

2025-26 Budget Hearing

June 12, 2025



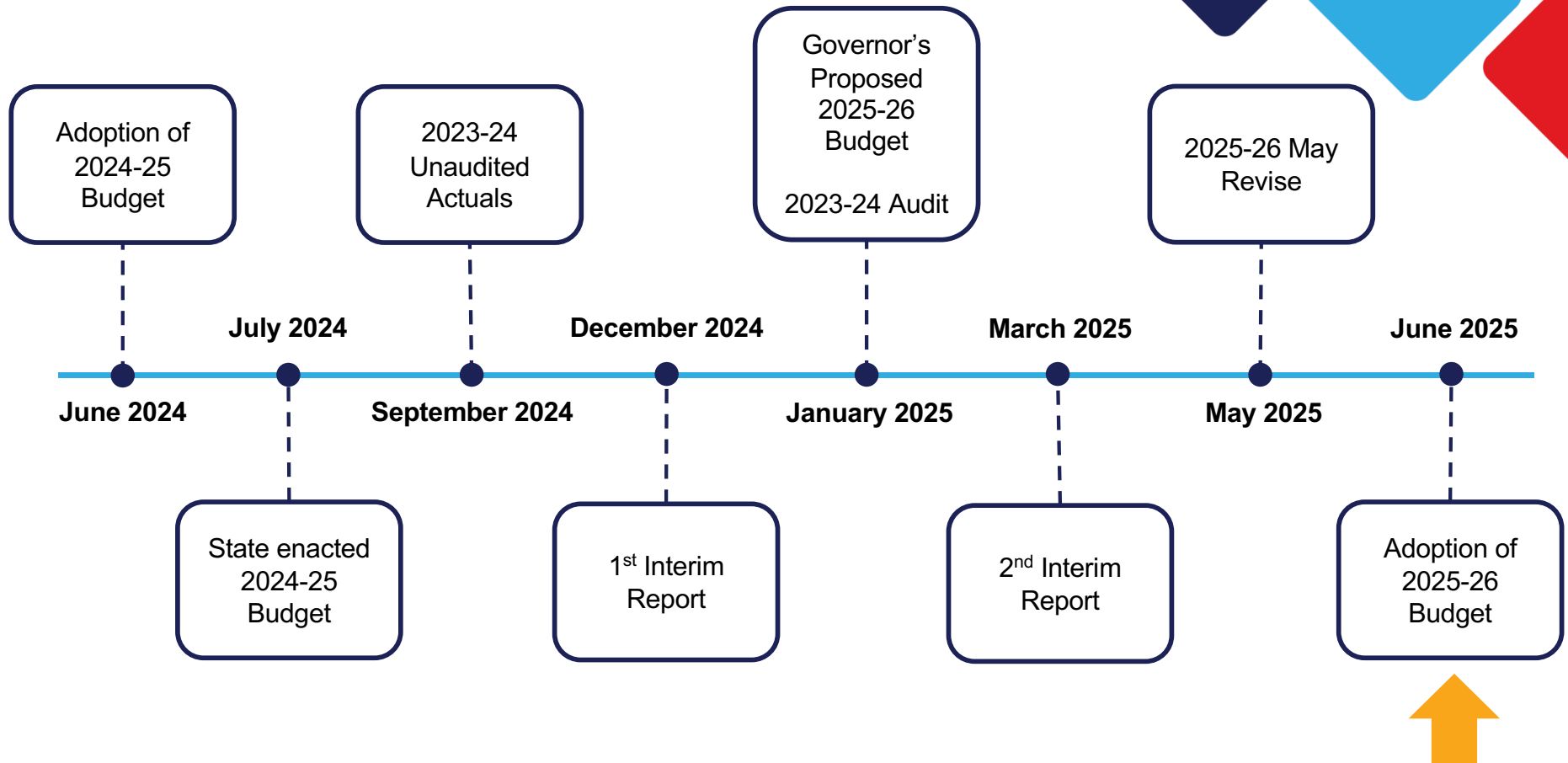
PASADENA
Unified School District



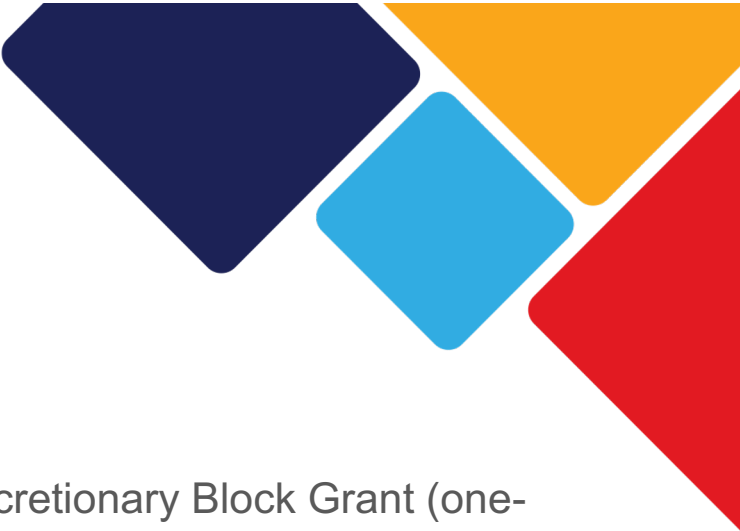
Agenda

- Fiscal Timeline & Budget Outlook
- May Revise Overview & 2025-26 Budget Assumptions
- Multi-Year Projection & Fiscal Stabilization Plan

Fiscal Timeline



Budget Outlook



California Fiscal Outlook

- Governor's Proposed Budget "positives"
 - Student Support and Professional Development Discretionary Block Grant (one-time)
 - Learning Recovery Emergency Block Grant (one-time)
 - Increase to Transitional Kindergarten (TK) Add-On in 2025-26 (one-time)
 - PUSD Average Daily Attendance (ADA) Hold Harmless for 2025-26 (one-time)
- Governor's Proposed Budget "negatives"
 - 2025-26 Cost of Living Adjustment (COLA) of 2.30%, down from 2.43%

Federal Fiscal Outlook

- Substantial uncertainty, though assumption is that current funding levels will continue

Budget Outlook



PUSD Fiscal Outlook

- PUSD's enrollment continues to decline each year
- One-time COVID relief funds have been fully expended
- After years of surpluses during the pandemic, PUSD had a General Fund Unrestricted operating deficit in 2023-24, and is projected to have operating deficits in the future
- PUSD's Unduplicated Pupil Percentage (UPP) is almost 4% points lower in 2024-25, which has a significant negative impact on LCFF revenue
- Rising costs of unfunded mandates and corresponding contributions
- Due to PUSD's fiscal outlook, LACOE is currently requiring the submission of Fiscal Stabilizations Plans as part the 2025-26 budget

May Revise Overview

- Local Control Funding Formula (LCFF) COLAs in 2025-26 and 2026-27 lower than in January Proposed Budget
- Increased LCFF TK-Add-On in 2025-26
- Discretionary Block Grant - \$1.7 billion statewide
- Learning Recovery Emergency Block Grant (LREBG) - \$378.6 million statewide

Proposal	Include in 2025-26 Budget	
	School Services of CA (SSC)	LACOE
2.30% COLA in 2025-26	Yes	Yes
TK Ratio LCFF Add-On	No	No
Discretionary Block Grant	No	No
LREBG Additional Funding	No	No

May Revise Major Assumptions

- Average Daily Attendance assumptions:

	Estimated Actual 2024- 25	2025-26	2026-27
Current ADA	12,863	12,863	12,250
Funded ADA	13,274	12,978	12,965
ADA %	93.5%	95.4%	92.7%

ADA Hold
Harmless

- Statutory COLA assumptions:

	2024-25	2025-26	2026-27	2027-28
1st Interim	1.07%	2.93%	3.08%	
2nd Interim	1.07%	2.43%	3.52%	
May Revise	1.07%	2.30% ↓	3.02% ↓	3.42%

May Revise Major Assumptions

- 2025-26 and 2026-27 LCFF COLA is lower, and the TK Add-On is proposed to increase by \$2,397
- Estimated PUSD LCFF Revenue:

	2024-25	2025-26	2026-27	2027-28
2nd Interim	\$191,214,163	\$190,487,007	\$196,040,483	\$200,827,364
May Revise	\$191,257,070	\$190,386,744	\$195,141,353	\$199,517,688
Difference	\$42,907	(\$100,263)	(\$899,130)	(\$1,309,676)

Note: 2025-26 TK Add-on rate used is \$3,148, which does not include the proposed increase of \$2,397.

May Revise Major Assumptions

- Other Major Assumptions:

Planning Factors	2024-25	2025-26	2026-27	2027-28
STRS Employer rates	19.10%	19.10%	19.10%	19.10%
PERS Employer rates	27.05%	26.81	26.90%	27.80%
Health & Welfare Increases	4.6%	8%	5%	5%
Lottery revenue Unrestricted per ADA	\$191	\$191	\$191	\$191
Lottery revenue restricted per ADA	\$82	\$82	\$82	\$82
Mandate Block Grant K-8 per ADA	\$38.21	\$39.09	\$40.27	\$41.65
Mandate Block Grant 9-12 per ADA	\$73.62	\$75.31	\$77.58	\$80.23
Unemployment Insurance rate	0.05%	0.05%	0.05%	0.05%
TK Add-on rate	\$3,077	\$3,148	\$3,243	\$3,354
Projected Funded ADA	13,276.31	12,978.40	12,965.42	12,742.24
Step & Column	Included	Included	Included	Included

Multi Year Projection (MYP) - Key Points

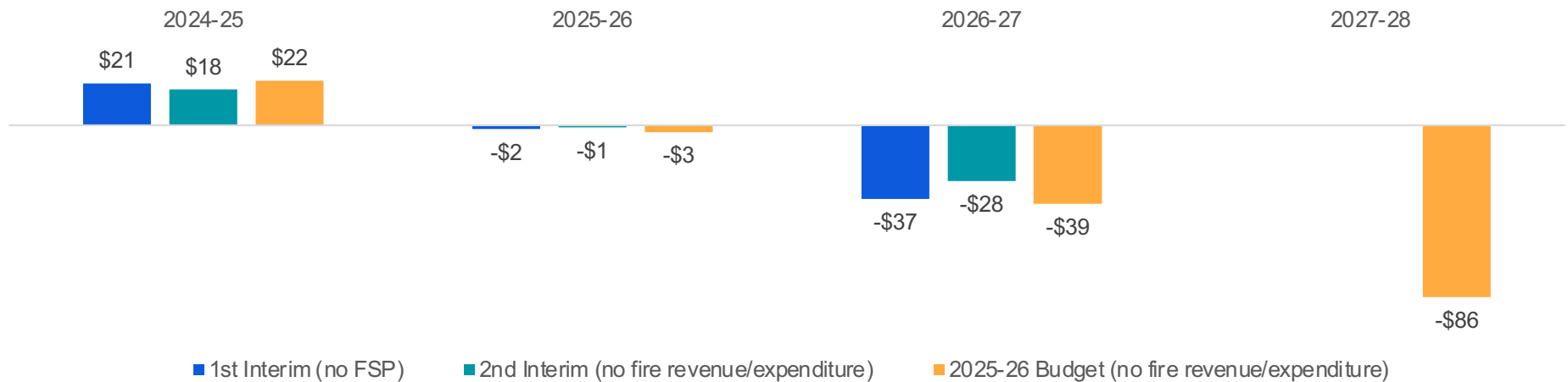
- ADA Hold Harmless not sufficient to offset the negative impact of the lower UPP on LCFF revenue
- The reductions approved by the Board on 2/27 made a significant impact on the MYP
- **As is stands, substantial additional reductions will be necessary**

Multi Year Projection (MYP)

Below MYP:

- First Interim - balances without the First Interim FSP reductions
- Second Interim - balances without fire related expenditures and insurance revenue
- 2025-26 Budget - balances without fire related expenditures and insurance revenue
- The balances below are after meeting the minimum required reserves

GF Unassigned/Undesignated Balances - FSP (amounts in millions)

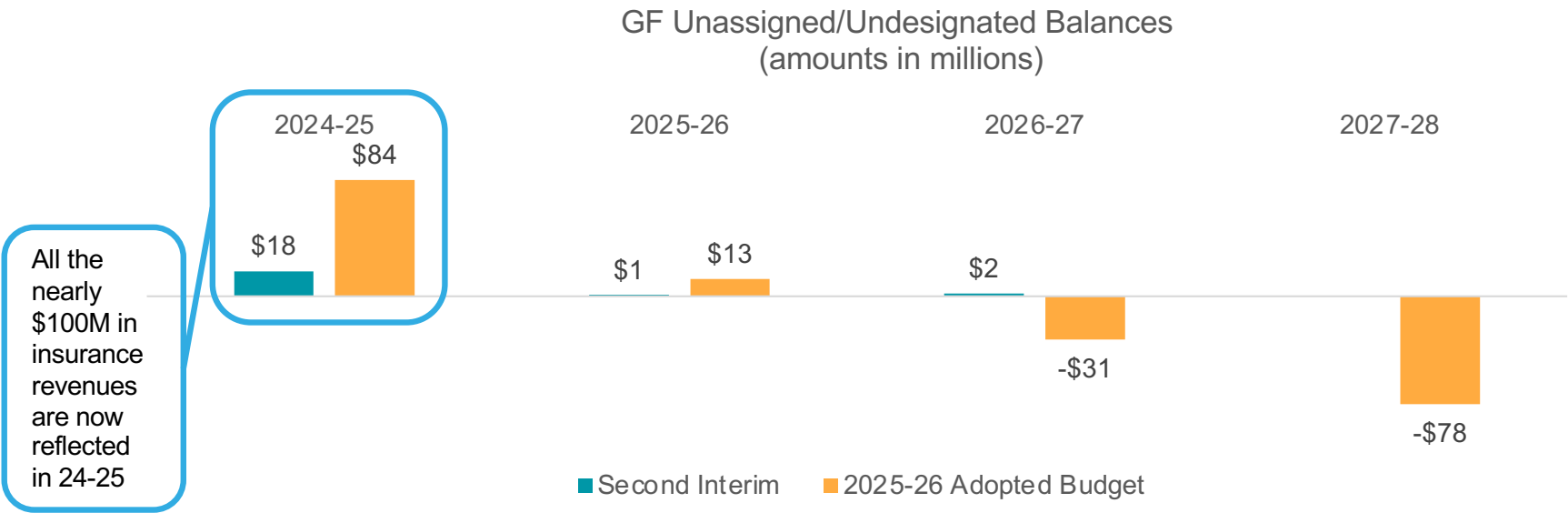


Multi Year Projection (MYP)



Below MYP:

- Second Interim - balances with fire related expenditures and insurance revenue
- 2025-26 Budget - balances with fire related expenditures and insurance revenue
 - Nearly all received insurance funds are assumed to be expended by the end 2026-27
- The balances below are after meeting the minimum required reserves



Impacts on MYP Since Second Interim



- Higher health insurance costs
 - The district absorbs the full impact of these cost increases, as employees contribute a fixed amount towards health insurance
- Cost of additional TK aides (salary/benefits) to meet the new 10:1 adult to student ratio \$4.9 million for FY 2025-26 and two out years.
- Rising costs of unfunded mandates and corresponding contributions
- Insurance revenues are now assumed to be nearly fully spent over the MYP period, whereas at 2nd interim insurance revenues far exceed expenditures, boosting ending balances
- Higher Routine Restricted Maintenance contribution, an estimated of \$1.4 million increase in contribution for FY 2024-25 and out years due to fire related expenditure in the General fund
- Lower COLAs in 25-26 and two out years, decreased the total LCFF base amount by \$3.4 million for 25-26 and two out years considering no changes in the enrollment, ADA projection and Unduplicated Pupil Count

Factors Not Reflected in MYP



- Future changes in compensation
- Unknown liabilities
- Potential impact of economic downturn
- Potential reductions in state or federal funding
- Potential new major programmatic/operational investments
- Potential extraordinary expenses incurred due to the fire not covered by insurance or fire-related grants

Fiscal Stabilization Plan (FSP)



- Substantial ongoing reductions were made starting in 2025-26
- Progress has been made, but as demonstrated in our MYPs more work remains to stabilize the district's finances, with needed reductions being substantially larger than those recently implemented
- A Fiscal Stabilization Plan outlines potential additional reductions that will be necessary to meet the required 3% reserve in all years

Fiscal Stabilization Plan (FSP)

Item	Description/Impact	2025-26	2026-27	2027-28	Total
Discretionary Block Grant	One-time grant proposed in the Governor's May Revise.	\$4.0			\$4.0
TK Add-On	One-time increase to LCFF TK add-on to support lower adult-to-student ratios proposed in the Governor's May Revise.	\$1.0			\$1.0
Learning Recovery Emergency Block Grant	One-time grant proposed in the Governor's May Revise.		\$3.0		\$3.0
Staffing Teachers to Ratio	This practice was already implemented in 2025-26, and will comply with our collective bargaining agreements and state law.		\$2.6	\$3.5	\$6.1
Central Office Reductions	Ongoing reduction starting in 2026-27. Reduced service levels.		\$3.0	\$3.0	\$6.0
Asset Management	Revenue generation from existing and new tenants.		\$0.5	\$2.5	\$3.0
Reduction in SPED Contribution	Reduction in staffing levels and use of contracted services.		\$5.0	\$5.0	\$10.0
Reduction in Supplies and Contracted Services	Reduction in contracted services including software, professional development, and consultants.	\$2.0	\$4.0	\$4.0	\$10.0
Grant maximization	Use of restricted grants/balances on eligible expenditures. Fewer supplies across the district.	\$2.0	\$2.0	\$2.0	\$6.0
Reduction in Personnel	Ongoing reduction of 120 FTE starting in 2026-27. Reduced staffing levels across the district.		\$12.0	\$12.0	\$24.0
Reduction in Transportation Costs	Improved route efficiency. Potential reduction in routes provided.		\$2.0	\$2.0	\$4.0
Reduce OPEB Additional 1% Contribution	Balances in the Health and Welfare Fund (Fund 67.2) will not grow as they have over the last several years.	\$1.0	\$1.0	\$1.0	\$3.0
Energy Efficiency Savings	Energy efficiency projects at our campuses would reduce our utility costs.		\$1.0	\$2.0	\$3.0
Subtotal Fiscal Stabilization Plan		\$10.0	\$36.1	\$37.0	\$83.1

Amounts in millions

Additional Proactive Steps



- Superintendent's Budget Advisory Committee (SBAC)
- The district will proactively work with Fiscal Crisis & Management Assistance Team (FCMAT)
- Systematic review of filling of vacancies
- Comprehensive review of contracted services
- Comprehensive review of district-wide staffing levels
- Comprehensive review of Special Education expenditures for efficient delivery of services

Superintendent's Budget Advisory Committee

- The Superintendent's Budget Advisory Committee (SBAC) will be reconvened to support the district's fiscal sustainability and prioritization work
- The district will proactively work with Fiscal Crisis & Management Assistance Team (FCMAT) throughout the process
- Preliminary SBAC timeline:



Thanks!