2026-27 45-Day Budget Revision

Scope

The scope of the 45-Day Budget Revision is narrow, covering only significant changes to the Pleasant Valley School District budget projections between budget adoption (mid-June) and early August. Why is this document necessary? In California, due to statutory deadlines, school districts typically adopt their budgets before the state adopts its budget. Yet school district budgets are heavily reliant on resources from the state budget. So, school district budget decisions precede key information that they are dependent upon. To the degree that assumptions built into the school district budget vary from state Budget Act decisions, the 45-Day Budget Revision is the opportunity for realignment.

For 2026-27 budget development, critical decisions and assumptions in the state budget were resolved and communicated in time for those factors to be calculated into school district budgets. What was unknown, or not resolved until later, were supplementary matters like one-time funding and special initiatives. The primary framework of the state budget – at least as it pertained to education – was clear and could be incorporated into the PVSD budget. Therefore this 45-Day Budget Revision document is brief.

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 2026-2027 fiscal year the 45-Day Budget Revision must be made available to the public by August 13, 2026, which is forty-five days after June 29, when Governor Newsom signed the 2026-27 Budget Act. This 45- Day Budget Revision document has been prepared for publication on the Pleasant Valley School District website prior to August 13, 2026.

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 2.87% Cost-of-Living Adjustment (COLA) to the Local Control Funding Formula (LCFF) augmented by a 1.44% "super COLA". Between the May Revise state announcement and the Budget Act these figures did not change, so the district's Adopted Budget unrestricted general fund revenue remains unchanged.

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, and present these in the First Interim report.

Revenue Changes – Restricted Funds

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

For the Student Support and Professional Development Discretionary Block Grant (SSPDDBG), as in the prior year budget development both the total amount of funding and the allocation methodology were areas of debate between the governor and the legislature. Multiple competing plans were on the table. Given this, PVSD took a cautious "wait and see" approach and estimated no revenue in the budget model. Although there was no budget model entry, the district did communicate that we anticipated funding of an unknown and likely large amount. The Budget Act funded the program on a per-Average Daily Attendance (ADA) basis with a total of $5B in one-time funding. School Services of California estimates that this will result in $930 per ADA funding. Using PVSD's 2025-26 P-2 attendance data, we arrive at an approximate allocation of $5.29M in one-time funding, to be received in the 26-27 fiscal year.

For the Expanded Learning Opportunities Program (ELOP), the state budget addresses a longstanding challenge. The summary version of the issue is as follows. Based on Unduplicated Pupil Percentage (UPP) the state divided districts into two funding categories for ELOP: Rate 1 and Rate 2. PVSD is a Rate 2 district. Rate 1 districts received guaranteed per-eligible pupil

funding from an allocated total state investment. Rate 2 districts were only funded after Rate 1 funding was allocated, with no guarantee of minimum funding. Essentially Rate 2 districts divvied up the leftovers, and the volume of leftovers changed every year. So, Rate 2 districts like PVSD faced funding volatility contingent on Rate 1 district participation. This uncertainly complicated program planning and budgeting.

As noted, the Budget Act corrected this. Rate 2 districts now have a fixed funding rate: $1,800 per eligible pupil. At budget adoption, based on prior year allocation, we projected $2.59M in ELOP program revenue. With the new, fixed based rate, and using the prior year "eligible pupil" number, the updated revenue projection is $2.95M. This represents a significant funding increase to the program. More important is the funding stability.

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 does not project overall unrestricted expenditure changes. 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 SSPDDBG one-time funds, this document shows no immediate change in budgeted expenditures. The Budget Act requires as a condition of apportionment that districts hold a public hearing regarding the impact of declining enrollment. That public hearing may inform PVSD Board strategy and direction regarding the use of one-time funds, especially as it pertains to sustaining programming and jobs in the face of attendance-driven revenue stagnation. It is important to note that PVSD is not reliant on this one-time funding for plugging current year budget shortfalls. The expenditure deadline for these one-time grant funds is not until 2029, which allows for multi-year strategic use of the funding.

For ELOP, the Adopted Budget projected $2.63M in expenditures, which included an intentional spend down of some prior year carryover. The increased program revenue, along with the consistency of program funding, will allow program leadership to expand program offerings sustainably. Expenditure changes for ELOP will be reflected in the First Interim update.

Lastly, the May Revision announced a plan for fourteen weeks of paid pregnancy leave for education agency employees. The Adopted Budget announced this program would not take effect until January 1, 2027. In theory, by covering half the year instead of the full year, for 26-27 the program will cost half as much as it otherwise would have. Because this is a new program school districts are operating on rough estimates and assumptions instead of historical data. It is not enough to look at historical rates of pregnancy leave. This is an area of the budget that will require regular refinement.

Next Steps

The district will formally incorporate these budget projection changes into the budget model at the First Interim reporting period.