

# Pleasanton Unified School District

Budget Update  
School Board Meeting

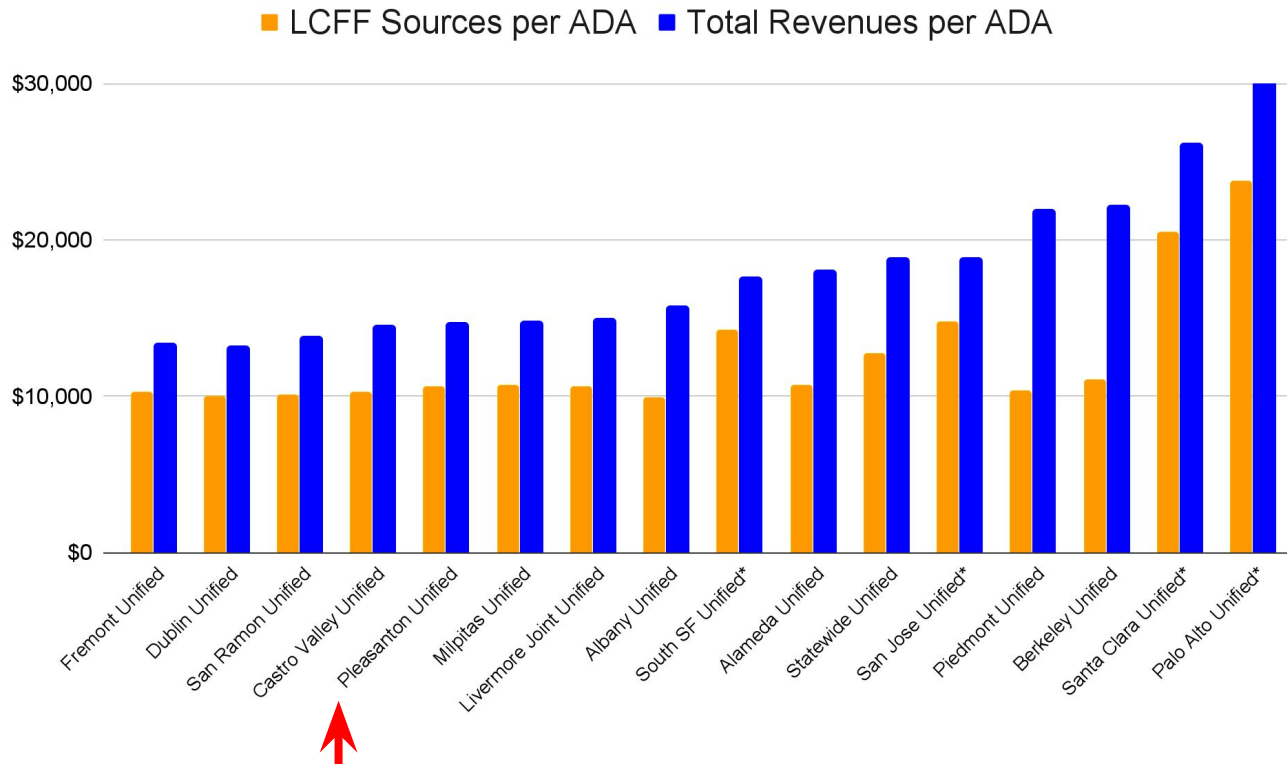
October 26, 2023

# Presentation Summary

- Review State Funding and the Local Control Formula
- Review Unrestricted and Restricted Funds
- Review PUSD Budget Assumptions
- Review 2022/23 Revenue and Expenditure Increases
- Review Ending Fund Balance and Reserves
- Review impact of Salary Increase for 2023/24 on the Budget
- Question and Answer

# Comparable Revenues per ADA: 2021/22\*\*

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

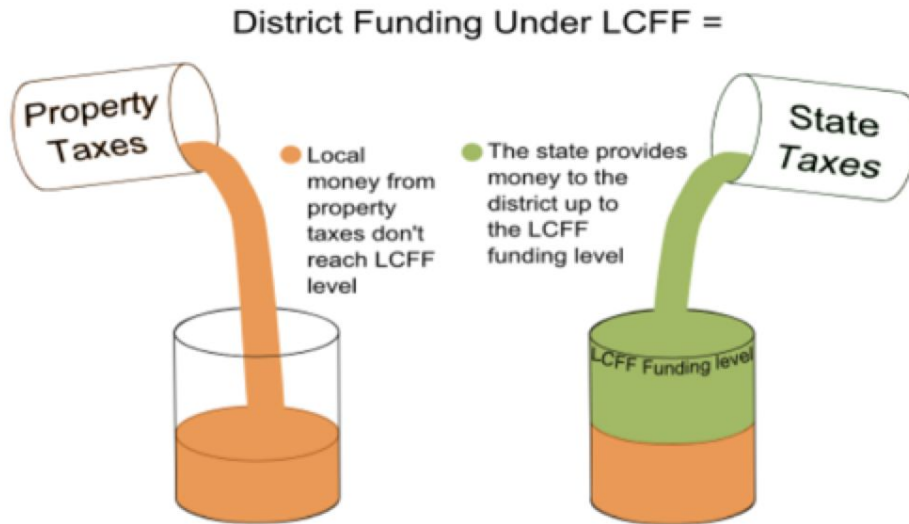


**Data shows the revenues generated per ADA from LCFF and all sources. The available funds to spend on salaries, benefits, programs and operational costs is determined by our revenues.**

\* Community funded Districts

\*\* Source Ed-Data.org

# Local Control Funding Formula (LCFF)

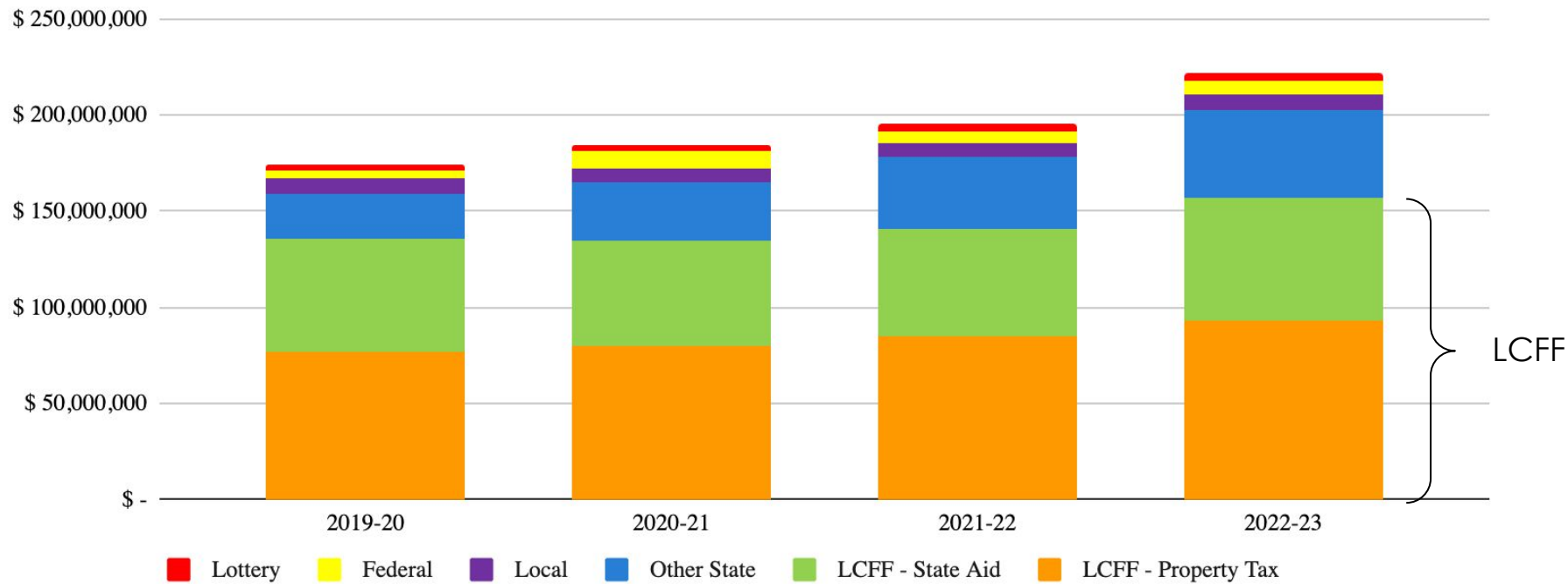


The LCFF is the State's equity based funding formula which ensures a base funding level for all districts based on their average daily attendance and student demographics. Additional funding is allocated for students that meet specific criteria (English learners, eligible for the free/reduced meals, foster, and unhoused students)

Districts can supplement State funding with local funds (parcel tax and donations). PUSD has no parcel tax.

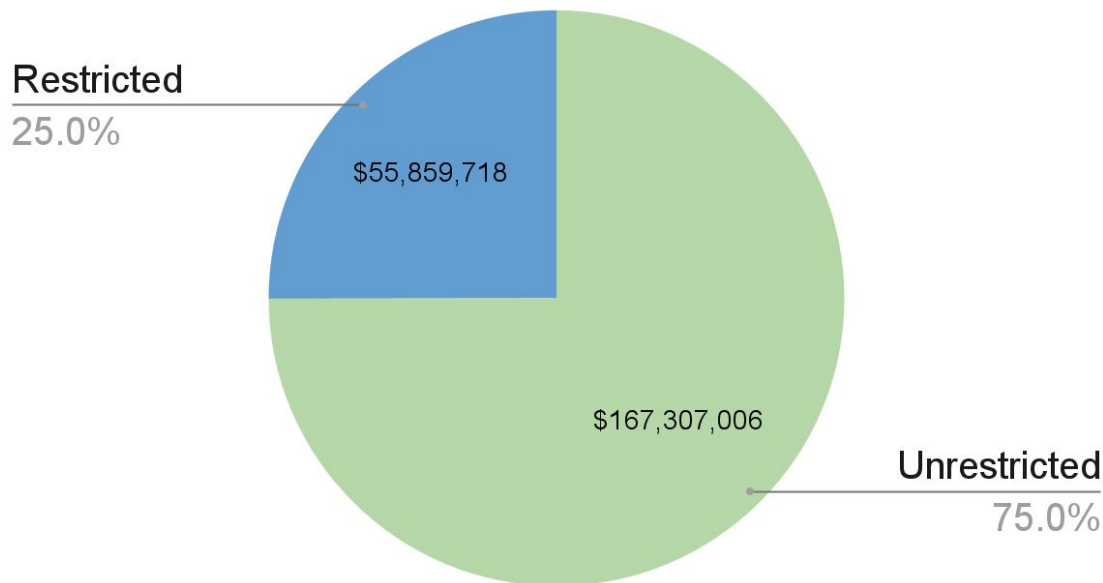
Districts where the property tax exceeds the LCFF can retain the additional monies (community funded schools). PUSD's local property tax provides about 55% of the LCFF amount. The State provides the remaining funds to the LCFF level.

# PUSD Funding Sources



# Unrestricted and Restricted Revenues 2022/23

Distribution of Unrestricted and Restricted Revenues

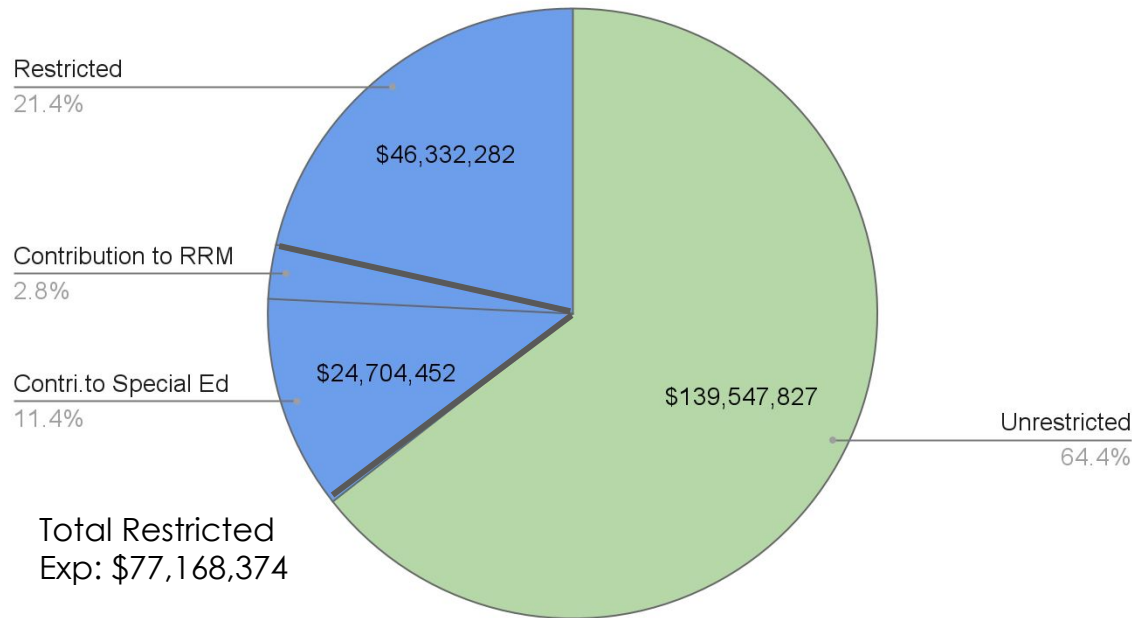


Revenues are received in **unrestricted** form mainly through the LCFF providing the district with wide discretion on how the funds are spent.

**Restricted revenues** are received from Federal, State and local sources must be spent on the specific expenditures such special education, specific grant programs, and local programs.

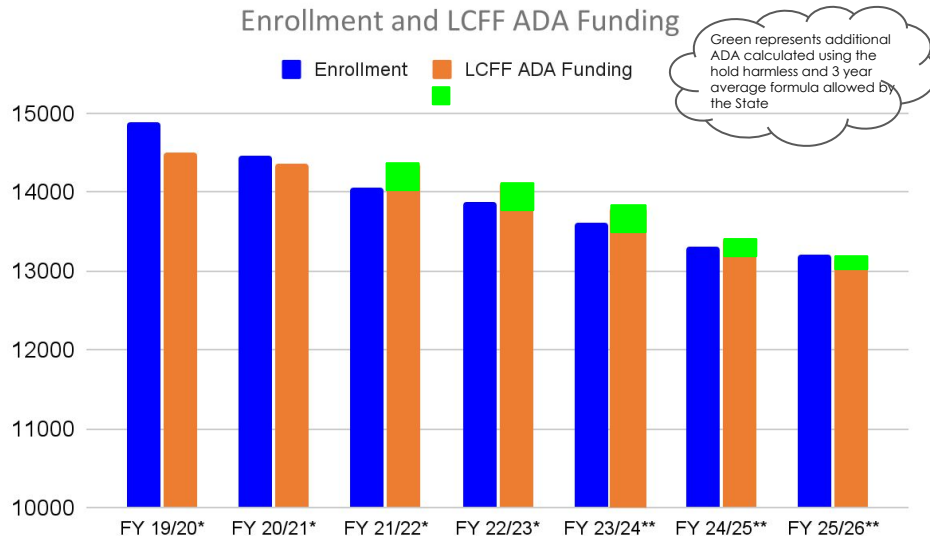
# Unrestricted and Restricted Expenditures 2022/23

Distribution of Unrestricted and Restricted Expenditures



- The District has to contribute from its unrestricted revenues to two specific restricted programs (**Special Education and Routine Restricted Maintenance-RRM**).
- Revenues for special education do not cover the full cost of special education.
- District is required to set aside 3% of expenditures for RRM.
- Funds from one restricted program can not be moved into another restricted program.

# Enrollment Drives Funding



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*
<b>Total Enrollment</b>	14,879	14,464	14,060	13,872	13,600	13,300	13,200
<b>ADA (Funding)</b>	14,490	14,355	14,355	14,111	13,794	13,402	13,174

- **\* 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
- 2020/21 and 2021/22 were the hold harmless years where 2019/20 ADA was used to calculate ADA
- Fiscal impact of enrollment decline will be actualized in 24/25 school year



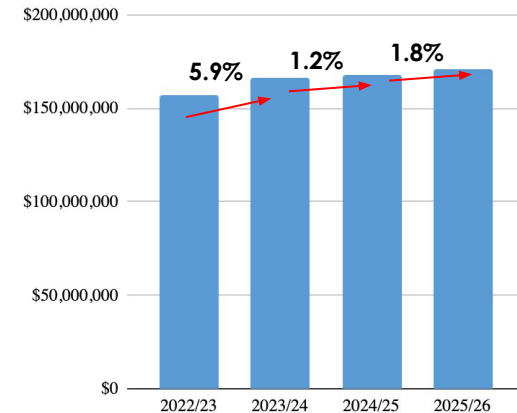
# 2023/24 Budget Assumptions

## 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	<b>8.22%</b>	<b>3.94%</b>	<b>3.29%</b>
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
<b>TOTAL EST LCFF Funding - unrestricted</b>	<b>\$166,014,441</b>	<b>168,019,083</b>	<b>171,108,807</b>

- ADA calculation uses 3 year average
- LCFF is calculated based on the per student funding x ADA
- The effective new funding from the prior year is actually 5.9% due to the declining enrollment

PUSD Local Control Funding Formula



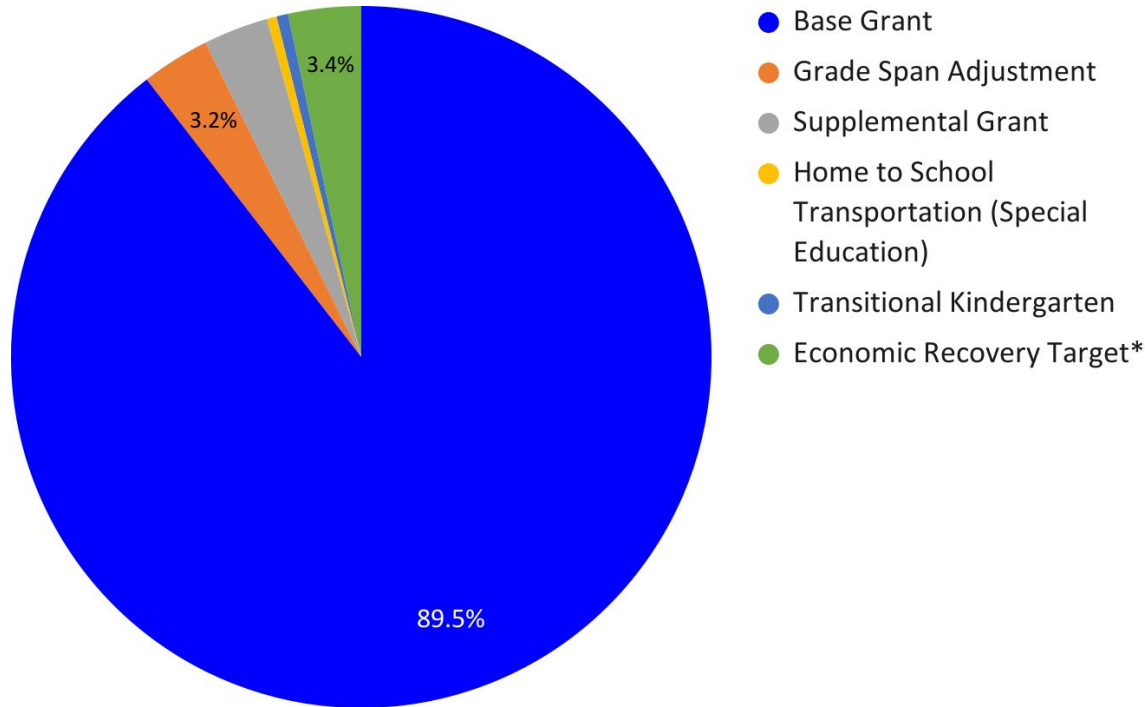
**Effective Net Funding Increase**

**5.9%**

**1.2%**

**1.8%**

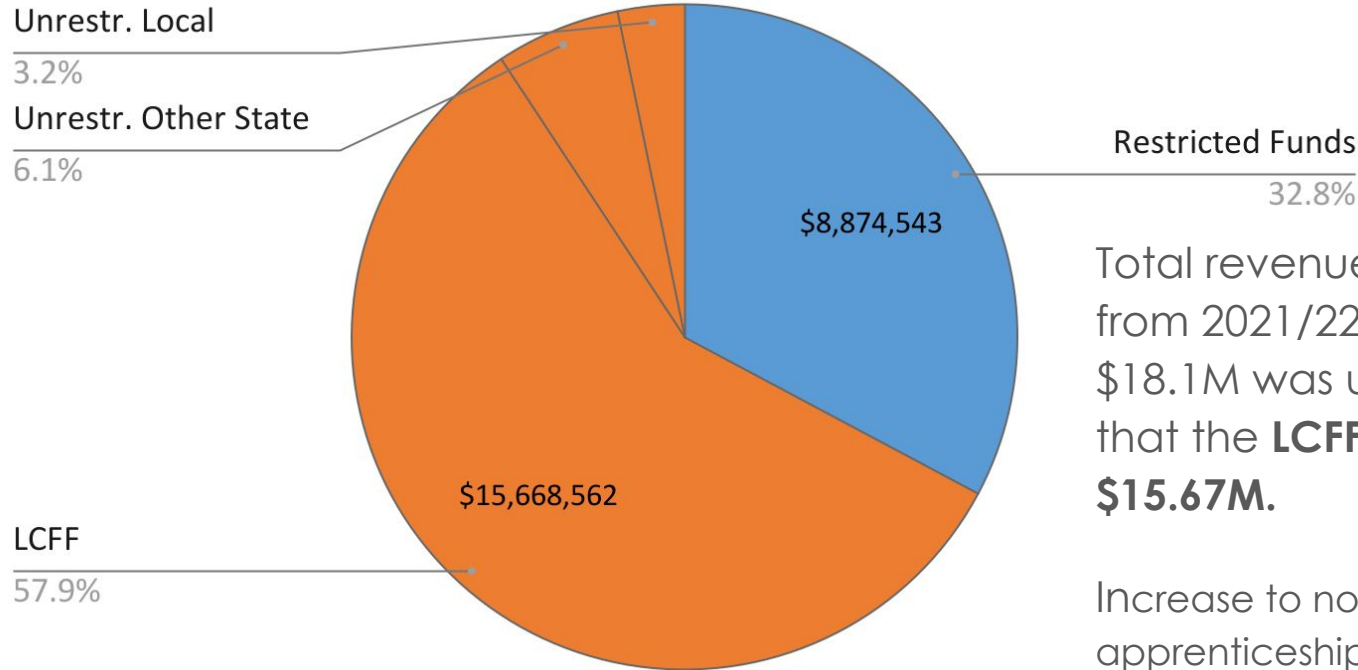
# Breakdown of the PUSD LCFF Revenues



PUSD LCFF for 2023/34	
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
<b>Total</b>	<b>\$166,014,441</b>
* 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.

# Revenue Growth in 2022/23



Total revenues grew by \$27M from 2021/22 levels, of which \$18.1M was unrestricted and of that the **LCFF portion was \$15.67M.**

Increase to non LCFF areas includes apprenticeship program (1.4M), CTEIG (480K), lottery (\$678K) and facility use (\$248K).

# Unrestricted Expenditure Increases for 2022/23

Expenditures	2021/22	2022/23	% Change
Certificated Salaries	\$75,198,455	\$78,477,394	4.36%
Classified Salaries	\$13,983,058	\$15,407,103	10.18%
Benefits	\$24,061,469	\$27,830,553	15.66%
Books and Supplies	\$2,153,888	\$3,144,314	45.98%
Services, Operating Expenses	\$11,399,946	\$15,408,514	35.16%
Capital Outlay	\$54,304	\$90,151	66.01%
Other Outgoing	\$1,377,366	\$1,424,163	3.40%
Transfer of Indirects	-\$2,510,010	-\$2,234,364	-10.98%
Transfer in	-\$574,737	-\$737,979	28.40%
Contribution to Restricted Programs	\$27,967,971	\$30,836,092	10.26%
<b>TOTALS</b>	<b>\$153,111,710</b>	<b>\$169,645,939</b>	<b>10.80%</b>

Expenditures and contribution to the restricted programs increased by \$16.5M. Certificated salary increases were also offset with right sizing reductions.

## Unrestricted **Deficit** Spending

- 2021/22: (\$3.99M)
- 2022/23: (\$2.34M)

**Deficit spending reduces our ending fund balance and reserves.**

# Ending Fund Balance and Reserves

The **Ending Fund Balance** is the sum total of funds at the end of the fiscal year (June 30) after all revenues and expenses have been accounted for.

The Ending Fund Balance includes both unrestricted and restricted funds.

The **Reserves** is the available funds from the unrestricted ending fund balance that includes the minimum required 3% of total expenditures and amounts from the assigned and unassigned ending fund balance.

# Components of the Ending Fund Balance for 2022/23

<b>Restricted Balances</b>	<b>\$20,934,072</b>
Expanded Learning Opportunities Program	\$1,331,042
Other Restricted Federal	\$3,063
Educator Effectivness	\$1,595,602
Lottery Instructional Material	\$108,281
Special Education	\$303,431
Mental Health Related Services	\$414,311
Special Education Early Intervention Preschool Grant	\$35,649
Art, Music, and Instr. Materials Discretionary Block Grant	\$7,534,034
Child Nutrition: Kitchen Infrastructure Upgrade Funds	\$12,500
Child Nutrition: Food Service Staff Training Funds	\$36,240
A-G Access Success Mitigation Grant	\$315,625
A-G Learning Loss Mitigation Grant	\$61,761
ELO Grant (Paraprofessional)	\$367,269
Learning Recovery Emergency Block Grant	\$4,244,383
Other Restricted State	\$125,114
Routine Maintenance Account:	\$2,028,100
Other Restricted Local	\$2,417,668
<b>Unrestricted Assigned Fund Balances</b>	<b>\$371,000</b>
Program Carryover	\$371,000
<b>Reserves</b>	<b>\$12,170,122</b>
Economic Uncertainty	\$6,501,826
AR 3100	\$2,386,491
Unassigned/Unappropriated	\$3,281,805
<b>Non-Spendable Cash</b>	<b>\$1,599,055</b>
<b>Total Ending Fund Balance</b>	<b>\$35,074,250</b>

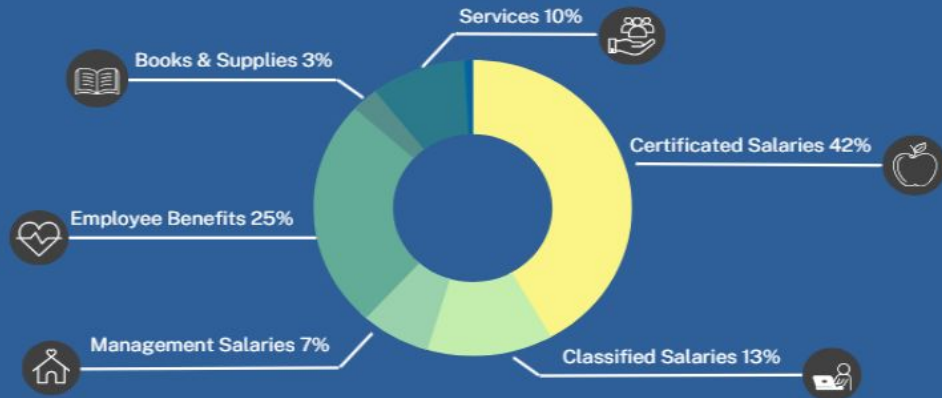
Long list of  
State  
Restricted  
and  
Categorical  
Programs

PUSD has  
multi-year  
plans to  
spend these  
funds

5.62% of GF  
expenditures,  
about one  
month of  
operating  
expenses

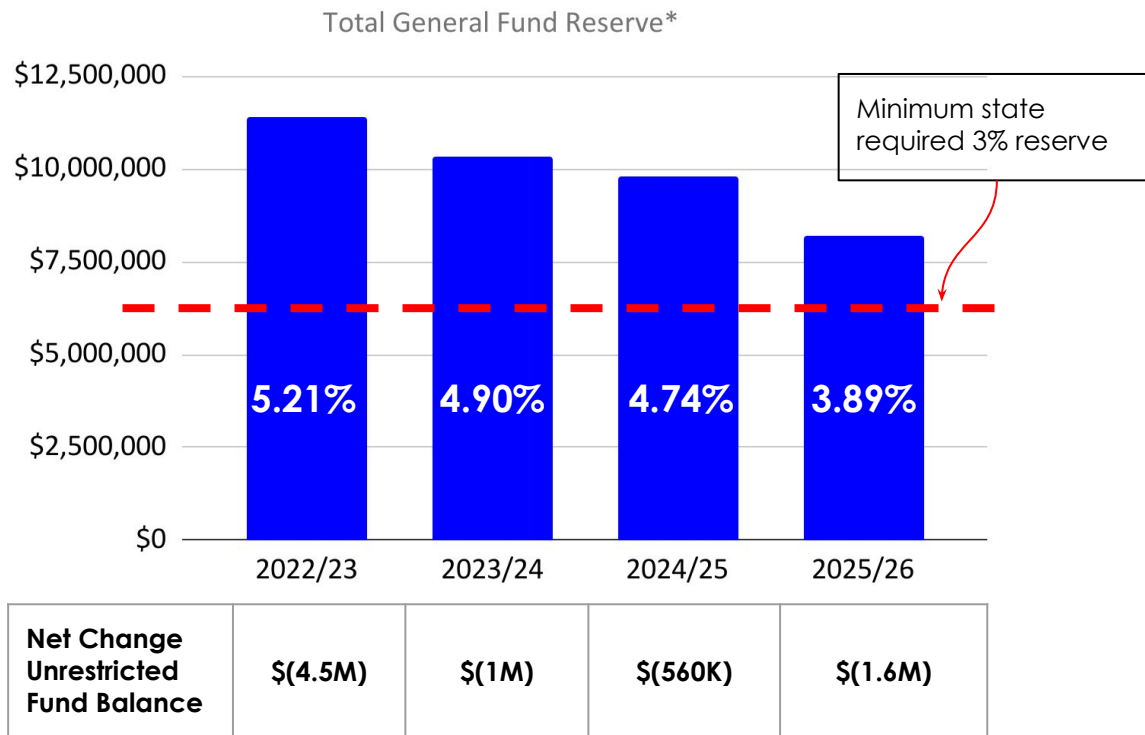
# 2023/24 Expenditure Budget

## 2023-2024 ADOPTED BUDGET WHERE THE DISTRICT SPENDS ITS MONEY



- 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 (fairshare formula) for all other staff for 23/24

# Multi-Year Projections (23/24 Adopted Budget)



- Included negotiated CSEA compensation and placeholder (fairshare formula) for other units.
- 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

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



# 2023/24 Salary Increase Proposals

**October 24, 2023**

Item	APT Proposal		District Proposal		Difference (APT - District)	
	% Change	Cost	% Change	Cost	% Change	Cost
<b>Salary</b>	14.25%	\$15,675,000	6.50%	\$7,150,000	7.75%	\$8,525,000
<b>Medical: Benefits*</b>	0.73%	\$798,261	0.73%	\$798,261	(0.00%)	(\$0)
<b>Stipends/Hourly Rate</b>	2.28%	\$2,503,717	0.64%	\$703,101	1.64%	\$1,800,617
<b>Class Size</b>	2.21%	\$2,435,589			2.21%	\$2,435,589
<b>Years of Service</b>	1.55%	\$1,704,413			1.55%	\$1,704,413
<b>Signing Bonus</b>	Unknown					
<b>Totals</b>	<b>21.02%</b>	<b>\$23,116,980</b>	<b>7.86%</b>	<b>\$8,651,362</b>	<b>13.15%</b>	<b>\$14,465,619</b>

\*PUSD and APT proposals include a maximum contribution of \$12,256 starting Jan 1, 2024 to any CalPERS medical program. Current level of contribution is \$5,000 annually. APT proposal also includes automatic annual rate increases in future years.

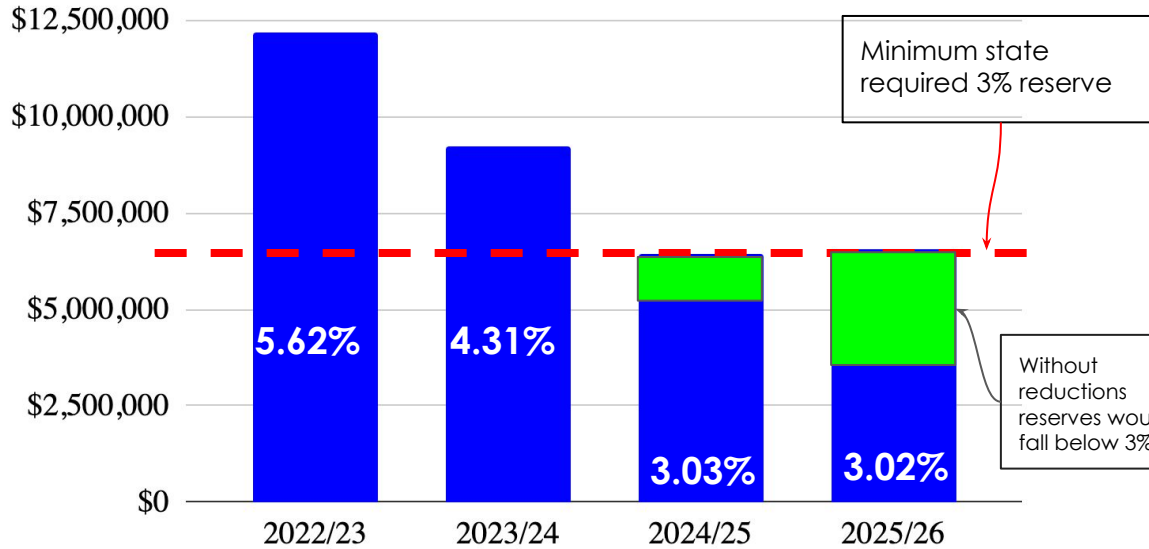
Estimated ongoing medical cost to the District after the initial year is equivalent to about 2% salary increase.

**NOTE: 2023-24 COLA is 8.22%. Effective new LCFF Funding for PUSD is 5.88%.**

# Multi-Year Projections

## (PUSD Proposal 6.5% Salary and Health Benefits)

Total GF Reserve\* : PUSD Proposal (6.5% + Stipends, and Health Benefits)

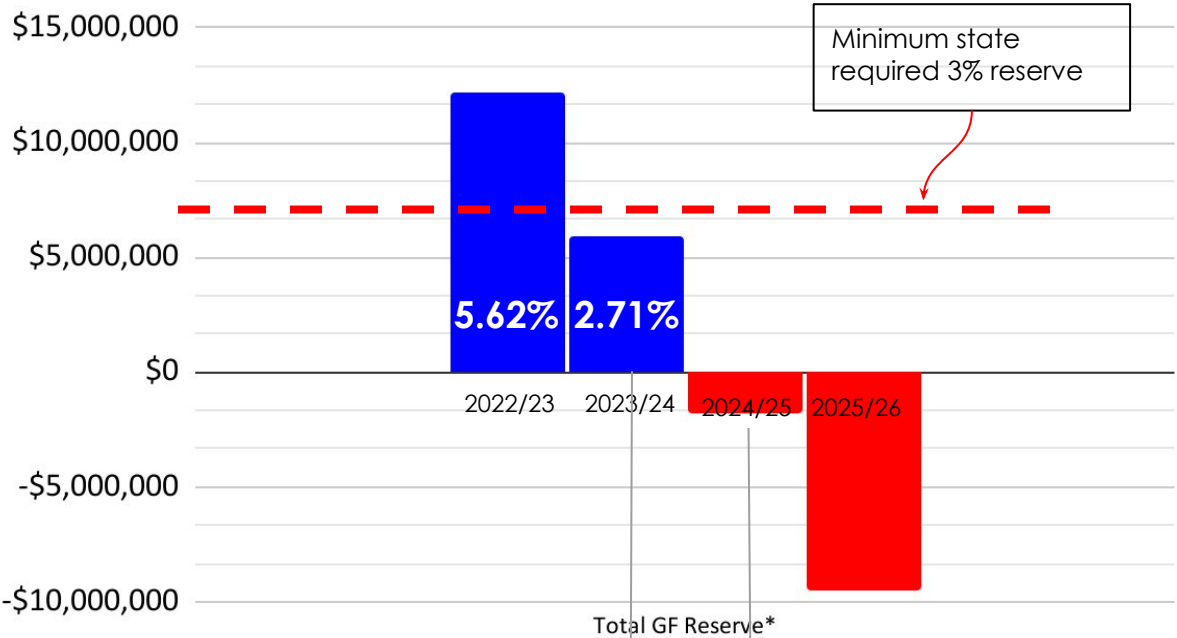


- This proposal would use reserves to pay for the projected increase in the current fiscal year and next
- Reductions will be needed in 2024/25 and 2025/26 to maintain a minimum 3% reserves
- The impacts of the enrollment loss will affect LCFF more significantly in 2025/26

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

# Multi-Year Projections (10% Salary +Health Benefits)

Total GF Reserves: 10% + Health Benefits

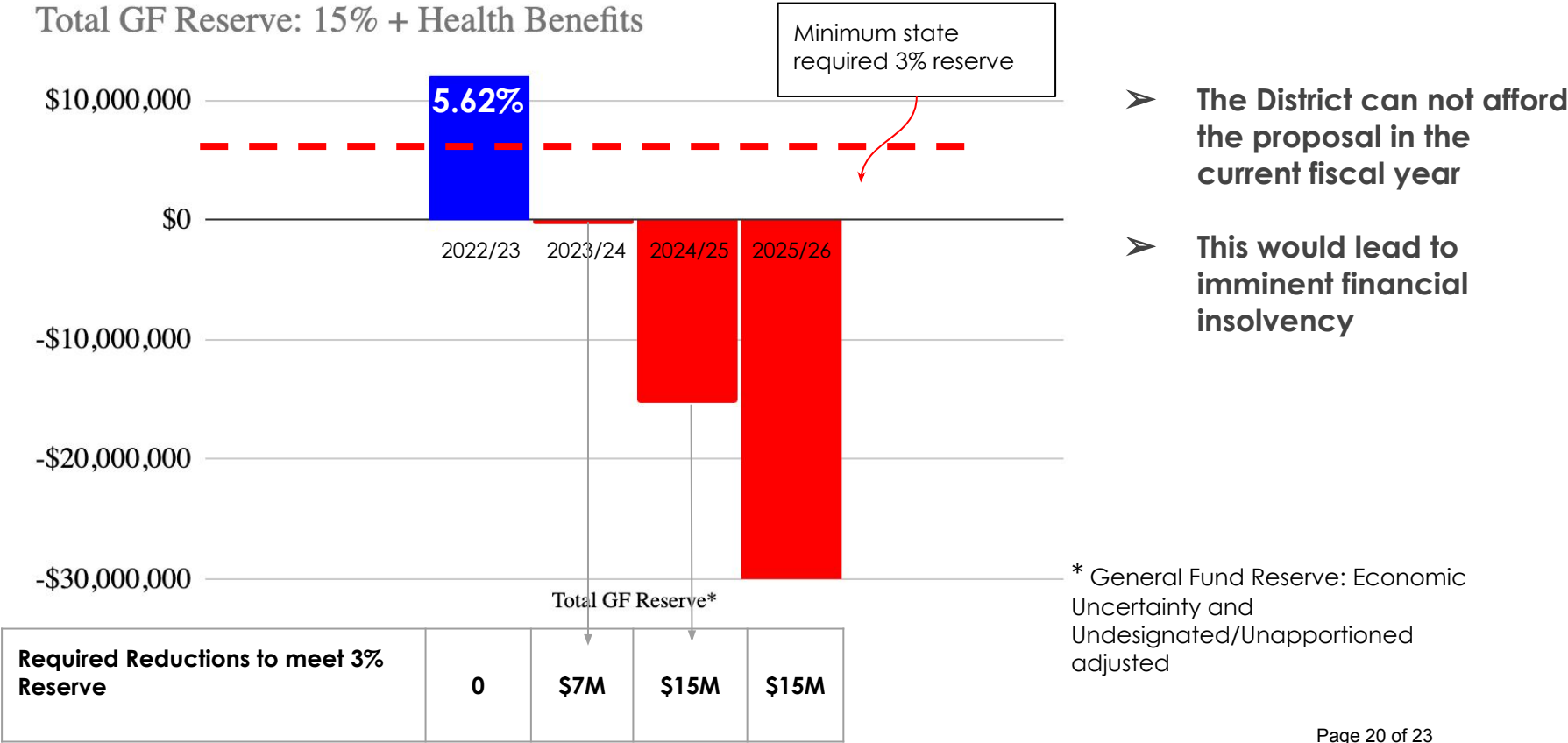


- The budget would place the district under the required 3% in the current fiscal year
- District would not be able to afford this raise ongoing basis would lead to financial insolvency

Required Reductions to meet 3% Reserve	0	\$635K	\$8.3M	\$8M
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\* General Fund Reserve: Economic Uncertainty and Undesignated/Unapportioned adjusted

# Multi-Year Projections (15% Salary +Health Benefits)



# Reductions

- Reductions would need to be achieved on the unrestricted side of our expenditures
- District's non people spending is about 15% of total expenditures and are mostly fixed (utilities, insurance, equipment leases, books, and basic supplies)
- Reductions will come from the program side = staff
- Every \$1,000,000 of reduction equals about 7-11 staff members depending on salary and positions
  - **\$5,000,000 in reductions = 35-55 staff members**
  - **\$10,000,000 in reductions = 70-110 staff members**

# Historical PUSD Data ([linked data sources](#))

## APT Compensation Increase 10-Year Summary

YEAR	ANNUAL APT INCREASE				STRS - PUSD Contribution Increase	Statutory COLA
	On Schedule	Off Schedule	Medical/Other	Total On Schedule with Medical/Other		
2014-15	2.00%			2.00%	0.63%	0.85%
2015-16	3.80%			3.80%	1.85%	1.02%
2016-17		0.85%		0.00%	1.85%	0.00%
2017-18	2.00%	1.00%		2.00%	1.85%	1.56%
2018-19	2.50%			2.50%	1.85%	2.71%
2019-20	2.75%			2.75%	0.82%	3.26%
2020-21		\$2,000		0.00%	(0.95%)	2.31%
2021-22	4.50%			4.50%	0.77%	1.70%
2022-23	3.50%		2.00%	5.50%	2.18%	6.56%
2023-24*	6.50%		1.36%	7.86%	0.00%	8.22%
TOTAL	27.55%		3.36%	30.91%	10.85%	28.19%

# Questions

