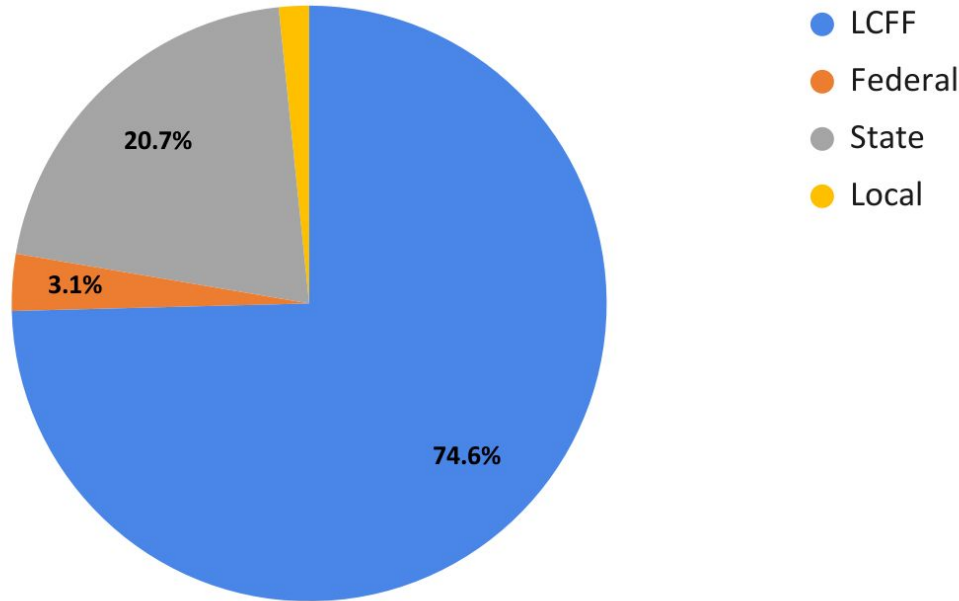
2021-22 First Interim Adjustments

- \$8.64 million net increase in revenue
 - \$2.5M - ESSER III and Deferred Title Funds
 - \$2.8M - STRS On Behalf Contribution
 - \$1.2M - In Person Grant
 - \$0.9M - IEEEP, Apprenticeship, SELPA
 - \$1.0M - Local Donations
- \$14.78 million net increase in expenditures
 - \$6.9M Salary and Benefit improvements including STRS on Behalf
 - \$6.8M Supplies and Services related to local, state and federal grants
 - \$0.9M School Painting Projects , Field Improvements, and Harvest Park Playground

2021-22 First Interim Revenues



Pleasanton USD 2021/22 Revenue Sources

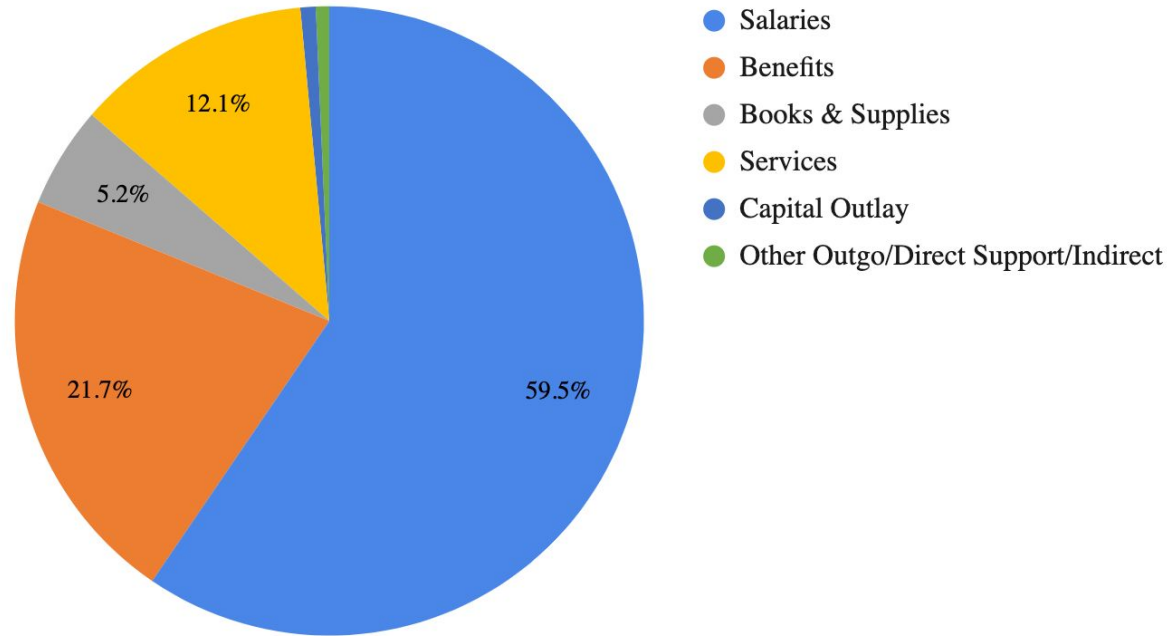


- **Total Revenue: \$190,383,928**
- **Restricted Revenue: \$34,243,736**
- **District depends on State Funding (57% of LCFF from local property taxes)**
- **LCFF includes \$4.5M in Supplemental Grants**
- **Includes about \$16.5M of onetime pandemic related funding**
- **Includes Carryover Revenue from 2020/21**
- **5.07% Cost of Living Adjustment in LCFF**



First Interim 2021-22 Expenditures

Pleasanton USD 2021/22 Expenditures



- **Total Expenditures: \$202,548,474**
- **81% Expenditures on Salaries and Benefits**
- **Percentage of Book/Supplies and Services larger due to 2020/21 carryover and one-time pandemic funds**
- **Total Restricted Expenditures: \$74,623,663**
- **Contributions to Restricted programs: \$26,710,748**
 - **Special Education**
 - **Routine Restricted Maintenance (3% of Exp)**
- **Projected Deficit Spending: \$12,164,546**



Review Key Budget Assumptions

- Pandemic Impacts / One-time Funds
- Local Control Funding Formula Factors (LCFF)
 - Declining Enrollment
 - Expansion of Transitional Kindergarten
- Staffing and Salaries
 - Right Sizing Staffing
- Pension Impacts



Pandemic Impacts/One time Funds

Fund Type/Name	Award Amount	Spent to Date October 31, 2021	Spending Deadline
ESSER I	\$236,663	\$236,663	9/30/2022
ESSER II	\$941,825	\$834,136	9/30/2023
ESSER III	\$2,111,791	\$377,389	9/30/2024
GEER	\$620,555	\$620,555	9/30/2022
CARES Act	\$4,179,788	\$4,179,788	5/30/2021
SB 117	\$251,691	\$251,691	NA
Learning Loss Mitigation Funds (State GF)	\$1,155,871	\$1,155,871	6/30/2021
Expanded Learning Opportunities Grant (ELOG)	\$9,391,472	\$4,804,815	9/30/2023-24
In-Person Grant	\$5,169,502	\$748,693	9/30/2024
TOTAL	\$24,059,158	\$13,209,601	

- **Total State and Federal one-time pandemic related funding since March 2020: \$24,059,158**
- **Additional New Grants and Programs**
 - **Special Education related pandemic related funding**
 - **A-G Completion Improvement Grant Program**
 - **Expanded Learning Opportunities Program**



Pandemic Impacts/One time Funds

Expanded Learning Opportunities Grant

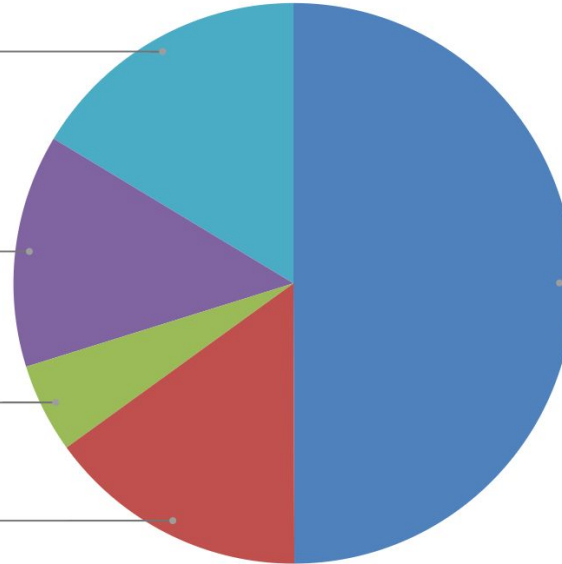
Curriculum
16.4%

Professional Development
13.4%

Operations
5.2%

Counseling/Health
15.1%

Student Support
49.9%

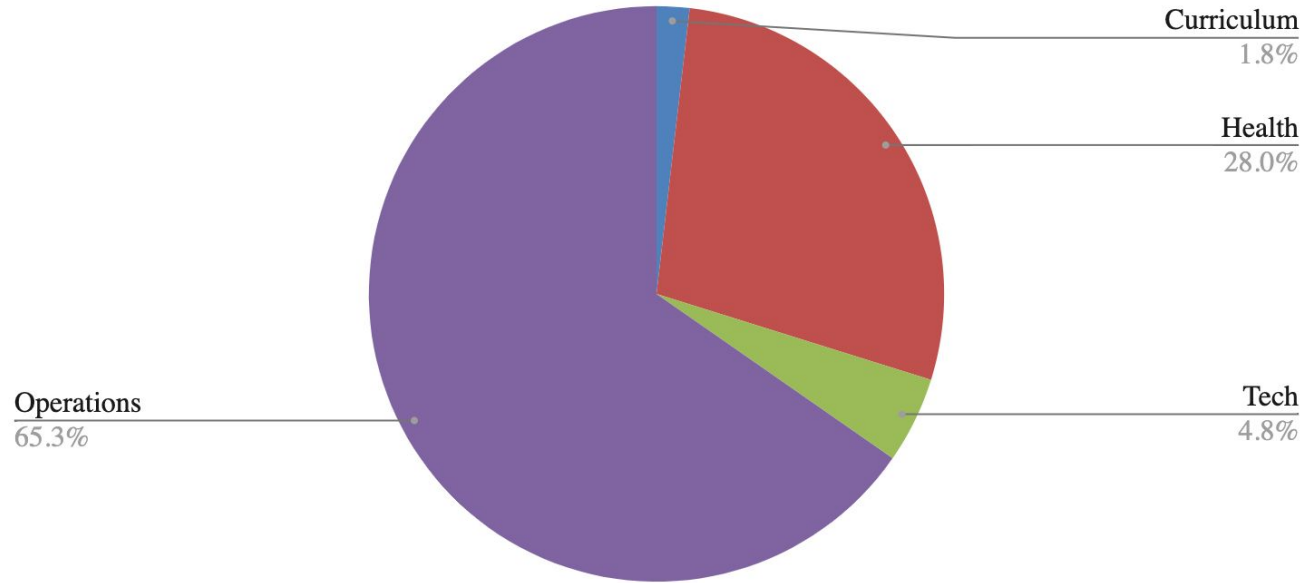


Expenditures to date (10/31/21) breakdown



Pandemic Impacts/One time Funds

In-Person Grant



Expenditures to date (10/31/21) breakdown

Local Control Funding Formula Factors (LCFF)



Local Control Funding Formula Assumptions			
	FY 21/22 (current)	FY 22/23*	FY 23/24*
Enrollment	14,086	14,300	14,200
ADA	14,366	13,967	13,872
COLA	5.07%	2.48%	3.11%
Unduplicated as % Enrollment	16.59%	16.21%	16.23%
Grades K-3 \$/per Student	9,231	9,454	9,747
Grades 4-6 \$/per Student	8,488	8,692	8,963
Grades 7-8 \$/per Student	8,739	8,949	9,228
Grades 9-12 \$/per Student	10,391	10,640	10,971
K-3 Grade Span Adj \$/per Student	842	863	889
9-12 Grade Span Adj \$/per Student	255	261	269

- District enrollment has **declined about 800 students** from 2019/20 levels
- District LCFF revenues for 2020/21 and 2021/22 were held harmless on 2019/20 ADA levels
- Significant income loss will be actualized in 2022/23 from enrollment impact
- First Interim Report uses demographic model from last year, projecting enrollment of about 14,300 for 2022/23
- Recent LAO report estimates 5.35% COLA for 2022/23; which is higher than Adopted Budget assumptions



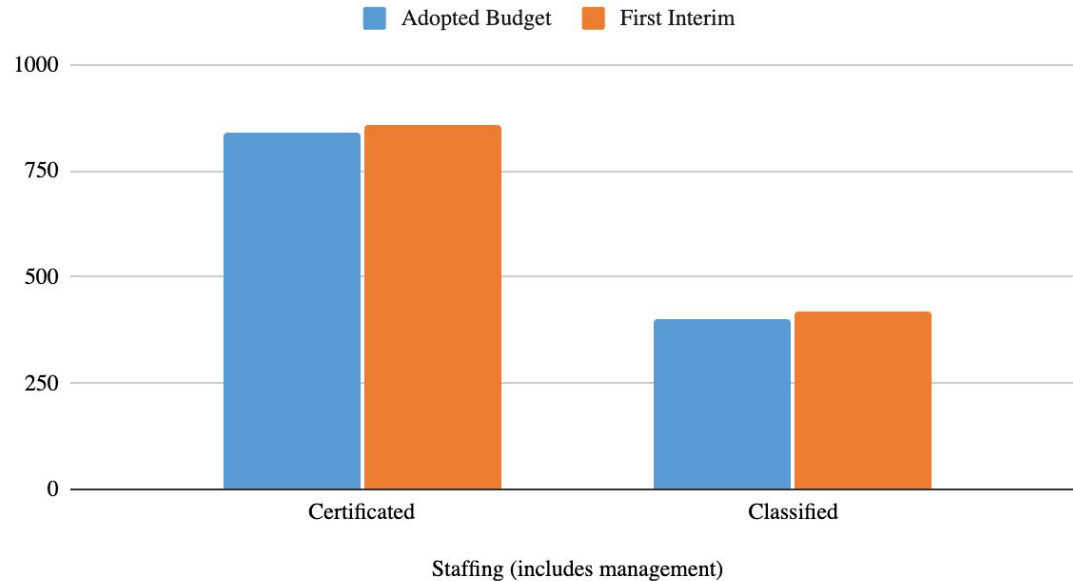
Transitional Kindergarten

- Starting in 2022/23 TK is expanding eligibility age by 2 month and over a 4 year period (2025/26) an entire grade will be added to the system
- Staffing ratio for 2022/23 will be 12 to 1 adult and will go down to 10 to 1 by 2025/26 if funding is available
- Attendance, similar to kindergarten is not mandatory
- Funding will be through the LCFF formula
- State is proving some limited planning and facilities funds
- Significant facilities and staffing implications
- Program cost could potentially exceed funding
- Estimated enrollment growth from TK will be included in Second Interim Report



Staffing and Salaries

Adopted Budget and First Interim



- **Net increase of 44 FTE between Adopted Budget and First Interim**
 - **Funded by one-time/categorical/ supplemental or local: 28.19 FTE**
 - **Special Education: 9.5 FTE**
 - **Unrestricted: 5.36 FTE**
 - **Routine Restricted Maintenance: 1.1 FTE**
 - **Effective vacancies: 65 FTE**
- **Total FTE: 1280.6**
- **Salary increase as a result of step/columns movement increase salary costs by 1.5% annually**
- **Includes recently negotiated compensation increases for 2021/22**
- **Staff is working on a model to include placeholder for increased future compensation based on formula that factors estimated COLA**



Right Sizing Staffing and Reductions

- Budget includes reductions to right size staffing of about 3.25M in 2022/23 and another \$1.72M in 2023/24
- Enrollment has declined and some staffing adjustments have been made in 2021/22
- School classroom data indicates significant opening in some elementary grades and schools
- Need to evaluate electives and small classes in secondary levels
- Need to evaluate programs/positions funded through one time funds and make needed reductions
- Need to right size the Pleasanton Virtual Academy
 - Current program has larger than planned enrollment due to pandemic and receives large amount of ESSER III funding (one-time)



Increased Pension Cost

Actual and Projected Employer Contribution Rates

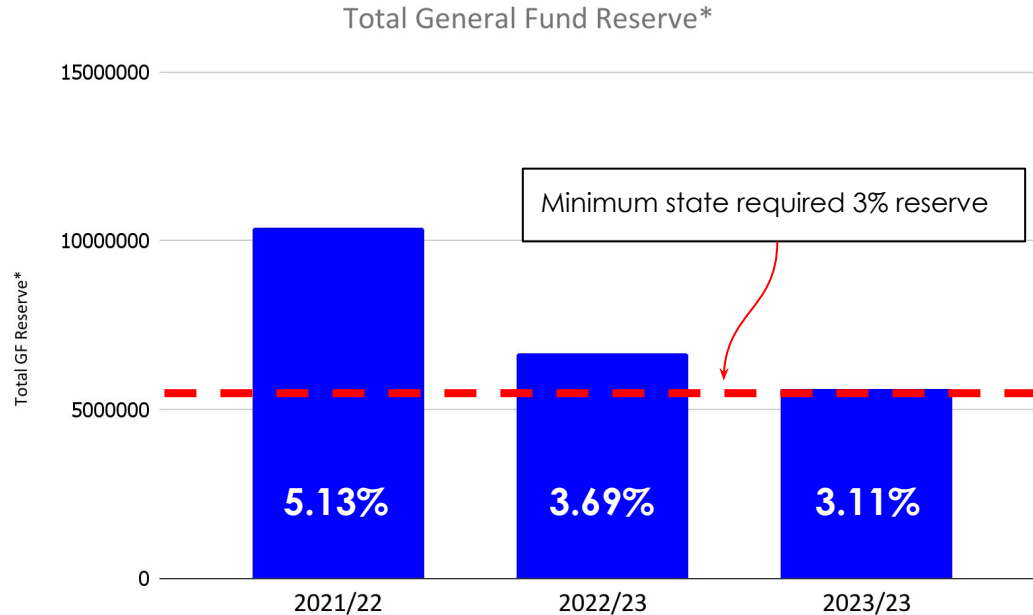
Pension Program	2021/22	2022/23*	2023/24*
STRS Employer Rates (Approx)	16.92%	19.10%	19.10%
PERS Employers Rates (Approx)	22.91%	26.10%	27.70%
Total Cost	\$21.8M	\$23.9M	\$24.2M

* Projections

- Increased pension costs have reduced the district's ability to fund educational programs and salaries.
- Pensions are deferred compensation to employees with employee/employer contributions rates set by the State.
- The pension relief from the State's 2020/21 Budget are set to expire and rates will increase by 2.18% for STRS and 3.19% for PERS in 2022/23
- Estimated increased costs for PUSD in 2022/23: \$2.1M



Multi-Year Projections



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

- Projected deficit spending for 2021/22 is \$12.64M
- Reserves allow the district to:
 - Weather downturns in the economy
 - Handle emergencies
 - Manage cashflow needs
- Reserves are one-time funds
- 2022/23 Budget includes \$3.25 M in reductions and another \$1.72M in 2023/24
- Projected Deficit in 2022/23 is \$1.75M

Other Funds



Pleasanton Unified School District

FY 21/22 First Interim

Special Revenue Funds	Adult Ed Fund 11	Cafeteria Fund 13	Enterprise Fund 63
BEGINNING FUND BALANCE	\$229,794	\$983,169	\$166,011
Revenue	\$922,912	\$4,581,336	\$3,593,921
Expenditures	\$961,584	\$4,627,657	\$3,583,921
Revenue Over (under) Expenses	(38,672)	(46,321)	10,000
Transfers In (Out)	\$0	\$0	200,000
ENDING FUND BALANCE	\$191,122	\$936,848	\$376,011

Special Reserve Funds	Non-Capital Fund 17	Non-Capital PSEE Fund 17	OPEB Fund 71	Capital Fund 40
BEGINNING FUND BALANCE	\$ 973,093	\$ 154,788	\$ 6,926,942	\$ 5,247,200
Revenue	\$4,000	\$1,800	\$75,000	\$80,000
Expenditures				\$467,484
Revenue Over (under) Expenses	\$4,000	\$1,800	\$75,000	-\$387,484
Transfers In (Out)	-\$400,000	\$ (75,000)		\$ 1,000
ENDING FUND BALANCE	\$577,093	\$81,588	\$7,001,942	\$4,860,716

Capital Outlay Funds	Capital Sycamore Fund 40	Deferred Maintenance Fund 14	Measure 11 Fund 21	Capital Facilities Fund 25
BEGINNING FUND BALANCE	\$ 7,232,415	\$114,533	\$78,451,511	\$5,506,918
Revenue	\$50,000	\$1,000	\$750,000	\$251,000
Expenditures	\$0	\$0	\$62,873,856	\$238,100
Revenue Over (under) Expenses	\$50,000	1,000	(62,123,856)	12,900
Transfers In (Out)	\$ (50,000)	\$0	\$0	(6,000)
ENDING FUND BALANCE	\$7,232,415	\$115,533	\$16,327,655	\$5,513,818



Conclusions/Next Steps

- Continue prudent fiscal planning
- Governor's January 2022/23 Budget
- Monitor State economic forecast, new State initiatives, enrollment and impacts of the pandemic
- Follow through with needed right sizing and staffing adjustments
- Audit Report for FY 2020-21: January 2022
- Second Interim Report: March 2022
- Budget Development for FY 2022/23



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: Budget Calendar

- June 2021: Adopted Budget FY 21/22
- August 2021: 45 Day Budget Revision for 2021/22 Adopted Budget
- September 2021: Unaudited Actuals FY20/21
- **December 9, 2021: First Interim Report, as of 10/31/21**
- January 2022: Audited Financial Statements for FY20/21
- January 2022: Governor's Budget Proposal for FY 22/23
- March 15, 2022: Second Interim Report, as of 1/31/22
- January-April 2022: Staff Review and prepare for Budget Development
- May 2022: Governor's May Revise Budget Proposal
- June 2022: Estimated Actuals FY 21/22 & Budget Adoption for FY 22/23



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