

Pleasanton Unified School District

Budget Update
School Board Meeting

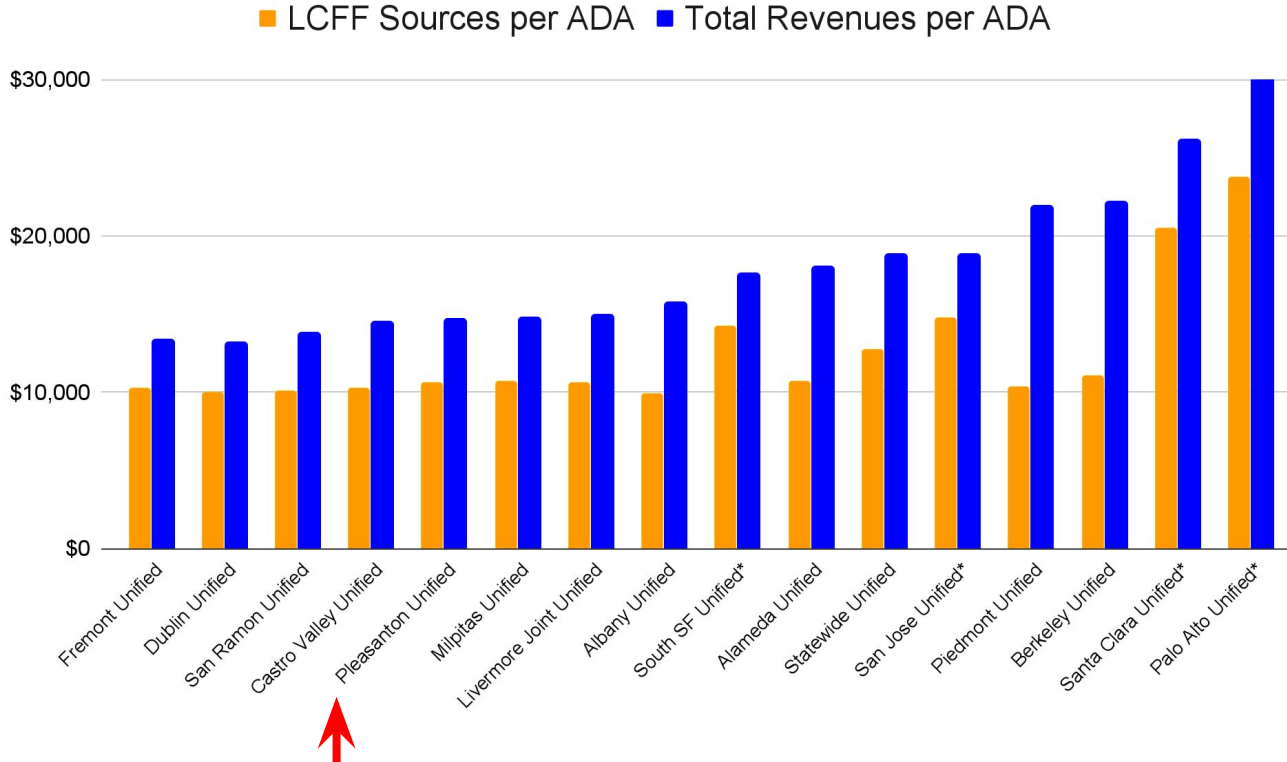
November 9, 2023

Presentation Summary

- Review district funding and sources
- Review reserves and impact of salary cost increases
- Discuss options to enhance revenues and reduce expenditures
- Differentiate between expenditures and costs directed by State, Federal, and local requirements and those that PUSD/community enhancements/prioritize
- Detail current expenditures areas in staffing and non-staffing
- Next steps

Comparable Revenues per ADA: 2021/22**

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

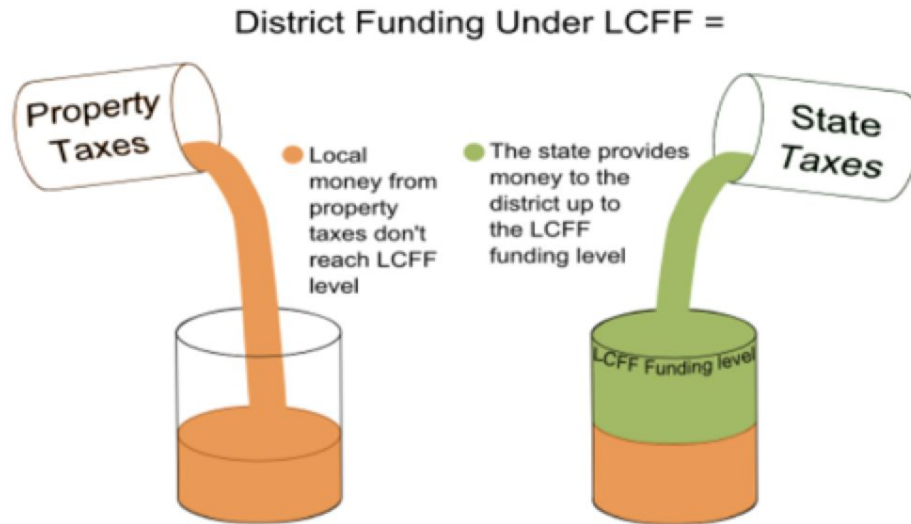


Data shows the revenues generated per ADA from LCFF and all sources. The available funds to spend on salaries, benefits, programs and operational costs is determined by our revenues.

* Community funded Districts

** Source Ed-Data.org

Local Control Funding Formula (LCFF)



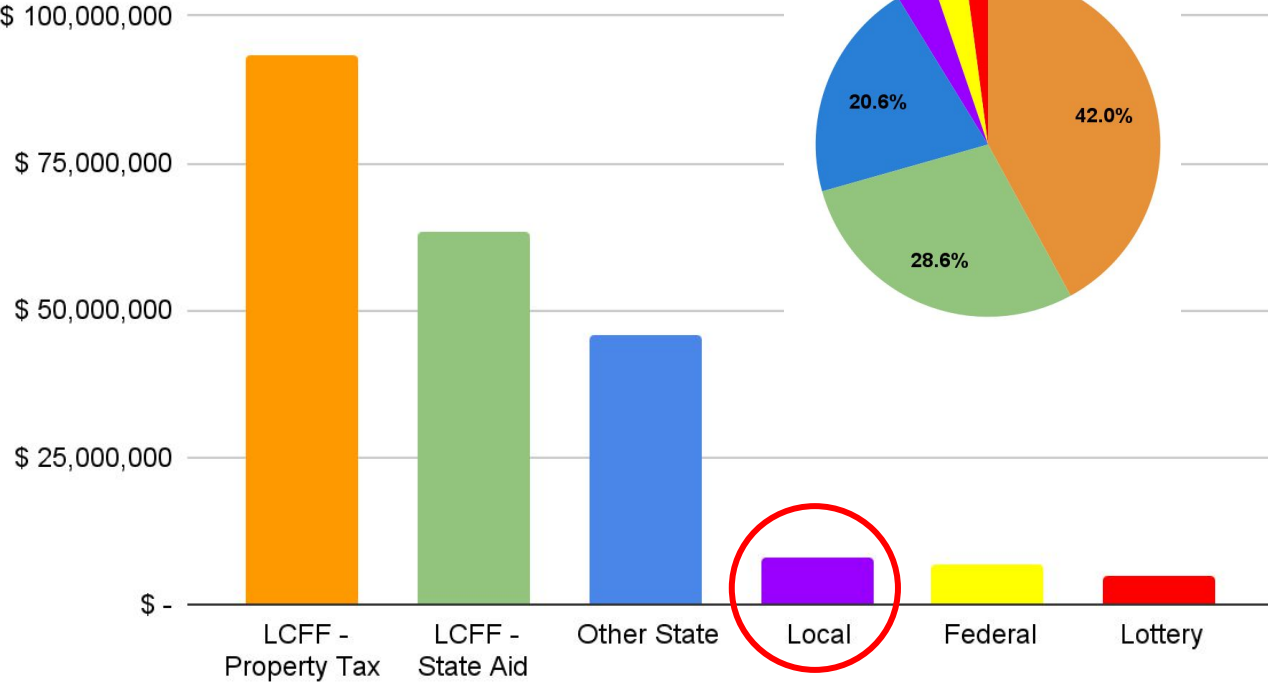
The LCFF is the State's equity based funding formula which ensures a base funding level for all districts based on their average daily attendance and student demographics. Additional funding is allocated for students that meet specific criteria (English learners, eligible for the free/reduced meals,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

PUSD Funding Sources 2023/24



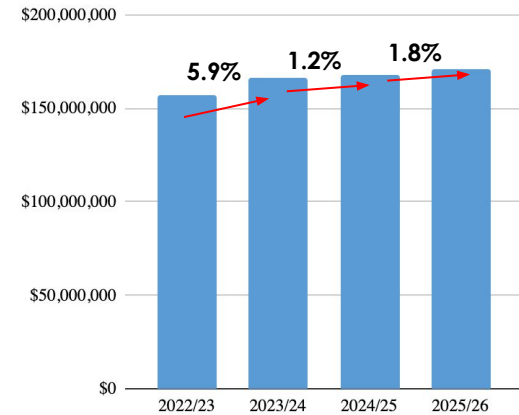
LCFF, Other State, Federal, and lottery funds are based on formulas and outside of PUSD controls. District and Community can increase local control funding through Parcel Taxes and Donations.

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

- 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

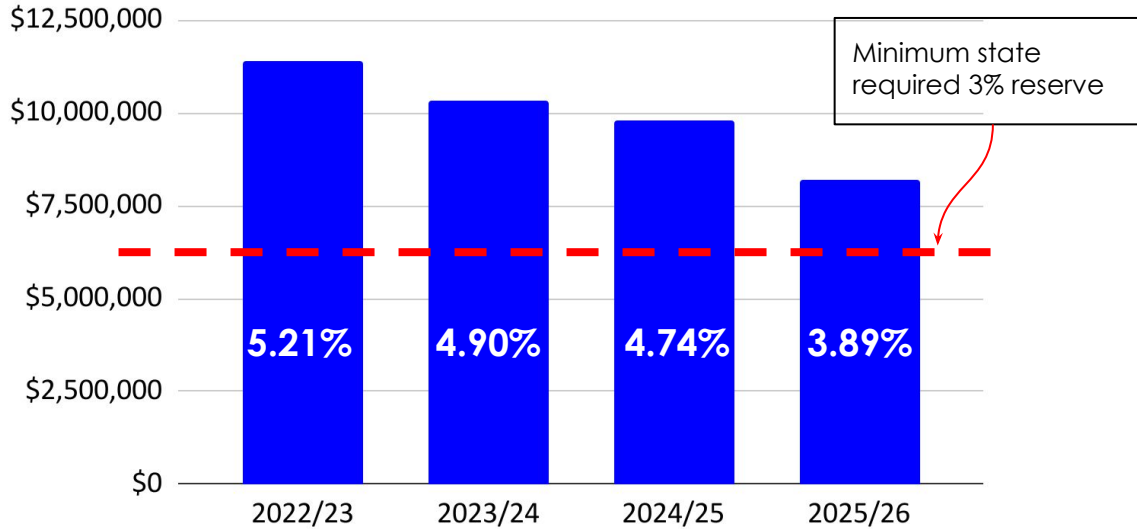
PUSD Local Control Funding Formula



Effective Net Funding Increase	5.9%	1.2%	1.8%
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Multi-Year Projections (23/24 Adopted Budget)

Total General Fund Reserve*



Net Change Unrestricted Fund Balance	\$(4.5M)	\$(1M)	\$(560K)	\$(1.6M)
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- **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
Salary	14.25%	\$15,675,000	6.50%	\$7,150,000	7.75%	\$8,525,000
Medical: Benefits*	0.73%	\$798,261	0.73%	\$798,261	(0.00%)	(\$0)
Stipends/Hourly Rate	2.28%	\$2,503,717	0.64%	\$703,101	1.64%	\$1,800,617
Class Size	2.21%	\$2,435,589			2.21%	\$2,435,589
Years of Service	1.55%	\$1,704,413			1.55%	\$1,704,413
Signing Bonus	Unknown					
Totals	21.02%	\$23,116,980	7.86%	\$8,651,362	13.15%	\$14,465,619

*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%.

- PUSD Proposal is **2.22% above** the fairshare formula
- Health benefits will cost the District about 2.15% ongoing after the initial year

Updated COLA information for 2024/25 and impact to LCFF

- COLA is the Cost of Living Adjustment that is annually determined by the State based a variety of economic factors
- For 2024/25 fiscal year six of the eight economic factors are indicating that it will be less than 2% and as low as 0.53%
- This reduction will significantly impact our budget forecast and ability to maintain the minimum 3% reserve without more reductions.
- The First Interim Report will be updated with the reduce the COLA for 2024/25 **from 3.94% to 2%**
- First Interim Report will include updates to revenues and expenditures
 - Salaries and expenditures are trending up

Adjusted LCFF Based on Revised COLA for 2024/25

Adjusted Local Control Funding Formula Estimation for 24/25			
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%	2.0%	3.29%
TOTAL EST LCFF Funding - unrestricted	\$166,014,441	165,335,066	169,312,188

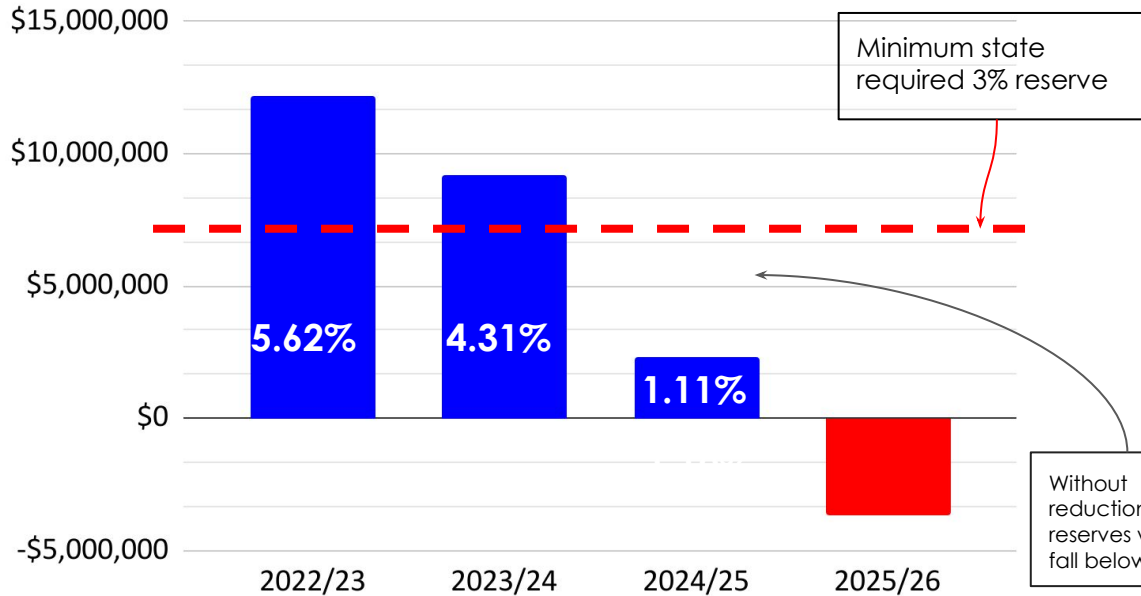
- Loss of \$2.84M in LCFF for 24/25
- Loss of \$1.80M LCFF for 25/26
- High likelihood COLA for 25/26 will be lower as well
- Loss of revenues will significantly impact our reserves and increase the need for reductions

Multi-Year Projections

(PUSD Proposal 6.5% Salary, Health Benefits, and Adjusted COLA of 2% for 24/25)

Does not include First Interim Budget Updates

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
- Reductions will be needed in 2024/25 and 2025/26 to maintain a minimum 3% reserves
- Increased expenditure in 2023/24 and lower COLA will further impact the need for reductions

Required Reductions to meet 3% Reserve			\$4,250,000 (ongoing)	\$1,750,000 (ongoing)
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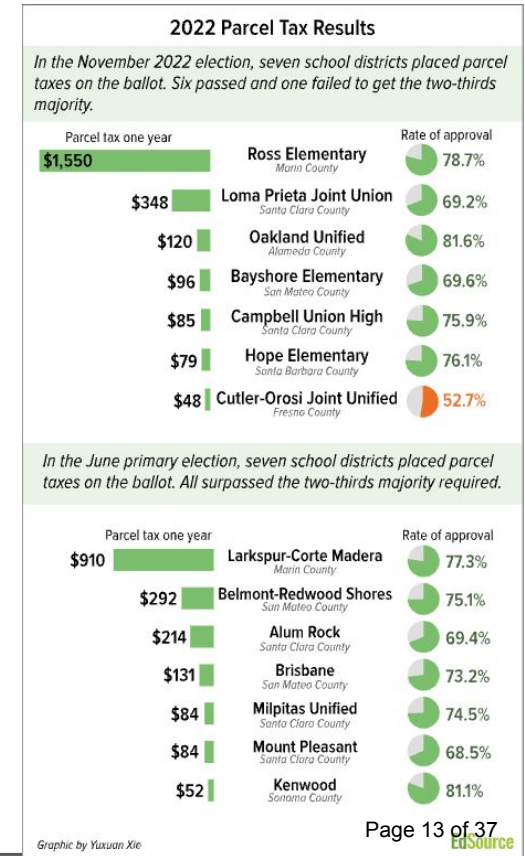
* General Fund Reserve: Economic Uncertainty and Undesignated/Unapportioned adjusted

Options to Address Fiscal Challenges

- Revenue Enhancement
 - Donations
 - Parcel Tax
 - Fixed amount per parcel
 - Varying amount per square footage
 - **Exemptions for seniors age 65+ or are receiving Social Security Disability Insurance** benefits regardless of age
- Expenditure Reductions
- Combination of the two

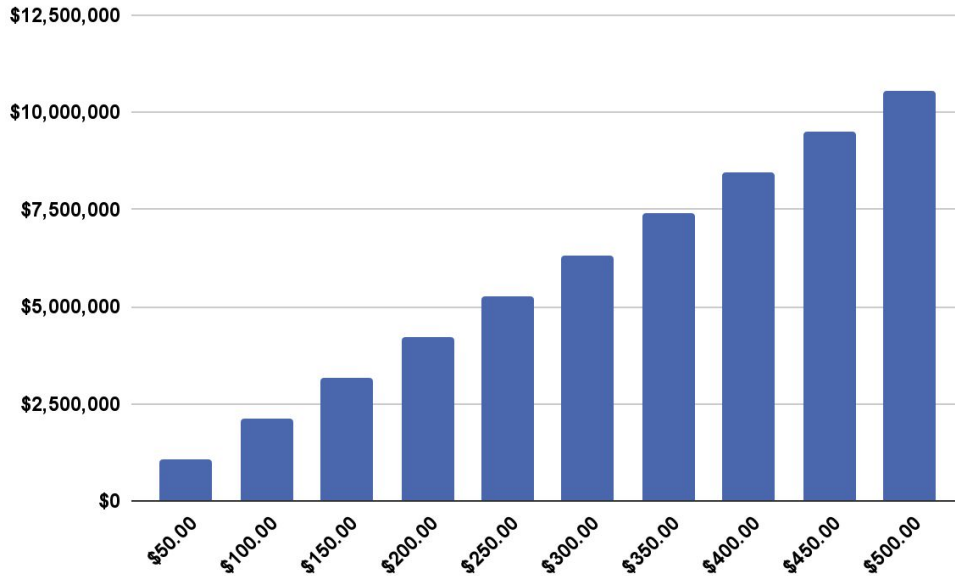
Revenue Enhancement: Parcel Taxes

- District Initiated Parcel Tax
 - Placed on the ballot by the School Board
 - Requires a 2/3 (66.67%) approval by voters
 - Majority of parcel taxes
 - Fixed rate per parcel option
 - Square Footage option
- Community Initiated Parcel Tax
 - Placed on the ballot by the [community citizens](#)
 - Requires a majority (50%+1) approval by voters
 - Recently used by several entities including SFUSD
- [Opposing Ballot Measures on November 5, 2024](#), that may impact local taxing options





How much funding can be raised through a Parcel Tax?

- Fixed Parcel Tax



Exemptions for seniors age 65+ or are receiving Social Security Disability Insurance benefits regardless of age

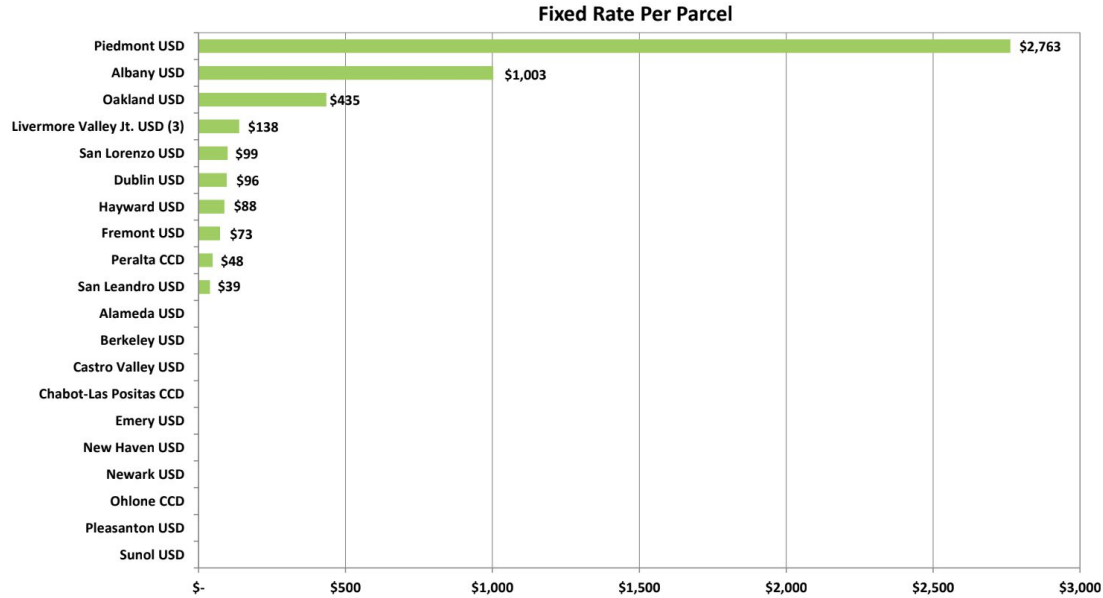
School district parcel tax elections, 1983-2021		
Status	Number	Percent
Approved 	452	59.87%
Defeated 	303	40.13%
Totals:	755	100%

[Source](#)

Total Parcels	Parcels after Exemptions	Per Parcel Tax									
		\$50.00	\$100.00	\$150.00	\$200.00	\$250.00	\$300.00	\$350.00	\$400.00	\$450.00	\$500.00
24,838	21,112	\$1,055,615	\$2,111,230	\$3,166,845	\$4,222,460	\$5,278,075	\$6,333,690	\$7,389,305	\$8,444,920	\$9,500,535	\$10,556,150

How do districts raise local funds? Parcel Tax Option

Alameda County K-14 Parcel Taxes ⁽¹⁾⁽²⁾



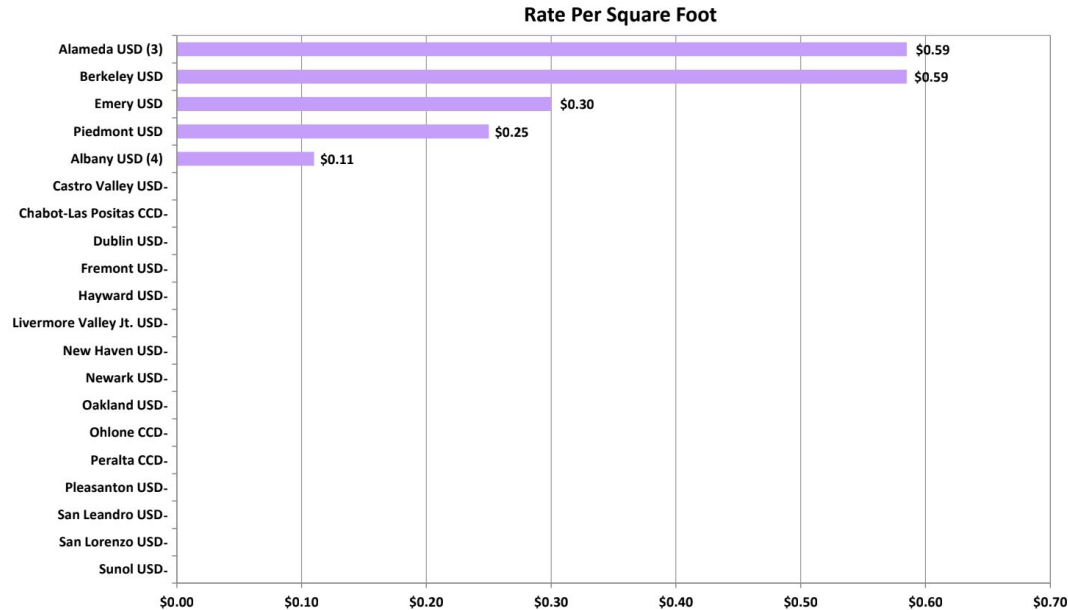
(1) Respective District websites and Ballotpedia as of April 18, 2022.

(2) Does not reflect any inflation factor.

(3) Livermore Valley Jt. USD's parcel tax election for an extension of the \$138 rate will be held on May 3, 2022.

How do districts raise local funds? Parcel Tax Option

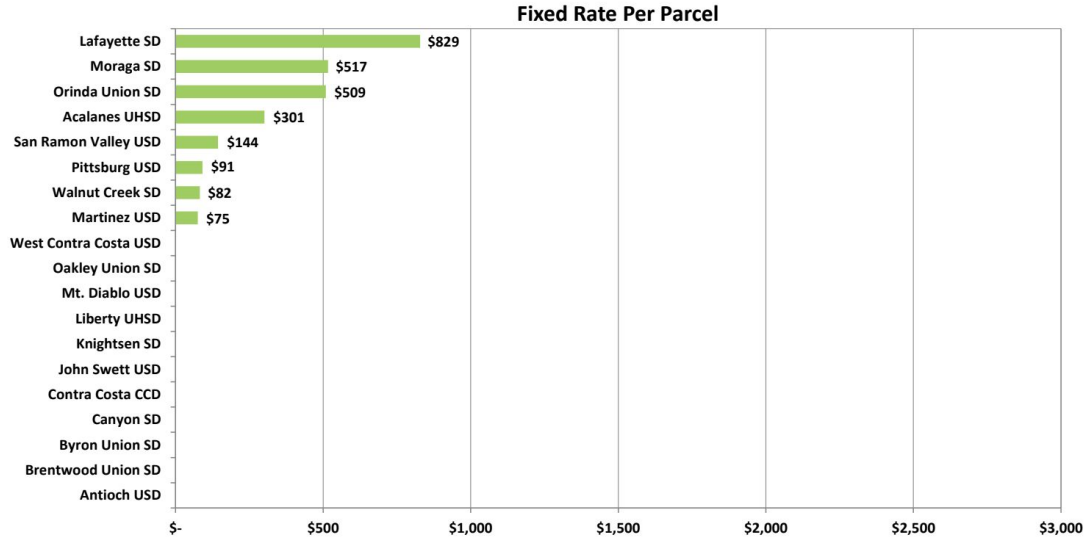
Alameda County K-14 Parcel Taxes ⁽¹⁾⁽²⁾



- (1) Source: Respective District websites and Ballotpedia as of April 18, 2022.
- (2) Does not reflect rate for vacant or undeveloped parcels.
- (3) Alameda USD's Measure A and B1 have an annual cap of \$7,999. Per Measure A, vacant parcels will be charged \$299 annually.
- (4) Albany USD's Measure J has a rate of \$0.11/square foot or \$555, whichever is greater for non-residential parcels only.

How do districts raise local funds? Parcel Tax Option

Contra Costa County K-14 Parcel Taxes ⁽¹⁾⁽²⁾

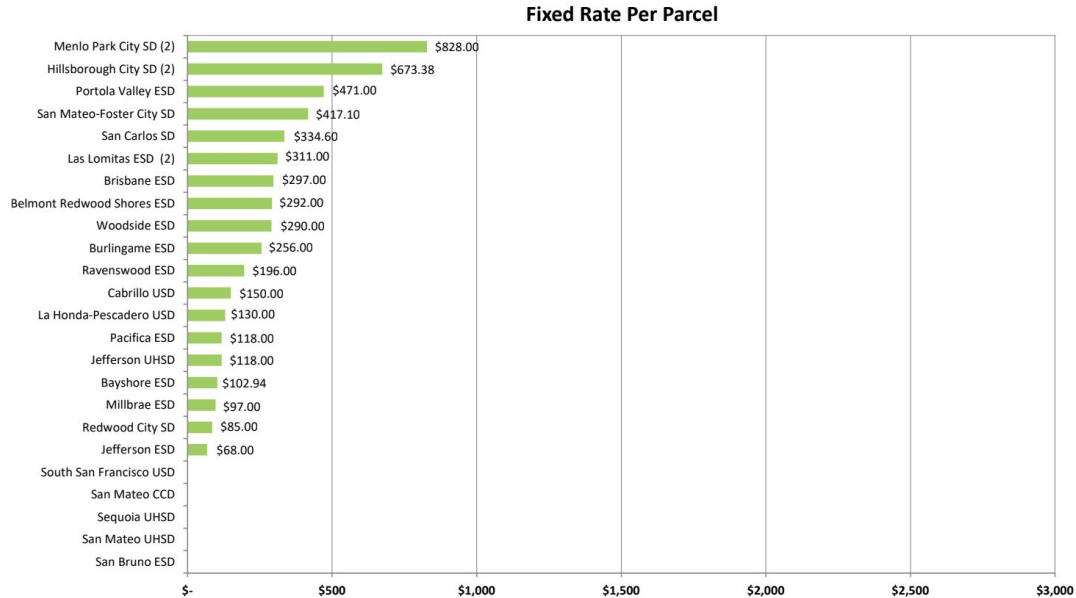


(1) Source: Respective District websites and Ballotpedia as of April 18, 2022.

(2) Does not reflect any inflation factor.

How do districts raise local funds? Parcel Tax Option

San Mateo County K-14 Parcel Taxes ⁽¹⁾

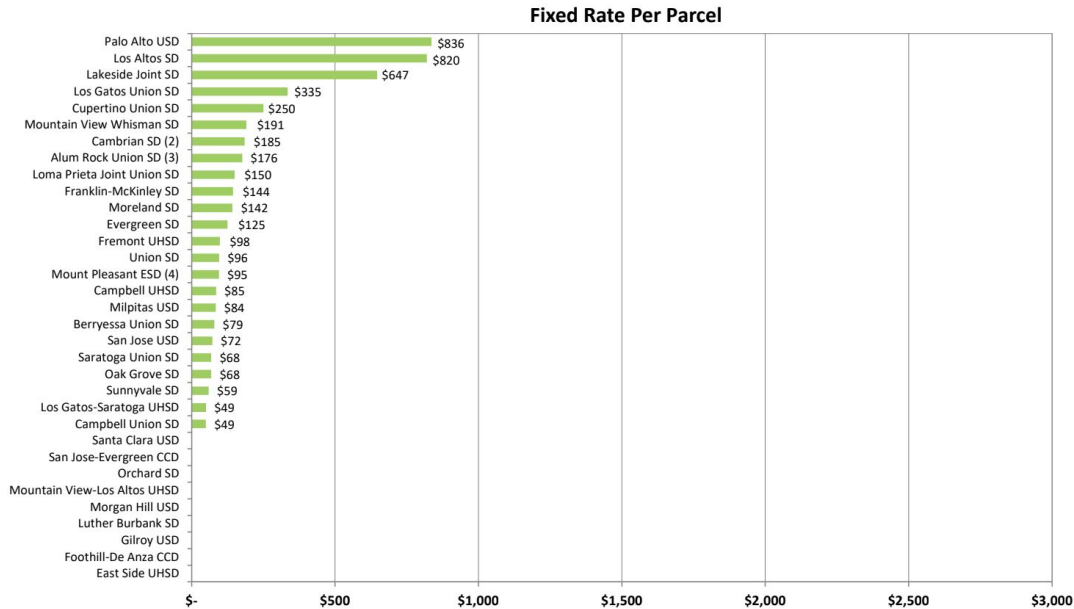


(1) Source: Respective District websites and Ballotpedia as of April 18, 2022.

(2) Does not reflect any inflation factor except for Menlo Park City SD, Hillsborough City SD and Las Lomas SD, which all have parcel taxes over 10years old, so the rate has been rebenchd to the current tax rate.

How do districts raise local funds? Parcel Tax Option

Santa Clara County K-14 Parcel Taxes ⁽¹⁾



- (1) Source: Respective District websites and Ballotpedia as of April 18, 2022.
- (2) Does not reflect any inflation factor except for Cambrian SD, which has a parcel tax over 20 years old, so the rate has been rebenched to the 2020-21rate.
- (3) Alum Rock Union SD has placed Measure I on the ballot for June 7, 2022 with a rate of \$214.10 per parcel.
- (4) Mount Pleasant SD has placed Measure K on the ballot for June 7, 2022 to extend their rate of \$95 per parcel.

Reduction Options

- PUSD must make budget reductions as a result of:
 - Declining enrollment
 - Staff funded from pandemic or one time funds
 - Impact of salary increases and economic conditions
- 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 mainly be on the unrestricted expenditures and potential adjustments to restricted grant based funding
- 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

Educational Expenditures

- Required Expenditures
 - State Educational Code/CDE Requirements
 - Federal Requirements
 - Local Requirements
 - Contractual
 - Board Policy

- Expenditures connected to PUSD/Community Priorities

Educational Requirements

State	Federal	Local (Driven by CBA)
<ul style="list-style-type: none"> ● Educational days/Instruction minutes ● Maximum class sizes ● High school graduation requirements ● A-G Requirements (UC/CSU) ● Adequate supervision ● Safety and security of students ● Williams Act ● Routine Restricted Maintenance ● LCAP Supplemental Support ● Free Meals for all students ● Credit Recovery ● Class size reduction (TK-3) 	<ul style="list-style-type: none"> ● Individuals with Disabilities Education Act (IDEA) ● Special Education services ● Extended School Year (ESY) for special education ● 504 compliance ● Title I, II, III, IV Programs 	<ul style="list-style-type: none"> ● Salaries and benefits ● Stipends and hourly rates ● Class sizes ● Staffing ratios for specific job categories

Educational Enhancements

PUSD/ Community

- Secondary elective classes (e.g., AP, CTE, VAPA)*
- Elementary science, music, and physical education Specialists
- Professional Development*
- Pleasanton Virtual Academy*
- Induction Program*
- PBIS Program*
- Elementary VPs
- Elementary Counselors*
- Highschool VPs and Coordinators
- 1:1 device program**
- Site Technology Support
- Social Workers* ***
- Integration Coaches*
- Technology Integration Specialists
- Program Coordinators (Technology, Early Literacy, Equity and Access)* ***
- Consultants engaged for Professional development *
- Various software platforms
- Support for VAPA and athletic programs*
- Wellness programs and curriculum * ***
- Athletic and music stipends*
- Supplies and materials *

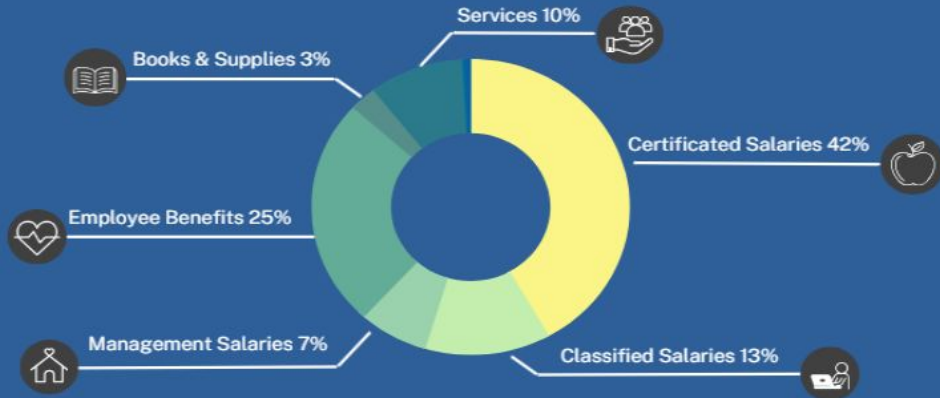
* Partially funded through grants , donations and/or one time funds

** Bond Funded

*** LCAP Supplemental

Where do we spend our funds?

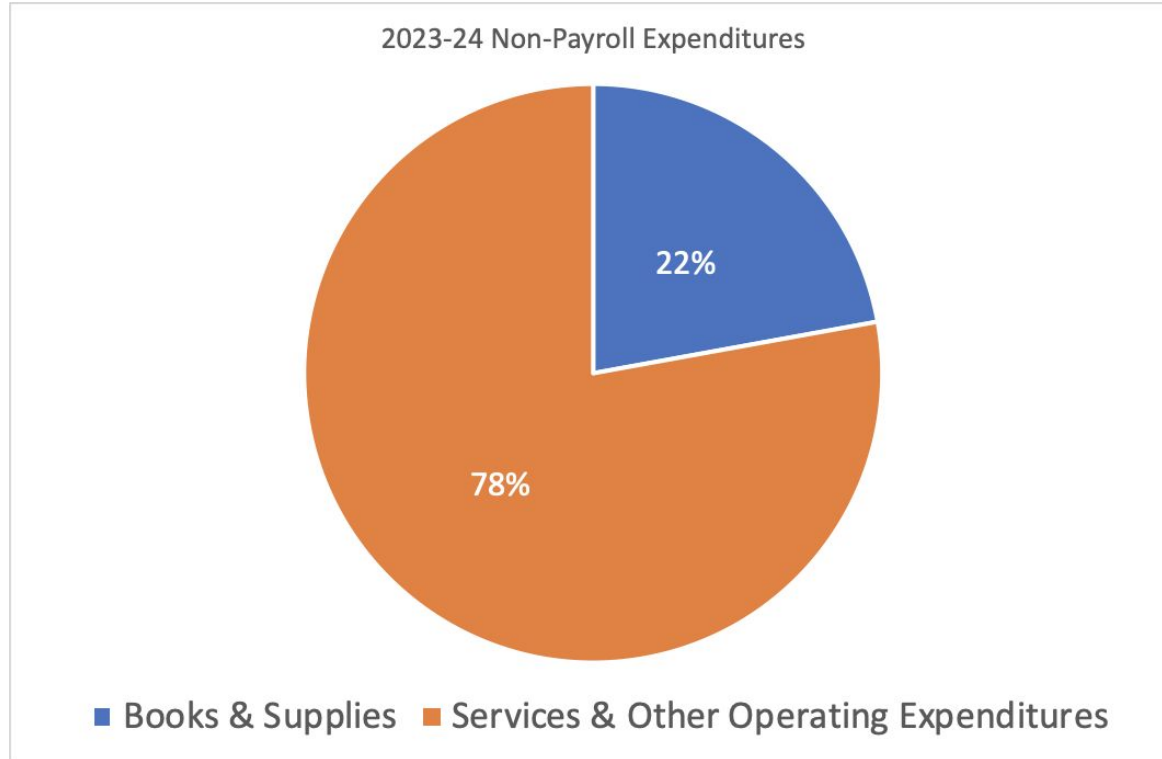
2023-2024 ADOPTED BUDGET WHERE THE DISTRICT SPENDS ITS MONEY



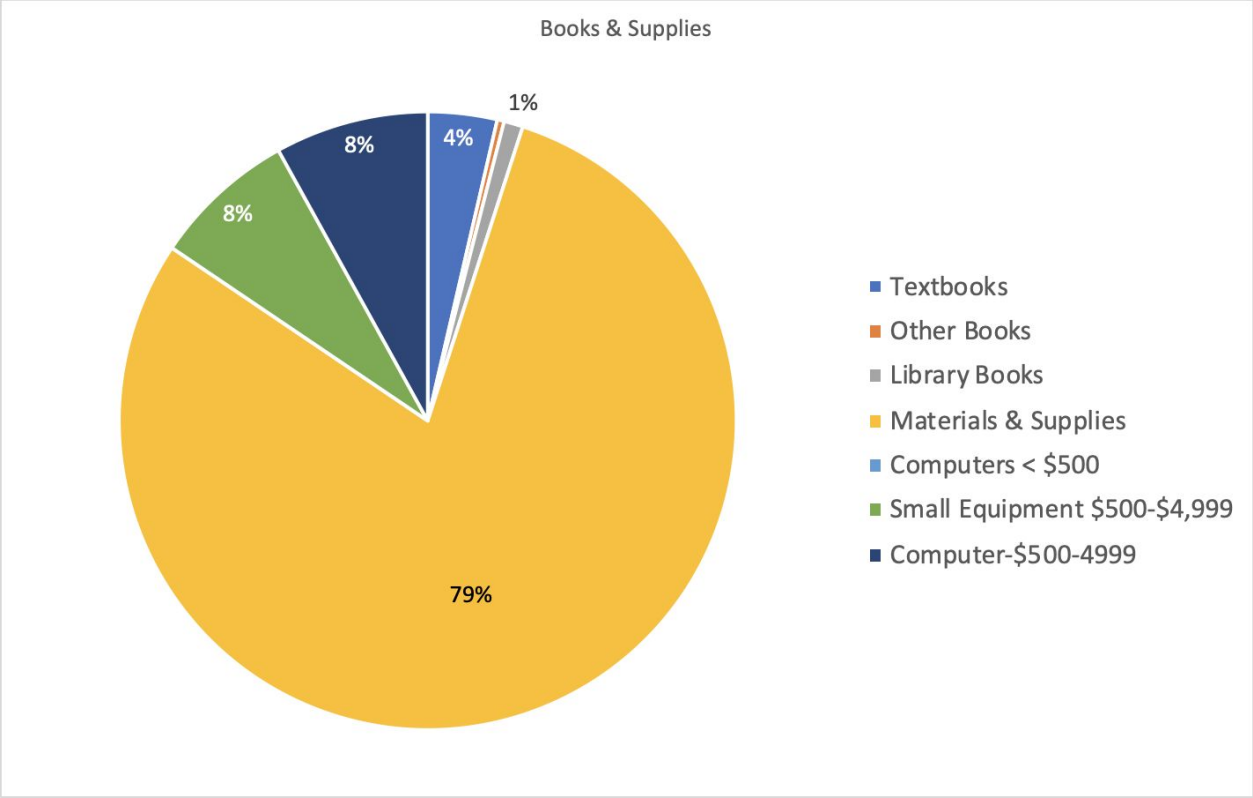
- Total Expenditures: \$211,116,711
- 86.8% Expenditures on Salaries and Benefits
- Total Restricted Expenditures: \$70.9M
- Contributions to Restricted programs: \$31.98M
 - Special Education: \$25.93M
 - Routine Restricted Maintenance \$6.05M
- Projected Unrestricted Deficit Spending \$1M
- Projected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

Non Staffing Expenditures: Unrestricted

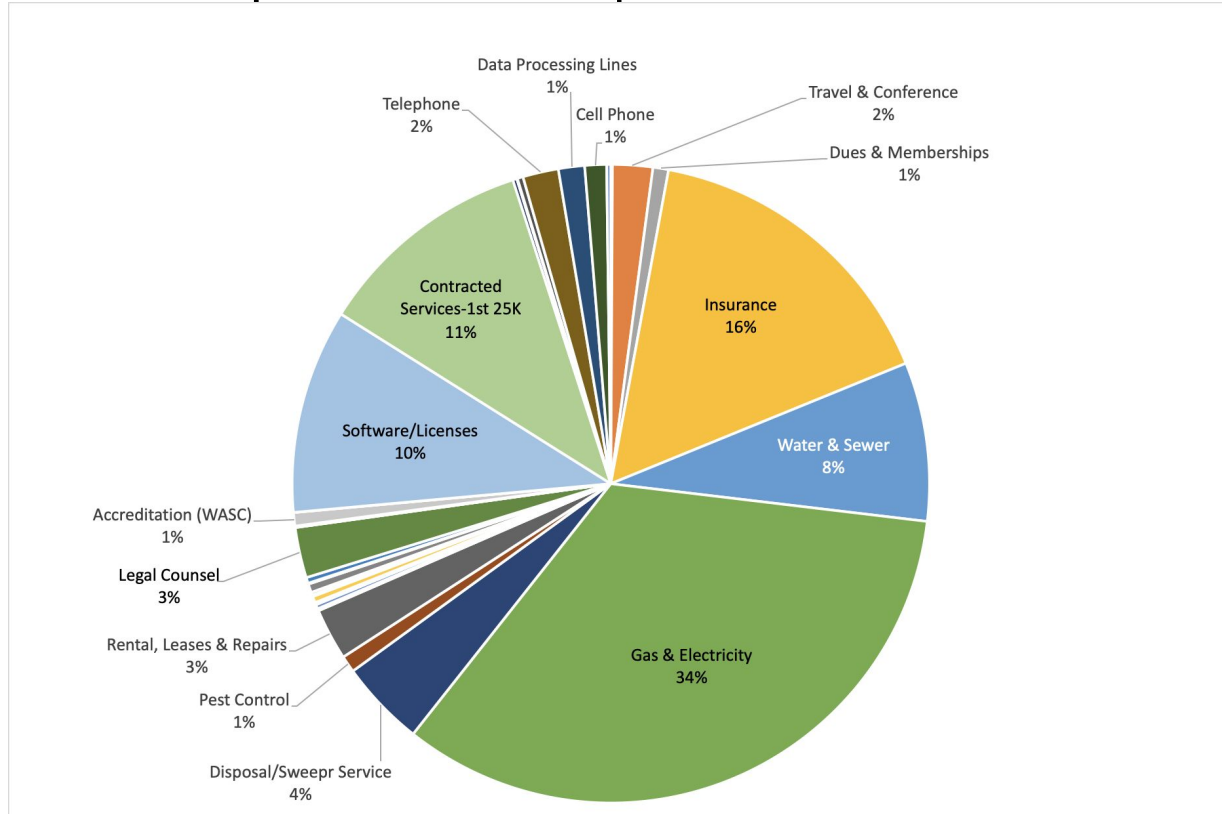
\$14,945,203



Non Staffing Expenditures: Unrestricted Book and Supplies: \$3,309,827

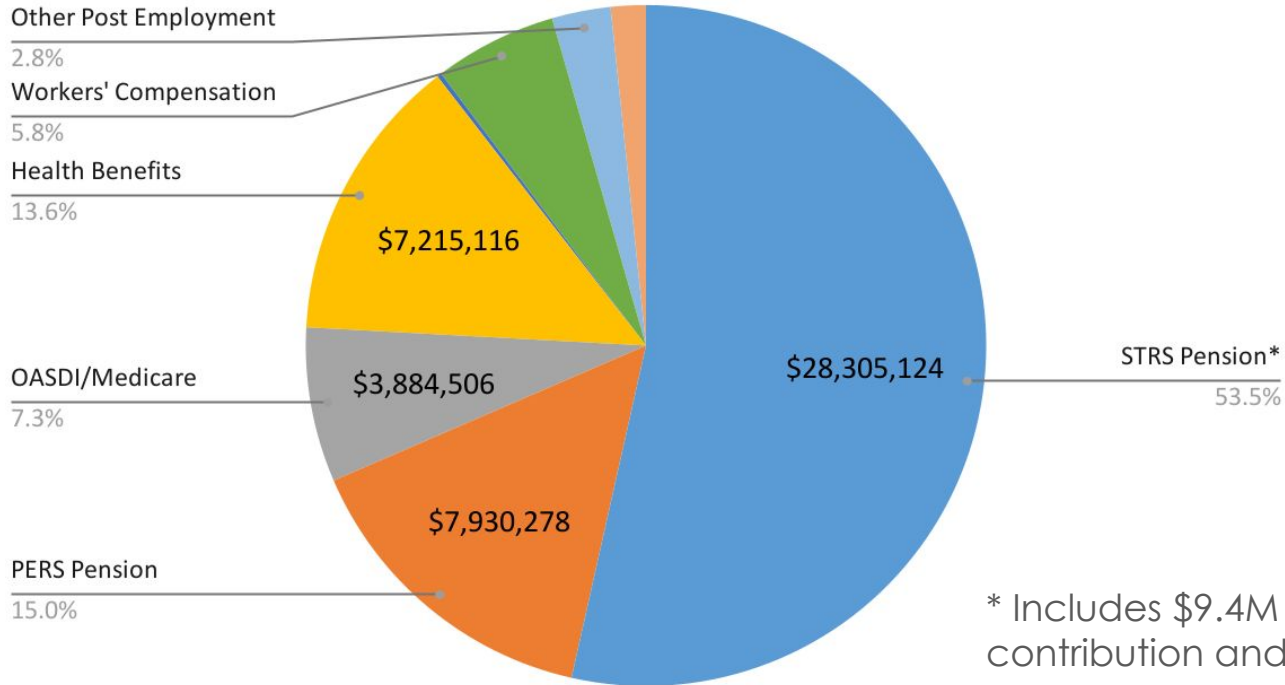


Non Staffing Expenditures: Unrestricted Services and Operations: \$11,635,376



Employee Benefit Cost Breakdown

Employee Benefit Costs - 2023/24 Budget: \$52,890,352

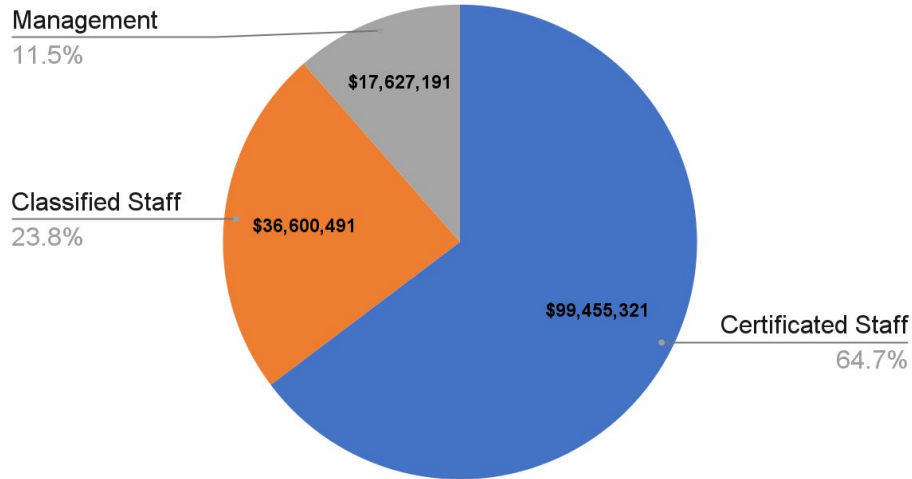


* Includes \$9.4M in State on behalf contribution and expense for STRS

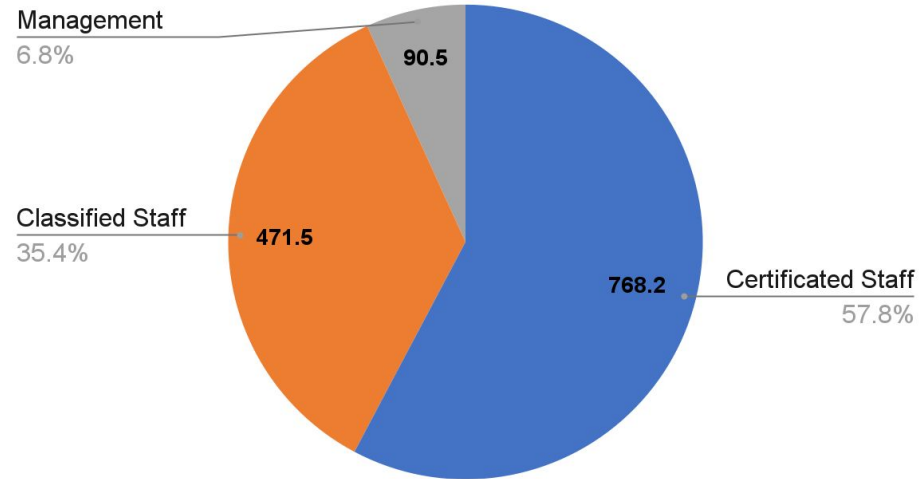
Staffing Expenditures

Total cost of salaries* and statutory expenses**
General Fund Restricted and Unrestricted***

Salaries and Statutory* Costs: \$154,533,591



Breakdown of Staffing by FTE



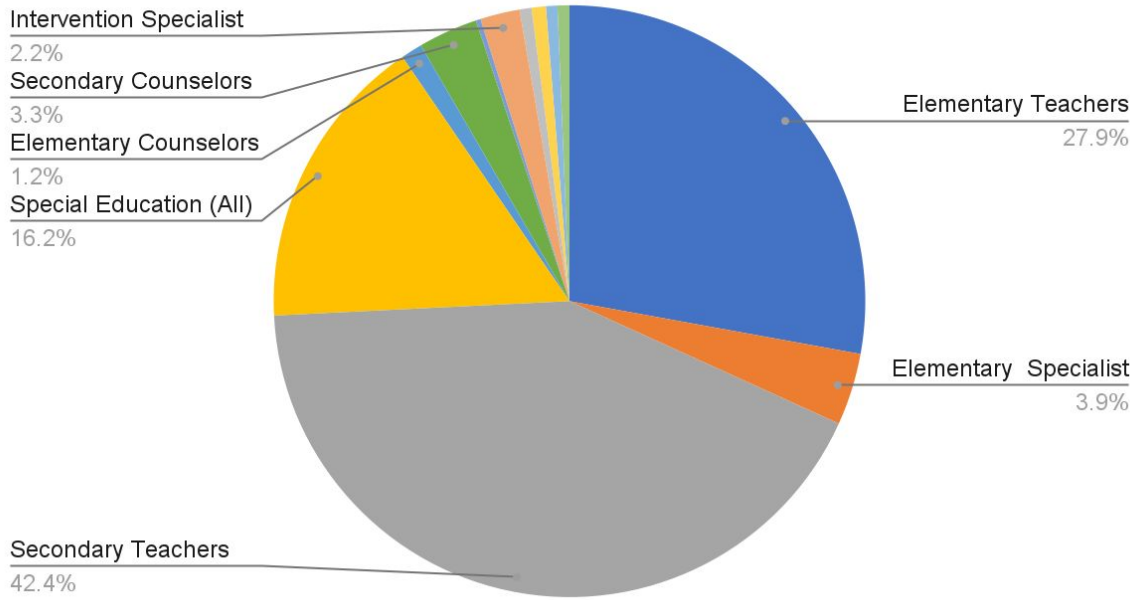
* Salary cost based on data from 10/31/23

** Statutory cost to PUSD include: FICA, Medicare, Unemployment Insurance, Workers Compensation, and PERS or STRS Retirement

*** Does not include positions funded outside of the General Fund such as Adult Ed, CNS, Facilities and Construction, Early Education and Expanded Learning, and SELPA

Staffing Expenditures Certificated Non Management

Certificated Positions by FTE (non-management)



Certificated Positions (non-management)		
	FTE	Cost
Elementary Teachers	214.0	\$28,292,249
Elementary Specialist	30.2	\$3,244,707
Secondary Teachers	326.0	\$42,748,504
Special Education (All)	124.6	\$15,817,852
Elementary Counselors	9.0	\$1,124,289
Secondary Counselors	25.0	\$2,981,875
Librarian	2.0	\$292,887
Intervention Specialist	16.6	\$2,242,350
TOSA/Induction	5.0	\$686,728
Social Workers	6.0	\$743,951
Nurses	4.8	\$600,183
Others	5.0	\$679,747
Total	768	\$99,455,321

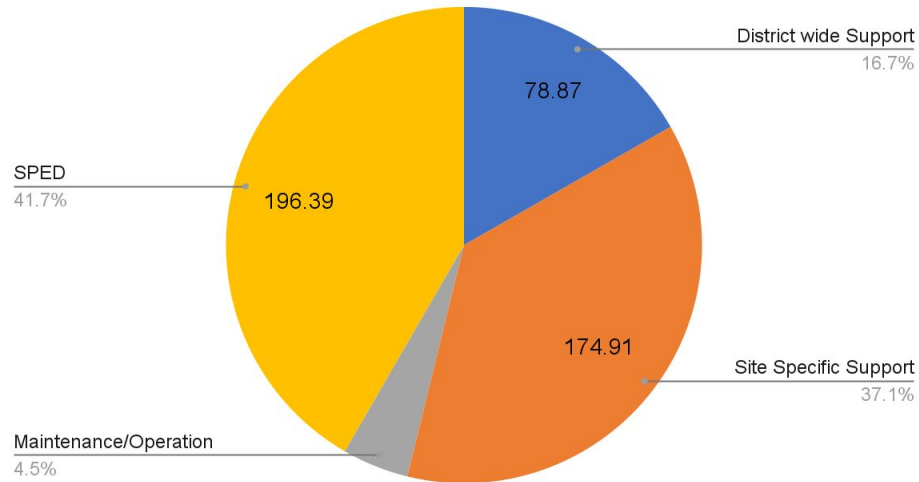
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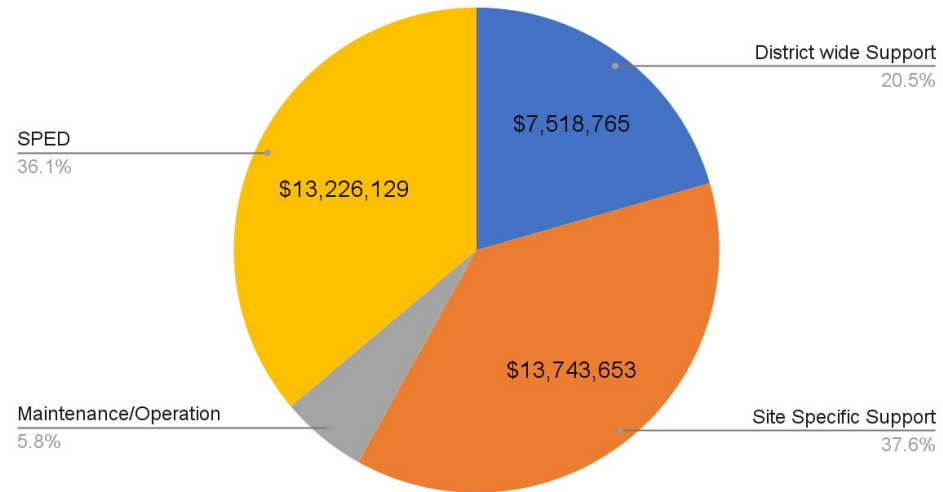
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Staffing Expenditures Classified Non Management

Breakout of Classified Staff by FTE: 471,46



Breakout of Classified Salaries: \$36,600,491



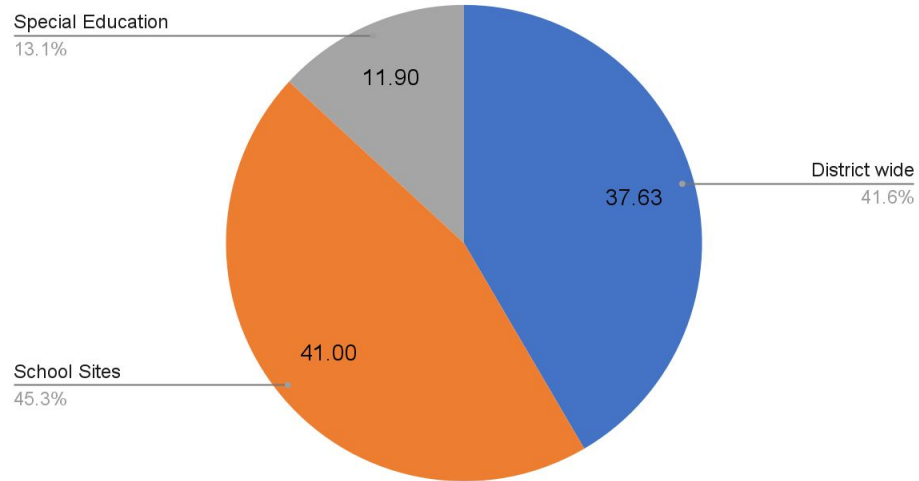
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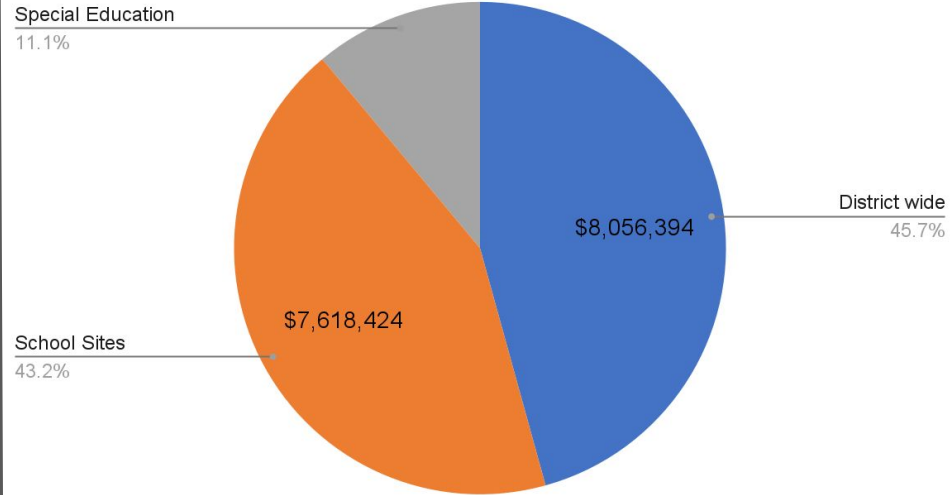
*** Does not include positions funded outside of the General Fund such as Adult Ed, CNS, Facilities and Construction, Early Education and Enrichment, Learning, and SELPA

Staffing Expenditures Management

Management FTE: 90.53



Management Costs: \$17,876,126



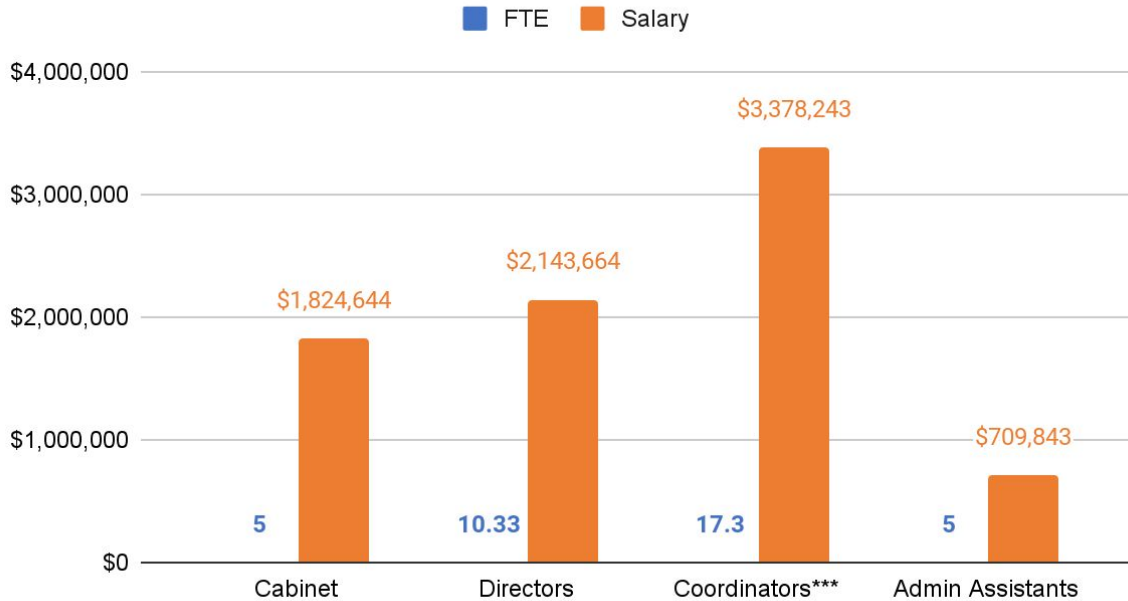
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Management Details

District wide Management Costs and FTE



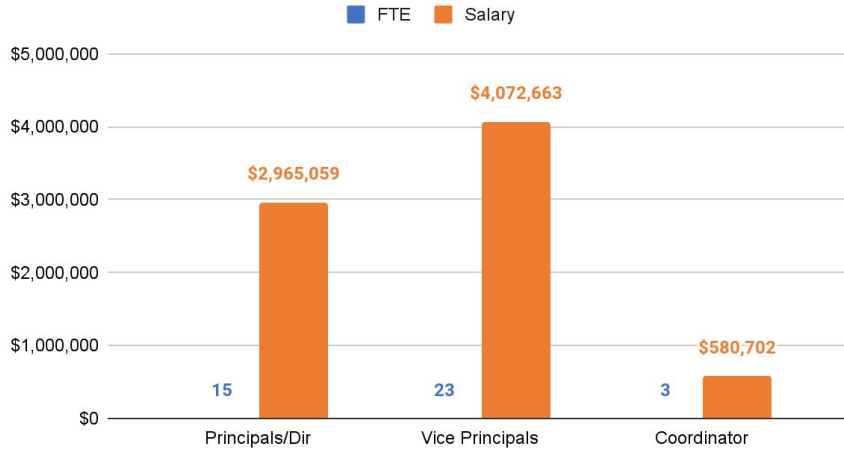
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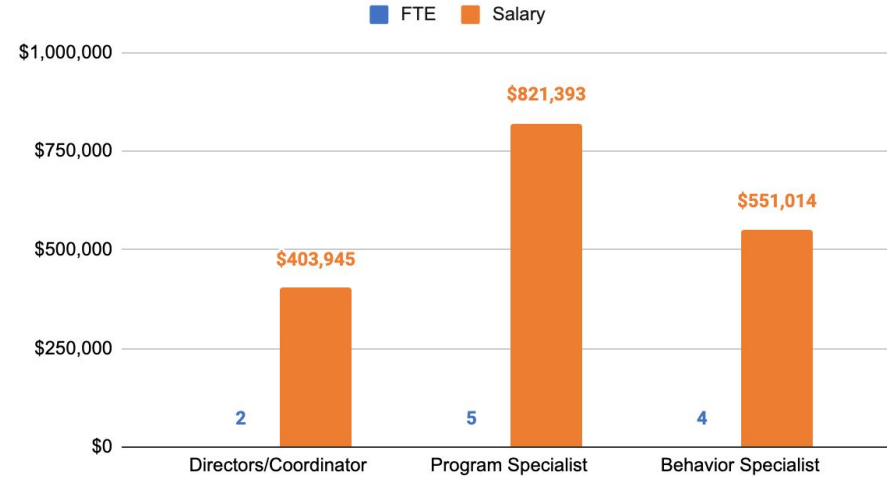
*** Partially funded by grant and LCAP Supplemental

Management Details

Site Management Costs and FTE



SPED Management Costs and FTE



* Salary cost based on data from 10/31/23

** Statutory cost to PUSD include: FICA, Medicare, Unemployment Insurance, Workers Compensation, and PERS or STRS Retirement

Reduction Planning Process and Next Steps

- Implement immediate cost saving measures
- Administration to evaluate programs and staffing
- Convene a Superintendent's Budget Committee to seek input
 - Committee to include a diverse group of educational and community partners
 - Evaluate both revenue and reduction options
- Consult with labor partners
- Prioritize reductions
- Develop a multi-year plan
- Seek input and direction from School Board
- Consider a Parcel Tax
- Notify impacted programs and staff prior to March 15
- Incorporate plan into the PUSD Budget

Immediate Cost Saving Measures

- Hiring freeze for all general fund positions
 - Require Cabinet approval for exceptions
- Reduce expenditures where possible in supplies, material, services and operations
- Require justification for all non-essential expenditures
- Re-evaluate all grant funding plans and expenditures
- Freeze overtime for nonessential work
- Reduce substitute costs by reducing school day PD
- Review management compensation packages
- Limit travel, conferences and food/meal expenses

Questions

