

Pleasanton Unified School District

Fiscal Year 2025-26

Annual Budget
Presentation to Board of Trustees

June 26, 2025

Presentation Summary

- Executive Summary
- State Budget Update
- 2024/25 Estimated Actuals Variance Report
- Budget Planning Process
- 2025/26 Key Budget Assumptions
- Review 2025/26 Projected Revenues and Expenditures
- Multi-year Projections
- Review Other Funds
- Next Steps
- Appendix

Executive Summary



- PUSD worked with ACOE to review Estimated Actuals and Proposed Budget to ensure greater accuracy before final submission.
Additional ACOE review ongoing; regular meetings scheduled.
- 2024/25 Estimated Actuals indicates increased expenditures from Second Interim Report placing significant strain on our Budget due to our very low reserve levels.
- State Budget is not finalized; Budget assumptions are mainly from the May Revise or more conservative assumption where the May Revise and legislature differ.
- Revenue for 2025/26 may increase based on the Enacted Budget.
We expect to receive an additional \$2.77M of one-time funds from the recent Budget Agreement.

Executive Summary



- 2025/26 Annual Budget projects that we will not be able to meet our required 3% reserve for 2025/26.
- 2025/26 Annual Budget projects an Ending Fund Balance of -\$5.77M
- Budget will require significant adjustments to ensure fiscal solvency
- Staff recommends that the Board approve the following measures to deal with the immediate fiscal challenge:
 - General Fund, non-essential personnel hiring freeze
 - General Fund, freeze on non-essential materials and supplies
 - General Fund, freeze on non-essential services and contracts
- Staff to Update the Budget in 45 Days with proposed revisions

Key May Revise (State Budget) Takeaways



- No Enacted State Budget as of 6/23/25. [Reached and Agreement on 6/24/25](#)
- State faces significant fiscal challenges and shortfalls. Economic slowdown and Federal level changes have increased uncertainty and risk for the State.
- Appropriates \$118 billion to TK-12 Education, which is \$1.9 billion less than the Prop. 98 calculated level of \$119.9 billion
- Cost of Living Adjustment at 2.30% for LCFF and other key educational programs
- 1.9 Billion in deferrals from June 2026 to July 2026. ~~The legislature has alternative model that would reduce the deferral amount but pay off the funds in future fiscal years.~~

Key May Revise (State Budget) Takeaways



- Fully fund universal TK for full year (\$2.1B) and additional monies (\$1.2B) for the lower 10:1 student to adult ratio
- Partially Restore Learning Recovery Block Grant
- New Student Support and Discretionary Block Grant of \$1.7B or about \$300 per ADA. ~~Legislature has only approved \$500M or \$85 per ADA~~
- Increase to Expanded Learning Opportunities Program Grant
- One time funds to support Kitchen Infrastructure, Literacy Instruction PD, Literacy and Math Coaches, CTE, and Student Teacher Stipend Program

Review 2024/25 Estimated Actual Variance Report

2024/25 Estimated Actuals and Variance: Revenues



Unrestricted & Restricted General Fund	Original Budget	First Interim	Second Interim	Estimated Actuals	Unaudited Actuals	Increase / (Decrease)	Percentage
BEGINNING FUND BALANCE	\$ 22,303,904	\$ 22,303,904	\$ 22,303,904	\$ 22,303,904	\$ 22,303,904		
REVENUE							
LCFF Sources/Property Taxes	\$ 164,179,580	\$ 164,013,098	\$ 163,902,157	\$ 163,945,453	\$ -	\$ 43,296	0.03%
Federal Revenues	\$ 3,440,056	\$ 3,462,134	\$ 3,432,737	\$ 3,547,739	\$ -	\$ 115,002	3.24%
Other State Revenue (1)	\$ 31,972,329	\$ 35,018,664	\$ 35,864,940	\$ 34,957,186	\$ -	\$ (907,754)	-2.60%
Other Local Revenue (2)	\$ 5,236,308	\$ 6,237,331	\$ 7,342,528	\$ 10,430,227	\$ -	\$ 3,087,699	29.60%
TOTAL REVENUE	\$ 204,828,273	\$ 208,731,227	\$ 210,542,362	\$ 212,880,605	\$ -	\$ 2,338,243	1.10%

- Unrestricted Revenues increase of \$1,154,277
 - Increase CERBT transfer from the OPEB Set Aside Funds
 - Interest earnings and Facility Fees
 - CA Youth Behavioral Implementation Grant

- Restricted Revenues increase of \$795,966
 - Decrease of \$1.1M in State revenues (Reduced ELOP allocation, reduced UPK Grant)
 - Increase in local revenues of \$1.793M from outside billings, LEA Medi-Cal, Site donations, and Alameda Alliance for Health grant

2024/25 Estimated Actuals and Variance: Expenditures



Unrestricted & Restricted General Fund	Original Budget	First Interim	Second Interim	Estimated Actuals	Unaudited Actuals	Increase / (Decrease)	Percentage
EXPENDITURES							
Certificated Salaries (3)	\$ 99,822,322	\$ 98,151,873	\$ 99,403,714	\$ 103,932,387	\$ -	\$ 4,528,673	4.36%
Classified Salaries (3)	\$ 30,944,676	\$ 30,602,446	\$ 30,444,436	\$ 32,272,076	\$ -	\$ 1,827,640	5.66%
Employee Benefits (3)	\$ 54,866,719	\$ 54,160,415	\$ 54,587,284	\$ 55,083,314	\$ -	\$ 496,030	0.90%
Books and Supplies (4)	\$ 5,484,322	\$ 7,314,260	\$ 6,980,335	\$ 5,135,504	\$ -	\$ (1,844,831)	-35.92%
Services, Operating Expenses (5)	\$ 20,644,815	\$ 23,610,474	\$ 25,744,808	\$ 27,765,425	\$ -	\$ 2,020,617	7.28%
Capital Outlay (6)	\$ 295,500	\$ 347,344	\$ 1,217,683	\$ 1,016,195	\$ -	\$ (201,488)	-19.83%
Other Outgo	\$ 1,657,062	\$ 1,716,145	\$ 1,705,946	\$ 1,940,935	\$ -	\$ 234,989	12.11%
Direct Support/Indirect Costs	\$ (442,798)	\$ (448,441)	\$ (448,441)	\$ (448,441)	\$ -	\$ -	0.00%
TOTAL EXPENDITURES	\$ 213,272,618	\$ 215,454,516	\$ 219,635,765	\$ 226,697,395	\$ -	\$ 7,061,630	3.12%

- Unrestricted Expenditure increase of \$4,626,206
 - Increase of \$5,030,468 in Salaries
 - Based on actuals through May 2025 and projections for June 2025
 - Includes 1% salary schedule increase based on the negotiated Collective Bargaining Agreement*
 - Increase of \$816,745 in Benefits
 - Decrease of \$1,427,958 in Book/Supplies and Services
 - Increase of \$234,989 in other outgo

- Restricted Expenditure increase of \$2,435,424
 - Increase of \$1,325,845 in Salaries
 - Based on actuals through May 2025 and projections for June 2025
 - Includes 1% salary schedule increase based on the negotiated Collective Bargaining Agreement*
 - Decrease of \$320,715 in Benefits
 - Decrease of \$971,302 in Book/Supplies and Service
 - Increase of \$2,575,046 mainly from special education, routine restricted maintenance, and Site Donations

* The total cost of the 1% salary increase in salaries and benefits is about \$1.6M of the total increase above. The cost is further increased due to increased health care contributions and stipends.

2024/25 Estimated Actuals and Variance

How does such a large variance impact us?

- The Estimated Actuals is the last 2024/25 budget update before the Unaudited Actuals.
- A net increased expenditure will reduce our ending fund balance resulting in a lower starting fund balance for 2025/26.
- Based on the Estimated Actuals our ending fund balance will be \$1.95M or only a 0.70% reserve.
- State requires a minimum of 3% Reserve for Positive Certification or \$6.8M

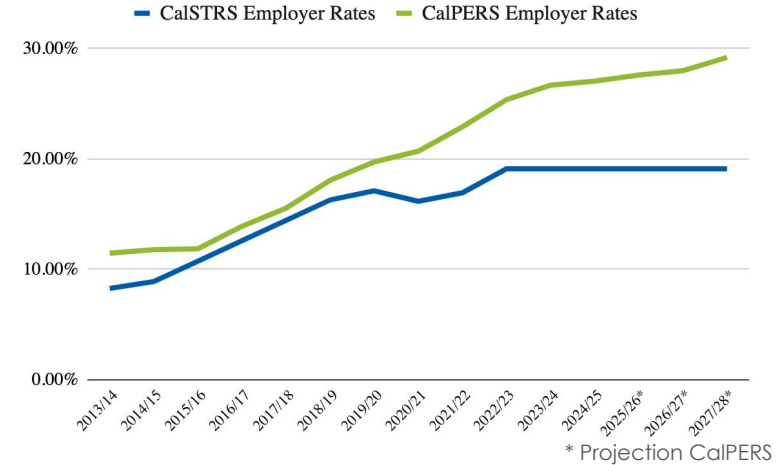
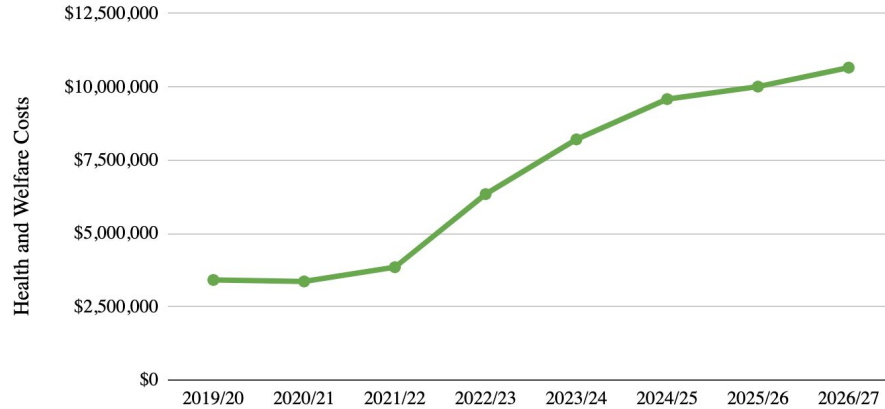
Considerations for Budget Development

Budget Planning Process

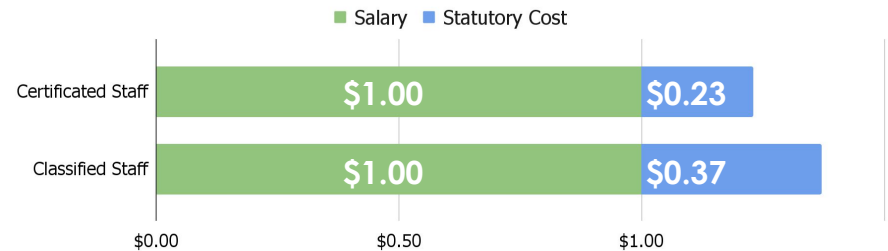
- With 85% of costs is driven by staffing and benefit costs
- Our year to year cost increase by:
 - Increased salary with step and columns movements
 - Benefits and pension cost increases
 - Negotiated Compensation
 - Increased cost related to inflation of materials, supplies, utilities, insurance, etc
 - Special education costs
- Due to declining enrollment, PUSD revenues are flat even with COLA
- State determines funding levels and budgets - Enacted State Budget information is determined by end of June
- 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
- Staff works with each department to develop their budget and work closely with HR on position control
- Solutions available to balance budget
 - Reduce expenditures
 - Reallocate expenditures
 - Find new revenue sources

Rising Costs

Health and Welfare Costs



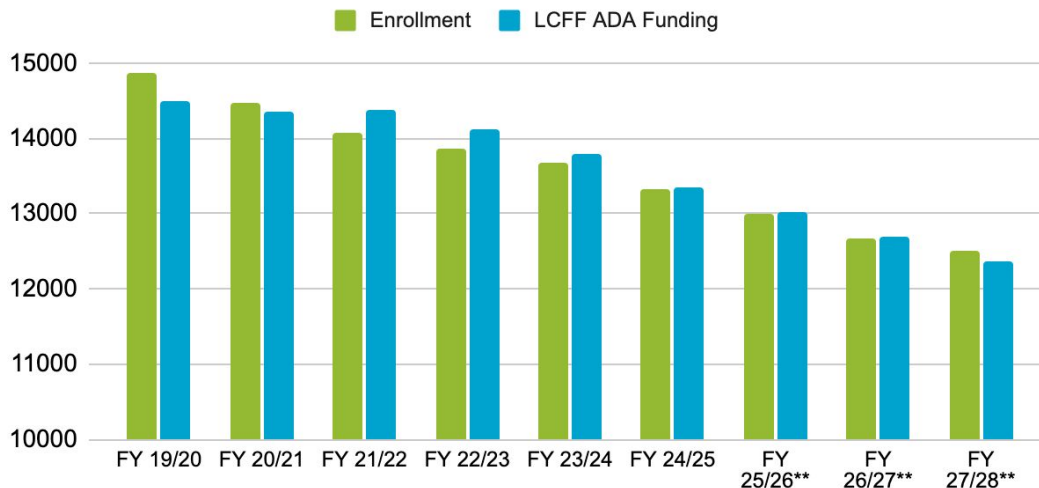
Total Salary Costs to PUSD



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

Attendance Drives Funding

PUSD Historical Enrollment



- **Declining enrollment = lower revenues**
- 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 21/22*	FY 22/23*	FY 23/24*	FY 24/25*	FY 25/26**	FY 26/27**	FY 27/28**
Total Enrollment	14,077	13,874	13,685	13,338	13,000	12,672	12,517
ADA (Funding)	14,376	14,119	13,799	13,340	13,025	12,691	12,367

* Actual ** Projections

2025/26 Annual Budget

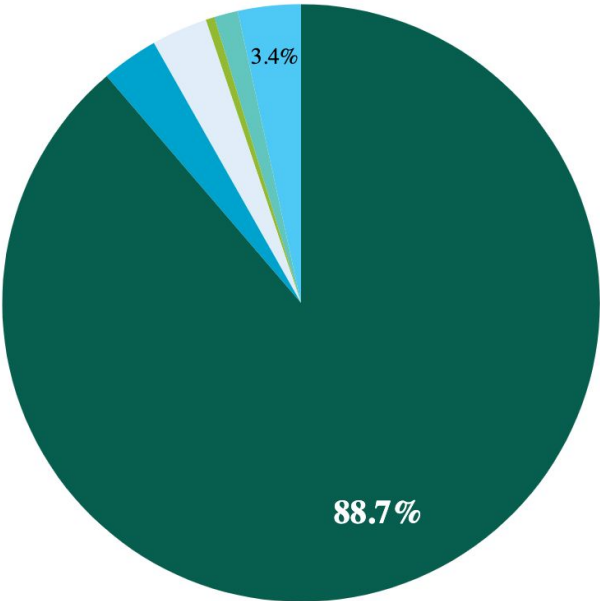
2025/26 Budget Assumptions

Local Control Funding Formula Assumptions 2024/25			
School Year	FY 25/26	FY 26/27	FY 27/28
Enrollment	13,000	12,672	12,517
LCFF ADA Funding	13,025	12,691	12,369
COLA	2.30%	3.02%	3.42%
Unduplicated as % Enrollment	16.51%	16.40%	16.42%
Grades TK-3 \$/per Student	\$10,256	\$10,566	\$10,927
Grades 4-6 \$/per Student	\$10,411	\$10,725	\$11,092
Grades 7-8 \$/per Student	\$10,719	\$11,043	\$11,420
Grades 9-12 \$/per Student	\$12,423	\$12,798	\$13,236
K-3 Grade Span Adj \$/per Student	\$1,067	\$1,099	\$1,137
9-12 Grade Span Adj \$/per Student	\$323	\$333	\$344
TK Add on \$/Student*	\$5,545	\$5,712	\$5,907
TOTAL EST LCFF Funding - unrestricted	163,935,771	164,389,558	165,871,756
Net Impact on LCFF Funding	0.73%	0.28%	0.90%

- 2.30% 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
- Includes compensation increase from 2024/25
- Includes right sizing and reductions
- Includes increase of 2.3% to programs outside of LCFF per the May Revise
- Increased Property and Liability Insurance (AB 218- Sexual Molestation)
- Includes Increased Settlement Costs
- Included Funding Crossing Guards

* May Revise Assumption

Breakdown of the PUSD LCFF Revenues



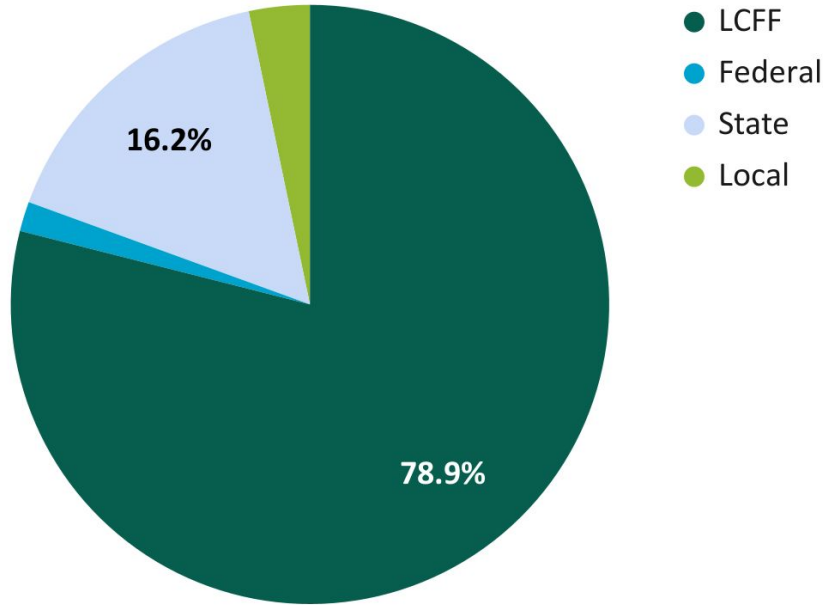
- Base Grant
- Grade Span Adjustment
- Supplemental Grant
- Home to School Transportation (Special Education)
- Transitional Kindergarten
- Economic Recovery Target*

PUSD LCFF for 2025/26	
Base Grant	\$145,451,777
Grade Span Adjustment	\$5,046,408
Supplemental Grant	\$4,969,450
Home to School Transportation (Special Education)	\$776,447
Transitional Kindergarten**	\$2,112,645
Economic Recovery Target*	\$5,579,044
Total	\$163,935,771
* No COLA Adjustment	
** May Revise Assumption	

* 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.

DRAFT 2025/26 Adopted Budget Revenues

Pleasanton USD 2025/26 Revenue Sources

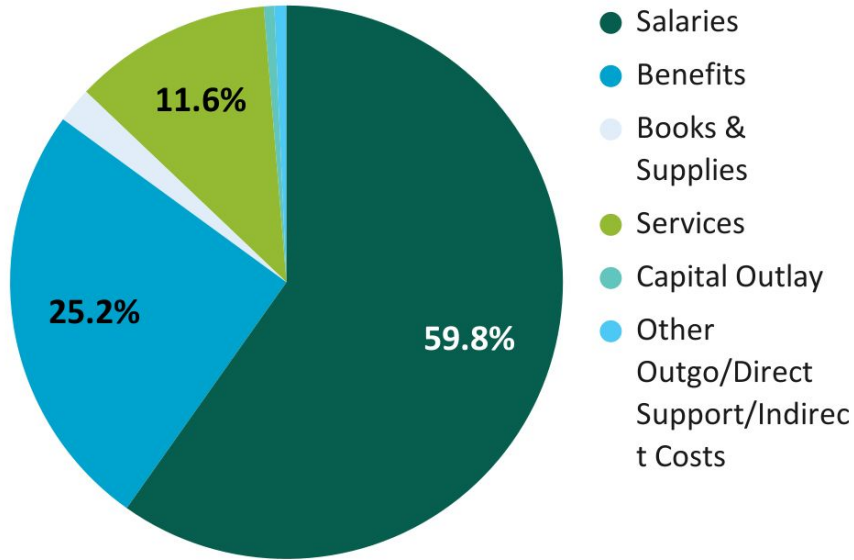


- **Budget will be adjusted after Enacted State Budget - 45 Day Budget Revision**
- Total Revenue: \$209,153,710
- Net increase in LCFF is 0.73%
- Restricted Revenue: \$36.1M
- Includes following one-time funds:
 - \$2M OPEB transfer
 - \$1M New Discretionary Block Grant*
- District is heavily dependent on LCFF/State Funding: 95.1%
- Local revenues will grow as actual donations are made in the fiscal year

* Estimated from more conservative Legislature proposal. Governor May Revise would provide \$4M

DRAFT 2025/26 Adopted Budget Expenditures

Pleasanton USD 2025/26 Expenditures



- **Final Budget Figures will adjust**
- Total Expenditures: \$220,914,172
- 85% Expenditures on Salaries and Benefits
- Total Restricted Expenditures: \$75.6M
- Contributions to Restricted programs: \$38.7M
 - Special Education: \$32.35M
 - Routine Restricted Maintenance: \$6.3M
- Projected Unrestricted Deficit Spending: \$7.72M
- Projected Restricted Drawdown Spending: \$808K
- Includes 2024/25 negotiated compensation increases
- No place holder for future compensation
- Includes all reductions approved by the board and staffing to enrollment

Summary of Budget Actions

- 2024/25
 - Maximizing allocation of OPEB funds (\$1.8M) into local revenues
 - Fund 630 (Kids Club/STEAM) into general fund of \$2M
- 2025/26
 - Maximizing allocation of OPEB funds (\$2M) into local revenues
 - Fund 630 (Kids Club/STEAM) into general fund of \$2.25M
 - Include \$1M of new one-time State funding
 - Included TK Add-on to LCFF based on May Revise
 - Include transfer of \$900M from Gatan lease into the general fund
 - Incorporated approved Board of Trustees reductions of about \$6.5M
 - Staffing to enrollment adjustments
- 2026/27
 - Reduction of staffing by 8 FTE due to further projected decline in enrollment

Restricted Programs Total		\$8,615,594
Expanded Learning Opportunities Program	\$194,884	
Other Restricted Federal	\$3,063	
Educator Effectiveness, FY 2021-22	\$64,268	
Lottery: Instructional Materials	\$477,778	
Golden State Pathways Program	\$1,939,275	
Mental Health Related Services	\$159,228	
Special Education Early Intervention Preschool Grant	\$474,076	
Arts and Music in Schools (Proposition 28)	\$1,802,644	
Child Nutrition: Food Service Staff Training Funds	\$2,205	
Dual Enrollment Opportunities (CCAP)	\$129,768	
A-G Access/Success Grant	\$152,772	
A-G Learning Loss Mitigation Grant	\$61,761	
Classified School Employee Summer Assistance Program	\$21,552	
Learning Recovery Emergency Block Grant	\$0	
Other Restricted State	\$118,628	
Ongoing & Major Maintenance Account (RMA)	\$1,330,524	
Other Restricted Local	\$1,683,168	
Unrestricted Assigned Fund Balances		\$0
Program Carryover	\$0	
Reserves		\$1,597,939
Economic Uncertainty	\$1,597,939	
Non-Spendable Cash		\$353,583
Total Ending Fund Balance		\$10,567,116

Restricted Balances and Ending Fund Balance - 2024/25 Estimated Actuals

New slide - data included in SACS Report

Multi-Year Projections

Fiscal Year	2024/25 Estimated Actuals	2025/26	2026/27	2027/28
Unrestricted Operating Surplus/Deficit	-\$7,746,268	-\$7,722,093	-\$11,284,015	-\$12,084,320
Unrestricted Ending Fund Balance	\$1,951,522	-\$5,770,571	-16,983,163	-\$28,996,060
Reserves, % of Expense	0.70%	0%	0%	0%
Projected Reserve Totals	\$1,597,939	0	0	0
<i>Required 3%</i>	<i>\$6,800,922</i>	<i>\$6,627,425</i>	<i>\$6,732,425</i>	<i>\$6,807,788</i>

- District is required to maintain 3% reserve for for Positive Budget Certification
- 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

The District can not run a negative ending fund balance. Therefore, the district must make further reductions and/or find revenue sources to cover expenditures.

Cashflow

With slim reserves and ending fund balances, cash flow will become an issue in 2025/26. To ensure we have adequate cash flow and ability to meet both payroll and monthly expenses the following measure will be taken:

- Close and regular monitoring of actual revenues and expenses
- Review cash flow regularly with ACOE
- Freeze on non-essential expenditures
- Interfund borrowing as needed (requires the return monies to borrowed fund by the end of the fiscal year)
- Borrowing the County Treasurer with Board approval if needed

Other Funds

Fund	Program	Status	Current Fund Balance (6/11/25)
110	Adult Education	Good	\$ 1,471,622
120	Child Development (CSPP)	Good	\$ 432,001
130	Cafeteria (Child Nutritional Services)	Good	\$ 6,380,876
630	Other Enterprise Fund (Preschool, and child care)	Good	\$ 2,935,380
710	Retiree Benefits (OPEB)	Good	\$ 6,189,923
400	Capital Out Lay	Good	\$ 4,473,756
410	Property Sale	Good	\$ 8,799,630
210	Measure I1 and I (Bond Program) - does not include recent Bond sales	Good	\$ 117,997,199
250	Capital Facilities (Developer Fees)	Good	\$ 3,110,160
350	County Schools Facilities (State Facility Program)	Good	\$ 3,198,757

Next Steps

- Continue working closely with ACOE on our fiscal challenges
- Update the 2025/26 Budget with the Enacted State Budget information
- Implement the following actions immediately:
 - General Fund, non-essential* personnel hiring freeze
 - General Fund, freeze on non-essential* materials and supplies
 - General Fund, freeze on non-essential* services and contracts

** Non-essential is defined by positions, material/supplies, and services that will not impact the Collective Bargaining Agreements, not required to meet our obligations under Education Code or Federal and State law, will not impact our obligation in Special Education, and will not impact student and staff safety. The executive cabinet will review all open positions and will set up a strict process to ensure proper implementation of these protocols.*

Next Steps Continued

- Update the 2025/26 Annual Budget: 45 Day Budget Update with the following considerations:
 - Further budgetary spending reductions.
 - Better use of restricted funds and grants to reduce pressure on unrestricted expenditures.
 - Use of allowable one-time funds outside of the General Fund
 - Specifically using Education Code 17463.7 Sale of Property for one time use in the General Fund. This education code has specific parameters, approvals and limitations.
 - Use of new one-time funds from the Enacted State Budget not included in the current assumptions.
- Begin process to identify reductions and/or new revenues for 2026/27

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.