

# Pleasanton Unified School District

Fiscal Year 2024-25

Annual Budget  
Presentation to Board of Trustees

June 27, 2024

# Presentation Summary

- Executive Summary
- 2023/24 Estimated Actuals Variance Report
- Budget Planning Process
- 2024/25 Key Budget Assumptions
- Review 2024/25 Projected Revenues and Expenditures
- Review Restricted Funds/Programs
- Budget Actions
- Multi-year Projections
- Qualified Budget
- Review Other Funds
- Conclusion and Next Steps
- Appendix

# Executive Summary

- State took “early action solutions” and now projects a \$27.6 billion state deficit
- State plans to address shortfalls through reserve draw-downs, spending reductions, new revenue proposals, internal borrowing, funding delays, fund shifts, and deferrals. State Budget requires both legislative action and the Governor's signature - by the end of June 2024
- The COLA for 24/25 is 1.07% on the LCFF formula and other State programs
- Due to declining enrollment LCFF revenues for PUSD will decline by **-1.86% or \$3M**
- Budget includes right sizing, reductions, reallocations, use of one time funds, and new revenues to meet the required 3% reserved for 24/25
- The District is unable to meet the required 3% minimum reserve for 25/26 and 26/27 and will certify the budget as **Qualified**
- Significant reductions and/or revenue generations will need to be planned for 25/26

# 2023/24 Estimated Actuals and Variance

## PLEASANTON UNIFIED SCHOOL DISTRICT Variance Report - 2023/24

Unrestricted & Restricted General Fund	Original Budget	First Interim	Second Interim	Estimated Actuals	Unaudited Actuals	Increase / (Decrease)	Percentage
<b>BEGINNING FUND BALANCE</b>	\$ 35,074,249	\$ 35,074,249	\$ 35,074,249	\$ 35,074,249	\$ 35,074,249		
<b>REVENUE</b>							
LCFF Sources/Property Taxes	\$ 167,118,748	\$ 167,155,192	\$ 167,215,380	\$ 167,264,693	\$ -	\$ 49,313	0.03%
Federal Revenues	\$ 3,226,848	\$ 3,614,974	\$ 3,902,476	\$ 3,912,484	\$ -	\$ 10,008	0.26%
Other State Revenue	\$ 31,323,074	\$ 34,242,620	\$ 34,327,975	\$ 33,717,132	\$ -	\$ (610,843)	-1.78%
Other Local Revenue	\$ 3,356,462	\$ 5,024,714	\$ 5,857,219	\$ 7,741,132	\$ -	\$ 1,883,913	32.16%
<b>TOTAL REVENUE</b>	<b>\$ 205,025,132</b>	<b>\$ 210,037,500</b>	<b>\$ 211,303,050</b>	<b>\$ 212,635,441</b>	<b>\$ -</b>	<b>\$ 1,332,391</b>	<b>0.63%</b>

- Unrestricted Revenues increase of \$1,494,872
  - Transfer in of \$1.24 from the OPEB Set Aside Funds
- Restricted Revenues decrease of \$162,481
  - Decrease of \$610,843 in State revenues
  - Increase in local revenues mainly form donation of \$438,354

# 2023/24 Estimated Actuals and Variance

## PLEASANTON UNIFIED SCHOOL DISTRICT Variance Report - 2023/24

Unrestricted & Restricted General Fund	Original Budget	First Interim	Second Interim	Estimated Actuals	Unaudited Actuals	Increase / (Decrease)	Percentage
<b>EXPENDITURES</b>							
Certificated Salaries	\$ 100,408,390	\$ 101,563,676	\$ 103,107,667	\$ 102,911,913	\$ -	\$ (195,754)	-0.19%
Classified Salaries	\$ 29,810,542	\$ 29,191,563	\$ 29,392,924	\$ 30,195,201	\$ -	\$ 802,277	2.73%
Employee Benefits	\$ 52,890,352	\$ 53,208,549	\$ 53,680,802	\$ 53,168,387	\$ -	\$ (512,415)	-0.95%
Books and Supplies	\$ 5,856,894	\$ 8,384,699	\$ 7,841,128	\$ 7,403,686	\$ -	\$ (437,442)	-5.58%
Services, Operating Expenses	\$ 20,306,269	\$ 28,113,062	\$ 31,235,289	\$ 31,767,421	\$ -	\$ 532,132	1.70%
Capital Outlay	\$ 610,000	\$ 973,893	\$ 849,979	\$ 1,089,029	\$ -	\$ 239,050	28.12%
Other Outgo	\$ 1,677,062	\$ 1,891,201	\$ 1,846,686	\$ 1,846,686	\$ -	\$ -	0.00%
Direct Support/Indirect Costs	\$ (442,798)	\$ (442,798)	\$ (442,798)	\$ (315,244)	\$ -	\$ 127,554	-28.81%
<b>TOTAL EXPENDITURES</b>	<b>\$ 211,116,711</b>	<b>\$ 222,883,845</b>	<b>\$ 227,511,677</b>	<b>\$ 228,067,079</b>	<b>\$ -</b>	<b>\$ 555,402</b>	<b>0.24%</b>

- Unrestricted Expenditure increase of \$1,406,303
  - Increase in \$613,509 in classified salaries from the "me too"
  - Increase of \$510,945 in Services and Operating costs
- Restricted Expenditure decrease of \$850,928
  - Decrease of \$600,471 in employee benefit costs
  - Decrease of \$487,306 in books and supplies

# Key May Revise Takeaways

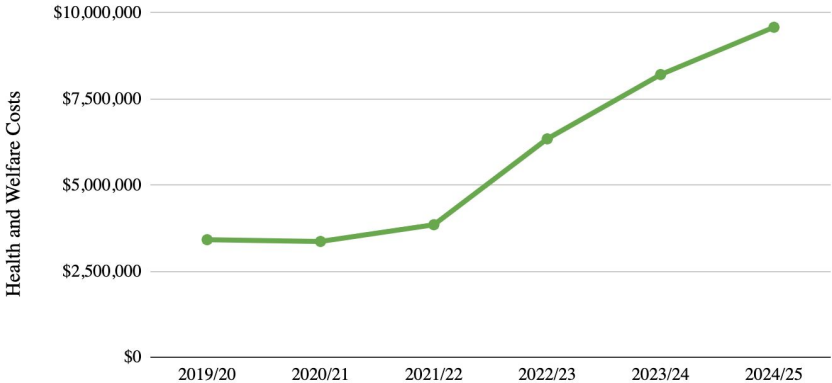
- State has shielded districts in 2024/25 from major cuts and is depleting its reserves which will leave districts more at risk in the coming years
- Attendance Recovery
  - Delay implementation of the attendance recovery proposal until July 1, 2025.
- Instructional Continuity
  - An instructional continuity program is capped at 15 days per school year unless it is medically necessary or a student is unable to attend due to an emergency situation.
  - Instructional content must be substantially equivalent to what a student would receive in their regular classroom-based instructional program.
  - A signed parental agreement is required and can be initiated at any time.
- Spending adjustment dates or additional requirement to Emergency Recovery Grant, AMIM Block Grant, A-G Grant, and ELO-P

# Budget Planning Process

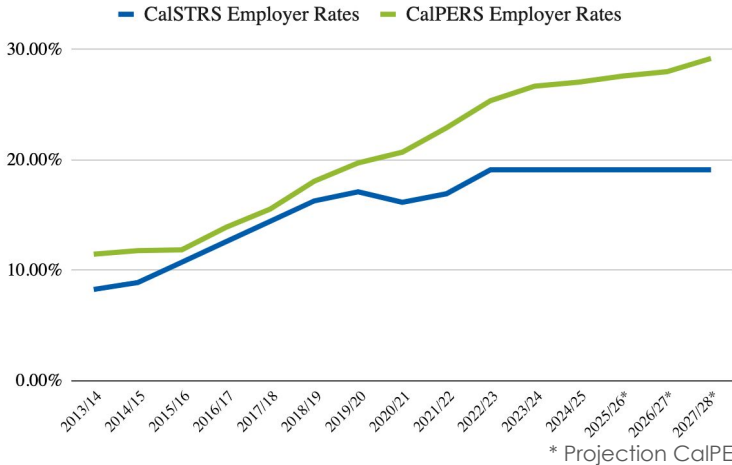
- With 85% of costs is driven by staffing and benefit costs
- Our year to year cost increase by:
  - Increased salary with step and columns movements
  - Benefits and pension cost increases
  - Negotiated Compensation
  - Increased cost related to inflation of materials, supplies, utilities, insurance, etc
  - Special education costs
- Due to declining enrollment and low COLA in 2024/25, PUSD revenues are declining
- Our ability to pay for these known/regular increases comes from additional ongoing revenues
- Main driver of additional ongoing revenues in Pleasanton USD is the LCFF formula
- One time funds and grants can only be used as short term solutions and should not be used for ongoing needs
- Solutions available to balance budget
  - Reduce expenditures
  - Reallocate expenditures
  - Find new revenue sources

# Rising Costs

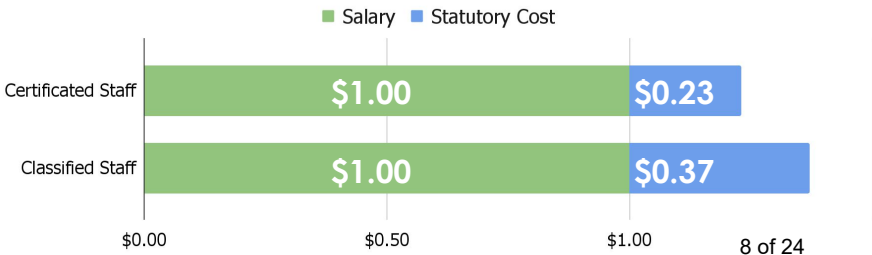
Health and Welfare Costs



- Health and Welfare
- Pension contributions
- Property and Liability Insurance
- Utility Rates
- Special Education



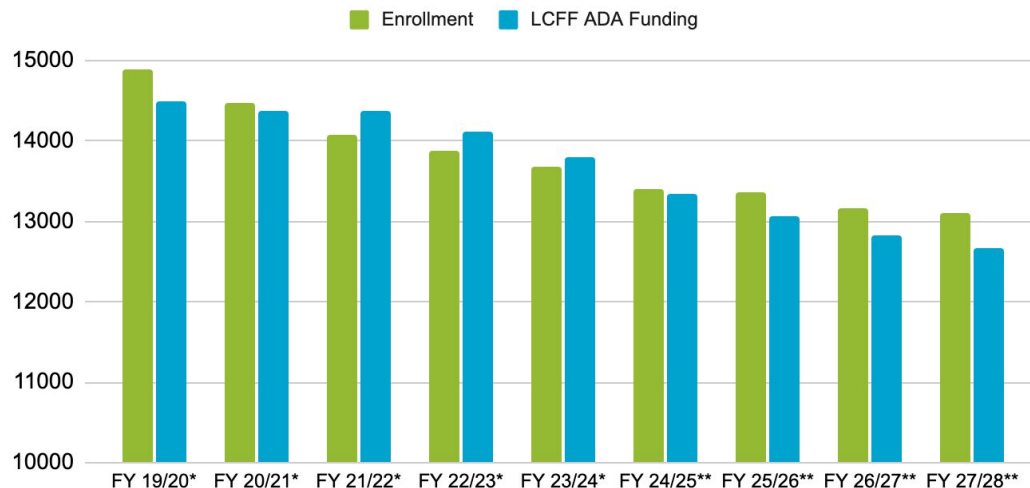
Total Salary Costs to PUSD





# Attendance Drives Funding

Enrollment and LCFF ADA Funding



- PUSD like most other districts has been impacted by the on going declining enrollment
- PUSD uses a 3 year Average ADA formula
- Hold harmless years ADA from the pandemic have dropped off the average calculation resulting in decreased funding

PUSD Projected Enrollment and ADA

	FY 20/21*	FY 21/22*	FY 22/23*	FY 23/24*	FY 24/25**	FY 25/26**	FY 26/27**
<b>Total Enrollment</b>	14,464	14,060	13,872	13,682	13,400	13,360	13,160
<b>ADA (Funding)</b>	14,355	14,355	14,111	13,777	13,323	12,806	12,643

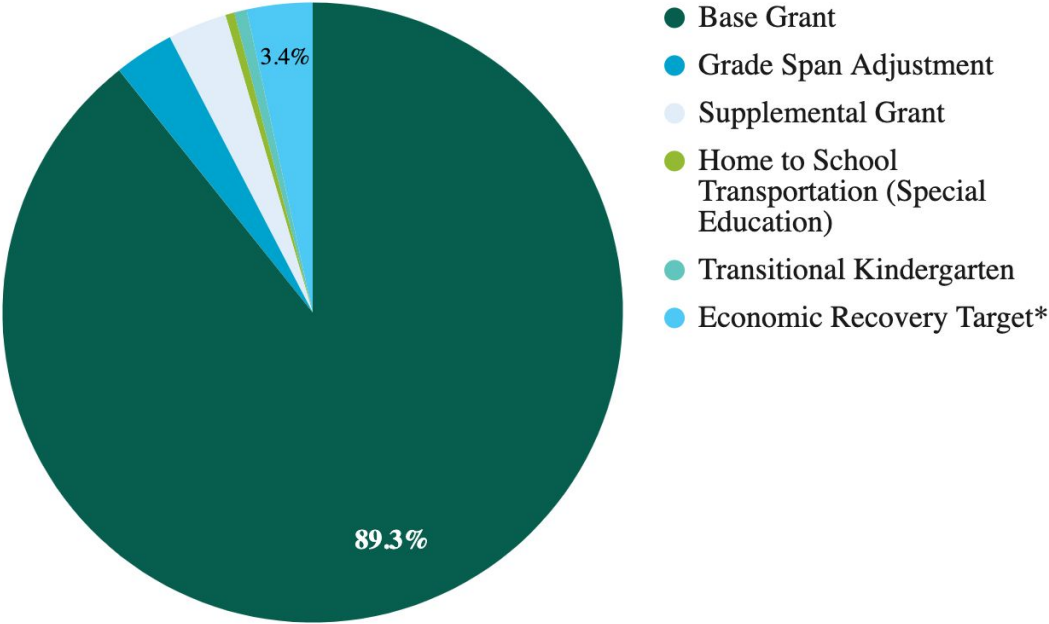
\* Actual \*\* Projections

# 2024/25 Budget Assumptions

<b>Local Control Funding Formula Assumptions 2024/25</b>			
School Year	<b>FY 24/25</b>	<b>FY 25/26</b>	<b>FY 26/27</b>
Enrollment	13,400	13,360	13,160
LCFF ADA Funding	13,344	13,065	12,662
COLA	1.07%	2.93%	3.08%
Unduplicated as % Enrollment	16.66%	16.88%	16.88%
Grades TK-3 \$/per Student	\$10,025	\$10,319	\$10,637
Grades 4-6 \$/per Student	\$10,177	\$10,475	\$10,798
Grades 7-8 \$/per Student	\$10,478	\$10,785	\$11,117
Grades 9-12 \$/per Student	\$12,144	\$12,500	\$12,885
K-3 Grade Span Adj \$/per Student	\$1,043	\$1,074	\$1,107
9-12 Grade Span Adj \$/per Student	\$316	\$325	\$335
TK Add on \$/Student	\$3,077	\$3,167	\$3,265
<b>TOTAL EST LCFF Funding - unrestricted</b>	<b>\$ 163,001,706</b>	<b>\$ 165,013,197</b>	<b>\$ 166,998,544</b>
<b>Net Impact on LCFF Funding</b>	<b>-1.86%</b>	<b>1.23%</b>	<b>1.20%</b>

- 1.07% COLA Adjustment to per student funding
- ADA calculation uses 3 year average
- Staffing adjustment reflects reductions related lower enrollment
- Includes 1.12-2.59% in increased salary cost from step and column increases
- Increased Pension cost from PERS
- Includes compensation increase from 2023/24
- Includes right sizing and reductions
- Includes increase of 1.07% to programs outside of LCFF per the May Revise
- Increased Property and Liability Insurance

# Breakdown of the PUSD LCFF Revenues



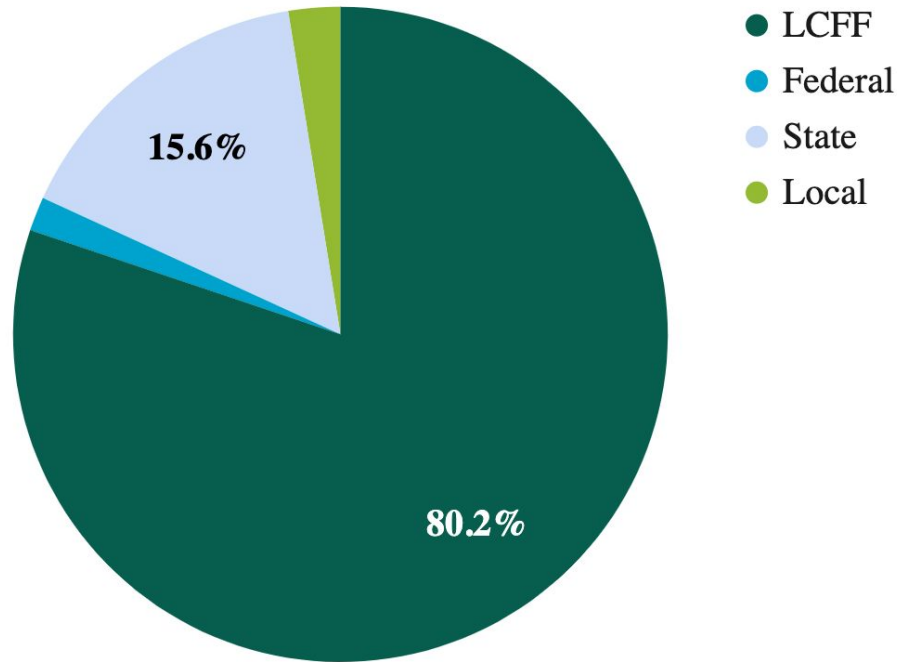
PUSD LCFF for 2024/25	
Base Grant	\$145,516,859
Grade Span Adjustment	\$5,067,768
Supplemental Grant	\$5,017,480
Home to School Transportation (Special Education)	\$758,990
Transitional Kindergarten	\$1,061,565
Economic Recovery Target*	\$5,579,044
<b>Total</b>	<b>\$163,001,706</b>

\* 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.

# 2024/25 Adopted Budget Revenues

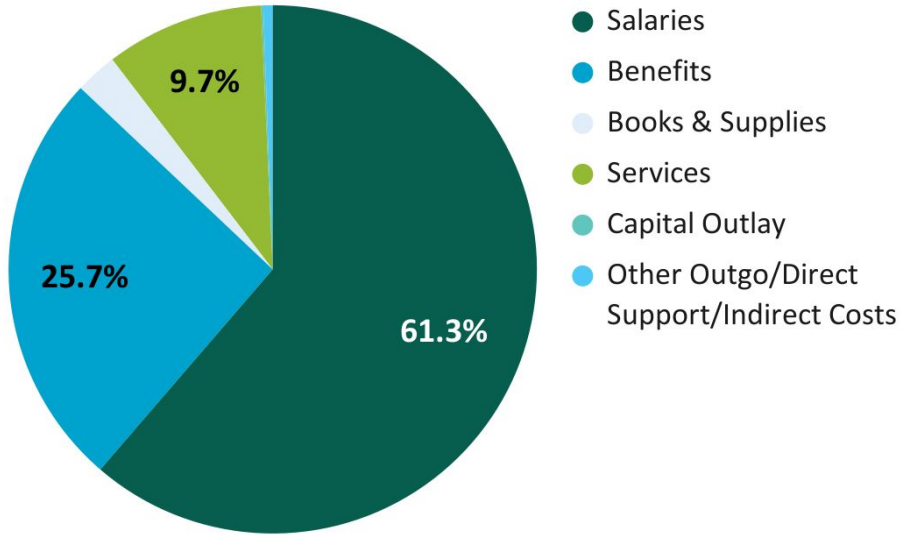
Pleasanton USD 2024/25 Revenue Sources



- Total Revenue: \$204,828,273
- Net decrease in LCFF is -1.86%
- Restricted Revenue: \$35M
- District is heavily dependent on LCFF/State Funding: 95.8%
- Local revenues will grow as actual donations are made in the fiscal year

# 2024/25 Adopted Budget Expenditures

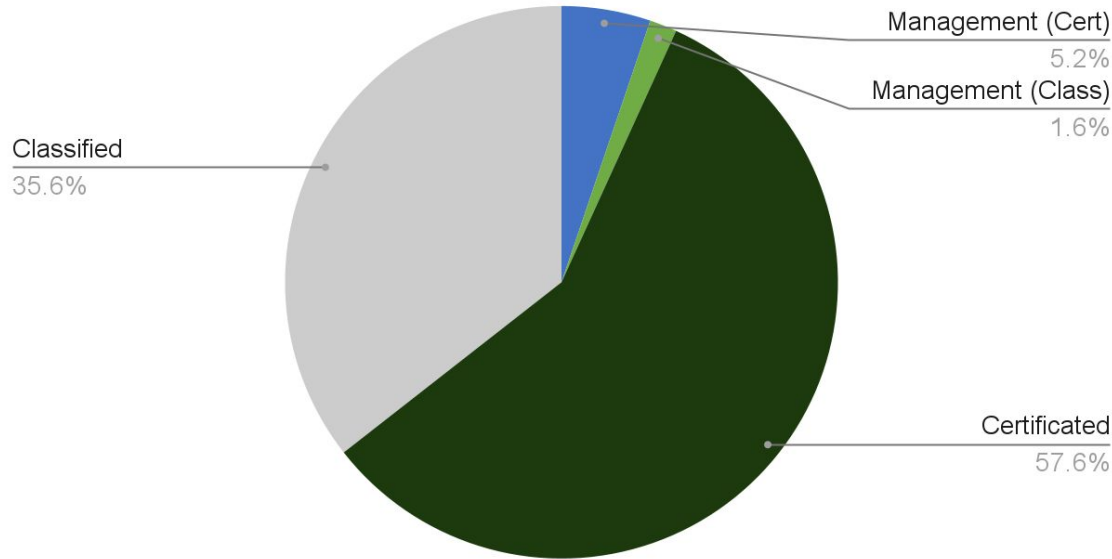
Pleasanton USD 2024/25 Expenditures



- Total Expenditures: \$213,272,624
- 87% Expenditures on Salaries and Benefits
- Total Restricted Expenditures: \$73.05M
- Contributions to Restricted programs: \$34.9M
  - Special Education: \$28.978M
  - Routine Restricted Maintenance: \$6.12M
- Projected Unrestricted Deficit Spending: \$3.76M
- Projected Restricted Drawdown Spending: \$3.10M
- Includes 2023/24 negotiated compensation increases

# 2024/25 Adopted Budget Staffing

General Fund 2024/25 Staffing Breakdown



- Adopted Budget GF staffing includes 1,287.9 FTE positions
- Net reduction of 57.11 FTE
  - Management: 6 FTE
  - Certificated: 38.57 FTE
  - Classified: 12.54 FTE
- Reductions from right sizing and Reduction in Force
- Final changes will be reflected in First Interim

# Restricted Programs Estimated Ending

Restricted Programs	Projected Ending Fund Balance 23/24
Expanded Learning Opportunities Program	\$606,666
Other Restricted Federal	\$3,063
Educator Effectiveness, FY 2021-22	\$747,019
Lottery: Instructional Materials	\$201
Special Education	\$384,285
Mental Health-Related Services	\$819,803
Special Education Early Intervention Preschool Grant	\$35,649
Art, Music, and Instr. Materials Discretionary Block Grant	\$3,693,720
Arts and Music in Schools (Proposition 28)	\$1,621,752
Child Nutrition: Food Service Staff Training Funds	\$21,570
A-G Access/Success Grant	\$215,364
A-G Learning Loss Mitigation Grant	\$61,761
Expanded Learning Opportunities Grant (Paraprofessional)	\$43,786
Learning Recovery Emergency Block Grant	\$254,772
Other Restricted State	\$123,850
Ongoing & Major Maintenance Account (RMA)	\$1,412,600
Other Restricted Local	\$504,376
<b>TOTAL</b>	<b>\$10,550,237</b>

- Restricted funds must be spent on the area of designation
- Significant drawdown of AMIM and Learning Recovery Grant in 23/24
- Remaining AMIM funds will be used in 24/25 and 25/26
- Two more years to spend down the Prop 28 carryover

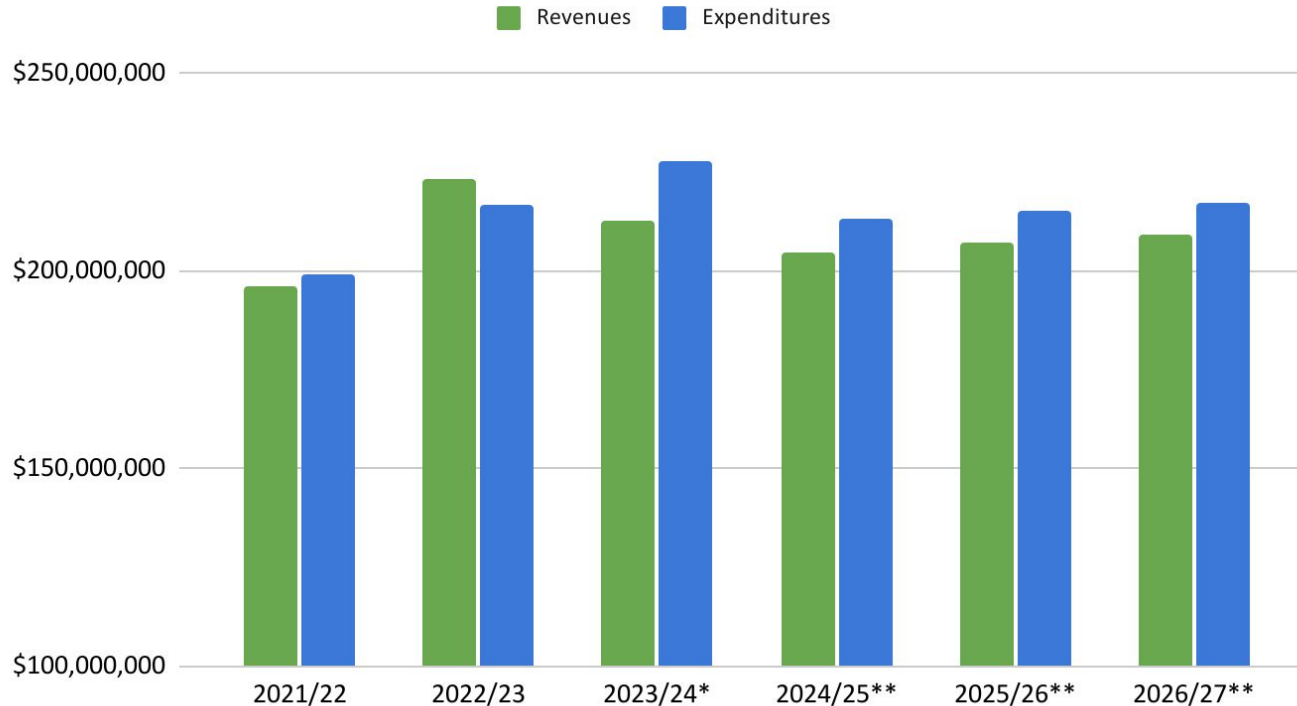
# Summary of Budget Actions

- 2023/24 Adjustments
  - Reallocation of 23/24 expenditures to allowable programs to increase unrestricted ending fund balance
  - Increase in 2023/24 transfer in from Fund 63 and OPEB set aside: \$1.74 M
- 2024/25
  - Right sizing and staffing reductions: about \$6M
  - 10% reduction in site and departmental budgets from 23/24 funding
  - Reallocation of grant funds to cover allowable expenditures: \$2.98M
    - AMIM Block Grant
  - Transfer of funds from Fund 63 and OPEB set aside: \$2.77M
- 2025/26
  - Add lease revenues by \$500,000 for the Gatan rental into general fund
- 2026/27
  - Reduction of staffing by 8 FTE due to further projected decline in enrollment



# Total General Fund Revenues and Expenditures

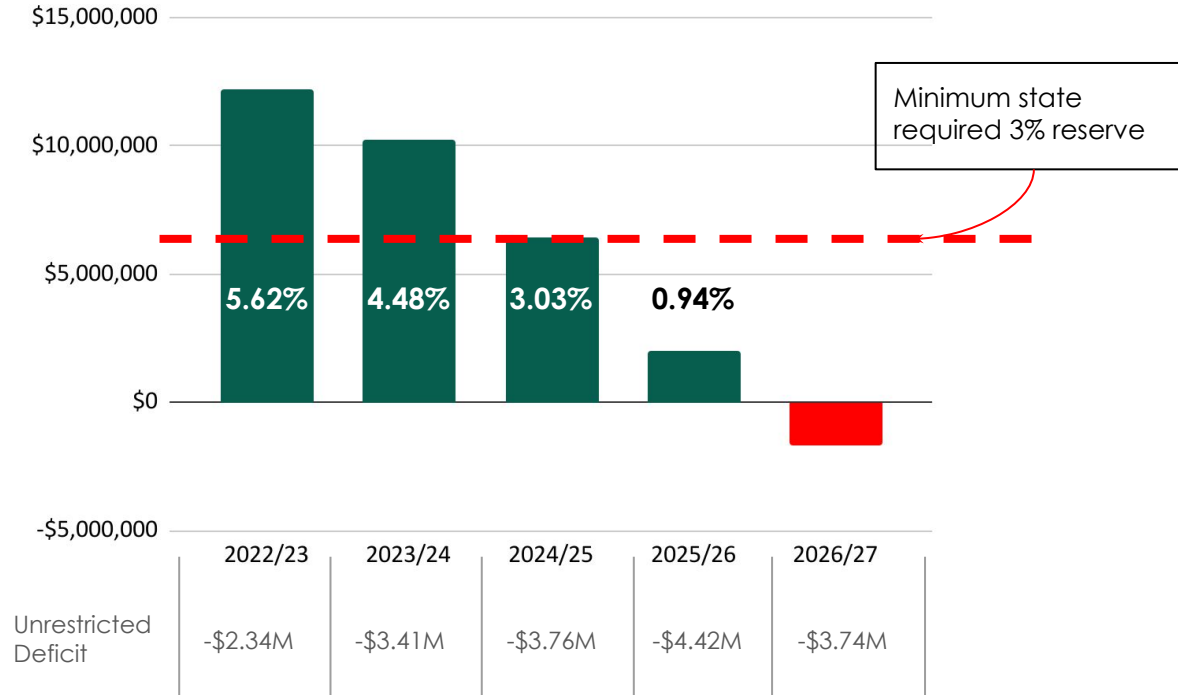
## Total General Fund Revenues and Expenditures



- One-time funds and reserves have allowed the district to deficit spend
- Beyond 24/25, the district will no longer be able to continue deficit spending
- New revenues are not able to cover increased costs
- Additional reductions and/or revenues are needed to balance the budget

# Multi-Year Projections

Total General Fund Reserve\*



- 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
- District must maintain 3% reserved for the 24/25, 25/26, and 26/27 for Positive Budget Certification
- Proposed budget is **Qualified**

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

# What does it mean to be Qualified?

- **Qualified Certification:** The District may not meet its financial obligations for the current fiscal year or subsequent two years.
- Additional oversight by the ACOE may include
  - Assign a fiscal expert
  - Conduct a study of the financial and budgetary conditions
  - Direct the district to submit a proposal for addressing the fiscal condition
  - May assign Fiscal Crisis and Management Team (FCMAT) to the district
  - Prepare a Third Interim Report
  - Need to review any new compensation agreement in advance of Board approval
- Potential impact to district's financial ratings
  - Interest rates on future bond sales and other loans

# Other Funds - 2024/25 Adopted Budget

## Pleasanton Unified School District FY 2024/25 Adopted Budget

Special Revenue Funds	Adult Ed Fund 11	Child Development Fund 12	Cafeteria Fund 13	Enterprise Fund 63
<b>BEGINNING FUND BALANCE</b>	\$ 318,720	\$ -	\$ 5,596,348	\$ 2,918,549
Revenue	\$ 6,465,282	\$ 1,475,176	\$ 7,123,684	\$ 4,430,000
Expenditures	\$ 5,880,065	\$ 1,475,176	\$ 7,221,272	\$ 3,611,205
Revenue Over (under) Expenses	\$ 585,217	\$ -	\$ (97,588)	\$ 818,795
Transfers In (Out)				\$ (1,500,000)
<b>ENDING FUND BALANCE</b>	\$ 903,937	\$ -	\$ 5,498,760	\$ 2,237,344

Special Reserve Funds	OPEB Fund 71	Capital Fund 40
<b>BEGINNING FUND BALANCE</b>	\$ 6,967,574	\$ 2,650,406
Revenue	\$ 400,000	\$ 1,049,894
Expenditures		\$ 1,944,636
Revenue Over (under) Expenses	\$ 400,000	\$ (894,742)
Transfers In (Out)	\$ (1,240,000)	\$ -
<b>ENDING FUND BALANCE</b>	\$ 6,127,574	\$ 1,755,664

Capital Outlay Funds	Capital Sycamore Fund 41	Deferred Maintenance Fund 14	Measure I1 and I Fund 21	Capital Facilities Fund 25
<b>BEGINNING FUND BALANCE</b>	\$ 7,284,084	\$ 16,549	\$ 103,050,692	\$ 2,975,286
Revenue	\$ 120,000	\$ 500	\$ 880,000	\$ 1,030,000
Expenditures		\$ -	\$ 70,773,781	\$ 200,000
Revenue Over (under) Expenses	\$ 120,000	\$ 500	\$ (69,893,781)	\$ 830,000
Transfers In (Out)	\$ (50,000)			\$ (30,000)
<b>ENDING FUND BALANCE</b>	\$ 7,354,084	\$ 17,049	\$ 33,156,911	\$ 3,775,286

# Conclusion and Next Steps

- District will be facing significant fiscal challenges in the next few years
- Positive steps taken in 24/25 budget with right sizing and reductions
- Further reductions and/or revenue sources need to be identified
- Establishment of the Superintendent Budget Advisory Committee is critical in identifying options
- Bring reduction and/or revenue option for board consideration
- Update the budget in December 2024 with the First Interim Report

# Appendix: Budget Calendar

- June 2023: Adopted Budget FY 23.24
- September 2023: Unaudited Actuals FY 22/23
- December 14, 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 14, 2024: Second Interim Report, as of 1/31/24
- January-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 (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 Benefits