



Pleasanton Unified School District

Proposed Budget 2023-24
Presentation to Board of Trustees

June 22, 2023



Presentation Summary

- Executive Summary
- 2022/23 Estimated Actuals Variance Report
- Budget Planning Process
- 2023/24 Key Budget Assumptions
- Review 2023/24 Projected Revenues and Expenditures
- How does our LCFF funding compare to other districts?
- Multi-year Projections
- Review Restricted Funds/Programs
- Review Other Funds
- Conclusion and Next Steps
- Appendix



Executive Summary

- State's revenues are down as the economy faces fiscal challenges
- May Revision includes significant reductions to the AMIM Block Grant and the Learning Recovery Emergency Grant
- Legislative Analyst Office warns that the May Revision carries significant risk
- State Budget requires both legislative action and the Governor's signature - by the end of June 2023
- The COLA of 8.22% on the LCFF translates to 5.9% increase in new LCFF dollars for PUSD from 2022/23 levels
- Actual and projected enrollment declines reduce revenues and will require continued right sizing of staff
- The 2023/24 Proposed Budget meets the State's requirements of the 3% Reserve level and provides for fiscal stability



2022/23 Estimated Actuals and Variance

- Unrestricted Revenues
 - Net increase of \$338K
 - LCFF and local revenue adjustments
- Restricted Revenues
 - **\$7.48M** reduction in State Revenues (based on May Revise)
 - 50% Reduction in AMIM Block Grant
 - 32% Reduction in Learning Recovery Emergency Grant
 - Increase of \$472K to local revenues
 - Donations



2022/23 Estimated Actuals and Variance

- Unrestricted Expenditures
 - Net increase of expenditures of about \$61K
 - Increase in salaries and decrease in benefit costs
 - Decrease in Books & Supplies and increase in Services and Operating expenses
- Restricted Expenditures
 - Net increased expenditures of about \$1M
 - Increase in in expenditures in Books & Supplies and Services and Operating expenses



Budget Planning Process

85% of the Budget is People

Compensation
Benefits

Pensions
OPEB

Books
Supplies

Educational
Programs/Initiatives



Staffing
Class Sizes

Special
Education

Maintenance
Operations
Transportation

Insurance
Utilities
Support
Services

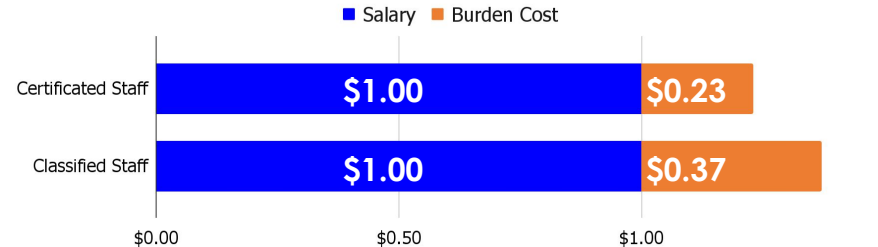
Professional
Development



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

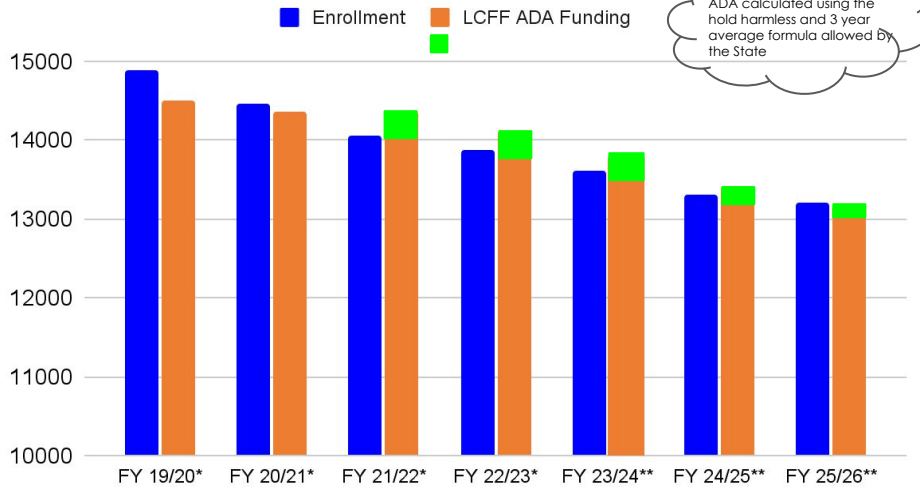
Total Salary Costs to PUSD



Enrollment Drives Funding



Enrollment and LCFF ADA Funding



- *** Actual ** Projections**
- PUSD like most other districts has been impacted by the on going declining enrollment
- PUSD uses a 3 year Average ADA formula
- Funded ADA is above actual enrollment due to Hold harmless years from the pandemic

PUSD Projected Enrollment and ADA							
	FY 19/20*	FY 20/21*	FY 21/22*	FY 22/23*	FY 23/24**	FY 24/25**	FY 25/26*
Total Enrollment	14,879	14,464	14,060	13,872	13,600	13,300	13,200
ADA (Funding)	14,490	14,355	14,355	14,111	13,794	13,402	13,174

○ The hold harmless has shielded the District from additional \$6.8M in revenue loss

- The decline in enrollment from 19/20 levels has resulted in loss of revenue of \$7.56M



2023/24 Budget Assumptions

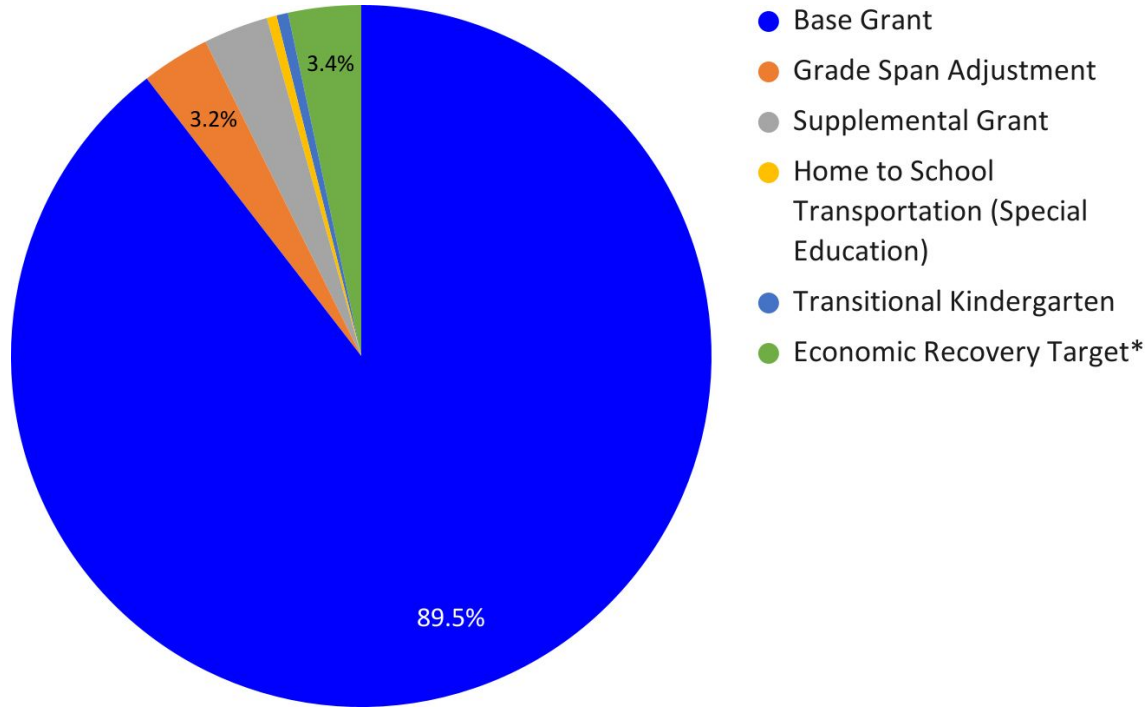
Local Control Funding Formula Assumptions 2022/23			
School Year	FY 23/24	FY 24/25	FY 25/26
Enrollment	13,600	13,300	13,200
LCFF ADA Funding	13,794	13,402	13,174
COLA	8.22%	3.94%	3.29%
Unduplicated as % Enrollment	16.13%	15.98%	15.90%
Grades TK-3 \$/per Student	\$9,919	\$10,310	\$10,649
Grades 4-6 \$/per Student	\$10,069	\$10,466	\$10,810
Grades 7-8 \$/per Student	\$10,367	\$10,775	\$11,130
Grades 9-12 \$/per Student	\$12,015	\$12,488	\$12,899
K-3 Grade Span Adj \$/per Student	\$1,032	\$1,073	\$1,108
9-12 Grade Span Adj \$/per Student	\$312	\$324	\$335
TK Add on \$/Student	\$3,044	\$3,164	\$3,268
TOTAL EST LCFF Funding - unrestricted	\$166,014,441	168,019,083	171,108,807

Effective Net Funding Increase	5.9%	1.2%	1.8%
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- **8.22% COLA Adjustment to per student funding**
- **ADA calculation uses 3 year average**
- **Staffing adjustment reflects reductions related lower enrollment**
- **Includes 1.75% in increased salary cost from step and column increases**
- **Increased Pension cost from PERS**
- **Includes negotiated compensation increase for CSEA and place-holder for remaining staff for 2023/24**
- **Includes increase of 8.22% to programs outside of LCFF per the May Revise**
- **Increased Property and Liability Insurance**



Breakdown of the PUSD LCFF Revenues



PUSD LCFF for 2023/24

Base Grant	\$148,595,021
Grade Span Adjustment	\$5,240,806
Supplemental Grant	\$4,962,744
Home to School Transportation (Special Education)	\$750,955
Transitional Kindergarten	\$885,871
Economic Recovery Target*	\$5,579,044
Total	\$166,014,441

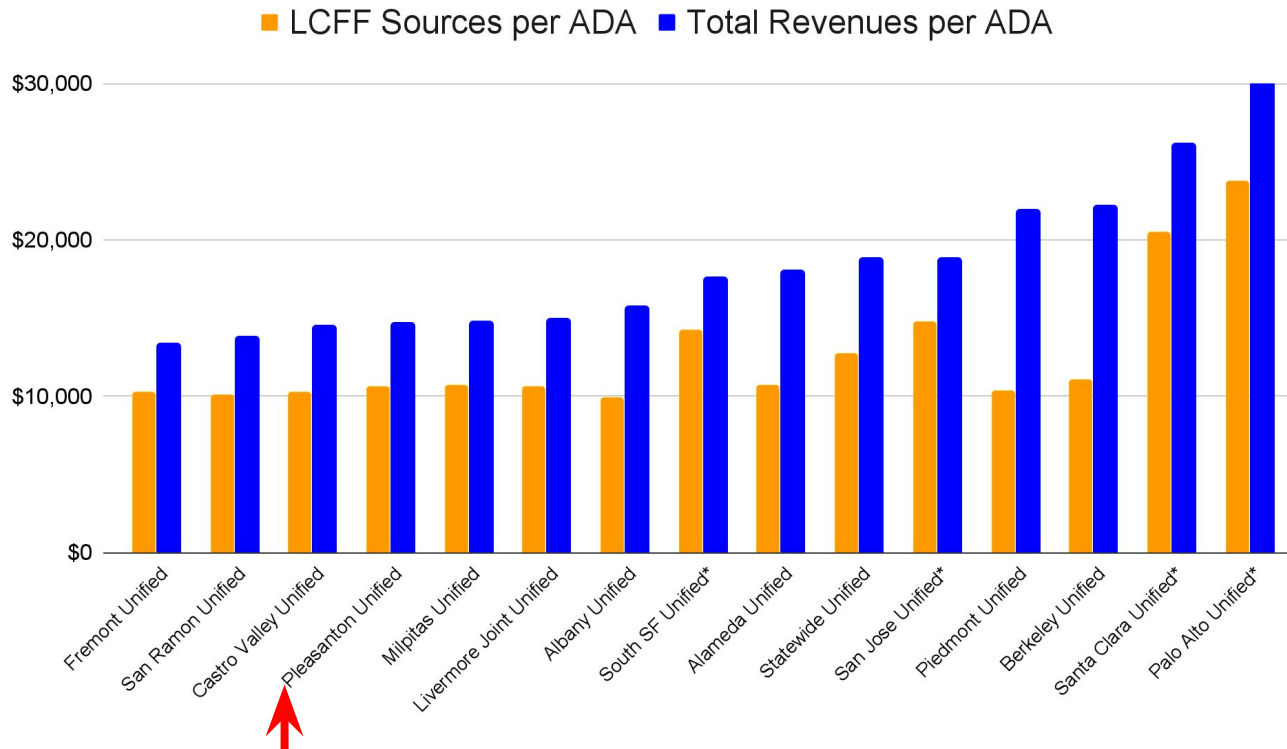
* No COLA Adjustment

* The Economic Recovery Target is a fixed amount that receives no COLA. PUSD receives this funding as part of the transition to the LCFF in 2012/13.

Comparable Revenues per ADA: 2021/22**



2021/22 LCFF Sources per ADA and Total Revenues per ADA



Data shows the revenues generated per ADA from LCFF and all sources. The available funds to spend on salaries, benefits, programs and operational costs is determined by our revenues which for PUSD is fourth from the bottom in this group.

* Community funded Districts

** Source Ed-Data.org



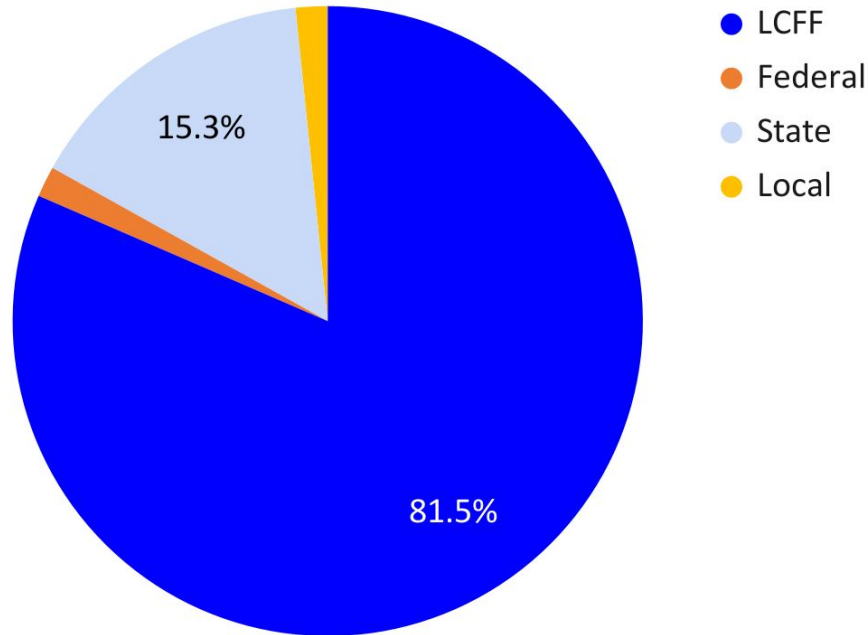
Key May Revise Takeaways

- Maintain funding for new programs that have been implemented in the past few years
 - Transitional Kindergarten
 - Expanded Learning Opportunities Program
 - Free Meals for All
- Fully Fund COLA on LCFF and other programs
- Cut one-time funded programs to make up the revenue shortfall
- Optimistic revenue projections and risks to mid year budget adjustments/deferrals
- Legislature does not support extensive cuts to AMIM and Learning Recovery Grants



2023/24 Adopted Budget Revenues

Pleasanton USD 2023/24 Revenue Sources

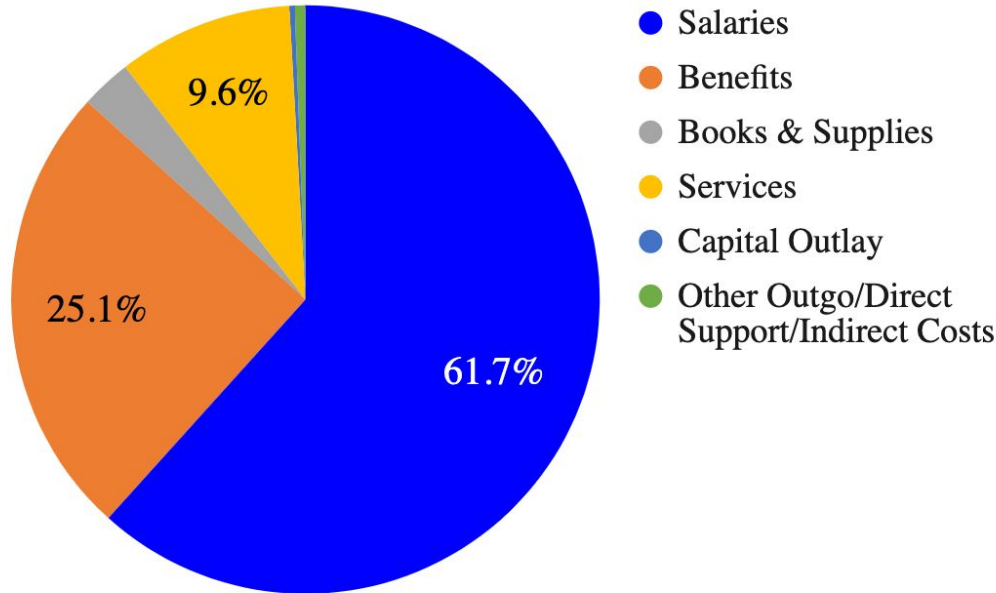


- **Total Revenue: \$205,025,132**
- **Net increase from LCFF is 5.9%**
- **Restricted Revenue: \$33.9M**
- **District is heavily dependent on LCFF/State Funding: 96.8%**
- **Portion of one-time revenues has significantly decreased from previous budgets**
- **Local revenues will grow as actual donations are made in the fiscal year**



2023/24 Adopted Budget Expenditures

Pleasanton USD 2023/24 Expenditures

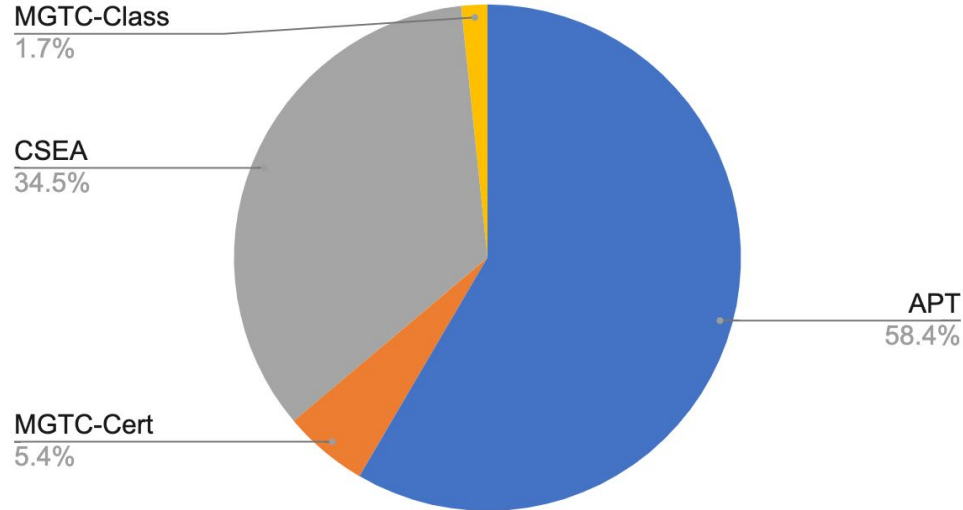


- **Total Expenditures: \$211,116,711**
- **86.8% Expenditures on Salaries and Benefits**
- **Total Restricted Expenditures: \$70.9M**
- **Contributions to Restricted programs: \$31.98M**
 - **Special Education: \$25.93M**
 - **Routine Restricted Maintenance \$6.05M**
- **Projected Unrestricted Deficit Spending \$1M**
- **Projected Restricted Drawdown Spending \$5M**
- **Included negotiated compensation increase for CSEA and placeholder for all other staff for 23/24**



2023/24 Adopted Budget Staffing

2023/24 Staffing Breakdown (FTE)



- **Adopted Budget GF staffing includes 1,294 FTE positions**
- **Includes right-sizing staffing**
 - **Net reduction of 36 FTE**
- **43 FTE positions funded by categorical or one time funds**
- **Final changes will be reflected in First Interim**

Restricted Programs Estimated Ending



Restricted Programs	Estimated Ending Fund Balance 22/23
Expanded Learning Opportunities Program	\$976,771
ESSA: Title III, English Learner Student Program	\$8
Educator Effectiveness, FY 2021-22	\$1,637,293
Special Education	\$382,365
Special Ed: Dispute Prevention and Dispute Resolution	\$426,275
Special Education Early Intervention Preschool Grant	\$156,372
Arts, Music, and Instructional Materials Discretionary Block Grant*	\$3,594,437
A-G Access/Success Grant	\$294,679
A-G Learning Loss Mitigation Grant	\$61,761
Classified School Employee Summer Assistance Program	\$353,517
Expanded Learning Opportunities (ELO) Grant:	
Paraprofessional Staff	\$328,267
Learning Recovery Emergency Block Grant*	\$3,762,766
Other Restricted State	\$128,190
Ongoing & Major Maintenance Account (RMA: Education Code Section 17070.75)	\$1,111,457
Other Restricted Local	\$117,818
Total, Restricted Balance	\$13,331,976

- **Restricted funds must be spent on the area of designation**
- **District has multi-year plan to spend these funds**
- *** Includes reductions of \$7.48M as propose in the May Revise**
- **These restricted funds support critical staffing positions**



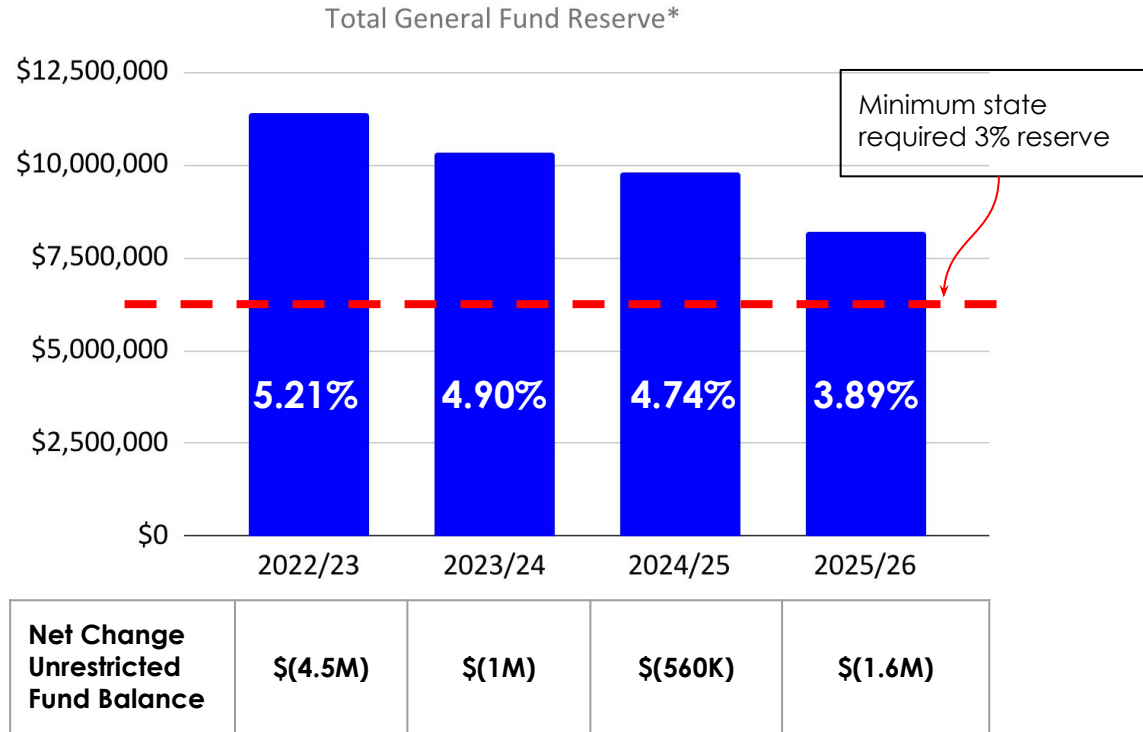
Positions and Programs Funded by AMIM Block and Learning Recovery Grant

The final outcome of the State's 2023/24 Budget will impact programs the District planned to fund in a multiyear manner. Programs are secure for 2023/24, but adjustment will need to be made beyond 23/24.

- Funding for additional counselor time the elementary schools
- Funding for lead athletic or music coach stipends
- Funding for additional social worker
- Funding for additional sections at the secondary schools
- Funding for materials/supplies for visual and performing arts
- Programs to close the learning and achievement gap
- Credit recovery programs
- Programs to improve school climate and culture
- Professional development for teachers and staff
- Funding for Pleasanton Virtual Academy



Multi-Year Projections



- **Restricted 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

Other Funds - 2023/24 Adopted Budget



Pleasanton Unified School District

FY 23/24 Adopted Budget

Special Revenue Funds	Adult Ed Fund 11	Child Development Fund 12	Cafeteria Fund 13	Enterprise Fund 63
BEGINNING FUND BALANCE	\$101,585	\$140,000	\$3,282,240	\$2,944,800
Revenue	\$5,503,738	\$1,475,716	\$5,915,000	\$4,755,000
Expenditures	\$5,248,425	\$1,475,716	\$6,318,990	\$3,295,339
Revenue Over (under) Expenses	255,313	-	(403,990)	1,459,661
Transfers In (Out)	\$0	\$0	\$0	-
ENDING FUND BALANCE	\$356,898	\$140,000	\$2,878,250	\$4,404,461

Special Reserve Funds	Non-Capital Fund 17	Non-Capital PSEE Fund 17	OPEB Fund 71	Capital Fund 40
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 6,379,672	\$ 3,810,614
Revenue	\$0	\$0	\$300,000	\$1,209,000
Expenditures				\$150,000
Revenue Over (under) Expenses	\$0	\$0	\$300,000	\$1,059,000
Transfers In (Out)	\$ -	\$ -		\$ (1,602,636)
ENDING FUND BALANCE	\$0	\$0	\$6,679,672	\$3,266,978

Capital Outlay Funds	Capital Sycamore Fund 40	Deferred Maintenance Fund 14	Measure II and I Fund 21	Capital Facilities Fund 25
BEGINNING FUND BALANCE	\$ 7,205,646	\$115,378	\$138,188,699	\$2,029,574
Revenue	\$50,000	\$500	\$800,000	\$1,010,000
Expenditures	\$0	\$100,000	\$52,591,645	\$254,000
Revenue Over (under) Expenses	\$50,000	-\$99,500	(51,791,645)	756,000
Transfers In (Out)	(50,000)	\$0	\$0	(30,000)
ENDING FUND BALANCE	\$7,205,646	\$15,878	\$86,397,054	\$2,755,574



Conclusion and Next Steps

- District Budget meets the requirements for Positive Certification
- With enrollment declining, funding is impacted so the district will need to continue right sizing of staff and tighten budget expenditures
- As restricted and one time funds are expended in the next few years, the District will need to address staffing and programs funded by those dollars
- District budget is highly dependent on the State budget and with existing reserve levels there is not much room to absorb an economic downturn
- The Final Adopted Budget will be brought for approval on 6/22/2023
- Staff will monitor State Budget development and incorporate Enacted State Budget adjustment into the First Interim Report



Appendix: Budget Calendar

- June 22, 2023: Estimated Actuals FY 22/23, Budget Adoption FY 23/24
- September 2023: Unaudited Actuals FY 22/23
- December 2023: First Interim Report, as of 10/31/23
- January 2024: Audited Financial Statements for FY 22/23
- January 2024: Governor's Budget Proposal for FY 24/25
- March 2024: Second Interim Report, as of 1/31/24
- March-April 2024: Staff Review and prepare for Budget Development
- May 2024: Governor's May Revise Budget Proposal
- June 2024: Estimated Actuals FY 23/24 & Budget Adoption for FY 24/25



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
12	Child Development
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
71	Other Post Employment Benefit