



# Pleasanton Unified School District

Fiscal Year 2020-21

Second Interim Report  
Presentation to Board of Trustees

March 11, 2020



# Presentation Summary

- Executive Summary
- Second Interim Adjustments
- 2020-21 Second Interim Revenues and Expenditures
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# Executive Summary

- Second Interim Report meets the requirements of Positive Certification
- 20/21 Budget Situation remains fluid as the pandemic impacts continue
- 85% of one-time pandemic related funds have been expended; significant additional funding pending
- Second Interim report is an improvement from First Interim however, district continues to deficit spend in 2020/21
- Multi Year budget shows improvements in 2021/22 but a return to deficit spending in 2022/23



# 2020-21 Second Interim Adjustments

## \$1.7 million net increase in revenue

- \$940K for ESSER II funding (one-time restricted funds)
- \$523K for Inclusive Preschool Grant (one-time restricted grant)
- \$150K for receipt of various donations



# 2020-21 Second Interim Adjustments

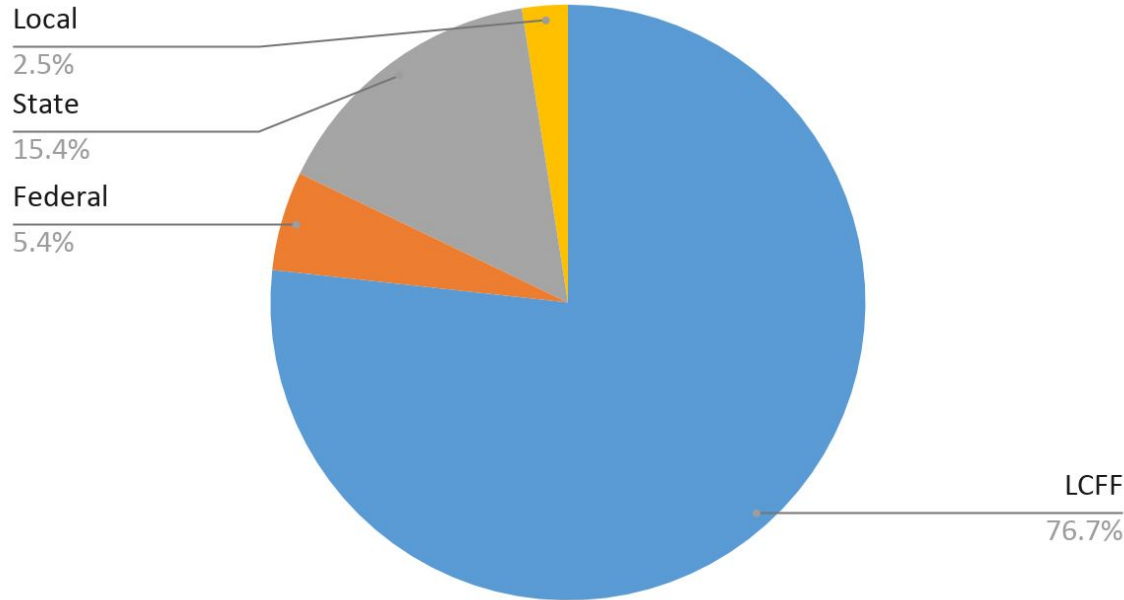
## \$1.4 million net increase in expenditures

- \$1.5M decrease in Salaries and Wages for recapturing cost on vacant positions and positions that were performed by contractor services (shifting of funds to Services)
- \$974K decrease for various expenses with the largest change coming from moving Tech Plan Expenses (\$686K) to the designated reserve category (based on Technology Plan identified replacement cycle)
- \$2.9M increase in contracted services for various reasons with the major changes coming from Special Education. A reduction of \$2.7M in Special Education salaries with a corresponding increase of Special Education Services cost.
- \$700K for expenses related to field renovations and the Inclusive Preschool Grant



# 2020-21 Second Interim Revenues

Pleasanton USD 2020/21 Revenue Sources

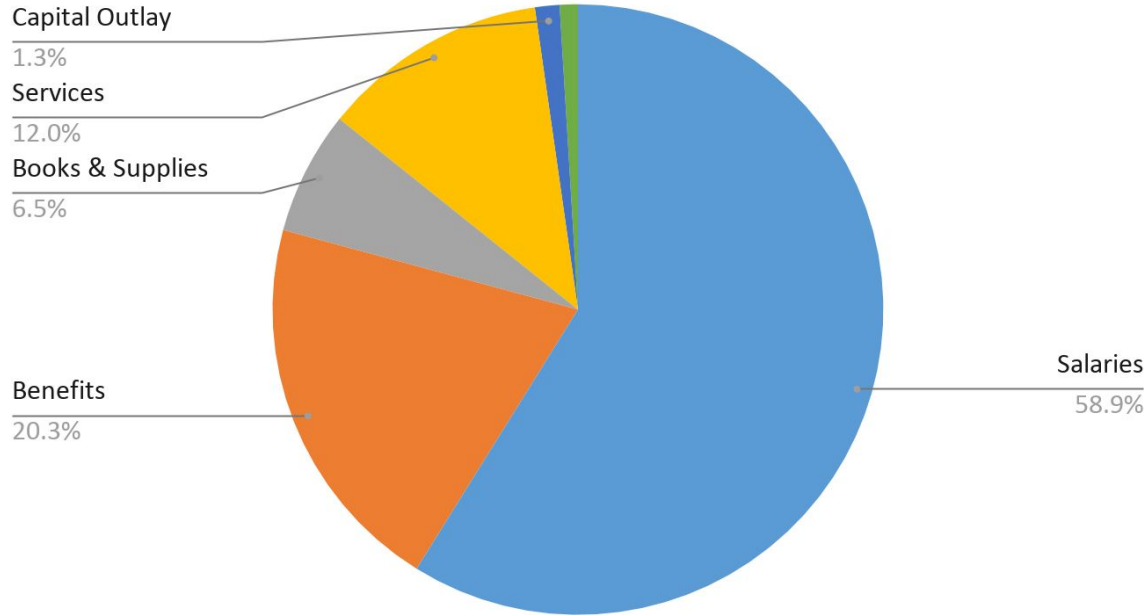


- Total Revenue: \$176,502,712
- Restricted Revenue: \$33,676,252
- District depends on State Funding
- LCFF includes \$4.2M in Supplemental Grants
- Includes about \$7M of one-time Pandemic/Learning Loss Mitigation Funds
- Includes Carryover Revenue from 2019/20
- 0% Cost of Living Adjustment in LCFF



# 2020-21 Second Interim Expenditures

Pleasanton USD 2020/21 Expenditures



- Total Expenditures: \$183,862,491
- 79.2% Expenditures on Salaries and Benefits
- Percentage of Book/Supplies and Services larger due to 2019/20 carryover and LLM Funds
- Total Restricted Expenditures: \$60.3M
- Contributions to Restricted programs: \$23.9M
- 85% of the one-time pandemic/Learning Loss Mitigations funds have been expended
- Projected Deficit Spending: \$7.6M



# Review Key Budget Assumptions

- Pandemic Impacts / One-time Funds
- Local Control Funding Formula Factors (LCFF)
  - Enrollment
- Staffing and Salaries
- Pension Impacts





# Pandemic Impacts/One-time Funds

Fund Type/Name	Resource	Amount	Expended	Spending Deadline
ESSER	3210	\$236,663	\$236,633	9/30/2022
ESSER 2 (CRRSA)	TBA	\$944,476	\$83,657	9/30/2023
GEER	3215	\$620,555	\$443,213	9/30/2022
CARES Act	3220	\$4,179,788	\$4,179,788	5/31/2021*
SB 117	7388	\$251,691	\$251,691	NA
State GF	7420	\$1,155,871	\$1,155,871	6/30/2021
<b>TOTAL</b>	-	<b>7,389,044</b>	<b>6,350,853</b>	

\* Deadline was extended from 12/30/2020 to 5/31/2021

- PUSD has received \$7.4M of LLM Funds since March 2020
- CARES Act Funds (\$4.2M) which is the largest portion must be expended by 5/31/21
- Impacts of pandemic will continue beyond 2020/21 and will increase as we transition into in person instruction
- Additional State and Federal funds are being discussed and legislation approval is pending

## Questions and Uncertainties Remain

- How long will the increased operational costs remain in place?
- What will be the longer term educational impacts and needed remedial support



# Pending Additional State Funds related to COVID -19 Pandemic

- AB 86 in legislative approval process
- In-Person Instruction Grant
  - \$2 billion statewide
  - PUSD portion is about \$4.43M
- Expanded Learning Opportunities Grant
  - \$4.56 billion statewide
  - PUSD portion is about \$9.35M
- Grants have specific requirements and submission
  - In-person instruction requirements by 4/1 (special education, K-5, and secondary)
  - Submit Expenditure Plan by June 1, 2021
  - Funds are restricted to specific pandemic related impacts and needs
  - Funds are one time and have an expenditure deadline of 8/31/2022



# Local Control Funding Formula Factors (LCFF)

## Local Control Funding Formula Assumptions

	FY20/21	FY 21/22	FY 22/23
Enrollment	14,464	14,550	14,650
ADA	14,355	14,355	14,205
COLA	0%	3.84%	1.28%
Unduplicated as % Enrollment	17.01%	16.35%	15.97%
Grades K-3 \$/per Student	\$7,702	\$7,998	\$8,100
Grades 4-6 \$/per Student	\$7,818	\$8,118	\$8,222
Grades 7-8 \$/per Student	\$8,050	\$8,359	\$8,466
Grades 9-12 \$/per Student	\$9,329	\$9,687	\$9,811
K-3 Grade Span Adj \$/per Student	\$801	\$832	\$842
9-12 Grade Span Adj \$/per Student	\$243	\$252	\$255

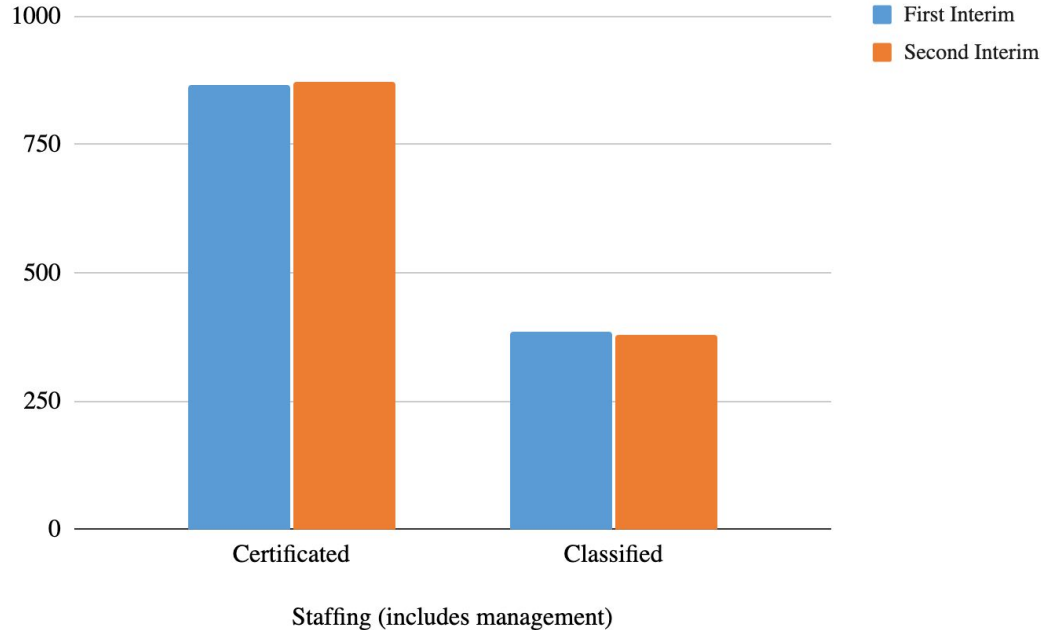
- District enrollment dipped by about 400 students in 2020/21 as a result of the pandemic
- For funding purposes staff is projecting slight enrollment rebound in 22/23 but still a loss of about 150 ADA
- 2021/22 includes a compounded COLA of 3.84%
- Used School Services of California COLA for 2022/23
- Unduplicated counts are down with lower EL students, may be pandemic related
- New Virtual Academy can help with enrollment loss

3/11/21

# Staffing and Salaries



Staffing Changes from 2020/21 First Interim Report



- Net increase of 1.48 FTE between First and Second Interim
  - Hiring of vacant positions, retirements and resignations
  - Increase of 6.185 FTE Certificated positions
  - Decrease of 4.7 FTE Classified positions
- Total FTE: 1,252.5
- Salary increase as a result of step/columns movement increase salary costs by 1.5% annually
- No additional salary compensation included for 2020/21 or beyond
- 2020/21 Cost of Living Adjustment to LCFF: 0%



# Increased Pension Cost

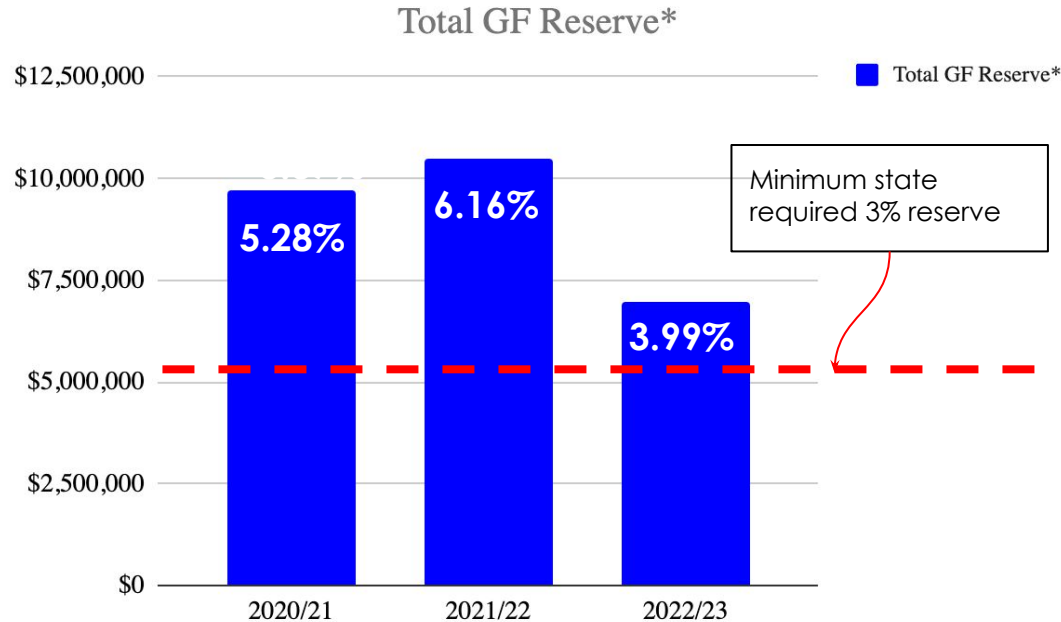
## Actual and Projected Employer Contribution Rates

Pension Program	2020/21	2021/22	2022/23
STRS Employer Rates (Approx)	16.15%	15.92%	18.10%
PERS Employers Rates (Approx)	20.70%	23.00%	26.30%
Total Cost	\$18.4M	\$18.9M	\$20.9M

- 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.
- The 2020/21 State Budget provided relief from rate increase for 2020/21 and 2021/22
- Rates are set to increase in 2022/23



# Multi-Year Projections



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

- Improved general fund position is temporary
- Due to enrollment loss and increased costs in 2022/23 district will deficit spend about \$3M and is not sustainable
- For best practice district reserve levels: 10-15% of GF
- Reserves allow the district to:
  - Weather downturns in the economy
  - Handle emergencies
  - Manage cash flow needs
- Reserves are one-time funds



# Designated Assignments

Categories	Amounts
Nonspendable	\$721,116
Tech Plan	\$686,000
Textbooks	\$1,300,000
Virtual Academy Program	\$450,000
Board Designation AR 3100	\$1,687,426
Economic Uncertainties	\$5,530,875
Restricted Fund	\$2,627,174

- Set aside funds for specific plans and requirements
- Nonspendable included cash in revolving accounts, inventory, and prepaid expenses
- Technology set aside based on tech plan to replace teacher and staff computers and hardware
- Textbook set aside for curriculum adoption and purchase of textbooks/software
- Board approved new Virtual Academy. Staff will need to build annual budget and incorporate into the 2021/22 budget
- General Funds Reserves
- Restricted funds are grants, donations and routine restricted funds that can only be spent on specified category

# Other Funds

## Pleasanton Unified School District FY 20/21 Second Interim



Special Revenue Funds	Adult Ed Fund 11	Cafeteria Fund 13	Enterprise Fund 63	Enterprise Fund 64
<b>BEGINNING FUND BALANCE</b>	<b>\$136,403</b>	<b>\$1,101,641</b>	<b>\$1,194,898</b>	<b>\$17,872</b>
Revenue	\$855,951	\$2,085,800	\$2,399,950	\$0
Expenditures	\$864,706	\$3,250,577	\$3,479,704	\$0
Revenue Over (under) Expenses	(8,755)	(1,164,777)	(1,079,754)	-
Transfers In (Out)		\$500,000	(111,900)	
<b>ENDING FUND BALANCE</b>	<b>\$127,648</b>	<b>\$436,864</b>	<b>\$3,244</b>	<b>\$17,872</b>

Special Reserve Funds	Non-Capital Fund 17	Non-Capital PSEE Fund 17	OPEB Fund 20	Capital Fund 40
<b>BEGINNING FUND BALANCE</b>	<b>\$ 1,150,433</b>	<b>\$ 227,027</b>	<b>\$ 6,787,937</b>	<b>\$ 5,271,332</b>
Revenue	\$10,000	\$1,800	\$60,000	\$331,000
Expenditures				\$421,700
Revenue Over (under) Expenses	\$10,000	\$1,800	\$60,000	-\$90,700
Transfers In (Out)		\$ (75,000)		
<b>ENDING FUND BALANCE</b>	<b>\$1,160,433</b>	<b>\$153,827</b>	<b>\$6,847,937</b>	<b>\$5,180,632</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>\$ 7,238,253</b>	<b>\$169,894</b>	<b>\$125,984,379</b>	<b>\$4,719,758</b>
Revenue	\$50,000	\$400	\$1,200,000	\$845,000
Expenditures	\$0	\$69,500	\$74,521,018	\$265,100
Revenue Over (under) Expenses	\$50,000	(69,100)	(73,321,018)	579,900
Transfers In (Out)	\$ (50,000)	\$0	\$0	(23,850)
<b>ENDING FUND BALANCE</b>	<b>\$7,238,253</b>	<b>\$100,794</b>	<b>\$52,663,361</b>	<b>\$5,275,808</b>





# Conclusions/Next Steps

- District meet the requirements for a Positive Certifications
- Many uncertainties remains in budget planning
- Governor's proposed budget restores COLA in 2021/22 and provides additional one-time pandemic relief funding
- Fiscal year 2022/23 will pose challenges to PUSD with potential enrollment loss and increased expenses
- Staff will focus efforts in 2021/22 Budget Development
- Proposed 2021/22 Budget will be brought for discussion and approval in June 2021



# 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 2020: Adopted Budget FY 20/21
- August 2020: 45 Day Budget Revision for 2020/21 Adopted Budget
- September 2020: Unaudited Actuals FY19/20
- December 15, 2020: First Interim Report, as of 10/31/20
- January 2021: Audited Financial Statements for FY19/20
- January 2021: Governor's Budget Proposal for FY21/22
- **March 15, 2021: Second Interim Report, as of 1/31/21**
- March-April 2021: Staff Review and prepare for Budget Development
- May 2021: Governor's May Revise Budget Proposal
- June 2021: Estimated Actuals FY20/21 & Budget Adoption for FY21/22



# 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