



Pleasanton Unified School District

Fiscal Year 2022-23

Second Interim Report
Presentation to Board of Trustees

March 9, 2023



Presentation Summary

- Executive Summary
- First Interim Adjustments
- 2022-23 Second Interim Revenues and Expenditures
- Key Budget Assumptions
 - One-time Funds
 - Local Control Funding Formula Factors (LCFF)
 - Staffing and Salaries
 - Benefits and Pension Impacts
- Multi-year Projections
- Other Funds
- Conclusion / Next Steps
- Appendix



Executive Summary

- Second Interim Report meets the requirements of Positive Certification
- Variance from First Interim indicates minor adjustments to salaries/benefits cost and increased expenditures in restricted and special education cost in Services
- 2022/23 Unrestricted Operating Deficit projected at (\$4.25M)
- Significant new one-time State grants provide opportunities for the district to maintain pandemic funded programs and support art, music, and athletics programs



Executive Summary

- District faces declining enrollment and related fiscal impact; some improvements in enrollment since October 2022
- District will need to continue work to right size staffing and evaluate programs and positions funded by one time sources
- District has used an 8.13% Funded COLA in the LCFF calculation and placeholder for compensation using a fairshare formula for 2023/24 multi year budget



2022/23 Second Interim Adjustments

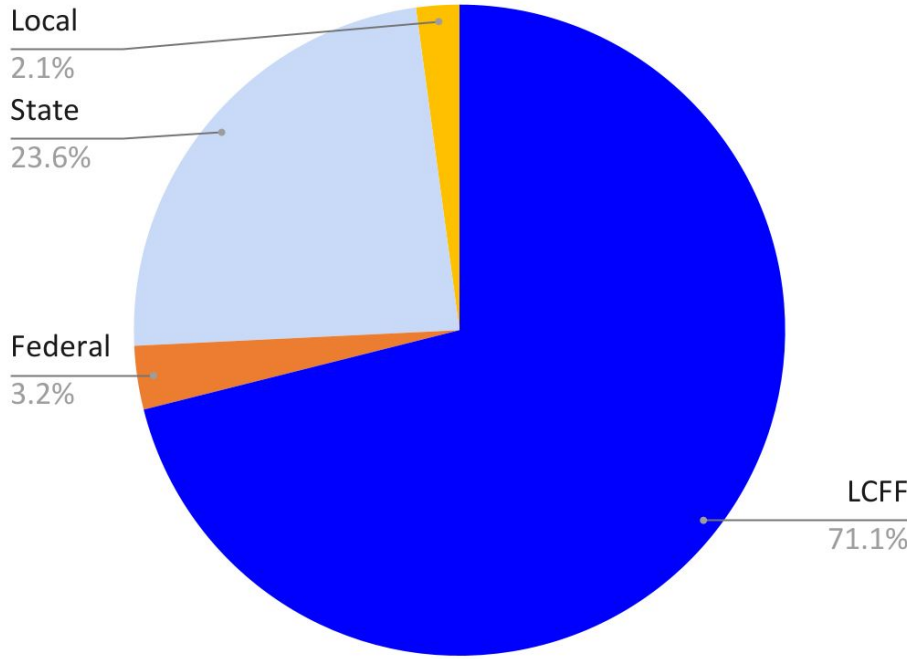
- \$1,338,001 net increase in revenue - key items listed below
 - Reduction of \$197K in LCFF funding due to actual attendance
 - Increase of \$822K in Other State for recognition of prior years revenues in lottery and summer assistance program
 - Increase of \$619K from mainly local restricted donations

- \$3,002,828 in increased expenditures - key items listed below
 - Reduction in salaries and benefits in the amount \$221,873
 - Increase in Services in the amount of \$3,557,738 mainly in restricted and Special Education expenditures

2022/23 Second Interim Revenues



Pleasanton USD 2022/23 Revenue Sources

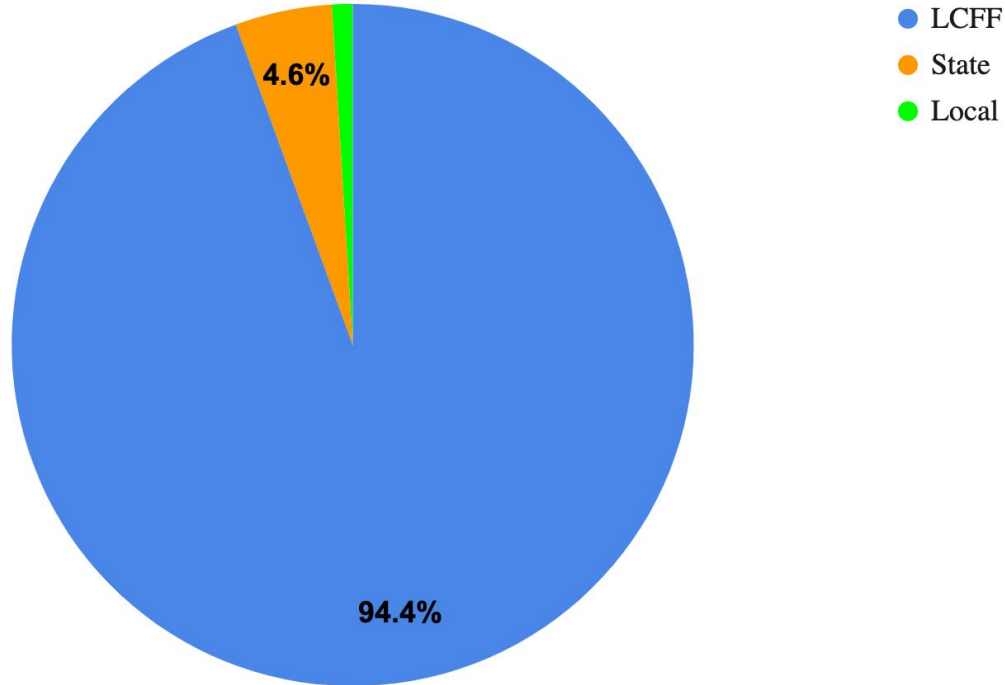


- **Total Revenue: \$221,861,091**
- **Restricted Revenue: \$55,956,268 (25% of total revenue)**
- **District depends on State Funding (58.6% of LCFF from local property taxes)**
- **LCFF includes \$4.8M in Supplemental Grants**
- **Includes Carryover Revenue from 2020/21**
- **6.56% Cost of Living Adjustment in LCFF and base increase of 6.7%**
- **LCFF revenues based on 3 year ADA rolling average**



PUSD Unrestricted Revenues Sources

\$165,904,823 for 2022/23



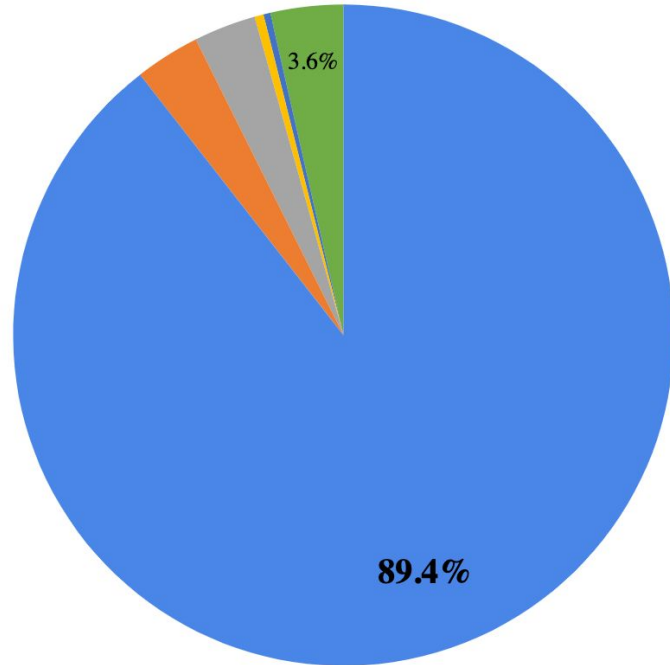
Restricted Funds Support

- Special Education
- Routine Restricted Maintenance
- Categorical Program
- One time funds
- Local/Donations



Breakdown of the PUSD LCFF Revenues

PUSD LCFF for 2022/23



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

PUSD LCFF for 2022/23	
Base Grant	\$140,116,489
Grade Span Adjustment	\$4,988,333
Supplemental Grant	\$4,756,536
Home to School Transportation (Special Education)	\$693,915
Transitional Kindergarten	\$525,890
Economic Recovery Target*	\$5,579,044
Total	\$156,660,207

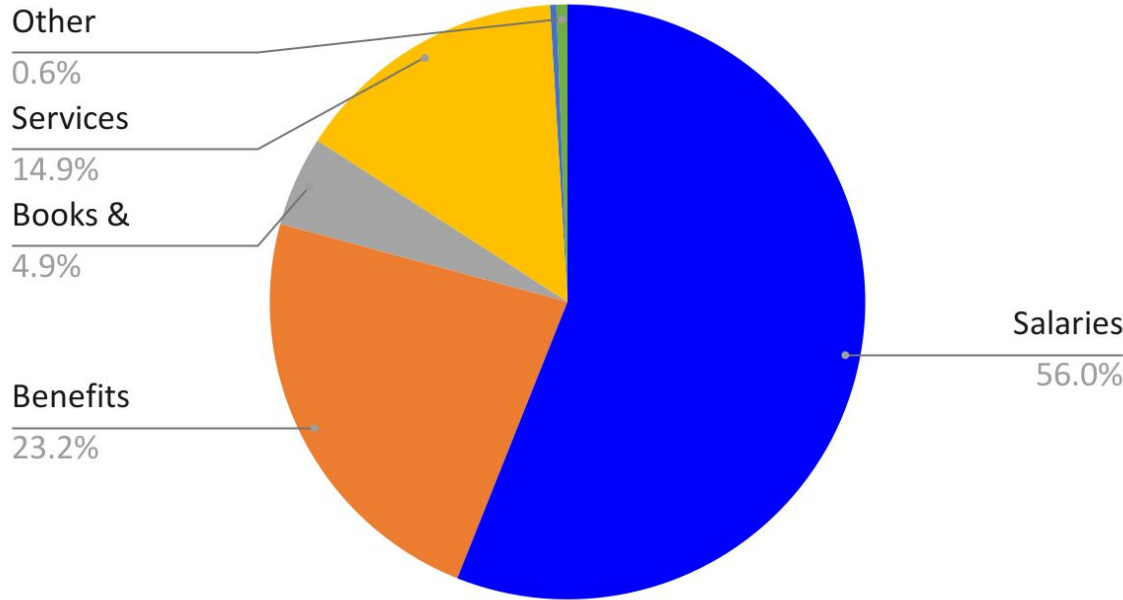
Receive
COLA
2023/24

* 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.



First Interim 2022/23 Expenditures Unrestricted and Restricted Funds

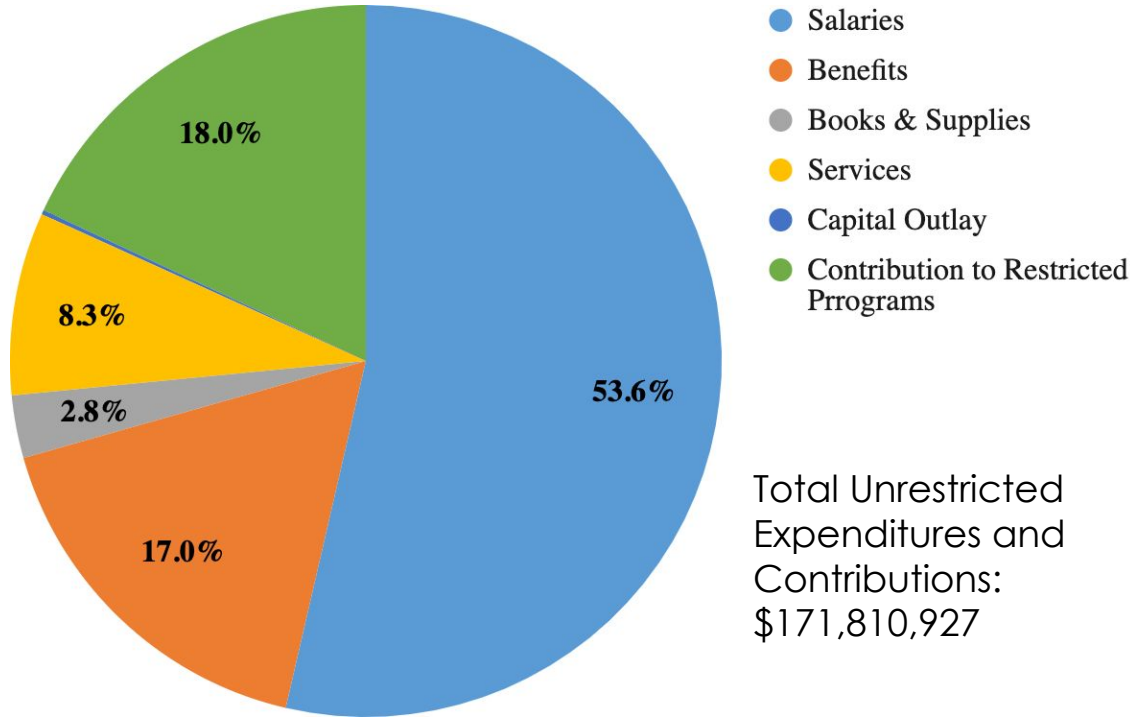
Pleasanton USD 2022/23 Expenditures



- **Total Expenditures: \$217,514,989**
- **79% Expenditures on Salaries and Benefits**
- **Percentage of Book/Supplies and Services larger due to 2021/22 carryover, one-time pandemic funds, and apprenticeship program**
- **Total Restricted Expenditures: \$77,391,294**



First Interim 2022/23 Expenditures/Contributions Unrestricted Funds



- **Salaries and Benefits account of 87% off unrestricted expenditures before contribution to restricted programs**
- **Projected Unrestricted Deficit Spending: \$4,249,761**
 - Includes Indirect Revenues of \$2,294,652
 - Includes transfer in \$729,218
- **Contributions to Restricted programs: \$30,989,335**
 - **Special Education**
 - \$25.3M
 - **Routine Restricted Maintenance (3% of Exp)**
 - \$5.3M



Local Control Funding Formula Factors

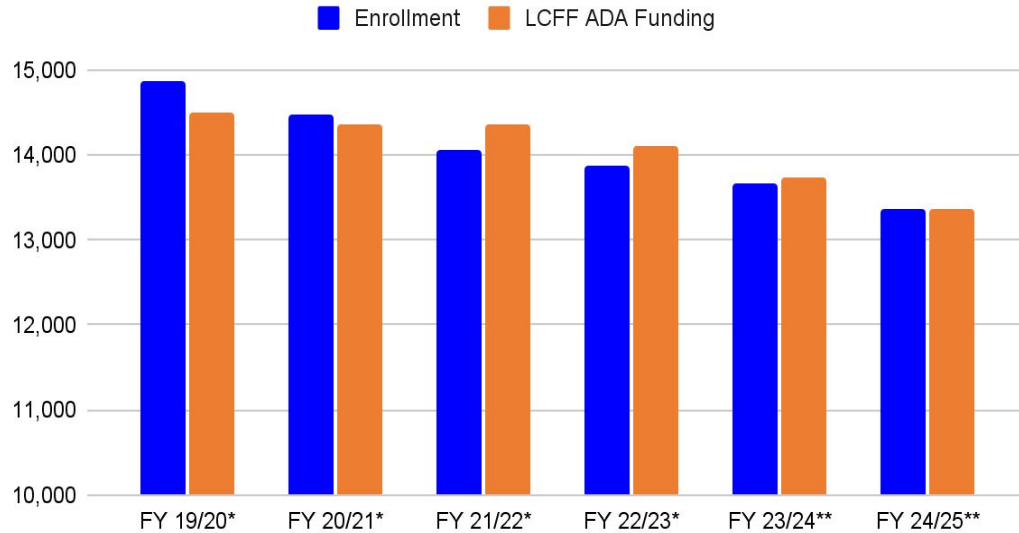
Local Control Funding Formula Assumptions 2022/23			
School Year	FY 22/23*	FY 23/24	FY 24/25
Enrollment	13,872	13,655	13,358
LCFF ADA Funding	14,102	13,740	13,365
Funded COLA	6.56%	8.13%	3.54%
Unduplicated as % Enrollment	16.39%	16.11%	15.94%
Grades K-3 \$/per Student*	\$9,166	\$9,911	\$10,262
Grades 4-6 \$/per Student*	\$9,304	\$10,060	\$10,416
Grades 7-8 \$/per Student*	\$9,580	\$10,359	\$10,725
Grades 9-12 \$/per Student*	\$11,102	\$12,005	\$12,430
K-3 Grade Span Adj \$/per Student	\$953	\$1,031	\$1,067
9-12 Grade Span Adj \$/per Student	\$289	\$312	\$323
TK Add on \$/Student	\$2,813	\$3,042	\$3,150
TOTAL LCFF Funding PUSD	\$156,660,207	\$165,265,362	\$166,805,608

* Includes 2022/23 additional base grant increase of 6.7%

- District enrollment has **declined about 1000 students** from 2019/20 levels
- District LCFF revenues for 2022/23 and 2023/24 are higher because of the 3 year rolling average and hold harmless on 2019/20 ADA levels
- Income loss will be actualized in 2023/24 from enrollment impact
- Second Interim uses a Funded COLA of 8.13%
- Cautionary note from the LAO on Funded COLA



Enrollment and LCFF ADA Funding



Enrollment and LCFF Funding

PUSD Projected Enrollment and ADA

	FY 19/20	FY 20/21*	FY 21/22*	FY 22/23*	FY 23/24**	FY 24/25**
Total Enrollment	14,879	14,464	14,060	13,872	13,655	13,358
ADA (Funding)	14,490	14,355	14,355	14,102	13,740	13,365

* Actual ** Projections



Pandemic One time Funds

Fund	Spending Deadline	PUSD Award Amount	Committed in FY 22/23	Remaining Funds
Governor's Emergency Education Relief (GEER)	9/30/2022	\$620,555	\$0	\$0
CARES Act	5/31/2021	\$4,179,788	\$0	\$0
Learning Loss Mitigation	6/30/2021	\$1,155,871	\$0	\$0
Federal ESSER I	9/30/2022	\$238,255	\$238,235	\$0
Federal ESSER II	9/30/2023	\$944,476	\$1,825	\$0
Federal ESSER III	9/30/2024	\$2,121,154	\$434,094	\$6,746
Senate Bill 117	None	\$251,691	\$4,041	\$0
In-Person Instruction Grant	9/30/2024	\$5,169,502	\$1,469,311	\$806,346
Expanded Learning Opportunities Grant (ELOG)	9/30/2024	\$9,391,472	\$3,251,357	\$394,961

As funds are used up, The District will need to evaluate what programs should continue and allocate new funds toward the programs.

Currently 28.2 FTE is funded by these one-time funds.



Restricted Ending Fund Balance

Restricted Programs	Projected Ending Fund Balance
Expanded Learning Opportunities Program	\$1,577,360
ESSA: Title III, English Learner Student Program	\$8
Educator Effectiveness, FY 2021-22	\$1,637,293
Special Education	\$125,994
Special Ed: Dispute Prevention and Dispute Resolution	\$426,275
Special Education Early Intervention Preschool Grant	\$140,330
Arts, Music, and Instructional Materials Discretionary Block Grant	\$8,952,988
A-G Access/Success Grant	\$294,679
A-G Learning Loss Mitigation Grant	\$61,761
Expanded Learning Opportunities (ELO) Grant: Paraprofessional Staff	\$328,267
Learning Recovery Emergency Block Grant	\$5,375,380
Other Restricted State	\$128,190
Ongoing & Major Maintenance Account (RMA: Education Code Section 17070.75)	\$1,271,457
Other Restricted Local	\$471,335
Total, Restricted Balance	\$20,791,317

Governor has
proposed to
reduce this
grant by 1/3



Salaries and Benefits Assumptions

- Components of Salary Costs Assumptions
 - Step and Columns Movement and natural attrition/retirements
 - 1.75% increase to salaries and benefits
 - Negotiated Compensation
 - 2023/24 Budget includes a Placeholder Amount
- Increases in STRS and PERS Costs
- Other Statutory Costs Changes (OASDI, SUI, and Worker Comp)
- PARS Retirement Incentive
- Staffing Adjustments



Benefits and Pension Cost

Actual and Projected Employer Contribution Rates

Pension Program	2022/23	2023/24*	2024/25*
STRS Employer Rates (Approx)	19.10%	19.10%	19.10%
PERS Employers Rates (Approx)	25.37%	27.00%	28.10%

* Projections

Health and Welfare Contribution for Full Time Employee

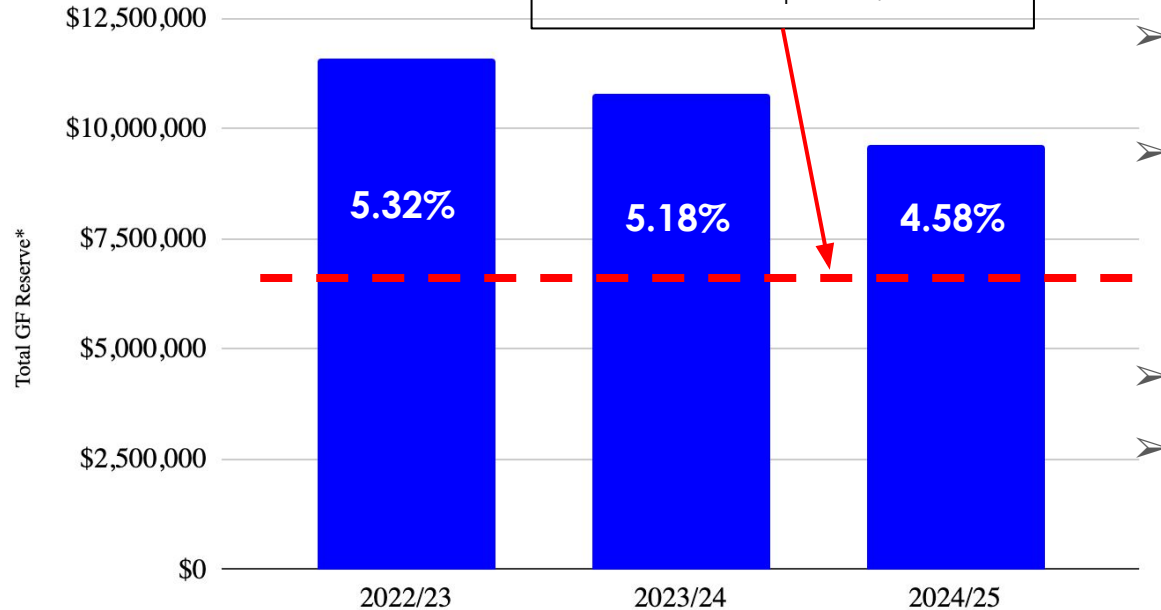
Benefit	Medical	Cash in Lieu
APT Members	\$5,000 towards district provided medical plans	\$1,500 (22/23) \$2,000 (23/24)
CSEA Members	\$10,284 towards district medical plan, single dental and vision	\$7,745.31
Management	Single Kaiser level contribution, single dental and vision	\$2,000

- Increased pension costs have reduced the district's ability to fund educational programs and salaries.
- Pensions are deferred compensation to employees with employee/employer contributions rates set by the State.
- Health care cost expected to increase as employees move to take advantage of district contributions and cash-in-lieu option



Multi-Year Projections

Total GF Reserve*



➤ Projected unrestricted deficit spending for 2022/23 is \$4.25M

➤ Reserves allow the district to:

- Weather downturns in the economy
- Handle emergencies
- Manage cashflow needs

➤ Reserves are one-time funds

➤ Budget includes placeholder for compensation for 2023/24 based on fairshare formula on new available funds

* General Fund Reserve: Economic Uncertainty and Undesignated/Unapportioned adjusted

Other Funds

Pleasanton Unified School District FY 22/23 Second Interim

Special Revenue Funds	Adult Ed Fund 11	Child Development Fund 12	Cafeteria Fund 13	Enterprise Fund 63
BEGINNING FUND BALANCE	\$99,490	\$0	\$2,920,621	\$177,465
Revenue	\$1,056,678	\$1,475,716	\$5,775,364	\$5,418,420
Expenditures	\$1,053,438	\$1,475,716	\$5,407,192	\$4,602,830
Revenue Over (under) Expenses	3,240	-	368,172	815,590
Transfers In (Out)	\$0	\$0	\$0	-
ENDING FUND BALANCE	\$102,730	\$0	\$3,288,793	\$993,055

Special Reserve Funds	Non-Capital Fund 17	Non-Capital PSEE Fund 17	OPEB Fund 71	Capital Fund 40
BEGINNING FUND BALANCE	\$ 579,363	\$ 80,687	\$ 6,079,397	\$ 4,304,553
Revenue	\$1,000	\$100	\$150,000	\$32,490,304
Expenditures				\$31,268,316
Revenue Over (under) Expenses	\$1,000	\$100	\$150,000	\$1,221,988
Transfers In (Out)	\$ (580,363)	\$ (80,787)		\$ -
ENDING FUND BALANCE	\$0	\$0	\$6,229,397	\$5,526,541

Capital Outlay Funds	Capital Sycamore Fund 40	Deferred Maintenance Fund 14	Measure 11 Fund 21	Capital Facilities Fund 25
BEGINNING FUND BALANCE	\$ 7,205,646	\$114,378	\$104,673,463	\$1,648,922
Revenue	\$50,000	\$1,000	\$600,000	\$600,000
Expenditures	\$0	\$0	\$66,275,396	\$426,425
Revenue Over (under) Expenses	\$50,000	\$1,000	(\$65,675,396)	173,575
Transfers In (Out)	(\$0,000)	\$0	\$0	(\$17,700)
ENDING FUND BALANCE	\$7,205,646	\$115,378	\$38,998,067	\$1,804,797





Conclusions/Next Steps

- Continue prudent fiscal planning
- Budget One-time funds
- Monitor State economic forecast
- Labor Negotiations and 2023/24 Compensation
- Follow through with needed right sizing and staffing adjustments
- Budget Development for FY 2023/24
 - Budget Grant Dollars
 - Budget Proposition 28 Music and Art Funding to School Sites
- Governor's May Revise
- Enacted State Budget in June/July 2023 after PUSD budget is approved



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.



Appendix: Budget Calendar

- June 2022: Adopted Budget FY 22/23
- August 2022: 45 Day Budget Revision for 2022/23 Adopted Budget
- September 2022: Unaudited Actuals FY 21/22
- December 8, 2022: First Interim Report, as of 10/31/22
- January 2023: Audited Financial Statements for FY 21/22
- January 2023: Governor's Budget Proposal for FY 23/24
- **March 9, 2023: Second Interim Report, as of 1/31/23**
- January-April 2023: Staff Review and prepare for Budget Development
- May 2023: Governor's May Revise Budget Proposal
- June 2023: Estimated Actuals FY 22/23 & Budget Adoption for FY 23/24



Appendix: District Funds

Fund	Description
01	General Fund
10	Special Education Pass Through
11	Adult Education
12	Child Development
13	Cafeteria (Food Service)
17	Special Reserve Fund for Other Than Capital Outlay Projects
63	Other Enterprise Fund (Infant, Preschool, and child care)

Fund	Description
14	Deferred Maintenance
21	Building (Bond Program)
25	Capital Facilities
35	County School Facilities
40	Special Reserve Fund for Capital Outlay Projects
51	Bond Interest & Redemption