



# Pleasanton Unified School District

Fiscal Year 2021-22

Second Interim Report  
Presentation to Board of Trustees

March 10, 2022



# Presentation Summary

- Executive Summary
- Second Interim Adjustments
- 2021-22 Second Interim Revenues and Expenditures
- Key Budget Assumptions
- Multi-year Projections
- Other Funds
- Conclusion / Next Steps
- Appendix



# Executive Summary

- Second Interim Report meets the requirements of Positive Certification
- District financial position has improved from First Interim
  - Increased restricted revenues and adjustments in expenditures
- Multi-Year Projections includes
  - Updated Cost of Living Adjustments (COLA)
  - Updated Enrollment Projections (declining enrollment)
- District will continue work to right size staffing and evaluate programs and positions funded by one time sources
- Governor's Proposed 2022/23 Budget includes continued and new onetime funding of a variety of programs and initiatives
  - Key variables in proposed budget can either increase or decrease revenues in 2022/23



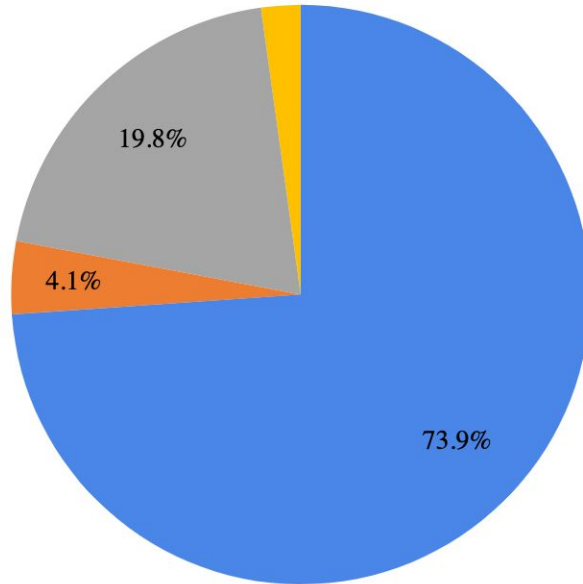
# 2021-22 Second Interim Adjustments

- \$1.79 million net increase in revenue
  - \$700K Allocating and Adjusting ELOG grant from State to Federal Revenue
  - \$1M Recognizing local revenue when received
- \$2.32 million net decrease in expenditures
  - \$2M Adjusting salaries and benefits to current staffing levels while recapturing vacancy savings and shifting costs from hard to fill positions to contracted services



# 2021-22 Second Interim Revenues

Pleasanton USD 2021/22 Revenue Sources



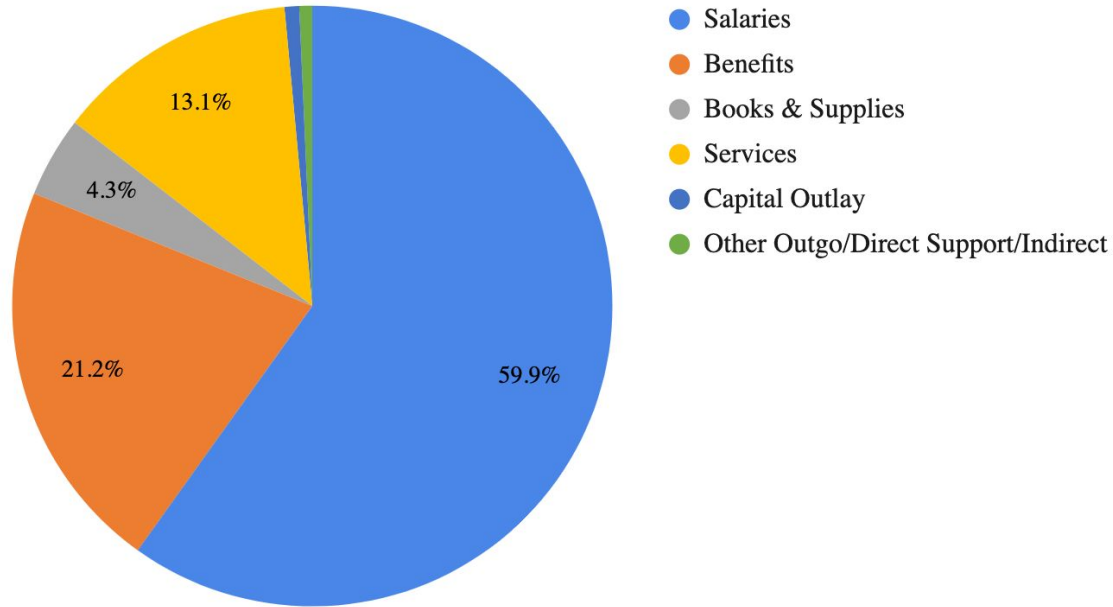
- LCFF
- Federal
- State
- Local

- **Total Revenue: \$192,175,502**
- **Restricted Revenue: \$43,711,000**
- **District depends on State Funding (57% of LCFF from local property taxes)**
- **LCFF includes \$4.5M in Supplemental Grants**
- **Includes onetime pandemic related funding**
- **Includes Carryover Revenue from 2020/21**
- **5.07% Cost of Living Adjustment in LCFF**



# Second Interim 2021-22 Expenditures

Pleasanton USD 2021/22 Expenditures



- **Total Expenditures: \$200,230,984**
- **81% Expenditures on Salaries and Benefits**
- **Percentage of Book/Supplies and Services larger due to 2020/21 carryover and one-time pandemic funds**
- **Total Restricted Expenditures: \$74,701,442**
- **Contributions to Restricted programs: \$26,972,405**
  - **Special Education**
  - **Routine Restricted Maintenance (3% of Exp)**
- **Projected Deficit Spending: \$8,055,482**



# Review Key Budget Assumptions

- Pandemic Impacts / One-time Funds
- Local Control Funding Formula Factors (LCFF)
- Enrollment and Right Sizing of Staffing
- Special Education Funding
- Pension Impacts
- Governor's January Budget Proposals

# Pandemic Impacts/One time Funds



Fund Type/Name	Award Amount	Spent/Encumbered to 1/31/22	Spending Deadline
ESSER I	\$236,663	\$236,663	9/30/2022
ESSER II	\$941,825	\$940,106	9/30/2023
ESSER III	\$2,111,791	\$1,463,416	9/30/2024
GEER	\$620,555	\$620,555	9/30/2022
CARES Act	\$4,179,788	\$4,179,788	5/30/2021
SB 117	\$251,691	\$251,691	NA
Learning Loss Mitigation Funds (State GF)	\$1,155,871	\$1,155,871	6/30/2021
Expanded Learning Opportunities Grant (ELOG)	\$9,391,472	\$5,376,743	9/30/2023-24
In-Person Grant	\$5,169,502	\$3,797,687	9/30/2024
<b>TOTAL</b>	<b>\$24,059,158</b>	<b>\$18,022,490</b>	

➤ **Total State and Federal one-time pandemic related funding since March 2020: \$24,059,158**

➤ **Additional New Grants and Programs**

- **Special Education related pandemic related funding**
- **A-G Completion Improvement Grant Program**
- **Expanded Learning Opportunities Program**





# Pandemic Impacts/One time Funds

## Expanded Learning Opportunities Grant

Curriculum

10.1%

Professional Development

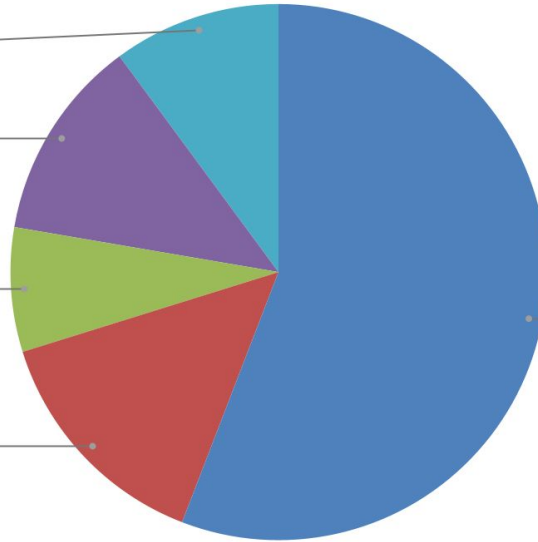
12.2%

Operations

7.5%

Counseling/Health

14.3%



Student Support

55.9%

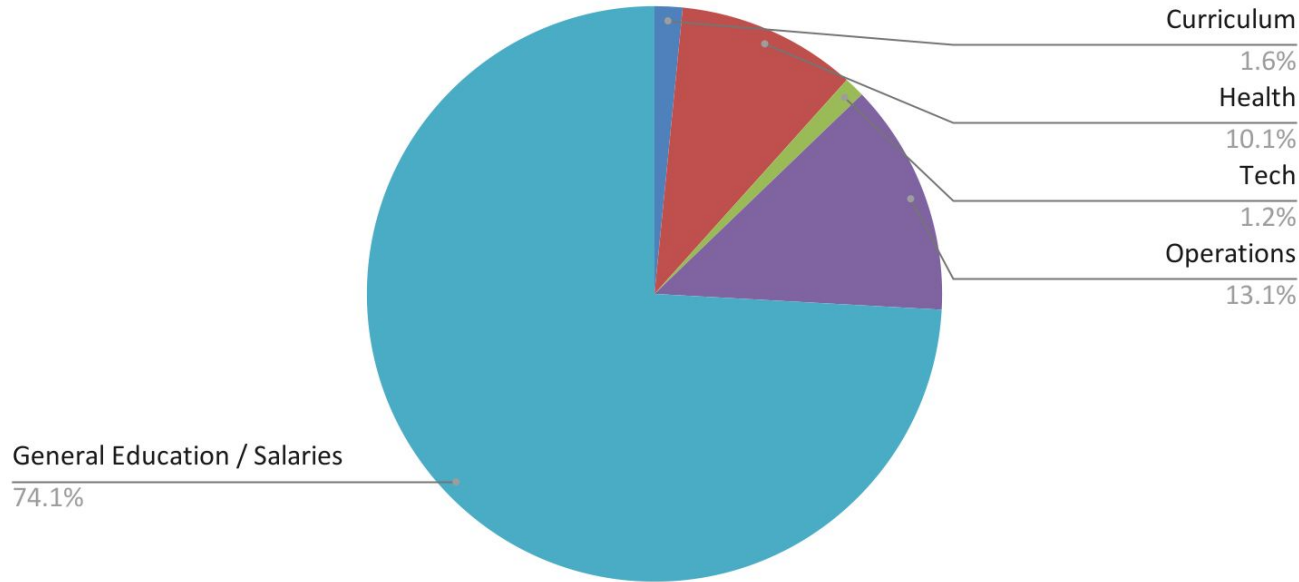
**ESSER III Funds** have been spent to ensure Independent Study/Pleasanton Virtual Academy staff meet needs of students during the pandemic

Expenditures to date (1/31/21)



# Pandemic Impacts/One time Funds

In-Person Grant



Expenditures to date (1/31/22) breakdown

# Local Control Funding Formula Factors (LCFF)



Local Control Funding Formula Assumptions			
	FY 21/22 (current)	FY 22/23*	FY 23/24*
Enrollment	14,086	13,835	13,575
ADA	14,366	13,420	13,167
COLA	5.07%	5.33%	3.61%
Unduplicated as % Enrollment	16.59%	16.55%	16.66%
Grades K-3 \$/per Student*	9,234	9,721	10,076
Grades 4-6 \$/per Student*	8,490	8,939	9,264
Grades 7-8 \$/per Student*	8,741	9,204	9,539
Grades 9-12 \$/per Student*	10,393	10,943	11,341
K-3 Grade Span Adj \$/per Student	842	886	919
9-12 Grade Span Adj \$/per Student	255	268	278

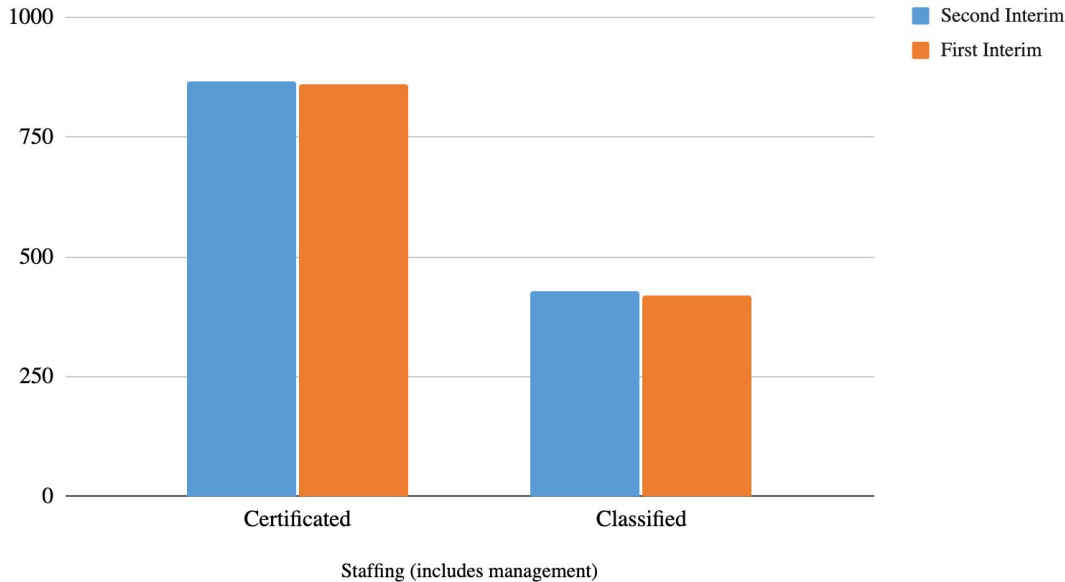
\* Includes supplemental and grade span adjustment

- District enrollment has **declined about 800 students** from 2019/20 levels
- District LCFF revenues for 2020/21 and 2021/22 were held harmless on 2019/20 ADA levels
- Governor has proposal to use three year average on ADA calculation that can ease the impact of enrollment loss
- Significant income loss may be actualized in 2022/23 from enrollment impact
- Enrollment and ADA adjusted to reflect updated projections
- COLA based on Governor's January Budget Proposal



# Staffing and Salaries

Adopted Budget and First Interim Report Staffing (FTE)

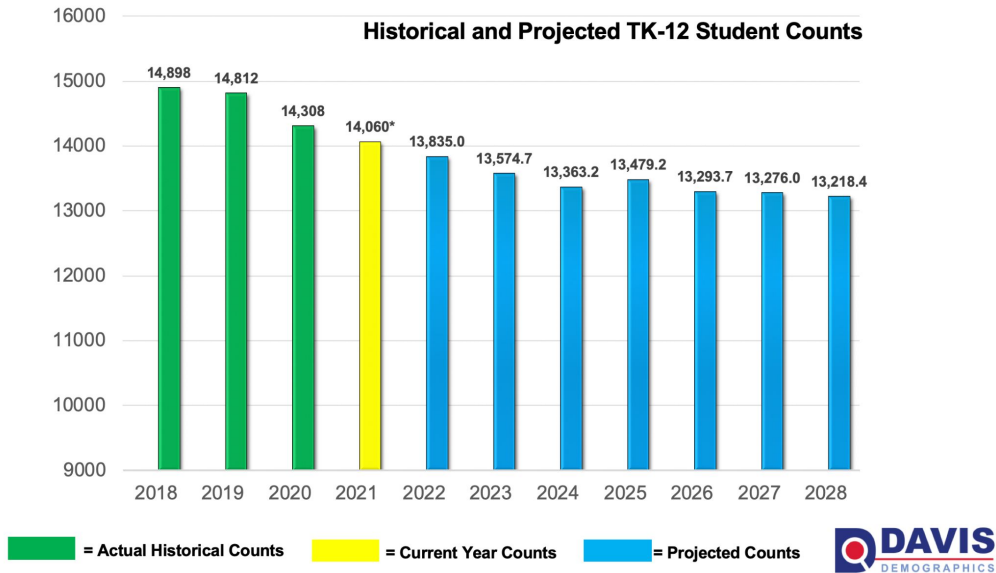


- **Net increase of 14.89 FTE between First and Second Interim**
  - **Funded by one-time/categorical/ supplemental or local: 9.71 FTE**
  - **Special Education: 8.95 FTE**
  - **Unrestricted: -3.77 FTE**
  - **Routine Restricted Maintenance: 1.1 FTE**
  - **Effective vacancies: 46.8 FTE**
- **Total FTE: 1295.48**
- **Salary increase as a result of step/columns movement increase salary costs by 1.5% annually**
- **Includes recently negotiated compensation increases for 2021/22**
- **Budget includes plan to right size staffing for 2022/23 with reduction of about \$3.25M**



# Enrollment Trends and Right Sizing Staffing

## Pleasanton USD 7-year Projections



- For the next 3-4 years right sizing of staff will be required
  - Schedules and TK-5 student distribution should create full classes
- The loss of 100 students equates to about \$1,000,000 of reduced funding
- Reduction of 4 credentialed staff saves \$400,000
- District will need to right size support staff and administration
- Pursue plans and options to increase enrollment (PVA and inter district transfers)



# Increased Pension Cost

## Actual and Projected Employer Contribution Rates

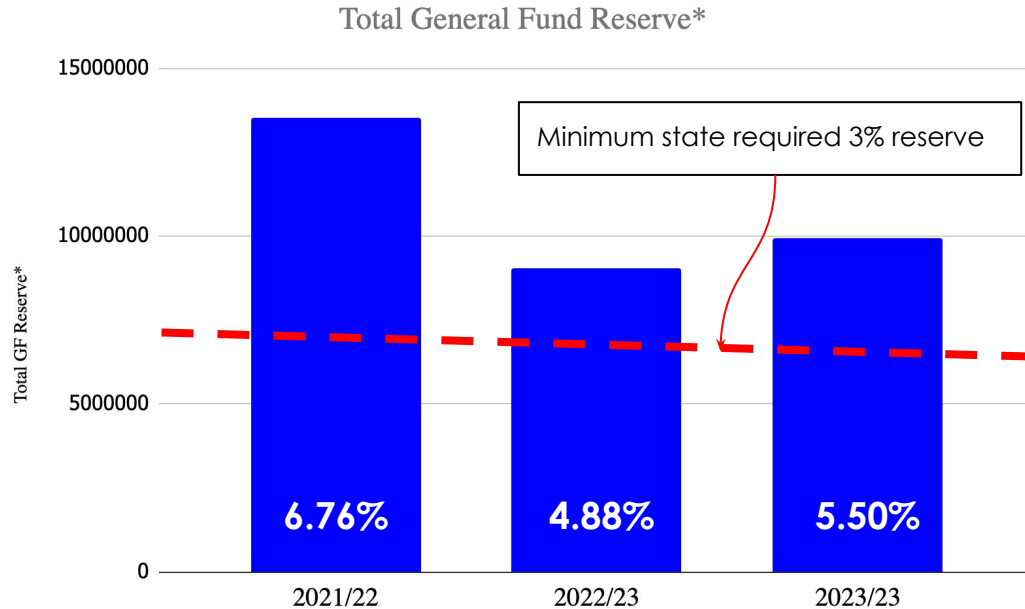
Pension Program	2021/22	2022/23*	2023/24*
STRS Employer Rates (Approx)	16.92%	19.10%	19.10%
PERS Employers Rates (Approx)	22.91%	26.10%	27.70%
<b>Total Cost</b>	<b>\$21.8M</b>	<b>\$23.9M</b>	<b>\$24.2M</b>

\* Projections; PERS and STRS board will meet in Spring to determine final rate adjustments

- Increased pension costs have reduced the district's ability to fund educational programs and salaries.
- Pensions are deferred compensation to employees
- The pension relief from the State's 2020/21 Budget are set to expire and rates will increase by 2.18% for STRS and 3.19% for PERS in 2022/23
- Governor's January 2022/23 Budget did not include any new relief
- Estimated increased costs for PUSD in 2022/23: \$2.1M



# Multi-Year Projections



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

- Projected deficit spending for 2021/22 is \$7.52M
- Reserves allow the district to:
  - Weather downturns in the economy
  - Handle emergencies
  - Manage cashflow needs
- Reserves are one-time funds
- 2022/23 Budget includes \$3.25 M in reductions and another \$1.72M in 2023/24
- Deficit in 2022/23 is ~ \$4.5M
- Does not include negotiated compensation increase for 2022/23



# Governor's January 2022/23 Budget

- Proposed three-year average calculation for ADA for LCFF calculation
  - This proposal is critical to PUSD to lessen the impact of enrollment loss
  - Second Interim LCFF calculation based on current law
- Transitional Kindergarten
  - Additional funds to grow the program by two months and fund 12:1 staffing ratio
- Continue Meals for All Program
- Increase Special Education Formula to \$820 per ADA (includes COLA)
- Expanded Learning Opportunities Program
  - Proposed funding to expand TK-6 afterschool programs for unduplicated students
- One-time Funds and Grant Opportunities



# Other Funds



## Pleasanton Unified School District

### FY 21/22 Second Interim

Special Revenue Funds	Adult Ed Fund 11	Cafeteria Fund 13	Enterprise Fund 63
<b>BEGINNING FUND BALANCE</b>	<b>\$229,794</b>	<b>\$983,169</b>	<b>\$166,011</b>
Revenue	\$947,510	\$4,927,657	\$3,883,921
Expenditures	\$986,182	\$4,927,657	\$3,755,888
Revenue Over (under) Expenses	(38,672)	-	128,033
Transfers In (Out)	\$0	\$0	-
<b>ENDING FUND BALANCE</b>	<b>\$191,122</b>	<b>\$983,169</b>	<b>\$294,044</b>

Special Reserve Funds	Non-Capital Fund 17	Non-Capital PSEE Fund 17	OPEB Fund 71	Capital Fund 40
<b>BEGINNING FUND BALANCE</b>	<b>\$ 973,094</b>	<b>\$ 154,788</b>	<b>\$ 6,926,942</b>	<b>\$ 5,247,200</b>
Revenue	\$4,000	\$1,800	\$75,000	\$291,134
Expenditures				\$678,618
Revenue Over (under) Expenses	\$4,000	\$1,800	\$75,000	-\$387,484
Transfers In (Out)	-\$400,000	\$ (75,000)		\$ 1,000
<b>ENDING FUND BALANCE</b>	<b>\$577,094</b>	<b>\$81,588</b>	<b>\$7,001,942</b>	<b>\$4,860,716</b>

Capital Outlay Funds	Capital Sycamore Fund 40	Deferred Maintenance Fund 14	Measure II Fund 21	Capital Facilities Fund 25
<b>BEGINNING FUND BALANCE</b>	<b>\$ 7,232,415</b>	<b>\$114,533</b>	<b>\$78,451,511</b>	<b>\$5,506,918</b>
Revenue	\$50,000	\$1,000	\$750,000	\$351,000
Expenditures	\$0	\$0	\$66,254,222	\$516,650
Revenue Over (under) Expenses	\$50,000	1,000	(65,504,222)	(165,650)
Transfers In (Out)	\$ (50,000)	\$0	\$3,000,000	(9,000)
<b>ENDING FUND BALANCE</b>	<b>\$7,232,415</b>	<b>\$115,533</b>	<b>\$15,947,289</b>	<b>\$5,332,268</b>



# Conclusions/Next Steps

- Continue prudent fiscal planning
- 2022/23 Budget Development
- Follow through with needed right sizing and staffing adjustments
- Labor negotiations and compensation 2022/23
- Governor's May Revise 2022/23 Budget
  - COLA Rates, ADA calculator for LCFF, Pension Relief, Etc.
- 2022/23 Budget and LCAP for Approval in June 2022



# 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 2021: Adopted Budget FY 21/22
- August 2021: 45 Day Budget Revision for 2021/22 Adopted Budget
- September 2021: Unaudited Actuals FY20/21
- December 9, 2021: First Interim Report, as of 10/31/21
- January 2022: Audited Financial Statements for FY20/21
- January 2022: Governor's Budget Proposal for FY 22/23
- **March 15, 2022: Second Interim Report, as of 1/31/22**
- January-April 2022: Staff Review and prepare for Budget Development
- May 2022: Governor's May Revise Budget Proposal
- June 2022: Estimated Actuals FY 21/22 & Budget Adoption for FY 22/23



# Appendix: District Funds

Fund	Description
01	General Fund
10	Special Education Pass Through
11	Adult Education
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