Superintendent Budget Advisory Committee

September 24, 2025

PASADENA
Unified School District

Agenda

- Welcome and Introductions
- Overview of PUSD's Fiscal Outlook
- Impact of 2024 Committee Process
- Overview of the 2025 Committee Process

Welcome and Introductions

Our Strategic Pillars

Share your name,

Your connection to PUSD,

1 word or phrase that relates to the focus or perspective you bring to this committee

Learner-Focused Instruction

Instruction that meets the needs of our diverse learners and prepares them to be ready for college, career, and life as contributing members of their community.

Outstanding and Respected Employees

Employees are supported to be culturally competent, inclusive, and thrive within a culture of excellence.

Quality Learning Environment

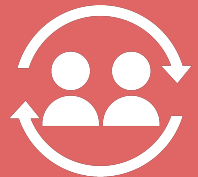
Physical and cognitive environments that support and promote students' ability to thrive.

Effective, Responsive and Accountable Organization

Systems and processes of the district are effective, transparent, and efficient. The central office is responsive to the needs of the school sites.

Purposeful Collaboration with Families and Communities to Increase Trust

The District values and works with our partners on behalf of our students.



Overview of PUSD's Fiscal Outlook

Budget 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 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%

Proposed 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%

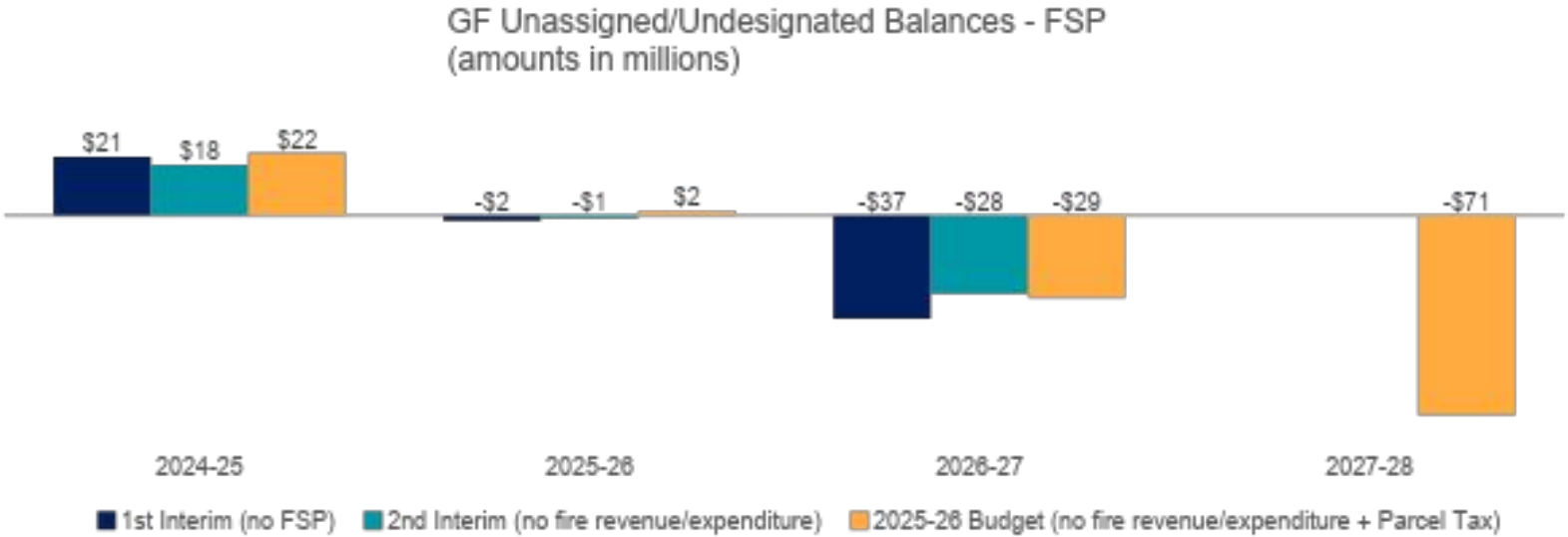
Multi Year Projection (MYP) - Key Points

- Proposed 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:

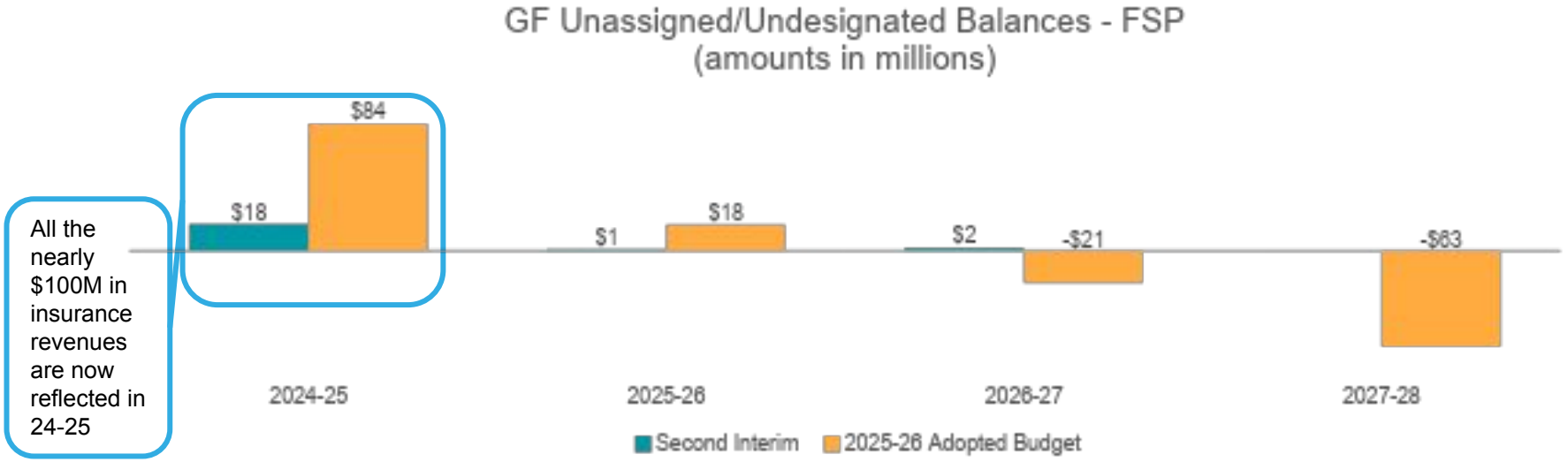
- First Interim - balances without the First Interim FSP reductions (incl. Parcel Tax)
- Second Interim - balances without fire related expenditures and insurance revenue (incl. Parcel Tax)
- 2025-26 Budget - balances without fire related expenditures and insurance revenue (incl. Parcel Tax)
- The balances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



Multi Year Projection (MYP)

Below MYP:

- Second Interim - balances <u>with</u> fire related expenditures and insurance revenue (incl. Parcel Tax)
- 2025-26 Budget - balances <u>with</u> fire related expenditures and insurance revenue (incl. Parcel Tax)
  - Nearly all received insurance funds are assumed to be expended by the end of 2026-27
- The balances below are after meeting the minimum required reserves



All the nearly $100M in insurance revenues are now reflected in 24-25

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

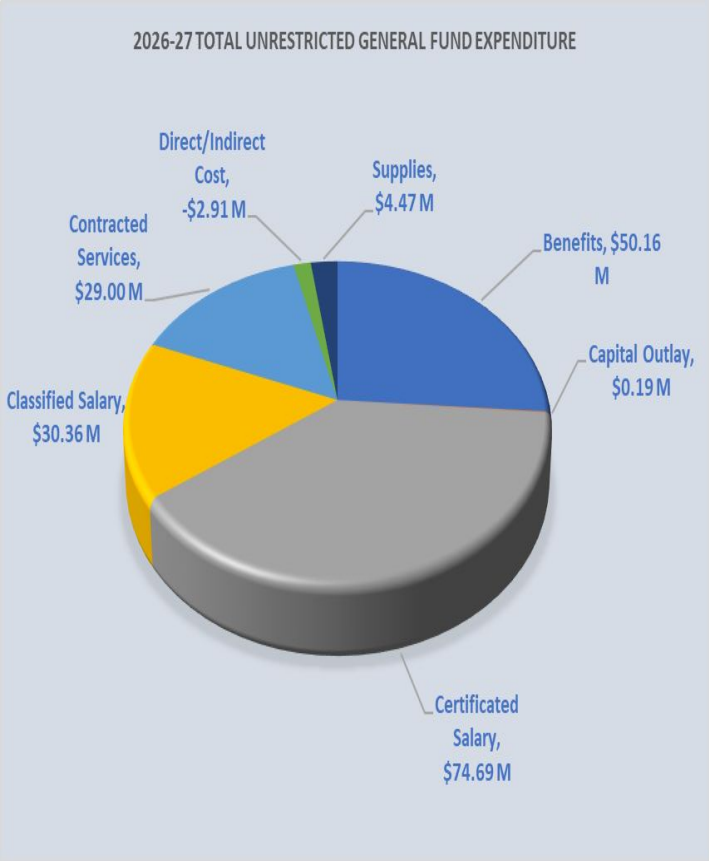
Factors Not Reflected in MYP

- 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

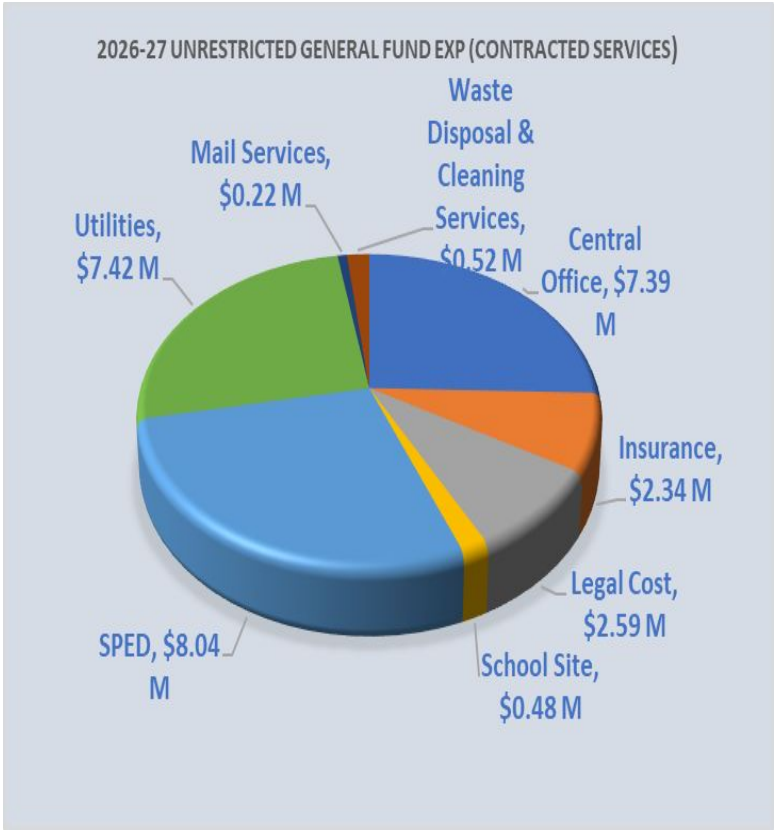
Fiscal Stabilization Plan (FSP)

- 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

2026-27 Total Unrestricted General Fund Expenditures



2026-27 Total Unrestricted Contracted Services



Review of Last Year's Committee Process

Budget Advisory Committee Process Features

Transparent

- Modify the budgeting process to clarify goals, identify alternatives, and align efforts to continuous improvement
- Make the budget understandable by parents, partners, and staff in terms of results and outcomes

Participatory

- Increase participation and shared decision-making in the budget process for improved quality and commitment

Linked to Results

- Allocate resources based on measured needs of students and use equity for equal success

Honoring Existing Structures

- Decisions involving funding priorities (Budget Advisory Committee) and implementation details (District Leadership Network/Roadmap Advisory Committee) are maintained while also engaging in collaborative work.

Committee Activities

6 meetings from September to November

- Training in funding model, role, and prioritization/ranking process
- Staff presentations of budget packages for departmental services
- Ranking
- Discussion and evaluation

Central Office Packages Presented

Academic Systems
Academic Elementary & Secondary Services
Academic Vertical Services
Business Services
Communications/KLRN
Facilities, Maintenance & Operations
Human Resources
Innovative Technology Services
Special Education
Student Wellness & Support Services

Package Ranking

Superintendent's Budget Advisory Committee Rankings December 2024

Committee Process Evaluation

What worked well?

- Clear and consistent methodology
- Presentations and handouts
- Diversity of committee
- Facilitation (e.g. time management)

Implications for 2025 Committee Process:

- Largely maintain the methodology (clear ranking process)
- Continue to provide slide and handout for each package
- Maintain the same committee for a 2nd year
- Maintain a similar meeting schedule and facilitation process

Committee Process Evaluation

What would you change?

- Increased discussion
- More time
- Package configurations
- Additional teachers and students

Implications for 2025 Committee Process:

- Replace preliminary exercises with discussion time
- Increased presentation meetings to 4 hours with more time for Q & A
- Enable committee to rank more discrete package components
- Maintain teachers at 5 (largest subgroup), add 1 student alternate

Process Reflections

Staff Reflections

- Size and complexity of packages
- Focus on centrally-funded services does not achieve the necessary reductions to achieve fiscal stabilization

Implications for 2025 Committee Process:

- Adjust the package template for clarity- indicate possible reductions versus funding levels
- Focus 2025 ranking on school-based services while utilizing the 2024 rankings to inform additional reductions to centrally provided services

Overview of This Year's Committee Process

Implications for This Year's Committee Process: Workstreams for 26-27 Budget Reductions

Superintendent's Budget Advisory Committee	Approx. $18-20M **
Central Office Reductions*	Approx. $3-5M **
Contracts*	Approx. $3.5M or greater **
Grant Maximization*	Approx. $3M or greater **
Special Education	Goal is to maintain current contribution
Transportation	Goal is to maintain current contribution
Asset Management	Any revenue will offset reductions
Staffing / Vacancies	Approx. $0.5M or greater **

*Reductions from these workstreams will be based on 2024 Committee rankings and/or specialized guidance.
**Estimated targets, subject to change

Committee Roles

- Facilitators
- Program Managers- develop budget packages, help committee understand the services, cotsts, and impacts of reductions
- Committee Members- “one person, one vote”, rank/prioritize recommendations
- Chairperson- presides over the meeting
- Superintendent & Cabinet- decide the final recommendations that will be presented to the Board
- Board- vote on proposed recommendations

Committee Norms

- “One person, one vote” (must be present)
- Listen attentively and take notes of key information points
- Hear and understand all viewpoints
- Note any clarification questions and hold for designated discussion
- Focus on services, not people
- Monitor your agreement; refrain from advocacy/opposition
- Program managers have the final authority over their program
- Visitors are welcome but may not participate in discussions or deliberations

Meeting Schedule

- Meeting #0: Wednesday, September 24, 2025, 5:00-6:30 PM
  - Overview of the Supt. Budget Committee Process and Context for the Work
- Meeting #1: Wednesday, October 1, 2025, 4:30-8:30 PM
  - Presentations and Q & A
- Meeting #2: Wednesday, October 8, 2025, 4:30-8:30 PM
  - Presentations and Q & A
- Meeting #3: Wednesday, October 15, 2025, 4:30-6:30 PM
  - Facilitated Discussion, Prioritization, and Decision-making
- Meeting #4: Wednesday, October 22, 2025, 4:30-6:30 PM
  - Committee reviews outcomes; context and additional impact insight
- Meeting #5: Wednesday, October 29, 2025, 4:30-6:30 PM
  - Final wrap-up of committee process and outcomes; evaluation

Steps For Program Managers

- Business staff will assist in defining current services and costs.
- Construct descriptive budget packages for site-based services.
- Present budget packages to the committee, including the cost and impact of potential service reductions.

Staff Considerations

- What other ways are there to accomplish this function?
- What other technologies/methodologies are possible?
- Which is more cost-effective- in-house or outsourcing?
- Which are better- centralized or decentralized functions?
- Are other ways better? Less expensive? More beneficial?
- What different levels of services and costs are possible?
- What impact would various alternatives have on other programs and activities?
- PUSD’s Equity Lens

Steps For Budget Committee Members

- Committee deliberates to rank potential school-based reductions.
- Facilitators compile recommendations by rank order.
- SLT considers 2024 ranking of departmental services to schools and 2025 ranking of site-based services to make recommended reductions to the Superintendent and Board.

Incremental Reductions (SAMPLE ONLY)

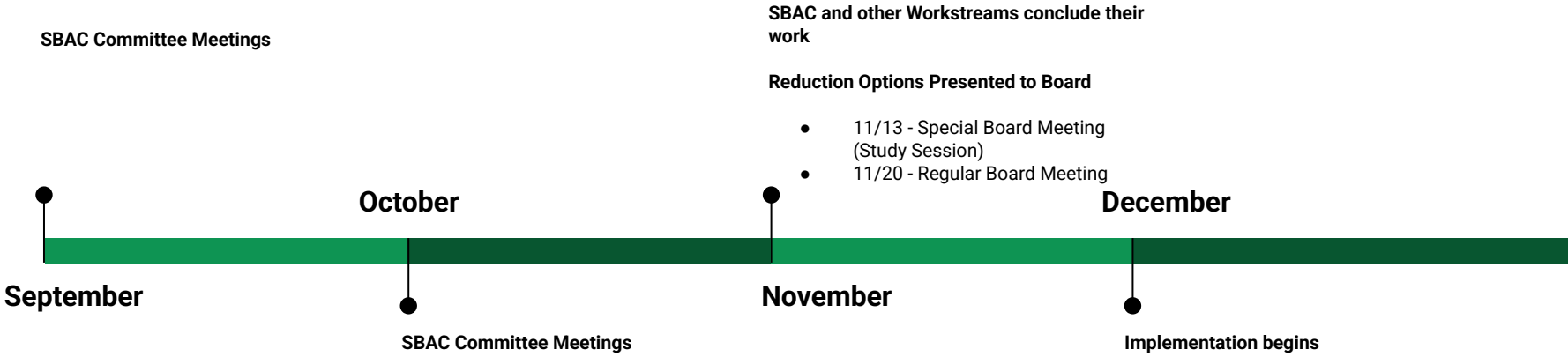
	Reduction % / Short Description	Reduction Amount	Total Reduction
A	Tutoring Services- Reduce online tutoring services for elementary schools	$100,000	A= $100,000
B	Tutoring Services- Reduce after-school tutoring at middle schools	$100,000	A+B= $200,000
C	Tutoring Services- Reduce after-school tutoring at high schools; share tutors between two schools	$100,000	A+B+C= $300,000
D	Tutoring Services- Reduce remaining tutoring services at high schools	$100,000	A+B+C+D= $400,000

Cost of Current Services

(SAMPLE ONLY)

Avg. Rating	Increment	Reduction	Cumulative Reductions
0.6	Tutoring Services Package A	$100,000	$100,000
0.6	Fine Arts/Music Package A	$300,000	$400,000
0.6	Secondary Instruction Package A	$250,000	$650,000
0.7	Custodial/Maintenance Package A	$200,000	$850,000
0.8	Fine Arts/Music Package B	$300,000	$1,150,000
0.8	Elementary Instruction Package A	$300,000	$1,450,000
1.0	Tutoring Services Package B	$100,000	$1,550,000
1.7	Tutoring Services Package C	$100,000	$1,650,000
1.8	Secondary Instruction Package B	$250,000	$1,900,000
2.0	Elementary Instruction Package B	$300,000	$2,200,000
2.0	Custodial/Maintenance Package B	$200,000	$2,400,000
2.5	Custodial/Maintenance Package C	$200,000	$2,600,000
2.8	Secondary Instruction Package C	$250,000	$2,850,000
2.9	Elementary Instruction Package C	$300,000	$3,150,000
3.0	Tutoring Services Package D	$100,000	$3,140,000
3.1	Custodial/Maintenance Package D	$200,000	$3,340,000
3.1	Fine Arts/Music Package D	$300,000	$3,740,000

Fiscal Stabilization Timeline



Questions