



Pleasanton Unified School District

Proposed Budget 2021-2022
Presentation to Board of Trustees

June 24, 2021



Presentation Summary

- Executive Summary
- 2020/21 Estimated Actuals Variance Report
- Budget Planning Process
- 2021/22 Key Budget Assumptions
- Review 2021/22 Projected Revenues and Expenditures
- Multi-year Projections
- Review One-Time Funds
- May Revise Takeaways
- Review Other Funds 2021/22
- Conclusion and Next Steps
- Appendix



Executive Summary

- Strong economic recovery allows for a robust Cost of Living Adjustment (COLA) to the LCFF at 5.07%
- A wide variety of costs increases erode away at new ongoing funding
- Declining enrollment creates budgetary challenges starting in 2022/23
- One-time Pandemic funds provide both opportunities to help students and staff as well as challenges with timeline constraints
- The 2021/22 Proposed Budget meets the State's requirements of the 3% Reserve level and provides for fiscal stability



2020/21 Estimated Actuals and Variance

Revenue Source	Second Interim	Estimated Actuals	Variance
LCFF Sources/Property Tax	\$135,454,753	\$135,685,332	\$230,579
Federal Revenues	\$9,502,767	\$9,275,131	-\$227,636
Other State (1)	\$27,157,417	\$30,676,261	\$3,518,844
Other Local Revenue (2)	\$4,387,775	\$4,899,018	\$511,243
Total Revenue	\$176,502,712	\$180,535,742	\$4,033,030

1. Increase in restricted one-time pandemic related funding
2. Increase in local donations received and property/liability insurance funds

2020/21 Estimated Actuals and Variance

Pleasanton Unified School District



Expenditures	Second Interim	Estimated Actuals	Variance
Certificated Salaries (3)	\$87,448,670	\$86,532,521	\$(916,149)
Classified Salaries (3)	\$20,770,564	\$20,106,972	\$(663,592)
Employee Benefits (3)	\$37,393,143	\$35,913,420	\$(1,479,723)
Books and Supplies (4)	\$12,026,497	\$11,050,818	\$(975,679)
Service and Operating (4)	\$22,070,751	\$23,290,237	\$1,219,486
Capital Outlay	\$2,388,695	\$2,565,210	\$176,515
Other Outgo	\$1,926,557	\$2,006,849	\$80,292
Direct Support/Indirect Costs	\$(162,386)	\$(162,386)	-
Total Expenditures	\$183,862,491	\$181,303,641	\$(2,558,850)

3. Savings from vacant positions and reduced sub costs

4. Reallocation of expenditures

Net Operating Deficit:
\$767,889



Key 2021/22 Budget Assumptions

Enrollment Drives Funding

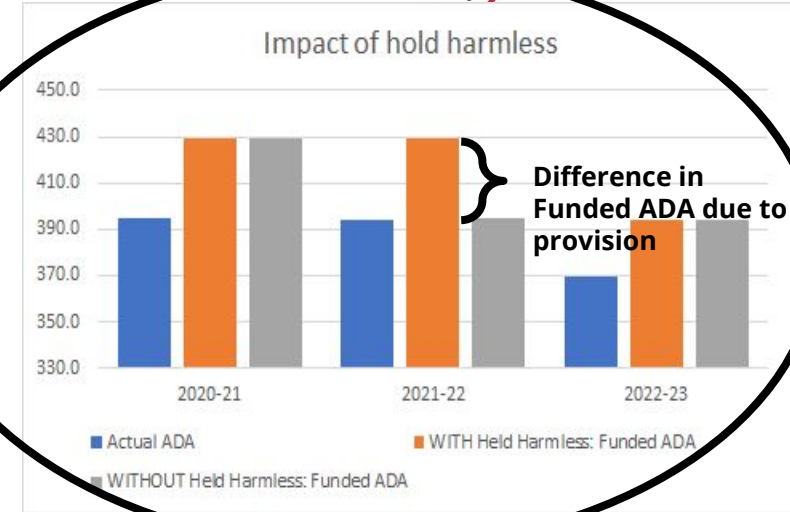
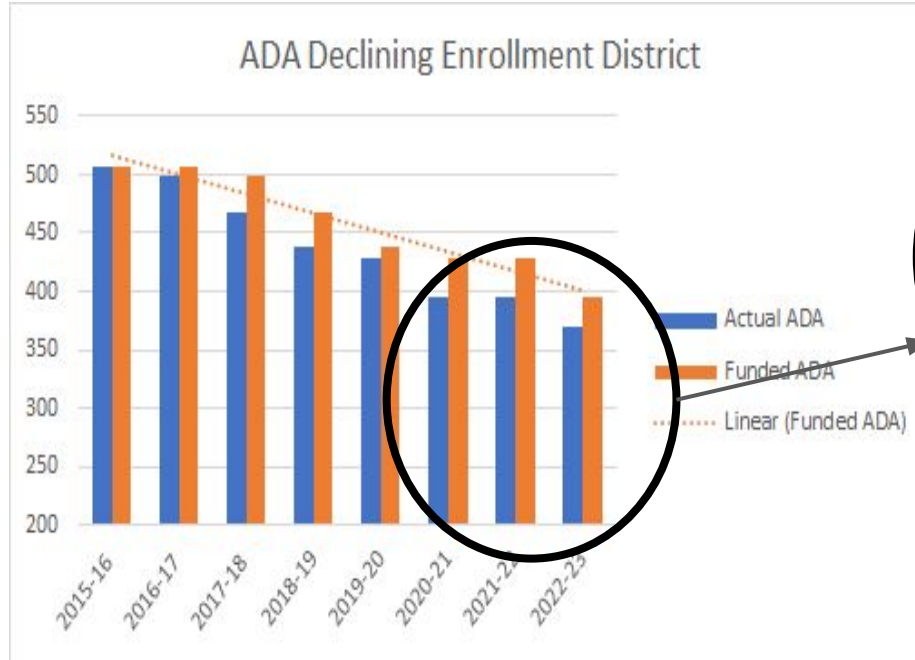
School Year	2020/21	2021/22**	2022/23**	2023/24**
Enrollment	14464	14400	14300	14200
ADA	14030	13968	13871	13774
Funded ADA	14367*	14367*	13968	13871

Notes:

- * Hold harmless ADA Funding based on 2019/20 levels
- ** Davis Demographic Projections (2020 Report)
- PUSD like most other districts has been impacted by the pandemic and declining enrollment
- Current registration enrollment for 2021/22 is around 14,000
- Every 100 student loss is about \$1M is lost revenues



Impact of ADA Hold Harmless



**Due to Hold Harmless provision 2021-22
Funded on 2019-20's ADA versus
2021-22**

- Perception that "everything is okay"
- PUSD has been and plans to incrementally address right sizing staffing to avoid the cumulative impacts of two or more years of declines in 2022-23
- Creates a bump in revenues (LCFF and mandate block grant, etc.) in 2021-22



2021/22 Budget Assumptions

LCFF PLANNING FACTORS					
Factor	2020-21	2021-22	2022-23	2023-24	2024-25
Department of Finance (DOF) Statutory COLA	2.31%	1.70% ¹	2.48%	3.11%	3.54%
SSC Estimated Planning COLA	0.00%	5.07% ²	2.48%	3.11%	3.54%

LCFF GRADE SPAN FACTORS FOR 2021-22				
Entitlement Factors per ADA*	K-3	4-6	7-8	9-12
2020-21 Base Grants	\$7,702	\$7,818	\$8,050	\$9,329
Mega COLA at 5.07%	\$390	\$396	\$408	\$473
2021-22 Base Grants	\$8,092	\$8,214	\$8,458	\$9,802
Grade Span Adjustment Factors	10.4%	—	—	2.6%
Grade Span Adjustment Amounts	\$842	—	—	\$255
2021-22 Adjusted Base Grants ^{3,4}	\$8,934	\$8,214	\$8,458	\$10,057

*Average daily attendance (ADA)

OTHER PLANNING FACTORS						
Factors		2020–21	2021–22	2022–23	2023–24	2024–25
California CPI		2.14%	3.84%	2.40%	2.23%	2.42%
California Lottery	Unrestricted per ADA	\$150	\$150	\$150	\$150	\$150
	Restricted per ADA	\$49	\$49	\$49	\$49	\$49
Mandate Block Grant (District)	Grades K–8 per ADA	\$32.18	\$32.79	\$33.60	\$34.64	\$35.87
	Grades 9–12 per ADA	\$61.94	\$63.17	\$64.74	\$66.75	\$69.11
Mandate Block Grant (Charter)	Grades K–8 per ADA	\$16.86	\$17.21	\$17.64	\$18.19	\$18.83
	Grades 9–12 per ADA	\$46.87	\$47.84	\$49.03	\$50.55	\$52.34
Interest Rate for Ten-Year Treasuries		1.30%	2.13%	2.40%	2.30%	2.40%
CalSTRS Employer Rate ⁵		16.15%	16.92%	19.10%	19.10%	19.10%
CalPERS Employer Rate ⁵		20.70%	22.91%	26.10%	27.10%	27.70%
Unemployment Insurance Rate ⁶		0.05%	1.23%	0.20%	0.20%	0.20%

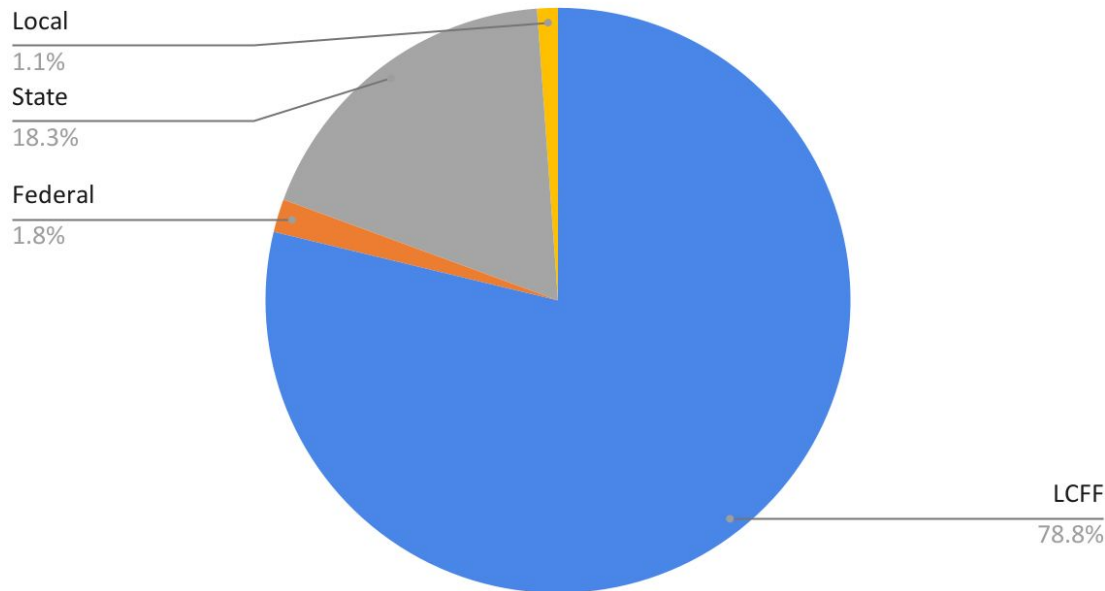
Source: School Services of California

- Staffing adjustment to 2021/22 to reflect projected enrollment declines to reduce the impacts in 2022/23 from the hold harmless provisions
- Includes 1.5% in increased salary cost from step and column increases
- Increased Pension cost from STRS and PERS
- Include increase of \$25 per ADA for SELPA
- Include Special Education Incentive Grant
- Include cost for to start Virtual Academy
- Increased State Unemployment Insurance for 2021/22
- Increased Property and Liability Insurance
- Slight reduction in PPIE funding in 2021/22

2021/22 Adopted Budget Revenues



Pleasanton USD 2021/22 Revenue Sources

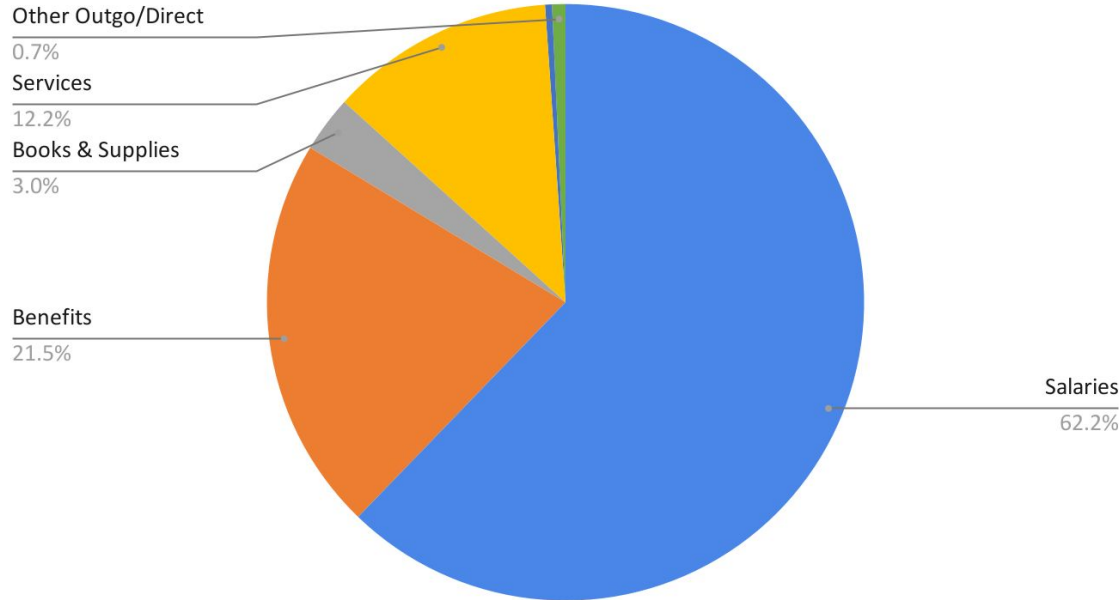


- Total Revenue: \$180,278,313
- Restricted Revenue: \$32.5M
- District is heavily dependent on LCFF/State Funding: 97%
- Budget includes significant one-time funds from State which are restricted
- Local revenues will grow as actual donations are made in the fiscal year



2021/22 Adopted Budget Expenditures

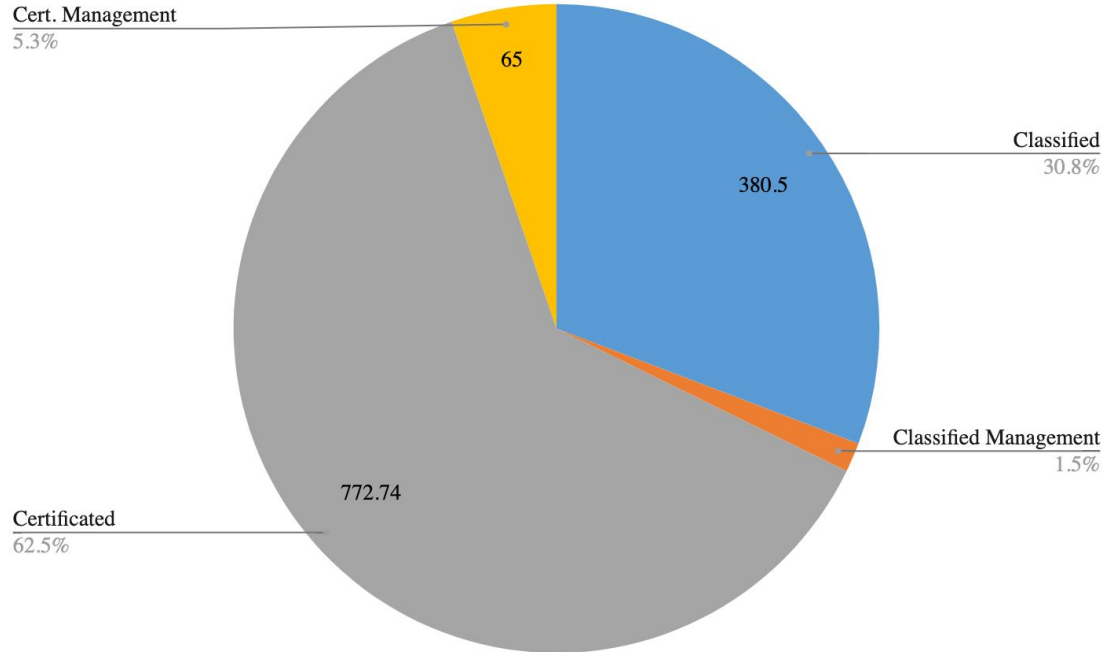
Pleasanton USD 2021/22 Expenditures



- Total Expenditures: \$185,819,744
- 84% Expenditures on Salaries and Benefits
- Total Restricted Expenditures: \$62,970,482M
- Contributions to Restricted programs: \$26,488,822
 - Special Education
 - Routine Restricted Maintenance
- **Projected Deficit Spending \$5.5M**
 - **\$1.53M (unrestricted)**
 - **\$3.67M (restricted)**
- Does not included additional compensation increase above step and column increases



2021/22 Adopted Budget Staffing



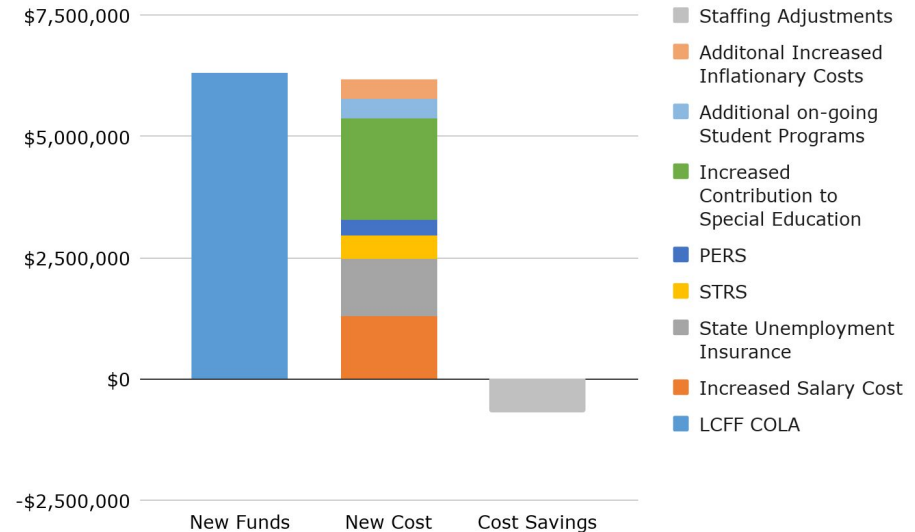
- Adopted Budget GF staffing includes 1,236.6 FTE positions
- Includes right-sizing staffing
- New staffing to support Virtual Academy and Special Education
- Known new staffing on restricted grant funded programs
- Does not include staff that will need to be hired to support ELOG and In-Person Grant
- Changes will be reflected in First Interim



Budget Planning Process

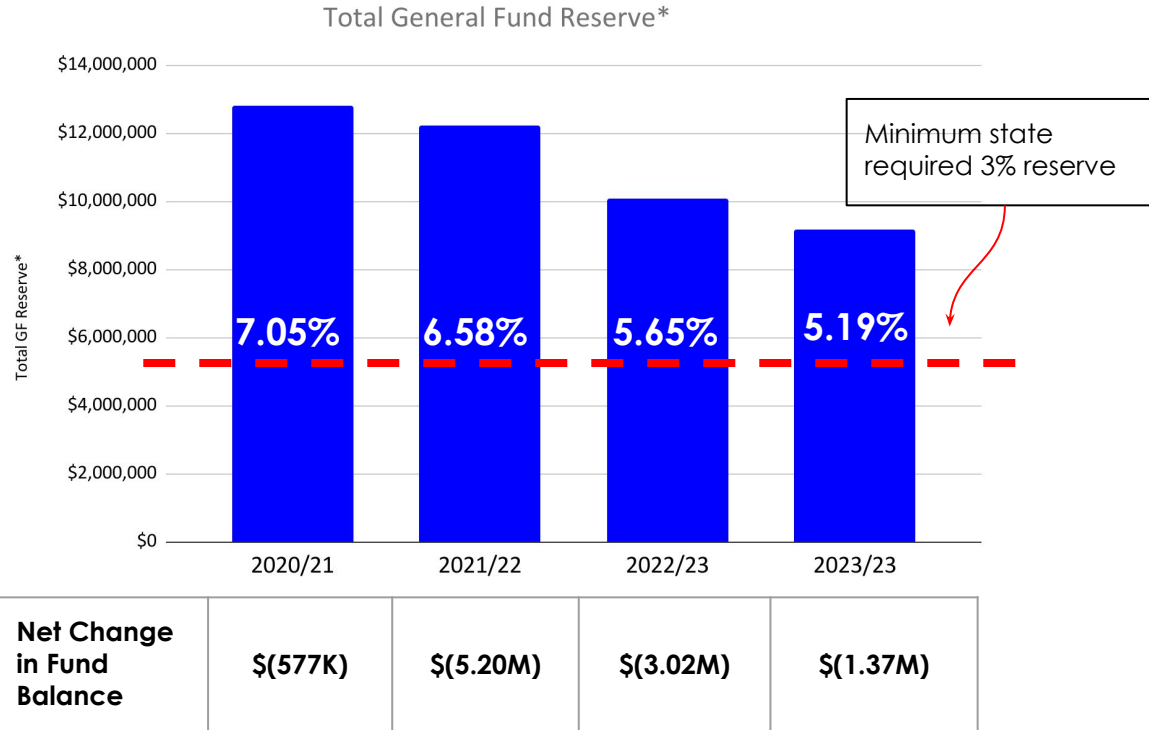
- With 85% of costs is driven by staffing and benefit costs
- Our year to year cost increase by:
 - Increased salary with step and columns movements
 - Benefits and pension cost increases
 - Increased cost related to inflation of materials, supplies, utilities, insurance, etc
 - Special education costs
- Our ability to pay for these known/regular* increases comes from additional ongoing revenues
- Our ability to pay for new needed support/programs and negotiated compensation depends on additional ongoing revenues
- Main driver of additional ongoing revenues in Pleasanton USD is COLA on the LCFF formula
- One time funds like the pandemic funds and grants cannot be used for ongoing expenditure needs

Summary of Key On-going 2021/22 Budget Adjustments





Multi-Year Projections



- Due to 2022/23 funding loss from declining enrollment; PUSD must have adequate reserves to manage its deficit spending
- Restricted and pandemic funds are not part of the reserves
- For best practice district reserve levels: 10% of GF
- Reserves allow the district to:
 - Weather downturns in the economy
 - Handle emergencies
 - Manage cash flow needs
- Reserves are one-time funds

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



Pandemic Related Funding

Fund	Spending Deadline	PUSD Award Amount	Spent to Date 5/20/21	Remaining
Governor's Emergency Education Relief (GEER)	9/30/2022	\$620,555	\$452,555	\$168,000
Coronavirus Relief (CR)	5/31/2021	\$4,179,788	\$4,179,788	\$0
Learning Loss Mitigation	6/30/2021	\$1,125,871	\$1,155,871	\$30,000
Federal ESSER I	9/30/2022	\$236,663	\$236,663	\$0
Federal ESSER II	9/30/2023	\$944,476	\$794,476	\$150,000
Federal ESSER III	9/30/2024	\$2,101,791	\$0	\$2,101,791
Senate Bill 117	None	\$251,691	\$251,691	\$0
In-Person Instruction Grant	8/31/2022	\$4,431,291	\$0	\$4,431,291
Expanded Learning Opportunities Grant (ELOG)	8/31/2022	\$9,350,796	\$0	\$9,350,796
TOTALS	-	\$23,272,922	\$7,071,044	\$16,231,878

- Funds are one-time in nature
- ELOG Plan was approved by the Board on 5/20/21
- Some In-Person and ELOG funds will be received in 2020/21
- Utilize the ESSER III funds to extend the most important programs from the ELOG out for an additional year or two

Expanded Learning Opportunities Grant



Supplemental Instruction and Support Strategies	Planned Expenditures
Extending instructional learning time	\$3,666,000
Accelerating progress to close learning gaps through the implementation, expansion, or enhancement of learning supports	\$2,817,000
Integrated student supports to address other barriers to learning	\$275,000
Community learning hubs that provide students with access to technology, high-speed internet, and other academic supports	\$1,450,000
Supports for credit deficient students to complete graduation or grade promotion requirements and to increase or improve students' college eligibility	\$923,000
Additional academic services for students	\$100,000
Training for school staff on strategies to engage students and families in addressing students' social-emotional health and academic needs	\$119,796
Total Funds to implement the Strategies	\$9,350,796



In-Person Instruction Grant

Expenditure Categories	Planned Expenditures
1. COVID testing, cleaning/disinfection, PPE materials <ul style="list-style-type: none"> • Staff and student testing • COVID and Risk Mitigation Coordinator • PPE, cleaning, and disinfection supplies 	\$780,000
2. Ventilation System and school facility upgrades necessary for health and safety <ul style="list-style-type: none"> • Ventilation upgrades, HVAC control upgrades, MERV 13 filters and HEPA filters 	\$1,300,000
3. Salaries for staff providing in-person instruction or service <ul style="list-style-type: none"> • Substitutes and cohort supports • 1 FTE Psychologist and 1 FTE Resource Specialist Teacher • School day tutors and teachers for intervention • Staff for afterschool programs • Additional highschool and middle school sections to support student learning recovery • Professional development for classified staff • Additional nurses (3FTE) 	\$2,136,291
4. Social and mental health support services provided in conjunction with in-person instruction <ul style="list-style-type: none"> • Bilingual Social workers and itinerant full time behaviorist (BCBA) 	\$215,000
Total Funds to implement the Strategies	\$4,431,291



State Enacted Budget Updates

- This page will be updated once staff has information on the Enacted State Budget which we expect to occur after June 15, 2021 and before June 30, 2021.
- Staff will provide information on how the final budget will impact our Proposed 2021/22 Budget.
- Staff Expect to complete a 45 Day Budget Revision in August 2021



Other Funds - 2021/22 Adopted Budget

Pleasanton Unified School District FY 21/22 ADOPTED BUDGET

Special Revenue Funds	Adult Ed Fund 11	Cafeteria Fund 13	Enterprise Fund 63
BEGINNING FUND BALANCE	\$155,949	\$745,456	\$3,244
Revenue	\$908,531	\$3,152,979	\$3,211,521
Expenditures	\$924,579	\$3,999,300	\$3,211,521
Revenue Over (under) Expenses	(16,048)	(846,321)	-
Transfers In (Out)		\$200,000	-
ENDING FUND BALANCE	\$139,901	\$99,135	\$3,244

Special Reserve Funds	Non-Capital Fund 17	Non-Capital PSEE Fund 17	OPEB Fund 71	Capital Fund 40
BEGINNING FUND BALANCE	\$ 1,030,398	\$ 155,027	\$ 6,878,786	\$5,210,633
Revenue	\$4,000	\$1,800	\$75,000	\$80,000
Expenditures				
Revenue Over (under) Expenses	\$4,000	\$1,800	\$75,000	\$80,000
Transfers In (Out)	-\$400,000	\$ (75,000)		
ENDING FUND BALANCE	\$634,398	\$81,827	\$6,953,786	\$5,290,633

Enterprise Fund 63(Kids Club/STEAM/Horizon)

- Self funded programs
- No State or Federal funding
- During pandemic reserves were used to maintain staffing and keep programs
- Plan assumes return to normal operations starting in July 1, 2021
- Any cashflow issues or losses will impact the general fund

Cafeteria Fund 13 (Child Nutritional Services)

- PUSD to participate in the Federal meal reimbursement program in 2021/22
- No cost for meals for all students
- Difficult to anticipate meal usage in the coming year
- Assuming a \$200K contribution from the GF



Other Funds - 2021/22 Adopted Budget

Capital Outlay Funds	Capital Sycamore Fund 40	Deferred Maintenance Fund 14	Measure II Fund 21	Capital Facilities Fund 25
BEGINNING FUND BALANCE	\$ 7,238,253	\$101,395	\$62,365,388	\$5,369,248
Revenue	\$50,000	\$1,000	\$750,000	\$251,000
Expenditures	\$0	\$0	\$59,937,454	\$238,100
Revenue Over (under) Expenses	\$50,000	1,000	(59,187,454)	12,900
Transfers In (Out)	\$ (50,000)	\$0	\$0	(6,000)
ENDING FUND BALANCE	\$7,238,253	\$102,395	\$3,177,934	\$5,376,148

Fund 21 (Measure II)

- Construction projects continue to pick up pace
- If spending levels continue as planned; there will be a need to sale the next round of bonds in Winter 2022



Conclusion and Next Steps

- 5.07% COLA on the LCFF is a great improvement from last fiscal year planning however, increased cost and declining enrollment dampen out year planning
- Influx of one-time funds helps with pandemic related impacts but poses challenges with timeline and demands
- Need to monitor and incorporate changes from Adopted State Budget, significant changes may require a 45 Day Budget Revision



Appendix: Budget Calendar

- June 24, 2021: Estimated Actuals FY20/21 , Budget Adoption FY21/22
- September 2021: Unaudited Actuals FY20/21
- December 2021: First Interim Report, as of 10/31/21
- January 2022: Audited Financial Statements for FY20/21
- January 2022: Governor's Budget Proposal for FY20/21
- March 2022: Second Interim Report, as of 1/31/21
- March-April 2022: Staff Review and prepare for Budget Development
- May 2022: Governor's May Revise Budget Proposal
- June 2022: Estimated Actuals FY21/22 & Budget Adoption for FY22/23



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: 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