



Pleasanton Unified School District

Fiscal Year 2020/21

45 Day Budget Revision
Presentation to Board of Trustees

August 13, 2020



Presentation Summary

- Review Enacted State Budget
- Review One-time State Funds
- 45 Day Budget Revisions
- Multi Year Budget Planning
- Potential Future Financial Impacts from COVID 19 Pandemic
- Next Steps
- Appendix



2020/21 Enacted State Budget and Implications for PUSD

- LCFF funding to remain at 2019/20 levels: 0% COLA
 - Restores about \$11M in revenues for PUSD
 - No reduction to categorical programs (Adult Ed and CTE for PUSD)
- \$11 Billion in Deferrals for 2020/21 without additional Federal Funds
 - Deferrals to impact apportionments in February, March, April, and May 2021
 - About \$20-24 million in deferrals for PUSD which will impact cash flow and require borrowing (TRANS)
- Learning Loss Mitigation Funding (**One-time Funds**)
 - Specific spending categories and reporting requirements
 - \$1.5 Billion for students with disabilities (SWD)
 - \$2.86 Billion based on LEAs supplemental and concentration grant apportionment
 - \$980 Million based on LEAs LCFF apportionment

2020/21 Enacted State Budget and PUSD Implication



- Special Education
 - Increase funding to at least \$625 per ADA, which is \$20 less than May Revise
 - Loss of \$300K to PUSD
- Pension Relief
 - PERS/SRES rates reduced for 2020/21 and 2021/22
 - Rates return to prelief in 2022/23
- Certificated and Classified Staff Protections
 - Removes LEAs authority for second round layoffs for non-management certificated staff
 - No layoffs in 2020/21 for classified employees in nutrition, transportation, and custodial services
- ADA Hold Harmless Provisions
- Distance Learning Standards
- Learning Continuity and Attendance Plans



Purpose of Various COVID 19 Relief Funds

- SB 117*
- Federal ESSER*
- Learning Loss Mitigation (LLM)

* Greater flexibility in spending that could include PPE, materials and custodial/cleaning related to COVID 19 pandemic

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Learning Loss Mitigation Funds – Purpose of Funds (d)

- Provides \$4.8 billion in federal funding and \$540 million Proposition 98 General Fund for activities that directly support student academic achievement and mitigate learning loss. *(SB 98, Section 110)*

Purpose of Funds (d) (paraphrased)	Example Uses
<ul style="list-style-type: none"> • Address learning loss or accelerating progress to close learning gaps through learning supports before the start of the school year and into the school year. • Extending instructional school year or take any other action that increases the amount of instructional time/services provided based on student’s learning needs. • Provides additional academic services, instructional materials or supports, or devices/connectivity. • Provides integrated supports to address learning barriers and training to teachers and parents, access to school meals, or socio-emotional programs. 	<ul style="list-style-type: none"> • Summer school • Incremental costs to provide core / base services under physical distancing guidelines: lower class size, more bus routes / trips • Saturday school and afterschool program expansion (without normal restrictions) • Any technology for in-person or distance learning, including access/connectivity, software, LMS, subscriptions, text adoptions with online resources • Teacher and parent professional learning • Variety of program enhancements • “Repurposed” staff protected by layoff prohibition • Backfilling reductions to supplemental and concentration funds

(lower case “(d)” refers to subsection of SB 98, Section 110)



Breakdown of Onetime COVID Relief Funding

Source of Funding	Amount	Timeline
Federal ESSER	\$236,663	March 13, 2020 to September 30, 2022
State SB 117	\$251,691	Open
Federal LLM -GEER	\$620,555	March 13, 2020 to September 30, 2021
Federal LLM -CRF	\$1,999,833	March 1, 2020 to December 30, 2020
Federal LLM - CRF	\$1,238,339	March 1, 2020 to December 30, 2020
Federal LLM - LCFF	\$1,155,871	March 1, 2020 to December 30, 2020
Federal LLM - LCFF	\$941,616	March 1, 2020 to December 30, 2020
Total	\$ 6,444,568	



45 Day Budget Revenue Revisions

Description	2020/2021			2020/2021			2020/2021		
	Adopted Budget			Adjustments			45 Day Revise		
	Unrest.	Rest.	Total	Unrest.	Rest.	Total	Unrest.	Rest.	Total
LCFF	123,840,412	855,256	124,695,668	10,798,780	0	10,798,780	134,639,192	855,256	135,494,448
Federal	0	3,146,994	3,146,994	0	5,958,214*	5,958,214	0	9,105,208	9,105,208
State	5,903,900	19,580,975	25,484,875	0	(300,000)**	(300,000)	5,903,900	19,280,975	25,184,875
Local	1,007,087	1,349,768	2,356,855	0	0	0	1,007,087	1,349,768	2,356,855
TOTAL REV.	130,751,399	24,932,993	155,684,392	10,798,780	5,658,214	16,456,994	141,550,179	30,591,207	172,141,386

* One-time restricted funds associated with LLM

** Adjustment to SELPA funding for special education



45 Day Budget Expenditure Revisions

Description	2020/2021			2020/2021			2020/2021		
	Adopted Budget			Adjustments			45 Day Revise		
	Unrest.	Rest.	Total	Unrest.	Rest.	Total	Unrest.	Rest.	Total
Certificated	67,378,880	14,827,449	82,206,329	4,467,071	1,000,000	5,467,071	71,845,951	15,827,449	87,673,400
Classified	11,589,212	8,671,635	20,260,847	410,662	100,000	510,662	11,999,874	8,771,635	20,771,509
Benefits	20,779,913	15,488,862	36,268,775	1,957,267	250,000	2,207,267	22,737,180	15,738,862	38,476,042
Books/Supplies	2,984,686	1,540,469	4,525,155	(913,000)	2,975,000	2,062,000	2,071,686	4,515,469	6,587,155

- Adjustments to unrestricted expenditures captures programs and staff that were restored with reduced reductions. Adopted Budget included \$11M in reductions.
- New restricted expenditures is an estimate of where LLM funds will be expended. Staff is in the process of developing the Learning Continuity Plan. LLM expenditures budget will be adjusted to match the plan and actual expenditures from 2019/20.



45 Day Budget Expenditure Revisions

Description	2020/2021			2020/2021			2020/2021		
	Adopted Budget			Adjustments			45 Day Revise		
	Unrest.	Rest.	Total	Unrest.	Rest.	Total	Unrest.	Rest.	Total
Services	10,777,374	6,162,521	16,939,895	(75,000)	1,633,214	1,558,214	10,702,374	7,795,735	18,498,109
Capital Outlay	91,000	247,000	338,000				91,000	247,000	338,000
Other Outgo	1,313,102	93,000	1,406,102				1,313,102	93,000	1,406,102
Direct/Indirect	(1,406,716)	1,244,330	(162,386)				(1,406,716)	1,244,330	(162,386)
TOTAL EXPEN	113,507,451	48,275,266	161,782,717	5,847,000	5,958,214	11,805,214	119,354,451	54,233,480	173,587,931

- In addition to these revisions, staff has estimated that the General Fund may need to contribute about \$1.5M from the ending fund balance to the Child Nutrition Service (Fund 130).
- Staff is also analyzing cashflow needs in 2020/21 and will bring a plan forward to the Board in September.



Multi Year Budget and Reserves

- Includes \$5M in reductions from baseline 2020/11 budget (at adopted budget that reduction was \$11M)
- 2020/21 reductions continue
- Revenue projections for 2021/22 and 2022/23 are kept at 2019/20 levels with 0% COLA
- 2022/23 expenditures includes about \$6M in unidentified reductions
- The challenge for the district will be in the next 2-3 fiscal years
- Does not include any negotiated compensation increase for 2020/21 or beyond

Fiscal Year	2019/20 Estimated Actuals	2020/21	2021/22	2022/23
Revenues	\$174,140,899	\$172,141,386	\$166,111,926	\$166,111,926
Expenditures	\$183,936,430	\$173,587,931	\$169,423,967	\$169,188,604
Net Operating	-\$9,635,737	-\$1,446,545	-\$3,312,041	-\$3,076,687
Total GF Reserve	\$12,653,898	\$10,395,079	\$7,410,553	\$5,358,564
% Reserve*	6.88%	5.95%	4.37%	3.17%



Updated Summary of Incorporated Reductions

Levers	45 Day Budget Revisions	7/14 Proposed Reductions
A. Budget Reduction in Non-Personnel Area	\$2,488,000	\$2,513,000
B. Savings through salary reductions	\$250,000	\$500,000
C. Program/staffing reductions and D. Aligning Staffing to Enrollment/Needs	\$2,425,000	\$3,820,000
Subtotal of Reductions	\$5,163,000	\$6,833,000
E. Increase Revenues (to be included in First Interim)	\$310,000	\$310,000



Future Planning

- PUSD like most district in the state is heavily reliant on State funding
- State funding is directly correlated to health of the economy
 - Proposition 98 sets minimum guarantee for K-12 funding
- COVID 19 pandemic has sent the economy into recession and the recovery timeline is unclear
- School districts should expect to see flat or reduced state funding in the next 3-4 years
- Strategic planning around expenditures and revenue will help PUSD weather the pending fiscal turbulence



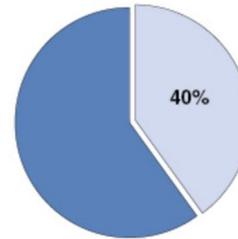
K-12 Education Funding: Proposition 98

- Proposition 98 passed in 1988 set a minimum guarantee for K-12 funding
- Based on a complex formula that has been modified over the years
- Originally intended to stabilized school funding has not had its intended goals

Figure 1

Three Proposition 98 “Tests”

Test 1
Share of General Fund Revenue



Guarantee based on share of state General Fund revenue going to K-14 education in 1986-87.

Test 2
Change in Per Capita Personal Income (PCPI)



Guarantee based on prior-year funding level adjusted for year-over-year changes in K-12 attendance and California PCPI.

Test 3
Change in General Fund Revenue



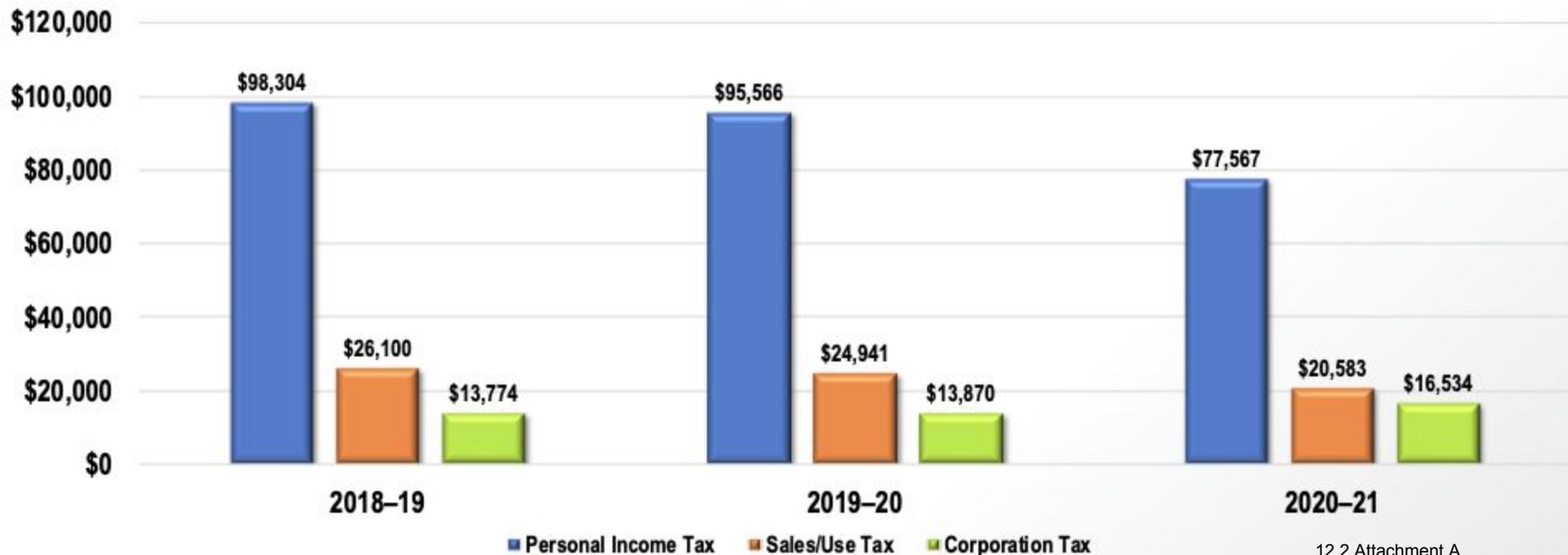
Guarantee based on prior-year funding level adjusted for year-over-year changes in K-12 attendance and state General Fund revenue.

ADA = average daily attendance.

California Economy: Big Three Taxes

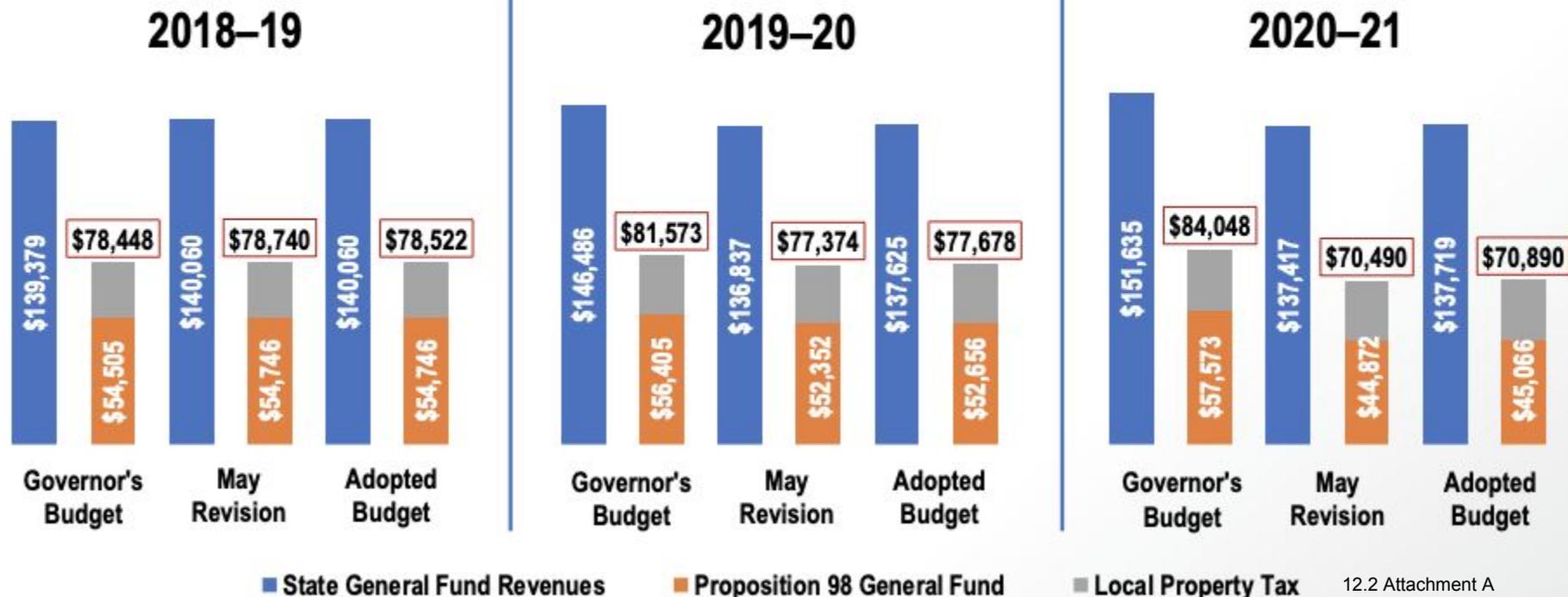
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Big Three Taxes
(in millions)



Proposition 98 Minimum Guarantee

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12.2 Attachment A
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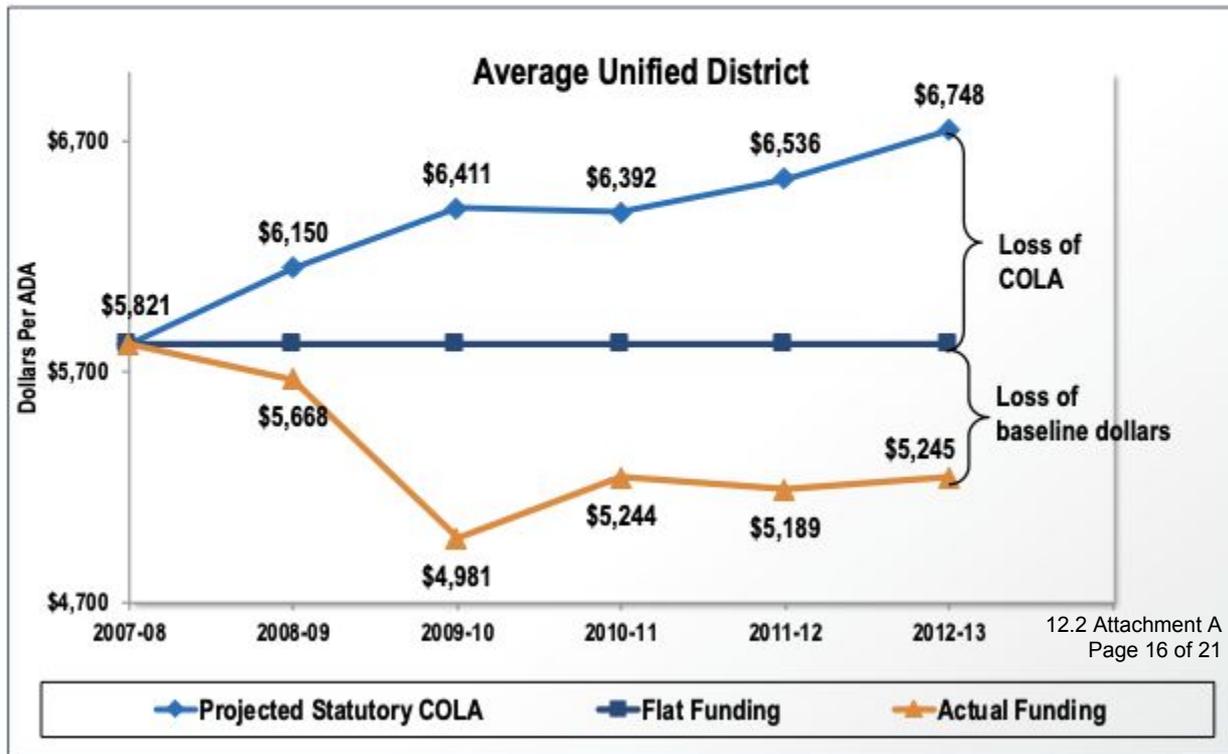
Proposition 98's share of General Fund revenues is calculated based on the State Appropriations Limit—a calculation that differs from total General Fund revenues. General Fund revenues in 2020-21 include \$7.8 billion transfer from the Rainy Day Fund.



Great Recession Deficit Factor—Remember This?

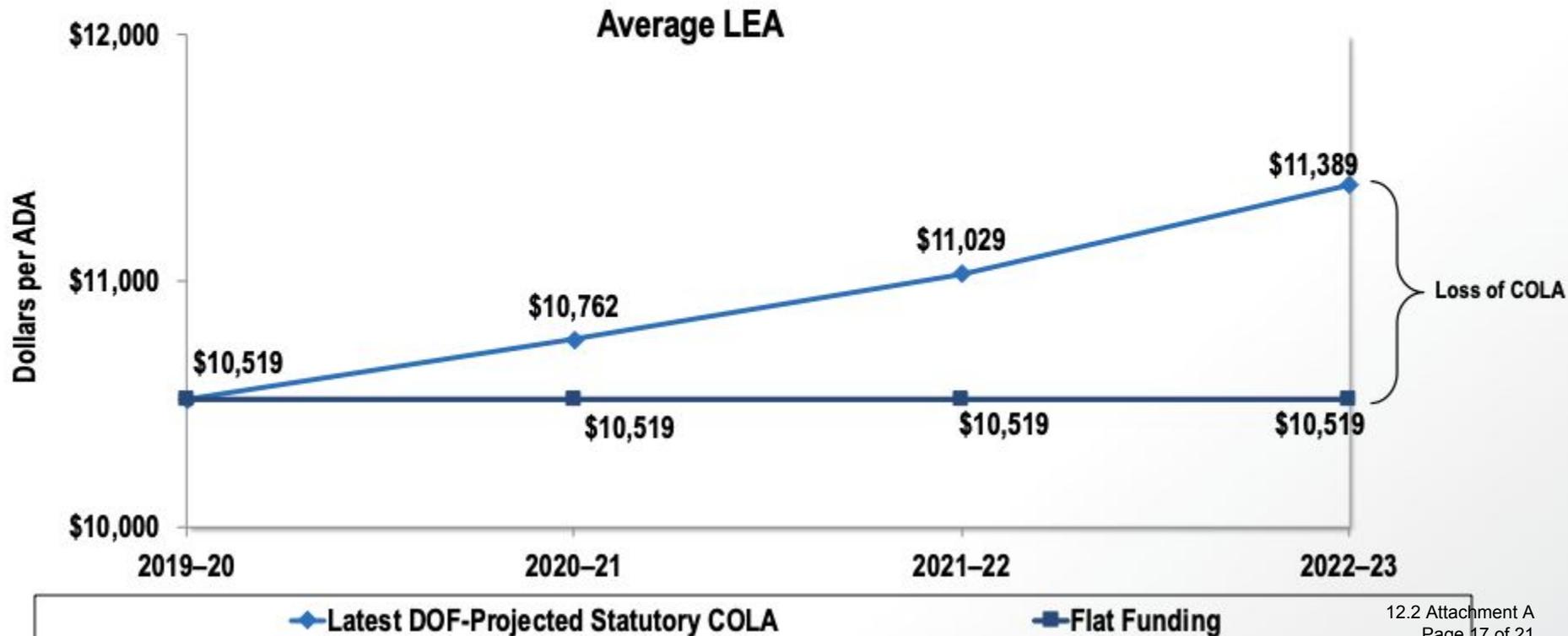
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- During the Great Recession, funding under the Revenue Limit was cut for five consecutive years
- As a result, the purchasing power of LEAs was significantly reduced



LCFF Deficit Factor—Here We Go Again?

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Next Steps

- Closing the 2019/20 books and preparing 2019/20 Unaudited Actuals
- Developing and Refining the Learning Continuity Plan
- First Interim Report 2020/21
 - Expect updates and modifications as parts of the budget remain fluid
- Develop and present cash flow plan to the Board
- Strategic long term planning around revenue and expenditure planning
 - Superintendent Budget Advisory Council



Appendix: Budget Calendar

- **August 2020:** **45 Day Budget Revision for 2020/21 Adopted Budget**
- September 2020: Unaudited Actuals FY19/20
- December 2020: First Interim Report, as of 10/31/20
- January 2021: Audited Financial Statements for FY19/20
- January 2021: Governor's Budget Proposal for FY21/22
- March 2021: Second Interim Report, as of 1/31/21
- March-April 2021: Staff Review and prepare for Budget Development
- May 2021: Governor's May Revise Budget Proposal
- June 2021: Estimated Actuals FY20/21 & Budget Adoption for FY21/22



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