

2025-26 45-Day Budget Revision

Process

For most school districts, including Pleasant Valley School District, 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.

The need for a 45-Day Revise begins with the fact that, per Education Code, school districts' Boards of Trustees must adopt a 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 finalizes its budget. School district adopted budgets are primarily based on information from winter and spring state budget announcements and estimates of where final state decisions will land. 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.

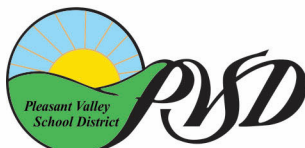
Timeline

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 2025-2026 fiscal year the 45-Day Budget Revision must be made available to the public by August 11, 2025, which is forty-five days after Governor Newsom signed the 2025-26 Budget Act. This 45-Five Day Budget Revision document has been prepared for publication on the Pleasant Valley School District website prior to August 11, 2025.

Revenue Changes – Unrestricted General Fund

There are no changes to report for unrestricted general fund revenues. To emphasize, this document provides information on revenue changes between the district's Adopted Budget and



the 45-Day Revision. This document does not provide a summary of year-over-year funding changes. Nor does this document update enrollment or Average Daily Attendance (ADA) projections, which have revenue impacts. This distinction is important in order to contextualize what “no changes” means. PVSD’s Adopted Budget model included a projected 2.30% Cost-of-Living Adjustment (COLA) to the Local Control Funding Formula (LCFF) and a Transitional Kindergarten “add on” of \$5,545 per TK ADA. The final state budget did not change these figures, so the district’s Adopted Budget unrestricted general fund revenue remains unchanged.

To be clear, this is not to say that unrestricted general fund revenue estimates will not change throughout the year. When actual enrollment finalizes and ADA trends materialize the district will have updates at First Interim. But that is outside the scope of this document.

Revenue Changes – Restricted Funds

There are three primary areas of change to restricted general fund revenues.

For the Learning Recovery Emergency Block Grant “partial restoration” funding, the district’s Adopted Budget included an estimated \$200,000 in revenue. Based on the state’s final budget, and thanks to School Services of California updated estimates, we are revising our projected revenue to \$196K.

For the Student Support and Professional Development Discretionary Block Grant, at the time of district budget development both the total amount of funding and the allocation methodology were areas of disagreement between the governor and the legislature. Given this, PVSD took an extra cautious “wait and see” approach and estimated no revenue in the budget model. The state budget funded the program on a per-ADA basis with a total of \$1.7B in one-time funding. This 45-Day Budget Revision therefore estimates that PVSD will receive \$1.75M in SSPDDBG funding in 2025-26.

For the Expanded Learning Opportunities Program, the state budget makes significant changes to the program funding structure without a meaningful increase to the overall allocation. The Budget Act changes the threshold for qualification for Rate 1 funding from 75% unduplicated pupil percentage (UPP) down to 55% UPP. This expands the number of districts that will receive guaranteed Rate 1 funding, which is drawn from a finite pot of money. PVSD remains a Rate 2 funded district. Rate 2 districts have no guaranteed funding. With more districts qualifying for higher Rate 1 funding, but no guarantee of a commensurate increase in overall program funding,

the likelihood increases for Rate 2 funding falling short – and therefore being reduced. The state budget includes expression of the Legislature’s “intent” to fund Rate 2 at no less than \$1,575 per pupil. But no money was allocated for that purpose. So, the best course of action for ELOP funding is for PVSD to adopt the California Department of Education’s recently updated Rate 2 estimate of \$1,280 per pupil ELOP funding for 2025-26. This reduces PVSD’s projected ELOP revenue significantly. The new estimate is \$1.97M in program revenue for 2025-26, down from \$2.4M at adopted budget. For context, 2024-26 ELOP funding was \$3.0M. PVSD has built significant program reserves to guard against the inherent volatility of the state structure of ELOP funding for Rate 2 districts. This gives the district time to adapt expenditures.

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. In terms of increased expenditures, late-summer enrollment changes may result in staffing changes. This information will not be available for reporting until the First Interim report and is outside the scope of this document.

Regarding restricted programs, the modest change to “partial restoration” LREBG funding will impact long-term LREBG expenditure planning. In the short term no budget entries are warranted.

Regarding the \$1.75M in SSPDDBG one-time funds, no immediate change in budgeted expenditures will be made, and none currently exist in the budget model. This significant influx of one-time funds adds to the long-term district strategy of support for the educational program and will inform future Board decisions. PVSD is not reliant on this funding for plugging current year budget shortfalls, as is the case in some other districts.

As for ELOP, the Adopted Budget projected \$2.27M in expenditures, including allocating \$90K for contracts for enrichment activities for students attending the program. As noted above, the district has maintained a significant reserve to guard against the inherent volatility in the state’s funding model for the program. With a program reserve of approximately \$2.4M, an abrupt cut

to services is not needed. Finance staff will meet with program staff to discuss tapering of outside contracts and materials purchases, to better align expenditure to revenues.