



Pleasanton Unified School District

Fiscal Year 2020/21

Adopted Budget 2020/21
Presentation to Board of Trustees

June 25, 2020



Presentation Summary

- Executive Summary
- 2019/20 Estimated Actuals Variance Report
- 2020/21 Key Budget Assumptions
- Review 2020/21 Projected Revenues and Expenditures
- Multi-year Projections
- Review Other Funds 2020/21
- Review Proposed Reduction Plan and Priority List
- Conclusion / Next Steps
- Appendix



Executive Summary

- As a result of the COVID 19 pandemic the State Budget and K-12 Education funding are significantly impacted
- Final State Budget is unavailable and PUSD has assumed a conservative budget model to ensure we are prepared for revenue reductions
- Currently, 2020/21 Budget included \$11M reductions from baseline budget
- 2020/21 Budget includes about \$6M in deficit spending
- Further out year reduction will be needed if revenue assumption do not change
- Reduction plan ensures PUSD students come first with a balanced approach and plan to achieve financial stability and solvency



2019/20 Estimated Actuals and Variance

Revenue Source	Second Interim	Estimated Actuals	Variance
LCFF Sources/Property Tax	\$136,262,881	\$136,262,881	\$0
Federal Revenues	\$4,048,314	\$4,048,314	\$0
Other State (1)	\$24,391,326	\$26,607,367	\$2,216,041
Other Local Revenue (2)	\$5,289,761	7,222,337	\$1,932,576
Total Revenue	\$169,992,282	\$174,140,899	\$4,148,617

1. Increase in reporting the State's on behalf contribution into STRS/PERS (pension). No actual funds are received and an equal amount is included in expenditures.
2. Increase in local donations received and property and liability insurance payments

2019/20 Estimated Actuals and Variance



Expenditures	Second Interim	Estimated Actuals	Variance
Certificated Salaries (3)	\$88,717,220	\$88,519,716	\$(197,504)
Classified Salaries (3)	\$20,184,827	\$19,863,522	\$(321,305)
Employee Benefits (4)	\$35,389,415	\$37,355,273	\$1,965,858
Books and Supplies	\$10,759,764	\$11,282,658	\$522,894
Service and Operating	\$21,603,281	\$22,002,887	\$399,606
Capital Outlay (5)	\$1,581,442	\$2,469,879	\$888,437
Other Outgo	\$2,648,970	\$2,648,970	-
Direct Support/Indirect Costs	\$(206,475)	\$(206,475)	-
Total Expenditures	\$180,678,444	\$183,936,430	\$3,257,986

3. Savings in salaries related to COVID -19 school dismissal, distant learning and open positions

4. State's STRS/PERS on behalf increased contribution

5. Expenditure related to Harvest Park Library rebuild

**Net Operating Deficit:
\$9,635,737**



2020/21 Budget Assumptions

LCFF GRADE SPAN FACTORS FOR 2020-21				
Entitlement Factors Per ADA*	K-3	4-6	7-8	9-12
2019-20 Base Grants	\$7,702	\$7,818	\$8,050	\$9,329
Statutory COLA at 2.31%	\$178	\$181	\$186	\$215
2020-21 Base Grants Before Deficit	\$7,880	\$7,999	\$8,236	\$9,544
Deficit Factor at -10.00%	-\$788	-\$800	-\$824	-\$954
2020-21 Base Grants After Deficit	\$7,092	\$7,199	\$7,412	\$8,590
Grade Span Adjustment Factors	10.4%	-	-	2.6%
Grade Span Adjustment Amounts	\$738	-	-	\$223
2020-21 Adjusted Base Grants ¹	\$7,830	\$7,199	\$7,412	\$8,813

*Average daily attendance (ADA)

LCFF PLANNING FACTORS					
Factor	2019-20	2020-21	2021-22	2022-23	2023-24
Department of Finance Statutory COLA	3.26%	2.31%	2.48%	3.26%	N/A
Effective Deficit Factor²	-	-7.92%	-7.92%	-7.92%	-7.92%
SSC Recommended Funded COLA³	-	0.00%	0.00%	0.00%	0.00%

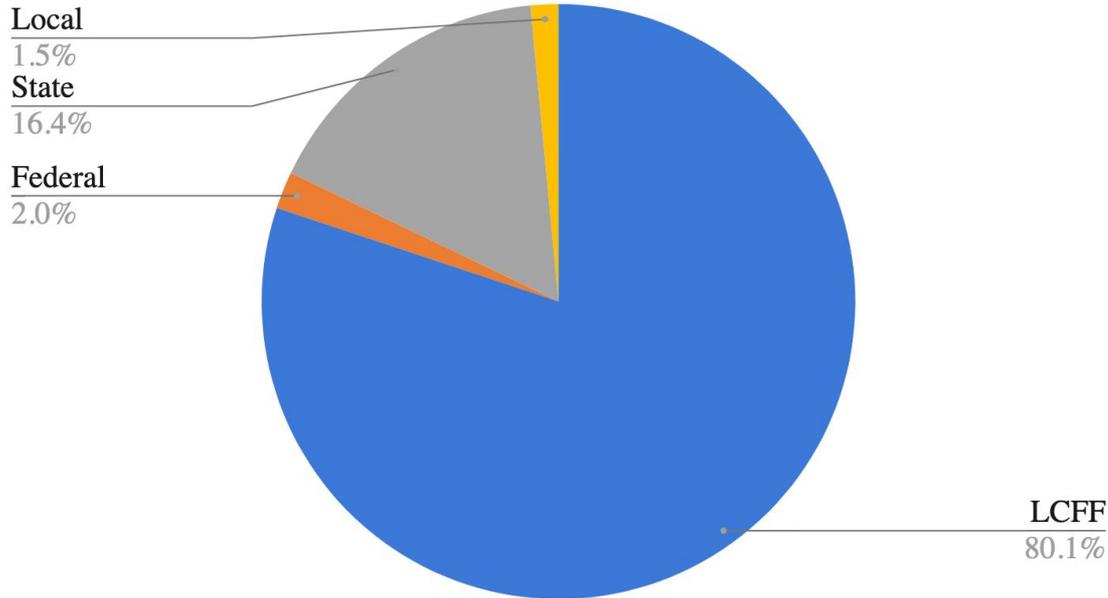
OTHER PLANNING FACTORS						
Factors		2019-20	2020-21	2021-22	2022-23	2023-24
California CPI		2.06%	0.62%	1.73%	2.12%	2.26%
California Lottery ^{4,5}	Unrestricted per ADA	\$153	\$153	\$153	\$153	\$153
	Restricted per ADA	\$54	\$54	\$54	\$54	\$54
Mandate Block Grant (District)	Grades K-8 per ADA	\$32.18	\$32.18	\$32.18	\$32.18	\$32.18
	Grades 9-12 per ADA	\$61.94	\$61.94	\$61.94	\$61.94	\$61.94
Mandate Block Grant (Charter)	Grades K-8 per ADA	\$16.86	\$16.86	\$16.86	\$16.86	\$16.86
	Grades 9-12 per ADA	\$46.87	\$46.87	\$46.87	\$46.87	\$46.87
Interest Rate for Ten-Year Treasuries		1.22%	0.93%	1.23%	1.80%	2.10%
CalSTRS Employer Rate ⁶		17.10%	16.15%	16.02%	18.10%	18.10%
CalPERS Employer Rate ⁶		19.721%	20.70%	22.84%	25.50%	26.20%

- \$11M in reductions from the baseline 2020/21 Budget
- Use SSC Dartboard Assumptions except:
 - 1% COLA in 2020/21
 - 2% COLA in 2021/22
- District to use flat ADA from 2019/20 of 14,355 students
- No CARES Act funding
- PERS/STRS Relief for 2020/21-21/22
- PPIE donation levels to continue
- Reduction of ~17 FTE to align staffing with enrollment
- Salary increase of 2.75% in 2019/20
- Includes 1.5% for step and column increase
- Does not include cost of operating new school in 2022/23
- Includes 2019/20 estimated carryover savings
- Includes additional COVID-19 related costs



2020/21 Adopted Budget Revenues

Pleasanton USD 2020/21 Revenue Sources

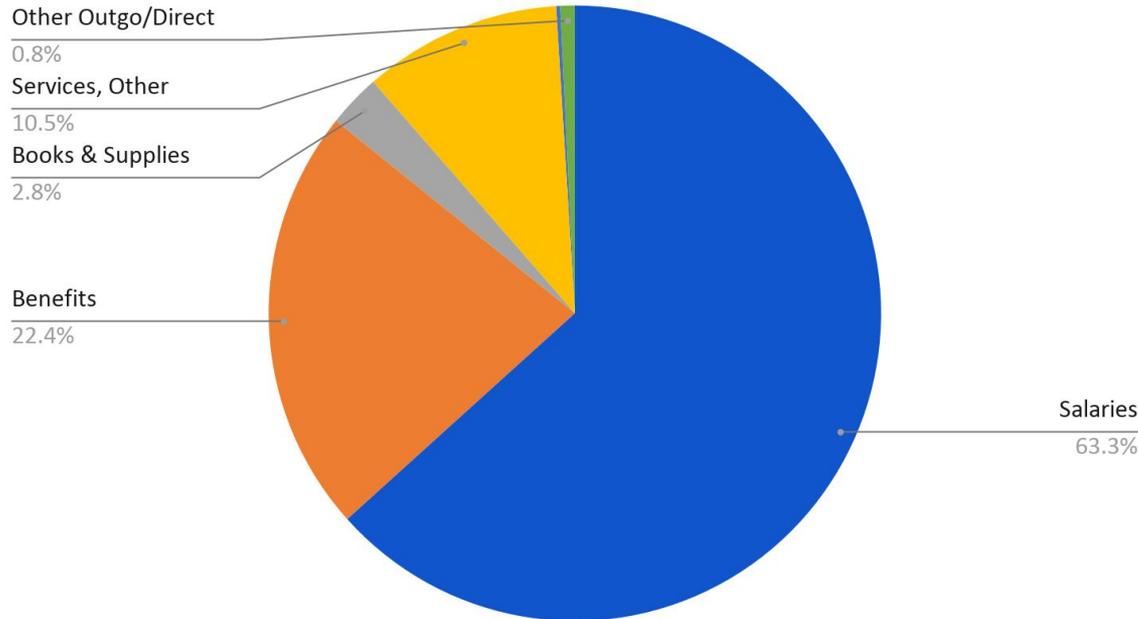


- Total Revenue: \$155,684,393
- Restricted Revenue: \$25M
- District is heavily dependent on LCFF/State Funding: 96%
- LCFF reduction of 8.5% or \$11.5M
- Revenues projections should increase with Final State Budget



2020/21 Adopted Budget Expenditures

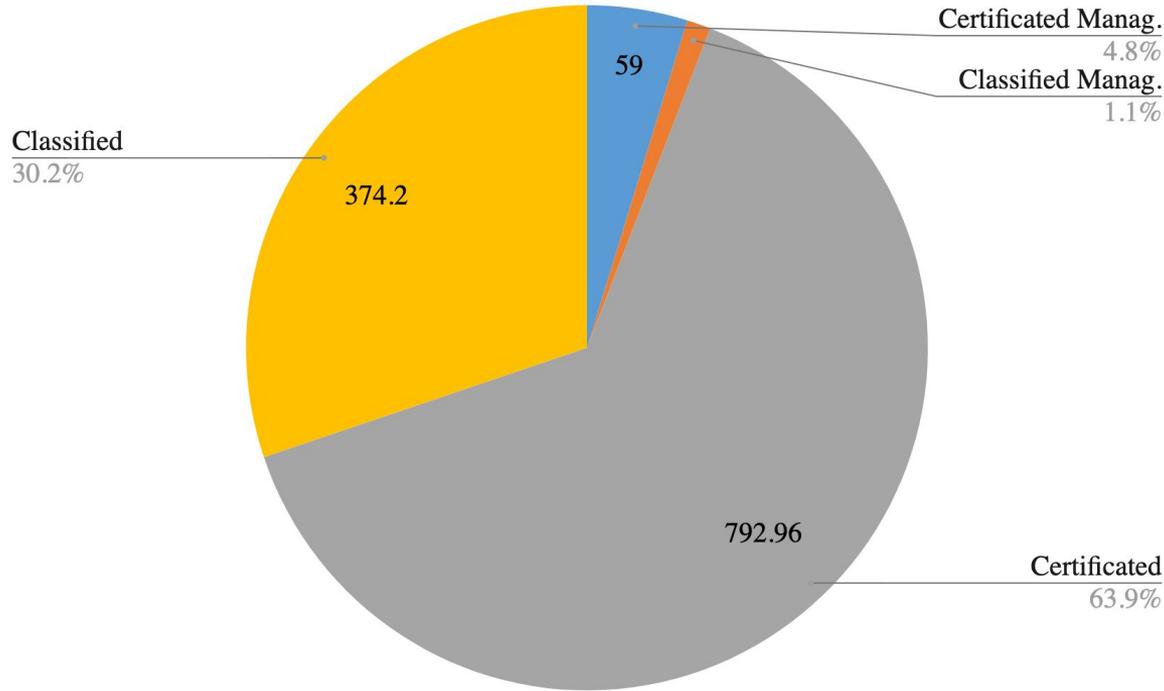
Pleasanton USD 2020/21 Expenditures



- Total Expenditures: \$161,782,717
- 85.7% Expenditures on Salaries and Benefits
- Extremely tight budget on Books and Supplies and Services
- Total Restricted Expenditures: \$48.3M
- Contributions to Restricted programs: \$23,342,273
- **Projected Deficit Spending: \$5,960,395**
- Does not included additional compensation increase above step and column increases



2020/21 Adopted Budget Staffing



- Adopted Budget GF staffing includes 1,240 FTE positions
- Some positions are vacant or held by temporary/probationary staff
- Reduction plan will first look at closing open position, reallocating positions and reducing temp positions
- Changes will be reflected First Interim



Multi Year Budget and Reserves

- Includes \$11M in reductions from baseline budget
- Deficit will grow due to flat funding and continued increase in costs
- Does not include the CARES Act funding
- Includes carryover savings from 2019/20
- Includes additional cost associated with COVID-19 in 2020/21
- Out year reduction needed and included as a plug

Fiscal Year	2019/20 Estimated Actuals	2020/21	2021/22	2022/23
Revenues	\$174,140,899	\$155,684,392	\$156,804,698	\$159,098,359
Expenditures	\$183,936,430	\$161,782,717	\$162,802,040	\$168,475,750
Additional Reductions (plug) -	-	\$0	-\$3,620,985	-\$8,548,160
Net Operating	-\$9,635,737	-\$5,960,395	-\$1,975,464	-\$665,163
Total GF Reserve	\$12,653,898	\$6,729,299	\$4,768,443	\$4,797,944
% Reserve*	6.88%	4.16%	3.00%	3.00%



Other Funds - 2020/21 Adopted Budget

Pleasanton Unified School District FY 20/21 ADOPTED BUDGET

Special Revenue Funds	Adult Ed Fund 11	Cafeteria Fund 13	Enterprise Fund 63	Enterprise Fund 64
BEGINNING FUND BALANCE	\$130,118	\$811,072	\$978,409	\$17,801
Revenue	\$777,499	\$4,179,460	\$3,949,950	\$0
Expenditures	\$866,416	\$4,203,962	\$4,684,486	\$0
Revenue Over (under) Expenses	(88,917)	(24,502)	(734,536)	-
Transfers In (Out)		\$30,000	(111,900)	
ENDING FUND BALANCE	\$41,201	\$816,570	\$131,973	\$17,801

Special Reserve Funds	Non-Capital Fund 17	Non-Capital PSEE Fund 17	OPEB Fund 20	Capital Fund 40	Capital Sycamore Fund 40
BEGINNING FUND BALANCE	\$ 1,067,438	\$ 299,412	\$ 6,775,678	\$ 5,081,158	\$ 7,217,081
Revenue	\$10,000	\$1,800	\$60,000	\$50,000	\$50,000
Expenditures					
Revenue Over (under) Expenses	\$10,000	\$1,800	\$60,000	\$50,000	\$50,000
Transfers In (Out)					\$ (50,000)
ENDING FUND BALANCE	\$1,077,438	\$301,212	\$6,835,678	\$5,131,158	\$7,217,081



Other Funds - 2020/21 Adopted Budget

Capital Outlay Funds	Deferred Maintenance Fund 14	Measure II Fund 21	Capital Facilities Fund 25
BEGINNING FUND BALANCE	\$11,193	\$116,316,880	\$4,584,570
Revenue	\$0	\$1,200,000	\$226,000
Expenditures	\$0	\$68,156,705	\$265,100
Revenue Over (under) Expenses	-	(66,956,705)	(39,100)
Transfers In (Out)	\$0	\$0	(6,030)
ENDING FUND BALANCE	\$11,193	\$49,360,175	\$4,539,440



Framework for Evaluating Reductions

- Learn from the past and plan for the future
- Priorities should align with the 5 Organizational Goals
- Prioritize non-personnel reductions
- Preserve District's core academic programs to best extent possible
- Preserve programs for the most vulnerable students and student wellness
- Ensure operational integrity, student safety, and appropriate level of support services



Reduction/Revenues Levers

Following items are key levers to make needed budget adjustments:

- A. Budget Reduction in Non-Personnel Areas
- B. Savings through Salary Reductions
- C. Program/Staffing Reductions
- D. Aligning Staffing to Enrollment/Needs
- E. Increase Revenues

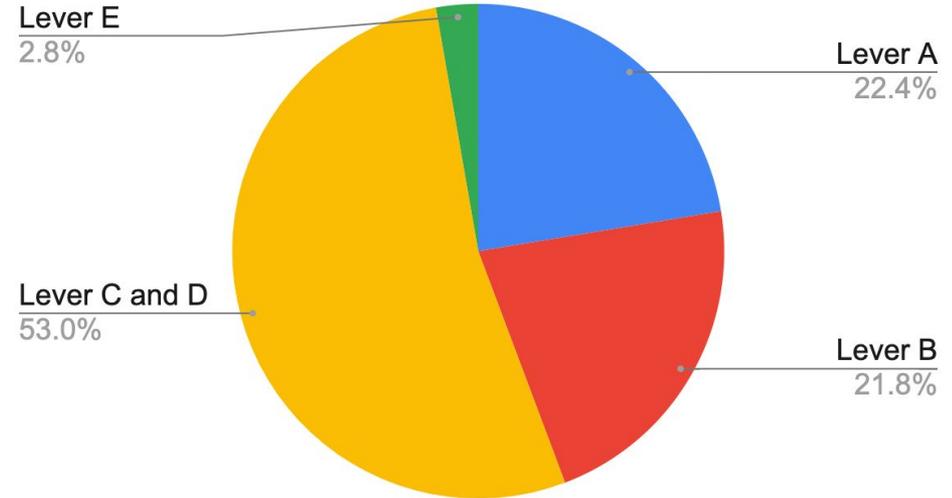
Only needed reductions will be implemented once the State Budget is finalized and 2020/21 revenue is updated



Updated/Refined Summary of Identified Levers

Levers	2020/21
A. Budget Reduction in Non-Personnel Area	\$2,513,000
B. Savings through salary reductions	\$2,450,000
C. Program/staffing reductions and D. Aligning Staffing to Enrollment/Needs	\$5,940,000
Subtotal of Reductions	\$10,903,000
E. Increase Revenues	\$310,000

Potential Budget Reductions for 2020/21





Review Proposed Reduction Plan and Priority

A. Budget Reductions in Non-Personnel Area (\$2,513,000)		
Priority	Description	Estimated Savings
1	Reduction in conference attendance (general)	\$150,000
2	Modification to unrestricted site fund allocation. Sites above the 2019/20 allocation level will not receive new funds and sites below will be allocated funds to be made whole. This will not impact the restricted site funds which total about \$1.2M across all school sites.	\$400,000
3	Suspend two years of GF contribution towards music (instrument repairs)	\$121,000
4	Suspend annual science consumables, pending reopening plan	\$300,000
5	Reduce tech plan budget	\$150,000
6	Reduce safety emergency preparedness budget to reflect actual expenditures and eliminate carryover	\$50,000
7	Postpone 6-12 World Language book adoption expense until July 1, 2022	\$1,342,000

Review Proposed Reduction Plan and Priority



B. Savings through Salary Reductions (\$2,450,000)		
Priority	Description	Estimated Savings
8	3 Districtwide furlough days (all units)	\$1,950,000
9	Reduce discretionary stipends	\$50,000
10	Reduce discretionary additional hours/overtime	\$300,000
11	Eliminate Golden Handshake Management	\$150,000



Review Proposed Reduction Plan and Priority

C. Program/Staffing Reductions and D. Align Staffing to Enrollment/Needs (\$5,940,000)		
Priority	Description	Estimated Savings
12	Special Education Savings from in house services	\$150,000
13	Eliminate Designated Substitutes	\$600,000
14	Freeze Open PIO position	\$100,000
15	Reduce LCAP discretionary allocation to sites	\$280,000
16	Reduce GF allocation to CTE program	\$150,000
17	Continue distant learning summer school approach (except for ESY)	\$280,000
18	Reorganize Graphics Department	\$470,000
19	Restructure and reduce in Fiscal Services and Operations (2 FTE)	\$170,000
20	Restructure and reduce district and site support staffing (4 FTE)	\$320,000



Review Proposed Reduction Plan and Priority

C. Program/Staffing Reductions and D. Align Staffing to Enrollment/Needs (\$5,940,000)		
Priority	Description	Estimated Savings
22	Restructure and reduce district and site management staffing (4 FTE)	\$640,000
22	Streamline library services in K-12	\$200,000
23	Reduce Middle School extra/extended periods and close vacancies (4.62 FTE)	\$460,000
24	Reduce High School extra/extended periods and close vacancies (6.1 FTE)	\$610,000
25	Reduce Elementary FTE to align staffing to enrollment (8 FTE)	\$800,000
26	Reduce and/or repurpose specialists (7 FTE)	\$700,000
E. Increase Revenues		
	Utilize Federal Carryover Grants	\$260,000
	Use PSEE Gift funds on existing Music/STEM programs	\$50,000
Total Additional Revenues		\$310,000



Next Steps

- Review details of enacted State Budget
- Staff to update budget model and reduction plan
- Special Board Meeting on July 6, 2020
 - Potential Action on Needed Layoffs
- Begin implementation of needed reductions for 2020/21
- Special Board Meeting July 14, 2020
 - Potential Action on School Reopening Model
- 45 Day Budget Revision (after State Budget is enacted)



Appendix: Budget Calendar

- June 2019: Estimated Actuals FY18/19 , Budget Adoption FY19/20
- September 2019: Unaudited Actuals FY19/20
- December 2019: First Interim Report, as of 10/31/18
- January 2020: Audited Financial Statements for FY18/19
- January 2020: Governor's Budget Proposal for FY20/21
- March 2020: Second Interim Report, as of 1/31/20
- March-April 2020: Staff Review and prepare for Budget Development
- May 2020: Governor's May Revise Budget Proposal
- **June 2020: Estimated Actuals FY19/20 & Budget Adoption for FY20/21**



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