

2024-25 45-Day Budget Revision

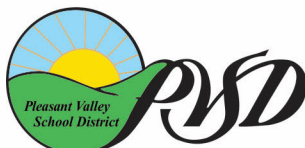
Summary

For the majority of school districts, including PVSD, the most significant source of revenue is state funding. Therefore, school district budget decisions are highly dependent on the state budget. The purpose of the 45-Day Revise is to capture changes in state budget decisions and update the district budget accordingly. Considering the many months of tumult surrounding the 2024-25 state budget one might assume that school districts have numerous updates in their 45-Day Budget Revisions. In fact, the opposite is true. This is PVSD's most negligible revision in years. The reason is that state leadership decided early in the budget process to prioritize continuity of education funding and maintain the low Cost-of-Living-Adjustment. The cuts and reductions were in other areas of the state budget, and the education disagreements were centered on the mechanisms of education funding not the amount of funding. Put simply, the state knew where they wanted to go with the education budget, and the arguments were about how to get there. It is important to note that the path to get there, which included exhaustion of the state's "rainy day fund" for education, is outside the scope of the 45-Day Revise. Later in the year, in the district's multi-year financial projections, we will need to consider the likely long-term sustainability of education funding's current trajectory relative to the performance of the state economy.

Process and Timeline

Education Code 42127 (h) states: "Not later than 45 days after the Governor signs the annual Budget Act, the school district shall make available for public review any revisions in revenues and expenditures that it has made to its budget to reflect the funding made available by the Budget Act."

For the 2024-2025 fiscal year the 45-Day Budget Revision must be made available to the public by August 12, 2024. This 45-Five Day Budget Revision document has been



prepared for publication on the Pleasant Valley School District website prior to August 12, 2024.

Education Code requires school districts' Boards of Trustees to adopt a district budget by June 30 of each year. This means that school district budget development and review - a months-long process – usually takes place before the state adopts a final budget. School district adopted budgets are therefore based on information from the winter and spring of the preceding fiscal year. School district funding is primarily determined at the state level, so changes in the state budget translate into changes at the local school district level. After the state budget is adopted, typically in late June, school districts update their budgets and communicate those revisions via the 45-Day Budget Revision.

Revenue Changes – Unrestricted General Fund

To reiterate, this 45-Day Budget Revision provides information on revenue changes between the District's Adopted Budget and the 45-Day revise. This document does not provide a summary of year-over-year funding changes. This distinction is important because the District's Adopted Budget (using information from the Governor's May Revise) already anticipated a minimal year-over-year funding increase.

The state's Adopted Budget includes an 1.07% Cost of Living Adjustment (COLA) to the Local Control Funding Formula (LCFF), which is the major component of PVSD's unrestricted general fund revenue. The 1.07% COLA matches the May Revise estimate used as an assumption in the District's adopted budget. Therefore, this 45-Day Revision projects no changes to unrestricted general fund revenues. That is not to say that unrestricted general fund revenue increases are not possible through increases to average daily attendance (ADA). Included in the legislation that adopted the state budget were changes to state independent study parameters. Specifically, districts are now allowed to offer independent study as short as one-day's duration. This presents new opportunities for students to make up absences. Currently, it is not possible to quantify the financial impact of this change. Those potentially increased revenues would be estimated at the interim reporting periods.

Revenue Changes – Restricted Funds

State changes to restricted funding, such as the Equity Multiplier, did not impact revenues for which PVSD is eligible. Therefore, at this time we have no projected changes to restricted revenues.

Expenditure Changes

In addition to revenue changes, the 45-Day Budget Revision should include any revisions the district has made to its budgeted expenditures in response to the Budget Act. Because the district does not anticipate unrestricted general fund revenue changes related to state budget adoption, this document also does not project any overall unrestricted expenditure changes. Within the budget model some site allocations will be updated based on prior year carryover, and movement of centralized budgets to site-specific budgets. This is more a “rearrangement of the deck chairs” than an addition of furniture. In terms of increased expenditures, late-summer enrollment changes may result in staffing changes. This information will not be available for reporting until the 1st Interim Report.

Regarding restricted programs, the state included in the legislation related to budget adoption new spending restrictions for Learning Recovery Emergency Block Grant funding. These new restrictions will require districts to revisit their LREBG expenditure plans. While we know that changes will be necessary, it is too early to quantify those changes in this revision, and instead expect to present those changes in the interim reports.